

FY 2024

Appropriations Report

July 2023



FY 2024 APPROPRIATIONS REPORT

This annual *Appropriations Report* provides detailed information on the FY 2024 budget, based on the General Appropriation Act (Laws 2023, Chapter 133) and other legislative acts.

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BUDGET HIGHLIGHTS

STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES WITH ONE-TIME FINANCING SOURCES

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
REVENUES				
Ongoing Revenues	\$18,982,014,600	\$19,381,493,800	\$20,076,711,700	\$21,071,622,200
Previously Enacted Tax Reductions	(1,496,324,100)	(2,257,820,300)	(2,374,943,600)	(2,510,516,600)
Newly Enacted Revenue Adjustments		(400,900)	(400,900)	(400,900)
Urban Revenue Sharing	(1,106,958,700)	(1,564,826,300)	(1,428,820,700)	(1,327,203,800)
Net Ongoing Revenues	\$16,378,731,800	\$15,558,446,300	\$16,272,546,500	\$17,233,500,900
One-Time Revenues				
Balance Forward	4,709,446,000	2,530,436,300	10,035,100	75,833,800
Attorney General Settlement	75,462,100			
Withholding Revenue Loss (New Tax Rate Form)	(700,000,000)			
TPT Diversions	(2,287,489,600)			
Public Infrastructure TPT Distribution ^{1/}	(50,000,000)			
Other One-Time Revenue Changes	(3,500,000)			
One-Time Income Tax Rebate		(259,800,000)		
Adoption Expenses Subtraction		(178,500)	(178,500)	(178,500)
Subtotal One-Time Revenues	\$1,743,918,500	\$2,270,457,800	\$9,856,600	\$75,655,300
Total Revenues	\$18,122,650,300	\$17,828,904,100	\$16,282,403,100	\$17,309,156,200
EXPENDITURES				
Ongoing Operating Appropriations	\$14,201,915,200	\$15,001,474,100	\$15,620,987,500	\$16,364,414,200
ADE Formula Supplemental	180,624,300			
Administrative Adjustments	225,000,000	150,000,000	170,000,000	170,000,000
Reversions	(158,080,000)	(215,000,000)	(215,000,000)	(215,000,000)
Subtotal Ongoing Expenditures	\$14,449,459,500	\$14,936,474,100	\$15,575,987,500	\$16,319,414,200
One-Time Expenditures				
Capital Outlay	238,257,400	187,946,500	29,832,100	23,700,000
Transportation Funding	83,000,000	620,209,600		
Reduce K-12 Rollover	65,000,000			
FY 2023 Supplementals/Ex-Appropriations	28,182,500			
Pension Payoff (EORP Deposit)	60,000,000			
Operating One-Time Spending	1,150,314,600	1,885,038,800	267,749,700	220,987,400
Water Supply Funding (TPT Diversion in FY 23)		189,200,000	333,000,000	
Medicaid Reversion (Enhanced Match/Other)	(482,000,000)			
Subtotal One-Time Expenditures	\$1,142,754,500	\$2,882,394,900	\$630,581,800	\$244,687,400
Total Expenditures	\$15,592,214,000	\$17,818,869,000	\$16,206,569,300	\$16,564,101,600
Ending Balance	\$2,530,436,300	\$10,035,100	\$75,833,800	\$745,054,600

^{1/} The displayed \$(50) million amount reflects enacted 2022 session legislation that increased the distribution cap for contracting TPT revenue allocated to local government public infrastructure projects. Laws 2023, Chapter 181 further increased the distribution cap, which is expected to generate an additional one-time state revenue loss of \$(100) million. This additional impact was not scored as part of the FY 2024 3-year budget plan adopted in May 2023.

FY 2024 STATE GENERAL FUND BUDGET SUMMARY

The FY 2024 budget is based primarily upon the actions of the 56th Legislature's 1st Regular Session. On May 11, 2023, the Governor signed into law the FY 2024 General Appropriation Act for the fiscal year beginning July 1, 2023 as well as 15 other budget-related bills.

The Legislature transmitted its first budget proposal to the Governor in February. The Governor vetoed all 13 bills in the budget package.

Revised FY 2023 General Fund Budget

At the time of publication of the *FY 2023 Appropriations Report* in August 2022, FY 2023 revenues were anticipated to be \$16.83 billion. Revenue projections for FY 2023 have been adjusted upward to \$18.12 billion based on:

- A projected 8.8% base revenue growth.
- An estimated \$(700.0) million one-time revenue loss associated with a reduction in individual income tax withholding rates.
- A one-time revenue gain of \$75.5 million associated with depositing a portion of an Attorney General litigation settlement into the General Fund.

The *FY 2023 Appropriations Report* also assumed total spending of \$15.76 billion in FY 2023, which has been adjusted downward to \$15.59 billion. This is primarily based on:

- \$(482.0) million in additional Medicaid revertsments.
- \$180.6 million for a supplemental appropriation to fund Arizona Department of Education (ADE) formula costs.
- \$28.2 million in various other supplemental appropriations and ex-appropriations.

Based on these changes, the FY 2023 ending balance is expected to be \$2.53 billion.

FY 2024 General Fund Revenues

The *FY 2024 Baseline Book* projected an available one-time balance of \$1.8 billion consistent with the January 4-sector forecast. This assumed that after a 17% increase in FY 2022, General Fund base revenue growth would moderate to 7.5% in FY 2023 and 2.0% in FY 2024. The declining growth rate was related to recession concerns as the Federal Reserve Board attempts to reduce inflation by raising interest rates.

The enacted budget revises projections for FY 2024 General Fund revenues based on the April 4-sector forecast. Including the beginning balance, the \$17.83 billion FY 2024 revenue forecast is based on the following:

- 2.1% base revenue growth.
- A decline in the carry-forward balances from the prior year.
- A revenue increase from eliminating \$2.29 billion in one-time diversions from the state share of FY 2023 transaction privilege tax (TPT) revenues to agency funds.
- \$(761.5) million revenue loss primarily from the 2nd year of the 2-year phase down of the income tax rate to a flat 2.5%.
- \$(457.9) million revenue loss from an increase in the cities' share of income tax collections from 15% to 18%.
- \$(259.8) million revenue loss associated with a one-time individual income tax rebate.
- The General Fund base revenue estimates are a product of the JLBC Staff's 4-sector forecast process. The forecast equally weights the projections for major revenue categories of 2 University of Arizona econometric models, the consensus of the private and public sector economists on the Finance Advisory Committee and the JLBC Staff.

FY 2024 General Fund Spending

- FY 2024 General Fund spending is projected to be \$17.82 billion compared to \$15.59 billion in FY 2023, or an increase of 14.3% based on the following assumptions:
 - ⇒ A \$487.0 million increase in ongoing spending primarily due to increases in funding formula requirements.
 - ⇒ A \$1.74 billion increase in one-time spending to a level of \$2.88 billion.
- The entire FY 2024 state budget, including both appropriated and non-appropriated funds, is projected to be approximately \$64.75 billion.
- The main drivers of FY 2024 General Fund spending are delineated below by function of government.

General Fund and Budget Stabilization Fund Balances

- The projected ending cash balance in FY 2024 is \$10.0 million. Due to various one-time spending initiatives and revenue projections, the balance is expected to increase to \$75.8 million in FY 2025 and \$745.1 million in FY 2026.
- In addition to the General Fund balance, the Budget Stabilization Fund will have an estimated balance of \$1.48 billion in FY 2024.

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:

- FY 2025 revenues are projected to be \$16.28 billion compared to FY 2025 spending of \$16.21 billion. This would result in a cash balance of \$75.8 million in FY 2025.
- FY 2026 revenues are projected to be \$17.31 billion compared to FY 2026 spending of \$16.56 billion with an ending cash balance of \$745.1 million.

Education

Department of Education (ADE)

- ADE General Fund spending increases by \$656.6 million, or 9.2% above the final FY 2023 appropriation, including:
 - ⇒ \$221.9 million for enrollment growth. This amount consists of:
 - \$150.2 million Empowerment Scholarship Account (ESA) growth. This amount assumes total ESA program enrollment reaches 68,380 in FY 2024, including 52,500 enrollees in the Universal ESA program established by Laws 2022, Chapter 388. In comparison to the originally enacted FY 2023 budget, which did not include any adjustments for universal ESAs, the increase is \$425.0 million. In total, the budget provides \$625 million for original and universal ESA awards.
 - An increase of \$71.7 million for FY 2024 district and charter enrollment growth. Total unweighted public school Average Daily Membership (ADM) would reach an estimated 1,101,705 in FY 2024.
 - ⇒ \$157.7 million for a 2.0% statutory inflation adjustment of funding levels for the per pupil base level, transportation and charter additional assistance.
 - ⇒ \$68.6 million for an additional ongoing 0.92% increase to the Base Level, and a corresponding decrease of \$(68.6) million to eliminate Results-Based Funding.
 - ⇒ \$(63.4) million in savings due to property tax and land trust earning increases.
 - ⇒ \$(65.0) million to eliminate one-time funding to reduce the K-12 rollover.
 - ⇒ \$300.0 million for a one-time state aid supplement.
 - ⇒ \$49.0 million for ongoing increases to Additional Assistance, including
 - \$29.0 million to increase the per pupil amounts of the District Additional Assistance (DAA) and Charter Additional Assistance (CAA) formulas pursuant to Section 127 of the FY 2023 General Appropriation Act.
 - \$20.0 million for an additional 4.35% increase to DAA.
 - The total increases in FY 2024 above FY 2023 are 9.38% for DAA and 3.20% for CAA.
 - ⇒ \$15.5 million for one-time dual enrollment program funding.
 - ⇒ \$13.0 million ongoing to increase the Group B formula weight for pupils eligible for the federal Free and Reduced-Price Lunch (FRPL) program pursuant to Section 127 of the FY 2023 General Appropriation Act.
 - ⇒ \$10.0 million for one-time ADE operating expenses. These monies are non-lapsing through FY 2026.
 - ⇒ \$10.0 million one-time for Art Consumables.
 - ⇒ \$5.0 million for a one-time Broadband Expansion Fund deposit.
 - ⇒ \$5.0 million for one-time early education and career exploration funding.
 - ⇒ \$(2.1) million for all other miscellaneous adjustments.
- The budget includes a supplemental appropriation of \$180.6 million in FY 2023 to cover higher-than-budgeted expenses for Basic State Aid. The enacted FY 2023 budget did not include adjustments to Basic State Aid to account for enrollment increases associated with universal eligibility for the ESA program as established by Laws 2022, Chapter 388. As of ADE's June 1st county-associated districts report, Universal ESA enrollment reached 38,054.
- The budget assumes that Proposition 123 will expire as scheduled at the end of FY 2025 without a replacement. Proposition 123 increased the level of distributions from the state land trust. Without further statutory changes, the General Fund will be required to replace the reduced level of land trust earnings, which is estimated to be \$300 million in FY 2026.

Arizona Department of Administration/School Facilities Division (SFD)

- SFD General Fund spending increases by \$32.3 million, or 10.0%, including:
 - ⇒ \$31.3 million one-time for a net increase in new school construction costs. The budget funds a total of \$144.5 million for new construction, including the completion of 3 FY 2023 schools, additional funding for a Santa Cruz Valley school, and the initial funding for 8 FY 2024 schools in the Agua Fria, Glendale, Liberty, Queen Creek (3), Saddle Mountain, and Snowflake School Districts.
 - ⇒ \$1.0 million for one-time school facility inspections.
 - ⇒ The budget continues funding Building Renewal Grants at the FY 2023 level which includes \$183.3 million in one-time funding.

Universities

- University General Fund spending decreases by \$(63.5) million, or (5.8)%, including:
 - ⇒ \$589,100 for adjustments to capital appropriations.
 - ⇒ \$(80.0) million to remove one-time operating and capital funding for ASU and NAU.
 - ⇒ \$(36.6) million to remove one-time UA funding for numerous agriculture-related and other initiatives.
 - ⇒ \$(6.0) million to remove one-time funding for the Arizona Veterinary Loan Assistance Program.
 - ⇒ \$37.0 million one-time for ABOR scholarships programs, including \$20.0 million for the Arizona Promise Program, \$15.0 million for the Arizona Teachers Academy, and \$2,000,000 for the Spouse and Dependents of Law Enforcement Officers program.
 - ⇒ \$15.2 million for a one-time deposit to the UA On-Farm Irrigation Efficiency Fund.
 - ⇒ \$5.0 million for one-time university operating funding.
 - ⇒ \$5.0 million one-time to expand primary care residency programs.
 - ⇒ \$4.0 million one-time for the ASU Center for American Institutions.
 - ⇒ \$2.0 million one-time for a Museum of Democracy Presidential Project.
 - ⇒ \$2.0 million one-time for the Board of Medical Student Loans.
 - ⇒ \$1.5 million one-time for the UA Space Analog for the Moon and Mars program.
 - ⇒ \$1.0 million one-time for the UA Agricultural Workforce Development Program.
 - ⇒ \$1.0 million one-time for UA fall prevention studies.
 - ⇒ \$500,000 one-time for the UA AZ REACH program.
 - ⇒ \$500,000 one-time for the ASU Collegiate Women's Wrestling Program.
 - ⇒ \$(16.3) million for statewide adjustments.
- Fall 2022 enrollment increased by 6,520 full-time equivalent students, or 3.3% above Fall 2021, for total enrollment of 203,640.

Community Colleges

- Community College General Fund spending increases by \$20.8 million, or 18.5%, including:
 - ⇒ \$3.8 million for formula adjustments.
 - ⇒ \$15.0 million for one-time AZ Western College career and technical education (CTE) workforce funding.
 - ⇒ \$10.0 million for new one-time FY 2024 rural aid offset by a \$(7.0) million reduction in one-time FY 2023 rural aid.
 - ⇒ \$10.0 million for one-time Diné College capital improvements.
 - ⇒ \$4.0 million for one-time remedial education at Tohono O'odham College and San Carlos Apache College.
 - ⇒ \$2.0 million for one-time Pima Community College operating aid.
 - ⇒ \$1.1 million for technical adjustments to rural county allocation funding.
 - ⇒ \$200,000 for one-time Santa Cruz provisional aid.
 - ⇒ \$(18.3) million to remove one-time FY 2023 funding for college specific projects.
- The Community College funding formula is based on student counts from 2 years prior. FY 2021 rural district enrollment increased by 2,124 full-time equivalent students, or 9.3%, for a total rural enrollment of 24,954. Including the Maricopa and Pima districts, total enrollment decreased by (1,731), or (1.9)%, for total enrollment of 89,004.

Health and Welfare

AHCCCS

- AHCCCS General Fund spending increases by \$219.4 million, or 9.6%, including:
 - ⇒ \$201.4 million for formula adjustments, including a caseload decline of (13.6)%, a 3.1% capitation rate increase, the reduction of the regular match rate from 69.56% to 66.29%, and the gradual reduction of the enhanced match rate throughout CY 2023. Under current federal law, AHCCCS was not able to disenroll individuals due to income changes

from March 18, 2020 until April 1, 2023. The budget assumes AHCCCS will disenroll some of these individuals over a 14-month period.

- ⇒ \$7.5 million in one-time funding for on-call obstetrics and gynecological services.
- ⇒ \$5.0 million for an ongoing KidsCare expansion from 200% to 225% of the federal poverty level (FPL).
- ⇒ \$4.2 million for one-time critical access hospital supplemental payments.
- ⇒ \$800,000 for ongoing chiropractic service funding.
- ⇒ \$700,000 for one-time PMMIS replacement costs.
- ⇒ \$280,300 for ongoing implementation of a newborn screening fee.
- ⇒ \$200,000 for ongoing Arizona Advisory Council on Indian Health Care positions.
- ⇒ \$160,000 one-time for rapid whole genome sequencing pilot funding.
- ⇒ \$(695,000) to remove one-time FY 2023 funding.
- ⇒ \$(173,100) for statewide adjustments.
- AHCCCS enrollment is projected to decline to 1.9 million recipients by June 2024. This level represents a caseload decrease of (306,739), or (13.6)%, from June 2023.
- The FY 2023 enacted budget assumed the state would not be receiving any enhanced match in FY 2023. The federal government extended the 6.2% enhanced match through March 2023. Additionally, from April 2023 through June 2023, AHCCCS received a 5.0% enhanced match. Compared to the enacted budget, state will generate an additional \$(482.0) million in FY 2023 General Fund savings across 3 federal match rate agencies (AHCCCS, DES, and DCS).

Department of Child Safety (DCS)

- DCS General Fund spending increases by \$25.1 million, or 5.3%, including:
 - ⇒ \$12.5 million one-time for the Extended Foster Care Services Model Fund deposit.
 - ⇒ \$10.9 million for a new one-time FY 2024 federal funding backfill for Congregate Group Care offset by a \$(25.1) million reduction in one-time FY 2023 funding for the same purpose.
 - ⇒ \$10.0 million one-time for Emergency Shelter Group Homes and Transition Living.
 - ⇒ \$4.3 million and a corresponding decrease of \$(4.3) million from Child Safety Expenditure Authority to offset a FY 2024 net decrease in the Title IV-E Federal Medical Assistance Percentage (FMAP) rate.
 - ⇒ \$4.0 million one-time for the Positive Parenting Program for Post Permanency Placements Pilot Program.
 - ⇒ \$2.5 million ongoing to expand the Healthy Families Arizona Program and replace expiring federal grant monies in line with the FY 2023 budget's 3-year spending plan.
 - ⇒ \$2.2 million one-time for fleet vehicle replacement funding.
 - ⇒ \$2.0 million one-time for a federal funding backfill for Adoption Services.
 - ⇒ \$1.8 million for statewide adjustments.

Department of Economic Security (DES)

- DES General Fund spending increases by \$132.4 million, or 12.3%, including:
 - ⇒ \$103.8 million for Developmental Disabilities (DD) formula adjustments, including 4.5% enrollment growth, a 3.1% capitation rate increase, the reduction of the regular match rate from 69.56% to 66.29%, and the gradual reduction of the enhanced match rate throughout CY 2023.
 - ⇒ \$9.1 million in one-time funding to backfill federal funding for the Adult Protective Services (APS) program.
 - ⇒ \$5.5 million in one-time funding for the Produce Incentive Program.
 - ⇒ \$5.0 million for one-time Area Agencies on Aging (AAA) provider rate increases.
 - ⇒ \$5.0 million for one-time AAA housing assistance.
 - ⇒ \$4.4 million for ongoing Arizona Early Intervention Program provider rate increases in accordance with the FY 2023 budget's 3-year spending plan.
 - ⇒ \$1.6 million for an Information Technology (IT) security project, of which \$1.5 million is one-time.
 - ⇒ \$1.0 million in one-time funding for diaper and incontinence products assistance.
 - ⇒ \$830,000 in one-time funding for a rehabilitation center in Graham County.
 - ⇒ \$250,000 in one-time funding for a Globe-Miami area food bank.
 - ⇒ \$(3.7) million to remove one-time FY 2023 funding.
 - ⇒ \$(443,000) for statewide adjustments.
- Medicaid Developmental Disability caseloads are projected to grow to 42,091 by June 2024. This level represents a caseload increase of 1,812, or 4.5%, above June 2023.

Department of Health Services (DHS)

- DHS General Fund spending decreases by \$(34.1) million, or (17.0)%, including:
 - ⇒ \$7.0 million for ASH contractual increases, of which \$6.0 million is one-time.
 - ⇒ \$7.0 million for one-time trauma recovery center grants.
 - ⇒ \$5.0 million for one-time psilocybin research grants.
 - ⇒ \$5.0 million for one-time funding of mental health crisis relief centers.
 - ⇒ \$3.5 million for one-time ASH surveillance system upgrades.
 - ⇒ \$2.5 million for one-time funding of nurse-family partnership programs.
 - ⇒ \$1.0 million for one-time grants to primary care physicians delivering services through a collaborative care model.
 - ⇒ \$964,100 for one-time funding of a dementia services program and Alzheimer's disease state plan.
 - ⇒ \$750,000 for one-time funding of a dementia awareness campaign.
 - ⇒ \$500,000 ongoing for additional Alzheimer's disease research grants.
 - ⇒ \$300,000 for one-time purchase and distribution of fentanyl testing strips and mass spectrometers.
 - ⇒ \$(61.4) million to remove one-time funding for accelerated nursing programs (\$50.0 million) and other initiatives.
 - ⇒ \$(5.6) million to remove one-time supplemental funding for ASH operating costs.
 - ⇒ \$(622,700) for statewide adjustments.

Department of Housing

- Housing General Fund spending increases by \$106.9 million, or 118.8%, including:
 - ⇒ \$150.0 million for a one-time deposit to the Housing Trust Fund offset by a \$(60.0) million reduction in one-time FY 2023 funding.
 - ⇒ \$40.0 million for a one-time deposit to the Homeless Shelter and Services Fund.
 - ⇒ \$5.0 million for a one-time deposit to the Mobile Home Relocation Fund.
 - ⇒ \$1.9 million for a one-time deposit to the Military Transitional Housing Fund.
 - ⇒ \$(10.0) million to remove one-time FY 2023 funding for the Homeless Services Grant Pilot.
 - ⇒ \$(20.0) million to remove FY 2023 supplemental funding for Homeless Shelter and Services.

Department of Veterans' Services (DVS)

- DVS General Fund spending increases by \$9.3 million, or 74.8%, including:
 - ⇒ \$5.0 million in one-time funding for the Homeless Veterans' Reintegration Program.
 - ⇒ \$3.0 million in one-time funding for the Pleasant Valley Veterans Retreat in Gila County.
 - ⇒ \$1.5 million in one-time funding for a tribal telecommunications and satellite internet project.
 - ⇒ \$600,000 in one-time funding for a veteran suicide prevention training pilot program.
 - ⇒ \$15,000 in one-time funding for Arizona National Guard and U.S. Armed Forces Reserves burial services.
 - ⇒ \$(1.0) million to remove one-time funding for tribal ceremonies.
 - ⇒ \$194,500 for statewide adjustments.

Criminal Justice/Public Safety

Department of Corrections (ADC)

- ADC General Fund spending increases by \$45.4 million, or 3.2%, including:
 - ⇒ \$51.2 million for one-time increased inmate health costs.
 - ⇒ \$36.5 million for one-time Florence closure costs.
 - ⇒ \$9.1 million for one-time increased food costs.
 - ⇒ \$8.5 million for one-time private prison contract increases.
 - ⇒ \$7.1 million ongoing to fully fund the FY 2023 private prison salary increase.
 - ⇒ \$5.0 million for one-time transitional and reentry housing grants.
 - ⇒ \$3.7 million to backfill unrealized overtime savings assumed as part of the Florence closure plan.
 - ⇒ \$2.0 million for a one-time corrections system assessment.
 - ⇒ \$650,000 for one-time inmate dog training program.
 - ⇒ \$(59.7) million for ongoing savings resulting from the FY 2023 budget's payoff of unfunded liability in the retirement system.
 - ⇒ \$(169,300) for the removal of FY 2023 named claimants supplemental.
 - ⇒ \$(9.5) million for the elimination of one-time FY 2023 funding.
 - ⇒ \$(9.0) million for statewide adjustments.

- The systemwide prison population at the end of FY 2023 was 34,377, an increase of 1,006 or 3.0% above the population at the end of FY 2022.

Department of Emergency and Military Affairs (DEMA)

- DEMA General Fund spending decreases by \$(8.4) million, or (28.4)%, including:
 - ⇒ \$(13.3) million to remove one-time funding to address the readiness maintenance center backlog.
 - ⇒ \$1.3 million for one-time emergency hazard mitigation funding.
 - ⇒ \$462,900 for one-time assistance in writing applications for new federal mitigation grants.
 - ⇒ \$300,000 for a one-time increase in National Guard uniform allowance.
 - ⇒ \$200,000 for a one-time state match to draw down federal funding from the Safeguarding Tomorrow through Ongoing Risk Mitigation Act (STORM Act).
 - ⇒ \$33,900 for one-time National Guard Reaction Force equipment labeling.
 - ⇒ \$2.6 million for statewide adjustments.
- The budget also includes a \$(209.2) million Border Security Fund spending decrease to remove one-time funding for border security initiatives. The \$209.2 million consists of monies diverted from the state share of TPT General Fund revenues to the Border Security Fund. In addition, Laws 2022, Chapter 334 diverted \$335,000,000 of TPT revenues from the General Fund to Border Security Fund one-time for other border security initiatives.

Judiciary

- Judiciary General Fund spending increases by \$12.3 million, or 7.6%, including:
 - ⇒ \$6.7 million for one-time backfill funding of probation officer salary increases.
 - ⇒ \$5.4 million for completed phase-in of ongoing funding for both a judicial salary increase and the Court of Appeals expansion with 6 additional judges and staff.
 - ⇒ \$1.3 million one-time for the Supreme Court's Automation line to address a revenue shortfall.
 - ⇒ \$299,200 for the ongoing state share of funding for 2 new Superior Court judges.
 - ⇒ \$652,100 for other initiatives.
 - ⇒ \$(2.9) million to remove one-time FY 2023 funding.
 - ⇒ \$777,900 for statewide adjustments.

Department of Public Safety (DPS)

- DPS General Fund spending increases by \$2.0 million, or 0.5%, including:
 - ⇒ \$(44.3) million for ongoing savings resulting from the FY 2023 budget's payoff of unfunded liability in the retirement system.
 - ⇒ \$41.1 million for one-time funding for the department's land mobile radio system.
 - ⇒ \$11.7 million for one-time vehicle replacement, the same level as one-time funding in FY 2023.
 - ⇒ \$10.0 million for new one-time Civil Air Patrol infrastructure, compared to \$5.0 million in one-time FY 2023 funding.
 - ⇒ \$7.0 million for the 2nd year of a 3-year phase in of funding for a new major incident division.
 - ⇒ \$4.1 million for a one-time allocation to Peoria and Tucson real-time crime centers.
 - ⇒ \$3.0 million for a one-time deposit into the newly established Fentanyl Prosecution, Diversion and Testing Fund.
 - ⇒ \$2.0 million for one-time law enforcement retention initiatives.
 - ⇒ \$1.5 million for one-time Rapid-DNA testing funding.
 - ⇒ \$(1.0) million ongoing to remove the ADOT/DPS Commercial Vehicle Enforcement Task Force funding.
 - ⇒ \$1.9 million for other initiatives.
 - ⇒ \$(37.2) million to remove one-time FY 2023 funding.
 - ⇒ \$2.1 million for statewide adjustments.

Natural Resources

Department of Forestry and Fire Management (DFFM)

- DFFM General Fund spending decreases by \$(71.9) million, or (55.5)%, including:
 - ⇒ \$5.0 million one-time to establish a new grant program to assist fire districts.
 - ⇒ \$(65.0) million for removal of one-time wildfire emergency response funding
 - ⇒ \$(15.1) million for removal of one-time initiatives.
 - ⇒ \$3.2 million for statewide adjustments.

Water Infrastructure Finance Authority (WIFA)

- WIFA General Fund spending increases by \$244.2 million, including:
 - ⇒ \$189.2 million for the 2nd of a 3-year Long-Term Water Augmentation Fund deposit. Laws 2022, Chapter 366 appropriated \$333.0 million in FY 2024 and FY 2025 for deposit to the Long-Term Water Augmentation Fund. Laws 2023, Chapter 133 reduces this amount by \$(143.8) million in FY 2024 for use on other water projects. In FY 2023, the fund also received a transfer \$334,000,000 from the state's share TPT revenues, for a total of \$856.2 million over 3 years.
 - ⇒ \$62.0 million one-time to support local water projects:
 - \$37.8 million for water well projects, including \$27.8 million for Gilbert and \$10.0 million for Peoria.
 - \$20.0 million to Navajo County to reconstruct the Little Colorado levee.
 - \$3.4 million to design and construct the Mohave Wash recharge basin.
 - \$810,000 to support Glendale xeriscaping and irrigation projects.
 - ⇒ \$3.0 million for one-time FY 2024 water grants for cities and towns that provide water in Navajo and Apache counties, irrigation districts in Cochise along the San Pedro River, and irrigation districts in Graham County offset by a reduction of \$(10.0) million for one-time FY 2023 water assistance grants for cities and towns that provide water in Navajo and Apache counties and irrigation districts in Cochise and Graham counties.

Department of Water Resources (DWR)

- DWR General Fund spending increased by \$40.7 million, or 160.4% including:
 - ⇒ \$25.0 million one-time to distribute to 2 irrigation districts to support the construction of alternative infrastructure to deliver groundwater to the Ak-Chin Indian Community by means other than the Santa Rosa canal.
 - ⇒ \$11.0 million one-time for a brackish groundwater recovery pilot program.
 - ⇒ \$5.0 million one-time for additional support for statewide water resources planning.
 - ⇒ \$100,000 one-time to update brackish groundwater studies.
 - ⇒ \$(350,000) for the removal of the one-time New River flood insurance study.
 - ⇒ \$(55,100) for statewide adjustments.

General Government

Arizona Commerce Authority (ACA)

- ACA General Fund spending increases by \$21.6 million, or 52.6%, including the following one-time adjustments:
 - ⇒ \$23.6 million for deposit to the Rural Broadband Accelerated Match Fund.
 - ⇒ \$9.0 million in funding for economic transition resources to tribes.
 - ⇒ \$7.0 million for deposit to the Water Infrastructure and Commerce Grant Fund.
 - ⇒ \$3.5 million for various trade offices.
 - ⇒ \$2.5 million for wearable technology research.
 - ⇒ \$1.0 million for small business export assistance.
 - ⇒ \$1.0 million for the state rural development council.
 - ⇒ \$500,000 for a small business incubator program for inmates.
 - ⇒ \$500,000 for a strategic framework for economic development.
 - ⇒ \$500,000 for commercial truck driver shortage grants.
 - ⇒ \$(15.0) million for removal of one-time funding for Pinal County water infrastructure grants.
 - ⇒ \$(7.5) million for elimination of the two remaining deposits to the Major Events Fund in FY 2024 and FY 2025.
 - ⇒ \$(5.0) million to reduce the annual ongoing Arizona Competes Fund deposit.

State Treasurer

- State Treasurer General Fund spending increases by \$92.7 million, including:
 - ⇒ \$85.6 million for a one-time distribution to 24 local government entities and nonprofit organizations.
 - ⇒ \$6.0 million for a one-time distribution to the 6 most populous counties to review the accuracy of voter registration rolls (as required by the FY 2023 3-year budget plan).
 - ⇒ \$5.0 million for a one-time distribution to county recorders for ballot paper with specific security features (as required by the FY 2023 3-year budget plan).
 - ⇒ \$(3.9) million for removal of a one-time deposit into the Law Enforcement Crime Victim Notification Fund and a one-time deposit into the Arizona Health Innovation Trust Fund.

State Employees

- The budget increases the Total Appropriated Funds Full-Time Equivalent (FTE) ceiling by 254 FTE Positions in FY 2024. These adjustments would bring the total FTE Position ceiling to 54,573.5 in FY 2024.

Capital

- The budget includes \$59.1 million for building renewal at ADC and the Arizona Department of Administration (ADOA).
- The budget funded \$128.9 million from the General Fund for non-road capital projects, including \$66.8 million for ADC's project to replace evaporative cooling with HVAC systems and \$48.7 million for ADC repairs of prison doors, locks and fire systems.
- The budget includes \$620.2 million from the General Fund in FY 2024 for 51 transportation initiatives, primarily road improvements.
- The budget includes a FY 2023 supplemental appropriation of \$27.4 million from the General Fund, of which \$22.4 million is for ADOT project adjustments and \$5.0 million is for an ADOA renovation project.

Debt

- At the end of FY 2024, the state's projected level of lease-purchase and bonding capital obligations will be \$5.6 billion. The associated annual debt service payment is \$602.3 million.
- Of the \$5.6 billion in total lease-purchase and bonding obligations, the General Fund share is \$873.1 million. The General Fund annual debt service is projected to be \$89.7 million in FY 2024.
- Of the \$873.1 million, \$346.6 million is related to the state's share of Phoenix Convention Center costs and \$491.7 million is for university capital projects.

Statewide Adjustments

- The budget includes a decrease of \$(103.2) million from the General Fund and \$(172.8) million in Total Funds for the removal of a one-time FY 2023 state employee health insurance adjustment. This amount includes \$(40.0) million from the General Fund to backfill University Tuition employer contributions. In its place, the budget includes an increase of \$73.0 million from the General Fund and \$120.4 million in Total Funds for a new one-time employer health insurance premium increase in FY 2024, including a University Tuition backfill.
- The budget increases state agency budgets by \$15.5 million from the General Fund for the following statewide adjustments:
 - ⇒ Arizona Financial Information System Fees.
 - ⇒ Revised Rent Payments
 - ⇒ Revised Risk Management payments
 - ⇒ Employer Retirement Contributions.
 - ⇒ State Fleet Rate Adjustments.
 - ⇒ Salary Increase Adjustments

General Fund Budget 4-Year Analysis (\$ in Millions)

	A	B	C	D
	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
1 Beginning Balance	\$ 4,709.4	\$ 2,530.4	\$ 10.0	\$ 75.8
2 Ongoing Revenues				
3 Ongoing Revenues - January Baseline	16,145.4	15,304.4	15,966.4	16,812.6
4 Base Revenue Adjustment (April FAC Forecast)	233.3	254.4	306.5	421.3
5 Treasurer Funding Issues - General Fund Impact (3 FTE Positions)		(0.4)	(0.4)	(0.4)
6 Liquor Funding Issues - General Fund Impact (\$42k Rent Increase)		(0.1)	(0.1)	(0.1)
7 Subtotal - Ongoing Revenues	\$ 16,378.7	\$ 15,558.3	\$ 16,272.4	\$ 17,233.4
8 One-Time Revenues/Transfers				
9 Attorney General Settlement (Final Deposit Amount)	75.5			
10 Withholding Revenue Loss (New Tax Rate Form)	(700.0)			
11 TPT Diversions - Already Enacted	(2,287.5)			
12 Increase TPT Public Infrastructure Cap from \$50M to \$100M - Already Enacted	(50.0)			
13 Other One-Time Revenue Changes - Already Enacted	(3.5)			
14 One-Time Individual Income Tax Rebate \$250 Dependent < 17, \$100 Dependent >= 17, Must Have Tax Liability - 3 Yr Period		(259.8)		
15 Adoption Expenses Income Tax Subtraction (3 Years: TY 23 - TY 25)		(0.2)	(0.2)	(0.2)
16 Subtotal - One-Time Revenues (Including Beginning Balance)	\$ 1,743.9	\$ 2,270.4	\$ 9.8	\$ 75.6
17 Total Revenues	\$ 18,122.6	\$ 17,828.7	\$ 16,282.2	\$ 17,309.0
18 JLBC Baseline - Ongoing Spending	\$ 14,479.7	\$ 14,943.3	\$ 15,588.7	\$ 16,327.5
19 Ongoing Changes to JLBC Baseline				
20 African American Affairs - Shift to Governor's Office (\$146,600)		(0.1)	(0.1)	(0.1)
21 AHCCCS - Expand KidsCare From 200% FPL to 225% FPL		5.0	6.6	6.6
22 AHCCCS - Advisory Council on Indian Health Care (4 FTE Positions) (\$200k GF/\$300k Fed Funds)		0.2	0.2	0.2
23 AHCCCS - Remove Unbuilt Secure Behavioral Health Facility Provider Rates		(10.0)	(10.0)	(10.0)
24 DCS - Add 80 State FTE for Visitation Aides (Reduce Contracted Spending For Same Purpose)		Yes - No Net Cost	Yes - No Net Cost	Yes - No Net Cost
25 Commerce - Reduce Competes Fund Deposit		(5.0)	(5.0)	(5.0)
26 Comm Colleges - Formula	(1.8)	(0.7)	(0.7)	(0.7)
27 ADC - Florence Closure (Ongoing Costs)		(3.5)	(3.5)	(3.5)
28 ADC - Private Prison Contract Increase (Fully Fund '23 Budget 20% Salary Increase)		7.1	7.1	7.1
29 DES - IT Security Funding (\$70k Ongoing)		0.1	0.1	0.1
30 DES - Delay \$1 M Homeless Youth Assistance Funding Until FY 25		(1.0)		
31 ADE - Formula (FY 23 Formula Savings/FY 24 - FY 26 TNT Savings and Land Trust)	(19.4)	(6.3)	(6.3)	(6.3)
32 ADE - Additional 0.9% Base Level Increase (Above 2% Baseline)		68.6	68.6	68.6

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
33	ADE - Eliminate Results Based Funding		(68.6)	(68.6)	(68.6)
34	ADE - Increase District Additional Assistance (Above \$23 M in Baseline)		20.0	20.0	20.0
35	ADE - Adjust Continuing High School Program Enrollment Caps (Reach Limit in FY 26)	(3.1)	(3.1)	(4.6)	
36	Executive Clemency - Increased Operational Costs (\$39k)		0.1	0.1	0.1
37	Forestry - Adjust Wildfire Mitigation Funding (Technical Change)		(1.0)	(1.0)	(1.0)
38	Gaming/Racing - Eliminate Racetrack Purse, Maintenance, and Operations Funding		(5.4)	(5.4)	(5.4)
39	Governor - Shift African American Affairs to Governor's Office (\$146,600)		0.1	0.1	0.1
40	DHS - Funding Increase for Contracted ASH Services		1.1	1.1	1.1
41	DHS - Alzheimer's Disease Research		0.5	0.5	0.5
42	Judiciary - Supreme Court - Additional Private Fiduciary Investigator (1 FTE) (\$102k)		0.1	0.1	0.1
43	Judiciary - Superior Court - State Share of Funding for 1 New Judge (Yavapai County) (\$149k)		0.1	0.1	0.1
44	Judiciary - Superior Court - State Share of Funding for 1 New Judge (Yuma County) (\$149k)		0.1	0.1	0.1
45	Juvenile Corrections - Remove Pima County Cost Shift		1.7	1.7	1.7
46	Legislature - Ombudsman Rent Funding (\$53k)		0.1	0.1	0.1
47	DPS - Authorize 31 New FTE Positions For AZPOST (No Additional Funding)		Yes - Add FTE Count	Yes - Add FTE Count	Yes - Add FTE Count
48	DPS - Eliminate DPS/ADOT Commercial Vehicle Task Force (From '23 Budget)		(1.0)	(1.0)	(1.0)
49	SOS - Legal Services Funding (\$100k/No Outside Counsel)		0.1	0.1	0.1
50	SOS - Shift Address Confidentiality Program to GF (Backfill Fed Funds)		0.3	0.3	0.3
51	SOS - Talking Book Library Funding (Backfill Donations) (FY 24 \$100k/FY 25 \$162k)		0.1	0.2	0.2
52	Universities - ASU/NAU/UA - Reallocate Freedom School Funding to Univ. Operating Budgets		Yes	Yes	Yes
53	DWR - 30 FTE Positions to Implement 2022 Session WIFA/Water Supply Bill		Yes - No Net Cost	Yes - No Net Cost	Yes - No Net Cost
54	Other - FY 23 Salary Increase Adjustment		7.5	7.5	7.5
55	Other - Statewide AFIS Adjustments		0.1	0.1	0.1
56	Other - Statewide HRIS Adjustments		Start in FY 25	(7.0)	(7.0)
57	Other - Statewide Rent Adjustments		(0.6)	(0.6)	(0.6)
58	Other - Statewide Risk Management Adjustments		(0.2)	(0.2)	(0.2)
59	Other - Statewide Retirement Adjustments [Baseline = \$(99.8) M/Budget = \$(112.2) M]		(12.4)	(12.4)	(12.4)
60	Other - FY 23 Budget Debt Retirement Funding Reversion (Technical)	(5.0)			
61	Other - Rio Nuevo Adjustment (Assumes Rio Nuevo = \$16 M/Baseline = \$17 M)	(1.0)	(1.0)	(1.0)	(1.0)
62	Subtotal - Ongoing Changes to JLBC Baseline	\$ (30.3)	\$ (6.9)	\$ (12.7)	\$ (8.1)
63	Total Ongoing Spending	\$ 14,449.4	\$ 14,936.4	\$ 15,576.0	\$ 16,319.4
64	JLBC Baseline - One-Time Spending	\$ 1,114.6	\$ 604.1	\$ 636.1	\$ 243.6
65	One-Time Changes to JLBC Baseline				
66	ADOA - Healthcare Interoperability Software/Technology Grant		3.0		
67	ADOA - Fire Incident Management Software (Fund Deposit)		12.2		
68	ADOA - K-12 Alternative Transportation (Grant Funding)		15.0		
69	ADOA - Miami Unified School District - Miami & Kornegay Gym Floors (\$350k)		0.4		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
70	ADOA - Skull Valley School Distribution		0.3		
71	ADOA - Early Literacy (\$250k)		0.3		
72	ADOA/APF - School Financial Transparency Portal		2.0		
73	ADOA/APF - Probation Case Management System Replacement		3.3		
74	ADOA/APF - Statewide Community Supervision Electronic Monitoring System		2.5		
75	ADOA/APF - Health and Human Services IT Systems Upgrades		15.0		
76	ADOA/SFD - School Facilities Inspections (Non-Lapsing)		1.0		
77	ADOA/SFD - Building Renewal Grants		183.3		
78	ADOA/SFD - Santa Cruz Valley 9-12 Add'l Funding (Approved in FY 20/Rate Adj. in FY 22)		2.0		
79	ADOA/SFD - FY 24 Land Cost Estimates		42.3		
80	ADOA/SFD - FY 24 Site Conditions/Demolition Costs		3.8		
81	ADOA/SFD - Revert Sahuarita Project Funding (SFD Cancelled Due to Enrollment Data)		(22.8)		
82	ADOA/SFD - Revert Marana Project Funding (SFD Reduced Size Due to Enrollment Data)		(5.4)		
83	Administrative Hearings - Increased Workload (\$180k for 3 Years)		0.2	0.2	0.2
84	African American Affairs - FY 23 Supplemental (\$15k)	0.1			
85	Agriculture - Expanding IT Support		1.2		
86	AHCCCS - Critical Access Hospitals Supplemental Pool		4.2		
87	AHCCCS - OBGYN On-Call Services		7.5		
88	AHCCCS - Ex-Appropriate Unused Secure Behavioral Health Facility Capital Funding	(25.0)			
89	AHCCCS - Rapid Genome Sequencing Pilot Program (\$160k)		0.2		
90	Arts Commission - One-Time Funding		5.0		
91	DCS - Fleet Vehicle Replacement (50 Vehicles)		2.3		
92	DCS - Extended Foster Care Comprehensive Service Model		12.6		
93	DCS - Backfill Loss of Adoption Incentive Federal Funds		2.0		
94	DCS - Positive Parenting Program for Post Permanency Placements (Pilot Program)		4.0		
95	DCS - Backfill Federal Reimbursement Reductions in Congregate Care		10.9		
96	DCS - Emergency Shelter Group and Transition Living		10.0		
97	Commerce - Federal Broadband Matching Funds (Report)		23.6		
98	Commerce - Remove Major Events Fund Deposit (FY 24/FY 25)		(7.5)	(7.5)	
99	Commerce - State Rural Development Council		1.0		
100	Commerce - Small Business Incubator Program to Assist Exiting Inmates (with ADC/DES)		0.5		
101	Commerce - Strategic Framework for Econ. Development (Business Trade Organization)		0.5		
102	Commerce - Commercial Truck Driver Shortage Grant		0.5		
103	Commerce - Establish Canada Trade Office (\$750k)		0.8		
104	Commerce - Establish Asia-Pacific Trade Office (\$750k)		0.8		
105	Commerce - Trade Office Funding		2.0		
106	Commerce - Small Business Export Assistance		1.0		
107	Commerce - Water Infrastructure Grant Funding		7.0		
108	Commerce - Wearable Technology Research		2.5		
109	Commerce - Economic Transition Resources (Non-Profit Projects on Tribal Land)		9.0		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
110	Comm Colleges - Rural Funding		10.0		
111	Comm Colleges - Tohono O'odham College Funding		2.0		
112	Comm Colleges - San Carlos Apache College Funding		2.0		
113	Comm Colleges - Dine College Capital Improvements		10.0		
114	Comm Colleges - Arizona Western CTE Workforce Program		15.0		
115	Comm Colleges - Santa Cruz Provisional College Funding		0.2		
116	Comm Colleges - Pima Community College Funding		2.0		
117	ADC - Inmate Health Care Cost Increase		51.2		
118	ADC - One-Time Florence Closure Costs (For Private Beds)		36.5		
119	ADC - Increased Food Costs (Statewide Prison Food Contract)		9.1		
120	ADC - Private Prison Contract Increases (Florence West/Phx West)		8.5		
121	ADC - Correctional System Assessment		2.0		
122	ADC - Inmate Dog Training (\$650k)		0.7		
123	ADC - Transitional and Re-Entry Housing		5.0		
124	ACJC - Crime Victim Notification Fund Deposit		10.0		
125	Economic Opportunity - Micro Business Loans		5.0		
126	DES - Adult Protective Services VOCA Funding GF Backfill		9.1		
127	DES - IT Security Funding		1.5		
128	DES - Produce Incentive Program (Double Up Food Bucks)		5.5		
129	DES - Graham County Rehabilitation Center (Safford)		0.8		
130	DES - Globe/Miami Food Bank (\$250k)		0.3		
131	DES - Area Agency on Aging Funding		5.0		
132	DES - Area Agency on Aging Elderly Housing Assistance		5.0		
133	DES - Diaper/Incontinence Assistance		1.0		
134	ADE - Additional One-Time Funding (State Aid Supplement)		300.0		
135	ADE - Dual Enrollment - \$50 Per Credit Hour Student Incentive (Passing Grade Required)		15.0		
136	ADE - Dual Enrollment - Teacher Incentive (\$1,000 For Comm College Certification)		0.5		
137	ADE - Broadband Funding		5.0		
138	ADE - Arizona Civics Education and Leadership Development Program		0.3		
139	ADE - Education and Career Exploration Program		5.0		
140	ADE - K-12 Alternative Transportation Program (\$250k ADE Model)		0.3		
141	ADE - Live Remote Instruction (Within College Credit Program)		0.1	0.1	
142	ADE - Administration Funding Increase (Non-Lapsing Thru FY 26)		10.0		
143	ADE - Non-Profit Low Income Student Assistance		0.5		
144	ADE - Feminine Hygiene Products		2.0		
145	ADE - Alternative Teacher Development Program		0.8		
146	ADE - Phoenix Science Education Program		2.5		
147	ADE - Non-Profit Education Initiatives		0.1		
148	ADE - Globe Youth Summer Education Program (\$250k)		0.3		
149	ADE - Consumable Art/Music Supplies		10.0		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
150	ADE - Flagstaff Unified Robotics Program (\$20k For 3 Years)		0.1	0.1	0.1
151	ADE - County Jails Education Program		0.1		
152	ADE - Gila County Jail Adult Education (\$10k)		0.1		
153	ADE - County Juvenile Center School Capital Improvements (Maricopa/Pinal/Yavapai)		0.1		
154	ADE - Professional Development Personnel/Teachers		3.0		
155	ADE - District and Charter School Campus Vegetation (Non-Lapsing)		0.3		
156	ADE - District and Charter School Campus Community Gardens (Non-Lapsing)		0.1		
157	ADE - Center for High School Success		1.0		
158	DEMA - Emergency Mitigation Activity Funding (Direct Appropriation)		1.3		
159	DEMA - West Valley Readiness Center Construction Cost Increase (3 to 1 Federal Match)		1.1		
160	DEMA - National Guard Reaction Force Equipment (\$34k)		0.1		
161	DEMA - STORM Act Federal Matching Funds (9 to 1 Federal Match) (Thru FY 28)		0.2	0.2	0.2
162	DEMA - Hazard Mitigation Assistance		0.5	0.5	
163	DEMA - National Guard Uniform Allowance (\$250 Annually Per Officer)		0.3		
164	Executive Clemency - Electronic Records Management System (\$51k)		0.1		
165	DEQ - PFAS (Forever Chemicals) Mitigation (Non-Lapsing)		5.0		
166	DEQ - Water Quality Fee Fund Deposit		9.5		
167	Forestry - Fire District Grants		5.0		
168	Gaming - Event Wagering Application Fee Refund		0.6		
169	Gaming - Racetrack Capital Projects and Maintenance/Operations Funding		1.0		
170	Governor - One-Time Operating Funding		2.0		
171	Governor - Missing and Murdered Indigenous People Task Force (Non-Lapsing)		1.0		
172	DHS - Funding Increase for Contracted ASH Services		6.0		
173	DHS - ASH Operating Shortfall FY 23 Supplemental	5.6			
174	DHS - Alzheimer's Disease State Plan/Dementia Services Program (\$964k Non-Lapsing 3 Years)		1.0		
175	DHS - Dementia Awareness Campaign (\$750K)		0.8		
176	DHS - Psilocybin Clinical Research Grants		5.0		
177	DHS - Collaborative Care Model - PCP Behavioral Health Integration		1.0		
178	DHS - Trauma Recovery Center Pilot Program		7.0		
179	DHS - Fentanyl Testing Strips/Mass Spectrometers		0.3		
180	DHS - Health Crisis Review Centers and Wrap-Around Services		5.0		
181	DHS - Replace ASH Video Security System		3.5		
182	DHS - Nurse-Family Partnership Program		2.5		
183	Homeland Security - Anti Human Trafficking Grant Fund		10.0		
184	Homeland Security - Non-Profit Security Grant Program Fund		5.0		
185	Housing - Housing Trust Fund Deposit (Pre-Spending Report)		150.0		
186	Housing - Homeless Shelter and Services Fund Deposit	20.0	40.0		
187	Housing - Mobile Home Relocation Fund Deposit		5.0		
188	Housing - Military Transitional Housing Fund Deposit (Existing Fund)		1.9		
189	IRC - Remove FY 24 Funding (From '23 Budget 3-Year Spending Plan)		(1.5)		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
190	DIFI - Increased Workload (\$250k for 3 Years)		0.3	0.3	0.3
191	Judiciary - Supreme Court - Juvenile Monetary Sanctions Funding Backfill (\$250k - 3 Years)		0.3	0.3	0.3
192	Judiciary - Supreme Court - Digital Evidence Software (\$280k in FY 24/FY 25)		0.3	0.3	
193	Judiciary - Supreme Court - Automation Funding		1.3		
194	Judiciary - Supreme Court - CASA Funding (\$20k)		0.1		
195	Judiciary - Superior Court - Probation Salary Increase County Backfill		6.7		
196	Legislature - Auditor General - One-Time Operating Funding		2.0		
197	Legislature - House - One-Time Operating Funding		2.0		
198	Legislature - Senate - One-Time Operating Funding		2.0		
199	Mine Inspector - Drone Purchases		0.1		
200	Mine Inspector - One-Time Administrative Costs (Non-Lapsing)		0.3		
201	Nursing Board - Nurse Anesthetists Clinical Rotations (\$450K)		0.5		
202	Parks - Heritage Fund Deposit		6.0		
203	Parks - Arizona Trail Fund Deposit		0.5		
204	Parks - State Lake Improvement Fund Deposit		5.2		
205	Power Authority - Resource Planning and Needs Assessment		1.0		
206	DPS - Administration Funding Increase (Non-Lapsing)		0.8		
207	DPS - Replacement Vehicles (276 Vehicles)		11.7		
208	DPS - Civil Air Patrol Infrastructure		10.0		
209	DPS - Uniform Allowance (Increase From \$1,000/Year to \$1,500/Year)		0.7		
210	DPS - Rapid DNA Testing		1.5		
211	DPS - Land Mobile Radio Expansion/Upgrades (Plus \$3 M Other Fund)		41.1		
212	DPS - Law Enforcement Retention Initiatives		2.0		
213	DPS - Tucson Real-Time Crime Center		1.5		
214	DPS - Peoria Real-Time Crime Center		2.6		
215	DPS - Fentanyl Prosecution and Testing Fund (\$50k Admin. Costs From Fund)		3.0		
216	DPS - Crime Lab Funding (State Crime Lab Only: FY 24 \$400k, FY 25/26: \$200k)		0.4	0.2	0.2
217	DOR - Shift DOR Administrative Fund Spending to General Fund		2.0		
218	SOS - Administration Funding Increase (Non-Lapsing) [\$330k for Business Services]		2.3		
219	SOS - Presidential Preference Election Funding (Baseline = \$4.0 M/Budget = \$5.9 M)		1.9		
220	ADOT - Spaying and Neutering Fund Deposit (\$550k)		0.6		
221	Tourism - Lodging and Tourism Workforce/Education Initiatives (\$250k)		0.3		
222	Tourism - Culinary Tourism Workforce Development/Campaigns (\$250k)		0.3		
223	Treasurer - County Sheriff's Search and Rescue Equipment Fund		2.5		
224	Treasurer - Local Distribution - International Dark Sky Discovery Center		10.0		
225	Treasurer - Local Distribution - Northern Arizona Observatory		5.6		
226	Treasurer - Local Distribution - Nonprofit Volunteer Rodeo Organization		15.3		
227	Treasurer - Local Distribution - Police Department Support (\$2 M Wickenburg/\$1 M Hayden)		3.0		
228	Treasurer - Local Distribution - Chandler Police Department Support		2.0		
229	Treasurer - Local Distribution - Wickenburg Fire Dept. Building Upgrades		1.4		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
230	Treasurer - Local Distribution - Mohave County Sheriff Substations		9.0		
231	Treasurer - Local Distribution - Mohave County Mobile Command Sheriff Vehicles		0.5		
232	Treasurer - Local Distribution - La Paz County Dispatch Center		0.9		
233	Treasurer - Local Distribution - Copper Canyon Fire and Medical District (\$750k)		0.8		
234	Treasurer - Local Distribution - Vernon Fire District (Equipment/Operations)		1.0		
235	Treasurer - Local Distribution - Kearny Public Building Remediation		0.5		
236	Treasurer - Local Distribution - Peoria Public Safety Helicopter State Contribution		3.5		
237	Treasurer - Local Distribution - Peoria Public Safety Mobile Command Center State Contribution		1.5		
238	Treasurer - Local Distribution - Snowflake Sewer Improvements		0.8		
239	Treasurer - Local Distribution - Flagstaff Post-Fire Mitigation		9.0		
240	Treasurer - Local Distribution - Glassford Dells Regional Park Development		3.5		
241	Treasurer - Local Distribution - Glendale Veterans Community Project		3.2		
242	Treasurer - Local Distribution - County Title Protection Software Opt-In (\$126k)		0.1		
243	Treasurer - Local Distribution - Sun City Transportation Study (\$850k)		0.9		
244	Treasurer - Local Distribution - Pepper Ball Pilot Program - City Police (\$750k)		0.8		
245	Treasurer - Local Distribution - SR 30 Electric Transmission Line/Water Line Relocation		10.1		
246	Universities - ABOR - Expand Primary Care Residency Programs		5.0		
247	Universities - ABOR - Expand Existing Promise Scholarship Program		20.0		
248	Universities - ABOR - Teachers Academy Funding		15.0		
249	Universities - ABOR - Law Enforcement Families Scholarship Program		2.0		
250	Universities - ABOR - Museum of Democracy Presidential Project		2.0		
251	Universities - ASU - Center For American Institutions		4.0		
252	Universities - ASU - Collegiate Women's Wrestling Program		0.5		
253	Universities - ASU - Additional FY 24 One-Time Operating Funding		2.4		
254	Universities - NAU - Additional FY 24 One-Time Operating Funding		1.0		
255	Universities - UA - Additional FY 24 One-Time Operating Funding		1.6		
256	Universities - UA - Space Analog Program		1.5		
257	Universities - UA - Agricultural Workforce Program (Apprenticeships)		1.0		
258	Universities - UA - On-Farm Irrigation Efficiency Grants		15.2		
259	Universities - UA HSC - Fall Prevention Studies		1.0		
260	Universities - UA HSC - Board of Medical Student Loans		2.0		
261	Universities - UA HSC - Arizona REACH Program		0.5		
262	Veterans' Services - Veteran Suicide Prevention Training Pilot Program		0.6		
263	Veterans' Services - Gila County Veterans Retreat		3.0		
264	Veterans' Services - Burial Services (\$15k) - No Policy Change		0.1		
265	Veterans' Services - Homeless Veterans Reintegration Program		5.0		
266	Veterans' Services - Tribal Connectivity Project		1.5		
267	WIFA - Reduce FY 24 Deposit From \$333 M to \$189 M (Savings Allocated to Other Water Projects)		(143.8)		
268	WIFA - Water Projects Assistance Grants		3.0		
269	WIFA - Local Distribution - Glendale Irrigation System and Xeriscaping		0.8		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
270	WIFA - Local Distribution - Gilbert Wells Project		27.8		
271	WIFA - Local Distribution - Peoria Wells Project		10.0		
272	WIFA - Local Distribution - Mohave Wash Recharge Basin		3.4		
273	WIFA - Local Distribution - Little Colorado River Levee (Navajo County)		20.0		
274	DWR - Brackish Water Study		0.1		
275	DWR - Brackish Groundwater Pilot		11.0		
276	DWR - Statewide Water Resources Planning Program		5.0		
277	DWR - Groundwater Delivery Infrastructure (Santa Rosa Canal Alternative)		25.0		
278	Capital - ADOA - Electric Vehicle Charging/Advance Fuel - State Facilities/Public Use		5.0		
279	Capital - ADOA - Building Renewal		25.1		
280	Capital - ADOA - West Adams Building Renovations (FY 23 Supplemental)	5.0			
281	Capital - ADC - Building Renewal (GF Amount + \$5.9 M OF Baseline = 100% of BR Formula)		33.9		
282	Capital - ADC - FY 24 HVAC Replacement Funding (Baseline = \$31.4 M/Budget = \$66.8 M)		35.4		
283	Capital - ADC - Fire and Life Safety Projects		48.7		
284	Capital - Parks - Establish Verde River Headwaters State Park		7.0		
285	Capital - DPS - Aviation Hangar Enhancement		0.3		
286	Capital - ADOT - SR 303 & Route 60 Interchange		4.5		
287	Capital - ADOT - Clarkdale Bitter Creek Wash Bridge		6.3		
288	Capital - ADOT - SR 347 Intersections (Casa Blanca/Cement Plant)		18.0		
289	Capital - ADOT - I-10 & Jackrabbit Trail Interchange		5.0		
290	Capital - ADOT - Happy Valley Road (35th Ave to 67th Ave)		12.5		
291	Capital - ADOT - Glassford Hill Rd Improvements		9.9		
292	Capital - ADOT - Coolidge Ave (Christensen Rd to Clemans Rd)		5.3		
293	Capital - ADOT - Eloy - I-10/Sunland Gin Rd & I-10/Arica Rd Improvements		5.0		
294	Capital - ADOT - Marana - I-10 and Cortaro Road Interchange		10.0		
295	Capital - ADOT - Douglas Port of Entry/SR 80 Connection		8.2		
296	Capital - ADOT - Huachuca City - Skyline Drive to Gila Avenue		1.6		
297	Capital - ADOT - Huachuca City - Skyline Drive Between Gila & Edgewood		0.5		
298	Capital - ADOT - Patagonia - Mckeown Ave Reconstruction (4th Ave W-SR 82)		1.5		
299	Capital - ADOT - Sierra Vista - Theater Dr Corridor (7th St to Carmichael Ave)		1.8		
300	Capital - ADOT - Graham County - Norton Rd/Reay Ln		0.5		
301	Capital - ADOT - Cochise County - Moson Rd Drainage		6.1		
302	Capital - ADOT - US-95 Improvements (Wellton Mohawk Canal to Aberdeen Rd)		33.3		
303	Capital - ADOT - US-95 Pavement Rehabilitation (County 22nd St to County 11th St)		5.9		
304	Capital - ADOT - SR 87 Design of Improvements at Arica and Shedd Roads		0.7		
305	Capital - ADOT - West Pinal Parkway East-West Corridor Design		9.2		
306	Capital - ADOT - SR 85 Lane Expansion (MP 123 to Maricopa Rd)		6.5		
307	Capital - ADOT - SR 95 Bullhead City Turn Lanes		8.0		
308	Capital - ADOT - Lake Havasu City Bridge Project		35.5		
309	Capital - ADOT - Extend 43rd Ave from SR 303 to SR 74 (Allocate to City of Phoenix)		6.5		

General Fund Budget 4-Year Analysis (\$ in Millions)

		A	B	C	D
		FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
310	Capital - ADOT - SR 24 Extension (Allocate to Queen Creek/Collaborate w/ Pinal County)		87.5		
311	Capital - ADOT - SR 83 - Santa Cruz to Sonoita		9.0		
312	Capital - ADOT - Cave Creek Rd Construction Study		0.3		
313	Capital - ADOT - Navajo County SR 260 Improvements		4.3		
314	Capital - ADOT - Phoenix-Mesa Gateway Airport		7.0		
315	Capital - ADOT - Pinetop-Lakeside Porter Mountain Rd Improvements		2.2		
316	Capital - ADOT - Globe Sidewalk - Jesse Hayes & Shooter Canyon Roads		3.5		
317	Capital - ADOT - Payson Roundabout - Longhorn & McLane Roads		1.5		
318	Capital - ADOT - Globe Jesse Hayes Rd Bridge at Pinal Creek		0.6		
319	Capital - ADOT - Globe Cottonwood St Bridge at Pinal Creek		0.6		
320	Capital - ADOT - Gila County Houston Mesa Rd - SR260 to NF Route 199		0.2		
321	Capital - ADOT - Canyon Water Improvement District Infrastructure (\$610k)		0.6		
322	Capital - ADOT - Graham County - Safford Bryce Road Improvements		1.8		
323	Capital - ADOT - Thatcher - 8th Street improvements		4.5		
324	Capital - ADOT - Repave US-60 Between Morristown and Wickenburg		10.5		
325	Capital - ADOT - Hayden/Winkelman - Golf Course Road/Quarelli Street Improvements		1.6		
326	Capital - ADOT - Panther Drive Bridge Improvements		2.5		
327	Capital - ADOT - I-19 Drexel Road Bridge		15.0		
328	Capital - ADOT - I-19 Interchanges - Rio Rico and Ruby Road (Distribute to Santa Cruz County)		8.6		
329	Capital - ADOT - SR 264 Lane Improvements for Ganado Senior Citizens Center		0.5		
330	Capital - ADOT - N9402 Shortfall (FY 23 Project)		10.0		
331	Capital - ADOT - Additional Net Funding for FY 22/23 Legislative Projects	22.4			
332	Capital - ADOT - Pavement Rehabilitation (Rural Projects/Fair or Poor Condition/Not In 5 Yr Plan)		54.3		
333	Capital - ADOT - I-17 Expansion Funding Shortfall		76.2		
334	Capital - ADOT - I-10 Expansion Additional Funding (Phoenix to Casa Grande)		89.0		
335	Capital - ADOT - SMART Fund Deposit		12.5		
336	Capital - ADOT - Passenger Rail Service Planning (Phoenix to Tucson)		3.5		
337	Other - Named Claimants Supplemental (\$170k)	0.2			
338	Other - Employee Retention/Compensation Study		4.0		
339	Other - State Employee Health Insurance Funding		73.0		
340	Other - Statewide Fleet Adjustments - Purchase 206 Vehicles GF/OF + Operating Costs		8.2		
341	Other Adjustments	(0.1)	(1.7)	(0.4)	(0.4)
342	Subtotal - One-Time Changes to JLBC Baseline	\$ 28.2	\$ 2,278.2	\$ (5.7)	\$ 0.9
343	Total One-Time Spending	\$ 1,142.8	\$ 2,882.3	\$ 630.4	\$ 244.5
344	Total Spending	\$ 15,592.2	\$ 17,818.7	\$ 16,206.4	\$ 16,563.9
345	Cash Balance	\$ 2,530.4	\$ 10.0	\$ 75.8	\$ 745.1

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Operating				
ADOA - K-12 Transportation Grants	20,000,000	15,000,000		
ADQA - Healthcare Interoperability Software/Technology Grants	12,000,000	3,000,000		
ADQA - Ballot Paper Testing	1,000,000			
ADOA - Secure Ballot Boxes	500,000			
ADOA - Fire Incident Management System Grants	6,100,000	12,200,000		
ADOA - County Sheriff Interoperability	20,000,000			
ADOA - Miami Unified - Miami & Kornegay Gym Floors		350,000		
ADOA - Employee Retention/Compensation Study		4,000,000		
ADOA - Skull Valley School Distribution		300,000		
ADOA - Early Literacy		250,000		
ADOA/APF - School Financial Transparency Portal	1,500,000	3,500,000		
ADOA/APF - Probation Case Management System		3,270,000		
ADOA/APF - Statewide Community Supervision Monitoring System		2,500,000		
ADOA/APF - Health and Human Services IT Systems Upgrades		15,000,000		
ADQA/APF - Business One-Stop Phase 2	15,614,300			
ADOA/APF - Agriculture IT Projects/Cloud Migration	2,000,000			
ADOA/APF - DQR Integrated Tax System	9,632,700	11,794,100	11,847,300	11,725,500
ADOA/SFD - Building Renewal Grants	183,300,000	183,300,000		
ADOA/SFD - School Facilities Inspections		1,000,000		
ADOA/SFD - New Construction (FY 22 Authorization)	47,950,000			
ADOA/SFD - New Construction (FY 22 Budget - Yuma HS Project)	16,515,200			
ADOA/SFD - New Construction (FY 23 Budget - Kirkland Site Conditions)	400,000			
ADOA/SFD - New Construction (FY 23 Authorization)	48,253,900	26,365,000		
ADOA/SFD - New Construction (FY 24 Authorization)		116,089,400	77,898,600	
ADOA/SFD - New Construction (FY 24 Santa Cruz Valley Funding)		2,000,000		
ADOA/SFD - New Construction (FY 25 Authorization)			107,360,900	107,360,900
ADOA/SFD - New Construction (FY 26 Authorization)				100,801,000
Administrative Hearings - Increased Workload		180,000	180,000	180,000
Agriculture - Livestock Operator Grants	10,000,000			
Agriculture - Expanding IT Support		1,199,600		
AHCCCS - Critical Access Hospitals Supplemental Pool		4,200,000		
AHCCCS - QBGYN On-Call Services		7,500,000		
AHCCCS - Management Information System Replacement	500,000	700,000		
AHCCCS - Secure Behavioral Health Residential Facilities*	25,000,000			
AHCCCS - Rapid Genome Sequencing Pilot Program		160,000		
Arts Commission - Arts Trust Fund Deposit	5,000,000	5,000,000		
Attorney General - Missing/Murdered Indigenous Persons Investigations	2,000,000			
DCS - Vehicle Replacement		2,250,000		
DCS - Extended Foster Care Comprehensive Service Model		12,550,000		
DCS - Backfill Loss of Adoption Incentive Federal Funds		2,000,000		
DCS - Positive Parenting Pilot Program		4,000,000		
DCS - Emergency Shelter Group and Transition Living		10,000,000		
DCS - Higher Congregate Care Provider Rates	19,238,200			
DCS - Backfill Loss of Congregate Care Federal Funds	5,900,000	10,876,400		
Commerce - Major Events Fund Deposit	7,500,000			
Commerce - Federal Broadband Matching Funds		23,600,000		
Commerce - State Rural Development Council		1,000,000		
Commerce - Small Business Incubator Program to Assist Exiting Inmates		500,000		
Commerce - Strategic Framework for Econ. Development		500,000		
Commerce - Commercial Truck Driver Shortage Grant		500,000		
Commerce - Establish Canada Trade Office		750,000		
Commerce - Establish Asia-Pacific Trade Office		750,000		
Commerce - Trade Office Funding		2,000,000		
Commerce - Small Business Export Assistance		1,000,000		
Commerce - Water Infrastructure Grant Funding		7,000,000		
Commerce - Wearable Technology Research		2,500,000		
Commerce - Business Water Infrastructure	15,000,000			
Commerce - Economic Resources to Tribes		9,000,000		
Community Colleges - Rural Funding	7,000,000	10,000,000		
Community Colleges - Tohono O'odham College Funding		2,000,000		
Community Colleges - San Carlos Apache College Funding		2,000,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Community Colleges - Navajo Tech. University Environmental Testing Lab	4,000,000			
Community Colleges - Dine College Student Center Construction	8,000,000			
Community Colleges - Dine College Capital Improvements		10,000,000		
Community Colleges - Arizona Western CTE Workforce		15,000,000		
Community Colleges - Pima Community College Funding		2,000,000		
Community Colleges - Santa Cruz Provisional College Funding		200,000		
Community Colleges - Southern Arizona First Responder Academy	6,250,000			
Corrections - Vehicle Purchases	7,488,400			
Corrections - Community Treatment For Imprisoned Women	2,000,000			
ADC - Inmate Health Care Cost Increase		51,200,000		
ADC - One-Time Florence Closure Costs (For Private Beds)		36,481,800		
ADC - Increased Food Costs (Statewide Prison Food Contract)		9,058,100		
ADC - Private Prison Contract Increases (Florence West/Phx West)		8,503,500		
ADC - Correctional System Assessment		2,000,000		
ADC - Inmate Dog Training		650,000		
ADC - Transitional and Re-Entry Housing		5,000,000		
Counties/ADOA - Re-Entry Planning Services	7,000,000	7,000,000		
ACJC - Rural County Attorney Diversion Program Grants	10,000,000			
ACJC - Crime Victim Notification Fund Deposit		10,000,000		
ASDB - Increase Bus Transportation Capacity	1,106,200			
Economic Opportunity - Microbusiness Loans		5,000,000		
DES - Adult Protective Services VOCA Funding GF Backfill		9,100,000		
DES - Produce Incentive Program (Double Up Food Bucks)		5,462,600		
DES - Graham County Rehabilitation Center (Safford)		830,000		
DES - Globe/Miami Food Bank		250,000		
DES - Area Agency on Aging		5,000,000		
DES - Area Agency on Aging Elderly Housing Assistance		5,000,000		
DES - Diaper/Incontinence Assistance		1,000,000		
DES - IT Infrastructure/Security - Development Costs	1,400,500	1,518,200		
DES - DD Group Home Monitoring Pilot	1,200,000	1,200,000	1,200,000	
DES - Area Agencies on Aging Provider Rate Increases	2,000,000			
ADE - Childhood Trauma Awareness/Prevention Grants	100,000			
ADE - Office of Indian Education	5,000,000			
ADE - Code Writers Initiative Program	1,000,000			
ADE - Foster Youth Transitional Housing	10,000,000			
ADE - Electronic Incident Prevention Program	150,000			
ADE - Postsecondary Success Program	1,000,000			
ADE - Assessment Funding	4,000,000			
ADE - Additional One-Time Funding (State Aid Supplement)		300,000,000		
ADE - Dual Enrollment - Student Incentive		15,000,000		
ADE - Dual Enrollment - Teacher Incentive		500,000		
ADE - Broadband Funding		5,000,000		
ADE - Arizona Civics Education and Leadership Development Program		300,000		
ADE - Education and Career Exploration Program		5,000,000		
ADE - K-12 Alternative Transportation Program (ADE Model)		250,000		
ADE - Live Remote Instruction (Within College Credit Program)		100,000	100,000	
ADE - Administration Funding Increase		10,000,000		
ADE - Non-Profit Low Income Student Assistance		500,000		
ADE - Feminine Hygiene Products		2,000,000		
ADE - Alternative Teacher Development Program		800,000		
ADE - Phoenix Science Education Program		2,500,000		
ADE - Non-Profit Education Initiatives		100,000		
ADE - Globe Youth Summer Education Program		250,000		
ADE - Consumable Art/Music Supplies		10,000,000		
ADE - Flagstaff Unified Robotics Program		20,000	20,000	20,000
ADE - County Jails Education Program		76,000		
ADE - Gila County Jail Adult Education		10,000		
ADE - County Juvenile Detention Centers (Maricopa/Pinal/Yavapai)		52,600		
ADE - Professional Development Personnel/Teachers		3,000,000		
ADE - School Campus Vegetation		300,000		
ADE - School Campus Community Gardens		100,000		
ADE - Center for High School Success		1,000,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
DEMA - Readiness Center Maintenance Backlog	13,300,000			
DEMA - Emergency Mitigation Activity Funding		1,333,300		
DEMA - National Guard Reaction Force Equipment		33,900		
DEMA - STORM Act Federal Matching Funds (Thru FY 28)		200,000	200,000	200,000
DEMA - Hazard Mitigation Assistance		462,900	462,900	
DEMA - National Guard Uniform Allowance (\$250 Annually Per Officer)		300,000		
DEQ - Water Quality Fee Fund Deposit	6,400,000	9,500,000		
DEQ - Direct Potable Reuse of Treated Wastewater	1,500,000	1,500,000		
DEQ - PFAS (Forever Chemicals) Mitigation		5,000,000		
Executive Clemency - Electronic Records Management System		50,500		
Forestry - One-Time Vehicle Purchases	3,190,000			
Forestry - Wildfire Expenses	65,000,000			
Forestry - Mount Lemmon Fire District Renovations	2,230,900			
Forestry - Gila River Nonnative Species Eradication	5,000,000			
Forestry - Good Neighbor/Fire Marshal Vehicle Purchases	730,000			
Forestry - Fire District Grants		5,000,000		
Gaming - Event Wagering Operator License Fee Refund		600,000		
Gaming - Racetrack Capital Projects and Maintenance/Operations		1,000,000		
Governor - One-Time Operating Funding		2,000,000		
Governor - Missing and Murdered Indigenous People Task Force		1,000,000		
DHS - Family Health Pilot Program	3,000,000			
DHS - Accelerated Nursing	50,000,000			
DHS - ASH Surveillance System Upgrade	7,100,000	3,500,000		
DHS - Homeless Pregnant Women Services	300,000			
DHS - Arizona Nurse Education Investment Pilot Program	15,000,000	15,000,000	15,000,000	
DHS - Preceptor Grant Program for Graduate Students	500,000	500,000	500,000	
DHS - Funding Increase for Contracted ASH Services		5,970,000		
DHS - Alzheimer's Disease State Plan/Dementia Services Program		964,100		
DHS - Dementia Awareness Campaign		750,000		
DHS - Psilocybin Clinical Research Grants		5,000,000		
DHS - Collaborative Care Model - PCP Behavioral Health Integration		1,000,000		
DHS - Trauma Recovery Center Pilot Program		7,000,000		
DHS - Fentanyl Testing Strips/Mass Spectrometers		300,000		
DHS - Health Crisis Review Centers and Wrap-Around Services		5,000,000		
DHS - Nurse-Family Partnership Program		2,500,000		
AZ Dept. of Homeland Security - State Cybersecurity Controls	2,000,000			
AZ Dept. of Homeland Security - Anti-Human Trafficking Grant Fund		10,000,000		
AZ Dept. of Homeland Security - Non-Profit Security Grant Program		5,000,000		
Housing - Housing Trust Fund Deposit	60,000,000	150,000,000		
Housing - Homeless Services Grant Pilot	10,000,000			
Housing - Homeless Shelter and Services Fund Deposit	See Supplementals	40,000,000		
Housing - Mobile Home Relocation Fund Deposit		5,000,000		
Housing - Military Transitional Housing Fund Deposit (Existing Fund)		1,900,000		
DIFI - Increased Workload		250,000	250,000	250,000
Judiciary - Supreme Court - Digital Evidence Storage	490,000			
Judiciary - Supreme Court - Automation Revenue Shortfall	1,000,000			
Judiciary - Supreme Court - Records Sealing	500,000			
Judiciary - Supreme Court - Juvenile Monetary Sanctions Funding Backfill		250,000	250,000	250,000
Judiciary - Supreme Court - Digital Evidence Software		280,000	280,000	
Judiciary - Supreme Court - Automation Funding		1,298,000		
Judiciary - Supreme Court - CASA Funding		20,000		
Judiciary - Court of Appeals - Additional 6 Judges - Capital Costs	900,000			
Judiciary - Superior Court - Probation Salary Increase County Backfill		6,749,200		
Land - Appraisal Development	1,500,000			
Legislature - Auditor General - K-12 Federal Funds Oversight	200,000			
Legislature - Auditor General - Adult Protective Services Audit	300,000			
Legislature - Auditor General		2,000,000		
Legislature - House of Representatives	5,000,000	2,000,000		
Legislature - Senate	5,000,000	2,000,000		
Mine Inspector - Abandoned Mines Program Equipment/Vehicle Costs	496,100			
Mine Inspector - Drone Purchases		100,000		
Mine Inspector - Administrative Costs		300,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Nursing Board - Nurse Anesthetists Clinical Rotations		450,000		
Parks - Heritage Fund Deposit	2,500,000	6,000,000		
Parks - State Lake Improvement Fund Deposit	4,000,000	5,200,000		
Parks - Arizona Trail Fund Deposit		500,000		
Power Authority - Resource Planning and Needs Assessment		1,000,000		
DPS - 400 Patrol Vehicle Bumper Tethers	1,800,000			
DPS - Expand Public Services Portal	2,631,500			
DPS - Upgrade Recently Purchase Helicopter	2,559,600			
DPS - Purchase 1 Helicopter	10,900,000			
DPS - Vehicle Replacement	11,709,300	11,709,300		
DPS - Civil Air Patrol	5,000,000	10,000,000		
DPS - K-9 Facility Improvements and Vehicles	1,900,000			
DPS - Administrative Funding		798,600		
DPS - Uniform Allowance		657,800		
DPS - Land Mobile Radio Expansion/Upgrade		41,100,000		
DPS - Rapid DNA Testing		1,500,000		
DPS - Law Enforcement Retention Initiatives		2,000,000		
DPS - Tucson Real-Time Crime Center		1,500,000		
DPS - Peoria Real-Time Crime Center		2,600,000		
DPS - Fentanyl Prosecution and Testing Fund		3,000,000		
DPS - State Crime Lab Funding		400,000	200,000	200,000
DOR - Shift Administrative Fund Spending to General Fund		2,000,000		
SOS - Administrative Funding Increase		2,330,000		
SOS - Presidential Preference Election Funding		1,926,100		
SOS - Early Ballot Tracking System	250,000			
SOS - Election Funding	4,000,000			
ADOT - Spay and Neutering Fund Deposit		550,000		
Tourism - Southern Arizona Sports, Tourism and Film Authority	750,000			
Tourism - Wine Promotion	1,000,000			
Tourism - Lodging and Tourism Workforce/Education Initiatives		250,000		
Tourism - Culinary Tourism Workforce Development/Campaigns		250,000		
Treasurer - Crime Victim Public Safety Notifications	3,800,000			
Treasurer - Arizona Health Innovation Trust Fund Deposit	100,000			
Treasurer - Election Security Funding		5,000,000	6,000,000	
Treasurer - County Election Funding		6,000,000		
Treasurer - County Sheriff's Search and Rescue Equipment Fund		2,500,000		
Treasurer - Local Distribution - International Dark Sky Discovery Center		10,000,000		
Treasurer - Local Distribution - Northern Arizona Observatory		5,600,000		
Treasurer - Local Distribution - Nonprofit Volunteer Rodeo Organization		15,300,000		
Treasurer - Local Distribution - Hayden and Wickenburg Police Departments		3,000,000		
Treasurer - Local Distribution - Chandler Police Department		2,000,000		
Treasurer - Local Distribution - Wickenburg Fire Station		1,400,000		
Treasurer - Local Distribution - Mohave County Sheriff Substations		9,000,000		
Treasurer - Local Distribution - Mohave County Sheriff Vehicles		500,000		
Treasurer - Local Distribution - La Paz County Public Safety		860,000		
Treasurer - Local Distribution - Copper Canyon Fire and Medical District		750,000		
Treasurer - Local Distribution - Vernon Fire District		1,000,000		
Treasurer - Local Distribution - Kearny Public Building Remediation		500,000		
Treasurer - Local Distribution - Peoria Police Department Helicopter		3,500,000		
Treasurer - Local Distribution - Peoria Police Dept. Mobile Command Center		1,500,000		
Treasurer - Local Distribution - Snowflake Sewer Lift Station		750,000		
Treasurer - Local Distribution - Flagstaff Post-Fire Mitigation		8,987,000		
Treasurer - Local Distribution - Glassford Dells Regional Park Development		3,500,000		
Treasurer - Local Distribution - Glendale Veterans Community Project		3,214,500		
Treasurer - Local Distribution - County Property Owner Notification Systems		126,200		
Treasurer - Local Distribution - Sun City Transportation Study		850,000		
Treasurer - Local Distribution - City Police Pepper Ball Pilot Program		750,000		
Treasurer - Local Distribution - State Route 30 Utility Relocation		10,050,000		
Universities - ABOR - Arizona Veterinary Loan Assistance Program	6,000,000			
Universities - ABOR - Food Product and Safety Lab	10,900,000			
Universities - ABOR - Enclosed Feeding Facility	9,500,000			
Universities - ABOR - Camp Verde Meat Processing Facility	9,700,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Universities - ABOR - Expand Primary Care Residency Programs		5,000,000		
Universities - ABOR - Expand Existing Promise Scholarship Program		20,000,000		
Universities - ABOR - Teachers Academy Funding		15,000,000		
Universities - ABOR - Law Enforcement Families Scholarship Program		2,000,000		
Universities - ABOR - Museum of Democracy Presidential Project		2,000,000		
Universities - ASU - Center for American Institutions		4,000,000		
Universities - ASU - Collegiate Women's Wrestling Program		500,000		
Universities - ASU - Operating Funding	21,200,000	23,600,000	21,200,000	
Universities - ASU - Operating/Capital Funding	54,000,000			
Universities - NAU - Operating Funding	10,100,000	11,100,000	10,100,000	
Universities - NAU - Operating/Capital Funding	26,000,000			
Universities - UA - Operating Funding	14,700,000	16,300,000	14,700,000	
Universities - UA - Wind Tunnel Upgrades	3,000,000			
Universities - UA - Agriculture Workforce Program	500,000			
Universities - UA - Veterinary Diagnostic Lab	2,500,000			
Universities - UA - Nat. Resource Policy Center Endangered Species Study	450,000			
Universities - UA - Space Analog Program		1,500,000		
Universities - UA - Agricultural Workforce Program		1,000,000		
Universities - UA - On-Farm Irrigation Efficiency Grants		15,200,000		
Universities - UA - Water Reuse for Water Resiliency/Self-Sufficiency				
Universities - UA HSC - Arizona REACH Program		500,000		
Universities - UA HSC - Board of Medical Student Loans		2,000,000		
Universities - UA HSC - Fall Prevention Studies		1,000,000		
Veterans' Services - Tribal Ceremonies	1,000,000			
Veterans' Services - Veteran Suicide Prevention Training Pilot Program		600,000		
Veterans' Services - Gila County Veterans Retreat		3,000,000		
Veterans' Services - Burial Services		15,000		
Veterans' Services - Homeless Veterans Reintegration Program		5,000,000		
Veterans' Services - Tribal Connectivity Project		1,500,000		
DWR - New River Flood Insurance Study	350,000			
DWR - Brackish Water Study		100,000		
DWR - Brackish Groundwater Pilot		11,000,000		
DWR - Statewide Water Resources Planning Program		5,000,000		
DWR - Groundwater Delivery Infrastructure		25,000,000		
WIFA - Water Project Assistance Grants	10,000,000	3,000,000		
WIFA - Glendale Irrigation System and Xeriscaping		810,000		
WIFA - Gilbert Wells Project		27,800,000		
WIFA - Peoria Wells Project		10,000,000		
WIFA - Mohave Wash Recharge Basin		3,400,000		
WIFA - Little Colorado River Levee (Navajo County)		20,000,000		
Other - Statewide Fleet Adjustments		8,195,100		
Other - HITF Employer Premium Increase	103,277,800	73,000,000		
Subtotal - Operating Funding	\$ 1,150,314,600	\$ 1,885,038,800	\$ 267,749,700	\$ 220,987,400
Pension Payoff (EORP Deposit)	\$ 60,000,000			
Medicaid Reversion (Enhanced Match/Other)	\$ (482,000,000)			
Reduce K-12 Rollover	\$ 65,000,000			
Water Supply Funding (TPT Diversion in FY 23)		\$ 189,200,000	\$ 333,000,000	
Capital Outlay				
Capital - ADOA - Building Renewal Funding	37,594,200	25,124,700		
Capital - ADOA - West Adams Building Renovations (See Supplementals)	47,274,000			
Capital - ADOA - Capitol Mall Building Demolition	1,568,000			
Capital - ADOA - Homeless Veterans Housing (Fort Whipple)	2,386,600			
Capital - ADOA - Astronomy Centers	7,500,000			
Capital - ADOA - Navajo Nation Lukachukai Veterans Multipurpose Complex	500,000			
Capital - ADOA - Kayenta Judicial Complex	2,000,000			
Capital - ADOA - Little Colorado River Visitor Center (Navajo Nation)	1,000,000			
Capital - ADOA - Navajo Nation Teesto Multipurpose Community Center	1,000,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Capital - ADOA - Navajo Nation Dilkon Center Improvements	3,000,000			
Capital - ADOA - Electric Vehicle Charging/Advance Fuel Infrastructure		5,000,000		
Capital - ADC - Building Renewal Funding	30,551,100	33,942,600		
Capital - ADC - Replace Evaporative Cooling with AC Systemwide	47,600,000	66,783,600	29,832,100	23,700,000
Capital - ADC - Doors/Locks/Fire Systems	20,400,000	48,650,600		
Capital - ASDB - Food Service Equipment	350,000			
Capital - ASDB - Security Upgrades (Electronic Locks)	420,000			
Capital - ASDB - Classroom Notification Replacement	96,000			
Capital - DEMA - Fire Suppression	1,151,100			
Capital - DEMA - Tucson Readiness Center Construction Cost Increase	1,800,000			
Capital - DEMA - West Valley Readiness Center Construction Cost Increase		1,125,000		
Capital - Judiciary - Air Handler and Sewer Replacement	3,200,000			
Capital - DJC - Replumbing	400,000			
Capital - Legislative Council - Capitol Renovations	5,700,000			
Capital - Parks - Establish Verde River Headwaters State Park		7,000,000		
Capital - DPS - Aviation Hangar Enhancement		320,000		
Capital - DPS - Evidentiary Vehicle Storage	1,016,400			
Capital - DPS - Remote Officer Housing (Replace 25 Units/Add 5 Units)	9,750,000			
Capital - ABQR - Mining, Mineral and Natural Resources Museum	12,000,000			
Subtotal - Capital Outlay	\$ 238,257,400	\$ 187,946,500	\$ 29,832,100	\$ 23,700,000
FY 2023 Supplementals/Ex-Appropriations				
African American Affairs - Operating Funding	15,000			
AHCCCS - Ex-Appropriate Secure Behavioral Health Facility Funding	(25,000,000)			
Corrections - Named Claimants	169,300			
Board of Equalization - Named Claimants	700			
DHS - ASH Operating Shortfall	5,600,000			
Housing - Homeless Shelter and Services Funding	20,000,000			
Capital - ADOA - West Adams Building Renovations	5,000,000			
Capital - ADOT - Remove Loop 101 Slip Ramp Funding	(25,000,000)			
Capital - ADOT - US-89 & Lake Powell Blvd Traffic Circle	3,100,000			
Capital - ADOT - Additional I-10 Lanes (SR-85 to Citrus Road)	52,090,000			
Capital - ADOT - Remove US-95 Yuma Proving Ground	(10,000,000)			
Capital - ADOT - Increase SR-77 Oro Valley (\$13.6 M to \$15.8M)	2,207,500			
Subtotal - FY 2023 Supplementals/Ex-Appropriations	\$ 28,182,500	\$ -	\$ -	\$ -
Transportation Funding				
Loop 101 Slip Ramp*	25,000,000			
Ruby Road Bridge Improvements	3,000,000			
Cesar Chavez Blvd Widening/Improvements	33,000,000			
US-89 & Lake Powell Blvd Traffic Circle (See Supplementals)	5,000,000			
Ganado School Loop Road (County Road 420)	1,000,000			
N-9402 Improvements	10,000,000			
N-35 Improvements	6,000,000			
SR 97 Improvements		10,000,000		
Capital - ADOT - SR 303 & US-60 Interchange		4,500,000		
Capital - ADOT - Clarkdale - Bitter Creek Wash Bridge		6,321,400		
Capital - ADOT - SR 347 Intersections Improvements		18,000,000		
Capital - ADOT - I-10 & Jackrabbit Trail Interchange		5,000,000		
Capital - ADOT - Happy Valley Road Improvements		12,500,000		
Capital - ADOT - Glassford Hill Rd Improvements		9,900,000		
Capital - ADOT - Coolidge - Coolidge Ave Reconstruction		5,300,000		
Capital - ADOT - Eloy - Sunland Gin Rd/I-10 Overpass (Eloy)		5,000,000		
Capital - ADOT - Marana - I-10 and Cortaro Road Interchange		10,000,000		
Capital - ADOT - Douglas Port of Entry/SR 80 Connection		8,170,000		
Capital - ADOT - Huachuca City - Skyline Drive Reconstruction		1,565,200		
Capital - ADOT - Huachuca City - Skyline Drive Pathway Development		506,000		
Capital - ADOT - Patagonia - McKeown Ave Reconstruction		1,500,000		
Capital - ADOT - Sierra Vista - Theater Drive Corridor		1,800,000		
Capital - ADOT - Graham County - Norton Rd/Reay Ln Intersection		500,000		
Capital - ADOT - Cochise County - Moson Rd Drainage		6,100,000		
Capital - ADOT - US-95 Improvements		33,300,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS ^{1/}

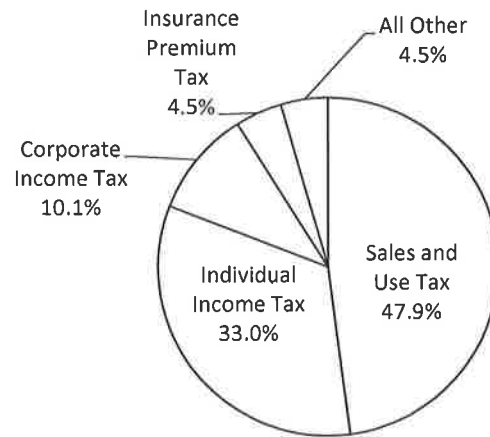
	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Capital - ADOT - US-95 Pavement Rehabilitation		5,910,400		
Capital - ADOT - SR 87 Intersection Improvements		700,000		
Capital - ADOT - Pinal Parkway East-West Corridor Design (Pinal County)		9,240,000		
Capital - ADOT - SR 85 Lane Expansion (MP 123 to Maricopa Rd)		6,500,000		
Capital - ADOT - SR 95 Bullhead City Turn Lanes		8,000,000		
Capital - ADOT - Lake Havasu City Bridge Project		35,500,000		
Capital - ADOT - 43rd Ave Extension (Phoenix)		6,500,000		
Capital - ADOT - SR 24 Extension		87,500,000		
Capital - ADOT - SR 83 Improvements		9,000,000		
Capital - ADOT - Cave Creek Rd Construction Study		250,000		
Capital - ADOT - Navajo County - SR 260 Improvements		4,250,000		
Capital - ADOT - Phoenix-Mesa Gateway Airport		7,000,000		
Capital - ADOT - Pinetop-Lakeside - Porter Mountain Rd Improvements		2,242,200		
Capital - ADOT - Globe - Sidewalk Construction		3,501,100		
Capital - ADOT - Payson - Roundabout Construction		1,529,800		
Capital - ADOT - Globe - Jesse Hayes Rd Bridge Replacement		643,200		
Capital - ADOT - Globe - Cottonwood St Bridge Replacement		632,500		
Capital - ADOT - Gila County - Houston Mesa Rd Improvements		243,600		
Capital - ADOT - Canyon Water Improvement District Infrastructure		610,000		
Capital - ADOT - Graham County - Safford Bryce Road Improvements		1,781,500		
Capital - ADOT - Thatcher - 8th Street improvements		4,526,400		
Capital - ADOT - US-60 Repavement (Between Morristown/Wickenburg)		10,500,000		
Capital - ADOT - Winkleman Road Improvements		1,560,900		
Capital - ADOT - Panther Drive Bridge Improvements		2,486,700		
Capital - ADOT - Drexel Road Bridge Improvements (Tucson)		15,000,000		
Capital - ADOT - I-19 Interchanges - Rio Rico and Ruby Road		8,600,000		
Capital - ADOT - SR 264 Turn Lane Construction (Apache County)		538,700		
Capital - ADOT - N9402 Improvements		10,000,000		
Capital - ADOT - Pavement Rehabilitation		54,300,000		
Capital - ADOT - I-17 Expansion Funding Shortfall		76,200,000		
Capital - ADOT - I-10 Expansion Additional Funding (Phx to Casa Grande)		89,000,000		
Capital - ADOT - SMART Fund Deposit		12,500,000		
Capital - ADOT - Passenger Rail Service Study (Phoenix to Tucson)		3,500,000		
Subtotal - Transportation Funding	\$ 83,000,000	\$ 620,209,600	\$ -	\$ -
Total - One-Time Spending	\$ 1,142,754,500	\$ 2,882,394,900	\$ 630,581,800	\$ 244,687,400

^{1/} The displayed amounts reflect one-time General Fund adjustments included in the FY 2024 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 472 and 473.

* The displayed appropriation from the FY 2023 budget was ultimately ex-appropriated as part of the FY 2024 budget process (see the FY 2023 supplementals section).

FY 2024 General Fund Revenue - Where It Comes From

Source	Revenue (Millions)
Sales and Use Tax	\$ 8,078.1
Individual Income Tax	5,564.6
Corporate Income Tax	1,708.7
Insurance Premium Tax	756.7
All Other	755.2
TOTAL REVENUE	\$ 16,863.3 ^{1/2/}

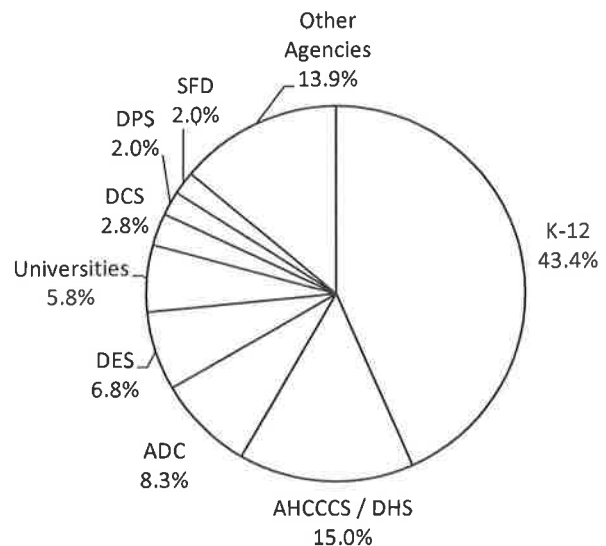


^{1/} Excludes FY 2023 balance forward.

^{2/} A total of \$1,564.8 million of this amount is distributed as urban revenue sharing.

FY 2024 General Fund Appropriations - Where It Goes

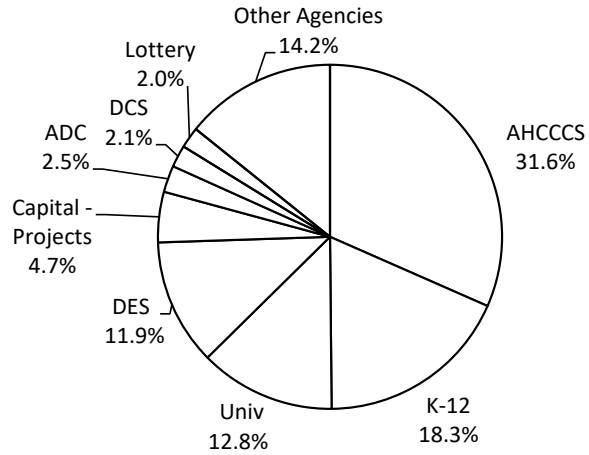
Budget Unit	Appropriation (Millions)
K-12 Education (ADE)	\$ 7,761.1
AHCCCS / DHS	2,681.8
Corrections	1,483.5
Economic Security	1,211.4
Universities	1,032.2
Child Safety	498.0
DPS	366.1
School Facilities Division	357.0
Other Agencies	2,492.7
TOTAL BUDGET	\$ 17,883.9 ^{1/}



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

FY 2024 Total Spending - All Sources ^{1/}

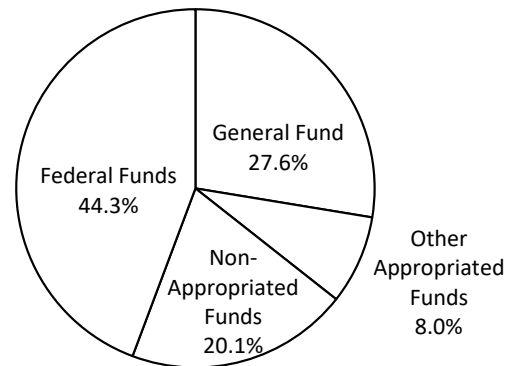
Budget Unit	Spending (Millions)
AHCCCS	\$ 20,474.2
K-12 Education (ADE)	11,836.5
Universities	8,272.0
Economic Security	7,689.1
Capital - Projects	3,074.7
Corrections	1,622.7
Child Safety	1,339.3
Lottery	1,279.7
Other Agencies / Distributions	9,224.6
TOTAL	\$ 64,812.9



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

FY 2024 Total Spending by Fund Source ^{1/}

Fund Source	Spending (Millions)
General Fund	\$ 17,883.9
Other Appropriated Funds	5,201.3
Non-Appropriated Funds	13,022.3
Federal Funds	28,705.5
TOTAL	\$ 64,812.9



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

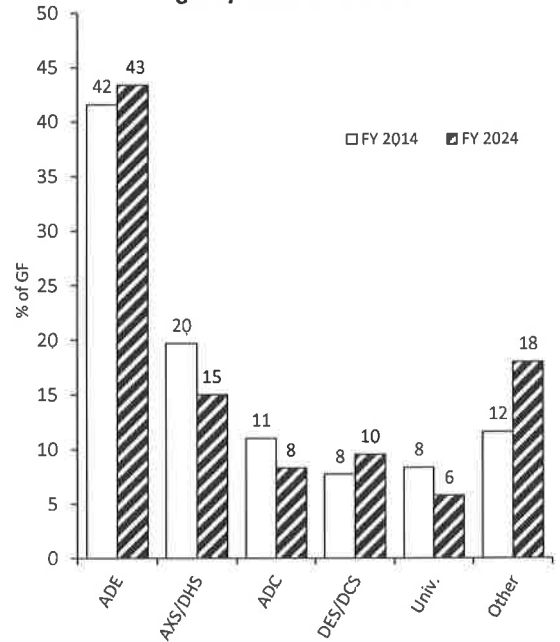
"THEN AND NOW" - FY 2014 vs. FY 2024 General Fund Spending

Comparison of 10 Largest General Fund Budgets ^{1/}
(\$ in Millions)

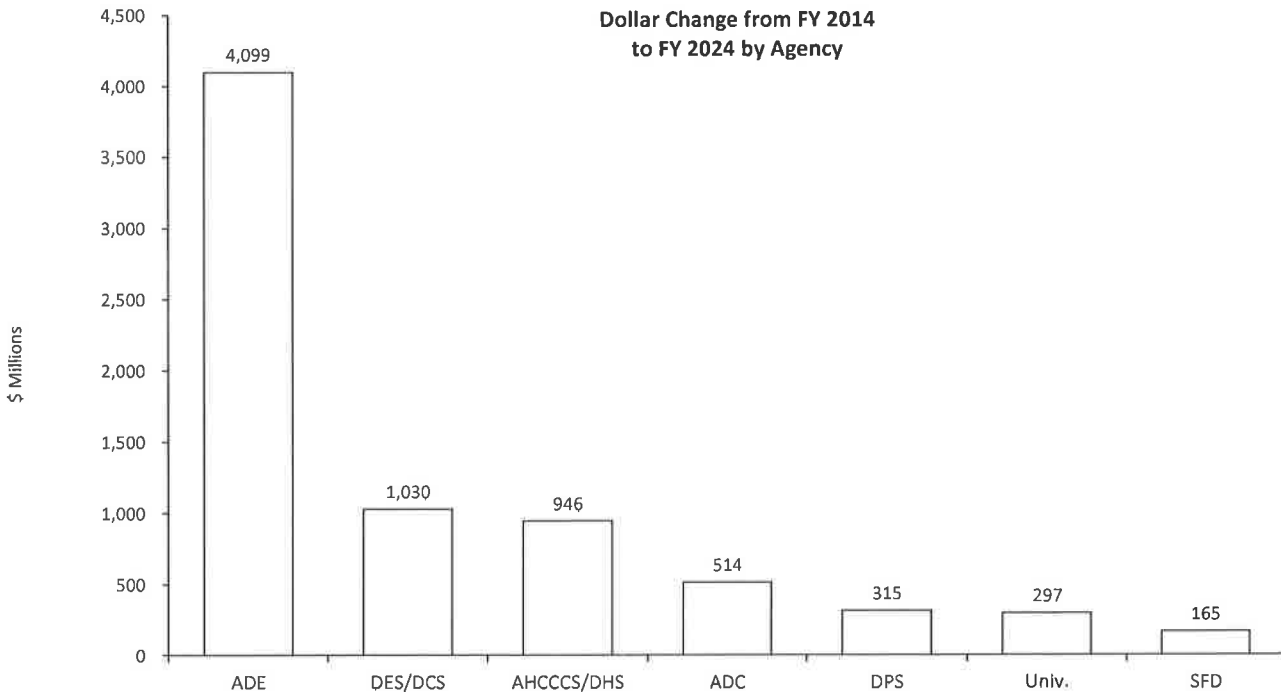
	FY 14 Actuals	FY 24 Approp.	\$ Change FY 14-24	% Change FY 14-24
K-12 Education (ADE)	\$ 3,661.8	\$ 7,761.1	\$ 4,099.3	111.9
AHCCCS / DHS ^{2/}	1,736.0	2,681.8	945.8	54.5
Corrections	969.9	1,483.5	513.6	53.0
Economic Security	418.2	1,211.4	793.2	^{3/} 189.7
Universities	735.5	1,032.2	296.7	40.3
Child Safety	261.0	498.0	236.9	^{3/} 90.8
Public Safety	50.8	366.1	315.3	620.7
School Facilities Division	191.6	357.0	165.4	86.3
Judiciary	109.5	174.2	64.7	59.1
Other	669.5	2,318.5	1,649.0	246.3
TOTAL	\$ 8,803.9	\$ 17,883.9	\$ 9,080.0	103.1%

- ^{1/} Represents individual agency General Fund spending only. Excludes administrative adjustments and revertsments.
- ^{2/} AHCCCS and DHS budgets displayed together to provide comparison of total healthcare spending in FY 2014 and FY 2024.
- ^{3/} DCS was part of DES prior to FY 2015. DCS figures reflect child-welfare related spending.

Agency Share of General Fund



**Dollar Change from FY 2014
to FY 2024 by Agency**



"THEN AND NOW" - FY 2014 vs. FY 2024 General Fund Revenue and Ending Balances

General Fund Revenue, Expenditures and Ending Balances (\$ in Millions)

Fiscal Year	Revenue	Expenditures	Ending Balance	Ending Balance as a % of Revenue
2014	9,381.3	8,803.9	577.4	6.2%
2015	9,581.9	9,269.6	312.3	3.3%
2016	9,796.6	9,512.6	284.0	2.9%
2017	9,786.5	9,635.6	150.9	1.5%
2018	10,258.1	9,808.5	449.6	4.4%
2019	11,681.4	10,724.1	957.2	8.2%
2020	11,927.3	11,554.8	372.5	3.1%
2021	14,489.1	13,594.5	894.6	6.2%
2022	17,599.4	12,890.0	4,709.4	26.8%
2023	18,122.7	15,592.2	2,530.5	14.0%
2024	17,828.9	17,818.9	10.0	0.1%

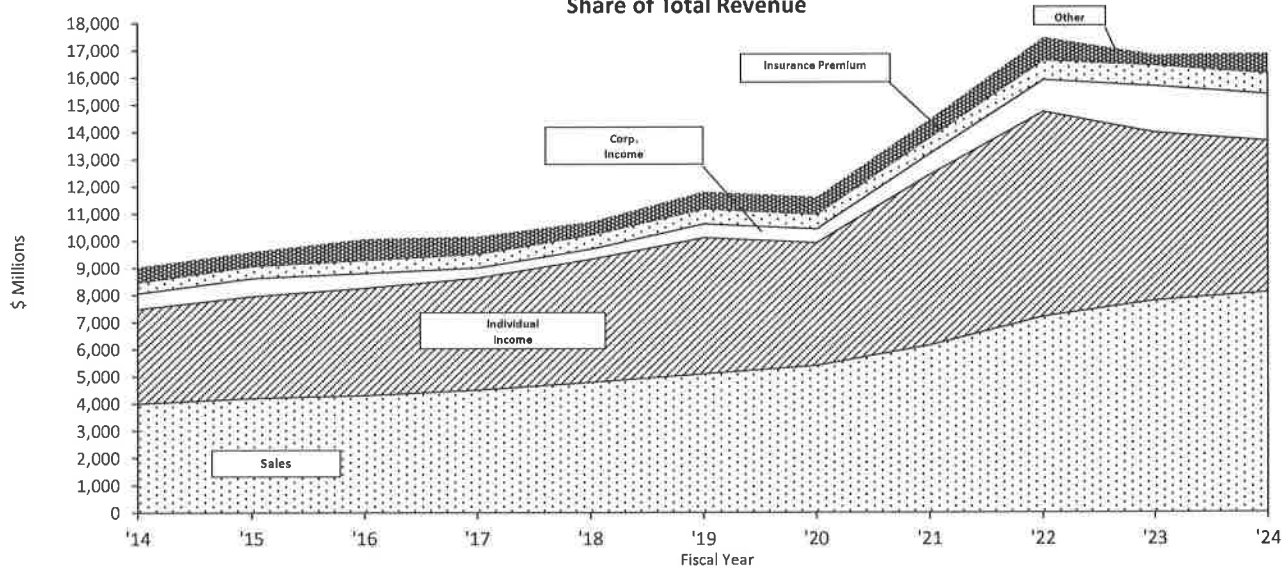
General Fund Major Tax Sources as a Percent of Total Revenue ^{1/}

Fiscal Year	Sales	Indiv. Income	Corp. Income	Ins. Premium	Other
2014	44.2%	38.6%	6.4%	4.6%	6.3%
2015	43.6%	39.1%	6.9%	4.7%	5.7%
2016	42.6%	39.2%	5.4%	4.9%	7.9%
2017	44.3%	40.6%	3.6%	5.0%	6.5%
2018	44.7%	42.4%	3.5%	4.8%	4.7%
2019	43.2%	42.4%	4.4%	4.7%	5.4%
2020	46.4%	39.0%	4.4%	4.6%	5.6%
2021	42.5%	43.5%	5.2%	4.2%	4.7%
2022	41.3%	43.1%	6.7%	4.1%	4.9%
2023 ^{2/}	46.3%	36.7%	10.1%	4.5%	2.3%
2024	47.9%	33.0%	10.1%	4.5%	4.5%

^{1/} Excludes balance forward from prior year, Budget Stabilization Fund transfers and withdrawals, and Urban Revenue Sharing distributions.

^{2/} Excludes TPT diversions.

General Fund Major Tax Sources as a Share of Total Revenue



BUDGET DETAIL

SUMMARY OF APPROPRIATED FUNDS BY AGENCY

Fiscal Years 2023 and 2024 1/

	Fiscal Year 2023			Fiscal Year 2024		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
BUDGET UNITS						
Accountancy, State Board of	\$0	\$2,236,600	\$2,236,600	\$0	\$2,230,400	\$2,230,400
Acupuncture Examiners, Board of	0	198,000	198,000	0	200,600	200,600
Administration, Arizona Department of	68,950,900	219,110,600	288,061,500	44,293,600	224,188,300	268,481,900
- Automation Projects Fund	28,747,000	59,331,900	88,078,900	36,064,100	71,781,700	107,845,800
- School Facilities Division	324,672,200	0	324,672,200	357,013,800	0	357,013,800
Administrative Hearings, Office of	998,900	0	998,900	1,170,000	0	1,170,000
African-American Affairs, Arizona Commission of	161,600	0	161,600	0	0	0
Agriculture, Arizona Department of	24,954,600	1,878,300	26,832,900	16,911,000	1,904,600	18,815,600
AHCCCS	2,296,039,900	467,913,700	2,763,953,600	2,515,401,900	408,098,700	2,923,500,600
Arts, Arizona Commission on the	5,000,000	0	5,000,000	5,000,000	0	5,000,000
Athletic Training, Board of	0	157,300	157,300	0	165,300	165,300
Attorney General - Department of Law	29,522,900	75,781,500	105,304,400	27,749,200	76,011,400	103,760,600
Barbering and Cosmetology Board	0	2,864,800	2,864,800	0	2,886,900	2,886,900
Behavioral Health Examiners, Board of	0	2,179,700	2,179,700	0	2,112,700	2,112,700
Charter Schools, State Board for	3,328,200	0	3,328,200	2,835,100	0	2,835,100
Child Safety, Department of	472,867,200	204,286,300	677,153,500	497,994,700	204,287,200	702,281,900
Chiropractic Examiners, State Board of	0	488,700	488,700	0	542,400	542,400
Commerce Authority, Arizona	41,050,000	5,000,000	46,050,000	62,650,000	0	62,650,000
Community Colleges, Arizona	112,987,500	0	112,987,500	133,844,500	0	133,844,500
Contractors, Registrar of	0	13,754,600	13,754,600	0	14,067,800	14,067,800
Corporation Commission	807,200	30,278,300	31,085,500	798,900	36,228,900	37,027,800
Corrections, State Department of	1,438,132,500	58,149,800	1,496,282,300	1,483,523,900	57,795,600	1,541,319,500
County Funding	17,650,700	0	17,650,700	17,650,700	0	17,650,700
Criminal Justice Commission, Arizona	14,600,000	7,280,400	21,880,400	14,600,000	7,303,800	21,903,800
Deaf and the Blind, Schools for the	26,677,900	35,468,600	62,146,500	25,991,300	35,125,800	61,117,100
Deaf and the Hard of Hearing, Commission for the	0	4,966,000	4,966,000	0	4,826,600	4,826,600
Dental Examiners, State Board of	0	1,937,500	1,937,500	0	2,056,600	2,056,600
Economic Opportunity, Office of	525,800	0	525,800	5,523,300	0	5,523,300
Economic Security, Department of	1,079,053,000	386,329,800	1,465,382,800	1,211,415,700	417,750,100	1,629,165,800
Education, State Board of	3,407,600	0	3,407,600	3,450,000	0	3,450,000
Education, Department of	7,104,518,600	339,106,400	7,443,625,000	7,761,079,000	352,999,000	8,114,078,000
Emergency and Military Affairs, Department. of	29,607,200	211,192,400	240,799,600	21,189,700	2,113,500	23,303,200
Environmental Quality, Department of	22,900,000	90,248,500	113,148,500	31,000,000	101,571,800	132,571,800
Equal Opportunity, Governor's Office of	0	211,400	211,400	0	310,500	310,500
Equalization, State Board of	788,600	0	788,600	751,100	0	751,100
Executive Clemency, Board of	1,336,800	0	1,336,800	1,420,800	0	1,420,800
Exposition and State Fair Board, Arizona	0	19,056,800	19,056,800	0	17,555,300	17,555,300
Forestry and Fire Management, Arizona Department of	129,473,400	0	129,473,400	57,605,200	0	57,605,200
Funeral Directors and Embalmers, Board of	0	494,800	494,800	0	0	0
Game and Fish Department, Arizona	0	51,987,000	51,987,000	0	41,850,200	41,850,200
Gaming, Department of	16,956,500	22,050,000	39,006,500	13,159,600	22,045,400	35,205,000
Governor, Office of the	9,276,100	0	9,276,100	12,339,800	0	12,339,800
Governor's Office of Strategic Planning and Budgeting	2,961,400	0	2,961,400	2,733,500	0	2,733,500
Health Services, Department of	200,434,300	59,111,500	259,545,800	166,360,900	58,893,700	225,254,600
Historical Society, Arizona	3,214,700	0	3,214,700	3,045,800	0	3,045,800

	Fiscal Year 2023			Fiscal Year 2024		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Historical Society, Prescott	1,016,100	0	1,016,100	1,012,900	0	1,012,900
Homeland Security, AZ Department of	12,000,000	11,930,300	23,930,300	25,000,000	11,319,400	36,319,400
Homeopathic and Integrated Medicine Examiners, Board of	0	52,800	52,800	0	61,400	61,400
Housing, Arizona Department of	90,000,000	367,400	90,367,400	196,900,000	371,100	197,271,100
Independent Redistricting Commission	0	0	0	0	0	0
Industrial Commission of Arizona	84,600	21,977,800	22,062,400	84,700	21,985,500	22,070,200
Insurance and Financial Institutions, Department of	8,213,000	12,181,600	20,394,600	8,548,500	12,398,700	20,947,200
Judiciary						
Supreme Court	29,047,400	33,310,900	62,358,300	28,930,400	33,125,100	62,055,500
Court of Appeals	22,523,200	0	22,523,200	24,710,800	0	24,710,800
Superior Court	110,359,700	12,014,000	122,373,700	120,586,300	12,015,700	132,602,000
SUBTOTAL - Judiciary	161,930,300	45,324,900	207,255,200	174,227,500	45,140,800	219,368,300
Juvenile Corrections, Department of	38,607,700	15,070,000	53,677,700	31,820,800	12,675,900	44,496,700
Land Department, State	14,659,300	13,289,400	27,948,700	12,980,100	11,876,900	24,857,000
Legislature						
Auditor General	26,991,600	0	26,991,600	28,316,600	0	28,316,600
House of Representatives	27,020,300	0	27,020,300	23,951,500	0	23,951,500
Joint Legislative Budget Committee	3,144,500	0	3,144,500	2,918,100	0	2,918,100
Legislative Council	9,546,500	0	9,546,500	9,507,700	0	9,507,700
Ombudsman-Citizens Aide Office	1,516,200	0	1,516,200	1,561,200	0	1,561,200
Senate	23,385,300	0	23,385,300	20,374,500	0	20,374,500
SUBTOTAL - Legislature	91,604,400	0	91,604,400	86,629,600	0	86,629,600
Liquor Licenses and Control, Department of	0	7,112,500	7,112,500	0	5,749,300	5,749,300
Lottery Commission, Arizona State	0	182,481,900	182,481,900	0	188,761,900	188,761,900
Massage Therapy, Board of	0	603,800	603,800	0	599,000	599,000
Medical Board, Arizona	0	8,314,800	8,314,800	0	8,143,600	8,143,600
Mine Inspector, State	2,819,000	112,900	2,931,900	2,778,800	112,900	2,891,700
Naturopathic Physicians Medical Board	0	213,400	213,400	0	217,700	217,700
Navigable Stream Adjudication Commission	144,200	200,000	344,200	144,000	200,000	344,000
Nursing, State Board of	0	5,885,000	5,885,000	450,000	6,132,200	6,582,200
Nursing Care Institution Administrators Board <u>2/</u>	0	630,200	630,200	0	604,900	604,900
Occupational Therapy Examiners, Board of	0	266,400	266,400	0	259,500	259,500
Opticians, State Board of Dispensing	0	193,100	193,100	0	198,200	198,200
Optometry, State Board of	0	300,600	300,600	0	289,200	289,200
Osteopathic Examiners, Arizona Board of <u>3/</u>	0	1,384,500	1,384,500	0	1,398,600	1,398,600
Parks Board, Arizona State	6,500,000	19,547,400	26,047,400	11,700,000	21,896,800	33,596,800
Personnel Board, State	0	346,100	346,100	0	361,000	361,000
Pharmacy, Arizona State Board of	0	3,537,000	3,537,000	0	3,526,700	3,526,700
Physical Therapy, Board of	0	630,900	630,900	0	591,500	591,500
Pioneers' Home, Arizona	0	8,343,300	8,343,300	0	8,380,200	8,380,200
Podiatry Examiners, State Board of	0	185,800	185,800	0	202,500	202,500
Power Authority, Arizona	0	0	0	1,000,000	0	1,000,000
Private Postsecondary Education, Board for	0	457,200	457,200	0	448,100	448,100
Psychologist Examiners, State Board of	0	652,900	652,900	0	640,000	640,000
Public Safety, Department of	364,162,500	85,808,200	449,970,700	366,140,600	78,359,100	444,499,700
Public Safety Personnel Retirement System	66,000,000	0	66,000,000	6,000,000	0	6,000,000
Real Estate Department, State	3,221,000	0	3,221,000	3,198,000	0	3,198,000
Residential Utility Consumer Office	0	1,578,900	1,578,900	0	1,592,200	1,592,200
Respiratory Care Examiners, Board of	0	406,800	406,800	0	421,400	421,400
Retirement System, Arizona State	0	28,135,600	28,135,600	0	28,667,000	28,667,000
Revenue, Department of	59,863,300	30,223,500	90,086,800	62,587,600	27,003,400	89,591,000
Secretary of State	22,237,100	1,818,400	24,055,500	22,681,800	6,975,600	29,657,400

	Fiscal Year 2023			Fiscal Year 2024		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Tax Appeals, State Board of	317,700	0	317,700	327,400	0	327,400
Technical Registration, State Board of	0	2,641,000	2,641,000	0	2,605,000	2,605,000
Tourism, Office of	10,302,600	0	10,302,600	9,026,200	0	9,026,200
Transportation, Department of	0	614,645,100	614,645,100	550,000	575,701,600	576,251,600
Treasurer, State	8,560,800	6,148,900	14,709,700	101,298,500	7,854,000	109,152,500
Tribal Relations, Governor's Office on Universities	69,900	0	69,900	68,800	0	68,800
Board of Regents	90,238,000	0	90,238,000	98,807,100	0	98,807,100
Arizona State University	465,044,700	706,031,800	1,171,076,500	411,201,900	706,031,800	1,117,233,700
Northern Arizona University	164,151,500	130,397,300	294,548,800	138,925,500	130,397,300	269,322,800
University of Arizona - Main Campus	299,423,000	382,811,300	682,234,300	302,897,200	382,811,300	685,708,500
University of Arizona - Health Sciences Center	76,897,700	66,675,300	143,573,000	80,397,700	66,675,300	147,073,000
SUBTOTAL - Universities	1,095,754,900	1,285,915,700	2,381,670,600	1,032,229,400	1,285,915,700	2,318,145,100
Veterans' Services, Department of	12,449,200	60,584,500	73,033,700	21,758,700	60,519,600	82,278,300
Veterinary Medical Examining Board	0	774,800	774,800	0	785,100	785,100
Water Infrastructure Finance Authority	10,000,000	0	10,000,000	254,210,000	0	254,210,000
Water Resources, Department of	25,364,500	2,017,700	27,382,200	66,059,400	2,019,000	68,078,400
OPERATING BUDGET SUBTOTAL	\$15,617,485,300	\$4,855,344,200	\$20,472,829,500	\$17,033,980,400	\$4,609,867,000	\$21,643,847,400
Unallocated '23 AFIS Transaction Fee	0	18,900	18,900	0	0	0
Unallocated '23 Rent Adjustments	(1,200)	(165,800)	(167,000)	0	0	0
Unallocated '23 Retirement Adjustments	0	(440,800)	(440,800)	0	0	0
Unallocated '23 HITF Employer Premium Increase	0	7,775,800	7,775,800	0	0	0
Unallocated '23 HRIS Fee Adjustments	2,100	355,300	357,400	0	0	0
Unallocated '23 IT Pro Rata Adjustments	0	140,300	140,300	0	0	0
Unallocated '23 Fleet Adjustments	0	113,600	113,600	0	0	0
Unallocated '23 Salary Adjustments	153,500	1,163,200	1,316,700	0	0	0
Remove Unallocated '23 Health Insurance Adjustments	0	0	0	0	0	0
Unallocated '24 Health Insurance Adjustments	0	0	0	233,800	8,403,200	8,637,000
Unallocated '24 AFIS Transaction Fee Adjustments	0	0	0	0	70,900	70,900
Unallocated '24 Rent and COP Adjustments	0	0	0	0	45,500	45,500
Unallocated '24 Risk Management Adjustments	0	0	0	0	84,800	84,800
Unallocated '24 Fleet Adjustments	0	0	0	0	546,200	546,200
Unallocated FY 2023 Salary Corrections	0	0	0	0	395,900	395,900
Unallocated '24 Retirement Adjustments	0	0	0	100	(243,800)	(243,700)
Medicaid Reversion (Enhanced Match/Other)	(482,000,000)	0	(482,000,000)	0	0	0
Capital Outlay Projects	348,654,900	1,488,186,900	1,836,841,800	808,156,100	582,151,100	1,390,307,200
Capital Outlay - Phoenix Convention Center Debt Service	24,999,400	0	24,999,400	25,498,600	0	25,498,600
Capital Outlay - Rio Nuevo District Distribution	16,000,000	0	16,000,000	16,000,000	0	16,000,000
Administrative Adjustments	225,000,000	0	225,000,000	150,000,000	0	150,000,000
Revertments	(158,080,000)	0	(158,080,000)	(215,000,000)	0	(215,000,000)
GRAND TOTAL	\$15,592,214,000	\$6,352,491,600	\$21,944,705,600	\$17,818,869,000	\$5,201,320,800	\$23,020,189,800

1/ This table summarizes FY 2023 and FY 2024 appropriations from the 1st Regular Session of the 56th Legislature and all prior sessions.

2/ The full agency name is the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers.

3/ The full agency name is the Arizona Board of Osteopathic Examiners in Medicine and Surgery.

SUMMARY OF CAPITAL OUTLAY APPROPRIATIONS
(Capital Outlay Bill and Other Bills with Capital Appropriations) 1/

	FY 2023		FY 2024	
	General Fund	Other Funds	General Fund	Other Funds
ARIZONA DEPARTMENT OF ADMINISTRATION BUILDING SYSTEM				
Administration, Arizona Department of				
Building Renewal for ADOA System (excluding Corrections)	\$37,594,200	\$16,000,000	\$25,124,700	\$14,000,000
West Adams Building Renovations	52,274,000	5,000,000		
Electric Vehicle Charging and Advance Fuel Infrastructure			5,000,000	
Building Demolition	1,568,000			
Dark Sky Discovery Center	2,500,000			
Northern Arizona Observatory	5,000,000			
Homeless Veterans Housing	2,386,600			
Tribal Capital Improvements	7,500,000			
Subtotal - Department of Administration	\$108,822,800	\$21,000,000	\$30,124,700	\$14,000,000
Corrections, State Department of				
Building Renewal for Corrections Facilities	\$30,551,100	\$5,864,300	\$33,942,600	\$5,864,300
Statewide Fire, Doors, and Locks	20,400,000		48,650,600	
Statewide HVAC	47,600,000		66,783,600	
Subtotal - State Department of Corrections	\$98,551,100	\$5,864,300	\$149,376,800	\$5,864,300
Deaf and the Blind, Arizona State Schools for the				
Classroom Notification System Replacement	\$96,000			
Security Upgrades	420,000			
Food Service Equipment Replacement	350,000			
Subtotal - ASDB	\$866,000	\$ -	\$ -	\$ -
Emergency and Military Affairs, Department of				
Tucson Readiness Center	\$1,800,000			
Surprise Readiness Center			\$1,125,000	
Statewide Fire Suppression	1,151,100			
Subtotal - Department of Emergency and Military Affairs	\$2,951,100	\$ -	\$1,125,000	\$ -
Exposition and State Fair Board, AZ				
Capital Improvement Projects		\$1,000,000		\$3,802,100
Game and Fish Department, Arizona				
Building Renewal		\$1,459,600		\$1,776,400
Hatchery Maintenance				400,000
Property Maintenance		300,000		300,000
Dam Maintenance		150,000		150,000
Water Conservation Projects				500,000
Subtotal - Arizona Game and Fish Department	\$ -	\$1,909,600	\$ -	\$3,126,400
Health Services, Department of				
State Hospital Water Pump Replacements				\$209,000
State Hospital Water Isolation Valves				200,000
Subtotal - Department of Health Services	\$ -	\$ -	\$ -	\$409,000
Judiciary				
Air Handler and Sewer Replacement	\$3,200,000			
Juvenile Corrections, Department of				
Water and Waste Chase Closet Replacement	\$400,000			
Legislative Council				
Capitol Improvements	\$5,700,000			
Liquor Licenses and Control, Department of				
Space Reconfiguration		\$3,500,000		
Lottery Commission, Arizona State				
Building Renewal		\$176,400		\$214,200
Parks Board, Arizona State				
Capital Improvement Projects		\$2,742,800		\$3,034,400
Verde River State Park			\$7,000,000	
Veterans Memorial State Park				10,000,000 2/
Dead Horse Amphitheater		210,000		
Rockin' River Ranch State Park Project		336,800		
Jerome Fire Suppression System		1,540,000		
Southern Construction Services Relocation		2,000,000		
Tonto Natural Bridge Historic Building Renovation		3,500,000		
Tombstone Courthouse Renovation		2,008,500		
Rockin' River Ranch Renovation		1,750,000		
Catalina Main Entrance Bridge		1,500,000		5,813,000 3/
Statewide Campground Improvements		4,100,000		4,100,000 3/
Statewide Sunshade Structures		2,233,300		2,233,300 3/
Statewide Water Conservation		1,339,000		1,339,000 3/
Smart Phone Application		535,600		
Yuma Territorial Prison Park Historical Building Renovation				750,000 3/
Riordan Mansion Park Historic Building Renovation				2,900,000 3/
Oracle State Park Historic Building Renovation				2,008,500 3/
Subtotal - Arizona State Parks Board	\$ -	\$23,796,000	\$7,000,000	\$32,178,200
Pioneers' Home, Arizona				
Capital Improvements		\$396,500		\$468,700

	FY 2023		FY 2024	
	General Fund	Other Funds	General Fund	Other Funds
Cemetery Columbarium				75,000
Cemetery Parking				250,000
Subtotal - Pioneers' Home	\$ -	\$396,500	\$ -	\$793,700
Public Safety, Department of				
Remove Officer Housing	\$9,750,000			
Evidentiary Vehicle Storage	1,016,400			
Renovate Flagstaff Aviation Hanger			\$320,000	
Subtotal - Department of Public Safety	\$10,766,400	\$ -	\$320,000	\$ -
SUBTOTAL - ADOA BUILDING SYSTEM	\$231,257,400	\$57,642,800	\$187,946,500	\$60,387,900
ARIZONA BOARD OF REGENTS				
Mining, Mineral, and Natural Resources Educational Museum		\$12,000,000		
ARIZONA DEPARTMENT OF TRANSPORTATION BUILDING SYSTEM				
Arizona Department of Transportation				
Building Renewal		\$18,607,200		\$22,420,200
Airport Planning and Development		27,100,000		35,000,000
Airport Improvements		20,000,000		
Highway Construction		470,373,000		444,243,000
Wickenburg Maintenance Facilities		2,985,000		
Keam Canyon Maintenance Facility				3,400,000
Liquid Brine Tanks		400,000		
Vehicle Fueling Stations		3,398,100		2,600,000
Electric Vehicle Charging and Advance Fuel Infrastructure -ADOT Only				5,000,000
Electric Vehicle Charging and Advance Fuel Infrastructure -Public Access				2,500,000
206 Annex Building		9,309,300		
Superior De-Icer Storage Barn		1,200,000		
Tucson Signal Equipment Repair Shop		2,124,000		
North Tucson Mooter Vehicle Division Renovation				4,100,000
Water Conservation Projects				2,500,000
Planning of Passenger Rail Service from Phoenix to Tucson			\$3,500,000	
State Match Advantage for Rural Transportation		50,000,000	12,500,000	
Pavement Rehabilitation		31,500,000	54,300,000	
Prescott Regional Airport Flight Education Complex		600,000		
Phoenix-Mesa Gateway Airport			7,000,000	
Interstate 17, Anthem to Black Canyon City			76,200,000	
I-10 Widening Phoenix to Casa Grande		400,000,000 4/	89,000,000	
SR 97 Improvements near Bagdad			10,000,000	
Loop 101 Slip Ramp	\$25,000,000 5/			
Reallocation of Transportation Funding	22,397,500 5/	392,947,500	367,709,600	
Tribal Transportation Projects	22,000,000			
Ruby Road Bridge	3,000,000			
Cesar Chavez Boulevard	33,000,000 6/			
SUBTOTAL - ADOT BUILDING SYSTEM	\$105,397,500	\$1,430,544,100	\$620,209,600	\$521,763,200
GRAND TOTAL - ALL APPROPRIATIONS	\$348,654,900	\$1,488,186,900	\$808,156,100	\$582,151,100
SUMMARY OF CAPITAL APPROPRIATIONS BY SESSION				
Laws 2022, 2nd Regular Session	\$321,257,400	\$1,488,186,900	\$10,000,000	\$19,143,800
Laws 2023, 1st Regular Session	\$27,397,500	\$0	\$798,156,100	\$563,007,300

- 1/ This table summarizes all capital appropriations for FY 2023 and FY 2024. Appropriations are listed by the state's "building systems." Capital Outlays are budgeted on an annual basis except under special circumstances.
- 2/ Laws 2023, Chapter 199 appropriated \$10,000,000 from the State Parks Revenue Fund to establish a Veteran Memorial State Park.
- 3/ Laws 2022, Chapter 309 advance appropriated \$19,143,800 from the State Parks Revenue Fund in FY 2024.
- 4/ Laws 2022, Chapter 218, as amended by Laws 2022, Chapter 309 appropriated \$400,000,000 from the State Highway Fund in FY 2023 to widen Interstate 10 between Chandler and Casa Grande.
- 5/ The FY 2024 Capital Outlay Bill includes the reallocation of monies between individual transportation projects from the FY 2022 and FY 2023 budgets. The Loop 101 Slip Ramp project was part of these reallocation. (See the ADOT Capital Section for more information.)
- 6/ Laws 2022, Chapter 331 appropriated \$33,000,000 from the General Fund in FY 2023 to construct, widen, repair and upgrade Cesar Chavez Blvd in the City of San Luis.

SUMMARY OF ADDITIONAL OPERATING AND STATUTORY APPROPRIATIONS 1/ 2/

GENERAL FUND

	FY 2023	FY 2024
Attorney General - Department of Law		
23-263 - Military Airport Planning; Appropriation	85,000	85,000
Child Safety, Department of		
Laws 2022, Ch. 329 (HB 2274) - Appropriation; Stipend; Kinship Foster Care	19,811,200	
Commerce Authority, Arizona		
43-409 - Arizona Commerce Authority Income Tax Withholding	15,500,000	10,500,000
Community Colleges		
42-5031.01 - Indian Tribal Postsecondary Educational Institutions	1,220,900	1,220,900
15-1469.01 - Rural County Allocation	4,582,000	5,722,300
Subtotal - Community Colleges	5,802,900	6,943,200
Corrections, State Department of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	169,300	
Education, Department of		
Laws 2015, 1st Special Session, Ch. 1 (HB 2001) - Schools; Base Level; Appropriations	75,000,000	75,000,000
Laws 2022, Ch. 388 (HB 2853) - Arizona Empowerment Scholarship Accounts; Appropriation	2,200,000	
Subtotal - Department of Education	77,200,000	75,000,000
Emergency and Military Affairs, Department of		
26-263 - Military Airport Planning; Appropriation	90,000	90,000
35-192 - Governor's Emergency Authority	4,000,000	4,000,000
Subtotal - Department of Emergency and Military Affairs	4,090,000	4,090,000
Environmental Quality, Department of		
49-282 - WQARF Priority Site Remediation	15,000,000 3/	15,000,000 3/
Equalization, Board of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	700	
Forestry and Fire Management, Arizona Department of		
37-1305 - Wildland Fire Emergency	3,000,000	3,000,000
Judiciary - Supreme Court		
Laws 2021, Ch. 432 (SB 1294) - Sentencing Records; Sealing Arrest; Liability	500,000	
Public Safety Personnel Retirement System		
38-810 - EORP Closure	5,000,000	5,000,000
Laws 2022, Ch. 323 (SB 1002) - EORP; Appropriation; Resignation; Retirement	60,000,000	
Subtotal - Public Safety Personnel Retirement System	65,000,000	5,000,000
Secretary of State		
Laws 2019, Ch. 275 (HB 2501) - Electronic Records; State Library		70,000
Laws 2022, Ch. 358 (SB 1411) - Early Ballots; Tracking System	250,000	
Office of Tourism		
Laws 2022, Ch. 364 (SB 1710) - Sports; Tourism; Film Authority; Appropriation	750,000	
Treasurer, State		
41-2308 - Special Sporting Event Marketing	1,500,000	1,500,000
Laws 2022, Ch. 333 (SB 1712) - Victim Notification; Victims' Rights; Appropriation	3,800,000	
Subtotal - State Treasurer	5,300,000	1,500,000
Arizona State University		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	13,462,100	13,468,200
15-1671 - 2017 Capital Infrastructure Funding	12,784,200	13,039,900
Subtotal - Arizona State University	26,246,300	26,508,100
Northern Arizona University		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	5,301,500	5,302,900
15-1671 - 2017 Capital Infrastructure Funding	4,845,600	4,942,500
Subtotal - Northern Arizona University	10,147,100	10,245,400
University of Arizona - Main Campus		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	14,252,500	14,255,300
15-1671 - 2017 Capital Infrastructure Funding	11,309,700	11,535,900
Subtotal - University of Arizona - Main Campus	25,562,200	25,791,200
Water Infrastructure Finance Authority		
Laws 2022, Ch. 366 (SB 1740) - Water Infrastructure Financing; Supply; Augmentation		333,000,000
Laws 2023, Ch. 133 (SB 1720) - General Appropriations Act; 2023-2024		(143,800,000)
Subtotal - Water Infrastructure Finance Authority		189,200,000
Water Resources, Department of		
Laws 2022, Ch. 366 (SB 1740) - Water Infrastructure Financing; Supply; Augmentation	3,500,000	

Other		
9-602 - Phoenix Convention Center Financing	24,999,400	25,498,600
42-5031 - Rio Nuevo Multi-Purpose Facility District	16,000,000	16,000,000
GENERAL FUND TOTAL	318,914,100	414,431,500

OTHER FUNDS

	FY 2023	FY 2024
Acupuncture Board of Examiners		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	1,200	
Administration, Arizona Department of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	4,700	
Agriculture, Department of		
Laws 2021, Ch. 71 (HB 2026) - Nuclear Emergency Management; Appropriations; Assessments	280,500	
Laws 2023, Ch. 114 (SB 1007) - Nuclear Emergency Management; Appropriations; Assessments		321,300
AHCCCS		
Laws 2023, Ch. 17 (HB 2624) - AHCCCS; Redeterminations; Appropriation	29,243,800	
Laws 2023, Ch. 113 (HB 2432) - Supplemental Appropriation; AHCCCS; Adjustments	58,487,600	
Subtotal - AHCCCS	87,731,400	
Attorney General - Department of Law		
Laws 2022, Ch. 333 (SB 1712) - Victim Notification; Victims' Rights; Appropriation	1,400,000	
Emergency and Military Affairs, Department of		
Laws 2021, Ch. 71 (HB 2026) - Nuclear Emergency Management; Appropriations; Assessments	1,987,400	
Laws 2023, Ch. 114 (SB 1007) - Nuclear Emergency Management; Appropriations; Assessments		2,113,500
Health Services, Department of		
Laws 2023, Ch. 194 (SB 1210) funeral services; DHS; advisory committee	870,000	
Homeopathic & Integrated Medicine Examiners, Board of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	900	
Industrial Commission of Arizona		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	1,100	
Arizona Medical Board		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	23,100	
Naturopathic Physicians Medical Board		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	1,400	
Nursing Care Institution Administrators Board		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	2,800	
Optometry, State Board of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	1,800	
Parks Board, Arizona State		
Laws 2023, Ch. 199 (SB 1454) - Arizona Veterans Memorial State Park		10,000,000
Personnel Board		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	1,100	
Private Postsecondary Education, State Board of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	3,400	
Psychologist Examiners, State Board of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	2,400	
Transportation, Department of		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	9,300	
Veterans' Services, Department of		
Laws 2018, Ch. 98 (HB 2513) - Hyperbaric Oxygen Therapy; Veterans; Fund	25,000	
Veterinary Medical Examining Board		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	4,300	
OTHER FUNDS TOTAL	92,351,800	12,434,800

- 1/ All appropriations have been rounded to the nearest \$100.
- 2/ Excludes most General Appropriation Act and Capital Outlay Act appropriations amounts.
- 3/ 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 Environment Budget Reconciliation Bill of each year transfers the \$15,000,000 to WQARF, but does not permit any additional corporate Income tax adjustment above that level.

**PREVIOUSLY ENACTED APPROPRIATIONS
FY 2024 and BEYOND 1/**

GENERAL FUND

	FY 2024	FY 2025	FY 2026
<u>Arizona Department of Administration</u>			
Laws 2021, Ch. 408 - School Financial Transparency Reporting System	1,500,000		
<u>Arizona Department of Administration - School Facilities Division</u>			
Laws 2022, Ch. 313 - New School Facilities Fund	31,753,900		
Laws 2023, Ch. 133 - New School Facilities Fund	(5,388,900)	77,898,600	
<u>Attorney General</u>			
A.R.S. § 26-263 - Military Airport Planning	85,000	85,000	85,000
<u>Commerce Authority, Arizona</u>			
A.R.S. § 43-409 - Withholding Tax Revenues	10,500,000	10,500,000	10,500,000
<u>Community Colleges</u>			
A.R.S. § 42-5031.01 - Tribal Postsecondary Institutions <u>2/</u>	1,220,900	1,220,900	1,220,900
A.R.S. § 15-1469.01 - Rural County Allocation <u>3/</u>	5,722,300	5,722,300	5,722,300
<u>Education, Department of</u>			
Laws 2015, 1st Special Session, Ch. 1 - State Aid Supplement	75,000,000	75,000,000	
Laws 2022, Ch. 313/Laws 2023, Ch. 133 - Basic State Aid (Rollover)	800,727,700	800,727,700	
Laws 2022, Ch. 313 - Basic State Aid - Charter Additional Assistance	17,978,000	23,836,000	
Laws 2022, Ch. 313 - Basic State Aid - District Additional Assistance	71,022,000	94,164,000	
Laws 2022, Ch. 313 - Basic State Aid - FRPL Group B Weight	63,000,000	100,000,000	
A.R.S. § 42-15001 - Lower Assessment Ratio for Commercial Property (FY 2027)	<u>4/</u>	<u>4/</u>	<u>4/</u>
<u>Emergency and Military Affairs, Department of</u>			
A.R.S. § 26-263 - Military Airport Planning	90,000	90,000	90,000
A.R.S. § 35-192 - Governor's Emergency Authority	4,000,000	4,000,000	4,000,000
<u>Environmental Quality, Department of</u>			
A.R.S. § 49-282 - WQARF Priority Site Remediation <u>5/</u>	15,000,000	15,000,000	15,000,000
<u>Forestry and Fire Management, Department of</u>			
Laws 2019, Ch. 263 - Nonnative Species Eradication (through FY 2029)	1,000,000	1,000,000	1,000,000
A.R.S. § 37-1305 - Wild Land Fire Emergency	3,000,000	3,000,000	3,000,000
<u>Public Safety Personnel Retirement System</u>			
Laws 2019, Ch. 263 - Prescott Fire Dept. Pension Liability (through FY 2026)	1,000,000	1,000,000	1,000,000
A.R.S. § 38-810 - EORP Closure (through FY 2043)	5,000,000	5,000,000	5,000,000
<u>Secretary of State</u>			
Laws 2019, Ch. 275 - Electronic Repository and 1 FTE Position	70,000		
<u>Arizona Department of Transportation</u>			
Laws 2022, Ch. 309 - SR-97 Improvements Near Bagdad	10,000,000		

	FY 2024	FY 2025	FY 2026
<u>Treasurer, State</u>			
A.R.S. § 41-2308 - Special Sporting Event Marketing (through FY 2051)	1,500,000	1,500,000	1,500,000
Laws 2022, Ch. 313 - County Election Funding	6,000,000		
Laws 2022, Ch. 313 - Election Security Funding	5,000,000	6,000,000	
<u>Arizona State University</u>			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase <u>6/</u>	13,468,200	13,459,300	13,453,900
A.R.S. § 15-1671 - 2017 Capital Infrastructure (\$1B Bonding) <u>7/</u>	13,039,900	13,300,700	13,566,700
<u>Northern Arizona University</u>			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase <u>6/</u>	5,302,900	4,885,500	4,884,500
A.R.S. § 15-1671 - 2017 Capital Infrastructure (\$1B Bonding) <u>7/</u>	4,942,500	5,041,400	5,142,200
<u>University of Arizona</u>			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase <u>6/</u>	14,255,300	14,247,300	14,248,400
A.R.S. § 15-1671 - 2017 Capital Infrastructure (\$1B Bonding) <u>7/</u>	11,535,900	11,766,600	12,001,900
<u>Water Infrastructure Finance Authority</u>			
Laws 2022, Ch. 366 - Long-Term Water Augmentation Fund <u>8/</u>	333,000,000	333,000,000	
Laws 2023, Ch. 133 - Long-Term Water Augmentation Fund <u>8/</u>	(143,800,000)		
<u>Other</u>			
A.R.S. § 9-602 - Phoenix Convention Center Financing <u>9/</u>	25,498,600	25,998,700	25,498,600
A.R.S. § 42-5031 - Rio Nuevo Multi-Purpose Facility District <u>10/</u>	16,000,000	16,000,000	16,000,000
GENERAL FUND TOTAL	1,418,024,200	1,663,444,000	152,914,400

OTHER FUNDS

	FY 2024	FY 2025	FY 2026
<u>Arizona Department of Administration</u>			
Laws 2021, Ch. 408 - School Financial Transparency Reporting System	1,500,000		
<u>Department of Agriculture</u>			
Laws 2023, Ch. 114 - Nuclear Emergency Management Fund	321,300	308,600	
<u>Department of Emergency and Military Affairs</u>			
Laws 2023, Ch.114 - Nuclear Emergency Management Fund	2,113,500	2,176,000	
<u>Arizona State Parks Board</u>			
Laws 2022, Ch. 309 - Catalina Main Entrance Bridge	5,813,000		
Laws 2022, Ch. 309 - Statewide Campground Improvements	4,100,000	4,100,000	
Laws 2022, Ch. 309 - Statewide Sunshade Structures	2,233,333	2,233,333	
Laws 2022, Ch. 309 - Statewide Water Conservation	1,339,000	1,339,000	
Laws 2022, Ch. 309 - Yuma Territorial Prison Renovation	750,000	5,945,000	
Laws 2022, Ch. 309 - Riordan Mansion Renovation	2,900,000		
Laws 2022, Ch. 309 - Oracle Renovation	2,008,500		
Laws 2022, Ch. 309 - Red Rock Renovation		4,000,000	
Laws 2022, Ch. 309 - San Rafael Renovation		1,500,000	
OTHER FUNDS TOTAL	23,078,633	21,601,933	-

- 1/ All statutory appropriations are indefinite unless otherwise noted in this report. The appropriations in each column represent the total appropriation in each fiscal year and do not represent the increase above the prior year.
- 2/ Pursuant to A.R.S. § 42-5031.01, the JLBC Staff assumes an annual distribution of \$890,700 to the Navajo Nation, comprised of \$591,800 for Dine College and \$298,900 for Navajo Technical College, and an annual distribution of \$330,200 for the Tohono O'Odham Community College.
- 3/ Pursuant to A.R.S. § 15-1469.01, the JLBC Staff assumes an annual distribution of \$5,722,300 for the Community College Rural County Allocation. Statute requires the General Fund to pay the initial cost of students attending community colleges from counties that are not part of an established community college district, and the state will withhold these counties' sales tax revenues to offset the cost.

- 4/ A.R.S. 42-15001, as amended by Laws 2022, Ch. 171, reduces the Class 1 (commercial) property assessment ratio from 16.0% in TY 2025 to 15.5% in TY 2026 and 15.0% in TY 2027. Under the state's K-12 Basic State Aid funding formula, lowering the assessment ratio will increase formula costs beginning in FY 2027.
- 5/ 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 Environment Budget Reconciliation Bill of each year transfers the \$15,000,000 to WQARF, but does not permit any additional corporate income tax adjustment above that level.
- 6/ A.R.S. § 15-1670 appropriates monies from the General Fund to each public university for research infrastructure lease-purchase payments in varying amounts through FY 2031.
- 7/ A.R.S. § 15-1671 appropriates monies from the General Fund to each public university for debt service payments on capital projects as part of the \$1 billion bonding program. This amount increases by lesser of 2% or inflation each fiscal year through FY 2043.
- 8/ Laws 2022, Chapter 366 appropriated \$333,000,000 from the General Fund to the Long-Term Water Augmentation Fund in FY 2024 and FY 2025. Laws 2023, Chapter 133 reduces the FY 2024 appropriation to \$189,200,000 and reallocates the remaining \$143,800,000 for other water-related projects. Please see the Water Infrastructure Finance Authority section for additional information.
- 9/ Pursuant to A.R.S. § 9-602, the City of Phoenix receives an annual distribution for Phoenix Convention Center financing based on a statutory debt schedule, which requires that cumulative payments to the city do not exceed estimated revenue resulting from the project.
- 10/ Pursuant to A.R.S. § 42-5031, the JLBC Staff assumes an annual distribution of \$16,000,000 from the General Fund for the Rio Nuevo Multi-Purpose Facility District. The district receives a diversion of Transaction Privilege Tax (TPT) revenue to finance the development of a multipurpose facility and supporting projects.

FY 2024 FUNDING FORMULA SUSPENSIONS 1/

	<u>FY 2024 Formula Requirement</u>
<u>Statutory</u>	
Community Colleges - Operating State Aid (Maricopa and Pima)	N/A <u>2/</u>
Department of Environmental Quality - Water Quality Assurance Revolving Fund (WQARF)	0 <u>3/</u>
Universities - Arizona Financial Aid Trust	<u>36,716,900</u> <u>4/</u> <u>5/</u>
Total - FY 2024 Statutory Funding Formula Suspensions	\$ 36,716,900
<u>Non-Statutory</u>	
Department of Administration - Building Renewal	28,107,300 <u>5/</u>
Universities - Building Renewal	<u>219,663,700</u> <u>5/</u>
Total - FY 2024 Non-Statutory Funding Formula Suspensions	\$ 247,771,000

- 1/ Represents the General Fund cost of funding formulas that are currently suspended on an annual basis.
- 2/ 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. While the FY 2024 budget continues to suspend the Operating State Aid formula for Maricopa and Pima Community Colleges, Pima Community College received \$2,000,000 designated as one-time funding. Maricopa Community College did not receive any Operating State Aid.
- 3/ 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 Environment Budget Reconciliation Bill in each year transfers \$15,000,000 for WQARF, but does not permit any additional corporate income tax adjustment above that level.
- 4/ Based on the required 2:1 match of state funds for student fees levied by the universities, the total FY 2024 General Fund contribution would be \$46,758,100. Of this amount, the budget continues \$10,041,200 in General Fund support.
- 5/ Based on agency estimates. Reflects amount above the appropriation in the FY 2024 budget.

SUMMARY OF FISCAL-RELATED VETOES Fifty-sixth Legislature - First Regular Session

<u>Bill Number</u>	<u>Reference Title</u>	<u>Description of Vetoed Bill</u>
<i>Full Vetoes</i>		
HB 2252	NOW: motor vehicle manufacturers; TPT; exemption	Would establish a special 30-day nonresident registration permit for purchasing an unregistered vehicle in Arizona for removal to purchaser's state of residence, limited to 500 permits per dealer in FY 2024. Would add transaction privilege tax exemption for such sales.
SB 1243	STOs; individual income tax credits	Would repeal the individual credit for contributions to certified School Tuition Organizations (STOs) known as the "Switcher Credit" and increase the cap on the individual credit for contributions to STOs, effective January 1, 2024.
February Budget Bills (SB 1523 - SB 1535)		Would enact an FY 2024 budget with FY 2023 supplementals via a General Appropriations Act, Capital Outlay Bill, and 11 reconciliation bills necessary to implement the budget.

**SUMMARY OF TOTAL SPENDING AUTHORITY BY AGENCY
(APPROPRIATED AND NON-APPROPRIATED FUNDS)
Fiscal Years 2023 and 2024 1/**

	Fiscal Year 2023			Fiscal Year 2024		
	Appropriated	Non-Appropriated	Total	Appropriated	Non-Appropriated	Total
	General and Other Funds	Federal and Other Funds <u>2/</u>		General and Other Funds	Federal and Other Funds <u>2/</u>	
<u>BUDGET UNITS</u>						
Accountancy, State Board of	\$2,236,600	\$0	\$2,236,600	\$2,230,400	\$0	\$2,230,400
Acupuncture Examiners, Board of	198,000	0	198,000	200,600	0	200,600
Administration, Arizona Department of	288,061,500	1,143,125,300	1,431,186,800	268,481,900	1,073,553,700	1,342,035,600
- Automation Projects Fund	88,078,900	0	88,078,900	107,845,800	0	107,845,800
- School Facilities Division	324,672,200	0	324,672,200	357,013,800	0	357,013,800
Administrative Hearings, Office of	998,900	848,000	1,846,900	1,170,000	848,000	2,018,000
African-American Affairs, Arizona Commission of	161,600	0	161,600	0	0	0
Agriculture, Arizona Department of	26,832,900	32,389,300	59,222,200	18,815,600	32,389,300	51,204,900
AHCCCS	2,763,953,600	21,154,967,500	23,918,921,100	2,923,500,600	17,550,670,700	20,474,171,300
Arts, Arizona Commission on the	5,000,000	2,690,700	7,690,700	5,000,000	2,634,600	7,634,600
Athletic Training, Board of	157,300	0	157,300	165,300	0	165,300
Attorney General - Department of Law	105,304,400	73,938,000	179,242,400	103,760,600	73,938,000	177,698,600
Barbering and Cosmetology Board	2,864,800	0	2,864,800	2,886,900	0	2,886,900
Behavioral Health Examiners, Board of	2,179,700	0	2,179,700	2,112,700	0	2,112,700
Charter Schools, State Board for	3,328,200	71,000	3,399,200	2,835,100	71,000	2,906,100
Child Safety, Department of	677,153,500	679,072,700	1,356,226,200	702,281,900	637,016,800	1,339,298,700
Chiropractic Examiners, State Board of	488,700	0	488,700	542,400	0	542,400
Citizens Clean Elections Commission	0	2,267,500	2,267,500	0	2,267,500	2,267,500
Commerce Authority, Arizona	46,050,000	64,923,900	110,973,900	62,650,000	64,923,900	127,573,900
Community Colleges, Arizona	112,987,500	70,224,300	183,211,800	133,844,500	70,224,300	204,068,800
Constable Ethics Standards and Training Board	0	509,400	509,400	0	509,400	509,400
Contractors, Registrar of	13,754,600	4,666,800	18,421,400	14,067,800	4,666,800	18,734,600
Corporation Commission	31,085,500	3,490,500	34,576,000	37,027,800	3,490,500	40,518,300
Corrections, State Department of	1,496,282,300	84,140,400	1,580,422,700	1,541,319,500	81,429,000	1,622,748,500
County Funding	17,650,700	0	17,650,700	17,650,700	0	17,650,700
Criminal Justice Commission, Arizona	21,880,400	27,244,500	49,124,900	21,903,800	16,078,800	37,982,600
Deaf and the Blind, Schools for the	62,146,500	5,956,700	68,103,200	61,117,100	5,956,700	67,073,800
Deaf and the Hard of Hearing, Commission for the	4,966,000	0	4,966,000	4,826,600	0	4,826,600
Dental Examiners, State Board of	1,937,500	0	1,937,500	2,056,600	0	2,056,600
Early Childhood Development and Health Board, Arizona	0	273,635,900	273,635,900	0	315,366,900	315,366,900
Economic Opportunity, Office of	525,800	16,670,200	17,196,000	5,523,300	16,670,200	22,193,500
Economic Security, Department of	1,465,382,800	5,980,362,100	7,445,744,900	1,629,165,800	6,059,974,800	7,689,140,600
Education, State Board of	3,407,600	0	3,407,600	3,450,000	0	3,450,000
Education, Department of	7,443,625,000	3,650,059,100	11,093,684,100	8,114,078,000	3,722,446,800	11,836,524,800
Emergency and Military Affairs, Department of	240,799,600	450,478,200	691,277,800	23,303,200	108,520,600	131,823,800
Environmental Quality, Department of	113,148,500	95,255,500	208,404,000	132,571,800	95,255,500	227,827,300
Equal Opportunity, Governor's Office of	211,400	0	211,400	310,500	0	310,500
Equalization, State Board of	788,600	0	788,600	751,100	0	751,100
Executive Clemency, Board of	1,336,800	24,500	1,361,300	1,420,800	24,500	1,445,300
Exposition and State Fair Board, Arizona	19,056,800	1,925,000	20,981,800	17,555,300	1,925,000	19,480,300

	Fiscal Year 2023			Fiscal Year 2024		
	Appropriated	Non-Appropriated	Total	Appropriated	Non-Appropriated	Total
	General and Other Funds	Federal and Other Funds <u>2/</u>		General and Other Funds	Federal and Other Funds <u>2/</u>	
Forestry and Fire Management, Arizona Department of	129,473,400	100,766,800	230,240,200	57,605,200	100,766,800	158,372,000
Funeral Directors and Embalmers, Board of	494,800	0	494,800	0	0	0
Game and Fish Department, Arizona	51,987,000	99,233,600	151,220,600	41,850,200	99,233,600	141,083,800
Gaming, Department of	39,006,500	3,715,000	42,721,500	35,205,000	3,715,000	38,920,000
Governor, Office of the	9,276,100	1,265,907,900	1,275,184,000	12,339,800	1,265,907,900	1,278,247,700
Governor's Office of Strategic Planning and Budgeting	2,961,400	0	2,961,400	2,733,500	0	2,733,500
Health Services, Department of	259,545,800	674,653,000	934,198,800	225,254,600	674,653,000	899,907,600
Historical Society, Arizona	3,214,700	1,344,000	4,558,700	3,045,800	1,518,200	4,564,000
Historical Society, Prescott	1,016,100	1,050,300	2,066,400	1,012,900	1,050,300	2,063,200
Homeland Security, Arizona Department of	23,930,300	26,474,600	50,404,900	36,319,400	26,474,600	62,794,000
Homeopathic and Integrated Medicine Examiners, Board of	52,800	0	52,800	61,400	0	61,400
Housing, Arizona Department of	90,367,400	264,669,800	355,037,200	197,271,100	190,070,400	387,341,500
Independent Redistricting Commission	0	0	0	0	0	0
Industrial Commission of Arizona	22,062,400	24,920,000	46,982,400	22,070,200	24,920,000	46,990,200
Insurance and Financial Institutions, Department of	20,394,600	19,612,700	40,007,300	20,947,200	19,612,700	40,559,900
Judiciary						
Supreme Court	62,358,300	31,240,900	93,599,200	62,055,500	31,240,900	93,296,400
Court of Appeals	22,523,200	0	22,523,200	24,710,800	0	24,710,800
Superior Court	122,373,700	5,477,200	127,850,900	132,602,000	5,477,200	138,079,200
SUBTOTAL - Judiciary	207,255,200	36,718,100	243,973,300	219,368,300	36,718,100	256,086,400
Juvenile Corrections, Department of	53,677,700	1,018,800	54,696,500	44,496,700	1,018,800	45,515,500
Land Department, State	27,948,700	802,900	28,751,600	24,857,000	802,900	25,659,900
Legislature						
Auditor General	26,991,600	1,289,200	28,280,800	28,316,600	1,289,200	29,605,800
House of Representatives	27,020,300	0	27,020,300	23,951,500	0	23,951,500
Joint Legislative Budget Committee	3,144,500	0	3,144,500	2,918,100	0	2,918,100
Legislative Council	9,546,500	0	9,546,500	9,507,700	0	9,507,700
Ombudsman-Citizens Aide Office	1,516,200	0	1,516,200	1,561,200	0	1,561,200
Senate	23,385,300	0	23,385,300	20,374,500	0	20,374,500
SUBTOTAL - Legislature	91,604,400	1,289,200	92,893,600	86,629,600	1,289,200	87,918,800
Liquor Licenses and Control, Department of	7,112,500	1,234,000	8,346,500	5,749,300	1,234,000	6,983,300
Lottery Commission, Arizona State	182,481,900	1,049,832,500	1,232,314,400	188,761,900	1,090,970,300	1,279,732,200
Massage Therapy, Board of	603,800	0	603,800	599,000	0	599,000
Medical Board, Arizona	8,314,800	0	8,314,800	8,143,600	0	8,143,600
Mine Inspector, State	2,931,900	473,500	3,405,400	2,891,700	473,500	3,365,200
Naturopathic Physicians Medical Board	213,400	0	213,400	217,700	0	217,700
Navigable Stream Adjudication Commission	344,200	0	344,200	344,000	0	344,000
Nursing, State Board of	5,885,000	414,700	6,299,700	6,582,200	414,700	6,996,900
Nursing Care Institution Administrators Board <u>3/</u>	630,200	0	630,200	604,900	0	604,900
Occupational Therapy Examiners, Board of	266,400	0	266,400	259,500	0	259,500
Opticians, State Board of Dispensing	193,100	0	193,100	198,200	0	198,200
Optometry, State Board of	300,600	0	300,600	289,200	0	289,200
Osteopathic Examiners, Arizona Board of <u>4/</u>	1,384,500	0	1,384,500	1,398,600	0	1,398,600
Parks Board, Arizona State	26,047,400	31,542,700	57,590,100	33,596,800	31,542,700	65,139,500
Personnel Board, State	346,100	0	346,100	361,000	0	361,000
Pharmacy, Arizona State Board of	3,537,000	0	3,537,000	3,526,700	0	3,526,700

	Fiscal Year 2023			Fiscal Year 2024		
	Appropriated	Non-Appropriated	Total	Appropriated	Non-Appropriated	Total
	General and Other Funds	Federal and Other Funds 2/		General and Other Funds	Federal and Other Funds 2/	
Physical Therapy, Board of	630,900	0	630,900	591,500	0	591,500
Pioneers' Home, Arizona	8,343,300	0	8,343,300	8,380,200	0	8,380,200
Podiatry Examiners, State Board of	185,800	0	185,800	202,500	0	202,500
Power Authority, Arizona	0	19,207,700	19,207,700	1,000,000	19,207,700	20,207,700
Private Postsecondary Education, Board for	457,200	270,500	727,700	448,100	270,500	718,600
Psychologist Examiners, State Board of	652,900	0	652,900	640,000	0	640,000
Public Safety, Department of	449,970,700	86,959,200	536,929,900	444,499,700	81,530,400	526,030,100
Public Safety Personnel Retirement System	66,000,000	22,548,800	88,548,800	6,000,000	22,548,800	28,548,800
Real Estate Department, State	3,221,000	206,500	3,427,500	3,198,000	206,500	3,404,500
Residential Utility Consumer Office	1,578,900	0	1,578,900	1,592,200	0	1,592,200
Respiratory Care Examiners, Board of	406,800	0	406,800	421,400	0	421,400
Retirement System, Arizona State	28,135,600	11,460,300	39,595,900	28,667,000	11,460,300	40,127,300
Revenue, Department of	90,086,800	1,831,500	91,918,300	89,591,000	1,831,500	91,422,500
Secretary of State	24,055,500	7,987,200	32,042,700	29,657,400	7,987,200	37,644,600
Tax Appeals, State Board of	317,700	0	317,700	327,400	0	327,400
Technical Registration, State Board of	2,641,000	0	2,641,000	2,605,000	0	2,605,000
Tourism, Office of	10,302,600	47,310,500	57,613,100	9,026,200	47,310,500	56,336,700
Transportation, Department of	614,645,100	66,737,200	681,382,300	576,251,600	66,737,200	642,988,800
Treasurer, State	14,709,700	4,446,500	19,156,200	109,152,500	4,446,500	113,599,000
Tribal Relations, Governor's Office on	69,900	8,500	78,400	68,800	8,500	77,300
Universities						
Board of Regents	90,238,000	54,577,400	144,815,400	98,807,100	54,577,400	153,384,500
Arizona State University	1,171,076,500	3,118,284,200	4,289,360,700	1,117,233,700	3,118,284,200	4,235,517,900
Northern Arizona University	294,548,800	534,880,300	829,429,100	269,322,800	534,880,300	804,203,100
University of Arizona - Main Campus	682,234,300	1,704,742,300	2,386,976,600	685,708,500	1,704,742,300	2,390,450,800
University of Arizona - Health Sciences Center	143,573,000	541,387,200	684,960,200	147,073,000	541,387,200	688,460,200
SUBTOTAL - Universities	2,381,670,600	5,953,871,400	8,335,542,000	2,318,145,100	5,953,871,400	8,272,016,500
Veterans' Services, Department of	73,033,700	4,641,300	77,675,000	82,278,300	4,641,300	86,919,600
Veterinary Medical Examining Board	774,800	0	774,800	785,100	0	785,100
Water Infrastructure Finance Authority	10,000,000	288,161,700	298,161,700	254,210,000	288,161,700	542,371,700
Water Resources, Department of	27,382,200	29,051,800	56,434,000	68,078,400	19,848,600	87,927,000
OPERATING BUDGET SUBTOTAL	\$20,472,829,500	\$43,969,311,700	\$64,442,141,200	\$21,643,847,400	\$40,043,308,600	\$61,687,156,000
Unallocated '23 AFIS Transaction Fee	18,900	0	18,900	0	0	0
Unallocated '23 Rent Adjustments	(167,000)	0	(167,000)	0	0	0
Unallocated '23 Retirement Adjustments	(440,800)	0	(440,800)	0	0	0
Unallocated '23 HITF Employer Premium Increase	7,775,800	0	7,775,800	0	0	0
Unallocated '23 HRIS Fee Adjustments	357,400	0	357,400	0	0	0
Unallocated '23 IT Pro Rata Adjustments	140,300	0	140,300	0	0	0
Unallocated '23 Fleet Adjustments	113,600	0	113,600	0	0	0
Unallocated '23 Salary Adjustments	1,316,700	0	1,316,700	0	0	0
Remove Unallocated '23 Health Insurance Adjustments	0	0	0	0	0	0
Unallocated '24 Health Insurance Adjustments	0	0	0	8,637,000	0	8,637,000
Unallocated '24 AFIS Transaction Fee Adjustments	0	0	0	70,900	0	70,900
Unallocated '24 Rent and COP Adjustments	0	0	0	45,500	0	45,500
Unallocated '24 Risk Management Adjustments	0	0	0	84,800	0	84,800

	Fiscal Year 2023			Fiscal Year 2024		
	Appropriated	Non-Appropriated	Total	Appropriated	Non-Appropriated	Total
	General and Other Funds	Federal and Other Funds <u>2/</u>		General and Other Funds	Federal and Other Funds <u>2/</u>	
Unallocated '24 Fleet Adjustments	0	0	0	546,200	0	546,200
Unallocated FY 2023 Salary Corrections	0	0	0	395,900	0	395,900
Unallocated '24 Retirement Adjustments	0	0	0	(243,700)	0	(243,700)
Medicaid Reversion (Enhanced Match/Other)	(482,000,000)	0	(482,000,000)	0	0	0
Capital Outlay Projects	1,836,841,800	1,552,566,000	3,389,407,800	1,390,307,200	1,684,441,000	3,074,748,200
Capital Outlay - Phoenix Convention Center Debt Service	24,999,400	0	24,999,400	25,498,600	0	25,498,600
Capital Outlay - Rio Nuevo District Distribution	16,000,000	0	16,000,000	16,000,000	0	16,000,000
Administrative Adjustments	225,000,000	0	225,000,000	150,000,000	0	150,000,000
Revertments	(158,080,000)	0	(158,080,000)	(215,000,000)	0	(215,000,000)
GRAND TOTAL	<u>\$21,944,705,600</u>	<u>\$45,521,877,700</u>	<u>\$67,466,583,300</u>	<u>\$23,020,189,800</u>	<u>\$41,727,749,600</u>	<u>\$64,747,939,400</u>

1/ This table summarizes FY 2023 and FY 2024 appropriations from the 1st Regular Session of the 56th Legislature and all prior sessions.

2/ The amounts shown are generally based on estimates published in the JLBC Staff's *Baseline Book* (January 2023), but may have been updated for later information.

3/ The full agency name is the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers.

4/ The full agency name is the Arizona Board of Osteopathic Examiners in Medicine and Surgery.

STATE PERSONNEL SUMMARY

Full-Time Equivalent Positions by Agency for Fiscal Years 2023 and 2024 1/

BUDGET UNITS	Fiscal Year 2023			Fiscal Year 2024		
	General Fund	Other Fund	Total	General Fund	Other Fund	Total
Accountancy, State Board of	0.0	14.0	14.0	0.0	14.0	14.0
Acupuncture Board of Examiners	0.0	1.0	1.0	0.0	1.0	1.0
Administration, Arizona Department of	114.2	424.9	539.1	114.2	424.9	539.1
School Facilities Division	17.0	0.0	17.0	17.0	0.0	17.0
SUBTOTAL - Administration, Arizona Department of	131.2	424.9	556.1	131.2	424.9	556.1
Administrative Hearings, Office of	12.0	0.0	12.0	12.0	0.0	12.0
African-American Affairs, Arizona Commission of <u>2/</u>	3.0	0.0	3.0	0.0	0.0	0.0
Agriculture, Arizona Department of	192.7	20.1	212.8	192.7	20.1	212.8
AHCCCS	368.4	795.1	1,163.5	371.5	802.0	1,173.5
AHCCCS - DES Eligibility	557.3	627.5	1,184.8	557.3	627.5	1,184.8
SUBTOTAL - AHCCCS <u>3/</u>	925.7	1,422.6	2,348.3	928.8	1,429.5	2,358.3
Athletic Training, Board of	0.0	1.5	1.5	0.0	1.5	1.5
Attorney General - Department of Law	220.6	435.1	655.7	233.6	438.1	671.7
Barbering and Cosmetology Board	0.0	29.5	29.5	0.0	29.5	29.5
Behavioral Health Examiners, Board of	0.0	20.0	20.0	0.0	20.0	20.0
Charter Schools, State Board for	25.0	0.0	25.0	25.0	0.0	25.0
Child Safety, Department of <u>4/</u>	1,513.6	1,689.5	3,203.1	1,593.6	1,689.5	3,283.1
Chiropractic Examiners, State Board of	0.0	5.0	5.0	0.0	5.0	5.0
Contractors, Registrar of	0.0	105.6	105.6	0.0	105.6	105.6
Corporation Commission	50.8	251.1	301.9	50.8	251.1	301.9
Corrections, State Department of	9,548.0	21.0	9,569.0	9,548.0	21.0	9,569.0
Criminal Justice Commission, Arizona	0.0	11.0	11.0	0.0	11.0	11.0
Deaf and the Blind, Arizona State Schools for the	284.8	277.4	562.2	284.8	277.4	562.2
Deaf and the Hard of Hearing, Commission for the	0.0	21.0	21.0	0.0	21.0	21.0
Dental Examiners, State Board of	0.0	11.0	11.0	2.0	11.0	13.0
Economic Opportunity, Office of	5.0	0.0	5.0	5.0	0.0	5.0
Economic Security, Department of <u>5/</u>	1,099.9	3,376.9	4,476.8	1,118.9	3,414.9	4,533.8
Education, State Board of	23.0	0.0	23.0	23.0	0.0	23.0
Education, Department of	214.7	15.2	229.9	217.7	15.2	232.9
Emergency and Military Affairs, Department of	63.1	9.5	72.6	66.1	8.5	74.6
Environmental Quality, Department of	0.0	355.7	355.7	0.0	355.7	355.7
Equal Opportunity, Governor's Office of	0.0	4.0	4.0	0.0	5.0	5.0
Equalization, State Board of	7.0	0.0	7.0	7.0	0.0	7.0
Executive Clemency, Board of	14.5	0.0	14.5	14.5	0.0	14.5
Exposition and State Fair Board, Arizona	0.0	184.0	184.0	0.0	184.0	184.0
Forestry and Fire Management, Arizona Department of	235.5	0.0	235.5	235.5	0.0	235.5
Funeral Directors and Embalmers, State Board of <u>6/</u>	0.0	4.0	4.0	0.0	0.0	0.0
Game and Fish Department, Arizona	0.0	273.5	273.5	0.0	273.5	273.5
Gaming, Department of	0.0	155.8	155.8	0.0	155.8	155.8
Governor's Office of Strategic Planning and Budgeting	22.0	0.0	22.0	22.0	0.0	22.0
Health Services, Department of <u>6/</u>	839.9	301.6	1,141.5	843.4	305.6	1,149.0
Historical Society, Arizona	50.9	0.0	50.9	50.9	0.0	50.9
Historical Society of Arizona, Prescott	13.0	0.0	13.0	13.0	0.0	13.0
Homeland Security, Arizona Department of	0.0	20.0	20.0	0.0	20.0	20.0
Homeopathic and Integrated Medicine Examrs., Bd. of	0.0	1.0	1.0	0.0	1.0	1.0
Housing, Department of	0.0	3.0	3.0	0.0	3.0	3.0
Independent Redistricting Commission <u>7/</u>	6.0	0.0	6.0	0.0	0.0	0.0
Industrial Commission of Arizona	1.0	235.6	236.6	1.0	235.6	236.6
Insurance and Financial Institutions, Department of	94.4	58.0	152.4	94.4	61.0	155.4
Judiciary						
Supreme Court	148.6	53.4	202.0	149.6	53.4	203.0
Court of Appeals	162.8	0.0	162.8	162.8	0.0	162.8
Superior Court	229.8	8.7	238.5	231.8	8.7	240.5
SUBTOTAL - Judiciary	541.2	62.1	603.3	544.2	62.1	606.3
Juvenile Corrections, Department of	478.5	260.0	738.5	478.5	260.0	738.5
Land Department, State	131.7	0.0	131.7	131.7	0.0	131.7
Legislature						
Auditor General	224.8	0.0	224.8	224.8	0.0	224.8
Joint Legislative Budget Committee	29.0	0.0	29.0	29.0	0.0	29.0
Legislative Council	56.0	0.0	56.0	56.0	0.0	56.0
Ombudsman-Citizens Aide Office	12.0	0.0	12.0	12.0	0.0	12.0
SUBTOTAL - Legislature	321.8	0.0	321.8	321.8	0.0	321.8

BUDGET UNITS	Fiscal Year 2023			Fiscal Year 2024		
	General Fund	Other Fund	Total	General Fund	Other Fund	Total
Liquor Licenses and Control, Department of	0.0	51.2	51.2	0.0	58.2	58.2
Lottery Commission, Arizona State	0.0	98.8	98.8	0.0	98.8	98.8
Massage Therapy, Board of	0.0	5.0	5.0	0.0	5.0	5.0
Medical Board, Arizona	0.0	61.5	61.5	0.0	61.5	61.5
Mine Inspector, State	22.0	0.0	22.0	22.0	0.0	22.0
Naturopathic Physicians Medical Board	0.0	2.0	2.0	0.0	2.0	2.0
Navigable Stream Adjudication Commission, Arizona	2.0	0.0	2.0	2.0	0.0	2.0
Nursing, State Board of	0.0	52.0	52.0	0.0	55.0	55.0
Nursing Care Institution of Administrators, Board of	0.0	7.0	7.0	0.0	7.0	7.0
Occupational Therapy Examiners, Board of	0.0	1.5	1.5	0.0	1.5	1.5
Opticians, State Board of Dispensing	0.0	1.0	1.0	0.0	1.0	1.0
Optometry, State Board of	0.0	2.0	2.0	0.0	2.0	2.0
Osteopathic Examiners, Arizona Board of	0.0	10.0	10.0	0.0	10.0	10.0
Parks Board, Arizona State	0.0	163.0	163.0	0.0	167.0	167.0
Personnel Board, State	0.0	2.0	2.0	0.0	2.0	2.0
Pharmacy, Arizona State Board of	0.0	25.4	25.4	0.0	25.4	25.4
Physical Therapy, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Pioneers' Home, Arizona	0.0	107.3	107.3	0.0	107.3	107.3
Podiatry Examiners, State Board of	0.0	1.0	1.0	0.0	1.0	1.0
Private Postsecondary Education, Board for	0.0	4.0	4.0	0.0	4.0	4.0
Psychologist Examiners, State Board of	0.0	4.5	4.5	0.0	4.5	4.5
Public Safety, Department of	800.2	1,274.0	2,074.2	831.7	1,274.0	2,105.7
Real Estate Department, State	37.0	0.0	37.0	37.0	0.0	37.0
Residential Utility Consumer Office	0.0	12.0	12.0	0.0	12.0	12.0
Respiratory Care Examiners, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Retirement System, Arizona State	0.0	240.9	240.9	0.0	240.9	240.9
Revenue, Department of	274.0	618.8	892.8	274.0	618.8	892.8
Secretary of State, Department of State	143.1	0.0	143.1	144.1	0.0	144.1
Tax Appeals, State Board of	4.0	0.0	4.0	4.0	0.0	4.0
Technical Registration, State Board of	0.0	25.0	25.0	0.0	25.0	25.0
Tourism, Office of	28.0	0.0	28.0	31.0	0.0	31.0
Transportation, Department of	0.0	4,554.0	4,554.0	0.0	4,554.0	4,554.0
Treasurer, State	0.0	35.4	35.4	0.0	38.4	38.4
Tribal Relations, Governor's Office on	3.0	0.0	3.0	3.0	0.0	3.0
Universities 8/9/						
Regents, Arizona Board of	30.9	0.0	30.9	30.9	0.0	30.9
Arizona State University	2,743.4	4,981.5	7,724.9	2,743.4	4,981.5	7,724.9
Northern Arizona University	1,153.8	1,222.4	2,376.2	1,153.8	1,222.4	2,376.2
University of Arizona - Main Campus	2,850.3	3,444.2	6,294.5	2,850.3	3,444.2	6,294.5
University of Arizona - Health Sciences Center	561.0	551.4	1,112.4	561.0	551.4	1,112.4
SUBTOTAL - Universities	7,339.4	10,199.5	17,538.9	7,339.4	10,199.5	17,538.9
Veterans' Services, Department of	148.3	644.0	792.3	148.3	644.0	792.3
Veterinary Medical Examining Board, Arizona State	0.0	7.0	7.0	0.0	7.0	7.0
Water Resources, Department of	143.0	6.0	149.0	173.0	6.0	179.0
TOTAL APPROPRIATED FUNDS	26,014.5	28,305.0	54,319.5	26,200.6	28,372.9	54,573.5

- 1/ Full-Time Equivalent (FTE) Positions shown for individual agencies include only those positions funded by appropriated funds. The detail for changes in FTE Positions that occurred between FY 2023 and FY 2024 can be found in the individual agency pages.
- 2/ The Commission was transferred to the Office of the Governor for FY 2024.
- 3/ Includes 1,370.1 FTE Positions in FY 2023 and 1,377.0 FTE Positions in FY 2024 in the Other Fund FTE Positions columns funded from Federal Medicaid Expenditure Authority.
- 4/ Includes 970.3 FTE Positions in FY 2023 and FY 2024 in the Other Fund FTE Positions columns funded from Expenditure Authority.
- 5/ Includes 2,337.8 FTE Positions in FY 2023 and 2,375.8 FTE Positions FY 2024 in the Other Fund columns funded from the Long Term Care System Fund and Child Support Enforcement Expenditure Authority.
- 6/ The functions of the Funeral Board were transferred to the Department of Health Services.
- 7/ The FY 2023 FTE Positions represent the carry forward FTE authority from FY 2022 funding.
- 8/ The FY 2023 General Appropriation Act originally appropriated 18,065.4 FTE Positions to the Universities for FY 2023. This FTE Position amount has been revised to 17,358.9 to account for changes in projected tuition and fee collections. Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount.
- 9/ The Other Fund FTE Positions are funded by the University Collections Fund, which includes a portion of tuition and fees and a portion of land earnings.

BUDGET UNITS

Arizona State Board of Accountancy

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	14.0	14.0	14.0
Personal Services	806,800	1,060,700	1,060,700
Employee Related Expenditures	318,900	398,600	383,100
Professional and Outside Services	248,800	412,400	412,400
Travel - In State	1,300	8,400	8,400
Travel - Out of State	2,500	12,000	12,000
Other Operating Expenditures	231,700	321,900	331,200
Equipment	13,300	22,600	22,600
AGENCY TOTAL	1,623,300	2,236,600	2,230,400 ^{1/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Board of Accountancy Fund	1,623,300	2,236,600	2,230,400
SUBTOTAL - Other Appropriated Funds	1,623,300	2,236,600	2,230,400
SUBTOTAL - Appropriated Funds	1,623,300	2,236,600	2,230,400
TOTAL - ALL SOURCES	1,623,300	2,236,600	2,230,400

AGENCY DESCRIPTION — The board licenses, investigates, and conducts examinations of certified public accountants. The board is also responsible for registering and investigating accounting firms owned by certified public accountants.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,230,400 and 14 FTE Positions from the Board of Accountancy Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(6,200) from the Board of Accountancy Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section).*

Acupuncture Board of Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	99,900	113,000	113,000
Employee Related Expenditures	43,000	47,300	54,300
Travel - Out of State	0	3,000	3,000
Other Operating Expenditures	29,700	30,700	26,300
Equipment	3,600	4,000	4,000
AGENCY TOTAL	176,200	198,000 ^{1/}	200,600 ^{2/}

FUND SOURCES

Other Appropriated Funds

Acupuncture Board of Examiners Fund	176,200	198,000	200,600
SUBTOTAL - Other Appropriated Funds	176,200	198,000	200,600
SUBTOTAL - Appropriated Funds	176,200	198,000	200,600
TOTAL - ALL SOURCES	176,200	198,000	200,600

AGENCY DESCRIPTION — The Acupuncture Board of Examiners licenses and regulates the practice of acupuncture by individuals who are not licensed to practice acupuncture by another professional board. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the acupuncture board of examiners, \$5,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$200,600 and 1 FTE Position from the Acupuncture Board of Examiners Fund in FY 2024 for the operating budget. Adjustments are as follows:

Additional E-licensing Costs

The budget includes an increase of \$3,000 from the Acupuncture Board of Examiners Fund in FY 2024 for additional costs associated with its e-licensing application.

Remove One-Time E-licensing

The budget includes a decrease of \$(5,500) from the Acupuncture Board of Examiners Fund in FY 2024 to remove one-time funding for migrating to an e-licensing application.

Named Claimants

The budget includes a decrease of \$(1,155.22) from the Acupuncture Board of Examiners Fund in FY 2024 for the elimination of one-time funding for prior year unpaid

claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes an increase of \$6,300 from the Acupuncture Board of Examiners Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$1,155.22 from the Acupuncture Board of Examiners Fund for a one-time named claimants appropriation. (Please see the operating budget for further details.)

Arizona Department of Administration

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	551.1	539.1	539.1 ^{1/}
Personal Services	24,777,300	32,440,800	32,487,300
Employee Related Expenditures	9,090,400	12,246,200	11,907,000
Professional and Outside Services	6,297,600	5,313,000	5,313,000
Travel - In State	282,600	288,000	288,000
Travel - Out of State	17,000	23,000	23,000
Other Operating Expenditures	32,422,100	41,354,100	40,789,500
Equipment	769,700	249,600	251,600
OPERATING SUBTOTAL	73,656,700	91,914,700	91,059,400 ^{2/}
SPECIAL LINE ITEMS			
Facilities Management			
Enduring Freedom Memorial Repair	1,500	0 ^{3/}	0
Hoteling Pilot Program	157,300	0	0
Utilities	4,553,200	7,649,900	7,649,900
Financial Services			
Arizona Financial Information System	8,565,300	13,385,100	14,386,200 ^{4/}
Named Claimants	44,800	4,700	0
Information Technology Services			
Information Technology Project Management and Oversight	1,388,200	1,667,300	1,656,700
Statewide Information Security and Privacy Operations and Controls	6,240,000	0	0
Risk Management			
Cyber Risk Insurance	0	21,587,200	23,037,200 ^{5/}
Federal Transfer Payment	1,110,600	3,107,700	0 ^{6/}
Risk Management Administrative Expenses	9,786,900	8,597,800	10,870,700
Risk Management Losses and Premiums	38,373,000	48,396,100	52,436,300
Workers' Compensation Losses and Premiums	20,430,500	28,253,000	28,395,000
Support Services			
Employee Compensation Study	0	0	4,000,000 ^{7/}
Government Transformation Office	1,658,600	2,063,000	2,055,500
State Surplus Property Sales Agency Proceeds	801,200	1,810,000	1,810,000
Grants			
Election Security Grants	0	1,500,000	0
Health care Interoperability Grants	0	12,000,000	3,000,000
Fire Incident Management Fund Deposit	0	6,100,000	12,200,000
K-12 Transportation Grants	10,000,000	20,000,000 ^{8/}	15,000,000
School Safety Interoperability Fund Deposit	0	20,000,000	0
Other			
Early Literacy	0	0	250,000 ^{9/}
Skull Valley School District Distribution	0	0	300,000 ^{10/}
Miami Unified School District Gym Floors	0	0	350,000
Southwest Defense Contracts	25,000	25,000	25,000 ^{11/}
AGENCY TOTAL	176,792,800	288,061,500	268,481,900 ^{12/}
FUND SOURCES			
General Fund	16,700,200	68,950,900	44,293,600
<u>Other Appropriated Funds</u>			
Air Quality Fund	195,800	928,000	928,200
Arizona Financial Information System Collections Fund	8,565,300	13,385,100	14,386,200

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Automation Operations Fund	24,881,700	31,568,300	29,726,400 ^{13/}
Capital Outlay Stabilization Fund	14,865,600	19,200,200	19,081,200
Capitol Mall Consolidation Fund	157,300	0	0
Corrections Fund	559,400	634,600	628,900
Cyber Risk Insurance Fund	0	21,587,200	23,037,200
Federal Surplus Materials Revolving Fund	0	468,500	468,200
Information Technology Fund	8,165,600	2,292,000	2,159,300
Personnel Division Fund	11,618,800	13,779,500	13,672,500
Risk Management Revolving Fund	76,472,600	96,613,100	99,896,100
Special Employee Health Insurance Trust Fund	4,510,800	5,719,900	5,684,700
Special Services Revolving Fund	665,700	1,257,300	1,243,000
State Monument and Memorial Repair Fund	1,500	0	0
State Surplus Materials Revolving Fund	1,880,400	3,064,600	3,048,900 ^{14/}
State Web Portal Fund	5,981,300	6,798,300	8,429,300
Telecommunications Fund	1,570,800	1,814,000	1,798,200
SUBTOTAL - Other Appropriated Funds	160,092,600	219,110,600	224,188,300
SUBTOTAL - Appropriated Funds	176,792,800	288,061,500	268,481,900
Other Non-Appropriated Funds	996,795,400	1,115,848,800	1,062,324,800
Federal Funds	40,945,700	27,276,500	11,228,900
TOTAL - ALL SOURCES	1,214,533,900	1,431,186,800	1,342,035,600

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) provides centralized general support services to state agencies, including accounting, financial, purchasing, building and grounds maintenance, personnel, information technology, motor pool, travel reduction, and risk management services.

FOOTNOTES

- ^{1/} Includes 43 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} On or before September 1, 2024, the department shall submit a report to the joint legislative budget committee on the results of pilot projects implemented in fiscal year 2023-2024 for the state employee public transportation service reimbursements pursuant to section 41-710.01, Arizona Revised Statutes, in a vehicle emissions control area as defined in section 49-541, Arizona Revised Statutes, of a county with a population of more than four hundred thousand persons. (General Appropriation Act footnote)
- ^{3/} The amount appropriated for the enduring freedom memorial repair line item in fiscal year 2021-2022 pursuant to Laws 2021, chapter 408, section 5 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024. (FY 2024 General Appropriation Act footnote)
- ^{4/} Of the amount appropriated for the Arizona financial information system line item in fiscal year 2023-2024, \$4,000,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- ^{5/} On or before November 1, 2024, the department shall submit a report to the director of the joint legislative budget committee on expenditures made from the cyber risk insurance fund established by section 41-622, Arizona Revised Statutes, from the prior year. (General Appropriations Act Footnote)
- ^{6/} The legislature intends that the department of administration not enter into any agreements to pay for any federal reimbursements related to excess balances in the special employee health insurance trust fund established by section 38-654, Arizona Revised Statutes, unless the proposed agreements have been reviewed by the joint legislative budget committee. (General Appropriation Act footnote)
- ^{7/} On or before October 1, 2024, the department shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee on the outcome of the employee compensation study (General Appropriation Act footnote)
- ^{8/} The amount appropriated for the K-12 transportation grants line item in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 5 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024. (FY 2024 General Appropriation Act footnote)

- 9/ The amount appropriated for the early literacy line item shall be distributed to a literacy program that places young adult role models in high-need preschool classrooms and childcare centers where they deliver targeted early literacy interventions to children who may otherwise never have had young adult role models. (General Appropriation Act footnote)
- 10/ Section 6, as added by Senate Bill 1720, fifty-sixth legislature, first regular session, as transmitted to the governor, as amended by Laws 2023, Chapter 170, Section 11.
- 11/ The amount appropriated for southwest defense contracts shall be distributed to a nonprofit organization that advocates for preserving and enhancing critical defense missions and assets in the southwestern United States. (General Appropriation Act footnote)
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 13/ The appropriation from the automation operations fund established by section 41-711, Arizona Revised Statutes, is an estimate representing all monies, including balance forward, revenues and transfers during fiscal year 2023-2024. These monies are appropriated to the department of administration for the purposes established in section 41-711, Arizona Revised Statutes. The appropriation is adjusted as necessary to reflect monies credited to the automation operations fund for automation operation center projects. Before spending any automation operations fund monies in excess of \$29,726,400 in fiscal year 2023-2024, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide adjustments)
- 14/ All state surplus materials revolving fund monies received by the department of administration in excess of \$3,048,900 in fiscal year 2023-2024 are appropriated to the department. Before spending state surplus materials revolving fund monies in excess of \$3,048,900 in fiscal year 2023-2024, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote, adjusted for statewide adjustments)

Operating Budget

The budget includes \$91,059,400 and 496.1 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	<u>FY 2024</u>
General Fund	\$9,168,600
Air Quality Fund	928,200
Automation Operations Fund	29,726,400
Capital Outlay Stabilization Fund (COSF)	11,431,300
Corrections Fund	628,900
Federal Surplus Materials Revolving Fund	468,200
Information Technology Fund	2,159,300
Personnel Division Fund	13,672,500
Risk Management Revolving Fund	8,194,100
Special Employee Health Insurance Trust Fund	5,684,700
Special Services Revolving Fund	1,243,000
State Surplus Materials Revolving Fund	1,238,900
State Web Portal Fund	4,717,100
Telecommunications Fund	1,798,200

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(855,300) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(157,300)
Air Quality Fund	200
Automation Operations Fund	(174,600)
Capital Outlay Stabilization Fund (COSF)	(119,000)
Corrections Fund	(5,700)

Federal Surplus Materials Revolving Fund	(300)
Information Technology Fund	(132,700)
Personnel Division Fund	(107,000)
Risk Management Revolving Fund	(59,700)
Special Employee Health Insurance Trust Fund	(35,200)
Special Services Revolving Fund	(14,300)
State Surplus Materials Revolving Fund	(15,700)
State Web Portal Fund	(18,200)
Telecommunications Fund	(15,800)

(Please see the Agency Detail and Allocations section.)

Facilities Management

Enduring Freedom Memorial Repair

The budget includes no funding in FY 2024 to repair the Enduring Freedom Memorial. This amount is unchanged from FY 2023.

The FY 2024 budget extends the lapsing date of the original FY 2022 appropriation of \$21,500 for the Enduring Freedom Memorial until June 30, 2024.

Utilities

The budget includes \$7,649,900 from the Capital Outlay Stabilization Fund in FY 2024 for Utilities. This amount is unchanged from FY 2023.

This line item funds utility charges, including electric, water, gas, and garbage disposal for state-owned buildings.

Financial Services

Arizona Financial Information System

The budget includes \$14,386,200 and 28 FTE Positions from the Arizona Financial Information System Collections Fund in FY 2024 for the Arizona Financial Information System (AFIS). Adjustments are as follows:

AFIS Upgrade Expenditure Alignment

The budget includes an increase of \$1,057,000 from the AFIS Collections Fund in FY 2024 to upgrade the state's financial accounting system. Of this amount, \$537,000 is for partial-year increased operating costs of the system.

The project costs will be financed by increased charges to state agencies' AFIS transaction fees. The project is expected to cost a total of \$9,500,000 through FY 2024. Of that amount, \$2,000,000 was funded in FY 2022, \$3,500,000 in FY 2023 and \$4,000,000 was funded in FY 2024. The budget includes a footnote to make the FY 2024 appropriation of \$4,000,000 available through FY 2025.

Statewide Adjustments

The budget includes a decrease of \$(55,900) from the AFIS Collections Fund in FY 2024 for statewide adjustments.

This line item funds the operation of AFIS including staffing and support, software licensing and maintenance, hosted production, and disaster recovery.

Named Claimants

The budget includes no funding in FY 2024 for Named Claimants. Adjustments are as follows:

One-Time Named Claimants Funding

The budget includes a decrease of \$(4,712.75) from the Risk Management Revolving Fund in FY 2024 for the elimination of one-time funding of prior year unpaid claims.

The state must annually settle unpaid claims against received goods and services. Vendors providing goods and services to the state can make claims against the receiving agencies if invoices are not paid in full. Up to 1 year following receipt, state agencies have the financial authority to pay such claims through administrative

adjustments. However, the Legislature must grant special appropriation authority to pay claims older than 1 year. Monies in this line item are not included in the General Appropriation Act. A separate legislative act usually makes this appropriation. Laws 2023, Chapter 83 appropriated \$227,404.41 in FY 2023 for prior year unpaid claims from all state agencies.

Information Technology Services

Information Technology Project Management and Oversight

The budget includes \$1,656,700 and 15 FTE Positions from the State Web Portal Fund in FY 2024 for IT Project Management and Oversight. Adjustments are as follows:

Fund Shift

The budget includes a decrease of \$(1,667,300) from the Automation Operations Fund and a corresponding increase of \$1,667,300 from the State Web Portal Fund in FY 2024 to shift fund sources for the line item.

Statewide Adjustments

The budget includes a decrease of \$(10,600) from the State Web Portal Fund in FY 2024 for statewide adjustments.

This line item funds staffing costs for statewide project management and oversight at the ADOA Arizona Strategic Enterprise Technology Office. A.R.S § 18-104 requires ADOA to approve all IT projects over \$25,000.

Risk Management

Cyber Risk Insurance

The budget includes \$23,037,200 from the Cyber Risk Insurance Fund in FY 2024 for Cyber Risk Insurance. Adjustments are as follows:

Annualize Cyber Risk Insurance Program

The budget includes an increase of \$1,450,000 from the Cyber Risk Insurance Fund in FY 2024 to annualize the operating costs for the cyber risk insurance program for state agencies.

The FY 2023 Budget Implementation Budget Reconciliation Bill (BRB) created the Cyber Risk Insurance Fund and established a cyber risk insurance program. The budget transferred \$24,624,400 from the Risk Management Revolving Fund in FY 2023 into the Cyber Risk Insurance Fund. The FY 2023 appropriation of

\$21,857,200 funded a partial year's operating costs of the cyber program including \$137,200 for staff to administer the program and \$1,450,000 for insurance premiums. The appropriation also funds \$20,000,000 as a set aside for an insurance deductible in the event of a cyber security breach or incident. The remaining \$3,037,200 in the fund was retained to pay the annual operating costs of the program in FY 2024. Those annual costs include \$137,200 for staff and \$2,900,000 for premiums.

The budget adds a new footnote requiring ADOA to report annually to the JLBC Staff on prior year Cyber Risk Insurance Fund expenditures.

This line item funds insurance premiums, deductibles, and operating costs for cyber risk insurance.

Federal Transfer Payment

The budget includes no funding in FY 2024 for one-time payments to the federal government. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(3,107,700) from the Risk Management Revolving Fund in FY 2024 to eliminate FY 2023 payments to the federal government for disallowed costs and for fund transfers in FY 2022.

The FY 2024 General Appropriation Act included an FY 2023 supplemental appropriation of \$3,107,700 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and for fund transfers in FY 2022. In addition, the FY 2024 General Appropriation Act continued to specify that it is the intent of the Legislature that ADOA shall not enter into any agreements to pay for any federal reimbursements related to excess retained earnings in HITF, unless the proposed agreements are reviewed by the JLBC.

In order to receive Federal Funds, the state enters into a contractual obligation with the federal government, which restricts the use of these Federal Funds. If the state then uses these funds in restricted ways, the federal government requires that the state pay back a proportional share of these funds. Examples of restricted use include fund transfers from one ADOA fund to another fund, using an ADOA fund for a federally disallowed operating purpose, or retaining an excess fund balance.

Amounts owed for FY 2023 will be paid in FY 2024 through a supplemental appropriation. The final appropriated amount will be determined once ADOA reaches agreement with the federal government. *(Please*

see the [FY 2023 Supplemental section in Other Issues for more information.](#))

Risk Management Administrative Expenses

The budget includes \$10,870,700 from the Risk Management Revolving Fund in FY 2024 for Risk Management Administrative Expenses. Adjustments are as follows:

Claims Related Expenditures

The budget includes an increase of \$2,272,900 from the Risk Management Revolving Fund in FY 2024 for increased outside counsel costs for Risk Management.

This line item funds financial and actuarial analyses, relevant investigations, and related travel. This line item also funds legal representation from outside the Office of the Attorney General.

Risk Management Losses and Premiums

The budget includes \$52,436,300 from the Risk Management Revolving Fund in FY 2024 for Risk Management Losses and Premiums. Adjustments are as follows:

Claims Related Expenditures

The budget includes an increase of \$4,040,200 from the Risk Management Revolving Fund in FY 2024 for increased losses and premium costs.

This line item represents estimated payments for liability and property settlements, medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

Workers' Compensation Losses and Premiums

The budget includes \$28,395,000 from the Risk Management Revolving Fund in FY 2024 for Workers' Compensation Losses and Premiums. Adjustments are as follows:

Claims Related Expenditures

The budget includes an increase of \$142,000 from the Risk Management Revolving Fund in FY 2024 for increased Workers' Compensation costs.

This line item accounts for the state's liability in workplace injuries. The funding represents payments for workers' compensation beneficiaries, hospital and medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

Support Services

Employee Compensation Study

The budget includes \$4,000,000 from General Fund in FY 2024 for an Employee Compensation Study. Adjustments are as follows:

Employee Compensation Study

The budget includes a one-time increase of \$4,000,000 from the General Fund in FY 2024 for an Employee Compensation Study.

The budget includes a footnote requiring ADOA to submit a report on the results of the Employee Compensation Study on or before October 1, 2024, to the Speaker of the House, the President of the Senate, the Chairpersons of the Senate and the House of Representatives Appropriations Committees, and JLBC Staff.

Government Transformation Office

The budget includes \$2,055,500 from the State Web Portal Fund in FY 2024 for the Government Transformation Office (GTO). Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(7,500) from the State Web Portal Fund in FY 2024 for statewide adjustments.

The GTO assists state agencies in designing and implementing process improvements.

State Surplus Property Sales Agency Proceeds

The budget includes \$1,810,000 from the State Surplus Materials Revolving Fund in FY 2024 for State Surplus Property Sales Agency Proceeds. This amount is unchanged from FY 2023.

This line item separates surplus sales proceeds returned to agencies from the division's operating budget. The surplus property yard returns 90% of sales proceeds to the agency from which the property originated. The yard retains 10% of the proceeds to fund its operations.

Grants

Election Security Grants

The budget includes no funding in FY 2024 for Election Security Grants. Adjustments are as follows:

Remove One-Time Grants

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2024 to eliminate one-time election security grants as follows:

- \$(1,000,000) for ballot paper testing grants.
- \$(500,000) for secure ballot boxes.

An FY 2023 General Appropriation Act footnote requires ADOA to distribute grants to county recorders in at least one county for each ballot tabulation company currently used in the state of Arizona for the purposes of testing specific security features and water marks and to report to the Legislature no later than May 1, 2023 on recommended ballot security features.

In its May 2023 report, ADOA reported that due to equipment delays with its Grantee, Cochise County, the county was not able to provide recommendations to ADOA. Cochise County expects to complete its testing and report in the fall of 2023.

A second FY 2023 General Appropriation Act footnote requires ADOA distribute grants to county recorders to purchase secure ballot boxes. The boxes shall generate a log and receipt of each ballot received. The distribution is as follows:

- 6 ballot boxes in Cochise County,
- 7 ballot boxes in Yuma County, and
- 3 ballot boxes in Pinal County.

Fire Incident Management Fund Deposit

The budget includes \$12,200,000 from the General Fund in FY 2024 for the Fire Incident Management Fund Deposit. Adjustments are as follows:

Remove One-Time Grants

The budget includes a decrease of \$(6,100,000) from the General Fund in FY 2024 to remove one-time fire incident management system grants.

New One-Time Fund Deposit

The budget includes an increase of \$12,200,000 from the General Fund in FY 2024 for a one-time deposit into the Fire Incident Management System Grants Fund.

The Environment BRB, as session law, establishes the non-appropriated Fire Incident Management Fund. Monies in the fund shall be used for grants to local fire districts for fire incident management hardware and software. (This is the same purpose as defined in the FY 2023 footnote for the line item). The BRB allows ADOA to use up to \$200,000 for administrative costs.

The line item provides funding for ADOA to distribute as grants to municipal fire departments and fire districts for hardware and software with specific incident management system functionality as outlined in an FY 2023 General Appropriation Act footnote for FY 2023 and the FY 2024 Environment BRB for FY 2024. The FY 2023 appropriation is non-lapsing.

Health Care Interoperability Grants

The budget includes \$3,000,000 from the General Fund in FY 2024 for Healthcare Interoperability Grants. Adjustments are as follows:

Remove One-Time Grants

The budget includes a decrease of \$(12,000,000) from the General Fund in FY 2024 to remove one-time grants for health care interoperability grants.

New One-Time Grants

The budget includes an increase of \$3,000,000 from the General Fund in FY 2024 for new one-time grants for health care interoperability grants.

The FY 2024 Health Care BRB, as session law, modifies the health care interoperability grant program to require the FY 2024 grant of \$3,000,000 be awarded to only 1 vendor whose software can function on a smart device and who does not use a third-party vendor to comply with the grant program requirements.

This program funds grants for an interoperability software technology solution to support rural hospitals, health care providers and urban trauma centers to reducing public and private health care costs and unnecessary transportation costs. The FY 2023 appropriation only is non-lapsing through FY 2025.

K-12 Transportation Grants

The budget includes \$15,000,000 from the General Fund in FY 2024 for K-12 Transportation Grants. Adjustments are as follows:

Remove One-Time Grants

The budget includes a decrease of \$(20,000,000) from the General Fund in FY 2024 to remove one-time K-12 Transportation Grants.

New One-Time Grants

The budget includes an increase of \$15,000,000 from the General Fund in FY 2024 for new one-time grants for K-12 transportation.

The FY 2022 K-12 BRB established the Public School Transportation Modernization Grants program within ADOA for distribution of grants to school districts, charter schools, and other entities for public transportation projects, such as improving access for students who attend school through open enrollment or through a charter school. Between FY 2022 and FY 2023, the budget appropriated \$30,000,000 for the program.

An FY 2024 General Appropriations Act footnote extends the FY 2023 appropriation for K-12 Transportation Grants through FY 2024.

ADOA is required to select a nonprofit organization that would administer the program and report on its results. The nonprofit may use up to 5% of program monies for administrative expenses. The nonprofit A for Arizona was selected to administer the program.

School Safety Interoperability Fund Deposit

The budget includes no funding in FY 2024 to deposit into the School Safety Interoperability Fund. Adjustments are as follows:

Remove One-Time Deposit

The budget includes a decrease of \$(20,000,000) from the General Fund in FY 2024 to remove a one-time deposit into the School Safety Interoperability Fund.

The FY 2023 Automation BRB transfers the existing School Safety Interoperability Fund from the Treasurer to the Department of Administration and makes the fund non-appropriated. An FY 2023 General Appropriation Act footnote delineates the distribution of the monies in the fund.

Other

Early Literacy

The budget includes \$250,000 from General Fund in FY 2024 for Early Literacy. Adjustments are as follows:

Early Literacy

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2024 to distribute to an Early Literacy program.

The budget includes a footnote specifying that the funding shall be distributed to a literacy program that places young adult role models in high-need preschool classrooms and childcare centers, where they deliver targeted early literacy interventions to children who may otherwise never had young adult role models.

Skull Valley School District Distribution

The budget includes \$300,000 from General Fund in FY 2024 to distribute to the Skull Valley School District. Adjustments are as follows:

Skull Valley School District Funding

The budget includes a one-time increase of \$300,000 from the General Fund in FY 2024 for ADOA to distribute to the Skull Valley School District.

The FY 2024 General Appropriation Act appropriated this funding to the Kirkland School District. Laws 2023, Chapter 170, Section 11 subsequently amended the allocation to be distributed to the Skull Valley School District instead.

Miami Unified School District Gym Floors

The budget includes \$350,000 from the General Fund in FY 2024 for Miami Unified School District Gym Floors. Adjustments are as follows:

Miami Unified School District Gym Floors

The budget includes a one-time increase of \$350,000 from the General Fund in FY 2024 to distribute to the Miami Unified School District to replace gym floors at Miami Junior-Senior School and Kornegay Intermediate School.

Southwest Defense Contracts

The budget includes \$25,000 from the General Fund in FY 2024 for Southwest Defense Contracts. This amount is unchanged from FY 2023.

This line item is for the distribution to a nonprofit organization that advocates for the preservation and enhancement of critical defense missions and assets in the southwestern United States.

Other Issues

FY 2023 Supplementals

Named Claimants

Laws 2023, Chapter 83 provides \$227,404.41 in FY 2023 supplemental funding to various agencies for Named Claimants. This amount consists of:

	<u>Claim Amount</u>
<u>General Fund</u>	
Department of Corrections	169,301.84
Board of Equalization	693.85

Other Appropriated Funds

Arizona Department of Administration	
Risk Management Revolving Fund	4,712.75
Acupuncture Board of Examiners	
Acupuncture Board of Examiners Fund	1,155.22
Board of Homeopathic and Integrated Medicine Examiners	
Board of Homeopathic and Integrated Medicine Examiners' Fund	872.03
Industrial Commission of Arizona	
Administrative Fund	1,100.00
Arizona Medical Board	
Arizona Medical Board Fund	23,086.95
Naturopathic Physicians Medical Board	
Naturopathic Physicians Medical Board Fund	1,407.66
Nursing Care Institution Administrators and Assistant Living Facility Managers	
Nursing Care Institution Administrators' and Assistant Living Facility Managers Fund	2,753.02
State Board of Optometry	
Board of Optometry Fund	1,804.03
State Personnel Board	
Personnel Division Fund	1,114.33
State Board for Private Postsecondary Education	
State Board for Private Postsecondary Education Fund	3,431.81
State Board of Psychologist Examiners	
Board of Psychologist Examiners Fund	2,367.04
Arizona Department of Transportation	
State Fleet Operations Fund	1,463.04
State Highway Fund	7,848.08
Arizona State Board of Veterinary Medical Examiners	
Veterinary Medical Examining Board Fund	4,292.76

Federal Financial Participation Payment

The budget includes an FY 2023 supplemental appropriation of \$3,107,700 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and fund transfers in FY 2022. This amount consists of:

- \$2,484,700 related to fund transfers from 2 ADOA funds in FY 2022, primarily the Automation Operations Fund in the Automation Projects Fund.
- \$164,100 related to excess retained earnings in the IT Fund.
- \$77,500 related to payments made from the Risk Management Revolving Fund in FY 2021 which has federal financial participation.
- \$381,400 related to interest on fund transfers, disallowed costs, and payments. This amount also includes a negotiation cushion estimated by ADOA.

(Please see the Federal Transfer Payment line item above for information.)

Statutory Changes

The Environment BRB makes the following statutory changes:

- As session law, establishes the non-appropriated Fire Incident Management Fund. Monies in the fund shall be used for grants to local fire districts for fire incident management hardware and software, with no more than \$200,000 being used for administrative costs.

The Health Care BRB makes the following statutory changes:

- As session law, modifies the health care interoperability grant program to require the grant to be awarded to only 1 vendor whose software can function on a smart device and who does not use a third-party vendor to comply with the grant program requirements. Includes a delayed repeal date of June 30, 2024.

The K-12 BRB makes the following statutory changes:

- As session law, modifies reporting requirements for K-12 transportation modernization grants program to include a description of existing transportation options and an explanation of why alternative transportation is necessary for each grant recipient. Adds JLBC and OSPB as report recipients.

Health Insurance Trust Fund

The Health Insurance Trust Fund (HITF) is used to administer state employee health insurance benefit plans. Funding consists of employer and employee medical and dental insurance contributions.

HITF has experienced financial issues for several years. The FY 2024 budget included \$73,000,000 from the General Fund (including a university tuition backfill) and \$120,399,500 total funds for a one-time employer premium increase (see Table 1).

ADOA implemented no changes to employee premiums, deductibles, copays, or plan structure for Plan Year 2024 with the exception of a minor increase to the Health Savings Account (HSA) deductible to comply with federal HSA requirements.

For FY 2024, the fund is projected to have a cash balance of \$104,900,000. As a self-insured fund, the state assumes the direct risk for payment of claims and should therefore retain a sufficient balance to ensure claims can be paid in the event of fluctuations in cash flow or catastrophic expenses. The recommended reserve is between \$50,000,000 to \$100,000,000, equal to approximately 1 month's claim expenses.

Table 1

Health Insurance Trust Fund (\$ in M)

	FY 22 <u>Actual</u>	FY 23 <u>Estimate</u>	FY 24 <u>Estimate</u>
Beginning Balance	\$56.9	\$ 20.8	\$ 119.8
<u>Revenue</u>			
Ongoing Premiums	784.0	788.9	785.1
Coronavirus Relief Fund Reimbursement	28.0	12.6	
New Ongoing Employer Increase	36.9		
One-time Employer Increase	<u>0.0</u>	<u>172.9</u>	<u>120.4</u>
<u>Net Revenues</u>	<u>\$848.9</u>	<u>\$974.4</u>	<u>\$905.5</u>
<u>Expenses</u>			
Ongoing Medical Expenses	\$879.7	\$870.0	\$914.8
Administration	<u>5.3</u>	<u>5.4</u>	<u>5.6</u>
<u>Net Expenses</u>	<u>\$885.0</u>	<u>\$875.4</u>	<u>\$920.4</u>
Cash Balance	\$ 20.8	\$ 119.8	\$ 104.9

Arizona Department of Administration - Automation Projects Fund

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
INDIVIDUAL PROJECTS ^{1/2/}			
Department of Administration Subaccount			
Business One-Stop Shop Web Portal	1,932,300 ^{3/}	15,614,300	0
K-12 School Financial Transparency Reporting Portal	564,400	1,500,000	3,500,000 ^{4/}
State Data Center	234,400	0	0
Department of Administration Subtotal	2,731,100	17,114,300	3,500,000
Health and Human Services Information System (HHIS)			
Subaccount			
Statewide HHIS Technology Projects	0	0	15,000,000
Human Resources Information System Subaccount			
HRIS Replacement	0	22,397,800	20,647,800
Department of Agriculture Subaccount			
IT Projects and Cloud Migration	0	2,000,000	0
Charter School Board Subaccount			
Charter School Board Online Platform	82,800	0	0
Corporation Commission Subaccount			
Online Records and Filing System Replacement	0	0	7,000,000 ^{5/}
Department of Child Safety Subaccount			
CHILDS Replacement	1,934,500	0	0
Department of Economic Security Subaccount			
Child Care Management System	24,100 ^{3/}	0	0
Department of Education Subaccount			
Education Learning and Accountability System	2,049,100	0	0
Department of Gaming Subaccount			
Tribal Gaming Certification e-Licensing	572,600	0	0
Industrial Commission of Arizona Subaccount			
IT System Upgrades	457,100	0	0
Judiciary-Supreme Court Subaccount			
Statewide Community Supervision Electronic Monitoring System	0	0	2,500,000
Probation Case Management System Replacement	0		3,270,000
Judiciary-Supreme Court Subtotal	0	0	5,770,000
State Board of Psychologist Examiners Subaccount			
e-licensing System Modifications	0	0	0
Department of Public Safety Subaccount			
Concealed Weapons Tracking System	0 ^{3/}	0	494,500
Department of Revenue Subaccount			
Integrated Tax System Modernization	0	15,819,800	19,369,400 ^{6/7/}
Secretary of State Subaccount			
Electronic Record Storage Study	0	300,000	0

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Department of Water Resources Subaccount			
Application Modernization and Integration	0	1,700,000	0
TOTAL - ALL PROJECTS	7,851,300	59,331,900	71,781,700^{8/9/}

FUND SOURCES

Other Appropriated Funds

Department of Administration Subaccount	2,731,100	17,114,300	3,500,000
Health and Human Services Subaccount	0	0	15,000,000
Human Resources Information System Subaccount	0	22,397,800	20,647,800
Department of Agriculture Subaccount	0	2,000,000	0
Charter School Board Subaccount	82,800	0	0
Corporation Commission Subaccount	0	0	7,000,000
Department of Child Safety Subaccount	1,934,500	0	0
Department of Economic Security Subaccount	24,100	0	0
Department of Education Subaccount	2,049,100	0	0
Department of Gaming Subaccount	572,600	0	0
Industrial Commission of Arizona Subaccount	457,100	0	0
Judiciary-Supreme Court Subaccount	0	0	5,770,000
State Board of Psychologist Examiners Subaccount	0	0	0
Department of Public Safety Subaccount	0	0	494,500
Department of Revenue Subaccount	0	15,819,800	19,369,400
Secretary of State Subaccount	0	300,000	0
Department of Water Resources Subaccount	0	1,700,000	0
SUBTOTAL - Other Appropriated Funds	7,851,300	59,331,900	71,781,700
SUBTOTAL - Appropriated Funds	7,851,300	59,331,900	71,781,700^{10/}
TOTAL - ALL SOURCES	7,851,300	59,331,900	71,781,700

AGENCY DESCRIPTION — The Automation Projects Fund (APF) is administered by the Arizona Department of Administration (ADOA). Monies in this appropriated fund are designated to implement, upgrade, or maintain automation and information technology projects for any state agency. Pursuant to A.R.S. § 41-714, before monies are expended from the fund, ADOA must submit an expenditure plan to JLBC for review.

FOOTNOTES

- 1/ General Fund monies are transferred into the Automation Projects Fund to finance certain projects. See *Table 2* for all fund transfers into the APF. These individual transfers are discussed in the narrative as part of the individual projects listed in the Automation Projects Fund.
- 2/ Represents expenditures from the APF. Because many of the APF appropriations are spent over multiple years, the FY 2022 actual column also includes non-lapsing expenditures from prior year appropriations.
- 3/ Notwithstanding Laws 2021, chapter 408, section 117, the following amounts appropriated from the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, in fiscal year 2021-2022 to the department of administration by Laws 2021, chapter 408, section 117 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024:
 1. \$7,758,900 from the department of administration subaccount in the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, to develop a business one-stop web portal.
 2. \$9,000,000 appropriated from the department of economic security subaccount in the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, to update the childcare management system at the department of economic security.
 3. \$550,000 appropriated from the department of public safety subaccount in the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, to the department of administration to update the concealed weapons tracking system at the department of public safety. (FY 2024 General Appropriation Act footnote)

- 4/ A. The sum of \$1,500,000 is appropriated from the department of administration subaccount in the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, in each of fiscal years 2022-2023 and 2023-2024 to the department of administration to develop a K-12 school financial transparency reporting system.
B. The sum of \$1,500,000 is appropriated from the state general fund in each of fiscal years 2022-2023 and 2023-2024 for deposit in department of administration subaccount in the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, to develop a K-12 school financial transparency reporting system.
C. Notwithstanding section 41-714, Arizona Revised Statutes, in each of fiscal years 2022-2023 and 2023-2024, the appropriations made in subsection A of this section do not require review from the joint legislative budget committee pursuant to section 41-714, Arizona Revised Statutes.
D. The amounts appropriated pursuant to this section from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal years 2022-2023 and 2023-2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (FY 2022 General Appropriation Act footnote)
- 5/ As part of the department of administration's request for expenditure review pursuant to section 41-714, Arizona Revised Statutes, the department shall also submit a report for review of the agency's plan to support the business one-stop project through its completion, including plans for how the new system will integrate with the business one-stop solution. (General Appropriation Act footnote)
- 6/ The monies appropriated in this subsection shall be spent for an integrated tax system modernization project that meets the following minimum specifications:
 1. Captures data fields from electronically-filed individual and corporate income tax returns and makes the data available for querying and reporting purposes. The system shall provide the department of revenue staff, the joint legislative budget committee staff and governor's office of strategic planning and budgeting staff direct access to the querying and reporting functions. The querying and reporting functions shall include procedures to protect taxpayer confidentiality under applicable state and federal law.
 2. For electronic corporate income tax returns, captures information regarding the principal business activity of the corporation. This requirement may be satisfied through North American industry classification system data listed on federal tax forms. The tax system shall allow for querying and reporting based on principal business activity.
 3. Includes an integrated individual income tax model within the project and provides the department of revenue staff, the joint legislative budget committee staff and governor's office of strategic planning and budgeting staff direct access to the individual income tax model. At a minimum, the model shall allow the department of revenue staff, the joint legislative budget committee staff and governor's office of strategic planning and budgeting staff to adjust tax law parameters against an anonymized representative sample of income tax returns to estimate the fiscal impact of proposed tax legislation. The model shall only include data from state and federal tax returns that are captured by the tax system. The individual income tax model shall include procedures to protect taxpayer confidentiality under applicable state and federal law.
 4. Makes individual and corporate income tax data available for querying, modeling and reporting within twenty-four months following the end of a tax year.Before awarding any procurement contract for the tax system, the department of revenue shall submit a report addressing the project specifications contained in this subsection for review by the joint legislative budget committee.
- 7/ As part of the department of administration's request for expenditure review pursuant to section 41-714, Arizona Revised Statutes, the department shall also submit a report for review of the agency's plan to support the business one-stop project through its completion, including plans for how the new [tax] system will integrate with the business one-stop solution. (General Appropriation Act footnote)
- 8/ The amount appropriated pursuant to this section from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- 9/ Within thirty days after the last day of each calendar quarter, the department of administration shall submit to the joint legislative budget committee a quarterly report on implementing projects approved by the information technology authorization committee established by section 18-121, Arizona Revised Statutes, including the projects' expenditures to date, deliverables, timeline for completion and current status. (General Appropriation Act footnote)
- 10/ The transfers into the automation projects fund established by section 41-714, Arizona Revised Statutes, are not appropriations out of the automation project fund. Only direct appropriations out of the automation projects fund are appropriations. (General Appropriation Act footnote)

Background

The APF is administered by ADOA and consists of subaccounts used to implement, upgrade, or maintain automation and information technology (IT) projects for state agencies. Pursuant to A.R.S. § 41-714, before monies are expended from the fund, ADOA must submit to the Joint Legislative Budget Committee (JLBC) for review an expenditure plan that includes project costs, deliverables, timeline for completion and method of procurement.

Pursuant to A.R.S. § 18-121, the Information Technology Authorization Committee (ITAC) is required to approve or disapprove all IT projects that exceed a total cost of \$1,000,000. If project costs are greater than \$5,000,000, A.R.S. § 18-104 requires an additional third-party analysis before receiving ITAC approval and requires agencies to submit quarterly progress reports from the third-party consultant. Unless otherwise noted, appropriations are non-lapsing for 2 years.

Department of Administration Subaccount

Business One-Stop Shop Web Portal

The budget includes no funding in FY 2024 for the Business One-Stop Shop Web Portal. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(15,614,300) from the ADOA APF Subaccount in FY 2024 to remove one-time design costs associated with phase 2 development of a Business One-Stop Web Portal.

The FY 2020 budget included \$1,000,000 for initial design and a pilot of the Business One-Stop Web Portal. The FY 2022 budget included \$7,758,900, transferred from ADOA's Other Appropriated Funds, to complete the development for functionality for any business to plan or start operations in Arizona. ADOA reported that phase 1 features began to be released to the public in October 2022.

The FY 2023 appropriation was financed from the General Fund and will be used for phase 2 of the system which will add functionality to "manage" a business in Arizona, by adding a dashboard which allows businesses to register users, connect accounts to existing businesses, update user information, register or cancel a license, apply for a tax license, register a trade name or trademark, reserve an LLC name, and procure a certificate of good standing. In September 2022, the JLBC gave a favorable review of

ADOA's plan to use unspent phase 1 funding to begin developing phase 2 of the project. The FY 2024 General Appropriation Act extends the lapsing date of the FY 2022 appropriation through FY 2024.

K-12 School Financial Transparency Reporting Portal

The budget includes \$3,500,000 from the ADOA APF Subaccount in FY 2024 for the K-12 School Financial Transparency Reporting Portal. Adjustments are as follows:

Additional One-Time Project Funding

The budget includes an increase of \$2,000,000 from the ADOA APF Subaccount in FY 2024 for additional funding for the K-12 School Financial Transparency Reporting Portal.

The FY 2022 K-12 Budget Reconciliation Bill (BRB) included a provision which requires ADOA to develop a school financial transparency portal with school level data from districts and charter schools on revenues generated by weighted student count, allocation of federal, state, and local revenue, allocation of Classroom Site Fund monies, and expenditures on teacher pay and benefits, classroom supplies, student support, and other expenditures.

The FY 2022 appropriation was financed by an appropriation for the General Fund to the ADOA APF Subaccount. The FY 2022 General Appropriation Act also included appropriations of \$1,500,000 in both FY 2023 and FY 2024 for the completion of the project. As a result, these monies will not appear in the FY 2024 General Appropriation Act. This additional FY 2024 funding of \$2,000,000 is also financed from the General Fund. These appropriations are non-lapsing through FY 2025.

State Data Center

The budget includes no funding in FY 2024 for the ADOA State Data Center. This amount is unchanged from FY 2023.

The FY 2022 budget included an appropriation to relocate the ADOA state data center in Tucson to a third-party location. The \$2,000,000 appropriation was financed by a transfer from the APF fund balance to the ADOA APF Subaccount. The FY 2022 funds are non-lapsing through FY 2023 and ADOA expects the project to be completed in FY 2023.

**Health and Human Services Information System
Subaccount**

Statewide HHIS Technology Projects

The budget includes \$15,000,000 from the Health and Human Services Information System (HHIS) Subaccount in FY 2024 for Statewide HHIS Technology Projects. Adjustments are as follows:

One-Time Project Funding

The budget includes an increase of \$15,000,000 from the HHIS APF Subaccount for Statewide HHIS Technology Projects.

The FY 2024 appropriation was financed from the General Fund.

HHIS projects may include the Systems Integrator at AHCCCS to replace the agency's reliance on its mainframe IT system for the Prepaid Medicaid Management Information System. Projects may also include other health and human agency systems to improve identification management for safety net systems and address inoperability of outdated IT systems.

At its June 2023 JLBC meeting, the Committee favorably reviewed an expenditure plan for AHCCCS totaling \$2,000,000 to begin the development of the Prepaid Medicaid Management Information System (PMMIS) Systems Integrator. The AHCCCS project includes \$7,500,000 in federal expenditure authority from its operating budget not included here.

Human Resources Information System Subaccount

HRIS Replacement

The budget includes \$20,647,800 from the Human Resources Information System (HRIS) Subaccount in FY 2024 for the HRIS Replacement project. Adjustments are as follows:

HRIS Replacement Funding Alignment

The budget includes a decrease of \$(1,750,000) from the HRIS Subaccount in FY 2024 for development costs associated with the first year of the HRIS replacement project.

The FY 2023 appropriation was financed via a proportional pro rata charge to state agencies. Agencies were allocated additional resources as a statewide adjustment to pay the fee. Of the \$22,397,800,

\$8,011,400 is from the General Fund and \$12,636,400 is charged to other appropriated and non-appropriated agency funds. The remaining \$1,750,000 was intended to be transferred from the balance of ADOA's Personnel Division Fund into the HRIS APF Subaccount. The budget includes a supplemental FY 2023 transfer of \$1,750,000 from the Personnel Division Fund.

The FY 2024 budget continues the proportional pro rata charge to state agencies with a reduction of \$(1,750,000) which was charged to the balance of the Personnel Division Fund.

HRIS is the state's central hub for salary and benefit administration, employee records, time and leave management, and other workforce data. The FY 2023 budget assumed that total project costs would be \$68,000,000 over 3 years. In July 2022, ADOA awarded a contract for the project and reduced the total project costs to \$44,166,800.

Department of Agriculture Subaccount

IT Projects and Cloud Migration

The budget includes no funding in FY 2024 for IT projects and cloud migration at the Department of Agriculture. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the Department of Agriculture Subaccount in FY 2024 to remove one-time funding for IT projects and cloud migration.

The FY 2023 funding continued the department's efforts to modernize its IT systems and move the systems to the cloud. The FY 2023 appropriation was financed from the General Fund.

Charter School Board Subaccount

Charter School Board Online Platform

The budget includes no funding in FY 2024 for the Charter School Board Online Platform. This amount is unchanged from FY 2023.

The FY 2022 budget appropriated \$614,100 to replace the board's online information platform with an off-the-shelf solution. The platform provides charter school data to board staff, charter holders, and the public. The FY 2022 appropriation was financed by an appropriation from the

General Fund to the Charter School Board APF Subaccount. The FY 2022 funds are non-lapsing through FY 2023 and the board expects the new system to be completed in FY 2023.

Corporation Commission Subaccount

Online Records and Filing System Replacement

The budget includes \$7,000,000 from the Corporation Commission Subaccount in FY 2024 for an Online Records and Filing System Replacement project. Adjustments are as follows:

One-Time Project Funding

The budget includes an increase of \$7,000,000 from the Corporation Commission Subaccount in FY 2024 for an Online Records and Filing System Replacement project.

The Corporation Commission e-Corp system provides online access to corporation and limited liability company records on file with the agency's Corporations Division. The current system is aging and will no longer be maintained by the vendor in FY 2024. The FY 2024 funding will be used to implement and migrate to a new cloud-based system.

The FY 2024 appropriation was financed from the Securities Regulatory and Enforcement Fund.

The FY 2024 budget includes a footnote requiring the agency to include a report for JLBC review on its plan to support the ADOA Business One-Stop project through its completion, including plans for how the new e-Corp system will integrate with the business one-stop solution. The report is due as part ADOA's request for expenditure review pursuant to A.R.S § 41-714.

Department of Economic Security Subaccount

Child Care Management System

The budget includes no funding in FY 2024 for the Department of Economic Security (DES) Child Care Management System. This amount is unchanged from FY 2023.

The FY 2022 budget included \$9,000,000 from the DES APF Subaccount to update the Child Care Management System. The Child Care Management Software (CCMS) system allows the department and its contract child care providers to track finances, enrollment, attendance, and reporting. The FY 2022 appropriation was financed by a

transfer from the federal Child Care Development Fund Block Grant to the DES APF Subaccount.

At the December 2021 JLBC meeting, the Committee favorably reviewed DES's expenditure plan of \$2,532,800 to replace the child care attendance tracking system. The FY 2024 General Appropriation Act extends the lapsing date of the FY 2022 appropriation through FY 2024.

Department of Education Subaccount

Education Learning and Accountability System

The budget includes no funding in FY 2024 for the Arizona Department of Education (ADE) Education Learning and Accountability System (ELAS). This amount is unchanged from FY 2023.

The FY 2022 budget appropriated \$7,200,000 from the ADE APF Subaccount to complete the ELAS project. The FY 2022 appropriation was financed by a transfer from the Empowerment Scholarship Fund to the ADE APF Subaccount. *(Please see the FY 2022 Appropriations Report for additional details and background on the project.)*

The FY 2022 appropriation included \$1,200,000 for ADOA-ASET oversight of the project. A General Appropriation Act footnote requires ADOA to engage consultants that provide project management to ADE, including support in technical documentation, financial tracking and documentation, and program management and governance.

The FY 2023 General Appropriation Act extended the lapsing date of the FY 2022 appropriation through FY 2024. At the July 2022 JLBC meeting, the Committee completed its review of the project's total appropriations. ADE reports that the project is on track for completion near the end of FY 2023.

Industrial Commission of Arizona Subaccount

IT System Upgrades

The budget includes no funding in FY 2024 for the Industrial Commission of Arizona's (ICA) IT System Upgrades. This amount is unchanged from FY 2023.

The FY 2022 budget included \$1,067,700 from the Industrial Commission of Arizona APF Subaccount for IT system upgrades at the ICA. Projects include the modernization and enhancements to the Occupational

Safety and Health Administration information system, enhancements to IT systems in the Commission's Claims, Administrative Law Judge, and Labor Divisions, and the development of a finance and budget data warehouse.

The FY 2022 appropriation was financed by a transfer from the Industrial Commission Administrative Fund to the Industrial Commission of Arizona APF Subaccount. The FY 2022 budget exempted the project from JLBC review. The FY 2022 funds are non-lapsing through FY 2023. ITAC approved the project in March 2022 and the ICA reports that the project will be complete by the end of FY 2023.

Judiciary Supreme Court Subaccount

Statewide Community Supervision Electronic Monitoring System

The budget includes \$2,500,000 from the Judiciary Supreme Court Subaccount in FY 2024 for the Statewide Community Supervision Electronic Monitoring System. Adjustments are as follows:

One-Time Project Funding

The budget includes an increase of \$2,500,000 from the Judiciary Supreme Court Subaccount in FY 2024 for the Statewide Community Supervision Electronic Monitoring System.

In FY 2023, the Supreme Court initiated a \$2,500,000 pilot project funded with the American Rescue Plan Act (ARPA) Funds. The system is designed to enable probation officers to monitor and communicate with individuals involved in the criminal justice system, both pre-trial and in selected probation groups, using a cell phone.

The FY 2024 appropriation was financed from the General Fund.

Probation Case Management System Replacement

The budget includes \$3,270,000 from the Judiciary Supreme Court Subaccount in FY 2024 for a Probation Case Management System Replacement project. Adjustments are as follows:

One-Time Project Funding

The budget includes an increase of \$3,270,000 from the Judiciary Supreme Court Subaccount in FY 2024 to replace the Probation Case Management System.

The statewide system is used by all 15 county adult probation departments. The current system is over 20 years old and has reached its end of life.

The Supreme Court estimates that the total project costs are approximately \$11,100,000 over 3 years.

The FY 2024 appropriation was financed from the General Fund.

Board of Psychologist Examiners Subaccount

e-Licensing System Modifications

The budget includes no funding in FY 2024 for modifications to the Board of Psychologist Examiners e-licensing system. This amount is unchanged from FY 2023.

The FY 2022 budget included \$20,000 from the Board of Psychologist Examiners APF Subaccount for modifications to the board's e-licensing system. The board uses the statewide e-licensing system operated by ADOA. In FY 2023, the board transitioned to a different e-licensing system along with several other regulatory boards and they now plan to use the funding to enhance the new e-licensing system.

The FY 2022 appropriation was financed by a transfer from the Board of Psychologist Examiners Fund to the Board of Psychologist Examiners APF Subaccount. The FY 2022 funds are non-lapsing through FY 2023.

Department of Public Safety Subaccount

Concealed Weapons Tracking System

The budget includes \$494,500 from the Department of Public Safety (DPS) APF Subaccount in FY 2024 for upgrades to the DPS Concealed Weapons Tracking System. Adjustments are as follows:

Additional One-Time Project Funding

The budget includes an increase of \$494,500 from the DPS APF Subaccount in FY 2024 for additional funding for the Concealed Weapons Tracking System.

The FY 2022 budget included \$550,000 from the DPS APF Subaccount to complete upgrades to the Concealed Weapons Tracking System. The FY 2024 General Appropriation Act extends the lapsing date of the FY 2022 appropriation through FY 2024.

The system tracks concealed weapon permits and allows law enforcement to verify permits. The current system uses antiquated mainframe technology. The new system will interface with other law enforcement systems and allow the public to renew permits online. *(Please see the FY 2022 Appropriations Report for additional details and background on the project.)*

Department of Revenue Subaccount

Integrated Tax System Modernization

The budget includes \$19,369,400 from the Department of Revenue (DOR) APF Subaccount in FY 2024 for the DOR's development of a new integrated tax system. Adjustments are as follows:

Second-Year Development costs

The budget includes an increase of \$3,549,600 from the DOR APF Subaccount in FY 2024 for the development of a new integrated tax system modernization project. The FY 2024 budget funding level is included in the FY 2023 budget's 3-year General Fund spending plan. The FY 2024 3-year spending plan includes the FY 2024 – FY 2026 funding levels as displayed in *Table 1*.

The FY 2024 appropriation will be financed by a transfer from the following funds to the DOR APF Subaccount:

- \$11,794,100 from the General Fund
- \$7,575,300 from the Integrated Tax System Project Fund. The Integrated Tax System Project Fund consists of monies recovered from local governments (including regional transportation authorities) and state non-General Fund accounts that will benefit from the system.

As part of the FY 2023 budget, DOR estimated that the system will cost \$104,827,600 to implement by FY 2028. The long-term spending plan for the tax system assumed that development costs would be allocated as follows: 1) 60.89% from the General Fund; 2) 34.06% from Local Governments; 3) 4.13% from the 0.6% Education Sales Tax; and 4) 0.92% from the 16% recreational marijuana excise tax. As noted above, the non-General Fund sources (which total 39.11% of the project budget) are deposited into the Integrated Tax System Project Fund.

Given these fixed allocation percentages, of the total project budget of \$104,827,600, the General Fund cost would be \$63,829,700. The remaining \$40,997,900 is to be appropriated from the Integrated Tax System Project Fund as show in *Table 1*.

Table 1

	Integrated Tax Modernization Costs		
	General Fund	Integrated Tax System Project Fund	Total
FY 2023	\$9,632,700	\$6,187,100	\$15,819,800
FY 2024	11,794,100	7,575,300	19,369,400
FY 2025	11,847,300	7,609,500	19,456,800
FY 2026	11,725,500	7,531,300	19,256,800
FY 2027	11,238,400	7,218,400	18,456,800
FY 2028	<u>7,591,700</u>	<u>4,876,300</u>	<u>12,468,000</u>
Total	\$63,829,700	\$40,997,900	\$104,827,600

DOR is given annual guidance in budget legislation on the dollar amounts of these non-General Fund allocations, which represent the fixed percentages multiplied by that year's annual project budget. In addition, budget legislation also provides DOR guidance for the assessment of the local government charges.

The Taxation BRB (Laws 2023, Chapter 147) provides the legislative intent for setting these assessments as follows:

- 1) The amount to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a population greater than 800,000 shall not exceed \$6,597,200 for FY 2024.
- 2) Each local government type's share (for example all counties' share of the \$6,597,200) is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year. *(See Table 2 for a list of the state/local tax categories and distributions used to allocate the local government charges.)* Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns.
- 3) The amounts charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax shall not exceed \$178,100 and \$800,000, respectively, in FY 2024.

In future years, these limits will be adjusted in session law to allow for the collection of the expected future contributions from the Integrated Tax System Project Fund as shown in *Table 1*.

Section 113 of the FY 2024 General Appropriations Act continues a footnote requiring DOR to submit a report on meeting project specifications to JLBC for review prior to

completing the procurement process and that details the following system requirements for the project:

- Capturing data fields from electronically-filed individual and corporate income tax returns and make the data available for querying and reporting purpose.
- For electronic corporate income tax returns, capturing information regarding the principal business activity of the corporation. This requirement may be satisfied through North American Industry Classification System data listed on federal tax forms. The tax system shall allow for querying and reporting based on principal business activity.
- Including an integrated tax model within the project that will be accessible to DOR, JLBC, and OSPB Staff to adjust tax law parameters against an anonymized sample of income tax returns to estimate the fiscal impact of proposed tax legislation. The model shall include procedures to protect taxpayer anonymity.
- The system shall make individual and corporate income tax data available for querying, modeling, and reporting within 24 months following the end of a tax year.

Table 2		
Tax Categories Used for Allocation		
Tax Category/Distribution	ARS	
	Statutory Reference	
State TPT Revenue Sharing	42-5029	
Municipal TPT	42-6001	
County Excise Tax	42-6103	
Maricopa County Road Tax	42-6105	
Pima County Road Tax	42-6106	
County Road Tax	42-6107	
County Hotel Tax	42-6108	
County Jail Excise Tax	42-6109/42-6109.01	
County Capital Projects Tax	42-6111	
County Judgment Bonds Tax	42-6112	
Urban Revenue Sharing	43-206	

The JLBC favorably reviewed the \$15,819,800 FY 2023 appropriation at two different meetings. At the September 2022 JLBC meeting, the Committee gave DOR a favorable review for initial scoping and procurement costs totaling \$870,900.

At its June 1, 2023 meeting, the JLBC favorably reviewed both the expenditure plan for the remaining FY 2023 monies as well as the project specifications. The vendor contract became public on June 26, 2023. The selected vendor submitted a bid at \$55 million for development costs. This amount, combined with DOR's internal costs of \$40 million, results in a total development budget of \$95 million, leaving \$9.4 million for a contingency (See Table 2 below). The selected vendor's contract included \$30

million for 10 years of post-implementation operations and maintenance. This latter amount was not included in the DOR project budget.

Table 3	
DOR Total Project Budget Costs (\$ in Millions)	
	6-Year Budget
Vendor Development Costs	55.0
DOR Internal Development Costs	40.0
Total	95.0

Secretary of State Subaccount

Electronic Record Storage Study

The budget includes no funding in FY 2024 for an electronic record storage feasibility study. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease \$(300,000) from the Secretary of State APF Subaccount in FY 2024 to remove one-time electronic record storage feasibility study funding.

The FY 2023 funding will be used to conduct a feasibility study on how the Secretary of State shall preserve electronic records on behalf of the state in a self-sustaining manner similar to physical record storage.

The FY 2023 appropriation was financed from a transfer from the Records Services Fund.

Department of Water Resources Subaccount

Application Modernization and Integration

The budget includes no funding in FY 2024 to update the department's applications. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(1,700,000) from the DWR APF Subaccount in FY 2024 to remove one-time funding for application modernization.

The modernized applications and portal will centralize data, reduce manual data entry by department staff, reduce the processing time of applications, and allow applicants for DWR permits and licenses to submit and follow-up on their applications online.

The FY 2023 appropriation will be financed from a transfer from the Water Resources Fund.

Department of Gaming	
Arizona Benefits Fund	277,400
Department of Public Safety	
Highway Patrol Fund	875,200

Other Issues

FY 2023 Supplemental

The budget includes a one-time supplemental transfer of \$1,750,000 from the Personnel Division Fund to the HRIS APF subaccount for the HRIS replacement project. This amount was intended to be transferred in the FY 2023 General Appropriations Act.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the General Fund deposits into the APF costs are projected to increase by \$53,200 in FY 2025 above FY 2024 and decrease by \$(8,132,800) in FY 2026 below FY 2025. These estimates are based on:

HRIS Replacement

The long-term estimates assume funding for HRIS replacement will remain the same in FY 2025 from FY 2024 and decline by \$(8,011,000) in FY 2026 below FY 2026 for the completion of the project.

DOR Integrated Tax System Modernization

The long-term estimates assume funding for the DOR Integrated Tax System modernization project will increase by \$53,200 in FY 2025 above FY 2024 and decrease by \$(121,800) in FY 2026 below FY 2025.

Subaccount Balance Transfers

The FY 2023 Automation BRB modified permanent law to allow ADOA to transfer unspent APF subaccount funding back to the fund of origin at the completion of an information technology project. ADOA is required to annually report on transfers. In FY 2023, ADOA reported the following transfers:

	<u>Transfer Amount</u>
<u>General Fund</u>	
Department of Agriculture	\$ 51,000
<u>Other Appropriated Funds</u>	
Department of Administration	
Automation Operations Fund	587,100
Department of Education	
Empowerment Scholarship Fund	57,700
Department Environmental Quality	
Underground Storage Tank	
Revolving Fund	199,100

Table 2

Automation Projects Fund Transfers

(\$ in thousands)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<u>Department of Administration Subaccount</u>			
General Fund	3,000.0	17,114.3	3,500.0
Automation Projects Fund	2,000.0		
Automation Operations Fund	4,758.9		
State Web Portal Fund	3,000.0		
<u>HHIS Subaccount</u>			
General Fund			15,000.0
<u>HRIS Subaccount</u>			
General Fund		8,011.4	8,011.4
Other Agency Funds		12,636.4	12,636.4
Personnel Division Fund		1,750.0 ^{2/}	
<u>Department of Agriculture Subaccount</u>			
General Fund		2,000.0	
<u>Charter School Board Subaccount</u>			
General Fund	614.1		
<u>Corporation Commission</u>			
Securities Regulatory and Enforcement Fund			7,000.0
<u>Department of Economic Security Subaccount</u>			
Federal Child Care Development Fund Block Grant	9,000.0		
<u>Department of Education Subaccount</u>			
ADE Empowerment Scholarship Fund	4,448.9		
State Treasurer Empowerment Scholarship Fund	2,751.1		
<u>Department of Gaming Subaccount</u>			
Arizona Benefits Fund	850.0		
<u>Industrial Commission of Arizona Subaccount</u>			
Industrial Commission Administrative Fund	1,067.7		
<u>Judiciary -Supreme Court Subaccount</u>			
General Fund			5,770.0
<u>Board of Psychologist Examiners Subaccount</u>			
Board of Psychologist Examiners Fund	20.0		
<u>Department of Public Safety Subaccount</u>			
Concealed Weapons Permit Fund	550.0		494.5
<u>Secretary of State Subaccount</u>			
Record Services Fund		300.0	
<u>Department of Revenue Subaccount</u>			
General Fund		9,632.7	11,794.1
Integrated Tax System Project Fund		6,187.1	7,575.3
<u>Department of Water Resources</u>			
Water Resources Fund		1,700.0	
General Fund Subtotal	3,614.1	36,758.4	44,075.5
Other Appropriated Fund Subtotal	<u>28,446.6</u>	<u>22,573.5</u>	<u>27,706.2</u>
Total	32,060.7 ^{1/}	59,331.9	71,781.7

^{1/} The FY 2022 column of numbers are transfers, not actuals, and therefore may not match the FY 2022 Actual column in the Budget table above.^{2/} Supplemental transfer in FY 2024 budget.

Arizona Department of Administration - School Facilities Division

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	17.0	17.0	17.0
Personal Services	856,300	1,104,400	1,104,400
Employee Related Expenditures	312,700	432,000	423,100
Professional and Outside Services	209,900	54,000	54,000
Travel - In State	10,100	25,000	25,000
Travel - Out of State	500	0	0
Other Operating Expenditures	206,300	31,700	46,900
OPERATING SUBTOTAL	1,595,800	1,647,100	1,653,400
SPECIAL LINE ITEMS			
New School Facilities			
New School Facilities (FY 2021 Authorizations)	11,730,900	0	0
New School Facilities (FY 2022 Authorizations)	76,881,700	47,950,000	0
New School Facilities (FY 2023 Authorizations)	0	48,253,900	26,365,000 ^{1/}
New School Facilities (FY 2024 Authorizations)	0	0	116,089,400 ^{2/3/4/}
Santa Cruz Valley New School	0	0	2,000,000
Retroactive Rate Increases	63,526,200	0	0
Yuma Union High School	16,515,200	16,515,200	0
Kirkland Elementary Replacement School	3,000,000	0	0
Kirkland Site Conditions	0	400,000	0
New School Facilities Debt Service	9,938,100	9,938,100	9,938,100 ^{5/6/}
Other Programs			
Building Renewal Grants Deposit	200,617,000	199,967,900	199,967,900
School Facilities Inspections	0	0	1,000,000 ^{7/}
AGENCY TOTAL	383,804,900	324,672,200	357,013,800 ^{8/}
FUND SOURCES			
General Fund	383,804,900	324,672,200	357,013,800
SUBTOTAL - Appropriated Funds	383,804,900	324,672,200	357,013,800
TOTAL - ALL SOURCES	383,804,900	324,672,200	357,013,800

AGENCY DESCRIPTION — The School Facilities Division in the Arizona Department of Administration administers the New School Facilities Fund, the Building Renewal Grant Fund, and the Emergency Deficiencies Correction Fund to provide capital funding for K-12 school districts. The division is assisted in its duties by a School Facilities Oversight Board composed of 7 gubernatorial appointments, along with the State Superintendent of Public Instruction and the Director of the Department of Administration serving as advisory non-voting members.

FOOTNOTES

- ^{1/} Laws 2022, Chapter 313, as amended by Laws 2023, Chapter 133, appropriated \$26,365,000 from the General Fund in FY 2024 for the New School Facilities FY 2023 authorizations.
- ^{2/} Pursuant to section 41-5741, Arizona Revised Statutes, the amount appropriated for new school facilities shall be used only for facilities and land costs for school districts that received final approval from the division of school facilities on or before December 15, 2022. (General Appropriation Act footnote)
- ^{3/} After approving a distribution of funding for a land purchase, a land lease or the construction of a new school, the division of school facilities shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting the final amount of the distribution. (General Appropriation Act footnote)
- ^{4/} The division of school facilities may also use the unencumbered balance of up to \$22,811,800 in the new school facilities fund established by section 41-5741, Arizona Revised Statutes, for facilities and land costs for school districts that received final approval from the division of school facilities on or before December 15, 2022, pursuant to section 41-5741, Arizona Revised Statutes. (General Appropriation Act footnote)

- 5/ At least thirty days before any monies are transferred out of the new school facilities debt service line item, the division of school facilities shall report the proposed transfer to the director of the joint legislative budget committee. (General Appropriation Act footnote)
- 6/ Pursuant to section 35-142.01, Arizona Revised Statutes, any reimbursement received by or allocated to the division of school facilities under the federal qualified school construction bond program in fiscal year 2023-2024 shall be deposited in or revert to the state general fund. (General Appropriation Act footnote)
- 7/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by division.

Operating Budget

The budget includes \$1,653,400 and 17 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$6,300 from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

New School Facilities

The budget includes \$144,454,400 from the General Fund in FY 2024 for New School Facilities, which is an increase of \$31,335,300 from FY 2023. The funding amount for New School Facilities includes the following:

- \$26,365,000 for the remaining 50% of construction funding to complete 3 projects which were authorized to begin construction in FY 2023.
- \$116,089,400 for land costs and the first 50% of construction costs for 8 projects authorized to begin construction in FY 2024. This amount includes \$105,951,900 for land and for construction. This amount also includes \$3,947,500 for site conditions, and \$6,190,000 for land adjustments and land credit donations, including prior year projects.
- \$2,000,000 for additional construction funding for the Santa Cruz Valley 9-12 school authorized for FY 2020.

All new school construction is labeled as one-time spending rather than ongoing spending. (See Table 3 for a summary of New School Facilities Funding)

Background – The New School Facilities line item provides funding for school districts to build new K-12 school facilities. The division distributes the monies to school districts as work is completed on approved projects. A school district qualifies for new construction funding when the districtwide square feet per student is predicted to fall below the statutory minimum within the next 2 years. Funding is then provided to the district at a statutorily-prescribed dollar amount per square foot. The dollar amount per square foot is adjusted annually based on a construction market index identified by the

Table 1

New School Facilities Statutory Funding Guidelines – FY 2024 Awards ^{1/2/}

Type of School	Per Student	Funding Per Square Foot
K-6	90	\$309.11
7-8	100	\$326.34
9-12 (<1,800 pupils)	134	\$377.80
9-12 (≥1,800 pupils)	125	\$377.80

^{1/} Increased by 5% for rural school districts.

^{2/} Adjusted annually for inflation in subsequent years.

JLBC. At its December 13, 2022 meeting, the JLBC approved a 7.27% adjustment in the cost per square foot. This inflation adjustment is based on measure of construction costs since December 2021 when the Committee last adopted an adjustment. This adjustment applies to the FY 2024 projects approved by the division. (See Table 1 for the current statutory funding amounts)

In addition, the division distributes money for land acquisition and site conditions. Site conditions funding is used for extraordinary site-specific construction needs such as: 1) Earth moving costs beyond normal requirements (such as dynamite blasting); 2) Building footings that must be deeper than standard code (in excess of 3 feet below grade); and 3) Replacing poor/collapsing soil which cannot support buildings with other materials such as engineered fill. Site conditions do not include the costs of utilities placement or complying with standard local building codes.

The budget includes a footnote requiring SFD to report to the JLBC Staff and OSPB on the final amount to be distributed for a new school project, such as the amounts for land purchase or lease, and construction costs.

New School Facilities (FY 2022 Authorization)

The budget includes no funding in FY 2024 for New School Facilities projects which are authorized to start construction in FY 2022. Adjustments are as follows:

New School Funding Completion

The budget includes a decrease of \$(47,950,000) from the General Fund in FY 2024 for the completion of the following 5 projects:

- Liberty Elementary (K-8) – for a new elementary school.
- Queen Creek Unified (9-12) – for a new high school including land.
- Sahuarita Unified (9-12) (Cancelled) – for a new high school including land.
- Tanque Verde Unified (K-6) – for a new elementary school, with 100% of the construction costs funded in FY 2022.
- Vail Unified (6-8) – for a new elementary school including land.

Statute requires the SFD to approve the final design of a new school project to ensure it meets the minimum adequacy guidelines. As part of its review, SFD may review updated enrollment projections and modify or cancel a project if the projected enrollment demonstrates that all or some of the square footage is no longer required.

In April 2023, the SFD canceled the Sahuarita Unified School District 9-12 project because updated enrollment projections demonstrated that additional space was no longer required. After accounting for encumbered design and architecture costs, the Sahuarita project savings of \$22,811,500 are left unexpended in the New School Facilities Fund.

The budget included a footnote extending the use of this unencumbered New School Facilities Fund balance for FY 2024 Authorizations. *(Please see below for additional information on the FY 2024 Authorizations)*

New School Facilities (FY 2023 Authorization)

The budget includes \$26,365,000 from the General Fund in FY 2024 for New School Facilities projects which were authorized to start construction in FY 2023. Adjustments are as follows:

Continue New School Construction Projects

The budget includes a decrease of \$(21,888,900) from the General Fund in FY 2024 to continue construction for 3 new school projects authorized to start construction in FY 2023. The enacted FY 2023 budget included 100% of the land costs and 50% of the construction costs. The projects are as follows:

- Marana (9-12) – for a new high school
- Nadaburg (9-12) – for a new high school including land.
- Pima (9-12) – for a new high school including land.

The FY 2023 General Appropriation Act appropriated the \$31,753,900 of second-year funding in FY 2024 for the FY 2023 projects. However, as a result of SFD's review of the proposed Marana project design, the department determined that some space was no longer required due to lower enrollment growth projections. Therefore, the FY 2024 General Appropriation Act reduced the amount appropriated by \$(5,388,900) to \$26,365,000 to fund the balance for the remaining projects.

New School Facilities (FY 2024 Authorization)

The budget includes \$116,089,400 from the General Fund in FY 2024 for New School Facilities projects which are authorized to start construction in FY 2024. Adjustments are as follows:

Begin New School Construction Projects

The budget includes an increase of \$105,951,900 from the General Fund in FY 2024 for new projects. These school districts are projected to be at capacity in FY 2025 or before. The budget assumes 50% of construction costs and 100% of land costs for each project will be appropriated in FY 2024, except for the Glendale project which would be funded 100% in FY 2024 due to its small size. The projects are as follows:

- Agua Fria (9-12) – for a new high school including land
- Glendale (K-8) – for replacement space with 100% of the costs funded in FY 2024.
- Liberty (K-8) – for a new elementary school including land.
- Queen Creek (K-6) – for an elementary school addition.
- Queen Creek (K-6) – for a new elementary school including land.
- Queen Creek (7-8) – for a middle school addition.
- Saddle Mountain (9-12) – for a high school addition.
- Snowflake (9-12) – for a new high school including land.

Total FY 2024 costs for these projects is \$128,763,400. These costs are funded from the FY 2024 appropriation of \$105,951,900 along with the unencumbered balance of \$22,811,500 in the New School Facilities Fund due to the Sahuarita project cancellation.

In addition, the FY 2024 General Appropriation Act appropriated the remaining \$77,898,600 of funding in FY 2025 for these projects.

Prior Year Land Costs

The budget includes an increase of \$6,190,000 from the General Fund in FY 2024 for prior year land cost adjustments. Funding would be distributed as follows:

Land Donation Credit

If a school district acquires real property by donation, SFD is required to distribute an amount to the district equal to 20% of the appraised value of the donated parcel. The funds are placed in the district's unrestricted capital outlay fund. SFD approved the following donation credits:

Littleton Elementary (Bond Funded School)	\$620,000
Queen Creek Unified (Bond Funded School)	480,000
Queen Creek Unified (School Not Yet Built)	390,000

Additional Land Costs

Statute requires the state to pay for land costs for SFD-funded schools in the amount of the lowest of 2 appraisals. The FY 2022 budget included \$17,185,500 for land for a new high school in Queen Creek. The final purchase price was \$21,885,500. The FY 2024 budget includes the following increase for additional land costs:

Queen Creek Unified 9-12 (FY 2022 School)	\$4,700,000
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Prior and Current Year Site Conditions

The budget includes an increase of \$3,947,500 from the General Fund in FY 2024 for site conditions for prior year and current year projects. The projects and the year they were first authorized for construction are listed in *Table 2*.

Table 2

FY 2024 Site Condition Allocations

School District	Year Funded	Allocation
Douglas Unified (9-12)	2020	\$ 550,000
Glendale Elementary (K-8)	2024	118,000
Maricopa Unified (9-12)	2020	675,900
Queen Creek Unified (9-12)	2022	336,400
Santa Cruz Valley Unified (9-12)	2020	348,100
Somerton Elementary (1) (K-6)	2020	291,200
Somerton Elementary (2) (K-6)	2020	227,300
Tanque Verde Unified (7-12)	2021	289,300
Tanque Verde Unified (K-6)	2022	75,000
Yuma Union (9-12)	2022	<u>1,036,300</u>
Total		\$ 3,947,500

Santa Cruz Valley New School

The budget includes \$2,000,000 from the General Fund in FY 2024 for additional project funding for a new school in the Santa Cruz Valley Unified School District. Adjustments are as follows:

Additional Project Funding

The budget includes an increase of \$2,000,000 from the General Fund in FY 2024 for additional project funding for the Santa Cruz Valley Unified School District.

The district was awarded a new high school for FY 2020 and the project received additional funding as part of the new construction statutory rate adjustment in FY 2022. Given that the district required additional funding to award a construction contract for the school, this line item allocates further monies to supplement the project budget. With the additional FY 24 budget funding, the total project costs are \$10,852,000.

Yuma Union High School

The budget includes no funding in FY 2024 for a new high school in the Yuma Union High School District. Adjustments are as follows:

New School Funding Completion

The budget includes a decrease of \$(16,515,200) from the General Fund in FY 2024 for the completion of the Yuma Union High School District project.

Kirkland Site Conditions

The budget includes no funding in FY 2024 for Kirkland Site Conditions. Adjustments are as follows:

Remove One-Time Site Conditions Funding

The budget includes a decrease of \$(400,000) from the General Fund in FY 2024 to eliminate one-time funding for site conditions related to the Kirkland Elementary School replacement project. This funding is in addition to the \$3,000,000 appropriated in FY 2022 to replace the school.

New School Facilities Debt Service

The budget includes \$9,938,100 from the General Fund in FY 2024 for New School Facilities Debt Service. This amount is unchanged from FY 2023.

SFD's only current debt service is for an FY 2010 lease-purchase agreement used to finance the costs of new school construction. That agreement requires the \$9,938,100 annual debt service payment through FY 2027 and a final lower debt service amount in FY 2028.

The FY 2024 budget includes \$9,938,100 for the debt service requirement for the 2010 Qualified School Construction Bonds (QSCB) issuance. The lease-purchase agreement associated with the QSCBs requires the state to appropriate the entire debt service amount for the payment, as opposed to deducting the expected federal subsidy from the payment. The state is expected to receive a federal subsidy of \$3,729,900, in FY 2024 related to the lease-purchase payment. The subsidy is deposited into the General Fund.

Pursuant to A.R.S. § 35-142.01, these funds will be deposited as revenue into the state General Fund, thereby leaving a net debt service obligation of \$6,208,200.

Other Programs

Building Renewal Grants

The budget includes \$199,967,900 from the General Fund in FY 2024 for Building Renewal Grants. This amount is unchanged from FY 2023.

Since FY 2014, the state has funded an ongoing "base" amount of Building Renewal Grant funding of \$16,667,900. (See Table 3.)

Table 3

Building Renewal Appropriations FY 2013 - FY 2024

Fiscal Year	Ongoing	One-Time	Total
2013	2,667,900	0	2,667,900
2014	16,667,900	0	16,667,900
2015	16,667,900	0	16,667,900
2016	16,667,900	15,000,000	31,667,900
2017	16,667,900	15,000,000	31,667,900
2018	16,667,900	27,167,900	43,835,800
2019	16,667,900	59,417,900	76,085,800
2020	16,667,900	90,790,900	107,458,800
2021	16,667,900	129,591,100	146,259,000
2022	16,667,900	183,949,100	200,617,000
2023	16,667,900	183,300,000	199,967,900
2024	16,667,900	183,300,000	199,967,900

Background – SFD distributes monies to school districts to fund "primary" building renewal projects. SFD prioritizes the projects with emphasis given to school districts that have provided routine preventative maintenance on their facility. "Primary" building renewal funding is for projects required to meet the minimum school facility adequacy guidelines. Statute also requires SFD to prioritize funding to critical projects.

Pursuant to A.R.S. § 41-5721, SFD is required to transfer excess funds in the New School Facilities (NSF) Fund to the Emergency Deficiencies Correction (EDC) Fund to the extent that the transfer does not affect or disrupt any approved new construction projects.

If there are insufficient monies in the EDC Fund for district requests, A.R.S. § 15-907 allows a district to levy an additional primary property tax to fund the repairs, with the approval of the respective County Board of Supervisors.

School Facility Inspections

The budget includes \$1,000,000 from the General Fund in FY 2024 for School Facility Inspections. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$1,000,000 from the General Fund in FY 2024 for school facility inspections.

Monies in the School Facility Inspection line item will provide resources to the SFD to conduct building inspections. Statute requires the SFD to inspect school buildings once every 5 years. The FY 2024 appropriation is non-lapsing.

Other Issues

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, SFD's General Fund costs are projected to decrease by \$(142,494,900) in FY 2025 above FY 2024 and increase by \$22,902,400 in FY 2026 above FY 2025. These estimates are based on:

New School Construction

The long-term estimates assume 2 types of new school construction funding: 1) Providing the remaining funding in FY 2025 for the schools which were authorized to begin construction in FY 2024; and 2) Conceptual approvals made by SFD as part of the agencies' long-term planning process.

In FY 2025, new school construction spending is projected to increase by \$40,805,100. In addition, FY 2026 new school construction spending is projected to increase by \$22,902,400.

Long-term estimates include land costs when SFD indicates land is required which is not already available to the district. Unless a land cost estimate was specifically provided by SFD, land costs are projected using an estimated parcel size within the range required by SFD policy (based on school type/size) and estimated land market values.

New construction projects assumed to start in FY 2025 and FY 2026 reflect SFD conceptual approvals as of December 2022.

One-Time Building Renewal Grant Funding

SFD building renewal grant funding would decrease by \$(183,300,000) in FY 2025 and remain unchanged for FY 2026. The enacted budget 3-year spending plan labeled the \$183,300,000 of FY 2024 funding as one-time and discontinues it in FY 2025, which would return SFD building renewal grant funding to the ongoing "base" level of \$16,667,900.

Table 4

Long-Term New School Facilities Funding ^{1/}

	Type	Sq. Ft	Student Capacity	FY 2023	FY 2024	FY 2025	FY 2026
<u>FY 2022 Starts</u>							
Liberty K-8	New	73,920	800	\$ 10,120,100			
Queen Creek 9-12	New	120,375	963	19,880,000			
Sahuarita 9-12 (Cancelled)	New	55,375	443	9,145,300			
Vail 6-8	New	62,836	650	8,804,600			
Subtotal - FY 2022 Starts				\$ 47,950,000			
<u>FY 2022 New School Line Items</u>							
Yuma Union 9-12	New	100,000	800	16,515,200			
<u>FY 2023 Starts</u>							
Marana 9-12	New	37,400	369	\$ 8,805,100	3,416,200		
Nadaburg 9-12	New	67,000	500	11,799,000	11,799,000		
Nadaburg Land				12,000,000			
Pima 9-12 (Rural)	New	60,300	450	11,149,800	11,149,800		
Pima Land				4,500,000			
Subtotal - FY 2023 Starts				\$ 48,253,900	\$ 26,365,000		
<u>FY 2023 New School Line Items</u>							
Kirkland Site Conditions				\$ 400,000			
<u>FY 2024 Starts</u> ^{1/}							
Agua Fria 9-12	New	125,000	1000		\$ 23,613,000	\$ 23,613,000	
Aqua Fria Land					24,000,000		
Glendale K-8	Replacement	2,442	28		764,800		
Liberty K-8	New	73,920	800		11,575,400	11,575,400	
Liberty Land					10,000,000		
Queen Creek K-6	Addition	32,850	365		5,077,100	5,077,100	
Queen Creek K-6	New	90,000	1000		13,909,800	13,909,800	
Queen Creek Land					11,100,000		
Queen Creek 7-8	Addition	65,000	650		10,606,000	10,606,000	
Saddle Mountain 9-12	Addition	57,620	430		10,884,700	10,884,700	
Snowflake 9-12 (Rural)	New	11,256	84		2,232,600	2,232,600	
Snowflake Land					5,000,000		
Sahuarita Project Savings					(22,811,500)		
Prior Year Land Adjustments					6,190,000		
Prior and Current Year Site Conditions					3,947,500		
Subtotal - FY 2024 Starts					\$ 116,089,400	\$ 77,898,600	
<u>FY 2024 New School Line Items</u>							
Santa Cruz Valley 9-12					\$ 2,000,000		
<u>FY 2025 Starts</u>							
Laveen K-8	New	92,400	1000			\$ 14,469,300	\$ 14,469,300
Maricopa 6-8	New	72,503	750			11,620,200	11,620,200
Queen Creek K-6	New	67,500	750			10,432,300	10,432,300
Queen Creek 9-12	New	62,500	500			11,806,500	11,806,500
Tolleson 9-12	New	312,500	2500			59,032,600	59,032,600
Subtotal - FY 2025 Starts						\$ 107,360,900	107,360,900
<u>FY 2026 Starts</u>							
Buckeye Elementary K-8	New	87,780	950				\$ 13,745,800
Buckeye Union 9-12	New	225,000	1800				42,503,500
Higley 9-12	Addition	60,000	480				11,334,300
Nadaburg 9-12	New	67,000	500				12,656,600
Palo Verde K-8	New	64,680	700				10,128,500
Queen Creek K-6	New	67,500	750				10,432,300
Subtotal - FY 2026 Starts							\$ 100,801,000
Total				\$ 113,119,100	\$ 144,454,400	\$ 185,259,500	\$ 208,161,900

^{1/} See the Arizona Department of Administration section for additional FY 2024 funding associated with the Miami Unified School District and the Skull Valley Elementary District

Office of Administrative Hearings

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	12.0	12.0	12.0
Personal Services	567,200	621,600	621,600
Employee Related Expenditures	226,300	262,900	254,000
Other Operating Expenditures	98,300	114,400	114,400
OPERATING SUBTOTAL	891,800	998,900	990,000
SPECIAL LINE ITEMS			
Increased Workload	0	0	180,000 ^{1/}
AGENCY TOTAL	891,800	998,900	1,170,000 ^{2/}
FUND SOURCES			
General Fund	891,800	998,900	1,170,000
SUBTOTAL - Appropriated Funds	891,800	998,900	1,170,000
Other Non-Appropriated Funds	805,800	848,000	848,000
TOTAL - ALL SOURCES	1,697,600	1,846,900	2,018,000

AGENCY DESCRIPTION — The Office of Administrative Hearings (OAH) is an independent office whose services and personnel are to be used by all state agencies to conduct administrative hearings, unless exempted by law. All agencies supported by other appropriated or non-appropriated funding sources are to contract for administrative hearing services from the office. The Director shall assign Administrative Law Judges (ALJ) from the office to an agency, on either a temporary or permanent basis, to preside over contested cases in accordance with the special expertise of the ALJ in the subject matter of the agency.

FOOTNOTES

- ^{1/} The amount appropriated in the increased workload line item reverts to the state general fund if a bill addressing provider claims against insurers does not become law in the first regular session of the fifty-sixth legislature. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$990,000 and 12 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(8,900) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Increased Workload

The budget includes \$180,000 from the General Fund in FY 2024 for Increased Workload. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$180,000 from the General Fund in FY 2024 for increased workload for health care provider claim dispute hearings.

Monies in this line item are for the cost of adjudicating disputes between health insurers and health care providers. A proposed bill (HB 2290) would allow health care providers, in the case of an insurance claim denial, to submit a written request to the Department of Insurance and Financial Institutions (DIFI) for a hearing with OAH. As a result, OAH estimates an increase of 68 cases per month.

A General Appropriation Act footnote reverts these monies to the General Fund if a bill addressing provider claims against insurers does not become law. As of this writing, the Legislature has neither approved HB 2290 nor adjourned the regular session.

Arizona Commission of African-American Affairs

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	0.0
Personal Services	85,000	89,000	0
Employee Related Expenditures	31,200	33,000	0
Other Operating Expenditures	10,400	39,600	0
AGENCY TOTAL	126,600	161,600	0
FUND SOURCES			
General Fund	126,600	161,600	0
SUBTOTAL - Appropriated Funds	126,600	161,600	0
TOTAL - ALL SOURCES	126,600	161,600	0

AGENCY DESCRIPTION — The Arizona Commission of African-American Affairs advises state and federal agencies on policies, legislation and rules that affect the African-American community, and enables the state to be responsive to the needs of the African-American community. The commission is composed of 9 public members and 8 ex-officio members.

Operating Budget

The budget includes no funding in FY 2024 for the operating budget. Adjustments are as follows:

Transfer to Governor's Office

The budget includes a decrease of \$(146,600) and (3) FTE Positions from the General Fund in FY 2023 for the transfer of the Arizona Commission of African-American Affairs operational costs to the operating budget of the Office of the Governor.

Remove FY 2023 Supplemental

The budget includes a decrease of \$(15,000) from the General Fund in FY 2024 for removal of one-time supplemental funding for an operating shortfall.

Other Issues

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$15,000 from the General Fund for an operating shortfall. *(Please see the operating budget for additional details.)*

Arizona Department of Agriculture

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	212.8	212.8	212.8 ^{1/}
Personal Services	6,292,500	8,643,800	8,643,800
Employee Related Expenditures	2,603,600	3,666,200	3,577,300
Professional and Outside Services	438,500	749,100	749,100
Travel - In State	1,028,400	1,183,500	1,183,500
Travel - Out of State	18,500	37,900	37,900
Other Operating Expenditures	2,727,500	1,977,700	4,009,100
Equipment	1,748,600	46,400	46,400
OPERATING SUBTOTAL	14,857,600	16,304,600	18,247,100
SPECIAL LINE ITEMS			
Agricultural Consulting and Training	124,800	136,300	135,700
Agricultural Employment Relations Board	23,300	23,300	23,300
Animal Damage Control	65,000	65,000	65,000
Livestock Operator Assistance Program Deposit	0	10,000,000	0
Nuclear Emergency Management Program	280,500	280,500	321,300 ^{2/3/}
Red Imported Fire Ant Control	23,200	23,200	23,200
AGENCY TOTAL	15,374,400	26,832,900	18,815,600 ^{4/}
FUND SOURCES			
General Fund	13,668,400	24,954,600	16,911,000
<u>Other Appropriated Funds</u>			
Air Quality Fund	1,425,500	1,597,800	1,583,300
Nuclear Emergency Management Fund	280,500	280,500	321,300
SUBTOTAL - Other Appropriated Funds	1,706,000	1,878,300	1,904,600
SUBTOTAL - Appropriated Funds	15,374,400	26,832,900	18,815,600
Other Non-Appropriated Funds	16,931,900	24,814,200	24,814,200
Federal Funds	4,775,500	7,575,100	7,575,100
TOTAL - ALL SOURCES	37,081,800	59,222,200	51,204,900

AGENCY DESCRIPTION — The Arizona Department of Agriculture administers and enforces agriculture-related statutes. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to guard public health and to ensure product quality. The department administers programs to protect livestock and crops from pests and diseases and to protect farm workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, as well as providing administrative support to several agricultural product promotion groups. The Weights and Measures Service Division inspects, tests and licenses commercial weighing and measuring devices. The Division of Pest Management licenses and regulates professional pest control companies and conducts examinations of the applicators of structural pesticides.

FOOTNOTES

- ^{1/} Includes 2.88 OF FTE Positions appropriated by Laws 2023, Chapter 114 for the Nuclear Emergency Program.
- ^{2/} Laws 2023, Chapter 114 appropriated \$321,319 and 2.88 FTE Positions in FY 2024 and \$308,569 and 2.88 FTE Positions in FY 2025 from the Nuclear Emergency Management Fund.
- ^{3/} Pursuant to A.R.S. § 26-306.02, this appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations; however, any unexpended monies shall be used to reduce the assessment and appropriation in future years.
- ^{4/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$18,247,100 and 209.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$16,663,800
Air Quality Fund	1,583,300

Adjustments are as follows:

Expand IT Support

The budget includes a one-time increase of \$1,199,600 from the General Fund in FY 2024 for expanded information technology support.

Statewide Adjustments

The budget includes an increase of \$742,900 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	757,400
Air Quality Fund	(14,500)

(Please see the Agency Detail and Allocations section.)

Agricultural Consulting and Training

The budget includes \$135,700 from the General Fund in FY 2024 for the Agricultural Consulting and Training line item. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(600) from the General Fund in FY 2024 for statewide adjustments.

This line item funds on-site visits to establishments for consultation, interpreting, and applying alternative methods of complying with statutes, rules, regulations, and standards relating to compliance.

Agricultural Employment Relations Board

The budget includes \$23,300 from the General Fund in FY 2024 for the Agricultural Employment Relations Board line item. This amount is unchanged from FY 2023.

This line item funds accounting and budgeting support for the Agricultural Employment Relations Board. The board receives and investigates complaints and conducts farm labor union elections.

Animal Damage Control

The budget includes \$65,000 from the General Fund in FY 2024 for the Animal Damage Control line item. This amount is unchanged from FY 2023.

This line item funds agreements with the U.S. Department of Agriculture to control, dispatch, or relocate predatory animals and noxious rodents, which are injurious to livestock, poultry, agriculture, other industries, or the public health.

Livestock Operator Assistance Program Deposit

The budget includes no funding in FY 2024 for the Livestock Operator Assistance Program Deposit line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2024 for removal of a deposit for the Livestock Operator Assistance Program Deposit line item.

Monies in this line item fund the Livestock Operator Assistance Program established in A.R.S. § 3-109.03 by Laws 2022, Chapter 292. This program partially reimburses livestock operators for damages incurred to their property as a result of natural disasters.

Nuclear Emergency Management Program

The budget includes \$321,300 and 2.88 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY 2024 for the Nuclear Emergency Management Program line item. Adjustments are as follows:

New NEMF Assessment

The budget includes an increase of \$40,800 from the NEMF in FY 2024 for a new NEMF assessment.

Laws 2023, Chapter 114 appropriated \$321,319 and 2.88 FTE Positions from NEMF in FY 2024 and \$308,569 and 2.88 FTE Positions from NEMF in FY 2025.

As a result, these monies do not appear in the General Appropriation Act. The Department of Emergency and Military Affairs (DEMA) and the Department of Agriculture received monies from Chapter 114.

The NEMF appropriation amounts for FY 2023-FY 2025 are displayed in *Table 1*. *(Please see the DEMA narrative for more information.)*

Table 1

Nuclear Emergency Management Fund

Agency	FY 2023		FY 2024		FY 2025	
	FTEs	Approp.	FTEs	Approp.	FTEs	Approp.
Emergency and Military Affairs ^{1/}	8.50	\$1,987,423	8.50	\$2,113,549	8.50	\$2,176,031
Agriculture	2.88	280,512	2.88	321,319	2.88	308,569
Total	11.38	\$2,267,935	11.38	\$2,434,868	11.38	\$2,484,600

^{1/} The Emergency and Military Affairs appropriation includes the appropriations for the Maricopa County Department of Emergency Management and the City of Buckeye.

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level to offset the NEMF appropriation. The Legislature enacts this revised fee level in a bill outside of the budget process.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training, and testing necessary to comply with federally prescribed criteria.

Department representatives assist in the planning for off-site responses to an emergency at the Palo Verde Nuclear Generating Station and participate in the annual response exercises, mainly the Ingestion Pathway Zone exercises.

The Department of Agriculture is responsible for controlling embargoes of food, water, and milk in the event that there is an emergency that would contaminate those items produced in the areas around the plant.

Red Imported Fire Ant Control

The budget includes \$23,200 from the General Fund in FY 2024 for the Red Imported Fire Ant Control line item. This amount is unchanged from FY 2023.

This line item funds ongoing pest exclusion efforts aimed at preventing the introduction of the red imported fire ant. The state has successfully suppressed isolated infestations of red imported fire ants and continues to be federally certified as free from this pest.

Other Issues

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues the fee raising authority and an exemption relating to establishing fees for the Arizona Department of Agriculture in FY 2024, including legislative intent that limits additional revenues to \$357,000.

Arizona Health Care Cost Containment System

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,348.3	2,348.3	2,358.3 ^{1/}
Personal Services	44,563,400	53,542,000	53,542,000
Employee Related Expenditures	17,948,400	20,793,400	19,882,400
Professional and Outside Services	10,040,800	18,387,700	23,453,800
Travel - In State	1,900	28,500	28,500
Travel - Out of State	18,200	376,300	376,300
Other Operating Expenditures	23,356,600	40,254,700	39,160,400
Equipment	365,700	574,000	574,000
OPERATING SUBTOTAL	96,295,000	133,956,600	137,017,400 ^{2/3/}
SPECIAL LINE ITEMS			
Administration			
AHCCCS Data Storage	15,587,700	19,325,800	19,325,800
DES Eligibility	75,612,300	97,074,500	97,074,500 ^{4/}
Proposition 204 - AHCCCS Administration	20,230,700	15,367,300	15,222,200 ^{5/}
Proposition 204 - DES Eligibility	36,965,300	44,358,700	44,358,700 ^{5/}
Medicaid Services			
Traditional Medicaid Services	7,499,245,100	9,064,004,400	7,978,162,400 ^{6/-10/}
Proposition 204 Services	6,824,672,900	9,130,046,400	7,038,319,000 ^{5/8/9/}
Adult Expansion Services	1,210,747,900	1,376,611,000	926,824,300 ^{8/9/}
Comprehensive Medical and Dental Program	235,238,000	224,469,700	203,903,500 ^{8/}
KidsCare Services	172,211,900	239,297,900	186,394,000
ALTCS Services	2,105,955,500	2,488,065,200	2,680,175,800 ^{11/-14/}
Behavioral Health Services in Schools	10,003,300	9,891,200	9,120,600
Non-Medicaid Behavioral Health Services			
Non-Medicaid Seriously Mentally Ill Services	73,341,200	77,646,900	77,646,900 ^{15/}
One-Time Substance Use Disorder Services Fund Deposit	6,000,000	0	0
Supported Housing	5,087,500	65,324,800	65,324,800
Crisis Services	16,306,000	16,391,300	16,391,300
Children's Behavioral Health Services Fund Deposit	0	0	250,000
Hospital Payments			
Disproportionate Share Payments	4,742,800	5,087,100	5,087,100 ^{16/}
DSH Payments - Voluntary Match	35,870,100	37,425,900	69,735,200 ^{9/17/}
Graduate Medical Education	373,004,400	393,232,100	426,531,500 ^{9/18/-21/}
Rural Hospitals	36,068,900	28,612,400	41,074,400
Targeted Investments Program	8,381,200	50,000,000	26,000,000
On-Call Obstetrics and Gynecological Services	0	0	7,500,000 ^{22/}
AGENCY TOTAL	18,861,567,700	23,516,189,200	20,071,439,400 ^{23/-27/}
FUND SOURCES			
General Fund	1,858,004,900	2,296,039,900	2,515,401,900
Other Appropriated Funds			
Budget Neutrality Compliance Fund	4,076,200	4,303,100	4,669,300
Children's Health Insurance Program Fund	147,543,100	211,354,300	150,833,600
Prescription Drug Rebate Fund - State	174,892,200	165,160,800	165,410,500
Seriously Mentally Ill Housing Trust Fund	0	217,300	217,700
Substance Abuse Services Fund	2,250,200	2,250,200	2,250,200
Tobacco Products Tax Fund - Emergency Health Services Account	17,921,600	17,448,300	17,458,500
Tobacco Tax and Health Care Fund - Medically Needy Account	66,291,400	67,179,700	67,258,900

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SUBTOTAL - Other Appropriated Funds	412,974,700	467,913,700	408,098,700
SUBTOTAL - Appropriated Funds	2,270,979,600	2,763,953,600	2,923,500,600
<u>Expenditure Authority Funds</u>			
Arizona Tobacco Litigation Settlement Fund	108,433,100	102,000,000	102,000,000
County Funds	0	311,778,400	409,939,100
Delivery System Reform Incentive Payment Fund	2,513,500	15,495,200	8,321,200
Federal Medicaid Authority	14,554,953,300	18,367,356,900	14,560,642,600
Health Care Investment Fund	267,186,500	464,700,800	588,163,600
Hospital Assessment Fund	547,618,700	647,454,600	606,180,400
Nursing Facility Provider Assessment Fund	29,668,300	32,989,600	32,989,600
Political Subdivision Funds	134,041,600	164,563,700	193,784,400
Prescription Drug Rebate Fund - Federal	908,537,700	609,060,300	609,060,300
Third Party Liability and Recovery Fund	0	194,700	194,700
Tobacco Products Tax Fund - Proposition 204 Protection Account	37,635,400	36,641,400	36,662,900
SUBTOTAL - Expenditure Authority Funds	16,590,588,100	20,752,235,600	17,147,938,800
SUBTOTAL - Appropriated/Expenditure Authority Funds	18,861,567,700	23,516,189,200	20,071,439,400
Other Non-Appropriated Funds	119,709,400	121,935,600	121,935,600
Federal Funds	195,566,800	280,796,300	280,796,300
TOTAL - ALL SOURCES	19,176,843,900	23,918,921,100	20,474,171,300

AGENCY DESCRIPTION — The Arizona Health Care Cost Containment System (AHCCCS) operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS is the state's federally matched Medicaid program and provides acute care services, behavioral health services, and long term care services.

FOOTNOTES

- 1/ Includes 619.3 GF and 696.8 EA FTE Positions funded from Special Line Items in FY 2024.
- 2/ Of the amount appropriated in the operating lump sum, \$700,000 from the state general fund and \$6,300,000 from expenditure authority is for replacement of the prepaid medicaid management information system and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- 3/ Before spending the monies for the replacement of the prepaid medicaid management information system, the Arizona strategic enterprise technology office shall submit, on behalf of the Arizona health care cost containment system, an expenditure plan for review by the joint legislative budget committee. The report shall include the project cost, deliverables, the timeline for completion and the method of procurement that are consistent with the department's prior reports for its appropriations from the automation projects fund. (General Appropriation Act footnote)
- 4/ The amount appropriated for the DES eligibility line item shall be used for intergovernmental agreements with the department of economic security for eligibility determination and other functions. The state general fund share may be used for eligibility determination for other programs administered by the division of benefits and medical eligibility based on the results of the Arizona random moment sampling survey. (General Appropriation Act footnote)
- 5/ The amounts included in the proposition 204 — AHCCCS administration, proposition 204 — DES eligibility and proposition 204 services line items include all available sources of funding consistent with section 36-2901.01, subsection B, Arizona Revised Statutes. (General Appropriation Act footnote)
- 6/ The Arizona health care cost containment system administration shall transfer up to \$1,200,000 from the traditional medicaid services line item for fiscal year 2023-2024 to the attorney general for costs associated with e-cigarette enforcement and tobacco settlement litigation. (General Appropriation Act footnote)
- 7/ The Arizona health care cost containment system administration shall transfer \$836,000 from the traditional medicaid services line item for fiscal year 2023-2024 to the department of revenue for enforcement costs associated with the March 13, 2013 master settlement agreement with tobacco companies. (General Appropriation Act footnote)
- 8/ The legislature intends that the percentage attributable to administration and profit for the regional behavioral health authorities be nine percent of the overall capitation rate. (General Appropriation Act footnote)

- 9/ The expenditure authority fund source includes voluntary payments made from political subdivisions for payments to hospitals that operate a graduate medical education program or treat low-income patients and for payments to qualifying providers affiliated with teaching hospitals. The political subdivision portions of the fiscal year 2023-2024 costs of graduate medical education, disproportionate share payments — voluntary match, traditional medicaid services, proposition 204 services and adult expansion services line items are included in the expenditure authority fund source. (General Appropriation Act footnote)
- 10/ Of the amount appropriated in the traditional medicaid services line item, \$160,000 from the state general fund and \$326,500 from expenditure authority is for pilot coverage of rapid whole genome sequencing and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriation Act footnote)
- 11/ Any federal monies that the Arizona health care cost containment system administration passes through to the department of economic security for use in long-term care for persons with developmental disabilities do not count against the long-term care expenditure authority. (General Appropriation Act footnote)
- 12/ Pursuant to section 11-292, subsection B, Arizona Revised Statutes, the county portion of the fiscal year 2023-2024 nonfederal costs of providing long-term care system services is \$366,205,400. This amount is included in the expenditure authority fund source. (General Appropriation Act footnote)
- 13/ Any supplemental payments received in excess of \$101,756,900 for nursing facilities that serve Arizona long-term care system medicaid patients in fiscal year 2023-2024, including any federal matching monies, by the Arizona health care cost containment system administration are appropriated to the administration in fiscal year 2023-2024. Before spending these increased monies, the administration shall notify the joint legislative budget committee and the governor's office of strategic planning and budgeting of the amount of monies that will be spent under this provision. These payments are included in the expenditure authority fund source. (General Appropriation Act footnote)
- 14/ The amount appropriated for the ALTCS services line item includes \$347,740,500 from expenditure authority to implement the American rescue plan act of 2021 (P.L. 117-2) home and community-based services spending plan in fiscal year 2023-2024. The administration may not use these monies for marketing purposes, and any direct payments or grants provided with the monies shall include a notification to the recipient that the monies are onetime funding. Beginning on or before July 31, 2023, the administration shall provide quarterly reports to the joint legislative budget committee at the same time that the information is provided to the centers for medicare and medicaid services, reflecting any changes to the administration's spending plan. Of the amount appropriated for the ALTCS services line item in fiscal year 2023-2024, \$347,740,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 15/ On or before June 30, 2024, the Arizona health care cost containment system administration shall report to the joint legislative budget committee on the progress in implementing the Arnold v. Sarn lawsuit settlement. The report shall include, at a minimum, the administration's progress toward meeting all criteria specified in the 2014 joint stipulation, including the development and estimated cost of additional behavioral health service capacity in Maricopa county for supported housing services for 1,200 class members, supported employment services for 750 class members, eight assertive community treatment teams and consumer operated services for 1,500 class members. The administration shall also report by fund source the amounts it plans to use to pay for expanded services. (General Appropriation Act footnote)
- 16/ The \$5,087,100 appropriation for disproportionate share payments for fiscal year 2023-2024 made pursuant to section 36-2903.01, subsection O, Arizona Revised Statutes, includes \$4,202,300 for the Maricopa county health care district and \$884,800 for private qualifying disproportionate share hospitals. (General Appropriation Act footnote)
- 17/ Any monies received for disproportionate share hospital payments from political subdivisions of this state, tribal governments and any university under the jurisdiction of the Arizona board of regents, and any federal monies used to match those payments, in fiscal year 2023-2024 by the Arizona health care cost containment system administration in excess of \$69,735,200 are appropriated to the administration in fiscal year 2023-2024. Before spending these increased monies, the administration shall notify the joint legislative budget committee and the governor's office of strategic planning and budgeting of the amount of monies that will be spent under this provision. (General Appropriation Act footnote)
- 18/ Any monies for graduate medical education received in fiscal year 2023-2024, including any federal matching monies, by the Arizona health care cost containment system administration in excess of \$426,531,500 are appropriated to the administration in fiscal year 2023-2024. Before spending these increased monies, the administration shall notify the joint legislative budget committee and the governor's office of strategic planning and budgeting of the amount of monies that will be spent under this provision. (General Appropriation Act footnote)
- 19/ Notwithstanding section 36-2903.01, subsection G, paragraph 9, subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for graduate medical education includes \$5,000,000 from the state general fund and \$15,721,100 from expenditure authority for the direct and indirect costs of graduate medical education programs located in counties with a population of less than five hundred thousand persons. The state general fund amount may supplement, but not

supplant, voluntary payments made from political subdivisions for payments to hospitals that operate a graduate medical education program. The administration shall prioritize distribution to programs at hospitals in counties with a higher percentage of persons residing in a health professional shortage area as defined in 42 Code of Federal Regulations part 5. (General Appropriation Act footnote)

- 20/ Notwithstanding section 36-2903.01, subsection G, paragraph 9, subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for graduate medical education includes \$4,000,000 from the state general fund and \$12,576,900 from expenditure authority for the direct and indirect costs of graduate medical education programs located in counties with a population of more than five hundred thousand persons. The state general fund amount may supplement, but not supplant, voluntary payments made from political subdivisions for payments to hospitals that operate a graduate medical education program. (General Appropriation Act footnote)
- 21/ Monies appropriated for graduate medical education in this section are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024. (General Appropriation Act footnote)
- 22/ The Arizona health care cost containment system administration shall allocate the amount appropriated for the on-call obstetrics and gynecological services line item to maintain service availability in low-volume obstetric delivery areas and rural communities. The administration shall distribute up to \$2,500,000 each year to qualifying community health centers for the unreimbursed cost necessary to maintain the availability of on-call obstetrics and gynecological services in low-volume obstetric delivery areas and rural communities. The administration may use up to five percent of the monies appropriated in this line item for the administrative costs to implement the program. On or before July 1 in 2024, 2025 and 2026, the Arizona health care cost containment system administration shall submit a report to the joint legislative budget committee regarding the use of the monies from the on-call obstetrics and gynecological services line item, including the number of deliveries and emergency procedures provided by the on-call health care providers for which the monies were spent. The appropriated amount for the on-call obstetrics and gynecological services line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026 (General Appropriation Act footnote). The General Appropriation Act also included a reference to this line item being permanently exempt from lapsing. Based on guidance from Legislative Council, the operative lapsing date is June 30, 2026.
- 23/ The nonappropriated portion of the prescription drug rebate fund established by section 36-2930, Arizona Revised Statutes, is included in the federal portion of the expenditure authority fund source. (General Appropriation Act footnote)
- 24/ Before making fee-for-service program or rate changes that pertain to fee-for-service rate categories, the Arizona health care cost containment system administration shall report its expenditure plan for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 25/ The Arizona health care cost containment system administration shall report to the joint legislative budget committee on or before March 1, 2024 on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum may not be more than two percent. Before implementing any changes in capitation rates, the administration shall report its expenditure plan for review by the joint legislative budget committee. Before the administration implements any change in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the administration shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal impact analysis demonstrates that this change will result in additional state costs of \$1,000,000 or more for any fiscal year, the administration shall submit the policy change for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 26/ On or before July 1, 2024, the Arizona health care cost containment system administration shall report to the director of the joint legislative budget committee the total amount of medicaid reconciliation payments and penalties received on or before that date since July 1, 2023. (General Appropriation Act footnote)
- 27/ General Appropriation Act funds are appropriated as Operating Lump Sum with Special Line Items by Agency.

Summary

AHCCCS's FY 2024 General Fund spending increases by \$219,362,000 from FY 2023. This amount includes:

- \$201,416,800 for formula adjustments.
- \$200,000 for Arizona Advisory Council on Indian Health Care positions.
- \$700,000 for one-time PMMIS replacement costs.
- \$(500,000) for removal of one-time funding for PMMIS replacement.
- \$280,300 for implementation of a newborn screening fee.
- \$800,000 for chiropractic services.
- \$160,000 one-time for rapid whole genome sequencing pilot funding.
- \$4,973,000 for a KidsCare expansion from 200% to 225% of the federal poverty level (FPL).

Table 1

AHCCCS State Match Spending Changes (in millions) ^{1/}**State Match Formula Adjustments**

FY 2023 Rebase	(247)
FY 2024 Caseload Growth	(354)
FY 2024 Inflation Increase	156
FY 2024 Federal Medicaid Match Rate Change	865
<i>State Match Costs Subtotal</i>	<i>420</i>

Non-General Fund State Match Offsets

Political Subdivisions Fund Increase	13
County Funds Increase	13
Hospital Assessment Fund	57
Health Care Investment Fund	135
<i>General Fund Offsets Subtotal</i>	<i>218</i>

Non-Formula Adjustments

KidsCare Expansion to 225% FPL	5
On-Call OBGYN Services	8
Critical Access Hospital Payments	4
Other Adjustments	1
<i>Non-Formula Subtotal</i>	<i>18</i>

Total General Fund Spending Change **\$219**^{1/} Numbers may not sum due to rounding.

- \$4,200,000 one-time for critical access hospital supplemental payments.
- \$7,500,000 one-time for on-call obstetrics and gynecological services.
- \$(195,000) for removal of one-time funding for federal IT regulation compliance.
- \$(173,100) for statewide adjustments.

Below is an overview of FY 2024 formula adjustments, which *Table 1* summarizes, as well as any non-formula adjustments. As part of the budget's 3-year spending plan, AHCCCS's General Fund costs are projected to increase by \$137,312,900 in FY 2025 above FY 2024 and by \$109,694,600 in FY 2026 above FY 2025. (See the *Other Issues* section for more information.)

Formula Adjustments

Formula adjustments represent changes that occur under current law, including caseload, capitation, and federal match rate revisions. The budget includes an increase of \$201,416,800 from the General Fund in FY 2024 for the following AHCCCS formula adjustments. This amount includes:

- \$419,706,200 for state match expenses associated with formula adjustments.
- \$(218,289,400) for changes in General Fund offsets.

FY 2023 Base Adjustment

The budget includes a decrease of \$(247,003,300) from state match and a Total Funds decrease of \$(1,951,699,000) in FY 2024 for an FY 2023 base adjustment. The decrease consists of a \$3,097,906,300 increase for higher-than-budgeted AHCCCS formula expenses for FY 2023, offset by a decrease of \$(5,049,605,300) to remove one-time supplemental funding provided pursuant to Laws 2023, Chapter 17 and Laws 2023, Chapter 113. The base adjustment is primarily associated with the temporary extension of the federal public health emergency (PHE). Through March 2023, AHCCCS received a 6.2% increase to the regular federal match rate due to the extension of the PHE. In addition, pursuant to a provision in the federal 2023 Consolidated Appropriations Act, AHCCCS received a phased-down version of the enhanced federal match rate of 5.0% in April 2023 through June 2023. These increases lower AHCCCS costs relative to the enacted budget.

The 2020 Families First Coronavirus Response Act prohibited disenrolling members for exceeding income eligibility limits while the COVID Public Health Emergency (PHE) was in effect. The enacted FY 2023 budget assumed that the PHE would no longer be in effect in FY 2023. The disenrollment prohibition, however, was continued by federal executive action until April 1, 2023. At that time, AHCCCS resumed disenrolling members pursuant to the 2023 Consolidated Appropriations Act. As a result, enrollment is higher than assumed in the enacted FY 2023 budget.

The savings from the higher match rate, however, will exceed the cost of the higher enrollment. As a result, the budget assumes there will be an FY 2023 General Fund surplus within AHCCCS of \$(268,000,000). The FY 2024 budget does not, however, include an ex-appropriation to account for the savings. Instead, the surplus would be realized through General Fund reverts. In addition, the budget includes a \$5,049,605,300 supplemental in FY 2023 from Expenditure Authority sources and the CHIP Fund associated with the base adjustment. (See *FY 2023 Supplemental in Other Issues* for additional information.)

FY 2024 Caseload Adjustment

Formula adjustments reflect a (13.6)% enrollment decline in FY 2024 due to the elimination of the disenrollment provision discussed above. *Table 2* displays historical and forecasted member months across AHCCCS populations.

The expiration of continuous enrollment is assumed to result in AHCCCS enrollment returning to pre-pandemic levels by June 2024, adjusted for state population growth since that time. Thereafter, enrollment is assumed to grow at an annualized average rate of 1.0% based on

Table 2

AHCCCS Enrollment ^{1/}

	June 2022	June 2023	June 2024	'23-'24 %
Population	(Actual)	(Actual)	(Forecast)^{2/}	Change
Traditional	1,226,158	1,156,054	1,100,495	(4.8)%
Prop 204 Childless Adults	503,329	552,488	357,792	(35.2)%
Other Proposition 204	194,235	196,834	188,655	(4.2)%
Adult Expansion	146,391	103,521	82,361	(20.4)%
KidsCare ^{3/}	65,728	65,489	39,247	(40.0)%
CMDP	12,829	10,169	11,761	15.7%
ALTCS - Elderly & Physically Disabled ^{4/}	27,939	28,028	32,301	15.2%
Emergency Services	<u>136,968</u>	<u>141,388</u>	<u>134,593</u>	<u>(4.8)%</u>
Total Enrollment	2,313,577	2,253,971	1,947,232	(13.6)%

1/ The figures represent June 1 enrollment for both capitated and fee-for-service members.

2/ The forecasted numbers account for caseload decreases associated with the end to a prohibition of disenrollment on April 1, 2023, established by the 2023 Consolidated Appropriations Act.

3/ The above KidsCare numbers reflect current law formula growth only and therefore do not account for additional enrollment associated with the expansion from 200% to 225% FPL beginning October 1, 2023. The budget includes an additional \$4,973,000 General Fund and \$21,593,800 Total Funds for the eligibility expansion, which we estimate would be sufficient to fund an estimated 13,700 additional enrollees.

4/ The ALTCS program is funded in AHCCCS. An additional 40,204 people received Medicaid services through the Department of Economic Security's Developmental Disabilities program as of June 1, 2023.

Arizona population growth projections. Overall, caseload declines are expected to decrease state match expenses by \$(353,509,900) and Total Funds expenses by \$(2,390,722,400) in FY 2024. (See the *Other Issues* section for more information.)

In addition, pursuant to a provision of the 2023 Consolidated Appropriations Act, AHCCCS will be required to guarantee eligibility to children for 12 months after the date they are first determined eligible for the program. Laws 2022, Chapter 338 provided this for children in the KidsCare program, but this extends the 12-month guarantee to all children within AHCCCS. We estimate this will annually increase state match expenses by \$20,000,000 and Total Funds expenses by \$60,000,000. However, the requirement will not go into effect until January 1, 2024, so the FY 2024 state match expense would increase by \$10,000,000 and Total Funds expenses by \$30,000,000. The budget does not account for these increases due to their small size relative to the overall AHCCCS budget.

FY 2024 Inflation Adjustments

The budget assumes a 3.1% inflation adjustment for capitation, fee-for-service, and reinsurance effective October 1, 2023. This increase is based on a 5-year average of the medical care consumer price index. The budget also annualizes the FY 2023 capitation rate adjustment of 0.6%. Inflation adjustments increase

AHCCCS state costs by \$155,529,500 and Total Funds costs by \$811,625,600 in FY 2024.

FY 2024 Federal Match Rate Changes

The Federal Medical Assistance Percentage (FMAP) is the rate at which the federal government matches state contributions to the Medicaid programs. These rates are set on a state-by-state basis and are revised each year. During SFY 2024, the standard FMAP rates will be as follows:

- Traditional Medicaid rate will decrease to 67.11% (a 2.56 percentage point decrease).
- Proposition 204 Childless Adult rate will remain at 90.0%.
- Adult Expansion rate will remain at 90.0%.
- CHIP rate will decrease to 76.97% (a 1.80 percentage point decrease).
- The additional 6.2% enhanced match rate will not be available in FY 2024. Instead, the 2023 Consolidated Appropriations Act phases down the enhanced match to a 2.5% enhanced match in July 2023 through September 2023 and a 1.5% enhanced match in October 2023 through December 2023. The enhanced match will be eliminated starting January 2024.

The budget includes an increase of \$864,689,900 in state costs and a corresponding decrease of \$(864,689,900) in Federal Medicaid Authority in FY 2024 as a result of these FMAP adjustments.

Non-General Fund State Match Items

The gross state match contribution from the FY 2023 base adjustment, FY 2024 caseload growth, inflation, and federal match rate changes is projected to increase by \$419,706,200. The Non-General Fund state match is projected to increase by \$218,289,400, resulting in a net General Fund change of \$201,416,800.

The non-General Fund state match offsets are as follows:

- An increase of \$13,159,300 in Political Subdivision Funds, mostly for Traditional.
- An increase of \$12,690,100 in County Funds (including the Budget Neutrality Compliance Fund), mostly for ALTCS.
- An increase of \$57,269,900 from the Hospital Assessment Fund in FY 2024 for physical health costs of enrollees in the Proposition 204 and Adult Expansion programs.
- An increase of \$135,059,200 from the Health Care Investment Fund. The increase primarily covers the lower federal match for directed payments to hospitals in FY 2024. In its May 2023 presentation to Arizona hospitals, AHCCCS proposed a 5.17%

assessment rate for FY 2024, which it estimates would generate \$1,961,300,291 Total Funds (HCIF and federal match) for directed payments. The budget includes \$2,215,221,200 Total Funds within the agency's overall expenditure authority for directed payments based on AHCCCS estimates from its FY 2024 budget submittal.

- An increase of \$110,900 from increased tobacco tax revenues.

Operating Budget

The budget includes \$137,017,400 and 1,042.2 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	<u>FY 2024</u>
General Fund	\$36,689,500
Children's Health Insurance Program (CHIP) Fund	5,726,500
Health Care Investment Fund	2,472,300
Prescription Drug Rebate Fund (PDRF) - State	662,600
Seriously Mentally Ill (SMI) Housing Trust Fund	217,700
Federal Medicaid Authority (FMA)	91,248,800

Adjustments are as follows:

Additional Arizona Advisory Council on Indian Health Care Positions

The budget includes an increase of \$500,000 and 4 FTE Positions in FY 2024 to allow the council to hire additional staff to assist with tribal outreach, health data utilization, legislative liaising, and business operations. These amounts consist of:

General Fund	200,000
Federal Medicaid Authority	300,000

The Arizona Advisory Council on Indian Health Care Positions, as established in A.R.S. § 36-2902.01, gives Arizona tribal governments representation in shaping state Medicaid and health care policy. The council's budget resides within AHCCCS's operating budget.

PMMIS Replacement – Systems Integrator Funding

The budget includes a one-time increase of \$7,500,000 from Federal Medicaid Authority in FY 2024 to fund the services of a Systems Integration provider to replace AHCCCS's Prepaid Medicaid Management Information System (PMMIS). The corresponding General Fund state match amount is \$2,000,000. The Executive will cover the \$2,000,000 cost using a \$15,000,000 General Fund appropriation to Arizona Department of Administration – Automation Projects Fund for health and human services

information technology projects within state agencies. (Please see ADOA – Automation Projects Fund narrative for additional information.)

PMMIS Replacement – Roadmap Implementation Funding

The budget includes a one-time increase of \$7,000,000 in FY 2024 to fund implementation of the draft roadmap associated with replacement of AHCCCS's PMMIS. This increase was included in the 3-year spending plan associated with the enacted FY 2023 budget. This amount consists of:

General Fund	700,000
Federal Medicaid Authority	6,300,000

Remove PMMIS Replacement Funding

The budget includes a decrease of \$(9,500,000) in FY 2024 to remove one-time funding for AHCCCS to contract the services of a Systems Integration provider to replace AHCCCS's PMMIS. This amount consists of:

General Fund	(500,000)
Federal Medicaid Authority	(9,000,000)

AIHP FTE Adjustment

The budget includes an increase of 7 FTE Positions in FY 2024 for the American Indian Health Program (AIHP). This includes 2.1 FTE Positions from the General Fund and 4.9 FTE Positions from Federal Medicaid Authority. These increases adjust AHCCCS FTE authority to account for funding already provided in the enacted FY 2023 budget. The 7 positions include 2 new nurse case managers, 2 prior authorization/utilization review nurses, 1 supervisor, 1 administrative assistant, and 1 clinical care specialist position. These 7 positions will provide behavioral health services to 350 individuals with an SMI designation that transferred from contracted Regional Behavioral Health Authorities (RBHAs) to AIHP in October 2022.

Suicide Prevention FTE Adjustment

The budget includes a decrease of (1) FTE Position in FY 2024 to transfer the suicide prevention coordinator position to the Department of Health Services. This decrease adjusts AHCCCS FTE authority to account for a funding transfer included in the enacted FY 2023 budget.

Remove Federal IT Regulation Compliance Funding

The budget includes a decrease of \$(1,950,000) in FY 2024 to eliminate one-time funding for federal IT regulation compliance. This amount consists of:

General Fund	(195,000)
Federal Medicaid Authority	(1,755,000)

Statewide Adjustments

The budget includes an increase of \$(489,200) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(155,900)
CHIP Fund	(2,000)
PDRF - State	(300)
SMI Housing Trust Fund	400
Federal Medicaid Authority	(331,400)

(Please see the Agency Detail and Allocations section.)

Administration

AHCCCS Data Storage

The budget includes \$19,325,800 in FY 2024 for AHCCCS Data Storage. This amount consists of:

General Fund	5,915,400
CHIP Fund	160,000
Federal Medicaid Authority	13,250,400

These amounts are unchanged from FY 2023.

This line item funds charges paid by AHCCCS to ADOA pursuant to an interagency service agreement through which ADOA provides mainframe computing services to AHCCCS. Funds may also be used for broader computing expenses, including cloud migration and storage costs.

DES Eligibility

The budget includes \$97,074,500 and 885 FTE Positions in FY 2024 for DES Eligibility services. These amounts consist of:

General Fund	30,191,200
Federal Medicaid Authority	66,883,300

These amounts are unchanged from FY 2023.

Background – Through an Intergovernmental Agreement, DES performs eligibility determination for AHCCCS programs.

Proposition 204 - AHCCCS Administration

The budget includes \$15,222,200 and 131 FTE Positions in FY 2024 for Proposition 204 - AHCCCS Administration costs. These amounts consist of:

General Fund	4,821,700
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PDRF - State	60,900
Federal Medicaid Authority	10,339,600

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$(145,100) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(17,200)
Federal Medicaid Authority	(127,900)

Proposition 204 expanded AHCCCS eligibility. This line item contains funding for AHCCCS's administration costs of the Proposition 204 program.

Proposition 204 - DES Eligibility

The budget includes \$44,358,700 and 300.1 FTE Positions in FY 2024 for Proposition 204 - DES Eligibility costs. These amounts consist of:

General Fund	16,052,900
Budget Neutrality Compliance Fund (BNCF)	4,669,300
Federal Medicaid Authority	23,636,500

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(366,200) from the General Fund and a corresponding increase of \$366,200 from the BNCF in FY 2024 to reflect an increase of county contributions in FY 2024. This adjustment assumes an inflation adjustment of 7.01% and a state population adjustment of 1.5% pursuant to A.R.S. § 11-292.

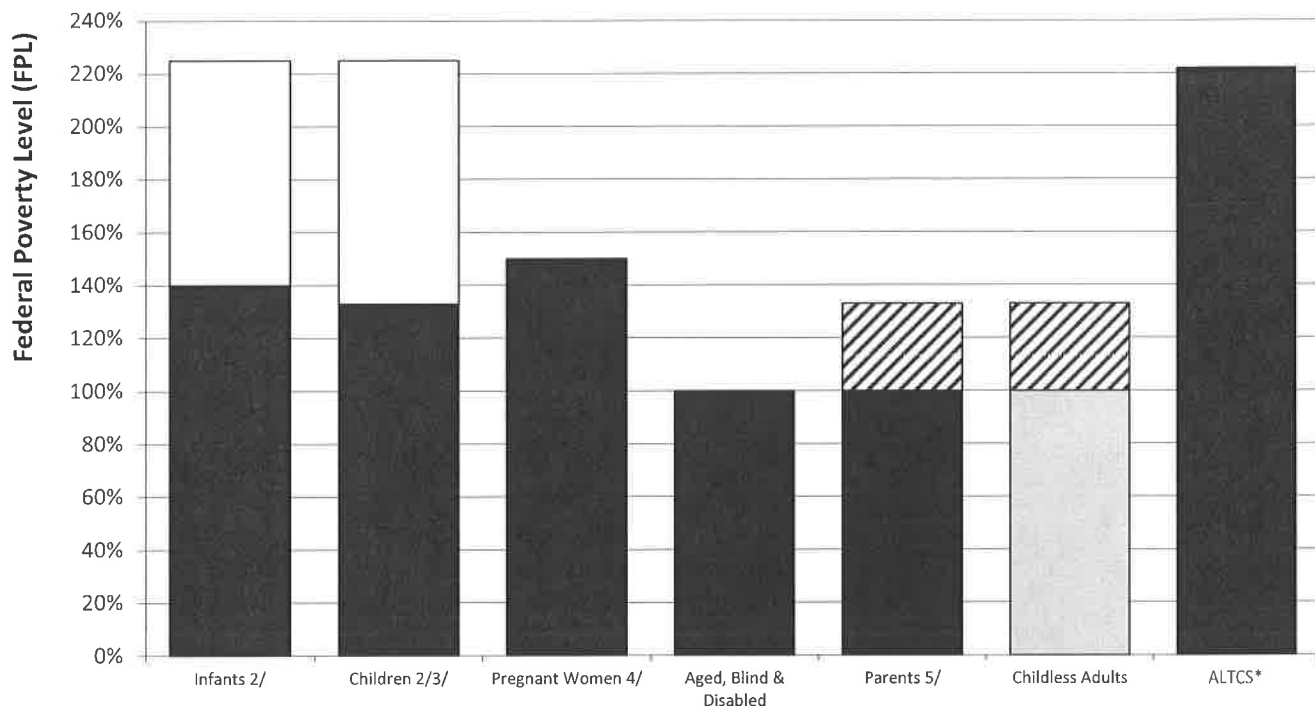
Background – The BNCF is comprised of contributions from Arizona counties for administrative costs of the implementation of Proposition 204. Prior to the proposition, the counties funded and administered the health care program for some of the Proposition 204 population. This line item contains funding for eligibility costs in DES for the Proposition 204 program.

Medicaid Services

AHCCCS oversees acute care, behavioral health services, and long-term care services for Medicaid enrollees.

Chart 1 shows the income eligibility limits for each AHCCCS population in FY 2024. A description of program components can be found in the *Other Issues* section.

Chart 1

AHCCCS Eligibility ^{1/}

■ Mandatory (70% Fed Match) □ KidsCare (79% Fed Match) ▨ Childless Adults Option (90% Fed Match) ▩ ACA Expansion (90% Fed Match)

- 1/ Match rates do not reflect a one-time increase to the regular and KidsCare match rate associated with the federal Families First Coronavirus Response Act.
 2/ The KidsCare expansion from 200% to 225% FPL is in effect beginning October 1, 2023.
 3/ Children ages 6 to 18 years in families with incomes between 100% FPL and 133% FPL are eligible to receive an 78.69% federal match in FFY 2023.
 4/ Women diagnosed with breast or cervical cancer by a provider recognized by the Well Women Healthcheck program and those in the "Ticket to Work" program receive coverage to 250% FPL.
 5/ Mandatory Status of Parents is subject to interpretation.

Traditional Medicaid Services

The budget includes \$7,978,162,400 in FY 2024 for Traditional Medicaid Services. This amount consists of:

General Fund	1,721,379,700
County Funds	43,733,700
Health Care Investment Fund	384,822,000
Political Subdivision Funds	50,319,400
PDRF - State	156,858,600
TTHCF - Medically Needy Account	67,258,900
Third Party Liability and Recovery Fund	194,700
PDRF - In Lieu of Federal Funds	572,638,300
Federal Medicaid Authority	4,980,957,100

Adjustments are as follows:

One-Time Rapid Whole Genome Sequencing Pilot Funding

The budget includes an increase of \$486,500 in FY 2024 for the cost of providing pilot coverage of rapid whole genome sequencing. This amount consists of:

General Fund	160,000
Federal Medicaid Authority	326,500

Rapid whole genome sequencing involves examining the patient's entire human genome to identify disease-causing genetic changes to diagnose and treat the patient. The FY 2024 Health Care Budget Reconciliation Bill (BRB) specifies that rapid whole genome sequencing is available for AHCCCS members under the age of 1 who meet certain criteria.

A General Appropriation Act footnote makes these monies non-lapsing through FY 2026. The program is repealed after December 31, 2026.

Formula Adjustments

The budget includes an increase of \$670,783,600 in FY 2024 for formula adjustments. This amount consists of:

General Fund	198,485,900
County Funds	(1,183,800)
Health Care Investment Fund	93,929,500
Political Subdivision Funds	10,176,500
TTHCF - Medically Needy Account	79,200
Federal Medicaid Authority	369,296,300

Remove FY 2023 Supplemental

The budget includes a decrease of \$(1,760,396,300) in FY 2024 for the removal of one-time supplemental funding associated with the enhanced federal match rate. This amount consists of:

Health Care Investment Fund	(2,849,300)
Political Subdivision Funds	3,319,900
Federal Medicaid Authority	(1,760,866,900)

(See the FY 2023 Supplemental narrative for more information.)

Newborn Screening Fee Increase

The budget includes an increase of \$852,100 in FY 2024 for increased newborn screening fees. This amount consists of:

General Fund	280,300
Federal Medicaid Authority	571,800

The FY 2022 Health BRB (Laws 2021, Chapter 409) required the Department of Health Services to increase the number of disorders included in newborn screening, which DHS estimates will increase its fees in FY 2024. The 3-year spending plan associated with the enacted FY 2022 budget assumed this increase in FY 2024.

Chiropractic Services Increase

The budget includes an increase of \$2,432,100 in FY 2024 for the full-year cost of implementing chiropractic services. This amount consists of:

General Fund	800,000
Federal Medicaid Authority	1,632,100

Laws 2022, Chapter 314 authorized AHCCCS to include medically necessary chiropractic care as part of its covered services. The service must be provided by a licensed chiropractor and ordered by a primary care physician or practitioner. The FY 2023 budget's 3-year spending plan assumed this \$800,000 increase in FY 2024.

Background – Traditional Medicaid Services funds acute care and behavioral health services of the following populations:

- Children under 1, up to 147% of the federal poverty level (FPL).
- Children aged 1-5, up to 141% FPL.
- Children ages 6-19, up to 133% FPL.
- Pregnant women (including 1 year postpartum), up to 156% FPL.
- Aged, blind, and disabled adults, up to 75% FPL.
- Parents, up to 22% FPL.
- Women diagnosed with breast or cervical cancer by a provider recognized by DHS' Well Women Healthcheck program up to 250% FPL.
- Individuals aged 16-64 receiving Supplemental Security Income, up to 250% FPL ("Ticket to Work").

Proposition 204 Services

The budget includes \$7,038,319,000 in FY 2024 for Proposition 204 Services. This amount consists of:

General Fund	140,497,600
Health Care Investment Fund	146,321,500
Hospital Assessment Fund	542,059,500
Political Subdivision Funds	11,595,400
Tobacco Litigation Settlement Fund	102,000,000
TPTF - Emergency Health Services Account	17,458,500
TPTF - Proposition 204 Protection Account	36,662,900
Federal Medicaid Authority	6,041,723,600

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$647,422,800 in FY 2024 for formula adjustments. This amount consists of:

General Fund	(323,800)
Health Care Investment Fund	26,557,300
Hospital Assessment Fund	54,534,100
Political Subdivision Funds	2,951,400
TPTF - Emergency Health Services Account	10,200
TPTF - Proposition 204 Protection Account	21,500
Federal Medicaid Authority	563,672,100

Remove FY 2023 Supplemental

The budget includes a decrease of \$(2,739,150,200) in FY 2024 for the removal of one-time supplemental funding associated with the enhanced federal match rate. This amount consists of:

Health Care Investment Fund	(2,917,100)
Hospital Assessment Fund	(74,304,400)
Political Subdivision Funds	(647,300)

Federal Medicaid Authority (2,661,281,400)

(See the FY 2023 Supplemental narrative for more information.)

Background – The Proposition 204 program serves adults with incomes that exceed the income limits for the Traditional population but are below 100% FPL.

Adult Expansion Services

The budget includes \$926,824,300 in FY 2024 for Adult Expansion Services. This amount consists of:

General Fund	9,264,600
Health Care Investment Fund	14,882,700
Hospital Assessment Fund	64,120,900
Political Subdivision Funds	1,099,100
Federal Medicaid Authority	837,457,000

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$122,119,100 in FY 2024 for formula adjustments. This amount consists of:

General Fund	2,292,600
Health Care Investment Fund	4,084,000
Hospital Assessment Fund	2,735,800
Political Subdivision Funds	(122,600)
Federal Medicaid Authority	113,129,300

Remove FY 2023 Supplemental

The budget includes a decrease of \$(571,905,800) in FY 2024 for the removal of one-time supplemental funding associated with the enhanced federal match rate. This amount consists of:

Health Care Investment Fund	(3,518,100)
Hospital Assessment Fund	(24,239,700)
Political Subdivision Funds	216,500
Federal Medicaid Authority	(544,364,500)

(See the FY 2023 Supplemental narrative for more information.)

Background – The Adult Expansion Services line item funds Medicaid services for adults from 100% to 133% FPL who are not eligible for another Medicaid program.

Pursuant to A.R.S. § 36-2901.07 and Laws 2013, First Special Session, Chapter 10, coverage of this population is discontinued if any of the following occur: 1) the federal matching rate for adults in this category or childless adults falls below 80%; 2) the maximum amount that can be

generated from the hospital assessment is insufficient to pay for the newly-eligible populations; or 3) the Federal ACA is repealed.

Comprehensive Medical and Dental Program

The budget includes \$203,903,500 in FY 2024 for the Comprehensive Medical and Dental Program (CMDP). This amount consists of:

General Fund	57,155,700
Health Care Investment Fund	7,993,700
Federal Medicaid Authority	138,754,100

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(41,002,800) in FY 2024 for formula adjustments. This amount consists of:

General Fund	(11,906,800)
Health Care Investment Fund	3,294,900
Federal Medicaid Authority	(32,390,900)

Remove FY 2023 Supplemental

The budget includes an increase of \$20,436,600 in FY 2024 for the removal of a one-time supplemental funding adjustment associated with the enhanced federal match rate and lower-than-anticipated enrollment in the CMDP program. This amount consists of:

Health Care Investment Fund	(1,351,200)
Federal Medicaid Authority	21,787,800

(See the FY 2023 Supplemental narrative for more information.)

Background – This line item provides coverage to CMDP eligible children. CMDP is the health plan responsible for providing health services for children in foster care. The Department of Child Safety (DCS) administers both the physical and behavioral health services for this population. The funding amounts listed above are transferred to DCS, where they appear as expenditure authority.

KidsCare Services

The budget includes \$186,394,000 in FY 2024 for KidsCare Services. This amount consists of:

General Fund	33,108,400
Health Care Investment Fund	7,826,100
Political Subdivision Funds	512,400
CHIP Fund	144,947,100

Adjustments are as follows:

Eligibility Expansion

The budget includes an increase of \$21,593,800 in FY 2024 for a KidsCare eligibility expansion. This amount consists of:

General Fund	4,973,000
CHIP Fund	16,620,800

Children in families with incomes above 200% FPL are currently ineligible for KidsCare. However, the FY 2024 Health Care BRB raises the income limit to 225% FPL beginning October 1, 2023. We estimate this amount would be sufficient to cover the expenses of an additional 13,700 enrollees by June 2024. The 3-year spending plan associated with the enacted FY 2024 budget includes an additional \$1,627,000 from the General Fund in FY 2025 to annualize the costs of the expansion.

Formula Adjustments

The budget includes a decrease of \$12,118,100 in FY 2024 for formula adjustments. This amount consists of:

General Fund	(1,382,900)
Health Care Investment Fund	4,854,500
Political Subdivision Funds	154,000
CHIP Fund	10,591,900
Federal Medicaid Authority	(2,099,400)

Remove FY 2023 Supplemental

The budget includes a decrease of \$(86,615,800) in FY 2024 for the removal of one-time supplemental funding associated with the enhanced federal match rate. This amount consists of:

Health Care Investment Fund	(1,342,300)
Political Subdivision Funds	(13,400)
CHIP Fund	(87,731,400)
Federal Medicaid Authority	2,471,300

(See the FY 2023 Supplemental narrative for more information.)

Background – The KidsCare program, also referred to as the Children’s Health Insurance Program (CHIP), provides health coverage to children in families with incomes between 133% and 200% FPL through September 30, 2023. The upper limit is raised to 225% FPL beginning October 1, 2023. Households are charged a monthly premium of \$10 to \$70, depending on level of family income and number of children enrolled in the program. KidsCare is funded with the federal CHIP Block Grant and state matching dollars. The federal monies are deposited into the CHIP Fund, and the CHIP Fund is then

appropriated, along with the General Fund match, to fund KidsCare. *For additional program history, please refer to the FY 2020 Appropriations Report.*

ALTCS Services

The budget includes \$2,680,175,800 in FY 2024 for ALTCS Services. This amount consists of:

General Fund	329,568,900
County Funds	366,205,400
Health Care Investment Fund	23,845,300
Political Subdivision Funds	6,227,800
PDRF - State	7,578,400
PDRF - In Lieu of Federal Funds	36,422,000
Nursing Facility Provider Assessment Fund	32,989,600
Federal Medicaid Authority	1,877,338,400

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(6,456,100) in FY 2024 for formula adjustments. This amount consists of:

General Fund	13,653,400
County Funds	13,507,700
Health Care Investment Fund	2,339,000
Federal Medicaid Authority	(35,956,200)

Remove FY 2023 Supplemental

The budget includes an increase of \$88,026,200 in FY 2024 for the removal of a one-time supplemental funding adjustment associated with the enhanced federal match rate and lower-than-anticipated enrollment in the ALTCS program. This amount consists of:

County Funds	85,836,800
Health Care Investment Fund	381,600
Political Subdivision Funds	(66,000)
Federal Medicaid Authority	1,873,800

(See the FY 2023 Supplemental narrative for more information.)

FY 2024 American Rescue Plan HCBS Spending

The budget includes an increase of \$110,540,500 from Federal Medicaid Authority in FY 2024 for home-and community-based services (HCBS). The increase will bring total appropriations of federal monies for ARPA within AHCCCS to \$347,740,500 in FY 2024, which is the final year of available funding. On March 11, 2021, the American Rescue Plan Act (ARPA) gave state Medicaid agencies the ability to spend on HCBS with an enhanced match percentage. The amount will be spent in

accordance with the department's HCBS Spending Plan. Monies in this appropriation are non-lapsing.

Background – ALTCS provides coverage for individuals up to 222% of the FPL, or \$30,169 per person. The federal government requires coverage of individuals up to 100% of the Supplemental Security Income limit (SSI), which is equivalent to approximately 75% of FPL, or \$10,192 per person.

Clients contribute to the cost of their care based on their income and living arrangement, with institutionalized members contributing more of their income to the cost of their care. For FY 2023, AHCCCS estimates that client contributions will pay for 4.5%, or \$71,700,000, of the cost of care.

A.R.S. § 36-2999.52 authorizes AHCCCS to set the amount of and charge a provider assessment on health items and services provided to ALTCS enrollees by nursing facilities that are not paid for by Medicare. Laws 2022, Chapter 64 continued the assessment through September 30, 2031. The assessment ranges from \$1.80 to \$15.63 per day of patient care. AHCCCS may not increase rates to a level that generates assessment revenues more than 3.5% of facilities' net patient revenues.

An FY 2024 General Appropriations Act footnote allows AHCCCS to spend above the appropriation level of \$101,756,900 for supplemental payments to nursing facilities that serve ALTCS clients. The FY 2023 budget included a similar footnote. AHCCCS reported that it will spend \$121,292,200 in FY 2023 for these supplemental payments, or \$13,843,000 above the original appropriation.

Behavioral Health Services in Schools

The budget includes \$9,120,600 in FY 2024 for Behavioral Health Services in Schools. This amount consists of:

General Fund	3,000,000
Federal Medicaid Authority	6,120,600

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(770,600) from Federal Medicaid Authority in FY 2024 for a change in the federal match rate.

Background – This line item funds behavioral health services at or near public school campuses for both Medicaid-eligible and non-Medicaid students. Funds will

be allocated to behavioral health providers contracted with AHCCCS health plans working directly in schools.

Non-Medicaid Behavioral Health Services

Non-Medicaid Seriously Mentally Ill Services

The budget includes \$77,646,900 from the General Fund in FY 2024 for Non-Medicaid Seriously Mentally Ill (SMI) Services. This amount is unchanged from FY 2023.

Background – This line item provides funding for Non-Medicaid SMI clients. The state was a longstanding defendant in the *Arnold v. Sarn* litigation concerning the level of services provided to the SMI population. (Please see footnotes for more information on service targets established by the *Arnold v. Sarn* exit agreement and see the FY 2015 Appropriations Report for a history of the case.)

Supported Housing

The budget includes \$65,324,800 in FY 2024 for Supported Housing. This amount consists of:

General Fund	5,324,800
Federal Medicaid Authority	60,000,000

This amount is unchanged from FY 2023.

Background – This line item funds housing services that enable individuals to live in the community. These funds may serve Medicaid and 100% state-funded recipients. In October 2021, AHCCCS shifted administration of its housing programs from RBHAs to a contracted third-party public housing authority. Available housing services include rental subsidies for permanent supported housing and other housing-related supports, such as eviction prevention, move-in assistance, and move-in deposits. Most of the funding is reserved for members with an SMI designation, though some services are available for individuals without an SMI designation who have a general mental health or substance use disorder. As of June 2023, 2,228 households are enrolled in AHCCCS's housing program.

In addition to the \$5,324,800 for Supported Housing in this line item, the RBHAs may also expend monies in the Non-Medicaid Seriously Mentally Ill Services line item on Supported Housing services. AHCCCS reports \$23,918,800 was spent for Supported Housing services from the Non-Medicaid Seriously Mentally Ill Services line item in FY 2022.

In May 2021, AHCCCS submitted a waiver amendment to the Centers for Medicare and Medicaid Services (CMS) that would use current state funding for housing initiatives to draw down additional Federal Funds. While the "Housing and Health Opportunities" waiver amendment received CMS approval in October 2022, the implementation date of the program has been delayed until October 1, 2024. According to AHCCCS, CMS is requiring 2 additional deliverables defining the program's operational details before the program can start. AHCCCS submitted the first deliverable in April 2023, which addressed protocol for assessment of beneficiary eligibility, infrastructure planning, and provider qualifications for the program.

The new funds will be used to 1) increase homeless outreach, 2) provide housing for members who are homeless or at risk, and 3) expand wraparound housing services to ensure housing stability. Specific services allowed under the waiver include short-term post-transition housing up to 6 months, housing supports, pre-tenancy and tenancy supportive services, and home modifications deemed medically necessary. AHCCCS reports that the approved waiver would allow the agency to draw down an estimated \$73.8 million in Federal Funds annually for housing initiatives through FY 2027. Obtaining the full federal allocation, however, would require AHCCCS to identify \$5.5 million in additional state monies over and above existing state housing funding. AHCCCS is still exploring potential sources for the state share of funding.

Crisis Services

The budget includes \$16,391,300 in FY 2024 for Crisis Services. This amount consists of:

General Fund	14,141,100
Substance Abuse Services Fund	2,250,200

These amounts are unchanged from FY 2023.

Background – This line item provides funding for persons in need of emergency behavioral health assistance. These services may include 24-hour crisis telephone lines, crisis mobile teams, and facility-based crisis services.

Secure Behavioral Health Residential Facilities

The budget includes no funding in FY 2024 for Secure Behavioral Health Residential Facilities. This amount is unchanged from FY 2023.

The enacted FY 2023 budget appropriated \$25,000,000 from the General Fund for the construction of 5 secure

behavioral health residential facilities. AHCCCS did not, however, enter into any contracts to construct the facilities during FY 2023. As a result, the enacted budget ex-appropriates the \$(25,000,000). In addition, the budget does not include a \$10,000,000 ongoing General Fund increase for secure behavioral health residential facilities in FY 2024 that was originally intended to fund a higher reimbursement rate for such facilities. The \$10,000,000 increase had previously been included in the 3-year spending plan associated with the enacted FY 2023 budget. *(Please see the FY 2023 Appropriations Report for more information.)*

Children's Behavioral Health Services Fund Deposit

The budget includes \$250,000 from PDRF - State in FY 2024 for Children's Behavioral Health Services Fund Deposit. Adjustments are as follows:

One-Time Deposit

The budget includes an increase of \$250,000 from PDRF - State in FY 2024 for a deposit into the Children's Behavioral Health Services Fund established by A.R.S. § 36-3436.

This line item funds behavioral health services rendered to low-income, non-Medicaid students who are referred through an educational institution.

Hospital Payments

These line items represent supplemental payments made to hospitals and other providers separate from Medicaid service payments.

Disproportionate Share Hospital Payments Overview

The Disproportionate Share Hospital (DSH) program provides supplemental payments of federal and state dollars to hospitals that serve a large, or disproportionate, number of low-income patients. The total amount of eligible funding has historically been adjusted for annual changes in prices and the federal match rate.

Reduction in Federal DSH Payments

The Consolidated Appropriations Act of 2021 delayed nationwide DSH payment reductions that were originally authorized by the federal Affordable Care Act (ACA) until FY 2024. Given that Congress has enacted multiple delays to the ACA's DSH payment reductions to states, the budget does not assume any federal funding loss related to DSH in FY 2024. The budget therefore assumes that Arizona's DSH allocation would be adjusted in FY 2024

Table 3

Disproportionate Share Hospital Payments

Eligible Funding ^{1/}	FY 2023 (Enacted)	FY 2023 (Actual)	FY 2024 (Enacted)
Valleywise - CPE ^{2/}	\$ 92,291,200	\$ 112,235,500	\$ 92,291,200
ASH - CPE	28,474,900	28,474,900	28,474,900
Private Hospitals	884,800	884,800	884,800
DSH Voluntary Match	<u>57,739,100</u>	<u>39,025,900</u>	<u>69,735,200</u>
Total Funding	\$ 179,390,000	\$ 180,621,100	\$ 191,386,100
General Fund			
Retain FF of CPE (via Valleywise)	\$ 63,788,100	\$ 76,908,100	\$ 56,977,500
Retain FF of CPE (via ASH)	<u>20,689,900</u>	<u>21,230,900</u>	<u>18,876,000</u>
Subtotal - General Fund	\$ 84,478,000	\$ 98,139,000	\$ 75,853,500
Other Entities			
State MIHS	\$ 4,202,300	\$ 4,202,300	\$ 4,202,300
Private Hospitals	884,800	884,800	884,800
Subtotal - Other Entities	<u>\$ 5,087,100</u>	<u>\$ 5,087,100</u>	<u>\$ 5,087,100</u>
Total DSH Distributions	\$ 89,565,100	\$ 103,226,100	\$ 80,940,600
Voluntary Match	\$ 57,739,100	\$ 39,025,900	\$ 69,735,200
Total Distributions	\$ 147,304,200	\$ 142,252,000	\$ 150,675,800

^{1/} Amounts include state and federal match funding.

^{2/} The budget continues a Valleywise DSH limit of \$113,818,500 in the FY 2024 Health Care BRB to maximize the DSH General Fund revenue deposit in the event actual uncompensated care is higher. However, due to uncompensated care not reaching the statutory limit in recent years, the budget assumes the FY 2022 uncompensated care amount of \$92,291,200 in FY 2023 and FY 2024. After passage of the budget, AHCCCS reported the actual amount of uncompensated care was \$112,235,500 in FY 2023.

through FY 2026 according to the regular federal formula, as outlined below.

Distribution

The budget continues to appropriate \$4,202,300 of federal DSH funds associated with uncompensated care at Maricopa Integrated Health System (Valleywise) for distribution to Valleywise. The remaining \$75,853,500 of federal DSH funds associated with uncompensated care in public hospitals (Valleywise and the Arizona State Hospital) are available for General Fund deposit. The \$75,853,500 assumes Valleywise would report uncompensated care of \$92,291,200 in FY 2024.

Increase in Uncompensated Care Payments

In FY 2024, the state's total DSH payments are estimated to increase by \$15,386,200 from \$175,999,900 in FY 2023 (originally budgeted) to \$191,386,100 due to federal adjustments for inflation. Of the \$191,386,100 of eligible DSH funding in FY 2024, \$150,675,800 is distributed according to the allocations described below and listed in Table 3. The remaining \$40,710,300 of eligible funding represents existing expenditures used as part of the state match. (See the *Hospital Payments program summary on the JLBC website*.)

Disproportionate Share Payments

The budget includes \$5,087,100 in FY 2024 for Disproportionate Share Payments. This amount consists of:

General Fund	298,300
Federal Medicaid Authority	4,788,800

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$29,000 from the General Fund and a corresponding decrease of \$(29,000) from Federal Medicaid Authority in FY 2024 to reflect a change in the federal match rate.

Of the \$5,087,100 of total funds appropriated by the budget in the Disproportionate Share Payments line, \$884,800 represents distributions to private hospitals, including \$298,300 from the General Fund and \$586,500 in federal expenditure authority. In FY 2022, there were 25 private hospitals that received DSH payments. The remaining \$4,202,300 represents federal matching funds that the state appropriates to MIHS.

DSH Payments - Voluntary Match

The budget includes \$69,735,200 in FY 2024 for DSH Payments - Voluntary Match. This amount consists of:

Political Subdivision Funds	23,507,700
Federal Medicaid Authority	46,227,500

Adjustments are as follows:

Increased Funding

The budget includes an increase of \$32,309,300 in FY 2024 due to DSH Formula adjustments. This amount consists of:

Political Subdivision Funds	12,082,000
Federal Medicaid Authority	20,227,300

Background – This line item provides DSH payments to hospitals with matching funds provided by political subdivisions. The budget continues a provision that gives priority to eligible rural hospitals when allocating voluntary match DSH payments and continues to permit AHCCCS to include MIHS in allocations of voluntary match DSH payments if MIHS' CPE and matching Federal Funds exceed \$113,818,500 in FY 2024. (Please see Table 3.)

Graduate Medical Education

The budget includes \$426,531,500 in FY 2024 for Graduate Medical Education (GME) expenditures. This amount consists of:

General Fund	9,000,000
Political Subdivision Funds	100,522,600
Federal Medicaid Authority	317,008,900

Adjustments are as follows:

Funding Adjustment

The budget includes an increase of \$33,299,400 in FY 2024 for GME formula adjustments. This amount consists of:

Political Subdivision Funds	1,169,700
Federal Medicaid Authority	32,129,700

Background – The GME program reimburses hospitals with graduate medical education programs for the additional costs of treating AHCCCS members with graduate medical students. Besides the use of General Fund monies, A.R.S. § 36-2903.01 allows local, county, and tribal governments, along with public universities to provide state match for GME, and entities may designate the recipients of such funds. In FY 2022, 22 hospitals

received a total of \$373,004,355 for Graduate Medical Education.

An FY 2024 General Appropriations Act footnote allows AHCCCS to spend above the appropriation level of \$426,531,500. The FY 2023 budget included a similar footnote. AHCCCS reported that it will spend \$438,232,100 in FY 2023 for the GME program, or \$45,000,000 from the Federal Medicaid Authority above the original appropriation.

Laws 2021, Chapter 81 required AHCCCS to establish a separate GME program for qualifying community health centers and rural health clinics with primary care graduate medical education programs. In May 2023, AHCCCS reported that CMS denied approval of Medicaid funding for the separate GME program. Given that program implementation was contingent on CMS approval, AHCCCS will not be establishing the program. However, the FY 2024 General Appropriations Act includes a one-time appropriation of \$5 million to the Arizona Area Health Education System for primary care residency programs at qualifying community health centers, rural health clinics, and tribal health clinics. (Please see Arizona Board of Regents narrative for additional information.)

Rural Hospitals

The budget includes \$41,074,400 in FY 2024 for Rural Hospitals, which includes Critical Access Hospitals (CAH). This amount consists of:

General Fund	13,845,200
Federal Medicaid Authority	27,229,200

Adjustments are as follows:

One-Time Supplemental Pool Increase

The budget includes an increase of \$12,462,000 in FY 2024 to supplement payments to Critical Access Hospitals. This amount consists of:

General Fund	4,200,000
Federal Medicaid Authority	8,262,000

Formula Adjustments

The budget includes an increase of \$935,600 from the General Fund and a corresponding decrease of \$(935,600) from Federal Medicaid Authority in FY 2024 due to a change in the federal match.

Background – This line item includes \$12,158,100 for the Rural Hospital Reimbursement program, which increases inpatient reimbursement rates for qualifying rural hospitals. The remaining \$28,916,300 is for the CAH

program, which provides increased reimbursement to small rural hospitals that are federally designated as CAHs. Funding is distributed according to a hospital's share of the cost in serving Medicaid enrollees during the prior year. In FY 2022, 20 hospitals qualified for funding from Rural Hospital Reimbursement, and in FY 2023, 12 hospitals qualified for funding from CAH.

Targeted Investments Program

The budget includes \$26,000,000 in FY 2024 for the Targeted Investments Program. This amount consists of:

Delivery System Reform	8,321,200
Incentive Payment (DSRIP) Fund	
Federal Medicaid Authority	17,678,800

Adjustments are as follows:

Funding Adjustment

The budget includes a decrease of \$(24,000,000) in FY 2024 for a revised expenditure estimate. This amount consists of:

Delivery System Reform	(7,174,000)
Incentive Payment (DSRIP) Fund	
Federal Medicaid Authority	(16,826,000)

AHCCCS included waiver authority for this program as part of its 2022-2027 waiver renewal application, which received CMS approval in October 2022. Due to the timing of the waiver approval and AHCCCS's transition into the new waiver period, AHCCCS expects a reduction in its FY 2024 Targeted Investments allocation.

Background – In January 2017, the Centers for Medicare and Medicaid Services (CMS) approved AHCCCS' request to create a Targeted Investments Program. AHCCCS began using the program in FY 2018 to make incentive payments to Medicaid providers that adopt processes to integrate physical care and behavioral health services. CMS initially authorized up to \$300,000,000 in total funds for the program from FY 2018 through FY 2022. In October 2022, CMS granted a 5-year extension of the program at a total funding level of \$250,000,000. The state portion of the program's cost is funded from certified public expenditures for existing state-funded programs and voluntary contributions from local governments and public universities.

On-Call Obstetrics and Gynecological Services

The budget includes \$7,500,000 from the General Fund in FY 2024 for On-Call Obstetrics and Gynecological Services. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$7,500,000 from the General Fund in FY 2024 for on-call obstetric and gynecological services in low-volume obstetric delivery areas and rural communities.

A General Appropriation Act footnote makes the monies non-lapsing until the end of FY 2026 and instructs AHCCCS to distribute up to \$2,500,000 annually to qualifying community health centers for the unreimbursed cost necessary to maintain on-call services. AHCCCS must submit a report by July 1 annually regarding the use of these monies, including the number of services provided by health care providers receiving funding from this appropriation.

Other Issues

This section includes information on the following topics:

- FY 2023 Supplemental
- Statutory Changes
- Long-Term Budget Impacts
- Health Workforce Development Funding
- Auditor General Report
- County Contributions
- Program Components
- Tobacco Master Settlement Agreement
- Tobacco Tax Allocations

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$5,049,605,300 from Expenditure Authority sources and the CHIP Fund for net funding associated with the enhanced federal match rate and higher-than-budgeted enrollment associated with the federal prohibition on disenrollment during the public health emergency. However, the estimated cost of the enhanced match rate was only \$3,307,915,900. Laws 2023, Chapter 17 appropriated 50% of this amount, or \$1,653,958,000 from Expenditure Authority and \$29,243,800 from the CHIP Fund in FY 2023. Laws 2023, Chapter 113 subsequently appropriated an additional \$3,307,915,900 from Expenditure Authority and \$58,487,600 from the CHIP Fund. Chapters 17 and 113 result in a combined total of \$5,049,605,300.

The budget assumes AHCCCS General Fund formula expenses for FY 2023 will be \$(268,000,000) lower than the original FY 2023 General Fund appropriation. The FY 2024 budget does not, however, include an ex-appropriation to account for the savings. Instead, the

surplus would be realized through General Fund reverts.

The \$5,049,605,300 supplemental and the \$(268,000,000) surplus are partially based on the federal government's extension of the enhanced FMAP associated with the COVID-19 public health emergency. The FY 2023 enacted budget assumed the enhanced rate would not be extended into FY 2023. However, the 6.2% enhanced rate is currently available through March 2023, as well as a 5.0% enhanced rate in April 2023 through June 2023. (See *Formula Adjustments for additional information on the enhanced match rates.*)

The FY 2024 budget also includes an FY 2023 ex-appropriation of \$(25,000,000) from the General Fund to remove one-time funding for the construction of 5 secure behavioral health residential facilities. (See *Secure Behavioral Health Residential Facilities for additional information.*)

Including the secure behavioral health residential facilities ex-appropriation, the net AHCCCS FY 2023 supplemental is \$5,024,605,300. Table 4 shows the supplemental by fund source.

Table 4	
AHCCCS FY 2023 Supplemental by Fund Source (in millions)	
General Fund	(25)
Expenditure Authority	
County Funds	(86)
Health Care Investment Fund	12
Hospital Assessment Fund	99
Political Subdivisions Funds	(3)
Federal Medicaid Authority	4,940
Expenditure Authority Subtotal	4,962
Other Funds	
Children's Health Insurance Program Fund	88
Other Funds Subtotal	88
Supplemental Total Fund	\$5,025 ^{1/}
^{1/} The estimated cost of the enhanced match rate accounts for \$3,307,915,900 of the total supplemental.	

Statutory Changes

The Health Care BRB makes the following statutory changes:

Rates and Services

- As session law, continue the FY 2010 risk contingency rate reduction for all managed care organizations. Continue to impose a reduction on funding for all managed care organizations administrative funding levels.

- As permanent law, raise income eligibility for KidsCare to 225% FPL, conditional on approval of the Centers for Medicare and Medicaid Services.
- As session law, require AHCCCS to provide pilot coverage of rapid whole genome sequencing as a separately payable service for infant members that meet certain criteria. The service involves examining the patient's entire human genome to identify disease-causing genetic changes to diagnose and treat the patient. Includes a delayed repeal date of December 31, 2026.

Counties

- As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.
- As session law, set the FY 2024 County Acute Care contribution at \$43,733,700.
- As session law, continue to require AHCCCS to transfer any excess monies back to the counties by December 31, 2024, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act.
- As session law, set the FY 2024 county Arizona Long Term Care System (ALTCs) contributions at \$366,205,400.

Hospitals

- As session law, continue to establish FY 2024 disproportionate share (DSH) distributions to the Maricopa Special Healthcare District (Valleywise), the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. The Valleywise distribution would remain at \$113,818,500 in FY 2024.
- As session law, continue to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, and allow Valleywise to be eligible for Pool 5 allocations, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions.
- As session law, continue to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2024 according to county population size. Hospitals in rural counties (i.e. excluding Maricopa, Pima, and Pinal) have first priority; hospitals in Pinal County have second priority; and hospitals in Maricopa and Pima Counties have third priority.

Available Funding

- As session law, continue to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, AHCCCS's General Fund costs are projected to increase by

\$137,282,200 in FY 2025 above FY 2024 and by \$109,694,600 in FY 2026 above FY 2025.

The FY 2025 estimate is based on:

- 1% caseload growth.
- 3.1% capitation growth.
- An estimated 66.13% FMAP.
- The loss of the FY 2024 enhanced match rates.
- \$1,627,000 for additional caseload growth associated with the KidsCare expansion to 225% FPL.
- \$(12,560,000) to remove one-time funding.

The FY 2026 estimate is based on:

- 1% caseload growth.
- 3.1% capitation growth.
- An estimated 66.27% FMAP.

Health Workforce Development Funding

The 3-year spending plan associated with the enacted FY 2023 budget assumed the Executive would spend \$27,000,000 in each of FY 2023, FY 2024, and FY 2025 from federal American Rescue Plan Act (ARPA) monies for the Student Nurse Clinical Rotation and Licensed or Certified Nurse Training Program established by Laws 2022, Chapter 330. The program is administered by AHCCCS and provides grants to hospitals, nursing facilities, and assisted living facilities to expand or create clinical training placements for undergraduate nursing students and licensed or certified nurses. AHCCCS designated the Arizona State Board of Nursing as the administrator of the program in December 2022. The Nursing Board opened the grant cycle for the program in January 2023. At the time of this writing, the grant's advisory board has recommended for approval 19 applications; an additional 13 applications require further clarification to make a determination.

The 3-year spending plan associated with the enacted FY 2023 budget also assumed \$5,000,000 in non-appropriated Federal Funds in each of FY 2023, FY 2024, and FY 2025 to expand behavioral health care worker training. Federal funding will be deposited into the Behavioral Health Training Pilot Program Fund, established by Laws 2022, Chapter 330. The funding will be used to create behavioral health curriculum in the Maricopa County and Navajo County Community College Districts. AHCCCS reported in February 2023 that Maricopa Community College District will receive \$3,425,600 annually and Navajo County Community College District will receive \$1,058,400 annually. The remaining \$500,000 will support joint programs administered by the community colleges.

These monies do not appear in the General Appropriations Act because they are non-appropriated Federal Funds.

Auditor General Report

Performance Audit and Sunset Review

In September 2022, the Auditor General published an audit of AHCCCS as part of the sunset review process prescribed in A.R.S. § 41-2951. The audit addressed AHCCCS's investigation of fraud and abuse, accuracy of eligibility determinations, review of contracted health plans and provider performance, and implementation of findings related to service delivery for members with a serious mental illness. In terms of budget implications, the Auditor General found that AHCCCS has taken over 1 year to investigate over half of potential fraud and abuse cases open as of May 2022, potentially resulting in unnecessary payments.

The Auditor General's report recommended AHCCCS conduct a workload/cost analysis to determine if its funding and staffing levels are sufficient to provide timely investigation of fraud and abuse cases.

After the release of the audit, AHCCCS released preliminary findings of fraud in an ongoing federal investigation. In May 2023, AHCCCS suspended payments to more than 100 unique, registered behavioral health residential and outpatient treatment providers alleged to have engaged in fraudulent billing activities, including billing for services that were never provided or not medically necessary. For example, some providers billed for services rendered to deceased AHCCCS members or for services rendered to AHCCCS members not physically present. While the exact amount defrauded is currently unknown, the Executive estimated it to be in the "hundreds of millions of dollars" since 2019. AHCCCS plans to contract a third-party forensic audit of all fee-for-service claims submitted in the past 6 years. As of this writing, the impact of the investigation on AHCCCS formula funding costs is unclear.

Beyond contracting a forensic audit, AHCCCS has taken other actions to eliminate fraudulent billing, such as:

- Recategorizing 3 behavioral health provider types as high-risk for all new registrants
- Imposing a moratorium on new provider registrations for specified provider types
- Adding new reporting to flag concerning claims prior to payment
- Setting billing thresholds and requiring prepayment review for specified scenarios

In the future, AHCCCS plans to implement additional fraud prevention measures, including mandating visual attestation of individual billers; requiring third-party billers to disclose terms of compensation; and implementing new rules that allow the administration to exclude payment of individuals affiliated with terminated or suspended providers.

County Contributions

County governments make 3 different payments to defray the AHCCCS budget's costs, as summarized in *Table 5*. The counties' single largest contribution is the ALTCS program. Pursuant to A.R.S. § 11-292, the state and the counties share in the growth of the ALTCS program. (See the *County Contributions program summary on the JLBC website*.)

Program Components

Traditional Medicaid, Proposition 204, Adult Expansion, KidsCare, ALTCS, and CMDP services include the following:

Capitation

The majority of AHCCCS payments are made through monthly capitated payments to contracted health plans to cover Medicaid services. In FY 2024, the average capitation rate is expected to be approximately \$562 per

member per month (or \$6,700 annually). Of that amount, an average of \$136 is from state match and \$426 from Federal Medicaid Authority.

Reinsurance

Reinsurance is a stop-loss program for health plans and program contractors for patients with unusually high costs. The health plan is responsible for paying all member costs until an annual deductible has been met.

Fee-For-Service

Rather than using Capitation, Fee-For-Service payments are made for 3 programs: 1) federally-mandated services for Native Americans living on reservations; 2) temporary Fee-For-Service coverage for those who leave AHCCCS before enrolling in a capitated plan, and 3) federally-mandated emergency services for unauthorized and qualified immigrants.

Medicare Premiums

AHCCCS provides funding for the purchase of Medicare Part B (supplemental medical insurance) and Part A (hospital insurance). Purchasing supplemental coverage reduces state expenditures since the federal Medicare program absorbs a portion of the costs. In addition, this includes the cost of premiums for certain disabled workers and low-income Qualified Medicare Beneficiaries.

Table 5

County Contributions

County	FY 2023			FY 2024		
	<u>BNCF 1/</u>	<u>Acute</u>	<u>ALTCS</u>	<u>BNCF 1/</u>	<u>Acute</u>	<u>ALTCS</u>
Apache	\$141,800	\$268,800	860,500	\$153,900	\$268,800	692,800
Cochise	264,500	2,214,800	6,320,300	287,100	2,214,800	6,587,900
Coconino	261,000	742,900	2,583,200	283,200	742,900	2,080,000
Gila	107,200	1,413,200	2,855,600	116,300	1,413,200	2,852,300
Graham	76,200	536,200	1,258,800	82,700	536,200	1,540,200
Greenlee	19,600	190,700	0	21,200	190,700	0
La Paz	40,600	212,100	653,700	44,000	212,100	682,700
Maricopa	0	16,887,200	229,265,800	0	15,703,400	240,195,400
Mohave	304,600	1,237,700	10,473,800	330,500	1,237,700	10,847,500
Navajo	199,700	310,800	3,561,400	216,700	310,800	2,867,700
Pima	1,814,500	14,951,800	54,350,500	1,968,900	14,951,800	56,396,600
Pinal	355,000	2,715,600	17,427,100	385,300	2,715,600	18,011,700
Santa Cruz	83,900	482,800	2,775,000	91,100	482,800	2,582,800
Yavapai	335,400	1,427,800	9,429,000	363,900	1,427,800	9,820,100
Yuma	<u>299,000</u>	<u>1,325,100</u>	<u>10,883,000</u>	<u>324,500</u>	<u>1,325,100</u>	<u>11,047,700</u>
Subtotal	\$4,303,100	\$44,917,500	\$352,697,700	\$4,669,300	\$43,733,700	\$366,205,400
Total			\$401,918,300			\$414,608,400

1/ Numbers may not add to total due to rounding.

Clawback

AHCCCS is not required to pay for prescription drug costs for members who are eligible for Medicare. Instead, AHCCCS is required to make “Clawback” payments to Medicare based on 75.0% of the estimated drug costs.

Tobacco Master Settlement Agreement

The budget continues to require AHCCCS to transfer up to \$2,036,000 from the Traditional Medicaid Services line item in FY 2024 to assist in the enforcement of a multi-year settlement reached between tobacco companies and the state over the Master Settlement Agreement (MSA). This transfer amount consists of:

- Up to \$1,200,000 to the Attorney General for costs associated with tobacco settlement litigation.
- \$836,000 to the Department of Revenue to fund 6 positions that perform luxury tax enforcement and audit duties. (*See the program summary on the JLBC website.*)

Tobacco Tax Allocations

The budget projects AHCCCS and DHS will receive \$142,829,200 in transfers of tobacco tax collections in FY 2024. This amount represents a decrease of \$(1,997,000) from the FY 2023 budgeted amount. *Table 6* summarizes tobacco tax transfers and allocations to the agencies.

Table 6

Summary of Tobacco Tax and Health Care Fund and Tobacco Products Tax Fund

Medically Needy AccountFunds Available

	<u>FY 2022</u>	<u>FY 2023</u>
Balance Forward	\$ 2,981,600	\$ (163,100)
Transfer In - Tobacco Tax and Health Care Fund	40,438,600	40,519,500
Transfer In - Tobacco Products Tax Fund	23,408,100	23,454,900
Total Funds Available	\$ 66,828,300	\$ 63,811,300

AllocationsAHCCCS

AHCCCS State Match Appropriation	\$ 66,291,400	\$ 67,179,700
Total AHCCCS Allocations	\$ 66,291,400	\$ 67,179,700

DHS

Folic Acid	\$ 400,000	\$ 400,000
Renal, Dental Care, and Nutrition Supplements	300,000	300,000
Administrative Adjustments	0	0
Total DHS Allocations	700,000	700,000

Balance Forward*	\$ (163,100) *	\$ (4,068,400) *
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AHCCCS Proposition 204 Protection AccountFunds Available

Balance Forward	\$ 6,266,200	\$ 5,043,300
Transfer In - Tobacco Products Tax Fund	36,412,500	36,485,300
Total Funds Available	\$ 42,678,700	\$ 41,528,600

Allocations

AHCCCS State Match Appropriation	\$ 37,635,400	\$ 36,641,400
Administrative Adjustments	0	0
Balance Forward	\$ 5,043,300	\$ 4,887,200

AHCCCS Emergency Health Services AccountFunds Available

Balance Forward	\$ 3,337,700	\$ 2,755,400
Transfer In - Tobacco Products Tax Fund	17,339,300	17,374,000
Total Funds Available	\$ 20,677,000	\$ 20,129,400

Allocations

AHCCCS State Match Appropriation	\$ 17,921,600	\$ 17,448,300
Administrative Adjustments	0	0
Balance Forward ^{1/}	\$ 2,755,400	\$ 2,681,100

DHS Health Education AccountFunds Available

Balance Forward	\$ 10,994,400	\$ 16,127,700
Transfer In - Tobacco Tax and Health Care Fund	14,159,400	12,714,600
Transfer In - Tobacco Products Tax Fund	1,744,800	1,774,100
Smoke-Free Arizona Fund	357,700	295,700
Total Funds Available	\$ 27,256,300	\$ 30,912,100

Allocations

Tobacco Education and Prevention Program	\$ 9,705,200	\$ 18,596,000
Leading Causes of Death - Prevention and Detection	1,423,400	3,179,000
Balance Forward	\$ 16,127,700	\$ 9,137,100

Health Research AccountFunds Available

Balance Forward	\$ 1,866,100	\$ 5,337,600
Transfer In - Tobacco Tax and Health Care Fund	2,888,500	2,894,300
Transfer In - Tobacco Products Tax Fund	4,334,800	4,343,500
Total Funds Available	\$ 9,089,400	\$ 12,575,400

Allocations

Biomedical Research Support	\$ 499,400	\$ 0
Research Grants	3,252,400	9,285,500
Balance Forward	\$ 5,337,600	\$ 3,289,900

^{1/} Unencumbered funds in Emergency Health Services Account are transferred to Prop 204 Protection Account at end of year.
 * Actual ending balance will not be negative.

Arizona Commission on the Arts

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
Arts Trust Fund Deposit	0	5,000,000	5,000,000
AGENCY TOTAL	0	5,000,000	5,000,000 ^{1/}
FUND SOURCES			
General Fund	0	5,000,000	5,000,000
SUBTOTAL - Appropriated Funds	0	5,000,000	5,000,000
Other Non-Appropriated Funds	1,781,100	1,682,400	1,626,300 ^{2/}
Federal Funds	3,795,600	1,008,300	1,008,300
TOTAL - ALL SOURCES	5,576,700	7,690,700	7,634,600

AGENCY DESCRIPTION — The agency promotes arts in the state by offering matching grants to communities and arts organizations, developing programs in-house to showcase artists in all disciplines, and serving as a resource for local artists.

FOOTNOTES

- ^{1/} General Appropriation Act funds are appropriated as a Special Line Item by Agency.
^{2/} Monies appropriated from the General Fund for deposit into the Arts Trust Fund pursuant to the FY 2024 General Appropriation Act are not displayed to avoid double counting of appropriations.

Arts Trust Fund Deposit

The budget includes \$5,000,000 from the General Fund in FY 2024 for deposit into the non-appropriated Arts Trust Fund. Adjustments are as follows:

Remove One-Time FY 2023 Funding

The budget includes decrease of \$(5,000,000) from the General Fund in FY 2024 to remove one-time funding for the Arts Trust Fund that was included in the FY 2023 budget.

One-Time FY 2024 Funding

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for funding for the Arts Trust Fund.

Monies in the Arts Trust Fund are used to award grants to organizations with the purpose of advancing and fostering the arts in Arizona. A portion of the funds are statutorily used to provide grants to organizations representing handicapped persons or racial or ethnic minorities and organizations representing rural areas.

Board of Athletic Training

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.5	1.5	1.5
Personal Services	59,300	75,400	75,400
Employee Related Expenditures	24,200	43,700	59,100
Travel - In State	0	1,200	1,200
Other Operating Expenditures	21,900	37,000	29,600
Equipment	4,400	0	0
AGENCY TOTAL	109,800	157,300 ^{1/}	165,300 ^{2/}

FUND SOURCES

Other Appropriated Funds

Athletic Training Fund	109,800	157,300	165,300
SUBTOTAL - Other Appropriated Funds	109,800	157,300	165,300
SUBTOTAL - Appropriated Funds	109,800	157,300	165,300
TOTAL - ALL SOURCES	109,800	157,300	165,300

AGENCY DESCRIPTION — The board examines and licenses athletic trainers, investigates complaints and holds hearings to enforce standards of practice.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Board of Athletic Training, \$9,700 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$165,300 and 1.5 FTE Positions from the Athletic Training Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Costs

The budget includes a decrease of \$(7,300) from the Athletic Training Fund in FY 2024 to remove one-time costs associated with migrating to an e-licensing application.

Statewide Adjustments

The budget includes an increase of \$15,300 from the Athletic Training Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Attorney General - Department of Law

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	624.7	655.7	671.7 ^{1/}
Personal Services	30,765,000	37,171,000	37,372,100
Employee Related Expenditures	11,648,800	16,454,800	15,322,800
Professional and Outside Services	582,900	403,400	403,400
Travel - In State	198,400	257,200	257,200
Travel - Out of State	108,300	113,800	113,800
Other Operating Expenditures	7,806,800	10,401,000	13,615,000
Equipment	961,500	406,600	393,600
OPERATING SUBTOTAL	52,071,700	65,207,800	67,477,900 ^{2/3/}
SPECIAL LINE ITEMS			
Attorney Stipend/Retention Bonus	2,000,000	0	0
Employee Stipend/Retention Bonus	0	3,000,000	0
Capital Postconviction Prosecution	677,200	881,400	876,400
Child and Family Advocacy Centers	600,000	600,000	600,000 ^{4/5/}
Colorado City Radio Dispatch System	0	400,000	0
Criminal Division Major Fraud Unit	277,400	1,194,000	1,187,300
Internet Crimes Against Children Enforcement	17,700	1,271,500	1,271,500 ^{6/}
Expert Witness and Outside Counsel	1,166,500	2,000,000	0
Federalism Unit	767,700	1,318,700	0
Government Accountability and Special Litigation	1,140,800	1,334,200	1,287,500
Military Airport Planning	81,900	85,000	85,000 ^{7/}
Missing and Murdered Indigenous Persons Investigations	0	2,000,000	0
Opioid Abatement	0	5,000,000	12,000,000 ^{8/}
Organized Retail Theft Task Force	471,500	1,570,700	1,570,700 ^{9/}
Risk Management Interagency Service Agreement	9,091,200	10,703,900	10,655,300
State Grand Jury	171,900	194,100	193,000
Southern Arizona Law Enforcement	1,410,700	1,678,900	1,656,600
Technology Company Antitrust	702,300	0	0
Tobacco Enforcement	97,600	877,600	875,900
Victims' Rights	1,920,200	4,023,400	4,023,500
Victims' Rights Fund Deposit	0	1,400,000	0
Voter Fraud Unit	479,500	563,200	0
AGENCY TOTAL	73,145,800	105,304,400	103,760,600 ^{10/}
FUND SOURCES			
General Fund	23,762,600	29,522,900	27,749,200
<u>Other Appropriated Funds</u>			
Antitrust Enforcement Revolving Fund	781,200	161,400	160,900
Attorney General Legal Services Cost Allocation Fund	1,572,500	2,326,200	2,314,900
Collection Enforcement Revolving Fund	6,730,500	7,599,300	7,232,100
Consumer Protection - Consumer Fraud Revolving Fund	14,227,200	24,474,500	18,364,900
Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund	0	5,000,000	12,000,000
Interagency Service Agreements Fund	14,731,200	18,199,300	18,078,100 ^{11/}
Internet Crimes Against Children Enforcement Fund	0	900,000	900,000
Risk Management Revolving Fund	9,420,400	13,308,100	13,147,700
Victims' Rights Fund	1,920,200	3,812,700	3,812,800
SUBTOTAL - Other Appropriated Funds	49,383,200	75,781,500	76,011,400
SUBTOTAL - Appropriated Funds	73,145,800	105,304,400	103,760,600

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Other Non-Appropriated Funds	56,896,500	63,869,800	63,869,800
Federal Funds	6,745,900	10,068,200	10,068,200
TOTAL - ALL SOURCES	136,788,200	179,242,400	177,698,600

AGENCY DESCRIPTION — The Attorney General is an elected constitutional officer. The office provides legal counsel to state agencies, represents the state in juvenile dependency matters, enforces civil rights, environmental, consumer protection and anti-trust laws, and investigates and prosecutes criminal cases, handles criminal appeals, and assists county attorneys.

FOOTNOTES

- 1/ Includes 24.2 GF and 134 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Within ten days after receiving a complaint alleging a violation of section 15-511, Arizona Revised Statutes, the attorney general shall forward a copy of the complaint to the governor, the president of the senate and the speaker of the house of representatives. (General Appropriation Act footnote)
- 3/ The appropriated amount for the operating lump sum includes a onetime increase of \$3,000,000 from the consumer protection-consumer fraud revolving fund established by section 44-1531.01, Arizona Revised Statutes, in fiscal year 2023-2024 for operating expenses. This increase is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 4/ The amount appropriated for the child and family advocacy centers line item is allocated to the child and family advocacy center fund established by section 41-191.11, Arizona Revised Statutes. (General Appropriation Act footnote)
- 5/ Of the amount appropriated for the child and family advocacy centers line item in fiscal year 2023-2024, \$500,000 shall be used to support an entity that provides child victim advocacy and mental health services through a child advocacy center that is based in a county with a population of more than three million persons. (General Appropriation Act footnote)
- 6/ The \$900,000 appropriation from the internet crimes against children enforcement fund established by section 41-199, Arizona Revised Statutes, and the \$371,500 appropriation from the state general fund for the internet crimes against children enforcement line item are continuing appropriations and are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- 7/ A.R.S. § 26-263 annually appropriates \$85,000 from the General Fund for Military Airport Planning. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 8/ The attorney general shall submit an expenditure plan for review by the joint legislative budget committee before spending any monies appropriated for the opioid abatement line item. Monies in the opioid abatement line item shall be used to treat opioid use disorders, to support persons who are in opioid treatment and recovery or for any other specified purposes that are included in a court order or a settlement or compromise that is entered into by this state and other parties to the opioid litigation. (General Appropriation Act footnote)
- 9/ The \$1,570,700 appropriation for the organized retail theft task force line item shall be used for operational expenses of the organized retail task force and for hiring one attorney, one paralegal, two investigators and one support staff person within the office of the attorney general and four peace officers who are assigned to the task force to focus specifically on investigating and prosecuting organized retail crime. (General Appropriation Act footnote)
- 10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 11/ All monies appropriated to the attorney general legal services line item in the department of child safety budget do not count toward the attorney general's interagency service agreements fund appropriation in fiscal year 2023-2024. (General Appropriation Act footnote)

Operating Budget

The budget includes \$67,477,900 and 513.5 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$24,487,600
Antitrust Enforcement Revolving Fund	160,900
Attorney General Legal Services Cost Allocation Fund (LSCAF)	2,314,900

Collection Enforcement Revolving Fund (CERF)	7,232,100
Consumer Protection - Consumer Fraud (CPCF) Revolving Fund	12,711,900
Interagency Service Agreements (ISA) Fund	18,078,100
Risk Management Revolving Fund	2,492,400

Adjustments are as follows:

One-Time Funding Increase

The budget includes a one-time increase of \$3,000,000 from the CPCF Revolving Fund in FY 2024 for increased operating costs. A General Appropriation Act footnote makes this appropriation non-lapsing.

Additional Civil Rights Division FTE Positions

The budget includes an increase of \$287,300 and 3 FTE Positions from the CPCF Revolving Fund for the Civil Rights Division to address increased caseloads in the division and to reduce the time to complete investigations.

Additional FTE Positions

The budget includes an increase of 13 FTE Positions from the General Fund in FY 2024 to appropriate FTE Positions that were previously funded from the non-appropriated National Mortgage Settlement. This increase does not include a corresponding funding increase. *(Please see the FY 2017 Appropriations Report for more information.)*

Shift Appropriated FTE Positions

The budget includes an increase of 12 FTE Positions from the CPCF Revolving Fund in FY 2024. The budget removes funding for the Federalism Unit and Voter Fraud Unit line items but shifts the 12 FTE Positions previously funded by these line items to the operating budget for no net change in FTE Position authority.

Criminal Division Resources

The budget continues \$2,350,000 from the CPCF Revolving Fund in FY 2024 for funding originally appropriated in the FY 2020 General Appropriation Act for the Criminal Division.

An FY 2020 General Appropriation Act footnote appropriated \$950,000 in FY 2021, \$2,350,000 in FY 2022, and \$2,350,000 in FY 2023 from the CPCF Revolving Fund for Criminal Division resources. *(Please see the FY 2023 Appropriations Report for more information.)*

Remove One-Time Medicaid Fraud Unit Funding

The budget includes a decrease of \$(76,000) from the CPCF Revolving Fund in FY 2024 to remove one-time funding for newly-purchased vehicles and equipment for new investigator positions in the Medicaid Fraud Control Unit (MFCU) added in FY 2023.

The MFCU investigates and prosecutes cases involving Medicaid fraud.

Remove One-Time Equipment Funding

The budget includes a decrease of \$(110,500) from the Risk Management Revolving Fund in FY 2024 to remove one-time funding for equipment to support new FTE

Positions added to the Liability Management Section (LMS) in FY 2023.

The LMS provides legal representation for Arizona Department of Administration (ADOA) Risk Management cases. ADOA pays the LMS for outside counsel services related to these cases. *(Please see the Arizona Department of Administration narrative for more information.)*

Statewide Adjustments

The budget includes a decrease of \$(830,700) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	241,900
Antitrust Enforcement Revolving Fund	(500)
Attorney General Legal Services Cost Allocation Fund (LSCAF)	(11,300)
Collection Enforcement Revolving Fund (CERF)	(367,200)
Consumer Protection - Consumer Fraud (CPCF) Revolving Fund	(571,100)
Interagency Service Agreements (ISA) Fund	(121,200)
Risk Management Revolving Fund	(1,300)

(Please see the Agency Detail and Allocations section.)

Employee Stipend/Retention Bonus

The budget includes no funding in FY 2024 for the Employee Stipend/Retention Bonus line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(3,000,000) from the CPCF Revolving Fund in FY 2024 to remove one-time funding for employee stipends and retention bonuses.

Monies in this line item provide funding for stipend and retention bonuses for employees of the Attorney General's Office.

Capital Postconviction Prosecution

The budget includes \$876,400 and 6 FTE Positions from the General Fund in FY 2024 for Capital Postconviction Prosecution. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(5,000) from the General Fund in FY 2024 for statewide adjustments.

This line item funds costs associated with prosecuting capital cases after the initial conviction.

Child and Family Advocacy Centers

The budget includes \$600,000 in FY 2024 for the Child and Family Advocacy Centers line item. This amount consists of:

General Fund	100,000
CPCF Revolving Fund	500,000

Adjustments are as follows:

Continue One-Time Funding

The budget continues one-time funding of \$500,000 from the CPCF Revolving Fund in FY 2024 to fund another one-time distribution to child and family advocacy centers originally made in FY 2022, then continued in FY 2023.

These monies are deposited into the Child and Family Advocacy Centers Fund. Monies in the fund are for distribution to child and family advocacy centers. Child and family advocacy centers provide victim advocacy, case management, and counseling services to primary and secondary victims of child abuse, domestic violence, sexual assault, elder abuse and homicide.

A General Appropriation Act footnote specifies that the \$500,000 increase in FY 2024 is to be allocated to an entity that supports victim advocacy and mental health services through a Child Advocacy Center based in Maricopa County.

Colorado City Radio Dispatch System

The budget includes no funding in FY 2024 for the Colorado City Radio Dispatch System line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(400,000) from the CPCF Revolving Fund in FY 2024 to remove one-time funding for a radio dispatch system in Colorado City.

Monies in this line item provide funding for the costs to start-up and maintain a digital radio dispatch system in Colorado City.

Criminal Division Major Fraud Unit

The budget includes \$1,187,300 and 7 FTE Positions from the CPCF Revolving Fund in FY 2024 for the Criminal Division Major Fraud Unit. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(6,700) from the CPCF Revolving Fund in FY 2024 for statewide adjustments.

This line item provides funding for increased caseload demand for the Major Fraud Unit. The Criminal Division Major Fraud Unit investigates complaints submitted by Arizona citizens and referred by other law enforcement agencies.

Internet Crimes Against Children Enforcement

The budget includes \$1,271,500 in FY 2024 for the Internet Crimes Against Children (ICAC) Enforcement line item. This amount consists of:

General Fund	371,500
ICAC Enforcement Fund	900,000

These amounts are unchanged from FY 2023.

A.R.S. § 41-199 requires the Attorney General to enter into 1 or more intergovernmental agreements to operate the Arizona Internet Crimes Against Children Task Force (AZICAC), led by the Phoenix Police Department. AZICAC is a joint federal/local law enforcement task force that investigates child pornography.

A General Appropriation Act footnote makes the FY 2024 amount non-lapsing until the end of FY 2025.

Expert Witness and Outside Counsel

The budget includes no funding in FY 2024 for the Expert Witness and Outside Counsel line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the CPCF Revolving Fund in FY 2024 to remove one-time funding for expert witnesses and outside counsel.

Monies in this line item are used for expert witness and litigation expenses.

Federalism Unit

The budget includes no funding in FY 2024 for the Federalism Unit line item. Adjustments are as follows:

Remove Federalism Unit Funding

The budget includes a decrease of \$(1,318,700) and (8) FTE Positions from the CPCF Revolving Fund in FY 2024 to remove funding for the Federalism Unit.

This line item provides funding for the Attorney General to defend the state in cases related to federal issues. Some of these legal expenses had previously been borne by the Governor's Office.

Government Accountability and Special Litigation

The budget includes \$1,287,500 and 10 FTE Positions from the CPCF Revolving Fund in FY 2024 for the Government Accountability and Special Litigation (GASL) line item. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(46,700) from the CPCF Revolving Fund in FY 2024 for statewide adjustments.

A.R.S. § 41-194.01 requires that, at the request of a member of the Legislature, the AG investigate local government ordinances that potentially violate state law. The statute also requires the AG to make a written report of its findings within 30 days of receiving the request. If the local ordinance is found to violate state law, the local governing body has 30 days to resolve the violation. After 30 days, the State Treasurer is instructed to withhold state shared monies from the locality.

Military Airport Planning

The budget includes \$85,000 and 1 FTE Position from the General Fund in FY 2024 for Military Airport Planning. These amounts are unchanged from FY 2023.

A.R.S. § 26-263 appropriates \$85,000 annually from the General Fund to the Attorney General's Office. Therefore, funding for this line item does not appear in the General Appropriation Act although the 1 FTE Position authority does appear there. Monies in this line item pay for the review and determination of compliance with land use plans.

Missing and Murdered Indigenous People Investigations

The budget includes no funding in FY 2024 for the Missing and Murdered Indigenous People Investigations line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2024 to remove one-time funding for missing and murdered indigenous people investigations.

Monies in this line item provide funding for investigations regarding missing and murdered indigenous people. The FY 2023 appropriation is non-lapsing.

Opioid Abatement

The budget includes \$12,000,000 in FY 2024 for the Opioid Abatement line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(5,000,000) from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2024 to remove one-time opioid abatement funding that was included in the FY 2023 budget.

One-Time Funding Increase

The budget includes a one-time increase of \$12,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2024 for opioid abatement funding.

Monies in this line item come from a portion of monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund pursuant to a settlement with opioid distributors.

These settlement monies may only be used for opioid treatment and prevention programs and in accordance with approved, nationally recognized strategies to address the opioid epidemic as outlined in the One Arizona Opioid Settlement Memorandum of Understanding. These include treatment of opioid addiction, support for individuals in treatment or at risk of addiction, prevention, education, prison and jail opioid use and opioid interdiction and abatement on the southern border.

In accordance with the settlement agreement, a General Appropriation Act footnote requires monies in this line item to be used to treat opioid use disorders and support persons in treatment and recovery. The Attorney General is required to submit an expenditure plan to the JLBC for review prior to the expenditure of any monies in this line item.

A.R.S. § 44-1531.02C also requires the Attorney General to submit an expenditure plan to the JLBC for review prior to spending any monies from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund.

(Please see the Other Issues – Statutory Changes and Opioid Settlements sections for more information.)

Organized Retail Theft Task Force

The budget includes \$1,570,700 and 9 FTE Positions from the CPCF Revolving Fund in FY 2024 for the Organized Retail Theft Task Force line item. These amounts are unchanged from FY 2023.

The Organized Retail Theft Task Force combats crimes that relate to the stealing, embezzling, or obtaining of retail merchandise by illegal means for the purpose of reselling the items. The task force ends on July 1, 2029. A General Appropriation Act footnote also requires this funding be used for 9 FTE Positions, including 1 attorney, 1 paralegal, 2 investigators, 1 support person, and 4 peace officers assigned to the task force. *(Please see the FY 2022 Appropriations Report for a more detailed history.)*

Risk Management Interagency Service Agreement

The budget includes \$10,655,300 and 93 FTE Positions from the Risk Management Revolving Fund in FY 2024 for the Risk Management Interagency Service Agreement. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(48,600) from the Risk Management Revolving Fund in FY 2024 for statewide adjustments.

This line item provides funding for the Attorney General's contract with the Risk Management Division of the Arizona Department of Administration. Attorneys from the Attorney General's Office defend the state in most risk management cases regarding agency liability.

State Grand Jury

The budget includes \$193,000 and 1.6 FTE Positions from the General Fund in FY 2024 for the State Grand Jury. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,100) from the General Fund in FY 2024 for statewide adjustments.

This line item funds expenses incurred by the Attorney General to investigate and try matters that are under the jurisdiction of the State Grand Jury.

Southern Arizona Law Enforcement

The budget includes \$1,656,600 and 16 FTE Positions in FY 2024 for Southern Arizona Law Enforcement. These amounts consist of:

General Fund	1,331,800
CPCF Revolving Fund	324,800

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(22,300) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(8,800)
CPCF Revolving Fund	(13,500)

This line item provides funding for the Criminal Division's investigations and prosecutions of fraud, corruption, criminal enterprise, drug trafficking, and money laundering cases in Southern Arizona.

Tobacco Enforcement

The budget includes \$875,900 and 6.6 FTE Positions in FY 2024 for Tobacco Enforcement. These amounts consist of:

General Fund	93,200
CPCF Revolving Fund	782,700

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,700) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(700)
CPCF Revolving Fund	(1,000)

This line item funds the Attorney General's enforcement of the Master Settlement Agreement (MSA). The MSA is a settlement reached by major tobacco companies and 46 states in 1998 that requires these companies to compensate states annually for Medicaid costs associated with tobacco use. In exchange for annual payments from the tobacco companies, states agree to diligently enforce tobacco tax laws. The AG has stated that it also plans to spend these monies on consumer fraud investigations into tobacco products, including e-cigarettes and alternative nicotine products.

In addition to the monies provided in this line item, the budget continues to require AHCCCS to transfer up to \$1,200,000 to the Attorney General for MSA and e-cigarette enforcement. As a result, the budget includes a total of up to \$2,077,600 for the Attorney General to enforce the MSA in FY 2024.

Victims' Rights

The budget includes \$4,023,500 and 8 FTE Positions in FY 2024 for Victims' Rights. These amounts consist of:

General Fund	210,700
Victims' Rights Fund	3,812,800

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$100 from the Victims' Rights Fund in FY 2024 for statewide adjustments.

This line item provides monies to state and local agencies that are required to notify victims during various steps in the criminal justice process. The program is funded by a \$9 penalty on civil and criminal violations.

Victims' Rights Fund Deposit

The budget includes a no funding in FY 2024 for additional funding to support the Victims' Rights Fund. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(1,400,000) from the CPCF Revolving Fund in FY 2024 to remove one-time funding to support the Victims' Rights Fund.

Laws 2022, Chapter 333 appropriated \$1,400,000 from the CPCF Revolving Fund in FY 2023 for deposit into the Victims' Rights Fund to address declining revenues and a structural deficit in the Victims' Rights Fund. The FY 2023 appropriation is non-lapsing.

Voter Fraud Unit

The budget includes no funding in FY 2024 for the Voter Fraud Unit line item. Adjustments are as follows:

Remove Voter Fraud Unit Funding

The budget includes a decrease of \$(563,200) and (4) FTE Positions from the CPCF Revolving Fund in FY 2024 to remove funding for the Voter Fraud Unit.

This line item provides funding for the development of a public complaint process for allegations of voter fraud and for the investigation of those allegations by the Attorney General's office.

Other Issues

Statutory Changes

The Criminal Justice Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, require that all monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund from opioid litigation be appropriated by the legislature. The bill also requires the Attorney General, in its quarterly report, to separately delineate the receipts and disbursements from opioid litigation.

Google Settlement Fund Distribution

In 2020, Arizona sued Google LLC (Google) for deceptive and unfair practices related to obtaining and profiting from user location data. After 2 years of litigation, Arizona received an \$85,000,000 settlement. Based on the terms of the settlement, \$77,250,000 would go to the General Fund and the remaining \$7,750,000 to state's counsel on October 24, 2022. In terms of the latter, that dollar amount has been disbursed to the outside counsel that represented the state in this litigation.

The settlement also allows for unreimbursed litigation costs to also be spent out of the \$77,250,000. The Attorney General reported that it expended \$1,787,900 on these unreimbursed costs.

After that adjustment, that leaves \$75,462,100 which the Attorney General has deposited into the General Fund.

According to the terms of the settlement, of the monies deposited into the General Fund, the Attorney General is to spend or direct \$5,000,000 for educational institutes. These can include an accredited law school that maintains programs for the education of Attorney General staff and judges regarding consumer protection issues and/or a bipartisan association or forum of state Attorneys General that provides programming to current Attorneys General regarding consumer protection issues to develop programs to rectify alleged violations of consumer protection laws and to educate and assist state Attorneys General regarding Consumer Fraud Act cases and digital privacy.

The Legislature is to spend or direct any remaining General Fund monies towards education, broadband, and Internet privacy efforts and purposes. The settlement does not define those 3 spending initiatives any further.

While the settlement outlines the uses of these monies, the settlement also requires the Legislature to appropriate these monies for them to be expended. The settlement states that "the failure to comply (with the specified purposes) shall not be a breach by the State."

The FY 2024 General Appropriations Act did not appropriate any General Fund monies for the educational institutes.

Opioid Settlements

The Attorney General has reported that they estimate the following \$501.9 million would be distributed to the state over the lifetime of the settlements listed below. These figures do not include the total settlement amounts which would include distributions to counties/cities.

- \$198.5 million from Distributors' Settlement (Cardinal Health, McKesson, and Amerisource Bergen) distributed through FY 2039
- \$54.3 million from Walgreens distributed through FY 2037
- \$49.9 million from CVS Health Corporation distributed through FY 2032
- \$45.4 from Janssen/Johnson & Johnson distributed through FY 2032
- \$44.7 million from the Purdue Pharma bankruptcy distributed through FY 2033 (final amount to be determined as case is on appeal)
- \$40.9 million from Teva Pharmaceutical Industries distributed through FY 2035
- \$28.2 million from Walmart distributed through FY 2028
- \$22.5 million from Allergan plc distributed through FY 2029
- \$11.3 million from the Mallinckrodt Pharmaceuticals bankruptcy distributed through FY 2031 (effective June 2022)
- \$6.2 million from Endo Pharmaceuticals distributed through FY 2033 (awaiting plan confirmation)

Attorney General Legal Services Cost Allocation Fund

A.R.S. § 41-191.09 requires agencies to pay annually a flat fee to the Attorney General for general legal counsel as specified by the General Appropriation Act each year. See *Table 1* for a list of agencies and their corresponding FY 2024 Attorney General Legal Services charge. These amounts are unchanged from FY 2023.

(Please see the FY 2022 and FY 2015 Appropriations Reports for a more detailed history on legal services charges and the FY 2018 Appropriations Report for changes that occurred after FY 2015.)

Table 1

FY 2024 Attorney General Legal Services Charges

Agency	Charge
Arizona Department of Administration	\$ 127,700
Office of Administrative Hearings	3,000
Arizona Commission on the Arts	3,100
Citizens Clean Elections Commission	2,700
State Department of Corrections	2,000
Arizona Criminal Justice Commission	8,700
Arizona State Schools for the Deaf and the Blind	100,200
Commission for the Deaf and the Hard of Hearing	4,100
Arizona Early Childhood Development and Health Board	47,100
Department of Education	132,000
Department of Emergency and Military Affairs	30,000
Department of Environmental Quality	135,600
Arizona Exposition and State Fair Board	20,900
Arizona Department of Forestry and Fire Management	13,400
Department of Gaming	37,300
Department of Health Services	173,800
Arizona Historical Society	700
Arizona Department of Housing	19,300
Department of Insurance and Financial Institutions	13,800
Department of Juvenile Corrections	9,400
State Land Department	2,100
Department of Liquor Licenses and Control	11,400
Arizona State Lottery Commission	24,800
Arizona State Parks Board	45,800
State Personnel Board	600
Arizona Pioneers' Home	12,100
Department of Public Safety	677,400
Arizona Board of Regents	1,800
Arizona State Retirement System	69,100
Department of Revenue	4,900
Department of State - Secretary of State	1,800
State Treasurer	9,200
Department of Veterans' Services	52,700
Total Legal Services Charges	\$ 1,798,500

Barbering and Cosmetology Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	0.0	29.5	29.5
Personal Services	0	1,170,600	1,170,600
Employee Related Expenditures	0	631,500	605,300
Professional and Outside Services	0	148,300	148,300
Travel - In State	0	38,700	38,700
Travel - Out of State	0	8,800	8,800
Other Operating Expenditures	0	505,700	354,000
Equipment	0	361,200	561,200
AGENCY TOTAL	0	2,864,800 ^{1/}	2,886,900 ^{2/3/}

FUND SOURCES

Other Appropriated Funds

Barbering and Cosmetology Fund	0	2,864,800	2,886,900
SUBTOTAL - Other Appropriated Funds	0	2,864,800	2,886,900
SUBTOTAL - Appropriated Funds	0	2,864,800	2,886,900
TOTAL - ALL SOURCES	0	2,864,800	2,886,900

AGENCY DESCRIPTION — The board administers licensing examinations and licenses; inspects salons, barber establishments and schools; and investigates violations of sanitation requirements and procedures. It conducts hearings and imposes enforcement actions where appropriate.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the barbering and cosmetology board, \$354,400 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.
- ^{3/} Notwithstanding Laws 2018, chapter 276, section 23, the \$34,200 appropriated to the board of cosmetology by Laws 2018, chapter 276, section 23 from the board of cosmetology fund for the annual leave payout line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2023. (FY 2019 General Appropriation Act footnote, as amended by FY 2020 General Appropriation Act)

Laws 2021, Chapter 334 merged the Board of Barbers with the Board of Cosmetology and renamed the agency the Barbering and Cosmetology Board effective January 1, 2022. The newly-renamed agency retained all the same regulatory functions as the 2 separate agencies. Please see the Board of Barbers and Board of Cosmetology narratives for information on FY 2022 expenditures.

Operating Budget

The budget includes \$2,886,900 and 29.5 FTE Positions from the Barbering and Cosmetology Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-Licensing Funding

The budget includes a decrease of \$(149,300) from the Barbering and Cosmetology Fund in FY 2024 for the elimination of one-time e-licensing funding.

IT Project Funding

The budget includes a one-time increase of \$200,000 from the Barbering and Cosmetology Fund in FY 2024 for implementation of IT projects.

Statewide Adjustments

The budget includes a decrease of \$(28,600) from the Barbering and Cosmetology Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Board of Barbers

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	0.0	0.0
Personal Services	159,500	0	0
Employee Related Expenditures	66,200	0	0
Professional and Outside Services	500	0	0
Travel - In State	700	0	0
Other Operating Expenditures	400	0	0
Equipment	101,000	0	0
AGENCY TOTAL	328,300	0	0

FUND SOURCES

Other Appropriated Funds

Board of Barbers Fund	328,300	0	0
SUBTOTAL - Other Appropriated Funds	328,300	0	0
SUBTOTAL - Appropriated Funds	328,300	0	0
TOTAL - ALL SOURCES	328,300	0	0

AGENCY DESCRIPTION — The board licenses barbers, inspects barbering establishments, and investigates violations of sanitation requirements and barbering procedures. It conducts hearings and imposes enforcement actions where appropriate.

As required by Laws 2021, Chapter 334, the Board of Cosmetology merged with the Board of Barbers and was renamed the Barbering and Cosmetology Board effective January 1, 2022. The FY 2022 General Appropriation Act provided a full year's funding to the Board of Barbers. As a result, the FY 2022 actuals are reported above. Please see the Barbering and Cosmetology Board section for additional information on FY 2023 and FY 2024 funding.

Board of Behavioral Health Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	17.0	20.0	20.0
Personal Services	999,000	1,208,700	1,164,400
Employee Related Expenditures	353,600	446,600	487,400
Professional and Outside Services	81,400	190,000	190,000
Travel - In State	5,500	20,000	20,000
Travel - Out of State	500	15,000	15,000
Other Operating Expenditures	307,200	223,700	160,200
Equipment	19,100	75,700	75,700
AGENCY TOTAL	1,766,300	2,179,700 ^{1/}	2,112,700 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Behavioral Health Examiners Fund	1,766,300	2,179,700	2,112,700
SUBTOTAL - Other Appropriated Funds	1,766,300	2,179,700	2,112,700
SUBTOTAL - Appropriated Funds	1,766,300	2,179,700	2,112,700
TOTAL - ALL SOURCES	1,766,300	2,179,700	2,112,700

AGENCY DESCRIPTION — The board certifies and regulates behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling. The board also licenses and regulates professionals engaged in the practice of psychotherapy.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the board of behavioral health examiners, \$65,700 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,112,700 and 20 FTE Positions from the Board of Behavioral Health Examiners Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(56,700) from the Board of Behavioral Health Examiners Fund in FY 2024 for the elimination of one-time e-licensing funding.

Statewide Adjustments

The budget includes a decrease of \$(10,300) from the Board of Behavioral Health Examiners Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

State Board for Charter Schools

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	24.0	25.0	25.0
Personal Services	1,032,100	1,480,500	1,480,500
Employee Related Expenditures	391,800	395,900	386,900
Professional and Outside Services	166,700	70,500	82,100
Travel - In State	7,200	10,000	10,000
Travel - Out of State	4,200	5,500	5,500
Other Operating Expenditures	457,500	840,900	345,200
Equipment	12,300	524,900	524,900
AGENCY TOTAL	2,071,800	3,328,200	2,835,100 ^{1/}
FUND SOURCES			
General Fund	2,071,800	3,328,200	2,835,100
SUBTOTAL - Appropriated Funds	2,071,800	3,328,200	2,835,100
Other Non-Appropriated Funds	36,500	71,000	71,000
TOTAL - ALL SOURCES	2,108,300	3,399,200	2,906,100

AGENCY DESCRIPTION — The board reviews and approves charter school applications, including renewal applications, and monitors the schools that it sponsors for compliance with provisions of their individual charters. It consists of the Superintendent of Public Instruction, 6 members of the general public, 2 members of the business community, a charter school teacher, a charter school operator, and 3 members of the Legislature who serve as advisory members. Currently the board oversees over 540 charter schools.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,835,100 and 25 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(389,000) from the General Fund in FY 2024 to remove one-time costs associated with replacing the charter school board online platform.

Statewide Adjustments

The budget includes a decrease of \$(104,100) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section).

Department of Child Safety

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3,203.1	3,203.1	3,283.1 ^{1/}
Personal Services	59,502,600	66,680,600	73,798,800
Employee Related Expenditures	24,011,400	23,830,200	26,614,600
Professional and Outside Services	11,849,100	14,248,300	14,680,300
Travel - In State	310,700	411,400	425,300
Travel - Out of State	42,900	42,900	43,500
Other Operating Expenditures	29,708,900	49,739,900	33,422,100
Equipment	209,500	209,500	209,500
OPERATING SUBTOTAL	125,635,100	155,162,800	149,194,100 ^{2/-10/}
SPECIAL LINE ITEMS			
Additional Operating Resources			
Attorney General Legal Services	25,522,800	25,522,800	27,894,900 ^{11/}
Caseworkers	110,598,900	119,775,000	124,285,400
General Counsel	130,000	170,400	0
Inspections Bureau	2,447,800	2,628,100	0
New Case Aides	3,229,400	3,232,700	0
Office of Child Welfare Investigations	8,922,800	10,594,100	11,235,900
Records Retention Staff	572,400	614,200	0
Training Resources	8,569,800	9,150,000	9,150,000
Out-of-Home Placements			
Congregate Group Care	102,447,200	125,847,200	114,918,700
Extended Foster Care	15,000,200	17,037,200	26,553,900
Extended Foster Care Service Model Fund Deposit	0	0	19,243,300 ^{12/}
Foster Home Placement	42,114,300	51,929,500	51,929,500
Foster Home Recruitment, Study and Supervision	23,630,100	32,753,600	32,753,600
Kinship Care	5,226,900	24,811,200	24,811,200 ^{13/14/}
Permanent Placements			
Positive Parenting Program for Post Permanency Placements Pilot	0	0	4,000,000 ^{12/}
Permanent Guardianship Subsidy	12,283,900	12,516,900	12,516,900
Adoption Services	272,783,100	289,358,500	294,923,500
Support Services			
DCS Child Care Subsidy	144,361,800	61,675,400	61,675,400
In-Home Mitigation	25,205,200	28,988,100	28,988,100
Out-of-Home Support Services	94,739,500	122,710,800	122,710,800
Preventive Services	15,148,300	25,148,300	29,648,300
Comprehensive Health Plan			
Comprehensive Health Plan Administration	26,384,600	30,344,800	27,461,200
Comprehensive Health Plan Premium Tax	4,626,000	4,550,900	3,857,300
Comprehensive Health Plan Services	196,234,700	201,703,700	161,546,700
AGENCY TOTAL	1,265,814,800	1,356,226,200	1,339,298,700 ^{15/}
FUND SOURCES			
General Fund	392,082,300	472,867,200	497,994,700
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	931,400	1,459,300	1,459,300
Child Welfare Licensing Fee Fund	297,700	1,020,800	1,021,700
Children and Family Services Training Program Fund	0	208,000	208,000
Federal Child Care and Development Fund Block Grant	130,916,000	40,516,000	40,516,000
Federal Temporary Assistance for Needy Families Block Grant	157,468,100	161,082,200	161,082,200

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SUBTOTAL - Other Appropriated Funds	289,613,200	204,286,300	204,287,200
SUBTOTAL - Appropriated Funds	681,695,500	677,153,500	702,281,900
<u>Expenditure Authority Funds</u>			
Child Safety Expenditure Authority	356,874,000	442,473,300	444,151,600
Comprehensive Health Plan Fund	227,245,300	236,599,400	192,865,200
SUBTOTAL - Expenditure Authority Funds	584,119,300	679,072,700	637,016,800
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,265,814,800	1,356,226,200	1,339,298,700
Other Non-Appropriated Funds	900	0	0
TOTAL - ALL SOURCES	1,265,815,700	1,356,226,200	1,339,298,700

AGENCY DESCRIPTION — The department investigates reports of child abuse and neglect, promotes the safety of a child in a stable family or other out-of-home placement in response to allegations of abuse or neglect, works with law enforcement regarding reports that include criminal conduct allegations, and coordinates services to achieve and maintain permanency on behalf of children in the child welfare system.

FOOTNOTES

- 1/ Includes 866.5 GF, 420.6 OF, and 523.1 EA FTE Positions funded from Special Line Items in FY 2024.
- 2/ The department of child safety shall provide training to any new child safety FTE positions before assigning any client caseload duties to any of these employees. (General Appropriation Act footnote)
- 3/ The legislature intends that the department of child safety use its funding to achieve a one hundred percent investigation rate. (General Appropriation Act footnote)
- 4/ The amount appropriated for any line item may not be transferred to another line item or to the operating budget unless the transfer is reviewed by the joint legislative budget committee, except that transfers between any two line items relating to the comprehensive health plan are not subject to review. (General Appropriation Act footnote)
- 5/ The department of child safety may transfer up to ten percent of the total amount of federal temporary assistance for needy families block grant monies appropriated to the department of economic security and the department of child safety to the social services block grant. Before transferring federal temporary assistance for needy families block grant monies to the social services block grant, the department of child safety shall report the proposed amount of the transfer to the director of the joint legislative budget committee. This report may be in the form of an expenditure plan that is submitted at the beginning of the fiscal year and updated, if necessary, throughout the fiscal year. (General Appropriation Act footnote)
- 6/ For the purposes of this section, "backlog case":
 1. Means any nonactive case for which documentation has not been entered in the child welfare automated system for at least sixty days and for which services have not been authorized for at least sixty days and any case that has had an investigation, has been referred to another unit and has had no contact for at least sixty days.
 2. Includes any case for which the investigation has been open without any documentation or contact for at least sixty days, any case involving in-home services for which there has been no contact or services authorized for at least sixty days and any case involving foster care in which there has been no contact or any documentation entered in the child welfare automated system for at least sixty days. (General Appropriation Act footnote)
- 7/ For the purposes of this section:
 1. "Long-term case" means any case in which the child has been in an out-of-home placement for at least eighteen months.
 2. "Open report" means a report that is under investigation or awaiting closure by a supervisor. (General Appropriation Act footnote)
- 8/ On or before February 28, 2024 and August 31, 2024, the department of child safety shall present a report to the joint legislative budget committee on the progress made during July 2023 through December 2023 and January 2024 through June 2024, respectively, in meeting the caseload standard and reducing the number of backlog and long-term cases. Each report shall include the number of backlog cases, the number of open reports, the number of long-term cases and the caseworker workload in comparison to the previous six months. Each report shall provide the number of backlog cases by disposition, including the number of backlog cases in the investigation phase, the number of backlog cases associated with out-of-home placements and the number of backlog cases associated with in-home cases.

To determine the caseworker workload, the department shall report the number of case-carrying caseworkers at each field office and the number of investigations, in-home cases and long-term cases assigned to each field office.

For backlog cases, the department's benchmark is 1,000 cases.

For open reports, the department's benchmark is fewer than 8,000 open reports.

For long-term cases, the department's benchmark is 3,323.

If the department of child safety has not submitted a required report within thirty days after the report is due, the director of the joint legislative budget committee shall inform the general accounting office of the department of administration, which shall withhold two percent of the department of child safety's operating lump sum semiannual budget allocation until the department of child safety submits the required report. (General Appropriation Act footnote)

- 9/ Child safety expenditure authority includes all department funding sources excluding the state general fund, the federal child care and development fund block grant, the federal temporary assistance for needy families block grant, the child abuse prevention fund, the children and family services training program fund and the comprehensive health plan expenditure authority fund. (General Appropriation Act footnote)
- 10/ On or before December 1, 2023, the department of child safety shall submit a report to the joint legislative budget committee on the department's efforts to implement the family first prevention services act of 2018. The report shall quantify the department's efforts in at least the following areas, including any associated fiscal impacts: (1) Reducing the number of children placed for more than two weeks in congregate care settings, excluding qualified residential treatment programs, facilities for pregnant and parenting youth, supervised independent living and specialized programs for victims of sex trafficking. (2) Assisting congregate care providers in attaining status as qualified residential treatment programs. (3) Identifying alternative placements, including therapeutic foster homes, for children who would otherwise be placed in congregate care. (4) Expanding evidence-based, in-home parent skill-based programs and mental health and substance abuse prevention and treatment services. (General Appropriation Act footnote)
- 11/ All expenditures made by the department of child safety for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in department of child safety line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure. (General Appropriation Act footnote)
- 12/ This appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 13/ The amount appropriated for kinship care shall be used for a stipend of \$300 per month for a relative caretaker, including a grandparent, any level of great-grandparent or any nongrandparent relative, or a caretaker of fictive kinship, if a dependent child is placed in the care of a relative caretaker or caretaker of fictive kinship pursuant to department guidelines. The department shall provide the stipend on behalf of all children placed with an unlicensed kinship foster care parent. The unlicensed kinship foster care parent is not required to file an application to receive the stipend. Before changing the eligibility for the program or the amount of the stipend, the department shall submit a report for review by the joint legislative budget committee detailing the proposed changes. (General Appropriation Act footnote)
- 14/ On or before March 31, 2024, the department of child safety shall report to the joint legislative budget committee the number of children who are part of the kinship stipend program and reside with a nonrelative caretaker of fictive kinship. (General Appropriation Act footnote)
- 15/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$149,194,100 and 1,472.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$83,997,800
Child Safety Expenditure Authority	38,743,900
Federal TANF Block Grant	25,430,700
Child Welfare Licensing Fee Fund	1,021,700

Adjustments are as follows:

One-Time Fleet Vehicle Replacement Funding

The budget includes a one-time increase of \$2,250,000 from the General Fund in FY 2024 to replace 50 vehicles within the DCS fleet.

Additional FTE Positions

The budget includes an increase of 80 FTE Positions from the General Fund in FY 2024 to appropriate visitation aide FTE Positions previously converted by DCS from contracted visitation aide services. This increase does not include a corresponding funding increase.

Remove FY 2023 Supplemental

The budget includes a decrease of \$(19,888,200) from Child Safety Expenditure Authority in FY 2024 for removal

of one-time expenditure authority associated with salary adjustments and other service adjustments. *(Please see the FY 2023 Supplementals in Other Issues for more information.)*

Additional Operating Resources Funding Shift

The budget includes an increase of \$6,645,400 and 71 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

General Fund	3,398,600
Child Safety Expenditure Authority	1,728,600
Federal TANF Block Grant	1,518,200

The budget shifts this funding from the General Counsel, Inspections Bureau, New Case Aides, and Records Retention Staff Special Line Items for no net overall change to agency resources. Please refer to the individual line items for more information.

Technical Adjustment

The budget includes an increase of \$3,768,100 from Child Safety Expenditure Authority in FY 2024 for an increase in federal expenditure authority associated with salary increases that were part of the FY 2023 budget. This funding was inadvertently not included in the FY 2023 General Appropriation Act.

Statewide Adjustments

The budget includes an increase of \$1,256,000 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(51,000)
Child Safety Expenditure Authority	1,306,100
Child Welfare Licensing Fee Fund	900

(Please see the Agency Detail and Allocations section.)

Additional Operating Resources

Attorney General Legal Services

The budget includes \$27,894,900 and 276.2 FTE Positions in FY 2024 for Attorney General Legal Services. These amounts consist of:

General Fund	21,663,300
Child Safety Expenditure Authority	6,231,600

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$2,372,100 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	1,921,400
Child Safety Expenditure Authority	450,700

This line item funds the attorneys and support staff in the Attorney General's Protective Services Section (PSS). Attorney General staff represents DCS in dependency, guardianship, severance, and adoption proceedings throughout the state. This line item does not include funding for the Attorney General's defense of DCS in ongoing class action litigation.

Caseworkers

The budget includes \$124,285,400 and 1,406 FTE Positions in FY 2024 for caseworkers. These amounts consist of:

General Fund	53,677,900
Children and Family Services Training Program Fund	208,000
Federal TANF Block Grant	33,615,900
Child Safety Expenditure Authority	36,783,600

Adjustments are as follows:

Expenditure Authority Increase: Salary Adjustment

The budget includes an increase of \$4,518,500 from Child Safety Expenditure Authority in FY 2024 for an increase in federal expenditure authority associated with salary increases that were part of the FY 2023 budget. This funding was inadvertently not included in the FY 2023 General Appropriation Act.

Statewide Adjustments

The budget includes a decrease of \$(8,100) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(45,500)
Child Safety Expenditure Authority	37,400

Background – This line item funds caseworker positions I, II, III and IV, including salary, benefits, other operating expenses and in-state travel. Funding for field office staff, including case aides, caseworker supervisors, program managers, and other support staff, are included in the DCS operating budget.

The Legislature has funded 1,406 caseworkers (direct line staff). As of the latest available data from March 2023, DCS had filled 1,293 of these positions, or 113 fewer filled positions than the funded amount.

General Counsel

The budget includes no funding in FY 2024 for the General Counsel line item. Adjustments are as follows:

Shift to Operating Budget

The budget includes a decrease of \$(170,400) and (1) FTE Position from the General Fund in FY 2024 to shift funding from the General Counsel line item to the Operating Budget.

Unlike the Attorney General Legal Services line item which funds representation of DCS in administrative or judicial proceedings, this line item funds the DCS General Counsel, who provides legal advice to the Director.

Inspections Bureau

The budget includes no funding in FY 2024 for the Inspections Bureau line item. Adjustments are as follows:

Shift to Operating Budget

The budget includes a decrease of \$(2,628,100) and (31) FTE Positions in FY 2024 to shift funding from the Inspections Bureau line item to the Operating Budget. These amounts consist of:

General Fund	(1,595,900)
Federal TANF Block Grant	(185,700)
Child Safety Expenditure Authority	(846,500)

Background – Monies in this line item fund the Inspections Bureau established in A.R.S. § 8-458, which is tasked with ensuring the department policies and procedures are being followed by all staff in accordance with federal and state law.

New Case Aides

The budget includes no funding in FY 2024 for the New Case Aides line item. Adjustments are as follows:

Shift to Operating Budget

The budget includes a decrease of \$(3,232,700) and (34) FTE Positions in FY 2024 to shift funding from the New Case Aides line item to the Operating Budget. These amounts consist of:

General Fund	(1,148,900)
Federal TANF Block Grant	(1,332,500)
Child Safety Expenditure Authority	(751,300)

Monies in this line item fund 34 new case aides. These positions are in addition to the 256 case aides funded from the operating budget in May 2016.

Office of Child Welfare Investigations

The budget includes \$11,235,900 and 127 FTE Positions in FY 2024 for the Office of Child Welfare Investigations (OCWI). These amounts consist of:

General Fund	10,382,300
Child Safety Expenditure Authority	853,600

Adjustments are as follows:

Expenditure Authority Increase: Salary Adjustment

The budget includes an increase of \$651,600 from Child Safety Expenditure Authority in FY 2024 for an increase in federal expenditure authority associated with salary increases that were part of the FY 2023 budget. This funding was inadvertently not included in the FY 2023 General Appropriation Act.

Statewide Adjustments

The budget includes a decrease of \$(9,800) from the General Fund in FY 2024 for statewide adjustments.

Background – A.R.S. § 8-471 establishes the Office of Child Welfare Investigations (OCWI) within the Department of Child Safety to investigate criminal conduct allegations, coordinate with law enforcement, and establish task forces for the investigation of criminal conduct in cases of child abuse and neglect.

Records Retention Staff

The budget includes no funding in FY 2024 for the Records Retention Staff line item. Adjustments are as follows:

Shift to Operating Budget

The budget includes a decrease of \$(614,200) and (5) FTE Positions in FY 2024 to shift funding from the Records Retention Staff line item to the Operating Budget. These amounts consist of:

General Fund	(483,400)
Child Safety Expenditure Authority	(130,800)

This line item funds staff that process information requests about children in the state child welfare system.

Training Resources

The budget includes \$9,150,000 in FY 2024 for Training Resources. This amount consists of:

General Fund	150,000
Child Safety Expenditure Authority	9,000,000

These amounts are unchanged from FY 2023.

Background – DCS has agreements with Arizona State University (ASU) and Northern Arizona University (NAU) to educate potential caseworkers. As part of that agreement, the federal government provides Title IV-E funding for the universities' social work programs while the universities provide the state match. The federal match rate is 75%.

In FY 2022, DCS reports that 105 ASU/NAU social work students received scholarships, including 41 Bachelors of Social Work (BSW) students and 64 Masters of Social Work (MSW) students.

Out-of-Home Placements

DCS places children in out-of-home care when the department determines in conjunction with the Juvenile Court that, after investigating a report of child abuse or neglect, no services or interventions can adequately ensure the child's health and safety in the home. *Table 1* shows out-of-home placements by setting each year.

Table 1

Out-of-Home Placements ^{1/}

	Dec <u>2021</u>	July <u>2022</u>	April <u>2023</u>
Kinship Care ^{2/}	4,294	5,617	5,133
Foster Home	4,148	3,640	3,140
Congregate Care	2,443	1,984	1,865
Group Home	1,355	1,355	1,280
Emergency Shelter	64	38	26
Behavioral Health Placement	1,024	591	559
Independent Living	727	612	601
Other ^{3/}	<u>1,751</u>	<u>577</u>	<u>493</u>
Total	13,363	12,430	11,232 ^{4/}

^{1/} Includes out-of-home children up through age 17 as well as children 18-21 in Extended Foster Care.

^{2/} Includes unlicensed relative and non-relative placements.

^{3/} Includes runaways, missing children, children with no identified placement, and trial home visits.

^{4/} Latest available data for placement types is from April 2023 and includes "preliminary data" reported by DCS.

Congregate Group Care

The budget includes \$114,918,700 in FY 2024 for Congregate Group Care. This amount consists of:

General Fund	52,845,000
Federal TANF Block Grant	21,423,000
Child Safety Expenditure Authority	40,650,700

Adjustments are as follows:

Remove Congregate Care Federal Funding Backfill

The budget includes a decrease of \$(25,138,200) from the General Fund in FY 2024 to remove prior year funding to address an expected loss of federal funding, increased provider rates, and new placement requirements for those placed in foster care. The FY 2022 3-year budget plan designated this funding as one-time in FY 2022 and FY 2023.

One-Time Congregate Care Federal Funding Backfill

The budget includes a one-time increase of \$10,876,400 from the General Fund in FY 2024 to address an expected loss in federal funding and new placement requirements for those placed in foster care associated with the Family First Prevention Services Act.

(Please see the Family First Prevention Services Act section in Other Issues for more details.)

One-Time Emergency Shelter Group Homes and Transition Living Funding

The budget includes a one-time increase of \$3,333,300 from the General Fund in FY 2024 to provide additional support for out-of-home placements through emergency shelters and extended foster care.

Funding for FY 2024 Federal Match Rate Changes

The budget includes an increase of \$559,300 from the General Fund and a corresponding decrease of \$(559,300) from Child Safety Expenditure Authority in FY 2024 to offset an estimated FY 2024 decrease in the Title IV-E Federal Medical Assistance Percentage (FMAP) rate. There are 6 DCS line items affected by this change.

The FY 2023 budget's 3-year spending plan includes a total General Fund increase of \$7,500,000 in FY 2024 and an additional \$2,500,000 in FY 2025 for the estimated decrease in the base Title IV-E FMAP rate for the 6 line items. In addition, the federal Omnibus spending bill passed in December 2022 includes an enhanced match rate through December 2023 which offsets those increases by \$(3,225,800) on a one-time basis in FY 2024. Across the 6 line items, the net General Fund FY 2024 increase is \$4,274,200. The budget incorporates these changes in the affected line items and reduces Child Safety Expenditure Authority by an equivalent amount.

Caseload – According to the latest available data from DCS, in FY 2023, an estimated monthly average of 1,860 clients received congregate care placements. At an

average monthly cost of \$5,073 per placement and the assumed federal reimbursement level, the total appropriation has the authority to support 1,888 congregate care placements in FY 2024.

Background – This line item funds congregate care placements for foster children up through age 17, including shelter facilities for up to 21 days or less; group home placements; and placements at behavioral health facilities licensed by the Department of Health Services, such as behavioral health group homes and residential treatment centers. DCS pays the cost of behavioral health facility placements for non-Medicaid CMDP children and pays for the room and board expenditures for Medicaid-eligible children. All other behavioral health facility costs are funded by the RBHAs within the AHCCCS budget.

Extended Foster Care

The budget includes \$26,553,900 in FY 2024 for Extended Foster Care. This amount consists of:

General Fund	16,749,500
Child Safety Expenditure Authority	9,804,400

Adjustments are as follows:

One-Time Emergency Shelter Group Homes and Transition Living Funding

The budget includes a one-time increase of \$6,666,700 from the General Fund in FY 2024 to provide additional support for out-of-home placements through emergency shelters and extended foster care.

Independent Living Stipend Funding

The budget includes an increase of \$2,850,000 from Child Safety Expenditure Authority in FY 2024 for an increase in federal expenditure authority to fund a minimum of \$1,200 per month for independent living room and board.

The FY 2023 Human Services Budget Reconciliation Bill (BRB) set the minimum stipend for independent living at \$1,200 per eligible child instead of no more than the average monthly cost of services for the 3 months immediately preceding placement in the Independent Living Program. The FY 2023 General Appropriation Act also included an increase of \$2,600,000 from the General Fund for these purposes.

Funding for FY 2024 Federal Match Rate Changes

The budget includes an increase of \$199,500 from the General Fund and a corresponding decrease of \$(199,500) from Child Safety Expenditure Authority in FY 2024 to offset an estimated FY 2024 decrease in the Title IV-E FMAP rate.

Caseload – According to the latest available data from DCS, 601 individuals aged 17-21 remained voluntarily in DCS foster care as of April 2023.

Background – A.R.S. § 8-521.02 authorizes DCS to establish an Extended Foster Care program for young adults aged 18-21 who turned age 18 while in DCS custody. Participating youth may continue to receive services and supports from the department on condition of enrolling in an education program, employment, participation in a program that promotes employment, or be unable to be a full-time student or work due to a documented medical condition.

Extended Foster Care Service Model Fund Deposit

The budget includes \$19,243,300 in FY 2024 for the Extended Foster Care Service Model Fund Deposit. This amount consists of:

General Fund	12,550,000
Child Safety Expenditure Authority	6,693,300

Adjustments are as follows:

One-Time Fund Deposit

The budget includes a one-time increase of \$19,243,300 in FY 2024 for deposit into the non-appropriated Extended Foster Care Comprehensive Service Model Fund. This amount consists of:

General Fund	12,550,000
Child Safety Expenditure Authority	6,693,300

The Human Services BRB establishes this fund as session law.

Background – This line item funds an extended foster care comprehensive service model that provides support services and case management from contracted community providers to young adults 17.5-20 years of age in the Extended Foster Care program. The scope of work for the Extended Foster Care Comprehensive Service Model includes weekly engagements between "success coaches" and individuals in the program, life skills training, mental and physical health and well-being, among other components.

A General Appropriation Act footnote makes this appropriation non-lapsing.

Foster Home Placement

The budget includes \$51,929,500 in FY 2024 for Foster Home Placement. This amount consists of:

General Fund	18,252,900
Federal TANF Block Grant	6,973,100
Child Safety Expenditure Authority	26,703,500

Adjustments are as follows:

Funding for FY 2024 Federal Match Rate Changes

The budget includes an increase of \$427,400 from the General Fund and a corresponding decrease of \$(427,400) from Child Safety Expenditure Authority in FY 2024 to offset an estimated FY 2024 decrease in the Title IV-E FMAP rate.

Caseload – According to the latest available data from DCS, in FY 2023, an estimated monthly average of 3,610 clients received licensed foster home placements. At an average monthly cost of \$914 per placement and the current appropriated General Fund, TANF, and federal reimbursement levels, DCS can support an average monthly caseload of 4,735 foster home placements in FY 2024.

Background – The Foster Home Placement line item provides funding for the placement of out-of-home children up through age 17 into foster homes. This line item includes the cost of the maintenance payments for licensed foster homes. Unlicensed foster homes are funded in the Kinship Care line item.

Foster Home Recruitment, Study and Supervision

The budget includes \$32,753,600 in FY 2024 for Foster Home Recruitment, Study and Supervision. This amount consists of:

General Fund	19,652,200
Child Safety Expenditure Authority	13,101,400

These amounts are unchanged from FY 2023.

Background – This line item funds contracts with child welfare licensing agencies that recruit foster families, complete home studies to ensure that foster homes comply with requirements for licensure and provide ongoing monitoring and oversight of foster homes.

Kinship Care

The budget includes \$24,811,200 in FY 2024 for Kinship Care. This amount consists of:

General Fund	24,311,200
Federal TANF Block Grant	500,000

These amounts are unchanged from FY 2023.

Caseload – In FY 2023, an estimated monthly average of 5,703 children was placed in unlicensed kinship care. Based on a monthly stipend of \$300 and the current General Fund, and TANF funding level, DCS can support 6,892 kinship placements in FY 2024. DCS reports 5,004 children were placed in unlicensed kinship care in May 2023. These May 2023 figures represent preliminary estimates from DCS.

Background – This line item funds the Kinship Stipend, which provides a \$300 monthly stipend per child to unlicensed kinship caregivers. Unlicensed kinship caregivers may include relatives as well as non-relative caregivers of fictive kinship. "Fictive kin" are caregivers that have a meaningful relationship with the child but are not related by blood or by marriage.

A General Appropriation Act footnote requires DCS to provide the stipend on behalf of all children placed with an unlicensed kinship foster care parent and permits such caregivers to receive the stipend without filing an application. Another General Appropriation Act footnote requires DCS to report to the Joint Legislative Budget Committee by March 31, 2024 on the number of children in the kinship care stipend program residing with non-relative caretaker of fictive kinship.

Permanent Placements

DCS subsidizes the care of children who exit out-of-home care for placements in adoptive homes or for custody with permanent guardians. *Table 2* shows the total caseload for permanent placements.

Table 2

	Permanent Placements		
	June 2021 Actual	June 2022 Actual	June 2023 Estimate
Adoption	32,735	33,224	33,337
Permanent Guardianship	<u>2,716</u>	<u>2,719</u>	<u>2,835</u>
Total	35,451	35,943	36,172

Positive Parenting Program for Post Permanency Placements Pilot

The budget includes \$4,000,000 from the General Fund in FY 2024 for the Positive Parenting Program for Post Permanency Placements Pilot. Adjustments are as follows:

One-Time Pilot Program Funding

The budget includes a one-time increase of \$4,000,000 from the General Fund in FY 2024 for the Positive

Parenting Program for Post Permanency Placements Pilot program.

Background – This program provides management strategies for parents to address behavior issues and support to families to prevent reentry of post permanency children into out-of-home care.

This funding addresses a requirement from the federal Fostering Connections to Success and Increasing Adoption Act of 2008 (P.L. 110-351) that state agencies receiving Title IV-E federal funding are to spend at least 30% of adoption savings on post-adoption services, post-guardianship services, and services to support positive permanent outcomes for children at risk of entering foster care.

Permanent Guardianship Subsidy

The budget includes \$12,516,900 in FY 2024 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	10,573,900
Federal TANF Block Grant	1,943,000

These amounts are unchanged from FY 2023.

Caseload – According to the latest available data from DCS, in FY 2023, an estimated monthly average of 2,840 clients received permanent guardianship subsidies. At an average monthly cost of \$391 and the current General Fund and TANF funding level, DCS can support 2,668 total placements in FY 2024.

Background – A.R.S. § 8-871 establishes the criteria for the Juvenile Court to establish a permanent guardianship for children in out-of-home care.

Adoption Services

The budget includes \$294,923,500 in FY 2024 for Adoption Services. This amount consists of:

General Fund	85,768,800
Federal TANF Block Grant	22,445,700
Child Safety Expenditure Authority	186,709,000

Adjustments are as follows:

Adoption Caseload Growth Funding

The budget includes an increase of \$3,565,000 from Child Safety Expenditure Authority in FY 2024 to address an increase in caseloads in the Adoption Services program. This funding is based on anticipated caseload growth of

2.1% in FY 2024. Adoption caseloads rose from an average of 33,123 in FY 2022 to an average of 22,822 in FY 2023, representing a 2.1% increase.

One-Time Federal Adoption Incentive Backfill

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 to provide backfill funding for an anticipated loss in the federal adoption incentive award. The award is computed based on previous years' rate of adoptions from foster care. Given a consistent decrease in the number of finalized adoptions over the last 3 years, this funding addresses an anticipated decrease in the federal award.

Technical Adjustment

The budget includes an increase of \$11,100,000 from Child Safety Expenditure Authority in FY 2024 to reflect additional ongoing matching federal funding authority agreed to in the FY 2023 budget but inadvertently omitted from the General Appropriation Act. The budget also includes an FY 2023 supplemental of the same amount so there is no net change from FY 2023.

Funding for FY 2024 Federal Match Rate Changes

The budget includes an increase of \$2,803,000 from the General Fund and a corresponding decrease of \$(2,803,000) from Child Safety Expenditure Authority in FY 2024 to offset an estimated FY 2024 decrease in the Title IV-E FMAP rate.

Caseload – According to the latest available data from DCS, in FY 2023, an estimated monthly average of 33,332 clients received adoption subsidies. The line item also funds non-maintenance-related adoption services of about \$6,500,000 annually, such as non-recurring adoption legal expenses, special services related to pre-existing special needs conditions of the adopted child, and recruitment and placement supports for adoptive families. At an average monthly cost of \$671 and the assumed federal reimbursement level, the total appropriation has the authority to support 35,815 adoption placement subsidies in FY 2024.

Background – DCS is required to administer an ongoing program of subsidized adoption pursuant to A.R.S. § 8-142 for children with physical, mental, or emotional disorders or who would be otherwise difficult to place in adoption because of age, sibling relationship, or racial or ethnic background. The funding provides for maintenance subsidies, special services subsidies, expenditures related to the legal process of adopting a child, and adoption home recruitment costs. Medical expenses are covered through AHCCCS.

Table 3

Support Services
FY 2023 Estimated Expenditures by Service Category ^{1/}

Services	Amount
Child Care Subsidies	\$ 56,559,400
Comprehensive Health Plan Services	201,703,700
Nurturing Parenting Program	15,395,000
Supervised Visitation	28,210,000
Transportation	34,300,000
Family Connections	8,470,500
Preventive Services	15,148,300
Allowances	13,295,100
Counseling and Psychological Services	1,874,600
Substance Use Disorder Treatment	7,495,200
Independent Living Support	6,410,000
Lab Services	7,202,000
Other	14,748,600
Total	\$410,812,400 ^{2/}

^{1/} Does not include substance use disorder services spending for Arizona Families F.I.R.S.T. (AFF) recipients who are eligible for AHCCCS.

^{2/} Latest available data is from April 2023 as reported by DCS. Numbers may not match the Special Line Item expenditures reported separately by the agency.

Support Services

DCS provides services to families involved in the child welfare system that are intended to facilitate the reunification of out-of-home children with their biological families and reduce the probability that high-risk families have children enter out-of-home care. *Table 3* displays combined spending from FY 2022 for in-home mitigation and out-of-home support services by category, in addition to spending for child care subsidies and comprehensive health plan services.

DCS Child Care Subsidy

The budget includes \$61,675,400 in FY 2024 for the DCS Child Care Subsidy. This amount consists of:

General Fund	7,171,000
Federal CCDF Block Grant	40,516,000
Child Safety Expenditure Authority	13,988,400

Adjustments are as follows:

Funding for FY 2024 Federal Match Rate Changes

The budget includes an increase of \$171,000 from the General Fund and a corresponding decrease of \$(171,000) from Child Safety Expenditure Authority in FY 2024 to offset an estimated FY 2024 decrease in the Title IV-E FMAP rate.

Caseload – According to the latest available data from DCS, through March of FY 2023, an estimated monthly average of 5,296 children received DCS child care. At \$958 monthly, and the assumed federal reimbursement level, the appropriation has the authority to support an average monthly caseload of 5,365 children in FY 2024.

Background – This line item funds child care for children in the DCS system. DES continues to administer the state's child care program, so this funding is passed through to DES. Children who qualify for the DCS child care subsidy are not subject to a time limit, copay, or waiting list. DCS child care is provided for children in both licensed and unlicensed foster care. *(Please see the DES Child Care Subsidy line item for other child care funding.)*

In-Home Mitigation

The budget includes \$28,988,100 and 1 FTE Position in FY 2024 for In-Home Mitigation. These amounts consist of:

General Fund	6,971,700
Child Abuse Prevention Fund	1,459,300
Federal TANF Block Grant	14,611,200
Child Safety Expenditure Authority	5,945,900

These amounts are unchanged from FY 2023.

Background – This line item funds DCS' in-home services program for families with a child at risk of out-of-home placement. Contracted in-home services provide a wide range of voluntary services for up to 120 days intended to ensure that children remain safely at home, including parent education, counseling, domestic violence intervention, behavioral management, home management, and linkages to community resources. According to the latest available data from DCS, there were an estimated 4,577 new referrals to the in-home services program in FY 2023.

Out-of-Home Support Services

The budget includes \$122,710,800 in FY 2024 for Out-of-Home Support Services. This amount consists of:

General Fund	52,777,200
Federal TANF Block Grant	34,139,600
Child Safety Expenditure Authority	35,794,000

Adjustments are as follows:

Funding for FY 2024 Federal Match Rate Changes

The budget includes an increase of \$114,000 from the General Fund and subsequent decrease of \$(114,000) from Child Safety Expenditure Authority in FY 2024 to

offset an estimated FY 2024 decrease in the Title IV-E FMAP rate.

Background – This line item funds services for children in out-of-home care and their families, including supervised visitation, parent aide, health care services, allowances, transportation, substance abuse treatment, and independent living services.

Preventive Services

The budget includes \$29,648,300 in FY 2024 for Preventive Services. This amount consists of:

General Fund	16,500,000
Child Safety Expenditure Authority	13,148,300

Adjustments are as follows:

Healthy Families Expansion

The budget includes an increase of \$2,500,000 from the General Fund in FY 2024 to expand the Healthy Families Arizona Program and replace expiring federal grant monies.

The \$2,500,000 FY 2024 increase is part of the FY 2023 3-year budget plan. That same plan provided another \$2,500,000 increase in FY 2025 above FY 2024.

Preventive Services Increase

The budget includes an increase of \$2,000,000 from Child Safety Expenditure Authority in FY 2024 for an increase in federal expenditure authority for the State Opioid Response program, which is funded through a federal grant provided to DCS through AHCCCS.

Background – This line item funds broad-based prevention programs to reduce the risk of involvement with DCS for at-risk families. The programs include Healthy Families, which is an in-home visiting program, and the Building Resilient Families program, which provides follow-up services to families that were previously the subject of a DCS report.

Comprehensive Health Plan

The Comprehensive Health Plan (CHP) includes both physical health and behavioral health services for foster care children. The program is funded by capitation payments from the Arizona Health Care Cost Containment System (AHCCCS) for Medicaid-eligible children in foster care. AHCCCS covers the cost of such payments with its General Fund appropriation and federal Medicaid matching funds. This combination of these AHCCCS

General Fund and federal funds is deposited into the DCS Comprehensive Health Plan Fund and then appropriated to DCS. *(Please see the FY 2022 Appropriations Report for more detail.)*

The budget includes a total decrease of \$(43,734,200) from the Comprehensive Health Plan Fund across the 3 CHP line items. The formula adjustments consist of 0.5% enrollment growth in FY 2024, 3.1% capitation growth, and prior year base adjustments as reflected in the AHCCCS budget.

Comprehensive Health Plan Administration

The budget includes \$27,461,200 from the Comprehensive Health Plan Fund in FY 2024 for Comprehensive Health Plan Administration. Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(2,883,600) from the Comprehensive Health Plan Fund in FY 2024 for CHP formula adjustments.

Background – This line item includes funding DCS receives from AHCCCS' capitation payments for the agency's administrative expenses associated with the Comprehensive Health Plan.

Comprehensive Health Plan Premium Tax

The budget includes \$3,857,300 from the Comprehensive Health Plan Fund in FY 2024 for Comprehensive Health Plan Premium Taxes. Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(693,600) from the Comprehensive Health Plan Fund in FY 2024 for CHP formula adjustments.

Background – This line item includes funding DCS receives from AHCCCS' capitation payments for premium tax payments. DCS pays a 2% tax on capitation and reinsurance monies associated with the Comprehensive Health Plan.

Comprehensive Health Plan Services

The budget includes \$161,546,700 from the Comprehensive Health Plan Fund in FY 2024 for Comprehensive Health Plan Services. Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of \$(40,157,000) from the Comprehensive Health Plan Fund in FY 2024 for CHP formula adjustments.

Background – This line item includes funding DCS receives from AHCCCS' capitation payments for the agency's physical and behavioral health services expenses associated with the Comprehensive Health Plan.

Other Issues

This section includes information on the following topics:

- FY 2023 Supplementals
- FY 2023 Adjustments
- Statutory Changes
- Use of Social Security Benefits
- Long-Term Budget Impacts
- Families First Prevention Services Act

FY 2023 Supplementals

The FY 2024 budget includes the following supplementals for FY 2023:

Salary Adjustments, Adoption Services, Independent Living, and Preventive Services

The budget includes a FY 2023 supplemental expenditure authority of \$19,888,200 from Child Safety Expenditure Authority for additional federal funding to support salary adjustments, adoption services, independent living services, and preventive services.

Technical Adjustment

The budget includes a FY 2023 supplemental expenditure authority of \$11,100,000 from Child Safety Expenditure Authority for the Adoption Services line to reflect additional ongoing matching federal funding authority agreed to in the FY 2023 budget but inadvertently omitted from the FY 2023 General Appropriation Act.

FY 2023 Adjustments

The budget assumes DCS General Fund costs for FY 2023 will be \$(19,000,000) lower than the original FY 2023 General Fund appropriation. The \$(19,000,000) surplus is based on the federal government's extension of the enhanced FMAP. The enhanced FMAP will lower DCS' state match expenses for programs funded by Title IV-E monies, such as adoption and foster home placements. A 6.2% enhanced FMAP was available through March 2023. The federal Consolidated Appropriations Act of 2023 sets an enhanced 5.0% FMAP from April through June 2023. In comparison, the FY 2023 enacted budget assumed the

enhanced rate would not be extended into FY 2023. The FY 2024 budget does not, however, include an FY 2023 ex-appropriation to account for the savings. Instead, the surplus is realized through General Fund reverts.

Statutory Changes

The Human Services BRB makes the following statutory changes:

- As session law, establishes the non-appropriated Extended Foster Care Comprehensive Service Model Fund and requires DCS to implement an extended foster care comprehensive service model that provides support services and case management from contracted community providers to young adults 17.5-20 years of age in the Extended Foster Care program.

Use of Social Security Benefits

Laws 2023, Chapter 177 requires DCS to determine if children in DCS custody are eligible for federal Social Security Administration (SSA) or U.S. Department of Veterans Affairs (VA) benefits and apply for the benefits on behalf of eligible children. DCS is no longer able to use these monies on department costs but may use them on meeting the child's "unmet needs" beyond what DCS is required to provide. According to DCS, the department spends \$4,000,000 annually on operating costs from revenues it collects from SSA/VA benefits.

Long-Term Budget Impacts

As part of the FY 2023 budget's 3-year spending plan, Department of Child Safety General Fund costs are projected to increase by \$8,225,800 in FY 2025 above FY 2024. These estimates are based on:

- An increase of \$5,725,800 FY 2025 over FY 2024 resulting from a net decrease in the Title IV-E FMAP rate.
- An increase of \$2,500,000 in FY 2025 over FY 2024 to continue expansion of the Health Families Arizona Program.

Family First Prevention Services Act

The federal Bipartisan Budget Act of 2018 (P.L. 115-123) enacted in February 2018 incorporated provisions from previously introduced legislation called the Family First Prevention Services Act, which makes changes to federal IV-E financing of state and local child welfare services. The major changes include:

- Availability of uncapped IV-E federal reimbursement for in-home preventive services for families of children at risk of being placed in foster care, including mental health and substance abuse prevention and treatment services as well as in-home parent skill-based programs. The federal match rate will be 50% and will only be applied to state expenditures above a state maintenance-of-effort requirement.
- Limitation of federal IV-E reimbursement for congregate care placements to 2 weeks, except for children with serious behavioral or emotional disorders that are placed in "Qualified Residential Treatment Programs" meeting certain criteria.
- Delays the full phase-out of income eligibility standards for children age 2 or under (previously, adoptive subsidies were only available to children demonstrating "special needs" as defined in federal law and that came from families with incomes at or below the TANF income eligibility level) in the IV-E adoption program until July 1, 2024.

department reports that it created a policy and established procedures in FY 2022 to utilize therapeutic foster care services for youth for non-medically necessary placement.

An FY 2023 General Appropriation Act footnote requires DCS to report on its implementation of the legislation by December 1, 2022, including quantification of any fiscal impacts. The FY 2024 General Appropriation Act continues this footnote and requires DCS to provide an update by December 1, 2023. DCS reported it has taken the following actions related to implementing the legislation:

- The department implemented a variety of measures to retain and recruit foster families and accredit Qualified Residential Treatment Programs (QRTF), which are congregate care settings that will continue to be eligible for federal reimbursement.
- DCS hired 2 Foster Recruitment and Retention Specialists, launched a website to support foster families, and began working with a marketing firm to create a campaign to raise awareness to further support and recruit foster families. DCS reports that both Specialists have begun working with Foster Home Licensing Team Leads to provide updated data directly to contracted agencies during site visits.
- The department now has 15 contracted QRTF providers and 10 other facilities working to become accredited as of November 2022.
- DCS announced they would cover accreditation fees for congregate care homes to provide trauma informed care, qualifying them as QRTF facilities.
- DCS standardized therapeutic foster care placements in collaboration with the Arizona Health Care Cost Containment System (AHCCCS), including increased utilization of therapeutic foster homes for youth with higher needs, but do not meet medical necessity. The

State Board of Chiropractic Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	226,900	235,700	287,000
Employee Related Expenditures	76,500	102,200	108,300
Professional and Outside Services	34,500	35,000	35,000
Travel - In State	700	2,000	2,000
Travel - Out of State	5,200	15,000	15,000
Other Operating Expenditures	77,600	77,700	74,000
Equipment	10,200	21,100	21,100
AGENCY TOTAL	431,600	488,700 ^{1/}	542,400 ^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Board of Chiropractic Examiners Fund	431,600	488,700	542,400
SUBTOTAL - Other Appropriated Funds	431,600	488,700	542,400
SUBTOTAL - Appropriated Funds	431,600	488,700	542,400
TOTAL - ALL SOURCES	431,600	488,700	542,400

AGENCY DESCRIPTION — The board licenses, investigates, and regulates chiropractors who practice a system of therapy in which disease is considered the result of neural malfunction. Manipulation of the spinal column and other structures is the preferred method of treatment.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the state board of chiropractic examiners, \$11,100 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$542,000 and 5 FTE Positions from the Board of Chiropractic Examiners Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(2,800) from the Board of Chiropractic Examiners Fund in FY 2024 for the elimination of one-time e-licensing funding.

Deputy Director Funding

The budget includes an increase of \$51,300 from the Board of Chiropractic Examiners Fund in FY 2024 to fund a deputy director position. The department will combine existing funds with the \$51,300 increase to cover the full cost of a deputy director.

Statewide Adjustments

The budget includes an increase of \$5,200 from the Board of Chiropractic Examiners Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

Statutory Changes

The Health Care Budget Reconciliation Bill, as permanent law, amends A.R.S. § 32-923 to require licensees to submit renewal applications by the end of the licensee's birth month instead of by January 1.

Citizens Clean Elections Commission

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
FUND SOURCES			
Other Non-Appropriated Funds	4,530,500	2,267,500	2,267,500
TOTAL - ALL SOURCES	4,530,500	2,267,500	2,267,500

AGENCY DESCRIPTION — As authorized by a 1998 ballot initiative, the Citizens Clean Elections Commission provides full public funding to qualified candidates who agree to abide by the commission's guidelines. To qualify for funding, participating candidates must adhere to spending and contribution limits and gather \$5 qualifying contributions from district constituents who are registered voters. Participating candidates also agree to attend required debates. The commission is not subject to legislative appropriation.

Other Issues

Clean Elections Fund Balance

Proposition 200 was approved in the 1998 General Election, creating the Clean Elections Fund. The fund, which helps finance participating candidate campaigns, receives revenue from a 10% surcharge on civil and criminal fines, qualifying contributions from participating candidates, and penalties paid by candidates. A maximum of 10% of the fund's revenues may be used to enforce the Citizens Clean Elections Act, and another 10% may be spent on voter education.

In FY 2022, the fund had revenues of \$6,078,700 for total available funds of \$34,515,100. This compared to spending of \$4,530,500 in FY 2022. For FY 2023, the commission estimates annual fund revenue will decrease to \$5,626,500, compared to \$2,267,500 in spending. Along with surpluses from prior years, the commission forecasted the fund will have a balance of \$33,343,600 at the end of FY 2023.

For additional background and a history of Clean Elections Fund transfers to the General Fund, please see the [FY 2022 Appropriations Report](#).

Arizona Commerce Authority

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Personal Services	5,460,500	5,460,500	5,460,500
Employee Related Expenditures	1,201,400	1,201,400	1,201,400
Professional and Outside Services	1,489,800	1,489,800	1,489,800
Travel - In State	87,600	87,600	87,600
Travel - Out of State	156,800	156,800	156,800
Other Operating Expenditures	1,548,100	1,548,100	5,048,100
Equipment	55,800	55,800	55,800
OPERATING SUBTOTAL	10,000,000	10,000,000	13,500,000 ^{1/2/}
SPECIAL LINE ITEMS			
Arizona Competes Fund Deposit	55,500,000	5,500,000	500,000 ^{1/}
Blockchain/Wearable Research	5,000,000	5,000,000	0
Wearable Technology Research	0	0	2,500,000 ^{3/}
Economic Development Marketing and Attraction	0	1,000,000	1,000,000
Economic Transition Resources	0	0	9,000,000 ^{4/}
Major Events Fund Deposit	7,500,000	7,500,000	0
Rural Broadband Accelerated Match Fund Deposit	0	0	23,600,000 ^{5/}
Water Infrastructure and Commerce Grant Fund Deposit	0	15,000,000	7,000,000
Trade Offices			
Asia-Pacific Trade Office	0	0	750,000 ^{6/}
Asia Trade Offices	0	750,000	750,000
Canada Trade Office	0	0	750,000 ^{6/}
Frankfurt, Germany Trade Office	250,000	500,000	500,000
Israel Trade Office	175,000	300,000	300,000
Mexico Trade Offices	500,000	500,000	500,000
Trade Office Funding	0	0	2,000,000 ^{7/}
AGENCY TOTAL	78,925,000	46,050,000	62,650,000 ^{8/}
FUND SOURCES			
General Fund	78,925,000	41,050,000	62,650,000
<u>Other Appropriated Funds</u>			
State Web Portal Fund	0	5,000,000	0
SUBTOTAL - Other Appropriated Funds	0	5,000,000	0
SUBTOTAL - Appropriated Funds	78,925,000	46,050,000	62,650,000
Other Non-Appropriated Funds	11,912,000	16,201,900	16,201,900
Federal Funds	2,810,200	48,722,000	48,722,000
TOTAL - ALL SOURCES	93,647,200	110,973,900	127,573,900

AGENCY DESCRIPTION — The Arizona Commerce Authority (ACA) promotes economic, community, and workforce development. The ACA's duties include the support of statewide business expansion, retention, attraction, workforce development and job training, online assistance for new business start-ups, and tax credit administration.

FOOTNOTES

- ^{1/} Pursuant to section 43-409, Arizona Revised Statutes, of the amounts listed above, \$10,500,000 of the state general fund withholding tax revenues is allocated in fiscal year 2023-2024 to the Arizona commerce authority, of which \$10,000,000 is credited to the Arizona commerce authority fund established by section 41-1506, Arizona Revised Statutes, and \$500,000 is credited to the Arizona competes fund established by section 41-1545.01, Arizona Revised Statutes. (General Appropriation Act footnote)
- ^{2/} Of the amount appropriated in the operating lump sum, \$3,500,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, and is allocated as follows:

1. \$1,000,000 to distribute to a federally recognized state rural development council in the national rural development partnership in this state to partner with businesses, community leaders, service organizations, economic development organizations and rural municipalities to work directly in rural communities across this state.
 2. \$500,000 to establish and administer a small business incubator program to assist current and former inmates who are participating in a state program in which the state department of corrections and the department of economic security collaborate and bring comprehensive services to inmates who are nearing release. On or before September 1, 2024, the authority shall submit a report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on the program implementation, the number of participants, the industry of employment or entrepreneurship and program results, including the recidivism rates of program participants.
 3. \$500,000 to distribute to a nonpartisan public foundation in this state that is qualified under section 501(c)(3) of the internal revenue code and that is associated with a statewide business trade organization that is qualified under section 501(c)(6) of the internal revenue code and that represents multiple industries to develop a strategic framework for policymakers to continue job growth, economic diversification and private sector investments that will make this state a top state economy and international trading partner by 2030.
 4. \$500,000 to distribute to a membership organization in this state that is qualified under section 501(c)(6) of the internal revenue code and that serves as a resource hub for all small businesses in this state to establish a program to recruit and retain truck drivers.
 5. \$1,000,000 to the Arizona state trade expansion program. (General Appropriation Act footnote)
- 3/ The authority shall distribute the monies in the wearable technology research line item to applied research centers located in this state that specialize in wearable technology, including hardware or software components, or both. Subject to available funding, the authority shall distribute monies appropriated in the wearable technology research line item to any applied research center in increments of up to \$250,000 within thirty days after the applied research center notifies the authority in writing that the applied research center has received a matching amount from sources other than this state.
- An applied research center that receives a distribution pursuant to this section must collaborate with universities, nonprofit business associations, health science research centers, institutes or other technology businesses that do business in this state. On or before September 15, 2027, the applied research center or institute shall return to the authority all monies received by the applied research center or institute pursuant to this section that remain unexpended and unencumbered on September 1, 2027. The authority shall deposit the returned monies in the state general fund. The authority shall notify the president of the senate and the speaker of the house of representatives on or before July 1, 2024 and July 1, 2025 if the authority has not distributed any monies pursuant to this section.
- An applied research center or institute that receives monies pursuant to this section shall annually submit an expenditure and performance report to the authority. On or before February 1 of each year, the authority shall transmit the report to the joint legislative budget committee and the governor's office of strategic planning and budgeting. For the purposes of this distributing the monies in the wearable technology research line item pursuant to this section, the authority is exempt from the requirements of title 41, chapter 23, Arizona Revised Statutes.
- The appropriation made in the wearable technology research line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that any monies that remain unexpended and unencumbered on June 30, 2027 revert to the state general fund. (General Appropriation Act footnote)
- 4/ Monies in the economic transition resources line item shall be distributed to a nonprofit organization for capital projects, economic sustainability developments, renewable energy projects and broadband projects located within twenty miles of a coal mine that closed within the past five years. (General Appropriation Act footnote)
- 5/ The authority shall use the monies in the rural broadband accelerated match fund deposit line item to provide funding for projects that will receive matching monies from federal programs related to broadband expansion. (General Appropriation Act footnote)
- 6/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations (General Appropriation Act footnote)
- 7/ On or before December 1, 2023, the authority shall report to the president of the senate, the speaker of the house of representatives and the director of the joint legislative budget committee detailing the authority's implementation plan for the monies in the trade office funding line item, including proposed trade office locations. (General Appropriation Act footnote)
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget Deposit

The budget includes \$13,500,000 from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

State Rural Development Council

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 to provide funding to a federally-recognized state rural development council in the national rural development partnership in this state to partner with businesses, community leaders, service organizations, economic development organizations and rural municipalities to work directly in rural communities across this state.

Small Business Incubator Program for Inmates

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 to establish and administer a small business incubator program to assist current and former inmates who are participating in a state program in which the State Department of Corrections and the Department of Economic Security collaborate and bring comprehensive services to inmates who are nearing release. On or before September 1, 2024, ACA shall submit a report to the Directors of the JLBC and the Governor's Office of Strategic Planning and Budgeting on the program implementation, the number of participants, the industry of employment or entrepreneurship and program results, including the recidivism rates of program participants.

Economic Development Study

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 for distribution to a nonpartisan public foundation in this state that is qualified under section 501(c)(3) of the Internal Revenue Code and that is associated with a statewide business trade organization that is qualified under section 501(c)(6) of the Internal Revenue Code and that represents multiple industries to develop a strategic framework for policymakers to continue job growth, economic diversification and private sector investments that will make this state a top state economy and international trading partner by 2030.

Commercial Truck Driver Shortage Grant

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 for distribution to a membership organization in this state that is qualified under section 501(c)(6) of the Internal Revenue Code and that serves as a resource hub for all small businesses in this state to establish a program to recruit and retain truck drivers.

Small Business Export Assistance

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 to augment funding for the Arizona State Trade Expansion Program, which helps small businesses enter foreign markets.

Arizona Competes Fund Deposit

The budget includes \$500,000 from the General Fund in FY 2024 for deposit into the Arizona Competes Fund. Adjustments are as follows:

Reduce Deposit

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2024 for the reduction of an ongoing deposit into the Arizona Competes Fund. The Commerce Budget Reconciliation Bill (BRB) makes a corresponding permanent reduction of the deposit required by A.R.S. § 43-409.

Additionally, the fund also receives a non-appropriated deposit of \$3,500,000 in lottery revenues pursuant to A.R.S. § 4-572. In total, the fund will now receive \$4,000,000 annually.

Monies in the Arizona Competes Fund are utilized to issue grants to attract, retain, and support businesses in Arizona.

At least 30% of monies appropriated to the Arizona Competes Fund are to be used for rural and small business grants. Of this amount, 30%, up to \$1,000,000, is reserved for microenterprise development.

A further 25% of the monies are reserved for businesses not located in Maricopa County with preference given to a county located on the Arizona-Mexico border, a county in which a military facility is located, or projects on tribal lands.

Blockchain/Wearable Research

The budget includes no funding in FY 2024 for the Blockchain/Wearable Research line item. Adjustments are as follows:

Remove One Time Funding

The budget includes a decrease of \$(5,000,000) from the State Web Portal Fund in FY 2024 for removal of one-time funding for research into blockchain and wearable technology.

Wearable Technology Research

The budget includes \$2,500,000 from the General Fund in FY 2024 for the Wearable Technology Research line item. Adjustments are as follows:

Add One-Time Funding

The budget includes a one-time increase of \$2,500,000 from the General Fund in FY 2024 for research into wearable technology. A General Appropriation Act footnote outlines requirements for the use of these monies.

Monies in this line item are for distribution to applied research centers which work with Arizona businesses or public institutions to develop wearable technologies. Pursuant to a GAA footnote, the authority shall, within 30 days of receiving a valid written submission, distribute up to \$250,000 of the monies in this line item to each qualifying applied research center that has received equal or greater funding from sources other than the State of Arizona.

Economic Development Marketing and Attraction

The budget includes \$1,000,000 from the General Fund in FY 2024 for the Economic Development Marketing and Attraction line item. This amount is unchanged from FY 2023.

Monies in this line item fund marketing campaigns designed to attract industries such as advanced manufacturing to Arizona.

Economic Transition Resources

The budget includes \$9,000,000 from the General Fund in FY 2024 for a new Economic Transition Resources line item. Adjustments are as follows:

Establish New Line Item

The budget includes a one-time increase of \$9,000,000 from the General Fund in FY 2024 for distribution to a non-profit to provide funding for various capital projects in areas within 20 miles of a coal mine which closed in the past 5 years.

Major Events Fund Deposit

The budget includes no funding in FY 2024 for a deposit into the Major Events Fund. Adjustments are as follows:

Remove Deposit

The budget includes a decrease of \$(7,500,000) from the General Fund in FY 2024 for the removal of a deposit into the Arizona Competes Fund. This reduction modifies the

FY 2022 budget's 3-year spending plan, which included funding the program at \$7,500,000 annually as a pilot program through FY 2025.

Rural Broadband Accelerated Match Fund Deposit

The budget includes \$23,600,000 from the General Fund in FY 2024 for a new Rural Broadband Accelerated Match Fund Deposit line item. Adjustments are as follows:

Establish New Line Item

The budget includes a one-time increase of \$23,600,000 from the General Fund in FY 2024 to provide matching funding for federally funded broadband infrastructure projects in Arizona. The Rural Broadband Accelerated Match Fund was created in the Commerce BRB. *(For additional information please see the Other Issues section of this narrative.)*

Water Infrastructure and Commerce Grant Fund Deposit

The budget includes \$7,000,000 in FY 2024 for the Water Infrastructure and Commerce Grant Fund Deposit line item. Adjustments are as follows:

Reduce One-Time Deposit

The budget includes a decrease of \$(8,000,000) from the General Fund in FY 2024 for the reduction of a deposit for the distribution of water infrastructure grants via the Water Infrastructure and Commerce Grant Fund. The FY 2023 budget included \$15,000,000 in one-time funding for grants, but the FY 2024 included a new \$7,000,000 one-time deposit.

This fund provides water infrastructure grants to public service corporations acting on behalf of an employer with at least 250 employees and that are located in a county with a population of between 400,000 and 1,000,000.

Trade Offices

Asia-Pacific Trade Office

The budget includes \$750,000 from the General Fund in FY 2024 for a new Asia-Pacific Trade Office line item. Adjustments are as follows:

Establish New Office

The budget includes an increase of \$750,000 from the General Fund in FY 2024 to set up and operate a new trade office in the Asia-Pacific region. This amount is non-lapsing.

Asia Trade Offices

The budget includes \$750,000 from the General Fund in FY 2024 for the Asia Trade Offices line item. This amount is unchanged from FY 2023.

Currently, the ACA funds one trade office each in South Korea and Taiwan.

Canada Trade Office

The budget includes \$750,000 from the General Fund in FY 2024 for a new Canada Trade Office line item. Adjustments are as follows:

Establish New Office

The budget includes an increase of \$750,000 from the General Fund in FY 2024 to set up and operate a new trade office in Canada. This amount is non-lapsing.

Frankfurt, Germany Trade Office

The budget includes \$500,000 from the General Fund in FY 2024 for the Frankfurt, Germany Trade Office. This amount is unchanged from FY 2023.

Israel Trade Office

The budget includes \$300,000 from the General Fund in FY 2024 for the Israel Trade Office. This amount is unchanged from FY 2023.

Mexico Trade Offices

The budget includes \$500,000 from the General Fund in FY 2024 to operate trade offices in Mexico. This amount is unchanged from FY 2023.

Currently, the ACA funds trade offices in Mexico City, Guanajuato, and Chihuahua.

Trade Office Funding

The budget includes \$2,000,000 from the General Fund in FY 2024 for a new Trade Office Funding line item. Adjustments are as follows:

Establish New Line Item

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 to provide additional funding for the authority's trade offices.

A General Appropriation Act footnote requires ACA, on or before December 1, 2023, to submit a report to the Senate President, the Speaker of the House of Representatives and the Director of the JLBC detailing the authority's implementation plan for the monies in the Trade Office Funding line item, including proposed trade office locations.

Other Issues

Statutory Changes

The Commerce BRB makes the following statutory changes:

- As session law, establishes the non-appropriated Rural Broadband Accelerated Match Fund for the Arizona Commerce Authority to provide matching monies for the federal Broadband, Equity, Access and Deployment (BEAD) program. Of the monies in the fund, 50% is distributed to rural counties (with half going to counties with populations under 100,000) and 50% is distributed to municipalities (with half going to municipalities with populations under 10,000). Up to 1% of monies in the fund may be used for administrative costs and monies in the fund are exempt from lapsing. Requires ACA to report to the Senate President, Speaker of the House of Representatives, JLBC, and OSPB on September 1 of each year until the funding is exhausted on which entities received monies, the site of the projects funded, the federal match rate on each project, status of each project, price of services, and an assessment of total impact. Allows ACA to prioritize projects that provide matching funding from the applicant or will partner with other entities to complete the project.
- As session law, notwithstanding A.R.S. § 41-1510 to shift Water Infrastructure and Commerce Grant Fund project eligibility requirements forward by one year. Projects receiving a grant would begin after January 1, 2023 (instead of 2022) and be allocated and distributed by December 31, 2025 (instead of 2024).
- As permanent law, reduces the annual distribution from income tax withholding tax revenues to the Arizona Competes Fund from \$5,500,000 to \$500,000.

Arizona Community Colleges

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
Equalization Aid			
Cochise	7,925,300	8,771,400	9,759,600
Graham	18,193,200	19,114,000	19,912,000
Navajo	9,171,000	9,912,900	11,189,600
Yuma/La Paz	616,700	530,200	716,100
<i>Subtotal - Equalization Aid</i>	35,906,200	38,328,500	41,577,300
Operating State Aid			
Cochise	4,373,500	4,230,000	4,423,700
Coconino	1,626,500	1,369,600	1,415,900
Gila	271,500	155,300	151,400
Graham	1,936,100	1,532,300	1,661,900
Mohave	1,205,500	903,000	924,400
Navajo	1,512,300	1,393,400	1,346,100
Pima	0	0	2,000,000
Pinal	1,356,500	818,200	1,090,900
Santa Cruz	17,100	0	0
Yavapai	590,500	300,400	373,000
Yuma/La Paz	2,391,900	1,898,200	2,260,700
<i>Subtotal - Operating State Aid</i>	15,281,400	12,600,400	15,648,000
STEM and Workforce Programs State Aid			
Cochise	928,400	895,200	954,700
Coconino	371,800	293,800	309,500
Gila	127,200	91,900	88,700
Graham	484,200	361,500	409,700
Maricopa	1,600,000	8,584,900	7,927,600
Mohave	465,700	373,800	378,600
Navajo	319,700	283,600	262,500
Pima	400,000	1,776,600	1,769,000
Pinal	96,500	551,100	656,700
Santa Cruz	29,800	21,800	21,200
Yavapai	699,200	611,100	637,200
Yuma/La Paz	1,027,400	877,500	777,700
<i>Subtotal - STEM and Workforce Programs State Aid</i>	6,549,900	14,722,800	14,193,100
Urban Aid			
Maricopa	10,400,000	0	0
Pima	2,600,000	0	0
<i>Subtotal - Urban Aid</i>	13,000,000	0	0
Rural Aid			
Cochise	6,251,000	5,267,500	5,769,700
Coconino	1,907,300	1,343,400	1,520,600
Gila	652,300	421,800	439,500
Graham	2,483,700	1,633,200	1,917,800
Mohave	2,388,900	1,714,400	1,866,800
Navajo	1,640,200	1,305,600	1,322,400
Pinal	3,666,000	2,476,600	3,110,400
Santa Cruz	153,000	97,800	97,000
Yavapai	3,586,900	2,782,200	3,084,400
Yuma/La Paz	5,270,700	3,957,500	4,871,400
<i>Subtotal - Rural Aid</i>	28,000,000	21,000,000	24,000,000
Additional Rural Aid			
Rural County Allocation	4,337,300	4,582,000	5,722,300 ^{1/}
Rural County Reimbursement Subsidy	1,773,800	1,082,900	1,082,900 ^{2/}
<i>Subtotal - Additional Rural Aid</i>	6,111,100	5,664,900	6,805,200

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Workforce Development Aid			
Arizona Western College CTE Workforce	0	0	15,000,000
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Santa Cruz Provisional Community College Funding	0	0	200,000
<i>Subtotal – Workforce Development Aid</i>	200,000	200,000	15,400,000
Tribal Aid			
Tribal Community Colleges	1,220,900	1,220,900	1,220,900 ^{3/}
Diné College Capital Improvements	0	0	10,000,000 ^{4/}
Diné College Remedial Education	1,000,000	1,000,000	1,000,000 ^{5/}
Diné College Student Center	0	8,000,000	0
Navajo Technical University Laboratory	0	4,000,000	0
Tohono O'odham Community College Remedial Education	0	0	2,000,000 ^{6/}
San Carlos Apache College Remedial Education	0	0	2,000,000 ^{7/}
<i>Subtotal – Tribal Aid</i>	2,220,900	14,220,900	16,220,900
Capital Aid			
Cochise First Responders Academy	0	6,250,000	0
AGENCY TOTAL	107,269,500	112,987,500	133,844,500 ^{8/}
FUND SOURCES			
General Fund	107,269,500	112,987,500	133,844,500
SUBTOTAL - Appropriated Funds	107,269,500	112,987,500	133,844,500
Other Non-Appropriated Funds	76,215,100	70,224,300	70,224,300
TOTAL - ALL SOURCES	183,484,600	183,211,800	204,068,800

AGENCY DESCRIPTION - The Arizona community college system is comprised of 10 college districts and 2 provisional districts. Arizona's community colleges provide programs and training in the arts, sciences and humanities, and vocational education leading to an Associates degree, Baccalaureate degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

FOOTNOTES

- 1/ A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost of students attending community colleges who are from counties that are not part of an established community college district, and then the state will withhold these counties' sales tax revenues to offset that cost. In FY 2024, that amount is estimated to be \$5,722,300. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 2/ Of the \$1,082,900 appropriated to the rural county reimbursement subsidy line item, Apache county receives \$699,300 and Greenlee county receives \$383,600. (General Appropriation Act footnote)
- 3/ A.R.S. § 42-5031.01 directs the State Treasurer to annually transmit to the tribal colleges 10% of Transaction Privilege Tax (TPT) revenues collected from sources located on the reservation, or \$1,750,000, whichever is less, as well as 5% of TPT revenues collected on the reservation, or \$875,000, whichever is less, to a technical college on the same reservation. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 4/ Laws 2023, Chapter 135 (the Capital Outlay Bill) appropriated \$10,000,000 from the General Fund in FY 2024 for Diné College Capital Improvements.
- 5/ On or before October 15, 2024, the Diné college board of regents shall submit to the governor, the speaker of the house of representatives, the president of the senate, the secretary of state and the joint legislative budget committee a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year. (General Appropriation Act footnote)
- 6/ On or before October 15, 2024, the Tohono O'odham community college board of trustees shall submit to the governor, the speaker of the house of representatives, the president of the senate, the secretary of state and the joint legislative budget committee a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year. (General Appropriation Act Footnote)

- 7/ On or before October 15, 2024, the San Carlos Apache college board of regents shall submit to the governor, the speaker of the house of representatives, the president of the senate, the secretary of state and the joint legislative budget committee a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year. (General Appropriation Act Footnote)
- 8/ General Appropriation Act funds are appropriated as District-by-District Special Line Items.

Equalization Aid

The budget includes \$41,577,300 from the General Fund in FY 2024 for Equalization Aid. Adjustments are as follows:

Property Value Changes

The budget includes an increase of \$3,248,800 from the General Fund in FY 2024 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in Table 1.

Table 1
FY 2024 Equalization Funding Changes

District	FY 2023	Year-over- Year Change	FY 2024
Cochise	\$ 8,771,400	\$988,200	\$ 9,759,600
Graham	19,114,000	798,000	19,912,000
Navajo	9,912,900	1,276,700	11,189,600
Yuma/La Paz	530,200	185,900	716,100
Total	\$38,328,500	\$3,248,800	\$41,577,300

Background – The Equalization Aid line items provide additional state aid to community college districts with property tax bases that are less than the minimum assessed value specified in A.R.S. § 15-1402. Under the Equalization Aid formula, the minimum assessed valuation is revised by the average change in actual assessed valuation for the most recent year for all rural districts with populations of less than 500,000 persons, according to the most recent decennial census data. Actual assessed valuation for rural districts was 6.2% higher in TY 2022 than in the preceding year. Therefore, for the FY 2024 Equalization Aid formula calculation, the minimum assessed valuation increased 6.2% to approximately \$1.74 billion. (See Table 2 for the calculation of the growth rate.)

Equalization Aid is paid based on the difference between the minimum assessed valuation and the most recent actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate.

In any one year a district's equalization assistance will depend on 1) whether the district falls below the minimum threshold (\$1.74 billion in FY 2024), 2) whether

the district's dollar change in assessed value was less than the rural districts' average change, and 3) the applicable tax rate.

Table 2

Equalization Growth Factor for Tax Years (TY) 2021-2022

District	TY 2021 Primary AV	TY 2022 Primary AV	TY 2021- 2022 % Growth
Cochise*	\$ 994,800,800	\$ 1,023,219,900	2.9 %
Graham*	239,863,700	282,173,500	17.6 %
Navajo*	911,478,100	918,845,900	0.8 %
Yuma/La Paz*	1,596,348,900	1,683,333,600	5.4 %
Coconino	1,983,520,000	2,077,032,200	4.7 %
Mohave	2,143,344,600	2,298,472,300	7.2 %
Pinal	2,868,880,600	3,118,901,200	8.7 %
Yavapai	3,143,221,200	3,333,228,500	6.0 %
Total	\$13,881,457,800	\$14,735,207,000	6.2 %
Minimum AV	\$1,635,047,200	\$1,735,602,600	6.2 %

* These districts qualify to receive Equalization Aid under the state funding formula in FY 2024 since they fall below the minimum assessed value threshold of \$1.74 billion.

Operating State Aid

The budget includes \$15,648,000 from the General Fund in FY 2024 for Operating State Aid. Adjustments are as follows:

Enrollment Changes

The budget includes an increase of \$1,047,600 from the General Fund in FY 2024 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a 2,124, or 9.3%, increase in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 3). The 2,124 net FTSE increase consists of a 1,656 FTSE increase in non-dual enrollment students and a 468 FTSE decrease in dual enrollment students. A.R.S. § 15-1466.01 requires dual enrollment students be funded at 50% for state aid purposes. Dual enrollment refers to high school students who are enrolled in community college courses for both high school and community college credit.

Table 3**Community College Enrollment**

	FY 2021 FTSE	FY 2022 FTSE	Percentage Change
<u>Rural Districts</u>			
Cochise	5,620	5,999	6.7%
Coconino	1,491	1,581	6.0%
Gila	472	457	(3.2)%
Graham	1,770	1,994	12.7%
Mohave	1,914	1,941	1.4%
Navajo	1,468	1,375	(6.3)%
Pinal	2,655	3,234	21.8%
Santa Cruz	104	101	(2.9)%
Yavapai	3,062	3,207	4.7%
Yuma/La Paz	<u>4,274</u>	<u>5,065</u>	<u>18.5%</u>
Subtotal	22,830	24,954	9.3%
<u>Urban Districts</u>			
Maricopa	56,417	52,588	(6.8)%
Pima	<u>11,488</u>	<u>11,462</u>	<u>(0.2) %</u>
Total	90,735	89,004	(1.9)%

One-Time Pima Operating Aid

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for Pima Community College District operating aid. This appropriation is not based on the statutory formula.

Background – With the exception of Maricopa and Pima, the Operating State Aid line items provide each community college district with funds for continuing operating and maintenance expenses pursuant to A.R.S. § 15-1466. The Operating State Aid formula adjusts state aid in an amount that reflects changes in the FTSE enrollment count. This enrollment adjustment is calculated by multiplying the change in the most recent year's actual FTSE for each district by the average state aid per FTSE appropriated in the current fiscal year. (For FY 2024, the last actual FTSE data was from FY 2022.)

Maricopa and Pima Counties are also statutory recipients of Operating State Aid. However, a session law provision suspends the formula.

The full formula funding for Maricopa and Pima County cannot be calculated. The Operating State Aid formula adjusts the prior year's appropriation based on the changes in FTSE enrollment count. Maricopa and Pima County have not received Operating State Aid since FY 2015.

STEM and Workforce Programs State Aid

The budget includes \$14,193,100 from the General Fund in FY 2024 for Science, Technology, Engineering and

Mathematics (STEM) and Workforce Programs State Aid. Adjustments are as follows:

Enrollment Changes

The budget includes a decrease of \$(529,700) from the General Fund in FY 2024 to fund decreased formula costs for STEM and Workforce Programs State Aid. This reduction is the result of a net decline in enrollment in FY 2022.

Background – The STEM and Workforce Programs State Aid line items provide the community college districts with funds for partnerships, faculty, technology equipment, student services, facilities, and property needs pursuant to A.R.S. § 15-1464.

The STEM and Workforce Programs State Aid formula provides per capita funding to districts based on the district's size and the most recent year's actual audited FTSE. The FY 2024 budget continues to suspend the inflation adjustment required by statute and provides \$210 per FTSE for districts with 5,000 or less FTSE and \$160 per FTSE for districts with greater than 5,000 FTSE.

Rural Aid

The budget includes \$24,000,000 from the General Fund in FY 2024 for Rural Aid. Adjustments are as follows:

Remove One-Time FY 2023 Rural Aid

The budget includes a decrease of \$(7,000,000) from the General Fund in FY 2024 for the elimination of one-time aid to the 10 rural community college districts.

In FY 2023, this funding was allocated to the 10 rural community college districts based on each district's share of actual FY 2021 enrollment.

One-Time FY 2024 Rural Aid

The budget includes a one-time increase of \$10,000,000 from the General Fund in FY 2024 for aid to the 10 rural community college districts.

In FY 2024, rural aid is allocated based on each district's share of actual FY 2022 enrollment.

Additional Rural Aid**Rural County Allocation**

The budget includes \$5,722,300 from the General Fund in FY 2024 for Rural County Allocation. Adjustments are as follows:

Technical Adjustment

The budget includes an increase of \$1,140,300 from the General Fund in FY 2024 for a technical adjustment associated with changes in student enrollment.

Background – The Rural County Allocation line item facilitates payment to community college districts for students enrolled from counties that are not a part of an established community college district. If a county is not part of a community college district, it is responsible for the cost of their students attending community college in another county. In practice, this provision affects Apache and Greenlee Counties. A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost for these counties and that the state will then withhold these counties' Transaction Privilege Tax (TPT) revenues to offset a portion of that cost.

A.R.S. § 15-1469C prescribes the formula that calculates the amount that is owed by Apache and Greenlee Counties to the out of county community college districts. The formula is based on the number Apache and Greenlee students who attended school in an established community college district, as well as the average operating cost per student of that district. In calculating the TPT withholding for Apache and Greenlee Counties, however, the state only counts the average operating aid per student generated by the primary property tax levy. The difference between the average per student operating cost generated by primary property taxes and the average overall operating cost is effectively absorbed by the state General Fund.

The payments made on behalf of the counties are not included in county expenditure limits established in the Arizona Constitution. The county payments are partially offset by a state subsidy. (*See next line item.*)

Each year, the amount is determined by enrollment counts submitted to the JLBC Staff. The JLBC Staff is required by A.R.S. § 15-1469D to report the county withholdings to the Treasurer by May 15 for the upcoming fiscal year. In May 2023, the JLBC Staff reported that the General Fund would pay a total \$5,722,300 in FY 2024, of which \$2,351,500 would be withheld from the two unestablished counties (\$1,794,100 for Apache and \$557,400 for Greenlee). After TPT revenue withholdings, the General Fund net cost is \$3,370,800.

Monies for the Rural County Allocation are authorized by A.R.S. § 15-1469.01, and therefore do not appear in the General Appropriation Act.

Rural County Reimbursement Subsidy

The budget includes \$1,082,900 from the General Fund in FY 2024 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2023.

This line item partially offsets the remaining cost to counties that are not part of an established community college district. The funding is appropriated to Apache and Greenlee. The budget continues a General Appropriation Act footnote allocating these monies. Of the \$1,082,900 subsidy, \$699,300 is distributed to Apache and \$383,600 to Greenlee.

After the reimbursement subsidy, net costs are \$1,094,300 to Apache and \$173,800 to Greenlee.

Workforce Development Aid

Arizona Western College CTE Workforce

The budget includes \$15,000,000 from the General Fund in FY 2024 for Arizona Western College CTE Workforce. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$15,000,000 from the General Fund in FY 2024 for Career Technical Education (CTE) Workforce programs at Arizona Western College.

Additional Gila Workforce Development Aid

The budget includes \$200,000 from the General Fund in FY 2024 for Additional Gila Workforce Development Aid. This amount is unchanged from FY 2023.

Background – As a provisional community college district, Gila County is not eligible for a \$200,000 annual Workforce Development allocation from Proposition 301 monies (*see A.R.S. § 42-5029*).

Santa Cruz Provisional Community College Funding

The budget includes \$200,000 from the General Fund in FY 2024 for Santa Cruz Provisional Community College Funding. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$200,000 from the General Fund in FY 2024 for Santa Cruz Provisional Community College funding.

Tribal Aid

Tribal Community Colleges

The budget includes \$1,220,900 from the General Fund in FY 2024 for Tribal Community Colleges. This amount is unchanged from FY 2023.

The FY 2024 Baseline assumed tribal community colleges would receive \$3,014,800 from the General Fund in FY 2023 and FY 2024 based on prior year TPT distributions. This included \$2,625,000 to Navajo Nation based on the maximum allowed under statute and \$389,800 for Tohono O'odham Community College based on a percentage of prior year TPT revenues remaining below the statutory limit.

Primarily due to recent changes in the Navajo Nation's TPT collections as a result of the closure of the Navajo Generating Station, the budget adjusts the assumption downward to \$1,082,900. This includes a distribution of \$890,700 to the Navajo Nation, comprised of \$591,800 for Diné College and \$298,900 for Navajo Technical College based on a projection of 15% of the collected TPT revenues from the reservation. The budget also assumes \$330,200 will be distributed to Tohono O'odham Community College based on a projection of 10% of the collected TPT revenues from the reservation.

As described below, each of these amounts will depend on actual FY 2024 TPT revenue collections and the FY 2024 appropriation will adjust automatically.

Background – This funding is limited to qualified tribes that instituted a compact with the state before September 1, 2017, to receive a portion of Transaction Privilege Tax (TPT) revenues for support of tribe's postsecondary institution(s). A.R.S. § 42-5031.01 allows any qualifying tribal community college to receive \$1,750,000, or 10% of the TPT revenues collected from all sources located on the reservation, whichever is less. A.R.S. § 42-5031.01 also allows any additional technical college located on the same reservation to receive \$875,000, or 5% of the TPT revenues collected from sources located on the reservation, whichever is less. Actual amounts for FY 2024 will depend on FY 2024 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriation Act. (Please see the FY 2020 Appropriations Report for more information.)

The monies received are used to support maintenance, renewal, and capital expenses on each college campus.

Diné College Capital Improvements

The budget includes \$10,000,000 from the General Fund in FY 2024 for Diné College Capital Improvements. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$10,000,000 from the General Fund in FY 2024 for Diné College Capital Improvements.

Diné College Remedial Education

The budget includes \$1,000,000 from the General Fund in FY 2024 for Diné College Remedial Education. This amount is unchanged from FY 2023.

This line item provides additional funding to Diné College to provide remedial education to help students prepare for college-level courses such as reading, writing and mathematics. In addition, the budget continues a General Appropriation Act footnote that requires the Diné College Board of Regents to submit a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2024.

Diné College Student Center

The budget includes no funding in FY 2024 for the Diné College Student Center. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(8,000,000) from the General Fund in FY 2024 for the elimination of one-time funding for construction of a Diné College Student Center.

Navajo Technical University Laboratory

The budget includes no funding in FY 2024 for the Navajo Technical University Laboratory. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(4,000,000) from the General Fund in FY 2024 for the elimination of one-time funding for construction of an environmental testing laboratory at Navajo Technical College.

Tohono O'odham Community College Remedial Education

The budget includes \$2,000,000 from the General Fund in FY 2024 for Tohono O'odham Community College Remedial Education. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for Tohono O'odham Community College Remedial Education.

This line item provides additional funding to Tohono O'odham Community College to provide remedial education to help students prepare for college-level courses such as reading, writing and mathematics. In addition, the budget includes a General Appropriation Act footnote that requires the Tohono O'odham Community College Board of Trustees to submit a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2024.

San Carlos Apache College Remedial Education

The budget includes \$2,000,000 from the General Fund in FY 2024 for San Carlos Apache Community College Remedial Education. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for San Carlos Apache College Remedial Education.

This line item provides additional funding to San Carlos Apache College to provide remedial education to help students prepare for college-level courses such as reading, writing and mathematics. In addition, the budget includes a General Appropriation Act footnote that requires the San Carlos Apache College Board of Regents to submit a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2024.

Capital Aid

Cochise First Responders Academy

The budget includes no funding in FY 2024 for the Cochise First Responders Academy. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(6,250,000) from the General Fund in FY 2024 for the elimination of one-time funding for the construction of a Cochise First Responders Academy.

Other Issues

Statutory Changes

The Higher Education BRB makes the following statutory changes:

- As session law, continues to suspend the Operating State Aid funding at levels specified in the General Appropriation Act, which effectively means suspending the formula in FY 2024 for only Maricopa and Pima Counties.
- As session law, continues to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriation Act, which effectively means suspending the inflation adjustment in FY 2024 for all community college districts.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, Community College General Fund costs are projected to decrease by \$(37,991,000) in FY 2025 above FY 2024 spending and to increase by \$3,409,500 in FY 2026 above FY 2025 spending.

These estimates are based on:

- Flat enrollment growth (so no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2025 and FY 2026).
- An increase of \$3,209,000 for Equalization Aid in FY 2025 spending above FY 2024 and \$3,409,500 in FY 2026 above FY 2025 spending. These estimates assume total Net Assessed Value (NAV) growth of 5.7% in FY 2025 and FY 2026.
- A \$(15,000,000) decrease in FY 2025 to remove one-time funding for CTE Workforce programs at Arizona Western College.
- A \$(10,000,000) decrease in FY 2025 to remove one-time rural aid.
- A \$(10,000,000) decrease in FY 2025 to remove one-time funding for Diné College Capital Improvements.
- A \$(2,000,000) decrease in FY 2025 to remove one-time operating aid for Pima.

Table 4

Total Estimated Community College Revenues – FY 2023 ^{1/}

District	State Aid ^{2/}	Tuition/Fees	Property Taxes	Grants ^{3/}	Other ^{4/}	FY 2023 Total ^{5/}	FY 2022 Total ^{6/}	% Change from FY 2022
Cochise	\$18,268,900	\$8,591,100	\$24,861,200	\$18,781,000	\$1,486,200	\$71,998,400	\$79,506,800	(9.4)%
Coconino	2,785,300	6,478,700	10,829,100	8,519,700	621,400	29,234,100	31,436,000	(7.0)%
Gila ^{7/}	577,100	0	5,590,900	615,400	355,000	7,138,400	6,447,300	10.7%
Graham	22,279,500	6,993,000	7,651,700	10,885,900	4,209,600	52,019,700	56,174,100	(7.4)%
Maricopa	0	186,507,300	613,414,100	313,762,600	20,046,000	1,133,730,000	1,091,060,400	3.9%
Mohave	2,617,400	9,501,400	27,347,200	17,650,000	417,400	57,533,500	53,044,800	8.5%
Navajo	12,611,900	4,300,000	16,084,100	10,700,000	3,903,600	47,599,600	42,534,000	11.9%
Pima	0	41,801,000	130,487,900	64,477,500	10,577,300	247,343,700	250,617,700	(1.3)%
Pinal	3,294,800	5,489,000	64,351,300	20,812,400	5,055,000	99,002,500	98,083,500	0.9%
Santa Cruz ^{7/}	97,800	10,200	1,756,800	243,000	11,700	2,119,500	1,866,300	13.6%
Yavapai	2,143,800	11,860,000	49,860,100	16,698,100	5,522,600	86,084,600	88,078,400	(2.3)%
Yuma/La Paz	<u>6,385,900</u>	<u>14,867,500</u>	<u>40,792,200</u>	<u>36,821,000</u>	<u>3,203,300</u>	<u>102,069,900</u>	<u>116,156,600</u>	<u>(12.1)%</u>
Total ^{8/}	\$71,062,400	\$296,399,200	\$993,026,600	\$519,966,600	\$55,409,100	\$1,935,863,900	\$1,915,005,900	1.1%

^{1/} That data in this table was provided by the Arizona Community College Coordinating Council.

^{2/} State Aid revenue includes Operating State Aid and Equalization Aid.

^{3/} Includes federal coronavirus-related grants.

^{4/} Includes auxiliary programs, interest income, workforce development funds, and transfers.

^{5/} Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are estimated to be \$2,303,537,800 for FY 2023.

^{6/} Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are \$2,107,007,600 for FY 2022.

^{7/} Gila Provisional Community College contracts with Graham County's Eastern Arizona College in order to provide degree programs. Therefore, Gila's tuition and fee revenues are collected by Graham according to their contract agreement. Santa Cruz Provisional Community College contracts with Pima County's Community College in order to provide degree programs. Therefore, Santa Cruz's tuition and fee revenues are collected by Pima according to their contract agreement.

^{8/} Columns may not add to total due to rounding.

- A \$(2,000,000) decrease in FY 2025 to remove one-time funding for Tohono O'odham Community College Remedial Education.
- A \$(2,000,000) decrease in FY 2025 to remove one-time funding for San Carlos Apache Community College Remedial Education.
- A \$(200,000) decrease in FY 2025 to remove one-time funding for Santa Cruz Provisional Community College Funding.

Community College Revenue Sources

In addition to state General Fund monies, Arizona's community colleges receive revenues from a number of other sources, including student tuition and fees, local property taxes, grants, and other monies generated by the colleges. Of the total, the community colleges receive 3.7% of their revenues (excluding bond proceeds) from state aid.

For FY 2023, base operating revenues from all sources are estimated to be \$1,935,863,900 (See Table 4 for a summary of FY 2023 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 51.3% of their revenues. There are 2 types of property taxes: primary

Table 5

Community College Tax Rates – TY 2022

District	Primary Rate	Secondary Rate	Combined Rate	% Change Combined Rate from TY 2021
Cochise	\$2.43	\$0.00	\$2.43	(0.4)%
Coconino	0.52	0.00	0.52	18.4%
Gila	0.94	0.00	0.94	(1.8)%
Graham	2.71	0.00	2.71	(12.5)%
Maricopa	1.09	0.10	1.19	(2.5)%
Mohave	1.19	0.00	1.19	(4.0)%
Navajo	1.75	0.00	1.75	0.0%
Pima	1.29	0.00	1.29	1.4%
Pinal	1.87	0.19	2.06	(4.3)%
Santa Cruz	0.45	0.00	0.45	(2.0)%
Yavapai	1.50	0.00	1.50	(4.4)%
Yuma/La Paz	2.10	0.32	2.42	(1.9)%

and secondary. For the community colleges, primary property taxes are levied for operating purposes and secondary property taxes are levied to pay for capital outlay expenses. Both taxes are levied on limited property values. Each community college district determines its primary and secondary property tax rates. (See Table 5 for a summary of TY 2022 property tax rates.)

Under A.R.S. § 42-17051, community colleges are allowed to collect 2% more in property tax revenues annually, not including revenue from new construction. Any increase over 2% requires voter approval, unless the district has foregone increases in prior years and consolidates those increases into a single year.

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 15.3% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2023 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,511 if a full-time student attends for 30 hours a year. The FY 2023 amount represents a decrease of (2.7)% from FY 2022. (See Table 6 for FY 2023 resident tuition and fee rates.)

Table 6
Community College Resident Tuition and Fees – FY 2023

District	Average Cost Per Credit Hour	Annual Cost ^{1/}	% Change from FY 2022
Cochise	\$91	\$2,730	0.0%
Coconino	136	4,068	20.0%
Gila	93	2,790	3.3%
Graham	93	2,790	3.3%
Maricopa	85	2,550	0.0%
Mohave	81	2,430	0.0%
Navajo	85	2,550	3.7%
Pima	89	2,670	2.3%
Pinal	50	1,500	(41.9)%
Santa Cruz	44	1,305	0.0%
Yavapai	78	2,352	3.2%
Yuma/La Paz	92	2,760	2.2%
Weighted Average	\$84	\$2,511	(2.7)%

^{1/} Annual cost is for 30 hours a year, or 15 hours per semester.

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 29.7% of community college revenues.

Revenue listed in the "other" category includes auxiliary programs, interest incomes, workforce development funds, and transfers.

Total Community College Expenditures

Table 7 shows total budgeted FY 2023 community college expenditures. In FY 2023, total budgeted expenditures are \$2,302,619,400. As mentioned previously, base operating revenues for FY 2023 are \$1,935,863,900; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,303,537,800. Of the total

\$2,302,619,400 in budgeted expenditures, \$1,845,463,400, or 80.1%, of these expenditures are from the community colleges' General and Restricted Funds. This includes \$518,537,100, or 22.5%, for instruction and \$290,216,200, or 12.6%, for institutional support. Expenditures for auxiliary enterprises, including revenue-generating retail and business services such as parking lots, bookstores, and food service, are \$74,865,400, or 3.3% of the total. Plant Fund expenditures, which generally include capital costs, are \$299,469,600, or 13.0% of the total. The remaining \$82,821,000, or 3.6%, is for debt service.

Table 7

Community Colleges - FY 2023 Budgeted Expenditures

General/Restricted Funds	Total	% of Total
Instruction	\$ 518,537,100	22.5%
Public Service	119,251,000	5.2%
Academic Support	179,199,400	7.8%
Student Services	348,227,500	15.1%
Institutional Support	290,216,200	12.6%
Operation & Maintenance	67,174,400	2.9%
Scholarships & Grants	236,553,600	10.3%
Contingency	86,304,200	3.7%
Subtotal ^{1/}	\$1,845,463,400	80.1%
Auxiliary Enterprises Fund	\$ 74,865,400	3.3%
Plant Fund	299,469,600	13.0%
Debt Service	82,821,000	3.6%
Total ^{1/}	\$2,302,619,400	100%

^{1/} May not add to subtotal and total due to rounding.

Community College Expenditure Limitations

The Arizona Constitution requires the Economic Estimates Commission to calculate the expenditures limitation for community college districts based on FY 1980 expenditures. The base limit is adjusted each year for enrollment and inflation.

The expenditure limitation does not apply to certain monies received by community college districts, such as tuition and fees or federal grants. A.R.S. § 15-1444 also excludes from the expenditure limitation auxiliary fees, entrepreneurial and commercial activities, research and development agreements, and grants from the state, political subdivisions, tribal governments, or special taxing districts.

As part of the annual budget submission process, the community college districts calculate their expenditures for the current year. These figures are then audited by the Auditor General after the end of each fiscal year.

Table 8**Community College Expenditure Limits – FY 2023**

<u>District</u>	<u>Expenditure Limit</u>	<u>Estimated Expenditures</u>
Cochise	\$69,226,449	\$58,528,942
Coconino	16,739,344	16,739,344
Gila*	5,166,461	4,908,138
Graham	34,492,544	32,767,917
Maricopa	470,676,039	470,676,039
Mohave	25,000,644	25,000,644
Navajo	15,220,497	15,220,497
Pima	137,158,048	137,158,048
Pinal	36,753,233	36,753,233
Santa Cruz*	1,175,815	1,175,815
Yavapai	48,401,894	47,425,710
Yuma/La Paz	55,710,097	51,319,057

* Indicates provisional community college district

Table 8 includes the FY 2023 expenditure limits and the estimated expenditures reported by the districts. Of the 12 districts, 7 currently estimate that they will be at the limit in FY 2023.

A.R.S. § 41-1279.07 stipulates that a community college district that exceeds its expenditure limitation without authorization will have the following amount of operating state aid withheld, based on the percentage of the excess expenditure:

- If the excess expenditures are less than 5% of the limitation, the amount withheld is equal to the excess expenditures.
- If the excess expenditures are between 5% and 10% of the limitation or are less than 5% of the limitation and it is at least the second consecutive instance of excess expenditures, the amount withheld is equal to 3 times the excess expenditures.
- If the excess expenditures are equal to 10% or more of the limitation, the amount withheld is equal to 5 times the excess expenditures or one-third of the district's allocation of state aid, whichever is less.

Laws 2022, Chapter 367 reduces the penalty for a community college district that exceeds its FY 2023 expenditure limitation without authorization. For FY 2023, the amount of operating state aid withheld, based on the percentage of the excess expenditure, will be as follows:

- If the excess expenditures are less than 5% of the limitation, the amount withheld is \$5,000.
- If the excess expenditures are between 5% and 10% of the limitation, the amount withheld is \$15,000.

- If the excess expenditures are between 10% and 12% of the limitation, the amount withheld is \$20,000.
- If the excess expenditures are equal to 12% or more of the limitation, the amount withheld is equal to 5 times the excess expenditures or one-third of the district's allocation of state aid, whichever is less. However, for a provisional community college district, the maximum amount of state aid withheld may not exceed 1% of the district budget.

Constable Ethics Standards and Training Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 ESTIMATE
FUND SOURCES			
Other Non-Appropriated Funds	310,300	509,400	509,400
TOTAL - ALL SOURCES	310,300	509,400	509,400

AGENCY DESCRIPTION — The board establishes and enforces the code of conduct for constables throughout the state. The board also administers funding for constable training and equipment. The Arizona Association of Counties currently manages the board’s administrative responsibilities. The board receives fees from every writ collected on behalf of a Justice of the Peace.

Registrar of Contractors

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	105.6	105.6	105.6
Personal Services	5,692,100	6,775,400	6,775,400
Employee Related Expenditures	2,124,400	2,841,600	2,759,300
Professional and Outside Services	278,400	395,300	395,300
Travel - In State	248,100	301,000	301,000
Travel - Out of State	1,700	11,800	11,800
Other Operating Expenditures	1,606,000	1,894,900	2,290,400
Equipment	277,100	517,000	517,000
OPERATING SUBTOTAL	10,227,800	12,737,000	13,050,200
SPECIAL LINE ITEMS			
Office of Administrative Hearings Costs	346,400	1,017,600	1,017,600
AGENCY TOTAL	10,574,200	13,754,600	14,067,800 ^{1/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Registrar of Contractors Fund	10,574,200	13,754,600	14,067,800
SUBTOTAL - Other Appropriated Funds	10,574,200	13,754,600	14,067,800
SUBTOTAL - Appropriated Funds	10,574,200	13,754,600	14,067,800
Other Non-Appropriated Funds	3,512,600	4,666,800	4,666,800
TOTAL - ALL SOURCES	14,086,800	18,421,400	18,734,600

AGENCY DESCRIPTION — The agency licenses, regulates and conducts examinations of residential and commercial construction contractors.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$13,050,200 and 105.6 FTE Positions from the Registrar of Contractors Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$313,200 from the Registrar of Contractors Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Office of Administrative Hearings Costs

The budget includes \$1,017,600 from the Registrar of Contractors Fund in FY 2024 for Office of Administrative Hearings (OAH) Costs. This amount is unchanged from FY 2023.

Monies in this line item are transferred from the Registrar of Contractors to OAH for services provided by OAH.

Corporation Commission

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	300.9	301.9	301.9 ^{1/}
Personal Services	14,878,800	18,491,900	21,691,900
Employee Related Expenditures	5,629,800	7,168,900	8,634,900
Professional and Outside Services	539,500	426,000	426,000
Travel - In State	178,600	258,600	258,600
Travel - Out of State	119,800	150,500	150,500
Other Operating Expenditures	3,089,800	3,616,000	4,892,800
Equipment	276,700	176,600	176,600
OPERATING SUBTOTAL	24,713,000	30,288,500	36,231,300
SPECIAL LINE ITEMS			
Corporation Filings, Same-Day Service	408,100	417,000	416,500
Utilities Audits, Studies, Investigations & Hearings	0	380,000	380,000 ^{2/}
AGENCY TOTAL	25,121,100	31,085,500	37,027,800 ^{3/}
FUND SOURCES			
General Fund	623,200	807,200	798,900
<u>Other Appropriated Funds</u>			
Arizona Arts Trust Fund	51,200	58,800	57,700
Investment Management Regulatory and Enforcement Fund	660,200	812,000	1,305,700
Public Access Fund	5,909,200	7,464,500	8,420,800
Securities Regulatory and Enforcement Fund	4,790,600	5,706,900	7,672,500
Utility Regulation Revolving Fund	13,086,700	16,236,100	18,772,200
SUBTOTAL - Other Appropriated Funds	24,497,900	30,278,300	36,228,900
SUBTOTAL - Appropriated Funds	25,121,100	31,085,500	37,027,800
Other Non-Appropriated Funds	276,000	297,000	297,000
Federal Funds	1,152,100	3,193,500	3,193,500
TOTAL - ALL SOURCES	26,549,200	34,576,000	40,518,300

AGENCY DESCRIPTION — The Arizona Corporation Commission (ACC) was established by Article 15 of the Arizona Constitution and consists of 5 statewide elected Commissioners, each serving 4-year terms. The commission has 3 primary responsibilities. The Corporations Division provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers. The Utilities Division monitors approximately 500 public service corporations operating in Arizona and establishes public utility rates. Other functions of the commission include inspecting gas pipelines and railroad track.

FOOTNOTES

- ^{1/} Includes 2 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$36,231,300 and 299.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$798,900
Arizona Arts Trust Fund	57,700
Investment Management Regulatory and Enforcement Fund	1,305,700
Public Access Fund	8,004,300

Securities Regulatory and Enforcement Fund	7,672,500
Utility Regulation Revolving Fund	18,392,200

Adjustments are as follows:

New Staff and Salary Increases

The budget includes an increase of \$6,000,000 in FY 2024 to hire 25 new staff to fill vacant FTE Positions and to provide existing staff with a 10% salary increase. This amount consists of:

Investment Management Regulatory and Enforcement Fund	500,000
Public Access Fund	1,000,000
Securities Regulatory and Enforcement Fund	2,000,000
Utility Regulation Revolving Fund	2,500,000

This is in addition to the statewide salary increase in the FY 2023 budget. Of this amount, \$1,200,000 is for one-time costs associated with hiring new staff.

Statewide Adjustments

The budget includes a decrease of \$(57,200) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(8,300)
Arizona Arts Trust Fund	(1,100)
Investment Management Regulatory and Enforcement Fund	(6,300)
Public Access Fund	(43,200)
Securities Regulatory and Enforcement Fund	(34,400)
Utility Regulation Revolving Fund	36,100

(Please see the Agency Detail and Allocations section.)

Corporation Filings, Same-Day Service

The budget includes \$416,500 and 2 FTE Positions from the Public Access Fund in FY 2024 for Corporation Filings, Same-Day Service. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(500) from the Public Access Fund in FY 2024 for statewide adjustments.

Monies in this line item are used to staff the 2-hour, same-day, and next-day corporation filing services provided by the Corporation Commission. The commission charges a fee to use this program, which is then deposited into the Public Access Fund.

Utilities Audits, Studies, Investigations & Hearings

The budget includes \$380,000 from the Utility Regulation Revolving Fund in FY 2024 for Utilities Audits, Studies, Investigations & Hearings. This amount is unchanged from FY 2023.

Monies in this line item allow the commission to hire outside consultants to provide professional expertise and advice to the Utilities Program staff.

Other Issues

eCorp Replacement

The budget includes an FY 2024 transfer of \$7,000,000 from the Securities Regulatory and Enforcement Fund to the Arizona Department of Administration to replace the Commission's eCorp system. *(Please see the Department of Administration – Automation Projects Fund narrative for details regarding this information technology project.)*

State Department of Corrections

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	9,566.0	9,569.0	9,569.0 ^{1/}
Correctional Officer Personal Services	31,629,700	410,568,300	414,306,100
Health Care Personal Services	150,500	4,142,800	4,142,800
All Other Personal Services	0	77,404,300	77,404,300
Personal Services Subtotal	31,780,200	492,115,400	495,853,200
Employee Related Expenditures	12,263,300	293,672,600	226,257,000
Personal Services and Employee Related Expenditures for Overtime/Compensatory Time	2,748,600	15,540,500	15,540,500
Other Operating Expenditures			
Professional and Outside Services	10,115,500	9,314,600	9,314,600
Travel - In State	327,100	169,000	169,000
Travel - Out of State	87,500	48,300	48,300
Food	32,182,900	37,218,800	37,218,800
Other Operating Expenditures	118,564,500	71,846,000	83,412,400
Equipment	30,460,600	24,122,100	21,479,400
Other Operating Expenditures Subtotal	191,738,100	142,718,800	151,642,500
OPERATING SUBTOTAL	238,530,200 ^{2/}	944,047,300	889,293,200 ^{3/4/}
SPECIAL LINE ITEMS			
Community Corrections	4,384,800	27,681,200	27,452,300
Private Prison Per Diem	152,402,500	237,554,100	289,858,400 ^{5/}
Inmate Health Care Contracted Services	183,737,300	269,681,300	321,620,200 ^{6/7/}
Medical Staffing Augmentation	3,772,100	0	0
Substance Abuse Treatment	0	6,100,700	5,445,400
Community Treatment Program for Imprisoned Women	0	2,000,000	0
Onetime Vehicle Purchase	0	9,048,400	0
Transitional and Reentry Housing	0	0	5,000,000 ^{8/9/}
Transitional Housing Grants	0	0	2,000,000 ^{10/}
Inmate Dog Training	0	0	650,000 ^{11/}
Named Claimants	16,000	169,300	0
AGENCY TOTAL	582,842,900 ^{2/}	1,496,282,300	1,541,319,500 ^{12/-20/}
FUND SOURCES			
General Fund	545,086,300 ^{2/}	1,438,132,500	1,483,523,900
Other Appropriated Funds			
Alcohol Abuse Treatment Fund	15,000	555,800	555,800
Corrections Fund	30,312,400	30,967,800	31,312,500
Inmate Store Proceeds Fund	954,100	5,544,200	1,287,800
Penitentiary Land Fund	2,748,800	2,777,600	2,743,600 ^{21/}
Prison Construction and Operations Fund	0	12,500,100	14,106,800
State Charitable, Penal and Reformatory Institutions Land Fund	2,665,600	2,665,100	2,665,600 ^{22/}
State Education Fund for Correctional Education	579,300	738,900	723,200 ^{23/}
Transition Program Fund	481,400	2,400,300	4,400,300
SUBTOTAL - Other Appropriated Funds	37,756,600	58,149,800	57,795,600
SUBTOTAL - Appropriated Funds	582,842,900	1,496,282,300	1,541,319,500
Other Non-Appropriated Funds	61,599,300	73,438,400	73,438,400
Federal Funds	677,802,500 ^{2/}	10,702,000	7,990,600
TOTAL - ALL SOURCES	1,322,244,700	1,580,422,700	1,622,748,500

AGENCY DESCRIPTION — The Arizona Department of Corrections (ADC) maintains and administers a statewide system of prisons for adult and minor offenders legally committed to the department. The department is also responsible for the supervision of offenders on parole and other prison release mechanisms, as specified by law.

FOOTNOTES

- 1/ Includes 187 GF FTE Positions funded from Special Line Items in FY 2024.
- 2/ FY 2022 actual expenditures were partially offset by federal Coronavirus Relief Fund and Coronavirus State and Local Fiscal Recovery Fund monies.
- 3/ Of the amount appropriated in the operating lump sum, \$495,853,200 is designated for personal services, \$226,257,000 is designated for employee-related expenditures and \$15,540,500 is designated for overtime expenditures. The department shall submit an expenditure plan for review by the joint legislative budget committee before spending these monies other than for personal services or employee-related expenditures. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 4/ After the department submits an expenditure plan to the joint legislative budget committee, the department may transfer personal services and employee-related expenditures savings from the operating budget to the private prison per diem line item for private prison staff stipends. The amount of any private prison staff stipend may not exceed the amount given to department staff. The expenditure plan is not subject to review by the joint legislative budget committee. (General Appropriation Act footnote)
- 5/ Private prison vendors who contract with this state may use staff vacancy savings to pay for overtime costs without incurring a penalty or staffing offset. (General Appropriation Act footnote)
- 6/ Before implementing any changes in contracted rates for inmate health care contracted services, the state department of corrections shall submit its expenditure plan for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 7/ On or before August 1, 2023 and February 1, 2024, the state department of corrections shall submit a report to the joint legislative budget committee on the status of all inmate health care performance measures that are tracked by the department for contract monitoring purposes. Each report must include:
 1. The total number of performance measures, by facility, for which the department is not in substantial compliance.
 2. An explanation for each instance of noncompliance.
 3. The department's plan to comply with the performance measures. (General Appropriation Act footnote)
- 8/ The amount appropriated in the transitional and reentry housing line item shall be used by the state department of corrections to secure through a competitive grant process a program that does all of the following:
 1. Provides evidence-based, evidence-informed and culturally competent substance use treatment and substance use early intervention services that includes referral services, stabilization, detox, inpatient treatment, transitional residence and outpatient services to individuals who may have one or a combination of the following conditions:
 - (a) Involvement with the justice system.
 - (b) A mental health diagnosis, including a diagnosis as being seriously mentally ill.
 - (c) A co-occurring chronic health condition.
 - (d) Experienced homelessness or are at a high risk of becoming homeless.
 2. Provides residential inpatient treatment services for up to ninety days and provides long-term recovery supportive housing for up to twenty-four months after inpatient treatment services end.
 3. Delivers forensic peer and family support services to enhance and strengthen successful reentry into the community that include workforce development, securing permanent housing, navigating systems of care, educational and professional development opportunities, family connection and reintegration services, supporting multiple pathways to recovery and providing sober social activities.
 4. Uses technology to promote long-term recovery.
 5. Delivers treatment for reentry and long-term recovery services and provides support via a campus-based continuum of care model where services and support are colocated. (General Appropriation Act footnote)
- 9/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 10/ The amount appropriated in the transitional housing grants line item shall be used to establish a program to provide grants to nonprofit organizations that support individuals who are incarcerated by helping prepare them for release and transition back into the community. To be eligible for a grant, a nonprofit organization must meet all of the following criteria:
 1. Have a verifiable record of mentoring at least three thousand inmates while the inmates were in prison for at least a two-year period.

2. Use the grant monies for individuals that have been previously mentored by the nonprofit organization. To receive resources from the grant, individuals being released from prison must have been mentored for at least three months by the nonprofit organization while the individual was in prison.
3. Demonstrate that the nonprofit organization can provide individuals being released from prison with all of the following:
 - (a) Up to two weeks of housing at no cost to the individual, if necessary as assessed by the nonprofit organization and up to six months of housing at a reduced rate.
 - (b) Behavioral health services, including peer support and case management.
 - (c) Assistance with obtaining government-issued documents.
 - (d) Within four months after release, assistance with securing employment that offers health insurance and assistance with disenrolling from the Arizona health care cost containment system.

On or before August 31, 2024, the department shall submit a report to the governor, the president of the senate and the speaker of the house of representatives that includes all of the following for the prior year:

1. The names of the nonprofit organizations that were awarded grants.
2. The number of individuals who were served by the nonprofit organizations through the grant program.
3. The number of individuals who were served by the nonprofit organizations, who found employment that provides health insurance and who were disenrolled from the Arizona health care cost containment system. (General Appropriation Act footnote)

11/ The amount appropriated in the inmate dog training line item shall be used to contract with a nonprofit organization that trains inmates to rehabilitate and resocialize at-risk shelter dogs. The amount appropriated in the inmate dog training line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)

12/ Before placing any inmates in out-of-state provisional beds, the department shall place inmates in all available prison beds in facilities that are located in this state and that house Arizona inmates, unless the out-of-state provisional beds are of a comparable security level and price. (General Appropriation Act footnote)

13/ The state department of corrections shall forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing department expenditures for the month and year-to-date as compared to prior-year expenditures on or before the thirtieth of the following month. The report shall be in the same format as the prior fiscal year and include an estimate of potential shortfalls, potential surpluses that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation. The report shall include the number of filled and vacant correctional officer and medical staff positions departmentwide and by prison complex. (General Appropriation Act footnote)

14/ On or before November 1, 2023, the state department of corrections shall provide a report on bed capacity to the joint legislative budget committee. The report shall reflect the bed capacity for each security classification by gender at each state-run and private institution, divided by rated and total beds. The report shall include bed capacity data for June 30, 2022 and June 30, 2023 and the projected capacity for June 30, 2024, as well as the reasons for any change within that time period. Within the total bed count, the department shall provide the number of temporary and special use beds. The report shall also address the department's rationale for eliminating any permanent beds rather than reducing the level of temporary beds. The report shall also include any plans to vacate beds but not permanently remove the beds from the bed count. (General Appropriation Act footnote)

15/ If the department develops a plan after its November 1, 2023 report to open or close 100 or more state-operated or private prison rated beds, the department shall submit a plan detailing the proposed bed changes for review by the joint legislative budget committee before implementing these changes. (General Appropriation Act footnote)

16/ On or before August 1, 2023, the state department of corrections shall transfer to the public safety personnel retirement system via the department of administration its estimated required annual contribution to the corrections officer retirement plan for fiscal year 2023-2024. (General Appropriation Act footnote)

17/ On or before December 15, 2023 and July 15, 2024, the state department of corrections shall submit a report to the joint legislative budget committee on the progress made in meeting the staffing needs for correctional officers. Each report shall include the number of filled correctional officer positions, the number of vacant correctional officer positions, the number of people in training, the number of separations and the number of hours of overtime worked year-to-date. The report shall detail these amounts both departmentwide and by prison complex. (General Appropriation Act footnote)

18/ The department shall report actual fiscal year 2022-2023, estimated fiscal year 2023-2024, and requested fiscal year 2024-2025 expenditures as delineated in the prior year when the department submits its fiscal year 2024-2025 budget request pursuant to section 35-113, Arizona Revised Statutes. (General Appropriation Act footnote)

- 19/ On or before July 15, 2023, the state department of corrections shall submit a report to the joint legislative budget committee detailing expenditures of monies appropriated in fiscal year 2021-2022 for medical staffing augmentation. The department shall continue to report on July 15 of each year until all monies have been expended. (General Appropriation Act footnote)
- 20/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 21/ One hundred percent of land earnings and interest from the penitentiary land fund shall be distributed to the state department of corrections in compliance with the enabling act and the Constitution of Arizona to be used to support state penal institutions. (General Appropriation Act footnote)
- 22/ Twenty-five percent of land earnings and interest from the state charitable, penal and reformatory institutions land fund shall be distributed to the state department of corrections in compliance with the enabling act and the Constitution of Arizona to be used to support state penal institutions. (General Appropriation Act footnote)
- 23/ Before spending any state education fund for correctional education monies in excess of \$723,200, the state department of corrections shall report the intended use of the monies to the director of the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide allocations)

Summary

The budget increases the Arizona Department of Corrections (ADC)'s General Fund spending by \$45,391,400 in FY 2024 for the following:

- \$51,200,000 for increased inmate health costs.
- \$36,481,800 for one-time Florence closure costs.
- \$9,058,100 for one-time increased food costs.
- \$8,503,500 for private prison contract increases.
- \$7,101,400 to fully fund FY 2023 private prison salary increase.
- \$5,000,000 for one-time transitional and reentry housing grants (plus \$2,000,000 from the Transition Program Fund for Transitional Housing Grants).
- \$3,737,800 to backfill unrealized overtime savings.
- \$2,000,000 for a one-time corrections system assessment.
- \$650,000 for one-time inmate dog training program.
- \$(169,300) for removal of FY 2023 named claimants supplemental.
- \$(9,017,100) for statewide adjustments.
- \$(9,488,400) for the elimination of one-time FY 2023 funding.
- \$(59,666,400) for retirement unfunded liability payoff savings.

Operating Budget

The budget includes \$889,293,200 and 9,382 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$878,497,400
Alcohol Abuse Treatment Fund	250,300
Corrections Fund	4,001,000
Inmate Store Proceeds Fund	1,287,800

Penitentiary Land Fund	681,100
Prison Construction and Operations Fund	2,686,800
State Charitable, Penal and Reformatory Institutions Land Fund	1,165,600
State Education Fund for Correctional Education	723,200

Adjustments are as follows:

Florence Closure Overtime Backfill

The budget includes an increase of \$3,737,800 from the General Fund in FY 2024 to backfill unrealized overtime savings assumed in the FY 2022 budget's Florence closure 3-year spending plan.

One-Time Florence Closure Costs

The budget includes a one-time increase of \$1,463,500 in FY 2024 for higher food costs associated with the Florence closure. This amount consists of:

General Fund	463,500
Corrections Fund	1,000,000

One-Time Food Costs

The budget includes a one-time increase of \$9,058,100 from the General Fund in FY 2024 for increased food costs.

One-Time Corrections System Assessment

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 to conduct a systemwide assessment of contracts, staffing, and retention issues in the department.

One-Time Leap Year Costs

The budget includes a one-time increase of \$186,700 from the Prison Construction and Operations Fund in FY 2024 for increased contract costs associated with one additional day in FY 2024.

Remove One-Time Body Scanner Funding

The budget includes a decrease of \$(2,642,700) from the Inmate Store Proceeds Fund in FY 2024 for the elimination of one-time funding to purchase body scanners.

Retirement Savings

The budget includes a decrease of \$(59,666,400) from the General Fund in FY 2024 due to lower employer retirement contributions. The FY 2023 budget included a FY 2022 supplemental of \$474,635,300 from the General Fund to PSPRS to reduce unfunded pension liability in the ADC CORP Employer Group. Those savings take effect in FY 2024. *(Please see the Consolidated Retirement Report for more information.)*

Statewide Adjustments

The budget includes a decrease of \$(8,891,100) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(8,788,200)
Inmate Store Proceeds Fund	(53,700)
Penitentiary Land Fund	(34,000)
State Charitable, Penal and Reformatory Institutions Land Fund	500
State Education Fund for Correctional Education	(15,700)

(Please see the Agency Detail and Allocations section.)

Community Corrections

The budget includes \$27,452,300 and 184 FTE Positions in FY 2024 for Community Corrections. These amounts consist of:

General Fund	24,746,500
Alcohol Abuse Treatment Fund	305,500
Transition Program Fund	2,400,300

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(228,900) from the General Fund in FY 2024 for statewide adjustments.

Background – Monies in this line item are used for several different community corrections programs as described below. In addition to the \$27,452,300 in FY 2024 appropriated funds, ADC projects that they will utilize an additional \$3,182,500 in non-appropriated funds for these activities in FY 2024.

As of June 30, 2023, ADC has responsibility for 5,253 offenders overseen by community correctional officers. The majority of offenders are released after serving 85% of their sentence and serve a period under community

supervision. A very small number of offenders sentenced prior to January 1, 1994 are released on parole at the discretion of the Board of Executive Clemency.

The monies in this line item pay for:

- **ADC Staffing:** The line item funds the staffing costs for correctional officers that oversee offenders on community supervision. The department also uses the appropriated monies for contracted drug testing, behavioral needs testing, and other programming.
- **Transition Program:** Offenders that meet statutory considerations and behavioral standards may be released 90 days prior to their community supervision release date and participate in the Transition Program, whose services are provided by a contracted vendor. *(See the Transition Program section in Other Issues.)*
- **Reentry Centers:** If offenders violate the terms of supervision, they may be returned to custody to serve out the remainder of their term. As an alternative, ADC operates the Maricopa and Pima Reentry Centers, which provide beds for inmates and an intensive treatment program. At the Pima facility, ADC also houses homeless offenders that do not have a secure placement.
- **Mental Health Transition Program:** Starting in FY 2022, offenders that have been diagnosed as seriously mentally ill and are eligible for AHCCCS benefits upon release may receive 90-days of mental health transition services. Statute requires ADC to place up to 500 inmates in the program each year.

See *Table 1* for detail on the FY 2022 expenditures from the line item.

Table 1 FY 2022 Community Corrections Program Expenditures			
	Approp.	Non-Approp.	Total
Comm. Supervision	\$ 0	\$19,706,600	\$19,706,600
Transition Program	491,000	0	491,000
Maricopa Reentry	1,934,000	711,300	2,645,300
Pima Reentry	1,271,800	2,015,000	3,286,800
Mental Health	0	0	0
Transition Program			
Other/Overhead	688,000	108,100	796,100
Total	\$4,384,800	\$22,541,000	\$26,925,800
1/ Non-Appropriated Expenditures include the effect of the end of FY 2022 shift from the General Fund to the federal Coronavirus State and Local Fiscal Recovery Fund.			

Private Prison Per Diem

The budget includes \$289,858,400 in FY 2024 for Private Prison Per Diem. This amount consists of:

General Fund	259,803,300
Corrections Fund	27,311,500
Penitentiary Land Fund	2,062,500
Prison Construction and Operations Fund	681,100

Adjustments are as follows:

One-Time Florence Closure Costs

The budget includes a one-time increase of \$36,018,300 from the General Fund in FY 2024 to fund private prison beds to replace reduced state operated capacity after the Florence prison closure.

Private Prison Contract Increase

The budget includes an increase of \$8,503,500 from the General Fund in FY 2024 for increased contract costs for the Florence West and Phoenix West prisons.

FY 2023 Salary Increase Shortfall

The budget includes an increase of \$7,101,400 from the General Fund in FY 2024 to fully fund the salary increase approved in the FY 2023 budget.

One-Time Leap Year Costs

The budget includes a one-time increase of \$681,100 from the Prison Construction and Operations Fund in FY 2024 for increased contract costs associated with one additional day in FY 2024.

Background – This line item funds payments to private prison contractors for housing and providing medical care to Arizona inmates in 11,168 beds after the increase in new private prison beds. Administrative expenses related to monitoring private prison contracts are included in the department's operating budget.

ADC will usually own the facilities after a specified amount of time (typically 20 years) because the per diem rate includes a portion of the facilities' purchase cost. Of the 7 existing private prison contracts, 4 (Marana, Kingman, Phoenix West and Florence West) are solely for management services as the state owns those facilities.

Inmate Health Care Contracted Services

The budget includes \$321,620,200 in FY 2024 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	309,381,300
Prison Construction and Operations Fund	10,738,900

State Charitable, Penal and Reformatory
Institutions Land Fund 1,500,000

Adjustments are as follows:

One-Time Health Care Costs

The budget includes a one-time increase of \$51,200,000 from the General Fund in FY 2024 for increased health care costs.

One-Time Leap Year Costs

The budget includes a one-time increase of \$738,900 from the Prison Construction and Operations Fund in FY 2024 for increased contract costs associated with one additional day in FY 2024.

Background – The state contracts with a private company to provide health care to inmates in state-operated prisons. In May 2022 ADC awarded a new inmate health care contract that contract took effect in October 2022 and is for 5 years with a renewal option for an additional 5 years.

(Please see the Inmate Health Care Litigation section in Other Issues.)

Substance Abuse Treatment

The budget includes \$5,445,400 and 3 FTE Positions from the General Fund in FY 2024 for Substance Abuse Treatment. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(655,300) from the Corrections Fund in FY 2024 for the elimination of one-time equipment and startup funding.

This line item provides ADC with specified funding for substance abuse treatment. This includes funding for ADC programs and to contract with private vendors to provide treatment.

Community Treatment Program for Imprisoned Women

The budget includes no funding in FY 2024 for the Community Treatment Program for Imprisoned Women. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2024 for the elimination of one-time funding.

This line item provides funding for ADC to contract with a private vendor to house inmates that have given birth in prison, and to provide specialized treatment and services.

One-Time Vehicle Purchase

The budget includes no funding in FY 2024 for One-Time Vehicle Purchase. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(9,048,400) in FY 2024 for vehicle purchases. This amount consists of:

General Fund	(7,488,400)
Inmate Store Proceeds Fund	(1,560,000)

Transitional and Reentry Housing

The budget includes \$5,000,000 from the General Fund in FY 2024 for Transitional and Reentry Housing. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for transitional and reentry housing. The budget exempts this funding from lapsing.

An FY 2024 General Appropriation Act footnote requires these monies to be used for a competitive grant process to provide substance use treatment, a mental health diagnosis, a chronic health condition and/or have experienced homelessness or are at high risk of becoming homeless. Grant recipients must also provide residential treatment services for up to 90 days and recovery housing up to 24 months after completing treatment, deliver peer and family support services, utilize technology to promote recovery, and deliver treatment for reentry via a campus-based continuum care model.

Transitional Housing Grants

The budget includes \$2,000,000 from the Transition Program Fund in FY 2024 for Transitional Housing Grants. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$2,000,000 from the Transition Program Fund in FY 2024 for transitional housing grants.

An FY 2024 General Appropriation Act footnote requires these monies be used to provide grants to nonprofits that

meet the following criteria: 1) have mentored at least 3,000 inmates who were in prison for at least 2 years, 2) have mentored inmates receiving resources for at least 3 months while incarcerated, and 3) provide individuals with housing up to 6 months, behavioral health services, assistance with obtaining identification documents, and assistance in securing employment and health insurance. The footnote also requires the department to report on August 31, 2024 on the recipient(s) of grants and specified performance metrics.

Inmate Dog Training

The budget includes \$650,000 from the General Fund in FY 2024 for Inmate Dog Training. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$650,000 from the General Fund in FY 2024 for inmate dog training.

A FY 2024 General Appropriation Act footnote requires these monies be used to contract with a nonprofit organization to train inmates to rehabilitate at-risk dogs. The footnote also makes this appropriation exempt from lapsing through FY 2025.

Named Claimants

The budget includes no funding in FY 2024 for Named Claimants. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(169,301.84) from the General Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims.

(Please see the Named Claimants section in ADOA Other Issues.)

Other Issues

This section includes information on the following topics:

- FY 2023 Supplemental
- Long-Term Budget Impacts
- Transition Program
- Bed Capacity Issues
 - Inmate Growth Rate
 - Bed Capacity
 - Bed Surplus/Shortfall
- Inmate Health Care Issues

FY 2023 Supplemental

The FY 2024 budget includes a FY 2023 supplemental appropriation of \$169,301.84 from the General Fund for a one-time named claimants appropriation. *(Please see the Named Claimants line item for further details.)*

Long-Term Budget Impacts

As part of the FY 2024 budget's 3-year spending plan, ADC's General Fund costs are projected to decrease by \$(104,389,900) in FY 2025 below FY 2024.

These amounts are based on:

- A decrease of \$(51,200,000) to remove one-time funding for inmate health care costs.
- A decrease of \$(36,481,800) to remove one-time funding for Florence replacement beds.
- A decrease of \$(9,058,100) to remove one-time funding for a corrections system assessment.
- A decrease of \$(5,000,000) to remove one-time funding for transitional and reentry housing.
- A decrease of \$(2,000,000) to remove one-time funding for a corrections system assessment.
- A decrease of \$(650,000) to remove one-time funding inmate dog training.

Transition Program

The Transition Program allows inmates meeting the conditions outlined in statute and by the department the opportunity to be released from prison 90 days prior to their release date. Transition Program participants are generally lower risk, sentenced for non-violent crimes, and classified to lower levels than the overall ADC population. Participants reside in homes or halfway houses across the state and receive substance abuse counseling and case management services.

A.R.S. § 31-254 requires that 5% of non-Driving Under the Influence inmate wages be deposited to the Transition Program Fund to operate the program. Additionally, A.R.S. § 31-285 requires that \$17 per bed day saved from an earlier release be transferred to the Transition Program Fund to pay for the vendor costs of the program. Statute does not specify from which fund. ADC has transferred money from the State DOC Revolving Fund to meet this requirement.

In FY 2022, the program saved a total of 248,693 bed days. In that same year, the Transition Program Fund received revenue of about \$5,309,600 from all sources. Of this amount, \$4,227,800 came from the statutory \$17

transfer and the remainder came from DUI inmate wages. According to ADC, the vendor costs to run the program in FY 2022 were on average \$2 per inmate per day, or \$491,000 total.

Bed Capacity Issues

Inmate Growth Rate

On June 30, 2023, the total inmate population was 34,377. This was an increase of 1,006 inmates from the June 30, 2022 population of 33,371. *Table 2* shows the year-end populations from FY 2018 to FY 2023.

Table 2

Year-End Population, FY 2018 - FY 2023

<u>Year</u>	<u>Population</u>
FY 2018	42,113
FY 2019	42,312
FY 2020	40,151
FY 2021	35,954
FY 2022	33,371
FY 2023	34,377

The decline in the ADC population in FY 2020 through FY 2022 may be related to the pandemic.

Bed Capacity

In measuring ADC's ability to house its inmate population, there are 2 methods of defining bed capacity:

- "Rated" beds are permanent and were originally designed for housing prisoners. This amount was 39,153 public and private beds on June 30, 2023, a decrease of (35) beds since June 30, 2022.
- Operating Capacity represents "rated" beds plus temporary beds. The latter may be located in areas not originally intended for housing prisoners or double-bunked beds in areas intended for single bed cells. During FY 2023, the department decreased its total operating capacity by (104) beds, from 44,473 to 44,369.

In addition, special use beds are employed for investigative detention, disciplinary isolation, maximum behavior control, mental health observation, or medical inpatient care. Due to their short-term usage, these beds are not counted as part of ADC's operational capacity. The number of special use beds in public and private prisons was 1,787 as of June 30, 2023, a decrease of (111) from June 30, 2022.

Bed Surplus/Shortfall

At the end of FY 2023, the department had a total rated bed surplus of 4,776. After adjusting for the 5,216

temporary beds in the overall ADC system, the rated bed surplus became a 9,992-operating bed surplus. Because beds are divided by gender and security level, this figure may not fully reflect system capacity. (Please see *Table 3 for more information.*)

Inmate Health Care Issues

Health care for inmates in state-operated prisons is provided through a contracted private company. The current inmate health care contract went into effect in October 2022 at an estimated annual cost of \$279.7 million. In April 2023, the U.S. District Court judge overseeing the *Jensen v. Thornell* inmate health care litigation issued a permanent injunction against the Department of Corrections. The Court has ordered the department to make several improvements to its health care in state-operated prisons including adding medical staff, filling vacant security positions, making facility upgrades, improving case management, providing Hepatitis C treatment to infected inmates, and offer medication assisted treatment (MAT) to inmates with substance abuse disorders.

The FY 2024 budget included a one-time increase of \$51.2 million to pay for the expected costs of the injunction in FY 2024. ADC expects the injunction-related costs will be approximately \$85.0 million in FY 2024. The budget assumes the department will utilize operating savings (primarily from unfilled correctional officer positions) to fill the funding gap.

The FY 2024 budget includes a total of \$321.6 million for the Inmate Health Care Contracted Services line item. In addition to the appropriated funding, the department has in the past received federal Medicaid reimbursement for the costs of outside health care that can be utilized to pay vendor costs. For example, in FY 2022, ADC received \$12.6 million in Medicaid reimbursement. The new vendor contract that went into effect in October 2022 no longer requires the vendor to track the costs of these services and to seek Medicaid reimbursement for these costs. As a result, the department does not expect to receive federal Medicaid reimbursement going forward.

At the June 2023 JLBC meeting, the Committee gave the department of a favorable review to the department's plan to utilize \$38.5 million in FY 2023 vacancy savings for other department budget shortfalls. Of that amount, \$10.8 million was for inmate health care injunction costs. As part of its review, the Committee included a provision requiring the department to work with the health care vendor to amend the existing contract to restore federal Medicaid funding for inmate inpatient services.

Table 3

Fiscal Year-End Operating Capacity									
State	FY 2022 Actual			FY 2023 Actual			FY 2024 Estimate		
	Rated	Temp.	Operating Capacity	Rated	Temp.	Operating Capacity	Rated	Temp.	Operating Capacity
Douglas	1,905	140	2,045	1,905	140	2,045	1,905	140	2,045
Eyman	3,984	1,833	5,817	4,493	2,211	6,704	4,493	2,211	6,704
Florence	794	421	1,215	0	0	0	0	0	0
Perryville	4,214	141	4,355	4,214	129	4,343	4,214	129	4,343
Phoenix	552	202	754	552	213	765	552	213	765
Lewis	5,104	870	5,974	5,104	879	5,983	5,104	879	5,983
Safford	1,453	160	1,613	1,703	160	1,863	1,703	160	1,863
Tucson	4,600	516	5,116	4,600	582	5,182	4,600	582	5,182
Winslow	1,626	0	1,626	1,626	0	1,626	1,626	0	1,626
Yuma	4,350	340	4,690	4,350	340	4,690	4,350	340	4,690
Subtotal	28,582	4,623	33,205	28,547	4,654	33,201	28,547	4,654	33,201
<u>Private (Per Diem)</u>									
Kingman (\$53.75)	3,400	108	3,508	3,400	108	3,508	3,400	108	3,508
Phoenix West (\$65.02 – 89.95)	400	100	500	400	-	400	400	-	400
Marana (\$59.35)	500	-	500	500	-	500	500	-	500
Florence West (\$59.29 – 74.50)	600	150	750	600	150	750	600	150	750
Florence II (\$84.03)	1,000	280	1,280	1,000	280	1,280	1,000	280	1,280
Red Rock (\$80.83)	2,000	24	2,024	2,000	24	2,024	2,000	24	2,024
La Palma (\$88.62)	2,706	-	2,706	2,706	-	2,706	2,706	-	2,706
Subtotal ^{1/}	10,606	662	11,268	10,606	562	11,168	10,606	562	11,168
Total - All beds ^{2/}	39,188	5,285	44,473	39,153	5,216	44,369	39,153	5,216	44,369
<u>State Prison Population</u>									
Male	22,331		22,331	21,143		21,143	21,670		21,670
Female	3,063		3,063	3,172		3,172	3,250		3,250
Subtotal	25,394		25,394	24,315		24,315	24,920		24,920
<u>Private Prison Population</u>									
Male	7,977		7,977	10,062		10,062	10,315		10,315
Total Population ^{3/4/}	33,371		33,371	34,377		34,377	35,235		35,235
<u>Bed Surplus/(Shortfall)</u>									
Male	5,817		11,102	4,776		9,992	3,918		9,134
Female	4,555		8,213	3,623		8,710	2,843		7,930
Female	1,262		1,353	1,153		1,282	1,075		1,204
Bed Surplus/(Shortfall) (% of Beds)	15%		25%	12%		23%	10%		21%

^{1/} The base rate for the private (per diem) bed rate for each facility is listed. ADC may be charged a lower rate due to amendments or contract provisions that grant lower rates for temporary beds or beds used over an occupancy threshold. Marana and Kingman are management only.

^{2/} Excludes special use beds totaling 1,787 as of June 30, 2023.

^{3/} The chart excludes prisoners awaiting transfer from county jail.

^{4/} The chart reflects the actual inmate population at the end of FY 2023 and assumes a 2.5% population growth in FY 2024 over FY 2023.

Board of Cosmetology

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	24.5	0.0	0.0
Personal Services	673,100	0	0
Employee Related Expenditures	321,100	0	0
Professional and Outside Services	216,300	0	0
Travel - In State	12,300	0	0
Other Operating Expenditures	399,400	0	0
Equipment	42,200	0	0
AGENCY TOTAL	1,664,400	0	0
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Board of Cosmetology Fund	1,664,400	0	0
SUBTOTAL - Other Appropriated Funds	1,664,400	0	0
SUBTOTAL - Appropriated Funds	1,664,400	0	0
TOTAL - ALL SOURCES	1,664,400	0	0

AGENCY DESCRIPTION — The board administers licensing examinations and licenses; inspects salons and schools; and investigates violations of sanitation requirements and procedures. It conducts hearings and imposes enforcement actions where appropriate.

As required by Laws 2021, Chapter 334, the Board of Cosmetology merged with the Board of Barbers and was renamed the Barbering and Cosmetology Board effective January 1, 2022. The FY 2022 General Appropriation Act provided a full year's funding to the Board of Cosmetology. As a result, the FY 2022 actuals are reported above. Please see the Barbering and Cosmetology Board section for additional information on FY 2023 and FY 2024 funding.

County Funding

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
Coordinated Reentry Planning Services	10,000,000	7,000,000	7,000,000
Elected Officials Retirement Plan Offset	3,000,000	3,000,000	3,000,000
Small County Assistance	7,650,700	7,650,700	7,650,700
AGENCY TOTAL	20,650,700	17,650,700	17,650,700

FUND SOURCES

General Fund	20,650,700	17,650,700	17,650,700
SUBTOTAL - Appropriated Funds	20,650,700	17,650,700	17,650,700
TOTAL - ALL SOURCES	20,650,700	17,650,700	17,650,700

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) distributes these monies to counties for maintenance of county services and to offset local cost sharing and Elected Officials Retirement Plan liabilities.

Coordinated Reentry Planning Services

The budget includes \$7,000,000 from the General Fund in FY 2024 for Coordinated Reentry Planning Services. This amount is unchanged from FY 2023.

This line item provides funding to ADOA for distribution to counties to establish a coordinated reentry planning services program. The FY 2022 General Appropriation Act allocated a total of \$10,000,000: \$5,000,000 to Mohave County, \$4,000,000 to Pinal County, and \$1,000,000 to Yavapai County. The FY 2022 3-year budget plan included \$7,000,000 in both FY 2023 and FY 2024 for this purpose.

Elected Officials Retirement Plan Offset

The budget includes \$3,000,000 from the General Fund in FY 2024 for the Elected Officials Retirement Plan (EORP) Offset. This amount is unchanged from FY 2023.

This amount is allocated equally among counties with a population of less than 300,000 according to the 2020 Decennial Census. Each of the 12 smallest counties receives \$250,000. *See the FY 2019 Appropriations Report for more information.*

Small County Assistance

The budget includes \$7,650,650 from the General Fund in FY 2024 for Small County Assistance. This amount is unchanged from FY 2023.

This line item provides funding for counties with populations less than 900,000 according to the 2020

Decennial Census. With one exception, each county receives \$550,050 (*see Table 1*). Graham County receives \$1,050,050.

Table 1

Distribution and County Population

<u>County</u>	<u>Ongoing Distribution</u>	<u>2020 Census Population</u>
Apache	\$ 550,050	66,021
Cochise	550,050	125,447
Coconino	550,050	145,101
Gila	550,050	53,272
Graham	1,050,050	38,533
Greenlee	550,050	9,563
La Paz	550,050	16,557
Maricopa	-	4,420,568
Mohave	550,050	213,267
Navajo	550,050	106,717
Pima	-	1,043,433
Pinal	550,050	425,264
Santa Cruz	550,050	47,669
Yavapai	550,050	236,209
Yuma	550,050	203,771
Total	\$7,650,650	7,151,392

Other Issues

Statutory Changes

The Local Government Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As session law, continue to allow counties with a population of less than 250,000 according to the 2020

Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2024, up to \$1,250,000 of county revenue for each county. The bill also requires counties using this authority to report to the Director of the Joint Legislative Budget Committee (JLBC) on the intended amount and sources of funds by October 1, 2023. (See *County Flexible Revenue Report* section below for more information.)

The Criminal Justice BRB makes the following statutory change:

- As permanent law, repeals the requirement for Pima County to pay an assessed amount by its proportional share by population for the costs of the Department of Juvenile Corrections. (See the *Department of Juvenile Corrections* section for more detail.)

County Expenditure Limits

Article 9, Section 20 of the Arizona Constitution establishes the process for determining a county's expenditure limits. Section 20 directs the Economic Estimates Commission to determine and publish prior to April 1 of each year the expenditure limitation for the following fiscal year for each county. The expenditure limits are determined by adjusting the amount of actual payments of local revenues for each such political subdivision for FY 1980 to reflect the changes in the population of each political subdivision and the cost of living.

The governing board of any political subdivision may not authorize expenditures of local revenues more than the limit set by the Commission, except in certain circumstances outlined in Section 20 including natural and man-made disasters. Section 20 also permits the expenditure limits to be overridden, subject to voter approval, on either a one-time basis or permanently by raising the spending base. (Please see *Article 9, Section 20 of the Arizona Constitution* for additional information.)

Table 2 shows county expenditure limits set by the Commission for the most recent year with available data.

County Flexible Revenue Report

The FY 2023 Local Government Budget Reconciliation Bill permits counties with a population of less than 250,000 according to the 2020 Census to use any source of county revenue, up to \$1,250,000, for purposes other than the

Table 2

County Expenditure Limits ^{1/}

County	Fiscal Year	Expenditure Limits	Expenditures Subject to Limit
Apache	2020	\$ 17,658,900	\$ 12,480,300
Cochise	2021	71,394,700	59,617,600
Coconino	2017	58,875,400	58,875,400
Gila	2021	45,269,700	42,541,200
Graham	2021	17,091,400	13,078,600
Greenlee	2021	14,121,500	12,278,100
La Paz	2020	32,437,400	18,084,800
Maricopa	2021	1,485,908,700	1,451,715,700
Mohave	2021	209,605,200	102,597,600
Navajo	2021	51,600,700	35,690,700
Pima	2021	612,081,900	599,956,000
Pinal	2020	280,135,800	151,693,000
Santa Cruz	2020	24,658,600	24,658,600
Yavapai	2020	129,293,700	122,537,200
Yuma	2021	106,181,600	83,003,400

^{1/} Amounts based on individual county Comprehensive Annual Financial Reports (CAFR), which are typically completed after county audits are conducted. The listed Fiscal Year indicates the most recent available data.

purpose of the revenue source to meet a county fiscal obligation for FY 2023. Counties using the authority were required to report to the Director of the JLBC on the intended amount and sources of funds by October 1, 2022.

Of the 12 eligible counties, 3 reported using the flexibility in FY 2023:

- Apache County: \$1,050,000 from the Library District, Post-Secondary Education District, Community College District, and Flood Control District to the Jail District for Jail District Operations.
- Coconino County: \$1,250,000 from the Jail District to the General Fund to pay down the Public Safety Personnel Retirement System (PSPRS) debt and pay for information technology needs for the Sheriff's Department.
- La Paz County: \$1,250,000 from the Vehicle License Tax to the General Fund to pay down a General Fund shortfall.

The following 9 counties indicated that they are not utilizing this provision: Cochise, Gila, Graham, Greenlee, Mohave, Navajo, Santa Cruz, Yavapai, and Yuma.

Table 3 on the next page shows the utilization of the county flexibility language in FY 2022 and FY 2023.

Table 3

County Flexibility Language Utilization

	<u>FY 2022</u>	<u>FY 2023</u>
Apache	\$ 900,000	\$1,050,000
Cochise	-	-
Coconino	\$1,250,000	1,250,000
Gila	-	-
Graham	-	-
Greenlee	-	-
La Paz	1,250,000	1,250,000
Maricopa	-	-
Mohave	1,250,000	-
Navajo	300,000	-
Pima	-	-
Pinal	-	-
Santa Cruz	-	-
Yavapai	-	-
Yuma	-	-
Total	\$4,950,000	\$3,550,000

New County Allocations

The budget includes the following new distributions to counties from various state agencies:

- **Department of Economic Security:** \$830,000 from the General Fund in FY 2024 to Graham County. This amount includes \$800,000 to remodel the Graham County rehabilitation center facilities in Safford and \$30,000 for an afterschool program.
- **Arizona Department of Education:** A total of \$138,600 from the General Fund in FY 2024 is allocated to ADE for the following:
 - \$76,000 for county jails education programs. The budget does not specify county allocations of this amount.
 - \$52,600 for juvenile detention centers. This amount includes \$22,600 for Yavapai County, \$20,000 for Pinal County, and \$10,000 for Maricopa County.
 - \$10,000 for Gila County jail education.
- **Judiciary – Superior Court:** A total of \$7,048,400 from the General Fund in FY 2024 is allocated to the Superior Court for the following:
 - \$6,749,200 to cover the remaining state share of probation officer salary increases approved by county Boards of Supervisors for FY 2023. The budget does not specify county allocations of this amount.
 - \$149,600 and 1 FTE Position for the state share of funding for a new Superior Court Judge in Yavapai County.
- **Arizona Department of Transportation:** A total of \$21,475,100 from the General fund in FY 2024 is allocated to ADOT for the following:
 - \$8,600,000 for the Santa Cruz County I-19 Rio Rico/Ruby Road Interchange capital project.
 - \$6,100,000 for the Cochise County Moson Road Drainage (SR-90 to Hereford Road) capital project.
 - \$4,250,000 for Navajo County SR-260 improvements.
 - \$1,781,500 for Graham County Safford Bryce Road improvements.
 - \$500,000 for the Graham County Norton Road/Reay Lane Intersection capital project.
 - \$243,600 for the Gila County Houston Mesa Road - SR-260 to National Forest Route 199 capital project.
- **State Treasurer:** A total of \$13,916,200 in FY 2024 is allocated to the State Treasurer for the following:
 - \$9,000,000 from the General Fund to Mohave County for capital improvements to the Lake Havasu substation, the boating safety center on Lake Havasu, the Mohave Valley substation, and the Beaver Dam substation.
 - \$2,500,000 from the General Fund to distribute to county sheriffs for search and rescue-related equipment to enhance the sheriff's search and rescue mission capabilities as follows:
 - Cochise County – not more than 18.0%
 - Coconino County – not more than 21.0%
 - Gila County – not more than 2.5%
 - Greenlee County – not more than 0.5%
 - Mohave County – not more than 21.0%
 - Navajo County – not more than 0.5%
 - Pinal County – not more than 22.0%
 - Yavapai County – not more than 13.5%
 - Apache, Graham, La Paz, Maricopa, Pima, Santa Cruz, and Yuma Counties – not more than 1.0% combined on a first-come, first-served basis.
 - \$860,000 from the General Fund to La Paz County for server replacement, public safety dock and boat lifts, and the Salome substation roof.
 - \$930,000 from the Peace Officer Training Equipment for firearm training simulators to be distributed as follows:
 - \$330,000 to the Maricopa County Sheriff's Office.
 - \$300,000 to the Mohave County Probation Department.

- \$300,000 to the Navajo County Sheriff's Office.
- \$500,000 from the General Fund to the Mohave County Sheriff's Office for vehicle purchases.
- \$126,200 from the General Fund for property owner notification systems to be distributed as follows:
 - \$25,000 to Mohave County.
 - \$17,000 to Coconino County.
 - \$10,000 each to Apache, Cochise, Graham, Greenlee, La Paz, Navajo, and Santa Cruz Counties.
 - \$7,200 to Gila County.
 - \$7,000 to Yuma County,
- Department of Veterans' Services: \$3,000,000 from the General Fund in FY 2024 to be distributed to Gila County for the Pleasant Valley veterans retreat.

This is not an exhaustive list of county-related funding in the FY 2024 budget. *(Please see the specific agency narratives for more details on these allocations.)*

New County Savings

The budget includes the following estimated savings to counties:

- Department of Juvenile Corrections: The FY 2024 Criminal Justice BRB repeals the requirement for Pima County to pay an assessed amount by its proportional share by population for the costs of DJC. The budget includes an increase of \$1,726,900 from the General Fund and corresponding decrease of \$(1,726,900) from the DJC Local Cost Sharing Fund in FY 2024 to remove Pima County's contribution to the department's operating expenses. *(Please see the DJC section for more information.)*

Arizona Criminal Justice Commission

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.0	11.0	11.0
Personal Services	530,900	640,200	640,200
Employee Related Expenditures	189,900	199,400	199,200
Professional and Outside Services	155,900	277,800	277,800
Travel - In State	2,300	18,000	18,000
Travel - Out of State	13,200	43,000	43,000
Other Operating Expenditures	148,100	202,700	227,700
Equipment	2,600	1,000	1,000
OPERATING SUBTOTAL	1,042,900	1,382,100	1,406,900
SPECIAL LINE ITEMS			
Law Enforcement Crime Victim Notification Fund Deposit	0	0	10,000,000 ^{1/}
Major Incident Regional Law Enforcement Task Force	0	600,000	600,000
Rural County Diversion Programs	0	10,000,000	0
State Aid to County Attorneys	695,300	973,700	973,700
State Aid to Indigent Defense	693,400	700,000	700,000
State Aid for Juvenile Dependency Proceedings Fund Deposit	0	2,000,000	2,000,000
Victim Compensation and Assistance	1,774,700	6,224,600	6,223,200
AGENCY TOTAL	4,206,300	21,880,400	21,903,800 ^{2/}
FUND SOURCES			
General Fund	0	14,600,000	14,600,000
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	485,000	708,900	733,700
Drug and Gang Prevention Resource Center Fund	557,900	647,100	647,100
State Aid to County Attorneys Fund	695,300	973,700	973,700 ^{3/}
State Aid to Indigent Defense Fund	693,400	700,000	700,000
Victim Compensation and Assistance Fund	1,774,700	4,250,700	4,249,300 ^{4/}
SUBTOTAL - Other Appropriated Funds	4,206,300	7,280,400	7,303,800
SUBTOTAL - Appropriated Funds	4,206,300	21,880,400	21,903,800
Other Non-Appropriated Funds	3,650,500	4,262,000	4,262,000
Federal Funds	11,547,100	22,982,500	11,816,800
TOTAL - ALL SOURCES	19,403,900	49,124,900	37,982,600

AGENCY DESCRIPTION — The commission was created to enhance the effectiveness and coordination of the criminal justice system in Arizona. The commission may identify needed revisions in the system and make reports. It receives 3.52% of Criminal Justice Enhancement Fund (CJEF) monies.

FOOTNOTES

- ^{1/} Of the \$10,000,000 appropriated in the law enforcement crime victim notification fund deposit line item, the Arizona criminal justice commission may use up to \$400,000 in fiscal year 2023-2024 to evaluate, certify and pay for any costs associated with the law enforcement crime victim notification fund established by section 41-180, Arizona Revised Statutes. (General Appropriation Act footnote. Under Laws 2023, Chapter 154, the fund's statutory reference will change from section 41-180 to section 41-2414.)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- ^{3/} All monies received by the Arizona criminal justice commission in excess of \$973,700 in fiscal year 2023-2024 from the state aid to county attorneys fund established by section 11-539, Arizona Revised Statutes, are appropriated to the state aid to county attorneys program. Before spending any state aid to county attorneys fund monies in excess of \$973,700 in

fiscal year 2023-2024, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote)

- 4/ All victim compensation and assistance fund monies received by the Arizona criminal justice commission in excess of \$4,249,300 in fiscal year 2023-2024 are appropriated to the crime victims program. Before spending any victim compensation and assistance fund monies in excess of \$4,249,300 in fiscal year 2023-2024, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes \$1,406,900 and 11 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Criminal Justice Enhancement Fund (CJEF)	\$733,700
Drug and Gang Prevention Resource Center Fund	647,100
Victim Compensation and Assistance Fund	26,100

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$24,800 from the CJEF in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Law Enforcement Crime Victim Notification Fund Deposit

The budget includes \$10,000,000 from the General Fund in FY 2024 for the Law Enforcement Crime Victim Notification Fund Deposit line item. Adjustments are as follows:

One-Time General Fund Deposit

The budget includes a one-time increase of \$10,000,000 from the General Fund in FY 2024 for deposit into the Law Enforcement Crime Victim Notification Fund.

Laws 2023, Chapter 154 moves the non-appropriated Law Enforcement Crime Victim Notification Fund from the State Treasurer to ACJC and requires ACJC to use monies in the fund to pay for law enforcement agencies that choose to use an automated crime victim notification system that meets certain requirements, such as automatically notifying a crime victim of investigation updates, and interfacing with a law enforcement agency's records.

An FY 2024 General Appropriation Act footnote allows ACJC to use up to \$400,000 of the FY 2024 deposit to evaluate, certify and pay for any costs associated with the law enforcement crime victim notification fund.

Major Incident Regional Law Enforcement Task Force

The budget includes \$600,000 from the General Fund in FY 2024 for the Major Incident Regional Law Enforcement Task Force. This amount is unchanged from FY 2023.

Monies in this line item are for distribution to regional law enforcement task forces to investigate instances of critical force incidents pursuant to A.R.S. § 41-1762. The requirements under this section have a delayed effective date beginning on July 1, 2025. *(Please see the Department of Public Safety narrative for more details on the Major Incident Regional Law Enforcement Task Forces.)*

Rural County Diversion Programs

The budget includes no funding in FY 2024 for Rural County Diversion Programs. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2024 to remove one-time funding for Rural County Diversion Programs.

An FY 2023 General Appropriation Act footnote requires this funding to be used as grants to county attorney offices in counties with populations less than 900,000 according to the 2020 Decennial Census to establish and operate alternative prosecution and diversion programs that are based on evidence-based practices pertaining to diversion from prosecution and alternatives to prosecution. The footnote also requires ACJC to adopt criteria for distributing grants to eligible counties and prohibits the monies from being used to supplant existing monies for alternative prosecution and diversion programs.

By September 30, 2023, ACJC is required to submit a report to the JLBC on the use of the monies and the outcomes obtained by the alternative prosecution and diversion programs in FY 2023. The FY 2023 appropriation is non-lapsing.

Diversion is a pre-adjudication authority that county prosecutors can use to divert an individual from being

charged with a crime through programs such as rehabilitation and counseling. Upon successful completion of a diversion program, charges are typically dismissed or not filed. Reentry programs differ in that they are for post-adjudication and include services for individuals who have already been charged and/or prosecuted of a crime. Services such as counseling and drug treatment provided through reentry programs are intended to aid an individual as they reenter society to not recidivate.

State Aid to County Attorneys

The budget includes \$973,700 from the State Aid to County Attorneys Fund in FY 2024 for State Aid to County Attorneys. This amount is unchanged from FY 2023.

This line item provides funding for the various offices of county attorneys throughout Arizona to improve the processing of criminal cases. The line item receives funds from a 15.44% allocation of a 7% penalty assessment on fines, penalties, and forfeitures imposed by the courts for criminal and civil motor vehicle violations and a portion of the monies collected by the Supreme Court and Court of Appeals. ACJC is required to distribute the monies to each county based on a composite index formula using Superior Court felony filings and county population.

State Aid to Indigent Defense

The budget includes \$700,000 from the State Aid to Indigent Defense Fund in FY 2024 for State Aid to Indigent Defense. This amount is unchanged from FY 2023.

This line item provides funding to the various counties in Arizona for processing of criminal cases by the offices of the public defender, legal defender, and/or contract indigent defense counsel in each county.

The line item receives funding from a 14.66% allocation of a 7% penalty assessment on fines, penalties, and forfeitures imposed by the courts for criminal and civil motor vehicle violations and a portion of the monies collected by the Supreme Court and Court of Appeals. ACJC is required to distribute the monies to each county based on a composite index formula using Superior Court felony filings and county population.

State Aid for Juvenile Dependency Proceedings Fund Deposit

The budget includes \$2,000,000 from the General Fund in FY 2024 for State Aid for Juvenile Dependency Proceedings Fund Deposit. This amount is unchanged from FY 2023.

The FY 2023 Criminal Justice Budget Reconciliation Bill (BRB) established the State Aid for Juvenile Dependency Proceedings Fund administered by ACJC consisting of legislative appropriations to provide state aid to county public defenders, legal defenders, and contract indigent defense counsel for the processing of juvenile dependency cases. By September 1 of each fiscal year, ACJC is required to distribute monies in the fund to each eligible county in which the 3-year average of juvenile dependency case filings in the county Superior Court exceeds the 3-year average filings for FY 2013 - FY 2015. Allocations are based on the proportional share of the increase in petitions for each county.

Victim Compensation and Assistance

The budget includes \$6,223,200 in FY 2024 for Victim Compensation and Assistance. These amounts consist of:

General Fund	2,000,000
Victim Compensation and Assistance Fund	4,223,200

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,400) from the Victim Compensation and Assistance Fund in FY 2024 for statewide adjustments.

This line item provides funding for 2 crime victim grant programs: the Victim Compensation Program and the Victim Assistance Program. Victim compensation monies are distributed to county compensation boards that award cash compensation to crime victims for specified expenses resulting from their victimization. Revenues for victim compensation grant monies come from 3 sources: a \$9 penalty on criminal and civil violations, monies collected from a 10% assessment of a worker's gross compensation, and unclaimed victim restitution. Victim assistance monies are granted to local government and not-for-profit agencies on a competitive basis and are used for operating expenses related to their victim assistance programs. Revenues for victim assistance grants come from community supervision fees and interstate compact fees.

Other Issues

Criminal Justice Enhancement Fund

The Criminal Justice Enhancement Fund receives revenues from penalties on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and

civil motor vehicle statute violations. CJEF monies are distributed on a percentage basis to various state entities.

Laws 2022, Chapter 311 removed AZPOST as a recipient of CJEF funding and redistributed that funding to the remaining recipients proportionally. *(Please see the Department of Public Safety narrative for more details on the funding for AZPOST.)*

Table 1 shows the FY 2022 amounts transferred, the previous and new distribution percentages, an estimate for the new allocation amounts based on the FY 2022 amounts, and the appropriation status of the funds and programs receiving CJEF monies. *(See individual agency pages for detailed information on each recipient.)*

Funds Transferred ^{1/}	Previous % of CJEF	FY 2022 Transfers ^{2/}	New % of CJEF	Est. Transfers Under Ch 311 ^{3/}	Approp.
<u>Attorney General</u>					
AZ Prosecuting Attorneys Advisory Council (4)	3.45	\$ 866,300	5.18	\$ 1,355,800	no
County Attorneys (7)	10.66	2,450,600	12.38	3,240,400	no
<u>Arizona Criminal Justice Commission</u>					
Operation Costs (10)	1.79	509,300	3.52	921,300	yes
<u>Department of Public Safety</u>					
Forensics Fund (1,11)	21.71	6,703,800	25.15	6,582,800	yes
Peace Officers' Training Fund (3) ^{4/}	18.97	4,763,500	-	-	no
State/Local Grants (6)	8.29	2,081,700	10.01	2,620,000	^{5/}
<u>Department of Juvenile Corrections (2)</u>	1.84	462,000	3.57	934,400	yes
<u>State Treasurer</u>					
County Sheriffs (9)	13.34	3,327,400	15.06	3,941,800	no
<u>Supreme Court</u>					
Case Processing (8)	6.86	1,722,600	8.59	2,248,400	yes
Juvenile Crime (5)	10.66	2,676,800	12.38	3,240,400	yes
Community Punishment Program (12)	2.43	<u>610,200</u>	4.16	<u>1,088,900</u>	yes
Total Funds Distributed ^{6/}		\$26,174,300		\$26,174,300	
^{1/} The numbers following the recipient agencies represent the paragraph numbers from A.R.S. § 41-2401D. ^{2/} The FY 2022 figures reflect amounts as reported by individual agencies to ACJC and may not correspond directly with agencies' statutory allocation. Financial information provided by agencies reflect when revenues from CJEF were recognized by the agency, not when the Treasurer's Office indicated the revenues were available to those agencies. ^{3/} The estimated transfers reflect what the distribution would have been in FY 2022 had the provisions of Laws 2022, Chapter 311 been in effect at the time. ^{4/} Laws 2022, Chapter 311 removes AZPOST as a recipient of CJEF funding and redistributes that allocation to the remaining recipients. ^{5/} Monies retained by the Department of Public Safety for operating expenditures are appropriated. Monies passed through to state and local agencies are non-appropriated. ^{6/} Total does not sum due to rounding.					

Arizona State Schools for the Deaf and the Blind

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
PROGRAM BUDGET			
Administration/Statewide	7,905,800	9,667,500	9,837,900
Phoenix Day School for the Deaf	10,306,400	12,651,300	12,096,700
Preschool/Outreach Programs	6,092,200	7,181,200	7,238,600
Regional Cooperatives	14,279,200	20,125,900	19,915,300
Tucson Campus	11,889,700	12,520,600	12,028,600
AGENCY TOTAL	50,473,300	62,146,500	61,117,100

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	562.2	562.2	562.2
Personal Services	19,401,000	23,541,900	23,541,900
Employee Related Expenditures	8,124,700	8,003,200	7,624,200
Professional and Outside Services	2,846,300	3,403,000	3,403,000
Travel - In State	64,300	158,200	158,200
Travel - Out of State	0	8,800	8,800
Other Operating Expenditures	5,075,100	5,979,000	5,538,600
Equipment	316,800	557,500	558,100
OPERATING SUBTOTAL	35,828,200	41,651,600	40,832,800

SPECIAL LINE ITEMS

School Bus/Agency Vehicle Replacement	365,900	369,000	369,000
Cooperative Services	14,279,200	20,125,900	19,915,300 ^{1/}
AGENCY TOTAL	50,473,300	62,146,500	61,117,100 ^{2/}

FUND SOURCES

General Fund	22,986,200	26,677,900	25,991,300
<u>Other Appropriated Funds</u>			
Cooperative Services Fund	14,279,200	20,125,900	19,915,300
Schools for the Deaf and the Blind Fund	13,207,900	15,342,700	15,210,500 ^{3/}
SUBTOTAL - Other Appropriated Funds	27,487,100	35,468,600	35,125,800
SUBTOTAL - Appropriated Funds	50,473,300	62,146,500	61,117,100
Other Non-Appropriated Funds	2,285,100	2,722,800	2,722,800
Federal Funds	3,062,700	3,233,900	3,233,900
TOTAL - ALL SOURCES	55,821,100	68,103,200	67,073,800

AGENCY DESCRIPTION — The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for students with sensory impairments from birth to age 22. ASDB has 2 main campuses, a day school in Phoenix and a residential campus in Tucson, satellite preschools in the Tucson and Phoenix Metropolitan areas, and 5 regional offices from which cooperative programs with school districts are operated. ASDB also serves infants and toddlers throughout the state. As of May 2023, ASDB served approximately 2,187 children: 362 students in the K-12 programs (121 in Tucson and 241 in Phoenix), 191 children in preschools, 555 infant/toddlers in regional areas, and 1,079 children through the 5 existing regional cooperatives.

FOOTNOTES

- ^{1/} Before spending any cooperative services fund monies in excess of \$19,915,300 in fiscal year 2023-2024, the Arizona state schools for the deaf and the blind shall report to the joint legislative budget committee the intended use of the monies. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program

- 3/ Before spending any schools for the deaf and the blind fund monies in excess of \$15,210,500 in fiscal year 2023-2024, the Arizona state schools for the deaf and the blind shall report to the joint legislative budget committee the intended use of the monies. (General Appropriation Act footnote, as adjusted for statewide allocations.)

Operating Budget

The budget includes \$40,832,800 and 562.2 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$25,622,300
Schools for the Deaf and the Blind Fund	15,210,500

Adjustments are as follows:

Remove-One Time Funding

The budget includes a decrease of \$(1,106,200) from the General Fund in FY 2024 to remove one-time funding for transportation support.

Assistive Technology Devices

The budget includes no change in funding from the General Fund in FY 2024 for assistive technology devices. The budget includes a total of \$253,100 from the General Fund in FY 2024 for this equipment, which may include: electronic dictionaries for visually impaired students, mobile classroom computer labs for visually disabled students, interactive whiteboards for hearing impaired students, and computer and software upgrades for computers used by visually impaired students.

Foundation for Blind Children

The budget maintains funding in FY 2024 for the preschool program at the Foundation for Blind Children at the previously appropriated level of \$1,054,100.

Statewide Adjustments

The budget includes an increase of \$287,400 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	419,600
Schools for the Deaf and the Blind Fund	(132,200)

(Please see the Agency Detail and Allocations section.)

Background – Special education voucher monies in the ASDB Fund represent ASDB's reimbursement from the Arizona Department of Education (ADE) for educational costs based on its enrollment. As with school districts, ASDB's ADE funding is determined by statutory formula. These monies are deposited into the ASDB Fund. If enrollment is higher than anticipated, ADE will distribute additional funding to ASDB. These monies can be spent without a new appropriation, as ASDB is provided budget

flexibility through an ongoing General Appropriation Act footnote.

School Bus/Agency Vehicle Replacement

The budget includes \$369,000 from the General Fund in FY 2024 for School Bus/Agency Vehicle Replacement. This amount is unchanged from FY 2024.

Monies in this line item are used for the purchase of new school buses and agency vehicles. According to the Arizona Department of Administration - School Facilities Division rules for ASDB, a gasoline-powered bus should be replaced after 10 years or 150,000 miles. *(Please see the FY 2022 Appropriations Report for more background).*

Cooperative Services

The budget includes \$19,915,300 from the Cooperative Services Fund in FY 2024 for Cooperative Services. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(210,600) in FY 2024 from the Cooperative Services Fund for statewide adjustments.

Background – Regional Cooperatives provide services for deaf and blind students who are being served in a variety of settings in their home school district instead of an ASDB site-based program. The services offered by cooperative programs include full or partial inclusion in general education classrooms, resource rooms, and self-contained special education classes. Enrollment in ASDB's regional cooperatives as of May 2023 was 1,079.

The regional cooperatives, like ASDB's site-based programs, are funded by Special Education Vouchers paid by the Arizona Department of Education pursuant to A.R.S. § 15-1202. The program is also funded by tuition monies paid by participating districts as well as district membership fees.

The monies in this line item represent the total estimated monies available for the program from vouchers, tuition, and district membership fees deposited in the Cooperative Services Fund. If available revenues exceed the original appropriation, a General Appropriation Act footnote stipulates that ASDB submit a report to JLBC detailing the intended use of the monies.

Commission for the Deaf and the Hard of Hearing

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	17.0	21.0	21.0
Personal Services	1,220,100	1,410,800	1,410,800
Employee Related Expenditures	455,700	536,000	531,100
Professional and Outside Services	498,900	1,147,700	1,147,700
Travel - In State	1,000	12,000	12,000
Travel - Out of State	3,700	19,000	19,000
Other Operating Expenditures	1,043,200	1,268,500	1,264,000
Equipment	146,600	250,000	250,000
OPERATING SUBTOTAL	3,369,200	4,644,000	4,634,600 ^{1/}
SPECIAL LINE ITEMS			
Aging Individuals Research	0	115,000 ^{2/}	0
American Sign Language User Support	0	15,000	0
Support Services for the Deaf-Blind	84,100	192,000	192,000
AGENCY TOTAL	3,453,300	4,966,000	4,826,600
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Telecommunication Fund for the Deaf	3,453,300	4,966,000	4,826,600
SUBTOTAL - Other Appropriated Funds	3,453,300	4,966,000	4,826,600
SUBTOTAL - Appropriated Funds	3,453,300	4,966,000	4,826,600
TOTAL - ALL SOURCES	3,453,300	4,966,000	4,826,600

AGENCY DESCRIPTION — The agency acts as an information and referral resource for the deaf and the hard of hearing and provides educational materials to the general public; administers a statewide telephone access program, the Telecommunication Devices for the Deaf (TDD) Relay Program; and licenses interpreters for the deaf and the hard of hearing. The Commission is supported by the Telecommunication Fund for the Deaf, which derives monies from the Telecommunication Services Excise Tax.

FOOTNOTES

- ^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- ^{2/} The amount appropriated for the aging individuals research line item in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 26 is exempt from the provision of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024 (FY 2024 General Appropriation Act Footnote.)

Operating Budget

The budget includes \$4,634,600 and 21 FTE Positions from the Telecommunication Fund for the Deaf in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(9,400) from the Telecommunication Fund for the Deaf for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Aging Individuals Research

The budget includes no funding in FY 2024 for the Aging Individuals Research line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(115,000) from the Telecommunication Fund for the Deaf in FY 2024 to remove one-time funding for Aging Individuals Research.

Monies in this line item shall be used as a one-time expense to contract with a university or college in the state of Arizona, or an approved vendor under ADOA

state contract, to research issues impact Deaf, Hard of Hearing, and Deaf-Blind aging individuals.

An FY 2024 General Appropriations Act footnote extends the lapsing date of this appropriation until June 30, 2024.

American Sign Language User Support

The budget includes no funding in FY 2024 for the American Sign Language User Support line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(15,000) from the Telecommunication Fund for the Deaf in FY 2024 to remove one-time funding for American Sign Language User Support.

Monies in this line item shall be used as a one-time expense to pilot an American Sign Language user support group for family members and caregivers.

Support Services for the Deaf-Blind

The budget includes \$192,000 from the Telecommunication Fund for the Deaf in FY 2024 for the Support Services for the Deaf-Blind line item. This amount is unchanged from FY 2023.

Monies in this line item fund a support services program (SSP) which provides 5 hours per week of support services to 35 deaf-blind adults at no cost to the individual. Deafblindness is any combination of visual and auditory loss which requires special strategies and skills. Examples of support services provided include transportation assistance, sighted guides, independent living assistance, and communication facilitators.

State Board of Dental Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.0	11.0	13.0
Personal Services	691,800	773,600	898,800
Employee Related Expenditures	278,100	335,400	344,700
Professional and Outside Services	361,400	481,000	512,400
Travel - In State	3,800	3,200	3,200
Travel - Out of State	0	5,500	5,500
Other Operating Expenditures	299,000	262,800	262,900
Equipment	117,800	76,000	29,100
AGENCY TOTAL	1,751,900	1,937,500 ^{1/}	2,056,600 ^{2/}

FUND SOURCES

Other Appropriated Funds

Dental Board Fund	1,751,900	1,937,500	2,056,600
SUBTOTAL - Other Appropriated Funds	1,751,900	1,937,500	2,056,600
SUBTOTAL - Appropriated Funds	1,751,900	1,937,500	2,056,600
TOTAL - ALL SOURCES	1,751,900	1,937,500	2,056,600

AGENCY DESCRIPTION - The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the state board of dental examiners, \$52,300 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,056,600 and 13 FTE Positions from the Dental Board Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-Licensing Funding

The budget includes a decrease of \$(34,200) from the Dental Board Fund in FY 2024 for the elimination of one-time e-licensing funding.

Attorney General Legal Services

The budget includes an increase of \$31,400 from the Dental Board Fund in FY 2024 for increased utilization of Attorney General legal services.

Compliance Administrative Assistant

The budget includes an increase of \$62,600 and 1 FTE Position from the Dental Board Fund in FY 2024 for a compliance administrative assistant to provide support for meeting the board's 180-day complaint adjudication timeframe.

Licensing Administrative Assistant

The budget includes an increase of \$62,600 and 1 FTE Position from the Dental Board Fund for a licensing administrative assistant to provide support in the renewal application process.

Statewide Adjustments

The budget includes a decrease of \$(3,300) from the Dental Board Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

Auditor General Report

In September 2022 the Auditor General published a State Board of Dental Examiners performance audit and sunset review that included recommendations for improvements to the board's policies and procedures for enforcement actions, complaint resolution, conflict-of-interest requirements, and reviewing applications.

In terms of budget-related issues, the report found that 32 of 35 complaints were not resolved within 180 days and recommended that the board assess whether the current number of contract investigators is sufficient to improve the timeliness of resolving complaints. In addition, the audit found that the board has not evaluated the appropriateness of each fee it assesses. The report recommends that the board determine its legal authority to review its fees and implement written policies and procedures to periodically compare its operating costs to its fund revenues to determine the appropriate level of licensing fees.

In its response to the audit, the board accepted all but one recommendation regarding declarations of conflict of interest. The board states that it currently fulfills the conflict-of-interest requirement outlined in A.R.S. § 38-503.

Arizona Early Childhood Development and Health Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 ESTIMATE
FUND SOURCES			
Other Non-Appropriated Funds	138,124,600	224,272,100	277,618,300
Federal Funds	6,488,700	49,363,800	37,748,600
TOTAL - ALL SOURCES	144,613,300	273,635,900	315,366,900

AGENCY DESCRIPTION — As authorized by a 2006 ballot initiative (Proposition 203), the Arizona Early Childhood Development and Health Board (ECDHB) is funded from an 80 cents per pack cigarette tax, plus taxes on other tobacco products. The board funds early childhood development programs and services for children prior to kindergarten and their families. The agency is also commonly known as “First Things First.”

Background

Early Childhood Development and Health Fund

Enacted in 2006, Proposition 203 implemented an additional 80 cents per pack cigarette tax to fund ECDHB, also known as “First Things First.” Revenues from the tobacco tax are deposited into the Early Childhood Development and Health (ECDH) Fund and go into 2 accounts: 90% of funds are allocated to the Program Account and 10% of funds to the Administrative Costs Account.

Of the annual Program Account budget set by the board each year, 10% (or 9% of the statewide total) may be spent on statewide programs with the remaining funds allocated to the Regional Councils (81% of the statewide total). Of the amount made available to regions, 60.8% is allocated to the various regions based on the total population aged 5 and under and the population under 5 living below the poverty line. The board uses its discretion to allocate the other 20.2% to regions.

In FY 2022, ECDHB’s largest expenditure was **Child Care Scholarships** at \$59.6 million, as displayed in *Table 1*, serving an average of 6,687 children monthly, up from 5,920 in FY 2021.

State-funded child care is provided through 3 agencies: the Department of Economic Security (DES), the Department of Child Safety (DCS), and ECDHB. *(For more information, please see the Child Care Program Summary on the JLBC website.)*

Family Support mainly consists of voluntary in-home services for infants, children and their families, focusing on parenting skills, early physical and social development, literacy, health and nutrition; it also includes classes on parenting, food boxes, parent kits, and other services.

The **Health** category provides mental health consultations to teachers and caregivers, oral health services to families, case management to families, child care health consultations to child care providers, obesity prevention to families, prenatal outreach to women and families, and other services.

The **Administration** category funds about 125 filled FTE Positions from the \$18,101,000 program budget.

Professional Development includes training, scholarships, and financial incentives for professionals who provide education and early care to children.

Community Awareness is media and community outreach efforts. **Research and Evaluation** spending is used to evaluate the effectiveness of ECDHB programs. **System Coordination** establishes partnerships and expands services and programs for families with young children.

Table 1

FY 2022 ECDH Fund Expenditures by Category ^{1/}
(\$ in Millions)

<u>Expenditure Category</u>	<u>Amount</u>	<u>Percent</u>
Child Care Scholarships	\$59.6	43%
Family Support	30.5	22%
Health	16.6	12%
Administration	10.3	7%
Professional Development	5.9	4%
Community Awareness	2.6	2%
Research & Evaluation	3.5	3%
System Coordination	1.1	1%
Other Funds (Grants, Gifts, etc.)	8.1	6%
Total	\$138.1 ^{2/}	100%

^{1/} Does not include federal grant expenditures.

^{2/} Total does not sum due to rounding.

Office of Economic Opportunity

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	334,200	342,000	342,000
Employee Related Expenditures	118,000	122,700	120,200
Professional and Outside Services	0	16,700	16,700
Travel - In State	0	600	600
Travel - Out of State	0	3,100	3,100
Other Operating Expenditures	6,900	38,900	38,900
Equipment	0	1,800	1,800
OPERATING SUBTOTAL	459,100	525,800	523,300
SPECIAL LINE ITEMS			
Microbusiness Loan Fund Deposit	0	0	5,000,000
AGENCY TOTAL	459,100	525,800	5,523,300 ^{1/}
FUND SOURCES			
General Fund	459,100	525,800	5,523,300
SUBTOTAL - Appropriated Funds	459,100	525,800	5,523,300
Other Non-Appropriated Funds	5,514,700	9,561,500	9,561,500
Federal Funds	2,370,400	7,108,700	7,108,700
TOTAL - ALL SOURCES	8,344,200	17,196,000	22,193,500

AGENCY DESCRIPTION — The Office of Economic Opportunity (OEO) is responsible for monitoring the state's tax competitiveness, evaluating the effectiveness of state incentive programs, analyzing state and local regulatory costs to businesses, serving as the state's workforce planning coordinator, and providing economic and demographic research and analysis. Also established within OEO is the Arizona Finance Authority, which oversees the Greater Arizona Development Authority (GADA) in addition to being the state recipient of private activity bonding authority. Additionally, OEO oversees the Arizona Industrial Development Authority which is the sole state issuer of private activity bonds.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$523,300 and 5 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(2,500) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Microbusiness Loan Fund Deposit

The budget includes \$5,000,000 from the General Fund in FY 2024 for the Microbusiness Loan Fund Deposit line item. Adjustments are as follows:

One-Time Deposit

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for a deposit into the newly formed Microbusiness Loan Fund.

Monies in this line item provides funding to eligible entities that give loans to microbusinesses in Arizona. (See Statutory Changes below for more information.)

Other Issues

Statutory Changes

The Commerce Budget Reconciliation Bill makes the following statutory changes:

- As session law, establishes the Microbusiness Loan Fund consisting of legislative appropriations. The fund is not subject to appropriation. Establishes rules and conditions for distributing grants to community development financial institutions (CDFIs) and eligible nonprofits with experience in lending for microbusiness loans. Defines microbusinesses as Arizona businesses that are independently owned and operated and employ 5 or fewer people, and limits fees for loans. Requires OEO to submit a report within 6 months of the effective date evaluating the need for microbusiness loans in Arizona. Requires OEO to report by February 1, 2024 on microlending in Arizona. Requires OEO to submit a report by July 31, 2024 detailing monies expended from the fund.

Agency Structure and Funding

Laws 2016, Chapter 372 created 3 new governmental entities: The Office of Economic Opportunity (OEO), the Arizona Finance Authority (AFA), and the Arizona Industrial Development Authority (AIDA). AFA is established in OEO and the AFA board serves as the board of AIDA, thus OEO has statutory supervision over all 3 entities. *(Please see the FY 2020 Appropriations Report for more details.)*

OEO

OEO is the central state agency for economic, population, and unemployment statistical analysis, the administering agency for the Workforce Arizona Council, and oversees the Workforce Data Task Force.

AFA

AFA houses the functions of the Greater Arizona Development Authority (GADA), and administers the state's Private Activity Bond (PAB) authorization. Prior to FY 2023, AFA housed the Water Infrastructure Finance Authority (WIFA). Laws 2022, Chapter 366 established WIFA as an independent entity from the AFA. All WIFA funds previously administered by AFA are now overseen by the WIFA board and are reported in a separate section of the *Appropriations Report*. *(See the Water Infrastructure Finance Authority section for more details).*

AIDA

AFA also governs AIDA, which has responsibility for the former activities for the Arizona Housing Finance Authority, Arizona Health Facilities Authority, and the Arizona International Development Authority. In addition, AIDA is authorized to issue PABs for allowable projects not otherwise covered by the other state IDAs.

Department of Economic Security

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4,381.8	4,476.8	4,533.8 ^{1/}
Personal Services	80,045,600	96,238,400	161,014,300
Employee Related Expenditures	33,216,400	38,223,700	63,952,000
Professional and Outside Services	21,448,900	32,067,700	57,880,000
Travel - In State	52,100	79,700	134,900
Travel - Out of State	114,300	134,500	134,500
Other Operating Expenditures	151,302,000	27,062,500	40,705,900
Equipment	2,347,300	2,139,500	7,949,000
OPERATING SUBTOTAL	288,526,600	195,946,000	331,770,600 ^{2/3/}
SPECIAL LINE ITEMS			
Administration			
Attorney General Legal Services	9,672,600	11,379,800	12,755,600
Aging and Adult Services			
Adult Services	11,205,900	12,731,900	15,731,900
Area Agencies on Aging Housing Assistance	0	0	5,000,000 ^{4/5/}
Community and Emergency Services	3,724,000	3,724,000	3,724,000
Coordinated Homeless Services	2,522,600	2,522,600	2,522,600
Coordinated Hunger Services	1,754,600	2,254,600	2,254,600
Produce Incentive Program	0	0	5,462,600 ^{5/}
Globe-Miami Area Food Bank	0	0	250,000 ^{6/}
Domestic Violence Prevention	12,195,000	14,004,000	14,004,000 ^{7/8/}
Sexual Violence Services	8,000,000	0	0
Long-Term Care Ombudsman	1,000,000	1,000,000	1,000,000
After School and Summer Youth Program	500,000	0	0
Benefits and Medical Eligibility			
TANF Cash Benefits	22,736,400	22,736,400	22,736,400
Pandemic Emergency Assistance	14,546,500	0	0
Tribal Pass-Through Funding	4,680,300	4,680,300	4,680,300
Diaper and Incontinence Products Assistance	0	0	1,000,000
Child Support Enforcement			
County Participation	8,539,700	8,539,700	8,539,700
Developmental Disabilities ^{9/-11/}			
<u>Federal Match Funding</u>			
DDD Administration	46,168,200	47,049,900	0
DDD Premium Tax Payment	50,493,200	52,819,500	61,199,900
Case Management - Medicaid	71,050,000	91,429,800	104,257,900 ^{12/}
Home and Community Based Services - Medicaid	1,833,110,600	2,450,165,900	2,349,599,400 ^{13/}
Institutional Services - Medicaid	38,587,200	42,821,600	47,090,000
Physical and Behavioral Health Services - Medicaid	505,535,800	528,255,700	541,297,400
Medicare Clawback Payments	4,661,200	5,710,300	6,055,500
Targeted Case Management - Medicaid	8,773,900	13,144,600	15,283,000
State Match Transfer from AHCCCS	0	821,118,700	982,330,300
<u>State-Only Funding</u>			
Case Management - State-Only	6,211,400	6,354,000	6,335,600 ^{12/}
Cost Effectiveness Study - Client Services	1,220,000	8,420,000	8,420,000 ^{14/}
Home and Community Based Services - State-Only	13,589,000	14,089,000	14,089,000
Arizona Early Intervention Program	6,319,000	9,719,000	14,119,000
State-Funded Long Term Care Services	36,652,300	42,678,300	43,534,700
Group Home Monitoring Program	0	1,200,000	1,200,000
Graham County Rehabilitation Center	0	0	830,000 ^{15/}

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Employment and Rehabilitation Services			
Child Care Subsidy	1,217,865,800	187,080,200	187,080,200 ^{16/17/}
Independent Living Rehabilitation Services	1,289,400	1,289,400	1,289,400
JOBS	11,005,600	11,005,600	11,005,600
Rehabilitation Services	7,249,100	7,249,100	7,249,100
Workforce Innovation and Opportunity Act Services	72,502,200	55,006,900	85,824,200 ^{18/}
Return to Work Grants	7,500,000	0	0
AGENCY TOTAL	4,329,388,100	4,676,126,800	4,919,522,500 ^{19/-22/}
FUND SOURCES			
General Fund	748,605,700	1,079,053,000	1,211,415,700
<u>Other Appropriated Funds</u>			
Child Support Enforcement Administration Fund	17,204,700	17,683,300	17,683,300
Domestic Violence Services Fund	2,191,300	4,000,300	4,000,300 ^{2/}
Federal CCDF Block Grant	1,230,052,800	200,010,200	200,029,300
Federal Pandemic Emergency Assistance Fund	14,546,500	0	0
Federal TANF Block Grant	65,405,800	66,591,200	66,591,200
Long Term Care System Fund (Non-Federal Matched)	27,537,000	33,289,500	33,864,200
Public Assistance Collections Fund	0	430,400	441,800
Sexual Violence Service Fund	8,000,000	0	0
Special Administration Fund	4,512,600	4,643,200	4,637,900
Spinal and Head Injuries Trust Fund	2,336,000	2,388,200	2,385,500
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
Workforce Investment Act Grant	79,849,700	56,293,500	87,116,600
SUBTOTAL - Other Appropriated Funds	1,451,636,400	386,329,800	417,750,100
SUBTOTAL - Appropriated Funds	2,200,242,100	1,465,382,800	1,629,165,800
<u>Expenditure Authority Funds</u>			
Child Support Enforcement Administration Fund	41,033,100	43,047,000	44,195,500
Health Care Investment Fund	26,863,200	54,370,500	54,412,300
Long Term Care System Fund (Federal Match)	2,061,249,700	3,113,326,500	3,191,748,900
SUBTOTAL - Expenditure Authority Funds	2,129,146,000	3,210,744,000	3,290,356,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	4,329,388,100	4,676,126,800	4,919,522,500
Other Non-Appropriated Funds	186,727,500	246,970,800	246,970,800
Federal Funds	3,246,245,500	2,522,647,300	2,522,647,300
TOTAL - ALL SOURCES	7,762,361,100	7,445,744,900	7,689,140,600

AGENCY DESCRIPTION — The department provides an array of services for low-income households and others in need. These services are provided through the following divisions: Administration; Developmental Disabilities; Benefits and Medical Eligibility; Child Support Enforcement; Aging and Adult Services; and Employment and Rehabilitation Services.

FOOTNOTES

- ^{1/} Includes 294.2 GF, 144.6 OF, and 1,684.6 EA FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} The operating lump sum appropriation may be spent on Arizona health care cost containment system eligibility determinations based on the results of the Arizona random moment sampling survey. (General Appropriation Act footnote)
- ^{3/} All state shares of retained earnings, fees and federal incentives in excess of \$17,683,300 received by the division of child support enforcement are appropriated for operating expenditures. New FTE positions are authorized with the increased funding. Before spending these increased monies, the department of economic security shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote)
- ^{4/} The amount appropriated for the area agencies on aging housing assistance line item shall be distributed to area agencies on aging established pursuant to the older Americans act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States

Code sections 3001 through 3058ff) for housing assistance for persons who are at least sixty years of age. (General Appropriation Act footnote)

- 5/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 6/ The amount appropriated for the Globe-Miami area food bank line item shall be distributed to a food bank that maintains its headquarters in the Globe-Miami area. (General Appropriation Act footnote)
- 7/ All domestic violence services fund monies in excess of \$4,000,300 received by the department of economic security are appropriated for the domestic violence prevention line item. Before spending these increased monies, the department shall report the intended use of monies in excess of \$4,000,300 to the joint legislative budget committee. (General Appropriation Act footnote)
- 8/ On or before December 15, 2023, the department of economic security shall report to the joint legislative budget committee the amount of state and federal monies available statewide for domestic violence prevention funding. The report shall include, at a minimum, the amount of monies available and the state fiscal agent receiving those monies. (General Appropriation Act footnote)
- 9/ The department shall report to the joint legislative budget committee on or before March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum may not be more than two percent. Before implementing any changes in capitation rates for the long-term care system, the department shall submit a report for review by the joint legislative budget committee. Before the department implements any change in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal impact analysis demonstrates that this change will result in additional state costs of \$500,000 or more for any fiscal year, the department shall submit the policy change for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 10/ Before implementing developmental disabilities or long-term care statewide provider rate adjustments that are not already specifically authorized by the legislature, court mandates or changes to federal law, the department shall submit a report for review by the joint legislative budget committee that includes, at a minimum, the estimated cost of the provider rate adjustment and the ongoing source of funding for the adjustment, if applicable. (General Appropriation Act footnote)
- 11/ On or before September 1, 2024, the department of economic security shall report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee any new placement into a state-owned ICF-IID or the Arizona training program at the Coolidge campus in fiscal year 2023-2024 and the reason this placement, rather than a placement into a privately run facility for persons with developmental disabilities, was deemed as the most appropriate placement. The department shall also report if no new placements were made. On or before September 1, 2024, the department shall also report to the director of the joint legislative budget committee the total costs associated with the Arizona training program at Coolidge in fiscal year 2023-2024. (General Appropriation Act footnote)
- 12/ Before transferring any monies in or out of the case management - medicaid, case management - state-only and DDD administration line items, the department shall submit a report for review by the joint legislative budget committee, except that transfers from the state match transfer from AHCCCS line item into those line items do not require a report for review. (General Appropriation Act footnote)
- 13/ The amount appropriated for the home and community based services - medicaid line item includes \$115,793,900 from expenditure authority to implement the American rescue plan act of 2021 (P.L. 117-2) home and community-based services spending plan in fiscal year 2023-2024. The department may not use these monies for marketing purposes and any direct payments or grants provided with the monies shall include a notification to the recipient that the monies are onetime funding. Beginning on or before July 31, 2023, the department shall provide quarterly reports to the joint legislative budget committee at the same time that the information is provided to the centers for medicare and medicaid services reflecting any changes to the department's spending plan. Of the amount appropriated for the home and community based services - medicaid line item, \$115,793,900 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 14/ On or before November 30, 2023 and November 30, 2024, the department of economic security shall submit a report to the joint legislative budget committee regarding expenditures from the cost effectiveness study - client services line item in the previous fiscal year. The report shall include the number of clients and total amounts spent from the line item in each setting type along with expenditures for those clients in other line items. The report shall also include cost effectiveness spending in other line items. (General Appropriation Act footnote)

- 15/ The amount appropriated for the Graham county rehabilitation center line item includes \$800,000 to remodel the Graham county rehabilitation center facilities in Safford and \$30,000 for an afterschool program. (General Appropriation Act footnote)
- 16/ On or before September 15, 2023 and March 15, 2024, the department of economic security shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the joint legislative budget committee on child care development block grant monies provided from the coronavirus aid, relief, and economic security act, the consolidated appropriations act, 2021 and the American rescue plan act of 2021 (P.L. 117-2). The report must include, at a minimum, the actual expenditures made to date by purpose and, separately, by federal legislation, the expenditure plan for all remaining monies by purpose and, separately, by federal legislation, the number of children served with the monies on average each month, the average child care reimbursement rates for the entire program, including these monies, and the number of child care settings with a quality rating. (General Appropriation Act footnote)
- 17/ The department of economic security shall forward to the joint legislative budget committee a monthly report listing data on the child care population served. The report must include, at a minimum, in each program the number of unduplicated children enrolled in child care within the department of economic security and the department of child safety by program and the average amount paid per child plus quality-related spending. (General Appropriation Act footnote)
- 18/ All workforce investment act grant monies that are received by this state in excess of \$87,116,600 are appropriated to the workforce innovation and opportunity act services line item. Before spending these increased monies, the department shall report the intended use of monies in excess of \$87,116,600 to the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 19/ On or after April 1, 2024, the department of economic security may use up to \$25,000,000 from the budget stabilization fund established by section 35-144, Arizona Revised Statutes, for the purpose of providing funding for reimbursement grants. Before using the monies from the budget stabilization fund, the department shall notify the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting. This appropriation must be fully reimbursed on or before September 1, 2024 and must be reimbursed in full as part of the closing process for fiscal year 2023-2024. The department shall notify the joint legislative budget committee of the reimbursement on or before September 1, 2024. The appropriation may not be used for additional programmatic expenditures. (General Appropriation Act footnote)
- 20/ The above appropriations are in addition to monies granted to this state by the federal government for the same purposes but are deemed to include the sums deposited in the state treasury to the credit of the department of economic security pursuant to section 42-5029, Arizona Revised Statutes. (General Appropriation Act footnote)
- 21/ The department of economic security shall forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing total expenditures for the month and year-to-date as compared to prior-year totals on or before the thirtieth of the following month. The report shall include an estimate of potential shortfalls in entitlement programs and potential federal and other monies, such as the statewide assessment for indirect costs, and any projected surplus in state-supported programs that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation. (General Appropriation Act footnote)
- 22/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Summary

The Department of Economic Security's (DES) FY 2024 General Fund spending increases by \$132,362,700 or 12.3% above the FY 2023 appropriation. This amount includes:

- \$103,848,500 for DDD formula adjustments.
- \$1,587,900 for an Information Technology (IT) security project.
- \$9,100,000 to backfill federal funding for the Adult Protective Services (APS) program.

- \$5,000,000 for Area Agencies on Aging (AAA) provider rate increases.
- \$5,000,000 for AAA housing assistance.
- \$5,462,600 for the Produce Incentive Program.
- \$250,000 for a Globe-Miami area food bank.
- \$1,000,000 for diaper and incontinence products assistance.
- \$4,400,000 for Arizona Early Intervention Program (AzEIP) provider rate increases.
- \$830,000 for a rehabilitation center in Graham County.
- \$(443,000) for statewide adjustments.
- \$(3,673,300) to remove one-time funding.

Operating Budget

The budget includes \$331,770,600 and 2,410.4 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$163,089,500
Child Support Enforcement Administration Fund	14,055,300
Child Support Enforcement Administration Fund (EA)	28,030,300
Federal Temporary Assistance for Needy Families (TANF) Block Grant	21,659,700
Federal Child Care and Development Fund (CCDF) Block Grant	12,928,600
Long Term Care System Fund (EA)	86,580,500
Public Assistance Collections Fund	339,100
Special Administration Fund	2,201,100
Spinal and Head Injuries Trust Fund	605,300
Statewide Cost Allocation Plan Fund	1,000,000
Workforce Investment Act Grant	1,281,200

Adjustments are as follows:

IT Security Project

The budget includes an increase of \$1,587,900 from the General Fund in FY 2024 for an IT security project to protect the department from ransomware attacks. This amount represents 20% of the project's total cost, with the remaining 80% covered via Federal Funds. Of this amount, \$1,517,900 is designated as one-time.

Adult Protective Services General Fund Backfill

The budget includes a one-time increase of \$9,100,000 from the General Fund in FY 2024 to backfill federal funding in the Adult Protective Services (APS) program. As a subrecipient of federal Victims of Crime Act (VOCA) grant funding, DES uses these monies to provide victim services within its APS program. The Department of Public Safety (DPS) is the primary recipient of the state's VOCA grant funding. DPS has notified DES and other subrecipients that it projects significant cuts to the state's award and that subrecipients may not receive their typical allotment in FY 2024.

Administrative Funding Transfer

The budget includes an increase of \$47,049,900 and 345 FTE Positions in FY 2024 to transfer administrative resources for the Developmental Disabilities program to the overall department operating budget. These amounts consist of:

General Fund	18,086,500
Long Term Care System Fund (EA)	28,963,400

This shift budgets all direct and indirect DD administrative costs within the department's overall operating budget, similar to the budgeting of administration within DES' other programmatic divisions. *(Please see DDD Administration in Developmental Disabilities for a corresponding decrease.)*

Expenditure Authority and Formula Adjustments

The budget includes an increase of \$80,416,100 in FY 2024 for an expenditure authority adjustment, as well as standard DD formula adjustments. This amount consists of:

General Fund	22,595,700
Long Term Care System Fund (EA)	57,820,400

Remove One-Time Building System Upgrade

The budget includes a decrease of \$(272,800) from the General Fund in FY 2024 to remove one-time funding for the purchase of a software program that provides a centralized platform that allows the department to track the operational, financial, and environmental metrics for its buildings.

Remove One-Time IT Security Upgrades

The budget includes a decrease of \$(1,400,500) from the General Fund in FY 2024 to remove one-time funding for the upgrading of staff and resources to improve the security of the department's information technology systems.

Statewide Adjustments

The budget includes a decrease of \$(656,000) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(381,600)
Child Support Enforcement Administration Fund (EA)	(83,400)
Federal Child Care and Development Fund (CCDF) Block Grant	16,600
Long Term Care System Fund (EA)	(203,300)
Special Administration Fund	(6,000)
Spinal and Head Injuries Trust Fund	(2,900)
Workforce Investment Act Grant	4,600

(Please see the Agency Detail and Allocations section.)

Administration

Attorney General Legal Services

The budget includes \$12,755,600 and 157.9 FTE Positions in FY 2024 for Attorney General (AG) Legal Services. This amount consists of:

General Fund	1,253,300
Child Support Enforcement Administration Fund	2,573,700
Child Support Enforcement Administration Fund (EA)	8,679,800
Federal TANF Block Grant	106,400
Federal CCDF Block Grant	20,500
Public Assistance Collections Fund	102,700
Special Administration Fund	5,900
Spinal and Head Injuries Trust Fund	2,100
Workforce Investment Act Grant	11,200

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$1,375,800 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	127,900
Child Support Enforcement Administration Fund (EA)	1,231,900
Federal CCDF Block Grant	2,500
Public Assistance Collections Fund	11,400
Special Administration Fund	700
Spinal and Head Injuries Trust Fund	200
Workforce Investment Act Grant	1,200

Aging and Adult Services

Adult Services

The budget includes \$15,731,900 from the General Fund in FY 2024 for Adult Services. Adjustments are as follows:

Remove FY 2023 Area Agencies on Aging Increase

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2024 to remove one-time funding for provider rate increases.

FY 2024 Area Agencies on Aging Increase

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for provider rate increases.

This line item provides an array of support services to elderly persons, as shown in *Table 1*.

Area Agencies on Aging Housing Assistance

The budget includes \$5,000,000 from the General Fund in FY 2024 for Area Agencies on Aging (AAA) Housing Assistance. Adjustments are as follows:

Housing Assistance

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for AAA housing

Table 1

Adult Services	
Services	FY 2024
Adult Protective Contracted Services	\$ 295,100
Independent Living Services	4,559,400
Older Americans Act	2,601,300
State Ombudsman	814,100
Respite Care	462,000
FY 2024 Direct Care Worker Incentives	2,000,000 ^{1/}
FY 2024 One-Time Provider Rate Increase	<u>5,000,000</u>
Total	\$15,731,900

^{1/} This line is funded via \$2,000,000 from the General Fund for ongoing provider rate increases appropriated across both FY 2022 and FY 2023.

assistance. The budget adds a footnote specifying that the department will distribute the monies to AAAs for housing assistance for individuals who are at least 60 years old. The monies are non-lapsing.

Community and Emergency Services

The budget includes \$3,724,000 from the Federal TANF Block Grant in FY 2024 for Community and Emergency Services. This amount is unchanged from FY 2023.

Monies in this line item provide funding to 18 community action agencies to deliver a wide range of services related to the needs of low-income families and individuals. In FY 2022, this line item provided short-term crisis services to 8,634 households and energy assistance to 25,961 households.

Coordinated Homeless Services

The budget includes \$2,522,600 in FY 2024 for Coordinated Homeless Services programs. This amount consists of:

General Fund	873,100
Federal TANF Block Grant	1,649,500

Adjustments are as follows:

Homeless Youth General Fund Backfill Delay

The budget includes no net change from the General Fund in FY 2024 for a homeless youth assistance General Fund backfill. In FY 2022 and FY 2023, DES is distributing one-time Federal Funds to organizations that provide assistance to unaccompanied youth aged 18-24 experiencing homelessness. The 3-year spending plan associated with the enacted FY 2022 budget originally included an increase of \$1,000,000 from the General Fund in FY 2024 to fund the program with state monies instead of Federal Funds. However, due to slower-than-

anticipated expenditure of the Federal Funds, the 3-year spending plan associated with the enacted FY 2024 budget delays the General Fund increase until FY 2025.

In FY 2022, this line item provided emergency shelter services to 22,093 individuals, rapid re-housing services to 1,983 individuals, and homeless prevention services to 2,633 individuals.

Coordinated Hunger Services

The budget includes \$2,254,600 in FY 2024 for Coordinated Hunger Services programs. This amount consists of:

General Fund	1,754,600
Federal TANF Block Grant	500,000

These amounts are unchanged from FY 2023.

State and federal dollars are used to administer a USDA commodities food program, to assist in statewide food distribution, and for food banks. Monies are also used to provide information on where individuals and families can obtain food. In FY 2022, this funding assisted in the distribution of 69 million pounds of produce.

Produce Incentive Program

The budget includes \$5,462,600 from the General Fund in FY 2024 for the Produce Incentive Program. Adjustments are as follows:

Additional Funding

The budget includes a one-time increase of \$5,462,600 from the General Fund in FY 2024 for additional program funding. The Produce Incentive Program, also referred to as "Double Up Food Bucks," is part of Arizona's Supplemental Nutrition Assistance Program (SNAP) and provides a dollar-for-dollar match for SNAP enrollees when they purchase Arizona-grown fruits and vegetables. The additional funding will be for DES to continue to administer the program and provide matching monies. The appropriation is non-lapsing.

Globe-Miami Area Food Bank

The budget includes \$250,000 from the General Fund in FY 2024 for the Globe-Miami Area Food Bank. Adjustments are as follows:

Food Bank Assistance

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2024 for a transfer to a food bank.

The budget adds a footnote requiring the department to transfer the monies to a food bank headquartered in the Globe-Miami area.

Domestic Violence Prevention

The budget includes \$14,004,000 in FY 2024 for Domestic Violence Prevention. This amount consists of:

General Fund	3,283,200
Federal TANF Block Grant	6,620,500
Domestic Violence Services Fund	4,000,300
Special Administration Fund	100,000

These amounts are unchanged from FY 2023.

In FY 2022, this line item, along with non-appropriated funds, served approximately 4,109 adults and children in emergency shelters, 549 adults and children in transitional housing, and 12,027 victims with mobile and community-based advocacy.

Long-Term Care Ombudsman

The budget includes \$1,000,000 from the General Fund in FY 2024 for Long-Term Care Ombudsman services. This amount is unchanged from FY 2023.

A.R.S. § 46-452.02 requires that the Office of the State Long-Term Care Ombudsman visit each long-term care facility at least twice per calendar year to speak with residents of the facility or their representatives, investigate and resolve complaints, refer cases to Adult Protective Services or the appropriate agency, and change complaint communication requirements for DD service providers.

Benefits and Medical Eligibility

TANF Cash Benefits

The budget includes \$22,736,400 from the Federal TANF Block Grant in FY 2024 for TANF Cash Benefits. This amount is unchanged from FY 2023.

The budgeted amount would be able to fund an average of 15,750 individuals at \$100 per month. As of May 2023, the program serves 11,226 individuals.

Additionally, the TANF Diversion program diverts applicants from long-term regular TANF Cash Benefits by offering immediate, one-time assistance to resolve a financial crisis. The budgeted amount would be able to

fund an average of 390 Diversion clients at \$817 per month. As of May 2023, the TANF Diversion program serves 308 clients.

At May 2023 levels, the total cost would be \$16,490,800, or \$(6,245,600) below the budgeted amount.

Monies in this line item provide financial assistance on a temporary basis to dependent children in their own homes, or in the homes of responsible caretaker relatives. Financial eligibility is currently set at 36% of the 1992 Federal Poverty Level (FPL), or \$5,022 for a family of 4. The current cumulative lifetime limit on regular TANF Cash Benefits is 24 months if the following conditions are met:

- The family includes at least 1 adult required to participate in the JOBS program.
- All adults who are required to participate in the JOBS program are in full compliance in the twelfth month of cash assistance and remain in compliance.
- All children required by state law to attend school maintain at least a 90% attendance record.

If any of these conditions are not met, the limit is 12 months.

The budget continues a provision allowing DES to drug test TANF recipients if there is a reasonable suspicion that they are using illegal drugs.

(Please see Federal TANF Block Grant in Other Issues for more information on TANF expenditures.)

Tribal Pass-Through Funding

The budget includes \$4,680,300 from the General Fund in FY 2024 for Tribal Pass-Through Funding. This amount is unchanged from FY 2023.

Monies in this line item are passed through to Native American tribes operating their own TANF programs.

Diaper and Incontinence Products Assistance

The budget includes \$1,000,000 from the General Fund in FY 2024 for Diaper and Incontinence Products Assistance. Adjustments are as follows:

New Assistance

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for a transfer to an organization that provides diaper and incontinence products assistance within the state.

Child Support Enforcement

The Division of Child Support Enforcement (DCSE) budget includes direct appropriations from the following 4 fund sources: 1) General Fund; 2) State Share of Retained Earnings (SSRE) from child support owed to the state while the custodial parent received TANF Cash Benefits; 3) Federal incentives and 4) Fees from non-custodial parents.

The last 3 fund sources are deposited in the Child Support Enforcement Administration (CSEA) Fund and appropriated as an Other Appropriated Fund. In addition to the General Fund and CSEA Fund appropriations, the displayed amounts also include Federal Expenditure Authority for DCSE. The federal monies received by DCSE generally match state funds at a ratio of 66% federal to 34% state. *Table 2* details the sources and uses of the CSEA Fund.

Table 2

CSEA Fund Sources and Uses

<u>Sources</u>	<u>FY 2024</u>
State Share of Retained Earnings	\$ 4,162,100
Federal Incentive Payments	6,702,500
Fees	2,871,000
Excess Appropriation Authority ^{1/}	3,572,700
Administration (Non-Appropriated)	<u>3,115,600</u>
Total	\$20,423,900
<u>Uses</u>	
DCSE Administration (DES Operating)	\$13,680,300
Attorney General Legal Services	2,573,700
County Participation	1,054,300
Administration (Non-Appropriated)	<u>3,115,600</u>
Total	\$20,423,900

^{1/} This line is the difference between appropriation authority and expected revenues.

County Participation

The budget includes \$8,539,700 in FY 2024 for County Participation. This amount consists of:

CSEA Fund	1,054,300
CSEA Fund (EA)	7,485,400

These amounts are unchanged from FY 2023.

Arizona counties have the option of either implementing their own child support enforcement program or electing to have DES implement the program on their behalf. If counties decide to run their own programs, these funds are distributed to counties for that purpose. However,

because no counties currently run their own program, DES instead distributes these monies to counties for clerk of the court and family law services that coordinate and mediate between custodial and non-custodial parents.

Developmental Disabilities

DES provides services to individuals with cognitive disabilities, cerebral palsy, autism, or epilepsy. Clients eligible for federal Medicaid program services are funded through the Long-Term Care (LTC) program. To qualify for federal funding, an individual must have an income below 300% of the Supplemental Security Income (SSI) eligibility limit, which is approximately 222% of the FPL, and have certain functional needs. The division also provides 100% state-funded services for clients who are not eligible for federal Medicaid services.

The LTC program is funded from 2 sources: the General Fund and the Long Term Care System Fund. The Legislature appropriates the division's resources on a Total Expenditure Authority basis. The Total Expenditure approach acknowledges all of the resources available to the Division of Developmental Disabilities (DDD) but does not appropriate any specific non-appropriated fund.

As of June 2023, the Division of Developmental Disabilities served 51,399 clients, which includes 40,074 clients in the LTC program, 6,184 in Targeted Case Management, and 5,141 clients in the state-only program. The primary disabilities as reported by DES are shown in *Table 3*.

Table 3

Primary Disability of Clients Served

Disability	Number	Percentage
Intellectual Disability	16,078	31.3%
At Risk	13,125	25.5%
Autism	16,652	32.4%
Cerebral Palsy	3,461	6.7%
Epilepsy	2,025	3.9%
Not Indicated	58	0.1%
Total	51,399	

Overall DDD Adjustments

The budget includes an increase of \$103,848,500 from the General Fund in FY 2024 for DDD formula changes. These adjustments are based on standard formula assumptions of 4.5% caseload growth and a 3.1% capitation rate increase. Changes are described in further detail below.

Caseload Growth

The budget includes an increase of \$16,455,600 from the General Fund in FY 2024 for DD caseload changes.

Compared to June 2022, LTC caseloads grew by 4.1% to 40,074 members in June 2023 (this amount excludes state-only clients). The budget assumes caseloads will grow by 5.0% to 42,091 members by June 2024 and by 4.5% in future years. The 4.5% caseload growth assumption is based on recent growth within the program; average annual growth was 4.5% from FY 2017 to FY 2022.

Table 4 shows the number of clients by placement setting for DDD enrollees in June 2022 and June 2023 and the estimated growth in FY 2024.

Table 4

DDD June Caseloads and Placement Settings ^{1/}

Placement	FY 22	FY 23	FY 24 Est
Home	33,441	34,812	36,562
Group Home	3,405	3,544	3,723
Developmental Home	1,544	1,607	1,689
Institution	107	111	117
Total	38,497	40,074	42,091

^{1/} Numbers are based on the department's estimates of placement settings, proportionally adjusted for the budget's overall caseload estimates.

Capitation Rate Adjustments

The budget includes an increase of \$20,941,100 from the General Fund in FY 2024 for a 3.1% capitation rate increase beginning October 1, 2023. Capitation rates include adjustments for medical inflation, utilization of services, and other factors. The 3.1% growth assumption is based on an average medical inflation of 2.9% in FY 2022 and FY 2023 that has continued to grow at a rate above 3% since April 2022.

Table 5 shows how the capitation adjustment is allocated by service category in FY 2023.

Table 5

DDD ALTCS Capitation Growth

	FY 2023 Capitation Rate ^{1/}	Assumed Growth Rate	FY 2024 Capitation Rate Est
Administration ^{2/}	251.6	3.1%	259.4
Premium Tax	120.8	3.1%	124.5
Case Management	206.5	3.1%	212.9
HCBS ^{3/}	4,350.2	3.1%	4,485.0
Institutional Care ^{4/}	93.1	3.1%	96.0
Integrated Care ^{5/}	1,017.7	3.1%	1,049.2
Total	6,039.9	3.1%	6,227.1

^{1/} Rate effective October 1, 2022.

^{2/} The Administration line is allocated to the overall DES operating budget.

^{3/} HCBS line includes PMPM rates for HCBS and Risk Contingency.

^{4/} Institutional Care rate is net of client's share of cost.

^{5/} Integrated care funding is allocated to the Physical and Behavioral Health Services line item.

FMAP Adjustment

The budget includes an increase of \$65,824,900 to the General Fund in FY 2024 associated with the regular FMAP. The FMAP is the rate at which the federal government matches state contributions to Medicaid programs. These rates are set on a state-by-state basis and are revised each year. During FY 2024, the blended Medicaid FMAP is projected to decrease to 67.12%, down from 69.67% in FY 2023. These figures do not include the 6.2% enhanced match rate from the Families First Coronavirus Response Act or the enhanced match rates from the 2023 Consolidated Appropriations Act.

The 2020 Families First Coronavirus Response Act temporarily increased the regular Medicaid match rate by 6.2% retroactive to January 1, 2020. The federal 2023 Consolidated Appropriations Act phases down the 6.2% enhanced match starting April 2023. DDD will receive a 5.0% enhanced match rate in April 2023 through June 2023, a 2.5% enhanced match is July 2023 through September 2023, and a 1.5% enhanced match in October 2023 through December 2023. The enhanced match will be eliminated starting January 2024.

The FY 2024 budget does reflect new revertment savings in FY 2023 as the original budget for FY 2023 did not account for any additional enhanced match rates. *(Please see FY 2023 Adjustments in Other Issues for more information.)*

Medicare Clawback

The budget includes an increase of \$345,200 from the General Fund in FY 2024 for adjustments associated with Medicare Clawback Payments.

Room and Board

The budget includes an increase of \$281,700 from the General Fund in FY 2024 for adjustments associated with caseload growth in ALTCS-eligible DD clients receiving residential services with room and board expenses.

Developmental Disabilities – Federal Match Funding

DDD Administration

The budget includes no funding in FY 2024 for DDD Administration. Adjustments are as follows:

Administrative Funding Transfer

The budget includes a decrease of \$(47,049,900) and (345) FTE Positions in FY 2024 for a reorganization of the DES budget. These amounts consist of:

General Fund	(18,086,500)
Long Term Care System Fund (EA)	(28,963,400)

(Please see the Operating Budget section for additional information.)

DDD Premium Tax Payment

The budget includes \$61,199,900 in FY 2024 for the DDD Premium Tax Payment. This amount consists of:

General Fund	19,532,600
Long Term Care System Fund (EA)	41,667,300

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$8,380,400 in FY 2024 for standard formula adjustments. This amount consists of:

General Fund	3,513,800
Long Term Care System Fund (EA)	4,866,600

Background – DES pays a 2% premium tax to the Department of Insurance and Financial Institutions on capitation payments received from AHCCCS.

Case Management - Medicaid

The budget includes \$104,257,900 and 1,080.9 FTE Positions in FY 2024 for Case Management - Medicaid. These amounts consist of:

General Fund	33,280,200
Long Term Care System Fund (EA)	70,977,700

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$13,167,300 and 51 FTE Positions in FY 2024 for standard formula adjustments. This amount consists of:

General Fund	5,617,900
Long Term Care System Fund (EA)	7,549,400

Statewide Adjustments

The budget includes a decrease of \$(339,200) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(103,100)
Long Term Care System Fund (EA)	(236,100)

Background – This line item provides case managers, case aides, case management unit supervisors, and case management area program managers that serve DDD clients enrolled in the ALTCS program. The ALTCS

program requires DES to have at least 1 case manager for every 35 DD clients for each ALTCS client added since 2006.

Home and Community Based Services - Medicaid

The budget includes \$2,349,599,400 and 221.2 FTE Positions in FY 2024 for Home and Community Based Services - Medicaid. These amounts consist of:

General Fund	709,723,200
Long Term Care System Fund (EA)	1,629,131,000
Health Care Investment Fund	10,745,200

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$63,731,500 in FY 2024 for standard formula adjustments. This amount consists of:

General Fund	56,609,100
Long Term Care System Fund (EA)	7,125,500
Health Care Investment Fund	(3,100)

American Rescue Plan HCBS Adjustment

The budget includes a decrease of \$(164,206,100) from the Long Term Care System Fund Expenditure Authority in FY 2024 to adjust funding for home- and community-based services (HCBS). This consists of a decrease of \$(280,000,000) to remove one-time funding in FY 2023 and an increase of \$115,793,900 for the remaining amount to be spent in FY 2024. FY 2024 is the final year of funding for the ARPA HCBS program.

On March 11, 2021, the American Rescue Plan Act (ARPA) gave state Medicaid agencies the ability to spend on HCBS with an enhanced match percentage. The FY 2024 enacted budget continues a footnote requiring the department to provide quarterly reports to the JLBC reflecting changes to the HCBS Spending Plan. In its April 2023 report, the department indicated it has primarily allocated the monies to one-time provider payments. The budget also specifies the appropriation may not be used for marketing purposes, directs the department to include notification that monies are one-time, and exempts the appropriation from lapsing.

Statewide Adjustments

The budget includes a decrease of \$(91,900) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(26,300)
Long Term Care System Fund (EA)	(65,600)

Background – This line item funds residential programs, day programs, and support services for clients in a broad range of settings, from those living independently at home to those living in group homes. This line item also funds staff in state-operated group homes.

Institutional Services - Medicaid

The budget includes \$47,090,000 and 383 FTE Positions in FY 2024 for Medicaid Institutional Services. These amounts consist of:

General Fund	15,031,900
Long Term Care System Fund (EA)	32,058,100

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$4,349,900 in FY 2024 for standard formula adjustments. This amount consists of:

General Fund	1,560,600
Long Term Care System Fund (EA)	2,789,300

Statewide Adjustments

The budget includes a decrease of \$(81,500) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(23,400)
Long Term Care System Fund (EA)	(58,100)

Background – This line item funds Intermediate Care Facilities for Persons with Intellectual Disabilities (ICF-IIDs) or other nursing facilities, both private and state-operated, including ATP-Coolidge (ATP-C). Including residents of the state-operated group homes (SOGHs), DES reports that ATP-C had an enrollment of 58 in FY 2023, a decrease of (4) from FY 2022.

Statute requires DES to annually provide their plans for ATP-C to the JLBC for review. The Coolidge campus had included both ICF-IIDs as well as SOGHs. However, the federal government has begun to require that the same campus cannot contain both an ICF-IID and a SOGH. As a result, the department has closed all of the Coolidge campus SOGHs as of December 2022. Of the 9 remaining residents at the time of the final closures, 8 residents transferred to an ICF-IID at ATP-C with approval from their guardians, and 1 resident transferred to a setting outside of the ATP-C campus.

Physical and Behavioral Health Services - Medicaid

The budget includes \$541,297,400 and 77 FTE Positions in FY 2024 for Physical and Behavioral Health Services - Medicaid. These amounts consist of:

General Fund	159,130,200
Long Term Care System Fund (EA)	338,500,100
Health Care Investment Fund	43,667,100

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$13,073,000 in FY 2024 for standard formula adjustments. This amount consists of:

General Fund	12,093,600
Long Term Care System Fund (EA)	934,500
Health Care Investment Fund	44,900

Statewide Adjustments

The budget includes a decrease of \$(31,300) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(9,000)
Long Term Care System Fund (EA)	(22,300)

Background – This line item funds DES' subcontracts with AHCCCS health plans to obtain medical services, Children's Rehabilitative Services, and behavioral health services for DD clients in the ALTCS program.

Medicare Clawback Payments

The budget includes \$6,055,500 from the General Fund in FY 2024 for Medicare Clawback Payments. Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$345,200 from the General Fund in FY 2024 for standard formula adjustments associated with Medicare Clawback Payments.

Background – The federal government pays for the prescription drug costs of DDD clients enrolled in Medicare. To partly offset those costs, the federal government requires each state to make "Clawback" payments to Medicare based on a certain percentage of the estimated drug costs.

Targeted Case Management - Medicaid

The budget includes \$15,283,000 and 140.6 FTE Positions in FY 2024 for Targeted Case Management (TCM) - Medicaid. These amounts consist of:

General Fund	4,779,100
Long Term Care System Fund (EA)	10,503,900

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$2,177,000 and 6 FTE Positions in FY 2024 for standard formula adjustments. This amount consists of:

General Fund	1,230,900
Long Term Care System Fund (EA)	946,100

Statewide Adjustments

The budget includes a decrease of \$(38,600) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(9,100)
Long Term Care System Fund (EA)	(29,500)

Background – The TCM program provides case management services to DDD clients that are financially eligible for AHCCCS acute care services but do not meet the functional disability requirements to qualify for ALTCS. A monthly average of 5,424 clients received TCM services in FY 2022.

State Match Transfer from AHCCCS

The budget includes \$982,330,300 from the Long Term Care System Fund Expenditure Authority in FY 2024 for a state match transfer from the Arizona Health Care Cost Containment System (AHCCCS). Adjustments are as follows:

Administrative Pass-Through Adjustment

The budget includes an increase of \$161,211,600 from the Long Term Care System Fund Expenditure Authority in FY 2024 for a state match transfer from AHCCCS. The adjustment is to bring the total amount in line with the department's FY 2024 General Fund appropriation for Medicaid line items within DDD and General Fund monies for DDD in the operating budget.

Because DES needs to send its General Fund match to AHCCCS to fund DDD, this expenditure authority is to clarify the department is not spending beyond its budget load when it spends those monies returned from AHCCCS with Federal Funds.

Developmental Disabilities – State-Only Funding

Case Management - State-Only

The budget includes \$6,335,600 and 60.8 FTE Positions from the General Fund in FY 2024 for Case Management - State-Only. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(18,400) from the General Fund in FY 2024 for statewide adjustments.

Background – This line item funds case management services to clients in the state-only DD program who meet the functional disability requirements but are not financially eligible for the Targeted Case Management program. A monthly average of 4,013 DDD state-only clients received case management state-only services in FY 2022.

Cost-Effectiveness Study - Client Services

The budget includes \$8,420,000 in FY 2024 for Cost-Effectiveness Study (CES) - Client Services. This amount consists of:

General Fund	7,200,000
Special Administration Fund	1,220,000

These amounts are unchanged from FY 2023.

Background – The CES rate represents DES' estimate of the cost of an ALTCS DD client's care if the client were placed in an appropriate institutional setting. The federal waiver for the DD program requires a client's home and community-based services costs to be at or below the cost of an institutional setting to ensure that HCBS services are cost-neutral to the federal government. This program funds the cost above this CES rate, thereby allowing clients to remain in a home and community-based setting. (See the FY 2020 Appropriations Report for more information.)

In FY 2022, an average of 134 individuals per month had costs of care that exceeded CES thresholds. The aggregate amount above the thresholds covered with state-only funds was \$8,909,000.

Home and Community Based Services - State-Only

The budget includes \$14,089,000 from the General Fund in FY 2024 for State-Only Home and Community Based Services. This amount is unchanged from FY 2023.

Background – This line item funds residential programs, day programs, and support services for DD clients that do not financially qualify for ALTCS.

Arizona Early Intervention Program

The budget includes \$14,119,000 from the General Fund in FY 2024 for the Arizona Early Intervention Program (AzEIP). Adjustments are as follows:

Provider Rate Increases

The budget includes an increase of \$4,400,000 from the General Fund in FY 2024 for a provider rate increase. This increase was included in the 3-year spending plan associated with the enacted FY 2023 budget. The FY 2024 spending plan also includes an additional \$4,400,000 increase in FY 2025.

Background – AzEIP provides screening and intervention services for children age 0 to 3 with developmental delays or disabilities. DES receives a capped allotment of Federal Funds for the program through Part C of the Individuals with Disabilities Education Act (IDEA). IDEA Part C is expected to provide \$9,882,000 for AzEIP services in FY 2024. As a result, the total AzEIP funding available is \$24,001,000 in FY 2024.

The funds in this line item represent costs incurred by DES for "AzEIP-Only" children, which include children that are AzEIP-eligible but do not have a qualifying DD diagnosis. AzEIP children with a DD diagnosis continue to be funded within the HCBS State-Only line item. There were 1,925 DDD-eligible children enrolled in the AzEIP program in FY 2022. DES reports there were 16,035 new referrals to AzEIP in FY 2022 and 5,380 referred children were determined eligible.

State-Funded Long Term Care Services

The budget includes \$43,534,700 and 2 FTE Positions in FY 2024 for State-Funded Long Term Care Services. These amounts consist of:

General Fund	9,670,500
Long Term Care System Fund	33,864,200

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of \$856,400 in FY 2024 for standard caseload growth in ALTCS-eligible DD clients receiving residential services with room and board expenses. This amount consists of:

General Fund	281,700
Long Term Care System Fund	574,700

Background – This line item primarily funds room and board expenses (e.g., rent and food) for DDD clients in residential settings. Room and board costs for home and community-based settings are ineligible for Federal Funds reimbursement from AHCCCS.

Group Home Monitoring Program

The budget includes \$1,200,000 from the General Fund in FY 2024 for the Group Home Monitoring Program. This amount is unchanged from FY 2023.

Background – Laws 2022, Chapter 316 authorizes the pilot program to last for 3 years and be contracted to the entity designated to operate the Protection and Advocacy System for Persons with Developmental Disabilities. The entity will monitor group homes for those with complex needs, determining whether clients' needs from their person-centered service plans are being met, services are reducing negative behaviors, and all physical interventions used by group home staff are appropriate. The entity will also investigate complaints and report on all observations and outcomes each year. The entity will report to the Governor, the President of the Senate, and the Speaker of the House by December 31, 2025 on systemic issues and recommendations.

Graham County Rehabilitation Center

The budget includes \$830,000 from the General Fund in FY 2024 for the Graham County Rehabilitation Center. Adjustments are as follows:

Rehabilitation Center Assistance

The budget includes an increase of \$830,000 from the General Fund in FY 2024 for a transfer to a rehabilitation center in Safford, Arizona. The center serves DDD clients as part of its day treatment and training programs. The budget adds a footnote specifying that of the \$830,000, \$800,000 is for the remodeling costs of the center's facilities and \$30,000 is for an afterschool program.

Employment and Rehabilitation Services

Child Care Subsidy

The budget includes \$187,080,200 from the Federal CCDF Block Grant in FY 2024 for child care subsidies. This amount is unchanged from FY 2023.

Background – This line item funds child care subsidies to TANF clients engaged in job activities, low-income working individuals under 85% of the state median income that were below 165% of the FPL at the time of application, and the Transitional Child Care program in which child care subsidies are provided to clients who no longer receive TANF Cash Benefits due to finding employment. DES also processes DCS child care payments, but those monies are appropriated in DCS' budget. (For more information on state funded child care, please refer to the Child Care Program Summary on the JLBC website.)

In addition to the \$187,020,200 in this line item, DES was also appropriated \$1,086,612,800 on a one-time basis in FY 2022 to provide the Department with spending authority for child care monies provided to Arizona as part of federal COVID legislation. The appropriation was non-lapsing. As of March 2023, the department reports spending approximately \$577,700,000 of the one-time funding. This funding will be available through September 30, 2023.

Subsidy Rates – As of April 2023, the department has established rates that are at the 75th percentile of the department's 2022 market rate survey for all age categories. We estimate that the average monthly reimbursement per child is \$492 at the current rate.

Caseloads – According to the department, the estimated number of children receiving child care services in June 2022 was 18,070 (see Table 6) excluding ECDHB- and DCS-related child care.

Table 6

Child Care June Monthly Caseloads

Category	FY 22	FY 23 est	FY 24 est
TANF	534	530	528
Low-Income Working	16,067	18,307	19,808
Transitional Child Care	<u>1,465</u>	<u>1,372</u>	<u>1,255</u>
Total Served	18,066	20,209	21,331

Independent Living Rehabilitation Services

The budget includes \$1,289,400 in FY 2024 for Independent Living Rehabilitation Services. This amount consists of:

General Fund	166,000
Spinal and Head Injuries Trust Fund	1,123,400

These amounts are unchanged from FY 2023.

Background – The line item assists severely disabled individuals in living more independently. Funds are used to purchase technology assistance, adaptive aids and devices, home modifications, and independent living skills training.

The Independent Living Rehabilitation Services program is expected to serve up to 719 clients in FY 2024 at an average Total Funds cost per client of \$2,645. In addition to these clients, the division is also expected to serve 180 Independent Living clients at an average annual cost of \$2,360 per client using federal Social Services Block Grant monies.

JOBS

The budget includes \$11,005,600 in FY 2024 for JOBS. This amount consists of:

General Fund	300,000
Federal TANF Block Grant	9,594,700
Special Administration Fund	1,110,900

These amounts are unchanged from FY 2023.

Background – This line item provides job training and job search services to clients currently receiving TANF Cash Benefits, as well as to former TANF recipients. These services are contracted out to third-party vendors. *Table 7* highlights total estimated expenditures for the JOBS line item.

Table 7

Estimated FY 2023 JOBS Expenditures

<u>Expenditures</u>	<u>Amount</u>
Case Management	\$ 9,244,900
Job Training	687,500
Supplemental Payments	2,100
Work-Related Transportation	771,000
Job Search Stipends	300,000
Total	\$11,005,600

Rehabilitation Services

The budget includes \$7,249,100 in FY 2024 for Rehabilitation Services. This amount consists of:

General Fund	6,594,400
Spinal and Head Injuries Trust Fund	654,700

These amounts are unchanged from FY 2023.

Background – This line item funds services for the physically disabled to return them to the workforce. The federal government provides 78.7% of funding for every 21.3% of state match. The program is expected to serve up to 8,400 clients in FY 2023 at an average Total Funds cost of \$12,800 per client.

Third-party partnerships with government and non-governmental agencies provide portions of the state match.

Workforce Innovation and Opportunity Act Services

The budget includes \$85,824,200 from the Workforce Investment Act Grant in FY 2024 for the Workforce Innovation and Opportunity Act Services line item. Adjustments are as follows:

Base Adjustment

The budget includes an increase of \$30,817,300 from the Workforce Investment Act Grant in FY 2024 for a base adjustment. The adjustment is to bring the total amount in line with the department's most recent 2022 award. The budget modifies a footnote to reflect this base adjustment.

Background – These monies are the state's allotment of the federal WIA Grant for job training activities of dislocated workers and disadvantaged adults and youth. Of the total grant received by the state, 85% is allocated to local governments and 15% is retained at the state level. There is no income eligibility for the program. For eligible adults, priority is given to veterans and their spouses, individuals who are below the poverty line, individuals receiving public assistance, and those who were recently laid off.

Eligible youths must be between the ages of 14 and 24 and have at least one barrier to employment such as homelessness, pregnancy, incarceration, or a disability.

The projected allocation of the WIA Grant for workforce-related programs in FY 2024 is shown in *Table 8*.

Table 8

FY 2024 WIA Grant Allocations

<u>Category</u>	<u>Amount</u>
WIOA Line Item	\$85,824,200
Operating Budget	1,282,400
AG Legal Services	10,000
Total	\$87,116,600

Other Issues

This section includes information on the following topics:

- FY 2023 Adjustments
- Statutory Changes
- Long-Term Budget Impacts
- Unemployment Insurance Benefits Replacement
- Federal TANF Block Grant

FY 2023 Adjustments

The budget assumes that DES General Fund formula expenses for FY 2023 will be \$(195,000,000) lower than the original FY 2023 General Fund appropriation. The \$(195,000,000) surplus is based on the federal government's extension of the enhanced FMAP associated with the COVID-19 public health emergency. The FY 2023 enacted budget assumed the enhanced rate would not be extended into FY 2023. However, the 6.2% enhanced rate is currently available through March 2023, as well as a 5.0% enhanced rate in April 2023 through June 2023. (See *Overall DDD Adjustments in Developmental Disabilities* for additional information on the enhanced match rates.)

The FY 2024 enacted budget does not, however, include an FY 2023 ex-appropriation to account for the savings. Instead, the surplus would be realized through General Fund reversionments.

Statutory Changes

The Human Services Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security (DES) has reasonable suspicion the recipient uses illegal drugs.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, DES' General Fund Developmental Disabilities formula costs are projected to increase by \$120,460,400 in FY 2025 above FY 2024 and \$82,499,900 in FY 2026 above FY 2025.

The FY 2025 estimate is based on:

- 4.5% DDD caseload growth, 3.1% capitation growth, and an estimated 66.13% FMAP.
- The loss of the FY 2024 enhanced match rates.
- \$1,000,000 for homeless youth assistance.
- \$4,400,000 for AzEIP provider rate increases.
- \$(28,160,500) to remove one-time funding.

The FY 2026 estimate is based on:

- 4.5% DDD caseload growth, 3.1% capitation growth, and an estimated 66.27% FMAP.

- \$(1,200,000) to remove funding for the group home monitoring pilot program.

Unemployment Insurance Benefits Replacement

The 3-year spending plan associated with the FY 2023 enacted budget assumed the Executive would spend \$18,600,000 in FY 2024 and \$24,500,000 in FY 2025 from federal American Rescue Plan Act (ARPA) monies for a UI Benefits System Replacement. These monies do not appear in the General Appropriation Act because they are non-appropriated Federal Funds. Including other non-appropriated UI funds committed to the project, the Executive previously estimated the total project cost would be \$73,500,000. The project is intended to ensure timely benefit delivery and provide more flexibility in adapting to changes in federal standards. The UI legacy system has been in place for over 30 years. The project investment justification (PIJ) received approval from the Information Technology Authorization Committee (ITAC) in November 2022.

Federal TANF Block Grant

The budget appropriates \$227,673,400 of the state's Federal TANF Block Grant monies in FY 2024. *Table 9* shows expected yearly revenues, expenditures, and fund balances across 2 agencies.

Table 9

TANF Block Grant Spending

	FY 2022 Actual	FY 2023 Estimated	FY 2024 Estimated
<u>Revenues</u>			
Beginning Balance	\$ 21,062,600	\$ 21,287,300	\$ 16,712,500
TANF Base Revenues	<u>223,098,600</u>	<u>223,098,600</u>	<u>223,098,600</u>
Total TANF Available	\$244,161,200	\$244,385,900	\$239,811,100
<u>Expenditures</u>			
Department of Child Safety	\$157,468,100	\$161,082,200	\$161,082,200
Department of Economic Security			
TANF Cash Benefits	\$ 22,736,400	\$ 22,736,400	\$ 22,736,400
All Other TANF Expenditures	<u>42,669,400</u>	<u>43,854,800</u>	<u>43,854,800</u>
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$ 65,405,800	\$ 66,591,200	\$ 66,591,200
TOTAL - STATEWIDE	\$222,873,900	\$227,673,400	\$227,673,400
Ending Balance	\$ 21,287,300	\$ 16,712,500	\$ 12,137,700

State Board of Education

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	19.0	23.0	23.0 ^{1/}
Personal Services	1,055,000	1,825,800	1,843,300
Employee Related Expenditures	406,300	304,600	302,700
Professional and Outside Services	255,000	600,100	600,100
Travel - In State	3,800	25,500	25,500
Travel - Out of State	5,500	15,000	15,000
Other Operating Expenditures	232,300	376,700	401,000
Equipment	21,800	34,500	34,500
OPERATING SUBTOTAL	1,979,700	3,182,200	3,222,100
SPECIAL LINE ITEMS			
Arizona Empowerment Scholarship Account Appeals	149,900	225,400	227,900
AGENCY TOTAL	2,129,600	3,407,600	3,450,000 ^{2/}

FUND SOURCES

General Fund	2,129,600	3,407,600	3,450,000
SUBTOTAL - Appropriated Funds	2,129,600	3,407,600	3,450,000
TOTAL - ALL SOURCES	2,129,600	3,407,600	3,450,000

AGENCY DESCRIPTION — The State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The board is composed of 11 members: the Superintendent of Public Instruction, the president of a state university or college, 4 lay members, a president or chancellor of a community college district, a charter school administrator, a high school district superintendent, a teacher, and a county school superintendent. The board members other than the Superintendent of Public Instruction are appointed by the Governor for 4-year terms.

FOOTNOTES

^{1/} Includes 2 GF FTE Positions funded from Special Line Items in FY 2024.

^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$3,222,100 and 21 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Educator Misconduct

The budget includes a decrease of \$(23,300) from the General Fund in FY 2024 for the elimination of one-time educator misconduct funding.

Remove One-Time Development and Implementation

The budget includes a decrease of \$(3,800) from the General Fund in FY 2024 for the elimination of one-time policy development and implementation staff funding.

Statewide Adjustments

The budget includes an increase of \$67,000 from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona Empowerment Scholarship Account Appeals

The budget includes \$227,900 and 2 FTE Positions from the General Fund in FY 2024 for Arizona Empowerment Scholarship Account (ESA) Appeals. Adjustments are as follows:

Remove One-Time Appeals Process Implementation

The budget includes a decrease of \$(3,800) from the General Fund in FY 2024 for the elimination of one-time appeals process implementation funding.

This line item includes funding to provide administrative support for the rulemaking process and the appeals process, as well as Attorney General legal services for the appeals program.

A.R.S. § 15-2403 allows a parent to appeal to the State Board of Education any administrative decision made by ADE. Administrative decisions may include determinations of allowable expenses, removal from the ESA program, and enrollment eligibility.

Statewide Adjustments

The budget includes an increase of \$6,300 from the General Fund in FY 2024 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Department of Education

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	202.9	229.9	232.9
Personal Services	4,273,300	5,261,100	7,992,500
Employee Related Expenditures	1,532,900	1,845,100	2,757,200
Professional and Outside Services	963,800	1,057,500	1,332,800
Travel - In State	8,900	21,100	21,100
Travel - Out of State	8,000	30,000	30,000
Other Operating Expenditures	2,807,100	2,858,200	13,446,900
Equipment	13,500	8,500	46,300
OPERATING SUBTOTAL	9,607,500	11,081,500	25,626,800 ^{2/3/4/}
SPECIAL LINE ITEMS			
Formula Programs			
Basic State Aid	5,386,065,800	6,698,407,000	7,091,644,500 ^{5/-11/}
Onetime State Aid Supplement	0	0	300,000,000 ^{12/13/}
State Aid Supplement	75,000,000	75,000,000	75,000,000 ^{14/}
Results-Based Funding	0	68,600,000	0
Special Education Fund	0	36,029,200	36,029,200
Other State Aid to Districts	126,000	983,900	983,900
Classroom Site Fund	962,508,400	946,524,800	1,018,912,500 ^{15/}
Instructional Improvement Fund	42,492,800	60,425,700	60,425,700 ^{16/}
Property Tax Relief			
Additional State Aid	343,499,100	510,093,700	511,613,100
Non-Formula Programs			
Accountability and Achievement Testing	17,906,700	20,442,300	16,442,200 ^{17/18/19/}
Adult Education	4,869,200	21,519,100	21,768,900 ^{20/}
Adult Education and Workforce Development Administration	0	250,000	0
Alternative Teacher Development Program	500,000	500,000	1,800,000
Arizona Civics Education and Leadership Development Program	0	0	300,000
Arizona Empowerment Scholarship Account Administration	2,176,400	4,551,600	0
Arizona English Language Learner Fund	4,960,400	4,960,400	4,960,400
Art Consumables	0	0	10,000,000 ^{21/}
Broadband Expansion Fund Deposit	0	0	5,000,000
Center for High School Success	0	0	1,000,000
Childhood Trauma Awareness and Prevention Training Grants	0	100,000	0
Code Writers Initiative Program	0	1,000,000	0
College Credit by Examination Incentive Program	7,472,100	7,472,100	7,472,100
College Placement Exam Fee Waiver	687,700	1,265,800	1,265,800
Computer Science Professional Development Program	1,000,000	1,000,000	1,000,000
CTED Certification Exam Fee Reimbursement	0	0	1,000,000
CTED Completion Grants	1,000,000	1,000,000	1,000,000 ^{22/23/24/}
CTED Soft Capital and Equipment	1,000,000	1,000,000	1,000,000 ^{25/}
Dual Enrollment Student Development Fund Deposit	0	0	15,000,000
Dual Enrollment Teacher Development Fund Deposit	0	0	500,000
Early Education and Career Exploration Program	0	0	5,000,000
Early Literacy	12,000,000	12,000,000	18,880,000 ^{26/}
Education Learning and Accountability System	5,362,000	5,447,100	5,446,700
English Learner Administration	6,516,800	6,597,100	6,597,000 ^{27/}
Feminine Hygiene Products	0	0	2,000,000
Flagstaff Robotics Program	0	0	20,000

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Foster Home Youth Transitional Housing	0	10,000,000	0
Geographic Literacy	100,000	100,000	100,000 ^{28/}
Gifted Assessments	340,600	850,000	850,000
Gila County Jail Education	0	0	10,000
Invest in Postsecondary Success Program Fund Deposit	0	1,000,000	0
Jobs for Arizona Graduates	100,000	100,000	500,000 ^{29/}
Juvenile detention centers	0	0	52,600 ^{30/}
K-12 Transportation Formula Study	0	0	250,000 ^{31/}
Live, Remote Instructional Courses	0	0	100,000 ^{32/}
Nonprofit Education Initiatives	0	0	100,000 ^{33/}
Nonprofit Low-Income Assistance	0	0	500,000 ^{34/}
Office of Indian Education	0	5,000,000	0
Onetime Electronic Incident Prevention Programs	0	150,000	0
Phoenix Science Education Programs	0	0	2,500,000 ^{35/}
Public School Campus Community Gardens	0	0	100,000 ^{36/}
Public School Campus Trees	0	0	300,000 ^{37/38/}
School Safety Program	11,016,500	81,992,600	81,992,400 ^{39/40/}
State Block Grant for Vocational Education	11,521,700	11,774,700	11,774,300
Student Level Data Access	221,200	357,900	359,000
Teacher Certification	1,351,000	2,554,500	2,544,600
Teacher Professional Development	0	0	3,000,000
Teacher Professional Development Pilot	57,400	0	0
Tribal College Dual Enrollment Program	124,500	325,000	325,000
Youth Summer Education Program	0	0	250,000 ^{41/}
AGENCY TOTAL	6,909,583,800	8,610,456,000	9,353,296,700 ^{42/-45/}
FUND SOURCES			
General Fund	5,443,551,900	7,104,518,600	7,761,079,000
<u>Other Appropriated Funds</u>			
Department of Education Empowerment Scholarship Account Fund	221,200	357,900	359,000
Department of Education Professional Development Revolving Fund	42,300	0	0
Education Sales Tax - Accountability	3,483,400	7,000,000	7,000,000
Permanent State School Fund	309,482,500	328,895,600	342,797,300
Teacher Certification Fund	1,211,400	2,527,900	2,517,700
Tribal College Dual Enrollment Program Fund	124,500	325,000	325,000
SUBTOTAL - Other Appropriated Funds	314,565,300	339,106,400	352,999,000
SUBTOTAL - Appropriated Funds	5,758,117,200	7,443,625,000	8,114,078,000
<u>Expenditure Authority Funds</u>			
Classroom Site Fund	962,508,400	946,524,800	1,018,912,500
Education Sales Tax - Basic State Aid	135,423,800	150,380,500	150,380,500
Education Sales Tax - Character Education	207,100	200,000	200,000
Education Sales Tax - Failing Schools Tutoring Fund	830,800	1,500,000	1,500,000
Education Sales Tax - School Safety	10,003,700	7,800,000	7,800,000
Instructional Improvement Fund	42,492,800	60,425,700	60,425,700
SUBTOTAL - Expenditure Authority Funds	1,151,466,600	1,166,831,000	1,239,218,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	6,909,583,800	8,610,456,000	9,353,296,700
<u>Other Non-Appropriated Funds</u>			
Other Non-Appropriated Funds	18,129,500	21,465,100	21,465,100
Federal Funds	2,452,053,500	2,461,763,000	2,461,763,000
TOTAL - ALL SOURCES	9,379,766,800	11,093,684,100	11,836,524,800

AGENCY DESCRIPTION — The Department of Education (ADE) is headed by the Superintendent of Public Instruction, an elected constitutional officer. ADE currently oversees 236 school districts, accommodation districts and Career Technological Education Districts and 435 charter schools in their provision of public education from preschool through grade 12.

FOOTNOTES

- 1/ Includes 90.6 GF and 34.4 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ The appropriated amount for the operating lump sum includes a onetime increase of \$10,000,000 from the state general fund in fiscal year 2023-2024 for operating expenses. The increase is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriation Act footnote)
- 3/ Any monies available to the department of education pursuant to section 42-5029.02, subsection A, paragraph 8, Arizona Revised Statutes, for the failing schools tutoring fund established by section 15-241, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 8, Arizona Revised Statutes. (General Appropriation Act footnote)
- 4/ Any monies available to the department of education pursuant to section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes, for character education matching grants pursuant to section 15-154.01, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes. (General Appropriation Act footnote)
- 5/ Laws 2022, Chapter 313 appropriated \$800,727,700 from the General fund for the K-12 rollover.
- 6/ The appropriation for basic state aid provides basic state support to school districts for maintenance and operations funding as provided by section 15-973, Arizona Revised Statutes, and includes an estimated \$342,797,300 in expendable income derived from the permanent state school fund and from state trust lands pursuant to section 37-521, subsection B, Arizona Revised Statutes, for fiscal year 2023-2024. (General Appropriation Act footnote)
- 7/ Monies derived from the permanent state school fund and any other non-state general fund revenue source that is dedicated to fund basic state aid shall be spent, whenever possible, before spending state general fund monies. (General Appropriation Act footnote)
- 8/ Except as required by section 37-521, Arizona Revised Statutes, all monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, income from investing permanent state school funds as prescribed by the enabling act and the Constitution of Arizona and all monies received by the superintendent of public instruction from whatever source, except monies received pursuant to sections 15-237 and 15-531, Arizona Revised Statutes, when paid into the state treasury are appropriated for apportionment to the various counties in accordance with law. An expenditure may not be made except as specifically authorized above. (General Appropriation Act footnote)
- 9/ Any monies available to the department of education pursuant to section 42-5029.02, subsection A, paragraph 5, Arizona Revised Statutes, for the increased cost of basic state aid under section 15-971, Arizona Revised Statutes, due to added school days in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 5, Arizona Revised Statutes. (General Appropriation Act footnote)
- 10/ Laws 2022, Chapter 313 appropriated \$89,000,000 in FY 2024 and \$118,000,000 in FY 2025 from the General Fund for increases to District Additional Assistance and Charter Additional Assistance.
- 11/ Laws 2022, Chapter 313 appropriated \$63,000,000 in FY 2024 and \$100,000,000 in FY 2025 from the General Fund for increases to the Free and Reduced-Price Lunch (FRPL) weight.
- 12/ The department of education shall allocate the appropriated amount for the onetime state aid supplement to school districts and charter schools on a pro rata basis using the weighted student count for the school district or charter school for the fiscal year pursuant to section 15-943, paragraph 2, subdivision (a), Arizona Revised Statutes, and increase the budget limits pursuant to section 15-947, Arizona Revised Statutes, accordingly. For the purposes of this paragraph, the weighted student count for a school district that serves as the district of attendance for nonresident pupils shall be increased to include nonresident pupils who attend school in the school district. (General Appropriation Act footnote)
- 13/ A school district may budget the monies that it receives from the onetime state aid supplement line item in either the school district's maintenance and operation fund or unrestricted capital outlay fund. (General Appropriation Act footnote)
- 14/ Laws 2015, 1st Special Session, Chapter 1 appropriated \$50,000,000 annually for FY 2016 through FY 2020 and \$75,000,000 annually for FY 2021 through FY 2025 from the General Fund for school districts and charter schools.
- 15/ Any monies available to the department of education for the classroom site fund pursuant to section 37-521, subsection B, paragraph 4, Arizona Revised Statutes, and section 42-5029.02, subsection A, paragraph 10, Arizona Revised Statutes, in excess of expenditure authority amounts are allocated for the purposes of section 37-521, subsection B, paragraph 4, Arizona Revised Statutes, and section 42 5029.02, subsection A, paragraph 10, Arizona Revised Statutes. (General Appropriation Act footnote)

- 16/ Any monies available to the department of education from the instructional improvement fund established by section 15-979, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 15-979, Arizona Revised Statutes. (General Appropriation Act footnote)
- 17/ Before making any changes to the achievement testing program that will increase program costs, the department of education and the state board of education shall submit the estimated fiscal impact of those changes to the joint legislative budget committee for review. (General Appropriation Act footnote)
- 18/ Any monies available to the department of education for accountability purposes pursuant to section 42-5029.02, subsection A, paragraph 7, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 7, Arizona Revised Statutes. (General Appropriation Act footnote)
- 19/ The department of education may use the appropriated amount for accountability and achievement testing in fiscal year 2023-2024 for costs of the English language proficiency assessments required by section 15-756.05, Arizona Revised Statutes.
- 20/ The appropriated amount for adult education includes \$4,620,000 for the continuing high school and workforce training program established by section 15-217.01, Arizona Revised Statutes, \$6,000,000 for deposit in the adult workforce diploma program fund established by section 15-217.02, subsection B, Arizona Revised Statutes and \$6,000,000 for deposit in the community college adult education workforce development program fund established by section 15-217.03, subsection C, Arizona Revised Statutes. (General Appropriation Act footnote)
- 21/ The appropriated amount for art consumables shall be distributed for grants of not more than \$1,000 per recipient to public school arts teachers and any public school teachers for preschool through third grade for arts supplies, materials and instructional aids that are of a consumable nature as defined by the uniform system of financial records prescribed by the auditor general pursuant to section 15-271, Arizona Revised Statutes. (General Appropriation Act footnote)
- 22/ Monies appropriated for CTED completion grants are intended to help fund program completion for students who complete at least fifty percent of a career technical education program before graduating from high school and who successfully complete the career technical education district program after graduating from high school. The application procedures shall award grant funding only after an eligible student has successfully completed a career technical education district program. (General Appropriation Act footnote)
- 23/ If the appropriated amount for CTED completion grants is insufficient to fund all grant requests from career technical education districts, the department of education shall reduce grant amounts on a proportional basis in order to cap total statewide allocations at \$1,000,000. (General Appropriation Act footnote)
- 24/ The appropriated amount for CTED completion grants is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- 25/ The department of education shall distribute the appropriated amount for CTED soft capital and equipment to career technical education districts with fewer than two thousand average daily membership pupils for soft capital and equipment expenses. The appropriated amount shall be allocated on a pro rata basis based on the average daily membership of eligible career technical education districts. (General Appropriation Act footnote)
- 26/ Before spending the \$6,880,000 increase in the appropriated amount for the early literacy line item for literacy coaches, kindergarten entry assessments, dyslexia training or science of reading exams, the department of education shall submit an expenditure plan to the joint legislative budget committee and the governor's office of strategic planning and budgeting. The department shall report its actual expenditures for the early literacy line item for literacy coaches, kindergarten entry assessments, dyslexia training and science of reading exams to the joint legislative budget committee on or before July 31, 2024. (General Appropriation Act footnote)
- 27/ The department of education shall use the appropriated amount for English learner administration to provide English language acquisition services for the purposes of section 15-756.07, Arizona Revised Statutes, and for the costs of providing English language proficiency assessments, scoring and ancillary materials as prescribed by the department of education to school districts and charter schools for the purposes of title 15, chapter 7, article 3.1, Arizona Revised Statutes. The department may use a portion of the appropriated amount to hire staff or contract with a third party to carry out the purposes of section 15-756.07, Arizona Revised Statutes. Notwithstanding section 41-192, Arizona Revised Statutes, the superintendent of public instruction also may use a portion of the appropriated amount to contract with one or more private attorneys to provide legal services in connection with the case of Flores v. State of Arizona, No. CIV 92-596-TUC-RCC. (General Appropriation Act footnote)
- 28/ The department of education shall use the appropriated amount for geographic literacy to issue a grant to a statewide geographic alliance for strengthening geographic literacy in this state. (General Appropriation Act footnote)
- 29/ The department of education shall use the appropriated amount for jobs for Arizona graduates to issue a grant to a nonprofit organization for a JOBS for Arizona graduates program. (General Appropriation Act footnote)
- 30/ The appropriated amount for juvenile detention centers includes \$22,600 for Yavapai county, \$20,000 for Pinal county and \$10,000 for Maricopa county. (General Appropriation Act footnote)

- 31/ The appropriated amount for the K-12 transportation formula study shall be used to develop a per pupil weighted transportation funding formula for K-12 students. The appropriated amount shall be used only for the costs associated with developing the per pupil weighted transportation formula. On or before December 31, 2023, the department of education shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives education committees, the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting that includes at least the following information:
1. The amount determined to be the per pupil base transportation amount for every K-12 student.
 2. The appropriate weight for students with extraordinary needs.
 3. The appropriate weight for students in grades nine through twelve.
 4. The appropriate weight for foster and homeless students.
 5. The appropriate sparsity weight for rural, remote and isolated students, including long-distance open enrollment students. (General Appropriation Act footnote)
- 32/ The appropriated amount for live, remote instructional courses is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until December 31, 2025. (General Appropriation Act footnote)
- 33/ The department of education shall distribute the appropriated amount for nonprofit education initiatives to a nonprofit organization based in Scottsdale that is qualified under section 501(c)(3) of the internal revenue code and that provides scholarships and other educational programming and promotes youth activities, sports and cultural enrichment. (General Appropriation Act footnote)
- 34/ The department of education shall distribute the appropriated amount for nonprofit low-income assistance to a nonprofit organization that is qualified under section 501(c)(3) of the internal revenue code and that provides low-income children in kindergarten programs and grades one through eight with new clothing and shoes, hygiene kits, and new books. (General Appropriation Act footnote)
- 35/ The department shall distribute the appropriated amount for Phoenix science education programs to an organization that is based in Phoenix and that provides science, technology, engineering and math education programs and professional development training. (General Appropriation Act footnote)
- 36/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 37/ The department of education shall distribute the appropriated amount for public school campus trees for grants to public schools to plant low biogenic volatile organic compound-emitting trees on school campuses that are appropriate for each school's respective climate. Until December 31, 2023, the department shall distribute the appropriated amount on a first-come, first-served basis only to public schools in this state at which seventy-five percent or more of the students are eligible for free or reduced-price lunches under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1793). If any monies remain undistributed from and after December 31, 2023, the department shall distribute the monies on a first-come, first-served basis to public schools in this state. The department may require each public school that receives grant monies to issue a report regarding the school's use of monies received. A public school that receives monies from the department may partner with nonprofit organizations to plant the trees on the school's campus. (General Appropriation Act footnote)
- 38/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 39/ The amount appropriated for the school safety program in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 31 included an increase of \$50,000,000 for additional school safety grants. In allocating the \$50,000,000 increase, the department of education shall first distribute monies to schools on the school safety program waiting list to receive grants for the costs of placing school resource officers on school campuses. The awarded grants may not supplant funding provided by local governments for school resource officers. If the total cost of funding grants for school resource officer costs is less than \$50,000,000, the department may allocate the remaining monies to grants to schools for the costs of placing school counselors and social workers on school campuses pursuant to section 15-154, Arizona Revised Statutes. (General Appropriation Act footnote)
- 40/ Any monies available to the department of education for school safety pursuant to section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes. (General Appropriation Act footnote)
- 41/ The department shall distribute the appropriated amount for the youth summer education program to a nonprofit organization that is based in Globe and that provides summer education programs for youth. (General Appropriation Act footnote)
- 42/ After review by the joint legislative budget committee, in fiscal year 2023-2024, the department of education may use a portion of its fiscal year 2023-2024 state general fund appropriations for basic state aid, additional state aid or the special education fund to fund a shortfall in funding for basic state aid, additional state aid or the special education fund, if any, that occurred in fiscal year 2022-2023. (General Appropriation Act footnote)

- 43/ The department shall provide an updated report on its budget status every three months for the first half of each fiscal year and every month thereafter to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees, the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting. Each report shall include, at a minimum, the department's current funding surplus or shortfall projections for basic state aid and other major formula-based programs and is due thirty days after the end of the applicable reporting period. (General Appropriation Act footnote)
- 44/ Within fifteen days after each apportionment of state aid that occurs pursuant to section 15-973, subsection B, Arizona Revised Statutes, the department shall post on its website the amount of state aid apportioned to each recipient and the underlying data. (General Appropriation Act footnote)
- 45/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Summary

ADE's FY 2024 General Fund spending increases by \$656,560,400, or 9.2% above the final FY 2023 appropriation (including the FY 2023 supplemental). The budget includes the following funding changes:

Standard Formula Adjustments

The budget includes a net increase of \$316,179,200 from the General Fund for standard formula adjustments, consisting of:

- An increase of \$221,870,800 for enrollment growth.
- An increase of \$157,690,700 for a 2.0% inflator.
- A decrease of \$(51,850,000) for local property tax growth due to new construction
- Increased Homeowner's Rebate expenses of \$2,369,400.
- A decrease of \$(13,901,700) to offset higher available endowment earnings under Proposition 123.

Policy Issues

The budget also includes a net increase of \$340,381,200 for new policy issues as well as other adjustments in accordance with the 3-year spending plan associated with the enacted FY 2023 budget, including:

- An increase of \$300,000,000 for a one-time state aid supplement.
- An increase of \$68,600,000 for an additional 0.92% increase to the Base Level.
- A decrease of \$(68,600,000) to eliminate Results-Based Funding.
- A decrease of \$(65,000,000) to remove one-time funding from FY 2023 to reduce the K-12 rollover.
- An increase of \$49,000,000 for increases to Additional Assistance. This amount includes an increase of \$29,000,000 to increase the per pupil amounts in the District Additional Assistance (DAA) and Charter Additional Assistance (CAA) formulas pursuant to section 127 of the FY 2023 General Appropriation Act and \$20,000,000 for an additional 4.35% increase to DAA.

- An increase of \$15,500,000 for dual enrollment programs.
- An increase of \$13,000,000 to increase the Group B weight for students eligible for the federal Free and Reduced-Price Lunch (FRPL) program pursuant to section 127 of the FY 2023 General Appropriation Act.
- An increase of \$10,000,000 for one-time ADE operating expenses through FY 2026.
- An increase of \$10,000,000 for Art Consumables.
- An increase of \$5,000,000 for a Broadband Expansion Fund Deposit.
- An increase of \$5,000,000 for early education and career exploration.
- A decrease off \$(2,104,000) for all other miscellaneous adjustments.

As part of the budget's 3-year spending plan, ADE General Fund costs are projected to decrease by \$(48,977,300) in FY 2025 compared with FY 2024 and increase by \$549,427,200 in FY 2026 above FY 2025. *(See Other Issues for more information.)*

Operating Budget

The budget includes \$25,626,800 and 107.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$23,774,200
Teacher Certification Fund	152,600
Education Sales Tax - Failing Schools	
Tutoring Fund	1,500,000
Education Sales Tax - Character Education	200,000

Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$10,000,000 from the General Fund in FY 2024 for a one-time increase to ADE's operating budget. A General Appropriation Act footnote

stipulates that the \$10,000,000 is non-lapsing until June 30, 2026.

ESA Administrative Funding Shift

The budget includes an increase of \$4,551,600 and 52 FTE Positions from the General Fund in FY 2024 to shift administrative funding for the Empowerment Scholarship Account program from a separate line item to the agency's operating budget.

Statewide Adjustments

The budget includes a decrease of \$(6,300) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(6,000)
Teacher Certification Fund	(300)

(Please see the Agency Detail and Allocations section.)

Formula Programs

Basic State Aid

The budget includes \$7,091,644,500 in FY 2024 for Basic State Aid. This amount consists of:

General Fund	6,598,466,700
Permanent State School Fund	342,797,300
Education Sales Tax - Basic State Aid	150,380,500

The \$7,091,644,500 total does not include local property taxes that will help fund K-12 formula costs for FY 2024, as they are non-appropriated (see Table 1).

Adjustments are as follows:

Table 1

FY 2024 Basic State Aid Formula Summary (estimated)

General Fund	
FY 2023 Appropriation (With Supplemental)	\$6,219,130,900
Enrollment Growth	221,870,800
2.0% Inflator	157,690,700
Additional 0.92% Base Level Increase	68,600,000
Property Taxes from New Construction	(51,850,000)
Endowment Earnings	(13,901,700)
Rollover Payoff	(65,000,000)
DAA/CAA Increase	49,000,000
FRPL Weight	13,000,000
County Jail Education Programs	76,000
Veterans Property Tax Exemption	(150,000)
FY 2024 Budget	\$6,598,466,700
Permanent State School Fund	
FY 2023 Appropriation	\$ 328,895,600
Estimated FY 2024 Growth	<u>13,901,700</u>
FY 2024 Budget	\$ 342,797,300
Education Sales Tax	
FY 2024 Budget	\$ 150,380,500
Local Property Taxes ¹	
FY 2024 Budget - estimated	<u>\$2,590,507,100</u>
Grand Total (all sources)	\$9,682,151,600

^{1/} Non-appropriated, so excluded from appropriated totals.

Enrollment Growth

The budget includes an increase of \$221,870,800 from the General Fund in FY 2024 for enrollment growth. The \$221,870,800 increase consists of:

- An increase of \$150,155,700 for enrollment growth in the ESA program. The budget assumes that enrollment in the Universal ESA program reaches 52,500 in FY 2024. Total ESA enrollment (including participants in the original program) would increase to 68,380 in FY 2024, or an increase of 15,936 above the final FY 2023 appropriation. In comparison to the originally enacted FY 2023 budget, which did not include any adjustments for universal ESA awards

Table 2

K-12 Enrollment Estimates (Unweighted) ^{1/}

Fiscal Year	District	Charter	Public Subtotal	Original ESA	Universal ESA	ESA Subtotal	Grand Total	Change	% Change
2017	915,797	179,788	1,095,585	3,360	0	3,360	1,098,945	9,444	0.9%
2018	913,665	189,869	1,103,534	5,042	0	5,042	1,108,576	9,631	0.9%
2019	906,004	201,757	1,107,761	6,450	0	6,450	1,114,211	5,635	0.5%
2020	907,121	208,438	1,115,559	7,781	0	7,781	1,123,340	9,129	0.8%
2021	857,139	220,678	1,077,817	9,777	0	9,777	1,087,594	(35,746)	(3.2)%
2022	875,517	220,379	1,095,896	11,699	0	11,699	1,107,595	20,082	1.8%
2023 est	873,827	223,660	1,097,487	14,390	38,054	52,444	1,149,931	42,336	3.8%
2024 est	866,154	235,551	1,101,705	15,880	52,500	68,380	1,170,085	20,154	1.8%
2025 est	856,930	244,752	1,101,682	17,548	57,400	74,948	1,176,630	6,545	0.6%
2026 est	847,540	254,196	1,101,736	19,215	62,200	81,415	1,183,151	6,521	0.6%

^{1/} ESA enrollment figures are for the fourth quarter as of June 1, 2023 based on the department's County-Associated District Report. Excludes ESA enrollees approved for funding for FY 2024 as of that date who did not receive any funding for FY 2023. As of June 26, 2023, ADE reported that 61,095 enrollees have been approved for FY 2024 ESA funding.

authorized by Laws 2022, Chapter 388, the increase is \$424,987,600. (*See Universal Empowerment Scholarship Eligibility in Other Issues for more information on ESA enrollment projections*).

- An increase of \$71,715,100 for higher public school enrollment. The budget assumes that public school enrollment reaches 1,101,705 in FY 2024, or 0.4% above preliminary FY 2023 public school student counts of 1,097,487. While public school enrollment would grow 0.4% in aggregate, district enrollment is assumed to decline by (0.9)% while charters would grow by 5.3% based on recent trends.

Total enrollment across ESAs and public schools would reach an estimated 1,149,931 in FY 2023 (3.8% increase above FY 2022) and 1,170,085 in FY 2024 (1.8% increase above FY 2023) (*See Table 2*). The 3.8% enrollment growth in FY 2023 resulted in ADE formula expenses exceeding the original FY 2023 General Fund Appropriation (*See Other Issues for more information*).

2.0% Inflation Adjustment

The budget includes an increase of \$157,690,700 from the General Fund in FY 2024 for a 2.0% inflation increase in the per pupil base level prescribed in A.R.S. § 15-901B2, the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school Additional Assistance amounts prescribed in A.R.S. § 15-185B.

A.R.S. § 15-901.01 (established by Proposition 301) requires the Legislature to increase the “base level or other components of the Revenue Control Limit” (RCL) by 2% or by the change in the GDP price deflator for the most recent prior calendar year, whichever is less. For calendar year 2022, the current estimated increase in the GDP price deflator is 7.01%. The budget therefore includes the minimum required 2.0% adjustment. A.R.S. §15-901.01 prohibits the Legislature from setting a base level that is lower than the FY 2002 base level of \$2,687.32. (*See the FY 2016 Appropriations Report for more information*).

Additional 0.92% Base Level Increase

The budget includes an increase of \$68,600,000 from the General Fund in FY 2024 for an additional 0.92% increase to the Base Level. Including the 2.0% regular inflation adjustment, the total Base Level increase is 2.92%, resulting in an FY 2024 Base Level of \$4,914.71. The additional 0.92% offsets in aggregate a reduction of \$(68,600,000) for the elimination of Results-Based Funding (*Please see Results-Based Funding line item for additional information*).

Property Taxes from New Construction

The budget includes a decrease of \$(51,850,000) from the General Fund in FY 2024 due to a 2.35% increase in

statewide Net Assessed Value (NAV) from new construction. This will increase local property tax revenues from the K-12 “Qualifying Tax Rate” (QTR) by an estimated \$51,850,000 in FY 2024. It also will decrease state costs by \$(51,850,000), since QTR revenues offset state formula costs on a dollar for dollar basis.

Statewide NAV for property already on the tax rolls (“existing property”) will increase by 3.53% in FY 2024, resulting in a net 5.88% NAV increase for new construction and existing property combined for FY 2024.

The 3.53% NAV increase for existing property will not affect net QTR collections in FY 2024 because A.R.S. § 41-1276 (the “Truth in Taxation” or “TNT” law) requires the QTR to be adjusted each year to offset NAV changes for existing properties. As a result, the QTR will decrease to \$3.3098 (from \$3.4266 currently) in FY 2024 to offset the estimated 3.53% NAV increase for existing property (*see Table 3*).

Table 3

Tax Rate	TNT Tax Rates	
	FY 2023	FY 2024
Qualifying Tax Rate (QTR)		
• High School districts and elementary districts located within a high school district	\$1.7133	\$1.6549
• Unified districts and elementary districts not located within a high school district	\$3.4266	\$3.3098

Proposition 117 from the November 2012 General Election capped annual growth in existing property values at 5% starting in FY 2016. (*See the FY 2016 Appropriations Report for more information*.)

Veterans Property Tax Exemption

The budget includes a decrease of \$(150,000) from the General Fund in FY 2024 associated with Proposition 130, which establishes a property tax exemption for veterans with disabilities in direct proportion to the percentage rating of the veteran's disability. The exemption is estimated to reduce statewide net assessed value for existing property by \$(99.0) million. Under Truth-in-Taxation, the reduction net assessed value will result in the QTR being higher than it otherwise would be in the absence of the exemption, generating additional QTR revenues from newly constructed property.

Proposition 130 will also serve to reduce Homeowner's Rebate expenses by an estimated \$(850,000). Including the Homeowner's Rebate savings, the total General Fund impact of Proposition 130 on ADE is a General Fund savings of \$(1,000,000). (*See the Additional State Aid line item for more information*).

Endowment Earnings Growth

The budget includes a decrease of \$(13,901,700) from the General Fund and an increase of \$13,901,700 from the Permanent State School Fund in FY 2024 for endowment earnings funding for Basic State Aid. The General Fund savings assumes that K-12 endowment earnings for Basic State Aid from the State Land Department and State Treasurer combined under Proposition 123 will equal \$342,797,300 for FY 2024, which would be \$13,901,700 more than the \$328,895,600 total assumed for FY 2023 (see Table 4).

A.R.S. § 37-521 caps the amount of K-12 endowment earnings that may be used for SFB debt service and Basic State Aid combined at the FY 2001 level of endowment earnings, which was \$72,263,000. All endowment earnings above \$72,263,000 go to the Classroom Site Fund established by A.R.S. § 15-977, except that Laws 2015, 1st Special Session, Chapter 1 appropriates for Basic State Aid any increase in State Treasurer land trust distributions from the new 4.4% distribution starting in FY 2016. (See Other Issues section on Endowment Earnings and Proposition 123 Background on JLBC website for more information).

Table 4 Estimated K-12 Endowment Earnings for Basic State Aid ^{1/}			
Source	FY 2023	FY 2024	Change
Original 2.5%	\$72,263,000	\$72,263,000	\$0
Prop 123 4.4%	<u>256,632,600</u>	<u>270,534,300</u>	<u>13,901,700</u>
Total	\$328,895,600	\$342,797,300	\$13,901,700

^{1/} These earnings also fund the Classroom Site Fund (see Table 8).

Rollover

The budget includes a decrease of \$(65,000,000) from the General Fund in FY 2024 to eliminate one-time funding to reduce the K-12 rollover. The FY 2023 budget allocated \$65,000,000 on a one-time basis in FY 2023 to eliminate the rollover for districts with more than 2,000 but less than 4,000 pupils, which reduced the ongoing K-12 rollover from \$865,727,700 to \$800,727,700.

The budget continues the ongoing \$800,727,700 rollover amount in FY 2024. Section 122 of the FY 2024 General Appropriation Act advance appropriates \$800,727,700 from the General Fund in FY 2025 to fund the \$800,727,700 deferred obligation from FY 2024.

Additional Assistance Formula Increase

The budget includes an increase of \$49,000,000 from the General Fund in FY 2024 to increase the per pupil formula amounts for District Additional Assistance (DAA) and Charter Additional Assistance (CAA) in FY 2024, including:

- \$43,122,000 for DAA, consisting of \$23,122,000 advance-appropriated by section 127 of the FY 2023 General Appropriation Act and an additional \$20,000,000 increase. The \$43,122,000 results in an increase of 9.38% in the DAA per pupil formula allocations for FY 2024.
- \$5,878,000 for CAA pursuant to section 127 of the FY 2023 General Appropriation Act. Including the standard 2.0% inflation adjustment for CAA, the total increase in the CAA per pupil amounts is 3.2% in FY 2024.

The advance-appropriated amounts above do not appear in the FY 2024 General Appropriation Act.

Section 128 of the FY 2023 General Appropriation Act appropriates \$118,000,000 in FY 2025 (\$29,000,000 increase above FY 2024) for further increases to the DAA/CAA formulas in that year and continues to be allocated proportionately on a per-pupil basis.

Free and Reduced-Price Lunch Weight Increase

The budget includes an increase of \$13,000,000 from the General Fund in FY 2024 to increase funding for the Group B weight for children eligible for the federal Free and Reduced-Price Lunch (FRPL) program (primarily includes children in families with incomes that are 185% or less of the Federal Poverty Level). The associated per pupil funding increase from the weight is an estimated \$22 in FY 2024. These monies were advanced appropriated in Section 127 of the FY 2023 General Appropriation Act, and therefore do not appear in the FY 2024 General Appropriation Act.

Section 128 of the General Appropriation Act appropriates \$100,000,000 in FY 2025 (\$37,000,000 increase above FY 2024) for further increase to the FRPL weight in that year.

One-Time County Jail Education Increase

The budget includes a one-time increase of \$76,000 from the General Fund in FY 2024 to suspend the 72% formula funding factor for county jail education programs in FY 2024 pursuant to section 19 of the FY 2024 K-12 BRB. Such programs will instead be funded at 100% for FY 2024. The 3-year spending plan associated with the enacted budget designates this increase as one-time.

Onetime State Aid Supplement

The budget includes \$300,000,000 from the General Fund in FY 2024 for Onetime State Aid Supplement funding. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$300,000,000 from the General Fund in FY 2024 for Onetime State Aid Supplement funding. A General Appropriation Act footnote stipulates that these monies shall be distributed to school districts and charter schools on a pro-rata basis using Group A weighted student counts, including nonresident attending students at school districts (same allocation as State Aid Supplement monies appropriated in conjunction with Proposition 123). Districts and charter schools may budget the monies for maintenance and operations or capital purposes. The 3-year spending plan associated with the enacted FY 2024 budget designates these monies as onetime.

State Aid Supplement

The budget includes \$75,000,000 from the General Fund in FY 2024 for State Aid Supplement funding. This amount is unchanged from FY 2023.

Laws 2015, 1st Special Session Chapter 1 appropriated \$50,000,000 annually for FY 2016 through FY 2020 and \$75,000,000 annually for FY 2021 through FY 2025 for State Aid Supplement funding. The monies are distributed to districts and charter schools based on weight student counts, adjusted for nonresident pupils attending district schools. The State Aid Supplement amounts for FY 2016 through FY 2025 do not appear in the General Appropriation Acts for those years, since they already were advance appropriated by Chapter 1.

The State Aid Supplement, in conjunction with Proposition 123, serves to provide additional funding for school districts and charter schools through FY 2025 as part of the state's resolution with plaintiffs in the *Cave Creek Unified School District V. Ducey* litigation (See the FY 2017 Appropriations Report).

Results-Based Funding

The budget includes no funding in FY 2024 for Results-Based Funding. Adjustments are as follows:

Repeal Results-Based Funding

The budget includes a decrease of \$(68,600,000) from the General Fund in FY 2024 to eliminate Results-Based Funding. Section 2 of the FY 2024 K-12 BRB permanently repeals the program. The program previously provided per pupil funding allocations ranging from \$225 to \$400 based on statewide assessment scores. The budget offsets the elimination of Results-Based Funding by reallocating the \$68,600,000 for the program to an additional 0.92% increase to the Base Level component of

the K-12 basic state aid formula (*Please see the Basic State Aid line item for more information.*)

Special Education Fund

The budget includes \$36,029,200 and 2 FTE Positions from the General Fund in FY 2024 for the Special Education Fund Line Item. These amounts are unchanged from FY 2023.

Background - The Special Education Fund provides funding for special education costs of students from 1) Arizona State Schools for the Deaf and the Blind, 2) Arizona State Hospital (ASH), or 3) programs for the developmentally disabled operated by the Department of Economic Security (DES) (A.R.S. § 15-1202). It also funds costs of residential education for students who require a private residential special education placement, or who are placed in a residential education facility by a state placing agency.

A.R.S. § 15-1184 and A.R.S. § 15-1204 establish funding formulas for vouchered residential special education and vouchered ASDB or other state institutional placements, respectively. Voucher formula costs are primarily driven by the per pupil base level in the Basic State Aid formula.

Laws 2023, Chapter 178 authorizes vouchered residential special education placements to receive a 5% increase to their Base Level used to compute vouchers if the placement offers a 200-day school year. We estimate the bill will increase Special Education Fund expenses by \$350,000 annually. The enacted budget did not include adjustments to the Special Education Fund line item to account for the estimated cost increase.

Other State Aid to Districts

The budget includes \$983,900 from the General Fund in FY 2024 for Other State Aid to Districts. This amount is unchanged from FY 2023.

This amount includes \$880,200 (unchanged) for Certificates of Educational Convenience pursuant to A.R.S. § 15-825 and \$103,700 (unchanged) for Assistance to School Districts for Children of State Employees (ASDCSE) pursuant to A.R.S. § 15-976.

Classroom Site Fund

The budget includes \$1,018,912,500 in FY 2024 from Classroom Site Fund (CSF) expenditure authority for the Classroom Site Fund. Adjustments are as follows:

Increased Funding

The budget includes an increase of \$72,387,700 from the Classroom Site Fund in FY 2024 for an increase in the CSF per pupil amount from \$708 in FY 2023 to \$758 in FY 2024. The increase was computed and reported by the JLBC Staff on March 30, 2023 pursuant to A.R.S. § 15-977G1.

Background – The CSF is established by A.R.S. § 15-977 and provides additional funding to public schools from the education sales tax and K-12 endowment earnings. Schools must spend these monies on class size reduction, teacher compensation including a base pay and performance pay component, assessment intervention programs, teacher development, dropout prevention programs, teacher liability insurance premiums, or student support services.

Expenditure Authority does not affect the department's access to funding from the education sales tax or land trust endowment earnings, as a General Appropriation Act footnote allows the department to spend whatever funding is available.

Instructional Improvement Fund

The budget includes \$60,425,700 from Instructional Improvement Fund Expenditure Authority in FY 2024 for the Instructional Improvement Fund. This amount is unchanged from FY 2023.

The Instructional Improvement Fund (IIF) is established by A.R.S. § 15-979 and receives shared revenues from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. IIF monies are distributed to school districts, charter schools and the Arizona State Schools for the Deaf and the Blind based on their student counts. Up to 50% of the monies in the fund may be expended for teacher compensation increases and class size reduction, while the remaining monies must be allocated to dropout prevention programs and instructional improvement programs, including programs to develop minimum reading skills for students by the end of third grade.

Property Tax Relief

Additional State Aid

The budget includes \$511,613,100 from the General Fund in FY 2024 for Additional State Aid, otherwise known as the Homeowners' Rebate program. Adjustments are as follows:

Prior Year Base Adjustment

The budget includes a decrease of \$(16,278,400) from the General Fund in FY 2024 to reflect lower-than-budgeted costs for Additional State Aid for FY 2023. The FY 2023 budget assumed that Additional State Aid would cost \$510,093,700 for FY 2023 for the Homeowner's Rebate and 1% Cap combined. The actual combined cost, however, is \$493,815,300 as reported by the Arizona Department of Revenue (DOR) in October 2022 pursuant to A.R.S. § 15-972H. Starting point costs for Additional State Aid for FY 2024 therefore will be \$(16,278,400) less than the FY 2023 appropriation.

Decrease Commercial Assessment Ratio

The budget includes an increase of \$4,600,000 from the General Fund in FY 2024 for increased Additional State Aid Costs associated with a decrease in the assessment ratio for commercial property from 17.5% in FY 2023 to 17.0% in FY 2024. This change was previously enacted by section 10 of the FY 2022 Omnibus Tax Bill, which decreases the commercial property assessment ratio by (0.5)% increments each year until it reaches 16.0% for FY 2026 and each year thereafter. The 3-year spending plan included \$4,600,000 for this change in FY 2024.

Laws 2022, Chapter 171 further reduces the commercial assessment ratio to 15.5% in FY 2027 and 15.0% in FY 2028.

Veterans Property Tax Exemption

The budget includes a decrease of \$(850,000) from the General Fund in FY 2024 for reduced Homeowner's Rebate expenses associated with Proposition 130, which establishes a property tax exemption for veterans with disabilities in direct proportion to the percentage rating of the veteran's disability. The exemption reduces Homeowner's rebate expenses because eligible veterans will pay lower school district taxes and thereby receive a proportionately lower rebate on their property tax bills. *(See the Basic State Aid line item for more information).*

New Homes

The budget includes an increase of \$14,047,800 from the General Fund in FY 2024 for increased Additional State Aid costs associated with new home construction. The \$14,047,800 estimate assumes that Class 3 properties (owner occupied homes) will account for 50% of statewide property tax growth from new construction in FY 2024.

Background – The Additional State Aid program funds the Homeowner's Rebate and any portion of a homeowner's primary property taxes for all taxing jurisdictions combined (not just schools) that exceeds 1% of the full cash value of their home (the "1% Cap").

The “1% cap” pertains to Article IX, Section 18 of the State Constitution, which caps Class 3 primary property taxes at no more than 1% of a home’s full cash value and was added to the State Constitution in 1980. It applies any time a homeowner’s net combined primary property tax rate for all taxing jurisdictions combined exceeds \$10 per \$100 of NAV even after the Homeowner’s Rebate is applied.

The 1% cap historically has been implemented by having the state backfill any primary property tax costs for homeowners that exceed the 1% cap, rather than by requiring all taxing jurisdictions in an area (such as cities, counties, school districts and community colleges) to coordinate their respective primary property tax rates to keep their combined primary rate below \$10 per \$100 of NAV. Related language in the State Constitution, however, does not specify a mechanism for enforcing the 1% cap.

Non-Formula Programs

Accountability and Achievement Testing

The budget includes \$16,442,200 and 24.4 FTE Positions in FY 2024 for Accountability and Achievement Testing. These amounts consist of:

General Fund	9,442,200
Education Sales Tax - Accountability	7,000,000

Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(4,000,000) from the General Fund in FY 2024 to remove one-time funding for ADE’s achievement testing contracts. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Statewide Adjustments

The budget includes a decrease of \$(100) from the General Fund in FY 2024 for statewide adjustments.

Background – This line item funds costs of developing, administering and scoring achievement tests adopted and implemented by the State Board of Education pursuant to A.R.S. § 15-741. It includes the following exams in FY 2023:

- Arizona Academic Standards Assessment (AASA), which assesses proficiency in reading, writing and math. Pupils in grades 3 through 8 take an English and language arts and math exam administered

- annually, while High School pupils instead take the ACT Aspire exam in grade 9 and the ACT in grade 11.
- AzSCI, which assesses proficiency in science in grades 5, 8, and 11. Pupils are not required, however, to meet or exceed the science standards tested by the exam.
- Multi-State Alternative Assessment (MSAA), which assesses proficiency in English and language arts, math, and science for students with cognitive disabilities.

Students who are English Language Learners (ELL) must also take the Arizona English Language Learner Assessment (AZELLA). While AZELLA costs are funded in the English Learner Administration line item, a General Appropriation Act footnote also permits ADE to use monies in the Accountability and Achievement Testing line item for AZELLA expenses.

Adult Education

The budget includes \$21,768,900 and 4 FTE Positions from the General Fund in FY 2024 for Adult Education. Adjustments are as follows:

Administrative Funding Transfer

The budget includes an increase of \$250,000 and 1 FTE Position from the General Fund in FY 2024 to transfer administrative funding from the Adult Education and Workforce Development Administration line item to Adult Education. This change will fund administrative and programmatic expenses for the Continuing High School and Workforce Training program, the Adult Workforce Diploma Program, and the Community College Adult Education Workforce Development Program in the same line item, similar to all other adult education programs. The 3-year spending plan associated with the enacted FY 2023 budget assumes the administrative allocation for these programs will be reduced to \$150,000 in FY 2025.

Statewide Adjustments

The budget includes a decrease of \$(200) from the General Fund in FY 2024 for statewide adjustments.

Background – The Adult Education program in ADE provides instruction in the following areas to adult learners who are at least 16 years of age: 1) English language acquisition; 2) adult basic education, including GED preparation; 3) adult secondary education; 4) civics; and 5) basic computer literacy skills.

The budget continues a General Appropriation Act footnote that stipulates minimum allocations to specific Adult Education programs:

- \$4,620,000 is for the Continuing High School and Workforce Training Program established in A.R.S. § 15-217.01. The program provides \$7,700 per student to districts and charter schools that contract with a nonprofit organization to provide adults with alternative study services that lead to a high school diploma and industry-recognized credentials. Section 14 of the FY 2024 K-12 BRB limits total participation in the program to 600 in FY 2024, 800 in FY 2025, and 1,400 in FY 2026 and each year thereafter. The original authorizing language in the FY 2023 K-12 BRB had an earlier phase-in of the program caps, which would have reached 1,400 students by FY 2025. The delay in the full phase-in to 1,400 students is due to lower-than anticipated enrollment in the first year of the program (FY 2023).
- \$6,000,000 is for deposit in the Adult Workforce Diploma Program Fund established in A.R.S. § 15-217.02. The Adult Workforce Diploma Program is established to assist adults in earning a high school diploma and earning career and technical skills in a campus-based, online, or blended format. Payments to providers range from \$250 to \$1,000 per program milestone completed by participating students.
- \$6,000,000 is for deposit in the Community College Adult Education Workforce Development Program Fund established in A.R.S. § 15-217.03. The Community College Adult Education Workforce Development Program authorizes Community College Districts to establish programs for adults to provide a high school diploma or high school equivalency diploma and an industry-recognized credential or community college degree. Participating community college districts may receive up to \$3,000 per full-time student and may use a portion of the monies to provide support services to participating adults, such as transportation and child care.

Adult Education and Workforce Development Administration

The budget includes no funding in FY 2024 for Adult Education and Workforce Development Administration. Adjustments are as follows:

Administrative Funding Transfer

The budget includes a decrease of \$(250,000) and 1 FTE Position from the General Fund in FY 2024 to transfer funding from this line item to the Adult Education line item (*See Adult Education Special Line Item for additional information*).

Alternative Teacher Development Program

The budget includes \$1,800,000 from the General Fund in FY 2024 for an Alternative Teacher Development Program. Adjustments are as follows:

Increased Funding

The budget includes an increase of \$1,300,000 from the General Fund in FY 2024 for the Alternative Teacher Development Program. The \$1,300,000 includes an ongoing increase of \$500,000 and an additional one-time increase of \$800,000. Under the 3-year spending plan associated with the enacted FY 2022 budget, the \$500,000 ongoing increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

Background – The program is authorized by A.R.S. § 15-552, which requires the establishment of an alternative teacher development program for accelerating the placement of highly qualified individuals into low-income schools. Monies in the line item have been distributed to the Teach for America program.

Arizona Empowerment Scholarship Account Administration

The budget includes no funding for Arizona Empowerment Scholarship Account Administration in FY 2024. Adjustments are as follows:

Shift to Operating Budget

The budget includes a decrease of \$(4,551,600) and (52) FTE Positions from the General Fund in FY 2024 to shift administrative resources for the Empowerment Scholarship Account program to the ADE operating budget. (*Please see the Operating Budget for additional information*).

Background – This line item funds administrative costs of the Arizona Empowerment Scholarship Account program. It includes staff for a call center, case managers, accounting staff, marketing, and information technology expenses.

Arizona Civics Education and Leadership Development Program

The budget includes \$300,000 from the General Fund in FY 2024 for the Arizona Civics Education and Leadership Development Program. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$300,000 from the General Fund in FY 2024 to provide one-time funding for the Arizona Civics Education and Leadership Development Program. The FY 2024 K-12 Education BRB establishes the Program to fund grants to nonprofit organizations to provide civics education and leadership development training to middle school and high school students.

Arizona English Language Learner Fund

The budget includes \$4,960,400 from the General Fund in FY 2024 for the Arizona English Language Learner Fund. This amount is unchanged from FY 2023.

A.R.S. § 15-756.04 establishes the Arizona English Language Learner Fund for distribution of monies to school districts and charter schools for instruction to English language learners that supplements monies received via the English Language Learner Group B weight. The department distributed \$5,445,100 to public schools from the fund in FY 2022, including unspent prior year monies.

Art Consumables

The budget includes \$10,000,000 from the General Fund in FY 2024 for art consumables. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$10,000,000 from the General Fund in FY 2024 to provide one-time funding for art consumables. A General Appropriation Act footnote requires ADE to use the appropriation to provide grants of up to \$1,000 per recipient to public school art teachers and teachers for preschool through third grade for consumable art supplies, materials, and instructional aids.

Broadband Expansion Fund Deposit

The budget includes \$5,000,000 from the General Fund in FY 2024 for deposit into the Broadband Expansion Fund established in A.R. S. § 15-249.07. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$5,000,000 from the General Fund in FY 2024 to provide a one-time deposit in the Broadband Expansion Fund. Monies in the Fund are used to provide state matching monies to schools, school districts, and libraries for broadband connectivity construction projects eligible for the federal E-Rate Program. Under the program, eligible schools, school

districts, and libraries may receive a discount from the federal government, ranging from 20% to 90% based on school poverty levels, for costs associated with telecommunications, Internet access, and internal connections. A.R. S. § 15-249.07 requires ADE to report to JLBC by December 31st and June 30th annually on broadband projects funded with fund monies and the number of students served.

Center for High School Success

The budget includes \$1,000,000 from the General Fund in FY 2024 for a Center for High School Success. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$1,000,000 from the General Fund in FY 2024 to provide one-time funding for a Center for High School Success.

Childhood Trauma Awareness and Prevention Training Grants

The budget includes no funding in FY 2024 for Childhood Trauma Awareness and Prevention Training Grants. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(100,000) from the General Fund in FY 2024 to remove one-time funding for Childhood Trauma Awareness and Prevention Training Grants. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Background – This line item funds grants to a nonprofit organization that provides childhood trauma awareness and prevention training to certificated teachers and public school administrators in this state.

Code Writers Initiative Program

The budget includes no funding in FY 2024 for the Code Writers Initiative Program. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2024 to remove one-time funding for the Code Writers Initiative Program. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Background – This line item funds the Code Writers Initiative Program established in A.R.S. § 15-249.17. The

program provides competitive grants to schools that instruct Native American students in computer code writing.

College Credit by Examination Incentive Program

The budget includes \$7,472,100 from the General Fund in FY 2024 for the College Credit by Examination Incentive Program (CCEIP). This amount is unchanged from FY 2023.

Background – The CCEIP provides incentive bonuses to teachers, school districts and charter schools for students who obtain a passing score on a qualifying examination for college credit (e.g. Advanced Placement) while in high school pursuant to A.R.S. § 15-249.06. The bonus is \$450 per passing score for a student who is enrolled in a school district or charter school where at least 50% of students are eligible for free or reduced-price lunches under the Federal School Lunch program; otherwise, it is \$300 per passing score. Bonuses shall be reduced proportionately if the appropriated amount is insufficient to fully fund them.

For FY 2023, ADE reports that districts and charter schools qualified for \$7,153,200 in program awards. This amount includes \$6,543,000 for awards for 21,810 exams passed in schools with less than 50% FRPL-eligibility (\$300 per exam) and \$610,200 for 1,356 exams passed in schools with 50% or more FRPL-eligibility (\$450 per exam). Given that the \$7,153,200 of awards was lower than the \$7,472,100 appropriation for that year, eligible schools received the full award amount without proration.

College Placement Exam Fee Waiver

The budget includes \$1,265,800 from the General Fund in FY 2024 for a College Placement Exam Fee Waiver. This amount is unchanged from FY 2023.

Background – This line item funds out-of-pocket expenses for college placement exams taken by students who are FRPL-eligible. ADE currently covers \$53 per regular Advanced Placement Exam and \$101 per AP Seminar and AP Research Exam, resulting in a net cost of \$0 for the qualifying student.

Computer Science Professional Development Program

The budget includes \$1,000,000 from the General Fund in FY 2024 for a Computer Science Professional Development Program. This amount is unchanged from FY 2023.

The program is authorized by A.R.S. § 15-249.12, which also establishes the Computer Science Professional Development Program Fund (CSPDPF). It requires the department to distribute program grants on a first-come, first-served basis to schools that previously did not provide high school computer science instruction. Grant monies may be used to provide training for prospective computer science teachers. The program also requires the second half of state General Fund funding for the program each year to be matched with private monies or in-kind donations and establishes reporting requirements for the program.

CTED Certification Exam Fee Reimbursement

The budget includes \$1,000,000 from the General Fund in FY 2024 for CTED Certification Exam Fee Reimbursement. Adjustments are as follows:

Increase Funding

The budget includes an increase of \$1,000,000 from the General Fund in FY 2024 for CTED Certification Exam Fee Reimbursement. Under the 3-year spending plan associated with the enacted FY 2022 budget, this increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

Background – This line item funds a deposit in the Industry-Recognized Certification and Licensure Reimbursement Fund established by A.R.S. § 15-1265. Monies in the fund are used to eliminate or reduce exam costs to obtain industry-recognized certificates and licenses for FRPL-eligible students. To qualify, eligible students must pass a certificate or license exam related to a career and technical education program and apply to their CTED to receive reimbursement. If monies in the fund are insufficient to fund all eligible exams, the reimbursement is reduced in proportion to each exam's cost.

CTED Completion Grants

The budget includes \$1,000,000 from the General Fund in FY 2024 for CTED Completion Grants. This amount is unchanged from FY 2023.

A footnote in the General Appropriation Act stipulates that program monies are intended to help fund program completion for students who complete at least 50% of a CTED program before graduating from high school and who successfully complete the program after graduating from high school. The department shall award grant funding only after an eligible student has successfully completed a CTED program. If the appropriated amount

is insufficient to fund all grant requests from CTEDs, the department shall reduce grant amounts on a proportional basis to cap total statewide allocations at \$1,000,000. Program funding is non-lapsing for 1 year beyond the budget year. The budget continues a footnote that makes the program's appropriation non-lapsing through the end of the following fiscal year (FY 2025).

CTED Soft Capital and Equipment

The budget includes \$1,000,000 from the General Fund in FY 2024 for CTED Soft Capital and Equipment. This amount is unchanged from FY 2023.

The line item provides additional funding to small CTEDs for soft capital and equipment. A footnote in the General Appropriation Act requires the department to distribute the appropriated amount to CTEDs with fewer than 2,000 ADM pupils on a pro rata basis for soft capital and equipment expenses. The budget continues this footnote for FY 2024.

Dual Enrollment Student Development Fund Deposit

The budget includes \$15,000,000 from the General Fund in FY 2024 for deposit into the Dual Enrollment Student Development Fund. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$15,000,000 from the General Fund in FY 2024 to provide a one-time deposit in the Dual Enrollment Student Development Fund. The FY 2024 K-12 Education BRB establishes the fund to be used to reimburse students at a level of \$50 per credit hour who obtain a passing grade in a qualifying dual enrollment course. Students enrolled in grades 9 or 10 can receive up to \$300 per school year from the fund, and students enrolled in grades 11 or 12 can receive up to \$600 from the fund. ADE must prioritize distributions to providers that serve students who are eligible for the federal Free and Reduced-Price Lunch (FRPL) program.

Dual Enrollment Teacher Development Fund Deposit

The budget includes \$500,000 from the General Fund in FY 2024 for deposit into the Dual Enrollment Teacher Development Fund. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$500,000 from the General Fund in FY 2024 to provide a one-time deposit in the Dual Enrollment Teacher Development Fund. The FY 2024 K-12 Education BRB establishes the fund to be used to provide an incentive bonus up to \$1,000 to qualified

teachers who teach a dual enrollment course. If monies in the fund are insufficient to fund all bonus awards, the reimbursement is reduced in proportion to each exam's cost.

Early Education and Career Exploration Program

The budget includes \$5,000,000 from the General Fund in FY 2024 for an Early Education and Career Exploration Program. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$5,000,000 from the General Fund in FY 2024 to provide one-time funding for the Early Education and Career Exploration Program. The FY 2024 K-12 Education BRB requires ADE to contract with a nonprofit entity to provide a career mapping tool for students and training and resources for public schools to create, monitor, review, and update career action plans for each student in grades 9 through 12.

Early Literacy

The budget includes \$18,880,000 and 3 FTE Positions from the General Fund in FY 2024 for Early Literacy. Adjustments are as follows:

Literacy Coaches

The budget includes an increase of \$3,100,000 from the General Fund in FY 2024 for literacy coaches. Based on an FY 2022 Executive Budget recommendation, these coaches would provide additional literacy support to K-3 students in the 50 districts and charter schools with the lowest reading scores on the statewide assessment. Under the 3-year spending plan associated with the enacted FY 2022 budget, this increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

Kindergarten Entry Assessment

The budget includes an increase of \$1,500,000 from the General Fund in FY 2024 for a kindergarten entry assessment. A.R.S. § 15-701 authorizes the State Board of Education to adopt a statewide kindergarten entry evaluation tool to administer to kindergarten pupils within 45 days of enrollment. These monies would pay for the cost of the assessment. Under the 3-year spending plan associated with the enacted FY 2022 budget, this increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

Dyslexia Screening

The budget includes an increase of \$1,280,000 and 3 FTE Positions from the General Fund in FY 2024 for dyslexia

screening and training. The K-3 reading program established A.R.S. § 15-211 (also called "Move On When Reading" (MOWR)) requires that each district and charter school has at least one K-3 teacher that has received training in screening, intervention, accommodation, use of technology, and advocacy for students with dyslexia pursuant to A.R.S. § 15-219. These monies would pay for ADE's costs of administering the trainings and 3 FTE Positions within the K-3 Reading Program. Under the 3-year spending plan associated with the enacted FY 2022 budget, this increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

Science of Reading Exam

The budget includes an increase of \$1,000,000 from the General Fund in FY 2024 for a science of reading exam. A.R.S. § 15-501.01 requires, beginning August 1, 2025, that all certificated teachers providing literacy instruction in grades K-5 receive a literacy endorsement within 3 years of certification. The endorsement shall require the teacher to pass a literacy instruction assessment in the science of reading. These monies would cover each teacher's cost of taking the exam. Under the 3-year spending plan associated with the enacted FY 2022 budget, this increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

Background – This line item funds the following early literacy programming:

- Deposits in the Early Literacy Grant Program Fund (ELGPF) established A.R.S. § 15-249.09. The fund provides grants to schools with at least 90% FRPL-eligibility on a per pupil basis to improve reading proficiency among K-3 pupils. Eligible expenses include literacy coaches and literacy specialists, reading curricula, kindergarten readiness assessments, summer programs, or tutoring.
- Literacy coaches to assist low-performing schools.
- Costs of administering the kindergarten entry assessment authorized by A.R.S. § 15-701.
- Dyslexia trainings required by the K-3 Reading Program established by A.R.S. § 15-211.
- Fees associated with the Science of Reading exam for K-5 literacy instructions pursuant to A.R.S. § 15-501.01.

The budget would add a new footnote that requires ADE to report its expenditure plan to JLBC and OSPB before spending the \$6,880,000 increase in FY 2024 for literacy coaches, kindergarten entry assessments, dyslexia trainings, and science of reading exams.

Education Learning and Accountability System

The budget includes \$5,446,700 and 24.2 FTE Positions from the General Fund in FY 2024 for the Education Learning and Accountability System (ELAS) line item. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(400) from the General Fund in FY 2024 for statewide adjustments.

Background – The monies in this line item are for continued maintenance and operation of ELAS, which ADE uses to “collect, compile, maintain and report student level data for students attending public educational institutions that provide instruction to pupils in preschool programs, kindergarten programs, grades 1 through 12 and postsecondary educational programs in this state” (A.R.S. § 15-249A). (*See the ADOA – Automation Projects Fund narrative*)

English Learner Administration

The budget includes \$6,597,000 and 13.5 FTE Positions from the General Fund in FY 2024 for English Learner Administration. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(100) from the General Fund in FY 2024 for statewide adjustments.

Background - The program is responsible for administering the Arizona English Language Learner Assessment (“AZELLA”) test, which is used to determine whether a student should be classified as an “English Language Learner” (ELL) as defined in A.R.S. § 15-901B9. Students who are classified as ELLs are required to enroll in English language education (*See FY 2011 and FY 2020 Appropriations Reports for history.*)

Feminine Hygiene Products

The budget includes \$2,000,000 from the General Fund in FY 2024 for feminine hygiene products. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$2,000,000 from the General Fund in FY 2024 to provide one-time funding to provide feminine hygiene products at no cost at Arizona public schools.

Flagstaff Robotics Program

The budget includes \$20,000 from the General Fund in FY 2024 for the Flagstaff Robotics Program. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$20,000 from the General Fund in FY 2024 to provide one-time funding for a robotics program for Flagstaff Unified School District. The 3-year spending plan associated with the enacted budget assumes that the \$20,000 distribution would continue on a one-time basis in FY 2025 and FY 2026.

Foster Home Youth Transitional Housing

The budget includes no funding in FY 2024 for Foster Home Youth Transitional Housing. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2024 to remove funding for a one-time distribution to the East Valley Institute of Technology (EVIT) for a transitional housing unit. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Background – A General Appropriation Act footnote stipulates that EVIT shall use the monies in this line item to construct and furnish a 64-bed transitional housing unit for foster youths who are 17-21 years of age and who need stable housing to obtain a high school diploma or GED and are earning an industry certification in a program offered by EVIT.

Geographic Literacy

The budget includes \$100,000 from the General Fund in FY 2024 for Geographic Literacy. This amount is unchanged from FY 2023.

Based upon a footnote, the program funds a statewide geographic alliance for strengthening geographic literacy in this state.

Gifted Assessments

The budget includes \$850,000 from the General Fund in FY 2024 for Gifted Assessments. This amount is unchanged from FY 2023.

Background – Monies in this line item are used for a contract between ADE and a vendor to administer a gifted

screening assessment that is available to all 2nd graders in Arizona public schools at no charge.

Gila County Jail Education

The budget includes \$10,000 from the General Fund in FY 2024 for Gila County Jail Education. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$10,000 from the General Fund in FY 2024 to provide one-time funding for the jail education program in Gila County. County jail education programs serve pupils aged 21 years old or younger who are currently in jail and who do not have a high school diploma or general equivalency diploma.

Invest in Postsecondary Success Program Fund Deposit

The budget includes no funding in FY 2024 for an Invest in Postsecondary Success Program Fund Deposit. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2024 to remove funding for a one-time deposit in the Invest in Postsecondary Success Program Fund. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Background – The monies in this line item are deposited in the Invest in Postsecondary Success Program Fund established in A.R.S. § 15-249.18. ADE shall use monies in the fund to contract with a nonprofit vendor that establishes college match savings accounts in which a student's contributions are matched by \$8 for each dollar the student deposits per academic year.

Jobs for Arizona Graduates

The budget includes \$500,000 from the General Fund in FY 2024 for a Jobs for Arizona Graduates program. Adjustments are as follows:

Increased Funding

The budget includes an increase of \$400,000 from the General Fund in FY 2024 for the Jobs for Arizona Graduates Program. Under the 3-year spending plan associated with the enacted FY 2022 budget, this increase was funded with Federal Funds in FY 2022 and FY 2023 and was assumed to be covered by the General Fund beginning in FY 2024.

The budget continues a footnote stipulating that the department shall use the amount appropriated to the program to issue a grant to a nonprofit organization. The program annually provides approximately 1,300 Arizona students with college and career readiness services as well as interventions for students at risk of dropping out of high school.

Juvenile Detention Centers

The budget includes \$52,600 from the General Fund in FY 2024 for juvenile detention centers. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$52,600 from the General Fund in FY 2024 to provide one-time funding for juvenile detention centers. A General Appropriation Act footnote stipulates that the appropriated amount includes \$22,600 for Yavapai County, \$20,000 for Pinal County and \$10,000 for Maricopa County. A.R.S. § 15-913 establishes a funding formula for county juvenile detention education programs not operated through an accommodation school. The appropriated amounts for Yavapai, Pinal, and Maricopa counties are in addition to that funding formula.

K-12 Transportation Formula Study

The budget includes \$250,000 from the General Fund in FY 2024 for a K-12 Transportation Formula Study. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$250,000 from the General Fund in FY 2024 to provide one-time funding for a K-12 Transportation Formula study. A General Appropriation Act footnote requires ADE to use the appropriation to develop a per pupil weighted transportation funding formula for K-12 students. ADE shall report to the President of the Senate, the Speaker of the House, the Chairpersons of the House and Senate Education Committees, JLBC, and OSPB on the results of the study by December 31, 2023.

Live, Remote Instructional Courses

The budget includes \$100,000 from the General Fund in FY 2024 for Live, Remote Instructional Courses. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$100,000 from the General Fund in FY 2024 to provide one-time funding for

live, remote instructional courses. The FY 2024 K-12 Education BRB allows a school district or charter to contract with another school district or charter to offer live, remote instruction to its own students in grades 9 through 12. ADE must pay an incentive bonus of \$500 for each student who receives a passing grade in a live, remote instruction course to a school district or charter school that acts as a live, remote instruction service provider. If the total cost of rewards exceeds the appropriation, ADE must reduce all awards proportionally to cover all eligible rewards. A General Appropriation Act footnote exempts the appropriation from lapsing until December 31, 2025.

The 3-year spending plan associated with the enacted budget assumes that an additional \$100,000 distribution would be made in FY 2025 on a one-time basis.

Nonprofit Education Initiatives

The budget includes \$100,000 from the General Fund in FY 2024 for Nonprofit Education Initiatives. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$100,000 from the General Fund in FY 2024 to provide one-time funding for nonprofit education initiatives. A General Appropriation Act footnote requires ADE to distribute the appropriation to a Scottsdale-based 501(c)(3) nonprofit that provides scholarships and other education programming and promotes youth activities, sports, and cultural enrichment.

Nonprofit Low-Income Assistance

The budget includes \$500,000 from the General Fund in FY 2024 for Nonprofit Low-Income Assistance. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$500,000 from the General Fund in FY 2024 to provide one-time funding for nonprofit low-income assistance. A General Appropriation Act footnote requires ADE to distribute the appropriation to a 501(c)(3) nonprofit that provides low-income children in kindergarten programs and grades 1 through 8 with new clothing and shoes, hygiene kits, and new books.

Office of Indian Education

The budget includes no funding in FY 2024 for the Office of Indian Education. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2024 to remove a one-time distribution to the Office of Indian Education. The appropriation was non-lapsing. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Background – A.R.S. § 15-244 stipulates that the Office of Indian Education shall provide technical assistance to school and Indian nations on curricula and instructional materials to meet the educational needs of Native American pupils.

Onetime Electronic Incident Prevention Programs

The budget includes no funding in FY 2024 for Onetime Electronic Incident Prevention Programs. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(150,000) from the General Fund in FY 2024 to remove funding for onetime electronic incident prevention programs. The 3-year spending plan associated with the enacted FY 2023 budget designated this funding as one-time.

Background – A General Appropriation Act footnote stipulates that ADE shall use the monies in this line item to provide school safety grants to schools to procure and implement an electronic incident prevention program.

Phoenix Science Education Programs

The budget includes \$2,500,000 from the General Fund in FY 2024 for Phoenix Science Education Programs. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$2,500,000 from the General Fund in FY 2024 to provide one-time funding for Phoenix Science Education Programs. A General Appropriation Act footnote requires ADE to distribute the money to a Phoenix-based organization that provides STEM education programs and professional development training.

Public School Campus Community Gardens

The budget includes \$100,000 from the General Fund in FY 2024 for Public School Campus Community Gardens. Adjustments are as follows:

One-Time Community Gardens

The budget includes an increase of \$100,000 from the General Fund in FY 2024 to provide one-time funding for public school campus community gardens. The appropriation is non-lapsing.

Public School Campus Trees

The budget includes \$300,000 from the General Fund in FY 2024 for Public School Campus Trees. Adjustments are as follows:

One-Time Public School Campus Trees

The budget includes an increase of \$300,000 from the General Fund in FY 2024 to provide one-time funding for public school campus trees. A General Appropriation Act footnote requires ADE to distribute the appropriation until December 31, 2023 for grants to public schools where at least 75% of students are FRPL-eligible to plant low-biogenic volatile organic compound-emitting trees that are appropriate for each school's respective climate. After December 31, 2023, ADE may distribute the monies to public schools on a first-come, first-served basis. The appropriation is non-lapsing.

School Safety Program

The budget includes \$81,992,400 and 4 FTE Positions in FY 2024 for the School Safety program. These amounts consist of:

General Fund	74,192,400
Education Sales Tax - School Safety	7,800,000

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(200) from the General Fund in FY 2024 for statewide adjustments.

Background – The School Safety Program established in A.R.S. § 15-154 allows schools to apply for grant monies to support the costs of placing school resource officers (SROs), juvenile probation officers (JPOs), school counselors, and school social workers on school campuses.

Funding is allocated by the Department of Education and is subject to review and approval by the State Board of Education pursuant to A.R.S. § 15-154. School district and charter schools receive funding for up to a 3-year period and may annually submit a modified spending plan if they are approved for a grant. A General Appropriation Act footnote requires the additional \$50,000,000 for school safety grants from the FY 2023 budget to first be

used to fund SROs. If the total cost of SROs is less than \$50,000,000, ADE may use the remainder for school counselors and social workers.

In May 2023, the State Board of Education approved ADE's proposed awards for the School Safety Grant Program for FY 2024 through FY 2026. Those awards include 869 positions, consisting of \$39,299,100 for 303 SROs and JPOs and \$45,223,400 for 566 school counselors and social workers. The department reports that all SRO and JPO applications were funded, while there are a remaining 182 school counselor and social worker positions on the program waiting list.

ADE may also make additional awards by October 1, 2023 depending on available carryforward from the prior year. If schools fail to fill their funded positions by December 31, 2023, ADE will make additional reallocations.

State Block Grant for Vocational Education

The budget includes \$11,774,300 and 27 FTE Positions from the General Fund in FY 2024 for the State Block Grant for Vocational Education. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(400) from the General Fund in FY 2024 for statewide adjustments.

Background – The program provides block grants to school districts and charter schools that have Career and Technical Education (CTE) programs. ADE also receives federal funding each year for CTE programs pursuant to the Carl D. Perkins Vocational and Technical Education Act of 2006, most of which is passed on to local CTE programs. For FY 2022, the department will receive an estimated \$32,635,500 in Perkins funding. Perkins funding is subject to a federal maintenance-of-effort (MOE) provision that requires a state to continue to spend at least as much on CTE in a given fiscal year as it did in the prior fiscal year.

Student Level Data Access

The budget includes \$359,000 from the Department of Education Empowerment Scholarship Account Fund in FY 2024 for Student Level Data Access. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$1,100 from Department of Education Empowerment Scholarship Account Fund in FY 2024 for statewide adjustments.

Background – This line item provides funding for ADE's costs associated with providing student level data access pursuant to A.R.S. § 15-1043, which requires ADE to allow access to student level data for county school superintendents, the State Board of Education, and the State Board of Charter Schools.

Teacher Certification

The budget includes \$2,544,600 and 22.9 FTE Positions in FY 2024 for Teacher Certification. These amounts consist of:

General Fund	179,500
Teacher Certification Fund	2,365,100

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(9,900) from the Teacher Certification Fund in FY 2024 for statewide adjustments.

Background – The program processes applications for teacher and administrator certification, including certification renewal. It is funded through fees paid by certification applicants pursuant to A.R.S. § 15-531.

Teacher Professional Development

The budget includes \$3,000,000 from the General Fund in FY 2024 for Teacher Professional Development. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$3,000,000 from the General Fund in FY 2024 to provide one-time funding for the Professional Development and Support Personnel Pilot Program established by the K-12 Education BRB. The program will provide funding for school districts with a low teacher experience index to hire professional development and support staff for new and transferring teachers. In FY 2024, ADE is required to distribute 50% of the appropriation to Maricopa and Pima Counties, and the remaining 50% to all other counties.

Tribal College Dual Enrollment Program

The budget includes \$325,000 from the Tribal College Dual Enrollment Program Fund in FY 2024 for the Tribal College Dual Enrollment Program. This amount is unchanged from FY 2023.

Background – A.R.S. § 15-244.01 establishes the Tribal College Dual Enrollment Program Fund and authorizes it

to annually receive 15% of unclaimed lottery prize monies up to \$325,000, subject to legislative appropriation, pursuant to A.R.S. § 5-568, plus any other appropriations, gifts, grants, devices and other contributions. The fund compensates tribal colleges for tuition and fees that they waive for high school students who are dual enrolled in tribal college classes.

Youth Summer Education Program

The budget includes \$250,000 from the General Fund in FY 2024 for a Youth Summer Education Program. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$250,000 from the General Fund in FY 2024 for a Youth Summer Education Program. A General Appropriation Act footnote requires ADE to distribute the appropriation to a nonprofit based in Globe that provides summer education programs for youth.

Other Issues

This section includes information on the following topics:

General Issues

- FY 2023 Supplemental
- Statutory Changes
- Long-Term Budget Impacts
- Universal Empowerment Scholarship Eligibility

Ballot Proposition

- Endowment Earnings
- Proposition 123
- Aggregate Expenditure Limit
- Education Sales Tax

Basic State Aid

- Basic State Aid Formula Description

Information on these various issues is as follows:

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$180,624,300 from the General Fund for higher-than-budgeted K-12 formula expenses. This amount consists of:

- An increase of \$274,831,900 for higher ESA enrollment. The enacted budget did not include funding adjustments for enrollment increases for

universal eligibility for the ESA program as enacted in Laws 2022, Chapter 388. The budget assumes that total ESA program expenses (original and universal) reach \$475,000,000 in FY 2023 (an increase of \$274,831,900 in comparison to the \$200,168,100 originally budgeted) (*See Universal Empowerment Scholarship Eligibility Other Issues section for additional information*).

- A decrease of \$(77,929,200) for lower-than-budgeted public school formula costs. The enacted budget assumed public school enrollment would reach 1,106,328 in FY 2023, an increase of 0.9% above final FY 2022 ADM. As of June 2023, actual public school ADM is only 1,097,487, or 0.1% above FY 2022.
- A decrease of \$(16,278,400) for lower-than-budgeted expenses for the Homeowner's Rebate and 1% cap (Additional State Aid). According to the Department of Revenue, the Homeowner's Rebate and 1% cap combined cost in FY 2023 will be \$493,815,300, which is \$(16,278,400) below the original FY 2023 appropriation.

Statutory Changes

The K-12 BRB makes the following statutory changes:

Formula Requirements

- As permanent law, increases the base level (A.R.S. § 15-901B2), the transportation funding levels (A.R.S. § 15-945A5) and the charter school "Additional Assistance" amounts (A.R.S. § 15-185B4) by 2.0% for standard inflation. Increase base level by additional 0.92% for a total of 2.92%
- As permanent law, allocates \$13,000,000 to increase Group B weight in Basic State Aid formula for children eligible for the federal Free and Reduced-Price Lunch (FRPL) program as part of the enacted FY 2023 budget's 3-year plan.
- As permanent law, allocates \$20,000,000 General Fund to increase the DAA per pupil formula amounts by an additional 4.35% in FY 2024. Including the \$23,122,000 already allocated to increase DAA pursuant to Section 127 of the FY 2023 General Appropriation Act, the total DAA per pupil formula increase for FY 2024 above FY 2023 is 9.38%.
- As permanent law, allocates \$5,878,000 to increase Charter Additional Assistance (CAA) per pupil formula allocations as part of the enacted FY 2023 budget's 3-year plan. Including regular 2.0% inflation adjustment, results in total CAA increase of 3.20% for FY 2024.
- As permanent law, updates the Qualifying Tax Rate cited in A.R.S. § 41-1276 to reflect the Truth in Taxation rates established for FY 2024.

- As permanent law, repeals A.R.S. § 15-961 as enacted by Laws 2022, Chapter 285 and merge its provisions with A.R.S. § 15-961 as enacted by Laws 2022, Chapter 317 (the FY 2023 K-12 Education Budget Bill). Technical change that consolidates 2 existing statutes.

- As permanent law, repeals Results-Based Funding.

Other

- As session law, continues stating that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General.
- As permanent law, requires ADE to report to the Governor, the President of the Senate, the Speaker of the House, the JLBC Director, and the OSPB director within 60 days of the end of each calendar quarter on specified metrics related to the Empowerment Scholarship Account (ESA) program. The metrics includes the number of ESA students disaggregated by eligibility category, previous public school attendance, grade level, the number of English language learners, the number of students with a disability, and zip code of permanent residence. The report would also include the annual award amount associated with each ESA account and approved ESA expenses disaggregated by type of expense.
- As session law, establishes the non-appropriated Dual Enrollment Student Development Fund to provide financial assistance to high school students enrolled in a dual enrollment course. For FY 2024, the Department of Education shall use monies in the fund to pay community colleges, universities, or other institution that provides a dual enrollment to reimburse students up to \$50 per credit hour for each passing grade in a dual enrollment course. The department shall prioritize distributions to students eligible for Free or Reduced-Price Lunches (FRPL). Total reimbursement is capped at \$300 for 9th and 10th grade students and at \$600 for 11th grade and 12th grade students.
- As session law, establishes the non-appropriated Dual Enrollment Teacher Development Fund to provide incentive bonuses to high school teachers that provide instruction in at least one dual enrollment course in FY 2024. ADE shall administer the fund. If the appropriation exceeds the actual cost of the bonuses, ADE shall reduce bonuses proportionately to cover all eligible awards.
- As permanent law, requires community colleges offering dual enrollment courses to provide access for pupils with disabilities to any supplementary aid, service, or accommodation provided in a student's Individualized Education Plan (IEP) or section 504

plan, as allowable under community college accreditation guidelines.

- As session law, establishes the Arizona Civics Education and Leadership Development Program within ADE to provide civics education and leadership development training to middle and high school students. Establishes the Arizona Civics Education and Leadership Development Fund consisting of legislative appropriations to implement the program. Creates reporting requirements.
- As session law, stipulates that the State Board of Education shall require public schools to complete an education and career action plan for high school students. Requires ADE to establish an Early Education and Career Exploration Program to assist public schools in completing an Arizona Education and Career Action Plan for high school pupils. Stipulates that ADE shall contract with a nonprofit entity to provide a career mapping tool to public schools. Establishes the Early Education and Career Exploration Program Fund consisting of legislative appropriations to implement the program. Requires ADE to report on program outcomes to the Governor, President of the Senate, and the Speaker of the House by June 30, 2024.
- As session law, authorizes districts and charters to offer a live, remote instruction course for its high school students in FY 2024 and FY 2025. Authorizes the service provider to receive an incentive bonus under the College Credit by Examination Incentive Program of up to \$500 for each student for receives a passing grade in the course. The actual award amount would be pro-rated downward if the total amount of qualifying students exceeds the appropriation for the program. Requires ADE to report to the President of the Senate, the Speaker of the House, the Governor, and JLBC on participation and spending on the program by June 30th of FY 2024 and FY 2025.
- As session law, notwithstanding A.R.S. § 15-913.01 to stipulate that county jail education programs be funded at 100% of the statutory formula amount instead of 72% for FY 2024.
- As session law, establishes the Teacher Professional Development and Support Personnel Pilot program within ADE to provide grants to districts with a low Teacher Experience Index (TEI). Half of program monies would be distributed to districts in counties with less than 500,000 residents and the remainder would be distributed to larger counties. Creates reporting requirements.
- As session law, reduces the statutory enrollment caps in the Continuing High School and Workforce Training program from 1,000 to 600 in FY 2024 and from 1,400

to 800 in FY 2025. The cap would return to 1,400 beginning in FY 2026.

- As session law, increase the General Budget Limit for Duncan Unified by \$752,000 and for Blue Elementary by \$34,000 to allow each district to expend one-time balances previously accumulated from the State Equalization Tax in Greenlee County. Stipulates that the general budget limit increases shall be funded by prior-year carryforward instead of primary or secondary property tax increases.
- As session law, notwithstanding A.R.S. 15-241 to allow ADE to expend monies in FY 2024 from the Failing Schools Tutoring Fund for school improvement. Requires ADE to report on its proposed expenditures for school improvement from the fund to the Governor, Speaker of the House, the President of the Senate, JLBC, and OSPB by September 1, 2023.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, ADE General Fund costs are projected to decrease by \$(48,977,300) in FY 2025 compared with FY 2024 and increase by \$549,427,200 in FY 2026 above FY 2025. These estimates are based on:

- Enrollment growth of 0.6% in FY 2025 and FY 2026. The 0.6% estimate assumes total enrollment in the ESA program would grow to 74,948 in FY 2025 and 81,415 in FY 2026, while total public school enrollment would be 1,101,682 in FY 2025 and 1,101,736 in FY 2026.
- GDP inflators of 2.0% for FY 2025 and FY 2026. Statute funds the lesser of 2% or the actual rate.
- New construction NAV growth of 2.0% for FY 2025 and FY 2026.
- General Fund decrease of \$(13,214,700) in FY 2025 and an increase of \$282,876,400 in FY 2026 for endowment earnings changes. The General Fund increase in FY 2026 assumes the increase in land trust endowment earnings distributions from 2.5% to 6.9% required by Proposition 123 would expire in FY 2026.
- An increase of \$4,600,000 each of FY 2025 and FY 2026 for Homeowner's Rebate expenses associated with a reduction in the assessment ratio for commercial property by 0.5% each year pursuant to Laws 2021, Chapter 412.
- An increase of \$29,000,000 in FY 2025 above FY 2024 for further increases to the DAA/CAA formulas pursuant to Section 128 of the FY 2023 General Appropriation Act.
- An increase of \$37,000,000 in FY 2025 above FY 2024 for additional increases to the Group B weight for FRPL-eligible pupils pursuant to section 128 of the FY 2023 General Appropriation Act.

- A decrease of \$(356,738,600) in FY 2025 to remove funding designated as one-time from FY 2024.
- A decrease of \$(100,000) in FY 2025 to remove Adult Education administrative funding designated as one-time.

Universal Empowerment Scholarship Eligibility

Laws 2022, Chapter 388 expanded eligibility for the Empowerment Scholarship Account program to include any student who is a resident of Arizona and who is eligible to enroll in a public school. The enacted FY 2023 budget did not include any adjustments to Basic State Aid funding to account for universal ESAs program, as the program was enacted in separate legislation (Chapter 388).

As of June 2023, ADE reported that total approved ESA enrollment for FY 2024 (including both universal and original) reached 61,095. The department further estimates total ESA enrollment will grow to 100,000 by the end of FY 2024. *(Please see Empowerment Scholarship Account Funding Report Background on the JLBC website for additional information on ADE's estimates).*

By comparison, the budget assumes total ESA enrollment reaches 68,380, including universal ESA enrollment of 52,500 in FY 2024. The 3-year spending plan assumes further increases in universal ESA enrollment to 57,400 in FY 2025, and 62,200 in FY 2026. Under these assumptions, we estimate that total General Fund spending on the universal ESA program would reach \$376,000,000 in FY 2024, \$421,000,000 in FY 2025, and \$465,000,000 in FY 2026. These amounts are in addition to expenditures on the original ESA program, which reached \$176,000,000 in FY 2022.

We consider both ADE's estimates and the enacted budget estimates to be highly speculative because the future participation rate of newly-eligible students is difficult to determine in advance. As a result, the actual impact on ESA program spending could be significantly higher or lower than is assumed in the budget. We estimate that the universe of eligible students includes the following 3 groups:

- 60,000 or more private school students. The National Center for Education Statistics reported that Arizona's private school enrollment reached 59,171 for FY 2020 (latest data available).
- 40,000 or more current homeschooled pupils. The Arizona Families for Home Education estimates that there are at least 38,000 homeschooled pupils in Arizona.
- 859,000 current public school students who did not meet the categorical eligibility criteria (e.g. special education eligibility, residing within the attendance

boundaries of a D or F school, etc.) prior to enactment of Chapter 388.

The budget assumes that approximately 49,500 of the estimated 52,500 universal ESA enrollees were already enrolled in private school or homeschool prior to universal ESA expansion, while the remaining 3,000 would be switchers from public school.

We expect the public school participation rate would be lower than existing private schoolers and homeschoolers, as public schoolers would have to change their current school and would potentially face out-of-pocket education expenses (tuition, tutoring, etc.) if the cost of their private school or homeschool exceeds the value of their ESA award. As well, private schools would face at least short-term capacity constraints in adding significant numbers of public school students to their facilities.

In addition, we estimate that the net impact to Basic State Aid from a pupil switching from a public school to the ESA program in FY 2024 is approximately \$500 due to partially offsetting savings from public school ADM declines. As a result, we expect most of the fiscal impact of universal ESAs to be associated with current private school and homeschool students.

Endowment Earnings

In FY 2022, endowment earnings from state trust lands funded \$430,496,900 of Basic State Aid and K-12 Classroom Site Fund costs. Endowment earnings originate from the sale or lease of lands that the federal government deeded to Arizona in the Enabling Act in 1910 to provide support for public functions such as education. Approximately 9.2 million of the original 11.0 million acres of state trust lands remain, of which approximately 87% (8.1 million acres) are for the benefit of public schools.

The rest are designated mostly for the benefit of universities and corrections. K-12 education therefore is by far the largest beneficiary of earnings generated from state trust lands.

The State Land Department and State Treasurer both generate endowment earnings from state trust lands. The State Land Department generates endowment earnings primarily by selling or leasing state trust lands and natural products from trust lands. The State Treasurer generates endowment earnings by investing monies received from the State Land Department from the sale of state trust lands and related natural products in stocks, bonds and other income-earning investments.

State trust land earnings are considered either “permanent” or “expendable” depending on whether they are one-time in nature. Only expendable monies are

distributed to beneficiaries, as permanent monies are considered to be part of the original endowment and must be reinvested rather than distributed to beneficiaries. Permanent monies include one-time proceeds from the sale of state trust lands and natural products from state trust lands.

Expendable monies include ongoing income that the State Land Department generates from leases, permits and interest from sales contracts and a portion of investment returns generated by the State Treasurer.

The portion of Treasurer land trust earnings that is considered expendable is determined by a formula prescribed in the State Constitution, since the value of invested land trust monies fluctuates daily. Prior to voter approval of Proposition 123 in May 2016, the State Constitution required the State Treasurer to distribute annually to each beneficiary (such as public schools) a flat 2.5% of the average monthly market value of the beneficiary’s permanent fund for the immediately preceding 5 calendar years.

The 2.5% factor has been superseded through FY 2025 by a new 6.9% factor, or an increase of 4.4% required by Proposition 123. The 4.4% increase exclusively funds Basic State Aid costs. After FY 2025, Proposition 123 reestablishes the 2.5% factor on a permanent basis.

In FY 2023, public schools will receive an estimated \$460,940,200 of expendable land trust monies from the State Land Department and State Treasurer combined. That total includes \$58,493,600 from the Land Department and \$402,446,600 from the State Treasurer. Under the budget, we estimate total endowment earnings will increase to \$482,740,600 in FY 2024 and \$504,917,200 in FY 2025. In FY 2026, earnings distributed would decrease to \$228,803,000 as a result of the expiration of the 4.4% factor in that year (*see Table 5*).

Table 5 Source of K-12 Endowment Earnings by Fiscal Year (\$ in Millions)					
Source	2022	2023	2024	2025	2026
Land Department	58.5	58.5	58.5	58.5	58.5
Treasurer	372.0	402.4	424.2	446.4	170.3
Total	430.5	460.9	482.7	504.9	228.8
<u>1/</u> Final year prior to Proposition 123.					

Table 6 shows K-12 endowment earning uses. In FY 2024, the \$482,740,600 of expendable earnings includes \$342,797,300 for Basic State Aid and the remaining \$139,943,300 would be deposited into the Classroom Site Fund (A.R.S. § 15-977) pursuant to A.R.S. § 37-521B4. Under the budget, the amount distributed for Basic State

Aid is \$356,938,900 in FY 2025 (increase of \$14,141,600 above FY 2024) and \$72,263,000 in FY 2026 (decrease of \$(284,675,900) compared with FY 2025) as a result of the expiration of the 4.4% factor from Proposition 123. A.R.S. § 37-521 stipulates that the distribution of endowment earnings from the 2.5% distribution may not exceed \$72,263,000.

The \$(284,675,900) decrease in endowment earnings distributions to Basic State Aid in FY 2026 would require a corresponding General Fund increase of the same amount under current state statute. Without a statutory change to the Basic State Aid formula, ADE would have no legal authority to reduce Basic State Aid allocations to account for the \$(284,675,900), meaning by default the General Fund would have to backfill the reduced endowment earnings distribution on a dollar-for-dollar basis.

The Legislature, however, could reduce or eliminate this backfill requirement by either 1) reauthorizing the current 6.9% distribution level via a legislatively-referred ballot measure to amend the state constitution or 2) offsetting the backfill with other adjustments in spending. Under Proposition 301, the Legislature would not be permitted to reduce either the Base Level or Transportation Support Level funding, as both amounts must be adjusted annually for inflation. As a result, the Legislature's main options within the funding formula would be reductions to District Additional Assistance or Charter Additional Assistance. The Legislature would also have the option of reducing or discontinuing the \$75,000,000 state aid supplement funding that was advance-appropriated in companion legislation with Proposition 123. *(See Proposition 123 Background on JLBC Website for more information).*

Table 6
Use of K-12 Endowment Earnings by Fiscal Year
(\$ in Millions)

Source	2022	2023	2024	2025	2026
Basic State Aid	309.5	328.9	342.8	356.9	72.3
Classroom Site Fund	121.0	132.0	139.9	148.0	156.5
Total	430.5	460.9	482.7	504.9	228.8

Proposition 123 Triggers

Economic Downturn

Proposition 123 allows the state to temporarily suspend future inflation increases during periods of economic slowdown if:

- Sales tax revenue and employment both grow more than 1% but less than 2% in the prior calendar year [if only one factor falls into the 1-2% range, there is no suspension].

- It requires this suspension of inflation adjustments if sales tax revenue and employment both grow less than 1%.

The criteria for suspending the inflation rate have not been met since the enactment of Proposition 123.

Lower Trust Fund Balance

The proposition:

- Allows the state to reduce the 6.9% distribution rate to no less than 2.5% for the following fiscal year if the 5-year average balance of the State Land Trust Permanent Fund fell below the average balance of the preceding 5 years.

The criteria for reducing the distribution rate have not been met since the enactment of Proposition 123.

K-12 Percent of Budget

Beginning in FY 2025, the proposition:

- Allows the suspension of the annual inflation adjustment and a reduction in K-12 funding for the next fiscal year equal to the current year inflation adjustment if K-12 spending surpasses 49% of the total state General Fund appropriations.
- If K-12 spending surpasses 50%, allows the state to suspend the annual inflation adjustment and reduce K-12 funding for the next fiscal year by twice the current year inflation amount.

The budgeted K-12 spending level constitutes approximately 43.4% of total state General Fund appropriations in FY 2024, 47.5% in FY 2025, and 49.7% in FY 2026. *(Please see the FY 2017 Appropriations Report for more information on Proposition 123.)*

Aggregate Expenditure Limit

Article IX, Section 21 of the State Constitution establishes an Aggregate Expenditure Limit (AEL) that caps spending for all school districts combined at the FY 1980 statewide level adjusted for subsequent statewide enrollment growth and inflation plus 10%. The AEL does not apply to exempted items like overrides, bonding, or charter school funding.

Pursuant to A.R.S. § 15-911B, the Department of Education computed in November 2021 that budgeted expenditures for school districts collectively were \$1,154,029,000 above the AEL for FY 2022. A.R.S. § 15-911C2 allows the Legislature to authorize statewide school district spending above the AEL for that year with a two-thirds majority vote in both the House of Representatives and Senate. Pursuant to House Concurrent Resolution 2039 in the 55th Legislature,

Second Regular Session, the Legislature authorized district expenditures of \$1,154,029,000 above the AEL for FY 2022.

For FY 2023, ADE has reported that budgeted district expenditures exceed the AEL by \$1,385,809,600. Pursuant to House Concurrent Resolution 2001 in the 56th Legislature, First Regular Session, the Legislature authorized district expenditures of \$1,385,809,600 above the AEL for FY 2023. In addition, the Legislature pre-emptively authorized districts to exceed the AEL in FY 2024 pursuant to Senate Concurrent Resolution 1041 in the 56th Legislature, First Regular Session.

A permanent increase in the AEL would require a voter-approved change to the State Constitution.

Education Sales Tax

Proposition 301, which was passed by voters in November 2000, amended A.R.S. § 42-5010 to increase the state Transaction Privilege Tax (TPT) (“sales tax”) rate on most purchases from 5% to 5.6% through FY 2021 to generate more funding for public education.

Starting in FY 2022, Laws 2018, Chapter 74 replaces the additional 0.6% sales tax through June 30, 2041. Pursuant

to the FY 2021 K-12 BRB, the \$64,100,000 of 0.6% sales tax monies previously needed for debt service on School Facilities Board bonds authorized by Proposition 301 were redirected to ADE for the costs of Basic State Aid. All other distributions remain unchanged.

Table 7 shows how education sales tax revenues are earmarked in FY 2024. Laws 2018, Chapter 74 dedicates to the Classroom Site Fund all 0.6¢ sales tax monies remaining after all other distributions are made. Its share equaled \$815,542,600 (69.3%) of the \$1,176,353,900 of estimated collections for FY 2024.

Classroom Site Fund

Proposition 301 also amended A.R.S. § 37-521B4 to dedicate to the Classroom Site Fund all growth in K-12 expendable land trust earnings above the amount generated by the State Treasurer and State Land Department combined for FY 2001 (the last year before Proposition 301 took effect), which equaled \$72,300,000.

Total estimated available revenues to the CSF for FY 2023 are \$1,072,539,500.

Table 7		Education Sales Tax Monies (FY 2024 Estimate) (\$ in Millions)
EDUCATION SALES TAX REVENUES		
Recipient	Amount	Comment
Universities	133.5	Receive 12% of monies remaining after Basic State Aid distribution is deducted.
Community Colleges	33.4	Receive 3% of monies after BSA distribution.
Tribal Colleges	1.3	Same formula as for community colleges.
DOR Tax System	0.8	
Income Tax Credit	25.0	For income tax credit authorized by A.R.S. § 43.1072.01.
Subtotal - Non-ADE Programs	\$194.0	
Basic State Aid Distribution	\$64.1	
Additional School Days	86.3	To add 5 days to K-12 school year (180 days total).
School Safety and Character Education	8.0	\$7.8 million for School Safety (A.R.S. § 15-154) and \$0.2 million for Character Education (A.R.S. § 15-154.01).
School Accountability	7.0	For school accountability pursuant to A.R.S. § 15-241 and § 15-1041.
Failing Schools	1.5	To Failing Schools Tutoring Fund (A.R.S. § 15-241CC).
Classroom Site Fund	815.5	Receives all monies remaining after other distributions are made.
Subtotal - ADE Programs	\$982.4	
Total - Education Sales Tax	\$1,176.4	
CLASSROOM SITE FUND REVENUES (ALL SOURCES)		
Education Sales Tax (from above)	815.5	
Prop 301/CSF - Land Trust	139.9	
Prop 301/CSF - Carry-Forward	117.1	
Total - Classroom Site Fund	\$1,072.5 ^{1/}	
^{1/} Total estimated disbursements reported for FY 2024 in JLBC's Classroom Site Fund memo from March 2023. Amounts may not add due to rounding.		

Basic State Aid Formula Description

Basic State Aid funding is based on a statutory formula enacted in 1980 and substantially modified in 1985. This formula “equalizes” formula funding among school districts, enabling them all to spend approximately the same amount of formula money per pupil from state and local sources combined. (Non-formula funding, such as from bonds and overrides, is not equalized.) Districts with a very strong local property tax base can generate their entire formula funding entitlement from local property taxes alone. Most school districts, however, require “Basic State Aid” monies to receive full formula funding.

The equalization formula for school districts consists of 3 components: the Base Support Level (BSL), Transportation Support Level (TSL), and District Additional Assistance (DAA). BSL and DAA funding are computed by multiplying specific dollar amounts in statute by a school district's student count, adjusted for various weights. The TSL instead is computed by multiplying specific dollar amounts per route mile in statute by a district's pupil transportation route miles. The sum of the 3 formula components equals what is referred to as a school district's “equalization base,” which is its total funding entitlement under the K-12 equalization funding formula.

After a school district's equalization base is determined, its net assessed property value (NAV) is multiplied by the statutory “Qualifying Tax Rate” (QTR) (A.R.S. § 15-971B) to determine the portion of its formula funding that is assumed to come from QTR taxes. This amount is then subtracted from its equalization base.

If the district's combined QTR revenues exceed its equalization base, the district is not entitled to Basic State Aid. If, however, its “local share” funding does not exceed its equalization base, the district receives Basic State Aid funding to make up the difference. The actual local property tax rate for schools may be lower than the QTR (such as if the QTR would raise more than the district's formula funding entitlement), or higher if the district can budget for items outside of its “Revenue Control Limit” (RCL) pursuant to A.R.S. § 15-910.

Basic State Aid is also provided to charter schools, which are schools that do not have geographic boundaries, operate under terms specified in a “charter,” and are sponsored by an entity such as the State Board for Charter Schools. The equalization funding formula for charter schools does not include DAA or separate transportation funding and instead consists only of BSL and Charter Additional Assistance (CAA) funding. BSL funding for charter schools is determined under the same formula

prescribed for traditional public schools in A.R.S. § 15-943. CAA funding amounts are established separately in A.R.S. § 15-185B4. Charter schools receive all their equalization funding through Basic State Aid, since they do not have authority to generate funding through local property taxes.

Department of Emergency and Military Affairs

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
PROGRAM BUDGET			
Administration	1,424,000	211,853,000	5,205,900
Emergency Management	7,835,900	8,409,100	10,529,200
Military Affairs	3,670,100	20,537,500	7,568,100
AGENCY TOTAL	12,930,000	240,799,600	23,303,200

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	72.6	72.6	74.6 ^{1/}
Personal Services	1,900,600	2,362,700	2,362,700
Employee Related Expenditures	569,300	703,100	693,700
Professional and Outside Services	35,500	25,400	25,400
Travel - In State	15,900	12,500	12,500
Travel - Out of State	3,400	0	0
Other Operating Expenditures	772,500	2,413,200	4,975,000
Equipment	19,300	26,200	60,100
OPERATING SUBTOTAL	3,316,500	5,543,100	8,129,400

SPECIAL LINE ITEMS

Emergency Management Matching Funds	1,454,900	1,544,900	1,544,900
Governor's Emergency Fund	4,000,000	4,000,000	4,000,000 ^{2/}
Nuclear Emergency Management Program	1,622,400	1,987,400	2,113,500
Military Airport Planning	70,200	90,000	90,000 ^{3/}
Border Security Fund Allocations	0	209,205,000	0 ^{4/5/}
Emergency Hazard Mitigation	0	0	1,333,300
Federal Government Matching Repayment	0	759,200	759,200 ^{6/}
Hazard Mitigation Assistance	0	0	462,900
Hazard Mitigation Revolving Fund Deposit	0	0	200,000
National Guard Cyber Response Revolving Fund Deposit	300,000	0	0
National Guard Matching Funds	1,889,500	3,370,000	3,370,000 ^{7/}
National Guard Tuition Reimbursement	276,500	1,000,000	1,000,000 ^{8/}
National Guard Uniform Allowance	0	0	300,000
One-Time Maintenance Backfill	0	13,300,000 ^{9/}	0
AGENCY TOTAL	12,930,000	240,799,600	23,303,200 ^{10/}

FUND SOURCES

General Fund	11,307,600	29,607,200	21,189,700
<u>Other Appropriated Funds</u>			
Border Security Fund	0	209,205,000	0
Nuclear Emergency Management Fund	1,622,400	1,987,400	2,113,500
SUBTOTAL - Other Appropriated Funds	1,622,400	211,192,400	2,113,500
SUBTOTAL - Appropriated Funds	12,930,000	240,799,600	23,303,200
Other Non-Appropriated Funds	1,058,000	336,604,900	319,000
Federal Funds	71,884,900	113,873,300	108,201,600
TOTAL - ALL SOURCES	85,872,900	691,277,800	131,823,800

AGENCY DESCRIPTION — The department's Emergency Management Program prepares and coordinates emergency response plans for the state. The Military Affairs Program operates the Arizona National Guard and the Military Installation Fund Program.

FOOTNOTES

- 1/ Includes 3 GF and 8.5 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Includes expenditures authorized by A.R.S. § 35-192, which states that up to \$4,000,000 may be spent on disaster prevention and mitigation. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 3/ A.R.S. § 26-263 annually appropriates \$90,000 and 1 FTE Position from the General Fund for the administration of the Military Installation Fund. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 4/ Please refer to the narrative for the Border Security Fund Allocations line item for details regarding the allocations of the \$209,205,000 appropriated in FY 2023.
- 5/ In addition to the uses prescribed in Laws 2022, chapter 334, the monies deposited pursuant to Laws 2022, chapter 334 in the border security fund established by section 26-105, Arizona Revised Statutes, may also be used for any other purpose authorized by section 26-105, Arizona Revised Statutes. (General Appropriation Act footnote)
- 6/ The \$759,200 federal government matching repayment appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all fiscal year 2023-2024 monies remaining unexpended and unencumbered on December 31, 2024 revert to the state general fund. (General Appropriation Act footnote)
- 7/ The \$3,370,000 national guard matching funds appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all fiscal year 2023-2024 monies remaining unexpended and unencumbered on December 31, 2024 revert to the state general fund. (General Appropriation Act footnote)
- 8/ The appropriated amount for the national guard tuition reimbursement line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until September 30, 2024. (General Appropriation Act footnote)
- 9/ Of the amount appropriated to the department of emergency and military affairs for onetime maintenance backfill in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 32, \$13,300,000 from the state general fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2024 General Appropriation Act footnote)
- 10/ General Appropriation Act funds are appropriated as a Lump Sum by Program with Special Line Items by Agency.

Operating Budget

The budget includes \$8,129,400 and 63.1 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

One-Time National Guard Reaction Force Equipment

The budget includes a one-time increase of \$33,900 from the General Fund in FY 2024 label equipment for the National Guard Reaction Force (NGRF). Public Law 116-283 requires that all equipment used by the National Guard in support of local law enforcement have identifying labels.

Statewide Adjustments

The budget includes an increase of \$2,552,400 from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Emergency Management Matching Funds

The budget includes \$1,544,900 from the General Fund in FY 2024 for Emergency Management Matching Funds. This amount is unchanged from FY 2023.

The line item provides funding for the required 1:1 match for the Federal Emergency Management Performance Grant (EMPG) not covered with existing DEMA resources. EMPG monies are allocated to DEMA who then either expends them or passes monies on to other state, county, and municipal agencies to help provide planning, training, and other preparation for natural hazards and emergencies. In FY 2022, DEMA was awarded \$8,223,900 by the federal government.

In FY 2022, the state match for these monies was funded by \$758,700 from the General Fund operating budget appropriation, \$1,403,000 from the Emergency Management Matching Funds line item appropriation, \$930,800 of the Nuclear Emergency Management Fund appropriation, and a \$5,131,400 match from the local government sub-recipients.

In FY 2023, DEMA expects to receive \$10,762,900 in EMPG funds.

Table 1

Nuclear Emergency Management Fund

Agency	FY 2023		FY 2024		FY 2025	
	FTEs	Approp.	FTEs	Approp.	FTEs	Approp.
Emergency and Military Affairs ^{1/}	8.50	\$1,987,423	8.50	\$2,113,549	8.50	\$2,176,031
Agriculture	2.88	280,512	2.88	321,319	2.88	308,569
Total	11.38	\$2,267,935	11.38	\$2,434,868	11.38	\$2,484,600

^{1/} The Emergency and Military Affairs appropriation includes the appropriations for the Maricopa County Department of Emergency Management and the City of Buckeye.

Governor's Emergency Fund

The budget includes \$4,000,000 from the General Fund in FY 2024 for the Governor's Emergency Fund. This amount is unchanged from FY 2023.

Under A.R.S. § 35-192, the Governor may, through emergency declarations, authorize up to \$4,000,000 annually from the General Fund for disaster prevention and mitigation without specific appropriation authority. Monies in this line item, therefore, are not included in the General Appropriation Act.

Nuclear Emergency Management Program

The budget includes \$2,113,500 and 8.5 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY 2024 for the Nuclear Emergency Management Program line item. Adjustments are as follows:

New NEMF Assessment

The budget includes an increase of \$126,100 from NEMF in FY 2024 for a new NEMF assessment.

Laws 2023, Chapter 114 appropriates \$2,113,549 and 8.5 FTE Positions from NEMF in FY 2024 and \$2,176,031 and 8.5 FTE Positions from NEMF in FY 2025.

As a result, these monies do not appear in the General Appropriation Act. DEMA and the Department of Agriculture received monies from Chapter 114. The NEMF appropriation amounts for FY 2023-2025 are displayed in Table 1. (Please see the Department of Agriculture for more information.)

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level to offset the NEMF appropriation. The Legislature enacts this revised fee level in a bill outside of the budget process.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training and testing necessary to comply with federally prescribed criteria.

Military Airport Planning

The budget includes \$90,000 and 1 FTE Position from the General Fund in FY 2024 for Military Airport Planning. These amounts are unchanged from FY 2023.

A.R.S. § 26-263 annually appropriates \$90,000 and 1 FTE Position to the department and \$85,000 to the Attorney General for administration of the Military Installation Fund. Since these monies are appropriated in statute, they do not appear in the General Appropriation Act.

The Military Installation Fund itself currently has no ongoing revenue source. At the end of FY 2022, the fund had an unreserved balance of \$437,600.

Border Security Fund Allocations

The budget includes no funding in FY 2024 for the Border Security Fund Allocations. line item. Adjustments are as follows:

Remove One-Time Border Security Funding

The budget includes a decrease of \$(209,205,000) from the Border Security Fund in FY 2024 to remove funding for one-time allocations.

Laws 2022, Chapter 321 diverts \$209,205,000 of transaction privilege tax (TPT) revenues in FY 2023 from the General Fund to the Border Security Fund. Section 110 of the FY 2023 General Appropriation Act appropriates the \$209,205,000 to DEMA and allocates the funding for various purposes. (The Border Security Fund is otherwise a non-appropriated fund). DEMA is required

to allocate the FY 2023 appropriation in consultation with the Department of Public Safety (DPS) as follows:

- \$20,000,000 to distribute to Cochise County for up to 20% of the costs to construct a county jail.
- \$15,000,000 to reimburse a county or local law enforcement agency for costs incurred for participating in a program with the U.S. Immigration and Customs Enforcement (ICE).
- \$10,000,000 for deposit into the Antihuman Trafficking Grant Fund. Of this amount, \$2,000,000 is for the DPS Arizona County Terrorism Information Center (ACTIC) and \$8,000,000 is for grants of up to \$500,000 to local law enforcement agencies for programs that reduce human trafficking.
- \$30,000,000 for distribution to cities, towns or counties for costs associated with prosecuting and imprisoning individuals charged with border-related crimes.
- \$10,000,000 for costs incurred by the Arizona National Guard in the Southern Arizona border region.
- \$10,000,000 for emergency health care and testing for immigrants along the southern border.
- \$15,000,000 for transportation of individuals seeking asylum to other states in the U.S.
- \$53,405,000 to distribute to ADOA for deputy sheriff compensation, including a \$10,000 retention bonus paid over 2 years and a \$5,000 signing bonus paid over 1 year.
- \$800,000 for the chain of command in the Arizona State Guard.
- \$30,000,000 for construction costs of a state emergency operations center.
- \$15,000,000 to distribute to DPS for the construction of a southern border coordinated response center.

The allocations listed above are exempt from lapsing. DEMA is required to submit a quarterly report, in consultation with the Arizona Department of Homeland Security and DPS, to JLBC on the status of the project allocations and until the monies are fully expended. In addition, the FY 2023 budget permits DEMA to transfer spending authority between and within the allocations listed above. Before making a transfer, the department is required to submit the proposed transfer to JLBC for review.

In addition to the \$209,205,000 diversion described above, Laws 2022, Chapter 334 diverted \$335,000,000 of transaction privilege tax (TPT) revenues from the General Fund to the Border Security Fund in FY 2023 for other purposes. DEMA is required to use these monies to construct and maintain a physical border fence, to purchase or install border security technologies, including

cameras, sensors, drones, software and other surveillance equipment, and to pay associated administrative costs. DEMA is required to submit the same quarterly report as required for the \$209,205,000 allocation described above.

Laws 2023, Chapter 133 permits that the \$335,000,000 of TPT revenues diverted from the General Fund to the Border Security Fund by Laws 2022, Chapter 334 may also be used for any other purpose authorized under the Border Security Fund. The purposes of the Border Security Fund include preventing human trafficking and unlawful entry into the U.S., constructing and maintaining commercial vehicle inspection infrastructure in the state, clearing nonindigenous plants, and granting monies to counties for secure housing and prosecution costs.

Of the \$335,000,000 amount described above, the Governor intends to distribute \$31,366,200 to the municipalities of Somerton, Wellton, and Yuma as well as the Cocopah Indian Tribe. These monies will be utilized by the recipients for various border security related efforts including technology, vehicles and additional staff focused on combatting border related crimes. The monies will be distributed as follows: \$18,472,200 to Yuma County Sheriff's Office, \$9,286,300 to Yuma Police Department, \$2,300,400 to Cocopah Police Department, \$1,214,200 to Somerton Police Department, and \$93,100 to Wellton Police Department.

Table 2 delineates the total amount of TPT diversions made to the Border Security Fund in FY 2023 by purpose.

Table 2	
Border Security Fund Allocations	
	<u>FY 2023 Allocation</u>
<i>Laws 2022, Chapter 313</i>	
Cochise County Jail	\$20,000,000
Local ICE Reimbursement	15,000,000
Antihuman Trafficking Grant Fund	10,000,000
Local Prosecution Costs	30,000,000
Arizona National Guard	10,000,000
Emergency Testing and Care	10,000,000
Asylum Transportation	15,000,000
Deputy Sheriff Compensation	53,405,000
State Guard – Chain of Command	800,000
Emergency Operations Center	30,000,000
Coordinated Response Center	<u>15,000,000</u>
Subtotal	\$209,205,000
<i>Laws 2022, Chapter 334</i>	
Border Fence and Border Security Technologies	\$335,000,000
Total	\$544,205,000

Emergency Hazard Mitigation

The budget includes \$1,333,300 from the General Fund in FY 2024 for the Emergency Hazard Mitigation line item. Adjustments are as follows:

One-Time Emergency Hazard Mitigation Funding

The budget includes a one-time increase of \$1,333,300 from the General Fund in FY 2024 for emergency hazard mitigation funding.

The line item provides funding to address mitigation activities throughout the state. The monies may be used for any mitigation activity, before or immediately after an emergency event, that will eliminate or reduce disaster impact and damage to public and private property.

Federal Government Matching Repayment

The budget includes \$759,200 from the General Fund in FY 2024 for the Federal Government Matching Repayment line item. This amount is unchanged from FY 2023.

A General Appropriation Act footnote makes this appropriation exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 2024 monies remaining unexpended and unencumbered on December 31, 2024 revert to the General Fund.

The line item provides ongoing funding to provide a full 100% state match for federal dollars received to fund employee salaries and facility maintenance.

Hazard Mitigation Assistance

The budget includes \$462,900 and 2 FTE Positions from the General Fund in FY 2024 for the Hazard Mitigation Assistance line item. Adjustments are as follows:

One-Time Hazard Mitigation Assistance Funding

The budget includes a one-time increase of \$462,900 and 2 FTE Positions from the General Fund in FY 2024 for hazard mitigation assistance funding. The 3-year budget plan also includes one-time funding of \$462,900 in FY 2025.

The line item provides funding for 2 FTE positions that will assist in writing applications for new federal mitigation grants. The new federal grants include the following programs: Building Resilient Infrastructure and Communities (BRIC), Hazard Mitigation Grant Program (HMGP), Legislative Pre-Disaster Mitigation (L-PDM), and

Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM Act).

In addition to mitigation activities, the new federal funds may be used to pay for the salary costs of the employees that applied for the federal grants. However, the department anticipates a 2-year delay between the time they apply for the new federal funds and when they receive the new funds. Starting in FY 2026, DEMA anticipates the added positions will be funded entirely from the newly acquired federal grants.

Hazard Mitigation Revolving Fund Deposit

The budget includes \$200,000 from the General Fund in FY 2024 for the Hazard Mitigation Revolving Fund Deposit line item. Adjustments are as follows:

One-Time Hazard Mitigation Revolving Fund Deposit Funding

The budget includes a one-time increase of \$200,000 from the General Fund in FY 2024 for a deposit into the Hazard Mitigation Revolving Fund. The 3-year budget plan also includes one-time funding of \$200,000 through FY 2026 with the assumption that it would continue through FY 2028.

The line item provides funding for a state match to draw down monies from the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM Act). Monies from the STORM Act may be used by the state to establish revolving loan funds that provide hazard mitigation funding for local governments to reduce risks from natural disasters and events.

National Guard Matching Funds

The budget includes \$3,370,000 from the General Fund in FY 2024 for the National Guard Matching Funds line item. This amount is unchanged from FY 2023.

The line item provides state funding to DEMA that serves as a match to federal grants for the operational and maintenance costs associated with National Guard facilities. These matching funds are for military grants, whereas the Emergency Management Matching Funds line item is for emergency-related grants. These military grants have a matching requirement of 5-50%.

The operations and maintenance for these facilities are paid through service contracts. The budget continues to make this appropriation exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 2024 monies remaining unexpended

and unencumbered on December 31, 2024 revert to the state General Fund.

In FY 2022, DEMA received \$45,440,100 in National Guard Military Operations and Maintenance Projects monies. Of this amount, \$1,935,400 required a 50% match, or \$967,700; \$3,950,300 required a 25% match, or \$987,600; and \$3,488,700 required a 5.5% match, or \$191,900, for a total required match of \$2,147,200.

National Guard Tuition Reimbursement

The budget includes \$1,000,000 from the General Fund in FY 2024 for the National Guard Tuition Reimbursement line item. This amount is unchanged from FY 2023.

DEMA estimates that the \$1,000,000 appropriation will provide tuition reimbursement to 369 National Guardsmen. The budget exempts monies in this line item from lapsing until September 30, 2024.

National Guard Uniform Allowance

The budget includes \$300,000 from the General Fund in FY 2024 for the National Guard Uniform Allowance line item. Adjustments are as follows:

One-Time National Guard Uniform Allowance Increase

The budget includes a one-time increase of \$300,000 from the General Fund in FY 2024 for National Guard uniform allowance funding.

A.R.S. § 26-157 requires that each newly commissioned or warranted officer in the Arizona National Guard receive an annual allowance of \$250 for uniforms and related equipment. The funding from this line item is intended to provide the uniform allowance required under statute.

One-Time Maintenance Backfill

The budget includes no funding in FY 2024 for the One-Time Maintenance Backfill line item. Adjustments are as follows:

Remove One-Time Maintenance Funding

The budget includes a decrease of \$(13,300,000) from the General Fund in FY 2024 to remove one-time costs associated with resolving a deferred maintenance backlog at the National Guard readiness centers facilities to prevent facility closures.

A General Appropriations Act footnote makes this appropriation exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Other Issues

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, establish the non-appropriated Hazard Mitigation Revolving Fund consisting of legislative appropriations and monies received from the federal government for DEMA to spend in accordance with Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act guidelines. Monies in the fund are exempt from lapsing. Includes a delayed repeal date of June 30, 2028.

Department of Environmental Quality

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	322.0	355.7	355.7
Personal Services	17,605,800	26,548,500	26,548,500
Employee Related Expenditures	6,136,100	9,543,600	9,436,600
Professional and Outside Services	3,858,300	7,082,000	6,601,500
Travel - In State	302,500	509,400	509,400
Travel - Out of State	16,000	102,000	102,000
Other Operating Expenditures	12,268,200	18,163,000	30,080,500
Equipment	24,100	82,000	82,000
OPERATING SUBTOTAL	40,211,000	62,030,500	73,360,500
SPECIAL LINE ITEMS			
Direct Potable Reuse of Treated Wastewater Program	0	1,500,000	1,500,000
Water Quality Fee Fund Deposit	0	6,400,000	9,500,000
Emissions Control Contractor Payment	21,134,200	26,219,500	26,219,500
WQARF Priority Site Remediation	15,000,000	15,000,000	15,000,000 ^{1/2/}
PFAS Mitigation	0	0	5,000,000 ^{3/4/}
Safe Drinking Water Program	1,634,400	1,998,500	1,991,800
AGENCY TOTAL	77,979,600	113,148,500	132,571,800 ^{5/}
FUND SOURCES			
General Fund	15,000,000	22,900,000	31,000,000
<u>Other Appropriated Funds</u>			
Air Quality Fund	4,486,300	5,830,900	5,838,600
Emergency Response Fund	87,600	528,300	132,800
Emissions Inspection Fund	24,850,100	30,484,400	30,478,800
Hazardous Waste Management Fund	1,711,500	1,946,600	1,939,400
Indirect Cost Fund	13,968,600	18,629,000	18,979,600 ^{6/}
Permit Administration Fund	4,375,500	7,285,600	7,256,800 ^{7/}
Recycling Fund	1,464,500	2,522,400	4,515,900
Safe Drinking Water Program Fund	1,992,500	1,998,500	1,991,800
Solid Waste Fee Fund	1,713,900	2,674,600	2,584,900
Voluntary Vehicle Repair and Retrofit Program Fund	526,600	0	0
Water Quality Fee Fund	7,802,500	18,348,200	27,853,200
SUBTOTAL - Other Appropriated Funds	62,979,600	90,248,500	101,571,800
SUBTOTAL - Appropriated Funds	77,979,600	113,148,500	132,571,800
Other Non-Appropriated Funds	60,270,100	75,873,200	75,873,200
Federal Funds	15,179,600	19,382,300	19,382,300
TOTAL - ALL SOURCES	153,429,300	208,404,000	227,827,300

AGENCY DESCRIPTION — The Department of Environmental Quality (ADEQ) enforces air, water, and land quality standards. The department's Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the cleanup (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and wastewater systems, monitors waters of the state, and provides hydrologic analysis to support hazardous site remediation.

FOOTNOTES

- ^{1/} A.R.S. § 49-282 as limited by the Environment Budget Reconciliation Bill requires an annual \$15,000,000 transfer from the Corporate Income Tax to the Water Quality Assurance Revolving Fund. Although the transfer is not included in the annual General Appropriation Act, it is shown here as a General Fund expenditure.

- 2/ The department of environmental quality shall report annually on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. The department shall submit the fiscal year 2023-2024 report to the joint legislative budget committee on or before September 1, 2023. This report shall also include a budget for the WQARF program that is developed in consultation with the WQARF advisory board. This budget shall specify the monies budgeted for each listed site during fiscal year 2023-2024. In addition, the department and the WQARF advisory board shall prepare and submit to the joint legislative budget committee, on or before October 1, 2023, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table shall include the stage of remediation for each site at the end of fiscal year 2022-2023, indicate whether the current stage of remediation is anticipated to be completed in fiscal year 2023-2024 and indicate the anticipated stage of remediation at each listed site at the end of fiscal year 2023-2024, assuming fiscal year 2023-2024 funding levels. The department and the WQARF advisory board may include other relevant information about the listed sites in the table. (General Appropriation Act footnote)
- 3/ On or before July 31, 2024, the department of environmental quality shall report to the joint legislative budget committee on its progress expending monies for PFAS mitigation, including funded projects, anticipated projects, and outcomes as a result of mitigation efforts. The report shall include details about the scope and location of the projects. (General Appropriation Act footnote)
- 4/ The appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 6/ All monies in the department of environmental quality indirect cost fund, including the beginning balance, that are in excess of \$18,979,600 in fiscal year 2023-2024 are appropriated to the department. Before spending indirect cost fund monies in excess of \$18,979,600 in fiscal year 2023-2024, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 7/ All permit administration fund monies received by the department of environmental quality in excess of \$7,256,800 in fiscal year 2023-2024 are appropriated to the department. Before spending permit administration fund monies in excess of \$7,256,800 in fiscal year 2023-2024, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes \$73,360,500 and 355.7 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Air Quality Fund	\$5,838,600
Emergency Response Fund	132,800
Emissions Inspection Fund	4,259,300
Hazardous Waste Management Fund	1,939,400
Indirect Cost Fund	18,979,600
Permit Administration Fund	7,256,800
Recycling Fund	4,515,900
Solid Waste Fee Fund	2,584,900
Water Quality Fee Fund	27,853,200

Adjustments are as follows:

One-Time Recycling Fund Increase

The budget includes an increase of \$3,000,000 from the Recycling Fund in FY 2024 for a one-time appropriation of a surplus in the Recycling Fund to support recycling initiatives.

One-Time Funding Increase for Water Programs

The budget includes an increase of \$9,500,000 from the Water Quality Fee Fund in FY 2024 for one-time additional funding to support surface water, groundwater, and drinking water programs.

The General Appropriation Act also includes a one-time deposit to the Water Quality Fee Fund from the General Fund. *(Please see Water Quality Fee Fund Deposit line item for more information.)*

Remove One-Time Transfer to DFFM for Biomass Recovery

The budget includes a decrease of \$(1,000,000) from the Recycling Fund in FY 2024 to remove a one-time transfer for biomass recovery.

Remove One-Time Coal Combustion Residuals Program Funding

The budget includes a decrease of \$(85,000) from the Solid Waste Fee Fund in FY 2024 to remove funding for one-time contracting services associated with the state-administered Coal Combustions Residuals Program.

Remove One-Time Firefighting Foam Removal Funding

The budget includes a decrease of \$(395,500) from the Emergency Response Fund in FY 2024 to remove one-time funding associated with removing stockpiles of foam containing aqueous film forming foams containing Per- and Polyfluoroalkyl Substances (PFAS). Laws 2019, Chapter 222 prohibited the use of these foams by fire districts for extinguishing wildfires.

Statewide Adjustments

The budget includes an increase of \$310,500 in FY 2024 for statewide adjustments. This amount consists of:

	FY 2024
Air Quality Fund	7,700
Emissions Inspection Fund	(5,600)
Hazardous Waste Management Fund	(7,200)
Indirect Cost Fund	350,600
Permit Administration Fund	(28,800)
Recycling Fund	(6,500)
Solid Waste Fee Fund	(4,700)
Water Quality Fee Fund	5,000

(Please see the Agency Detail and Allocations section.)

Direct Potable Reuse of Treated Wastewater Program

The budget includes \$1,500,000 from the General Fund in FY 2024 for the Direct Potable Reuse of Treated Wastewater Program line item. This amount is unchanged from FY 2023. The 2024 appropriation would not continue in FY 2025.

The FY 2023 budget plan included a one-time increase of \$1,500,000 from the General Fund in FY 2023 and FY 2024 for initial support of the Direct Potable Reuse of Treated Wastewater Program.

The FY 2023 Environment Budget Reconciliation Bill (BRB) requires the ADEQ Director to establish rules and permit fees sufficient to administer the program by December 31, 2024 and states that program revenues are to be deposited into the Water Quality Fee Fund.

Water Quality Fee Fund Deposit

The budget includes \$9,500,000 in FY 2024 for a Water Quality Fee Fund Deposit. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(6,400,000) from the General Fund in FY 2024 to remove a one-time deposit into the Water Quality Fee Fund in FY 2023.

One-Time General Fund Deposit

The budget includes an increase of \$9,500,000 from the General Fund in FY 2024 for a one-time deposit into the Water Quality Fee Fund.

Monies in this line item are to provide support to address a funding shortfall. As of June 2023, the department is receiving public comment on the proposed rulemaking for changes to the department's fees. Laws 2022, Chapter 204 revised the department's fees and fee structure as well as providing the department the authority to change certain fees without rulemaking after this initial rulemaking.

Emissions Control Contractor Payment

The budget includes \$26,219,500 from the Emissions Inspection Fund in FY 2024 for Emissions Control Contractor Payment. This amount is unchanged from FY 2023.

The Emissions Control Program is operated by a contractor in the Phoenix Metropolitan Area and the Tucson Metropolitan Area with the purpose of identifying polluting motor vehicles. The program is funded through test fees that are charged to motorists. Statute does not specify a fee level.

Phoenix Metropolitan Area and Tucson Metropolitan area vehicle owners pay different rates as outlined below:

- Vehicle owners in the Phoenix area pay \$17.00 for the onboard diagnostic test, while those in the Tucson area pay \$12.25 for the same test. Regardless of location, ADEQ pays its contractor \$13.85 for each diagnostic test.
- Owners of heavy-duty diesel trucks in the Phoenix area pay \$25.00 for each test, while those in the Tucson area pay \$12.25 for each test. Regardless of location, ADEQ pays its contractor \$23.50 for each heavy-duty diesel test.

The Environment BRB continues a provision requiring ADEQ to charge emissions inspection fees in FY 2024 that are no greater than those charged in FY 2023 for tests conducted in Area A, which refers to the Phoenix Metropolitan Area and includes Maricopa County as well as portions of Pinal and Yavapai Counties. ADEQ is currently setting rules to reduce fees in Area A and increase fees in Area B for no overall increase in fees.

PFAS Mitigation

The budget includes \$5,000,000 from the General Fund in FY 2024 for PFAS Mitigation. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$5,000,000 from the General Fund in FY 2024 for one-time support to identify, contain, and treat Arizona water sources for PFAS chemicals.

PFAS (per- and polyfluoroalkyl substances) are long-lasting synthetic chemicals that are frequently used in industrial and consumer products, including non-stick cookware, certain firefighting foams, and water-resistant apparel. Because they are resistant to environmental breakdown, these chemicals often leak into soil, water, and air. Studies have shown that exposure to PFAs can result in a range of health risks for both humans and wildlife, including but not limited to cancer and reproductive harm.

The FY 2024 budget includes a footnote instructing the department to submit a report to the JLBC by July 31, 2024, documenting its progress expending monies for PFAS mitigation. The monies in this line item are non-lapsing.

Safe Drinking Water Program

The budget includes \$1,991,800 from the Safe Drinking Water Program Fund in FY 2024 for the Safe Drinking Water Program. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(6,700) from the Safe Drinking Water Program Fund in FY 2024 for statewide adjustments.

The Safe Drinking Water Program Fund receives the first \$1,800,000 of Public Water System (PWS) tax revenues.

WQARF Priority Site Remediation

The budget includes \$15,000,000 from the General Fund in FY 2024 for Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation. This amount is unchanged from FY 2023.

A.R.S. § 49-288 requires WQARF to be funded from an annual \$15,000,000 transfer from the Corporate Income Tax (CIT). In addition, WQARF generates other revenue from various license and registration fees. A.R.S. § 49-282 directs the State Treasurer to adjust the \$15,000,000 CIT

transfer so that, when combined with the WQARF fee-generated revenue, the program receives \$18,000,000 annually. The Environment BRB continues a provision notwithstanding the \$18,000,000 annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15,000,000.

In FY 2022, the WQARF program received \$15,000,000 from the General Fund and \$1,993,700 from fee revenues pursuant to A.R.S. § 49-288 for a total of \$16,993,700.

Background – The WQARF program is similar to the federal Superfund program in that it is designed to monitor and remediate contaminated groundwater at specified sites. Program expenditures include searching for responsible polluters, conducting risk assessments and remediation feasibility studies, and contracting for remediation services.

Other Issues

Statutory Changes

The Environment BRB makes the following statutory changes:

- As session law, continues to allow the department to utilize up to \$6,531,000 from the Underground Storage Tank (UST) Revolving Fund in FY 2024 for department administrative expenses and for sewage remediation.
- As session law, continues notwithstanding the \$18,000,000 annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15,000,000.
- As session law, continues to charge fees that are not greater than the FY 2023 level of vehicle emissions inspection fees in FY 2024.

Long-Term Budget Impacts

As part of the FY 2024 budget's 3-year spending plan, DEQ's General Fund costs are projected to decrease by \$(16,000,000) in FY 2025 below FY 2024 for removal of one-time funding, and no change in funding for FY 2026. These estimates are based on:

- \$(9,500,000) for Water Quality Fee Fund deposit.
- \$(5,000,000) for PFAS Mitigation.
- \$(1,500,000) for the Direct Potable Reuse of Treated Wastewater Program.

Governor's Office of Equal Opportunity

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	5.0
Personal Services	91,500	127,900	202,900
Employee Related Expenditures	27,700	52,900	77,100
Travel - In State	0	1,200	1,200
Other Operating Expenditures	43,900	27,900	27,800
Equipment	1,500	1,500	1,500
AGENCY TOTAL	164,600	211,400	310,500 ^{1/}

FUND SOURCES

Other Appropriated Funds

Personnel Division Fund	164,600	211,400	310,500
SUBTOTAL - Other Appropriated Funds	164,600	211,400	310,500
SUBTOTAL - Appropriated Funds	164,600	211,400	310,500
TOTAL - ALL SOURCES	164,600	211,400	310,500

AGENCY DESCRIPTION — The agency monitors equal opportunity plans submitted annually by each state agency and assists agencies in equal employment opportunity training and evaluation.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$310,500 and 5 FTE Positions from the Personnel Division Fund in FY 2024 for the operating budget. Adjustments are as follows:

ADA Coordinator

The budget includes an increase of \$100,000 and 1 FTE Position from the Personnel Division Fund in FY 2024 for an Americans with Disabilities Act (ADA) Coordinator.

Statewide Adjustments

The budget includes a decrease of \$(900) from the Personnel Division Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Equalization

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	189,900	301,400	301,400
Employee Related Expenditures	82,600	94,800	116,500
Professional and Outside Services	4,500	35,000	35,000
Travel - In State	4,800	16,000	16,000
Travel - Out of State	0	5,000	5,000
Other Operating Expenditures	300,800	321,400	262,200
Equipment	36,500	15,000	15,000
AGENCY TOTAL	619,100	788,600	751,100 ^{1/}
FUND SOURCES			
General Fund	619,100	788,600	751,100
SUBTOTAL - Appropriated Funds	619,100	788,600	751,100
TOTAL - ALL SOURCES	619,100	788,600	751,100

AGENCY DESCRIPTION — The State Board of Equalization hears property tax appeals for Maricopa and Pima Counties. The board consists of 41 seats, of which 21 are appointed by the Governor and 20 are appointed by the Board of Supervisors of each county. Property tax appeals in other counties continue to be heard by the respective County Boards of Equalization. The board also hears appeals of centrally-valued properties and equalization orders by the Department of Revenue.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$751,100 and 7 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(50,000) from the General Fund in FY 2024 to remove one-time funding for software upgrades for the appeals application.

Named Claimants

The budget includes a decrease of \$(693.85) from the General Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Statewide Adjustments

The budget includes an increase of \$13,200 from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriations of \$693.85 from the General Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

Board of Executive Clemency

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	14.5	14.5	14.5
Personal Services	635,600	764,300	764,300
Employee Related Expenditures	219,900	277,300	271,600
Professional and Outside Services	5,700	32,400	77,200
Travel - In State	300	13,600	13,600
Travel - Out of State	800	0	0
Other Operating Expenditures	275,000	239,200	284,100
Equipment	15,100	10,000	10,000
AGENCY TOTAL	1,152,400	1,336,800	1,420,800 ^{1/2/}
FUND SOURCES			
General Fund	1,152,400	1,336,800	1,420,800
SUBTOTAL - Appropriated Funds	1,152,400	1,336,800	1,420,800
Other Non-Appropriated Funds	23,400	24,500	24,500
TOTAL - ALL SOURCES	1,175,800	1,361,300	1,445,300

AGENCY DESCRIPTION — The board consists of 1 full-time chairman and 4 full-time members. The board makes decisions regarding the discretionary release of inmates convicted prior to January 1, 1994 who are parole and/or home arrest eligible. The board holds hearings for the revocation of parole or community supervision for crimes convicted on or after January 1, 1994, and determines the modification of release conditions and release recissions. The board considers executive clemency actions such as pardons, commutations, and absolute discharges for eligible offenders.

FOOTNOTES

- 1/ On or before November 1, 2023, the board of executive clemency shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting the total number and types of cases the board reviewed in fiscal year 2022-2023. (General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$1,420,800 and 14.5 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Increased Operational Costs

The budget includes an increase of \$39,000 from the General Fund in FY 2024 for funding to cover increased operational costs including rent and internet.

One-Time Electronic Records System Funding

The budget includes a one-time increase of \$50,500 from the General Fund in FY 2024 to implement an electronic record document management system and to scan and upload existing records into the system.

Statewide Adjustments

The budget includes a decrease of \$(5,500) from the General Fund in FY 2024 for statewide adjustments.

(Please see the Agency Detail and Allocations section.)

Caseload Data

Pursuant to a footnote in the FY 2023 General Appropriation Act, the board submitted a report on its FY 2022 caseload. The board conducted 2,629 case hearings in FY 2022, as described below:

- Phases 1 and 2 Commutation (208): After reviewing an inmate's request to have their sentence commuted, the board can decide to deny the request or allow the request to move to a Phase 2 Commutation hearing.

- Pardon (2): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (26): The board can discharge a person from imprisonment or parole supervision prior to the sentence expiration date or prior to the expiration of parole.
- Modification (0): The board can recommend to the Governor that an inmate's sentence be modified or commuted.
- Reprieve (2): The board can make a recommendation to the Governor to delay or temporarily suspend the carrying out of an inmate's punishment.
- Parole (287): These hearings only apply to offenders sentenced prior to 1994. The board may place these offenders on parole or deny their application for parole and return them to the Department of Corrections.
- Revocation (1,288): These hearings are conducted when an offender has violated the terms of community supervision.
- Probable Cause (816): These hearings can be requested by an inmate prior to revocation proceedings to determine if there is probable cause to believe that the defendant violated the terms of community supervision.

Arizona Exposition and State Fair Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	184.0	184.0	184.0
Personal Services	1,633,000	4,884,500	4,884,500
Employee Related Expenditures	531,600	1,000,300	970,800
Professional and Outside Services	60,800	350,400	350,400
Travel - In State	11,100	8,100	8,100
Travel - Out of State	9,600	10,000	10,000
Other Operating Expenditures	6,183,900	12,715,300	11,243,300
Equipment	95,800	88,200	88,200
AGENCY TOTAL	8,525,800	19,056,800 ^{1/}	17,555,300 ^{2/3/}

FUND SOURCES

Other Appropriated Funds

Arizona Exposition and State Fair Fund	8,525,800	19,056,800	17,555,300
SUBTOTAL - Other Appropriated Funds	8,525,800	19,056,800	17,555,300
SUBTOTAL - Appropriated Funds	8,525,800	19,056,800	17,555,300
Federal Funds	2,000,000	1,925,000	1,925,000
TOTAL - ALL SOURCES	10,525,800	20,981,800	19,480,300

AGENCY DESCRIPTION — The Arizona Exposition and State Fair Board is custodian of the 96-acre State Fairgrounds and Memorial Coliseum properties. The board directs and conducts the annual Arizona State Fair and leases the coliseum and fairgrounds facilities for special events, including the annual Arizona National Livestock Show.

FOOTNOTES

- 1/ Of the monies appropriated to the Arizona exposition and state fair board in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 37, \$2,300,000 of the lump sum appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024. (FY 2024 General Appropriation Act footnote)
- 2/ Of the monies in the Arizona exposition and state fair board operating budget, \$2,000,000 shall be spent for enhanced state fair operations. Before spending monies in the operating budget on capital projects, the board shall submit a report for review by the joint committee on capital review on the scope, purpose and estimated cost of the capital improvements. (General Appropriation Act footnote)
- 3/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$17,555,300 and 184 FTE Positions from the Arizona Exposition and State Fair Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(3,000,000) from the Arizona Exposition and State Fair Fund in FY 2024 to remove one-time funding for enhanced state fair operations.

Statewide Adjustments

The budget includes an increase of \$1,498,500 from the Arizona Exposition and State Fair Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

Statutory Changes

The Amusements Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As session law, changes the time period for the \$400,000 cap on the Permanent Revolving Fund balance. That cap had previously been in place from October 1 to November 30 of each year (otherwise the cap is \$60,000 during the rest of the year). The \$400,000 cap will now be in place for the period between 15 days before and 15 days after the 2023 State Fair.

Arizona Department of Forestry and Fire Management

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	213.0	235.5	235.5 ^{1/}
Personal Services	1,731,700	2,410,200	2,410,200
Employee Related Expenditures	667,600	939,500	933,500
Professional and Outside Services	39,700	51,600	51,600
Travel - In State	42,500	55,300	55,300
Travel - Out of State	3,200	4,200	4,200
Other Operating Expenditures	265,900	367,500	3,640,200
Equipment	65,800	108,900	108,900
OPERATING SUBTOTAL	2,816,400	3,937,200	7,203,900
SPECIAL LINE ITEMS			
Environmental County Grants	250,000	250,000	250,000
Fire District Grants	0	0	5,000,000 ^{2/3/}
Fire Suppression	3,200,000	3,200,000	3,200,000 ^{4/}
Gila River Nonnative Species Eradication	0	5,000,000	0
Hazardous Vegetation Removal	1,209,500	3,040,300	3,039,300 ^{5/}
Inmate Firefighting Crews	781,400	869,600	867,700
Post-Release Firefighting Crews	777,200	1,282,700	1,278,900
Mount Lemmon Fire District Renovation	0	2,230,900	0
Nonnative Vegetation Species Eradication	1,000,000	1,000,000	1,000,000 ^{6/}
Rural Fire District Reimbursement	30,500	0	0
State Fire Marshal	1,035,800	2,059,400	1,792,000
State Fire School	275,800	289,100	289,000
US Forest Service Land Thinning	0	2,150,900	1,657,700
Wildfire Emergency Response	26,813,400	65,000,000	0
Wildfire Mitigation	8,893,300	39,163,300	32,026,700
AGENCY TOTAL	47,083,300	129,473,400	57,605,200 ^{7/}
FUND SOURCES			
General Fund	47,083,300	129,473,400	57,605,200
SUBTOTAL - Appropriated Funds	47,083,300	129,473,400	57,605,200
Other Non-Appropriated Funds	90,663,800	100,766,800	100,766,800
TOTAL - ALL SOURCES	137,747,100	230,240,200	158,372,000

AGENCY DESCRIPTION — The Arizona Department of Forestry and Fire Management (DFFM) is responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities (22 million acres total). The department includes the Office of the State Fire Marshal, which enforces the state fire codes and provides training and education for fire personnel and the general public.

FOOTNOTES

- ^{1/} Includes 192.5 GF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{3/} Monies in the fire district grants line item shall be used by the Arizona department of forestry and fire management to establish a program to provide grants to fire districts in this state. The department may use up to two percent of the monies in the fire district grants line item to administer the program. Grant applications shall be prioritized based on the need of the fire district and average response times of the fire district. A fire district may use fire district grant monies to:
 1. Purchase capital equipment necessary to respond to public safety emergencies, including fire engines, ambulances, radio telecommunications, uniforms and equipment.
 2. Construct or renovate fire stations.

3. Purchase and provide emergency alert services that are available through a mobile application or other means. (General Appropriation Act footnote)
- 4/ A.R.S. § 37-1305 annually appropriates \$3,000,000 from the General Fund to the Fire Suppression Revolving Fund. Because this authorization is in permanent statute, \$3,000,000 of the appropriated amount is not included in the General Appropriation Act.
- 5/ The appropriation for the hazardous vegetation removal line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, through June 30, 2025. (General Appropriation Act footnote)
- 6/ The sum of \$1,000,000 is appropriated from the state General Fund in each of FY 2021, FY 2022, FY 2023, FY 2024, FY 2025, FY 2026, FY 2027, FY 2028, and FY 2029 to the Arizona Department of Forestry and Fire Management for deposit in the Nonnative Vegetation Species Eradication Fund established by A.R.S. § 37-1309 to assist in preventing wildland fire and flooding. (FY 2020 General Appropriation Act footnote)
- 7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$7,203,900 and 43 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$3,266,700 from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Environmental County Grants

The budget includes \$250,000 from the General Fund in FY 2024 for Environmental County Grants. This amount is unchanged from FY 2023.

Monies in this line item have been used by Greenlee, Graham, Gila, Navajo, Cochise and Apache Counties for environmental projects that impact economic development in those counties. Previously funded projects include forest restoration, endangered species habitat protection, watershed restoration, and natural resource planning. DFFM must approve any project prior to expenditure of the monies.

Fire District Grants

The budget includes \$5,000,000 from the General Fund in FY 2024 for a new Fire District Grants line item. Adjustments are as follows:

Establish New Grant Program

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for the establishment of a grant program to assist fire districts. A General Appropriation Act footnote makes this appropriation exempt from lapsing.

Monies in this line item are for a grant program designed to help fire districts pay for emergency equipment, fire station construction/repair, or mobile services.

Fire Suppression

The budget includes \$3,200,000 from the General Fund in FY 2024 for Fire Suppression. This amount is unchanged from FY 2023.

Monies in this line item are used for fire suppression on state trust land and rural private land. A.R.S. § 37-1305 provides an annual appropriation of up to \$3,000,000 from the General Fund for fire suppression. Because this authorization is in permanent statute, only \$200,000 of the appropriated amount is included in the General Appropriation Act. *(See Wildfire Mitigation line item for additional monies supporting fire suppression in Arizona.)*

Gila River Nonnative Species Eradication

The budget includes no funding in FY 2024 for the Gila River Nonnative Species Eradication line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2024 for removal of funding for nonnative species eradication projects along specified portions of the Gila River. The FY 2023 budget assumed the Executive will allocate \$5,000,000 from the Coronavirus State Fiscal Recovery Fund for the same purpose in both FY 2024 and FY 2025.

Monies in this line item fund nonnative vegetation species eradication projects, including projects to replace nonnative vegetation species with native vegetation species and restoring habitat for wildlife, in and along the portion of the Gila River between the western boundary

of the City of Avondale and the bridge over the Gila River at State Route 85. An FY 2023 General Appropriation Act footnote permits DFFM to subcontract for the eradication and other required services for the projects.

Another FY 2023 footnote requires the department to report by September 1 of 2023, 2024 and 2025 on the expected amount and purpose of expenditures and provide follow-up on areas previously treated with funding from the line item and whether the nonnative species have returned.

Monies in this item are non-lapsing through June 30, 2025, and all monies remaining unencumbered or unexpended for the purposes of this section on that date revert to the state General Fund.

Hazardous Vegetation Removal

The budget includes \$3,039,300 from the General Fund in FY 2024 for a Hazardous Vegetation Removal program. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,000) from the General Fund in FY 2024 for statewide adjustments.

This line item supports hazardous material removal programs that treat state and private lands through prescribed burning or thinning of flammable vegetation. This work can be conducted by DFFM crews or through fuel reduction grants to contractors.

Inmate Firefighting Crews

The budget includes \$867,700 and 13 FTE Positions from the General Fund in FY 2024 for Inmate Firefighting Crews. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,900) from the General Fund in FY 2024 for statewide adjustments.

These monies provide firefighting training for 12 inmate fire crews. The crews act as first responders and are used for fuel treatment and fire suppression.

Post-Release Firefighting Crews

The budget includes \$1,278,900 and 20 FTE Positions from the General Fund in FY 2024 for Post-Release Firefighting Crews. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(3,800) from the General Fund in FY 2024 for statewide adjustments.

Monies in this line item provide firefighting training for recently released inmates who previously participated in Inmate Firefighting Crews (*see Inmate Firefighting Crews line item*). The Post-Release Firefighting Program allows program participants to work towards completing their wildland firefighting certification following release from Department of Corrections custody.

Mount Lemmon Fire District Renovation

The budget includes no funding in FY 2024 for the Mount Lemmon Fire District Renovation. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,230,900) from the General Fund in FY 2024 for removal of one-time funding for distribution to the Mount Lemmon Fire District to be used to renovate its headquarters.

Nonnative Vegetation Species Eradication

The budget includes \$1,000,000 from the General Fund in FY 2024 for the Nonnative Vegetation Species Eradication line item. This amount is unchanged from FY 2023.

The FY 2020 General Appropriation Act appropriated \$1,000,000 from the General Fund to DFFM to deposit in the Nonnative Vegetation Species Eradication Fund in each fiscal year of FY 2021 through FY 2029. Because these monies were advanced appropriated in the FY 2020 General Appropriation Act, these appropriations will not appear in subsequent General Appropriation Acts.

Monies in this line item are used to provide grants to other state agencies, cities, towns, counties, Indian tribes, and other political subdivisions and nonprofit organizations to fund projects that will assist in the prevention of wildfires and flooding and promote restoration of wildlife habitats by removing nonnative vegetation and replacing it with native vegetation. Saltcedar plants are an example of a nonnative vegetation species.

State Fire Marshal

The budget includes \$1,792,000 and 19.5 FTE Positions from the General Fund in FY 2024 for the State Fire Marshal. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(263,800) from the General Fund in FY 2024 for removal of one-time funding. Of this amount, \$23,800 is for equipment costs associated with hiring additional fire marshals and \$240,000 is for one-time vehicle acquisition, operation, and replacement charges.

Statewide Adjustments

The budget includes a decrease of \$(3,600) from the General Fund in FY 2024 for statewide adjustments.

The Office of the State Fire Marshal enforces the state fire codes and provides training and education for fire personnel and the general public.

State Fire School

The budget includes \$289,000 and 1 FTE Position from the General Fund in FY 2024 for the State Fire School. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(100) from the General Fund in FY 2024 for statewide adjustments.

Monies in this line item primarily subsidize smaller rural volunteer fire departments attending Arizona State Fire School workshops which provide firefighting education. Besides \$200,000 for subsidizing these costs, the remaining \$89,000 and 1 FTE Position is used for liaison work with the Arizona State Fire Training Committee and other firefighter training activities.

US Forest Service Land Thinning

The budget includes \$1,657,700 and 17 FTE Positions from the General Fund in FY 2024 for the US Forest Service Land Thinning line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(490,000) from the General Fund in FY 2024 for removal of funding for one-time vehicle purchases.

Statewide Adjustments

The budget includes a decrease of \$(3,200) from the General Fund in FY 2024 for statewide adjustments.

Monies in this line item fund administrative costs for partnerships with the U.S. Forest Service to thin forests on federal land. DFFM anticipates clearing 19,000 acres with this funding.

Wildfire Emergency Response

The budget includes no funding in FY 2024 for Wildfire Emergency Response. Adjustments are as follows:

Remove One-Time Wildfire Emergency Response Funding

The budget includes a decrease of \$(65,000,000) from the General Fund in FY 2024 for removal of one-time wildfire emergency response funding.

The FY 2023 appropriation is in addition to, and for the same purposes as, Laws 2021, 1st Special Session, Chapter 1, which appropriated \$75,000,000 from the General Fund in FY 2021 for the Wildfire Emergency Response line item. Monies in this line item are to be used for 6 purposes:

1. Fire suppression and pre-positioning of equipment staff, mitigation of wildfire related flooding.
2. Capital expenditures and equipment associated with fire suppression and pre-positioning activities for fire suppression. State capital expenditure for these purposes limited to \$10,000,000.
3. Mitigation projects to address postfire flooding and other damage occurring as a result of fire or fire suppression activities.
4. A state or local government agency's emergency liabilities related to emergency sheltering, wraparound services and support activities.
5. Financial assistance to public and private landowners for emergency repairs for infrastructure damage resulting from fires or fire suppression activities. The state is to be the payor of last resort for assistance to private landowners, and total assistance for private landowners is limited to \$10,000,000.
6. Reimbursement to a state agency or political subdivision for the state agency's or political subdivision's cost-share of eligible claims arising from a declared emergency.

Each month the department shall report to the Senate President, Speaker of the House of Representatives and the Joint Legislative Budget Committee on the expenditures, reimbursements, and the balance of the monies in the appropriation. The expenditures and reimbursements are to be delineated for each type of expenditure.

An FY 2023 General Appropriation Act footnote states that the FY 2023 appropriation is exempt from lapsing through June 30, 2025. A separate footnote states that of the monies in the FY 2023 appropriation, \$3,000,000 shall be used for purposes related to the Woodbury Fire.

With the FY 2021 supplemental of \$75,000,000 and the FY 2023 appropriation of \$65,000,000, DFFM had \$140,000,000 available to expend. Through May 2023, DFFM reported spending \$46,480,421 of the appropriation, of which \$16,601,790 was expended in the fire suppression category. Capital and flooding mitigation projects make up the other 2 significant expenditure categories, with \$6,856,943 and \$19,610,873 in expenditures, respectively. The final \$3,410,815 in expenditures fall under financial assistance to landowners. Through May 2023, DFFM reported total encumbrances of \$96,861,969, leaving \$43,138,031 of the total \$140,000,000 unencumbered.

Wildfire Mitigation

The budget includes \$32,026,700 and 122 FTE Positions from the General Fund in FY 2024 for the Wildfire Mitigation line item. Adjustments are as follows:

Continue 3-Year Funding Plan

The budget includes a decrease of \$(6,157,600) from the General Fund in FY 2024 for continuation of the 3-year funding plan as outlined in the FY 2022 budget.

Revise Funding Level

The budget includes a decrease of \$(956,000) from the General Fund in FY 2024 for a revision of the Wildfire Mitigation funding level.

Statewide Adjustments

The budget includes a decrease of \$(23,000) from the General Fund in FY 2024 for statewide adjustments.

Monies in this line item are to be used for personnel, operating costs, equipment, and contracted services to mitigate future fires. In FY 2024, DFFM expects to allocate the funding as follows:

- \$7,606,100 for 122 DFFM staff to oversee the work of 10 crews of 72 inmates working to remove hazardous vegetation.
- \$3,045,500 for inmate crews and corrections staff.
- \$2,375,100 for Department of Transportation program costs, general operating costs, and other equipment and maintenance.
- \$10,000,000 for contracted personnel to support wildfire mitigation efforts.
- \$9,000,000 for external project grants.

(See the Wildfire Mitigation section of the DFFM narrative in the FY 2023 Appropriations Report for more information on prior appropriations to this line item.)

Other Issues

Budget Stabilization Fund Use for Processing Wildland Fire Claims

A.R.S. § 35-144 authorizes DFFM to use up to \$20,000,000 in Budget Stabilization Fund (BSF) monies to pay wildland fire suppression claims.

DFFM coordinates the dispatch of local fire districts in response to wildland fires occurring on federal land. Expenditures incurred by local districts are paid for by DFFM using monies from the BSF. DFFM then requests reimbursement from its cooperating federal partners. Federal reimbursements are provided to the State Treasurer to be deposited into the BSF.

As of June 2023, DFFM reports using roughly \$2,200,000 in BSF capacity for claims awaiting federal reimbursement. *(See the Budget Stabilization Fund Use for Processing Wildland Fire Claims section of the DFFM narrative in the FY 2021 Appropriations Report for more information on DFFM's use of the BSF.)*

State Board of Funeral Directors and Embalmers

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	0.0
Personal Services	168,400	233,900	0
Employee Related Expenditures	50,500	113,700	0
Professional and Outside Services	0	51,900	0
Travel - In State	2,000	5,000	0
Travel - Out of State	0	5,000	0
Other Operating Expenditures	91,900	85,300	0
Equipment	19,600	0	0
AGENCY TOTAL	332,400	494,800 ^{1/}	0

FUND SOURCES

Other Appropriated Funds

Board of Funeral Directors' and Embalmers' Fund	332,400	494,800	0
SUBTOTAL - Other Appropriated Funds	332,400	494,800	0
SUBTOTAL - Appropriated Funds	332,400	494,800	0
TOTAL - ALL SOURCES	332,400	494,800	0

AGENCY DESCRIPTION — The board licenses, registers, and regulates embalmers, prearranged funeral salespersons, crematories, and funeral homes. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the state board of funeral directors and embalmers, \$18,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote).

The FY 2024 General Appropriation Act provided a full year of FY 2024 funding to the State Board of Funeral Directors and Embalmers. Laws 2023, Chapter 194 subsequently transferred the funding and duties of the Board to the Department of Health Services (DHS) retroactive to March 31, 2023. Chapter 194 was effective immediately upon signature on June 20, 2023.

Shift of Authority to DHS

The budget includes a decrease of \$(476,800) and (4) FTE Positions from the Board of Funeral Directors' and Embalmers' Fund in FY 2024 to shift the staff, funding, duties of the board to DHS.

(Please see the Funeral Services Regulation line item in the DHS narrative for additional information.)

Operating Budget

The budget includes no funding in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding for E-licensing

The budget includes a decrease of \$(18,000) from the Board of Funeral Directors' and Embalmers' Fund in FY 2024 for the elimination of funds for one-time e-licensing costs.

Arizona Game and Fish Department

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	273.5	273.5	273.5
Personal Services	15,081,500	20,015,900	20,015,900
Employee Related Expenditures	13,393,100	15,666,500	6,366,500
Professional and Outside Services	1,364,000	1,208,500	1,208,500
Travel - In State	191,500	269,400	269,400
Travel - Out of State	41,000	43,700	43,700
Other Operating Expenditures	10,562,900	10,555,600	9,718,800
Equipment	801,100	1,169,400	1,169,400
OPERATING SUBTOTAL	41,435,100	48,929,000	38,792,200
SPECIAL LINE ITEMS			
Pittman-Robertson/Dingell-Johnson Act	3,058,000	3,058,000	3,058,000
AGENCY TOTAL	44,493,100	51,987,000	41,850,200 ^{1/}

FUND SOURCES

Other Appropriated Funds

Capital Improvement Fund	1,001,200	1,001,200	1,001,200
Game and Fish Fund	39,472,500	45,353,600	35,425,300
Game, Non-Game, Fish and Endangered Species Fund	287,700	389,200	389,700
Watercraft Licensing Fund	3,731,700	5,226,800	5,017,800
Wildlife Endowment Fund	0	16,200	16,200
SUBTOTAL - Other Appropriated Funds	44,493,100	51,987,000	41,850,200
SUBTOTAL - Appropriated Funds	44,493,100	51,987,000	41,850,200
Other Non-Appropriated Funds	33,043,800	43,541,700	43,541,700
Federal Funds	44,290,900	55,691,900	55,691,900
TOTAL - ALL SOURCES	121,827,800	151,220,600	141,083,800

AGENCY DESCRIPTION — The Arizona Game and Fish Department (AGFD) manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development. A 5-member commission appointed by the Governor oversees department operations.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$38,792,200 and 273.5 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Capital Improvement Fund	\$1,001,200
Game and Fish Fund	32,367,300
Game, Non-Game, Fish and Endangered Species Fund	389,700
Watercraft Licensing Fund	5,017,800
Wildlife Endowment Fund	16,200

Adjustments are as follows:

Remove One-Time Drought Mitigation Funding

The budget includes a decrease of \$(1,490,400) from the Game and Fish Fund in FY 2024 for removal of one-time monies to alleviate the impact of drought conditions.

Increased Operation Costs

The budget includes an increase of \$653,000 from the Game and Fish Fund in FY 2024 for increased operational costs to fund non-personnel expenses such as communication tower maintenance, network security, and IT software.

Statewide Adjustments

The budget includes a decrease of \$(9,299,400) in FY 2024 for statewide adjustments. This amount consists of:

Game and Fish Fund	(9,090,900)
Game, Non-Game, Fish, and Endangered Species Fund	500
Watercraft Licensing Fund	(209,000)

(Please see the Agency Detail and Allocations section.)

Pittman-Robertson/Dingell-Johnson Act

The budget includes \$3,058,000 from the Game and Fish Fund in FY 2024 for the Pittman-Robertson/Dingell-Johnson Act. This amount is unchanged from FY 2023.

This line item funds the state's 25% match for federal aid matching funds for wildlife restoration projects. The department also uses \$2,600,000 in non-appropriated funds to match Pittman-Robertson/Dingell-Johnson Act grants.

Department of Gaming

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	155.8	155.8	155.8 ^{1/}
Personal Services	3,801,100	5,002,700	5,002,700
Employee Related Expenditures	1,400,500	1,738,900	1,738,900
Professional and Outside Services	775,300	1,000,000	1,000,000
Travel - In State	206,600	280,000	280,000
Travel - Out of State	21,500	55,000	55,000
Other Operating Expenditures	1,642,700	5,368,500	5,368,500
Equipment	401,800	295,000	295,000
OPERATING SUBTOTAL	8,249,500	13,740,100	13,740,100
SPECIAL LINE ITEMS			
Arizona Breeders' Award	250,000	250,000	250,000
Casino Operations Certification	1,933,700	2,308,700	2,299,400
Contract Veterinarian	0	175,000	175,000 ^{2/}
County Fairs Livestock and Agriculture Promotion	5,759,500	6,029,500	6,029,500 ^{3/}
Division of Racing	1,627,400	2,431,200	2,435,900
Event Wagering Application Fee Refund	0	0	600,000
Horseracing Integrity and Safety Act Assessment	0	355,100	355,100 ^{4/}
Problem Gambling	1,762,700	3,320,000	3,320,000
Racetrack Capital Projects and Maintenance and Operation Funding	0	0	1,000,000 ^{5/}
Racetrack Purse and Maintenance and Operations Funding	5,000,000	5,396,900	0
Racing Purse Enhancement	5,000,000	5,000,000	5,000,000 ^{6/}
AGENCY TOTAL	29,582,800	39,006,500	35,205,000 ^{7/8/}
FUND SOURCES			
General Fund	15,759,500	16,956,500	13,159,600
<u>Other Appropriated Funds</u>			
Arizona Benefits Fund	9,567,400	16,610,000	16,610,000
Fantasy Sports Contest Fund	144,900	150,100	150,100
Racing Regulation Fund	1,793,800	2,576,600	2,580,700
Racing Regulation Fund - Unarmed Combat Subaccount	83,600	104,600	105,200
State Lottery Fund	300,000	300,000	300,000
Tribal-State Compact Fund	1,933,600	2,308,700	2,299,400
SUBTOTAL - Other Appropriated Funds	13,823,300	22,050,000	22,045,400
SUBTOTAL - Appropriated Funds	29,582,800	39,006,500	35,205,000
Other Non-Appropriated Funds	3,488,000	3,715,000	3,715,000
TOTAL - ALL SOURCES	33,070,800	42,721,500	38,920,000

AGENCY DESCRIPTION — The Department of Gaming regulates tribal gaming activities as authorized by the Arizona Tribal-State Gaming Compacts. The agency is also responsible for certifying casino employees and vendors working with casinos. The department also regulates non-tribal gaming activities including the Division of Racing, fantasy sports contests, and event wagering.

FOOTNOTES

- ^{1/} Includes 73.5 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} On or before the final day of each quarter of fiscal year 2023-2024, the department of gaming shall report to the members of the joint legislative budget committee on the number of equine deaths and injuries that occurred as a result of a horse race and the commercial live racing facility where each incident occurred. The report shall include the number

of pre-race inspections performed by a veterinarian employed by or contracted with this state. (General Appropriation Act footnote)

- 3/ The amount appropriated to the county fairs livestock and agriculture promotion line item is for deposit in the county fairs livestock and agriculture promotion fund established by section 5-113, Arizona Revised Statutes, and to be administered by the office of the governor. (General Appropriation Act footnote)
- 4/ The amount appropriated to the horseracing integrity and safety act assessment line item shall be distributed to commercial live racing permittees during fiscal year 2023-2024 to pay the calendar year 2023 assessment levied by the horseracing integrity and safety authority. If the appropriated amount for the horseracing integrity act assessment line item is insufficient to fund all assessments levied by the horseracing integrity and safety authority, the department shall reduce the distribution amounts on a proportional basis in order to cap total statewide distributions at \$355,100. The distributions for fiscal year 2023-2024 are estimated to be \$309,300 to a commercial live racing permittee located in Maricopa county and \$45,800 to a commercial live racing permittee located in Yavapai county. (General Appropriation Act footnote)
- 5/ The appropriation made in the racetrack capital projects and maintenance and operation funding line item shall be distributed to commercial live racing permittees for capital projects and track maintenance and operations, including costs associated with ~~the compliance costs associated with~~ the horseracing integrity and safety act of 2020 (P.L. 116-260; 134 Stat. 3252; 15 United States Code sections 3051 through 3060). From the amount appropriated in the racetrack capital projects and maintenance and operations funding line item, the department of gaming shall allocate \$1,000,000 to a commercial live racing permittee located in Maricopa county. (General Appropriation Act footnote. We have stricken through language in the Act that was a typographical error.)
- 6/ The amount appropriated to the racing purse enhancement line item shall be distributed to a recognized nonprofit horsemen's organization that has represented since 1988 the horsemen participating in racing meetings to be used to promote racing and enhance the general purse structure for eligible horse races held in this state. (General Appropriation Act footnote)
- 7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 8/ On or before August 1, 2023, the department of gaming shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on the expected amount and purpose of expenditures from the event wagering fund established by section 5-1318, Arizona Revised Statutes, for fiscal year 2023-2024. The report shall include the projected line item detail and the number of filled full-time equivalent positions. (General Appropriation Act footnote)

Administrative Expenses

The budget includes \$13,740,100 in FY 2024 for administrative expenses, which consists of \$13,590,000 from the Arizona Benefits Fund and \$150,100 from the Fantasy Sports Contest Fund. The appropriation from the Arizona Benefits Fund serves as a cap on the level of spending. The department's permissible spending level will be determined by the level of gaming revenues.

Pursuant to the Gaming ballot initiative (A.R.S. § 5-601.02) and the Tribal-State Gaming Compacts, the department's administrative expenses from the Arizona Benefits Fund, excluding Problem Gambling, are limited to the greater of \$8,000,000, or 9% of state tribal gaming revenues. The department can expend the actual 9% level or the expenditure authority level, whichever is lower.

In FY 2023, Gaming had the authority to spend \$13,740,100 for administrative expenses. This consisted of \$13,590,000 from the FY 2023 Arizona Benefits Fund Operating appropriation which used the 9% tribal gaming revenue forecast at the time of the enacted budget. In addition, Gaming was appropriated \$150,100 from the Fantasy Sports Contest Fund.

In FY 2024, 9% of tribal gaming revenues are forecasted to be \$14,670,000, based on the department's projection of state tribal contribution revenue of \$163,000,000. However, the FY 2024 budget continues to appropriate \$13,590,100 from the Arizona Benefits Fund to cover the department's administrative expenses.

Problem Gambling

The budget includes \$3,320,000 in FY 2024 for Problem Gambling, which consists of \$3,020,000 from the Arizona Benefits Fund and \$300,000 from the State Lottery Fund.

The department's permissible spending level for Problem Gambling from the Arizona Benefits Fund will be determined by the level of gaming revenues. Pursuant to the Gaming ballot initiative and the Tribal-State Gaming Compacts, the department's Problem Gambling expenses from the Arizona Benefits Fund are limited to 2% of revenues.

In FY 2023, Gaming had the authority to spend \$3,020,000, based on the FY 2023 Arizona Benefits Fund Problem Gaming appropriation which used the 2% tribal gaming revenue forecast at the time of the enacted

budget. In FY 2024, 2% of tribal gaming revenues are forecasted to be \$3,260,000, due to a projected increase in tribal contributions. However, the FY 2024 budget continues to appropriate \$3,020,000 from the Arizona Benefits Fund to cover the department's problem gambling expenses

The department can expend the actual 2% level or the expenditure authority level, whichever is lower. *(See Other Issues – Tribal Gaming Revenues section for additional details.)*

Event Wagering Administrative Costs

In addition to the administrative costs listed above that are subject to the legislative appropriation, the department may spend up to 10% of revenue from the non-appropriated Event Wagering Fund on the regulation of event wagering.

Given the enacted budget revenue forecast for event wagering license and fee collections, Gaming is estimated to have the authority to spend \$4,916,100 in FY 2023 and \$3,349,300 in FY 2024 from the Event Wagering Fund. *(See Other Issues – Event Wagering/Fantasy Sports Forecast section for additional details.)*

The budget includes a General Appropriation Act footnote requiring the department to report on administrative spending from the Event Wagering Fund by August 1, 2023.

Operating Budget

The budget includes \$13,740,100 and 82.3 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	<u>FY 2024</u>
Arizona Benefits Fund	\$13,590,000
Fantasy Sports Contest Fund	150,100

These amounts are unchanged from FY 2023.

Arizona Breeders' Award

The budget includes \$250,000 from the Racing Regulation Fund in FY 2024 for the Arizona Breeders' Award. This amount is unchanged from FY 2023.

This line item funds awards to the breeder of every winning horse foaled in the state. In FY 2024, this line item will fund awards equal to 25% of the purse won by the horse.

Casino Operations Certification

The budget includes \$2,299,400 and 28 FTE Positions from the Tribal-State Compact Fund in FY 2024 for Casino Operations Certification. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(9,300) from the Tribal-State Compact Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

The department has the responsibility for investigating and certifying all vendors that provide over \$10,000 per month of goods and services to tribal gaming facilities and all tribal gaming employees, excluding food and beverage personnel who are certified by the relevant tribal gaming office. Certification application fees provide funding for the Casino Operations Certification Special Line Item.

Contract Veterinarian

The budget includes \$175,000 from the General Fund in FY 2024 for a Contract Veterinarian. This amount is unchanged from FY 2023.

Monies in the line item are to be used to contract a veterinarian and veterinarian's assistant to assist with pre-race inspections of horses in an effort to reduce the number of horse fatalities as a result of racing in the state. A General Appropriation Act footnote requires the department to report on a quarterly basis the number of equine deaths and injuries that occur as a result of a horse race and the commercial live racing facility where each incident occurred. The report must also include the number of pre-race inspections performed by a veterinarian employed by or contracting with the state.

County Fairs Livestock and Agriculture Promotion

The budget includes \$6,029,500 from the General Fund in FY 2024 for County Fairs Livestock and Agriculture Promotion. This amount is unchanged from FY 2023.

Monies in this line item are deposited in the County Fairs Livestock and Agriculture Promotion Fund in the Office of the Governor.

Division of Racing

The budget includes \$2,435,900 and 40.5 FTE Positions in FY 2024 for operating costs associated with the Division of Racing. These amounts consist of:

Racing Regulation Fund	2,330,700
Racing Regulation Fund - Unarmed Combat Subaccount	105,200

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$4,700 in FY 2024 for statewide adjustments. This amount consists of:

Racing Regulation Fund	4,100
Racing Regulation Fund - Unarmed Combat Subaccount	600

The Division of Racing regulates the pari-mutuel horse racing industries through the supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties.

The Regulatory Wagering Assessment (RWA) is a regulatory assessment from each commercial racing permittee payable from amounts deducted from pari-mutuel pools by the permittee. The Arizona Administrative Code section R19-2-205B sets the RWA at 0.75% from May 1-Sep 30 and 0.85% from October 1-April 30 each year. However, ongoing session law overrides those rates and sets the RWA at 0.5% for FY 2024. All monies received from the RWA are deposited into the Racing Regulation Fund, which is the primary funding source for the Division of Racing.

The Division of Racing also oversees the Arizona Boxing and Mixed Martial Arts Commission, which is responsible for licensing, investigating, and regulating professional boxing and nontraditional fighting contests within Arizona. The budget includes \$105,200 from the Racing Regulation Fund - Unarmed Combat Subaccount in FY 2024 as part of the Division of Racing line item to provide funding for the Division of Boxing and Mixed Martial Arts.

Event Wagering Application Fee Refund

The budget includes \$600,000 from the General Fund in FY 2024 for the Event Wagering Application Fee Refund line item. Adjustments are as follows:

One-Time Application Fee Refund

The budget includes a one-time increase of \$600,000 from the General Fund in FY 2024 for the department to issue refunds for event wagering application fees associated with the following Indian tribes:

- Cocopah Indian Tribe
- Colorado River Indian Tribe
- Pascua Yaqui Tribe
- Yavapai-Apache Nation

- White Mountain Apache Tribe
- Havasupai Tribe

The monies in this line item are to be used to reimburse these tribes that paid the required \$100,000 application fee for an event wagering operator license, but did not receive one because of the Tribal-State Gaming Compact's limit of 10 tribal licenses. *See Statutory Changes.*

Horseracing Integrity and Safety Act Assessment

The budget includes \$355,100 from the General Fund in FY 2024 for the Horseracing Integrity and Safety Act Assessment line item. This amount is unchanged from FY 2023.

Beginning in 2022, the federal Horseracing Integrity and Safety Authority charges an annual regulatory fee based on the previous year's racing starts and purses. Monies in this line item are to be distributed to commercial live racing permittees to pay this fee. A General Appropriation Act footnote directs the department to distribute \$309,300 to a commercial live racing permittee located in Maricopa County and \$45,800 to a commercial live racing permittee located in Yavapai County.

Problem Gambling

The budget includes \$3,320,000 and 5 FTE Positions in FY 2024 for Problem Gambling. These amounts consist of:

Arizona Benefits Fund	3,020,000
State Lottery Fund	300,000

These amounts are unchanged from FY 2023.

Monies in this line item are for the department to provide problem gambling prevention, treatment, and education programs. Pursuant to A.R.S. § 5-601.02 and the Tribal-State Gaming Compacts, this is funded from 2% of tribal revenues received by the state that are appropriated to the department for this purpose.

Racetrack Capital Projects and Maintenance and Operation Funding

The budget includes \$1,000,000 from the General Fund in FY 2024 for the Racetrack Purse and Maintenance and Operation Funding line item. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for Racetrack Capital Projects and Maintenance and Operations funding.

Monies in this line item are to be distributed to a commercial live racing permittee located in Maricopa

County for capital projects and track maintenance and operations, including compliance costs associated with the Horseracing Integrity and Safety Act of 2020, as required by a General Appropriation Act footnote.

Racetrack Purse and Maintenance and Operations Funding

The budget includes no funding from the General Fund in FY 2024 for the Racetrack Purse and Maintenance and Operations Fund line item. Adjustments are as follows:

Eliminate Ongoing Funding

The budget includes a decrease of \$(5,396,900) from the General Fund in FY 2024 to remove the ongoing funding for the Racetrack Purse and Maintenance and Operations line item.

Monies in this line item were to enhance purse structure and for racetrack purse and maintenance and operations. A General Appropriation Act footnote directed the department to distribute the monies to commercial live racing permittees as follows:

- \$4,231,800 to a commercial live racing permittee located in Maricopa County.
- \$815,600 to a commercial live racing permittee located in Yavapai County.
- \$349,500 to a commercial live racing permittee located in Pima County.

Racing Purse Enhancement

The budget includes \$5,000,000 from the General Fund in FY 2024 for a Racing Purse Enhancement line item. This amount is unchanged from FY 2023.

Monies in this line item are to be used to enhance racing purses and promote the sport for eligible races held in Arizona. A General Appropriation Act footnote directs the monies to be distributed to a nonprofit horsemen's organization that has represented horsemen in racing meetings since 1988.

Other Issues

Statutory Changes

The Amusements Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2024 only.
- As session law, requires the Department of Gaming to issue refunds for any event wagering operator

application fees associated with the Cocopah Indian Tribe, Colorado River Indian Tribe, Pascua Yaqui Tribe, Yavapai-Apache Nation, White Mountain Apache Tribe, and Havasupai Tribe.

Existing Tribal Compacts

The Arizona Tribal-State Gaming Compacts regulate tribal gaming activity of Class III (casino style) gaming on tribal lands in Arizona. The Compacts were initially passed in November 2002 as Proposition 202 and were renegotiated in 2021.

As of May 2023, there are 16 tribes operating a total of 24 Class III casinos in Arizona. There are also 6 additional tribes which do not have casinos but have slot machine rights that they may lease to tribes with casinos.

In 2002, Proposition 202 included provisions authorizing subsequent amendments to the compacts. Under that process, the Tribal-State Gaming Compacts were renegotiated in March 2021, with the required federal compact approval occurring in May 2021.

In addition, Laws 2021, Chapter 234 expanded non-tribal gaming in the state and authorized event wagering, fantasy sports contests, and certain Lottery games. *(Please see the Department of Gaming and Lottery Commission sections of the FY 2022 Appropriations Report for more information).*

Event Wagering/Fantasy Sports Revenue Forecast

The enacted budget revenue forecast includes a projection of state General Fund gaming revenues (from both event wagering and fantasy sports) through FY 2026. For both activities, the estimates include the relevant license fees along with privilege fees that are assessed on operator "net win". The projections are as follows:

- FY 2022 (actual) – \$10.4 million
- FY 2023 – \$44.5 million
- FY 2024 – \$30.4 million
- FY 2025 – \$31.8 million
- FY 2026 – \$33.2 million

The short-term variation in gaming collections is due to technical timing issues: 1) The department did not deposit the initial round of event wagering operator license fees into the General Fund during FY 2022; and 2) The department only processed 61% of FY 2022 privilege fee revenue (event wagering and fantasy sports) for deposit in FY 2022, leaving the remainder to be deposited in FY 2023.

Given these issues, the FY 2023 forecasted amount incorporates the deposit from the initial license revenue

Table 1

Tribal Gaming Distributions Pursuant to Proposition 202 ^{1/}

<u>Recipient</u>	<u>Proposition 202 Formula</u>	<u>FY 2022 Actuals ^{1/}</u>	<u>FY 2023 Budget ^{1/}</u>	<u>FY 2024 Budget ^{2/}</u>
State Government Distribution	88% of total	\$ 123,645,400	\$151,000,000 ^{2/}	\$163,000,000 ^{2/}
Local Government Distribution ^{3/}	12% of total	<u>15,082,100</u>	<u>20,590,900</u>	<u>22,227,300</u>
Total	100% of total	\$138,727,500	\$171,590,900	\$185,227,300
<u>Allocation of State Government's Share</u>				
<u>Department of Gaming</u>				
Department of Gaming Regulation	\$8 million, or 9%, whichever is greater	\$ 9,828,100	\$ 13,590,000 ^{4/}	\$ 13,590,000 ^{4/}
Department of Gaming Problem Gambling	2%	<u>2,184,000</u>	<u>3,020,000 ^{5/}</u>	<u>3,020,000 ^{5/}</u>
Subtotal-Department of Gaming		\$12,012,100	\$16,610,000	\$16,610,000
<u>Other Distributions</u>				
Instructional Improvement Fund (Department of Education)	56% of remainder	63,213,700	75,258,400	81,978,400
Trauma and Emergency Services Fund (Arizona Health Care Cost Containment System)	28% of remainder	30,812,400	37,629,200	40,989,200
Arizona Wildlife Conservation Fund	8% of remainder	8,803,600	10,751,200	11,711,200
Tourism Fund	8% of remainder	<u>8,803,600</u>	<u>10,751,200</u>	<u>11,711,200</u>
Subtotal-Other Distributions		\$111,633,300	\$134,390,000	\$146,390,000
Total		\$123,645,400	\$151,000,000	\$163,000,000

^{1/} The numbers displayed herein represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts.

^{2/} Based on ADG projections, FY 2024 tribal contributions to the Arizona Benefits Fund are projected to increase by 7.9% above the amount assumed in the FY 2023 budget. The FY 2024 budget forecast reflects the revenue projections included in the ADG budget request, which includes changes from the implementation of the new 2021 Tribal Compacts.

^{3/} Local distributions may not proportionally match state distributions due to timing issues associated with different fiscal years.

^{4/} While the FY 2023 appropriation includes \$13,590,000 and the FY 2024 budget includes \$13,590,000 A.R.S. § 5-601.02H3 requires 9% of state gaming revenues or \$8,000,000, whichever is greater, to be used for the department's operating budget. The department can only expend at the actual 9% level or the expenditure authority level, whichever is lower.

^{5/} While the FY 2023 appropriation includes \$3,020,000 and the FY 2024 Appropriation includes \$3,020,000, A.R.S. § 5-601.02H3 requires 2% of state gaming revenues to be used for problem gambling prevention. The department can only expend at the actual 2% level or the expenditure authority level, whichever is lower.

from these entities (\$750,000 each), along with the first annual license renewal fee for these entities (\$150,000 each). The FY 2023 forecast also incorporates the FY 2022 privilege fees that were delayed in being transferred to the General Fund until FY 2023.

The state will then return to a more normal pattern of gaming collections, with only the standard annual license renewal fee (\$150,000 each) being deposited in FY 2024 and the relevant privilege fees being deposited in a timely manner. The long-term revenue estimates for FY 2025 and FY 2026 assume state gaming revenue will increase by 4.4% each year.

Tribal Gaming Revenues

In FY 2022, state tribal gaming revenues were \$123,645,400. The FY 2023 budget assumed that state tribal gaming revenues would increase to a level of \$151,000,000 in FY 2023.

In addition, the enacted FY 2024 budget assumes state tribal gaming revenues will increase to a level of \$163,000,000 in FY 2024. The FY 2024 revenue estimate is from the department's FY 2024 budget request. Through the third quarter of FY 2023, tribal gaming contributions into the Arizona Benefits Fund were \$111.1 million. (See *Table 1 for more info.*)

Office of the Governor

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	7,859,000	7,776,100	9,839,800 ^{1/2/}
SPECIAL LINE ITEMS			
Foster Youth Education Success Fund Deposit	1,500,000	1,500,000	1,500,000
Missing and Murdered Indigenous People Task Force	0	0	1,000,000
AGENCY TOTAL	9,359,000	9,276,100	12,339,800 ^{3/}
FUND SOURCES			
General Fund	9,359,000	9,276,100	12,339,800
SUBTOTAL - Appropriated Funds	9,359,000	9,276,100	12,339,800
Other Non-Appropriated Funds	7,160,600	11,605,100	11,605,100
Federal Funds	2,187,988,500	1,254,302,800	1,254,302,800
TOTAL - ALL SOURCES	2,204,508,100	1,275,184,000	1,278,247,700

AGENCY DESCRIPTION — The Governor is the state's Chief Executive Officer and responsible for the execution of state laws. The Office of the Governor includes the Office of Youth, Faith and Family, the Office of Constituent Services, the Arizona-Mexico Commission, as well as others.

FOOTNOTES

- ^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{2/} Included in the lump sum appropriation of \$9,839,800 for fiscal year 2023-2024 is \$10,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$9,839,800 from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$2,000,000 from the General Fund in FY 2024 for a one-time operating budget adjustment.

Commission of African-American Affairs Transfer

The budget includes an increase of \$146,600 from the General Fund in FY 2024 for the shift of the Arizona Commission of African-American Affairs operating expenses and 3 FTE Positions to the operating budget of the Office of the Governor.

Statewide Adjustments

The budget includes a decrease of \$(82,900) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Foster Youth Education Success Fund Deposit

The budget includes \$1,500,000 from the General Fund in FY 2024 for the Foster Youth Education Success Fund Deposit. This amount is unchanged from FY 2023.

The Foster Youth Education Success Program was established to improve the educational outcomes of children in Arizona's foster care system.

Missing and Murdered Indigenous People Task Force

The budget includes \$1,000,000 from the General Fund in FY 2024 for the Missing and Murdered Indigenous People (MMIP) Task Force line item. Adjustments are as follows:

Task Force Funding

The budget includes an increase of \$1,000,000 from the General Fund in FY 2024 for one-time support of the MMIP Task Force.

Established by an Executive Order from Governor Hobbs in March 2023, the MMIP Task Force's purpose is to reduce violence against indigenous people in the state and pursue collaboration by federal, state, and tribal agencies to address the recommendations of the legislature's Missing and Murdered Indigenous Peoples Study Committee. The Task Force is to prepare an annual report of their activities and recommendations for legislative action on or before December 1 of each year from 2023 to 2026.

In prior years, the Missing and Murdered Indigenous Peoples funding was included in the Attorney General's budget. The FY 2023 budget included a one-time increase of \$2,000,000 from the General Fund for Missing and Murdered Indigenous People Investigations. The FY 2023 appropriation is non-lapsing. The FY 2022 budget included a one-time increase of \$40,000 from the Attorney General's Consumer Protection – Consumer Fraud Revolving Fund for funding to support the Missing and Murdered Indigenous Women and Girls Study Committee established by Laws 2019, Chapter 232.

Governor's Office of Strategic Planning and Budgeting

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	22.0	22.0	22.0
Personal Services	1,691,200	1,747,500	1,747,500
Employee Related Expenditures	524,700	682,500	459,300
Professional and Outside Services	108,200	121,200	121,200
Travel - In State	2,800	800	800
Travel - Out of State	5,100	6,900	6,900
Other Operating Expenditures	291,500	398,300	393,600
Equipment	27,300	4,200	4,200
AGENCY TOTAL	2,650,800	2,961,400	2,733,500 ^{1/2/}
FUND SOURCES			
General Fund	2,650,800	2,961,400	2,733,500
SUBTOTAL - Appropriated Funds	2,650,800	2,961,400	2,733,500
TOTAL - ALL SOURCES	2,650,800	2,961,400	2,733,500

AGENCY DESCRIPTION — The Governor's Office of Strategic Planning and Budgeting advises the Governor in the preparation of the Executive budget and provides the Executive Branch a central resource for the compilation, analysis, and investigation of state fiscal matters. It facilitates a strategic planning process and assists agencies in preparation and execution of their budgets.

FOOTNOTES

- ^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,733,500 and 22 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(227,900) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Section 123 of the FY 2024 General Appropriation Act adjusts individual agency budgets either up or down for changes in different statewide charges, such as state employer health insurance contributions, risk management charges and state employer retirement contributions. The Act requires Joint Legislative Budget Committee (JLBC) Staff, in consultation with the Governor's Office of Strategic Planning and Budgeting (OSPB), to determine an amount for each state agency's adjustments.

Section 123 appropriated \$359,600 from the General Fund for employer retirement rate contributions. In the process of implementing the individual agency shares of the \$359,600, JLBC Staff found that the JLBC budget's share of this amount would have been a \$(409,100) reduction. This amount was accidentally derived as the Executive compiled its \$359,600 estimate and the error was identified after the FY 2024 budget was enacted. The correct adjustment would have been an increase of \$2,500.

To address this issue, the JLBC Staff and OSPB have agreed:

- In implementing the statewide retirement adjustment, JLBC's budget will be reduced by \$(204,600) and OSPB's budget will be reduced by \$(204,600) in lieu of the JLBC-only reduction of \$(409,100).
- The JLBC January 2025 Baseline and the Executive's January 2025 budget will both propose \$204,600 FY 2024 supplementals for each office to correct the error. These two \$204,600 adjustments will be continued as ongoing in the FY 2025 budget.

Department of Health Services

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,135.5	1,141.5	1,149.0 ^{1/}
Personal Services	20,148,900	28,583,300	28,583,300
Employee Related Expenditures	7,826,600	11,818,600	11,513,600
Professional and Outside Services	2,096,200	2,090,100	2,259,300
Travel - In State	395,000	526,100	526,100
Travel - Out of State	18,600	111,200	111,200
Other Operating Expenditures	15,553,500	17,085,600	17,507,100
Equipment	458,300	707,400	707,400
OPERATING SUBTOTAL	46,497,100	60,922,300	61,208,000 ^{2/}
SPECIAL LINE ITEMS			
Arizona State Hospital			
Arizona State Hospital-Operating	61,334,200	89,208,500	86,616,700 ^{3/}
Arizona State Hospital-Restoration to Competency	900,000	900,000	900,000
Arizona State Hospital-Sexually Violent Persons	9,321,400	10,951,800	10,881,900
Public Health			
Adult Cystic Fibrosis Care	78,900	105,200	105,200
AIDS Reporting and Surveillance	924,500	1,000,000	1,000,000
Alzheimer's Disease Research	3,625,000	3,625,000	4,125,000 ^{4/}
Biomedical Research Support	1,500,600	2,000,000	2,000,000 ^{5/}
Breast and Cervical Cancer and Bone Density Screening	538,700	1,369,400	1,369,400
County Tuberculosis Provider Care and Control	392,400	590,700	590,700
Dementia Awareness Campaign	0	0	750,000 ^{6/}
Dementia Services Program and Alzheimer's Disease State Plan	0	0	964,100 ^{7/}
Fentanyl Testing Strips and Mass Spectrometers	0	0	300,000
Funeral Services Regulation	0	870,000 ^{8/9/}	459,400 ^{9/}
Health Crisis Review Centers and Wraparound Services	0	0	5,000,000
Nonrenal Disease Management	0	198,000	198,000 ^{10/}
Nursing Care Special Projects	14,200	200,000	200,000
Poison Control Centers Funding	485,500	990,000	990,000
Psilocybin Research	0	0	5,000,000
Radiation Regulation	2,145,600	0	0
Renal Dental Care and Nutrition Supplements	225,000	300,000	300,000
Renal Transplant Drugs	137,300	183,000	183,000
Trauma Recovery Center Fund Deposit	0	0	7,000,000 ^{11/}
Family Health			
Family Health Pilot Program	197,100	3,000,000	0
Folic Acid Program	367,600	400,000	400,000
High Risk Perinatal Services	1,664,400	2,343,400	2,343,400
Homeless Pregnant Women Services	200,000	500,000	0
Newborn Screening Program	5,490,500	12,388,500	12,369,800
Nurse-Family Partnership Programs	0	0	2,500,000
Medical Provider Support			
Accelerated Nursing Programs	0	50,000,000	0
Behavioral Health Care Provider Loan Repayment Program	0	2,000,000 ^{12/}	1,000,000
Collaborative Care Uptake Fund Deposit	0	0	1,000,000
Medical Student Loan Fund Deposit	2,000,000	0	0
Arizona Nurse Education Investment Pilot Program	0	15,000,000	15,000,000
Preceptor Grant Program for Graduate Students	0	500,000	500,000 ^{13/}
AGENCY TOTAL	138,040,000	259,545,800	225,254,600 ^{14/15/}

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
FUND SOURCES			
General Fund	91,866,300	200,434,300	166,360,900
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	2,785,400	3,145,800	3,145,800
ASH Land Earnings Fund	650,000	650,000	650,000
Child Fatality Review Fund	179,800	196,500	196,500
Disease Control Research Fund	924,500	1,000,000	1,000,000
Emergency Medical Services Operating Fund	2,647,100	4,167,900	4,209,500
Environmental Laboratory Licensure Revolving Fund	529,100	1,001,700	995,500
Federal Child Care and Development Fund Block Grant	1,683,700	998,600	992,500
Health Services Licensing Fund	13,637,000	17,830,500	17,416,400
Health Services Lottery Monies Fund	200,000	200,000	0
Indirect Cost Fund	10,938,300	12,298,700	12,673,500
Newborn Screening Program Fund	5,540,300	12,821,300	12,802,900
Nursing Care Institution Resident Protection Revolving Fund	14,200	238,200	238,200
Prescription Drug Rebate Fund	2,500,000	0	0
Tobacco Tax and Health Care Fund - Medically Needy Account	592,600	700,000	700,000
Vital Records Electronic Systems Fund	3,351,700	3,862,300	3,872,900
SUBTOTAL - Other Appropriated Funds	46,173,700	59,111,500	58,893,700
SUBTOTAL - Appropriated Funds	138,040,000	259,545,800	225,254,600
Other Non-Appropriated Funds	64,450,100	105,698,200	105,698,200
Federal Funds	687,896,000	568,954,800	568,954,800
TOTAL - ALL SOURCES	890,386,100	934,198,800	899,907,600

AGENCY DESCRIPTION — The Department of Health Services (DHS) is responsible for the provision of most public health programs not administered by AHCCCS, the Arizona State Hospital (ASH), emergency medical services, state laboratory support, vital records maintenance, disease control, epidemiological monitoring, and radiation regulation.

FOOTNOTES

- 1/ Includes 733.5 GF and 28.1 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Of the amount appropriated for the operating lump sum, \$100,000 shall be used for a suicide prevention coordinator to assist school districts and charter schools in suicide prevention efforts. On or before September 1, 2024, the department of health services, in consultation with the department of education, shall report to the governor, the president of the senate, the speaker of the house of representatives, the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on the suicide prevention coordinator's accomplishments in fiscal year 2023-2024. (General Appropriation Act footnote)
- 3/ In addition to the appropriation for the department of health services, earnings on state lands and interest on the investment of the permanent state land funds are appropriated to the Arizona state hospital in compliance with the enabling act and the Constitution of Arizona. (General Appropriation Act footnote)
- 4/ The department of health services shall distribute monies appropriated for Alzheimer's disease research through a grant to a charitable organization that is qualified under section 501(c)(3) of the internal revenue code and that meets the following criteria:
 1. Is headquartered in this state.
 2. Has been operating in this state for at least the last ten years.
 3. Has participating member institutions that work together to end Alzheimer's disease within a statewide collaborative model by using their complementary strengths in brain imaging, computer science, genomics, basic and cognitive neurosciences and clinical and neuropathology research.
 4. Has participating member institutions that educate residents of this state about Alzheimer's disease, research progress and resources to help patients, families and professionals manage the disease. The terms of the grant made to the charitable organization may not impose any requirements that were not imposed in prior grant agreements

entered into between the department of health services and the charitable organization. (General Appropriation Act footnote)

- 5/ The department of health services shall distribute monies appropriated for the biomedical research support line item to a nonprofit medical research institute headquartered in this state that specializes in biomedical research focusing on applying genomic technologies and sequencing to clinical care, that has served as a resource to this state to conduct molecular epidemiologic analyses to assist with disease outbreak investigations and that collaborates with universities, hospitals and health science research centers and other public and private bioscience and related industries in this state. The recipient of these monies shall commission an audit of the expenditure of these monies and shall submit a copy of the audit to the department of health services on or before February 1, 2025. (General Appropriation Act footnote)
- 6/ The appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 7/ The appropriated amount for the dementia services program and Alzheimer's disease state plan line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. The legislature intends that the appropriation be used for fiscal years 2023-2024, 2024-2025 and 2025-2026. (General Appropriation Act footnote)
- 8/ Notwithstanding any other law, the department of health services may use up to \$870,000 from the health services licensing fund established by section 36-414, Arizona Revised Statutes, as amended by this act, to assist in the transference of authority, powers, duties and responsibilities from the state board of funeral directors and embalmers to the department of health services. (Laws 2023, Chapter 194) Based on guidance from Legislative Council, the appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.
- 9/ Laws 2023, Chapter 194 appropriates \$870,000 from the Health Services Licensing Fund in FY 2023 to DHS. Chapter 194 also transfers the resources of the State Board of Funeral Directors and Embalmers as originally appropriated by the FY 2024 General Appropriation Act to DHS for FY 2024.
- 10/ The department of health services may use up to four percent of the amount appropriated for nonrenal disease management for the administrative costs to implement the program. (General Appropriation Act footnote)
- 11/ The amount appropriated in the trauma recovery center fund deposit line item shall be deposited in the trauma recovery center fund established by section 36-4102, Arizona Revised Statutes and is appropriated from the fund for the purposes of that section. Not more than five percent of the monies deposited in the fund may be used by the department of health services to administer the fund. The department shall use the remaining monies to provide all of the following:
 1. A technical assistance grant to help establish, train and coordinate a state pilot trauma recovery center.
 2. Three years of operational and service costs of the state pilot trauma recovery center.
 3. A grant to a public research institution to track data and outcomes of the state pilot trauma recovery center and to produce a report at the conclusion of the pilot. (General Appropriation Act footnote)
- 12/ Of the amount appropriated to the department of health services for the behavioral health care provider loan repayment program in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 44, \$1,000,000 from the state general fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024. (FY 2024 General Appropriation Act footnote)
- 13/ The amount appropriated to the department of health services for the preceptor grant program for graduate students is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. Any monies remaining unexpended on July 1, 2026 revert to the state general fund. (General Appropriation Act footnote)
- 14/ The department of health services shall electronically forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing total expenditures for the month and year-to-date as compared to prior-year totals on or before the thirtieth of the following month. Each report shall include an estimate of potential shortfalls in programs, potential federal and other monies, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation. (General Appropriation Act footnote)
- 15/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$61,208,000 and 387.4 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$20,839,300
Child Fatality Review Fund	196,500
Emergency Medical Services (EMS)	4,209,500
Operating Fund	

Environmental Laboratory Licensure Revolving Fund	995,500
Federal Child Care and Development Fund (CCDF) Block Grant	992,500
Health Services Licensing Fund	16,957,000
DHS Indirect Cost Fund	12,673,500
Newborn Screening Program Fund	433,100
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,872,900
Adjustments are as follows:	

Statewide Adjustments

The budget includes an increase of \$285,700 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(125,800)
Emergency Medical Services (EMS) Operating Fund	41,600
Environmental Laboratory Licensure Revolving Fund	(6,200)
Federal Child Care and Development Fund (CCDF) Block Grant	(6,100)
Health Services Licensing Fund	(3,500)
DHS Indirect Cost Fund	374,800
Newborn Screening Program Fund	300
Vital Records Electronic Systems Fund	10,600

(Please see the Agency Detail and Allocations section.)

Arizona State Hospital

ASH - Operating

The budget includes \$86,616,700 and 616.5 FTE Positions in FY 2024 for the ASH operating budget. These amounts consist of:

General Fund	83,720,900
ASH Fund	2,245,800
ASH Land Earnings Fund	650,000

Adjustments are as follows:

Increased Operating Costs

The budget includes an increase of \$7,035,200 from the General Fund in FY 2024 to fund contract increases. Of this amount, \$1,065,200 is ongoing for dietary services, pharmaceutical services, legal and risk management fees, building maintenance services, and fleet management. The remaining \$5,970,000 is one-time for registry staffing services.

One-Time ASH Surveillance System Upgrades

The budget includes a one-time increase of \$3,500,000 from the General Fund in FY 2024 to complete replacement of the ASH video surveillance system.

Remove One-Time Surveillance System Replacement

The budget includes a decrease of \$(7,100,000) from the General Fund in FY 2024 for the elimination of one-time funding to replace the ASH surveillance system. The FY 2023 budget required ASH to replace the current system with a system that includes both audio and visual capabilities.

Remove One-Time Supplemental Funding

The budget includes a decrease of \$(5,600,000) from the General Fund in FY 2024 to remove one-time FY 2023 supplemental funding associated with an ASH operating shortfall. (Please see Other Issues section for further details.)

Statewide Adjustments

The budget includes a decrease of \$(427,000) from the General Fund in FY 2024 for statewide adjustments.

Background – This line item funds inpatient psychiatric hospitalization services for adult SMI residents. ASH residents that are subject to court-ordered treatment are treated in ASH's civil hospital, and residents charged with or serving a sentence for committing a crime are treated in ASH's forensic hospital. In FY 2022, ASH had an average daily census of 103 patients in its civil commitment unit, 110 patients in its forensic unit, and 110 Sexually Violent Persons (SVPs), for a total of 323 patients.

ASH - Restoration to Competency

The budget includes \$900,000 from the ASH Fund in FY 2024 for ASH - Restoration to Competency. This amount is unchanged from FY 2023.

Background – This line item funds direct costs associated with the Restoration to Competency program. All other indirect costs are included in the Arizona State Hospital - Operating line item.

ASH provides treatment to restore to competency individuals who are found incompetent to stand trial. In FY 2022, there was an average daily census of 5 RTC patients treated at ASH. RTC patients are treated in ASH's forensic unit.

The FY 2024 Health Care Budget Reconciliation Bill (BRB) continues a provision to exempt county expenditures on Restoration to Competency from county expenditure limitations.

ASH - Sexually Violent Persons

The budget includes \$10,881,900 and 112.5 FTE Positions from the General Fund in FY 2024 for ASH - Sexually Violent Persons. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(69,900) from the General Fund in FY 2024 for statewide adjustments.

Background – This line item funds direct costs associated with the Sexually Violent Persons program. All other indirect costs are included in the Arizona State Hospital - Operating line item.

After serving their prison sentence, some persons convicted of sexually violent crimes may be remanded by the courts for further confinement and treatment. These individuals are housed at the Arizona State Hospital. In FY 2022, ASH had an average daily census of 110 Sexually Violent Persons (SVPs).

Public Health

Adult Cystic Fibrosis Care

The budget includes \$105,200 from the General Fund in FY 2024 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2023.

In FY 2022, this line item provided contracted care and treatment services through Phoenix Children's Hospital for 39 individuals with cystic fibrosis.

AIDS Reporting and Surveillance

The budget includes \$1,000,000 from the Disease Control Research Fund in FY 2024 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2023.

The line item provides \$125,000 for a database system administered by Maricopa and Pima Counties to track the incidence of Acquired Immune Deficiency Syndrome (AIDS) and AIDS-related conditions. The remaining \$875,000 funds medications under the Arizona AIDS Drug Assistance Program (ADAP), which also receives Federal Funds for the medications. The ADAP program served approximately 3,047 clients in FY 2022.

Alzheimer's Disease Research

The budget includes \$4,125,000 from the General Fund in FY 2024 for Alzheimer's Disease Research. Adjustments are as follows:

Funding Increase

The budget includes an increase of \$500,000 from the General Fund in FY 2024 for Alzheimer's disease research grants.

Background – DHS distributes funding in the line item to the Arizona Alzheimer's Consortium (AAC). The AAC provides dollar-for-dollar matching grants to universities, hospitals, and research centers for research on the causes of Alzheimer's disease.

Biomedical Research Support

The budget includes \$2,000,000 from the General Fund in FY 2024 for Biomedical Research Support. This amount is unchanged from FY 2023.

Background – This line item funds a nonprofit medical research institute headquartered in Arizona that specializes in biomedical research focusing on applying genomic technologies and sequencing to clinical care, assists with disease outbreak investigations, and collaborates with universities, hospitals, and other bioscience and related industries in this state.

DHS distributes monies in this line item to the Translational Genomics Research Institute (TGen), a nonprofit medical research institution. In addition to these monies, the budget includes \$3,000,000 from the General Fund to Northern Arizona University (NAU) for biotechnology. *(Please see the NAU narrative for more information.)*

Breast and Cervical Cancer and Bone Density Screening

The budget includes \$1,369,400 and 1 FTE Position from the General Fund in FY 2024 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2023.

The Well Woman Healthcheck program provides contracted cancer screenings for women over age 40 who lack health insurance and have incomes less than 250% of the FPL. Women who are diagnosed with breast and cervical cancer through this program are eligible to receive treatment through AHCCCS.

County Tuberculosis Provider Care and Control

The budget includes \$590,700 from the General Fund in FY 2024 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2023.

This line item provides reimbursement to hospitals and physicians for the care of hospitalized tuberculosis patients and for assistance to all county health departments for local tuberculosis control programs.

Dementia Awareness Campaign

The budget includes \$750,000 from the General Fund in FY 2024 for a Dementia Awareness Campaign. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$750,000 from the General Fund in FY 2024 to fund a dementia awareness campaign for rural and underserved urban areas in Arizona.

The FY 2024 Health Care BRB instructs DHS to distribute the monies to a nonprofit organization that has expertise in dementia and provides care for individuals affected by Alzheimer's disease and other forms of dementia. The recipient organization must also have experience in marketing and public awareness campaigns and host a toll-free 24-hour hotline to provide dementia support and education. DHS is required to report on the impact of the public education campaign to the Governor, the President of the Senate, and the Speaker of the House of Representatives on or before June 30, 2025.

A General Appropriation Act footnote makes these monies non-lapsing.

Dementia Services Program and Alzheimer's Disease State Plan

The budget includes \$964,100 and 2 FTE Positions from the General Fund in FY 2024 for a Dementia Services Program and Alzheimer's Disease State Plan. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$964,100 and 2 FTE Positions from the General Fund in FY 2024 for DHS to establish a dementia services program and develop an Alzheimer's disease state plan, as required by the FY 2024 Health Care BRB.

Among other provisions, the dementia services program would be required to facilitate coordination of policies and programs related to dementia and Alzheimer's disease within the Legislature and Executive branch. In addition, the dementia services program would be responsible for coordinating, publishing, and implementing the Alzheimer's disease state plan, which is required to assess the current and future impact of dementia and Alzheimer's disease in Arizona. The plan would also assess existing capacity and resources to address needs. The plan must be published on DHS's website and include recommendations for increasing access to care and treatment, improving the quality of care for affected persons, ensuring a coordinated statewide response, and advancing early detection and diagnosis.

By July 1, 2024, and June 30, 2026, DHS must review and submit an updated Alzheimer's disease state plan to the Governor, the President of the Senate, and the Speaker of the House.

The budget includes a footnote making these monies non-lapsing through FY 2026, after which the program's requirements are repealed. The footnote states that these monies are intended to be expended over 3 years. Any monies remaining unspent at the end of FY 2026 will revert to the General Fund.

Fentanyl Testing Strips and Mass Spectrometers

The budget includes \$300,000 from the General Fund in FY 2024 for Fentanyl Testing Strips and Mass Spectrometers. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$300,000 from the General Fund in FY 2024 for DHS to purchase and distribute fentanyl testing strips and mass spectrometers.

Fentanyl testing strips and mass spectrometers are both forms of drug checking technology. The test strips are dipped into water containing drug residue to determine the presence of fentanyl. The spectrometers are used to detect the compounds available in drugs.

Funeral Services Regulation

The budget includes \$459,400 and 4 FTE Positions from the Health Services Licensing Fund in FY 2024 for Funeral Services Regulation. Adjustments are as follows:

Agency Transfer

The budget includes an increase of \$476,800 and 4 FTE Positions from the Health Services Licensing Fund in FY

2024 to transfer the FY 2024 appropriation for the State Board of Funeral Directors and Embalmers (Funeral Board) to the department, pursuant to Laws 2023, Chapter 194.

Remove Supplemental Funding

The budget includes a decrease of \$(870,000) from the Health Services Licensing Fund in FY 2024 to remove one-time FY 2023 funding to assist in the transfer of powers and duties from the Funeral Board to the department, as authorized by Chapter 194. *(Please see Other Issues section for further details.)*

Statewide Adjustments

The budget includes a decrease of \$(17,400) from the Health Services Licensing Fund in FY 2024 for statewide adjustments.

Background – On January 10, 2023, the Senate and House Commerce Committee of Reference recommended the Funeral Board be terminated, with its powers and duties transferred to DHS. Chapter 194 transfers the board to DHS, retroactive to March 31, 2023. Enacted with an emergency clause, Chapter 194 became effective immediately upon the Governor's signature on June 20, 2023.

Pursuant to Chapter 194, all unencumbered and unexpended monies were transferred to DHS on the effective date, and all fees and monies collected in accordance with funeral services statutes are deposited into the Health Services Licensing Fund. The legislation removes all statutorily set fees for funeral services and allows DHS to determine the new amounts.

To assist the DHS director in regulating funeral services, the legislation establishes an advisory committee consisting of seven members appointed by the Governor. The advisory committee will be required to provide annual evaluations to the Governor regarding the performance of DHS in administering funeral services statutes.

Finally, Chapter 194 modifies qualifications for individuals to receive embalmer and funeral director licenses, including requiring applicants to not have disqualifying criminal histories as determined by DHS.

Health Crisis Review Centers and Wraparound Services

The budget includes \$5,000,000 from the General Fund in FY 2024 for Health Crisis Review Centers and Wraparound Services. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for DHS to provide grants for mental health crisis relief centers that provide short-term supportive housing and peer support.

Nonrenal Disease Management

The budget includes \$198,000 from the General Fund in FY 2024 for Nonrenal Disease Management. This amount is unchanged from FY 2023.

This line item provides funding for medication and other transplant-related services for nonrenal transplant patients who are ineligible for other public assistance programs.

Nursing Care Special Projects

The budget includes \$200,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2024 for special projects related to long-term care facilities. This amount is unchanged from FY 2023.

Background – The Nursing Care Institution Resident Protection Revolving Fund receives deposits from civil penalties paid by nursing care institution administrators and assisted living facility managers for violations of their licenses or certifications. Historically, DHS's operating budget has included an ongoing appropriation of \$38,200 from this fund for emergency patient relocation and patient personal property replacement.

Poison Control Centers Funding

The budget includes \$990,000 from the General Fund in FY 2024 for Poison Control Centers. This amount is unchanged from FY 2023.

A.R.S. § 36-1161 requires 2 poison control centers to be maintained in Arizona. DHS allocated \$647,300 to the University of Arizona Poison Information Center and \$342,700 to the Banner Poison Control Center in FY 2022. A.R.S. § 32-1907 allows the Board of Pharmacy to transfer up to \$1,000,000 from the Arizona State Board of Pharmacy Fund to the University of Arizona (UA) Poison Control Information Center. However, this amount is not reflected in the table at the beginning of this narrative. The Board of Pharmacy transferred \$500,000 to the UA Poison Control Center in FY 2022.

Psilocybin Research

The budget includes \$5,000,000 from the General Fund in FY 2024 for Psilocybin Research. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for DHS to provide psilocybin clinical research grants.

The FY 2024 Health Care BRB instructs DHS to distribute the monies as competitive research grants for phase I, II, and III clinical trials to evaluate the effects of whole mushroom psilocybin on treating specific disorders, including post-traumatic stress disorder. The Health Care BRB also establishes a psilocybin research advisory council charged with establishing criteria for qualifying clinical trials and overseeing the application process. By June 1 annually, the council must make recommendations on psychedelic-assisted therapy to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The program is repealed on June 30, 2026.

Renal Dental Care and Nutrition Supplements

The budget includes \$300,000 from the TTHCF - Medically Needy Account in FY 2024 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2023.

This line item provides pre-operative dental care and ongoing nutritional assistance for low-income renal disease patients. Funding in this line item treats kidney disease and associated kidney damage and provides transportation services for dialysis appointments.

Renal Transplant Drugs

The budget includes \$183,000 from the General Fund in FY 2024 for Renal Transplant Drugs. This amount is unchanged from FY 2023.

This line item provides funding for anti-rejection medications for renal transplant patients who cannot be listed for transplant because they cannot afford the cost of medications. In FY 2022, 68 people received anti-rejection medication assistance.

Trauma Recovery Center Fund Deposit

The budget includes \$7,000,000 and 1.5 FTE Positions from the General Fund in FY 2024 for a Trauma Recovery Center Fund Deposit. Adjustments are as follows:

One-Time Fund Deposit

The budget includes a one-time increase of \$7,000,000 and 1.5 FTE Positions from the General Fund in FY 2024 for deposit into the Trauma Recovery Center Fund.

An FY 2024 General Appropriation Act footnote instructs DHS to use the monies to provide a technical assistance grant to help establish a state pilot trauma recovery center, including 3 years of operational costs, and a separate grant to a public research institution to track data and outcomes of the state pilot trauma recovery center. The public research institution is required to produce a report at the conclusion of the pilot.

Family Health

Family Health Pilot Program

The budget includes no funding in FY 2024 for a Family Health Pilot Program. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2024 to eliminate one-time funding for the Family Health Pilot Program.

The FY 2022 budget included \$1,500,000 in initial funding from the General Fund for a Family Health Pilot Program. The 3-year budget plan also included \$1,500,000 in one-time funding in FY 2023. The final FY 2023 budget increased FY 2023 one-time funding to \$3,000,000. The budget removes this funding in FY 2024.

The department is required to distribute these monies to non-profit organizations to implement a statewide system to provide direct services, support services, social services case management and referrals to the biological or adoptive parents of children under 2 years of age, including unborn children. *(Please see the FY 2023 General Appropriation Act and the FY 2023 Appropriations Report for the specific distribution requirements.)*

Folic Acid Program

The budget includes \$400,000 from the TTHCF - Medically Needy Account in FY 2024 for the Folic Acid Program. This amount is unchanged from FY 2023.

This line item provides funding for the distribution of folic acid to women of childbearing age to help prevent birth defects. In FY 2022, 28,708 women received folic acid education and multivitamins.

High Risk Perinatal Services

The budget includes \$2,343,400 from the General Fund in FY 2024 for High Risk Perinatal Services. This amount is unchanged from FY 2023.

This line item provides contracted transport services for high risk perinatal care, hospital services, inpatient physician follow-up services, and community health nurse visits for newborns who spent at least 5 days in a neonatal intensive care unit. The purpose of the visits is to identify developmental issues and provide early intervention services to ensure school readiness by age 5.

Homeless Pregnant Women Services

The budget includes no funding in FY 2024 for Homeless Pregnant Women Services. Adjustments are as follows:

Remove Funding

The budget includes a decrease of \$(500,000) in FY 2024 to eliminate funding for the Homeless Pregnant Women Services program. This amount consists of:

General Fund	(300,000)
Health Services Lottery Monies Fund	(200,000)

The 3-year spending plan associated with the enacted FY 2022 budget included one-time appropriations of \$100,000 from the Health Services Lottery Monies Fund in FY 2022 and FY 2023, and \$300,000 from the General Fund in FY 2023. The FY 2024 budget removes this funding and eliminates the remaining \$100,000 of Health Services Lottery Monies funding.

DHS is required to use monies in this line item to provide grants to non-profit organizations located in a county with more than 3 million persons and whose primary function is to provide shelter, food, clothing, and transportation services to homeless pregnant women and their children who are under the age of one.

Newborn Screening Program

The budget includes \$12,369,800 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2024 for the Newborn Screening Program. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(18,700) from the Newborn Screening Program Fund in FY 2024 for statewide adjustments.

The FY 2022 Health Budget Reconciliation Bill (BRB) required DHS to add Spinal Muscular Atrophy and X-Linked Adrenoleukodystrophy by December 31, 2022. The remaining 29 conditions included on the U.S. Department of Health and Human Services Recommended Uniform Screening Panel (RUSP) are required to be added by December 31, 2023.

Background – This line item funds the centralized testing of all newborns in the state for a standard set of 30 disorders, which will be increased to 61 by December 31, 2023. In FY 2022, the program provided screening for 78,871 newborns. The program also provides follow-up counseling for the parents of affected newborns. The State Health Laboratory is the designated laboratory for testing, but DHS may designate other laboratories as testing facilities for conditions or tests added to the screening program.

Nurse-Family Partnership Programs

The budget includes \$2,500,000 from the General Fund in FY 2024 for Nurse-Family Partnership Programs. Adjustments are as follows:

One-Time Program Funding

The budget includes an increase of \$2,500,000 from the General Fund in FY 2024 for DHS to fund nurse-family partnership programs.

Nurse-family partnership programs are home visiting programs that pair nurses with low-income, first-time mothers during their pregnancy and the first 2 years of the children's lives. Services typically include care coordination, case management, assessments and screenings, preventive education, referrals to health and human services, and job development resources, among other supports.

Medical Provider Support

Accelerated Nursing Programs

The budget includes no funding in FY 2024 for Accelerated Nursing Programs. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(50,000,000) from the General Fund in FY 2024 to remove one-time funding to expand the number of nursing degrees.

The FY 2023 budget appropriated \$50,000,000 one-time to DHS to expand nursing programs. Of this amount, the FY 2023 Health Care BRB required DHS to distribute \$6,000,000 to a private university with a health sciences campus located in Phoenix that offers a 12-month accelerated nursing program. The recipient will use the monies for capital costs associated with adding a new cohort of accelerated nursing students.

DHS will distribute the remaining \$44,000,000 to public and private universities and community colleges located in Arizona for the purpose of expanding program capacity. The department is required to give priority to programs that can be completed within 12 months, but programs up to 18 months in length are also eligible for funding. Each institution receiving monies must use at least 80% of the award to provide scholarships and no more than 20% may be used for administrative expenses, including the cost of hiring faculty and purchasing equipment. The monies may not be used for capital costs.

In January 2023, DHS reported distributing \$43,100,000 of the \$44,000,000 appropriation: \$5.6 million to ASU for 104 scholarships; \$5.9 million to Creighton University for 80 scholarships; \$16.0 million to Grand Canyon University for 300 scholarships; \$6.4 million to NAU for 240 scholarships; and \$9.2 million to UA for 158 scholarships.

The FY 2023 Health Care BRB also stipulated that scholarship recipients agree to practice nursing in Arizona for at least 4 years after graduation from an accelerated nursing program. DHS is required to compile information from each institution and submit an annual report to JLBC and OSPB on October 1 of each year through 2030. The report will include data on the number of students receiving scholarships, the number of nurses who are currently completing the 4-year service commitment, and the number of students who have reimbursed the institution for not completing the service requirement.

An FY 2023 General Appropriation Act footnote makes these monies non-lapsing through FY 2024. Any unspent monies at the end of FY 2024 will revert to the General Fund.

Behavioral Health Care Provider Loan Repayment Program

The budget includes \$1,000,000 from the General Fund in FY 2024 for the Behavioral Health Care Provider Loan Repayment Program. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2024 to remove one-time funding for a loan repayment program for health care providers who practice in behavioral health facilities in Arizona. An FY 2024 General Appropriations Act footnote makes the FY 2023 appropriation for this line item non-lapsing through FY 2024.

A.R.S. § 36-2175 establishes the program to provide loan repayment assistance to providers who agree to serve in behavioral health facilities for at least 2 years, with priority given to applicants who intend to practice in the Arizona State Hospital or a behavioral health residential facility. For the first 2 years of service, the maximum award is \$50,000. For each subsequent year, the maximum award is \$25,000.

Collaborative Care Uptake Fund Deposit

The budget includes \$1,000,000 from the General Fund in FY 2024 for a Collaborative Care Uptake Fund Deposit. Adjustments are as follows:

One-Time General Fund Deposit

The budget includes an increase of \$1,000,000 from the General Fund in FY 2024 for deposit into the Collaborative Care Uptake Fund, as created by the FY 2024 Health Care BRB.

Monies deposited into this fund are used to provide grants to primary care physicians (PCPs) in medical practices with fewer than 50 employees who establish and deliver services through the collaborative care model, an evidence-based, integrated behavioral health service delivery method requiring a formal arrangement between a PCP, a care manager, and a psychiatrist. This line item also funds grants to collaborative care technical assistance centers that aid PCPs in providing integrated behavioral health services.

Arizona Nurse Education Investment Pilot Program

The budget includes \$15,000,000 from the General Fund in FY 2024 for the Arizona Nurse Education Investment Pilot Program. This amount is unchanged from FY 2023.

A.R.S. § 36-1802 requires these monies to be deposited into the Arizona Nurse Education Investment Pilot Program Fund to increase the capacity of nursing education programs in Arizona. DHS allocates these monies to the Arizona Board of Regents (ABOR) and community college districts based on the number of nursing students graduating in FY 2022, which includes programs for nursing assistants, licensed practical nurses, registered nurses, and advanced practice nurses. Recipients may use the monies to pay operating costs necessary to increase the number of faculty members teaching in nursing programs and for capital expenses directly related to additional faculty and students.

The 3-year spending plan associated with the enacted FY 2023 budget included \$15,000,000 from the General Fund for this line item in FY 2023, FY 2024, and FY 2025. Of this amount, the Arizona Board of Regents (ABOR) expects the universities to receive \$5.7 million annually through FY 2025, with \$3.0 million for ASU, \$1.4 million for NAU, and \$1.3 million for UA. The remaining \$9.3 million will go to community college programs.

These monies are one-time through FY 2025. Any monies remaining in the fund at the end of FY 2026 will revert to the General Fund.

Preceptor Grant Program for Graduate Students

The budget includes \$500,000 from the General Fund in FY 2024 for a Preceptor Grant Program for Graduate Students. This amount is unchanged from FY 2023.

A.R.S. § 36-1806 establishes this program to expand the capacity of preceptor training for graduate students pursuing degrees as physicians in allopathic or osteopathic medicine, advanced practice nurses, physician assistants, or dentists. In the nursing profession, preceptors are licensed clinicians who supervise nursing students completing their clinical hours. DHS is required to allocate the monies to the 5 largest statewide nonprofit organization representing these professions in proportion to the number of active licenses within each.

The organizations will distribute monies to physicians, certified nurse midwives, registered nurse anesthetists, clinical nurse specialists, registered nurses, physician assistants, and dentists who serve as volunteer preceptors who provide sufficient evidence of completing a preceptorship with a graduate student. Awards will be distributed on a first-come first-serve basis at a maximum of \$1,000 per preceptor per calendar year, with priority given to primary care preceptorships in rural areas of the state.

The 3-year spending plan associated with the enacted FY 2023 budget included \$500,000 from the General Fund for this line item in FY 2023, FY 2024, and FY 2025.

The budget includes a footnote making these monies non-lapsing through FY 2026. Any monies remaining unspent at the end of FY 2026 will revert to the General Fund.

Other Issues

This section includes information on the following topics:

- FY 2023 Supplementals
- Statutory Changes
- Long-Term Budget Impacts

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$5,600,000 from the General Fund for an operating shortfall at the Arizona State Hospital. The shortfall is primarily attributable to higher-than-anticipated registry staffing and pharmacy costs.

The FY 2024 budget also includes an FY 2023 supplemental appropriation of \$870,000 from the Health Services Licensing Fund to assist in the transference of Funeral Board responsibilities to the department, as required by Laws 2023, Chapter 194. The legislation instructed all unexpended and unencumbered monies from the Funeral Board Fund be transferred to the Health Services Licensing Fund on the bill's effective date, June 20, 2023.

Statutory Changes

The Health Care BRB makes the following statutory changes:

- As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations.
- As session law, establishes the non-appropriated Collaborative Care Uptake Fund and directs DHS to use the fund to award grant monies to primary care physicians meeting certain requirements related to behavioral health integration. Allows DHS to use up to 3% of monies in the fund for administrative costs.
- As session law, establishes the Dementia Services Program within DHS and requires the Department to develop an Alzheimer's Disease State Plan. Requires DHS to review and submit an updated state plan to

the Legislature on or before July 1, 2024. Includes a delayed repeal date of June 30, 2026.

- As session law, instructs DHS how to distribute monies appropriated for a dementia public awareness campaign and require DHS to report on the impact of the campaign by June 30, 2025.
- As session law, stipulates that monies appropriated to DHS for psilocybin research be used to distribute competitive grants for phase I, II, and III clinical trials to evaluate the effects of whole mushroom psilocybin on treating specified disorders, including PTSD. Allow up to 2% of monies in the fund to be used for administrative costs. Establishes the psilocybin research advisory council to oversee the competitive grant application process and make recommendations to the Legislature on psychedelic-assisted therapy annually. Includes a delayed repeal date of June 30, 2026.

Long-Term Budget Impacts

As part of the FY 2024 budget's 3-year spending plan, DHS's General Fund costs are projected to decrease by \$(31,984,100) in FY 2025 below FY 2024 and \$(15,500,000) in FY 2026 below FY 2025.

The FY 2025 estimate is based on \$(31,984,100) to remove one-time funding as follows:

- \$(3,500,000) for ASH surveillance system upgrades.
- \$(5,970,000) for ASH registry staffing costs.
- \$(750,000) for a dementia awareness campaign.
- \$(964,100) for a dementia services program and Alzheimer's disease state plan.
- \$(300,000) for the purchase of fentanyl testing strips and mass spectrometers.
- \$(5,000,000) for grants to mental health crisis relief centers.
- \$(5,000,000) for psilocybin research grants.
- \$(7,000,000) for trauma recovery center grants.
- \$(2,500,000) for nurse-family partnership programs.
- \$(1,000,000) for a deposit into the Collaborative Care Uptake Fund.

The FY 2026 estimate is based on:

- \$(15,000,000) for the removal of one-time nurse education investment pilot program funding.
- \$(500,000) for the removal of one-time grants for preceptor training programs.

Arizona Historical Society

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	50.9	50.9	50.9 ^{1/}
Personal Services	1,090,100	1,420,800	1,420,800
Employee Related Expenditures	420,200	646,800	626,000
Professional and Outside Services	51,900	0	0
Travel - In State	14,700	0	0
Travel - Out of State	300	0	0
Other Operating Expenditures	757,200	517,500	374,100
OPERATING SUBTOTAL	2,334,400	2,585,100	2,420,900
SPECIAL LINE ITEMS			
Field Services and Grants	59,700	65,800	65,400
Papago Park Museum	473,500	563,800	559,500
AGENCY TOTAL	2,867,600	3,214,700	3,045,800 ^{2/}
FUND SOURCES			
General Fund	2,867,600	3,214,700	3,045,800
SUBTOTAL - Appropriated Funds	2,867,600	3,214,700	3,045,800
Other Non-Appropriated Funds	314,600	1,314,000	1,488,200
Federal Funds	668,900	30,000	30,000
TOTAL - ALL SOURCES	3,851,100	4,558,700	4,564,000

AGENCY DESCRIPTION — The Arizona Historical Society acquires, preserves, maintains, and publicly exhibits archival and museum objects pertaining to the history of Arizona, the West, and the Indian tribes inhabiting the state. The Society's major museums are in Yuma, Flagstaff, Tucson, Phoenix, and Tempe (Papago Park).

FOOTNOTES

^{1/} Includes 10.5 GF FTE Positions funded from Special Line Items in FY 2024.

^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$2,420,900 and 40.4 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(164,200) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Field Services and Grants

The budget includes \$65,400 and 0.5 FTE Positions from the General Fund in FY 2024 for Field Services and Grants. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(400) from the General Fund in FY 2024 for statewide adjustments.

Papago Park Museum

The budget includes \$559,500 and 10 FTE Positions from the General Fund in FY 2024 for the Papago Park Museum. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(4,300) from the General Fund in FY 2024 for statewide adjustments.

This line item funds the operation and maintenance of the Papago Park Museum (Tempe).

Prescott Historical Society of Arizona

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	13.0	13.0	13.0
Personal Services	578,900	638,900	638,900
Employee Related Expenditures	200,900	283,400	272,900
Other Operating Expenditures	69,000	93,800	101,100
AGENCY TOTAL	848,800	1,016,100	1,012,900 ^{1/}
FUND SOURCES			
General Fund	848,800	1,016,100	1,012,900
SUBTOTAL - Appropriated Funds	848,800	1,016,100	1,012,900
Other Non-Appropriated Funds	682,100	1,050,300	1,050,300
TOTAL - ALL SOURCES	1,530,900	2,066,400	2,063,200

AGENCY DESCRIPTION — The Prescott Historical Society preserves and maintains the Old Governor's Mansion, together with the other buildings and properties of the Sharlot Hall Museum located in Prescott. The Society is responsible for acquiring, preserving, and publicly exhibiting archival and museum objects pertaining to the history, geological, and anthropological life of Arizona and the West.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$1,012,900 and 13 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(3,200) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona Department of Homeland Security

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	0.0	20.0	20.0 ^{1/}
OPERATING SUBTOTAL	0	0	0
SPECIAL LINE ITEMS			
Statewide Information Security and Privacy Operations and Controls	0	11,930,300 ^{2/}	11,319,400
Antihuman Trafficking Grant Fund Deposit	0	0	10,000,000 ^{3/}
Arizona State Nonprofit Security Grant Program Fund Deposit	0	0	5,000,000 ^{4/}
Cybersecurity Software	0	2,000,000	0
Statewide Cybersecurity Grants	0	10,000,000	10,000,000 ^{5/6/}
AGENCY TOTAL	0	23,930,300	36,319,400
FUND SOURCES			
General Fund	0	12,000,000	25,000,000
<u>Other Appropriated Funds</u>			
Information Technology Fund	0	11,930,300	11,319,400
SUBTOTAL - Other Appropriated Funds	0	11,930,300	11,319,400
SUBTOTAL - Appropriated Funds	0	23,930,300	36,319,400
Federal Funds	25,146,900	26,474,600	26,474,600
TOTAL - ALL SOURCES	25,146,900	50,404,900	62,794,000

AGENCY DESCRIPTION — The Arizona Department of Homeland Security distributes funding received from the U.S. Department of Homeland Security to state agencies and local governments to prevent and mitigate acts of terrorism and natural disasters. The department publishes the Arizona Homeland Security Strategy and provides planning assistance to aid in the development of regional response plans for natural disasters or terrorism incidents. In FY 2023, the department took responsibility of Statewide Information Security and Privacy Operations and Controls.

FOOTNOTES

- ^{1/} Includes 20 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated in the statewide information security and privacy operations and controls line item in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 47, \$300,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024. (FY 2024 General Appropriation Act footnote)
- ^{3/} The amount appropriated in the antihuman trafficking grant fund deposit line item shall be deposited in the antihuman trafficking grant fund. The Arizona department of homeland security shall distribute these monies as follows:
 1. \$2,000,000 to the department of public safety Arizona counter terrorism information center for antihuman trafficking operations that work to reduce human trafficking by providing assistance and analytical services to law enforcement agencies or that provide services to victims and training to law enforcement agencies, prosecutorial agencies and the public on preventing and identifying human trafficking.
 2. \$8,000,000 in award grants to municipal and county law enforcement agencies, not to exceed \$500,000 per agency, for programs that reduce human trafficking. (General Appropriation Act footnote)
- ^{4/} The amount appropriated in the nonprofit security grant program fund deposit line item shall be deposited in the nonprofit security grant program fund. Not more than five percent of the monies deposited in the fund may be used by the Arizona department of homeland security to administer the nonprofit security grant program. (General Appropriation Act footnote)
- ^{5/} Of the amount appropriated for statewide cybersecurity grants, the Arizona department of homeland security may spend up to \$310,000 for grant administration. (General Appropriation Act footnote)
- ^{6/} General Appropriation Act funds are appropriated as a Lump Sum with Special Line Items by Agency.

Statewide Information Security and Privacy Operations and Controls

The budget includes \$11,319,400 and 20 FTE Positions from the Information Technology (IT) Fund in FY 2024 for Statewide Information Security and Privacy Operations and Controls. Adjustments are as follows:

Cyber Security Mitigation Costs

The budget includes an increase of \$585,500 from the IT Fund in FY 2024 for additional cyber security resources. Of this amount, \$360,500 is ongoing and \$225,000 is one-time.

Eliminate One-Time Funding

The budget includes a decrease of \$(1,190,500) from the IT Fund in FY 2024 to remove one-time additional cyber security resources for state employee teleworking.

Statewide Adjustments

The budget includes a decrease of \$(5,900) from the IT Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

The budget includes a footnote extending \$300,000 of the FY 2023 appropriation for this line item through FY 2024.

The Statewide Information Security and Privacy Office (SISPO) in the department performs strategic planning, policy development, risk assessment, facilitation, and coordination to protect the state's information resources. The IT Fund receives revenue from a 0.61% pro-rata charge on agency payroll.

Antihuman Trafficking Grant Fund Deposit

The budget includes \$10,000,000 from the General Fund in FY 2024 for an Antihuman Trafficking Grant Fund Deposit. Adjustments are as follows:

Antihuman Trafficking Grant Fund Deposit

The budget includes an increase of \$10,000,000 from the General Fund in FY 2024 for a one-time deposit into the Antihuman Trafficking Grant Fund.

The FY 2024 Criminal Justice Budget Reconciliation Bill (BRB) establishes the nonappropriated Antihuman Trafficking Grant Fund in the department.

A budget footnote specifies that of the \$10,000,000 deposited in the Antihuman Trafficking Grant Fund, \$2,000,000 shall be distributed to the Department of Public Safety (DPS) Arizona Counter Terrorism Information Center (ACTIC) and \$8,000,000 shall be distributed as

grants to local law enforcement agencies, not to exceed \$500,000 per agency.

Monies in the line item provide grants to antihuman trafficking programs that work to reduce human trafficking by providing assistance to law enforcement agencies, providing series to victims, or training law enforcement and prosecutorial agencies.

Arizona State Nonprofit Security Grant Program Fund Deposit

The budget includes \$5,000,000 from the General Fund in FY 2024 for an Arizona State Nonprofit Security Grant Program Fund Deposit. Adjustments are as follows:

Arizona State Nonprofit Security Grant Program Fund Deposit

The budget includes an increase of \$5,000,000 from the General Fund in FY 2024 for a one-time deposit into the Arizona State Nonprofit Security Grant Program Fund.

The FY 2024 Criminal Justice BRB establishes the nonappropriated Nonprofit Security Grant Program Fund to provide safety and security grants for projects at nonprofit organizations that are at a high risk of terrorist attacks or hate crimes.

The line item funds a grant program to provide eligible nonprofits with safety and security grants. The department shall award up to \$1,000,000 in any grant year and a nonprofit may not receive more than \$100,000 in any grant year. Priority shall be given to organizations that are unable to apply for other funding. A budget footnote allows the department to spend up to 5% of the monies deposited in the fund to administer the grant program.

Cybersecurity Software

The budget includes no funding in FY 2024 for Cybersecurity Software. Adjustments are as follows:

Eliminate One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2024 to remove one-time cybersecurity software.

Pursuant to an FY 2023 budget footnote, the department shall procure through a competitive process security software that detects security threats by using at least 2 specified testing mechanisms.

Statewide Cybersecurity Grants

The budget includes \$10,000,000 from the General Fund in FY 2024 for statewide cybersecurity grants. This amount is unchanged from FY 2023.

The line item funds a grant program to provide local political subdivisions with resources for cybersecurity readiness and tools. A budget footnote allows the department to use up to \$310,000 of the appropriation to administer the grant program.

Other Issues

Agency Background

Prior to FY 2023, the Arizona Department of Homeland Security existed but did not have an appropriated operating budget and department's only funding sources consisted of non-appropriated monies to distribute as grants to state agencies and local governments. Laws 2022, Chapter 50 transfers the state's Information Security and Privacy Office from the Arizona Department of Administration (ADOA) to the department.

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As session law, establishes the non-appropriated Anti-Human Trafficking Grant Fund administered by the Department of Homeland Security. Monies in the fund can be distributed to organizations to reduce human trafficking in the state.
- As session law, establishes the Nonprofit Security Grant Program Fund to provide safety and security grants for projects at nonprofit organizations that are at a high risk of a terrorist attack or hate crimes because of the organization's ideology, belief, or mission. The department shall award up to \$1,000,000 in any grant year and a nonprofit may not receive more than \$100,000 in any grant year. Priority shall be given to organizations that are unable to apply for other funding. Includes a delayed repeal date of September 30, 2028.

Board of Homeopathic and Integrated Medicine Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	20,100	24,900	24,900
Employee Related Expenditures	9,200	10,000	19,900
Other Operating Expenditures	16,900	17,900	16,600
AGENCY TOTAL	46,200	52,800 ^{1/}	61,400 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Homeopathic and Integrated Medicine Examiners' Fund	46,200	52,800	61,400
SUBTOTAL - Other Appropriated Funds	46,200	52,800	61,400
SUBTOTAL - Appropriated Funds	46,200	52,800	61,400
TOTAL - ALL SOURCES	46,200	52,800	61,400

AGENCY DESCRIPTION — The board licenses and regulates medical physicians who practice homeopathic and integrated medicine, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- 1/ Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the board of homeopathic and integrated medicine examiners, \$2,400 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$61,400 and 1 FTE Position from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2024 for the operating budget. Adjustments are as follows:

Named Claimants

The budget includes a decrease of \$(872.03) from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Statewide Adjustments

The budget includes an increase of \$9,500 from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$872.03 from the Board of Homeopathic and Integrated Medicine Examiners' Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

Arizona Department of Housing

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	202,200	233,100	233,100
Employee Related Expenditures	79,000	86,300	82,800
Professional and Outside Services	0	1,700	1,700
Travel - In State	2,600	7,900	7,900
Other Operating Expenditures	33,100	37,900	45,100
Equipment	5,800	500	500
OPERATING SUBTOTAL	322,700	367,400	371,100
SPECIAL LINE ITEMS			
Homeless Services Grant Pilot	0	10,000,000 ^{1/}	0
Homeless Shelter and Services	0	20,000,000 ^{2/}	0
Homeless Shelter and Services Fund Deposit	0	0	40,000,000
Housing Trust Fund Deposit	0	60,000,000 ^{3/}	150,000,000 ^{4/5/}
Military Transitional Housing Fund Deposit	0	0	1,900,000
Mobile Home Relocation Fund Deposit	0	0	5,000,000
AGENCY TOTAL	322,700	90,367,400	197,271,100 ^{6/}
FUND SOURCES			
General Fund	0	90,000,000	196,900,000
<u>Other Appropriated Funds</u>			
Housing Trust Fund	322,700	367,400	371,100
SUBTOTAL - Other Appropriated Funds	322,700	367,400	371,100
SUBTOTAL - Appropriated Funds	322,700	90,367,400	197,271,100
Other Non-Appropriated Funds	30,711,200	35,898,200	35,898,200
Federal Funds	150,080,700	228,771,600	154,172,200
TOTAL - ALL SOURCES	181,114,600	355,037,200	387,341,500

AGENCY DESCRIPTION — The department annually administers approximately \$180 million in federal and non-appropriated state housing and community development funds. The appropriated budget reflects a portion of the agency's administration expenses. The department provides affordable housing opportunities in conjunction with the Arizona Industrial Development Authority. The department's responsibilities include the Office of Manufactured Housing.

FOOTNOTES

- ^{1/} The amount appropriated to the Arizona department of housing for the homeless services grant pilot in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 49 from the state general fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024. (FY 2024 General Appropriation Act footnote)
- ^{2/} The amount appropriated to the Arizona department of housing for homeless shelter and services is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2024 General Appropriation Act footnote)
- ^{3/} All monies from the housing trust fund deposit shall be distributed in the form of grants, not loans, to projects in cities, towns and counties in this state. Of the \$60,000,000 appropriated to the housing trust fund, \$20,000,000 must be distributed to projects in counties other than Maricopa and Pima counties and an additional \$4,000,000 must be distributed to, *or for projects on*, the Navajo and Hopi and tribal nations. (FY 2023 General Appropriation Act footnote, as modified by the FY 2024 General Appropriation Act. Italics added to signify the change)
- ^{4/} On or before September 1, 2023, the department shall submit an expenditure plan report to the joint legislative budget committee for the monies deposited pursuant to this section in the housing trust fund established by section 41-3955, Arizona Revised Statutes. (General Appropriation Act footnote)

- 5/ The Arizona department of housing may use a portion of the monies appropriated for the housing trust fund deposit to support an investment for a long-term lease facilitated by this state to create a campus for transitional housing, workforce affordable housing, crisis response, detox and recovery, workforce development programs and integrated wrap-around services. The owner and lead operator of the campus must be a nonprofit homeless provider that:
1. Has at least thirty-five years of experience in providing emergency homeless services to adult men and women in Maricopa county, including the chronically homeless, veterans, seniors, people with disabling conditions, youth and families and children.
 2. Has been providing rapid rehousing services and flexible housing support or rapid exit housing support for persons who do not qualify for rapid rehousing for at least five years.
 3. Has at least ten years of experience running a mass congregate shelter of four hundred or more beds, annually serves at least five thousand people with homeless shelter and related housing services, has an annual budget of at least \$10,000,000 and participates in the coordinate entry process and the homeless management information system. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency

Operating Budget

The budget includes \$371,100 and 3 FTE Positions from the Housing Trust Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$3,700 from the Housing Trust Fund for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Homeless Services Grant Pilot

The budget includes no funding in FY 2024 for the Homeless Services Grant Pilot. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2024 for the elimination of a one-time Homeless Services Grant Pilot Program.

An FY 2023 General Appropriation Act footnote required the appropriation be used to establish a grant program for cities, towns, and counties for programs designed to reduce homelessness. In addition to meeting specified program requirements, participating cities, towns, and counties must provide a dollar-for-dollar local match for each grant dollar received. ADOH is to give priority to cities, towns and counties that have an established program meeting certain requirements.

An FY 2024 General Appropriation Act footnote alters the FY 2023 Homeless Services Grant Pilot appropriation to make it non-lapsing through the end of FY 2024.

Homeless Shelter and Services

The budget includes no funding in FY 2024 for the Homeless Shelter and Services. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(20,000,000) from the General Fund in FY 2024 for the elimination of a FY 2023 supplemental appropriation for Homeless Shelter and Services.

The monies will be used for programs that provide shelter and services to unsheltered persons who are experiencing homelessness.

Homeless Shelter and Services Fund Deposit

The budget includes \$40,000,000 from the General Fund in FY 2024 for a new Homeless Shelter and Services Fund Deposit line item. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$40,000,000 from the General Fund in FY 2024 for a one-time deposit into the Homeless Shelter and Services Fund.

Background –The Human Services Budget Reconciliation Bill (BRB) establishes the Homeless Shelter and Services Fund. Monies from the fund shall be used to award grants to counties, cities, towns, Indian tribes and nonprofit organizations for programs that provide shelter and services to unsheltered persons who are experiencing homelessness.

Housing Trust Fund Deposit

The budget includes \$150,000,000 from the General Fund in FY 2024 for a Housing Trust Fund deposit. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(60,000,000) from the General Fund in FY 2024 for the elimination of a one-time deposit into the Housing Trust Fund.

An FY 2023 General Appropriation Act footnote required that these monies be distributed in the form of grants, not loans, to cities, towns, and counties in Arizona, with set-aside allocations as follows:

- \$20,000,000 of the appropriation must be distributed to projects in counties other than Maricopa and Pima counties.
- \$4,000,000 of the appropriation must be distributed to the Navajo and Hopi tribal nations. The FY 2024 General Appropriation Act clarifies that these monies may also be distributed for projects on the Navajo and Hopi tribal nations.

New One-Time Funding

The budget includes an increase of \$150,000,000 from the General Fund in FY 2024 for a one-time deposit into the Housing Trust Fund.

An FY 2024 General Appropriation Act footnote requires the department to submit an expenditure plan report to the Joint Legislative Budget Committee on or before September 1, 2023.

Another FY 2024 General Appropriation Act footnote allows the department to use a portion of the deposited monies to invest in a long-term lease that creates a campus for transitional housing, workforce affordable housing, crisis response, detox and recover, workforce development programs, and wrap-around services; the footnote also specifies eligibility characteristics for the campus's lead provider.

The Housing Trust Fund develops projects and programs providing housing opportunities for low- and moderate-income households and housing affordability programs.

Military Transitional Housing Fund Deposit

The budget includes \$1,900,000 from the General Fund in FY 2024 for a new Military Transitional Housing Fund Deposit line item. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$1,900,000 from the General Fund in FY 2024 for a one-time deposit into the Military Transitional Housing Fund.

The Military Transitional Housing Fund provides transitional housing opportunities for military members separating from the military in newly constructed housing facilities.

Mobile Home Relocation Fund Deposit

The budget includes \$5,000,000 from the General Fund in FY 2024 for a new Mobile Home Relocation Fund Deposit line item. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$5,000,000 from the General Fund in FY 2024 for a one-time deposit into the Mobile Home Relocation Fund.

The Mobile Home Relocation Fund pays for relocations of mobile homeowners due to rental increases and pays premiums and other costs of purchasing insurance coverage for tenant relocation costs due to a change in property.

Other Issues

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$20,000,000 from the General Fund for Homeless Shelter and Services. These funds will be used for programs that provide shelter and services to unsheltered persons who are experiencing homelessness. The FY 2024 General Appropriation Act exempts these monies from lapsing. *(Please see the Homeless Shelter and Services for further details.)*

Statutory Changes

The Human Services BRB makes the following statutory changes:

- As session law, establishes the non-appropriated Homeless Shelter and Services Fund consisting of legislative appropriations, other monies, and investment earnings. Monies in the fund shall be used for grants to counties, cities, towns, tribes, and nonprofit organizations for programs that provide shelter and services to unsheltered persons who are experiencing homelessness. All monies in the fund are non-lapsing, and the fund has a repeal date of June 30, 2027.

Independent Redistricting Commission

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6.0	0.0	0.0
Personal Services	504,000	0	0
Employee Related Expenditures	144,000	0	0
Professional and Outside Services	4,367,100	0	0
Travel - In State	21,000	0	0
Travel - Out of State	100	0	0
Other Operating Expenditures	859,200	0	0
Equipment	23,000	0	0
AGENCY TOTAL	5,918,400 ^{1/}	0	0
FUND SOURCES			
General Fund	5,918,400	0	0
SUBTOTAL - Appropriated Funds	5,918,400	0	0
TOTAL - ALL SOURCES	5,918,400	0	0

AGENCY DESCRIPTION — Proposition 106, approved by voters in November 2000, established the Independent Redistricting Commission (IRC). The commission consists of 5 members, 4 of which are selected by the House and Senate majority and minority leadership. These 4 members then select the final member, who cannot be affiliated with either of the 2 major political parties. The commission is charged with redrawing the boundaries for Arizona's legislative and congressional districts based on the 10-year census.

FOOTNOTES

^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2022 General Appropriation Act footnote)

Operating Budget

The budget includes no funding in FY 2024 for the operating budget. This amount is unchanged from FY 2023.

The Commission resumed its constitutional duties in CY 2021, the start of the next 10-year redistricting cycle. The FY 2022 budget included \$7,900,000 of one-time, non-lapsing funding for the IRC in FY 2022. (See Table 1 for the prior 2020 cycle funding and the FY 2023 Appropriations Report for the 2010 cycle funding.)

The FY 2024 budget included no new funding for IRC in FY 2024 and subsequent years given that the Commission has no outstanding litigation and monies remain from the non-lapsing FY 2022 appropriation.

Table 1

CY 2020 Redistricting Cycle Appropriations

<u>Fiscal Year</u>	<u>Appropriation</u>
FY 2021 (Laws 2020, Ch. 58)	\$ 500,000
FY 2022 (Laws 2021, Ch. 408)	<u>7,900,000</u>
Subtotal	\$8,400,000

Industrial Commission of Arizona

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	236.6	236.6	236.6 ^{1/}
Personal Services	9,194,900	10,900,800	10,900,800
Employee Related Expenditures	3,433,600	3,883,300	3,733,300
Professional and Outside Services	1,273,500	1,516,100	1,516,100
Travel - In State	106,600	113,900	113,900
Travel - Out of State	9,500	40,800	40,800
Other Operating Expenditures	4,029,500	5,304,000	5,461,700
Equipment	200,300	218,900	218,900
OPERATING SUBTOTAL	18,247,900	21,977,800	21,985,500
SPECIAL LINE ITEMS			
Municipal Firefighter Reimbursement Administration	95,000	84,600	84,700 ^{2/}
AGENCY TOTAL	18,342,900	22,062,400	22,070,200 ^{3/}
FUND SOURCES			
General Fund	95,000	84,600	84,700
<u>Other Appropriated Funds</u>			
Administrative Fund	18,247,900	21,977,800	21,985,500
SUBTOTAL - Other Appropriated Funds	18,247,900	21,977,800	21,985,500
SUBTOTAL - Appropriated Funds	18,342,900	22,062,400	22,070,200
Other Non-Appropriated Funds	16,413,300	21,418,500	21,418,500
Federal Funds	2,995,500	3,501,500	3,501,500
TOTAL - ALL SOURCES	37,751,700	46,982,400	46,990,200

AGENCY DESCRIPTION — The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, and providing workers' compensation coverage for claimants of uninsured and self-insured employers.

FOOTNOTES

- ^{1/} Includes 1 GF FTE Position funded from Special Line Items in FY 2024.
- ^{2/} The legislature intends that the state general fund appropriation be used only for administrative costs of title 23, chapter 11, Arizona Revised Statutes, and that this appropriation does not convey any responsibility for firefighter cancer compensation and benefits claims on to this state. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$21,985,500 and 235.6 FTE Positions from the Administrative Fund in FY 2024 for the operating budget. Adjustments are as follows:

Named Claimants

The budget includes a decrease of \$(1,100) from the Administrative Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. (Please see the *Named Claimants* discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes an increase of \$8,800 from the Administrative Fund in FY 2024 for statewide adjustments. (Please see the *Agency Detail and Allocations* section.)

Municipal Firefighter Reimbursement Administration

The budget includes \$84,700 and 1 FTE Position from the General Fund in FY 2024 for the Municipal Firefighter Reimbursement Administration line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$100 from the General Fund in FY 2024 for statewide adjustments.

A.R.S. § 23-1702 and § 23-1703 require the Industrial Commission to assess an annual fee on cities and towns and to proportionally distribute the revenue based on the actual amount paid by municipalities for the cost of cancer-related treatments for firefighters and fire investigators.

Other Issues

<i>FY 2023 Supplementals</i>

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$1,100 from the Administrative Fund for a one-time named claimants appropriation. *(Please see the Operating Budget section for further details.)*

Department of Insurance and Financial Institutions

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	151.4	152.4	155.4 ^{1/}
Personal Services	6,051,100	6,881,100	7,407,400
Employee Related Expenditures	2,272,800	2,681,900	2,655,600
Professional and Outside Services	232,000	224,900	224,900
Travel - In State	1,200	3,600	3,600
Travel - Out of State	11,200	19,200	19,200
Other Operating Expenditures	1,078,600	1,476,100	1,731,200
Equipment	323,900	396,700	396,700
OPERATING SUBTOTAL	9,970,800	11,683,500 ^{2/}	12,438,600 ^{3/4/}
SPECIAL LINE ITEMS			
Information Technology Upgrades	0	700,000	0
Insurance Fraud Unit	1,460,100	1,851,400	1,849,800
Reimbursable Programs	0	50,000	50,000 ^{5/}
Local Grants	957,700	957,700	1,388,900 ^{6/}
Arizona Vehicle Theft Task Force	4,343,500	4,452,600	4,521,200 ^{7/}
ATA Operating Budget	652,800	699,400	698,700
AGENCY TOTAL	17,384,900	20,394,600	20,947,200 ^{8/9/}
FUND SOURCES			
General Fund	7,380,800	8,213,000	8,548,500
<u>Other Appropriated Funds</u>			
Automobile Theft Authority Fund	5,954,000	6,159,700	6,809,500
Financial Services Fund	3,999,800	5,971,600	5,538,900
Revolving Fund	50,300	50,300	50,300
SUBTOTAL - Other Appropriated Funds	10,004,100	12,181,600	12,398,700
SUBTOTAL - Appropriated Funds	17,384,900	20,394,600	20,947,200
Other Non-Appropriated Funds	19,353,700	19,612,700	19,612,700
TOTAL - ALL SOURCES	36,738,600	40,007,300	40,559,900

AGENCY DESCRIPTION — The Department of Insurance and Financial Institutions licenses and authorizes the transaction of insurance business by insurers, producers, and other insurance-related entities. The department also regulates state-chartered financial entities. The regulated entities include money transmitters, motor vehicle dealers, holding companies, trust companies, sales finance companies, collection agencies, escrow agents, debt management companies, consumer lenders, mortgage bankers, mortgage brokers, premium finance companies, credit unions, banks, and real estate appraisal entities. The department also is responsible for analyzing the methods of combating the problem of vehicle theft and promoting successful methods of reducing the number of vehicle thefts in Arizona.

FOOTNOTES

- ^{1/} Includes 9 GF and 6 OF FTE Positions from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Department of Insurance and Financial Institutions, \$700,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{3/} Includes \$135,200 in expenditures for Mental Health Omnibus from non-lapsing appropriation authorized by Laws 2020, Chapter 4. The department plans to spend \$157,300 for this purpose in each of FY 2023 and FY 2024.
- ^{4/} Of the monies appropriated to the department of insurance and financial institutions in the operating lump sum appropriation, \$250,000 shall be used to administer the provisions of a bill addressing insurance provider claims against insurers if the bill becomes law in the first regular session of the fifty-sixth legislature. These monies revert to the state

general fund if a bill addressing provider claims against insurers does not become law in the first regular session of the fifty-sixth legislature. (General Appropriation Act footnote)

- 5/ The department of insurance and financial institutions shall submit a report to the joint legislative budget committee before spending any monies for the reimbursable programs line item. The department shall show sufficient monies collected to cover the expenses indicated in the report. (General Appropriation Act footnote)
- 6/ Local grants shall be awarded with consideration given to areas with greater automobile theft problems and shall be used to combat economic automobile theft operations. (General Appropriation Act footnote)
- 7/ Monies in the Arizona vehicle theft task force line item shall be used by the department of insurance and financial institutions to pay seventy-five percent of the personal services and employee related expenditures for city, town and county sworn officers who participate in the Arizona vehicle theft task force. (General Appropriation Act footnote)
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 9/ Of the department fees required to be deposited in the state general fund by statute, the legislature intends that the department of insurance and financial institutions shall assess and set the fees at a level to ensure that the monies deposited in the state general fund will equal or exceed the department's expenditure from the state general fund. (General Appropriation Act footnote)

Operating Budget

The budget includes \$12,438,600 and 140.4 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	<u>FY 2024</u>
General Fund	\$6,698,700
Financial Services Fund	5,538,900
Automobile Theft Authority (ATA) Fund	150,700
Department Revolving Fund	50,300

Adjustments are as follows:

Hire Additional Staff

The budget includes an increase of \$276,300 and 3 FTE Positions from the Financial Services Fund in FY 2024 to hire 2 Senior Examiners to work on mortgage banker and broker examinations and 1 Money Transmission Examiner.

Auto Crime Tracking Database Subscription

The budget includes an increase of \$154,100 from the ATA Fund in FY 2024 for a subscription to the Automobile Crime Tracking database.

Conditional One-Time Funding

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2024 to pay for the anticipated costs of a bill addressing provider claims against insurers which may pass during the First Regular Session of the 56th Legislature. Such a bill, HB 2290, has not been enacted as of June 30, 2023. The monies revert to the state General Fund if no such bill passes. The enacted 3-year FY 2024 budget plan would continue the one-time funding in FY 2025 and FY 2026.

Statewide Adjustments

The budget includes an increase of \$74,700 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	87,100
Financial Services Fund	(9,000)
ATA Fund	(3,400)

(Please see the Agency Detail and Allocations section.)

Information Technology Upgrades

The budget includes no funding in FY 2024 for the Information Technology Upgrades line item. Adjustments are as follows:

Remove One-Time IT Upgrade Funding

The budget includes a decrease of \$(700,000) from the Financial Services Fund in FY 2024 for removal of funding for upgrades to the department's Financial Institutions and Enterprises licensing IT system.

Insurance Fraud Unit

The budget includes \$1,849,800 and 9 FTE Positions from the General Fund in FY 2024 for the Insurance Fraud Unit. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,600) from the General Fund in FY 2024 for statewide adjustments.

These monies were previously included in the Department of Insurance operating budget. The department levies a \$1,050 assessment on all licensed insurers to prosecute insurance fraud in the state. Laws 2020, Chapter 37 requires that all monies appropriated for fraud prevention

be included as a line item and that all monies shall be used exclusively for insurance fraud prevention.

Reimbursable Programs

The budget includes \$50,000 from the ATA Fund in FY 2024 for Reimbursable Programs. This amount is unchanged from FY 2023.

This line item funds programs such as training seminars, Arizona Vehicle Theft Task Force expenses and “bait car” projects. This line item is funded from donations and grants from the private sector. Since the inception of this program, only \$25,000 for the reimbursement of salary and operational costs of the Arizona Vehicle Theft Task Force has been expended from this line item.

Local Grants

The budget includes \$1,388,900 from the ATA Fund in FY 2024 for Local Grants. Adjustments are as follows:

Vertical Prosecution Grants

The budget includes an increase of \$431,200 from the ATA Fund in FY 2024 for vertical prosecution grants, which allow a single prosecutor's office to oversee a case for its complete duration.

This line item provides funding for the 4 categories of local grants that the DIFI administers: 1) Vertical Prosecution; 2) Law Enforcement; 3) Professional Training; and 4) Public Awareness grants. DIFI issues Vertical Prosecution Grants to county attorneys that are solely dedicated to auto-theft cases, Law Enforcement Grants to local law enforcement agencies for equipment and supplies, Professional Training Grants to pay travel and registration costs associated with going to conferences, and Public Awareness Grants for public education and vehicle identification number etching.

Arizona Vehicle Theft Task Force

The budget includes \$4,521,200 from the ATA Fund in FY 2024 for the Arizona Vehicle Theft Task Force. Adjustments are as follows:

Increased Fuel Costs

The budget includes an increase of \$68,600 from the ATA Fund in FY 2024 for increased fuel costs. This increase is one-time.

Monies in this line item are transferred to the Department of Public Safety which oversees the Arizona Vehicle Theft Task Force. The Arizona Vehicle Theft Task Force is a

multi-agency group that works specifically on combating auto-theft related crimes.

ATA Operating Budget

The budget includes \$698,700 and 6 FTE Positions from the ATA Fund in FY 2024 for the Automobile Theft Authority Operating Budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(700) from the ATA Fund in FY 2024 for statewide adjustments.

Monies in this line item cover the operating expenditures of the Automobile Theft Authority, which works to combat auto theft-related crime.

Judiciary - Supreme Court

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	187.0	202.0	203.0 ^{1/}
Personal Services	7,003,200	8,269,100	8,489,300
Employee Related Expenditures	2,732,700	4,547,500	4,558,500
Professional and Outside Services	240,600	213,100	213,100
Travel - In State	100,400	132,800	132,800
Travel - Out of State	20,500	39,300	39,300
Other Operating Expenditures	4,253,500	4,734,100	4,734,200
OPERATING SUBTOTAL	14,350,900	17,935,900	18,167,200 ^{2/}
SPECIAL LINE ITEMS			
State Aid	3,300,800	5,950,700	5,931,900
County Reimbursements	187,900	187,900	187,900 ^{3/}
Automation	15,361,200	24,768,700	23,760,000 ^{4/5/}
Arizona Trial and Digital Evidence Fund Deposit	0	1,620,000	1,620,000
Digital Evidence Software	0	0	280,000
State Foster Care Review Board	3,279,400	3,535,700	3,504,900
Court Appointed Special Advocate	3,810,800	5,033,100	5,046,700
Model Court	659,700	659,700	658,800
Domestic Relations	646,000	693,100	685,900
Judicial Nominations and Performance Review	532,100	614,000	608,500
Commission on Judicial Conduct	506,700	609,500	603,700
Juvenile Monetary Sanctions Funding Backfill	0	0	250,000 ^{6/}
Courthouse Security	556,000	750,000	750,000
AGENCY TOTAL	43,191,500	62,358,300	62,055,500 ^{7/}
FUND SOURCES			
General Fund	22,161,300	29,047,400	28,930,400
<u>Other Appropriated Funds</u>			
Confidential Intermediary and Fiduciary Fund	333,200	546,500	682,800
Court Appointed Special Advocate Fund	3,886,100	5,416,000	5,226,000
Criminal Justice Enhancement Fund	2,898,200	4,722,800	4,691,900
Defensive Driving School Fund	2,436,400	4,487,700	4,464,000
Judicial Collection Enhancement Fund	9,808,800	15,191,400	15,114,200
State Aid to the Courts Fund	1,667,500	2,946,500	2,946,200
SUBTOTAL - Other Appropriated Funds	21,030,200	33,310,900	33,125,100
SUBTOTAL - Appropriated Funds	43,191,500	62,358,300	62,055,500
Other Non-Appropriated Funds	26,071,600	31,240,900	31,240,900
TOTAL - ALL SOURCES	69,263,100	93,599,200	93,296,400

AGENCY DESCRIPTION — The Supreme Court consists of 7 Supreme Court Justices, judicial support staff and the Administrative Office of the Courts (AOC). The Supreme Court, as the state's highest court, has the responsibility to review appeals and to provide rules of procedure for all the courts in Arizona. Under the direction of the Chief Justice, the AOC provides administrative supervision over the Arizona court system.

FOOTNOTES

- ^{1/} Includes 56.5 GF and 36.8 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Included in the operating lump sum appropriation for the supreme court is \$1,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote)
- ^{3/} Of the \$187,900 appropriated for county reimbursements, state grand jury is limited to \$97,900 and capital postconviction relief is limited to \$90,000. (General Appropriation Act footnote)

- 4/ On or before September 1, 2023, the supreme court shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on current and future automation projects coordinated by the administrative office of the courts. The report shall include a list of court automation projects that receive or are anticipated to receive state monies in the current or next two fiscal years as well as a description of each project, the number of FTE positions, the entities involved and the goals and anticipated results for each automation project. The report shall be submitted in one summary document. The report shall indicate each project's total multiyear cost by fund source and budget line item, including any prior-year, current-year and future-year expenditures. (General Appropriation Act footnote)
- 5/ Automation expenses of the judiciary shall be funded only from the automation line item. Monies in the operating lump sum appropriation or other line items intended for automation purposes shall be transferred to the automation line item before expenditure. (General Appropriation Act footnote)
- 6/ The legislature intends that the \$250,000 appropriation to the juvenile monetary sanctions funding backfill line item continues in fiscal years 2024-2025 and 2025-2026. These monies may only be spent if legislation that eliminates court-ordered fees for juveniles, except for victim restitution and specified driving under the influence offenses, is enacted into law. (General Appropriation Act footnote)
- 7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$18,167,200 and 109.7 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$13,901,400
Confidential Intermediary and Fiduciary Fund	682,800
Criminal Justice Enhancement Fund (CJEF)	7,700
Defensive Driving School Fund	891,700
Judicial Collection Enhancement Fund (JCEF)	2,683,600

Adjustments are as follows:

Additional Private Fiduciary Investigator

The budget includes an increase of \$102,100 and 1 FTE Position from the General Fund in FY 2024 for an additional private fiduciary investigator in the Supreme Court's Certification and Licensing Division to address a backlog in investigations.

Confidential Intermediary/Private Fiduciary Licensing Subscription

The budget includes an increase of \$139,600 from the Confidential Intermediary and Fiduciary Fund in FY 2024 for increased costs associated with a new annual licensing subscription platform for the Confidential Intermediary and Private Fiduciary programs.

Judicial Salary Increase

The budget includes an increase of \$263,500 from the General Fund in FY 2024 for completed phase-in of judicial salary increases. The FY 2023 budget increased the Chief Justice salary from \$164,800 to \$212,000 and Associate Justice salary from \$159,650 to \$205,000 effective January 1, 2023.

The FY 2023 budget included the half-year funding for the salary increase. The 3-year spending plan annualized this amount in FY 2024 for the full-year implementation.

Statewide Adjustments

The budget includes a decrease of \$(273,900) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(253,800)
Confidential Intermediary and Fiduciary Fund	(3,300)
Defensive Driving School Fund	(6,700)
JCEF	(10,100)

(Please see the Agency Detail and Allocations section.)

State Aid

The budget includes \$5,931,900 and 3.3 FTE Positions in FY 2024 for State Aid. These amounts consist of:

CJEF	2,985,700
State Aid to the Courts Fund	2,946,200

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(18,800) in FY 2024 for statewide adjustments. This amount consists of:

CJEF	(18,500)
State Aid to the Courts Fund	(300)

The State Aid line item provides state aid to counties for the payment of judges pro tempore salaries, and for projects designed to improve the processing of criminal cases in the Superior Court and Justice Courts.

County Reimbursements

The budget includes \$187,900 from the General Fund in FY 2024 for County Reimbursements. This amount is unchanged from FY 2023.

The County Reimbursements line item provides reimbursement to counties for grand jury expenses and for state-funded representation of indigent defendants in first-time capital postconviction relief proceedings. Statute limits reimbursements to counties for grand jury expenses and state-funded representation of indigent defendants in first-time capital postconviction relief proceedings to the amount appropriated for those purposes.

A General Appropriation Act footnote limits the appropriation for the State Grand Jury to \$97,900 and for Capital Postconviction Relief to \$90,000.

Automation

The budget includes \$23,760,000 and 15 FTE Positions in FY 2024 for Automation. These amounts consist of:

General Fund	6,609,300
Court Appointed Special Advocate (CASA) Fund	199,300
CJEF	1,698,500
Defensive Driving School Fund	3,572,300
JCEF	11,680,600

Adjustments are as follows:

One-Time FY 2024 General Fund Increase

The budget includes a one-time increase of \$1,298,000 from the General Fund in FY 2024 for funding to address a shortfall in revenues that support the Automation line.

Remove One-Time FY 2023 General Fund Increase

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2024 to remove one-time funding included in the FY 2023 budget that addressed a shortfall in revenues that support the Automation line.

Remove One-Time Tracking System Funding

The budget includes a decrease of \$(183,000) from the CASA Fund in FY 2024 to remove one-time funding for start-up costs to upgrade the Dependent Children Automated Tracking System.

Remove One-Time Digital Evidence Storage Funding

The budget includes a decrease of \$(490,000) from the General Fund in FY 2024 to remove one-time funding for digital evidence storage.

Remove One-Time Records Sealing Funding

The budget includes a decrease of \$(500,000) from the General Fund in FY 2024 to remove one-time funding to implement a records sealing law. This amount was advance appropriated by Laws 2021, Chapter 432 to support automation changes needed for implementing that law.

Statewide Adjustments

The budget includes a decrease of \$(133,700) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(36,600)
CASA Fund	(600)
CJEF	(12,400)
Defensive Driving School Fund	(17,000)
JCEF	(67,100)

The Automation line item provides funding for court automation projects throughout the state. Automation costs are to be solely funded from the Automation line item. As required by a General Appropriation Act footnote, any additional monies expended from other line items for automation projects are to be transferred to the Automation line item prior to expenditure.

Arizona Trial and Digital Evidence Fund Deposit

The budget includes \$1,620,000 from the General Fund in FY 2024 for the Arizona Trial and Digital Evidence Fund Deposit line item. This amount is unchanged from FY 2023.

Monies in this line item are used for replacement and supplemental earnings for petit jurors in the Superior Court eligible after 1 day of jury service.

Digital Evidence Software

The budget includes \$280,000 from the General Fund in FY 2024 for the Digital Evidence Software line item. Adjustments are as follow:

Digital Evidence Software First-Year Funding

The budget includes a one-time increase of \$280,000 from the General Fund in FY 2024 for digital evidence software. The 3-year spending plan continues this one-time appropriation in FY 2025.

Monies in this line item fund digital evidence software portal costs for all case types.

State Foster Care Review Board

The budget includes \$3,504,900 and 40 FTE Positions from the General Fund in FY 2024 for the State Foster Care Review Board. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(30,800) from the General Fund in FY 2024 for statewide adjustments.

The State Foster Care Review Board line item coordinates local volunteer review boards for foster care children in out-of-home placement.

Court Appointed Special Advocate

The budget includes \$5,046,700 and 20.5 FTE Positions in FY 2024 for CASA. These amounts consist of:

General Fund	20,000
CASA Fund	5,026,700

Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$20,000 from the General Fund in FY 2024 for additional funding to support the CASA program.

Statewide Adjustments

The budget includes a decrease of \$(6,400) from the CASA Fund in FY 2024 for statewide adjustments.

The CASA line item administers and monitors a community-based volunteer advocacy program for abused and neglected children in the Juvenile Court System.

Model Court

The budget includes \$658,800 and 1 FTE Position from the General Fund in FY 2024 for Model Court. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(900) from the General Fund in FY 2024 for statewide adjustments.

Monies in this line item fund a Dependency Alternative Program (DAP) coordinator in the AOC and the remaining monies are passed through to counties to improve processing of dependency cases. DAP is a voluntary program for eligible families that provides access to legal and child welfare services to quickly determine the best

option for a child's custody and prevent a dependency case.

Domestic Relations

The budget includes \$685,900 and 4.9 FTE Positions from the General Fund in FY 2024 for Domestic Relations.

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(7,200) from the General Fund in FY 2024 for statewide adjustments.

The Domestic Relations line item provides coordination and technical support for groups formed to develop and review policies and programs related to domestic relations and child support.

Judicial Nominations and Performance Review

The budget includes \$608,500 and 4.6 FTE Positions from the General Fund in FY 2024 for Judicial Nominations and Performance Review. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(5,500) from the General Fund in FY 2024 for statewide adjustments.

This line item funds administrative costs to oversee the nominations for the Supreme Court, the Court of Appeals, and the Superior Court in Maricopa, Pima, Pinal, Coconino and Yavapai Counties, as well as evaluating the performance of all merit retention justices and judges. The results of the performance evaluations are provided to the voters before each retention election.

Commission on Judicial Conduct

The budget includes \$603,700 and 4 FTE Positions from the General Fund in FY 2024 for the Commission on Judicial Conduct. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(5,800) from the General Fund in FY 2024 for statewide adjustments.

The Commission on Judicial Conduct investigates and resolves all complaints of judicial misconduct.

Juvenile Monetary Sanctions Funding Backfill

The budget includes \$250,000 from the General Fund in FY 2024 for the Juvenile Monetary Sanctions Funding Backfill line item. Adjustments are as follow:

First-Year Funding

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2024 for juvenile monetary sanctions backfill funding. The 3-year spending plan continues this one-time appropriation in FY 2025 and FY 2026.

A General Appropriation Act footnote specifies that the Supreme Court may only spend monies from this line item if the legislation referenced above is signed into law. Laws 2023, Chapter 162 was signed into law in May 2023.

Monies in this line item provide backfill funding to replenish revenues lost from the repeal of juvenile monetary sanctions. Laws 2023, Chapter 162 repeals certain court-ordered fees for juveniles, exempts juveniles from court surcharges and assessments, and prohibits courts from charging a juvenile or the juvenile's parent or guardian for the costs of court-ordered treatment, counseling, and other services.

Courthouse Security

The budget includes \$750,000 from JCEF in FY 2024 for Courthouse Security. This amount is unchanged from FY 2023.

The Courthouse Security line item includes funding for training, assistance, and grants to courts to meet the minimum standards of courthouse security as adopted by the Supreme Court.

Other Issues

Statutory Changes

The Criminal Justice Budget Reconciliation Bill makes the following statutory changes:

- As session law, in FY 2024 - FY 2026, amends Laws 2018, Chapter 278 as amended by Laws 2021, Chapter 403 and Laws 2022, Chapter 310 to allow the Supreme Court to spend money on a new appellate case management system in FY 2024 - FY 2026.

Court Surcharges and Assessments

A.R.S. § 41-1273 requires the JLBC Staff to submit a report to the Committee on or before December 1, 2019 and once every 7 years thereafter detailing all statutory surcharges and assessments imposed on criminal and civil fines, penalties, forfeitures, traffic violations and local

ordinances. Statute requires that the report include the current amount of each surcharge and assessment authorized by statute, the amounts collected, and the purposes for which these monies were used.

According to the most recent JLBC Staff report published in August 2019, statute imposed surcharges totaling 78.0% and assessments totaling \$44.00 per fine. Additional specific statutory surcharges and assessments are not included in the report, for example, statute imposes a \$250 assessment on DUI charges.

The August 2019 report included FY 2018 collection data from the courts totaling \$75.8 million. The largest surcharge collected the Criminal Justice Enhancement Fund (CJEF) Surcharge which accounted for \$33.7 million in FY 2018, making up 44.4% of the total. CJEF collections fund a variety of programs in state and local law enforcement. The largest assessment imposed by the courts is the Probation Assessment. The Probation Assessment is \$20 on each fine or penalty and accounted for \$9.7 million in collections in FY 2018, or 12.8% of total collections. Revenue from the Probation Assessment is deposited into the Judicial Collections Enhancement Fund (JCEF) to support county probation departments.

Judiciary - Court of Appeals

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
PROGRAM BUDGET			
Division I	11,497,300	15,052,100	16,212,600
Division II	5,080,300	7,471,100 ^{1/}	8,498,200
AGENCY TOTAL	16,577,600	22,523,200	24,710,800
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	136.8	162.8	162.8 ^{2/}
Personal Services	10,642,000	12,024,200	13,778,600
Employee Related Expenditures	4,528,900	5,476,000	6,633,500
Professional and Outside Services	104,400	8,700	8,700
Travel - In State	159,300	171,200	171,200
Travel - Out of State	6,700	10,800	10,800
Other Operating Expenditures	1,072,400	4,832,300	4,108,000
Equipment	63,900	0	0
AGENCY TOTAL	16,577,600	22,523,200	24,710,800 ^{3/}
FUND SOURCES			
General Fund	16,577,600	22,523,200	24,710,800
SUBTOTAL - Appropriated Funds	16,577,600	22,523,200	24,710,800
TOTAL - ALL SOURCES	16,577,600	22,523,200	24,710,800

AGENCY DESCRIPTION — The Court of Appeals has jurisdiction in all proceedings appealable from the Superior Court except criminal death penalty cases, which are automatically appealed to the Supreme Court. Division I also has statewide responsibility for reviewing appeals from the Arizona Corporation Commission, Industrial Commission, the Department of Economic Security unemployment compensation rulings, and the Arizona Tax Court. Division I convenes in Phoenix and encompasses the counties of Apache, Coconino, La Paz, Maricopa, Mohave, Navajo, Yavapai, and Yuma. Division II convenes in Tucson and encompasses the counties of Cochise, Gila, Graham, Greenlee, Pima, Pinal, and Santa Cruz.

FOOTNOTES

- ^{1/} Of the amount appropriated for the operating lump sum for division two in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 52, \$450,000 from the state general fund is for the remodeling of chambers to accommodate a new three-judge court of appeals panel, is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024 and notwithstanding section 41-1252, Arizona Revised Statutes, is not subject to review by the joint committee on capital review. (FY 2024 General Appropriation Act footnote)
- ^{2/} Of the 162.8 FTE positions for fiscal year 2023-2024, 111.3 FTE positions are for division one and 51.5 FTE positions are for division two. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum by Subprogram.

Operating Budget

The budget includes \$24,710,800 and 162.8 FTE Positions from the General Fund in FY 2024 for the operating budget. These amounts include \$16,212,600 and 111.3 FTE Positions for Division I and \$8,498,200 and 51.5 FTE Positions for Division II. Adjustments are as follows:

Full-Year Funding for Additional Judges and Staff

The budget includes an increase of \$2,230,800 from the General Fund in FY 2024 for completed phase-in of 2 new

3-judge Court of Appeals panels and support staff. Of this amount, \$1,115,400 is for Division I and \$1,115,400 is for Division II.

The FY 2023 budget added the new panels effective January 1, 2023, and as a result included half-year funding for positions. The 3-year spending plan annualized this amount in FY 2024.

Judicial Salary Increase

The budget includes an increase of \$644,400 from the General Fund in FY 2024 for completed phase-in of judicial salary increases. Of this amount, \$468,600 is for judges in Division I and \$175,800 is for judges in Division II. The FY 2023 budget increased Court of Appeals judges' salaries from \$154,500 to \$190,000 beginning January 1, 2023.

The FY 2023 budget included half-year funding for the salary increase. The FY 2023 3-year spending plan annualized this amount in FY 2024 for the full-year implementation.

Remove One-Time Chamber Remodeling Funding

The budget includes a decrease of \$(900,000) from the General Fund in FY 2024 to remove one-time funding for the remodeling of chambers to accommodate new judges and staff. Of this amount, \$(450,000) is for Division I and \$(450,000) is for Division II.

An FY 2024 General Appropriation Act footnote makes the \$450,000 for Division II non-lapsing through June 30, 2024 and continues to exempt the expenditure from review by the Joint Committee on Capital Review.

Statewide Adjustments

The budget includes an increase of \$212,400 from the General Fund in FY 2024 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Judiciary - Superior Court

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	238.5	238.5	240.5 ^{1/2/}
Personal Services	2,544,700	2,723,000	2,723,000
Employee Related Expenditures	832,600	895,200	999,800
Professional and Outside Services	52,400	73,700	73,700
Travel - In State	21,200	18,800	18,800
Travel - Out of State	6,700	10,600	10,600
Other Operating Expenditures	1,378,600	1,617,300	1,783,700
OPERATING SUBTOTAL	4,836,200	5,338,600	5,609,600 ^{3/}
SPECIAL LINE ITEMS			
Judges Compensation			
Judges Compensation	23,430,400	25,641,800	28,777,900 ^{4/}
Administrative Costs			
Centralized Service Payments	3,699,200	4,631,300	4,696,900 ^{5/}
Probation Officer Vehicles	0	0	0
Probation Programs			
Adult Standard Probation	21,413,100	22,297,500	22,297,500 ^{6/}
Adult Intensive Probation	11,792,600	13,150,200	13,150,200 ^{6/}
Community Punishment	1,096,300	2,310,300	2,310,300 ^{6/}
Interstate Compact	503,300	513,700	513,700 ^{6/}
Drug Court	1,080,000	1,096,400	1,096,400
Juvenile Standard Probation	3,555,600	3,781,800	3,781,800 ^{6/}
Juvenile Intensive Probation	5,969,300	6,087,200	6,087,200 ^{6/}
Juvenile Treatment Services	20,697,900	20,803,000	20,803,000 ^{6/7/}
Juvenile Family Counseling	500,000	500,000	500,000
Juvenile Diversion Consequences	8,918,600	9,088,500	9,088,500 ^{6/7/}
Juvenile Crime Reduction	644,800	3,313,100	3,313,700 ^{6/}
Probation Incentive Payments	1,000,000	1,000,000	1,000,000 ^{6/}
Probation Salary Increase Backfill	0	0	6,749,200 ^{8/}
Other Programs			
Special Water Master	497,100	505,300	511,100
General Adjudication Personnel and Support Fund	1,618,400	2,000,000	2,000,000
Deposit			
Court-Ordered Removals	315,000	315,000	315,000
AGENCY TOTAL	111,567,800	122,373,700	132,602,000 ^{9/-12/}
FUND SOURCES			
General Fund	105,627,300	110,359,700	120,586,300
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	1,479,800	5,494,400	5,496,100
Drug Treatment and Education Fund	500,200	504,200	504,200
Judicial Collection Enhancement Fund	3,960,500	6,015,400	6,015,400
SUBTOTAL - Other Appropriated Funds	5,940,500	12,014,000	12,015,700
SUBTOTAL - Appropriated Funds	111,567,800	122,373,700	132,602,000
Other Non-Appropriated Funds	4,456,200	4,474,900	4,474,900
Federal Funds	667,800	1,002,300	1,002,300
TOTAL - ALL SOURCES	116,691,800	127,850,900	138,079,200

AGENCY DESCRIPTION — The Superior Court, which has a division in every county, is the state’s only general jurisdiction court. Superior Court judges hear all types of cases except small claims, minor offenses, or violations of city codes and ordinances. In addition, the responsibility for supervising adults and juveniles who have been placed on probation resides in the Superior Court.

FOOTNOTES

- 1/ Of the 240.5 FTE positions, 182 FTE positions represent superior court judges. This FTE position clarification does not limit the counties' ability to add judges pursuant to section 12-121, Arizona Revised Statutes. (General Appropriation Act footnote)
- 2/ Includes 185 GF FTE Positions funded from Special Line Items in FY 2024.
- 3/ All expenditures made by the administrative office of the courts to administer superior court line items shall be funded only from the superior court operating budget. Monies in superior court line items intended for this purpose shall be transferred to the superior court operating budget before expenditure. (General Appropriation Act footnote)
- 4/ All monies in the judges' compensation line item shall be used to pay for fifty percent of superior court judges' salaries, elected officials' retirement plan costs and related state benefit costs for judges pursuant to section 12-128, Arizona Revised Statutes. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the judges' compensation line item before expenditure. (General Appropriation Act footnote)
- 5/ All centralized service payments made by the administrative office of the courts on behalf of counties shall be funded only from the centralized service payments line item. Centralized service payments include only training, motor vehicle payments, CORP review board funding, LEARN funding, research, operational reviews and GPS vendor payments. This footnote does not apply to treatment or counseling services payments made from the juvenile treatment services and juvenile diversion consequences line items. Monies in the operating lump sum appropriation or other line items intended for centralized service payments shall be transferred to the centralized service payments line item before expenditure. (General Appropriation Act footnote)
- 6/ All monies in the adult standard probation, adult intensive probation, community punishment, interstate compact, juvenile standard probation, juvenile intensive probation, juvenile treatment services, juvenile diversion consequences, juvenile crime reduction and probation incentive payments line items shall be used only as pass-through monies to county probation departments. Monies in the operating lump sum appropriation or other line items intended as pass-through for the purpose of administering a county probation program shall be transferred to the appropriate probation line item before expenditure. (General Appropriation Act footnote)
- 7/ Monies appropriated to juvenile treatment services and juvenile diversion consequences shall be deposited in the juvenile probation services fund established by section 8-322, Arizona Revised Statutes. (General Appropriation Act footnote)
- 8/ The amount appropriated to the probation salary increase backfill line item shall be used as backfill funding to cover the remaining state share of probation officer salary increases approved by county boards of supervisors for fiscal year 2022-2023. (General Appropriation Act footnote)
- 9/ Receipt of state probation monies by the counties is contingent on the county maintenance of fiscal year 2019-2020 expenditure levels for each probation program. State probation monies are not intended to supplant county dollars for probation programs. (General Appropriation Act footnote)
- 10/ On or before November 1, 2023, the administrative office of the courts shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting the fiscal year 2022-2023 actual, fiscal year 2023-2024 estimated and fiscal year 2024-2025 requested amounts for each of the following:
 1. On a county-by-county basis, the number of authorized and filled case carrying probation positions and non-case carrying probation positions, distinguishing between adult standard, adult intensive, juvenile standard and juvenile intensive. The report shall indicate the level of state probation funding, other state funding, county funding and probation surcharge funding for those positions.
 2. Total receipts and expenditures by county and fund source for the adult standard, adult intensive, juvenile standard and juvenile intensive probation line items, including the amount of personal services spent from each revenue source of each account. (General Appropriation Act footnote)
- 11/ On or before November 1, 2023, the administrative office of the courts shall submit a report to the joint legislative budget committee on the county-approved salary adjustments provided to probation officers since the last report on November 1, 2022. The administrative office shall also submit a copy of the report to the governor's office of strategic planning and budgeting. The report shall include, for each county, the:
 1. Approved percentage salary increase by year.
 2. Net increase in the amount allocated to each probation department by the administrative office of the courts for each applicable year.

3. Average number of probation officers by applicable year.
4. Average salary of probation officers for each applicable year. (General Appropriation Act footnote)

12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$5,609,600 and 55.5 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$5,219,900
Criminal Justice Enhancement Fund (CJEF)	372,300
Drug Treatment and Education Fund	4,000
Judicial Collection Enhancement Fund (JCEF)	13,400

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$271,000 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	269,900
CJEF	1,100

(Please see the Agency Detail and Allocations section.)

Background – These monies represent the administrative costs incurred by the Administrative Office of the Courts (AOC) while overseeing the various line items of the Superior Court budget.

Judges Compensation

Judges Compensation

The budget includes \$28,777,900 and 182 FTE Positions from the General Fund in FY 2024 for Judges Compensation. Adjustments are as follows:

Two New Judges

The budget includes an increase of \$299,200 and 2 FTE Positions from the General Fund in FY 2024 for the state share of funding for two new Superior Court Judges, including one in Yavapai County and one in Yuma County.

Judicial Salary Increase

The budget includes an increase of \$2,272,100 from the General Fund in FY 2024 for the second year of a 2-year phase-in of a pay increase for Superior Court judges. The FY 2023 General Appropriation Act increases the Superior Court judge salary from \$149,400 to \$164,700 on January 1, 2023 and to \$180,000 on January 1, 2024.

The FY 2023 3-year spending plan increases this appropriation by another \$1,136,000 in FY 2025 for full implementation.

Statewide Adjustments

The budget includes an increase of \$564,800 from the General Fund in FY 2024 for statewide adjustments.

Background – This line item provides funding for the state's 50% share of salary and non-health benefits. The line item also funds 100% of the costs of Superior Court Judges that elect state benefits, although some opt to participate in county programs. In the latter circumstance, the county pays 100% of the employer cost.

Pursuant to A.R.S. § 12-121, each county receives one judge for the first 30,000 of population. Additional judges may be created for every additional 30,000-person increment upon approval by the Governor.

Administrative Costs

Centralized Service Payments

The budget includes \$4,696,900 in FY 2024 for Centralized Service Payments. This amount consists of:

General Fund	4,247,000
JCEF	449,900

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$65,600 from the General Fund in FY 2024 for statewide adjustments.

Background – In order to facilitate payment for services that are offered by all Superior Courts, AOC pays for various services centrally. These services include training, motor vehicle payments, Corrections Officer Retirement Plan Review Board funding, Literacy Education and Resource Network program funding (an online G.E.D. preparation program), research, operational reviews and GPS vendor payments.

Probation Officer Vehicles

The budget includes no funding in FY 2024 for Probation Officer Vehicles. This amount is unchanged from FY 2023.

These monies cover the one-time purchase of new vehicles for state-funded probation officers. The FY 2022 budget included \$187,500 for this purpose. This funding was not expended in FY 2022 so an FY 2023 General Appropriation Act footnote made these monies non-lapsing until June 30, 2023.

Funding for the ongoing maintenance of these vehicles is added to the Centralized Service Payments line item.

Probation Programs

The state and non-Maricopa Counties share the costs of probation. The state pays 100% of salary and benefits for all state-funded probation officers. For the intensive programs, the state pays 100% of the costs (although the counties may provide offices and other support services). Counties typically contribute through Probation Service Fee collections, outside grants, and office space. Since FY 2004, Maricopa County has assumed the state's share of its probation costs.

As required by a General Appropriation Act footnote, the monies in the Probation, Drug Court, Juvenile Treatment Services, Juvenile Diversion Consequences, and Juvenile Crime Reduction line items shall be used only as pass-through monies to the counties for their probation programs and are not available for AOC expenses.

(Please see the Other Issues section for more information on probation funding.)

Adult Standard Probation

The budget includes \$22,297,500 in FY 2024 for Adult Standard Probation. This amount consists of:

General Fund	18,523,400
JCEF	3,774,100

These amounts are unchanged from FY 2023.

Background – This line item provides funding for community supervision services for adults placed on standard probation by the Adult Division of the Superior Court. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 12-251A, an adult probation officer shall not supervise more than 65 adults on standard probation at one time. *(Please see Table 2)*

Adult Intensive Probation

The budget includes \$13,150,200 in FY 2024 for Adult Intensive Probation. This amount consists of:

General Fund	11,615,000
JCEF	1,535,200

These amounts are unchanged from FY 2023.

Background – This line item provides funding for a sentencing alternative intended to divert serious, non-violent offenders from prison. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 13-916, 1 team shall not supervise more than 25 intensive probationers at one time. *(Please see Table 2)*.

Community Punishment

The budget includes \$2,310,300 in FY 2024 for Community Punishment. This amount consists of:

CJEF	1,810,100
Drug Treatment and Education Fund	500,200

These amounts are unchanged from FY 2023.

Background – This line item provides behavioral treatment services for adult probationers and for enhanced supervision, such as electronic monitoring and specialized probation caseloads. The funding is intended to provide for diversion of offenders from prison and jail, as well as to enhance probation programs, excluding Maricopa County.

Interstate Compact

The budget includes \$513,700 in FY 2024 for Interstate Compact. This amount consists of:

General Fund	420,900
JCEF	92,800

These amounts are unchanged from FY 2023.

Background – This line item provides funding for supervision and intervention to probationers transferring to Arizona and monitors the supervision of probationers transferred to other states from Arizona. As of May 2023, AOC reported 139 active probationers under supervision under the Interstate Compact line item.

Drug Court

The budget includes \$1,096,400 from the General Fund in FY 2024 for Drug Court programs. This amount is unchanged from FY 2023.

Background – This line item provides funding for juvenile and adult drug courts within the Superior Court throughout the state. It provides funding for prosecuting, adjudicating and treating drug-dependent offenders. These programs utilize drug education, intensive therapy, parent support, case management, socialization alternatives, aftercare and compliance monitoring for drug abstinence.

Juvenile Standard Probation

The budget includes \$3,781,800 in FY 2024 for Juvenile Standard Probation. This amount consists of:

General Fund	3,631,800
JCEF	150,000

These amounts are unchanged from FY 2023.

Background – This line item provides funding for community supervision services for juveniles placed on standard probation by the Juvenile Division of the Superior Court. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 8-203B, a juvenile probation officer shall not supervise more than an average of 35 juveniles on standard probation at one time. (Please see Table 2).

Juvenile Intensive Probation

The budget includes \$6,087,200 from the General Fund in FY 2024 for Juvenile Intensive Probation. This amount is unchanged from FY 2023.

Background – This line item provides funding for a sentencing alternative to divert serious, non-violent juvenile offenders from incarceration or residential care and to provide intensive supervision for high-risk offenders already on probation. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 8-353B, 1 JIPS team shall not supervise more than an average of 25 juveniles on intensive probation at one time. (Please see Table 2).

Juvenile Treatment Services

The budget includes \$20,803,000 from the General Fund in FY 2024 for Juvenile Treatment Services. This amount is unchanged from FY 2023.

Background – This line item provides funding to the juvenile courts to meet the requirements of A.R.S. § 8-321 relating to the assignment of youths referred for delinquency or incorrigibility to treatment programs, residential treatment centers, counseling, shelter care and other programs.

Juvenile Family Counseling

The budget includes \$500,000 from the General Fund in FY 2024 for Juvenile Family Counseling. This amount is unchanged from FY 2023.

Background – This line item provides funding to the Juvenile Division of the Superior Court for prevention of delinquency among juvenile offenders by strengthening family relationships. These monies are predominantly for non-adjudicated juveniles and their families and require a 25% county match.

Juvenile Diversion Consequences

The budget includes \$9,088,500 from the General Fund in FY 2024 for Juvenile Diversion Consequences. This amount is unchanged from FY 2023.

Background – This program diverts youth from formal court proceedings to reduce court costs and prevent re-offending. A juvenile diversion probation officer assigns consequences for the juvenile to complete, such as substance abuse education, graffiti abatement, counseling, or other community service programs. According to the AOC's most recent Juvenile Court Annual Report, there were approximately 5,268 juveniles diverted from formal court proceedings in FY 2022. Monies in this line item are distributed to all counties.

Juvenile Crime Reduction

The budget includes \$3,313,700 from CJEF in FY 2024 for Juvenile Crime Reduction. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$600 from CJEF in FY 2024 for statewide adjustments.

Background – This line item provides funding for the design and implementation of community-based

strategies for reducing juvenile crime. Strategies include prevention, early intervention, effective intermediate sanctions, and rehabilitation. Through a grant process, AOC distributes monies in this line item to approximately 25 public and private entities.

Probation Incentive Payments

The budget includes \$1,000,000 from the General Fund in FY 2024 for probation incentive payments. This amount is unchanged from FY 2023.

The monies in this line item pay for 2 funding programs to reward counties for reducing the number of probationers that are returned to state prison:

- **Probation success incentive payments:** Payments are distributed to counties if they return fewer probationers to prison in a fiscal year compared to a baseline (the average number returned in FY 2008, FY 2015 and FY 2019). Incentive payments are equal to 50% of the marginal incarceration cost in the Arizona Department of Corrections.
- **Probation success incentive grants:** The total grant funding is calculated in the same way as the incentive payments, but is equal to 25% of the marginal incarceration cost. Distribution of the grant funding amongst counties is determined by a board consisting of the chief probation officers of each county.

The amount distributed to each county from these programs is subject to available funding.

Probation Salary Increase Backfill

The budget includes \$6,749,200 from the General Fund in FY 2024 for the Probation Salary Increase Backfill line item. Adjustments are as follows:

One-Time Probation Salary Increase Backfill

The budget includes a one-time increase of \$6,749,200 from the General Fund in FY 2024 for backfill funding for probation office salary increases.

An FY 2024 General Appropriation Act footnote specifies that monies in this line item are to be used as backfill funding to cover the remaining share of probation officer salary increase approved by county Boards of Supervisors for FY 2023.

Other Programs

Special Water Master

The budget includes \$511,100 and 3 FTE Positions from the General Fund in FY 2024 for the Special Water Master line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$5,800 from the General Fund in FY 2024 for statewide adjustments.

Background – This line item provides funding for the Special Water Master assigned by the court to the Little Colorado River and Gila River water rights adjudications. In FY 2022, 732 water rights claims were filed by individuals, communities, governments, and companies. The Special Water Master conducts hearings for each claimant and makes recommendations to a Superior Court judge.

Pursuant to statute, the costs of the Water Master are funded from claimant fees. If claimant fees are insufficient, statute requires the state General Fund to pay for these expenses in a line item within the Superior Court budget. *(Please see Table 1 for more information.)*

Table 1

Special Water Master Funding

	FY 2022 Actual	FY 2023 Estimated^{1/}	FY 2024 Estimated^{1/}
Gila River			
Beginning Balance	\$211,600	\$206,200	\$200,300
Revenues ^{2/}	417,100	423,600	423,600
Expenditures	422,500	429,500	429,500
Ending Balance	\$206,200	\$200,300	\$194,400
Little Colorado River			
Beginning Balance	\$154,200	\$183,000	\$ 212,200
Revenues ^{2/}	103,400	105,000	105,000
Expenditures	74,600	75,800	75,800
Ending Balance	\$183,000	\$212,200	\$241,400

^{1/} As reported by the Administrative Office of the Courts and adjusted by the JLBC.

^{2/} Includes annual General Fund appropriation plus filing fees and interest.

General Adjudication Personnel and Support Fund Deposit

The budget includes \$2,000,000 from the General Fund in FY 2024 for a General Adjudication Personnel and Support Fund Deposit. This amount is unchanged from FY 2023.

The courts and the Department of Water Resources may use the General Adjudication Personnel and Support Fund for water adjudication staff, equipment, and services.

Court-Ordered Removals

The budget includes \$315,000 from the General Fund in FY 2024 for Court-Ordered Removals. This amount is unchanged from FY 2023.

These monies help fund the costs associated with the Superior Court's processing and issuance of temporary orders of custody for juveniles removed from their home.

Other Issues

Long-Term Budget Impacts

As part of the FY 2023 budget's 3-year spending plan, the Superior Court's General Fund appropriations are projected to increase by \$1,136,000 in FY 2025 above FY 2024 for the full annualized cost of the 2-year phased-in judicial salary increase.

(Please see Judges Compensation line for further details).

Probation Caseloads

AOC counts certain probationers as more than 1 case. For example, adult probationers charged with crimes against children are counted as 3 cases. As a result, reported probation counts do not represent actual headcounts. The Courts' caseload estimate also includes the pre-release population who are inmates that will be released directly into probation supervision within 90 days. This time is commonly known as a "probation tail."

Non-Maricopa County weighted probation caseloads from all categories increased by 2.0% from June 2021 to June 2022. As of April 30, 2023, total caseloads were 18,635 from all categories, which represents a decrease of (0.9)% from June 2022. The JLBC Staff estimates total FY 2024 caseloads of 19,201 from all categories. This would represent growth of 3.0% in FY 2024 above April 2023. (Please see Table 2).

Table 2

End of Year Non-Maricopa Probation Caseloads ^{1/}

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual ^{2/}	FY 2024 Estimate
Probation Category					
Adult Standard ^{3/}	16,325	15,860	16,607	16,331	17,192
Adult Intensive	1,293	1,275	1,181	1,219	1,156
Juvenile Standard	1,386	1,020	821	923	694
Juvenile Intensive	303	264	186	162	159
Total Caseload	19,307	18,419	18,795	18,635	19,201

^{1/} Numbers represent June probation caseloads. FY 2023 and FY 2024 represent JLBC Staff estimates.

^{2/} These amounts represent caseloads as of April 30, 2023.

^{3/} Does not include Interstate Compact participants.

Department of Juvenile Corrections

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	738.5	738.5	738.5
Personal Services	20,367,700	27,033,400	23,359,200
Employee Related Expenditures	11,459,400	20,562,500	14,681,700
Professional and Outside Services	1,225,300	882,000	882,000
Travel - In State	256,000	297,000	297,000
Travel - Out of State	26,700	14,800	14,800
Other Operating Expenditures	5,854,300	4,820,300	5,194,300
Equipment	357,500	67,700	67,700
AGENCY TOTAL	39,546,900	53,677,700	44,496,700 ^{1/2/}
FUND SOURCES			
General Fund	28,188,600	38,607,700	31,820,800
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	522,400	538,500	429,000
Department of Juvenile Corrections Local Cost Sharing Fund	8,450,900	8,450,900	6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	1,778,200	4,125,400	4,075,100
State Education Fund for Committed Youth	606,800	1,955,200	1,447,800
SUBTOTAL - Other Appropriated Funds	11,358,300	15,070,000	12,675,900
SUBTOTAL - Appropriated Funds	39,546,900	53,677,700	44,496,700
Other Non-Appropriated Funds	136,900	136,700	136,700
Federal Funds	3,192,300	882,100	882,100
TOTAL - ALL SOURCES	42,876,100	54,696,500	45,515,500

AGENCY DESCRIPTION — The Department of Juvenile Corrections (DJC) is responsible for the care and treatment of youth offenders adjudicated to be delinquent and remanded to the custody of the department. DJC has jurisdiction over youth until they are released from custody or reach age 18.

FOOTNOTES

- 1/ Twenty-five percent of land earnings and interest from the state charitable, penal and reformatory institutions land fund shall be distributed to the department of juvenile corrections, in compliance with section 25 of the enabling act and the Constitution of Arizona, to be used to support state juvenile institutions and reformatories. (General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$44,496,700 and 738.5 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$31,820,800
Criminal Justice Enhancement Fund (CJEF)	429,000
Department of Juvenile Corrections Local Cost Sharing Fund	6,724,000

State Charitable, Penal and Reformatory Institutions Land Fund	4,075,100
State Education Fund for Committed Youth	1,447,800

Adjustments are as follows:

Remove Pima County Cost Shift

The budget includes an increase of \$1,726,900 from the General Fund and corresponding decrease of \$(1,726,900) from the DJC Local Cost Sharing Fund in FY 2024 to remove Pima County's contribution to the department's operating expenses.

(Please see the Other Issues – Local Cost Sharing and Statutory Changes sections for more information.)

Retirement Savings

The budget includes a decrease of \$(8,581,200) from the General Fund in FY 2024 due to lower employer retirement contributions. The FY 2023 budget included a FY 2022 supplemental of \$73,940,800 from the General Fund to PSPRS to reduce unfunded pension liability in the DJC CORP Employer Group. Those savings take effect in FY 2024. (Please see the Consolidated Retirement Report for more information.)

Statewide Adjustments

The budget includes a decrease of \$(599,800) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	67,400
Criminal Justice Enhancement Fund (CJEF)	(109,500)
State Charitable, Penal and Reformatory Institutions Land Fund	(50,300)
State Education Fund for Committed Youth	(507,400)

(Please see the Agency Detail and Allocations section.)

Other Issues

Local Cost Sharing

Under permanent law, Maricopa County is required to pay \$6,724,000 into the DJC Local Cost Sharing Fund to defray a portion of the department's operating expenses. The FY 2024 Criminal Justice Budget Reconciliation Bill (BRB) repeals the requirement for Pima County to contribute

\$1,726,900 to DJC for these purposes. (Please see the FY 2023 Appropriations Report for the history of this fund.)

Population Counts

Table 1 lists the DJC population by category since FY 2020. From FY 2020 to FY 2022, the housed population decreased from 223 to 144, or (35.4)% while the parole population has decreased from 116 to 115, or (0.9)%.

Through May of FY 2023, the housed population has decreased from 144 to 126, or (12.5)%. At the same time, the parole population increased from 115 to 120, or 4.3%.

Statutory Changes

The Criminal Justice BRB makes the following change:

- As permanent law, repeals the requirement for Pima County to pay an assessed amount by its proportional share by population for the costs of the Department of Juvenile Corrections.

Table 1

	DJC Census			
	FY 2020 Average Population	FY 2021 Average Population	FY 2022 Average Population	Population as of May 31, 2023
Housed Population				
Adobe Mountain	223	182	144	126
Parole Population				
Parole	41	62	45	37
Interstate Compact (Inside Arizona) ^{1/}	75	68	70	83
Total Parole Population	116	130	115	120
Total DJC Population	339	312	259	246

^{1/} The Interstate Compact is an agreement between states to supervise parolees in each other's state. "Inside Arizona" means parolees from other states living in Arizona and "Outside Arizona" means Arizona parolees living in other states. There were no reported Arizona parolees outside of Arizona in FY 2022 or the first 11 months of FY 2023.

State Land Department

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	129.7	131.7	131.7
Personal Services	6,282,800	7,010,900	7,010,900
Employee Related Expenditures	2,385,900	2,804,300	2,715,000
Professional and Outside Services	2,351,700	5,046,800	3,546,800
Travel - In State	153,700	160,000	160,000
Travel - Out of State	4,600	5,000	5,000
Other Operating Expenditures	4,260,800	3,591,700	3,589,300
Equipment	508,600	260,000	260,000
OPERATING SUBTOTAL	15,948,100	18,878,700	17,287,000
SPECIAL LINE ITEMS			
CAP User Fees	1,603,800	1,700,000	1,700,000 ^{1/}
Due Diligence Fund Deposit	1,181,200	1,500,000	0
Due Diligence Program	4,000	5,000,000	5,000,000
Fire Suppression	800,000	0	0
Natural Resource Conservation Districts	566,900	650,000	650,000 ^{2/}
Streambed Navigability Litigation	0	220,000	220,000
AGENCY TOTAL	20,104,000	27,948,700	24,857,000 ^{3/}
FUND SOURCES			
General Fund	14,040,800	14,659,300	12,980,100
<u>Other Appropriated Funds</u>			
Due Diligence Fund	4,000	5,000,000	5,000,000
Environmental Special Plate Fund	177,500	260,600	260,600
Trust Land Management Fund	5,881,700	8,028,800	6,616,300
SUBTOTAL - Other Appropriated Funds	6,063,200	13,289,400	11,876,900
SUBTOTAL - Appropriated Funds	20,104,000	27,948,700	24,857,000
Other Non-Appropriated Funds	651,100	802,900	802,900
TOTAL - ALL SOURCES	20,755,100	28,751,600	25,659,900

AGENCY DESCRIPTION — The agency manages the state's 9.2 million acres of trust land on behalf of its 13 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from trust land minerals and other natural products.

FOOTNOTES

- ^{1/} The appropriation includes \$1,700,000 for CAP user fees in fiscal year 2023-2024. For fiscal year 2023-2024, from municipalities that assume their allocation of central Arizona project water for every dollar received as reimbursement to this state for past central Arizona water conservation district payments, \$1 reverts to the state general fund in the year that the reimbursement is collected. (General Appropriation Act footnote)
- ^{2/} Of the amount appropriated for natural resource conservation districts in fiscal year 2023-2024, \$30,000 shall be used to provide grants to natural resource conservation districts environmental education centers. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$17,287,000 and 131.7 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$10,670,700
Trust Land Management Fund	6,616,300

Adjustments are as follows:

Remove One-Time Digitize Paper Flow Funding

The budget includes a decrease of \$(1,500,000) from the Trust Land Management Fund in FY 2024 to remove one-time funding for digitization processes including workflows for billing and completing the migration of business applications to a new digital data system.

Statewide Adjustments

The budget includes a decrease of \$(91,700) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(179,200)
Trust Land Management Fund	87,500

(Please see the Agency Detail and Allocations section.)

CAP User Fees

The budget includes \$1,700,000 from the General Fund in FY 2024 for Central Arizona Project (CAP) User Fees. This amount is unchanged from FY 2023.

The Central Arizona Project board determines a final rate for the upcoming year and a provisional rate for the following year in June. On June 2, 2022, the CAP Board set the final rate for FY 2023 at \$53 and the provisional rate for FY 2024 at \$53. Given that the final FY 2024 rate was not known when the budget passed, the budget included no change in funding for this issue.

On June 1, 2023, the CAP Board set the final rate for FY 2024 at \$53. Therefore the enacted budget's funding level conforms to the final FY 2024 rate of \$53 per acre-foot on 32,076 acre-feet of water that the department expects to be billed for "capital charges" in FY 2024.

Pursuant to A.R.S. § 37-106.01, the State Land Department has a long-term contract with the Central Arizona Water Conservation District (CAWCD) (the governing entity for CAP) for the rights to purchase 32,076 acre-feet of CAP water annually for municipal and industrial uses on state trust lands. The department typically does not take delivery of the water, but must still pay capital charges to the CAWCD each year to maintain its CAP water rights. (The CAWCD uses revenue from

capital charges to fund repayment of federal construction debt for the CAP.) Maintaining CAP water rights on state trust lands increases their market value. When CAP water rights on state trust lands are transferred to a municipality through the sale or lease of state trust lands, the state General Fund is reimbursed for all previous costs associated with the water rights pursuant to A.R.S. § 37-106.01C&G. *(Please see related General Appropriation Act footnote.)*

Due Diligence Fund Deposit

The budget includes no funding in FY 2024 for the Due Diligence Fund Deposit line item. Adjustments are as follows:

Remove One-Time Due Diligence Fund Deposit

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2024 to remove a one-time Due Diligence Fund deposit. The FY 2022 budget's 3-year spending plan included a \$1,500,000 deposit from the General Fund into the Due Diligence Fund in FY 2022 and FY 2023 but no deposit in FY 2024.

Due Diligence Program

The budget includes \$5,000,000 from the Due Diligence Fund in FY 2024 for the Due Diligence Program. This amount is unchanged from FY 2023.

The State Land Department uses monies in this line item to fund due diligence studies on land that it prepares for auction. The purchasers of state trust land then reimburse the State Land Department for the cost of the studies.

Natural Resource Conservation Districts

The budget includes \$650,000 in FY 2024 for Natural Resource Conservation Districts (NRCDS). This amount consists of:

General Fund	389,400
Environmental Special Plate Fund	260,600

These amounts are unchanged from FY 2023.

This line item funds natural resource research, activities, and staff at the state's 32 NRCDS. These districts are established to provide local conservation assistance and education and to coordinate the receipt of federal grants. A.R.S. § 37-1014 requires the department to include in its budget request up to \$40,000 for each NRCDS and \$60,000 for each education center for a 2-year period.

A General Appropriation Act footnote continues to require that \$30,000 of the total appropriation for NRCDs be used to provide grants to NRCD environmental education centers. The \$30,000 is divided among the 26 education centers sponsored or cosponsored by the 32 NRCDs. Districts that sponsor an education center also receive \$5,000 each year from the Environmental Special Plate Fund, per A.R.S. § 37-1015.

Streambed Navigability Litigation

The budget includes \$220,000 from the General Fund in FY 2024 for Streambed Navigability Litigation. This amount is unchanged from FY 2023.

Pursuant to A.R.S. § 37-1123 and A.R.S. § 37-1124, the State Land Department is required to provide evidence to the Arizona Navigable Stream Adjudication Commission (ANSAC) to help resolve litigation regarding the navigability of watercourses in the state.

The State Land Department uses this line item to fund expert witness services, technical examinations, and associated legal costs incurred in connection with ongoing hearings and appeals processes.

Other Issues

Proposition 123

As approved by voters at the May 2016 election, Proposition 123 implements the October 2015 Special Session legislation (Laws 2015, 1st Special Session, Chapters 1 and 2 and HCR 2001) to increase the annual distribution rate from the State Land Trust Permanent Fund from 2.5% to 6.9% from FY 2016 through FY 2025.

Proposition 123 provided \$237,569,400 in incremental land trust funds to K-12 schools in FY 2022 and \$256,632,600 in FY 2023. The 4.4% incremental funding increase will provide \$270,534,300 in incremental funds in FY 2024. *(Please see the October 2015 Special Session and Proposition 123 section of the Department of Education narrative in the FY 2017 Appropriations Report for more information on Proposition 123.)*

Proposition 123 also increases distributions to other public institutions. *See Table 1.*

Table 1

State Land Trust: Non-K12 Beneficiaries' Revenues, Balances, and Appropriation Authority

<u>Beneficiary/Fund</u>	<u>FY 2015 Total Revenue</u> ^{1/}	<u>FY 2023 Ending Balance</u>	<u>FY 2024 Total Revenue</u> ^{2/}	<u>FY 2024 Appropriation</u>
Universities ^{3/}				
Military Institute	\$ 83,800		\$ 94,300	
Normal Schools ASU/NAU	296,600		621,400	
A & M Colleges	445,100		1,942,600	
School of Mines	499,800		1,282,400	
University Fund	2,175,400		2,837,100	
U of A Land - 1881	<u>1,659,400</u>		<u>9,012,900</u>	
Subtotal	\$ 5,160,100		\$15,790,700	
Schools for the Deaf and the Blind ^{4/}	\$ 424,400		\$ 938,000	
State Hospital	\$ 701,000	\$ 2,543,700	\$ 1,952,000	\$ 650,000
Legislative, Executive, & Judicial Buildings ^{5/}	\$ 386,300	\$ 4,588,500	\$ 939,500	\$ 0
Corrections				
Penitentiaries	\$ 1,382,600	\$ 6,598,300	\$ 3,524,600	\$ 2,743,600
State Charitable (25%)	<u>1,452,500</u>	<u>5,376,100</u>	<u>3,731,000</u>	<u>2,665,600</u>
Subtotal	\$ 2,835,100	\$ 11,974,400	\$ 7,255,600	\$ 5,409,200
Pioneers' Home				
Miners' Hospital	\$ 1,981,400	\$ 13,629,100	\$ 4,525,600	\$ 2,301,300
State Charitable (50%)	<u>2,905,000</u>	<u>\$ 16,597,300</u>	<u>7,462,000</u>	<u>6,078,900</u>
Subtotal	\$ 4,886,400	\$ 30,226,400	\$11,987,600	\$ 8,380,200
Juvenile Corrections (State Charitable 25%)	\$ 1,452,500	\$ 4,663,600	\$ 3,731,000	\$ 4,075,100
Non-K-12 Beneficiaries Total	\$15,845,800		\$42,594,400	

^{1/} Includes actual Treasurer's distributions and lease revenues. The FY 2015 revenues reflect the 2.5% Treasurer's distribution rate in effect prior to Proposition 123.

^{2/} Includes both Treasurer's distributions and lease revenues. The Treasurer's distributions are known numbers based on the funding formula. Projected FY 2024 lease revenues reflect actual FY 2022 amounts.

^{3/} University land trust funds are non-appropriated. As a result, budget appropriations and balance amounts are not included. (Please see ABOR section for more information.) An FY 2024 budget footnote allocates 100% of the Universities School of Mines Land Fund revenue to the University of Arizona School of Mining and Mineral Resources.

^{4/} Arizona State Schools for the Deaf and the Blind (ASDB) land trust monies are appropriated as part of the Schools for the Deaf and the Blind Fund, which also receives revenues from the Arizona Department of Education. The FY 2023 General Appropriation Act and FY 2024 General Appropriation Act allow monies in this fund to be expended in excess of the appropriated amount. As a result, FY 2023 ending balance and FY 2024 appropriation amounts are not included.

^{5/} The expenditure for the Legislative, Executive, and Judicial Buildings land trust monies requires a legislative appropriation. A.R.S § 35-142 requires land fund monies to be expended only as authorized, regulated, and controlled by the General Appropriation Act or other act of the Legislature. A.R.S § 35-154 also requires that no person shall incur, order, or vote for the incurrence of any obligation against the state or for any expenditure not authorized by an appropriation and an allotment.

Legislature - Auditor General

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	200.8	224.8	224.8
Personal Services	13,845,500	17,478,000	17,314,000
Employee Related Expenditures	4,619,100	6,484,400	6,273,300
Professional and Outside Services	230,900	1,381,500	1,381,500
Travel - In State	36,300	112,800	112,800
Travel - Out of State	8,500	5,500	5,500
Other Operating Expenditures	1,222,100	1,144,400	3,144,500
Equipment	286,200	85,000	85,000
OPERATING SUBTOTAL	20,248,600	26,691,600	28,316,600 ^{1/}
SPECIAL LINE ITEMS			
Adult Protective Services Audit	0	300,000	0
AGENCY TOTAL	20,248,600	26,991,600	28,316,600 ^{2/3/}

FUND SOURCES

General Fund	20,248,600	26,991,600	28,316,600
SUBTOTAL - Appropriated Funds	20,248,600	26,991,600	28,316,600
Other Non-Appropriated Funds	1,388,900	1,289,200	1,289,200
TOTAL - ALL SOURCES	21,637,500	28,280,800	29,605,800

AGENCY DESCRIPTION — The Auditor General (AG) provides an independent financial, performance, and compliance audit capability in support of legislative oversight and public accountability of funds administered by the state and certain local governments.

FOOTNOTES

- ^{1/} Of the amount appropriated for the lump sum appropriation, the auditor general shall use \$3,300,000 for additional agency performance audits and school district audits. (General Appropriation Act footnote)
- ^{2/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$28,316,600 and 224.8 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

One-Time Funding

The budget includes an increase of \$2,000,000 from the General Fund in FY 2024 for additional funding.

Adjust One-Time Audit for K-12 Federal Funds Oversight

The budget includes a decrease of \$(200,000) from the General Fund in FY 2024 to adjust one-time funding for K-12 Federal Funds oversight of how district schools, charter schools, and the Arizona Department of Education spent federal Covid-19 monies.

The FY 2022 budget's 3-year spending plan included \$250,000 in FY 2022 and \$200,000 in FY 2023 from the General Fund for this oversight.

Statewide Adjustments

The budget includes a decrease of \$(175,000) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Adult Protective Services Audit

The budget includes no funding in FY 2024 for an audit of the state's Adult Protective Services operations. Adjustments are as follows:

Remove Adult Protective Services Audit Funding

The budget includes a decrease of \$(300,000) from the General Fund in FY 2024 to remove one-time funding for an independent consultant to examine the current adult protective services operations and provide suggestions such as how the state might improve services.

Pursuant to a FY 2023 General Appropriation Act footnote, the consultant is to issue a report on or before October 1, 2023.

Legislature - House of Representatives

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	17,468,500	27,020,300	23,951,500
AGENCY TOTAL	17,468,500	27,020,300	23,951,500 ^{1/2/3/}
FUND SOURCES			
General Fund	17,468,500	27,020,300	23,951,500
SUBTOTAL - Appropriated Funds	17,468,500	27,020,300	23,951,500
TOTAL - ALL SOURCES	17,468,500	27,020,300	23,951,500

AGENCY DESCRIPTION — The House of Representatives is made up of 60 members, 2 of whom are elected from each of the legislative districts. The officers and employees of the House of Representatives consist of the Speaker of the House, a Chief Clerk of the House, and other employees as the House directs.

FOOTNOTES

- 1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes relating to lapsing of appropriations. (General Appropriation Act footnote)
- 2/ Included in the lump sum appropriation of \$23,951,500 for fiscal year 2023-2024 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 3/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$23,951,500 from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Eliminate One-Time Funding

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2024 for the elimination of one-time funding.

One-Time Funding

The budget includes an increase of \$2,000,000 from the General Fund in FY 2024 for additional one-time funding.

Statewide Adjustments

The budget includes a decrease of \$(68,800) from the General Fund in FY 2024 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Legislature - Joint Legislative Budget Committee

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	29.0	29.0	29.0
Personal Services	1,873,200	2,088,400	2,088,400
Employee Related Expenditures	561,900	828,000	603,700
Professional and Outside Services	105,000	125,000	125,000
Travel - In State	0	500	500
Travel - Out of State	1,200	0	0
Other Operating Expenditures	58,200	100,600	98,500
Equipment	100	2,000	2,000
AGENCY TOTAL	2,599,600	3,144,500	2,918,100 ^{1/2/}
FUND SOURCES			
General Fund	2,599,600	3,144,500	2,918,100
SUBTOTAL - Appropriated Funds	2,599,600	3,144,500	2,918,100
TOTAL - ALL SOURCES	2,599,600	3,144,500	2,918,100

AGENCY DESCRIPTION — The Staff of the Joint Legislative Budget Committee, established by the Arizona Legislature, provides its members with analysis, forecasts, research and recommendations on state government finances and public policies.

FOOTNOTES

- ^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,918,100 and 29 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(226,400) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Section 123 of the FY 2024 General Appropriation Act adjusts individual agency budgets either up or down for changes in different statewide charges, such as state employer health insurance contributions, risk management charges and state employer retirement contributions. The Act requires Joint Legislative Budget Committee (JLBC) Staff, in consultation with the Governor's Office of Strategic Planning and Budgeting (OSPB), to determine an amount for each state agency's adjustments.

Section 123 appropriated \$359,600 from the General Fund for employer retirement rate contributions. In the process of implementing the individual agency shares of

the \$359,600, JLBC Staff found that its own budget's share of this amount would have been a \$(409,100) reduction. This amount was accidentally derived as the Executive compiled its \$359,600 estimate and the error was identified after the FY 2024 budget was enacted. The correct adjustment would have been an increase of \$2,500.

To address this issue, the JLBC Staff and OSPB have agreed to the following:

- In implementing the statewide retirement adjustment, JLBC's budget will be reduced by \$(204,600) and OSPB's budget will be reduced by \$(204,600) in lieu of the JLBC-only reduction of \$(409,100).
- The JLBC January 2025 Baseline and the Executive's January 2025 budget will both propose \$204,600 FY 2024 supplementals for each office to correct the error. These two \$204,600 adjustments will be continued as ongoing in the FY 2025 budget.

Legislature - Legislative Council

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	66.0	56.0	56.0
Personal Services	3,362,600	3,597,500	3,597,500
Employee Related Expenditures	1,156,600	1,412,700	1,371,400
Professional and Outside Services	46,400	1,110,000	1,110,000
Travel - In State	14,400	12,000	12,000
Travel - Out of State	0	6,500	6,500
Other Operating Expenditures	1,486,700	1,880,800	1,883,300
Equipment	962,400	1,527,000	1,527,000
OPERATING SUBTOTAL	7,029,100	9,546,500	9,507,700 ^{1/2/}
SPECIAL LINE ITEMS			
Ombudsman-Citizens Aide Office	1,001,900	0	0
AGENCY TOTAL	8,031,000	9,546,500	9,507,700

FUND SOURCES

General Fund	8,031,000	9,546,500	9,507,700
SUBTOTAL - Appropriated Funds	8,031,000	9,546,500	9,507,700
TOTAL - ALL SOURCES	8,031,000	9,546,500	9,507,700

AGENCY DESCRIPTION — The Legislative Council, a staff agency of the Legislative Department, provides bill drafting and research services, continuing code revision and manages the operation and renovation of certain legislative buildings and grounds. The council is also responsible for the development, operation, and maintenance of the legislative computer system.

FOOTNOTES

- 1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$9,507,700 and 56 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(38,800) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Prior to the FY 2023 budget, the Ombudsman-Citizens Aide received funding as a line item in the Legislative Council budget as shown in the FY 2022 Actual column in the table. The Legislature - Ombudsman Citizens Aide Office now receives an appropriation as an individual legislative agency.

Legislature - Ombudsman-Citizens Aide Office

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	0.0	12.0	12.0
Personal Services	0	992,500	992,500
Employee Related Expenditures	0	376,300	368,300
Professional and Outside Services	0	14,000	14,000
Travel - In State	0	400	400
Other Operating Expenditures	0	96,000	149,000
Equipment	0	37,000	37,000
AGENCY TOTAL	0	1,516,200	1,561,200 ^{1/2/3/4/}
FUND SOURCES			
General Fund	0	1,516,200	1,561,200
SUBTOTAL - Appropriated Funds	0	1,516,200	1,561,200
TOTAL - ALL SOURCES	0	1,516,200	1,561,200

AGENCY DESCRIPTION — The Ombudsman-Citizens Aide Office assists persons with a complaint about the actions of a state administrator, agency, department, board or commission. The office investigates, seeks resolution between the parties, and reports to the Legislature about such complaints. The office also has special charges to investigate Department of Child Safety actions as well as complaints about Empowerment Scholarship Accounts or the violation of public access laws.

FOOTNOTES

- 1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 2/ The legislature intends that the ombudsman-citizens aide prioritize investigating and processing complaints relating to the department of child safety. (General Appropriation Act footnote)
- 3/ The operating budget includes \$137,500 and 1 FTE position to address complaints relating to the administration of the Arizona empowerment scholarship account program established by section 15-2402, Arizona Revised Statutes. (General Appropriation Act footnote)
- 4/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$1,561,200 and 12 FTE Positions from the General Fund in FY 2024. Adjustments are as follows:

Rent Costs

The budget includes an increase of \$53,000 from the General Fund in FY 2024 for the additional cost of their lease at a new office location. The increase would have been greater had they chosen to stay at their prior location.

Statewide Adjustments

The budget includes a decrease of \$(8,000) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

The FY 2023 budget appropriated monies to the Ombudsman-Citizens Aide as an individual legislative

agency rather than as a single line item in the Legislative Council budget. The FY 2022 actuals are reported in the Legislative Council narrative.

Legislature - Senate

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	13,612,300	23,385,300	20,374,500
AGENCY TOTAL	13,612,300	23,385,300	20,374,500 ^{1/2/3/}
FUND SOURCES			
General Fund	13,612,300	23,385,300	20,374,500
SUBTOTAL - Appropriated Funds	13,612,300	23,385,300	20,374,500
TOTAL - ALL SOURCES	13,612,300	23,385,300	20,374,500

AGENCY DESCRIPTION — The Senate is made up of 30 members elected from each of the legislative districts. The officers and employees of the Senate consist of the President of the Senate, a Secretary of the Senate, and other employees as the Senate directs.

FOOTNOTES

- 1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 2/ Included in the lump sum appropriation of \$20,374,500 for fiscal year 2023-2024 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 3/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$20,374,500 from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Eliminate One-Time Funding

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2024 for the elimination of one-time funding.

One-Time Funding

The budget includes an increase of \$2,000,000 from the General Fund in FY 2024 for additional one-time funding.

Statewide Adjustments

The budget includes a decrease of \$(10,800) from the General Fund in FY 2024 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Department of Liquor Licenses and Control

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	51.2	51.2	58.2
Personal Services	1,553,400	2,794,900	2,794,900
Employee Related Expenditures	1,110,700	2,010,500	957,400
Professional and Outside Services	206,200	396,800	396,800
Travel - In State	105,800	67,400	67,400
Travel - Out of State	400	4,600	4,600
Other Operating Expenditures	1,266,000	1,418,300	1,528,200
Equipment	16,800	420,000	0
AGENCY TOTAL	4,259,300	7,112,500	5,749,300 ^{1/}

FUND SOURCES

Other Appropriated Funds

Liquor Licenses Fund	4,259,300	7,112,500	5,749,300
SUBTOTAL - Other Appropriated Funds	4,259,300	7,112,500	5,749,300
SUBTOTAL - Appropriated Funds	4,259,300	7,112,500	5,749,300
Other Non-Appropriated Funds	835,500	1,234,000	1,234,000
Federal Funds	345,800	0	0
TOTAL - ALL SOURCES	5,440,600	8,346,500	6,983,300

AGENCY DESCRIPTION — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$5,749,300 and 58.2 FTE Positions from the Liquor Licenses Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(599,900) from the Liquor Licenses Fund in FY 2024 for removal of one-time funding. Of this amount, \$(294,000) was for new vehicle purchases, \$(159,600) was for equipment for new investigators, \$(126,000) was for radios, and \$(20,300) was for IT improvements.

Add Investigator FTE Positions

The budget includes an increase of 7 FTE Positions from the Liquor Licenses Fund in FY 2024 to hire new Liquor License Investigators. Laws 2022, Chapter 313 funded these positions, but did not include additional FTE authority.

Flagstaff Office Rent

The budget includes an increase of \$42,600 from the Liquor Licenses Fund in FY 2024 to cover rent at the department's new Flagstaff office.

Statewide Adjustments

The budget includes a decrease of \$(805,900) from the Liquor Licenses Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona State Lottery Commission

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	98.8	98.8	98.8
Personal Services	4,600,200	5,218,300	5,218,300
Employee Related Expenditures	1,852,800	2,173,800	2,186,200
Professional and Outside Services	794,800	386,800	386,800
Travel - In State	32,800	271,600	271,600
Travel - Out of State	16,500	16,800	16,800
Other Operating Expenditures	1,334,500	2,401,600	2,395,500
Equipment	246,200	0	0
OPERATING SUBTOTAL	8,877,800	10,468,900	10,475,200
SPECIAL LINE ITEMS			
Advertising	14,759,500	15,500,000	15,500,000
Charitable Commissions ^{1/}	1,711,100	1,796,600	1,868,500 ^{2/}
Instant Tickets ^{3/}	28,631,100	38,853,100	40,411,800 ^{3/}
On-Line Vendor Fees ^{4/}	13,071,100	17,152,700	17,838,800 ^{4/}
Retailer Commissions ^{5/}	88,388,000	98,710,600	102,667,600 ^{5/}
AGENCY TOTAL	155,438,600	182,481,900	188,761,900 ^{6/}

FUND SOURCES

Other Appropriated Funds

State Lottery Fund	155,438,600	182,481,900	188,761,900
SUBTOTAL - Other Appropriated Funds	155,438,600	182,481,900	188,761,900
SUBTOTAL - Appropriated Funds	155,438,600	182,481,900	188,761,900
Other Non-Appropriated Funds	940,390,000	1,000,557,000	1,041,710,300
TOTAL - ALL SOURCES	1,095,828,600	1,183,038,900	1,230,472,200

AGENCY DESCRIPTION — The Arizona Lottery is responsible for administering sanctioned games of chance. In addition to Arizona-specific games, the state also participates in multi-state Powerball and Mega-Millions on-line games.

FOOTNOTES

- ^{1/} Charitable Commissions, Instant Tickets, On-Line Vendor Fees, and Retailer Commissions are appropriated as a percentage of sales. Therefore, the amounts shown for those line items are estimates only.
- ^{2/} An amount equal to twenty percent of tab ticket sales is appropriated to pay sales commissions to charitable organizations. This amount is currently estimated to be \$1,868,500 in fiscal year 2023-2024. (General Appropriation Act footnote, as adjusted to reflect enacted budget forecast)
- ^{3/} An amount equal to 3.6 percent of actual instant ticket sales is appropriated to print instant tickets or to pay contractual obligations concerning instant ticket distribution. This amount is currently estimated to be \$40,411,800 in fiscal year 2023-2024. (General Appropriation Act footnote, as adjusted to reflect enacted budget forecast)
- ^{4/} An amount equal to a percentage of actual online game sales as determined by contract is appropriated to pay online vendor fees. This amount is currently estimated to be \$17,838,800, or 4.256 percent of actual online ticket sales, in fiscal year 2023-2024. (General Appropriation Act footnote, as adjusted to reflect enacted budget forecast)
- ^{5/} An amount equal to 6.5 percent of gross lottery game sales, minus charitable tab tickets, is appropriated to pay sales commissions to ticket retailers. An additional amount not to exceed 0.5 percent of gross lottery game sales is appropriated to pay sales commissions to ticket retailers. The combined amount is currently estimated to be 6.7 percent of total ticket sales, or \$102,667,600, in fiscal year 2023-2024. (General Appropriation Act footnote, as adjusted to reflect enacted budget forecast)
- ^{6/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$10,475,200 and 98.8 FTE Positions from the State Lottery Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$6,300 from the State Lottery Fund in FY 2024 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Advertising

The budget includes \$15,500,000 from the State Lottery Fund in FY 2024 for Advertising. This amount is unchanged from FY 2023.

Monies in this line item are used to promote and market Lottery games.

Charitable Commissions

The budget includes \$1,868,500 from the State Lottery Fund in FY 2024 for Charitable Commissions. Adjustments are as follows:

Tab Ticket Increase

The budget includes an increase of \$71,900 from the State Lottery Fund in FY 2024 to realign spending with projected revenues.

Monies in this line item are used to compensate charities for selling lottery 'Tab Tickets.' Tab Tickets are games sold exclusively by charitable organizations, who receive a 20% commission for selling the games. The displayed amount is derived by applying the approved percentage, 20%, to the forecasted Tab Ticket sales. A.R.S. § 5-555 also allows the department to collect up to 35% of total Tab Ticket sales (which includes the 20% commission) for their operating budget, with the remainder distributed as prizes.

Instant Tickets

The budget includes \$40,411,800 from the State Lottery Fund in FY 2024 for Instant Tickets. Adjustments are as follows:

Instant Ticket Sales Increase

The budget includes an increase of \$1,558,700 from the State Lottery Fund in FY 2024 for Instant Tickets due to higher projected sales.

Monies in this line item are used to pay for instant ticket printing and distribution costs. The amount displayed is derived by applying the approved spending percentage of 3.6% to the forecasted sales total.

On-Line Vendor Fees

The budget includes \$17,838,800 from the State Lottery Fund in FY 2024 for On-Line Vendor Fees. Adjustments are as follows:

On-Line Sales Increase

The budget includes an increase of \$686,100 from the State Lottery Fund in FY 2024 for On-Line Vendor Fees due to higher projected sales.

Monies in this line item are used to pay the vendor that operates the on-line game computer system. The actual appropriation is equal to a percentage of on-line ticket sales specified in the Lottery's contractual agreement with the vendor, which is 4.256%.

Retailer Commissions

The budget includes \$102,667,600 from the State Lottery Fund in FY 2024 for Retailer Commissions. Adjustments are as follows:

Retailer Commissions Increase

The budget includes an increase of \$3,957,000 from the State Lottery Fund in FY 2024 for Retailer Commissions due to higher projected sales.

Monies in this line item are used to compensate retailers for selling lottery tickets. A.R.S. § 5-555 specifies that compensation to retailers will be at least 5.5% but not more than 8% of non-charitable Tab Ticket sales. Based on a General Appropriation Act footnote, the actual appropriation is equal to 6.5% of these sales. Pursuant to statute, an additional 0.5% of total non-charitable Tab Ticket sales may be paid to retailers based on their attainment of specified sales and marketing objectives. Since 40% of retailers are estimated to meet these objectives, this would result in an additional 0.2% in retailer commissions and a total retail commission rate of 6.7%. The displayed amount is derived by applying the approved percentage to the forecasted sales total.

Other Issues

Lottery Forecast and Distributions

The budget assumes a 8.3% increase in overall Lottery ticket sales in FY 2023, followed by a 4.0% increase in FY 2024. For FY 2023 and FY 2024, the budget assumes Lottery ticket sales of \$1,482,275,700 and \$1,541,694,700, respectively.

The FY 2023 forecasted sales and Special Line Items expenditures are revised from the amounts included as part of the *FY 2023 Appropriations Report* due to an updated FY 2023 sales forecast. These revised amounts are estimates based on the current sales forecast and the line-item percentages included in the FY 2023 General Appropriation Act footnotes. The final FY 2023 expenditures will be determined by the actual Lottery ticket sales during FY 2023.

Sources and Uses of Lottery Profit Distribution

Table 1 shows the sources of forecasted Lottery profits by revenue stream and illustrates the actual distributions to fund beneficiaries for FY 2022 and the JLBC Staff projected distributions for FY 2023 and FY 2024. A brief description of each beneficiary follows in the order that they receive Lottery-generated revenue in accordance with A.R.S. § 5-534 and 5-572.

State Lottery Revenue Bond Debt Service Fund

Laws 2010, 6th Special Session, Chapter 4 authorized the Arizona Department of Administration (ADOA) to issue a 20-year, \$450,000,000 Lottery revenue bond by December 31, 2010 to be deposited into the General Fund. The payments were made from Lottery revenues that would have otherwise been deposited into the General Fund.

In December 2018, ADOA refinanced these bonds. Chapter 4 requires the first Lottery proceeds to be distributed to the State Lottery Revenue Bond Debt Service Fund.

The FY 2022 budget included one-time funding of \$269,550,000 from the General Fund to pay off the remaining Lottery Revenue Bond principal balance, ending the annual debt service payments beginning in FY 2022 and redirecting those revenues to the General Fund. One final payment was processed in August 2021 for accrued interest and principal in the amount of \$3,451,250.

Maricopa County Mass Transit

The projected annual distribution of Powerball proceeds to the Maricopa Public Transportation Fund is \$11,476,800 in both FY 2023 and FY 2024. (See FY 2021 *Appropriations Report* for additional background.)

General Fund - Part 1

The statutory distribution requires the General Fund to receive up to \$84,150,000. The General Fund - Part 2 would receive up to an additional \$15,490,000 (for a total of \$99,640,000) after the statutory funding obligations have been met through the Homeless Shelters distribution. After all other statutory obligations have been met, the General Fund - Part 3 would receive all remaining revenues.

The profit distributions in FY 2023 and FY 2024 are forecasted to fulfill requirements for General Fund - Part 1 and Part 2.

Heritage Fund

Statute caps annual distributions to the Arizona Game and Fish Commission's Heritage Fund at \$10,000,000. The funds are used to promote wildlife habitat and education programs and to rehabilitate historic buildings. In FY 2023 and FY 2024, the fund is projected to receive its entire allocation.

Health and Welfare Programs

Statute requires annual inflation adjustments for the Health and Welfare distribution. The revised allocation cap is \$23,376,100 in FY 2023 and \$23,966,800 in FY 2024. These amounts are distributed among the following agencies:

- 29.4% to the Department of Child Safety for the Healthy Families program.
- 23.5% to the Arizona Board of Regents (ABOR) for the Arizona Health Education Center program.
- 17.6% to the Department of Health Services (DHS) for teenage pregnancy prevention.
- 11.8% to DHS for Disease Control Research.
- 11.8% to DHS for the Health Start program.
- 5.9% to DHS for the Women, Infants and Children food program.

Health and Welfare Programs are expected to receive their entire allocation in both FY 2023 and FY 2024.

Homeless Shelters

Under the statutory distribution, DES would receive up to \$1,000,000 for Homeless Shelters. The department shall use the funding to distribute grants to nonprofit organizations, including faith-based organizations, for

homeless emergency and transitional shelters and related support services. The fund is estimated to receive its full allocation in both FY 2023 and FY 2024.

General Fund - Part 2

As noted above, the General Fund would receive up to an additional \$15,490,000 after all prior allocations have been met. In FY 2023 and FY 2024, the General Fund is estimated to receive its entire allocation of \$15,490,000.

Arizona Competes Fund

Statute caps annual distributions to the Arizona Competes Fund at \$3,500,000. Allotments to this fund are used for administering grants to qualifying businesses for the purpose of attracting, retaining, and expanding business within the state. This fund is estimated to receive its full allocation in both FY 2023 and FY 2024.

University Capital Improvement (UCI) Fund

This fund serves as the source for up to 80% of the annual debt service associated with \$800,000,000 of University Capital construction Stimulus Plan for Economic and Educational Development (SPEED) bonds. This fund received \$37,780,000 in FY 2022. Based on ABOR data which includes current and planned SPEED bond issuances, the UCI Fund is expected to require \$37,798,700 in FY 2023 and \$37,783,200 in FY 2024 to make the expected 80% level of debt service payments. *(Please see the FY 2023 Arizona Board of Regents Capital Outlay section for more details.)*

Deferred General Fund - Part 3

The General Fund receives all remaining revenues after all statutory funding obligations have been met. Due to the timing of Lottery profit transfers and the current level of ticket sales, the Lottery Commission's recent practice is to defer the entire Part 3 distribution to the following fiscal year.

The budget forecast assumes that for each forecast year's ticket sales (FY 2023 and FY 2024), the Lottery Commission will transfer 100% of the Part 3 profits in a deferred transfer during the next fiscal year.

Total Distributions to the General Fund

Total FY 2023 distributions to the General Fund consist of the FY 2023 General Fund Part 1, Part 2, and partial Part 3 profit transfers plus the delayed prior year Part 3 transfer from FY 2022. With a FY 2023 Part 1 transfer of \$84,150,000, a Part 2 FY 2023 transfer of \$15,490,000, and a FY 2022 Part 3 delayed transfer of \$76,172,100, total FY 2023 distributions to the General Fund are forecast to be \$175,812,100.

Total FY 2024 distributions to the General Fund are forecast to be \$210,949,300, which includes: a FY 2024 Part 1 transfer of \$84,150,000, a Part 2 FY 2024 transfer of \$15,490,000, and a FY 2023 Part 3 delayed transfer of \$111,309,300. *(See Table 1 for more information).*

Table 1

Forecast of Lottery Revenue Distribution
(\$ in Millions) ^{1/}

Sales	FY 2022	FY 2023	FY 2024
Instant Sales	\$1,057.2	\$1,079.3	\$1,122.5
On-Line Sales	<u>311.2</u>	<u>403.0</u>	<u>419.1</u>
Total Sales	\$1,368.4	\$1,482.3	\$1,541.7
<i>Less:</i>			
Operating Budget	\$ 155.4	\$ 182.5	\$ 188.8
Other Adjustments	9.6	0.0	0.0
Gaming Distribution	0.3	0.3	0.3
ICACEF/VREF Sales Transfer ^{2/}	0.8	0.8	0.9
Prizes ^{3/}	<u>940.4</u>	<u>1,000.6</u>	<u>1,041.7</u>
Net Profit ^{4/ 5/}	\$261.8	\$298.1	\$310.1
Profit Transfers ^{5/}			
Debt Service Fund	3.5	0.0	0.0
Maricopa County Mass Transit	11.2	11.5	11.5
General Fund - Part 1	80.7	84.2	84.2
Heritage	10.0	10.0	10.0
Health and Welfare Programs	22.5	23.4	24.0
Homeless Shelters	1.0	1.0	1.0
General Fund - Part 2	15.5	15.5	15.5
Arizona Commerce Authority	3.5	3.5	3.5
University Capital	37.8	37.8	37.8
Deferred General Fund - Part 3	<u>76.2</u>	<u>111.3</u>	<u>122.7</u>
Total Transfers	\$261.8	\$298.1	\$310.1
General Fund			
Delayed Prior Year Transfer ^{5/}	87.5	76.2	111.3
General Fund - Part 1	80.7	84.2	84.2
General Fund - Part 2	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
Total General Fund ^{7/}	\$183.7	\$175.8	\$210.9

^{1/} Totals may not sum due to rounding.

^{2/} A.R.S. § 5-554H allows the commission to sell tab tickets from vending machine in age-restricted areas. Profits from these sales are distributed to the Internet Crimes Against Children Enforcement Fund (ICACEF) and the Victims' Rights Enforcement Fund (VREF), respectively. The ICACEF Fund receives up to \$900,000 and the VREF receives up to \$100,000. If net profits from age-restricted tab tickets are less than \$1.0 million, then the difference will be paid to ICACEF and VREF from unclaimed prize monies in the State Lottery Fund. An estimated \$835,900 and \$869,300 will be distributed in FY 2023 and FY 2024, respectively. (See Footnote 4.)

^{3/} Prizes are estimated by subtracting net profit, operating budget expenditures, the Department of Gaming transfer, and the ICACEF/VREF sales transfer from total Lottery sales.

^{4/} To derive the profit transfer amounts, the historical rate of return for each game was applied to the current budget forecast. The estimated total profit margin is 20.1% in both FY 2023 and FY 2024.

^{5/} In addition to these listed transfers, the following monies are distributed:

- 30% of unclaimed prizes to the Court Appointed Special Advocates program.
- 15% of unclaimed prizes, not to exceed \$325,000 to the Tribal College Dual Enrollment Program Fund (This distribution was \$160,000 in FY 2016, but was increased to \$250,000 pursuant to Laws 2016, Chapter 124 and increased again to \$325,000 pursuant to Laws 2021, Chapter 404).

^{6/} Due to the timing of Lottery profit transfers, the General Fund - Part 3 transfer actually occurs in the succeeding fiscal year. As such, the General Fund total reflects deposits that actually occur within the fiscal year, whereas the Net Profit and Total Transfers lines reflect figures reported by the Lottery that are derived from ticket sales that occur during the fiscal year.

^{7/} Under the forecast, total General Fund revenue in FY 2025 would be \$222.4 million. This amount includes \$122.7 million from the General Fund - Part 3 transfer deferred from FY 2024, \$84.2 million for the FY 2025 General Fund - Part 1 and \$15.5 million for they FY 2025 General Fund - Part 2.

Board of Massage Therapy

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	262,200	258,000	258,000
Employee Related Expenditures	93,600	129,900	133,800
Professional and Outside Services	19,800	111,000	111,000
Travel - In State	0	1,500	1,500
Other Operating Expenditures	91,800	103,400	94,700
Equipment	1,400	0	0
AGENCY TOTAL	468,800	603,800 ^{1/}	599,000 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Massage Therapy Fund	468,800	603,800	599,000
SUBTOTAL - Other Appropriated Funds	468,800	603,800	599,000
SUBTOTAL - Appropriated Funds	468,800	603,800	599,000
TOTAL - ALL SOURCES	468,800	603,800	599,000

AGENCY DESCRIPTION — The board licenses and regulates massage therapists. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Board of Massage Therapy, \$60,300 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$599,000 and 5 FTE Positions from the Board of Massage Therapy Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(30,000) from the Board of Massage Therapy Fund in FY 2024 to remove one-time costs associated with migrating to and maintaining an e-licensing application.

E-licensing

The budget includes an increase of \$22,100 from the Board of Massage Therapy Fund in FY 2024 for additional ongoing costs associated with migrating to and maintaining an e-licensing application.

Statewide Adjustments

The budget includes an increase of \$3,100 from the Board of Massage Therapy Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona Medical Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	61.5	61.5	61.5
Personal Services	3,094,800	3,629,600	3,629,600
Employee Related Expenditures	1,080,200	1,465,900	1,423,500
Professional and Outside Services	1,215,700	1,364,500	1,262,000
Travel - In State	400	13,000	13,000
Travel - Out of State	10,000	13,000	13,000
Other Operating Expenditures	1,461,100	1,607,800	1,581,500
Equipment	262,000	55,400	55,400
OPERATING SUBTOTAL	7,124,200	8,149,200	7,978,000
SPECIAL LINE ITEMS			
Employee Performance Incentive Program	152,400	165,600	165,600
AGENCY TOTAL	7,276,600	8,314,800 ^{1/}	8,143,600 ^{2/}

FUND SOURCES

Other Appropriated Funds

Arizona Medical Board Fund	7,276,600	8,314,800	8,143,600
SUBTOTAL - Other Appropriated Funds	7,276,600	8,314,800	8,143,600
SUBTOTAL - Appropriated Funds	7,276,600	8,314,800	8,143,600
TOTAL - ALL SOURCES	7,276,600	8,314,800	8,143,600

AGENCY DESCRIPTION — The Arizona Medical Board licenses, regulates and conducts examinations of medical doctors and physician's assistants.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Arizona medical board, \$173,600 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$7,978,000 and 61.5 FTE Positions from the Arizona Medical Board Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing

The budget includes a decrease of \$(102,500) from the Arizona Medical Board Fund in FY 2024 to remove one-time funding for migrating to an e-licensing application.

Named Claimants

The budget includes a decrease of \$(23,086.95) from the Arizona Medical Board Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Statewide Adjustments

The budget includes a decrease of \$(45,600) from the Arizona Medical Board Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Employee Performance Incentive Program

The budget includes \$165,600 from the Arizona Medical Board Fund in FY 2024 for the Employee Performance Incentive Program. This amount is unchanged from FY 2023.

The program was previously funded by a footnote allowing the Arizona Medical Board to use up to 7% of the prior year balance from the Arizona Medical Board Fund. The FY 2019 General Appropriation Act removed that

footnote and instead added a line item for the incentive program.

The board awards employees based on performance of certain agency-identified measures, such as the average number of days taken to approve a new license after receiving an application.

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$23,086.95 from the Arizona Medical Board Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

State Mine Inspector

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	16.0	22.0	22.0 ^{1/}
Personal Services	402,000	702,500	1,002,500
Employee Related Expenditures	233,600	378,800	388,300
Professional and Outside Services	12,000	28,700	28,700
Travel - In State	93,700	72,600	72,600
Travel - Out of State	6,400	8,700	8,700
Other Operating Expenditures	183,400	235,900	277,500
Equipment	8,300	6,200	106,200
OPERATING SUBTOTAL	939,400	1,433,400	1,884,500 ^{2/3/}
SPECIAL LINE ITEMS			
Abandoned Mines	191,700	1,316,700	825,400
Aggregate Mining Land Reclamation	37,600	181,800	181,800 ^{4/}
AGENCY TOTAL	1,168,700	2,931,900	2,891,700 ^{5/}
FUND SOURCES			
General Fund	1,131,100	2,819,000	2,778,800
<u>Other Appropriated Funds</u>			
Aggregate Mining Reclamation Fund	37,600	112,900	112,900
SUBTOTAL - Other Appropriated Funds	37,600	112,900	112,900
SUBTOTAL - Appropriated Funds	1,168,700	2,931,900	2,891,700
Federal Funds	358,200	473,500	473,500
TOTAL - ALL SOURCES	1,526,900	3,405,400	3,365,200

AGENCY DESCRIPTION — The State Mine Inspector is an elected constitutional officer and may serve 4 consecutive 4-year terms. The office inspects the health conditions and safety of mining operations, investigates mining accidents, identifies abandoned mines, and conducts safety certification classes for mine employees.

FOOTNOTES

- ^{1/} Includes 6 GF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated in the operating lump sum, the state mine inspector shall use \$100,000 to purchase a drone that uses self-stabilization technology and that is capable of entering and mapping enclosed spaces. (General Appropriation Act footnote)
- ^{3/} Of the amount appropriated in the operating lump sum, \$300,000 is for a onetime increase from the state general fund in fiscal year 2023-2024 for onetime operating expenses. The \$300,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{4/} All aggregate mining reclamation fund monies received by the state mine inspector in excess of \$112,900 in fiscal year 2023-2024 are appropriated to the aggregate mining land reclamation line item. Before spending any aggregate mining reclamation fund monies in excess of \$112,900 in fiscal year 2023-2024, the state mine inspector shall report the intended use of the monies to the joint legislative budget committee and the governor's office of strategic planning and budgeting. (General Appropriation Act footnote)
- ^{5/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$1,884,500 and 16 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Drone Purchases

The budget includes a one-time increase of \$100,000 from the General Fund in FY 2024 to purchase a drone capable of entering and mapping enclosed spaces.

One-Time Administrative Costs

The budget includes a one-time, increase of \$300,000 from the General Fund in FY 2024 for additional operating expenses. This amount is non-lapsing.

Statewide Adjustments

The budget includes an increase of \$51,100 from the General Fund in FY 2024 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Abandoned Mines

The budget includes \$825,400 and 6 FTE Positions from the General Fund in FY 2024 for the Abandoned Mines line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(496,100) from the General Fund in FY 2024 for removal of one-time equipment purchases for the Abandoned Mines line item.

Statewide Adjustments

The budget includes an increase of \$4,800 from the General Fund in FY 2024 for statewide adjustments.

This line item pays contractors to fill, plug, or fence abandoned mines. These monies are also used to pay administrative salaries and other costs. In addition to General Fund appropriations to the program, deposits can be made into the Abandoned Mines Safety Fund from sources such as intergovernmental agreements and donations.

Aggregate Mining Land Reclamation

The budget includes \$181,800 in FY 2024 for the Aggregate Mining Land Reclamation line item. This amount consists of:

	FY 2024
General Fund	\$68,900
Aggregate Mining Reclamation Fund	112,900

These amounts are unchanged from FY 2023.

Monies in this line item are used to review legally required plans to reclaim land damaged by aggregated mining and ensure compliance with those plans. Aggregate mining is a process whereby earth moving equipment is used to mine an area close to the surface for crushed rock or stone, granite, and sand. Aggregate Mining Reclamation Fund revenues come from fees paid by owners or operators of aggregate mining sites upon submitting a reclamation plan.

Naturopathic Physicians Medical Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	82,500	98,000	98,000
Employee Related Expenditures	31,800	38,600	41,800
Professional and Outside Services	26,000	30,100	30,100
Travel - In State	100	4,800	4,800
Other Operating Expenditures	40,400	41,900	43,000
AGENCY TOTAL	180,800	213,400 ^{1/}	217,700 ^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Naturopathic Physicians Medical Board Fund	180,800	213,400	217,700
SUBTOTAL - Other Appropriated Funds	180,800	213,400	217,700
SUBTOTAL - Appropriated Funds	180,800	213,400	217,700
TOTAL - ALL SOURCES	180,800	213,400	217,700

AGENCY DESCRIPTION — The board licenses and regulates naturopathic physicians and naturopathic medical assistants. The board certifies physicians to dispense natural remedies, and accredits and approves naturopathic medical schools, internships, and programs. The board also investigates persons unlawfully practicing naturopathic medicine and refers them for prosecution. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the naturopathic physicians medical board, \$5,200 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$217,700 and 2 FTE Positions from the Naturopathic Physicians Medical Board Fund in FY 2024 for the operating budget. Adjustments are as follows:

Additional E-licensing Costs

The budget includes an increase of \$3,200 from the Naturopathic Physicians Medicaid Board Fund in FY 2024 for additional costs associated with its e-licensing application.

Named Claimants

The budget includes a decrease of \$(1,407.66) from the Naturopathic Physicians Medicaid Board Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes an increase of \$2,500 from the Naturopathic Physicians Medicaid Board Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$1,407.66 from the Naturopathic Physicians Medicaid Board Fund for a one-time named claimants appropriation. (Please see the operating budget for further details.)

Arizona Navigable Stream Adjudication Commission

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	73,500	80,900	80,900
Employee Related Expenditures	32,300	39,000	38,900
Professional and Outside Services	200,000	200,000	200,000
Other Operating Expenditures	23,500	24,300	24,200
AGENCY TOTAL	329,300	344,200	344,000 ^{1/}

FUND SOURCES

General Fund	129,300	144,200	144,000
<u>Other Appropriated Funds</u>			
Arizona Water Banking Fund	200,000	200,000	200,000
SUBTOTAL - Other Appropriated Funds	200,000	200,000	200,000
SUBTOTAL - Appropriated Funds	329,300	344,200	344,000
TOTAL - ALL SOURCES	329,300	344,200	344,000

AGENCY DESCRIPTION — The Arizona Navigable Stream Adjudication Commission (ANSAC) is a 5-member body charged with determining the ownership of watercourses in the state by establishing whether the watercourses were navigable at the time of statehood. If navigable, title to the watercourse belongs to the state based on a series of court rulings. If non-navigable, the title to the watercourse belongs to the current title holder.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$344,000 and 2 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$144,000
Arizona Water Banking Fund	200,000

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(200) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations.

Background

The commission is responsible for determining the navigability of state watercourses at the time of statehood. As of the last public data in May 2023, cases regarding the navigability of the Gila, Salt, and Verde Rivers have been decided in favor of the commission's findings of non-navigability, but they have all been appealed to the Arizona Court of Appeals. If they are ruled to have been navigable at the time of statehood, the watercourses are considered State Trust Land and any related proceeds from the waterbeds would be deposited in the Riparian Trust Fund, pursuant to A.R.S. § 37-1156. The monies in this fund are primarily used to acquire and maintain land adjacent to the waterbeds for conservation purposes.

State Board of Nursing

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	52.0	52.0	55.0
Personal Services	2,823,200	3,346,800	3,556,000
Employee Related Expenditures	1,040,400	1,270,900	1,307,700
Professional and Outside Services	245,200	190,100	190,100
Travel - In State	1,800	6,100	6,100
Travel - Out of State	900	1,900	1,900
Other Operating Expenditures	330,300	466,400	457,400
Equipment	30,800	64,400	74,600
OPERATING SUBTOTAL	4,472,600	5,346,600	5,593,800
SPECIAL LINE ITEMS			
Certified Nursing Assistant Credentialing Program	538,400	538,400	538,400
Student Registered Nurse Anesthetist Clinical Rotation Program	0	0	450,000
AGENCY TOTAL	5,011,000	5,885,000	6,582,200 ^{1/}
FUND SOURCES			
General Fund	0	0	450,000
<u>Other Appropriated Funds</u>			
Board of Nursing Fund	5,011,000	5,885,000	6,132,200
SUBTOTAL - Other Appropriated Funds	5,011,000	5,885,000	6,132,200
SUBTOTAL - Appropriated Funds	5,011,000	5,885,000	6,582,200
Other Non-Appropriated Funds	24,500	0	0
Federal Funds	414,700	414,700	414,700
TOTAL - ALL SOURCES	5,450,200	6,299,700	6,996,900

AGENCY DESCRIPTION — The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$5,593,800 and 55 FTE Positions from the Board of Nursing Fund in FY 2024 for the operating budget. Adjustments are as follows:

Additional Licensing Specialists

The budget includes an increase of \$154,100 and 2 FTE Positions from the Board of Nursing Fund in FY 2024 for additional licensing specialists. Of this amount, \$8,200 is one-time for equipment purchases.

Additional Staff Attorney

The budget includes an increase of \$146,800 and 1 FTE Position from the Board of Nursing Fund in FY 2024 for an

additional staff attorney. Of this amount, \$4,100 is one-time for equipment purchases.

Statewide Adjustments

The budget includes a decrease of \$(53,700) from the Board of Nursing Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section).*

Certified Nursing Assistant Credentialing Program

The budget includes \$538,400 from the Board of Nursing Fund in FY 2024 for the Certified Nursing Assistant (CNA) Credentialing Program line item. This amount is unchanged from FY 2023.

The board registers CNAs at no charge to the individual and with no fingerprinting requirement. This policy meets federal requirements for having a nurse assistant (aide) registry.

Monies in this line item fund CNA Credentialing Program costs not paid by federal monies.

Student Registered Nurse Anesthetist Clinical Rotation Program

The budget includes \$450,000 from the General Fund in FY 2024 for the Student Registered Nurse Anesthetist Clinical Rotation Program line item. Adjustments are as follows:

New Grant Program

The budget includes a one-time increase of \$450,000 from the General Fund in FY 2024 for a grant program. The FY 2024 Health Care Budget Reconciliation Bill (BRB) requires the board to award grants to health care institutions to expand or develop clinical training placements for nurse anesthetist students. *(Please see the Other Issues - Statutory Changes section for more information).*

Other Issues

Statutory Changes

The Health Care BRB makes the following statutory changes:

- As session law, establishes the Student Registered Nurse Anesthetist Clinical Rotation Program within the Board of Nursing. The board will establish an application process to award grants to health care institutions to expand the capacity of preceptor training programs for nurse anesthetist students. Preference will be given to expand or develop clinical rotations in obstetrics, pediatrics, and cardiovascular care.

Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	321,900	328,200	328,200
Employee Related Expenditures	101,000	155,100	165,600
Professional and Outside Services	0	46,900	15,100
Travel - In State	2,000	5,000	5,000
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	97,000	79,500	75,500
Equipment	500	13,500	13,500
AGENCY TOTAL	522,400	630,200 ^{1/}	604,900 ^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund	522,400	630,200	604,900
SUBTOTAL - Other Appropriated Funds	522,400	630,200	604,900
SUBTOTAL - Appropriated Funds	522,400	630,200	604,900
TOTAL - ALL SOURCES	522,400	630,200	604,900

AGENCY DESCRIPTION — The board licenses, certifies, and regulates administrators of nursing care institutions and managers of adult care homes. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- 1/ Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the board of examiners of nursing care institution administrators and assisted living facility managers, \$45,100 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$604,900 and 7 FTE Positions from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(31,800) from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2024 to remove one-time funding for migrating to an e-licensing application.

Named Claimants

The budget includes a decrease of \$(2,753.02) from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Statewide Adjustments

The budget includes an increase of \$9,300 from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$2,753.02 from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

Board of Occupational Therapy Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.5	1.5	1.5
Personal Services	91,700	113,500	113,500
Employee Related Expenditures	41,500	60,000	76,300
Professional and Outside Services	1,300	0	0
Travel - In State	100	1,300	1,300
Other Operating Expenditures	37,200	89,600	66,400
Equipment	9,500	2,000	2,000
AGENCY TOTAL	181,300	266,400 ^{1/}	259,500 ^{2/}

FUND SOURCES

Other Appropriated Funds

Occupational Therapy Fund	181,300	266,400	259,500
SUBTOTAL - Other Appropriated Funds	181,300	266,400	259,500
SUBTOTAL - Appropriated Funds	181,300	266,400	259,500
TOTAL - ALL SOURCES	181,300	266,400	259,500

AGENCY DESCRIPTION — The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints and holds hearings to enforce standards of practice.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Board of Occupational Therapy Examiners, \$34,100 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$259,500 and 1.5 FTE Positions from the Occupational Therapy Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(18,900) from the Occupational Therapy Fund in FY 2024 to remove one-time costs associated with migrating to and maintaining an e-licensing application.

Remove One-Time Laptop Replacements

The budget includes a decrease of \$(4,300) from the Occupational Therapy Fund in FY 2024 to remove one-time funding for the replacement of laptops used by board members.

Statewide Adjustments

The budget includes an increase of \$16,300 from the Occupational Therapy Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Dispensing Opticians

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	85,500	97,400	97,400
Employee Related Expenditures	26,700	32,200	31,700
Professional and Outside Services	0	1,000	1,000
Travel - In State	400	8,500	8,500
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	30,600	52,000	57,600
Equipment	9,400	0	0
AGENCY TOTAL	152,600	193,100 ^{1/}	198,200 ^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Board of Dispensing Opticians Fund	152,600	193,100	198,200
SUBTOTAL - Other Appropriated Funds	152,600	193,100	198,200
SUBTOTAL - Appropriated Funds	152,600	193,100	198,200
TOTAL - ALL SOURCES	152,600	193,100	198,200

AGENCY DESCRIPTION — The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eyeglasses. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the state board of dispensing opticians, \$16,300 is exempt from the provisions of sections 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$198,200 and 1 FTE Position from the Board of Dispensing Opticians Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding for E-Licensing

The budget includes a decrease of \$(6,200) from the Board of Dispensing Opticians Fund in FY 2024 for the removal of one-time costs associated with migrating to and an e-licensing application.

Statewide Adjustments

The budget includes an increase of \$11,300 from the Board of Dispensing Opticians Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section).

State Board of Optometry

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	132,600	166,100	166,100
Employee Related Expenditures	56,600	61,500	58,100
Professional and Outside Services	0	15,000	15,000
Travel - In State	100	500	500
Travel - Out of State	2,100	4,000	4,000
Other Operating Expenditures	46,300	49,800	41,800
Equipment	0	3,700	3,700
AGENCY TOTAL	237,700	300,600 ^{1/}	289,200 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Optometry Fund	237,700	300,600	289,200
SUBTOTAL - Other Appropriated Funds	237,700	300,600	289,200
SUBTOTAL - Appropriated Funds	237,700	300,600	289,200
TOTAL - ALL SOURCES	237,700	300,600	289,200

AGENCY DESCRIPTION — The board licenses and regulates optometrists and issues certificates authorizing the use of diagnostic pharmaceutical agents. An optometrist examines eyes, measures vision, and prescribes corrective lenses and treatments which do not require a licensed physician. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the state board of optometry, \$7,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$289,200 and 2 FTE Positions from the Board of Optometry Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding for E-licensing

The budget includes a decrease of \$(7,500) from the Board of Optometry Fund in FY 2024 for the one-time costs associated with migrating to and maintaining an e-licensing application.

Named Claimants

The budget includes a decrease of \$(1,804.03) from the Board of Optometry Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes a decrease of \$(2,100) from the Board of Optometry Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section).

Other Issues

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$1,804.03 from the Board of Optometry Fund for a one-time named claimants appropriation. (Please see the Operating Budget section for further details.)

Arizona Board of Osteopathic Examiners in Medicine and Surgery

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	9.0	10.0	10.0
Personal Services	504,900	620,200	623,000
Employee Related Expenditures	173,600	279,900	285,200
Professional and Outside Services	82,000	172,700	172,700
Travel - In State	100	2,500	2,500
Travel - Out of State	2,400	5,500	5,500
Other Operating Expenditures	296,500	303,700	309,700
Equipment	700	0	0
AGENCY TOTAL	1,060,200	1,384,500 ^{1/}	1,398,600 ^{2/}

FUND SOURCES

Other Appropriated Funds

Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund	1,060,200	1,384,500	1,398,600
SUBTOTAL - Other Appropriated Funds	1,060,200	1,384,500	1,398,600
SUBTOTAL - Appropriated Funds	1,060,200	1,384,500	1,398,600
TOTAL - ALL SOURCES	1,060,200	1,384,500	1,398,600

AGENCY DESCRIPTION — The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the interrelationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemical-based treatment.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Arizona board of osteopathic examiners in medicine and surgery, \$17,800 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$1,398,600 and 10 FTE Positions from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove FY 2023 One-Time Leave Payout

The budget includes a decrease of \$(11,000) from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2024 to remove one-time funding for an annual leave payout.

FY 2024 One-Time Leave Payout

The budget includes an increase of \$14,500 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2024 for an additional annual leave payout.

Additional E-licensing Costs

The budget includes an increase of \$6,600 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2024 for additional costs associated with its e-licensing application.

Statewide Adjustments

The budget includes an increase of \$4,000 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona State Parks Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	163.0	163.0	167.0 ^{1/}
Personal Services	6,091,100	7,157,000	7,157,000
Employee Related Expenditures	3,168,400	3,346,900	3,094,400
Professional and Outside Services	158,700	150,000	150,000
Travel - In State	9,600	10,000	10,000
Other Operating Expenditures	5,245,700	4,887,300	7,813,900
Equipment	208,000	200,000	200,000
OPERATING SUBTOTAL	14,881,500	15,751,200	18,425,300 ^{2/}
SPECIAL LINE ITEMS			
Arizona State Parks Heritage Fund Deposit	5,000,000	2,500,000	6,000,000
Arizona Trail Fund Deposit	148,000	250,000	500,000
Kartchner Caverns State Park	2,275,400	2,534,900	2,458,400
One-Time Cabin Debt Payoff	398,000	0	0
SPRF Deposit to State Parks Store Fund	1,000,000	0	0
State Lake Improvement Fund Deposit	4,000,000	4,000,000	5,200,000
State Parks Store	964,700	1,011,300	1,013,100
AGENCY TOTAL	28,667,600	26,047,400	33,596,800 ^{3/}
FUND SOURCES			
General Fund	9,000,000	6,500,000	11,700,000
<u>Other Appropriated Funds</u>			
Off-Highway Vehicle Recreation Fund	16,700	16,700	16,700
State Park Store Fund	964,700	1,011,300	1,013,100
State Parks Revenue Fund	18,686,200	18,519,400	20,867,000
SUBTOTAL - Other Appropriated Funds	19,667,600	19,547,400	21,896,800
SUBTOTAL - Appropriated Funds	28,667,600	26,047,400	33,596,800
Other Non-Appropriated Funds	11,754,300	18,482,700	18,482,700
Federal Funds	2,556,600	13,060,000	13,060,000
TOTAL - ALL SOURCES	42,978,500	57,590,100	65,139,500

AGENCY DESCRIPTION — The Arizona State Parks Board (ASPB) is responsible for managing the state parks system, which includes recreational parks, historical parks, and natural areas. The Parks Board consists of 7 members appointed by the Governor. Major functions of the Parks Board, through its staff, include the maintenance and development of existing parks, new parks acquisitions, statewide recreational planning, and historic preservation.

FOOTNOTES

- ^{1/} Includes 35.8 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} In addition to the operating lump sum appropriation, an amount equal to the revenue share agreement with the United States forest service for Fool Hollow Lake recreation area is appropriated to the Arizona state parks board from the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$18,425,300 and 131.2 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
State Parks Revenue Fund	\$18,408,600
Off-Highway Vehicle Recreation Fund	16,700

Adjustments are as follows:

Rockin' River Ranch Operation Costs

The budget includes an increase of \$114,000 and 4 FTE Positions from the State Parks Revenue Fund (SPRF) in FY 2024 for costs associated with opening Rockin' River Ranch State Park.

Dispatch Services

The budget includes an increase of \$347,000 from SPRF in FY 2024 to set up and operate a dispatch service for Parks officers through an interagency service agreement with the Arizona Department of Transportation (ADOT). This service allows park rangers to communicate with each other and with nearby police stations using the ADOT network. Of this amount, \$61,800 is for ongoing costs and \$285,200 is for one-time radio purchases.

Increased General Operation Costs

The budget includes an increase of \$261,100 from SPRF in FY 2024 for increased non-personnel operational costs, such as water, waste removal, and electricity.

Statewide Adjustments

The budget includes an increase of \$1,952,000 from SPRF in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona State Parks Heritage Fund Deposit

The budget includes \$6,000,000 from the General Fund in FY 2024 for the Arizona State Parks Heritage Fund Deposit line item. Adjustments are as follows:

Remove One-Time FY 2023 Deposit

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2024 for removal of a deposit to the Arizona State Parks Heritage Fund.

Add New One-Time FY 2024 Deposit

The budget includes an increase of \$6,000,000 from the General Fund in FY 2024 for a one-time deposit into the Arizona State Parks Heritage Fund.

Pursuant to A.R.S. § 41-503, monies in the Arizona State Parks Heritage Fund are to be used as follows: 50% for local, regional or state parks for outdoor recreation and open space development, restoration or renovation; 30% for local, regional, and state historical projects; 10% for outdoor and environmental education; and 10% for local, regional, and state non-motorized trails. Statute directs the State Parks Board in consultation with the Historical Advisory Commission to establish criteria for the use of monies in the fund, and review and evaluate grant applications.

Arizona Trail Fund Deposit

The budget includes \$500,000 from the General Fund in FY 2024 for the Arizona Trail Fund Deposit line item. Adjustments are as follows:

Remove One-Time FY 2023 Deposit

The budget includes a decrease of \$(250,000) from SPRF in FY 2024 for removal of one-time funding for maintenance of the Arizona Trail. The FY 2022 and FY 2023 budgets each included one-time funding of \$250,000 for this purpose.

Add New One-Time FY 2024 Deposit

The budget includes an increase of \$500,000 from the General Fund in FY 2024 for a one-time deposit into the Arizona Trail Fund.

Monies in the Arizona Trail Fund are for the sole purpose of maintaining and preserving the Arizona trail. The Arizona Trail is an 800 mile-long, non-motorized trail beginning at the U.S.-Mexican border and running north-south through the state into Utah.

Kartchner Caverns State Park

The budget includes \$2,458,400 and 35.8 FTE Positions from SPRF in FY 2024 for Kartchner Caverns State Park. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(76,500) from SPRF in FY 2024 for statewide adjustments.

Kartchner Caverns is located in Benson, Arizona and was discovered in 1974. The State Parks Board acquired the property in 1988 and opened the caverns to the public in 1999.

State Lake Improvement Fund Deposit

The budget includes \$5,200,000 from the General Fund in FY 2024 for the State Lake Improvement Fund Deposit line item. Adjustments are as follows:

Remove One-Time FY 2023 Deposit

The budget includes a decrease of \$(4,000,000) from the General Fund in FY 2024 for removal of a one-time deposit to the State Lake Improvement Fund.

Add New One-Time FY 2024 Deposit

The budget includes an increase of \$5,200,000 from the General Fund in FY 2024 for a one-time deposit into the State Lake Improvement Fund.

Monies in the State Lake Improvement Fund are used to fund projects at boating sites, including launching ramps, parking areas, lake improvement and construction, campgrounds, and acquisition of property to provide access to boating sites.

State Parks Store

The budget includes \$1,013,100 from the State Parks Store Fund in FY 2024 for the State Parks Store line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$1,800 from the State Parks Store Fund in FY 2024 for statewide adjustments.

Monies in the State Parks Store line item are used to operate and maintain state-owned giftshops.

Other Issues

State Parks Operations

As of June 2023, 31 state parks and natural areas are open to the public. Twenty-seven parks are funded and operated by the state with existing state funds. Four open parks are operated through agreements between the State Parks Board and local governments. *(Please see the State Parks Visitation and Revenue Program Summary available on the JLBC website for additional information on the parks, visitation, and operations.)*

The FY 2024 budget includes capital appropriations to establish a new Veterans Memorial state park and a new Verde River Headwaters state park. For more information on these appropriations, please see the Parks section of the Capital Outlay-Arizona Department of Administration narrative for additional information.

State Personnel Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	57,700	115,000	115,000
Employee Related Expenditures	23,300	43,800	42,500
Professional and Outside Services	24,700	132,600	132,600
Travel - In State	200	600	600
Other Operating Expenditures	184,300	49,100	65,300
Equipment	0	5,000	5,000
AGENCY TOTAL	290,200	346,100	361,000 ^{1/}

FUND SOURCES

Other Appropriated Funds

Personnel Board Subaccount of the Personnel Division Fund	290,200	346,100	361,000
SUBTOTAL - Other Appropriated Funds	290,200	346,100	361,000
SUBTOTAL - Appropriated Funds	290,200	346,100	361,000
TOTAL - ALL SOURCES	290,200	346,100	361,000

AGENCY DESCRIPTION — The State Personnel Board hears appeals for covered state employees in the State Personnel System who have been dismissed, involuntarily demoted, or suspended for more than 80 hours. The board may recommend modifying or reversing the agency decision, but the agency makes the final determination. The board also hears “whistleblower” complaints concerning reprisals against employees or former employees who disclose information to a public body. If the Personnel Board finds a reprisal occurred, the employee who committed the reprisal shall be ordered by the board to pay a civil penalty of up to \$5,000, and the board shall rescind the personnel action and order all lost pay and benefits be restored to the “whistleblower.”

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$361,000 and 2 FTE Positions from the Personnel Board Subaccount of the Personnel Division Fund in FY 2024 for the operating budget. Adjustments are as follows:

Named Claimants

The budget includes a decrease of \$(1,114.33) from the Personnel Board Subaccount of the Personnel Division Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Statewide Adjustments

The budget includes an increase of \$16,000 from the Personnel Board Subaccount of the Personnel Division Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section).*

Other Issues

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$1,114.33 from the Personnel Division Fund for a one-time named claimants appropriation. *(Please see the Operating Budget section for further details.)*

Arizona State Board of Pharmacy

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	25.4	25.4	25.4
Personal Services	1,503,200	1,936,900	1,936,900
Employee Related Expenditures	532,100	750,300	747,100
Professional and Outside Services	142,400	157,000	157,000
Travel - In State	3,000	65,200	65,200
Travel - Out of State	1,100	4,200	4,200
Other Operating Expenditures	391,900	540,100	533,000
Equipment	32,200	33,300	33,300
OPERATING SUBTOTAL	2,605,900	3,487,000	3,476,700
SPECIAL LINE ITEMS			
Prescriber Report Card	50,000	50,000	50,000
AGENCY TOTAL	2,655,900	3,537,000 ^{1/}	3,526,700 ^{2/}

FUND SOURCES

Other Appropriated Funds

Arizona State Board of Pharmacy Fund	2,655,900	3,537,000	3,526,700
SUBTOTAL - Other Appropriated Funds	2,655,900	3,537,000	3,526,700
SUBTOTAL - Appropriated Funds	2,655,900	3,537,000	3,526,700
Other Non-Appropriated Funds	1,960,600	0	0
TOTAL - ALL SOURCES	4,616,500	3,537,000	3,526,700

AGENCY DESCRIPTION — The board licenses, regulates, and conducts examinations of pharmacists and issues permits to distributors of approved medications. The board also educates pharmacists and the general public on the proper distribution and use of these medications.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Arizona state board of pharmacy, \$190,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$3,476,700 and 25.4 FTE Positions from the Arizona State Board of Pharmacy Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing

The budget includes a decrease of \$(102,000) from the Arizona State Board of Pharmacy Fund in FY 2024 to remove one-time funding for migrating to an e-licensing application.

Statewide Adjustments

The budget includes an increase of \$91,700 from the Arizona State Board of Pharmacy Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Prescriber Report Card

The budget includes \$50,000 from the Arizona State Board of Pharmacy Fund in FY 2024 for the Prescriber Report Card program. This amount is unchanged from FY 2023.

This line item funds the development of opioid prescriber report cards as part of the Controlled Substances

Prescription Monitoring Program (CSPMP). The prescriber report cards include detailed information comparing a practitioner's history of prescribing controlled substances with peers in a similar practice.

Board of Physical Therapy

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	211,600	220,800	220,800
Employee Related Expenditures	84,200	113,500	117,200
Professional and Outside Services	52,300	68,600	68,600
Travel - In State	0	2,100	2,100
Travel - Out of State	800	0	0
Other Operating Expenditures	104,000	220,900	177,800
Equipment	500	5,000	5,000
AGENCY TOTAL	453,400	630,900 ^{1/}	591,500 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Physical Therapy Fund	453,400	630,900	591,500
SUBTOTAL - Other Appropriated Funds	453,400	630,900	591,500
SUBTOTAL - Appropriated Funds	453,400	630,900	591,500
TOTAL - ALL SOURCES	453,400	630,900	591,500

AGENCY DESCRIPTION — The board licenses and regulates physical therapists. A physical therapist treats patients by exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Board of Physical Therapy, \$53,600 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$591,500 and 4 FTE Positions from the Board of Physical Therapy Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(43,400) from the Board of Physical Therapy Fund in FY 2024 to remove one-time costs associated with migrating to and maintaining an e-licensing application.

Statewide Adjustments

The budget includes an increase of \$4,000 from the Board of Physical Therapy Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona Pioneers' Home

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	106.3	107.3	107.3
Personal Services	3,690,200	4,576,800	4,576,800
Employee Related Expenditures	1,766,600	2,675,700	2,636,000
Professional and Outside Services	36,200	95,800	95,800
Travel - In State	31,200	26,700	26,700
Other Operating Expenditures	1,074,600	916,200	1,024,800
Equipment	242,900	52,100	20,100
AGENCY TOTAL	6,841,700	8,343,300	8,380,200 ^{1/2/}

FUND SOURCES

Other Appropriated Funds

Miners' Hospital for Miners with Disabilities Land Fund	1,903,100	2,318,600	2,301,300
State Charitable Fund	4,938,600	6,024,700	6,078,900
SUBTOTAL - Other Appropriated Funds	6,841,700	8,343,300	8,380,200
SUBTOTAL - Appropriated Funds	6,841,700	8,343,300	8,380,200
Other Non-Appropriated Funds	29,600	0	0
Federal Funds	671,200	0	0
TOTAL - ALL SOURCES	7,542,500	8,343,300	8,380,200

AGENCY DESCRIPTION — The Arizona Pioneers' Home provides a home and long-term nursing care and medical care for Arizona pioneers, long-term residents, and disabled miners. The Home cares for, on average, 105 residents.

FOOTNOTES

- 1/ Earnings on state lands and interest on the investment of the permanent land funds are appropriated for the Arizona pioneers' home and the state hospital for miners with disabilities in compliance with the enabling act and the Constitution of Arizona. (General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$8,380,200 and 107.3 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Miners' Hospital for Miners with Disabilities Land Fund	\$2,301,300
State Charitable Fund	6,078,900

Adjustments are as follows:

Remove One-Time Computer Replacements

The budget includes a decrease of \$(32,000) from the State Charitable Fund in FY 2024 to remove the one-time purchase of 23 new desktop and laptop computers.

Statewide Adjustments

The budget includes an increase of \$68,900 in FY 2024 for statewide adjustments. This amount consists of:

Miners' Hospital for Miners with Disabilities Land Fund	(17,300)
State Charitable Fund	86,200

(Please see the Agency Detail and Allocations section.)

Other Issues

Capital Projects

The FY 2024 Capital Outlay Bill appropriates \$793,700 from the Miners' Hospital for Miners with Disabilities Land Fund for capital projects. This amount includes:

- \$468,700 for capital improvements.
- \$75,000 for a cemetery columbarium.
- \$250,000 for a cemetery parking lot.

The FY 2024 Capital Outlay Bill also makes \$353,100 appropriated from the State Charitable Fund in FY 2022 for capital improvement projects non-lapsing until June 30, 2024.

State Board of Podiatry Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	95,900	86,500	95,400
Employee Related Expenditures	28,300	33,400	36,100
Professional and Outside Services	3,600	5,500	5,500
Travel - In State	900	2,200	2,200
Travel - Out of State	0	1,500	1,500
Other Operating Expenditures	38,500	56,700	61,800
Equipment	400	0	0
AGENCY TOTAL	167,600	185,800 ^{1/}	202,500 ^{2/}

FUND SOURCES

Other Appropriated Funds

Podiatry Fund	167,600	185,800	202,500
SUBTOTAL - Other Appropriated Funds	167,600	185,800	202,500
SUBTOTAL - Appropriated Funds	167,600	185,800	202,500
TOTAL - ALL SOURCES	167,600	185,800	202,500

AGENCY DESCRIPTION — The board licenses and regulates Doctors of Podiatric Medicine. A podiatrist must take specialized training, serve an internship and pass a qualifying examination prior to licensure to diagnose and treat foot ailments. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the state board of podiatry examiners, \$4,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$202,500 and 1 FTE Position from the Podiatry Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding for E-licensing

The budget includes a decrease of \$(4,500) from the Podiatry Fund in FY 2024 for the removal of one-time costs associated with migrating to an e-licensing application.

Executive Director Salary Increase

The budget includes an increase of \$11,900 from the Podiatry Fund in FY 2024 to fund a salary increase for the Executive Director.

Statewide Adjustments

The budget includes an increase of \$9,300 from the Podiatry Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona Power Authority

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
Resource Planning and Needs Assessment	0	0	1,000,000 ^{1/}
AGENCY TOTAL	0	0	1,000,000 ^{2/}
FUND SOURCES			
General Fund	0	0	1,000,000
SUBTOTAL - Appropriated Funds	0	0	1,000,000
Other Non-Appropriated Funds	24,056,400	19,207,700	19,207,700
TOTAL - ALL SOURCES	24,056,400	19,207,700	20,207,700

AGENCY DESCRIPTION — The Arizona Power Authority (APA) manages Arizona's allocation of hydroelectric power from Hoover Dam for the benefit of the state. Within the scope of that management, APA cooperates with federal, state, and non-governmental agencies to address regulatory and environmental matters that impact electric and water uses of the Colorado River. In addition, the APA serves as an informational resource for its customers on electricity utilization.

FOOTNOTES

- ^{1/} The appropriation made in the resource planning and needs assessment line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. If the purpose for which the appropriation made in the resource planning and needs assessment line item is accomplished, all monies remaining unexpended and unencumbered may be used by the Arizona power authority for any action that is authorized pursuant to title 30, Arizona Revised Statutes. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as a Special Line Item by Agency.

Resource Planning and Needs Assessment

The budget includes \$1,000,000 from the General Fund in FY 2024 for Resource Planning and Needs Assessment. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for funding to conduct resource planning and a needs assessment on behalf of willing Arizona Power Authority customers and other nonprofit electric service providers. A General Appropriation Act footnote makes this appropriation non-lapsing.

A General Appropriation Act footnote states that if the purpose for which the appropriation made in this line item is accomplished, then all remaining monies in this line item may be used for any action pursuant to Title 30, Arizona Revised Statutes.

State Board for Private Postsecondary Education

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	168,600	248,000	248,000
Employee Related Expenditures	64,900	77,000	74,700
Professional and Outside Services	24,400	28,000	28,000
Travel - In State	0	1,000	1,000
Travel - Out of State	1,100	6,000	6,000
Other Operating Expenditures	41,700	57,200	50,400
Equipment	39,200	40,000	40,000
AGENCY TOTAL	339,900	457,200 ^{1/}	448,100 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board for Private Postsecondary Education Fund	339,900	457,200	448,100
SUBTOTAL - Other Appropriated Funds	339,900	457,200	448,100
SUBTOTAL - Appropriated Funds	339,900	457,200	448,100
Other Non-Appropriated Funds	261,200	270,500	270,500
TOTAL - ALL SOURCES	601,100	727,700	718,600

AGENCY DESCRIPTION — The board licenses and regulates private postsecondary institutions throughout the state. The board processes license applications, determines compliance, investigates complaints and violations, and takes disciplinary action on all private postsecondary institutions that offer vocational and/or degree programs. However, the board does not have jurisdiction over cosmetology, barber, real estate, or professional driving schools. In addition to regulatory duties, the board administers the Student Tuition Recovery Fund, which provides restitution to students financially injured by private postsecondary institutional closures.

FOOTNOTES

^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the State Board for Private Postsecondary Education, \$2,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote)

^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$448,100 and 4 FTE Positions from the Board for Private Postsecondary Education Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-Licensing Funding

The budget includes a decrease of \$(2,500) from the Board for Private Postsecondary Education Fund in FY 2024 for the elimination of one-time e-licensing funding.

Named Claimants

The budget includes a decrease of \$(3,431.81) from the Board for Private Postsecondary Education Fund in FY 2024 for the elimination of one-time funding for prior

year unpaid claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes a decrease of \$(3,200) from the Board for Private Postsecondary Education Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$3,431.81 from the Board for Private Postsecondary Education Fund for unpaid claims. (Please see the operating budget for further details.)

State Board of Psychologist Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.5	4.5	4.5
Personal Services	294,100	317,700	317,700
Employee Related Expenditures	130,200	143,400	139,300
Professional and Outside Services	37,700	71,300	71,300
Travel - In State	100	2,300	2,300
Travel - Out of State	13,800	19,000	19,000
Other Operating Expenditures	67,000	86,400	77,600
Equipment	400	12,800	12,800
AGENCY TOTAL	543,300	652,900 ^{1/}	640,000 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Psychologist Examiners Fund	543,300	652,900	640,000
SUBTOTAL - Other Appropriated Funds	543,300	652,900	640,000
SUBTOTAL - Appropriated Funds	543,300	652,900	640,000
TOTAL - ALL SOURCES	543,300	652,900	640,000

AGENCY DESCRIPTION — The board licenses and regulates psychologists and behavior analysts. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the State Board of Psychologist Examiners, \$18,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote).
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency

Operating Budget

The budget includes \$640,000 and 4.5 FTE Positions from the Board of Psychologist Examiners Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(15,200) from the Board of Psychologist Examiners Fund in FY 2024 for the elimination of one-time e-licensing funding.

Named Claimants

The budget includes a decrease of \$(2,367.04) from the Board of Psychologist Examiners Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes an increase of \$4,700 from the Board of Psychologist Examiners Fund in FY 2024 for statewide

adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$2,367.04 from the Board of Psychologist Examiners Fund for unpaid claims. (Please see the operating budget for further details.)

Department of Public Safety

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,046.7	2,074.2	2,105.7 ^{1/}
Personal Services	113,896,900	162,134,400	162,134,400
Employee Related Expenditures	104,321,700	105,403,700	52,551,200
Professional and Outside Services	2,868,900	2,585,800	2,585,800
Travel - In State	637,700	786,000	786,000
Travel - Out of State	533,300	583,200	583,200
Other Operating Expenditures	57,868,100	46,725,100	45,917,300
Equipment	33,610,800	9,146,400	9,354,200
OPERATING SUBTOTAL	313,737,400	327,364,600	273,912,100 ^{2/3/}
SPECIAL LINE ITEMS			
ACTIC	1,266,400	1,450,000	1,450,000
AZPOST	0	6,576,000	6,576,000
Border Drug Interdiction	8,472,100	17,145,900	17,295,200
Civil Air Patrol Infrastructure	0	5,000,000	10,000,000 ^{4/5/}
Civil Air Patrol Maintenance and Operations	150,000	150,000	150,000
Commercial Vehicle Enforcement Consolidation	0	978,400	0
DPS Crime Lab Assistance	0	0	400,000
DPS - Rapid DNA Testing Equipment	600,000	0	0
Fentanyl Prosecution, Diversion and Testing Fund Deposit	0	0	3,000,000 ^{6/}
GIITEM	27,399,300	25,329,700	25,414,300 ^{7/8/}
GIITEM Subaccount	1,997,900	2,396,400	2,396,400
Land Mobile Radio Expansion and Upgrades	0	0	44,100,000 ^{5/}
Law Enforcement Retention Initiatives	0	0	2,000,000 ^{9/10/}
Local Border Support	1,044,800	12,232,900	12,232,900 ^{11/12/}
Major Incident Division	0	10,000,000	17,000,000 ^{5/}
Microwave Backbone Project	1,285,100	0	0
Motor Vehicle Fuel	5,454,600	8,818,800	9,125,800
One-Time Active Shooter Equipment	2,638,300	0	0
One-Time AZPOST Support	1,196,300	0	0
One-Time Helicopter Replacement	0	13,459,600	0
One-Time K-9 Support	0	1,900,000 ^{13/}	0
One-Time Vehicle Bumper Tethers	0	1,800,000	0
One-Time Vehicle Replacement	0	11,709,300 ^{14/}	11,709,300 ^{15/}
Peace Officer Training Equipment	654,200	0	0
Pharmaceutical Diversion and Drug Theft Task Force	452,100	769,100	747,700
Public Safety Equipment	211,500	2,890,000	2,890,000
Real-Time Crime Centers	0	0	4,100,000 ^{16/}
AGENCY TOTAL	366,560,000	449,970,700	444,499,700 ^{17/18/19/}
FUND SOURCES			
General Fund	288,981,600	364,162,500	366,140,600
<u>Other Appropriated Funds</u>			
Arizona Highway Patrol Fund	36,037,700	34,657,500	31,017,700
Concealed Weapons Permit Fund	2,444,300	3,172,200	3,152,400
Criminal Justice Enhancement Fund	2,232,200	2,989,100	3,009,000
DPS Forensics Fund	16,756,700	22,985,300	22,888,300
Fingerprint Clearance Card Fund	1,469,500	1,581,100	1,581,100

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
Gang and Immigration Intelligence Team Enforcement	2,797,000	2,396,400	2,396,400
Mission Border Security and Law Enforcement			
Subaccount			
Motor Vehicle Liability Insurance Enforcement Fund	1,254,100	1,282,000	729,400
Motorcycle Safety Fund	198,900	198,900	198,900
Parity Compensation Fund	4,000,300	4,088,100	3,022,200
Peace Officer Training Equipment Fund	654,200	0	0
Public Safety Equipment Fund	215,500	2,894,000	2,894,000
Risk Management Revolving Fund	1,351,000	1,396,900	1,102,500
State Highway Fund	8,167,000	8,166,700	6,367,200
SUBTOTAL - Other Appropriated Funds	77,578,400	85,808,200	78,359,100
SUBTOTAL - Appropriated Funds	366,560,000	449,970,700	444,499,700
Other Non-Appropriated Funds	38,263,200	37,258,000	34,829,200
Federal Funds	101,141,300	49,701,200	49,701,200
TOTAL - ALL SOURCES	505,964,500	536,929,900	529,030,100

AGENCY DESCRIPTION - The Department of Public Safety (DPS) is responsible for the enforcement of state criminal laws and traffic regulations. In addition to the Highway Patrol, DPS operates and maintains statewide communications systems, state crime laboratories and an automated fingerprint identification network, and performs aviation missions, special investigations, and other law enforcement activities.

FOOTNOTES

- 1/ Includes 226.8 GF FTE Positions and 6 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Of the amount appropriated in the operating lump sum, \$798,600 is for a onetime increase from the state general fund in fiscal year 2023-2024 for onetime operating expenses. The \$798,600 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 3/ Of the amount appropriated in the operating lump sum, \$1,500,000 is for a onetime increase from the state general fund in fiscal year 2023-2024 for rapid DNA testing and analysis. (General Appropriation Act footnote)
- 4/ Until all of the monies in the civil air patrol infrastructure line item have been distributed, on or before December 1 of each year, the department of public safety shall submit a report to the joint legislative budget committee on the monies distributed from the civil air patrol infrastructure line item and the intended purposes of the distributions. (General Appropriation Act footnote)
- 5/ This line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 6/ Of the amount appropriated in the fentanyl prosecution, diversion and testing fund deposit line item, up to \$50,000 and 0.5 FTE positions may be used for costs associated with administering the fentanyl prosecution, diversion and testing fund. (General Appropriation Act footnote)
- 7/ Of the \$25,414,300 appropriated to the GIITEM line item, only \$1,403,400 is deposited in the GIITEM fund established by section 41-1724, Arizona Revised Statutes, and is appropriated for the purposes of that section. The \$1,403,400 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. This state recognizes that states have inherent authority to arrest a person for any immigration violation. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 8/ Of the \$25,414,300 appropriated to the GIITEM line item, \$13,360,400 shall be used for one hundred department of public safety GIITEM personnel. The additional staff shall include at least fifty sworn department of public safety positions to be used for immigration enforcement and border security and fifty department of public safety positions to assist GIITEM in various efforts, including:
 1. Strictly enforcing all federal laws relating to illegal aliens and arresting illegal aliens.
 2. Responding to or assisting any county sheriff or attorney in investigating complaints of employment of illegal aliens.
 3. Enforcing Arizona's law known as the Legal Arizona Workers Act, strictly enforcing Arizona's SB 1070, Arizona's "Support Our Law Enforcement and Safe Neighborhoods Act" and investigating crimes of identity theft in the context of hiring illegal aliens and the unlawful entry into this country.
 4. Taking strict enforcement action.

Any change in the GITEM mission or allocation of monies shall be approved by the joint legislative budget committee. The department shall submit an expenditure plan to the joint legislative budget committee for review before expending any monies not identified in the department's previous expenditure plans. (General Appropriation Act footnote, as adjusted for statewide allocations)

- 9/ Of the amount appropriated in the law enforcement retention initiatives line item, \$1,000,000 shall be used to acquire coaching resources with a special emphasis on improved retention and development of law enforcement professionals at the department of public safety. Resource providers must have coaches with backgrounds in law enforcement who have been trained in coaching with the best practices for law enforcement coaching from current or former federal bureau of investigation national academy instructors and must provide coaching services on an online platform that allows law enforcement professionals to choose a coach that fits their desired area of improvement. The provider must offer a wide array of subject areas and must have analytics to measure impacts specific to improvement, including officer retention. (General Appropriation Act footnote)
- 10/ Of the amount appropriated in the law enforcement retention initiatives line item, \$1,000,000 shall be used for a law enforcement recruitment and retention grant program to provide matching grants to county, city and town law enforcement agencies for the purposes of acquiring coaching resources with a special emphasis on improved retention and development of law enforcement professionals at the county, city and town law enforcement agencies. Resource providers must have coaches with backgrounds in law enforcement who have been trained in coaching with the best practices for law enforcement coaching from current or former federal bureau of investigation national academy instructors and must provide coaching services on an online platform that allows law enforcement professionals to choose a coach that fits their desired area of improvement. The provider must offer a wide array of subject areas and must have analytics to measure impacts specific to improvement, including officer retention. The county law enforcement agencies in Maricopa and Pima counties must provide a fifty percent match to receive a grant and county law enforcement agencies in all other counties must provide a twenty-five percent match to receive a grant. The city law enforcement agencies in Phoenix and Tucson must provide a fifty percent match to receive a grant and city and town law enforcement agencies in all other cities and towns must provide a twenty-five percent match to receive a grant. The department of public safety shall establish procedures for applying for grants, and county, city and town law enforcement agencies that receive grant monies must use the monies to obtain recruitment and retention resources and services. (General Appropriation Act footnote)
- 11/ The \$12,232,900 appropriated for the local border support line item shall be used to fund local law enforcement officer positions for border drug interdiction to deter and apprehend any individuals who are charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. The monies shall also be used for grants to cities, towns and counties for costs associated with prosecuting and detaining individuals who are charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. The department may fund all capital-related equipment. (General Appropriation Act footnote)
- 12/ On or before September 1, 2023, the department of public safety shall submit an expenditure plan for the local border support line item to the joint legislative budget committee and the governor's office of strategic planning and budgeting. (General Appropriation Act footnote)
- 13/ Of the amount appropriated to the department of public safety for onetime K-9 support in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 77, \$1,900,000 from the state general fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2024 General Appropriation Act footnote)
- 14/ Of the amount appropriated for the department of public safety onetime vehicle replacement line item in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 77, \$11,709,300 from the state general fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2025 for the purpose of vehicle replacement. (FY 2024 General Appropriation Act footnote)
- 15/ Of the amount appropriated for the onetime vehicle replacement line item, \$11,709,300 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- 16/ Of the amount appropriated in the real-time crime centers line item, \$2,600,000 shall be distributed to the city of Peoria and \$1,500,000 to the city of Tucson to operate real-time crime centers that:
 1. Use technology to effectively and safely provide assistance to law enforcement agencies and fire departments and districts.
 2. Integrate crime investigation technology to provide real-time information to responding law enforcement agencies and fire departments and districts.
 3. Are available for use by law enforcement agencies and fire departments and districts that are located in any city, town or county in the region. (General Appropriation Act footnote)
- 17/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

- 18/ Any monies remaining in the department of public safety joint account on June 30, 2024 revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated. (General Appropriation Act footnote)
- 19/ Of the amount appropriated in the total appropriation for the department of public safety, \$187,051,200 is designated for personal services and \$68,525,800 is designated for employee-related expenditures. The department shall submit an expenditure plan to the joint legislative budget committee for review before spending these monies for other than personal services or employee-related expenditures. (General Appropriation Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes \$273,912,100 and 1,872.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$209,561,100
Arizona Highway Patrol Fund	22,430,300
Concealed Weapons Permit Fund	3,152,400
Criminal Justice Enhancement Fund (CJEF)	2,874,700
DPS Forensics Fund	22,888,300
Fingerprint Clearance Card Fund	1,581,100
Motor Vehicle Liability Insurance	729,400
Enforcement Fund	
Motorcycle Safety Fund	198,900
Parity Compensation Fund	3,022,200
Public Safety Equipment Fund	4,000
Risk Management Revolving Fund	1,102,500
State Highway Fund	6,367,200

Adjustments are as follows:

Add 3 FTE Positions

The budget includes an increase of 3 FTE Positions in the operating budget in FY 2024 as part of a budget shift. The budget removes funding for the Commercial Vehicle Enforcement Consolidation line item and moves the 3 FTE Positions into the operating budget to be funded via vacancy savings. *(Please see the Commercial Vehicle Enforcement Consolidation line item for more details.)*

One-Time DPS Administration Funding

The budget includes an increase of \$798,600 from the General Fund in FY 2024 for a one-time increase in administrative costs. The additional operating monies are non-lapsing.

One-Time Motor Vehicle Liability Insurance Enforcement Fund Budget Shift

The budget includes an increase of \$250,000 from the Arizona Highway Patrol Fund and a corresponding decrease of \$(250,000) from the Motor Vehicle Liability Insurance Enforcement Fund in FY 2024 for a one-time budget shift. The Motor Vehicle Liability Insurance

Enforcement Fund has experienced a decline of revenues since the onset of the COVID-19 pandemic. The budget shift is intended to provide one-time relief to the fund.

One-Time Rapid DNA Testing Funding

The budget includes an increase of \$1,500,000 from the General Fund in FY 2024 for a one-time increase in the operating budget for rapid DNA testing and analysis.

One-Time Uniform Allowance Funding

The budget includes an increase of \$657,800 from the General Fund in FY 2024 for a one-time uniform allowance increase. The funding will increase the annual uniform allowance from \$1,000 to \$1,500 per sworn officer.

Remove One-Time Public Services Portal Phase 2

The budget includes a decrease of \$(2,631,500) from the General Fund in FY 2024 to remove the one-time phase 2 implementation funding of the Public Safety Portal (PSP) and FBI's Record of Arrest and Prosecution (RAP) Back program. The one-time funding will cover the costs of extending the PSP and implementing the RAP Back program.

Remove One-Time Building System Management Upgrade

The budget includes a decrease of \$(204,600) from the General Fund in FY 2024 to remove one-time funding to upgrade the department's building management system. The system is used by the department for the operation and maintenance of their facilities. The one-time funding will be used for the IT upgrade costs.

Remove One-Time Equipment Funding

The budget includes a decrease of \$(450,000) from the General Fund in FY 2024 to remove one-time funding for the purchase of phones.

Retirement Savings

The budget includes a decrease of \$(44,301,800) from the General Fund in FY 2024 for retirement savings. These savings come as a result of the PSPRS pension payoff included in the FY 2023 budget. This represents a decrease of (47.55)% in the Tier 1 and 2 retirement rate and a decrease of (48.06)% in the Tier 3 retirement rate.

(Please see the Consolidated Retirement Report for more information.)

Statewide Adjustments

The budget includes a decrease of \$(8,821,000) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	1,779,600
Arizona Highway Patrol Fund	(7,041,300)
Concealed Weapons Permit Fund	(19,800)
Criminal Justice Enhancement Fund (CJEF)	19,900
DPS Forensics Fund	(97,000)
Motor Vehicle Liability Insurance Enforcement Fund	(302,600)
Parity Compensation Fund	(1,065,900)
Risk Management Revolving Fund	(294,400)
State Highway Fund	(1,799,500)

(Please see the Agency Detail and Allocations section.)

ACTIC

The budget includes \$1,450,000 from the General Fund in FY 2024 for the operation of the Arizona Counter Terrorism Information Center (ACTIC). This amount is unchanged from FY 2023.

Created in FY 2005, ACTIC is a joint effort between federal, state, and local law enforcement agencies to combat terrorism, gang violence, and other crimes through information sharing. The salaries of participants are funded by their respective agencies, but DPS pays for the operational costs of the 40,000 square foot building in which ACTIC is housed. These monies fund those costs.

AZPOST

The budget includes \$6,576,000 and 31 FTE Positions from the General Fund in FY 2024 for the Arizona Peace Officer Standards and Training Board (AZPOST). Adjustments are as follows:

Add 31 FTE Positions

The budget includes an increase of 31 FTE Positions in the AZPOST line item to authorize all the positions currently funded under the line item.

Created in 1968, AZPOST consists of 13 members appointed by the Governor. The board was established to address the need for peace officer recruitment, selection, retention and training standards. AZPOST provides the curriculum and standards for all certified law enforcement training facilities. AZPOST services approximately 163 law enforcement agencies encompassing over 14,500 sworn

peace officers and 14 police training academies throughout the state.

Border Drug Interdiction

The budget includes \$17,295,200 and 58.5 FTE Positions from the General Fund in FY 2024 for Border Drug Interdiction. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$149,300 from the General Fund in FY 2024 for statewide adjustments.

This line item was previously known as "Border Strike Task Force Ongoing." In the FY 2024 budget, the line item name was changed to Border Drug Interdiction. The Border Drug Interdiction program is a multi-agency law enforcement task force that targets drug and human trafficking organizations and activities along the Arizona-Mexico border.

Civil Air Patrol Infrastructure

The budget includes \$10,000,000 from the General Fund in FY 2024 for the Civil Air Patrol (CAP) Infrastructure line item. Adjustments are as follows:

Remove One-Time Civil Air Patrol Infrastructure

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2024 to remove for one-time funding for new CAP infrastructure.

One-Time Civil Air Patrol Infrastructure

The budget includes a one-time increase of \$10,000,000 from the General Fund in FY 2024 for new CAP infrastructure.

This line item covers the cost to construct new facilities to house aircraft used by CAP to aid in search and rescue and other emergency missions. The FY 2023 and FY 2024 appropriations are non-lapsing and require an annual report on expenditures from this line item. Monies from this line item are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Civil Air Patrol Maintenance and Operations

The budget includes \$150,000 from the General Fund in FY 2024 for funding of the CAP Maintenance and Operations. This amount is unchanged from FY 2023.

This line item partially offsets the costs of operations and maintenance of aircraft used by CAP to aid in search and rescue and other emergency missions. (Please see the

Commercial Vehicle Enforcement Consolidation

The budget includes no funding in FY 2024 for the Commercial Vehicle Enforcement Consolidation line item. Adjustments are as follows:

Remove Commercial Vehicle Enforcement Funding

The budget includes a decrease of \$(978,400) and (3) FTE Positions from the General Fund in FY 2024 to remove funding used to create the commercial vehicle enforcement task force between DPS and ADOT. The funding was previously used to hire 3 management positions to oversee the consolidation. The 3 FTE Positions will be moved to the operating budget and funded via vacancy savings.

The 2 agencies were to be operated under a single management structure in a joint effort to perform commercial vehicle inspections throughout the state. The agencies will continue to coordinate together on commercial vehicle inspections moving forward, however they will not be under a single management structure.

DPS Crime Lab Assistance

The budget includes \$400,000 from the General Fund in FY 2024 for DPS Crime Lab Assistance. Adjustments are as follows:

One-Time DPS Crime Lab Funding

The budget includes a one-time increase of \$400,000 from the General Fund in FY 2024 for additional DPS crime lab funding.

This line item provides additional funding for the department's crime lab. The accredited crime lab provides forensic analysis of crimes occurring within the department's jurisdiction and on behalf of local governments. DPS has 4 crime labs located in the following cities: Phoenix, Flagstaff, Tucson, and Lake Havasu City.

Fentanyl Prosecution, Diversion and Testing Fund Deposit

The budget includes \$3,000,000 and 0.5 FTE Positions from the General Fund in FY 2024 for the Fentanyl Prosecution, Diversion and Testing Fund Deposit. Adjustments are as follows:

One-Time Fentanyl Prosecution, Diversion and Testing Fund Deposit

The budget includes a one-time increase of \$3,000,000 and 0.5 FTE Positions from the General Fund in FY 2024 for a deposit into the newly-established Fentanyl Prosecution, Diversion and Testing Fund.

Created by the FY 2024 Criminal Justice Budget Reconciliation Bill (BRB), the new fund will be used by the department to allocate to local jurisdictions on a first-come, first-serve basis to assist with costs related to fentanyl prosecution and testing. DPS may use up to \$50,000 from the fund for administrative costs.

GIITEM

The budget includes \$25,414,300 and 136.8 FTE Positions in FY 2024 for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). These amounts consist of:

General Fund	25,069,500
Arizona Highway Patrol Fund	344,800

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$84,600 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	217,300
Arizona Highway Patrol Fund	(132,700)

The GIITEM line item is comprised of monies for the following GIITEM functions, including: 1) \$10,050,500 for gang enforcement, investigation, and interdiction; 2) \$13,360,400 for at least 50 sworn DPS positions to be used for immigration enforcement and border security and up to 50 DPS positions to expand GIITEM's public awareness, investigation, and intelligence efforts; 3) \$1,403,400 for local gang and immigration enforcement grants; and 4) \$600,000 for crime analysts associated with the state gang intelligence database (GangNet).

Monies deposited in the GIITEM Fund can be used for employer sanctions, smuggling, gang, and immigration enforcement. Local grants are distributed to county sheriffs and do not require further approval by the county board of supervisors. The local entity provides at least 25% of the cost of services.

Permanent law prohibits Maricopa County from receiving any monies from the fund and allocates \$500,000 in revenues to Pinal County. The remaining \$903,400 may be used for agreements with cities, counties, and other

entities at a 3:1 match rate. Pinal County is excluded from the matching requirements.

Prior to distribution every year, DPS must submit an expenditure plan to JLBC for review regarding any monies not identified in the previous expenditure plans. *(For more information, please see the State Immigration Enforcement Assistance to Local Governments program summary on the JLBC website.)*

GIITEM Subaccount

The budget includes \$2,396,400 from the GIITEM Border Security and Law Enforcement Subaccount in FY 2024 for the GIITEM Subaccount, to be used for equipment and supplies for border security. This amount is unchanged from FY 2023.

The GIITEM Border Security and Law Enforcement Subaccount receives \$4 of a \$13 criminal fee. These revenues are estimated to total \$1,487,200 in FY 2024. The monies in the GIITEM Subaccount are for border security personnel and public safety equipment. The monies are to be provided directly to county sheriffs without approval by the respective Board of Supervisors.

The JLBC has given a favorable review of an FY 2023 GIITEM Subaccount expenditure plan. The plan includes \$458,300 for detention liaison officers, \$538,100 for county sheriff deputies and municipal police department officers to augment the GIITEM Task Force's border district unit, \$350,000 for the Pima County Border Crimes Unit and \$1,050,000 for grants to county sheriffs for border security.

Land Mobile Radio Expansion and Upgrades

The budget includes \$44,100,000 in FY 2024 for Land Mobile Radio (LMR) Expansion and Upgrades. These amounts consist of:

General Fund	41,100,000
Arizona Highway Patrol Fund	3,000,000

Adjustments are as follows:

One-Time Land Mobile Radio Expansion and Upgrades Funding

The budget includes a one-time increase of \$41,100,000 from the General Fund and \$3,000,000 from the Arizona Highway Patrol Fund in FY 2024 for expansion and upgrades to the department's LMR system.

This line item provides funding for the department's LMR system, which provides radio communication for multiple

state agencies as well as local, state, tribal, and federal law enforcement. The LMR includes two-way radio communications, microwave backbone, dispatch console systems, site infrastructure, and cellular voice and data solutions. The department will use the funding to improve their master site, construct new trunk suites, replace radios, and construct new site builds. Monies from this line item are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Law Enforcement Retention Initiatives

The budget includes \$2,000,000 from the General Fund in FY 2024 for Law Enforcement Retention Initiatives. Adjustments are as follows:

One-Time Law Enforcement Retention Initiatives

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for online coaching services for law enforcement personnel.

This line item provides funding for state and local law enforcement professionals to receive online coaching services. Of the allocated amount, \$1,000,000 is to be used by DPS for online coaching resources for law enforcement personnel within their department. The remaining \$1,000,000 is to be allocated to local law enforcement with the following matching requirement for recipients: 50% match for the cities of Phoenix and Tucson, 50% match for Maricopa and Pima counties, and 25% match for all other local entities. Monies from this line item must be used to acquire coaching resources with a special emphasis on improved retention and development of law enforcement professionals.

Local Border Support

The budget includes \$12,232,900 from the General Fund in FY 2024 for the costs of Local Border Support. This amount is unchanged from FY 2023.

This line item was previously known as Border Strike Task Force Local Support. In the FY 2024 budget, the line item name was changed to Local Border Support and program requirements were revised. The Local Border Support program is a multi-agency task force established to target drug and human trafficking organizations and activities along the Arizona-Mexico border. Monies in the line item may be used to fund local law enforcement officer positions for border drug interdiction to deter and apprehend any individuals who are charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. The monies may also be used for grants to cities, towns and counties for costs associated with prosecuting and detaining individuals who

are charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes.

Major Incident Division

The budget includes \$17,000,000 from the General Fund in FY 2024 for the Major Incident Division (MID).

Adjustments are as follows:

Major Incident Division Funding

The budget includes an increase of \$7,000,000 from the General Fund in FY 2024 to fund the Major Incident Division within DPS established under the FY 2023 budget. The funding will be used for startup costs associated with the establishment of the MID.

This line item funds the MID, which is charged with conducting independent investigations of critical force incidents. Investigators from the MID, along with the regional law enforcement task force, will investigate these incidents. Critical force incidents are defined as any time a peace officer discharges a firearm as a use of force encounter, any use of deadly force, or any use of force that results in death or serious bodily injury of an individual. The FY 2023 3-year budget plan assumes that the Division will receive ongoing funding of \$17,000,000 in FY 2024 and \$24,000,000 in FY 2025. Monies from this line item are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Microwave Backbone Statewide Communication System

The budget includes no funding and 3 FTE Positions from the Arizona Highway Patrol Fund in FY 2024 for the Microwave Backbone Statewide Communication System line item. These amounts are unchanged from FY 2023.

The statewide microwave radio system is a series of towers situated on mountain tops and divided into 3 loops that allow DPS troopers and other state agencies to communicate with dispatch centers while in the field. This appropriation will fund the construction of the remaining digital upgrades to the northern loop, which is slated for completion by the end of FY 2024. The FY 2022 appropriation is non-lapsing until the project is complete or has been abandoned with no expenditure for a full fiscal year.

Motor Vehicle Fuel

The budget includes \$9,125,800 in FY 2024 for Motor Vehicle Fuel. This amount consists of:

General Fund	4,384,200
Arizona Highway Patrol Fund	4,607,300
CJEF	134,300

Adjustments are as follows:

One-Time Gas Inflation Funding

The budget includes a one-time increase of \$307,000 from the Highway Patrol Fund in FY 2024 for inflationary costs. This funding will cover the increased cost of gas for the DPS fleet in FY 2024. This amount reflects an increase of \$3,671,200 in new inflationary funding and a decrease of \$(3,364,200) from an FY 2023 supplemental appropriation intended to provide additional inflationary support in FY 2023.

The Motor Vehicle Fuel line item centralizes monies appropriated to DPS for motor vehicle fuel.

One-Time Helicopter Replacement

The budget includes no funding in FY 2024 for the One-Time Helicopter Replacement line item. Adjustments are as follows:

Remove One-Time Helicopter Replacement

The budget includes a decrease of \$(10,900,000) from the General Fund in FY 2024 to remove one-time funding to replace one of the department's 5 helicopters.

Remove One-Time Helicopter Upfit

The budget includes a decrease of \$(2,559,600) from the General Fund in FY 2024 to remove one-time funding to upgrade a recently purchased helicopter.

This line item provides one-time funding for the department to replace a helicopter and upfit (i.e., customize with extra features) a recently purchased helicopter.

One-Time K-9 Support

The budget includes no funding in FY 2024 for the One-Time K-9 Support line item. Adjustments are as follows:

Remove One-Time K-9 Support Funding

The budget includes a decrease of \$(1,900,000) from the General Fund in FY 2024 to remove one-time funding to provide K-9 support.

This line item provides one-time funding for the department for various K-9 needs, including K-9 facility improvements, the replacement of 12 K-9 equipped vehicles, and for 3 newly-trained K-9 dogs. The FY 2024

budget makes the monies appropriated from this line item in FY 2023 non-lapsing.

One-Time Vehicle Bumper Tethers

The budget includes no funding in FY 2024 for the One-Time Vehicle Bumper Tethers line item. Adjustments are as follows:

Remove One-Time Vehicle Bumper Tethers Funding

The budget includes a decrease of \$(1,800,000) from the General Fund in FY 2024 to remove one-time funding to purchase approximately 400 vehicle bumper tethers.

These bumper tethers enable Highway Patrol Troopers to launch a fabric band at the rear wheel of a fleeing vehicle to bring the pursuit to an end.

One-Time Vehicle Replacement

The budget includes \$11,709,300 in FY 2024 for the One-Time Vehicle Replacement line item. Adjustments are as follows:

Remove One-Time Vehicle Replacement Funding

The budget includes a decrease of \$(11,709,300) from the General Fund in FY 2024 to remove one-time funding to replace at least 276 vehicles.

One-Time Vehicle Replacement Funding

The budget includes an increase of \$11,709,300 from the General Fund in FY 2024 to replace at least 276 vehicles.

This line item provides one-time funding for the department to replace at least 276 vehicles. The department intends to purchase 187 Highway Patrol vehicles and 89 vehicles for criminal investigations. The FY 2024 budget makes both the FY 2023 and FY 2024 appropriations exempt from lapsing through FY 2025.

Peace Officer Training Equipment

The budget includes no funding in FY 2024 for Peace Officer Training Equipment. This amount is unchanged from FY 2023.

Laws 2018, Chapter 312 appropriated a one-time appropriation of \$3,073,000 from the Peace Officer Training Equipment Fund in FY 2019. The fund consists of a \$4 assessment on civil traffic violations, local motor vehicle citations, and criminal motor vehicle citations.

The \$3,073,000 amount includes the following non-lapsing allocations:

1. The first \$500,000 in revenue is appropriated to DPS for employee overtime pay;
2. The next \$2,300,000 in revenue is appropriated to DPS for 10 virtual firing ranges (one must be for the White Mountain Apache Police Department) and 3 virtual training simulators (Tucson Police Department, Pinal County Sheriff, Glendale Regional Training Academy);
3. The next \$203,000 in revenue is appropriated to DPS to maintain and service the 7 existing virtual training simulators;
4. The next \$50,000 in revenue is appropriated to the Governor's Office of Highway Safety to provide public service announcements that educate drivers on how to act when stopped by a peace officer.
5. The next \$20,000 in revenue is appropriated to the Supreme Court to cover the programming costs of implementing the new fees.

The FY 2020 budget appropriated \$1,047,800 from the fund. The FY 2022 budget extended this appropriation through FY 2022.

These funds are to be distributed in the above order as revenue is received in the fund, with the FY 2020 appropriation distributed after the \$20,000 appropriation to the Supreme Court is made.

Through FY 2022, DPS has expended \$2,585,300 from the Peace Officer Training Equipment Fund. These expenditures include the \$500,000 for employee overtime pay as well as \$2,085,300 for firing ranges and virtual training simulators.

Revenue collections totaled \$1,075,100 in FY 2022. Assuming similar revenue collections in future years, by the end of FY 2023, the fund is estimated to collect a total of approximately \$5,125,500 since its creation, compared to an appropriated spending amount of \$3,073,000. If the department expends the full FY 2019 appropriation, this will leave an estimated fund balance of \$2,052,500 in FY 2024.

Once the FY 2019 appropriation is completed, the Peace Officer Training Equipment Advisory Commission established by Chapter 312 will make annual recommendations on how the funding should be spent.

The FY 2024 budget makes an appropriation of \$1,368,000 from the Peace Officer Training Equipment Fund to the Treasurer for firearm training simulators. *(Please see the Treasurer section for more information.)*

Pharmaceutical Diversion and Drug Theft Task Force

The budget includes \$747,700 and 3 FTE Positions in FY 2024 for the Pharmaceutical Diversion and Drug Theft Task Force. These amounts consist of:

General Fund	112,400
Arizona Highway Patrol Fund	635,300

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(21,400) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	1,400
Arizona Highway Patrol Fund	(22,800)

This line item funds a task force to combat the abuse and trafficking of prescription drugs and inappropriate prescriber behavior.

Public Safety Equipment

The budget includes \$2,890,000 from the Public Safety Equipment Fund in FY 2024 to equip DPS officers. This amount is unchanged from FY 2023.

The Public Safety Equipment Fund receives \$4 of a \$13 surcharge on fines, violations and penalties for criminal offenses and civil motor vehicle violations. In addition, DPS receives another \$4 of the surcharge if its officer issued the citation. These revenue sources are subject to appropriation.

Additionally, the fund receives the first \$1,200,000 collected from an assessment of up to \$1,500 on driving under the influence (DUI) offenses. This \$1,200,000 is not subject to appropriation.

The Public Safety Equipment line item monies can be used to purchase vehicles, protective armor, electronic stun devices and other safety equipment for DPS officers.

Real-Time Crime Centers

The budget includes \$4,100,000 from the General Fund in FY 2024 for Real-Time Crime Centers. Adjustments are as follows:

One-Time Real-Time Crime Centers Funding

The budget includes a one-time increase of \$4,100,000 from the General Fund in FY 2024 for operation of real-time crime centers.

This line item provides funding for the department to allocate to local entities as follows: \$2,600,000 to the City of Peoria and \$1,500,000 to the City of Tucson. The local governments are to use the allocated funds to operate real-time crime centers that use technology to provide real-time information to law enforcement and fire districts.

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$3,364,200 from the Arizona Highway Patrol Fund for one-time gas inflation funding. *(Please see the Motor Vehicle Fuel line item for further details.)*

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As session law, established the non-appropriated Fentanyl Prosecution, Diversion and Testing Fund, which will be used by the department to allocate to local jurisdictions on a first-come, first-serve basis to assist with costs related to fentanyl prosecution and testing. Permits funding of DPS administrative costs.

Automation Projects Fund – Concealed Weapons Tracking System

The budget includes an FY 2024 transfer of \$494,500 from the Concealed Weapons Permit Fund to the Arizona Department of Administration for the continued development of a new computerized permit record system. *(Please see the Department of Administration – Automation Projects Fund for details regarding this information technology project.)*

Public Safety Personnel Retirement System

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
EORP Fund Deposit (Statutory Appropriation)	5,000,000	5,000,000	5,000,000 ^{1/}
EORP Fund Deposit (Laws 2022, Ch. 323)	0	60,000,000	0
Prescott Fire Employer Group Deposit	1,000,000	1,000,000	1,000,000 ^{2/}
<u>One-Time PSPRS Employer Group Deposits</u>			
Attorney General Investigators	9,117,700	0	0
Department of Emergency and Military Affairs	8,542,800	0	0
Game and Fish Department	97,243,000	0	0
Department of Liquor Licenses and Control	7,628,900	0	0
State Parks Board	8,820,600	0	0
Department of Public Safety	420,559,600	0	0
Arizona State University Campus Police	23,565,000	0	0
Northern Arizona University Campus Police	7,725,600	0	0
University of Arizona Campus Police	15,645,900	0	0
<u>One-Time CORP Employer Group Deposits</u>			
Department of Corrections	474,635,300	0	0
Department of Juvenile Corrections	73,940,800	0	0
Department of Public Safety (Detention)	309,200	0	0
Department of Public Safety (Dispatchers)	6,352,000	0	0
AGENCY TOTAL	1,160,086,400	66,000,000	6,000,000
FUND SOURCES			
General Fund	1,145,086,400	66,000,000	6,000,000
<u>Other Appropriated Funds</u>			
Game and Fish Fund	15,000,000	0	0
SUBTOTAL - Other Appropriated Funds	15,000,000	0	0
SUBTOTAL - Appropriated Funds	1,160,086,400	66,000,000	6,000,000
Other Non-Appropriated Funds	18,226,800	22,548,800	22,548,800
TOTAL - ALL SOURCES	1,178,313,200	88,548,800	28,548,800

AGENCY DESCRIPTION — The Public Safety Personnel Retirement System (PSPRS) provides retirement, survivors, health, and disability benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters. In addition, PSPRS staff administers the Correctional Officers Retirement Plan (CORP) and the Elected Officials Retirement Plan (EORP), which provide the same benefits to specified populations at the state and local level. PSPRS is not subject to appropriation. The EORP was closed to new enrollees as of January 1, 2014, at which time newly-elected officials are to be enrolled in the Elected Officials Defined Contribution Retirement System (EODC System).

FOOTNOTES

- ^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.
- ^{2/} The FY 2020 General Appropriation Act appropriated \$1,000,000 from the state General Fund in each of FY 2020, FY 2021, FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026 to the Public Safety Personnel Retirement System to be deposited in the employer account of the Prescott Fire Department Group to offset increased pension liability.

EORP Fund Deposit (Statutory Appropriation)

The budget includes \$5,000,000 from the General Fund in FY 2024 as part of the closure of the Elected Officials' Retirement Plan (EORP). This amount is unchanged from FY 2023. (Please see the FY 2017 Appropriations Report

and the Consolidated Retirement Report section in the FY 2020 Appropriations Report for more information.)

The annual \$5,000,000 General Fund appropriation is authorized in permanent law through FY 2043 (A.R.S § 38-810). As a result, monies in the line item were not included in the FY 2024 General Appropriation Act.

EORP Fund Deposit (Laws 2022, Chapter 323)

The budget includes no funding from the General Fund in FY 2024 for deposit into the EORP Fund (under Laws 2022, Chapter 323). Adjustments are as follows:

Remove One-Time Funding for EORP Early Retirement

The budget includes a decrease of \$(60,000,000) from the General Fund in FY 2024 to remove one-time funding for deposit into the EORP Fund. Laws 2022, Chapter 323 appropriated \$60,000,000 from the General Fund in FY 2023 for deposit into the EORP Fund. This amount was intended to offset the increased actuarial liability from the early retirement benefit.

Chapter 323 made a temporary exception to standard EORP provisions to allow a member to receive a normal retirement pension if they have either: 1) 55 years of age with 10 years of credited service; or 2) 59.5 years of age with 5 years of credited service. To qualify for this benefit, the member was required to make an irrevocable notice of resignation by July 29, 2022, with a date of resignation and retirement not later than September 30, 2022. PSPRS has reported that 3 EORP members utilized the early retirement provisions of Chapter 323.

Because of the limited use of the early retirement provision, the \$60,000,000 appropriation will effectively serve as an additional deposit to the EORP Fund, reducing the EORP unfunded liability. The additional funding from Chapter 323 will be reflected in the June 30, 2023 EORP actuarial valuation, which impacts the FY 2025 EORP contribution rate.

Prescott Fire Employer Group Deposit

The budget includes \$1,000,000 from the General Fund in FY 2024 for deposit into the employer account of the Prescott Fire Department group. This amount is unchanged from FY 2023.

The FY 2020 budget appropriated \$1,000,000 from the General Fund for deposit into the employer account of the Prescott Fire Department each year from FY 2020 through FY 2026 to offset increased pension liabilities associated with the Yarnell Hill Fire. Because these funds were already appropriated in the FY 2020 budget, monies in the line item were not included in the FY 2024 General Appropriation Act.

In June 2013, 19 firefighters employed by the Prescott Fire Department died in the line of duty while fighting the Yarnell Hill Fire. The survivors of 10 firefighters ultimately qualified for PSPRS benefits. Their survivors qualify for ongoing payments equal to 100% of the employees' average monthly wages, including overtime. The increased liability resulting from these benefit payments is funded from the PSPRS employer account of the Prescott Fire Department through an increase in employer contribution rates. The funding in the FY 2015, FY 2019, and FY 2020 budgets were intended to offset these increased pension liabilities.

The original estimated liability resulting from the Yarnell Hill fire was \$5,200,000. As of June 2022, PSPRS re-estimated this liability to be \$11,431,000.

See the Consolidated Retirement Report section for more information on PSPRS membership and actuarial data.

State Real Estate Department

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	37.0	37.0	37.0
Personal Services	1,367,900	1,787,000	1,787,000
Employee Related Expenditures	509,100	763,400	741,800
Professional and Outside Services	90,900	200,000	200,000
Travel - In State	11,000	18,500	18,500
Travel - Out of State	4,100	7,000	7,000
Other Operating Expenditures	344,000	420,100	418,700
Equipment	45,700	25,000	25,000
AGENCY TOTAL	2,372,700	3,221,000	3,198,000 ^{1/}
FUND SOURCES			
General Fund	2,372,700	3,221,000	3,198,000
SUBTOTAL - Appropriated Funds	2,372,700	3,221,000	3,198,000
Other Non-Appropriated Funds	89,100	206,500	206,500
TOTAL - ALL SOURCES	2,461,800	3,427,500	3,404,500

AGENCY DESCRIPTION — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools. The department collects various filing and licensing fees, which are deposited into the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$3,198,000 and 37 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(23,000) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Residential Utility Consumer Office

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.0	12.0	12.0
Personal Services	706,400	926,300	926,300
Employee Related Expenditures	243,400	303,800	315,700
Travel - In State	8,600	8,600	8,600
Travel - Out of State	3,800	7,000	7,000
Other Operating Expenditures	172,000	188,200	189,600
Equipment	9,400	0	0
OPERATING SUBTOTAL	1,143,600	1,433,900	1,447,200
SPECIAL LINE ITEMS			
Professional Witnesses	71,900	145,000	145,000 ^{1/}
AGENCY TOTAL	1,215,500	1,578,900	1,592,200 ^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Residential Utility Consumer Office Revolving Fund	1,215,500	1,578,900	1,592,200
SUBTOTAL - Other Appropriated Funds	1,215,500	1,578,900	1,592,200
SUBTOTAL - Appropriated Funds	1,215,500	1,578,900	1,592,200
TOTAL - ALL SOURCES	1,215,500	1,578,900	1,592,200

AGENCY DESCRIPTION — The Residential Utility Consumer Office (RUCO) serves as an advocate for residential customers of public utilities in rate hearings held before the Arizona Corporation Commission. Through its technical staff and expert consultants, RUCO analyzes utility company data to determine appropriate positions to take and present on behalf of residential ratepayers. The RUCO Director is appointed by the Governor.

FOOTNOTES

- ^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

Monies in this line item are used to fund expert witness testimony at utility rate hearings.

The budget includes \$1,447,200 and 12 FTE Positions from the RUCO Revolving Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$13,300 from the RUCO Revolving Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Professional Witnesses

The budget includes \$145,000 from the RUCO Revolving Fund in FY 2024 for Professional Witnesses. This amount is unchanged from FY 2023.

Board of Respiratory Care Examiners

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	179,900	197,400	197,400
Employee Related Expenditures	65,100	83,000	79,500
Professional and Outside Services	200	6,500	6,500
Travel - In State	700	1,500	1,500
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	42,900	116,400	134,500
Equipment	37,200	0	0
AGENCY TOTAL	326,000	406,800 ^{1/}	421,400 ^{2/}

FUND SOURCES

Other Appropriated Funds

Board of Respiratory Care Examiners Fund	326,000	406,800	421,400
SUBTOTAL - Other Appropriated Funds	326,000	406,800	421,400
SUBTOTAL - Appropriated Funds	326,000	406,800	421,400
TOTAL - ALL SOURCES	326,000	406,800	421,400

AGENCY DESCRIPTION — The board licenses and regulates respiratory care practitioners. A respiratory therapist performs inhalation therapy and respiratory therapy, which includes administering pharmacological, diagnostic, and therapeutic agents, as directed by a physician.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Board of Respiratory Care Examiners, \$45,900 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote).
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$421,400 and 4 FTE Positions from the Board of Respiratory Care Examiners Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time E-licensing Funding

The budget includes a decrease of \$(21,700) from the Board of Respiratory Care Examiners Fund in FY 2024 for the elimination of one-time e-licensing funding.

Shared Services Funding

The budget includes an increase of \$19,700 from the Board of Respiratory Care Examiners Fund in FY 2024 for ADOA shared services such as rent and custodial services.

Statewide Adjustments

The budget includes an increase of \$16,600 from the Board of Respiratory Care Examiners Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona State Retirement System

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	240.9	240.9	240.9
Personal Services	12,013,100	13,480,700	13,480,700
Employee Related Expenditures	4,412,000	5,569,200	5,342,200
Professional and Outside Services	3,410,800	4,317,100	5,140,100
Travel - In State	3,200	30,000	30,000
Travel - Out of State	5,200	49,000	49,000
Other Operating Expenditures	2,870,800	4,300,100	4,235,500
Equipment	131,600	389,500	389,500
AGENCY TOTAL	22,846,700	28,135,600	28,667,000 ^{1/}

FUND SOURCES

Other Appropriated Funds

Long-Term Disability Trust Fund Administration Account	1,286,300	1,800,000	1,800,000
State Retirement System Administration Account	21,560,400	26,335,600	26,867,000
SUBTOTAL - Other Appropriated Funds	22,846,700	28,135,600	28,667,000
SUBTOTAL - Appropriated Funds	22,846,700	28,135,600	28,667,000
Other Non-Appropriated Funds	7,606,800	11,460,300	11,460,300
TOTAL - ALL SOURCES	30,453,500	39,595,900	40,127,300

AGENCY DESCRIPTION — The Arizona State Retirement System (ASRS) provides retirement, survivors, health and disability benefits to employees of most public employers in Arizona, including public schools, most local and county governments, and the State of Arizona. Funding for the agency is appropriated except for investment management and consulting fees, rent, actuarial consulting fees, legal counsel costs, retiree payroll and health insurance program administration.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$28,667,000 and 240.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Arizona State Retirement System Administration Account	\$26,867,000
Long-Term Disability (LTD) Trust Fund Administration Account	1,800,000

Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(65,200) from the Arizona State Retirement System Administration Account in FY 2024 to remove one-time funding associated with cloud migration costs and service management software.

Cybersecurity Upgrades

The budget includes an increase of \$518,000 from the Arizona State Retirement System Administration Account in FY 2024 to provide funding for cybersecurity upgrades. Of this amount, \$364,000 is ongoing funding for additional software product licenses and \$154,000 is one-time funding to cover additional cloud migration costs.

External IT Services

The budget includes an increase of \$305,000 from the Arizona State Retirement System Administration Account in FY 2024 to provide increased funding for external information technology (IT) services.

Statewide Adjustments

The budget includes a decrease of \$(226,400) from the Arizona State Retirement System Administration Account in FY 2024 for statewide adjustments. (Please see the *Agency Detail and Allocations* section.)

See the Consolidated Retirement Report section for more information on ASRS membership and actuarial data.

Department of Revenue

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	881.0	892.8	892.8 ^{1/}
Personal Services	10,531,200	34,245,000	34,275,200
Employee Related Expenditures	4,196,700	15,555,500	15,145,800
Professional and Outside Services	5,690,600	8,013,100	8,013,100
Travel - In State	57,700	81,600	81,600
Travel - Out of State	13,900	30,800	30,800
Other Operating Expenditures	14,558,400	16,960,000	16,926,900
Equipment	853,800	621,400	621,400
OPERATING SUBTOTAL	35,902,300	75,507,400	75,094,800 ^{2/}
SPECIAL LINE ITEMS			
BRITS Operational Support	7,383,200	8,008,800	7,897,200
E-Commerce Compliance and Outreach	563,500	919,800	936,400
Income Tax Information Technology	37,300	0	0
Tax Fraud Prevention	3,042,900	3,150,000	3,155,300 ^{3/4/}
TPT Simplification	952,400	1,013,800	1,033,400
Unclaimed Property Administration and Audit	1,520,500	1,487,000	1,473,900 ^{5/}
AGENCY TOTAL	49,402,100	90,086,800	89,591,000 ^{6/7/}
FUND SOURCES			
General Fund	23,976,300	59,863,300	62,587,600
<u>Other Appropriated Funds</u>			
Department of Revenue Administrative Fund	24,073,800	28,603,100	25,390,900
Liability Setoff Program Revolving Fund	686,200	892,500	887,900
Tobacco Tax and Health Care Fund	665,800	727,900	724,600
SUBTOTAL - Other Appropriated Funds	25,425,800	30,223,500	27,003,400
SUBTOTAL - Appropriated Funds	49,402,100	90,086,800	89,591,000
Other Non-Appropriated Funds	1,786,700	1,831,500	1,831,500
Federal Funds	23,937,600	0	0
TOTAL - ALL SOURCES	75,126,400	91,918,300	91,422,500

AGENCY DESCRIPTION — The Department of Revenue (DOR) administers and enforces the collection of individual and corporate income, sales, withholding, luxury, recreational marijuana and estate taxes. The department administers state property tax laws through the 15 county assessors.

FOOTNOTES

- ^{1/} Includes 70 GF and 2 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} The operating lump sum appropriation includes \$2,000,000 and 25 FTE positions for additional audit and collections staff. (General Appropriation Act footnote)
- ^{3/} The department may not transfer any monies to or from the tax fraud prevention line item without prior review by the joint legislative budget committee. (General Appropriation Act footnote)
- ^{4/} On or before November 1, 2023, the department shall report the results of private fraud prevention investigation services during fiscal year 2022-2023 to the joint legislative budget committee. The report shall include the total number of fraudulent returns prevented and the total dollar amount of fraudulent returns prevented during fiscal year 2022-2023. (General Appropriation Act footnote)
- ^{5/} If the total value of properties retained by unclaimed property contract auditors exceeds \$1,473,900, the excess amount is transferred from the state general fund to the department of revenue administrative fund established by section 42-1116.01, Arizona Revised Statutes, and is appropriated to the department for contract auditor fees. (General Appropriation Act footnote, as adjusted for statewide allocations)

- 6/ The department shall report the department's general fund revenue enforcement goals for fiscal year 2023-2024 to the joint legislative budget committee on or before September 30, 2023. On or before September 30, 2024, the department shall provide an annual progress report to the joint legislative budget committee as to the effectiveness of the department's overall enforcement and collections program for fiscal year 2023-2024. The reports shall compare projected and actual state general fund, total state tax, total county tax and total municipal tax revenue enforcement collections for fiscal year 2022-2023 and fiscal year 2023-2024, including the amount of projected and actual enforcement collections for all tax types. The reports shall also include the total number of transaction privilege tax delinquent accounts, the total dollar value of those accounts classified by age of account and the total dollar amount of delinquent account write-offs determined to be uncollectible for fiscal year 2022-2023. (General Appropriation Act footnote)
- 7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$75,094,800 and 820.8 FTE Positions in FY 2024 for the operating budget. This amount consists of:

	FY 2024
General Fund	\$52,656,600
DOR Administrative Fund	20,825,700
Liability Setoff Program Revolving Fund	887,900
Tobacco Tax and Health Care Fund	724,600

Adjustments are as follows:

One-Time Fund Shift

The budget includes a one-time increase of \$2,000,000 from the General Fund and a corresponding one-time decrease of \$(2,000,000) from the DOR Administrative Fund in FY 2024 to shift funding sources for a portion of the Department of Revenue's operating budget in FY 2024.

Statewide Adjustments

The budget includes a decrease of \$(412,600) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	641,400
DOR Administrative Fund	(1,046,100)
Liability Setoff Program Revolving Fund	(4,600)
Tobacco Tax and Health Care Fund	(3,300)

(Please see the Agency Detail and Allocations section.)

Business Reengineering/Integrated Tax System (BRITS) Operational Support

The budget includes \$7,897,200 and 51 FTE Positions in FY 2024 for operational support of BRITS. These amounts consist of:

General Fund	4,805,900
DOR Administrative Fund	3,091,300

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(111,600) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	41,400
DOR Administrative Fund	(153,000)

This line item funds the annual server and printer replacement costs, increased BRITS data storage requirements, and information technology personnel to operate and maintain the BRITS system. BRITS is the state's current computer system for collecting and processing tax data. The FY 2023 and FY 2024 budgets included monies for the development of a new integrated tax system. *(For additional information, please see the Integrated Tax System Other Issues section and the Arizona Department of Administration – Automation Projects Fund narrative.)*

E-Commerce Compliance and Outreach

The budget includes \$936,400 from the General Fund in FY 2024 for E-Commerce Compliance and Outreach (ECCO) administrative costs. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$16,600 from the General Fund in FY 2024 for statewide adjustments.

This line item funds the costs of assisting out-of-state remote sellers and marketplace facilitators with paying transaction privilege tax (TPT) in Arizona. Since October 2019, out-of-state businesses that do not have a physical presence in the state are required to collect and remit TPT if they meet certain economic nexus requirements and thresholds outlined in state law.

Tax Fraud Prevention

The budget includes \$3,155,300 from the General Fund in FY 2024 for Tax Fraud Prevention. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$5,300 from the General Fund in FY 2024 for statewide adjustments.

These monies are used to contract with a vendor to provide fraud prevention investigation services, make programming changes to the Taxpayer Accounting System (TAS), and provide audit and investigative support.

DOR reported that these services prevented \$42,350,600 being paid to filers of fraudulent returns in Individual Income Tax returns in FY 2022.

TPT Simplification

The budget includes \$1,033,400 and 19 FTE Positions from the General Fund in FY 2024 for TPT Simplification responsibilities. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$19,600 from the General Fund in FY 2024 for statewide adjustments.

DOR is responsible for the audit and collection of TPT taxes for all municipalities. These monies allow DOR to fund the staffing associated with these TPT oversight responsibilities.

Unclaimed Property Administration and Audit

The budget includes \$1,473,900 and 2 FTE Positions from the DOR Administrative Fund in FY 2024 for Unclaimed Property Administration and Audit. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(13,100) from the DOR Administrative Fund in FY 2024 for statewide adjustments.

Monies in this line item are used for the administrative costs of unclaimed or abandoned property. Contract auditors retain 10.25% to 12.5% of the value of properties they recover. This amount is currently estimated at \$1,473,900 (as adjusted for statewide allocations).

Other Issues

Statutory Changes

The Taxation Budget Reconciliation Bill makes the following statutory changes:

- As session law, stipulates legislative intent that the amount to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a population greater than 800,000 for the Integrated Tax System project shall not exceed \$6,597,200 for FY 2024. Each local government type (for example all counties share of the \$6,597,200) is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year. Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns. *(See the Arizona Department of Administration – Automation Projects Fund section for more details on the assessments.)*
- As session law, stipulates legislative intent that the amounts charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax for the Integrated Tax System Project shall not exceed \$178,100 and \$800,000, respectively, in FY 2024.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the Department of Revenue was allocated funding from the General Fund in FY 2025 and FY 2026 for the development costs of a new integrated tax system. *(See the Arizona Department of Administration – Automation Projects Fund section for more information.)*

Integrated Tax System

The FY 2023 budget assumed 6 years of funding for a \$104,827,600 new income tax modernization system for the Department of Revenue. Of this amount, across all years \$40,997,900 is to be assessed to certain state government funds, local governments and other taxing authorities to recover a portion of the administrative, development and operating costs for the system. These assessed monies will be deposited into the Integrated Tax System Project Fund.

For FY 2024, the budget includes a transfer of \$11,794,100 from the General Fund and \$7,575,300 from the Integrated Tax System Project Fund to the Automation Projects Fund (APF) for the development of a new integrated tax system for the Department of Revenue. The sum of \$19,369,400 is then appropriated from the Automation Projects Fund for the second year of funding.

Department of State - Secretary of State

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	143.1	143.1	144.1 ^{1/2/}
Personal Services	6,126,300	6,719,700	6,827,200
Employee Related Expenditures	2,239,100	2,688,000	2,599,800
Professional and Outside Services	1,345,200	1,278,500	1,378,500
Travel - In State	2,200	4,500	4,500
Travel - Out of State	23,800	36,300	36,300
Other Operating Expenditures	3,816,200	3,605,800	6,342,300
Equipment	127,400	141,800	141,800
OPERATING SUBTOTAL	13,680,200	14,474,600	17,330,400 ^{3/-8/}
SPECIAL LINE ITEMS			
Access Voter Information Database	0	483,500	483,500 ^{9/}
Early Ballot Tracking	0	250,000	0
Election Services	0	8,000,000	0
Electronic Records Repository	0	0	70,000 ¹⁰
Help America Vote Act Projects ^{11/}	0	0	5,000,000 ^{12/13/}
Library Grants-in-Aid	530,000	651,400	651,400 ^{13/}
Presidential Preference Election	0	0	5,926,100 ^{14/15/16/}
Statewide Radio Reading Service for the Blind	97,000	97,000	97,000
Uniform State Laws Commission	73,800	99,000	99,000
AGENCY TOTAL	14,381,000	24,055,500	29,657,400 ^{17/}
FUND SOURCES			
General Fund	12,907,700	22,237,100	22,681,800
<u>Other Appropriated Funds</u>			
Election Systems Improvement Fund	216,700	483,500	5,483,500
Records Services Fund	1,256,600	1,334,900	1,492,100
SUBTOTAL - Other Appropriated Funds	1,473,300	1,818,400	6,975,600
SUBTOTAL - Appropriated Funds	14,381,000	24,055,500	29,657,400
Other Non-Appropriated Funds	1,995,600	1,974,200	1,974,200
Federal Funds	5,997,400	6,013,000	6,013,000
TOTAL - ALL SOURCES	22,374,000	32,042,700	37,644,600

AGENCY DESCRIPTION — The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for recordings and filings under the Uniform Commercial Code (U.C.C.); coordinating statewide elections; receiving campaign filings; registering trade names, trademarks and limited partnerships; appointing notaries public; and certifying certain telemarketing and charitable solicitation organizations, and provides administrative support for the Commission on Uniform State Laws. In addition, the department is the archival authority and designated repository for historical records and documents of state and local governments, as well as a designated federal document regional repository.

FOOTNOTES

- ^{1/} Includes 1 GF FTE Position funded from Special Line Items in FY 2024.
- ^{2/} Includes 1 FTE Position funded from Laws 2019, Chapter 275 for the establishment of an electronic repository of state archives and records.
- ^{3/} Included in the operating lump sum appropriation of \$17,330,400 for fiscal year 2023-2024 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{4/} Included in the operating lump sum appropriation of \$17,330,400 for fiscal year 2023-2024 is \$1,492,100 from the records services fund. This appropriation may be used for the payment of obligations incurred in fiscal year 2022-2023. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{5/} The operating lump sum appropriation includes \$100,000 for additional support for the talking book library. (General Appropriation Act footnote)

- 6/ The operating lump sum appropriation includes \$250,000 for additional support for the address confidentiality program. (General Appropriation Act footnote)
- 7/ The operating lump sum appropriation includes \$100,000 for additional support for secretary of state legal expenses. The secretary of state may spend these monies for legal services from the attorney general or to hire one FTE position to serve as legal advisor and to represent the secretary of state. The secretary of state may not make expenditures or incur indebtedness to employ outside or private attorneys to provide representation or services. (General Appropriation Act footnote)
- 8/ Of the amount appropriated in the operating lump sum, \$2,330,000 is for a onetime increase from the state general fund in fiscal year 2023 2024 for administrative costs. The \$2,330,000 includes \$330,000 for the business services department. The \$2,330,000 is exempt from the provisions of section 35-190, Arizona revised statutes, relating to the lapsing of appropriations. (General Appropriation Act footnote)
- 9/ Monies in the access voter information database line item may be used only for the exclusive purpose of developing and administering the statewide database of voter registration information required by section 16-168, Arizona Revised Statutes. The secretary of state may not transfer any monies in or out of the access voter information database line item. (General Appropriation Act footnote)
- 10/ Laws 2019, Chapter 275 appropriated \$70,000 in FY 2024 for an electronic repository of state archives and documents.
- 11/ Notwithstanding section 35-190, Arizona Revised Statutes, the appropriation of \$5,352,200 to the secretary of state for the county allocation of help America vote act election security grant monies made by Laws 2020, chapter 58, section 104 that remains unexpended on June 30, 2024 reverts to the fund from which the monies were appropriated. (FY 2024 General Appropriation Act footnote)
- 12/ The secretary of state shall distribute seventy five percent of the monies in the help America vote act projects line item to counties for election systems improvements. Before spending monies in the help America vote act projects line item, the secretary of state shall submit an expenditure plan for review by the joint legislative budget committee that includes, at a minimum, the planned expenditures and timeline for the expenditures by year. On or before July 31, 2024 and December 31, 2024, the secretary of state shall submit a report to the joint legislative budget committee and the governor's office of strategic planning and budgeting detailing the actual expenditures from the help America vote act projects line item. The secretary of state shall continue to report on July 31 and December 31 of each year until all monies from the help America vote act projects line item have been expended. (General Appropriation Act footnote)
- 13/ This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 14/ Monies in the presidential preference election line item may only be spent by the secretary of state to reimburse expenses incurred by counties to administer the 2024 presidential preference election, for logic and accuracy testing of voting equipment for the 2024 presidential preference election and for the direct costs of the secretary of state related to the 2024 presidential preference election. The secretary of state may use up to \$100,000 of the monies in the presidential preference election line item for the direct costs of the secretary of state related to the 2024 presidential preference election. (General Appropriation Act footnote)
- 15/ Each county shall submit its certified claims to the secretary of state for the 2024 presidential preference election by May 1, 2024. On or before May 15, 2024, the secretary of state shall review the county claims and submit a report to the joint legislative budget committee and the governor's office of strategic planning and budgeting regarding county reimbursements for the 2024 presidential preference election. (General Appropriation Act footnote)
- 16/ Before transferring any monies in or out of the presidential preference election line item, the secretary of state shall submit a report for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 17/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$17,330,400 and 143.1 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$15,838,300
Record Services Fund	1,492,100

Adjustments are as follows:

One-Time Administrative Funding Increase

The budget includes an increase of \$2,330,000 from the General Fund in FY 2024 for a one-time administrative funding increase. Of this amount, \$330,000 is allocated for the Business Services department. The \$2,330,000 administrative funding increase is exempt from lapsing.

Address Confidentiality Program Backfill

The budget includes an increase of \$250,000 from the General Fund in FY 2024 for the Address Confidentiality

Program (ACP). ACP provides a substitute address and confidential mail forwarding services to victims of domestic violence, sexual offenses, and stalking. The appropriation is to provide ongoing funding to offset an expected decrease in Federal Funds that the program currently receives.

Legal Services Funding

The budget includes an increase of \$100,000 from the General Fund in FY 2024 for legal services funding. These monies may be used to pay for legal services from the Attorney General or to hire 1 FTE Position to serve as legal advisor and to represent the SOS. The SOS may not make expenditures or incur indebtedness to employ outside or private attorneys to provide representation or services. A prior budget footnote in effect for FY 2022 and FY 2023 previously restricted the SOS from receiving legal support from the Attorney General.

Talking Book Library Assistance

The budget includes an increase of \$100,000 from the General Fund in FY 2024 for the operations of the Arizona Talking Book Library (ATBL). The 3-year spending plan increases this funding to \$162,000 in FY 2025. The ATBL provides audio books and magazines to Arizona residents who are unable to read printed materials due to blindness or other disabilities. This appropriation is to provide ongoing funding to replace a one-time private donation that provided substantial support during the past decade.

Statewide Adjustments

The budget includes an increase of \$75,800 in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(81,400)
Record Services Fund	157,200

(Please see the Agency Detail and Allocations section.)

Access Voter Information Database

The budget includes \$483,500 from the Election Systems Improvement Fund in FY 2024 for the Access Voter Information Database line item. These amounts are unchanged from FY 2023.

The state and the counties share operation and maintenance costs for the state's voter registration database, which is named Access Voter Information Database (AVID).

Early Ballot Tracking

The budget includes no funding in FY 2024 for Early Ballot Tracking. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(250,000) from the General Fund in FY 2024 for one-time funding of enhancements to the voter registration database to accommodate early ballot tracking.

Laws 2022, Chapter 358 appropriated \$250,000 from the General Fund in FY 2023 for the Early Ballot Tracking line item. The legislation required counties using early ballots to provide a tracking system that is active as of January 1, 2024, indicating when early ballots are received, verified, sent for tabulation, or if the ballot was rejected.

Election Services

The budget includes no funding in FY 2024 for the Election Services line item. Adjustments are as follows:

Remove Primary/General Election Year Funding

The budget includes a decrease of \$(8,000,000) from the General Fund in FY 2024 to remove funding of one-time election costs. This line item will receive no funding in FY 2024, as there are no primary or general elections scheduled between July 2023 and June 2023.

Ongoing annual elections services costs are funded out of the agency's operating budget. This line item is intended only to cover variable traditional state election costs in an election year. The FY 2023 appropriation funded the Primary Election held on August 2, 2022 and the General Election on November 8, 2022. This line item received no funding in FY 2022, as there were no primary or general elections scheduled between July 2021 and June 2022. The Presidential Preference Election in FY 2024 is funded in the Presidential Preference Election (PPE) line item.

For traditional state elections (excluding the PPE or special elections), statute requires the Secretary of State (SOS) to: 1) reimburse counties for the costs of printing, labeling, and postage for sample ballots; 2) pay the cost of any recount of votes for state offices; 3) reimburse the County Recorder for the costs of certifying petition and referendum signatures; 4) print and mail a publicity pamphlet to every household with a registered voter for any initiative or referendum; 5) review and process initiative and referendum signatures; and 6) process challenges to candidate eligibility.

Electronic Records Repository

The budget includes \$70,000 and 1 FTE Position from the General Fund in FY 2024 for the Electronic Records Repository line item. Adjustments are as follows:

Laws 2019, Chapter 275

Laws 2019, Chapter 275 appropriated \$70,000 and 1 FTE Position from the General Fund in FY 2024 for the establishment of an electronic repository of state archives and documents. The FY 2023 enacted budget's 3-year spending plan labeled this funding as ongoing. Because this funding was appropriated by Laws 2019, Chapter 275, this amount was not included in the FY 2024 General Appropriation Act. Future funding will be included in the agency's annual appropriated budget.

Laws 2019, Chapter 275 also established the Electronic Records Repository Fund (ERRF), which is subject to legislative appropriation. Chapter 275, however, appropriated the \$70,000 from the General Fund directly to SOS and not for deposit into the ERRF. As a result, SOS can expend these monies without having an ERRF appropriation.

Help America Vote Act Projects

The budget includes \$5,000,000 from the Election Systems Improvement Fund in FY 2024 for the Help America Vote Act (HAVA) Projects line item. Adjustments are as follows:

Additional HAVA Authority

The budget includes an increase of \$5,000,000 from the Election Systems Improvement Fund in FY 2024 for an increase in the appropriation authority to spend federal Help America Vote Act monies. This level of appropriation is intended to include all current unencumbered HAVA monies and a portion of any future federal HAVA grants. The appropriation is non-lapsing.

Monies in this line item provide appropriation authority for the Secretary of State to spend and distribute federal HAVA monies, which are deposited in the Election Systems Improvement Fund and require legislative appropriation. The FY 2024 budget included additional provisions related to these funds: 1) 75% of the monies must be distributed to counties for election systems improvements; 2) Before spending monies in this line item, the SOS shall submit for JLBC review an expenditure plan that includes, at a minimum, planned expenditures and timeline for the expenditures by year; and 3) SOS is required to report to JLBC and OSPB semiannually until all monies from line item have been expended.

Extend Non-Lapsing Authority

The budget also extended the availability of a FY 2021 appropriation of \$5,352,200 of HAVA funding until the end of FY 2024. These monies were to be distributed to counties for election system improvements. Prior legislation had previously extended the availability until the end of FY 2023. As of June 2023, an estimated \$614,100 remains available from the original county appropriation.

Background - The Help America Vote Act (HAVA) of 2002 is federal election reform legislation that imposes several requirements on the states with respect to the conduct of federal elections including election security.

Library Grants-in-Aid

The budget includes \$651,400 from the General Fund in FY 2024 for Library Grants-in-Aid. This amount is unchanged from FY 2023.

This line item funds a portion of the state maintenance of effort (MOE) that is required for receipt of federal dollars under the Library Services and Technology Act (LSTA). Receipt of LSTA monies is dependent on the state's ability to meet an MOE requirement, which is tied to the state contribution made in each of the 3 prior years. The appropriation is non-lapsing.

Presidential Preference Election

The budget includes \$5,926,100 from the General Fund in FY 2024 for the Presidential Preference Election (PPE) line item. Adjustments are as follows:

2024 Presidential Preference Election Funding

The budget includes an increase of \$5,926,100 from the General Fund in FY 2024 for the PPE currently scheduled for March 15, 2024. Under A.R.S. § 16-241, the Governor may specify a later date within 180 days of the scheduled election.

During a PPE, voters affiliated with a political party express their preference for a presidential candidate of their political party. Voters registered with no party designation or of a party not conducting a PPE do not participate. The conduct of the election differs from other contests in that there is a separate ballot for each recognized political party conducting a PPE and no other election may appear on the PPE ballot.

Monies in the PPE line item are for the SOS to reimburse expenses incurred by counties to administer the 2024 PPE, for logic and accuracy testing of voting equipment for the 2024 PPE and for the direct costs of the SOS related to

the 2024 PPE. A budget footnote specifies the SOS may use up to \$100,000 of the monies in the PPE line item for the direct costs of the SOS related to the 2024 PPE.

A.R.S. § 16-250 allows counties to be reimbursed up to \$1.25 per each active registered voter in the county as of the 2nd of January of the PPE year. If the Secretary of State determines that the statutory reimbursement rate would jeopardize the ability of a county to comply with federal and state laws and regulations, the SOS may set a different rate of reimbursement.

The amount appropriated in the FY 2024 budget is projected to accommodate at least \$1.25 per active registered voter. Based on a projection of 4,628,953 active registered voters in January 2024, the statutory \$1.25 rate would cost approximately \$5.8 million. The 2016 and 2020 PPE elections received funding in excess of the \$1.25/voter amount, with varying amounts depending on county population as set by the Legislature in prior year appropriation footnotes.

A budget footnote requires each county to submit its certified claims to the SOS by May 1, 2024. On or before May 15, 2024, the SOS is required to review the county claims and submit a report to the JLBC and OSPB regarding county reimbursements for the 2024 PPE.

Statewide Radio Reading Service for the Blind

The budget includes \$97,000 from the General Fund in FY 2024 for Statewide Radio Reading Service for the Blind. This amount is unchanged from FY 2023.

These monies are used to provide information access services for blind and visually impaired individuals. Services include radio information broadcasts, a telephone and web-based news reading service, and internet radio broadcasting for individuals who are outside the range of the radio broadcast. Additional funds for staffing the program are included within the agency operating budget.

Uniform State Laws Commission

The budget includes \$99,000 from the General Fund in FY 2024 for costs associated with the state's participation in the Uniform State Laws Commission. This amount is unchanged from FY 2023.

The Uniform State Laws Commission attempts to provide states with non-partisan legislation that creates consistency from state to state in areas of state law. Monies in this line item may be used to cover travel and other expenses related to Arizona's participation in the commission.

Other Issues

Statutory Changes

The Secretary of State Budget Reconciliation Bill makes the following statutory changes:

- As session law, delays registration of professional employer organizations from FY 2024 to FY 2025. *(For additional information, please see Other Issues – Professional Employer Organizations.)*
- As permanent law, adds OSPB as a recipient of the SOS's total annual expenditure plan for the Election Systems Improvement Fund under A.R.S. § 41-129.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, SOS's General Fund costs would decrease by \$(4,194,100) in FY 2025 above FY 2024, and decrease by \$(4,000,000) in FY 2026 below FY 2025.

These estimates are based on:

- A decrease of \$(5,926,100) in FY 2025 to remove the 2024 PPE funding
- An increase by \$4,000,000 in FY 2025 to reinstate the base funding amount for the 2024 Primary/General elections.
- A decrease of \$(2,330,000) in FY 2025 for the removal of one-time additional administration funding
- An increase of \$62,000 in FY 2025 to annualize the new funding support of the Talking Book Library.
- No change in FY 2025 for the electronic records appropriation, as \$70,000 is retained as ongoing funding.
- A \$(4,000,000) decrease in FY 2026 for removal of one-time funding for the 2024 Primary/General Elections. There are no state primary or general elections scheduled between July 2025 and June 2026.

Professional Employer Organizations

Statute requires Professional Employer Organizations (PEOs) to register with the Secretary of State and the registration fee is deposited into the appropriated Professional Employer Organization Fund. Monies in the fund are to support the registration process. Prior budget legislation delayed the implementation of the PEO Program until June 30, 2023, meaning the program would become active in FY 2024. Budget legislation extended the delayed implementation until June 30, 2024, which would now result in the program becoming active in FY 2025.

State Board of Tax Appeals

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4.0	4.0	4.0
Personal Services	172,600	196,600	196,600
Employee Related Expenditures	57,800	72,300	69,700
Travel - In State	100	400	400
Other Operating Expenditures	44,100	48,300	60,600
Equipment	100	100	100
AGENCY TOTAL	274,700	317,700	327,400 ^{1/}

FUND SOURCES

General Fund	274,700	317,700	327,400
SUBTOTAL - Appropriated Funds	274,700	317,700	327,400
TOTAL - ALL SOURCES	274,700	317,700	327,400

AGENCY DESCRIPTION — The board consists of 3 members appointed by the Governor. The board provides an independent appeals process for taxpayers with disputes relating to income, sales, use, estate, and luxury tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

FOOTNOTES

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$327,400 and 4 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$9,700 from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section).

State Board of Technical Registration

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	25.0	25.0	25.0
Personal Services	1,043,400	1,227,200	1,227,200
Employee Related Expenditures	411,800	569,900	572,000
Professional and Outside Services	77,900	191,600	191,600
Travel - In State	1,000	5,000	5,000
Travel - Out of State	6,500	17,200	17,200
Other Operating Expenditures	566,700	462,400	424,300
Equipment	34,100	167,700	167,700
AGENCY TOTAL	2,141,400	2,641,000 ^{1/}	2,605,000 ^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Technical Registration Fund	2,141,400	2,641,000	2,605,000
SUBTOTAL - Other Appropriated Funds	2,141,400	2,641,000	2,605,000
SUBTOTAL - Appropriated Funds	2,141,400	2,641,000	2,605,000
Other Non-Appropriated Funds	17,400	0	0
TOTAL - ALL SOURCES	2,158,800	2,641,000	2,605,000

AGENCY DESCRIPTION — The agency licenses, investigates, and conducts examinations of architects, engineers, geologists, home inspectors, land surveyors, and landscape architects.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the State Board of Technical Registration, \$167,700 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote).
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$2,605,000 and 25 FTE Positions from the Technical Registration Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(20,400) from the Technical Registration Fund in FY 2024 for the elimination of one-time e-licensing funding.

Statewide Adjustments

The budget includes a decrease of \$(15,600) from the Technical Registration Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Office of Tourism

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	28.0	28.0	31.0
Personal Services	1,903,600	2,093,900	2,093,900
Employee Related Expenditures	564,000	694,800	668,400
Professional and Outside Services	2,249,100	2,249,100	2,249,100
Travel - In State	20,000	20,000	20,000
Travel - Out of State	114,700	114,700	114,700
Other Operating Expenditures	2,261,300	2,249,600	2,749,600
Equipment	30,500	30,500	30,500
OPERATING SUBTOTAL	7,143,200	7,452,600	7,926,200 ^{1/2/}
SPECIAL LINE ITEMS			
Arizona Promotion	1,000,000	1,000,000	1,000,000
Southern Arizona Study Committee	250,000	0	0
Southern AZ Sports, Tourism, and Film Authority	0	750,000	0
Wine Promotion	100,000	1,100,000	100,000
AGENCY TOTAL	8,493,200	10,302,600	9,026,200 ^{3/}
FUND SOURCES			
General Fund	8,493,200	10,302,600	9,026,200
SUBTOTAL - Appropriated Funds	8,493,200	10,302,600	9,026,200
Other Non-Appropriated Funds	26,252,100	31,310,500	31,310,500
Federal Funds	10,928,100	16,000,000	16,000,000
TOTAL - ALL SOURCES	45,673,400	57,613,100	56,336,700

AGENCY DESCRIPTION — The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions, and operating a visitors' center. The agency receives a transfer from the Arizona Sports and Tourism Authority (AZSTA), a portion of tribal gaming contributions, and General Fund appropriations to the Tourism Fund.

FOOTNOTES

- ^{1/} The tourism fund deposit line item includes \$250,000 that the office of tourism shall distribute to a 501(c)(6) membership organization in this state that represents statewide hotels and resorts, tourism attractions, destination marketing organizations, sports teams, airlines, airports and related business partners to advance workforce development and education initiatives for the lodging and tourism industry. (General Appropriation Act footnote)
- ^{2/} The tourism fund deposit line item includes \$250,000 that the office of tourism shall distribute to a 501(c)(6) membership organization in this state that represents restaurants to advance workforce development initiatives and for campaigns to highlight this state's restaurant and hospitality industry in support of increasing culinary tourism in this state. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$7,926,200 and 31 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

One-Time Lodging and Tourism Workforce Initiatives

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2024 for distribution to a 501(c)(6) organization for the purpose of advancing workforce development initiatives in the lodging and tourism industry.

One-Time Culinary Tourism Workforce Development

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2024 for distribution to a 501(c)(6) organization for a campaign to highlight Arizona's restaurant and hospitality industries. A recipient organization may also use the monies for culinary workforce development.

Add 3 FTE Positions

The budget includes an increase of 3 FTE Positions from the General Fund in FY 2024 to hire a new Director of Outdoor Recreation & Sustainable Tourism, a Grants Manager, and a Grants Coordinator. The agency will fund the new positions within its current appropriation.

Statewide Adjustments

The budget includes a decrease of \$(26,400) from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Promotion

The budget includes \$1,000,000 from the General Fund in FY 2024 for Arizona Promotion. This amount is unchanged from FY 2023.

Monies in this line item are used to fund the marketing, advertisement, and promotion of the tourism industry and tourism efforts in the state.

Southern Arizona Sports, Tourism, and Film Authority

The budget includes no funding in FY 2024 for the Southern Arizona Sports, Tourism, and Film Authority. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(750,000) from the General Fund in FY 2024 for removal of one-time funding for the administration of a new Southern Arizona Sports, Tourism, and Film Authority.

Laws 2022, Chapter 364 appropriates \$750,000 from the General Fund in FY 2023 for the new Southern Arizona Sports, Tourism, and Film Authority line item.

Monies in this line item fund the new Southern Arizona Sports, Tourism, and Film Authority, which consists of Greenlee, Graham, Cochise, Santa Cruz, Pima, and Pinal Counties. The authority has the power to issue revenue bonds to finance projects which promote sports, tourism, and film activity in the member counties. Within 3 months after the end of each fiscal year, the authority must report to the Joint Legislative Budget Committee on its activities from the previous fiscal year.

Wine Promotion

The budget includes \$100,000 from the General Fund in FY 2024 for Wine Promotion. Adjustments are as follows:

Remove One-Time Increase

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2024 for removal of one-time funding for the Wine Promotion line item.

Monies in this line item will fund the marketing and promotion of the Arizona wine industry. The FY 2023 appropriation for this line item is non-lapsing. An FY 2023 General Appropriation Act footnote requires a report on expenditures through 2025 on July 31 annually.

Other Issues

Funding Sources

The Office of Tourism receives funding from 3 primary sources: 1) a General Fund appropriation; 2) a transfer from AZSTA, generated from partial allocations of a bed tax and car rental tax in Maricopa County (A.R.S. § 5-835), to fund Maricopa County tourism promotion; and 3) a portion of tribal gaming contributions (A.R.S. § 5-601.02). General Fund appropriations and tribal gaming contributions are used for statewide tourism promotion. Through the Proposition 302 Maricopa County program, the agency annually distributes 90% of the AZSTA transfer to destination marketing organizations (DMOs), not-for-profit organizations, and government organizations engaged in year-round marketing and tourism promotion.

In FY 2021, AOT's overall funding amount totaled \$24,027,900. In FY 2022, AOT's funding level increased by 22.5% to \$29,442,500, and the agency projects overall FY 2023 funding to be \$29,696,800, representing a 0.9% increase over the previous year. AOT projects overall funding to reach \$30,756,300 in FY 2024, representing a 3.6% increase over FY 2023. *(See Table 1 on the next page for additional details on agency revenue.)*

Table 1

Office of Tourism Revenues ^{1/}

<u>Sources of Funding</u>	<u>Fund</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<u>General Fund Appropriation</u>				
• General Fund appropriation to be used administering the Office of Tourism and promoting tourism	General Fund	\$8,481,500	\$10,302,600	\$9,052,600
<u>Sports and Tourism Authority</u>				
• Partial allocation of 1% of bed tax and 3.25% car rental tax (Prop. 302 - 2000)	Tourism Fund	10,657,400	11,190,200 ^{2/}	11,749,700 ^{2/}
<u>Tribal Gaming</u>				
• 8% of state's share of gaming proceeds, after distribution to Department of Gaming (Prop. 202 - 2002)	Tourism Fund	<u>10,303,600</u>	<u>8,204,000 ^{2/}</u>	<u>9,954,000 ^{2/}</u>
Total		\$29,442,500	\$29,696,800	\$30,756,300

^{1/} The numbers displayed represent revenues to the agency and may not correspond directly to the agencies' actual expenditure or appropriation amounts.

^{2/} The Sports and Tourism Authority amounts and the Tribal Gaming amounts for FY 2023 and FY 2024 are estimates provided by the Office of Tourism in September 2022.

Department of Transportation

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4,554.0	4,554.0	4,554.0 ^{1/}
Personal Services	113,694,500	131,386,900	130,635,200
Employee Related Expenditures	47,865,300	66,771,300	64,960,600
Professional and Outside Services	10,698,600	12,831,100	12,991,100
Travel - In State	368,100	511,800	511,800
Travel - Out of State	116,700	151,300	151,300
Other Operating Expenditures	28,432,800	36,050,800	39,730,000
Equipment	3,110,300	3,701,500	4,806,200
OPERATING SUBTOTAL	204,286,300	251,404,700	253,786,200
SPECIAL LINE ITEMS			
ADOT Fleet Vehicles and Heavy Equipment Maintenance	18,168,000	27,112,000	25,209,000
ADOT Fleet Vehicle and Heavy Equipment Replacement	12,686,400	22,400,000	22,400,000 ^{2/}
Attorney General Legal Services	3,623,700	3,623,700	3,940,400 ^{3/}
Authorized Third Parties	2,088,800	2,223,800	2,192,200
Driver License Security Software	0	2,260,000	0
Driver Safety and Livestock Control	621,100	800,000	800,000
Highway Damage Recovery Account	7,672,000	8,000,600	8,000,800
Highway Maintenance	126,144,700	224,695,400	160,675,800 ^{4/5/}
One-Time Fleet Fuel Inflation Funding	0	0	2,337,900
Preventive Surface Treatments	29,710,100	36,142,000	36,142,000 ^{6/}
Radio Lifecycle Replacement	0	0	1,656,100
Spaying and Neutering of Animals Fund Deposit	0	0	550,000
State Fleet Operations	13,612,300	25,267,100	30,454,400
State Fleet Vehicle Replacement	1,598,500	10,715,800	25,000,000
Statewide Litter Removal	0	0	3,106,800
Vehicle License Tax Deposit	3,300,000	0	0
AGENCY TOTAL	423,511,900	614,645,100	576,251,600 ^{7/-11/}
FUND SOURCES			
General Fund	3,300,000	0	550,000
<u>Other Appropriated Funds</u>			
Air Quality Fund	283,000	326,600	1,127,700
Department Fleet Operations Fund	18,168,000	27,112,000	25,209,000
Highway Damage Recovery Account	7,672,000	8,000,600	8,000,800
Highway User Revenue Fund	664,200	906,500	898,600
Ignition Interlock Device Fund	339,400	363,600	360,700
Motor Vehicle Liability Insurance Enforcement Fund	1,743,500	5,383,600	1,582,300
State Aviation Fund	1,669,900	2,163,600	2,261,600
State Fleet Operations Fund	13,612,300	25,267,100	30,454,400
State Highway Fund	372,537,200	532,159,100	479,159,900
State Vehicle Replacement Fund	1,598,500	10,715,800	25,000,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,923,900	2,246,600	1,646,600
SUBTOTAL - Other Appropriated Funds	420,211,900	614,645,100	575,701,600
SUBTOTAL - Appropriated Funds	423,511,900	614,645,100	576,251,600
Other Non-Appropriated Funds	27,531,000	40,507,600	40,507,600
Federal Funds	59,007,600	26,229,600	26,229,600
TOTAL - ALL SOURCES	510,050,500	681,382,300	642,988,800

AGENCY DESCRIPTION — The Department of Transportation has jurisdiction over state roads, state airports, and the registration of motor vehicles and aircraft.

FOOTNOTES

- 1/ Includes 1,152 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Expenditures made by the department of transportation for ADOT fleet vehicle and heavy equipment replacement shall be funded only from the ADOT fleet vehicle and heavy equipment replacement line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the ADOT fleet vehicle and heavy equipment replacement line item before expenditure. (General Appropriation Act footnote)
- 3/ All expenditures made by the department of transportation for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure. (General Appropriation Act footnote)
- 4/ Of the total amount appropriated, \$160,254,200 in fiscal year 2023-2024 for highway maintenance is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2024. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 5/ In accordance with section 35-142.01, Arizona Revised Statutes, reimbursements for monies expended from the highway maintenance line item may not be credited to the account out of which the expenditure was incurred. The department shall deposit all reimbursements for monies expended from the highway maintenance line item in the highway damage recovery account established by section 28-6994, Arizona Revised Statutes. (General Appropriation Act footnote)
- 6/ The amount appropriated to the preventive surface treatments line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2024. (General Appropriation Act footnote)
- 7/ Of the total amount appropriated, the department of transportation shall pay \$15,981,300 in fiscal year 2023-2024 from all funds to the department of administration for its risk management payment. (General Appropriation Act footnote)
- 8/ The department of transportation shall submit an annual report to the joint legislative budget committee on progress in improving motor vehicle division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on or before July 31, 2024 for fiscal year 2023-2024. (General Appropriation Act footnote)
- 9/ On or before February 1, 2024, the Arizona strategic enterprise technology office shall submit, on behalf of the department of transportation, an annual progress report to the joint legislative budget committee staff. The annual report shall provide updated plans for spending the department-dedicated portion of the authorized third-party electronic service partner's fee retention on the motor vehicle modernization project in fiscal year 2023-2024, including any amounts for stabilization, maintenance, ongoing operations, support and enhancements for the motor vehicle modernization solution, maintenance of legacy mainframe processing and support capability, and other system projects outside the scope of the motor vehicle modernization project. (General Appropriation Act footnote)
- 10/ On or before August 1, 2023, the department of transportation shall report to the director of the joint legislative budget committee the state's share of fees retained by the service Arizona vendor in the prior fiscal year. The report shall include the amount spent by the service Arizona vendor on behalf of this state in the prior fiscal year and a list of the projects funded with those monies. (General Appropriation Act footnote)
- 11/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$253,786,200 and 3,402 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Air Quality Fund	\$1,127,700
Highway User Revenue Fund	657,800
Ignition Interlock Device Fund	360,700
Motor Vehicle Liability Insurance Enforcement Fund	1,480,000

State Aviation Fund	2,261,600
State Highway Fund	246,345,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,553,400

Adjustments are as follows:

ADOT Fleet Operations Funding

The budget includes an increase of \$3,853,100 in FY 2024 for increased costs related to operating and maintaining ADOT's fleet. This amount consists of:

State Aviation Fund	22,600
State Highway Fund	3,830,500

The monies will be deposited into the Department Fleet Operations Fund, which is used to maintain the department's internal fleet. *(Please see the ADOT Fleet Vehicles and Heavy Equipment Maintenance line item for further details.)*

Computer Aided Dispatch System Replacement

The budget includes an increase of \$442,700 from the State Highway Fund in FY 2024 to replace the department's existing Computer-Aided Dispatch (CAD) system. The system will be at the end of life by June 2024 and is need of replacement. The system is used for inspection of commercial vehicles, traffic operations, hazmat, and incident responses. Of the appropriated amount, \$336,800 is one-time and \$105,900 is ongoing.

Driver License and License Plate Production Funding

The budget includes an increase of \$403,000 from the State Highway Fund in FY 2024 for increased driver license and license plate production. Due to population growth and higher production costs, the department expects increased costs associated with driver license and license plate production.

Driver License Security Software Budget Shift

The budget includes an increase of \$160,000 from the State Highway Fund in FY 2024 to maintain the driver license security software upgrade. The \$160,000 from the State Highway Fund represents ongoing funding that has been shifted from the Driver License Security Software line item over to the operating budget.

Hoover Dam Liability Insurance Cost Increase

The budget includes an increase of \$209,800 from the State Highway Fund in FY 2024 to address the increased costs related to maintaining liability insurance with the Hoover Dam Bridge and cybersecurity compliance.

Motor Vehicle Liability Insurance Enforcement Fund Budget Shift

The budget includes an increase of \$399,900 from the State Highway Fund in FY 2024 and a corresponding decrease of \$(399,900) in FY 2024 from the Motor Vehicle Liability Insurance Enforcement Fund in the operating budget for a budget shift. The Motor Vehicle Liability Insurance Enforcement Fund has experienced a decline of revenues since the onset of the COVID-19 pandemic. The budget shift is intended to provide ongoing relief to the fund.

MVD Call Center Contract Increase

The budget includes an increase of \$87,300 from the State Highway Fund in FY 2024 to meet increases in the MVD call center contract with the Arizona Correctional Industries (ACI). The funding is intended to cover the higher ACI hourly wage which is increasing from \$1.10 an hour to \$1.80 an hour. The call center assists the MVD in level 1 calls (basic inquiries when no personal information is collected).

Named Claimants

The budget includes a decrease of \$(7,848.08) from the State Highway Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

National Motor Vehicle Title Information System Contract Increase

The budget includes an increase of \$91,000 from the State Highway Fund in FY 2024 to meet a contractual increase related to the National Motor Vehicle Title Information System (NMVTIS). ADOT uses NMVTIS to check the status of vehicles and verify information when issuing motor vehicle titles.

One-Time MVD Paper Materials Cost Increase

The budget includes an increase of \$701,700 from the State Highway Fund in FY 2024 to cover the increased cost of paper materials used by the MVD. The department states that inflationary pressures, supply chain issues, and current contracts have temporarily increased the price of paper materials.

One-Time MVD Security System

The budget includes an increase of \$730,900 from the State Highway Fund in FY 2024 to replace the security systems at 10 MVD offices throughout the state. The funding will cover the second phase of a 5-phase project intended to replace the security systems at all 42 offices.

One-Time Passenger Rail Service Operating Funding

The budget includes an increase of \$250,000 from the Air Quality Fund in FY 2024 for operating costs associated with a study for a passenger rail service from Phoenix to Tucson. *(Please see the ADOT Capital section for further details.)*

Remove One-Time MVD Security System Funding

The budget includes a decrease of \$(931,900) from the Motor Vehicle Liability Insurance Enforcement Fund in FY 2024 to remove one-time funding to replace the security systems at 11 MVD offices throughout the state. The funding covers the first phase of a 5-phase project intended to replace the security systems at all 42 offices.

Remove One-Time Building System Management Upgrade Funding

The budget includes a decrease of \$(1,028,300) from the State Highway Fund in FY 2024 to remove one-time funding to upgrade the department's building management system. The system is used by the department to track the operation and maintenance of their facilities.

Remove One-Time Construction Management System Funding

The budget includes a decrease of \$(300,000) from the State Highway Fund in FY 2024 to remove one-time funding to upgrade the department's construction management system. The funding covers the first phase of a 3-phase project. The new system will be used by the department to manage highway construction projects.

Remove One-Time Travel Identification Card Funding

The budget includes a decrease of \$(6,013,200) from the State Highway Fund in FY 2024 to address an increase in Travel identification (ID) cards issued before the REAL ID deadline of May 3, 2023. Of this amount, approximately \$5.1 million will go toward staffing costs. The remaining amounts will be allocated for marketing and a mobile unit deployed in remote areas to issue Travel ID cards.

Remove One-Time Vehicle Inspection and Certificate of Title Enforcement Fund Deposit

The budget includes a decrease of \$(350,000) from the Motor Vehicle Liability Insurance Enforcement Fund in FY 2024 to be deposited into the Vehicle Inspection and Certificate of Title Enforcement Fund. The Vehicle Inspection and Certificate of Title Enforcement Fund has experienced declining revenues consequent to the COVID-19 pandemic. The funding was intended to offset the decline in revenues.

Salary Increase

The budget includes an increase of \$5,995,700 in FY 2024 for an employee salary increase. This amount consists of:

Highway User Revenue Fund	28,700
State Aviation Fund	90,700
State Highway Fund	5,876,300

The FY 2022 budget funded an average 9% salary increase across approximately 2,345 positions within the department. The funding appropriated in FY 2024 is intended to provide a salary adjustment to the remaining 978 positions that didn't receive a salary increase in the FY 2022 budget.

Statewide Transit Program Administrative Funding

The budget includes an increase of \$551,500 from the Air Quality Fund in FY 2024 for administrative costs of the transit program. ADOT receives federal funding annually for multiple transit grant programs that are awarded to municipalities and private non-profit organizations across the state. These transit programs target rural areas and primarily assist the elderly and physically disabled with their transit needs. ADOT is unable to use any of the federal funding to cover the costs associated with administering the transit grant program.

Vehicle Inspection and Certificate of Title Enforcement Fund Budget Shift

The budget includes an increase of \$600,000 from the State Highway Fund in FY 2024 and a corresponding decrease of \$(600,000) in FY 2024 from the Vehicle Inspection and Certificate of Title Enforcement Fund in the operating budget for a budget shift. The Vehicle Inspection and Certificate of Title Enforcement Fund has experienced a decline of revenues since the onset of the COVID-19 pandemic. The budget shift is intended to provide ongoing relief to the fund.

Statewide Adjustments

The budget includes a decrease of \$(2,464,000) in FY 2024 for statewide adjustments. This amount consists of:

Air Quality Fund	(400)
Highway User Revenue Fund	(25,300)
Ignition Interlock Device Fund	(2,900)
Motor Vehicle Liability Insurance Enforcement Fund	(18,800)
State Aviation Fund	(15,300)
State Highway Fund	(2,401,300)

(Please see the Agency Detail and Allocations section.)

ADOT Fleet Vehicles and Heavy Equipment Maintenance

The budget includes \$25,209,000 and 200 FTE Positions from the Department Fleet Operations Fund in FY 2024 for Vehicles and Heavy Equipment Maintenance. Adjustments are as follows:

ADOT Fleet Operations Funding

The budget includes an increase of \$3,853,100 from the Department Fleet Operations Fund in FY 2024 for increased costs related to operating and maintaining ADOT's fleet.

Named Claimants

The budget includes a decrease of \$(1,463.04) from the Department Fleet Operations Fund in FY 2024 for the elimination of one-time funding for prior year unpaid

claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Remove One-Time Gas Inflation Funding

The budget includes a decrease of \$(6,000,000) from the Department Fleet Operations Fund in FY 2024 to remove one-time funding for inflationary costs. This funding covers the increased cost of gas for ADOT's internal fleet in FY 2023.

Salary Increase

The budget includes an increase of \$428,300 from the Department Fleet Operations Fund in FY 2024 for an employee salary increase.

Statewide Adjustments

The budget includes a decrease of \$(182,900) from the Transportation Department Equipment Fund in FY 2024 for statewide adjustments.

This line item funds the maintenance and repair of the department's vehicle and equipment fleet.

ADOT Fleet Vehicle and Heavy Equipment Replacement

The budget includes \$22,400,000 from the State Highway Fund in FY 2024 for Vehicle and Heavy Equipment Replacement. This amount is unchanged from FY 2023.

This line item funds the financing of replacements for the department's Vehicle and Heavy Equipment fleet through 5-year third-party lease agreements. A General Appropriation Act footnote requires vehicle and heavy equipment replacement to be funded only from this line item.

Attorney General Legal Services

The budget includes \$3,940,400 from the State Highway Fund in FY 2024 for Attorney General Legal Services. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$316,700 from the State Highway Fund in FY 2024 for statewide adjustments.

This line item funds the department's interagency services agreement with the Attorney General for costs of providing legal services to the department, such as litigating cases, reviewing legal documents and proposed administrative rules, and issuing legal opinions.

Authorized Third Parties

The budget includes \$2,192,200 and 20 FTE Positions in FY 2024 for Authorized Third Parties. These amounts consist of:

Highway User Revenue Fund	240,800
Motor Vehicle Liability Insurance Enforcement Fund	102,300
State Highway Fund	1,755,900
Vehicle Inspection and Certificate of Title Enforcement Fund	93,200

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(31,600) in FY 2024 for statewide adjustments. This amount consists of:

Highway User Revenue Fund	(11,300)
Motor Vehicle Liability Insurance Enforcement Fund	(700)
State Highway Fund	(19,600)

This line item funds the oversight of authorized third-parties (ATPs). The oversight includes training and educating ATPs, reviewing ATP transactions for accuracy, and evaluating ATP applications. ATPs offer services for vehicle titles, registrations, and driver licenses, either through brick-and-mortar locations or through the online ServiceArizona portal.

While this line item funds oversight of the department's ATP program, it is not representative of the program's full cost to the state. Pursuant to statute, ATPs retain a portion of each fee for its transactions. In FY 2022, ATPs retained \$26,799,000 in fees that otherwise would have been deposited to the Highway User Revenue Fund (HURF) and \$35,547,000 in fees that otherwise would have been deposited to the State Highway Fund (SHF). (Please see Table 6 in the ADOT Capital Outlay section for more detail.)

Driver License Security Software

The budget includes no funding in FY 2024 for Driver License Security Software. Adjustments are as follows:

Remove One-Time Driver License Security Software Upgrade

The budget includes a decrease of \$(2,260,000) in FY 2024 to remove one-time funding for a driver license security software upgrade. This amount consists of:

Motor Vehicle Liability Insurance	(2,100,000)
Enforcement Fund	
State Highway Fund	(160,000)

The \$160,000 from the State Highway Fund represents ongoing funding that has been shifted from the Driver License Security Software line item to the operating budget.

This line item funds a driver license security software upgrade. The upgrade is intended to protect the department from driver license identity fraud and theft.

Driver Safety and Livestock Control

The budget includes \$800,000 from the State Highway Fund in FY 2024 for Driver Safety and Livestock Control. This amount is unchanged from FY 2023.

This line item funds the annual maintenance and repair of statewide cattle guard grills. To prevent livestock movement from harming drivers and bicyclists, ADOT has installed cattle guard grills across the state. The grills are designed to discourage livestock passage while not impeding road users.

Highway Damage Recovery Account

The budget includes \$8,000,800 from the Highway Damage Recovery Account in FY 2024 for the Highway Damage Recovery Account. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$200 from the Highway Damage Recovery Account in FY 2024 for statewide adjustments.

This line item funds the maintenance of the state highway system beyond that which is provided by the Highway Maintenance line item. The Highway Damage Recovery Account collects all monies received as reimbursements for highway damage caused by liable third parties; those monies are used for highway maintenance that would otherwise have been deferred.

Highway Maintenance

The budget includes \$160,675,800 and 932 FTE Positions from the State Highway Fund in FY 2024 for Highway Maintenance. Adjustments are as follows:

Highway Maintenance Additional Lane Miles

The budget includes an increase of \$2,350,300 from the State Highway Fund in FY 2024 for maintenance of new

lane miles across the state. This funding will cover the cost of 101 new lane miles added in FY 2023.

South Mountain Loop 202 Maintenance Costs

The budget includes an increase of \$321,800 from the State Highway Fund in FY 2024 for maintenance of new lane miles for the new South Mountain Loop 202 freeway that was opened in December 2019. This funding covers the full cost of maintenance by adjusting for inflation.

Remove One-Time Highway Maintenance Inflation Funding

The budget includes a decrease of \$(66,200,000) from the State Highway Fund in FY 2024 to remove one-time funding for inflationary costs. This funding covers the increased cost to maintain highways throughout the state in FY 2023 due to inflation. Of this amount, \$(15,200,000) reflects backing out an FY 2023 supplemental appropriation intended to provide additional support due to the winter months.

Salary Increase

The budget includes an increase of \$421,600 from the State Highway Fund in FY 2024 for an employee salary increase.

Statewide Adjustments

The budget includes a decrease of \$(913,300) from the State Highway Fund in FY 2024 for statewide adjustments.

This line item funds the maintenance of the state highway system, including pavements, bridges, landscaping, drainage, signals, lights, fences, signs, striping, and snow removal. The monies also fund the freeway management system and the traffic operations center.

In addition to the \$160,675,800 included for Highway Maintenance, the Proposition 400 Maricopa County half-cent sales tax makes another \$13,045,400 available in FY 2024 for landscape maintenance, trash pick-up, sweeping, and litter education from the non-appropriated Maricopa Regional Area Road Fund.

One-Time Fleet Fuel Inflation Funding

The budget includes \$2,337,900 from the State Highway Fund in FY 2024 for One-Time Fleet Fuel Inflation Funding. Adjustments are as follows:

One-Time Fleet Fuel Inflation Funding

The budget includes an increase of \$2,337,900 from the State Highway Fund in FY 2024 for increased funding for inflationary cost increases in fuel.

Preventive Surface Treatments

The budget includes \$36,142,000 from the State Highway Fund in FY 2024 for Preventive Surface Treatments. This amount is unchanged from FY 2023.

This line item funds the proactive treatment of road surfaces to maintain the useful life of roads and avoid more expensive surface replacement/repair costs. The treatments consist of fog seals, or spraying liquid asphalt, and chip seals, or laying down gravel layers. In addition to the \$36,142,000 included for Preventive Surface Treatments, ADOT has \$16,000,000 in Federal Funds available for treatments.

Radio Lifecycle Replacement

The budget includes \$1,656,100 from the State Highway Fund in FY 2024 for Radio Lifecycle Replacement. Adjustments are as follows:

Radio Lifecycle Replacement Funding

The budget includes an increase of \$1,656,100 from the State Highway Fund in FY 2024 for radio lifecycle replacement funding.

The line item provides funding to replace and upgrade the department's radios with tri-band radios capable of communication across both analog and digital systems. The funding will replace about 150 radios of the approximately 2,500 total radios annually.

Spaying and Neutering of Animals Fund Deposit

The budget includes \$550,000 from the General Fund in FY 2024 for Spaying and Neutering of Animals Fund Deposit. Adjustments are as follows:

One-Time Spaying and Neutering of Animals Fund Deposit

The budget includes an increase of \$550,000 from the General Fund in FY 2024 for a deposit into the Spaying and Neutering of Animals Fund.

The line item provides one-time additional support into the Spaying and Neutering of Animals Fund, which is a charitable fund established under the Arizona Pet Friendly special license plate. The fund receives monies from Arizona residents that pay a \$25 fee for the special license plate. Of the \$25 fee, \$17 is deposited into the Spaying and Neutering of Animals Fund and the remaining \$8 goes into the State Highway Fund.

State Fleet Operations

The budget includes \$30,454,400 from the State Fleet Operations Fund in FY 2024 for State Fleet Operations. Adjustments are as follows:

Exempt Fleet Additional Maintenance Funding

The budget includes an increase of \$6,995,500 from the State Fleet Operations Fund in FY 2024 for exempt fleet maintenance costs. Some agencies in the state are exempt from the state fleet. Upon request of any of these agencies, ADOT may service and maintain the exempt agency's fleet. Currently, the following exempt agencies have requested and received maintenance services from ADOT: Judicial branch, Auditor General, Department of Corrections, Department of Economic Security, Department of Child Safety, Department of Public Safety, and the Arizona State Schools for the Deaf and the Blind. This funding will address the anticipated changes in fleet services charges for these agencies.

One-Time State Fleet Maintenance Adjustment

The budget includes an increase of \$6,791,800 from the State Fleet Operations Fund in FY 2024 for state fleet maintenance costs. The department needs increased appropriation authority to expend the increased maintenance charges to agencies within the state fleet. The department performs regular operational and maintenance functions on all vehicles in the state fleet such as repairs, insurance costs, GPS costs, and fuel services. The increased maintenance charges enable ADOT to perform these functions.

Remove One-Time Gas Inflation Funding

The budget includes a decrease of \$(8,600,000) from the State Fleet Operations Fund in FY 2024 to remove one-time funding for inflationary costs. This funding covers the increased cost of gas for the state fleet in FY 2023.

The line item funds the provision and oversight of daily and long-term vehicle rentals to state agencies that do not operate their own vehicle fleets. *(For more detail on state fleet operations please see State Motor Vehicle Fleet Transfer in the Other Issues section of the FY 2022 Appropriations Report.)*

State Fleet Vehicle Replacement

The budget includes \$25,000,000 from the State Vehicle Replacement Fund in FY 2024 for State Fleet Vehicle Replacement. Adjustments are as follows:

One-Time State Fleet Vehicle Replacement Adjustment

The budget includes an increase of \$18,665,200 from the State Vehicle Replacement Fund in FY 2024 for state fleet

vehicle replacement costs. The department intends to utilize the funding to replace 206 vehicles within the state fleet. In addition, the FY 2022 and FY 2023 budgets funded 230 new vehicles additions within the state fleet. Although ADOT has already received the funding from agencies for these new vehicle purchases and deposited those monies into the State Vehicle Replacement Fund, ADOT has yet to purchase all the new vehicles due to supply chain issues. The department needs an increase in appropriation authority to purchase new vehicle additions funded from the prior year budgets.

Remove One-Time New Vehicle Purchase Funding

The budget includes a decrease of \$(4,381,000) from the State Vehicle Replacement Fund in FY 2024 to remove one-time funding for new vehicle purchase costs. The FY 2023 budget included additional new vehicles for the Department of Forestry and Fire Management (76 vehicles), Department of Liquor Licenses and Control (7 vehicles), Attorney General's Office (6 vehicles), and the State Mine Inspector (5 vehicles) that will be serviced under the state fleet. The amount funded the cost to purchase these new vehicles.

The line item funds the replacement of daily and long-term vehicle rentals to state agencies that do not operate their own vehicle fleets along with the purchase of newly-authorized vehicles.

Statewide Litter Removal

The budget includes \$3,106,800 from the State Highway Fund in FY 2024 for Statewide Litter Removal. Adjustments are as follows:

Statewide Litter Removal Funding

The budget includes an increase of \$3,106,800 from the State Highway Fund in FY 2024 for statewide litter removal funding.

The line item funds a monthly litter removal service on select interstate highways and routes outside of Maricopa County that currently do not receive regular litter removal services. Maricopa County currently has a dedicated funding stream of revenue from the half-cent sales tax for litter removal services.

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$7,848.08 from the State Highway Fund and \$1,463.04 from the Department Fleet Operations

Fund for a one-time named claimants appropriation. *(Please see the operating budget and ADOT Fleet Vehicles and Heavy Equipment line item for further details.)*

The FY 2024 budget also includes an FY 2023 supplemental appropriation of \$15,200,000 from the State Highway Fund for one-time highway maintenance funding due to the winter months. *(Please see the Highway Maintenance line item for further details.)*

Statutory Changes

The Transportation Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, clarifies that monies in the SMART Fund cannot be distributed to municipalities partially located in an urbanized area of a county with a population of more than 1,000,000 persons.

State Treasurer

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	35.4	35.4	38.4
Personal Services	2,370,200	2,766,000	3,026,000
Employee Related Expenditures	818,300	959,600	1,036,200
Professional and Outside Services	83,500	98,000	98,000
Travel - In State	500	600	600
Travel - Out of State	10,800	10,800	10,800
Other Operating Expenditures	366,100	429,200	429,700
Equipment	37,000	43,500	43,500
OPERATING SUBTOTAL	3,686,400	4,307,700	4,644,800
SPECIAL LINE ITEMS			
Arizona Health Innovation Trust Fund Deposit	0	100,000	0
County Recorder Voter Registration Accuracy Review	0	0	6,000,000 ^{1/}
Secure Ballot Paper	0	0	5,000,000 ^{2/3/}
Justice of the Peace Salaries	1,128,600	2,818,200	2,818,200
Law Enforcement Crime Victim Notification Fund Deposit	0	3,800,000	0
Law Enforcement/Boating Safety Fund Grants	2,183,800	2,183,800	2,183,800
Rural County Interoperability Communication System	1,500,000	0	0
School Safety Program	2,500,000	0	0
Special Sporting Event	1,500,000	1,500,000	1,500,000 ^{4/}
Section 116 Local Distributions ^{5/}			
Chandler Police Department Support	0	0	2,000,000
City Police Pepper Ball Pilot Program	0	0	750,000 ^{6/}
Copper Canyon Fire and Medical District	0	0	750,000
County Property Owner Notification Systems	0	0	126,200
County Sheriff Search and Rescue Equipment	0	0	2,500,000
Flagstaff Post-Fire Mitigation	0	0	8,987,000
Glassford Dells Regional Park Development	0	0	3,500,000 ^{7/}
Glendale Veterans Community Project	0	0	3,214,500
Hayden and Wickenburg Police Departments	0	0	3,000,000 ^{8/}
Kearny Public Building Remediation	0	0	500,000
La Paz County Public Safety	0	0	860,000
Mohave County Sheriff Substations	0	0	9,000,000
Mohave County Sheriff Vehicles	0	0	500,000
Peoria Police Department Helicopter	0	0	3,500,000
Peoria Police Department Mobile Command Center	0	0	1,500,000
Snowflake Sewer Lift Station	0	0	750,000
State Route 30 Utility Relocation	0	0	10,050,000
Sun City Transportation Study	0	0	850,000
Vernon Fire District	0	0	1,000,000
Wickenburg Fire Station	0	0	1,400,000
Section 117 Firearm Training Simulators ^{5/}			
Firearm Training Simulators	0	0	1,368,000
Section 118 Nonprofit Organization Distributions ^{5/}			
International Dark Sky Discovery Center	0	0	10,000,000
Nonprofit Volunteer Rodeo Organization	0	0	15,300,000
Northern Arizona Observatory	0	0	5,600,000
AGENCY TOTAL	12,498,800	14,709,700	109,152,500 ^{9/10/}

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
FUND SOURCES			
General Fund	2,933,700	8,560,800	101,298,500
<u>Other Appropriated Funds</u>			
Arizona Highway Patrol Fund	2,500,000	0	0
Law Enforcement and Boating Safety Fund	2,183,800	2,183,800	2,183,800
Peace Officer Training Equipment Fund	0		1,368,000
School Safety Interoperability Fund	1,500,000	0	0
State Treasurer's Operating Fund	3,381,300	3,965,100	4,302,200
SUBTOTAL - Other Appropriated Funds	9,565,100	6,148,900	7,854,000
SUBTOTAL - Appropriated Funds	12,498,800	14,709,700	109,152,500
Other Non-Appropriated Funds	4,338,800	4,446,500	4,446,500
TOTAL - ALL SOURCES	16,837,600	19,156,200	113,599,000

AGENCY DESCRIPTION — The State Treasurer is an elected Constitutional Officer. The primary responsibilities of the office are to receive and keep custody over all monies belonging to the state that are not required to be kept by another entity, to pay warrants of the Arizona Department of Administration, and to keep an account of all monies received and disbursed. The office also invests state monies and operates the Local Government Investment Pool (LGIP) for the benefit of participating units of local government.

FOOTNOTES

- 1/ Laws 2022, Chapter 313, Section 129 appropriated \$6,000,000 from the General Fund in FY 2024 for reviewing county voter roll accuracy. Because this appropriation is in separate legislation, it is not included in the FY 2024 General Appropriation Act.
- 2/ Laws 2022, Chapter 313, Section 130 appropriated \$5,000,000 from the General Fund in FY 2024 for distribution to county recorders that purchase secure ballot paper. Because this appropriation is in separate legislation, it is not included in the FY 2024 General Appropriation Act.
- 3/ This appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2023 General Appropriation Act footnote)
- 4/ A.R.S. § 41-2308 annually appropriates \$1,500,000 from the General Fund for Special Sporting Event Promotion. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 5/ This section number is from the FY 2024 General Appropriation Act.
- 6/ The pepper ball pilot program is intended to test a nonlethal compliance tool that can be deployed at a distance of greater than twenty feet and that does not cause significant bodily injury. (General Appropriation Act footnote)
- 7/ The state treasurer may not distribute the monies appropriated by this paragraph until Yavapai county, the city of Prescott and the town of Prescott Valley jointly demonstrate to the state treasurer that the county, city and town have a commitment for matching monies of gifts, grants and donations in the amount of at least \$3,500,000 for the Glassford Dells regional park from sources other than this state. (General Appropriation Act footnote)
- 8/ The appropriated amounts may not be used to supplant any existing local funding for police. (General Appropriation Act footnote)
- 9/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 10/ On or before June 30, 2024, the state treasurer shall report to the joint legislative budget committee staff on the state treasurer's current fiscal year and estimated next fiscal year expenditures of interest earnings spent pursuant to sections 35-315 and 35-318, Arizona Revised Statutes, for the state treasurer's banking service contract, external investment management agreement, administrative and information technology costs and any other costs. (General Appropriation Act footnote)

Operating Budget

The budget includes \$4,644,800 and 38.4 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$342,600
State Treasurer's Operating Fund	4,302,200
Adjustments are as follows:	

Statewide Accounting Manager

The budget includes an increase of \$138,300 and 1 FTE Position from the State Treasurer's Operating Fund in FY 2024 to hire a new statewide accounting manager.

Investment Analyst

The budget includes an increase of \$123,400 and 1 FTE Position from the State Treasurer's Operating Fund in FY 2024 to hire a new investment analyst.

Chief Procurement Officer

The budget includes an increase of \$96,600 and 1 FTE Position from the State Treasurer's Operating Fund in FY 2024 to hire a new chief procurement officer.

Statewide Adjustments

The budget includes a decrease of \$(21,200) from the State Treasurer's Operating Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Health Innovation Trust Fund Deposit

The budget includes no funding in FY 2024 for the Arizona Health Innovation Trust Fund Deposit line item. Adjustments are as follows:

Remove One-Time Deposit

The budget includes a decrease of \$(100,000) from the General Fund in FY 2024 for removal of a deposit into the Arizona Health Innovation Trust Fund.

The fund was created in the FY 2023 Health Care Budget Reconciliation Bill (BRB). Monies in this line item go toward administrating the Arizona Health Innovation Trust Fund. Each year, 4% of the monies in the fund shall go to a 501(c)(3) organization which provides entrepreneurial education, mentoring, and support to people working in healthcare innovation. The organization must also provide programs that support the development and commercialization of health innovation of health innovation by businesses based in Arizona and with fewer than 100 employees.

To receive monies from this fund, an organization must enter into an endowment agreement with the State Treasurer which specifies investment procedures, maturity timelines, use of monies, and the social and economic impact of the monies.

County Recorder Voter Registration Accuracy Review

The budget includes \$6,000,000 from the General Fund in FY 2024 to review the accuracy of voter registration rolls. Adjustments are as follows:

One-Time Deposit

The budget includes a one-time increase of \$6,000,000 from the General Fund in FY 2024 for distribution to the county recorders of the 6 most populous counties proportionately by population.

Laws 2022, Chapter 313, Section 129 appropriated \$6,000,000 from the General Fund in FY 2024 for county elections funding. Section 129 required that the county recorders use the monies distributed from this appropriation to review the accuracy of their voter rolls, including whether any registrations should be cancelled according to statute. The monies shall be distributed to counties with a population of more than 200,000 persons according to the 2020 decennial census. The Treasurer is to allocate the monies proportionally based on county population.

Since this funding was appropriated in the FY 2023 General Appropriation Act, it does not appear in the FY 2024 General Appropriation Act.

Secure Ballot Paper

The budget includes \$5,000,000 from the General Fund in FY 2024 for Secure Ballot Paper. Adjustments are as follows:

One-Time Deposit

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for distribution to county recorders for the purchase of secure ballot paper.

Laws 2022, Chapter 313, Section 130 appropriated \$5,000,000 from the General Fund in FY 2024 and \$6,000,000 from the General Fund in FY 2025 to the Treasurer to distribute these monies on a proportional basis to county recorders that purchase ballot paper that uses specific security features, including watermarks or unique ballot identifiers, or both. Monies in this line item are exempt from lapsing.

Since this funding was appropriated in the FY 2023 General Appropriation Act, it does not appear in the FY 2024 General Appropriation Act.

Justice of the Peace Salaries

The budget includes \$2,818,200 from the General Fund in FY 2024 for Justice of the Peace (JP) salaries. This amount is unchanged from FY 2023.

A.R.S. § 22-117 requires the state to pay 40% of the salary for each Justice of the Peace, with the county paying the remainder. This provision does not apply to Maricopa

County, which pays 100% of its JP costs. A.R.S. § 22-117 also limits the amount that the state can reimburse to the counties to the amount appropriated.

Justice of the Peace salaries are based on a proportion of the annual compensation for a Superior Court judge as determined by the guidelines for Judicial Productivity Credits (JPCs) outlined in statute. JPCs are calculated every year and are based on the total and type of cases that a Justice of the Peace hears and whether the Justice receives clerical help. An annual average JPC total is compared against the salary ranges in statute to determine an individual Justice’s compensation.

Law Enforcement Crime Victim Notification Fund Deposit

The budget includes no funding in FY 2024 for the Law Enforcement Crime Victim Notification Fund Deposit line item. Adjustments are as follows:

Remove One-Time Deposit

The budget includes a decrease of \$(3,800,000) from the General Fund in FY 2024 for removal of a deposit into the Law Enforcement Crime Victim Notification Fund.

Laws 2022, Chapter 333 established the appropriated Law Enforcement Crime Victim Notification Fund and makes a one-time appropriation to the fund of \$3,800,000 from the General Fund in FY 2023. Chapter 333, however, did not provide an appropriation from the Law Enforcement Crime Victim Notification Fund.

Monies in the fund may be used to reimburse local law enforcement agencies on a first come, first served basis for the cost to purchase software that meets certain requirements, such as automatically notifying a crime victim of investigation updates and interfacing with a law enforcement agency's records.

The FY 2024 General Appropriation Act appropriates \$10,000,000 from the General Fund to the Arizona Criminal Justice Commission. The monies are to be deposited into the Law Enforcement Crime Victim Notification Fund. Laws 2023, Chapter 154 transferred administration of the fund from the State Treasurer to ACJC.

Law Enforcement/Boating Safety Fund Grants

The budget includes \$2,183,800 from the Law Enforcement and Boating Safety Fund (LEBSF) in FY 2024 for the administration of the Law Enforcement/Boating Safety Fund grants. This amount is unchanged from FY 2023.

A.R.S. § 5-383 requires the State Treasurer to administer LEBSF monies. However, the allocation determinations are made by the Arizona Game and Fish Commission. The Treasurer disburses monies to county law enforcement agencies in Apache, Coconino, Gila, La Paz, Maricopa, Mohave, Navajo, and Yuma Counties in accordance with the distribution formula developed by the Arizona Game and Fish Commission. The FY 2022 and year-to-date FY 2023 allocations are included in *Table 1*.

Table 1		
Allocation of LEBSF Grants		
County	FY 2022	FY 2023 Thru Jun 26 th
Apache	\$ 100,000	\$ 25,300
Coconino	255,100	262,900
Gila	182,600	184,100
La Paz	369,000	301,700
Maricopa	427,100	242,200
Mohave	544,200	591,500
Navajo	32,800	12,200
Yuma	<u>180,800</u>	<u>230,200</u>
Total	\$2,091,500 ^{1/}	\$1,850,100
^{1/} Amounts may not add to total due to rounding		

Special Sporting Event

The budget includes \$1,500,000 from the General Fund in FY 2024 for Special Sporting Event funding. This amount is unchanged from FY 2023.

Monies in this line item are used to promote an auto racing sporting event. The Office of Tourism is required to provide an annual report on or before October 1 to the JLBC that includes the amounts and purposes of all expenditures made from these monies in the previous fiscal year. Because this authorization is in permanent statute, the appropriation amount is not included in the General Appropriation Act.

A.R.S. § 41-2308 requires the Treasurer to send \$125,000 each month (for an annual total of \$1,500,000) to the Office of Tourism through FY 2051 for special sporting event promotions. (For more background, see the FY 2023 Appropriations Report.)

Section 116 Local Distributions

Section 116 of the General Appropriation Act includes the following distributions by the Treasurer.

Chandler Police Department Support

The budget includes \$2,000,000 from the General Fund in FY 2024 for distribution to the Chandler Police Department Support. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for distribution to the Chandler Police Department for new technology, expanding services, and officer wellness. *(Item 20 of Section 116)*

City Police Department Pepper Ball Pilot Program

The budget includes \$750,000 from the General Fund in FY 2024 for the City Police Department Pepper Ball Pilot Program. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$750,000 from the General Fund in FY 2024 for distribution of \$250,000 each to the Chandler, Mesa, and Tucson Police Departments. *(Item 15 of Section 116)*

Monies in this line item provide funding for a pilot program to test nonlethal compliance tools which work at a distance of over 20 feet and which do not cause serious bodily harm.

Copper Canyon Fire and Medical District

The budget includes \$750,000 from the General Fund in FY 2024 for the Copper Canyon Fire and Medical District. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$750,000 from the General Fund in FY 2024 for distribution to the Copper Canyon Fire and Medical District to offset COVID-related expenses. *(Item 6 of Section 116)*

County Property Owner Notification Systems

The budget includes \$126,200 from the General Fund in FY 2024 for the County Property Owner Notification Systems. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$126,200 from the General Fund in FY 2024 for distribution to several counties for systems to notify property owners when a document is recorded against the owner's property. *(Item 14 of Section 116)*

The funding is to be distributed as follows:

Apache County	\$ 10,000
Cochise County	10,000
Coconino County	17,000
Gila County	7,200
Graham County	10,000
Greenlee County	10,000
La Paz County	10,000
Mohave County	25,000
Navajo County	10,000
Santa Cruz County	10,000
Yuma County	7,000
Total	\$ 126,200

This line item is intended to help counties come into compliance with Laws 2023, Chapter 64, which requires these notification systems be in place no later than January 1, 2025.

County Sheriff Search and Rescue Equipment

The budget includes \$2,500,000 from the General Fund in FY 2024 for County Sheriff Search and Rescue Equipment. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$2,500,000 from the General Fund in FY 2024 for distribution to each county to purchase search and rescue equipment of not more than the following percentages (see *Table 2*). The dollar amounts were derived by multiplying the total dollar amount by the percentages. *(Item 1 of Section 116)*

Table 2

County Sheriffs Search and Rescue Equipment

<u>County</u>	<u>Percent</u>	<u>Amount</u>
Cochise	18.0	\$ 450,000
Coconino	21.0	525,000
Gila	2.5	62,500
Greenlee	0.5	12,500
Mohave	21.0	525,000
Navajo	0.5	12,500
Pinal	22.0	550,000
Yavapai	13.5	337,500
All Other Counties ^{1/}	1.0	25,000
Total	100.0	\$ 2,500,000

^{1/} This portion will be distributed on a first-come, first-served basis.

Flagstaff Post-Fire Mitigation

The budget includes \$8,987,000 from the General Fund in FY 2024 for Flagstaff Post Fire Mitigation. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$8,987,000 from the General Fund in FY 2024 for distribution to the City of Flagstaff for post-fire mitigation projects, including retention basin maintenance/operation and drainage capital improvement projects. *(Item 11 of Section 116)*

Glassford Dells Regional Park Development

The budget includes \$3,500,000 from the General Fund in FY 2024 for Glassford Dells Regional Park Development. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$3,500,000 from the General Fund in FY 2024 for distribution of \$1,750,000 each to the City of Prescott and the Town of Prescott Valley. *(Item 9 of Section 116)*

The Treasurer may not distribute these monies until Yavapai County, the City of Prescott, and the Town of Prescott Valley jointly demonstrate to the Treasurer that the County, City and Town have a commitment for matching monies of gifts, grants and donations in the amount of at least \$3,500,000 for the Glassford Dells Regional Park from sources other than the state of Arizona.

Glendale Veterans Community Project

The budget includes \$3,214,500 from the General Fund in FY 2024 for the Glendale Veterans Community Project. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$3,214,500 from the General Fund in FY 2024 for distribution to the City of Glendale for a veteran's community project. *(Item 13 of Section 116)*

Hayden and Wickenburg Police Departments

The budget includes \$3,000,000 from the General Fund in FY 2024 for the Hayden and Wickenburg Police Departments. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$3,000,000 from the General Fund in FY 2024 for distribution to the Hayden and Wickenburg Police Departments for additional operating costs as follows:

Hayden Police Department	\$1,000,000
Wickenburg Police Department	2,000,000

A provision in the General Appropriation Act states that the appropriated amounts may not be used to supplant any existing local funding for police. *(Item 5 of Section 116)*

Kearny Public Building Remediation

The budget includes \$500,000 from the General Fund in FY 2024 for Kearny Public Building Remediation. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 for distribution to the Town of Kearny for the remediation of public buildings. *(Item 18 of Section 116)*

La Paz County Public Safety

The budget includes \$860,000 from the General Fund in FY 2024 for La Paz County Public Safety. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$860,000 from the General Fund in FY 2024 for distribution to La Paz County for server replacement, public safety dock and boat lifts, and improvements to the roof of the Salome substation. *(Item 3 of Section 116)*

Mohave County Sheriff Substations

The budget includes \$9,000,000 from the General Fund in FY 2024 for Mohave County Sheriff Substations. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$9,000,000 from the General Fund in FY 2024 for distribution to Mohave County for capital improvements to the Lake Havasu, Mohave Valley, and Beaver Dam substations and the boating safety center on Lake Havasu. *(Item 2 of Section 116)*

Mohave County Sheriff Vehicles

The budget includes \$500,000 from the General Fund in FY 2024 for Mohave County Sheriff Vehicles. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 for distribution to Mohave County to purchase vehicles. *(Item 4 of Section 116)*

Peoria Police Department Helicopter

The budget includes \$3,500,000 from the General Fund in FY 2024 for a Peoria Police Department Helicopter. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$3,500,000 from the General Fund in FY 2024 for distribution to the Peoria Police Department for the purchase of a public safety helicopter. *(Item 7 of Section 116)*

Peoria Police Department Mobile Command Center

The budget includes \$1,500,000 from the General Fund in FY 2024 for the Peoria Police Department Mobile Command Center. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$1,500,000 from the General Fund in FY 2024 for distribution to the Peoria Police Department for a mobile command center. *(Item 8 of Section 116)*

Snowflake Sewer Lift Station

The budget includes \$750,000 from the General Fund in FY 2024 for the Snowflake Sewer Lift Station. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$750,000 from the General Fund in FY 2024 for distribution to the Town of Snowflake for the replacement of its sewer main lift station. *(Item 12 of Section 116)*

State Route 30 Utility Relocation

The budget includes \$10,050,000 from the General Fund in FY 2024 for State Route 30 Utility Relocation. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$10,050,000 from the General Fund in FY 2024 for distribution to the Maricopa Association of Governments for the relocation of utilities related to the construction of State Route 30. *(Item 17 of Section 116)*

Sun City Transportation Study

The budget includes \$850,000 from the General Fund in FY 2024 for a Sun City Transportation Study. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$850,000 from the General Fund in FY 2024 for distribution to the Maricopa Association of Governments for a Sun City transportation project study. *(Item 16 of Section 116)*

Vernon Fire District

The budget includes \$1,000,000 from the General Fund in FY 2024 for the Vernon Fire District. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for distribution to the Vernon Fire District for equipment and operation costs. *(Item 19 of Section 116)*

Wickenburg Fire Station

The budget includes \$1,400,000 from the General Fund in FY 2024 for the Wickenburg Fire Station. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$1,400,000 from the General Fund in FY 2024 for distribution to the City of Wickenburg for upgrades to its fire station. *(Item 10 of Section 116)*

Section 117 Firearm Training Simulators

Section 117 of the General Appropriation Act includes the following distribution by the Treasurer.

Firearm Training Simulators

The budget includes \$1,368,000 from the Peace Officer Training Equipment Fund in FY 2024 for Firearm Training Simulators. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$1,368,000 from the Peace Officer Training Equipment Fund in FY 2024 for distribution to 5 public safety organizations to purchase firearm training simulators as follows:

Phoenix Police Department	\$ 300,000
Mohave County Probation Department	300,000
Casa Grande Police Department	138,000
Maricopa County Sheriff's Office	330,000
Navajo County Sheriff's Office	<u>300,000</u>
Total	\$ 1,368,000

Section 118 Nonprofit Organization Distributions

Section 118 of the General Appropriation Act includes the following distributions by the Treasurer.

International Dark Sky Discovery Center

The budget includes \$10,000,000 from the General Fund in FY 2024 for an international dark sky discovery center. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$10,000,000 from the General Fund in FY 2024 for distribution to a nonprofit organization that is designated as an international dark sky discovery center and that is focused on dark sky preservation in Arizona. *(Item 1 of Section 118)*

The FY 2022 and FY 2023 Capital Outlay bills each appropriated \$2,500,000 to the Arizona Department of Administration (ADOA) to distribute to the same type of center. ADOA distributed those monies to the Fountain Hills Discovery Center.

Nonprofit Volunteer Rodeo Organization

The budget includes \$15,300,000 from the General Fund in FY 2024 for a nonprofit volunteer organization that operates a rodeo at the Yavapai County fairgrounds. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$15,300,000 from the General Fund in FY 2024 for distribution to a nonprofit volunteer organization that operates a rodeo at the Yavapai County fairgrounds. *(Item 2 of Section 118)*

Northern Arizona Observatory

The budget includes \$5,600,000 from the General Fund in FY 2024 for a Northern Arizona observatory. Adjustments are as follows:

One-Time Distribution

The budget includes a one-time increase of \$5,600,000 from the General Fund in FY 2024 for distribution to a nonprofit organization that operates an astronomy center and observatory that is open to the public in northern Arizona. *(Item 3 of Section 118)*

The FY 2023 Capital Outlay bill appropriated \$5,000,000 to the Arizona Department of Administration (ADOA) to distribute to the same type of observatory. ADOA distributed those monies to the Lowell Observatory.

Other Issues

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, State Treasurer General Fund costs are expected to decrease by \$(90,637,700) in FY 2025 below FY 2024 and decrease by \$(6,000,000) in FY 2026 below FY 2025. These estimates are based on:

- A decrease of \$(85,637,700) in FY 2025 below FY 2024 for removal of one-time distributions.
- A decrease of \$(6,000,000) in FY 2025 below FY 2024 for removal of one-time county election funding.
- An increase of \$1,000,000 in FY 2025 above FY 2024 (for a total of \$6,000,000) for election security funding to purchase ballot paper with security features.
- A decrease of \$(6,000,000) in FY 2026 below FY 2025 for the removal of one-time election surety funding.

Governor's Office on Tribal Relations

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	31,200	35,000	35,000
Employee Related Expenditures	14,200	15,000	14,600
Travel - In State	0	500	500
Other Operating Expenditures	13,100	17,400	16,700
Equipment	1,400	2,000	2,000
AGENCY TOTAL	59,900	69,900	68,800 ^{1/}
FUND SOURCES			
General Fund	59,900	69,900	68,800
SUBTOTAL - Appropriated Funds	59,900	69,900	68,800
Other Non-Appropriated Funds	26,500	8,500	8,500
TOTAL - ALL SOURCES	86,400	78,400	77,300
AGENCY DESCRIPTION — The agency assists and supports tribal nations and communities and enhances government-to-government relations between the 22 tribal nations in this state.			
FOOTNOTES			
^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.			

Operating Budget

The budget includes \$68,800 and 3 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(1,100) from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Board of Regents

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	25.9	30.9	30.9
Personal Services	1,376,500	1,456,700	1,456,700
Employee Related Expenditures	632,000	485,100	461,200
Professional and Outside Services	49,500	51,000	51,000
Other Operating Expenditures	362,500	502,700	1,195,700
Equipment	800	1,000	1,000
OPERATING SUBTOTAL	2,421,300	2,496,500	3,165,600
SPECIAL LINE ITEMS			
Commission for Postsecondary Education	92,800	0	0 ^{1/}
Adaptive Athletics	160,000	160,000	160,000 ^{2/}
Camp Verde Meat Processing Facility	0	9,700,000	0
Enclosed Feed Facility	0	9,500,000	0
Food Product and Safety Laboratory	0	10,900,000	0
Leveraging Education Assistance Partnership Program	2,319,500	1,220,800	1,220,800 ^{1/3/}
Museum of Democracy Presidential Project	0	0	2,000,000 ^{4/5/}
Primary Care Residency Programs	0	0	5,000,000 ^{5/}
Arizona Promise Program	7,306,500	20,000,000	40,000,000 ^{6/}
Spouses and Dependents of Law Enforcement Officers	0	0	2,000,000
Tuition Scholarship Fund Deposit			
Spouses of Military Veterans Tuition Scholarships	0	10,000,000	10,000,000 ^{7/}
Arizona Teachers Academy	15,000,000	15,000,000	30,000,000
Arizona Teachers Incentive Program	90,000	90,000	90,000
Arizona Teacher Student Loan Program	426,000	426,000	426,000 ^{1/}
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Veterinary Loan Assistance Program	0	6,000,000	0
Washington D.C. Internships	300,000	300,000	300,000 ^{5/8/}
Western Interstate Commission Office	153,000	153,000	153,000
WICHE Student Subsidies	4,078,000	4,078,000	4,078,000
AGENCY TOTAL	32,560,800	90,238,000	98,807,100 ^{9/10/}
FUND SOURCES			
General Fund	31,403,300	90,238,000	98,807,100
<u>Other Appropriated Funds</u>			
Postsecondary Education Fund	1,157,500	0	0
SUBTOTAL - Other Appropriated Funds	1,157,500	0	0
SUBTOTAL - Appropriated Funds	32,560,800	90,238,000	98,807,100
Other Non-Appropriated Funds	12,803,600	54,245,300	54,245,300
Federal Funds	158,900	332,100	332,100
TOTAL - ALL SOURCES	45,523,300	144,815,400	153,384,500

AGENCY DESCRIPTION — Article 11 of the Arizona Constitution creates the Arizona Board of Regents (ABOR). ABOR governs the 3 state institutions comprising the Arizona University System: Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA). The board is legally, fiscally, and strategically responsible for the state universities.

FOOTNOTES

- ^{1/} Laws 2021, Chapter 410 transferred the responsibilities of the Commission for Postsecondary Education to the Arizona Board of Regents (ABOR) effective January 1, 2022. The FY 2022 General Appropriation Act provided a full year's spending to the commission. On the effective date, a portion of this funding became available to ABOR to continue

administering the commission's programs. As a result, the FY 2022 column includes actual expenditures for the commission's programs.

- 2/ The Arizona board of regents shall distribute monies appropriated for the adaptive athletics line item to each university under the jurisdiction of the board to maintain and operate an intercollegiate adaptive athletics program that provides opportunities for competitive wheelchair and adaptive sports to students and community members with disabilities. The monies may be spent only when the university collects matching monies of gifts, grants and donations for the intercollegiate adaptive athletics program from sources other than this state. Universities may spend the monies only on scholarships, equipment, uniforms, travel expenses and tournament fees for participants in the intercollegiate adaptive athletics program. The monies may not be used for administrative costs, personal services or employee related expenditures. (General Appropriation Act footnote)
- 3/ In order to be eligible to receive state matching monies under the leveraging educational assistance partnership program for grants to students, each participating institution, public or private, shall provide an amount of institutional matching monies that equals the amount of monies provided by this state to the institution for the leveraging educational assistance partnership program. Administrative expenses incurred by the Arizona board of regents shall be paid from institutional matching monies and may not exceed twelve percent of the monies appropriated in fiscal year 2023-2024. (General Appropriation Act footnote)
- 4/ The Arizona board of regents shall distribute monies appropriated for the museum of democracy presidential project to universities under the jurisdiction of the board to provide opportunities for undergraduate students, high school students and the broader community to become better informed on American presidencies and presidential elections. Programming may include public speakers, high school leadership academies and undergraduate student workshops. The monies shall also be used to display presidential memorabilia collections, combining visual arts, exhibitions and civic education programs. (General Appropriation Act footnote)
- 5/ This appropriation is a continuing appropriation and is exempt from the provisions of 35-190, Arizona Revised Statutes, related to the lapsing of appropriations.
- 6/ On or before October 1, 2024, the Arizona board of regents shall submit a report to the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on the Arizona promise program that includes all of the following for fiscal year 2023-2024:

 1. The total number of students receiving promise scholarships by each eligible postsecondary institution.
 2. The total number of students enrolled at each eligible postsecondary institution that are eligible to receive federal pell grants.
 3. A list of the programs of study in which promise scholarship recipients are enrolled, including the number of recipients enrolled in each program.
 4. The average promise scholarship award amount for each eligible postsecondary institution.
 5. A geographic representation of promise scholarship recipients based on the high school attended.
 6. The average grade point average of promise scholarships recipients by each eligible postsecondary institution.

(General Appropriation Act footnote)
- 7/ On or before October 1, 2024, the Arizona board of regents shall submit a report to the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on spouses of military veterans tuition scholarships that includes all of the following for fiscal year 2023-2024:

 1. The amount distributed to each eligible postsecondary institution.
 2. The total number of award recipients by each eligible postsecondary institution.
 3. The average award amount for each eligible postsecondary institution. (General Appropriation Act footnote)
- 8/ The Arizona board of regents shall distribute monies appropriated for Washington, D.C. internships for program fees and housing costs in equal amounts to each of the three universities under the jurisdiction of the board for the purpose of providing student internships and short-term programs in Washington, D.C. in partnership with a third-party organization. Short-term programs include one-week seminars and learning opportunities shorter than one academic semester. The third-party organization must meet the following requirements:

 1. Have partnerships with Washington, D.C.-based organizations to provide full-time, semester-long student internships and short-term programs.
 2. Have the ability to place as many students in internships and short-term programs as needed by the universities.
 3. Have experience placing students in internships for at least ten consecutive years.
 4. Have dedicated staff to ensure that student interns have access to internships in their areas of interest. (General Appropriation Act footnote)
- 9/ Within ten days after the acceptance of the universities' semiannual all funds budget reports, the Arizona board of regents shall submit a current year expenditure plan to the joint legislative budget committee for review. The

expenditure plan shall include the use of all projected tuition and fee revenues by expenditure category, including operating expenses, plant fund, debt service and financial aid. The plan shall include the amount by which each expenditure category is projected to increase over the prior year and shall provide as much detail as the university budget requests. The plan shall include the total revenue and expenditure amounts from all tuition and student fee revenues, including base tuition, differential tuition, program fees, course fees, summer session fees and other miscellaneous and mandatory student fee revenues. (General Appropriation Act footnote)

10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$3,165,600 and 30.9 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$669,100 from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Details and Allocations section.)*

Laws 2021, Chapter 410 transfers the responsibilities of CPSE to ABOR effective January 1, 2022. The amount transferred to the ABOR operating budget reflects CPSE's FY 2022 appropriations for its operating budget, the Arizona College and Career Guide line item, Arizona Minority Educational Policy Analysis Center line item, and the Twelve Plus Partnership line item. *(Please see the Commission for Postsecondary Education section and ABOR – Other Issues section for additional information.)*

Adaptive Athletics

The budget includes \$160,000 from the General Fund in FY 2024 for Adaptive Athletics. This amount is unchanged from FY 2023.

ABOR is required to distribute monies in this line item to the 3 state universities for intercollegiate adaptive athletics programs for students with physical challenges. These programs may only use this appropriation when matching monies are collected, and may only use monies for scholarships, equipment, uniforms, travel expenses, and tournament fees for program participants. ABOR distributes monies in this line item to the University of Arizona.

Camp Verde Meat Processing Facility

The budget includes no funding in FY 2024 for a Camp Verde Meat Processing Facility. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(9,700,000) from the General Fund in FY 2024 to remove one-time funding for a meat processing facility and truck handling facilities in Camp Verde. The FY 2023 budget required ABOR to distribute the monies to UA for distribution to an entity to construct and operate the facilities. The entity receiving the monies is required to provide an education component as part of its operations. The FY 2023 budget also stipulates that if the entity sells the facility, the proceeds from the sale shall be transferred to the state for deposit to the General Fund. The monies were appropriated one-time and may not be used for administrative costs.

Enclosed Feeding Facility

The budget includes no funding in FY 2024 for an Enclosed Feeding Facility. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(9,500,000) from the General Fund in FY 2024 for an Enclosed Feeding Facility. The FY 2023 budget required ABOR to distribute the monies to UA to construct the facility at the campus agricultural center. The monies were appropriated one-time and may not be used for administrative costs.

Food Product and Safety Laboratory

The budget includes no funding in FY 2024 for a Food Product and Safety Laboratory. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(10,900,000) from the General Fund in FY 2024 for the Food Product and Safety Lab located on the UA campus agricultural center. The FY 2023 budget required ABOR to distribute the monies to UA for capital improvements. The monies were appropriated one-time and may not be used for administrative costs.

Leveraging Education Assistance Partnership Program

The budget includes \$1,220,800 from the General Fund in FY 2024 for the Leveraging Education Assistance Partnership (LEAP) Program. This amount is unchanged from FY 2023.

LEAP is a state and institutional partnership that provides financial assistance to students demonstrating substantial financial need. To be eligible, students must attend, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary educational institution (including public universities, public community colleges, private collegiate institutions, and proprietary schools).

Museum of Democracy Presidential Project

The budget includes \$2,000,000 from the General Fund in FY 2024 for the Museum of Democracy Presidential Project. Adjustments are as follows:

One-Time Project Funding

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for the Museum of Democracy Presidential Project. The budget requires ABOR to distribute monies to the universities to provide opportunities to become better informed on American presidencies and presidential elections, including public speakers, high school leadership academies, undergraduate student workshops, and displays of presidential memorabilia collections. The monies are appropriated as non-lapsing.

Primary Care Residency Programs

The budget includes \$5,000,000 from the General Fund in FY 2024 for Primary Care Residency Programs. Adjustments are as follows:

One-Time Program Funding

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for Primary Care Residency Programs. The FY 2024 Higher Education Budget Reconciliation Bill (BRB) requires ABOR to distribute the monies to the Arizona Area Health Education System (AHES), which consists of six regional centers providing programs in healthcare workforce education and increasing access to care in rural and underserved communities. AHES will use the monies to establish a program for qualifying community health centers, rural health clinics and tribal health facilities that expands the number of primary care residency positions, provides technical assistance for residency programs in rural and health professional shortage areas, and

facilitates information and resource sharing. Of the \$5,000,000, AHES may use up to \$500,000 to support a collaborative of qualifying community health centers', rural health clinics', and tribal health facilities' primary care residency programs. The monies are appropriated as non-lapsing.

Arizona Promise Program

The budget includes \$40,000,000 from the General Fund in FY 2024 for the Arizona Promise Program. Adjustments are as follows:

One-Time Scholarship Funding

The budget includes a one-time increase of \$20,000,000 from the General Fund in FY 2024 to offset university costs of Promise scholarships.

The Arizona Promise Program provides financial assistance to full-time university students who qualify for in-state tuition, graduated from an Arizona high school with a minimum 2.5 cumulative grade point average, and meet the eligibility requirements for federal Pell Grants. Pell awards are determined based on the expected family contribution and the cost of attendance. The maximum Pell award for the 2023-2024 academic year is \$7,395.

Monies for the program are deposited to the Arizona Promise Program Fund and up to 3% of the monies can be used to pay for marketing and administration expenses. If the appropriation is insufficient to cover the costs of students who qualify for Promise scholarships, the universities are required to guarantee the award.

In FY 2022, this program served 1,677 students.

Spouses and Dependents of Law Enforcements Officers Tuition Scholarship Fund Deposit

The budget includes \$2,000,000 from the General Fund in FY 2024 for a Spouses of Law Enforcements Officers Tuition Scholarship Fund Deposit. Adjustments are as follows:

One-Time Scholarship Funding

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 to provide scholarships to spouses of law enforcement officers and dependents under the age of 27 years old. The FY 2024 Higher Education BRB requires ABOR to distribute the monies to public and private universities, community colleges, and career technical education programs to provide last dollar financial aid. If the student is enrolled in a private institution, the scholarship may not exceed the remainder of the average tuition and fees charged by the public

universities. ABOR may spend monies in the fund through FY 2027.

ABOR is required to submit a report to JLBC and OSPB by March 1, 2024 and each year of the program that includes the total number of students who received a scholarship, the total amount awarded, average amount awarded, and the total number of students who completed program a study.

Spouses of Military Veterans Tuition Scholarships

The budget includes \$10,000,000 from the General Fund in FY 2024 for Spouses of Military Veterans Tuition Scholarships. This amount is unchanged from FY 2023.

ABOR deposits monies in this item to the Spouses of Military Veterans Tuition Scholarship Fund and distributes awards to university and community college resident students who are spouses of an honorably discharged veteran and qualify for in-state tuition. The scholarships are provided as last dollar aid on a first-come, first-served basis for up to 4 years.

Arizona Teachers Academy

The budget includes \$30,000,000 from the General Fund in FY 2024 for the Arizona Teachers Academy. Adjustments are as follows:

One-Time Scholarship Funding

The budget includes a one-time increase of \$15,000,000 from the General Fund in FY 2024 to offset university costs of Arizona Teachers Academy scholarships. This amount is intended to backfill costs associated with one-time federal funding distributed to ABOR in FY 2023 for scholarships.

The Arizona Teachers Academy provides tuition and fee awards to university students enrolled in education and non-education majors, community college students enrolled in post-baccalaureate teacher certification programs, and teachers seeking national board certification. For every year of receipt, students agree to teach 1 year in an Arizona public school.

Monies for the academy are deposited to the Arizona Teachers Academy Fund and up to 3% of the monies may be used for marketing and administration expenses. ABOR provides centralized administrative processes for the academy, including distributing appropriated monies to eligible postsecondary institutions.

In FY 2022, 3,494 students were enrolled in the academy, of which 1,515 attended ASU, 1,014 attended NAU, 368

attend UA, 413 were community college post-baccalaureate students, 184 were teachers seeking a national board certification. *(Please see the Arizona Teachers Academy program summary on the JLBC website for additional information.)*

Arizona Teachers Incentive Program

The budget includes \$90,000 from the General Fund in FY 2024 for the Arizona Teachers Incentive Program (ATIP). This amount is unchanged from FY 2023.

Laws 1990, Chapter 340 mandates that ABOR establish and administer a loan program for students of deaf and blind education at the UA College of Education. Students may earn forgiveness for their loans by teaching in an Arizona deaf and blind program for a time equal to their period of loan support.

Arizona Teacher Student Loan Program

The budget includes \$426,000 from the General Fund in FY 2024 for the Arizona Teacher Student Loan Program (ATSLP). This amount is unchanged from FY 2023.

ATSLP offers forgivable loans to resident students pursuing a teaching degree at a private postsecondary institution and who agree to teach math, science, or special education at an Arizona public school upon graduation. Students in the program are required to teach for 1 year for each year that they receive the loan, plus 1 additional year. Teachers must practice in rural, low-income, or tribal schools.

Arizona Transfer Articulation Support System

The budget includes \$213,700 from the General Fund in FY 2024 for the Arizona Transfer Articulation Support System (ATASS). This amount is unchanged from FY 2023.

A.R.S. § 15-1824 establishes ATASS as a joint initiative, among the public community colleges and universities, to facilitate efficient transfer of course curricula and credits. The tribal colleges and community college districts overall contribute \$277,200 to the system each year. The 3 state universities also contribute a combined \$277,200 to the system each year.

Veterinary Loan Assistance Program

The budget includes no funding in FY 2024 for the Veterinary Loan Assistance Program. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(6,000,000) from the General Fund in FY 2024 to remove a one-time deposit to the newly-created Arizona Veterinary Loan Assistance Program Fund. ABOR is required to distribute monies in the fund to applicants who graduated with a veterinary medicine degree after January 1, 2023 for loan repayment assistance. To qualify for an award, recipients agree to work as a full-time veterinarian in Arizona for at least 4 years. For at least 2 of the 4 years, recipients must work in an agricultural practice in an area designated by the U.S. Department of Agriculture as having a shortage or in a nonprofit, county or municipal shelter. Once the service commitment is complete, ABOR distributes an amount equal to the veterinarian's outstanding loan balance or \$100,000, whichever is less. Monies are distributed on a first-come, first-served basis.

Washington, D.C. Internships

The budget includes \$300,000 from the General Fund in FY 2024 for Washington, D.C. internships and short-term programs. This amount is unchanged from FY 2023.

ABOR distributes monies in this line item in equal amounts to each of the 3 state universities to provide internships in partnership with a third-party organization. These monies fund approximately 40 student internships each year. The monies are appropriated as non-lapsing.

Western Interstate Commission Office

The budget includes \$153,000 from the General Fund in FY 2024 for the Western Interstate Commission Office. This amount is unchanged from FY 2023.

Monies in this line item pay the state's share of administrative expenditures for the Western Interstate Commission on Higher Education (WICHE), in accordance with A.R.S. § 15-1742. The WICHE central office sets the administrative fee.

WICHE Student Subsidies

The budget includes \$4,078,000 from the General Fund in FY 2024 for WICHE student subsidies. This amount is unchanged from FY 2023.

Monies in this line item provide subsidies to Arizona students participating in the WICHE Professional Student Exchange Program (PSEP). Since the Arizona University System does not currently offer programs in dentistry, optometry, osteopathy, or podiatry, PSEP allows

interested students to enroll in these programs at private in-state institutions or other public western universities.

Participating students receive admissions preference and subsidized tuition. A.R.S. § 15-1745 requires graduates to practice 1 year in Arizona, or 6 months in an under-served Arizona community, for each year of WICHE support. Participants who fail to meet their service requirements must repay 100% of their subsidies, plus interest. The WICHE central office determines subsidy amounts for each program through negotiations with participating institutions. As rough guidance, WICHE subsidies are intended to cover the difference between resident and non-resident tuition at a public university or approximately half the private university tuition rate.

Other Issues

This section includes information on the following topics:

- Statutory Changes
- Long-Term Budget Impacts
- Arizona Financial Aid Trust
- 2003 Research Infrastructure Refinancing
- 2017 University Capital Infrastructure Funding
- Tuition Distribution
- University System Summary Tables

Statutory Changes

The Higher Education BRB makes the following statutory changes:

- As session law, continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into the Arizona Financial Aid Trust (AFAT).
- As session law, establishes the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund. From FY 2024-FY 2027, requires ABOR to award first-come first-served, last-dollar scholarships to students enrolled in a public or private university, community college, or career and technical education district and are either a spouse of a law enforcement officer or a dependent under 27 years old. Limits private university awards to the remainder of the average in-state tuition and fee costs charged by the public universities. Requires ABOR to submit a report to JLBC and OSPB on March 1 of each year with information on the number of recipients, average award, and the law enforcement agency employing the officer.
- As session law, requires ABOR to distribute monies appropriated for primary care residency programs in

FY 2024 to the Arizona Area Health Education System (AHES) to establish a program for qualifying community health centers, rural health clinics, and tribal health clinics that expands primary care residency positions, provide technical assistance for programs in rural areas and health professional shortage areas, and facilitates information and resource sharing. Allows AHES to use up to \$500,000 of the total \$5,000,000 appropriated to support a collaborative of qualifying community health center, rural health clinic and tribal health facility residency programs.

- As session law, allows the State Treasurer to invest and divest monies in the Arizona Veterinary Loan Assistance Fund in FY 2024 and require monies earned from investment to be credited to the fund. Includes a delayed repeal date of December 31, 2024.
- As session law, allows the State Treasurer to invest and divest monies in the Spouses of Military Veterans Tuition Scholarship Fund in FY 2024 and require monies earned from investment to be credited to the fund. Includes a delayed repeal date of December 31, 2024.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, universitywide General Fund costs are projected to decrease by \$(74,543,900) in FY 2025 below FY 2024, and decrease by \$(45,403,200) in FY 2026 below FY 2025. These estimates are based on:

- Decreases of \$(434,300) and \$(5,300) in FY 2025 and FY 2026, respectively, to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$590,400 and \$602,100 in FY 2025 and FY 2026, respectively, to increase the universities' annual Capital Infrastructure Funding appropriation. *(Please see the 2017 University Infrastructure Funding section for more information.)*
- A \$(2,000,000) decrease in FY 2025 to remove one-time funding for the Museum of Democracy Presidential Project.
- A \$(5,000,000) decrease in FY 2025 to remove one-time funding for Primary Care Residency Programs.
- A \$(20,000,000) decrease in FY 2025 to remove one-time funding for the Arizona Promise Program.
- A \$(2,000,000) decrease in FY 2025 to remove one-time funding for law enforcement spouse and dependent scholarships.
- A \$(15,000,000) decrease in FY 2025 to remove one-time funding for the Arizona Teachers Academy.

- Decreases of \$(5,000,000) in FY 2025 and \$(46,000,000) in FY 2026 to remove one-time operating funding in the 3-year spending plan.
- A \$(4,500,000) decrease in FY 2025 to remove one-time ASU funding for the ASU Center for American Institutions and Collegiate Women's Wrestling Program.
- A \$(17,700,000) decrease to remove one-time UA-Main Campus funding for the Space Analog Program, Agricultural Workforce Program, and On-Farm Irrigation Efficiency Grants.
- A \$(3,500,000) decrease in FY 2025 to remove one-time UA-Health Sciences Campus funding for fall prevention studies, Arizona REACH Program, and the Board of Medical Student Loans.

Please see the individual university campus sections for additional information.

Arizona Financial Aid Trust

Pursuant to A.R.S. § 15-1642, General Fund monies match financial aid tuition surcharges collected from university students for the Arizona Financial Aid Trust (AFAT). The AFAT fee is 1% of the full-time resident undergraduate base tuition rate, or \$84-\$112 in FY 2023 on the main campuses, depending on the university. All students pay roughly the same fee, except part-time students, who pay half the regular fee.

The budget continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2024. The budget also maintains each university's FY 2024 allocation of General Fund AFAT appropriations at their FY 2023 level, which appears in the individual university budgets.

Based on student fees contributed to AFAT in FY 2022, the state's match would be \$46,758,100, or an increase of \$36,716,900 over the \$10,041,200 appropriation in FY 2024.

Each university retains 25% of its annual AFAT student fees and state contributions in an AFAT endowment account. The remaining 75% of the student fees and state contributions, as well as 75% of the endowment's annual interest earnings, are used to provide immediate assistance for needy in-state students.

In addition to student fee revenue, pursuant to A.R.S. § 15-1670, universities deposit 20% of cumulative net income from the sale or transfer of intellectual property exceeding \$1,000,000 to AFAT.

Table 1

University Research Infrastructure Appropriations ^{1/}

<u>Fiscal Year</u>	<u>ASU</u>	<u>NAU</u>	<u>UA</u>	<u>Total</u>
2024	13,468,200	5,302,900	14,255,300	33,026,400
2025	13,459,300	4,885,500	14,247,300	32,592,100
2026	13,453,900	4,884,500	14,248,400	32,586,800
2027	13,450,100	4,884,300	14,251,300	32,585,700
2028	13,436,200	4,894,000	14,254,100	32,584,300
2029	13,430,800	4,888,400	14,251,500	32,570,700
2030	13,423,500	4,892,000	14,252,500	32,568,000
2031	13,428,800	4,889,300	14,255,800	32,573,900

^{1/} Research infrastructure General Fund appropriations as specified in A.R.S. § 15-1670, as amended by the FY 2017 Higher Education BRB.

In FY 2021, AFAT disbursed \$28,285,400. (Please see Table 3 for additional information on financial aid.)

2003 Research Infrastructure Refinancing

Laws 2003, Chapter 267, which established A.R.S. § 15-1670, appropriated for FY 2008 to FY 2031 monies to the universities each year for lease-purchase capital financing of research infrastructure projects such as installations and facilities for the continuance and growth of scientific and technological research activities. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects.

Due to subsequent refinancing, the FY 2017 Higher Education BRB amended A.R.S. § 15-1670 to revise the FY 2018 to FY 2031 research infrastructure appropriations to correspond to the universities' current debt service schedules. The appropriations are displayed in each individual university section. (Please see Table 1 for more information.)

2017 University Capital Infrastructure Funding

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriated \$27,000,000 to the universities in FY 2019 and increases the appropriation each year thereafter by the lesser of 2.0% or inflation. The appropriations are displayed in each individual university section.

The allocation of the original FY 2019 \$27,000,000 statutory amount was based on each university's share of the systemwide transaction privilege tax (TPT) collections in FY 2016.

Tuition Distribution

A.R.S. § 15-1626 allows the universities to retain a portion of tuition collections for expenditures, as approved by ABOR. These "locally" retained tuition monies are considered non-appropriated and are deposited into accounts labeled as "Designated" funds. Any remaining tuition revenues are deposited to university "Collections" funds as part of the appropriated budget. While Financial Aid and Debt Service are primarily non-appropriated, general operating expenses are paid from both appropriated and non-appropriated tuition accounts. ABOR's June 2022 tuition revenue report projected FY 2023 gross tuition and fees to be \$3.91 billion systemwide.

The reported gross tuition revenues reflect the amounts the universities would receive if all students paid full published tuition and fee rates. The actual amounts paid by students after accounting for tuition waivers and other gift aid awarded by the universities would constitute net tuition. In June 2022, the universities projected \$1.04 billion in tuition waivers and awards in FY 2023, for a total net tuition of \$2.87 billion. Please see the July 14, 2022 Joint Legislative Budget Committee meeting agenda for additional information on university tuition revenue projections.

University System Summary Tables

The University Summary Tables address the following:

- Total Spending Authority
- Financial Aid
- Enrollment

Total Spending Authority

In total, the universities' total projected spending authority in FY 2024 is \$8.3 billion, including \$1.0 billion from the General Fund and \$2.9 billion of net tuition/fee

collections. *Table 2* summarizes the FY 2024 expenditure authority amounts for the Arizona University System.

Financial Aid

The Arizona University System distributed \$3.5 billion in financial aid in FY 2022. Of the total financial aid distributions, the federal government financed \$1.2 billion and university institutional sources provided \$1.6 billion. The latter includes \$1.3 billion of foregone tuition collections in the form of waivers and awards. (*Please see Table 3 for details.*)

Enrollment

Between fall 2021 and fall 2022, university enrollment increased from 197,120 FTE to 203,640, or 3.3%, as displayed in *Table 4*. ASU and UA enrollment increased 4.5% and 2.5%, respectively. This growth was largely due to increased enrollment in online programs. NAU enrollment decreased (0.7)%, which included declines across nearly all geographic sites.

Table 2

FY 2024 Summary of Spending Authority

	Appropriated Funds		Non-Appropriated Funds		Total ^{2/}
	General Fund	Collections Fund ^{1/}	Federal Funds	Other Funds ^{1/}	
ABOR	\$ 98,807,100	\$ 0	\$ 332,100	\$ 54,245,300	\$ 153,384,500
ASU	411,201,900	706,031,800	578,074,500	2,540,209,700	4,235,517,900
NAU	138,925,500	130,397,300	149,469,900	385,410,400	804,203,100
UA-Main	302,897,200	382,811,300	247,619,500	1,457,122,800	2,390,450,800
UA-Health Sciences	<u>80,397,700</u>	<u>66,675,300</u>	<u>186,125,700</u>	<u>355,261,500</u>	<u>688,460,200</u>
Total	\$1,032,229,400	\$1,285,915,700	\$1,161,621,700	\$4,792,249,700	\$8,272,016,500

^{1/} Expenditures of non-appropriated funds include transfers of funds to non-operating accounts for capital and debt service expenses. The total expenditures of gross non-appropriated tuition are estimated to be \$2,628,626,600 based on FY 2023 amounts. This amount excludes FY 2024 enrollment growth and tuition rate changes.

^{2/} Total universitywide funding includes gross tuition revenues.

Table 3

FY 2022 Financial Aid Distribution by Source (\$ in Thousands) ^{1/}

	Federal	State ^{2/}	Institutional ^{3/}	Private/Other	Total
Grants	\$391,864.7	\$10,669.7	\$1,343,627.4	\$291,845.8	\$2,038,007.6
Loans	817,702.5	58.5	0.0	350,057.2	1,167,818.2
Employment	<u>14,369.2</u>	<u>0.0</u>	<u>234,618.4</u>	<u>0.0</u>	<u>248,987.6</u>
Total	\$1,223,936.4	\$10,728.2	\$1,578,245.8	\$641,903.0	\$3,454,813.4

^{1/} Information from ABOR FY 2022 Financial Aid Report.

^{2/} State sources of aid include revenues from the Commission for Postsecondary Education.

^{3/} Institutional sources of aid include revenues from: Local Retention, the Collegiate License Plate Fund, Foundation funds, AFAT, and Financial Aid Carry Forward from previous years.

Table 4

Arizona University System 45th Day Enrollment ^{1/}

	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2021 to Fall 2022</u>
ASU-Tempe	57,835	60,551	4.7%
ASU-DPC	12,765	12,167	(4.7)%
ASU-East	5,497	5,725	4.1%
ASU-West	5,477	5,244	(4.3)%
ASU-Online ^{2/}	39,929	43,304	8.5%
ASU-Other	<u>575</u>	<u>612</u>	<u>6.4%</u>
Subtotal	122,078	127,603	4.5%
NAU-Flagstaff	21,028	21,250	1.1%
NAU-Online ^{2/}	2,973	2,629	(11.6)%
NAU-Other	<u>2,995</u>	<u>2,916</u>	<u>(2.6)%</u>
Subtotal	26,996	26,795	(0.7)%
UA-Tucson	40,579	41,310	1.8%
UA-PHX Biomedical	1,418	1,485	4.7%
UA-Online ^{2/}	4,847	5,349	10.4%
UA-Other	<u>1,202</u>	<u>1,098</u>	<u>(8.7)%</u>
Subtotal	48,046	49,242	2.5%
Total	197,120	203,640	3.3%

^{1/} FTE counts as reported by ABOR and the universities include both graduate and undergraduate students.

^{2/} Online enrollment represents students enrolled in online-only programs.

Arizona State University

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7,775.1	7,724.9	7,724.9 ^{1/}
Personal Services	541,911,600	572,106,200	574,375,700
Employee Related Expenditures	150,147,500	174,622,700	171,984,900
Professional and Outside Services	45,362,300	25,342,300	25,342,300
Travel - In State	64,700	96,200	96,200
Travel - Out of State	1,071,500	539,700	539,700
Other Operating Expenditures	83,532,300	190,062,900	199,594,500
Equipment	13,235,100	2,249,100	2,249,100
OPERATING SUBTOTAL	835,325,000	965,019,100	974,182,400 ^{2/3/4/}
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	13,451,900	13,462,100	13,468,200 ^{5/}
2017 Capital Infrastructure Funding	12,533,500	12,784,200	13,039,900 ^{6/}
Arizona Financial Aid Trust	5,985,800	5,985,800	5,985,800
Biomedical Informatics	3,716,200	3,701,700	3,561,100
Collegiate Women's Wrestling Program	0	0	500,000 ^{7/}
Downtown Phoenix Campus	103,645,300	109,867,100	106,246,300
Eastern Europe Cultural Collaborative	250,000	250,000	250,000 ^{8/}
One-Time Funding	0	54,000,000	0
Political History and Leadership Program	250,000	0	0
School of Civic and Economic Thought and Leadership	5,764,200	6,006,500	0 ^{9/}
AGENCY TOTAL	980,921,900	1,171,076,500	1,117,233,700 ^{10/11/12/}
FUND SOURCES			
General Fund	385,261,900	465,044,700	411,201,900 ^{13/14/15/}
<u>Other Appropriated Funds</u>			
University Collections Fund	595,660,000	706,031,800	706,031,800 ^{16/}
SUBTOTAL - Other Appropriated Funds	595,660,000	706,031,800	706,031,800
SUBTOTAL - Appropriated Funds	980,921,900	1,171,076,500	1,117,233,700
Other Non-Appropriated Funds	2,376,994,100	2,540,209,700	2,540,209,700
Federal Funds	771,722,400	578,074,500	578,074,500
TOTAL - ALL SOURCES	4,129,638,400	4,289,360,700	4,235,517,900

AGENCY DESCRIPTION — Established in 1885, Arizona State University (ASU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR).

FOOTNOTES

- ^{1/} Includes 573.6 GF and 577 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated to the Arizona state university operating budget, \$23,600,000 is onetime funding. On or before September 1, 2023, Arizona state university shall provide a detailed expenditure plan to the joint legislative budget committee that includes a description of the intended purposes and the estimated costs of each expenditure. (General Appropriation Act footnote)
- ^{3/} Any appropriated monies allocated by the university for the school of civic and economic thought and leadership shall be used to operate a single stand-alone academic entity within Arizona state university. The appropriated monies may not supplant any existing state funding or private or external donations to the existing centers or to the school. The appropriated monies and all private and external donations for the school, including any remaining balances from prior fiscal years, shall be deposited in a separate account, shall be used only for the direct operation of the school and may not be used for indirect costs of the university. On or before October 1, 2023, the school shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education

committee and the house of representatives education committee and the director of the joint legislative budget committee that includes at least the following information for the school:

1. The total amount of funding received from all sources.
2. A description of faculty positions and courses offered.
3. The total undergraduate and graduate student enrollment.
4. Significant community events, initiatives or publications.

The chairpersons of the senate education committee and the house of representatives education committee may request the director of the school to appear before the committees to report on the school's annual achievements.

The legislature intends that appropriated monies allocated by the university for the school of civic and economic thought and leadership in fiscal year 2023-2024 be consistent with the amount appropriated in fiscal year 2022-2023. (General Appropriation Act footnote)

- 4/ Any appropriated monies allocated by Arizona state university for the center for American institutions shall be used at the sole discretion and on approval of the lead of the center and may not supplant any existing state funding or private or external donations to the center. The appropriated monies and all private and external donations for the center, including remaining balances from prior fiscal years, shall be deposited in a separate account, shall be used only for the direct operation of the center and may not be used for any indirect costs of the university.

On or before October 1, 2024, the center for American institutions shall submit a report to the joint legislative budget committee that includes the total amount of funding received from all sources and a description of the center's activities and accomplishments.

Of the monies appropriated to the operating lump sum, the legislature intends that \$4,000,000 be deposited in a separate account for the center for American institutions. (General Appropriation Act footnote)

- 5/ A.R.S. § 15-1670 appropriates \$13,468,200 to ASU from the General Fund in FY 2024 to finance lease-purchase payments for research infrastructure projects.

- 6/ A.R.S. § 15-1671 appropriates \$13,039,900 to ASU from the General Fund in FY 2024 for capital infrastructure projects.

- 7/ Of the amount appropriated for the collegiate women's wrestling program, up to \$150,000 may be used for costs incurred to establish and maintain a collegiate women's wrestling program at Arizona state university. The remaining monies shall be used to award athletic scholarships on a first come, first served basis to any individual who meets the following criteria:

1. Participates in the women's wrestling program.
2. Is or will be enrolled full time at Arizona state university.
3. Has an overall grade point average of 3.0 or higher on a 4.0 scale, or the equivalent.
4. Is ranked in the top ten of the student's weight class according to a national high school ranking system, except that students who are ranked in the top five of a national high school ranking system shall be given priority. If the student does not have a current national high school rank because the student has graduated from high school, the requirement may be satisfied by the student's most recent national high school rank.

Scholarships awarded shall be equal to the cost of tuition, room, board, books and university fees charged by Arizona state university, reduced by the amount of any federal aid scholarships or public grants or any other financial gifts, grants or aid received by that individual. (General Appropriation Act footnote)

- 8/ Arizona state university shall use monies appropriated for the eastern Europe cultural collaborative to facilitate cultural and academic exchanges between university faculty and students and academic institutions in eastern Europe. (General Appropriation Act footnote)

- 9/ The School of Civic and Economic Thought and Leadership is funded in the operating budget in FY 2024.

- 10/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)

- 11/ The appropriated monies may not be used by the Arizona state university college of law legal clinic for any lawsuits involving inmates of the state department of corrections in which this state is the adverse party. (General Appropriation Act footnote)

- 12/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

- 13/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)

- 14/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)

- 15/ The FY 2024 General Fund budget is \$411,201,900. This amount includes \$391,698,400 in ASU's individual section of the FY 2024 General Appropriation Act, \$13,468,200 in A.R.S. § 15-1670 lease-purchase appropriations, \$13,039,900 in A.R.S. § 15-1671 capital infrastructure appropriations, and \$(7,004,600) for statewide adjustments.

16/ Any unencumbered balances remaining in the university collections fund on June 30, 2023 and all collections received by the university during the fiscal year are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be spent for supplemental life insurance or supplemental retirement. (General Appropriation Act footnote)

Operating Budget

The budget includes \$974,182,400 and 6,574.3 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$325,026,400
University Collections Fund	649,156,000

Adjustments are as follows:

One-Time Operating Funding

The budget includes a one-time increase of \$2,400,000 from the General Fund in FY 2024 for operating funding.

The FY 2023 budget's 3-year plan included \$21,200,000 from the General Fund for one-time operating funding in FY 2023, FY 2024, and FY 2025. This amount was included in the FY 2024 Baseline. The revised 3-year budget plan increases one-time funding in FY 2024 by \$2,400,000, for a total of \$23,600,000 in FY 2024 and \$21,200,000 in FY 2025. These monies will be removed in FY 2026.

ASU reported that the FY 2023 monies will be used to expand its engineering programs, establish new Science and Technology Centers, and for industry engagement programs, including executive education, tuition assistance programs, and business startup support. ASU is required to report a detailed expenditure plan for its FY 2024 appropriation by September 1, 2023.

SCETL Funding

The budget includes an increase of \$6,006,500 and 26.7 FTE Positions from the General Fund in FY 2024 to fund the School of Civic and Economic Thought and Leadership (SCETL) in the operating budget rather than as its own line item. The budget includes a legislative intent statement that that appropriated monies allocated by the university for SCETL in FY 2024 be consistent with the amount appropriated in FY 2023.

Center for American Institutions

The budget includes a one-time increase of \$4,000,000 from the General Fund in FY 2024 for the ASU Center for American Institutions. The budget includes a legislative intent statement that \$4,000,000 from the operating budget appropriation be deposited to a separate account

to be used for the direct support of the center. By October 1, 2024, the center is required to submit a report that includes the total amount of funding received from all sources and a description of the center's activities and accomplishments. The center was previously known as the Political History and Leadership Program and received a one-time appropriation of \$250,000 from the General Fund in FY 2022 as a separate line item.

Statewide Adjustments

The budget includes a decrease of \$(3,243,200) from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Details and Allocations section.)*

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the ASU Other Issues Section and ABOR for more information.)*

2003 Research Infrastructure Lease-Purchase Payment

The budget includes \$13,468,200 from the General Fund in FY 2024 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment

The budget includes an increase of \$6,100 from the General Fund in FY 2024 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2024 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, ASU has issued \$206,200,000 in COPs. *(Please see the ABOR section for more information.)*

2017 Capital Infrastructure Funding

The budget includes \$13,039,900 from the General Fund in FY 2024 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment

The budget includes an increase of \$255,700 from the General Fund in FY 2024 for a 2.0% increase in capital infrastructure funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2024 General Appropriation Act.

A.R.S. § 15-1670 increases the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second quarter of the second preceding calendar year to the second quarter of the calendar year immediately preceding the fiscal year (in the example of FY 2024, from the second quarter of CY 2021 to the second quarter of CY 2022). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

Arizona Financial Aid Trust

The budget includes \$5,985,800 from the General Fund in FY 2024 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2023. *(Please see the ABOR section for more information.)*

Biomedical Informatics

The budget includes \$3,561,100 and 23.6 FTE Positions in FY 2024 for the Biomedical Informatics line item. These amounts consist of:

General Fund	1,900,100
University Collections Fund	1,661,000

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(140,600) from the General Fund in FY 2024 for statewide adjustments.

This multidisciplinary department incorporates computer science, biology, and engineering to organize and analyze medical data.

Collegiate Women's Wrestling Program

The budget includes \$500,000 from the General Fund in FY 2024 for the Collegiate Women's Wrestling Program line item. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 to award athletic scholarships to full-time students participating in the collegiate women's wrestling program who have an overall GPA of at least 3.0 and are ranked in the top ten of their weight class, with priority given to students ranked in to the top 5 of their weight class. Up to \$150,000 may be used for costs associated with establishing and maintain the program.

Downtown Phoenix Campus

The budget includes \$106,246,300 and 1,127 FTE Positions in FY 2024 for programs headquartered at the Downtown Phoenix Campus. These amounts consist of:

General Fund	51,031,500
University Collections Fund	55,214,800

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(3,620,800) from the General Fund in FY 2024 for statewide adjustments.

The Downtown Phoenix Campus offers undergraduate and graduate programs in disciplines including health, nursing, journalism, mass communication, teaching and public programs. The campus opened in 2006.

Eastern Europe Cultural Collaborative

The budget includes \$250,000 from the General Fund in FY 2024 for the Eastern Europe Cultural Collaborative. This amount is unchanged from FY 2023.

These monies are used to facilitate cultural and academic exchanges between university faculty and students and academic institutions in eastern Europe.

One-Time Funding

The budget includes no funding in FY 2024 for one-time funding. Adjustments are as follows:

Remove One-Time Operating and Capital Funding

The budget includes a decrease of \$(54,000,000) from the General Fund in FY 2024 to remove one-time operating and capital funding. ASU reported that these monies will be used to construct a new academic building on the Polytechnic (East) campus, renovate research laboratories, and purchase equipment.

School of Civic and Economic Thought and Leadership

The budget includes no funding in FY 2024 for the School of Civic and Economic Thought and Leadership (SCETL) line item. Adjustments are as follows:

SCETL Funding

The budget includes a decrease of \$(6,006,500) and (26.7) FTE Positions from the General Fund in FY 2024 to fund the School of Economic Thought and Leadership in the ASU operating budget rather than as its own line item.

SCETL began matriculating students in fall 2017. The school currently offers a bachelors and minor program with coursework focused in 4 areas: history of moral and political thought, political economy and the history of economic thought, American political and economic thought, and the theory and practice of leadership and statesmanship. In 2020, the school began enrolling for a Master of Arts in classical liberal education and leadership program. The school also hosts community lecture series and events related to public affairs.

Other Issues

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

Summary

ASU's FY 2024 General Fund budget is \$411,201,900. Of this amount:

- \$391,698,400 is included in ASU's individual section of the FY 2024 General Appropriation Act.
- \$13,468,200 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$13,039,900 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$(7,004,600) is for statewide adjustments.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, ASU's General Fund costs are projected to decrease by \$(6,648,100) in FY 2025 below FY 2024, and decrease by \$(20,939,400) in FY 2026 below FY 2025.

These estimates are based on:

- A \$(8,900) decrease in FY 2025 and \$(5,400) decrease in FY 2026 to adjust for university debt service costs.
- Increases of \$260,800 in FY 2025 and \$266,000 in FY 2026 to increase the university's annual Capital Infrastructure Funding appropriation.
- Decreases of \$(2,400,000) in FY 2025 and \$(21,200,000) in FY 2026 to remove one-time operating funding.
- A \$(4,000,000) decrease in FY 2025 to remove one-time funding for the Center for American Institutions.
- A \$(500,000) decrease in FY 2025 to remove one-time funding for the Collegiate Women's Wrestling Program.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2023 General Appropriation Act appropriated \$597,483,500 from the University Collections Fund to ASU. The Collections Fund for ASU represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well as a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition independent of the legislative process. Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2023 to the Joint Legislative Budget Committee in June 2022, and ASU incorporated the adjusted FY 2023 amounts as part of their FY 2024 budget submission. Accordingly, the estimated FY 2023 amount has been adjusted by \$108,548,300 to \$706,031,800.

The FY 2023 FTE Position count has also been adjusted. The FY 2023 General Appropriation Act originally appropriated 8,171 FTE Positions in FY 2023 for ASU. The General Fund accounted for 3,044.2 FTE Positions and the University Collections Fund accounted for the remaining 5,126.8 FTE Positions. The estimated number of FY 2023 FTE Positions has been adjusted by (446.1) to 7,724.9. The General Fund accounts for 2,743.4 FTE Positions and the University Collections Fund accounts for the remaining 4,981.5 FTE Positions.

Northern Arizona University

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,292.0	2,376.2	2,376.2 ^{1/}
Personal Services	149,338,200	155,496,100	155,496,100
Employee Related Expenditures	47,972,500	46,301,400	46,012,300
Professional and Outside Services	15,885,000	14,539,300	14,539,300
Travel - In State	249,600	455,400	455,400
Travel - Out of State	197,200	0	0
Other Operating Expenditures	36,017,600	30,600,600	32,465,900
Equipment	540,600	405,100	405,100
OPERATING SUBTOTAL	250,200,700	247,797,900	249,374,100 ^{2/3/}
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	5,039,800	5,301,500	5,302,900 ^{4/}
2017 Capital Infrastructure Funding	4,750,600	4,845,600	4,942,500 ^{5/}
Arizona Financial Aid Trust	1,326,000	1,326,000	1,326,000
Biomedical Research Funding	3,000,000	3,000,000	3,000,000 ^{6/}
Economic Policy Institute	750,300	865,300	0 ^{7/}
One-Time Funding	0	26,000,000	0
NAU - Yuma	3,075,600	3,119,800	3,084,600
Teacher Training	2,292,700	2,292,700	2,292,700 ^{8/}
AGENCY TOTAL	270,435,700	294,548,800	269,322,800 ^{9/10/}
FUND SOURCES			
General Fund	135,452,400	164,151,500	138,925,500 ^{11/12/13/}
<u>Other Appropriated Funds</u>			
University Collections Fund	134,983,300	130,397,300	130,397,300 ^{14/}
SUBTOTAL - Other Appropriated Funds	134,983,300	130,397,300	130,397,300
SUBTOTAL - Appropriated Funds	270,435,700	294,548,800	269,322,800
Other Non-Appropriated Funds	306,947,500	385,410,400	385,410,400
Federal Funds	147,989,800	149,469,900	149,469,900
TOTAL - ALL SOURCES	725,373,000	829,429,100	804,203,100

AGENCY DESCRIPTION — Established in 1899, Northern Arizona University (NAU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). The university's primary focus is undergraduate residential education.

FOOTNOTES

- ^{1/} Includes 53.3 GF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated to the Northern Arizona university operating budget, \$11,100,000 is onetime funding. On or before September 1, 2023, Northern Arizona university shall provide a detailed expenditure plan to the joint legislative budget committee that includes a description of the intended purposes and the estimated costs of each expenditure. (General Appropriation Act footnote)
- ^{3/} Any appropriated monies allocated by the university for the economic policy institute may not supplant any existing state funding or private or external donations to the institute or to the university. The appropriated monies and all private and external donations to the institute, including any remaining balances from prior fiscal years, shall be deposited in a separate account, shall be used only for the direct operation of the institute and may not be used for indirect costs of the university. On or before October 1, 2023, the institute shall submit to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education committee and the house of representatives education committee and the director of the joint legislative budget committee a report that includes at least the following information for the institute:
 1. The total amount of funding received from all sources.
 2. A description of the faculty positions and courses offered.

3. The total undergraduate and graduate student participation.
4. Significant community events, initiatives or publications.

The chairpersons of the senate education committee and the house of representatives education committee may request the director of the institute to appear before the committees to report on the institute's annual achievements. The legislature intends that appropriated monies allocated by the university for the economic policy institute in fiscal year 2023-2024 be consistent with the amount appropriated in fiscal year 2022-2023. (General Appropriation Act footnote)

- 4/ A.R.S. § 15-1670 appropriates \$5,302,900 to NAU from the General Fund in FY 2024 to finance lease-purchase payments for research infrastructure projects.
- 5/ A.R.S. § 15-1671 appropriates \$4,942,500 to NAU from the General Fund in FY 2024 for capital infrastructure projects.
- 6/ The biomedical research funding shall be distributed to a nonprofit medical research foundation in this state that collaborates with universities, hospitals and biotechnology and health research centers. A nonprofit foundation that receives monies shall submit an expenditure and performance report to Northern Arizona university. The university shall transmit the report to the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on or before February 1, 2024. The report must include at least the following:
 1. The type and amount of expenditures from all state sources of monies, including the amount leveraged for local, state, federal, and private grants.
 2. A description of each grant received as well as the percentage and locations of positions funded solely or partly by state monies and the nonprofit foundation's projects with which these positions are associated.
 3. Performance measures, including:
 - (a) Outcomes that are specifically related to the use of state monies.
 - (b) Progress that has been made toward achieving each outcome, including activities, resources and other evidence of progress.
 - (c) Reportable inventions or discoveries related to each outcome.
 - (d) Publications, presentations and narratives related to each outcome and how the expenditures from all state sources of monies that the nonprofit foundation received have benefited this state. (General Appropriation Act footnote)
- 7/ The Economic Policy Institute is funded in the operating budget in FY 2024.
- 8/ The appropriated amount for the teacher training line item shall be distributed to the Arizona K-12 center for program implementation and mentor training for the Arizona mentor teacher program prescribed by the state board of education. (General Appropriation Act footnote)
- 9/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)
- 10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 11/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 12/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)
- 13/ The FY 2024 General Fund budget is \$138,925,500. This amount would include \$129,004,400 in NAU's individual section of the FY 2024 General Appropriation Act, \$5,302,900 in A.R.S. § 15-1670 lease-purchase appropriations, \$4,942,500 in A.R.S. § 15-1671 capital infrastructure appropriations, and \$(324,300) for statewide adjustments.
- 14/ Any unencumbered balances remaining in the university collections fund on June 30, 2023 and all collections received by the university during the fiscal year are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be spent for supplemental life insurance or supplemental retirement. (General Appropriation Act footnote)

Operating Budget

The budget includes \$249,374,100 and 2,322.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$118,976,800
University Collections Fund	130,397,300

Adjustments are as follows:

One-Time Operating Funding

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for operating funding.

The FY 2023 budget's 3-year plan included \$10,100,000 from the General Fund for one-time operating funding in FY 2023, FY 2024, and FY 2025. This amount was included in the FY 2024 Baseline. The revised 3-year budget plan increases one-time funding in FY 2024 by \$1,000,000, for a total of \$11,100,000 in FY 2024 and \$10,100,00 in FY 2025. These monies will be removed in FY 2026.

NAU reported that the FY 2023 monies will be used to expand Allied and Behavioral Health programs in locations across the state, fund technology infrastructure projects on the Phoenix biosciences campus, and support expansion of the School of Hospitality and Restaurant Management. NAU is required to report a detailed expenditure plan for its FY 2024 appropriation by September 1, 2023.

Economic Policy Institute Funding

The budget includes an increase of \$865,300 from the General Fund in FY 2024 to fund the Economic Policy Institute in the operating budget rather than as its own line item. The budget includes a legislative intent statement that appropriated monies allocated by the university for the Economic Policy Institute in FY 2024 be consistent with the amount appropriated in FY 2023.

Statewide Adjustments

The budget includes a decrease of \$(289,100) from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Details and Allocations section.)*

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the NAU Other Issues Section and ABOR for more information.)*

2003 Research Infrastructure Lease-Purchase Payment

The budget includes \$5,302,900 from the General Fund in FY 2024 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment

The budget includes an increase of \$1,400 from the General Fund in FY 2024 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008

through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2024 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, NAU has issued \$42,210,000 in COPs.

(Please see the ABOR section for more information.)

2017 Capital Infrastructure Funding

The budget includes \$4,942,500 from the General Fund in FY 2024 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment

The budget includes an increase of \$96,900 from the General Fund in FY 2024 for a 2.0% increase in capital infrastructure funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2024 General Appropriation Act.

A.R.S. § 15-1670 increases the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second quarter of the second preceding calendar year to the second quarter of the calendar year immediately preceding the fiscal year (in the example of FY 2024, from the second quarter of CY 2021 to the second quarter of CY 2022). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

Arizona Financial Aid Trust

The budget includes \$1,326,000 from the General Fund in FY 2024 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2023. *(Please see the ABOR section for more information.)*

Biomedical Research Funding

The budget includes \$3,000,000 from the General Fund in FY 2024 for the Biomedical Research Funding line item. This amount is unchanged from FY 2023.

Funding is allocated to a nonprofit medical research foundation that specializes in biotechnology and that

collaborates with universities, hospitals, biotechnology and health science research centers. Previously, NAU awarded the funding to the Translational Genomics Research Institute (TGen). *(Please see the Department of Health Services section for additional information).*

Economic Policy Institute

The budget includes no funding in FY 2024 for the Economic Policy Institute line item. Adjustments are as follows:

Economic Policy Institute Funding

The budget includes a decrease of \$(865,300) from the General Fund in FY 2024 to fund the Economic Policy Institute in the NAU operating budget rather than as its own line item.

The funding for the Economic Policy Institute is used to support the institute's mission of rural economic development, financial literacy, and entrepreneurialism.

One-Time Funding

The budget includes no funding in FY 2024 for one-time funding. Adjustments are as follows:

Remove One-Time Operating and Capital Funding

The budget includes a decrease of \$(26,000,000) from the General Fund in FY 2024 to remove one-time operating and capital funding. Of the amount appropriated, at least \$5,000,000 was required to be used to expand the NAU-Yuma program. NAU reported that these monies will be used to address campuswide deferred maintenance projects, support the university's New Economy Initiatives, and expanding program offerings in Yuma.

NAU - Yuma

The budget includes \$3,084,600 and 53.3 FTE Positions from the General Fund in FY 2024 for NAU-Yuma. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(35,200) from the General Fund in FY 2024 for statewide adjustments.

NAU operates this campus in conjunction with the Arizona Western College in Yuma.

Teacher Training

The budget includes \$2,292,700 from the General Fund in FY 2024 for Teacher Training. This amount is unchanged from FY 2023.

The Teacher Training program serves to increase the number of teachers serving as mentors under the Teacher Training ("Master Teacher") program. The Arizona K-12 Center is affiliated with NAU and is located in downtown Phoenix.

Other Issues

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

Summary

NAU's FY 2024 General Fund budget is \$138,925,500. Of this amount:

- \$129,004,400 is included in NAU's individual section of the FY 2024 General Appropriation Act.
- \$5,302,900 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$4,942,500 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$(324,300) is for statewide adjustments.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, NAU's General Fund costs are projected to decrease by \$(1,318,500) in FY 2025 below FY 2024 and decrease by \$(10,000,200) in FY 2026 below FY 2025.

These estimates are based on:

- A decrease of \$(417,400) in FY 2025 and a decrease of \$(1,000) in FY 2026 to adjust for university debt service costs.
- Increases of \$98,900 in FY 2025 and \$100,800 in FY 2026 to increase the university's annual Capital Infrastructure Funding appropriation.
- Decreases of \$(1,000,000) in FY 2025 and \$(10,100,000) in FY 2026 to remove one-time operating funding.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2023 General Appropriation Act appropriated \$134,964,500 from the University Collections Fund to NAU. The Collections Fund for NAU represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well as a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition independent of the legislative process. Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2023 to the Joint Legislative Budget Committee in June 2022, and NAU incorporated the adjusted FY 2023 amounts as part of their FY 2024 budget submission. Accordingly, the estimated FY 2023 amount has been adjusted downward by \$(4,567,200) to \$130,397,300.

The FY 2023 FTE Position count has also been adjusted. The FY 2023 General Appropriation Act originally appropriated 2,619.3 FTE Positions in FY 2023 for NAU. The General Fund accounted for 1,226.6 FTE Positions and the University Collections Fund accounted for the remaining 1,392.7 Positions. The estimated number of FY 2023 FTE Positions has been adjusted downward by (243.1) to 2,376.2. The General Fund accounts for 1,153.8 FTE Positions and the University Collections Fund accounts for the remaining 1,222.4 FTE Positions.

University of Arizona - Main Campus

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	5,975.5	6,294.5	6,294.5 ^{1/}
Personal Services	331,900,000	356,825,700	356,825,700
Employee Related Expenditures	110,341,500	113,505,500	109,778,700
Professional and Outside Services	12,749,800	19,531,600	19,531,600
Travel - In State	69,500	38,500	38,500
Travel - Out of State	468,700	412,300	412,300
Other Operating Expenditures	70,998,100	75,637,800	79,007,500
Equipment	2,703,500	1,026,000	1,026,000
OPERATING SUBTOTAL	529,231,100	566,977,400	566,620,300 ^{2/3/}
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	14,248,900	14,252,500	14,255,300 ^{4/}
2017 Capital Infrastructure Funding	11,087,900	11,309,700	11,535,900 ^{5/}
Agriculture	49,005,100	38,651,000	35,318,400
Arizona Cooperative Extension	15,077,000	17,119,900	15,890,900 ^{6/}
Arizona Financial Aid Trust	2,729,400	2,729,400	2,729,400
Arizona Geological Survey	1,148,500	1,148,500	1,148,500 ^{7/}
Center for the Philosophy of Freedom	3,763,700	4,840,000	0 ^{8/}
College of Veterinary Medicine	0	8,000,000	8,000,000 ^{9/}
Kazakhstan Studies Program	250,000	250,000	250,000 ^{10/}
Mining, Mineral and Natural Resources Educational Museum	428,800	438,700	430,300
Natural Resource Users Law and Policy Center	500,000	2,009,500	1,522,400 ^{11/}
On-Farm Irrigation Efficiency Fund Deposit	0	0	15,200,000
School of Mining	4,000,000	4,476,000	4,084,000 ^{12/}
Sierra Vista Campus	6,528,000	5,031,700	4,723,100
Space Analog for the Moon and Mars	0	0	1,500,000 ^{13/}
Veterinary Diagnostic Laboratory	0	5,000,000	2,500,000
AGENCY TOTAL	637,998,400	682,234,300	685,708,500 ^{14/15/}
FUND SOURCES			
General Fund	250,739,100	299,423,000	302,897,200 ^{16/17/18/}
<u>Other Appropriated Funds</u>			
University Collections Fund	387,259,300	382,811,300	382,811,300 ^{19/}
SUBTOTAL - Other Appropriated Funds	387,259,300	382,811,300	382,811,300
SUBTOTAL - Appropriated Funds	637,998,400	682,234,300	685,708,500
Other Non-Appropriated Funds	1,461,458,300	1,457,122,800	1,457,122,800
Federal Funds	238,899,600	247,619,500	247,619,500
TOTAL - ALL SOURCES	2,338,356,300	2,386,976,600	2,390,450,800

AGENCY DESCRIPTION — Established in 1885, The University of Arizona (UA) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). Upon its establishment, UA received the federal land grant for Arizona, allowing the creation of agricultural and mining programs that continue today.

FOOTNOTES

- ^{1/} Includes 1,097.1 GF and 128 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated to the university of Arizona operating budget, \$16,300,000 is onetime funding. On or before September 1, 2023, the university of Arizona shall provide a detailed expenditure plan to the joint legislative budget committee that includes a description of the intended purposes and the estimated costs of each expenditure. (General Appropriation Act footnote)

- 3/ Any appropriated monies allocated by the university for the center for the philosophy of freedom may not supplant any existing state funding or private or external donations to the center or the philosophy department of the university of Arizona. The appropriated monies and all private and external donations to the center, including any remaining balances from prior fiscal years, shall be deposited in a separate account, shall be used only for the direct operation of the center and may not be used for indirect costs of the university. On or before October 1, 2023, the center shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education committee and the house of representatives education committee and the director of the joint legislative budget committee that includes at least the following information for the center:
1. The total amount of funding received from all sources.
 2. A description of faculty positions and courses offered.
 3. The total undergraduate and graduate student participation.
 4. Significant community events, initiatives or publications.
- The chairpersons of the senate education committee and the house of representatives education committee may request the director of the center to appear before the committees to report on the center's annual achievements. The legislature intends that appropriated monies allocated by the university for the center for the philosophy of freedom in fiscal year 2023-2024 be consistent with the amount appropriated in fiscal year 2022-2023. (General Appropriation Act footnote)
- 4/ A.R.S. § 15-1670 appropriates \$14,225,300 to UA-Main from the General Fund in FY 2024 to finance lease-purchase payments for research infrastructure projects.
- 5/ A.R.S. § 15-1671 appropriates \$11,535,900 to UA-Main from the General Fund in FY 2024 for capital infrastructure projects.
- 6/ Of the amount appropriated for the Arizona cooperative extension line item, \$1,000,000 shall be used for the agricultural workforce development program. (General Appropriation Act footnote)
- 7/ The university of Arizona may not use monies appropriated for the Arizona geological survey line item for any other purpose and may not transfer the monies appropriated for the Arizona geological survey to the operating budget or any other line item. (General Appropriation Act footnote)
- 8/ The Center for the Philosophy of Freedom is funded in the operating budget in FY 2024.
- 9/ The amount appropriated to the college of veterinary medicine line item shall be distributed to the college of veterinary medicine to increase the number of students that are residents of this state. Before spending these monies, the university of Arizona shall report to the joint legislative budget committee all of the following information for the college of veterinary medicine:
1. The current number of students who are residents of this state.
 2. The current number of students who are not residents of this state. (General Appropriation Act footnote)
- 10/ The university of Arizona shall use monies appropriated for the Kazakhstan studies program to facilitate academic exchanges between university students and academic institutions in Kazakhstan. (General Appropriation Act footnote)
- 11/ The amount appropriated for the natural resource users law and policy center line item shall be used by the natural resource users law and policy center within the Arizona cooperative extension. Of the amount appropriated, at least \$500,000 shall be used to assist claimants in the general stream adjudication of water rights pursuant to section 15-1647, Arizona Revised Statutes. (General Appropriation Act footnote)
- 12/ One hundred percent of the land earnings and interest from the school of mines land fund shall be distributed to the university of Arizona school of mining and mineral resources in compliance with the enabling act and the Constitution of Arizona. (General Appropriation Act footnote)
- 13/ The amount appropriated for the space analog for the Moon and Mars line item shall be used for the continued progression of the space analog for the Moon and Mars program at Biosphere 2 at the university of Arizona. The legislature intends that the amount appropriated in fiscal year 2023-2024 be used to fund the continued progression of the program across fiscal years 2023-2024, 2024-2025, and 2025-2026. (General Appropriation Act footnote)
- 14/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)
- 15/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 16/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 17/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)

- 18/ The FY 2024 General Fund budget is \$302,897,200. This amount includes \$286,710,800 in UA - Main's individual section of the FY 2023 General Appropriation Act, \$14,255,300 in A.R.S. § 15-1670 lease-purchase appropriations, \$11,535,900 in A.R.S. § 15-1671 capital infrastructure appropriations, and (9,604,800) for statewide adjustments
- 19/ Any unencumbered balances remaining in the university collections fund on June 30, 2023 and all collections received by the university during the fiscal year are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be spent for supplemental life insurance or supplemental retirement. (General Appropriation Act footnote)

Operating Budget

The budget includes \$566,620,300 and 5,069.4 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$191,753,300
University Collections Fund	374,867,000

Adjustments are as follows:

Remove One-Time Wind Tunnel Funding

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2024 for elimination of one-time wind tunnel funding. The FY 2022 budget also included \$3,500,000 in one-time wind tunnel funding.

One-Time Operating Funding

The budget includes a one-time increase of \$1,600,000 from the General Fund in FY 2024 for one-time operating funding.

The FY 2023 budget's 3-year plan included \$14,700,000 from the General Fund for one-time operating funding in FY 2023, FY 2024, and FY 2025. This amount was included in the FY 2024 Baseline. The revised 3-year budget plan increases one-time funding in FY 2024 by \$1,600,000 for a total of \$16,300,000 in FY 2024 and \$14,700,000 in 2025. The monies will be removed in FY 2026.

UA reported that the FY 2023 monies will be used to expand Arizona Cooperative Extension programs, Cancer Engineering research and workforce training programs, and support the university's One Health Initiatives. UA is required to report a detailed expenditure plan for its FY 2024 appropriation by September 1, 2023.

CPF Funding

The budget includes an increase of \$4,840,000 and 53.8 FTE Positions from the General Fund in FY 2024 to fund the Center for the Philosophy of Freedom (CPF) in the operating budget rather than as its own line item. The budget includes a legislative intent statement that that appropriated monies allocated by the university for CPF in

FY 2024 be consistent with the amount appropriated in FY 2023.

Statewide Adjustments

The budget includes a decrease of \$(3,797,100) from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Details and Allocations section.)*

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the UA-Main Other Issues Section and ABOR for more information.)*

2003 Research Infrastructure Lease-Purchase Payment

The budget includes \$14,255,300 from the General Fund in FY 2024 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment

The budget includes an increase of \$2,800 from the General Fund in FY 2024 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2024 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, UA has issued \$201,300,000 in COPs.

(Please see the ABOR section for more information.)

2017 Capital Infrastructure Funding

The budget includes \$11,535,900 from the General Fund in FY 2024 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment

The budget includes an increase of \$226,200 from the General Fund in FY 2024 for a 2.0% increase in Capital Infrastructure Funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2024 General Appropriation Act.

A.R.S. § 15-1670 increases the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second quarter of the second preceding calendar year to the second quarter of the calendar year immediately preceding the fiscal year (in the example of FY 2024, from the second quarter of CY 2021 to the second quarter of CY 2022). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

Agriculture

The budget includes \$35,318,400 and 672.6 FTE Positions in FY2024 for the Agriculture Programs. These amounts consist of:

General Fund	29,279,300
University Collections Fund	6,039,100

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(3,332,600) from the General Fund in FY 2024 for statewide adjustments.

This line item supports agricultural academic programs in Animal Systems; Environment and Natural Resources; Family, Youth, and Community; Human Nutrition, Food Safety and Health; Marketing, Trade, and Economics; and Plant Systems.

Arizona Cooperative Extension

The budget includes \$15,890,900 and 268.8 FTE Positions from the General Fund in FY 2024 for the Arizona Cooperative Extension. Adjustments are as follows:

Remove One-Time FY 2023 Funding

The budget includes a decrease of \$(500,000) from the General Fund in FY 2024 to remove one-time funding for the Agricultural Workforce Development Program. These monies were appropriated one-time in FY 2022 and FY 2023.

One-Time FY 2024 Funding

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for the Agriculture Workforce Development Program, which incentivizes food producing agricultural organizations to hire apprentices by partially offsetting apprenticeship costs.

Statewide Adjustments

The budget includes a decrease of \$(1,729,000) from the General Fund in FY 2024 for statewide adjustments.

This line item supports Agriculture Experiment Stations and Cooperative Extension services that provide non-credit community outreach seminars and youth programs throughout the state.

Arizona Financial Aid Trust

The budget includes \$2,729,400 from the General Fund in FY 2024 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2023. *(Please see the ABOR section for more information).*

Arizona Geological Survey

The budget includes \$1,148,500 and 20.9 FTE Positions from the General Fund in FY 2024 for the Arizona Geological Survey. This amount is unchanged from FY 2023.

The Geological Survey investigates Arizona's geology and provides technical advice and assistance to state and local government agencies, industry and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona.

Center for the Philosophy of Freedom

The budget includes no funding in FY 2024 for the Center for the Philosophy of Freedom line item. Adjustments are as follows:

CPF Funding

The budget includes a decrease of \$(4,840,000) and (53.8) FTE Positions from the General Fund in FY 2024 to fund the Center for the Philosophy of Freedom (CPF) in the UA operating budget rather than as its own line item.

CPF is within the UA Department of Political Economy and Moral Science. The CPF's functions include publishing research, undergraduate education, graduate education, and community outreach.

College of Veterinary Medicine

The budget includes \$8,000,000 and 106.5 FTE Positions from the General Fund in FY 2024 for the College of Veterinary Medicine. This amount is unchanged from FY 2023.

The funding is intended to increase the number of students that are Arizona residents enrolled in the college. UA is required to submit a report to JLBC before spending the monies that includes the current split of enrolled resident and nonresident students.

Kazakhstan Studies Program

The budget includes \$250,000 and 2.8 FTE Positions from the General Fund in FY 2024 for the Kazakhstan Studies Program. This amount is unchanged from FY 2023.

The monies in this line item are used to facilitate academic exchanges between university students and academic institutions in Kazakhstan.

Mining, Mineral and Natural Resources Educational Museum

The budget includes \$430,300 and 1.2 FTE Positions from the General Fund in FY 2024 for the Mining, Mineral, and Natural Resources Educational Museum. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(8,400) from the General Fund in FY 2024 for statewide adjustments.

This line item funds a curator and monies that will be used by the University to pay for repairs to the building.

As session law, the FY 2023 Higher Education BRB re-directs ADOA to convey the Mining, Mineral and Natural Resources Museum to the University of Arizona. As directed by Laws 2017, Chapter 221, ADOA previously conveyed the museum to UA. However, the deed stipulated that the museum revert back to ADOA if the museum did not open to the public by June 15, 2022. The museum did not open to the public by this date. Following the conveyance and reversion of the museum, the FY 2023 Higher Education BRB re-directs ADOA to convey the museum to UA. The museum is not yet open.

Natural Resource Users Law and Policy Center

The budget includes \$1,522,400 and 17.8 FTE Positions from the General Fund in FY 2024 for the Natural Resource Users Law and Policy Center. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(450,000) from the General Fund in FY 2024 for the elimination of one-time endangered species study funding.

Statewide Adjustments

The budget includes a decrease of \$(37,100) from the General Fund in FY 2024 for statewide adjustments.

This line item funds pro bono assistance to claimants who are small landowners in the general stream adjudication of water rights. The university is required to submit a report on assistance activities to the Governor, Speaker of the House of Representatives, and Senate President on November 15 of each year.

On-Farm Irrigation Efficiency Fund Deposit

The budget includes \$15,200,000 from the General Fund in FY 2024 for the On-farm Irrigation Efficiency Fund Deposit line item. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$15,200,000 from the General Fund in FY 2024 for deposit to the On-Farm Irrigation Efficiency Fund.

The On-Farm irrigation Efficiency Program provides grants and data collection for irrigation efficiency systems to reduce on-farm use of groundwater, surface water, mainstream Colorado River water, or water delivered through the Central Arizona Project while minimizing or eliminating the use of flood irrigation or fallowing to reduce on-farm use.

School of Mining

The budget includes \$4,084,000 and 64 FTE Positions from the General Fund in FY 2024 for the School of Mining. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(392,000) from the General Fund in FY 2024 for statewide adjustments.

This line item provides operating funding for the UA School of Mining.

A General Appropriation Act footnote requires 100% of the land earnings and interest from the School of Mines land fund to be distributed to the University of Arizona School of Mining and Mineral Resources.

Sierra Vista Campus

The budget includes 4,723,100 and 60.5 FTE Positions in FY 2024 for the Sierra Vista Campus. These amounts consist of:

General Fund	2,817,900
University Collections Fund	1,905,200

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(308,600) from the General Fund in FY 2024 for statewide adjustments.

UA - Sierra Vista offers upper-division undergraduate programs for community college transfer students. While ABOR authorized this UA branch campus for Sierra Vista in 1995, the Legislature has not formally established the campus in statute.

Space Analog for the Moon and Mars

The budget includes \$1,500,000 from the General Fund in FY 2024 for the Space Analog for the Moon and Mars project. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$1,500,000 from the General Fund in FY 2024 for the Space Analog for the Moon and Mars at the University of Arizona. A General Appropriations Act footnote requires the funding to be used for the continued progression of the space analog for the Moon and Mars program at Biosphere 2 and includes a legislative intent statement that the monies be used to support the program for 3 years, in FY 2024, FY 2025, and FY 2026.

Veterinary Diagnostic Laboratory

The budget includes \$2,500,000 and 10 FTE Positions from the General Fund in FY 2024 for the Veterinary Diagnostic Laboratory. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2024 for the elimination of one-time funding for the Veterinary Diagnostic Lab.

The Veterinary Diagnostic Laboratory provides diagnostic service in animal health to veterinarians, animal owners, university researchers, and state and federal agencies.

Other Issues

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

Summary

UA - Main's FY 2024 General Fund budget is \$302,897,200. Of this amount:

- \$286,710,800 is included in UA - Main's individual section of the FY-2024 General Appropriation Act.
- \$14,255,300 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$11,535,900 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$(9,604,800) is for statewide adjustments

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, UA - Main's General Fund costs are projected to decrease by \$(19,077,300) in FY 2025 below FY 2024 and decrease by \$(14,463,600) in FY 2026 below FY 2025.

These estimates are based on:

- An \$(8,000) decrease in FY 2025 and a \$1,100 increase in FY 2026 to adjust for university debt service costs.
- Increases of \$230,700 in FY 2025 and \$235,300 in FY 2026 to increase the university's annual Capital Infrastructure Funding.
- Decreases of \$(1,600,000) in FY 2025 and \$(14,700,000) FY 2026 to remove one-time operating funding.
- A \$(1,000,000) decrease in FY 2025 to remove one-time funding for the Agriculture Workforce Development Program.
- A \$(15,200,000) decrease in FY 2025 to remove one-time funding for a On-Farm Irrigation Efficiency Fund deposit.
- A \$(1,500,000) decrease in FY 2025 to remove one-time funding for the Space Analog for the Moon and Mars.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2023 General Appropriation Act appropriated \$304,407,700 from the University Collections Fund to UA - Main. The Collections Fund for UA - Main represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well as a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition independent of the legislative process. Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2023 to the Joint Legislative Budget Committee in June 2022, and UA incorporated the adjusted FY 2023 amounts as part of their FY 2024 budget submission. Accordingly, the estimated FY 2023 amount has been adjusted upward by \$78,403,600 to \$382,811,300.

The FY 2023 FTE Position count has also been adjusted. The FY 2023 General Appropriation Act originally appropriated 5,975.5 FTE Positions in FY 2023 for UA - Main. The General Fund accounted for 2,884.4 FTE Positions and the University Collections Fund accounted for the remaining 3,091.1 FTE Positions. The estimated number of FY 2023 FTE Positions has been adjusted by 319 to 6,294.5. The General Fund accounts for 2,850.3 FTE Positions and the University Collections Fund accounts for the remaining 3,444.2 FTE Positions.

University of Arizona - Health Sciences Center

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1,268.7	1,112.4	1,112.4 ^{1/}
Personal Services	55,406,000	61,469,100	61,469,100
Employee Related Expenditures	17,261,400	19,232,200	19,232,200
Professional and Outside Services	751,700	2,431,600	2,431,600
Travel - In State	19,900	37,700	37,700
Travel - Out of State	65,200	67,200	67,200
Other Operating Expenditures	14,746,600	16,889,600	16,889,600
Equipment	91,700	0	0
OPERATING SUBTOTAL	88,342,500	100,127,400	100,127,400 ^{2/}
SPECIAL LINE ITEMS			
AZ REACH	0	0	500,000 ^{3/}
Board of Medical Student Loans	0	0	2,000,000
Clinical Rural Rotation	353,600	353,600	353,600
Clinical Teaching Support	8,587,000	8,587,000	8,587,000
Fall Prevention Studies	0	0	1,000,000
Liver Research Institute	440,400	440,400	440,400
Phoenix Medical Campus	41,728,700	32,394,600	32,394,600
Telemedicine Network	1,670,000	1,670,000	1,670,000
AGENCY TOTAL	141,122,200	143,573,000	147,073,000 ^{4/5/}
FUND SOURCES			
General Fund	76,897,700	76,897,700	80,397,700 ^{6/7/}
<u>Other Appropriated Funds</u>			
University Collections Fund	64,224,500	66,675,300	66,675,300 ^{8/}
SUBTOTAL - Other Appropriated Funds	64,224,500	66,675,300	66,675,300
SUBTOTAL - Appropriated Funds	141,122,200	143,573,000	147,073,000
Other Non-Appropriated Funds	331,870,200	355,261,500	355,261,500
Federal Funds	178,966,900	186,125,700	186,125,700
TOTAL - ALL SOURCES	651,959,300	684,960,200	688,460,200

AGENCY DESCRIPTION — The University of Arizona's Health Sciences Center (UA-HSC) includes its Colleges of Medicine Tucson and Phoenix, Nursing, Pharmacy, and Public Health. UA-HSC also currently operates a medical campus in Phoenix that opened in FY 2006.

FOOTNOTES

- ^{1/} Includes 204.7 GF and 69.8 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} The legislature intends that \$8,000,000 of the amount appropriated to the health sciences center operating lump sum appropriation line item be used to expand the college of medicine Phoenix campus and to develop and administer a primary care physician scholarship program at the college of medicine Phoenix campus and the college of medicine Tucson campus. The legislature intends that the \$8,000,000 not be annualized in future years. (General Appropriation Act footnote)
- ^{3/} The amount appropriated for the AZ REACH line item shall be used to provide medical care transfer services for hospitals with less than twenty beds. (General Appropriation Act footnote)
- ^{4/} Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)
- ^{5/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- ^{6/} The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)

- 7/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)
- 8/ Any unencumbered balances remaining in the university collections fund on June 30, 2023 and all collections received by the university during the fiscal year are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be spent for supplemental life insurance or supplemental retirement. (General Appropriation Act footnote)

Operating Budget

The budget includes \$100,127,400 and 837.9 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$42,576,900
University Collections Fund	57,550,500

These amounts are unchanged from FY 2023.

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the UA-HSC Other Issues Section and ABOR for more information.)*

AZ REACH

The budget includes \$500,000 from the General Fund in FY 2024 for the AZ REACH program. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2024 for the AZ REACH program, which coordinates acute medical care transfers in Arizona hospitals. A General Appropriation Act footnote requires funding to be used to provide transfers for hospitals with less than twenty beds.

Board of Medical Student Loans

The budget includes \$2,000,000 from the General Fund in FY 2024 for the Board of Medical Student Loans. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for the Board of Medical Student Loans. The board provides forgivable loans to Arizona medical students in exchange for practicing in rural and underserved areas of the state.

UA's financial aid office provides administrative support to the board.

Clinical Rural Rotation

The budget includes \$353,600 and 5.2 FTE Positions from the General Fund in FY 2024 for the Clinical Rural Rotation program. These amounts are unchanged from FY 2023.

This line item funds the Rural Health Professions Program, which enables nurse practitioner, medical, and pharmacy students to plan and complete clinical practice rotations in rural and medically under-served sites throughout the state.

Clinical Teaching Support

The budget includes \$8,587,000 from the General Fund in FY 2024 for Clinical Teaching Support. These amounts are unchanged from FY 2023.

Clinical Teaching Support provides hospital training, through internships and residencies, for medical, nursing, clinical, and other health students in a wide variety of specialty areas. Students fill all the above-mentioned FTE Positions.

Fall Prevention Studies

The budget includes \$1,000,000 from the General Fund in FY 2024 for Fall Prevention Studies. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2024 for the UA College of Public Health to research fall prevention for aging individuals.

Liver Research Institute

The budget includes \$440,400 and 6.5 FTE Positions from the General Fund in FY 2024 for the Liver Research Institute. These amounts are unchanged from FY 2023.

The Liver Research Institute conducts clinical studies on all liver diseases, focusing on chemical and natural agents that may offer a cure for such ailments. The line item also supports a research development program that actively pursues outside grants and donations.

Phoenix Medical Campus

The budget includes \$32,394,600 and 247.9 FTE Positions in FY 2024 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	23,269,800
University Collections Fund	9,124,800

These amounts are unchanged from FY 2023.

In addition to the monies appropriated in this line item, a General Appropriation Act footnote states legislative intent that \$8,000,000 from the UA Health Sciences Center operating budget appropriation be used to expand the College of Medicine Phoenix Campus and to develop and administer a primary care physician scholarship program at both the Phoenix and Tucson Campuses.

Telemedicine Network

The budget includes \$1,670,000 and 14.9 FTE Positions from the General Fund in FY 2024 for the Telemedicine Network. These amounts are unchanged from FY 2023.

Telemedicine is the use of computers, video imaging, broadband Internet, and other telecommunication technologies to diagnose and treat patients in rural communities.

Other Issues

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2023 General Appropriation Act appropriated \$56,363,300 from the University Collections Fund to UA - HSC. The Collections Fund for UA - HSC represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well as a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition independent of the legislative process. Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2023 to the Joint Legislative Budget Committee in June 2022, and UA incorporated the adjusted FY 2023 amounts as part of their FY 2024 budget submission. Accordingly, the estimated FY 2023 amount has been adjusted by \$10,312,000 to \$66,375,300.

The FY 2023 FTE Position count has also been adjusted. The FY 2023 General Appropriations Act originally appropriated 1,268.7 FTE Positions in FY 2023 for the UA - HSC. The General Fund accounted for 785.7 FTE Positions and the University Collections Fund accounted for the remaining 483 FTE Positions. The estimated number of FY 2023 FTE Positions has been adjusted by (156.3) to 1,112.4. The General Fund accounts for 561 FTE Positions and the University Collections Fund accounts for the remaining 551.4 FTE Positions.

Department of Veterans' Services

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	772.3	792.3	792.3 ^{1/}
Personal Services	1,162,300	1,304,300	1,535,800
Employee Related Expenditures	397,800	550,400	644,200
Professional and Outside Services	9,400	5,900	5,900
Travel - In State	34,800	14,400	14,400
Travel - Out of State	8,600	1,100	1,100
Other Operating Expenditures	422,100	661,500	878,600
Equipment	21,000	56,600	56,600
OPERATING SUBTOTAL	2,056,000	2,594,200	3,136,600
SPECIAL LINE ITEMS			
Arizona State Veterans' Cemeteries	935,500	1,003,200	975,000 ^{2/}
Arizona State Veterans' Homes	20,244,800	60,559,500	60,519,600
Gila County Veterans Retreat	0	0	3,000,000 ^{3/4/}
Homeless Veterans' Reintegration Program	0	0	5,000,000 ^{5/}
Hyperbaric Oxygen Therapy Reimbursement	0	25,000	0
Tribal Ceremonies	0	1,000,000	0
Tribal Connectivity Project	0	0	1,500,000 ^{6/}
Veterans' Benefit Counseling	2,984,000	3,910,600	3,676,600
Rural Tribal Nations Veteran Benefit Counseling	0	2,265,100	2,194,400 ^{7/}
Veterans' Support Services	1,226,100	1,226,100	1,226,100 ^{8/}
Veterans' Trauma Treatment Services	0	450,000	450,000 ^{9/}
Veteran Suicide Prevention Training Pilot Program	0	0	600,000 ^{4/10/}
AGENCY TOTAL	27,446,400	73,033,700	82,278,300 ^{11/}
FUND SOURCES			
General Fund	7,201,600	12,449,200	21,758,700
<u>Other Appropriated Funds</u>			
Hyperbaric Oxygen Therapy for Military Veterans Fund	0	25,000	0
State Homes for Veterans Trust Fund	20,244,800	60,559,500	60,519,600
SUBTOTAL - Other Appropriated Funds	20,244,800	60,584,500	60,519,600
SUBTOTAL - Appropriated Funds	27,446,400	73,033,700	82,278,300
Other Non-Appropriated Funds	6,897,800	3,418,100	3,418,100
Federal Funds	22,649,900	1,223,200	1,223,200
TOTAL - ALL SOURCES	56,994,100	77,675,000	86,919,600

AGENCY DESCRIPTION — The agency supervises and operates skilled nursing homes for Arizona veterans, assists veterans in developing and filing claims for federal entitlements, and operates several veterans' memorial cemeteries across the state.

FOOTNOTES

- ^{1/} Includes 101.5 GF and 644 OF FTE Positions funded from Special Line Items in FY 2024.
- ^{2/} Of the amount appropriated for the Arizona state veterans' cemeteries line item, \$15,000 is allocated to provide burial services in state veterans' cemeteries for members of the Arizona national guard and the United States armed forces reserves if the member's service was terminated under honorable conditions as authorized by the burial equity for guards and reserves act (P.L. 117-103; 136 STAT. 1109). (General Appropriation Act footnote)
- ^{3/} Monies appropriated for the Gila county veterans retreat line item shall be distributed to Gila county for the Pleasant Valley veterans retreat. (General Appropriation Act footnote)
- ^{4/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)

- 5/ Monies appropriated for the homeless veterans' reintegration program line item shall be used to provide services that assist in reintegrating homeless veterans into meaningful employment within the labor force and to stimulate the development of effective service delivery systems that address the complex problems facing homeless veterans. (General Appropriation Act footnote)
- 6/ Monies appropriated for the tribal connectivity project line item shall be used to expand the telecommunications and satellite internet capabilities of chapter houses in rural tribal nations to increase access to services and benefits. (General Appropriation Act footnote)
- 7/ Monies appropriated for the rural tribal nations veteran benefit counseling line item shall be used for veterans' services officers to provide services in rural tribal nations in this state that have communities that are located one hundred miles or more from the nearest United States department of veterans' affairs service center. (General Appropriation Act footnote)
- 8/ The amount appropriated for veterans' support services line item shall be distributed to a nonprofit veterans' services organization that provides support services among this state's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. Before the expenditure of the monies, the department shall submit an expenditure report to the joint legislative budget committee that includes the status of non-state matching grant monies. (General Appropriation Act footnote)
- 9/ Monies appropriated for the veterans' trauma treatment services line item shall be used to provide grants to contractors as defined in section 36-2901, Arizona Revised Statutes, that provide trauma treatment services training to any of the following health professionals licensed pursuant to title 32, Arizona Revised Statutes:
1. Physicians.
 2. Registered nurse practitioners.
 3. Physician assistants.
 4. Psychologists.
 5. Behavioral health professionals who are either licensed for individual practice or supervised by a psychologist, registered nurse practitioner or behavioral health professional licensed pursuant to title 32, Arizona Revised Statutes, for independent practice. (General Appropriation Act footnote)
- 10/ Monies appropriated for the veteran suicide prevention training pilot program line item shall be used to offer claims examiners and county and municipal veteran service officers specialized training and certification in preventing veteran suicides. The department of veterans' services shall contract with an organization that has experience in developing and implementing veteran-relevant and evidence-based suicide prevention training to develop the training curriculum. The department shall establish and oversee the process for selecting participants and certifying participants for successful training completion. The program shall train participants to identify indicators of elevated suicide risk in veterans and provide emergency crisis referrals for veterans who are expressing or exhibiting symptoms of emotional or psychological distress. The department shall adopt rules necessary to implement the pilot program. On or before July 30, 2024, the department shall submit a report to the president of the senate and the speaker of the house of representatives that includes information concerning the pilot program and whether any changes should be made to the pilot program to increase the program's effectiveness. (General Appropriation Act footnote)
- 11/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$3,136,600 and 46.8 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

Salary Adjustment Reallocation

The budget includes an increase of \$330,700 from the General Fund in FY 2024 for a salary adjustment reallocation. The FY 2023 budget funded a 10% staff salary increase and required agencies to transfer the monies to the relevant line items as part of the FY 2024 budget request submittals. This shift modifies that transfer to better align with the department's needs.

(Please see Arizona State Veterans' Cemeteries, Veterans' Benefit Counseling, and Rural Tribal Nations Veteran Benefit Counseling for corresponding funding decreases.)

Statewide Adjustments

The budget includes an increase of \$211,700 from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona State Veterans' Cemeteries

The budget includes \$975,000 and 12.5 FTE Positions from the General Fund in FY 2024 for the Arizona State Veterans' Cemeteries. Adjustments are as follows:

Guard and Reserve Burial Services

The budget includes a one-time increase of \$15,000 from the General Fund in FY 2024 for burial services for members of the Arizona National Guard and U.S. Armed Forces Reserves. Until the passage of the federal Burial Equity for Guards and Reserves Act in March 2022, state veteran cemeteries receiving federal funding were prohibited from interring veterans who lacked active-duty service.

Salary Adjustment Reallocation

The budget includes a decrease of \$(40,700) from the General Fund in FY 2024 for a salary adjustment reallocation. *(Please see the Operating Budget section for additional information.)*

Statewide Adjustments

The budget includes a decrease of \$(2,500) from the General Fund in FY 2024 for statewide adjustments.

Monies in this line item are used to partially offset the operating and maintenance costs for the 3 veteran cemeteries in Sierra Vista, Marana, and Belmont. The department also receives interment fees from the federal government, which are deposited into the non-appropriated Arizona State Veterans' Cemetery Trust Fund.

Arizona State Veterans' Homes

The budget includes \$60,519,600 and 644 FTE Positions from the State Homes for Veterans' Trust Fund in FY 2024 for the Arizona State Veterans' Homes. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(39,900) from the State Homes for Veterans' Trust Fund in FY 2024 for statewide adjustments.

The monies in this line item are used for expenses related to the Arizona State Veterans' Homes. Monies in this line item are from fees and reimbursements received from residents, the U.S. Department of Veterans Affairs (VA), Medicaid, Medicare, and private insurance carriers.

ADVS operates the Phoenix Veterans' Home, a 200-bed facility serving an average of 80 individuals between January 2023 and April 2023. The Tucson Veterans' Home has a 120-bed capacity serving an average of 83 individuals between January 2023 and April 2023. *(Please see Veterans' Homes Occupancy in Other Issues for further details.)*

A third home in Yuma opened in October 2022. A fourth home in Flagstaff is currently under construction with a projected opening in November 2023. Each of these homes will have an 80-bed capacity. Additionally, the department plans to build a fifth home in Northwestern Arizona. *(Please see the Other Issues section for further details on the Northwestern Arizona home.)*

Gila County Veterans Retreat

The budget includes \$3,000,000 from the General Fund in FY 2024 for the Gila County Veterans Retreat. Adjustments are as follows:

Pleasant Valley Veterans Retreat

The budget includes a one-time increase of \$3,000,000 from the General Fund in FY 2024 to distribute to Gila County for the construction costs of the Pleasant Valley Veterans Retreat. The retreat, located in Young, Arizona, will be owned by Gila County and operated by a non-profit to offer amenities for U.S. military veterans and their families at no charge. The monies are appropriated as non-lapsing.

Homeless Veterans' Reintegration Program

The budget includes \$5,000,000 from the General Fund in FY 2024 for the Homeless Veterans' Reintegration Program. Adjustments are as follows:

New Program

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for a new program that will assist homeless veterans in obtaining employment and help address the problems facing homeless veterans. The program will be based on the U.S. Department of Labor's Homeless Veterans' Reintegration competitive grant program.

Hyperbaric Oxygen Therapy Reimbursement

The budget includes no funding in FY 2024 for Hyperbaric Oxygen Therapy Reimbursement. Adjustments are as follows:

Remove One-Time General Fund Reimbursement

The budget includes a decrease of \$(25,000) from the Hyperbaric Oxygen Therapy for Military Veterans Fund in FY 2024 to remove a one-time General Fund deposit.

Laws 2018, Chapter 98 created the Hyperbaric Oxygen Therapy for Military Veterans Fund and made an initial deposit of \$25,000 from the General Fund. The bill required an advisory committee to provide financial

assistance from the fund to veterans for hyperbaric oxygen therapy. The Department of Veterans' Services may seek reimbursement to the fund if the therapy is fully or partially covered by private insurance.

Chapter 98 advanced appropriated \$25,000 from the Hyperbaric Oxygen Therapy for Military Veterans Fund to the General Fund in FY 2023. As a result, this funding did not appear in the FY 2023 General Appropriation Act.

Tribal Ceremonies

The budget includes no funding in FY 2024 for Tribal Ceremonies. Adjustments are as follows:

Remove One-Time Program Funding

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2024 to remove one-time funding for tribal ceremonies. The FY 2023 budget required the department to distribute the monies to Indian tribes to conduct ceremonies for tribal members who are discharged from the military, including members diagnosed with PTSD. The monies were appropriated as non-lapsing.

Tribal Connectivity Project

The budget includes \$1,500,000 from the General Fund in FY 2024 for the Tribal Connectivity Project. Adjustments are as follows:

New Project

The budget includes a one-time increase of \$1,500,000 from the General Fund in FY 2024 for an infrastructure project. The project's purpose will be to expand the telecommunication and satellite internet capabilities of chapter houses in rural tribal nations to increase veterans' access to services and benefits.

Veterans' Benefit Counseling

The budget includes \$3,676,600 and 69 FTE Positions from the General Fund in FY 2024 for Veterans' Benefit Counseling. Adjustments are as follows:

Salary Adjustment Reallocation

The budget includes a decrease of \$(224,900) from the General Fund in FY 2024 for a salary adjustment reallocation. *(Please see the Operating Budget section for additional information.)*

Statewide Adjustments

The budget includes a decrease of \$(9,100) from the General Fund in FY 2024 for statewide adjustments.

The monies in this line item are used to assist Arizona veterans with questions about benefit eligibility, completion and filing of VA claims, and in obtaining earned benefits. *(For more information on benefit counseling within ADVS, please see Rural Tribal Nations Veteran Benefit Counseling.)*

Rural Tribal Nations Veteran Benefit Counseling

The budget includes \$2,194,400 and 20 FTE Positions from the General Fund in FY 2024 for Rural Tribal Nations Veteran Benefit Counseling. Adjustments are as follows:

Salary Adjustment Reallocation

The budget includes a decrease of \$(65,100) from the General Fund in FY 2024 for a salary adjustment reallocation. *(Please see the Operating Budget section for additional information.)*

Statewide Adjustments

The budget includes a decrease of \$(5,600) from the General Fund in FY 2024 for statewide adjustments.

The monies in this line item fund Veteran Service Officers who provide benefit counseling for tribal nation communities located 100 miles or more from the nearest U.S. Department of Veterans Affairs service center. *(For more information on benefit counseling within ADVS, please see Veterans' Benefit Counseling.)*

Veterans' Support Services

The budget includes \$1,226,100 from the General Fund in FY 2024 for Veterans' Support Services. This amount is unchanged from FY 2023.

Funding for this line item shall be distributed to a nonprofit veterans' services organization that provides support services, including suicide prevention, to Arizona's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. The program currently includes a 24/7 hotline, career navigation services, and resource mapping. Prior to spending the appropriation, the department is required to submit an expenditure report to JLBC that includes the status of non-state matching grant monies.

Veterans' Trauma Treatment Services

The budget includes \$450,000 from the General Fund in FY 2024 for Veterans' Trauma Treatment Services. This amount is unchanged from FY 2023.

Monies appropriated for this line item shall be used to provide grants to contractors as defined in A.R.S. § 36-2901, that provide trauma treatment services training to any of the following health professionals licensed pursuant to Title 32, Arizona Revised Statutes: Physicians, Registered Nurse Practitioners, Physician Assistants, Psychologists, and Behavioral Health Professionals who are either licensed for individual practice or supervised by a psychologist, registered nurse practitioner, or behavioral health professional licensed pursuant to Title 32, Arizona Revised Statutes, for independent practice.

Veteran Suicide Prevention Training Pilot Program

The budget includes \$600,000 from the General Fund in FY 2024 for the Veteran Suicide Prevention Training Pilot Program. Adjustments are as follows:

New Pilot Program

The budget includes a one-time increase of \$600,000 from the General Fund in FY 2024 for a suicide prevention pilot program. The budget adds a footnote specifying that the pilot program will provide training and certification to veterans-facing staff throughout the state on identifying indicators of elevated suicide risk in veterans and providing emergency crisis referrals. The budget also requires the department to submit a report by July 30, 2024, to the Senate President and the Speaker of the House of Representatives that includes recommendations for improving the program. After passage of the budget, Laws 2023, Chapter 199 established the pilot program as permanent law and additionally requires the department, in its final report, to recommend whether the program should be continued. The monies are appropriated as non-lapsing.

Other Issues

Veterans' Homes Occupancy

The department reports that occupancy rates in the Phoenix and Tucson homes declined during the COVID-19 pandemic, and construction of the Flagstaff and Yuma homes experienced delays. This resulted in expenditures that exceed available revenues in the State Homes for Veterans' Trust Fund.

Many nursing homes and skilled nursing facilities in Arizona have recovered from pandemic-related declines in occupancy; approximately three-fifths of Arizona facilities are at or above their May 2020 levels. The Arizona State Veterans' Homes, however, continue to face challenges. The Phoenix home's occupancy rate was 73%

in May 2020; the average rate for January 2023 through April 2023 was 40%. The Tucson home's occupancy rate was 84% in May 2020; the average rate for January 2023 through April 2023 was 69%.

The Yuma home opened in October 2022. The home has been certified to receive payments from the VA and is now seeking certification for reimbursement from the Medicare and Medicaid programs. The department plans for the Flagstaff home to open in November 2023.

The Executive made a one-time allocation of \$16,200,500 from the American Rescue Plan Act (ARPA) funds in FY 2022 to address the shortfall. The 3-year budget plan in FY 2023 included an additional allocation of \$19,600,000 from ARPA. As of this writing, the department projects there will not be a shortfall in FY 2024.

Northwestern Veterans' Home

The FY 2022 budget included \$25,000,000 from the General Fund for the construction and establishment of a veterans' home facility in Northwestern Arizona.

The Department of Veterans' Services is required to submit the proposed site location to the Arizona Veterans' Service Advisory Commission for approval. As of the quarterly meeting in May 2023, the department has not selected a location. The department is currently conducting feasibility studies for selecting a location.

Arizona State Veterinary Medical Examining Board

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6.0	7.0	7.0
Personal Services	317,200	471,000	471,000
Employee Related Expenditures	100,500	151,200	149,200
Professional and Outside Services	29,800	38,500	41,100
Travel - In State	7,700	8,500	8,500
Other Operating Expenditures	73,000	102,300	113,500
Equipment	1,900	3,300	1,800
AGENCY TOTAL	530,100	774,800 ^{1/}	785,100 ^{2/}

FUND SOURCES

Other Appropriated Funds

Veterinary Medical Examining Board Fund	530,100	774,800	785,100
SUBTOTAL - Other Appropriated Funds	530,100	774,800	785,100
SUBTOTAL - Appropriated Funds	530,100	774,800	785,100
TOTAL - ALL SOURCES	530,100	774,800	785,100

AGENCY DESCRIPTION — The board licenses and regulates veterinarians, veterinary technicians, and veterinary premises. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

- ^{1/} Of the amount appropriated in the agency lump sum appropriation in fiscal year 2022-2023 to the Arizona State Veterinary Medical Examiners, \$24,600 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2024, for the purposes of e-licensing system upgrades. (FY 2024 General Appropriation Act footnote).
- ^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes \$785,100 and 7 FTE Positions from the Veterinary Medical Examining Board Fund in FY 2024 for the operating budget. Adjustments are as follows:

Remove One-Time Equipment Funding

The budget includes a decrease of \$(1,500) from the Veterinary Medical Examining Board Fund in FY 2024 for the elimination of one-time equipment funding.

Named Claimants

The budget includes a decrease of \$(4,292.76) from the Veterinary Medical Examining Board Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Statewide Adjustments

The budget includes an increase of \$16,100 from the Veterinary Medical Examining Board Fund in FY 2024 for

statewide adjustments. (Please see the Agency Detail and Allocations section.)

Other Issues

FY 2023 Supplementals

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$4,292.76 from the Veterinary Medical Examining Board Fund for unpaid claims. (Please see the operating budget for further details.)

Water Infrastructure Finance Authority

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
Long-Term Water Augmentation Fund Deposit	0	0 ^{1/}	189,200,000 ^{2/3/}
Water Projects Assistance Grants	5,000,000	10,000,000	3,000,000 ^{4/5/6/7/9/}
Water Supply Development Revolving Fund Deposit	6,000,000	0	0
Small Drinking Water Systems Fund Deposit	1,000,000	0	0
Gilbert Wells Project	0	0	27,800,000 ^{9/}
Glendale Irrigation and Xeriscaping	0	0	810,000 ^{10/}
Little Colorado River Levee	0	0	20,000,000 ^{11/}
Mohave Wash Recharge Basin	0	0	3,400,000 ^{12/}
Peoria Wells Project	0	0	10,000,000 ^{13/}
AGENCY TOTAL	12,000,000	10,000,000	254,210,000 ^{14/}

FUND SOURCES			
General Fund	12,000,000	10,000,000	254,210,000
SUBTOTAL - Appropriated Funds	12,000,000	10,000,000	254,210,000
Other Non-Appropriated Funds	138,190,100	254,840,300	254,840,300
Federal Funds	18,865,400	33,321,400	33,321,400
TOTAL - ALL SOURCES	169,055,500	298,161,700	542,371,700

AGENCY DESCRIPTION — The Water Infrastructure Finance Authority (WIFA) finances the construction, rehabilitation, and/or improvement of drinking water, waste water, reclamation, and other water quality facilities/projects from federal funds. The WIFA board also authorizes grants and issues bonds to support water supply development, conservation, and long-term water augmentation projects with state funds. WIFA staff support the statutory Federal Water Programs Committee, Water Supply Development Committee, and Long-Term Water Augmentation Committee. Prior to FY 2023, WIFA was operationally located within the Office of Economic Opportunity.

FOOTNOTES

- ^{1/} Laws 2022, Chapter 366 transferred \$334,000,000 from a diversion of the state's share of Transaction Privilege Tax (TPT) for deposit to the Long-Term Water Augmentation Fund. Because this was a revenue transfer to the fund, it is not displayed as an agency expenditure in the table.
- ^{2/} Laws 2022, Chapter 366, as amended by Laws 2023, Chapter 133, appropriated \$189,200,000 from the General Fund in FY 2024 and \$333,000,000 in FY 2025 for deposit to the Long-Term Water Augmentation Fund. Because this appropriation is in separate legislation, it is not included in the FY 2024 General Appropriation Act or the agency section of the General Appropriation Act
- ^{3/} The appropriation made in Laws 2022, chapter 366, section 32, to the long-term water augmentation fund established by section 49-1302, Arizona Revised Statutes, in fiscal year 2023 2024 is reduced by \$(143,800,000). (General Appropriation Act footnote)
- ^{4/} The water projects assistance grants are allocated to provide financial assistance to cities and towns that provide water in Navajo and Apache counties and to provide financial assistance to irrigation districts in Cochise and Graham counties to contract for services of outside advisors, attorneys, consultants and aides that are reasonably necessary to enable these cities and towns and irrigation districts to adequately perform their duties. (General Appropriation Act footnote)
- ^{5/} Of the amount appropriated to the water projects assistance grants line item, \$1,000,000 is allocated to provide financial assistance to cities and towns that provide water in Navajo and Apache counties to contract for services of outside advisors, attorneys, consultants and aides that are reasonably necessary or desirable to enable the cities and towns to adequately perform their duties. (General Appropriation Act footnote)
- ^{6/} Of the amount appropriated to the water projects assistance grants line item, \$1,000,000 is allocated to provide financial assistance to irrigation districts in Graham county to contract for services of outside advisors, attorneys, consultants and aides that are reasonably necessary or desirable to enable the irrigation districts to adequately perform their duties. (General Appropriation Act footnote)
- ^{7/} Of the amount appropriated to the water projects assistance grants line item, \$1,000,000 is allocated to provide financial assistance to irrigation districts in Cochise county along the San Pedro River to contract for services of outside advisors,

attorneys, consultants and aides that are reasonably necessary or desirable to enable the irrigation districts to adequately perform their duties. (General Appropriation Act footnote)

- 8/ The applications for these monies shall be presented for approval to the water infrastructure finance authority of Arizona and the authority shall distribute these monies to the qualified entities before December 31, 2023. (General Appropriation Act footnote)
- 9/ The water infrastructure finance authority of Arizona shall distribute the monies in the Gilbert wells project line item to the town of Gilbert for the rehabilitation and drilling of new water wells. (General Appropriation Act footnote)
- 10/ The water infrastructure finance authority of Arizona shall distribute the monies in the Glendale irrigation and xeriscaping line item to the city of Glendale for irrigation system and xeriscaping. (General Appropriation Act footnote)
- 11/ The water infrastructure finance authority of Arizona shall distribute the monies in the Little Colorado River levee line item to Navajo County to reconstruct the Little Colorado River levee. (General Appropriation Act footnote, as amended by Laws 2023, Chapter 166)
- 12/ The water infrastructure finance authority of Arizona shall distribute the monies in the Mohave wash recharge basin line item to Mohave county to design and construct the Mohave wash recharge basin. (General Appropriation Act footnote)
- 13/ The water infrastructure finance authority of Arizona shall distribute the monies in the Peoria wells project line item to the city of Peoria for new water wells and water infrastructure projects. (General Appropriation Act footnote)
- 14/ General Appropriation Act funds are appropriated by Special Line Items by Agency.

Long-Term Water Augmentation Fund Deposit

The budget includes \$189,200,000 from the General Fund in FY 2024 for the Long-Term Water Augmentation Fund (LTWAF) Deposit line item. Adjustments are as follows:

FY 2024 Fund Deposit

Laws 2022, Chapter 366 appropriated \$333,000,000 from the General Fund in FY 2024 for a one-time deposit to the Long-Term Water Augmentation Fund in FY 2024. This advance appropriation amount was reduced by \$(143,800,000) in the FY 2024 General Appropriation Act (Laws 2023, Chapter 133), resulting in a net \$189,200,000 deposit from the General Fund in FY 2024.

The reduction in the FY 2024 deposit was associated with the budget funding the following water projects with direct appropriations:

Table 1

FY 2024 Budget - Directly Funded Water Projects (\$ in Millions)

Commerce - Water Infrastructure Grants	7.0
DEQ - PFAS (Forever Chemicals) Mitigation	5.0
DEQ - Water Quality Fee Fund Deposit	9.5
Universities - UA - On-Farm Irrigation Grants	15.2
WIFA - Water Projects Assistance Grants	3.0
WIFA - Local Distribution - Glendale Irrigation System	0.8
WIFA - Local Distribution - Gilbert Wells Project	27.8
WIFA - Local Distribution - Peoria Wells Project	10.0
WIFA - Local Distribution - Mohave Wash Recharge Basin	3.4
WIFA - Local Distribution - Little Colorado River Levee	20.0
DWR - Brackish Water Study	0.1
DWR - Brackish Groundwater Pilot	11.0
DWR - Statewide Water Resources Planning Program	5.0
DWR - Groundwater Infrastructure (Santa Rosa Canal)	25.0
Capital - ADOT - Canyon Water Improvement District	0.6
Total	\$143.4

The \$189,200,000 deposit in FY 2024 is the second year of a 3-year commitment for General Fund deposits to the LTWAF. Laws 2022, Chapter 366 created the LTWAF and included a 3-year commitment for total deposits of \$1,000,000,000 to the LTWAF comprised of a transfer of \$334,000,000 from a diversion of the state's share of Transaction Privilege Tax (TPT) in FY 2023, and \$333,000,000 appropriations from the General Fund to the LTWAF in FY 2024 and FY 2025. With the FY 2024 revision, the 3-year total is \$856,200,000.

Chapter 366 required that 75% of the LTWAF is reserved for 1 or more projects that import water from outside of Arizona.

The monies in this fund are to be used for funding water supply development projects that import water from outside of Arizona, purchasing imported water or rights to imported water, acquiring or constructing facilities to convey and deliver imported water, financial assistance to eligible entities to finance or refinance water supply development projects within Arizona and other expenses related to these endeavors including water studies, assessments, and environmental reviews. An eligible entity is a water provider or any city, town, county, district, commission, authority or other public entities for this fund as defined in A.R.S. § 49-1301. The fund may be used for administrative costs, but expenditures are limited to funding no more than 10 FTE Positions at WIFA.

The WIFA Board will approve assistance from this fund and will receive recommendations from a Long-Term Water Augmentation subcommittee comprised of board members. Awards of more than \$50,000,000 from the fund are required to be reviewed by the 9-member Joint Legislative Water Committee established by A.R.S. § 49-1215.

Water Projects Assistance Grants

The budget includes \$3,000,000 from the General Fund in FY 2024 for the Water Projects Assistance Grants line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of \$3,000,000 from the General Fund in FY 2024 to provide one-time water project financial assistance grants. The monies are allocated as follows: 1) \$1,000,000 to cities and towns that provide water in Navajo and Apache Counties; 2) \$1,000,000 to irrigation districts in Graham County and 3) \$1,000,000 to irrigation districts in Cochise County along the San Pedro River. WIFA is required to distribute these monies by December 31, 2023.

Remove One-Time Water Projects Assistance Grants

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2024 to remove one-time funding for Eastern Arizona water project assistance grants.

Monies in this line item are for grants to be used to contract for services of outside advisors, attorneys, consultants and aides that are reasonably necessary or desirable to enable the relevant entity to adequately perform their duties. For the FY 2023 budget, this line item was named Eastern Arizona Water Projects Assistance Grants. The FY 2022 and FY 2023 appropriations for water projects assistance grants were non-lapsing. *(Please see the FY 2022 and FY 2023 Appropriations Reports for prior grant distribution amounts and requirements.)*

Gilbert Wells Project

The budget includes \$27,800,000 from the General Fund in FY 2024 for the Gilbert Wells Project line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of \$27,800,000 from the General Fund in FY 2024 for a one-time distribution to the Town of Gilbert to support the rehabilitation and drilling of new water wells. This funding will allow Gilbert to access previously conserved groundwater.

Glendale Irrigation and Xeriscaping

The budget includes \$810,000 from the General Fund in FY 2024 for Glendale Irrigation and Xeriscaping line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of \$810,000 from the General Fund in FY 2024 for a one-time distribution to the City of Glendale for xeriscaping and the irrigation system.

Little Colorado River Levee

The budget includes \$20,000,000 from the General Fund in FY 2024 for the Little Colorado River Levee line item. Adjustments are as follows:

One-Time Water Projects Funding

The FY 2024 budget as amended by Laws 2023, Chapter 166 includes an increase of \$20,000,000 from the General Fund in FY 2024 for a one-time distribution of monies to Navajo County to support the reconstruction of the Little Colorado River levee.

The FY 2024 General Appropriation Act distributed the monies to the City of Winslow. Laws 2022, Chapter 166 amended the General Appropriations Act to direct the monies to Navajo County. That entity will manage the rebuilding project along with the Army Corps of Engineers. The rebuilding of the levee will protect the City of Winslow and Interstate 40, along with nearby railroad lines and other infrastructure.

Mohave Wash Recharge Basin

The budget includes \$3,400,000 from the General Fund in FY 2024 for the Mohave Wash Recharge Basin line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of \$3,400,000 from the General Fund in FY 2024 for a one-time distribution to Mohave County to design and construct the Mohave Wash recharge basin.

This basin would capture stormwater at the confluence of the Mohave Wash and Rattlesnake Wash.

Peoria Wells Project

The budget includes \$10,000,000 from the General Fund in FY 2024 for the Peoria Wells Project line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of \$10,000,000 from the General Fund in FY 2024 for a one-time distribution to the City of Peoria to support the construction of 5 new water wells and water infrastructure projects.

Other Issues

Water Conservation Grant Fund

Laws 2022, Chapter 366 created the Water Conservation Grant Fund, which allocates funding for voluntary water conservation programs such as: rainwater harvesting, drought-resistant landscaping/turf removal, groundwater storage and recovery and watershed protection.

Chapter 366 did not provide an initial state funding allocation to the fund. The FY 2024 WIFA budget request estimates the fund will receive \$200,000,000 of Federal Funds: \$100,000,000 in FY 2023 and \$100,000,000 in FY 2024. As of June 2022, WIFA awarded 8 grants totaling \$15,000,000 for the first grant cycle and has opened a second grant cycle. Laws 2023, Chapter 197 expanded the fund eligibility to include tribal communities and private water systems.

Small Drinking Water Systems Fund

The Small Drinking Water Systems Fund provides information and assistance to small water systems for improving compliance with drinking water system standards, and to provide emergency and non-emergency grants to small water systems for infrastructure repair. At the end of FY 2022, WIFA reported a balance of \$197,200. WIFA projects expenditures of \$92,500 in FY 2023 and FY 2024. At that level of expenditure, the balance at year's end is estimated at \$104,600 in FY 2023 and \$12,000 in FY 2024.

An FY 2022 General Appropriation Act footnote requires WIFA to report the previous fiscal year's Small Drinking Water Systems Fund expenditures to JLBC by December 31 of 2021, 2022, and 2023.

Department of Water Resources

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	145.0	149.0	179.0 ^{1/}
Personal Services	7,148,300	8,586,000	8,618,200
Employee Related Expenditures	2,454,600	2,888,600	2,828,800
Professional and Outside Services	250,200	399,000	399,000
Travel - In State	177,900	185,400	185,400
Travel - Out of State	43,600	48,500	48,500
Other Operating Expenditures	2,338,100	2,787,000	2,795,400
Equipment	353,600	334,000	334,000
OPERATING SUBTOTAL	12,766,300	15,228,500	15,209,300
SPECIAL LINE ITEMS			
Agua Fria Flood Insurance Study	217,100	0	0
Adjudication Support	1,690,900	1,900,600	1,889,400 ^{2/}
Assured and Adequate Water Supply Administration	2,088,000	2,513,400	2,501,500 ^{3/}
Automated Groundwater Monitoring	325,900	418,600	416,600
Arizona Water Protection Fund Deposit	1,250,000	1,250,000	1,250,000
Brackish Groundwater Study	0	0	100,000 ^{4/5/}
Brackish Groundwater Recovery Pilot Program	0	0	11,000,000 ^{5/6/7/}
Colorado River Legal Expenses	66,800	500,000	500,000 ^{5/8/}
Conservation and Drought Program	371,100	430,300	427,700
New River Flood Insurance Study	0	350,000	0
Rural Water Studies	1,138,000	1,290,800	1,283,900 ^{9/}
Santa Rosa Canal Groundwater Delivery	0	0	25,000,000 ^{5/10/}
Statewide Water Resources Planning	0	0	5,000,000 ^{11/}
Water Supply and Demand Assessment	0	3,500,000	3,500,000
AGENCY TOTAL	19,914,100	27,382,200	68,078,400 ^{12/}
FUND SOURCES			
General Fund	17,974,400	25,364,500	66,059,400
<u>Other Appropriated Funds</u>			
Arizona Water Banking Fund	1,158,600	0	0
Assured and Adequate Water Supply Administration Fund	252,900	291,200	292,500
Water Resources Fund	528,200	1,726,500	1,726,500
SUBTOTAL - Other Appropriated Funds	1,939,700	2,017,700	2,019,000
SUBTOTAL - Appropriated Funds	19,914,100	27,382,200	68,078,400
Other Non-Appropriated Funds	21,865,000	17,678,900	8,475,700
Federal Funds	6,215,900	11,372,900	11,372,900
TOTAL - ALL SOURCES	47,995,000	56,434,000	87,927,000

AGENCY DESCRIPTION — The Department of Water Resources administers and enforces Arizona's groundwater and surface water law, as well as legally representing the state's water rights. The department also participates in surveying water level and quality and planning flood control.

FOOTNOTES

^{1/} Includes 93 GF FTE Positions funded from Special Line Items in FY 2024.

^{2/} Monies in the adjudication support line item may be used only for the exclusive purposes prescribed in section 45-256, Arizona Revised Statutes, and section 45-257, subsection B, paragraph 4, Arizona Revised Statutes. The department of water resources may not transfer any monies into or out of the adjudication support line item. (General Appropriation Act footnote)

- 3/ Monies in the assured and adequate water supply administration line item may be used only for the exclusive purposes prescribed in sections 45-108, 45-576, 45-577, 45-578 and 45-579, Arizona Revised Statutes. The department of water resources may not transfer any monies into or out of the assured and adequate water supply administration line item. (General Appropriation Act footnote)
- 4/ The department of water resources shall use the monies in the brackish groundwater study line item to review and update information contained in studies on the availability of brackish groundwater in this state. (General Appropriation Act footnote)
- 5/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 6/ Of the \$11,000,000 allocated to the brackish groundwater recovery pilot program line item, \$2,000,000 is allocated to the department of water resources for a brackish groundwater desalination demonstration program and to develop a base of knowledge to enhance groundwater recovery through desalination in this state's active management areas. The department shall locate this pilot program within the department's active management area section and a portion of the monies may be used for staffing. The department shall organize the program following the model of work undertaken by the Texas water development board to further the use and development of cost-effective desalination technologies. (General Appropriation Act footnote)
- 7/ Of the \$11,000,000 allocated to the brackish groundwater recovery pilot program line item, \$9,000,000 is allocated for matching participants dollar-for-dollar for brackish groundwater desalination projects within active management areas undertaken for the benefit of those receiving water from the central Arizona project. The central Arizona project shall receive three dollars for every dollar it contributes to this pilot program. (General Appropriation Act footnote)
- 8/ The department of water resources may not transfer any monies from the Colorado River legal expenses line item without prior review by the joint legislative budget committee. (General Appropriation Act footnote)
- 9/ The legislature intends that monies in the rural water studies line item be spent only to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside this state's active management areas and not be made available for other department operating expenditures. (General Appropriation Act footnote)
- 10/ The department of water resources shall use the monies in the Santa Rosa canal groundwater delivery line item to distribute equally between the irrigation districts that are constructing infrastructure in furtherance of the purposes of the settlement between the Maricopa-Stanfield irrigation and drainage district, the central Arizona irrigation and drainage district and the Ak-Chin Indian community and with respect to the delivery of groundwater by the districts by means other than the Santa Rosa canal. (General Appropriation Act footnote)
- 11/ On or before July 31, 2024, the department of water resources shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on the uses of the monies appropriated to the statewide water resources planning line item. (General Appropriation Act footnote)
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$15,209,300 and 86 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$13,982,800
Water Resources Fund	1,226,500

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(19,200) from the General Fund in FY 2024 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Adjudication Support

The budget includes \$1,889,400 and 21 FTE Positions from the General Fund in FY 2024 for Adjudication Support. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(11,200) from the General Fund in FY 2024 for statewide adjustments.

A.R.S. § 45-256 requires the Department of Water Resources to provide technical and administrative support to judicial proceedings involving water rights claims in the Gila River and Little Colorado River watersheds, which include approximately two-thirds of the land within the state.

Assured and Adequate Water Supply Administration

The budget includes \$2,501,500 and 24 FTE Positions in FY 2024 for the Assured and Adequate Water Supply (AAWS) Administration Program. These amounts consist of:

General Fund	2,209,000
AAWS Administration Fund	292,500

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(11,900) in FY 2024 for statewide adjustments. This amount consists of:

General Fund	(13,200)
AAWS Administration Fund	1,300

Within the state's 6 Active Management Areas (AMAs), all new subdivisions must either obtain a Certificate of Assured Water Supply from the Department of Water Resources or obtain a commitment of water service from a municipal provider designated as having an Assured Water Supply. An applicant for a Certificate of Assured Water Supply or a Designation of Assured Water Supply must demonstrate the availability of water for the next 100 years.

The state has 5 existing AMAs, which cover the following general regions: Prescott, Phoenix, Pinal County, Tucson, and Santa Cruz County. At the 2022 General Election, a local ballot measure approved a new 6th AMA located in the Douglas area.

New developers outside the 6 AMAs may obtain a commitment of water service from a municipal water provider designated as having an Adequate Water Supply or developers must obtain from the department a report of the water available to the new subdivision for 100 years before any lots may be sold. In most areas outside the AMAs, if the water supply report determined the water supply to be inadequate, lots may still be sold, but buyers must be notified of the determination. In certain areas outside the AMAs, lots may not be sold unless the water supply is determined to be adequate for 100 years.

Automated Groundwater Monitoring

The budget includes \$416,600 and 2 FTE Positions from the General Fund in FY 2024 for Automated Groundwater Monitoring. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(2,000) from the General Fund in FY 2024 for statewide adjustments.

This line item funds automated measuring instruments, which provide daily measurements of groundwater levels. This information is used to support the administration of all the department's water management programs.

Arizona Water Protection Fund Deposit

The budget includes \$1,250,000 from the General Fund in FY 2024 for the Arizona Water Protection Fund Deposit line item. These amounts are unchanged from FY 2023.

This line item funds an annual deposit of \$1,250,000 to the Arizona Water Protection Fund. The fund provides grants for projects that protect water quality and quantity, as well as to maintain, enhance and restore rivers, streams, and associated riparian habitats. The Water Protection Fund Commission reviews grants and determines annual recipients.

Brackish Groundwater Study

The budget includes \$100,000 from the General Fund in FY 2024 for a Brackish Groundwater Study. Adjustments are as follows:

One-Time Study Funding

The budget includes an increase of \$100,000 from the General Fund in FY 2024 for the updating of studies on the availability of brackish groundwater in this state.

This line item is for the Department of Water Resources to review and update the information in studies on the availability of brackish groundwater in this state. The monies in this line item are non-lapsing.

Brackish Groundwater Recovery Pilot Program

The budget includes \$11,000,000 from the General Fund in FY 2024 for the Brackish Groundwater Recovery Pilot Program line item. Adjustments are as follows:

One-Time Pilot Program Funding

The budget includes an increase of \$11,000,000 from the General Fund in FY 2024 for the development of a pilot program to enhance groundwater recovery through desalination in the state's AMAs.

The \$11,000,000 is allocated as follows: 1) \$2,000,000 to the Department of Water Resources to support a brackish groundwater desalination program within the agency's AMA section and projects to further the recovery of groundwater through desalination within the state's AMAs; and 2) \$9,000,000 is allocated for matching participants dollar-for-dollar for brackish groundwater desalination projects within AMAs undertaken for the benefit of those receiving water from the Central Arizona

Project (CAP). CAP shall receive three dollars for every dollar it contributes to this pilot program.

The program is intended to follow the model of work undertaken by the Texas Water Development Board. The monies in this line item are non-lapsing.

Colorado River Legal Expenses

The budget includes \$500,000 from the Water Resources Fund in FY 2024 for Colorado River Legal Expenses. This amount is unchanged from FY 2023.

This line item is for the Department of Water Resources to use for legal expenses related to the Colorado River. For example, there is current litigation involving the Navajo Nation's claims to water from the Lower Colorado River. The monies in this line item are non-lapsing. *(See the FY 2022 Appropriations Report for more historical information.)*

Conservation and Drought Program

The budget includes \$427,700 and 5 FTE Positions from the General Fund in FY 2024 for the Conservation and Drought Program. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(2,600) from the General Fund in FY 2024 for statewide adjustments.

This line item funds assistance to local communities to assess conservation needs and assists rural communities in the development of conservation programs. This also includes the Community Water Systems program, including but not limited to annual water use reporting (mailings, electronic notification, and submittals), improvements to increase efficiencies of reporting and data collection, data analysis, and compliance.

New River Flood Insurance Study

The budget includes no funding in FY 2024 for a New River Flood Insurance Study. Adjustments are as follows:

Remove One-Time Study Funding

The budget includes a decrease of \$(350,000) from the General Fund in FY 2024 to remove one-time funding for a flood insurance study of the hydrology and hydraulics of the New River. The FY 2023 budget required that this study be completed by March 31, 2024.

Rural Water Studies

The budget includes \$1,283,900 and 11 FTE Positions from the General Fund in FY 2024 for Rural Water Studies.

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(6,900) from the General Fund in FY 2024 for statewide adjustments.

This line item funds the department's administration, data collection, and evaluation of rural water studies. Local communities use these funds to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside the state's AMAs. The studies are primarily conducted and administered by local and federal partners, with the department providing technical support as needed or financial assistance.

Santa Rosa Canal Groundwater Delivery

The budget includes \$25,000,000 from the General Fund in FY 2024 for the Santa Rosa Canal Groundwater Delivery line item. Adjustments are as follows:

One-Time Project Funding

The budget includes an increase of \$25,000,000 from the General Fund in FY 2024 for the Department of Water Resources to distribute monies for the construction of alternative infrastructure to deliver groundwater to the Ak-Chin Indian Community by means other than the Santa Rosa Canal.

An alternative delivery method is needed due to a settlement between the Maricopa-Stanfield Irrigation and Drainage District, the Central Arizona Irrigation and Drainage District and the Ak-Chin Indian community related to water quality and water salinity issues. The monies in this line item are non-lapsing.

Statewide Water Resources Planning

The budget includes \$5,000,000 from the General Fund in FY 2024 for statewide water resources planning. Adjustments are as follows:

One-Time Planning Funding

The budget includes an increase of \$5,000,000 from the General Fund in FY 2024 for additional support for statewide water resources planning.

Pursuant to a FY 2024 budget footnote, the Department of Water Resources shall report on or before July 31, 2024 to the JLBC and OSPB on the uses of the monies appropriated to the statewide water resources planning line item.

Water Supply and Demand Assessment

The budget includes \$3,500,000 and 30 FTE Positions from the General Fund in FY 2024 for the Water Supply and

Demand Assessment line item. These amounts are unchanged from FY 2023.

Additional Water Assessment FTE Positions

The budget includes an increase of 30 FTE Positions from the General Fund in FY 2024 to increase the department's number of authorized staff for this ongoing appropriation for annual assessments of the state's groundwater basins. There is no change in agency funding, as any additional positions would be hired from the existing funding amount.

Laws 2022, Chapter 366 appropriated \$3,500,000 from the General Fund in FY 2023 for an annual water supply and demand assessment of at least 6 groundwater districts each year. The enacted FY 2023 budget labeled this funding as ongoing.

The monies in this line item provide funding for the Department of Water Resources to meet the statutory requirement to prepare, issue and submit water supply and demand assessments for at least 6 of the 51 groundwater basins and initial AMAs established in statute no later than December 1, 2023 and on or before of December 1 of each following year. An assessment is to be completed for all of the groundwater basins at least once every 5 years. The Department of Water Resources may contract with outside entities to perform some or all of the assessments.

Other Issues

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2024.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the Department of Water Resources' General Fund costs are projected to decrease by \$(41,100,000) in FY 2025 below FY 2024 and no change in funding for FY 2026. This estimate is based on removing \$(41,100,000) in one-time funding in the FY 2024 budget.

Colorado River Usage Reductions

The Colorado River system supplies water to 7 states and to Mexico. The use of water from the river was

established by a compact between the states signed in 1922 and subsequent agreements about the delivery, storage, and use of water. A 2007 agreement mandated a series of reductions to the state's allocation as the water levels decrease in the Colorado River system, measured by the water level in Lake Mead.

Subsequently, the Drought Contingency Plan (DCP) signed in May 2019 by all the relevant states and federal government institutes more immediate reductions at amounts higher than the 2007 agreement to preserve water in Lake Mead, as well as including incentives for additional water conservation by the parties. The DCP agreement and the 2007 agreement expires in 2026, and negotiations for a post-2026 plan will begin this summer.

Due to ongoing declines in the Colorado River system at both Lake Mead and Lake Powell, the federal government announced that additional usage reductions would be necessary over the next 3 years. After negotiations, Arizona, California, and Nevada agreed to reduce their combined water use by 3,000,000 acre-feet through the end of 2026. This agreement has been submitted to the federal Bureau of Reclamation and there may be additional measures taken to fully meet federal conservation guidelines. In general, the proposed multi-state agreement involves the use of federal monies from the Infrastructure Investment and Jobs Act (IIJA) to pay entities including tribes, cities, and agricultural users to keep water in the Colorado River system rather than drawing it down for use.

CAPITAL OUTLAY

Capital Outlay Summary

	FY 2023 SUPPLEMENTAL	FY 2024 APPROVED
BUILDING RENEWAL		
ADOA Building System		80,922,200
ADOT Building System		22,420,200
ABOR Building System	0	0
SUBTOTAL	0	103,342,400
INDIVIDUAL PROJECTS		
ADOA Building System	5,000,000	167,412,200 ^{1/2/}
ADOT Building System	22,397,500	1,119,552,600 ^{3/}
ABOR Building System	0	0
SUBTOTAL	27,397,500	1,286,964,800
LOCAL ASSISTANCE		
Phoenix Convention Center		25,498,600 ^{4/}
Rio Nuevo District	0	16,000,000 ^{5/}
SUBTOTAL	0	41,498,600
TOTALS		
ADOA Building System	5,000,000	248,334,400
ADOT Building System	22,397,500	1,141,972,800
ABOR Building System	0	0
Other Funding (Lease-Purchase/Local Assistance)	0	41,498,600
TOTAL - ALL PROJECTS	27,397,500	1,431,805,800^{6/}
FUND SOURCES		
General Fund	27,397,500	849,654,700
<u>Other Appropriated Funds</u>		
Capital Outlay Stabilization Fund		14,000,000
Department of Corrections Building Renewal Fund		5,864,300
Arizona Exposition and State Fair Fund		3,802,100
Game and Fish Fund		2,276,400
Game and Fish Capital Improvement Fund		850,000
Arizona State Hospital Fund		409,000
State Lottery Fund		214,200
State Parks Revenue Fund		32,178,200
Miners' Hospital for Miners with Disabilities Land Fund		793,700
State Aviation Fund		35,441,900
State Highway Fund	0	486,321,300
SUBTOTAL - Other Appropriated Funds	0	582,151,100
SUBTOTAL - Appropriated Funds	27,397,500	1,431,805,800
Other Non-Appropriated Funds	0	711,498,000
Federal Funds	0	972,943,000
TOTAL - ALL SOURCES	27,397,500	3,116,246,800

DESCRIPTION — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a lease-purchase payment for the state's capital assets, which includes buildings, state parks, prisons, highways, and other facilities. For the purposes of capital management and planning, the state is divided into 3 building systems: the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System, and the Arizona Board of Regents (ABOR) Building System. In addition, the state makes annual payments for the 2010 Leaseback agreement which was used for operating financing, along with local distributions for the Phoenix Convention Center and the Rio Nuevo District. Capital appropriations are typically made through the Capital Outlay Bill but may be made through other bills as well.

FOOTNOTES

- 1/ Includes \$19,143,800 appropriated from State Parks Revenue Fund in FY 2024 by the FY 2023 Capital Outlay Bill (Laws 2022, Chapter 309).
- 2/ Includes \$10,000,000 appropriated from the State Parks Revenue Fund in FY 2024 by Laws 2023, Chapter 199.
- 3/ Includes \$10,000,000 appropriated from the General Fund in FY 2024 by the FY 2023 Capital Outlay Bill (Laws 2022, Chapter 309).
- 4/ This amount was appropriated or allocated by the FY 2024 General Appropriation Act (Laws 2023, Chapter 133, Section 119).
- 5/ This amount was appropriated or allocated by the FY 2024 General Appropriation Act (Laws 2023, Chapter 133, Section 120)
- 6/ Unless otherwise noted, amounts were appropriated by the FY 2024 Capital Outlay Bill (Laws 2023, Chapter 135).

The following amounts are one-time appropriations:

Summary

The budget includes a total of \$1,431,805,800 from Appropriated Funds in FY 2024. Of the total, \$849,654,700 is from the General Fund and \$582,151,100 is from Other Appropriated Funds. The budget consists of 3 main categories: 1) Building Renewal, 2) Individual Projects, and 3) Local Assistance.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on the support of a formula determined by the Joint Committee on Capital Review. The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are administered by ADOA (or individual agencies within the ADOA Building System that have their own funding source for building renewal), ADOT, and ABOR.

The budget includes total funding of \$103,342,400 in FY 2024 for Building Renewal, which consists of \$59,067,300 from the General Fund and \$44,275,100 from Other Appropriated Funds. These amounts include:

	FY 2024
Arizona Department of Administration Capital Outlay Stabilization Fund and General Fund @ 58.2% (excludes ADC, Game and Fish, Lottery buildings)	\$39,124,700
Department of Corrections ADC Building Renewal Fund and General Fund @ 100%	39,806,900
Game and Fish Department Game and Fish Fund @ 100%	1,776,400
State Lottery Commission State Lottery Fund @ 100%	<u>214,200</u>
Subtotal - ADOA	\$80,922,200
Arizona Department of Transportation State Highway Fund @ 100%	\$21,978,300
State Aviation Fund @ 100%	<u>441,900</u>
Subtotal - ADOT	\$22,420,200

(See the individual building systems' section for more information.)

Individual Projects

The budget includes total funding of \$1,286,964,800 in FY 2024 for individual capital projects, which consists of \$749,088,800 General Fund and \$537,876,000 from Other Appropriated Funds.

(See the individual building systems' sections for more information.)

Local Assistance

The budget includes \$41,498,600 from the General Fund in FY 2024 for the state's share of the long-term financing for the Phoenix Convention Center and the Rio Nuevo Multipurpose Facilities District. *(See the Local Assistance section for more information.)*

Capital Outlay

Arizona Department of Administration Building System

	FY 2023 SUPPLEMENTAL	FY 2024 APPROVED
BUILDING RENEWAL ^{1/}		
Department of Administration		39,124,700 ^{2/}
Department of Corrections		39,806,900 ^{3/}
Game and Fish Department		1,776,400
Arizona State Lottery Commission		214,200
SUBTOTAL - Building Renewal		80,922,200
INDIVIDUAL PROJECTS		
Arizona Department of Administration		
Electric Vehicle Charging and Advance Fuel Infrastructure		5,000,000
West Adams Building Renovation	5,000,000	
State Department of Corrections		
Replace Evaporative Cooling Statewide with HVAC		66,783,600
Statewide Door, Lock, and Fire Systems Replacement		48,650,600
SUBTOTAL - State Department of Corrections		115,434,200
Department of Emergency and Military Affairs		
Additional Construction Monies for Surprise Readiness Center		1,125,000
Arizona Exposition and State Fair Board		
Capital Improvements		3,802,100
Arizona Game and Fish Department		
Dam Maintenance		150,000
Hatchery Maintenance		400,000
Property Maintenance		300,000
Water Conservation Projects		500,000
SUBTOTAL - Arizona Game and Fish Department		1,350,000
Department of Health Services		
State Hospital Water Pump Replacements		209,000
State Hospital Water Isolation Valves		200,000
SUBTOTAL - Department of Health Services		409,000
Arizona State Parks Board		
Capital Improvements		3,034,400 ^{4/}
Verde River State Park		7,000,000 ^{4/5/}
Arizona Veterans Memorial Park		10,000,000 ^{6/}
Catalina Main Entrance Bridge		5,813,000 ^{7/8/}
Statewide Campground Improvements		4,100,000 ^{7/8/}
Statewide Sunshade Structures		2,233,300 ^{7/8/}
Statewide Water Conservation		1,339,000 ^{7/8/}
Yuma Territorial Prison State Park Historic Building Renovation		750,000 ^{7/8/}
Riordan Mansion State Park Historic Building Renovation		2,900,000 ^{7/8/}
Oracle State Park Historic Building Renovation		2,008,500 ^{7/8/}
SUBTOTAL - Arizona State Parks Board		39,178,200
Arizona Pioneers' Home		
Capital Improvements		468,700
Cemetery Columbarium		75,000
Cemetery Parking		250,000
SUBTOTAL - Arizona Pioneers' Home		793,700
Department of Public Safety		
Renovate Flagstaff Aviation Hangar		320,000

	FY 2023 SUPPLEMENTAL	FY 2024 APPROVED
SUBTOTAL - Individual Projects		5,000,000
TOTAL - ALL PROJECTS	5,000,000	248,334,400
FUND SOURCES		
General Fund	5,000,000	187,946,500
<u>Other Appropriated Funds</u>		
Capital Outlay Stabilization Fund		14,000,000
Department of Corrections Building Renewal Fund		5,864,300
Arizona Exposition and State Fair Fund		3,802,100
Game and Fish Fund		2,276,400
Game and Fish Capital Improvement Fund		850,000
Arizona State Hospital Fund		409,000
State Lottery Fund		214,200
State Parks Revenue Fund		32,178,200
Miners' Hospital for Miners with Disabilities Land Fund		793,700
SUBTOTAL - Other Appropriated Funds	0	60,387,900
SUBTOTAL - Appropriated Funds	5,000,000	248,334,400
TOTAL - ALL SOURCES	5,000,000	248,334,400^{9/10/11/12/}

DESCRIPTION — The Arizona Department of Administration (ADOA) Building System is comprised of all state agencies except the Arizona Board of Regents (ABOR) and the Arizona Department of Transportation. Capital appropriations may be made directly to an agency within the system, to ADOA on behalf of an agency, or to ADOA for the entire system. The following amounts for FY 2024 are for projects within the ADOA Building System. Appropriations for ADOA Building System projects may be from the General Fund or Other Appropriated Funds.

FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2023-2024 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes (Capital Outlay Appropriation Act footnote)
- 2/ The department of administration shall allocate the monies to state agencies for necessary building renewal. If monies in the capital outlay stabilization fund established by section 41-792.01, Arizona Revised Statutes, are insufficient to fund the appropriation to the department of administration for building renewal, the appropriation to the department of administration is reduced by the difference between the amount appropriated to the department of administration from the capital outlay stabilization fund and the balance in the capital outlay stabilization fund. Notwithstanding title 41, chapter 4, article 7, Arizona Revised Statutes, the department of administration may use monies appropriated for building renewal in fiscal year 2023-2024 for building projects related to retrofitting facilities for space consolidation initiatives. (Capital Outlay Appropriation Act footnote)
- 3/ The state department of corrections may not spend any of this appropriation on personal services or overhead expenses related to managing the funded projects. (Capital Outlay Appropriation Act footnote)
- 4/ The Arizona state parks board shall report to the joint committee on capital review and the governor's office of strategic planning and budgeting if the board revises the plan for any project for which monies are appropriated by this subsection because the board receives land and water conservation grant funding. (Capital Outlay Appropriation Act footnote)
- 5/ The Arizona state parks board shall establish a state park at the headwaters of the Verde River. (Capital Outlay Appropriation Act footnote)
- 6/ Laws 2023, Chapter 199 appropriated \$10,000,000 in FY 2024 from the State Parks Revenue Fund to establish an Arizona Veterans Memorial State Park.
- 7/ Laws 2022, Chapter 309 appropriated \$19,143,833 in FY 2024 and \$19,117,333 in FY 2025 from the State Parks Revenue Fund for capital projects at the Arizona State Parks Board. As a result, these monies will not appear in the FY 2024 or FY 2025 Capital Outlay Appropriation Act.
- 8/ The Arizona state parks board may use up to ten percent of the monies from any project listed in subsection A of this section to pay for costs associated with another project listed in subsection A of this section. After review by the joint

committee on capital review, the Arizona state parks board may use more than ten percent of the monies appropriated for a project in subsection A of this section to pay for costs associated with another project listed in subsection A of this section. (FY 2023 Capital Outlay Appropriation Act footnote)

- 9/ The department of administration may spend up to five percent of the amounts appropriated to the department in this act, excluding amounts to be distributed to non-state agencies, for expenditures for project management of building renewal and capital projects. All other monies appropriated to the department in this act may not be spent for personal services or employee-related expenditures or for maintenance contracts on building components and equipment without review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote – Section 22 (A))
- 10/ Except as provided in subsection A of this section [Section 22], the monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- 11/ The FY 2024 Capital Outlay bill extends the lapsing date of several prior year appropriations (*see Appropriation Non-Lapsing Status*).
- 12/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

Unless otherwise specified, funding for capital projects is appropriated by Laws 2023, Chapter 135 (FY 2024 Capital Outlay Bill).

Building Renewal

The budget includes \$80,922,200 from the General Fund and Other Appropriated Funds in FY 2024 for Building Renewal within the ADOA Building System. These amounts consist of:

- \$39,124,700 to ADOA, which consists of \$25,124,700 from the General Fund and \$14,000,000 from the Capital Outlay Stabilization Fund (COSF). This amount funds 58.2% of the ADOA building renewal formula. The FY 2023 appropriation of \$53,594,200 which consisted of \$16,000,000 from COSF and \$37,594,200 from the General Fund represented 100% of the ADOA formula. In FY 2024, 100% of the formula would be \$67,232,000
- \$39,806,900 to the Arizona Department of Corrections (ADC), which consists of \$33,942,600 from the General Fund and \$5,864,300 from the ADC Building Renewal Fund. This amount funds 100% of the ADC building renewal formula. The FY 2023 appropriation of \$36,415,700 which consisted of \$30,551,400 from the General Fund and \$5,864,300 from the ADC Building Renewal Fund represented 100% of the ADC formula.
- \$1,776,400 to Arizona Game and Fish Department from the Game and Fish Fund which funds 100% of the Game and Fish building renewal formula. The FY 2023 appropriation of \$1,459,600 from the Game and Fish Fund also represented 100% of the Game and Fish formula.
- \$214,200 to the Arizona State Lottery Commission from the State Lottery Fund, which funds 100% of the Lottery building renewal formula. The FY 2023 appropriation of \$176,400 from the State Lottery

Fund also represented 100% of the Lottery building renewal formula.

Building renewal appropriations to the Department of Administration are used for major maintenance and repair activities for state buildings.

Individual Projects

Arizona Department of Administration

Electric Vehicle Charging and Advance Fuel Infrastructure

The budget includes \$5,000,000 from the General Fund in FY 2024 for electric vehicle charging and advanced fuel infrastructure within the ADOA building system for public use.

In addition, the Arizona Department of Transportation (ADOT) was appropriated a total of \$12,500,000 from the State Highway Fund in FY 2024 for electric vehicle charging and advanced fuel infrastructure at ADOT fleet facilities and public-facing facilities including Motor Vehicle Division (MVD) offices. ADOT will be responsible for managing the projects, including the funding allocated for ADOA. These appropriations will be matched by approximately \$14,600,000 in Federal Funds.

State Department of Corrections

Replace Evaporative Cooling Statewide with HVAC

The budget includes \$66,783,600 from the General Fund in FY 2024 to replace evaporative cooling with HVAC at ADC prisons statewide. The 3-year plan of the FY 2023 budget originally assumed that this project would cost \$31,422,000 in FY 2024. As a result, the actual FY 2024 appropriation is \$35,361,600 above that level.

The FY 2023-FY 2026 spending plan would total \$167,915,600, including the \$47,600,000 for statewide ADC HVAC projects in FY 2023 plus the \$66,783,600 in FY

2024. In addition, the enacted budget's 3-year HVAC spending projections include \$29,832,100 in FY 2025 and \$23,700,000 in FY 2026.

The 4-year total appropriation is expected to convert all remaining evaporative cooling systems at the 9 state-operated prisons to air conditioning.

Statewide Door, Lock, and Fire Systems Replacement

The budget includes \$48,650,600 from the General Fund in FY 2024 to replace doors, locks and fire systems at ADC prisons statewide.

Department of Emergency and Military Affairs

Additional Construction Monies for Surprise Readiness Center

The budget includes \$1,125,000 from the General Fund in FY 2024 to fund additional construction costs at the Department of Emergency and Military Affairs (DEMA) Surprise Readiness Center.

The FY 2020 budget included \$3,875,000 from the General Fund for the state's portion of the cost associated with the construction of a Readiness Center in Surprise. With both the FY 2020 and FY 2024 funding, the overall project is expected to cost \$20,000,000 of which \$5,000,000 is from the General Fund and \$15,000,000 is from federal funds.

Readiness Centers serve as the home base and training center for units in the Arizona National Guard. These facilities house soldiers during drills and provide storage for equipment and weapons between exercises.

Arizona Exposition and State Fair Board

Capital Improvements

The budget includes \$3,802,100 from the Arizona Exposition and State Fair (AESF) Fund in FY 2024 to the State Fair Board for capital improvements. This amount funds 100% of the AESF agency specific building renewal formula.

Arizona Game and Fish Department

Dam Maintenance

The budget includes \$150,000 from the Game and Fish Capital Improvement Fund in FY 2024 to the Arizona Game and Fish Department (AGFD) for dam maintenance.

The department owns and operates 38 dams throughout the state. The department plans to use the funds for vegetation removal, flood warning system maintenance, dam safety regulation compliance, and structural repairs.

Hatchery Maintenance

The budget includes \$400,000 from the Game and Fish Capital Improvement Fund in FY 2024 to the AGFD for hatchery maintenance.

The department owns 6 fish hatcheries throughout the state, all of which are in Northern Arizona. The department plans to use the funds for hatchery facility upgrades and repairs and parking lot rehabilitations. AGFD hatcheries supply the state's rivers, streams and lakes with their recreational fish population.

Property Maintenance

The budget includes \$300,000 from the Game and Fish Capital Improvement Fund in FY 2024 to the AGFD for property maintenance.

The department owns 60 properties throughout the state. This funding will be used to supplement the department's building renewal funding for more extensive maintenance projects.

Water Conservation Projects

The budget includes \$500,000 from the Game and Fish Fund in FY 2024 to the AGFD for water conservation projects.

Projects include the installation of low-flow fixtures and modifying existing landscapes by adopting xeriscaping principles that include native plant species.

Department of Health Services

State Hospital Water Pump Replacements

The budget includes \$209,000 from the Arizona State Hospital Fund in FY 2024 to the Department of Health Services (DHS) to replace water pumps at the State Hospital.

State Hospital Water Isolation Valves

The budget includes \$200,000 from the Arizona State Hospital Fund in FY 2024 to DHS to replace water isolation valves the State Hospital.

Arizona State Parks Board New Projects

Capital Improvements

The budget includes \$3,034,400 from the State Parks Revenue Fund in FY 2024 to the Arizona State Parks Board (ASPB) for capital improvements. This amount funds 100% of the ASPB agency specific building renewal formula.

Statewide capital improvements may include new capital projects such as camping sites, restroom buildings, shop buildings, or outdoor areas (ramadas, tables and grills). In addition, ASPB may use the funding for major maintenance and building renewal which could include

projects for water/wastewater facilities, leach fields, septic tanks, roofing repairs and structural stabilization.

Verde River State Park

The budget includes \$7,000,000 from the General Fund in FY 2024 to the ASPB to establish a new state park at the headwaters of the Verde River.

The proposed park would be located on a land parcel currently known as the Del Rio Springs Ranch, which is approximately 5 miles north of Chino Valley. The park would be located adjacent to the Upper Verde River Wildlife Area and Prescott National Forest, allowing for recreational access to the Verde River.

Arizona Veterans Memorial State Park

The budget includes \$10,000,000 from the State Parks Revenue Fund in FY 2024 to ASPB to establish a new state park near the Arizona Veterans National Cemetery in Cave Creek. Funding for this project is appropriated in Laws 2023, Chapter 199, and not the FY 2024 Capital Outlay Bill.

Laws 2023, Chapter 199 allows ASPB to enter into an Intergovernmental Agreement with Maricopa County, the county where the park would be located, for the maintenance and preservation of the Arizona Veterans Memorial Park. The bill also requires the ASPB to receive approval from the JCCR on the design of the memorial.

Arizona State Parks Board Prior Year Projects

The FY 2023 budget appropriated funding for various ASPB projects in FY 2024. As a result, these monies do not appear in the FY 2024 Capital Outlay Bill (*Please see the ASPB 3-year Capital Spending Plan section*).

Catalina Main Entrance Bridge

The budget includes \$5,813,000 from the State Parks Revenue Fund in FY 2024 to ASPB for the construction of a bridge in Catalina State Park. ASPB will work with ADOT on the project.

Statewide Campground Improvements

The budget includes \$4,100,000 from the State Parks Revenue Fund in FY 2024 to ASPB for statewide campground improvements.

Statewide Sunshade Structures

The budget includes \$2,233,333 from the State Parks Revenue Fund in FY 2024 to ASPB for the construction of shade structures statewide. These structures will provide shade to park visitors and electricity to the parks.

Statewide Water Conservation

The budget includes \$1,339,000 from the State Parks Revenue Fund in FY 2024 to ASPB for the statewide installation of low-flow fixtures and other water conservation efforts.

Yuma Territorial Prison State Park Historic Building Renovation

The budget includes \$750,000 from the State Parks Revenue Fund in FY 2024 to ASPB to repair the 1876 Yuma Prison at the Yuma Territorial Prison State Historic Park.

Riordan Mansion State Park Historic Building Renovation

The budget includes \$2,900,000 from the State Parks Revenue Fund in FY 2024 to ASPB to renovate and repair the Riordan Mansion State Park visitor center, museum, and gate house in Flagstaff.

Oracle State Park Historic Building Renovation

The budget includes \$2,008,500 from the State Parks Revenue Fund in FY 2024 to ASPB to renovate the Oracle State Park historic ranch house.

Arizona Pioneers' Home

Capital Improvements

The budget includes \$468,700 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2024 to the Arizona Pioneers' Home for capital improvement projects. This amount funds 100% of the Pioneers' Home agency-specific building renewal formula.

The Pioneers' home was built in 1911 and has continued capital improvement needs including replacing aging windows and equipment.

Cemetery Columbarium

The budget includes \$75,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2024 to the Arizona Pioneers' Home to add a new columbarium for the internment of cremated remains.

Cemetery Parking

The budget includes \$250,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2024 to the Arizona Pioneers' Home to expand the cemetery parking lots.

Department of Public Safety

Renovate Flagstaff Aviation Hangar

The budget includes \$320,000 from the General Fund in FY 2024 to the Department of Public Safety (DPS) for renovations at the Flagstaff aviation hangar to accommodate a new helicopter.

Other Issues

FY 2023 Supplemental

Arizona Department of Administration West Adams Building Renovation Supplemental

The budget includes \$5,000,000 from General Fund in FY 2023 to renovate buildings on West Adams Street. This amount supplants the \$5,000,000 appropriated in FY 2023 from the Capitol Mall Consolidation Fund.

The FY 2023 Management of State Buildings Budget Reconciliation Bill (BRB) directed the proceeds from the sale of 519 Beale Street in Kingman and 1919 West Jefferson in Phoenix to the Capitol Mall Consolidation Fund. ADOA has not yet sold the Phoenix building.

The FY 2023 budget appropriated a total of \$52,274,000 for the project of which \$47,274,000 was from the General Fund and \$5,000,000 was from the Capitol Mall Consolidation Fund. With the FY 2023 supplemental, the General Fund will pay for the entire \$52,274,000 for the project.

ADOA plans to renovate 1616 West Adams (prior tenant, the Land Department) and 1688 West Adams (prior tenant, the Department of Agriculture). In addition, ADOA plans to demolish 1624 W Adams (prior tenant, the Department of Juvenile Corrections) which sits between the renovated buildings, and to construct a plaza. Agencies previously located in these buildings have consolidated space and been relocated to other buildings.

Statutory Changes

The Capital Outlay Bill makes the following budget footnote change:

- As session law, amend the FY 2023 Capital Outlay Bill in reference to the Little Colorado River Visitor Center appropriation so that the Department of Administration distributes monies to the Navajo Nation (instead of Navajo County).

The Management of State Buildings BRB makes the following statutory changes:

- As session law, continues to set the FY 2024 Capital Outlay Stabilization Fund (COSF) rental rate charged by ADOA at \$17.87/square foot for rentable office space and \$6.43/square foot for rentable storage space.

Appropriations Non-Lapsing Status

The budget extends the non-lapsing status of several capital appropriations.

The following FY 2022 appropriations are extended to June 30, 2024:

- \$24,200,000 to ADOA for building renewal.
- \$2,800,000 to ADOA to demolish state-owned buildings located at 1601 and 1645 West Jefferson and to convert the physical plant to provide service to 1535 West Jefferson.
- \$3,500,000 to ADOA to replace Capitol Mall air handler units at the House of Representatives and Senate Buildings at 1700 West Washington Street.
- \$1,000,000 to AESF for capital improvements.
- \$1,000,000 to AESF to replace the fire alarm system at the Arizona Veterans Memorial Coliseum.
- \$1,800,000 to DEMA for additional construction monies for the Tucson Readiness Center project.
- \$1,215,800 to the AGFD for building renewal.
- \$2,500,000 to the Department of Juvenile Corrections to replace doors at the Adobe Mountain School Facility.
- \$2,396,700 to ASPB for capital improvements.
- \$126,000 to ASPB to replace the fire suppression system at Red Rock State Park.
- \$750,000 to ASPB to construct a new day use park at Rockin' River State Park.
- \$353,100 to the Pioneers' Home for capital improvements.

The following FY 2022 appropriations are extended to June 30, 2025:

- \$25,564,400 to ADC for fire and life safety projects at the Eyman State Prison Complex.

Arizona State Parks Board 3-Year Capital Spending Plan

The FY 2023 Capital Outlay Bill appropriated \$20,517,600 from the State Parks Revenue Fund to the Arizona State Parks Board (ASPB) in FY 2023, \$19,143,800 in FY 2024, and \$19,117,300 in FY 2025 for capital projects. *Table 1* shows a list of ASPB's planned capital projects through FY 2025.

Because the FY 2024 funding amounts have already been appropriated, the FY 2024 monies do not appear in the FY 2024 Capital Outlay Bill.

An FY 2023 budget footnote requires that prior to ASPB using more than 10% of a specific project's budget for another project that was allocated funding for that year, ASPB shall submit the proposed expenditure plan and funding reallocation to JCCR for review. At the July 2022 JCCR meeting, the Committee gave a favorable review of the ASPB expenditure plan for these capital projects.

Rent Adjustments

Pursuant to A.R.S. § 41-792.01, agencies occupying state-owned buildings shall pay a rent charge in the amount reported by the JLBC (*see the Summary of Rent Charges Table*) or the pro rata share based on actual occupancy, whichever is higher.

In FY 2024, state building rent payments total \$31,612,900 which is estimated to be paid from the following fund sources: \$16,963,100 from the General Fund, \$10,836,700 from Other Appropriated Funds, and \$3,813,100 from Non-Appropriated Funds.

In FY 2024, state building rent payments will increase by \$1,426,000 in total, which consists of the following fund sources: \$30,100 from the General Fund, \$1,398,800 from Other Appropriated Funds, and \$(2,900) from Non-Appropriated Funds.

The overall change in rent payments is primarily due to the Department of Health Services State Health Lab lease-purchase agreement ending in FY 2023. Starting in FY 2024, this annual debt service payment will be replaced with a standard rent payment to ADOA for building operations and maintenance services.

The budget includes a Summary of Rent Charges as of July 2023, which reflects updated space utilization amounts when applying the current rental rates of state building space (Office - \$17.87 per sq. ft./Storage - \$6.43 per sq. ft.) (*Please see Summary of Rent Charges for additional information.*)

Table 1			
List of FY 2023 - FY 2025 Parks Capital Projects			
	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Deadhorse Amphitheater - Cost Increase	\$210,000		
Rockin' River State Park - Cost Increase	\$336,800		
Jerome State Park Fire Suppression System	\$1,540,000		
Southern Construction Services Relocation	\$2,000,000		
Tonto Bridge State Park Historic Building	\$3,500,000		
Tombstone State Park Historic Building	\$2,008,500		
Rockin' River State Park Main House Renovation	\$1,750,000		
Catalina State Park Main Entrance Bridge	\$1,500,000	\$5,813,000	
Statewide Campground Improvements	\$4,100,000	\$4,100,000	\$4,100,000
Statewide Sunshade Structures	\$2,233,300	\$2,233,300	2,233,300
Statewide Water Conservation	\$1,339,000	\$1,339,000	1,339,000
Yuma Territorial Prison Park Historic Building		\$750,000	5,945,000
Riordan Mansion Park Historic Building		\$2,900,000	
Oracle State Park Historic Building Renovation		\$2,008,500	
Red Rock State Park Historic Building Renovation			4,000,000
San Rafael State Park Historic Building			1,500,000
Total	\$20,517,600	\$19,143,800	\$19,117,300

SUMMARY OF RENT CHARGES OF STATE-OWNED SPACE 1/ 2/3/

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 -FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Acupuncture Board of Examiners												
1740 W Adams	-	12,900	-	12,900	-	12,900	-	12,900	-	-	-	-
Administration, AZ Department of												
1400 W Washington	-	273,000	-	273,000	-	280,500	-	280,500	-	7,500	-	7,500
1537 W Jackson	-	116,200	-	116,200	-	-	-	-	-	(116,200)	-	(116,200)
1802 W Jackson	-	24,000	59,600	83,600	-	24,000	59,500	83,500	-	-	(100)	(100)
1840 W Jackson	-	95,600	-	95,600	-	95,600	-	95,600	-	-	-	-
1850 W Jackson	-	60,600	-	60,600	-	-	-	-	-	(60,600)	-	(60,600)
1700 W Washington	-	256,200	-	256,200	-	316,200	-	316,200	-	60,000	-	60,000
1740 W Adams	-	36,200	-	36,200	-	36,200	-	36,200	-	-	-	-
1919 W Jefferson	-	-	-	-	-	274,600	-	274,600	-	274,600	-	274,600
1801 W Madison	-	29,200	-	29,200	-	29,300	-	29,300	-	100	-	100
1805 W Madison	-	33,800	-	33,800	-	33,800	-	33,800	-	-	-	-
400 W Congress, Tucson	-	65,100	-	65,100	-	49,300	-	49,300	-	(15,800)	-	(15,800)
402 W Congress, Tucson	-	77,300	-	77,300	-	77,300	-	77,300	-	-	-	-
416 W Congress, Tucson	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Subtotal - AZ Dept of Administration	-	1,071,000	59,600	1,130,600	-	1,220,600	59,500	1,280,100	-	149,600	(100)	149,500
Administrative Hearings, Office of												
1740 W Adams	86,300	-	109,900	196,200	86,300	-	109,900	196,200	-	-	-	-
African American Affairs, AZ Commission of ^{4/}												
1700 W Washington	9,600	-	-	9,600	-	-	-	-	(9,600)	-	-	(9,600)
Agriculture, AZ Department of												
400 W Congress, Tucson	48,400	-	7,200	55,600	48,400	-	7,200	55,600	-	-	-	-
AZ Health Care Cost Containment System												
801 E Jefferson	687,100	-	687,200	1,374,300	687,200	-	687,200	1,374,400	100	-	-	100
Arts, AZ Commission on the												
417 W Roosevelt	-	-	68,000	68,000	-	-	67,900	67,900	-	-	(100)	(100)
Attorney General - Department of Law												
400 W Congress, Tucson	-	-	131,500	131,500	-	-	131,500	131,500	-	-	-	-
402 W Congress, Tucson	176,800	57,500	207,800	442,100	176,900	57,500	207,800	442,200	100	-	-	100
416 W Congress, Tucson	-	-	157,700	157,700	-	-	157,700	157,700	-	-	-	-
15 S 15th Ave (Capitol Center)	641,000	1,135,400	54,900	1,831,300	640,900	1,135,400	54,900	1,831,200	(100)	-	-	(100)
Subtotal - Attorney General - Dept of Law	817,800	1,192,900	551,900	2,562,600	817,800	1,192,900	551,900	2,562,600	-	-	-	-
Barbering and Cosmetology Board												
1740 W Adams	-	117,100	-	117,100	-	117,100	-	117,100	-	-	-	-
Behavioral Health Examiners, Board of												
1740 W Adams	-	77,000	-	77,000	-	77,000	-	77,000	-	-	-	-
Charter Schools, State Board for												
1700 W Washington	100,900	-	-	100,900	74,100	-	-	74,100	(26,800)	-	-	(26,800)
Child Safety, Department of												
400 W Congress, Tucson	28,900	-	-	28,900	-	-	-	-	(28,900)	-	-	(28,900)
15 S 15th Ave (Capitol Center)	291,300	-	-	291,300	291,300	-	-	291,300	-	-	-	-
Subtotal - Department of Child Safety	320,200	-	-	320,200	291,300	-	-	291,300	(28,900)	-	-	(28,900)
Chiropractic Examiners, State Board of												
1740 W Adams	-	25,800	-	25,800	-	25,800	-	25,800	-	-	-	-
Contractors, Registrar of												
1700 W Washington	-	373,800	19,700	393,500	-	373,800	19,700	393,500	-	-	-	-
Corporation Commission												
1200 W Washington	-	721,600	-	721,600	-	721,600	-	721,600	-	-	-	-
1300 W Washington	-	963,000	-	963,000	-	962,900	-	962,900	-	(100)	-	(100)
400 W Congress, Tucson	4,600	68,000	4,600	77,200	2,000	29,800	2,000	33,800	(2,600)	(38,200)	(2,600)	(43,400)
Subtotal - Corporation Commission	4,600	1,752,600	4,600	1,761,800	2,000	1,714,300	2,000	1,718,300	(2,600)	(38,300)	(2,600)	(43,500)
Corrections, State Department of												
1831 W Jefferson	363,600	-	-	363,600	363,600	-	-	363,600	-	-	-	-

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
701 E Jefferson	1,362,200	-	-	1,362,200	1,362,200	-	-	1,362,200	-	-	-	-
Subtotal - State Dept of Corrections	1,725,800	-	-	1,725,800	1,725,800	-	-	1,725,800	-	-	-	-
Dental Examiners, State Board of												
1740 W Adams	-	56,000	-	56,000	-	56,100	-	56,100	-	100	-	100
Economic Security, Department of												
1400 W Washington	154,500	308,800	154,500	617,800	154,500	308,900	154,500	617,900	-	100	-	100
1700 W Washington	4,000	-	12,200	16,200	4,100	-	12,200	16,300	100	-	-	100
1789 W Jefferson (DES West)	1,888,300	464,400	742,900	3,095,600	1,888,300	464,400	742,900	3,095,600	-	-	-	-
400 W Congress, Tucson	129,900	311,800	207,800	649,500	129,900	311,700	207,800	649,400	-	(100)	-	(100)
DES Group Homes	190,100	273,300	-	463,400	190,100	273,300	-	463,400	-	-	-	-
15 S 15th Ave (Capitol Center)	144,800	32,600	26,500	203,900	144,800	32,700	26,500	204,000	-	100	-	100
Subtotal - Department of Economic Security	2,511,600	1,390,900	1,143,900	5,046,400	2,511,700	1,391,000	1,143,900	5,046,600	100	100	-	200
Education, Department of												
1535 W Jefferson	489,900	136,100	734,900	1,360,900	489,900	136,100	734,800	1,360,800	-	-	(100)	(100)
416 W Congress, Tucson	-	10,400	105,600	116,000	-	10,400	105,700	116,100	-	-	100	100
Subtotal - Department of Education	489,900	146,500	840,500	1,476,900	489,900	146,500	840,500	1,476,900	-	-	-	-
Education, State Board of												
1700 W Washington	74,100	-	-	74,100	100,900	-	-	100,900	26,800	-	-	26,800
Emergency and Military Affairs, Department of												
400 W Congress St	8,000	-	-	8,000	8,000	-	-	8,000	-	-	-	-
Environmental Quality, Department of												
400 W Congress, Tucson	-	162,000	-	162,000	-	162,000	-	162,000	-	-	-	-
416 W Congress, Tucson	-	7,200	-	7,200	-	7,200	-	7,200	-	-	-	-
Subtotal - Dept. of Environmental Quality	-	169,200	-	169,200	-	169,200	-	169,200	-	-	-	-
Equalization, State Board of												
400 W Congress, Tucson	27,100	-	-	27,100	27,100	-	-	27,100	-	-	-	-
416 W Congress, Tucson	2,000	-	-	2,000	2,000	-	-	2,000	-	-	-	-
Subtotal - Board of Equalization	29,100	-	-	29,100	29,100	-	-	29,100	-	-	-	-
Funeral Directors & Embalmers, State Board of ^{5/}												
1740 W Adams	-	19,400	-	19,400	-	-	-	-	-	(19,400)	-	(19,400)
Gaming, Department of												
400 W Congress, Tucson	-	4,300	-	4,300	-	4,300	-	4,300	-	-	-	-
Governor, Office of the ^{4/}												
1700 W Washington	812,700	-	-	812,700	752,600	-	-	752,600	(60,100)	-	-	(60,100)
1700 W Washington (Commission of African American Affairs)	-	-	-	-	9,600	-	-	9,600	9,600	-	-	9,600
1700 W Washington (Office of Highway Safety)	-	-	103,700	103,700	-	-	103,600	103,600	-	-	(100)	(100)
400 W Congress, Tucson	41,000	-	-	41,000	41,000	-	-	41,000	-	-	-	-
Subtotal - Office of the Governor	853,700	-	103,700	957,400	803,200	-	103,600	906,800	(50,500)	-	(100)	(50,600)
Gov's Ofc of Strategic Planning & Budgeting												
1700 W Washington	177,300	-	-	177,300	177,300	-	-	177,300	-	-	-	-
Health Services, Department of ^{5/}												
1740 W Adams	4,800	-	-	4,800	24,200	-	-	24,200	19,400	-	-	19,400
250 N 17th Ave	-	-	-	-	1,287,200	-	-	1,287,200	1,287,200	-	-	1,287,200
400 W Congress, Tucson	183,700	-	-	183,700	183,600	-	-	183,600	(100)	-	-	(100)
402 W Congress, Tucson	4,500	-	-	4,500	4,500	-	-	4,500	-	-	-	-
Subtotal - Department of Health Services	193,000	-	-	193,000	1,499,500	-	-	1,499,500	1,306,500	-	-	1,306,500
Homeland Security, AZ Dept of												
1700 W Washington	-	-	180,700	180,700	-	-	180,700	180,700	-	-	-	-
Honeopathic & Integrated Medicine Examiners, Board of												
1740 W Adams	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Judiciary - Court of Appeals												
400 W Congress, Tucson	520,200	-	-	520,200	695,400	-	-	695,400	175,200	-	-	175,200
Judiciary - Supreme Court												
1501 W Washington	3,907,000	-	-	3,907,000	3,906,900	-	-	3,906,900	(100)	-	-	(100)
400 W Congress, Tucson	114,500	-	-	114,500	17,500	-	-	17,500	(97,000)	-	-	(97,000)
Subtotal - Supreme Court	4,021,500	-	-	4,021,500	3,924,400	-	-	3,924,400	(97,100)	-	-	(97,100)

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Subtotal - Judiciary	4,541,700	-	-	4,541,700	4,619,800	-	-	4,619,800	78,100	-	-	78,100
Juvenile Corrections, Department of												
400 W Congress, Tucson	19,200	-	-	19,200	19,200	-	-	19,200	-	-	-	-
Liquor Licenses and Control, Department of												
400 W Congress	-	51,900	-	51,900	-	51,900	-	51,900	-	-	-	-
Massage Therapy, Board of												
1740 W Adams	-	28,700	-	28,700	-	28,700	-	28,700	-	-	-	-
Medical Board, AZ												
1740 W Adams	-	212,300	-	212,300	-	212,300	-	212,300	-	-	-	-
Mine Inspector, State												
1700 W Washington	101,900	-	-	101,900	101,900	-	-	101,900	-	-	-	-
Naturopathic Physicians Medical Board												
1740 W Adams	-	10,900	-	10,900	-	10,900	-	10,900	-	-	-	-
Navigable Stream Adjudication Commission, AZ												
1700 W Washington	13,700	-	-	13,700	13,700	-	-	13,700	-	-	-	-
Nursing, State Board of												
1740 W Adams	-	190,500	-	190,500	-	190,500	-	190,500	-	-	-	-
Nursing Care Inst. Admin. & Asstd. Living Fac. Mgrs.												
1740 W Adams	-	23,900	-	23,900	-	23,900	-	23,900	-	-	-	-
Occupational Therapy Examiners, State Board of												
1740 W Adams	-	12,900	-	12,900	-	12,900	-	12,900	-	-	-	-
Opticians, State Board of Dispensing												
1740 W Adams	-	12,000	-	12,000	-	12,000	-	12,000	-	-	-	-
Optometry, State Board of												
1740 W Adams	-	13,800	-	13,800	-	13,800	-	13,800	-	-	-	-
Osteopathic Examiners in Medicine and Surgery, AZ Board of												
1740 W Adams	-	39,600	-	39,600	-	39,600	-	39,600	-	-	-	-
Personnel Board												
1740 W Adams	-	12,800	-	12,800	-	12,800	-	12,800	-	-	-	-
Physical Therapy, Board of												
1740 W Adams	-	22,400	-	22,400	-	22,400	-	22,400	-	-	-	-
Podiatry Examiners, State Board of												
1740 W Adams	-	10,900	-	10,900	-	10,900	-	10,900	-	-	-	-
Private Postsecondary Education, State Board for												
1740 W Adams	-	10,300	2,700	13,000	-	10,300	2,700	13,000	-	-	-	-
Psychologist Examiners, State Board of												
1740 W Adams	-	22,300	-	22,300	-	22,300	-	22,300	-	-	-	-
Public Safety, Department of												
14 N 18th Avenue	-	42,400	-	42,400	-	42,400	-	42,400	-	-	-	-
1700 W Washington	67,100	17,500	18,500	103,100	67,100	17,500	18,500	103,100	-	-	-	-
1740 W Adams St	-	30,600	-	30,600	-	30,600	-	30,600	-	-	-	-
400 W Congress, Tucson	14,800	3,800	4,100	22,700	14,800	3,800	4,100	22,700	-	-	-	-
Subtotal - Department of Public Safety	81,900	94,300	22,600	198,800	81,900	94,300	22,600	198,800	-	-	-	-
Respiratory Care Examiners, Board of												
1740 W Adams	-	17,400	-	17,400	-	17,400	-	17,400	-	-	-	-
Revenue, Department of												
402 W Congress, Tucson	97,000	145,600	-	242,600	97,000	145,600	-	242,600	-	-	-	-
1600 W Monroe	1,241,400	1,862,100	-	3,103,500	1,241,500	1,862,200	-	3,103,700	100	100	-	200
Subtotal - Department of Revenue	1,338,400	2,007,700	-	3,346,100	1,338,500	2,007,800	-	3,346,300	100	100	-	200
Secretary of State - Dept of State												
1700 W Washington	499,400	-	-	499,400	499,400	-	-	499,400	-	-	-	-
400 W Congress, Tucson	8,200	-	-	8,200	51,600	-	-	51,600	43,400	-	-	43,400
1901 W Madison (Polly Rosenbaum Building)	2,139,500	-	-	2,139,500	2,139,500	-	-	2,139,500	-	-	-	-
Subtotal - Secretary of State - Dept of State	2,647,100	-	-	2,647,100	2,690,500	-	-	2,690,500	43,400	-	-	43,400
Treasurer, State												
1700 W Washington	-	196,100	-	196,100	-	196,200	-	196,200	-	100	-	100
Tribal Relations, Governor's Office on												
1700 W Washington	17,900	-	-	17,900	17,900	-	-	17,900	-	-	-	-

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
University - Board of Regents												
1740 W Adams	-	-	13,800	13,800	-	-	13,800	13,800	-	-	-	-
Veterinary Medical Examining Board, AZ State												
1740 W Adams	-	34,000	-	34,000	-	33,900	-	33,900	-	(100)	-	(100)
Water Resources, Department of												
1802 W Jackson	33,800	-	-	33,800	33,800	-	-	33,800	-	-	-	-
GRAND TOTAL	16,933,000	9,437,900	3,816,000	30,186,900	18,269,700	9,530,100	3,813,100	31,612,900	1,336,700	92,200	(2,900)	1,426,000

^{1/} Reflects rental charges to agencies of state-owned buildings as of July 2023. Laws 2023, Chapter 146, Section 1 set the office rate of \$17.87 per square foot and the storage rental rate of \$6.43 per square foot.

^{2/} Pursuant to A.R.S. § 41-792.01, agencies occupying state-owned buildings shall pay the higher of the amount reported [herein] by the Joint Legislative Budget Committee or the pro rata share based on actual occupancy.

^{3/} The Department of Administration may approve whole or partial rent exemptions in FY 2024 without recommendation from the Joint Committee on Capital Review. The department shall report to the Joint Legislative Budget Committee Staff on each proposed agency rent exemption before approving the exemption.

^{4/} Beginning in FY 2024, the Arizona Commission of African-American Affairs is displayed as part of the Office of Governor's budget.

^{5/} Pursuant to Laws 2023, Chapter 194, effective June 20, 2023, the State Board of Funeral Directors and Embalmers is eliminated and the powers and duties of the board are transferred to the Department of Health Services.

Capital Outlay

Arizona Department of Transportation Building System

FY 2024
APPROVED ^{1/}

ADOT Facilities

ADOT Building Renewal (Sec. 7 (F))	22,420,200 ^{2/}
Electric Vehicle Charging Stations – Fleet Facilities (Sec. 8 (K) (4))	5,000,000
Electric Vehicle Charging Stations – MVD Facilities (Sec. 8 (K) (3))	2,500,000
Keams Canyon Maintenance Facility (Sec. 8 (K) (1))	3,400,000
Tucson North MVD Renovation (Sec. 8 (K) (5))	4,100,000
Vehicle Fueling Facilities (Sec. 8 (K) (2))	2,600,000
Water Conservation Projects (Sec. 8 (K) (6))	2,500,000
SUBTOTAL	42,520,200

INDIVIDUAL PROJECTS

Airport Planning and Development

Airport Planning and Development (Sec. 17)	35,000,000 ^{3/4/9/}
Phoenix-Mesa Gateway Airport (Sec. 18)	7,000,000 ^{9/}

Interstate and State Highway ADOT Road Projects

State Highway Fund

Controlled Access Highways (Sec. 16 (B))	137,145,000 ^{5/6/7/8/9/}
Debt Service (Sec. 16 (B))	138,491,000 ^{5/6/7/8/9/}
Statewide Highway Construction (Sec. 16 (B))	168,607,000 ^{5/6/7/8/9/}

General Fund

I-10 Widening, Phoenix to Casa Grande (Sec. 11 (A))	89,000,000 ^{9/}
I-17 Widening, Anthem to Black Canyon City (Sec. 12 (A))	76,200,000 ^{9/}
Jackrabbit Trail and I-10 Interchange Design (Sec. 10 (A) (23))	5,000,000 ^{9/10/11/}
Loop 303 and US 60 Interchange (Sec. 10 (A) (1))	4,500,000 ^{9/10/11/}
US 60 Repavement (Sec. 10 (A) (37))	10,500,000 ^{9/10/11/}
US 95 Improvements (Sec. 10 (A) (14))	33,300,000 ^{9/10/11/}
SR 83 Improvements (Sec. 10 (A) (21))	9,000,000 ^{9/10/11/}
SR 85 Design (Sec. 10 (A) (17))	6,500,000 ^{9/10/11/}
SR 87 Intersection Improvements (Sec. 10 (A) (25))	700,000 ^{9/10/11/}
SR 95 Turn Lanes (Sec. 10 (A) (18))	8,000,000 ^{9/10/11/}
SR 97 Improvements near Bagdad (FY 2023 Capital Outlay Bill)	10,000,000 ^{16/}
SR 260 Navajo County Improvements (Sec. 10 (A) (33))	4,250,000 ^{9/10/11/}
SR 347 Intersection Improvements (Sec. 10 (A) (3))	18,000,000 ^{9/10/11/}
Pavement Rehabilitation, Greater Arizona (Sec. 13 (A))	54,300,000 ^{9/14/}
SMART Fund Deposit (Sec. 15)	12,500,000

Rail Service ADOT Project

Passenger Rail Service Study (Sec. 8 (K) (7))	3,500,000
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Distributions to Local Governments

Apache County, SR 264 Turn Lane Construction (Sec. 10 (A) (42))	538,700 ^{9/10/11/}
Clarkdale, Bitter Creek Wash Bridge (Sec. 10 (A) (2))	6,321,400 ^{9/10/11/}
Canyon Water Improvement District (Sec. 10 (A) (34))	610,000 ^{9/10/11/}
Cave Creek, Cave Creek Road Study (Sec. 10 (A) (22))	250,000 ^{9/10/11/}
Cochise County, Moson Road Drainage (Sec. 10 (A) (13))	6,100,000 ^{9/10/11/}
Coolidge, Coolidge Avenue Reconstruction (Sec. 10 (A) (6))	5,300,000 ^{9/10/11/}
Douglas, Douglas Port of Entry and SR 80 Connection (Sec. 10 (A) (9))	8,170,000 ^{9/10/11/}
Eloy, Sunland Gin Road I-10 Overpass (Sec. 10 (A) (7))	5,000,000 ^{9/10/11/}
Gila County, Houston Mesa Road Improvements (Sec. 10 (A) (33))	243,600 ^{9/10/11/}
Globe, Cottonwood Street Bridge Replacement (Sec. 10 (A) (32))	632,500 ^{9/10/11/}
Globe, Jesse Hayes Road Bridge Replacement (Sec. 10 (A) (31))	643,200 ^{9/10/11/}
Globe, Sidewalk Construction (Sec. 10 (A) (29))	3,501,100 ^{9/10/11/}
Graham County, Norton Road Intersection (Sec. 10 (A) (12))	500,000 ^{9/10/11/}
Graham County, Safford Bryce Road (Sec. 10 (A) (35))	1,781,500 ^{9/10/11/}
Huachuca City, Skyline Drive Reconstruction (Sec. 10 (A) (26))	1,565,200 ^{9/10/11/}

	FY 2024 APPROVED ^{1/}
Huachuca City, Skyline Pathway Development (Sec. 10 (A) (27))	506,000 ^{9/10/11/}
Lake Havasu City Emergency Bridge (Sec. 10 (A) (19))	35,500,000 ^{9/10/11/}
Marana, Cortaro Road and I-10 Traffic Interchange (Sec. 10 (A) (8))	10,000,000 ^{9/10/11/}
Navajo Nation, N9402 Road Improvements (Sec. 10 (A) (41))	10,000,000 ^{9/10/11/}
Patagonia, McKeown Avenue Reconstruction (Sec. 10 (A) (10))	1,500,000 ^{9/10/11/}
Payson, Roundabout Construction (Sec. 10 (A) (30))	1,529,800 ^{9/10/11/}
Phoenix, Happy Valley Road Improvements (Sec. 10 (A) (4))	12,500,000 ^{9/11/13/}
Phoenix, 43 rd Avenue Extension (Sec. 10 (A) (24))	6,500,000 ^{9/10/11/}
Pinal County, Pinal East-West Corridor Design (Sec. 10 (A) (16))	9,240,000 ^{9/10/11/}
Pinetop-Lakeside, Porter Mountain Road (Sec. 10 (A) (28))	2,242,200 ^{9/10/11/}
Prescott Valley, Glassford Hill Road Improvements (Sec. 10 (A) (5))	9,900,000 ^{9/12/}
Queen Creek, SR 24 Extension (Sec. 10 (A) (20))	87,500,000 ^{9/11/15/}
Santa Cruz County, I-19 Traffic Interchanges (Sec. 10 (A) (44))	8,600,000 ^{9/10/11/}
Sierra Vista, Theater Drive Corridor Improvements (Sec. 10 (A) (11))	1,800,000 ^{9/10/11/}
Superior, Panther Drive Bridge Design (Sec. 10 (A) (39))	2,486,700 ^{9/10/11/}
Thatcher, 8 th Street Improvements (Sec. 10 (A) (36))	4,526,400 ^{9/10/11/}
Tucson, Drexel Road Bridge Improvements (Sec. 10 (A) (43))	15,000,000 ^{9/10/11/}
Winkelman, Golf Course Road Improvements (Sec. 10 (A) (38))	1,560,900 ^{9/10/11/}
Yuma County, US 95 Pavement Rehabilitation (Sec. 10 (A) (15))	5,910,400 ^{9/10/11/}
SUBTOTAL	1,099,452,600
TOTAL - ALL PROJECTS ^{9/17/ - 21/}	1,141,972,800

FUND SOURCES

General Fund	620,209,600
<u>Other Appropriated Funds</u>	
State Aviation Fund	35,441,900
State Highway Fund	486,321,300
SUBTOTAL - Other Appropriated Funds	521,763,200
SUBTOTAL - Appropriated Funds	1,141,972,800
Other Non-Appropriated Funds	711,498,000
Federal Funds	972,943,000
TOTAL - ALL SOURCES	2,826,413,800

DESCRIPTION — The Arizona Department of Transportation (ADOT) Building System includes all buildings and highways controlled by ADOT. The following includes amounts for state highway construction and other projects related to ADOT's mission.

FOOTNOTES

- ^{1/} All section numbers refer to the FY 2024 Capital Outlay bill. Refer to *Table 2* for more information regarding the FY 2023 supplemental appropriations.
- ^{2/} Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2023-2024 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes. (Capital Outlay Appropriation Act footnote, Section 7, Subsection A)
- ^{3/} The sum of \$35,000,000 is appropriated from the state aviation fund established by section 28-8202, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of transportation to plan, construct, develop and improve state, county, city or town airports as determined by the state transportation board. Any balances and collections in the state aviation fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department of transportation in fiscal year 2023-2024 for the purposes provided in this subsection. (Capital Outlay Appropriation Act footnote, Section 17, Subsection B)
- ^{4/} On or before December 31, 2023, the department of transportation shall report to the joint legislative budget committee staff on the status of all aviation grant awards and aviation grant distributions. The report shall delineate projects by

individual airport and fiscal year, including any future year commitments. (Capital Outlay Appropriation Act footnote, Section 17, Subsection C)

- 5/ The sum of \$444,243,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of transportation to plan and construct state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, to acquire rights-of-way and to provide for the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the state highway fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department for the purposes provided in this subsection. (Capital Outlay Appropriation Act footnote, Section 16, Subsections A and B)
- 6/ On or before November 1, 2023, the department of transportation shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on its actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources, including appropriated monies, federal monies, local agency monies, state highway monies, bond proceeds and regional area road monies. The report shall be in the same format as in the prior year unless the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting have approved modifications to the format. (Capital Outlay Appropriation Act footnote, Section 16, Subsection C)
- 7/ On or before November 1, 2023, the department of transportation shall report the department's estimated outstanding debt principal balance at the end of fiscal year 2024-2025 and the estimated debt service payment amount for each of fiscal years 2024-2025, 2025-2026, 2026-2027 and 2027-2028 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This report shall include state highway fund statewide construction bonds, Arizona highway user revenue fund bonds, Maricopa association of governments and Pima association of governments controlled access bonds, Maricopa regional area road fund bonds and grant anticipation notes and is intended to be comparable to the information in the fiscal year 2022-2023 appropriations report. (Capital Outlay Appropriation Act footnote, Section 16, Subsection E)
- 8/ On or before November 1, 2023, the department of transportation shall report capital outlay information for fiscal years 2022-2023, 2023-2024 and 2024-2025 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This information shall appear in the same format as tables two, three and six, as found in the fiscal year 2022-2023 appropriations report. (Capital Outlay Appropriation Act footnote, Section 16, Subsection D)
- 9/ Notwithstanding section 41-1252, Arizona Revised Statutes, the appropriations made in subsection A of this section are not subject to review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote, Section 10, Subsection D, Section 11, Subsection B, Section 14, Subsection B, Section 16, Subsection F, Section 17, Subsection D, Section 18, Subsection B, Section 20, Subsection B)
- 10/ Within thirty days after the last day of each calendar quarter, the department shall report to the joint legislative budget committee staff the projected cost and status of the projects for the appropriations made in subsection A of this section. (Capital Outlay Appropriation Act footnote, Section 10, Subsection B)
- 11/ Before transferring monies between the projects described in subsection A of this section, the department shall submit a report for review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote, Section 10, Subsection C)
- 12/ The department of transportation may distribute the monies appropriated in this paragraph only if the town of Prescott Valley demonstrates to the department that the town has a commitment for at least \$1,100,000 in matching monies of gifts, grants and donations for improvements to Glassford Hill Road from sources other than this state. (Capital Outlay Appropriation Act footnote, Section 10, Subsection A, Paragraph 5)
- 13/ The legislature intends that the city of Phoenix contribute \$14,800,000 to the project described in this paragraph. (Capital Outlay Appropriation Act footnote, Section 10, Subsection A, Paragraph 4)
- 14/ The sum of \$54,300,000 is appropriated from the state general fund in fiscal year 2023-2024 to the department of transportation for pavement rehabilitation projects. The department shall select pavement rehabilitation projects that are all of the following:
 1. Not located in Maricopa or Pima County.
 2. On roads that are graded as being in fair or poor condition by the department.
 3. Not contained in the department's 2023-2027 five-year transportation facilities construction program. (Capital Outlay Appropriation Act footnote, Section 13, Subsection A)
- 15/ Monies distributed to the town of Queen Creek for the project in this paragraph are eligible to be used for all necessary expenses from the current project status until completion. The town of Queen Creek must collaborate with Pinal county

before spending the monies distributed for the project pursuant to this paragraph. (Capital Outlay Appropriation Act footnote, Section 10, Subsection A, Paragraph 20)

- 16/ The appropriation made in subsection A of this section reverts to the state general fund on June 30, 2025 if the department does not secure federal funding for the project on or before June 30, 2025. (FY 2023 Capital Outlay Appropriation Act Footnote)
- 17/ Of \$19,000,000 appropriation made by Laws 2022, chapter 309, section 8, subsection A, paragraph 19 for the design to widen lanes along State Route 347 between Interstate 10 and city of Maricopa, the sum of \$13,000,000 is reallocated as follows:
1. \$10,300,000 to the department of transportation to distribute to the city of Maricopa to design and construct improvements to State Route 238 or State Route 347, or both.
 2. \$2,000,000 to the department of transportation to distribute to the Gila River Indian Community for transportation infrastructure.
 3. \$700,000 to the department of transportation for engineering and design costs associated with improvements along State Route 87 near the city of Coolidge. (Capital Outlay Appropriation Act footnote, Section 14, Subsection A)
- 18/ Notwithstanding section 35-190, Arizona Revised Statutes, the \$3,150,000 appropriated the department of transportation by Laws 2021, chapter 406, section 32 in fiscal year 2021-2022 to construct new maintenance facilities in Wickenburg is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024. (Capital Outlay Appropriation Act footnote, Section 21, Subsection N)
- 19/ Notwithstanding section 35-190, Arizona Revised Statutes, the \$4,600,000 appropriated to the department of transportation by Laws 2019, chapter 264, section 17, subsection A, in fiscal year 2019-2020 as amended by Laws 2021, chapter 406, section 39, subsection E to construct new maintenance facilities in Wickenburg is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2023. (Capital Outlay Appropriation Act footnote, Section 21, Subsection O)
- 20/ Except as provided in subsection A of this section, the monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote, Section 22, Subsection B)
- 21/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

Unless otherwise specified, funding for capital projects is appropriated by Laws 2023, Chapter 135 (FY 2024 Capital Outlay Bill).

ADOT Facilities

Building Renewal

The budget includes \$22,420,200 in FY 2024 for Building Renewal within ADOT's Building System. This amount consists of \$21,978,300 from the State Highway Fund (SHF) and \$441,900 from the State Aviation Fund (SAF). The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings. The amounts represent 100% funding of the FY 2024 highway building renewal formula and 100% funding of the FY 2024 aviation building renewal formula. The FY 2023 budget appropriated \$18,139,400 from the SHF and \$467,800 from the SAF, which represented 100% funding of the FY 2023 highway building renewal formula and 100% funding of the FY 2023 aviation building renewal formula. (Please see Section 7, Subsection F of the FY 2024 Capital Outlay Bill for reference.)

Electric Vehicle Charging Stations – Fleet Facilities

The budget includes \$5,000,000 from SHF in FY 2024 for electric vehicle charging stations located at ADOT fleet facilities around the state. The stations will be primarily located at maintenance yards and other secured locations where department vehicles are housed. The charging stations will be utilized by state-owned vehicles. (Please see Section 8, Subsection K, Paragraph 4 of the FY 2024 Capital Outlay Bill for reference.)

Electric Vehicle Charging Stations – MVD Facilities

The budget includes \$2,500,000 from SHF in FY 2024 for electric vehicle charging stations located at ADOT MVD offices and other highly frequented department facilities around the state, excluding rest areas. The charging stations will be open and accessible to the public. The Arizona Department of Administration (ADOA) also received a \$5,000,000 appropriation to install charging stations throughout the state. ADOT will coordinate with ADOA on the placement of the charging stations open to the public. (Please see Section 8, Subsection K, Paragraph 3 of the FY 2024 Capital Outlay Bill for reference.)

Keams Canyon Maintenance Facility

The budget includes \$3,400,000 from SHF in FY 2024 for the replacement of the Keams Canyon maintenance facility. The existing 3-bay truck barn was constructed in

1962 and cannot adequately accommodate snow-plow trucks. In addition, the adjacent modular office space is aging and in need of replacement. The funding will replace the truck barn with a new 4-bay facility along with a new attached office space, crew area, and training area. *(Please see Section 8, Subsection K, Paragraph 1 of the FY 2024 Capital Outlay Bill for reference.)*

Tucson North MVD Renovation

The budget includes \$4,100,000 from SHF in FY 2024 for the renovation of the MVD facility located in north Tucson. The funding will be utilized to make structural changes, particularly in the lobby and office areas, to improve MVD operations and decrease customer wait times. In addition, the funding will address ADA accessibility and provide ADA-compliant restrooms. *(Please see Section 8, Subsection K, Paragraph 5 of the FY 2024 Capital Outlay Bill for reference.)*

Vehicle Fueling Facilities

The budget includes \$2,600,000 from SHF in FY 2024 for the replacement of vehicle fueling facilities in Springerville, Holbrook, and Chambers. The existing fuel systems have reached the end of their lifecycle. These facilities provide fuel for the department's operation throughout the state. *(Please see Section 8, Subsection K, Paragraph 2 of the FY 2024 Capital Outlay Bill for reference.)*

Water Conservation Projects

The budget includes \$2,500,000 from SHF in FY 2024 for statewide water conservation projects. The improvements will include installing low-flow fixtures and modifying existing landscapes by adopting xeriscaping principles that include native plant species. *(Please see Section 8, Subsection K, Paragraph 6 of the FY 2024 Capital Outlay Bill for reference.)*

Extension of Lapsing Provisions

The FY 2024 budget included footnote language that made \$4,600,000 appropriated in FY 2020 for a new Wickenburg maintenance facility non-lapsing until the end of FY 2024. Another footnote made the \$3,150,000 appropriated in FY 2022 for a new Wickenburg maintenance facility non-lapsing until the end of FY 2024. *(Please see Section 21, Subsection N and O of the FY 2024 Capital Outlay Bill for reference.)*

Airport Planning and Development

Airport Planning and Development

The budget includes \$35,000,000 from the State Aviation Fund (SAF) in FY 2024 for ADOT's airport capital improvement program. Fund revenues are generated from the jet fuel tax and Grand Canyon Airport operational revenues. This amount corresponds to the

programmed amount in the department's FY 2023-2027 Airport Capital Improvement Program (ACIP). ADOT develops an annual Five-Year ACIP to program airport planning and development monies, subject to the approval of the State Transportation Board. By aligning the airport planning and development appropriation with the programmed amount, the appropriation reflects the amount ADOT plans to award. In comparison, the FY 2023 budget included \$27,100,000 for this purpose. *(Please see Section 17 of the FY 2024 Capital Outlay Bill for reference.)*

Phoenix-Mesa Gateway Airport Funding

The budget includes \$7,000,000 from the General Fund in FY 2024 to distribute to the Phoenix-Mesa Gateway Airport. The monies will be used for terminal modernization projects. *(Please see Section 18 of the FY 2024 Capital Outlay Bill for reference.)*

Interstate and State Highway ADOT Road Projects

State Highway Fund

Controlled Access Highways

The budget includes an estimated urban freeway controlled access funding level of \$137,145,000 from SHF in FY 2024. The Maricopa Association of Governments (MAG) receives 75% and the Pima Association of Governments (PAG) receives 25%. These amounts are deposited into 4 subaccounts of the SHF: the MAG 12.6% account, MAG 2.6% account, PAG 12.6% account, and PAG 2.6% account. The 12.6% accounts refer to the statutory HURF distribution and the 2.6% accounts refer to the State Transportation Board policy amount. ADOT spends these amounts as programmed by MAG and PAG. *(Please see Section 16, Subsection B of the FY 2024 Capital Outlay Bill for reference.)*

Debt Service

The budget includes \$138,491,000 from SHF in FY 2024 for the appropriated portion of the debt service on bonds. ADOT has approximately \$1,097,260,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2024 debt service payments. *(Please see Table 5 for more information on debt service and Section 16, Subsection B of the FY 2024 Capital Outlay Bill for bill reference.)*

Statewide Highway Construction

The budget includes \$168,607,000 from SHF in FY 2024 for new highway construction. Only a small portion of the state's total \$1,943,300,000 highway construction funding is appropriated. Other monies available for highway construction include beginning balances and bond revenues from SHF, Federal Funds, the Maricopa Regional Area Road Fund (MRARF), and HURF for controlled access roads. *(See the Total Highway Construction Funding discussion and Table 5 in Other Issues for additional information.)* A footnote in the FY 2024 budget

appropriates any additional monies in SHF above the appropriation to ADOT for highway construction.

Expenditure of highway construction funding is determined by the State Transportation Board, which approves a 5-Year Program developed by ADOT.

Highway construction monies represent the amount that is available for the discretionary SHF to fund the State Transportation Board's 5-Year Program after all other allocations have been made. *(Please see the Summary of Highway Construction section and Table 6 for more information.)*

Table 1 shows the allocation of the highway construction budget prior to any ADOT operating and capital issues and statewide adjustments made during the budget process, which would reduce the level of available highway construction funding.

As noted in the HURF distribution table *(please see Table 6)*, an additional amount of \$449,124,000 from the balances of the MAG and PAG 12.6% and 2.6% subaccounts will also be available in FY 2024. *(Please see Section 16, Subsection B of the FY 2024 Capital Outlay Bill for reference.)*

Table 1	
State Highway Fund	
FY 2024 Highway Construction & Debt Service	
	Capital Outlay Bill
Controlled Access	\$137,145,000
Debt Service	138,491,000
Highway Construction	168,607,000
Total	\$444,243,000

General Fund

I-10 Widening, Phoenix to Casa Grande

The budget includes \$89,000,000 from the General Fund in FY 2024 to widen Interstate 10 between Phoenix and Casa Grande. The funding is in addition to the \$460,000,000 appropriated from the state to the project in prior year budgets. The department intends to use the FY 2024 appropriation to secure additional federal funding for the project. *(Please see Section 11, Subsection A of the FY 2024 Capital Outlay Bill for reference.)*

The environmental study and design for the I-10 expansion is nearing completion. Upon completion of the studies, ADOT will work on securing right-of-way for the project. The first phase of construction is slated to begin in the fall/winter of 2023 on the Gila River Bridge portion of the I-10 expansion.

I-17 Widening, Anthem to Black Canyon City

The budget includes \$76,200,000 from the General Fund in FY 2024 for increased costs to expand capacity on Interstate 17 from Anthem to Sunset Point. The funding is in addition to the \$332,505,000 allocated to the project in prior year budgets. The project consists of 2 main parts: 1) Widen Interstate 17 from 2 lanes to 3 lanes between Anthem and Black Canyon City and 2) Add flex lanes on the southbound alignment from Black Canyon City to Sunset Point with crossovers to and from the northbound alignment. *(Please see Section 12, Subsection A of the FY 2024 Capital Outlay Bill for reference.)*

Jackrabbit Trail and I-10 Interchange Design

The budget includes \$5,000,000 from the General Fund in FY 2024 to design a freeway interchange on Interstate 10 at Jackrabbit Trail. *(Please see Section 10, Subsection A, Paragraph 23 of the FY 2024 Capital Outlay Bill for reference.)*

Loop 303 and US 60 Interchange

The budget includes \$4,500,000 from the General Fund in FY 2024 to improve the interchange at the Loop 303 and U.S. Route 60. *(Please see Section 10, Subsection A, Paragraph 1 of the FY 2024 Capital Outlay Bill for reference.)*

US 60 Repavement

The budget includes \$10,500,000 from the General Fund in FY 2024 to repave U.S. Route 60 between Morristown and Wickenburg. *(Please see Section 10, Subsection A, Paragraph 37 of the FY 2024 Capital Outlay Bill for reference.)*

US 95 Improvements

The budget includes \$33,300,000 from the General Fund in FY 2024 to improve U.S. Route 95 between Wellton Mohawk Canal Road and Aberdeen Road. *(Please see Section 10, Subsection A, Paragraph 14 of the FY 2024 Capital Outlay Bill for reference.)*

SR 83 Improvements

The budget includes \$9,000,000 from the General Fund in FY 2024 to improve State Route 83 within Santa Cruz County. *(Please see Section 10, Subsection A, Paragraph 21 of the FY 2024 Capital Outlay Bill for reference.)*

SR 85 Design

The budget includes \$6,500,000 from the General Fund in FY 2024 for design work and improvements on State Route 85 between mile post 123 and Maricopa Road. *(Please see Section 10, Subsection A, Paragraph 17 of the FY 2024 Capital Outlay Bill for reference.)*

SR 87 Intersection Improvements

The budget includes \$700,000 from the General Fund in FY 2024 for the design of State Route 87 intersection improvements at Arica Road and Shedd Road. *(Please see Section 10, Subsection A, Paragraph 25 of the FY 2024 Capital Outlay Bill for reference.)*

SR 95 Turn Lanes

The budget includes \$8,000,000 from the General Fund in FY 2024 to construct turn lanes along State Route 95 near Bullhead City. *(Please see Section 10, Subsection A, Paragraph 18 of the FY 2024 Capital Outlay Bill for reference.)*

SR 97 Improvements near Bagdad

The budget includes \$10,000,000 from the General Fund in FY 2024 to improve State Route 97 near Bagdad. The FY 2023 Capital Outlay Bill appropriated \$10,000,000 for this project in FY 2024. As a result, these monies do not appear in the FY 2024 Capital Outlay Bill. That appropriation included a footnote to revert the funds on June 30, 2025, if the department does not secure federal funding for the project by that date. *(Please see FY 2023 Capital Outlay Bill for reference.)*

SR 260 Navajo County Improvements

The budget includes \$4,250,000 from the General Fund in FY 2024 for improvements along State Route 260 within Navajo County. *(Please see Section 10, Subsection A, Paragraph 33 of the FY 2024 Capital Outlay Bill for reference.)*

SR 347 Intersection Improvements

The budget includes \$18,000,000 from the General Fund in FY 2024 to improve the intersections at State Route 347 and Casa Blanca Road and State Route 347 and Cement Plant access. *(Please see Section 10, Subsection A, Paragraph 3 of the FY 2024 Capital Outlay Bill for reference.)*

Pavement Rehabilitation, Greater Arizona

The budget includes \$54,300,000 from the General Fund in FY 2024 for pavement rehabilitation projects that meet the following criteria: 1) Located outside of Maricopa and Pima Counties; 2) On roads that are graded as being in fair or poor condition by ADOT; and 3) Are not contained in ADOT's FY 2023 – FY 2027 5-Year Construction Program. In addition to these amounts, ADOT has programmed \$50,500,000 in their FY 2024 – FY 2028 5-year Construction Program for statewide pavement rehabilitation projects. *(Please see Section 13, Subsection A of the FY 2024 Capital Outlay Bill for reference.)*

SMART Fund Deposit

The budget includes \$12,500,000 from the General Fund in FY 2024 to deposit into the State Match Advantage for

Rural Transportation (SMART) Fund. The department utilizes the SMART Fund to help apply for and secure federal grant funding for road projects outside of Maricopa and Pima Counties. Local governments may apply to use monies in the fund to reimburse up to 50% of the cost to develop and submit a federal grant, as a match for a federal grant, or to reimburse design and engineering services for projects eligible for a federal grant. *(Please see Section 15 of the FY 2024 Capital Outlay Bill for reference.)*

Rail Service ADOT Project

Passenger Rail Service Study

The budget includes \$3,500,000 from the General Fund in FY 2024 to ADOT to study a passenger rail service from Phoenix to Tucson. The passenger rail would provide an alternative mode of transportation between the state's 2 largest metropolitan areas. In addition, the department intends to seek federal monies from the Infrastructure Investment and Jobs Act (IIJA) for the construction costs associated with a passenger rail service. *(Please see Section 8, Subsection K, Paragraph 7 of the FY 2024 Capital Outlay Bill for reference.)*

Distributions to Local Governments

Apache County, SR 264 Turn Lane Construction

The budget includes \$538,700 from the General Fund in FY 2024 to distribute to Apache County for State Route 264 turn lane construction into the Ganado senior citizens center and veterans building development area. *(Please see Section 10, Subsection A, Paragraph 42 of the FY 2024 Capital Outlay Bill for reference.)*

Clarkdale, Bitter Creek Wash Bridge

The budget includes \$6,321,400 from the General Fund in FY 2024 to distribute to the Town of Clarkdale to replace the current bridge over Bitter Creek wash. *(Please see Section 10, Subsection A, Paragraph 2 of the FY 2024 Capital Outlay Bill for reference.)*

Canyon Water Improvement District

The budget includes \$610,000 from the General Fund in FY 2024 to distribute to the Canyon Water Improvement District to make improvements to infrastructure, including fire hydrants and other related water needs. *(Please see Section 10, Subsection A, Paragraph 34 of the FY 2024 Capital Outlay Bill for reference.)*

Cave Creek, Cave Creek Road Study

The budget includes \$250,000 from the General Fund in FY 2024 to distribute to the Town of Cave Creek to study the construction of expanding lanes along Cave Creek Road between Loop 101 and Carefree Highway. *(Please*

see Section 10, Subsection A, Paragraph 22 of the FY 2024 Capital Outlay Bill for reference.)

Cochise County, Moson Road Drainage

The budget includes \$6,100,000 from the General Fund in FY 2024 to distribute to Cochise County for Moson Road drainage and safety improvements between State Route 90 and Hereford Road. *(Please see Section 10, Subsection A, Paragraph 13 of the FY 2024 Capital Outlay Bill for reference.)*

Coolidge, Coolidge Avenue Reconstruction

The budget includes \$5,300,000 from the General Fund in FY 2024 to distribute to the City of Coolidge for Coolidge Avenue reconstruction between Christensen Road and Clemens Road. *(Please see Section 10, Subsection A, Paragraph 6 of the FY 2024 Capital Outlay Bill for reference.)*

Douglas, Douglas Port of Entry and SR 80 Connection

The budget includes \$8,170,000 from the General Fund in FY 2024 to distribute to the City of Douglas for road development and construction connecting the Douglas international commercial port of entry and State Route 80. *(Please see Section 10, Subsection A, Paragraph 9 of the FY 2024 Capital Outlay Bill for reference.)*

Eloy, Sunland Gin Road I-10 Overpass

The budget includes \$5,000,000 from the General Fund in FY 2024 to distribute to the City of Eloy for the Sunland Gin Road Interstate 10 overpass and road improvements between Interstate 10 and Arica Road. *(Please see Section 10, Subsection A, Paragraph 7 of the FY 2024 Capital Outlay Bill for reference.)*

Gila County, Houston Mesa Road Improvements

The budget includes \$243,600 from the General Fund in FY 2024 to distribute to Gila County for Houston Mesa Road improvements between State Route 260 and 0.4 miles south of Forest Road 198. *(Please see Section 10, Subsection A, Paragraph 33 of the FY 2024 Capital Outlay Bill for reference.)*

Globe, Cottonwood Street Bridge Replacement

The budget includes \$632,500 from the General Fund in FY 2024 to distribute to the City of Globe for the Cottonwood Street bridge replacement and improvements at Pinal Creek. *(Please see Section 10, Subsection A, Paragraph 32 of the FY 2024 Capital Outlay Bill for reference.)*

Globe, Jesse Hayes Road Bridge Replacement

The budget includes \$643,200 from the General Fund in FY 2024 to distribute to the City of Globe for the replacement of Jesse Hayes Road bridge and

improvements at Pinal Creek. *(Please see Section 10, Subsection A, Paragraph 31 of the FY 2024 Capital Outlay Bill for reference.)*

Globe, Sidewalk Construction

The budget includes \$3,501,100 from the General Fund in FY 2024 to distribute to the City of Globe for sidewalk construction along Jesse Hayes Road and Six Shooter Canyon Road. *(Please see Section 10, Subsection A, Paragraph 29 of the FY 2024 Capital Outlay Bill for reference.)*

Graham County, Norton Road Intersection

The budget includes \$500,000 from the General Fund in FY 2024 to distribute to Graham County for an intersection reconstruction at Norton Road and Reay Lane. *(Please see Section 10, Subsection A, Paragraph 12 of the FY 2024 Capital Outlay Bill for reference.)*

Graham County, Safford Bryce Road

The budget includes \$1,781,500 from the General Fund in FY 2024 to distribute to Graham County for improvements to Safford Bryce Road in the vicinity of Talley Wash Crossing. *(Please see Section 10, Subsection A, Paragraph 35 of the FY 2024 Capital Outlay Bill for reference.)*

Huachuca City, Skyline Drive Reconstruction

The budget includes \$1,565,200 from the General Fund in FY 2024 to distribute to the Town of Huachuca City for the reconstruction of Skyline Drive between State Route 90 and Huachuca City Landfill. *(Please see Section 10, Subsection A, Paragraph 26 of the FY 2024 Capital Outlay Bill for reference.)*

Huachuca City, Skyline Pathway Development

The budget includes \$506,000 from the General Fund in FY 2024 to distribute to the Town of Huachuca City for the development of Skyline Pathway along Skyline Drive between Gila Avenue and Edgewood Street. *(Please see Section 10, Subsection A, Paragraph 27 of the FY 2024 Capital Outlay Bill for reference.)*

Lake Havasu City Emergency Bridge

The budget includes \$35,500,000 from the General Fund in FY 2024 to construct an emergency evacuation bridge in Lake Havasu City. *(Please see Section 10, Subsection A, Paragraph 19 of the FY 2024 Capital Outlay Bill for reference.)*

Marana, Cortaro Road and I-10 Traffic Interchange

The budget includes \$10,000,000 from the General Fund in FY 2024 to distribute to the Town of Marana for design costs for a traffic interchange between Cortaro Road and Interstate 10. *(Please see Section 10, Subsection A,*

Paragraph 8 of the FY 2024 Capital Outlay Bill for reference.)

Navajo Nation, N9402 Road Improvements

The budget includes \$10,000,000 from the General Fund in FY 2024 to distribute to the Navajo Nation for improvements to N9402 Road near Lupton and Houck. *(Please see Section 10, Subsection A, Paragraph 41 of the FY 2024 Capital Outlay Bill for reference.)*

Patagonia, McKeown Avenue Reconstruction

The budget includes \$1,500,000 from the General Fund in FY 2024 to distribute to the Town of Patagonia for McKeown Avenue reconstruction between Fourth Avenue West and State Route 82. *(Please see Section 10, Subsection A, Paragraph 10 of the FY 2024 Capital Outlay Bill for reference.)*

Payson, Roundabout Construction

The budget includes \$1,529,800 from the General Fund in FY 2024 to distribute to the Town of Payson for roundabout construction and improvements at the intersection of Longhorn Road and McLane Road. *(Please see Section 10, Subsection A, Paragraph 30 of the FY 2024 Capital Outlay Bill for reference.)*

Phoenix, Happy Valley Road Improvements

The budget includes \$12,500,000 from the General Fund in FY 2024 to distribute to the City of Phoenix for improvements on Happy Valley Road between 35th Avenue and 67th Avenue. The project includes a footnote stating legislative intent that Phoenix contribute at least \$14,800,000 to the project. *(Please see Section 10, Subsection A, Paragraph 4 of the FY 2024 Capital Outlay Bill for reference.)*

Phoenix, 43rd Avenue Extension

The budget includes \$6,500,000 from the General Fund in FY 2024 to distribute to the City of Phoenix to extend 43rd Avenue between Dove Valley Road and State Route 74. *(Please see Section 10, Subsection A, Paragraph 24 of the FY 2024 Capital Outlay Bill for reference.)*

Pinal County, Pinal East-West Corridor Design

The budget includes \$9,240,000 from the General Fund in FY 2024 to distribute to Pinal County for the engineering and design of the West Pinal Parkway East-West Corridor. *(Please see Section 10, Subsection A, Paragraph 16 of the FY 2024 Capital Outlay Bill for reference.)*

Pinetop-Lakeside, Porter Mountain Road

The budget includes \$2,242,200 from the General Fund in FY 2024 to distribute to the Town of Pinetop-Lakeside for Porter Mountain Road improvements in the vicinity of Blue Ridge Elementary School. *(Please see Section 10,*

Subsection A, Paragraph 28 of the FY 2024 Capital Outlay Bill for reference.)

Prescott Valley, Glassford Hill Road Improvements

The budget includes \$9,900,000 from the General Fund in FY 2024 to distribute to the City of Prescott Valley to improve Glassford Hill Road. The project includes a footnote that states ADOT may only distribute the monies to Prescott Valley for the project if the town can demonstrate a \$1,100,000 matching commitment. *(Please see Section 10, Subsection A, Paragraph 5 of the FY 2024 Capital Outlay Bill for reference.)*

Queen Creek, SR 24 Extension

The budget includes \$87,500,000 from the General Fund in FY 2024 to distribute to the Town of Queen Creek to extend State Route 24 including a traffic interchange at State Route 24 and Ironwood Road. The project includes a footnote which states that the monies may be used from the current project status until completion. The footnote further requires Queen Creek to collaborate with Pinal County prior to expending the distributed monies. *(Please see Section 10, Subsection A, Paragraph 20 of the FY 2024 Capital Outlay Bill for reference.)*

Santa Cruz County, I-19 Traffic Interchanges

The budget includes \$8,600,000 from the General Fund in FY 2024 to distribute to Santa Cruz County for improvements to traffic interchanges at Interstate 19 and Rio Rico Drive and Interstate 19 and Ruby Road. *(Please see Section 10, Subsection A, Paragraph 44 of the FY 2024 Capital Outlay Bill for reference.)*

Sierra Vista, Theater Drive Corridor Improvements

The budget includes \$1,800,000 from the General Fund in FY 2024 to distribute to the City of Sierra Vista for Theater Drive corridor improvements between 7th Street and Carmichael Avenue. *(Please see Section 10, Subsection A, Paragraph 11 of the FY 2024 Capital Outlay Bill for reference.)*

Superior, Panther Drive Bridge Design

The budget includes \$2,486,700 from the General Fund in FY 2024 to distribute to the town of Superior for the design and construction of Panther Drive bridge at Queen Creek. *(Please see Section 10, Subsection A, Paragraph 39 of the FY 2024 Capital Outlay Bill for reference.)*

Thatcher, 8th Street Improvements

The budget includes \$4,526,400 from the General Fund in FY 2024 to distribute to the Town of Thatcher for improvements to 8th Street between 1st Avenue and 20th Avenue. *(Please see Section 10, Subsection A, Paragraph 36 of the FY 2024 Capital Outlay Bill for reference.)*

Tucson, Drexel Road Bridge Improvements

The budget includes \$15,000,000 from the General Fund in FY 2024 to distribute to the City of Tucson for improvements to the Drexel Road bridge. *(Please see Section 10, Subsection A, Paragraph 43 of the FY 2024 Capital Outlay Bill for reference.)*

Winkelman, Golf Course Road Improvements

The budget includes \$1,560,900 from the General Fund in FY 2024 to distribute to the Town of Winkelman for improvements to Golf Course Road and Quarelli Street. *(Please see Section 10, Subsection A, Paragraph 38 of the FY 2024 Capital Outlay Bill for reference.)*

Yuma County, US 95 Pavement Rehabilitation

The budget includes \$5,910,400 from the General Fund in FY 2024 to distribute to Yuma County for U.S. Route 95 pavement rehabilitation between County 22nd Street and County 11th Street. *(Please see Section 10, Subsection A, Paragraph 15 of the FY 2024 Capital Outlay Bill for reference.)*

Other Issues

FY 2023 and Prior Year Individual Project Revisions

The FY 2024 Capital Outlay Bill includes the reallocation of monies between individual transportation projects from the FY 2022 and FY 2023 budgets. As a result of recent changes in transportation construction costs, primarily due to inflationary and supply chain pressures, the projects funded in recent year budgets had various shortfalls and surpluses. The FY 2024 Capital Outlay Bill addresses the funding shortfalls by shifting monies from projects with excess funds to projects in need of additional funding.

Table 2 displays the various project reallocations in the FY 2024 Capital Outlay Bill. The table notes the project description and whether the project received a reduction or increase in funding to achieve the desired funding level. The table also references in which year the specified project received its initial funding.

Table 2

Prior Year Budget Project Reallocation

	State Highway Fund	General Fund
<u>FY 2021 Appropriation Reallocations</u>		
US 95 Improvements near Yuma Proving Grounds (Sec. 1) ^{1/2/}	\$0	\$(10,000,000)
SR 77 Pavement Rehabilitation near Oro Valley (Sec. 1) ^{1/2/}	0	2,207,500
<u>FY 2023 Appropriation Reallocations</u>		
I-10 Widening, SR 85 to Citrus Road (Sec. 3 and Section 20) ^{2/}	(3,290,000)	52,090,000
SR 69/SR 169 Roundabout (Sec. 3) ^{2/}	6,522,500	0
SR 89/SR 89A Traffic Interchange (Sec. 3) ^{2/}	(2,400,000)	0
SR 90 Pavement Rehabilitation in Huachuca City (Sec. 3) ^{2/}	(580,000)	0
US 191 Pavement Rehabilitation between Armory Road and East Safford (Sec. 3) ^{2/}	2,651,000	0
SR 279 Old Highway Improvements (Sec. 3) ^{2/}	(6,142,800)	0
Gila Bend Sentinel Exit Lighting (Sec. 3) ^{2/}	517,000	0
US 89/Lake Powell Blvd Traffic Circle in Page (Sec. 4) ^{2/}	0	3,100,000
SR 69 Repavement in Prescott Valley (Sec. 5) ^{2/}	178,000	0
US 95 Improvements near Yuma Proving Grounds (Sec. 5) ^{2/}	(3,500,000)	0
SR 95 Repavement in Mohave County (Sec. 5) ^{2/}	(6,161,600)	0
SR 347/Riggs Road Overpass Construction (Sec. 5) ^{2/}	15,250,000	0
SR 347/Riggs Road Overpass Design, Right-of-Way, and Easements (Sec. 5) ^{2/}	(2,625,000)	0
SR 186/Business Route 10 Repair in Willcox (Sec. 5) ^{2/}	(9,100)	0
SR 90 Improvements from Moson Road to Campus Drive (Sec. 5) ^{2/}	(410,000)	0
Loop 101 Slip Ramp in Tolleson (Sec. 6) ^{2/}	0	(25,000,000)
SR 347 Widening, I-10 to Maricopa (Sec. 14) ^{2/}	(13,000,000)	0
SR 238/SR 347 Design and Construction Improvements (Sec. 14) ^{2/}	10,300,000	0
Gila River Indian Community Transportation Infrastructure (Sec. 14) ^{2/}	2,000,000	0
SR 87 Engineering and Design near Coolidge (Sec. 14) ^{2/}	700,000	0
Total	\$0	\$22,397,500

^{1/} FY 2021 supplemental appropriation included in the FY 2022 budget.

^{2/} The revised total for each project is listed in the narrative.

As noted in *Table 2*, the individual transportation projects from prior year budgets received funding from both SHF and the General Fund. The project reallocations held SHF harmless and resulted in a \$0 net change in SHF appropriations. The General Fund reallocations, however, resulted in net cost of \$22,397,500.

After the project reallocations in the FY 2024 budget, the individual projects listed in *Table 2* are left with the following total appropriations:

- \$33,300,000 for US 95 improvements near Yuma Proving Ground. The FY 2024 budget eliminated all prior year funding for this project (\$10,000,000 from the General Fund and \$3,500,000 from the Highway Fund), but appropriated \$33,300,000 in new funding in FY 2024.
- \$15,807,500 for SR 77 pavement rehabilitation near Oro Valley.
- \$113,000,000 for I-10 widening between SR 85 and Citrus Road after adjustment for both the \$(3,290,000) reduction in the original FY 2023 appropriation plus the \$52,090,000 FY 2023 supplemental.
- \$8,022,500 for the SR 69/SR 169 roundabout.
- \$600,000 for the SR 89/SR 89A traffic interchange.
- \$38,620,000 for SR 90 pavement rehabilitation in Huachuca City.
- \$18,981,000 for US 191 pavement rehabilitation between Armory Road and East Safford.
- \$0 for SR 279 old highway improvements.
- \$1,085,000 for Gila Bend sentinel exit lighting.
- \$8,100,000 for US 89/ Lake Powell Boulevard traffic circle in Page.
- \$6,523,000 for SR 69 repavement in Prescott Valley.
- \$60,073,000 for SR 95 repavement in Mohave County.
- \$49,000,000 for SR 347/Riggs Road overpass construction.
- \$10,000,000 for SR 347/Riggs Road design, right-of-way, and easements.
- \$4,955,000 for SR 186/Business Route 10 repair in Willcox.
- \$13,900,000 for SR 90 improvements from Moson Road to Campus Drive.
- \$0 for the Loop 101 slip ramp in Tolleson.
- \$6,000,000 to design widening the lanes along State Route 347 between Interstate 10 and City of Maricopa.
- \$10,300,000 to ADOT to distribute to the City of Maricopa to design and construct improvements to State Route 238 or State Route 347, or both.
- \$2,000,000 to ADOT to distribute to the Gila River Indian Community for transportation infrastructure.

- \$700,000 to ADOT for engineering and design costs associated with improvements along State Route 87 near the city of Coolidge

Summary of Non-Appropriated Capital Funds

Table 3 provides a summary of non-appropriated capital expenditures. Non-appropriated capital expenditures are expected to grow from \$1,171,251,000 in FY 2022 to \$1,552,566,000 in FY 2023 and \$1,684,441,000 in FY 2024.

Further background information regarding the funds is contained in the ADOT Summary of Funds in the ADOT operating section of the *FY 2024 Baseline Book*. The ADOT operating budget section does not include the non-appropriated capital expenditures as those only appear in *Table 3*.

	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Aviation Federal Funds	\$5,697	\$7,503	\$10,780
Highway Federal Grants	<u>843,961</u>	<u>878,589</u>	<u>962,163</u>
Subtotal - Federal Funds	\$849,658	\$886,092	\$972,943
Bond Proceeds	\$18	\$728	\$640
Economic Strength Project Fund	1,000	1,000	1,000
Local Agency Deposits Fund	2,939	15,651	28,477
Maricopa Regional Area Road Fund	317,636	649,095	681,381
Subtotal - Other Non- Appropriated Funds	\$321,593	\$666,474	\$711,498
Total	\$1,171,251	\$1,552,566	\$1,684,441

Summary of Highway Construction

The State Transportation Board oversees the department's highway construction program. The 5-Year Highway Construction Program adopted by the board on June 17, 2022 includes monies from SHF, Federal Funds, MRARF, SHF for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$1,340,077,000 for FY 2024. (*Please see Table 4 for additional details.*)

Table 4

**State Highway Fund
Highway Construction Projects Beginning in FY 2024
(\$ in Thousands)**

	FY 2024 ^{1/}
Construction	\$270,400
Urban Controlled Access ^{2/}	530,303
Pavement Preservation Maintenance	447,961
Other ^{3/}	<u>91,413</u>
Total	\$1,340,077

^{1/} Data from ADOT's 2023-2027 5-Year Transportation Facilities Construction Program, representing the total cost of multi-year projects beginning in FY 2024.

^{2/} Includes expenditures from SHF for controlled access, PAG, and MRARF.

^{3/} Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. The FY 2024 budget includes \$444,243,000 for highway construction, including \$168,607,000 of net SHF monies for statewide highway construction.

Table 6 summarizes expenditures for highway construction that are planned in the future and currently underway from FY 2022 through FY 2024 on a cash flow basis, as provided by ADOT. *Table 4*, which shows the highway construction program adopted by the State Transportation Board, presents a different view since it only shows the total dollar cost of highway projects scheduled to begin in FY 2024 by category of construction. *Table 6* also includes monies from the Local Agency Deposits Fund, while *Table 4* does not.

For FY 2022, *Table 6* shows that total cash highway construction expenditures were \$1,167,300,000 while \$312,400,000 was spent on debt service. In FY 2023, total estimated cash highway construction expenditures are \$1,384,900,000 with total debt service of \$310,800,000. In FY 2024, total estimated cash highway construction expenditures are \$1,631,400,000 with total debt service of \$311,900,000.

The major sources of highway construction funding are SHF, Federal Aid, the half-cent sales tax in Maricopa County (MRARF), bond proceeds, and the Local Agency Deposits Fund. The Local Agency Deposits Fund receives monies from the federal government and local agencies for the payment of local agency sponsored county secondary road construction projects.

Table 6 does not include highway maintenance spending of \$126,144,700 in FY 2022, \$209,495,400 in FY 2023, and \$158,495,400 in FY 2024. Of the \$311,900,000 total FY 2024 debt service amount in *Table 6*, only \$138,500,000 is appropriated.

Highway User Revenue Fund Analysis

HURF consists of monies received in the state from transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax (VLT), vehicle registration, driver's license, and others. *Table 5* explains the formula distribution of HURF monies between state and local governments. *Table 7* presents the overall HURF distribution for FY 2022 through FY 2024. The line in *Table 7* showing net SHF Available for Statewide Highway Construction, which totals \$168,607,000 for FY 2024, does not include Maricopa County and Pima County Controlled Access Funds, Bond Funds, Federal Funds, and Miscellaneous Funds available for construction. This line represents the amount that is available from the discretionary SHF to fund the State Transportation Board's 5-Year Program.

Total FY 2022 HURF collections of \$1,729,138,000 were 6.3% above FY 2021 collections. As of May 2023, FY 2023 HURF year-to-date collections were 0.8% higher than the prior year collections.

VLT is the largest source of HURF collections, accounting for 31.4% of HURF revenue in FY 2022, a percentage which has been increasing in recent years. From FY 2018 to FY 2022, the gas tax share of total collections has decreased by (5.1)% while VLT's share has increased by 0.1%.

The gas tax comprises the second largest source of HURF collections at 31.1%.

ADOT forecasts HURF collections 10 years out each summer using a model based on the state's nominal personal income, population, non-farm employment, fleet fuel efficiency and nominal gas price.

Table 5 breaks down the distribution of HURF monies between cities, counties, controlled access, and the SHF.

Table 5**Percentage Distribution of HURF Monies**

Cities	30.5%
Counties	19.0%
Controlled Access ^{1/}	7.7%
State Highway Fund ^{1/}	42.8%
Total	100.0%

^{1/} A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of SHF monies set aside for controlled access highways (15.2% of 50.5% = 7.7% displayed in the table above). The controlled access monies are divided: 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Statutory Changes

The Transportation BRB, as permanent law, clarifies that monies in the SMART Fund cannot be distributed to municipalities partially located in an urbanized area of a county with a population of more than one million persons.

Table 6

Highway Construction and Debt Service Expenditures by Fund Source
(\$ In Millions)

<u>Sources</u>	<u>FY 2022 Actual</u>	<u>FY 2023 Estimate</u>	<u>FY 2024 Estimate</u>
State Highway Fund (SHF)			
<i>Appropriated</i>			
HURF - Statewide Debt Service	\$ 108.4	\$ 118.0	\$ 114.3
HURF - MAG Debt Service	30.9	19.4	24.2
MAG/PAG 15.2% Controlled Access - Construction	12.9	40.0	28.5
Net SHF Funds Available for Statewide Highway	222.3	50.8	168.6
Total SHF - Appropriated	\$ 374.5	\$ 228.2	\$ 335.6
<i>Non-Appropriated</i>			
SHF Highway Construction ^{1/}	\$ -	\$ -	\$ -
Total SHF - Non-Appropriated	\$ -	\$ -	\$ -
Total SHF Highway Construction Expenditures	\$ 374.5	\$ 228.2	\$ 335.6
Federal Aid			
Total Federal Aid Highway Construction Expenditures	\$ 844.0	\$ 878.6	\$ 962.2
Maricopa Regional Area Road Fund			
Highway Construction Expenditures	\$ 115.1	\$ 429.1	\$ 473.0
MRARF Debt Service	143.1	143.4	143.4
Total Maricopa Regional Area Road Fund Highway	\$ 258.2	\$ 572.5	\$ 616.4
Bond Proceeds			
HURF - Highway Construction Expenditures	\$ 0	\$ 0.1	\$ 0
MRARF - Highway Construction Expenditures	0	0	0
GAN - Highway Construction Expenditures	0.1	0.6	0.6
Total Bond Proceeds Highway Construction Expenditures	\$ 0.1	\$ 0.7	\$ 0.6
Local Agency Deposits Fund			
Total Local Agency Deposits Fund Debt Service	-	-	-
Total Local Agency Deposits Fund Cash Highway Constr.	2.9	15.7	28.5
Total Local Agency Deposits Fund Highway Construction	\$ 2.9	\$ 15.7	\$ 28.5
Total Highway Construction Expenditures	\$ 1,479.7	\$ 1,695.7	\$ 1,943.3
Total Debt Service			
SHF	\$ 139.3	\$ 137.4	\$ 138.5
Federal Aid	30.0	30.0	30.0
MRARF	143.1	143.4	143.4
Total Debt Service	\$ 312.4	\$ 310.8	\$ 311.9 ^{2/}
Total Cash Highway Construction Expenditures			
SHF	\$ 235.2	\$ 90.8	\$ 197.1
Federal Aid	814.0	848.6	932.2
MRARF	115.1	429.1	473.0
Bond Proceeds	0.1	0.7	0.6
Local Agency Deposits Fund	2.9	15.7	28.5
Total Cash Highway Construction Expenditures	\$ 1,167.3	\$ 1,384.9	\$ 1,631.4
Total Highway Construction Expenditures	\$ 1,479.7	\$ 1,695.7	\$ 1,943.3

^{1/} Includes funding from the Statewide Transportation Acceleration Needs Account (STAN).

^{2/} Information provided by the department. Includes \$138,491,147 for HURF bonds (\$114,302,112 for statewide program and \$24,189,035 MAG program); \$29,970,250 for Grant Anticipation Notes; and \$143,388,676 for MRARF bonds.

Table 7

Highway User Revenue Fund (HURF) Distribution
(\$ in Thousands)

	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Total HURF Collections Before Authorized Third-Party (ATP) Expenses	\$1,755,937	\$1,775,564	\$1,856,912
Less: ServiceArizona ATP Fee Retention	6,644	6,717	6,991
Brick and Mortar ATP Fee Retention	7,611	7,695	8,010
ServiceArizona ATP Credit Card Fee Reimbursements	10,388	10,502	10,931
Brick and Mortar ATP Credit Card Fee Reimbursements	<u>2,156</u>	<u>2,179</u>	<u>2,269</u>
Total HURF Collections	\$1,729,138	\$1,748,471	\$1,828,711
Less: Economic Strength Fund ^{1/}	1,000	1,000	1,000
ADOT - MVD Registration Compliance Program	702	907	907
State Lake Improvement Fund/Off-Highway Vehicle Recreation Fund	<u>11,564</u>	<u>11,359</u>	<u>11,918</u>
Net HURF Collections	\$1,715,872	\$1,735,205	\$1,814,886
Less: Cities ^{2/}	523,341	529,237	553,541
Counties ^{2/}	326,016	329,689	344,829
VLT Transfer to Parity Compensation Fund ^{3/}	4,020	4,200	4,549
VLT Transfer to General Fund (5-Year VLT) ^{4/}	3,385	3,550	3,700
VLT Transfer to General Fund (Abandoned Vehicle) ^{5/}	4,876	5,800	6,000
Controlled Access ^{6/}	<u>129,844</u>	<u>131,135</u>	<u>137,145</u>
Net SHF (Discretionary)	\$ 724,390	\$ 731,594	\$ 765,122
Plus: Other Income ^{7/}	78,438	85,561	91,674
Less: Operating Budget	372,537	532,159	479,160
Dept of Public Safety Transfer from Highway Fund	8,167	8,167	8,167
Capital Outlay	6,900	19,416	20,100
Building Renewal	15,400	18,139	21,978
ServiceArizona ATP VLT Retention ^{8/}	20,514	23,066	24,418
Brick and Mortar ATP VLT Retention ^{8/}	15,033	22,072	23,364
HURF Exchange Program ^{9/}	2,702	21,191	17,000
Debt Service ^{10/}	<u>139,321</u>	<u>137,359</u>	<u>138,491</u>
Net SHF Available for Statewide Highway Construction (5-Year Plan) ^{11/12/}	\$ 222,254	\$ 35,586	\$ 124,118
SHF Adjustments			
Plus: Controlled Access SHF Beginning Balance	343,110	407,465	449,124
STAN Account Beginning Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total SHF Available for Statewide Highway Construction	\$ 565,364	\$ 458,259	\$ 617,731

^{1/} Provides monies for economic strength highway projects recommended by the Arizona Commerce Authority and approved by the State Transportation Board.

^{2/} A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

^{3/} A.R.S § 28-5808A transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.

^{4/} A.R.S § 28-5808E transfers the SHF share of the HURF VLT to the state General Fund that is generated from the difference between a 2-year registration and a 5-year registration.

^{5/} A.R.S § 28-5808D also transfers the SHF share of the HURF VLT to the state General Fund that is equal to 90% of the fees collected under A.R.S. § 28-4802A and 60% of the fees collected under A.R.S. § 28-4802B to the state General Fund.

^{6/} A statutorily defined distribution of SHF monies for design, acquisition, and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

^{7/} Includes transfers from the MAG 12.6% subaccount to the SHF for debt service on HURF bonds, miscellaneous receipts, rental income, sale of capital assets, underground storage tank deposits, investment income, grants from Governor's Office of Highway Safety, retained MVD fees, oversize permits, and abandoned vehicle fees. This excludes the \$925,447,500 of TPT General Fund collections that were deposited into the State Highway Fund to fund individual transportation projects in FY 2023.

^{8/} Statutory payments to third parties from VLT collected by third parties. Non-VLT fees to ATPs are listed at the top of the chart.

^{9/} Local entities can exchange federal aid monies for State Highway Fund monies.

^{10/} Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

^{11/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

^{12/} The amounts displayed in the Net SHF Available for Statewide Highway Construction do not match the amounts contained in the respective Capital Outlay Bill for each fiscal year due to spending changes in ADOT's operating budget, building renewal, and capital outlay projects.

Capital Outlay

Arizona Board of Regents Building Systems

FY 2024
APPROVED

BUILDING RENEWAL

Arizona Board of Regents

TOTAL - ALL PROJECTS

0
0 1/2

FUND SOURCES

General Fund

TOTAL - ALL SOURCES

0
0

DESCRIPTION — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by ABOR on behalf of the universities.

FOOTNOTES

- 1/ A.R.S. § 15-1670 appropriates \$33,026,400 to the universities from the General Fund in FY 2024 to finance lease-purchase payments for research infrastructure projects.
- 2/ A.R.S. § 15-1671 appropriates \$29,518,300 to the universities from the General Fund in FY 2024 for capital infrastructure projects.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on a formula determined by the Joint Committee on Capital Review (JCCR). As required by A.R.S. § 41-793.01, the formula accounts for the replacement value, age, and life cycle of a building. In FY 2024, ABOR reports funding 100% of the building renewal formula would be \$219,663,700. The budget includes no funding for Building Renewal in the ABOR Building System.

Summary of University Debt

ABOR estimates that as of the end of FY 2024, the universities' outstanding principal balances for bonds and lease-purchase agreements will total \$4,197,053,600, of which \$3,899,377,200 is for outstanding bonds and \$297,676,400 is for lease-purchase projects. This debt would be held by the 3 universities as follows:

ASU (all campuses)	\$2,468,773,200
NAU	394,755,000
UA (all campuses)	<u>1,333,525,400</u>
Total	\$4,197,053,600

ABOR estimates that the universities' total debt service payments for bonds and lease-purchase agreements in FY 2024 will be \$389,793,400. The debt service payments made by each of the universities would be as follows:

ASU (all campuses)	\$201,221,900
NAU	40,275,600
UA (all campuses)	<u>148,295,900</u>
Total	\$389,793,400

In addition to University system revenues being allocated for FY 2024 debt service payments, \$37,783,200 would be paid by Lottery monies, \$33,026,400 would be paid by the General Fund for 2003 research infrastructure projects, and \$17,083,900 would be paid by the General Fund for 2017 Capital Infrastructure Funding projects.

The universities' expenditures for debt service payments are included in the budget of each university's individual agency section. *(Please see the individual university sections for more information.)*

State Bonding Programs

University Lottery Bonds

One component of the \$3,899,377,200 bond balance is university lottery revenue (Stimulus Plan for Economic and Educational Development (SPEED)) bonds. Pursuant to A.R.S. § 5-522 and § 15-1682.03, ABOR is authorized to enter into bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities. Debt service payments for SPEED bonds will total \$47,229,900 in FY 2024, of which 80% will be paid by Lottery monies and 20% with university system revenues.

2017 Capital Infrastructure Appropriations

Another component of the \$3,899,377,200 bond balance is 2017 Capital Infrastructure funding. Pursuant to A.R.S. § 15-1671, universities receive annual General Fund appropriations from FY 2019 to FY 2043 for new university research facilities, building renewal, or other capital construction projects. The universities may use this funding to pay cash for projects or for debt service. In the latter case, the General Fund may only pay for 50% of debt service (with the remainder financed through other university system revenues).

The original legislation appropriated \$27,000,000 from the General Fund to the universities in FY 2019 and increases the appropriation each year thereafter by 2.0% or the rate of inflation, whichever is less. The budget assumes a 2.0% increase from FY 2023, resulting in an FY 2024 General Fund appropriation of \$29,518,300. If the universities utilized the full appropriation for debt service, this amount would support \$59,036,600 in debt service payments.

Since FY 2019, however, the universities have not fully used their debt service capacity and have used a portion of their appropriation to fund projects with cash. As a result, the appropriation does not equate to the annual debt service payments. Debt service payments are projected to total \$34,167,700 in FY 2024, of which 50% will effectively be supported by the General Fund.

For additional information on state bonding programs for universities, please see the *Lottery Bonds and Capital Infrastructure Funding Program Summary* on the JLBC website.

University Debt Ratio Policy

In authorizing ABOR to issue bonds on behalf of the universities, A.R.S. § 15-1683 limits the debt service payments each university is allowed to make based on its financial resources.

Specifically, the statute requires that the projected debt service payments on outstanding and proposed bonds and certificates of participation (COPs) not exceed 8.0% of each institution's total projected expenditures and mandatory transfers in any fiscal year. University SPEED bonds are exempt from the debt ratio calculations. The universities' Capital Improvement Plans project expected debt ratios through FY 2027. The rate and year in which each university is projected to have its highest debt ratio is listed below. The ratio is also displayed if the university lottery bonds were applied to the calculation.

- ASU: 5.3% (5.7% with SPEED) in FY 2026
- NAU: 5.1% (6.7% with SPEED) in FY 2025
- UA: 5.3% (6.4% with SPEED) in FY 2024

These ratios incorporate the debt service impact of planned construction projects. The universities estimate that they have the capacity to issue \$2,800,100,000 in additional debt beyond the planned projects based on these debt service ratios.

Capital Outlay

Debt and Lease-Purchase Financing

Long-Term Financing Summary

The state's long-term financing consists of 2 different types of transactions.

Lease-Purchase Facilities

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the Universities have entered into lease-purchase agreements for the acquisition and construction of state facilities. The School Facilities Board (SFB) also entered into lease-purchase agreements for the construction of new schools prior to FY 2012.

At the end of FY 2024, the outstanding balance of lease-purchase agreements is expected to be \$694.4 million.

Table 1 provides information related to current state lease-purchase agreements.

Bonding Summary

The Arizona Board of Regents, on behalf of the Universities and the Arizona Department of Transportation have issued bonds to renovate, acquire, and construct facilities, as well as to purchase equipment.

At the end of FY 2024, the outstanding balance of bond financing is expected to be \$4.86 billion.

Table 1 provides information related to current outstanding state bond financing.

January 31 JLBC Debt Report

A.R.S. § 41-1277 requires the JLBC Staff to present to the House and Senate Appropriations Committees a report on state debt and obligations. Due by January 31 of each year, the report includes the following information from the prior fiscal year:

- The statewide aggregate level of outstanding principal, by type of debt or obligation;
- The principal and interest payments on each of the state's long-term obligations;
- A description of the state's payment deferrals ("rollovers") by agency, including: the date the payment was originally scheduled to be made, interest paid to date on the deferral, and interest paid in the prior and current fiscal years; and

- Historical information on the state's overall debt balance and per capita debt obligations, based on available data.

To the extent possible, A.R.S. § 41-1277 requires data contained in the report to be based on the Department of Administration's (ADOA) Report of Bonded Indebtedness, which is published annually along with an online searchable database.

This report provides a current and historical summary of the state's outstanding financing obligations. In addition, it includes specific details on each of the individual financing issuances and the state's payment deferrals.

While the January 31, 2023 debt report would typically provide debt information on the prior fiscal year (FY 2022), the FY 2023 budget allocated additional funds for debt payoff, with that transaction being executed in August 2022 (beginning of FY 2023). To provide a more accurate display of the state's current outstanding debt, the January 31, 2023 report included information from *Table 1*, which shows debt payments and year-end balances for the upcoming fiscal year (FY 2024).

Table 1

Lease-Purchase and Bonding Summary

Lease-Purchase Summary	Overall Balance	1/ GF Balance	Overall FY 24 Payment	2/ FY 24 GF Payment	Retirement FY
ADOA Building System					
2013 A Issuance					
PLTO Refinance - DHS Building	\$ 10,375,000	\$ 6,225,000	\$ 2,409,800	\$ 1,445,900	FY 29
2015 A Issuance					
PLTO Refinance - Capitol Mall	\$ 19,630,000	\$ 8,440,900	\$ 6,224,800	\$ 2,676,700	FY 28
Subtotal - ADOA	\$ 30,005,000	\$ 14,665,900	\$ 8,634,600	\$ 4,122,600	
School Facilities Division					
Federal Bonds	\$ 20,155,500	\$ 20,155,500	\$ 9,938,100 3/	\$ 9,938,100 3/	FY 28
ABOR Building System					
Arizona State University	\$ 155,296,000	\$ 93,425,000	\$ 23,420,200	\$ 13,468,200	FY 39
Northern Arizona University	28,875,000	28,875,000	5,302,900	5,302,900	FY 31
University of Arizona	113,505,400	82,385,000	33,498,500	14,255,300	FY 72
Subtotal - ABOR	\$ 297,676,400	\$ 204,685,000	\$ 62,221,600	\$ 33,026,400	
Phoenix Convention Center 4/	\$ 346,610,000	\$ 346,610,000	\$ 25,498,600	\$ 25,498,600	FY 44
TOTAL - Lease-Purchase	\$ 694,446,900	\$ 586,116,400	\$ 106,292,900	\$ 72,585,700	
Bonding Summary					
Department of Transportation 5/	\$ 960,125,000	\$ -	\$ 168,461,400	\$ -	FY 14 - 38
ABOR Building System					
Arizona State University	\$ 1,742,505,000	\$ -	\$ 148,100,200	\$ -	FY 55
Northern Arizona University	276,730,000	-	24,923,500	-	FY 44
University of Arizona	744,610,000	-	73,151,400	-	FY 48
University Lottery Bond (SPEED)	561,562,200 6/	-	47,229,000	-	FY 48
University Infrastructure (2017) 7/	573,970,000	286,985,000	34,167,700	17,083,900	FY 44
Subtotal - ABOR	\$ 3,899,377,200	\$ 286,985,000	\$ 327,571,800	\$ 17,083,900	
TOTAL - Bonding	\$ 4,859,502,200	\$ 286,985,000.00	\$ 496,033,200	\$ 17,083,900	
TOTAL - Lease-Purchase & Bonding	\$ 5,553,949,100	\$ 873,101,400	\$ 602,326,100	\$ 89,669,600	

1/ Represents principal balances as of June 30, 2024. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.

2/ Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 24 GF Payment" column.

3/ This type of financing originally entitled the state to a federal interest rate subsidy of 4.86% (out of the 6% due on the bonds), shortly after each payment. Taking into account prior federal budget reductions, in FY 2024 this subsidy is expected to be \$3,729,900 of the \$9,938,100 payment.

4/ The Convention Center debt service will eventually increase over a number of years to a maximum of \$30,000,000. Monies are given to the city to pay this portion of the lease-purchase payment. Laws 2015, Chapter 10 made a technical change to conform the debt service distribution in A.R.S. § 42-5030 to the distributions contained in A.R.S. § 9-602, which were modified by Laws 2011, Chapter 28 to conform to the actual debt service payments.

5/ Includes \$841,095,000 for Highway User Revenue Fund bonds and \$119,030,000 for Grant Anticipation Notes.

6/ Represents outstanding balance as of the end of FY 2024 from projects counted under the \$800,000,000 University Lottery bonding authority, otherwise known as SPEED. SPEED was originally authorized by Laws 2008, Chapter 287. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)

7/ The universities will receive \$29,518,300 from the General Fund in FY 2024 for the 2017 Capital Infrastructure Funding program. The General Fund is expected to pay \$17,083,900 in FY 2024 for debt service.

LEASE-PURCHASE APPROPRIATIONS ^{1/} Department of Administration Building System

	Fiscal Year 2023 - Appropriations Report				Fiscal Year 2024 - Appropriations Report				Difference FY 2024 - FY 2023			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Arizona Department of Administration Buildings												
Accountancy, State Board of		\$76,800		\$76,800		\$75,000		\$75,000	-	(\$1,800)	-	(\$1,800)
Administration, Arizona Department of	\$136,300	351,100	\$36,700	524,100	\$147,300	379,600	\$39,700	566,600	\$11,000	28,500	\$3,000	42,500
Deaf and the Hard of Hearing, Commission for the		147,300		147,300		143,800		143,800	-	(3,500)	-	(3,500)
Education, Department of	247,900	68,900	371,900	688,700	242,100	67,300	363,200	672,600	(\$5,800)	(1,600)	(\$8,700)	(16,100)
Equalization, State Board of	60,100			60,100	58,700			58,700	(1,400)	-	-	(1,400)
Gaming, Department of		256,700		256,700		250,300		250,300	-	(6,400)	-	(6,400)
Insurance & Financial Institutions, Department of	219,200	41,700		260,900	214,600	40,900		255,500	(4,600)	(800)	-	(5,400)
Juvenile Corrections, Department of	181,500			181,500	177,300			177,300	(4,200)	-	-	(4,200)
Real Estate Department, State	119,100			119,100	116,500			116,500	(2,600)	-	-	(2,600)
Tax Appeals, State Board of	23,100			23,100	22,600			22,600	(500)	-	-	(500)
Subtotal - ADOA Building	\$987,200	\$942,500	\$408,600	\$2,338,300	\$979,100	\$956,900	\$402,900	\$2,338,900	(\$8,100)	\$14,400	(\$5,700)	\$600
Department of Environmental Quality Building												
Agriculture, Department of	\$188,100		\$166,800	\$354,900	\$239,900		\$212,700	\$452,600	\$51,800	-	\$45,900	\$97,700
Citizens Clean Elections Commission			58,500	58,500			44,300	44,300	-	-	(\$14,200)	(14,200)
Criminal Justice Commission, Arizona		\$7,200	113,400	120,600		\$7,800	121,800	129,600	-	\$600	8,400	9,000
Environmental Quality, Department of		1,183,900		1,183,900		1,186,100		1,186,100	-	2,200	-	2,200
Forestry and Fire Management, AZ Department of	146,700		21,900	168,600	140,900		21,000	161,900	(\$5,800)	-	(900)	(6,700)
Housing, AZ Department of	21,500	7,200	114,900	143,600	20,700	6,900	110,200	137,800	(800)	(300)	(4,700)	(5,800)
Independent Redistricting Commission	24,900			24,900	23,900			23,900	(1,000)	-	-	(1,000)
State Land Department	548,600			548,600	525,900			525,900	(22,700)	-	-	(22,700)
Arizona State Parks Board			200,000	200,000			191,900	191,900	-	-	(8,100)	(8,100)
Pharmacy, Arizona State Board of		79,800		79,800		80,800		80,800	-	1,000	-	1,000
Residential Utility Consumer Office		72,300		72,300		69,400		69,400	-	(2,900)	-	(2,900)
Technical Registration, State Board of		131,000		131,000		119,200		119,200	-	(11,800)	-	(11,800)
Tourism, Office of	137,000			137,000	117,000			117,000	(20,000)	-	-	(20,000)
Water Resources, Department of	660,900			660,900	645,500			645,500	(\$15,400)	-	-	(15,400)
Subtotal - ADEQ Building	\$1,727,700	\$1,481,400	\$675,500	\$3,884,600	\$1,713,800	\$1,470,200	\$701,900	\$3,885,900	(\$13,900)	(\$11,200)	\$26,400	\$1,300
Health Services, Department of												
Health Services Building - Refinance	\$1,400,700	\$933,800		\$2,334,500	\$1,445,900	\$963,900		\$2,409,800	\$45,200	\$30,100	-	\$75,300
Health Lab - Refinance		2,049,900		2,049,900		-		-	-	(2,049,900)	-	(2,049,900)
Subtotal - Department of Health Services	\$1,400,700	\$2,983,700	\$0	\$4,384,400	\$1,445,900	\$963,900	\$0	\$2,409,800	\$45,200	(\$2,019,800)	\$0	(\$1,974,600)
GRAND TOTAL	\$4,115,600	\$5,407,600	\$1,084,100	\$10,607,300	\$4,138,800	\$3,391,000	\$1,104,800	\$8,634,600	\$23,200	(\$2,016,600)	\$20,700	(\$1,972,700)

^{1/} Pursuant to A.R.S. § 41-792.01, state agencies occupying buildings being lease-purchased by the Arizona Department of Administration (ADOA) shall pay the higher of the billed amount reported [herein] by the Joint Legislative Budget Committee Staff or the pro rata share of the lease-purchase based on actual occupancy.

Capital Outlay

Local Assistance

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
DISTRIBUTIONS			
Phoenix Convention Center	24,498,500	24,999,400	25,498,600 ^{1/}
Rio Nuevo District	16,516,600	16,000,000	16,000,000 ^{2/}
TOTAL - ALL DISTRIBUTIONS	41,015,100	40,999,400	41,498,600 ^{3/}
FUND SOURCES			
General Fund	41,015,100	40,999,400	41,498,600
TOTAL - ALL SOURCES	41,015,100	40,999,400	41,498,600

DESCRIPTION — The State Treasurer makes distributions to the City of Phoenix to service debt on the Phoenix Convention Center and to the Rio Nuevo Multipurpose Facility District for use in authorized development projects and to service debt issued by the district.

FOOTNOTES

- ^{1/} Pursuant to section 9-602, Arizona Revised Statutes, \$25,498,600 of state general fund revenue is allocated in fiscal year 2023-2024 to the Arizona convention center development fund established by section 9-601, Arizona Revised Statutes. (General Appropriation Act footnote)
- ^{2/} Pursuant to section 42-5031, Arizona Revised Statutes, a portion of the state transaction privilege tax revenues will be distributed to a multipurpose facility district. The Rio Nuevo multipurpose facility district is estimated to receive \$16,000,000 in fiscal year 2023-2024. The actual amount of the distribution will be made pursuant to section 42-5031, Arizona Revised Statutes. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

Phoenix Convention Center

The budget includes \$25,498,600 from the General Fund in FY 2024 for state participation in repayment of \$300,000,000 for the expansion of the Phoenix Convention Center. Adjustments are as follows:

Distribution Increase

The budget includes an increase of \$499,200 from the General Fund in FY 2024 to increase the distribution to the City of Phoenix pursuant to A.R.S. § 9-602.

Background — In FY 2005, the City of Phoenix issued \$600,000,000 in Certificates of Participation (COPs) to finance expansion of the Phoenix Convention Center. Of that amount, \$300,000,000 will be repaid by the state. The project was completed in January 2009.

There is a statutory debt service schedule for these payments. Under this schedule, the state's annual contribution is scheduled to gradually increase to \$29,998,925 by FY 2044.

Table 1

Phoenix Convention Center Debt Service

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>Fiscal Year</u>	<u>Debt Service</u>
FY 2024	25,498,550	FY 2035	29,995,775
FY 2025	25,998,700	FY 2036	29,999,975
FY 2026	26,497,375	FY 2037	29,995,825
FY 2027	26,997,100	FY 2038	29,995,850
FY 2028	27,495,125	FY 2039	29,996,750
FY 2029	27,998,700	FY 2040	29,995,225
FY 2030	28,499,525	FY 2041	29,997,975
FY 2031	28,999,575	FY 2042	29,996,150
FY 2032	29,495,550	FY 2043	29,996,175
FY 2033	29,999,150	FY 2044	29,998,925
FY 2034	29,996,250		

Statute requires the Auditor General to estimate annually how the amounts of General Fund revenues resulting from the Convention Center expansion compare to debt service payments made by the state since the project's calendar year (CY) 2009 completion. If the cumulative estimated revenues from the project fail to meet the state's cumulative debt service, the state is to reduce its payments to the City of Phoenix by the shortfall amount.

The latest study found that estimated General Fund revenues exceeded the state's debt service payments by \$12,829,500 through CY 2021 (see Table 2). As a result, the state has not reduced payments to the City of Phoenix during this time.

<u>Calendar Year</u> ^{1/}	<u>Project Revenue</u>	<u>Debt Service</u>	<u>Annual Net Revenues</u> ^{2/}	<u>Cumulative Net Revenues</u>
2021	\$6.6	\$24.5	(17.9)	\$12.8
2020	7.2	24.0	(16.8)	30.7
2019	23.6	23.5	0.1	47.5
2018	23.5	23.0	0.5	47.4
2017	19.0	22.5	(3.5)	46.9
2016	20.6	20.4	0.2	50.4
2015	20.5	20.4	0.1	50.2
2014	15.0	20.4	(5.4)	50.1
2013	9.1	20.4	(11.3)	55.5
2012	13.6	5.6	8.0	66.8
2011	15.4	0.0	15.4	58.8
2010	14.7	10.0	4.7	43.4
2009	17.3	5.0	12.3	38.7
2004-2008	26.4	0.0	26.4	26.4

^{1/} Statute requires the Auditor General study to include estimates by calendar year but specifies the state's debt service obligation by fiscal year. Debt service payments for fiscal years are listed in the calendar year they were made.

^{2/} Represents gross revenue less debt service for each fiscal year.

Source: Auditor General report, *An Economic and Fiscal Impact Analysis Update, Phoenix Convention Center (2021)*

The study compares current convention center revenues to a "base scenario" (had the facility not been upgraded) in order to determine the project's net revenues. This "base scenario" assumed the facility would become functionally obsolete and generate minimal revenues by 2021.

Rio Nuevo District

The budget includes \$16,000,000 from the General Fund in FY 2024 for distributions to finance the development of a multipurpose facility and supporting projects in the Rio Nuevo Multipurpose Facilities District. This amount is unchanged from FY 2023.

The FY 2023 General Appropriation Act displayed the projected Rio Nuevo distribution as \$16,000,000 in FY 2023. This amount was based on assuming the Rio Nuevo distribution would generally return to pre-pandemic levels (the FY 2019 distribution was \$15,958,900). Subsequent to the passage of the FY 2023 budget, actual FY 2022 information became available, and the FY 2022 actual distribution was \$16,516,600.

Given that data, the FY 2024 JLBC Baseline subsequently revised both the FY 2023 and FY 2024 Rio Nuevo distribution estimates to \$17,000,000. However, the enacted FY 2024 budget spending plan retained the prior \$16,000,000 estimate for FY 2023 and continued that \$16,000,000 assumed distribution in the FY 2024 General Appropriation Act.

While the General Appropriation Act each year displays a projected amount for information purposes, the actual amount distributed to the district will reflect allocations required by A.R.S. § 42-5031.

Background – Tucson voters approved Proposition 400 in November 1999, establishing the Rio Nuevo Multipurpose Facilities District. The district receives a diversion of state Transaction Privilege Tax (TPT) revenue to finance the development of a multipurpose facility and supporting projects. The district stretches east from Downtown Tucson along the retail-intensive Broadway Boulevard. (See Table 3 for the history of Rio Nuevo TPT payments).

<u>Fiscal Year</u>	<u>Distributions</u>
FY 2022	\$16,516,600
FY 2021	9,525,700
FY 2020	14,478,800
FY 2019	15,958,900
FY 2018	13,562,700
FY 2017	13,988,500
FY 2016	13,088,800
FY 2015	6,958,000
FY 2014	9,486,100
FY 2013	9,755,800
FY 2012	11,957,900
FY 2011	14,099,900
FY 2010	8,727,300
FY 2009	10,399,300
FY 2008	15,456,200
FY 2007	14,974,900
FY 2006	10,968,200
FY 2005	7,469,600
FY 2004	5,081,200
Total	\$222,454,400

A.R.S. § 48-4203 requires that any construction project (or other improvement to real property) controlled by the District with a cost of more than \$500,000 be presented to the Joint Committee on Capital Review (JCCR).

The Rio Nuevo Board of Directors submitted information to JCCR in October 2022 regarding 4 projects that have been approved by the District. The board agreed to spend a total of \$6,800,000 on these projects. The Committee took no action on this report.

ECONOMIC AND REVENUE FORECAST

GENERAL FUND REVENUE

Summary of General Fund Forecast

The enacted FY 2024 budget assumes total General Fund revenues of \$17.83 billion. This amount is a decrease of (1.6)% compared to enacted FY 2023 General Fund revenues.

Excluding the beginning balance, one-time revenue changes, Urban Revenue Sharing, and the impact of enacted tax legislation, base revenue under the May 2023 enacted budget forecast is projected to increase by 2.1% in FY 2024.

General Fund Revenue Forecast

FY 2023

The original FY 2023 budget enacted in June 2022 was based on total General Fund revenues of \$16.83 billion. As a result of significantly stronger-than-projected revenue growth during the first half of FY 2023, the January 2023 Baseline forecast, which is based on the 4-sector consensus process described below, increased the original FY 2023 General Fund revenue forecast by \$1.06 billion, to a total of \$17.89 billion.

In its 2023 Regular Session revisions to the FY 2023 budget, the Legislature adopted the revenue forecast under the April 4-sector consensus update, which resulted in an additional \$232 million in General Fund revenues over and above the January Baseline, for total of \$18.12 billion.

FY 2024

The enacted FY 2024 budget forecasts total General Fund revenues of \$17.83 billion, or a (1.6)% reduction from FY 2023. Excluding one-time revenue changes and Urban Revenue Sharing, ongoing revenues are projected to be \$17.12 billion, or a (2.1)% decrease relative to FY 2023.

Table 1 below summarizes the changing revenue picture in FY 2023 to FY 2026 through the phases of budget development. The growth rates in the table reflect ongoing revenues after the impact of tax law changes enacted during the 2021 through 2023 Regular Sessions.

Table 1

Ongoing Revenue Change Over Prior Year	
	% Change
FY 2023	
January Baseline ^{1/}	(1.1)%
May Enacted Budget ^{1/2/3/}	0.3%
FY 2024	
January Baseline ^{1/}	(2.2)%
May Enacted Budget ^{1/2/3/}	(2.1)%
FY 2025	
January Baseline ^{1/}	2.9%
May Enacted Budget ^{1/2/3/}	3.4%
FY 2026	
January Baseline ^{1/}	4.3%
May Enacted Budget ^{1/2/3/}	4.9%

^{1/} Includes impact of tax legislation enacted prior to the 2023 Regular Session. For more details, see Table 3.

^{2/} Includes impact of tax legislation enacted during the 2023 Regular Session. For more details, see Table 3.

^{3/} May 2023 Enacted Budget was adopted based on the April 4-Sector forecast update.

Table 2 provides an overview of ongoing and total revenue growth for FY 2023 and FY 2024.

Long-Term Projections

The enacted budget also incorporates revenue planning estimates for FY 2025 and FY 2026, which are shown in Tables 1 and 6. The ongoing revenue growth rates included in the FY 2025 and FY 2026 revenue planning estimates under the May adopted budget are 3.4% in FY 2025 and 4.9% in FY 2026.

4-Sector Forecast

The projected growth rates for the "Big 4" revenue categories of sales, individual income, corporate income, and insurance premium taxes are initially developed and revised using a 4-sector consensus process. This process is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast. Consisting of 11 public and private sector economists, this independent panel normally meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund Baseline econometric model. The model is a simultaneous-equation model consisting of more than 100 equations that are updated on a regular basis to reflect changes in the economy. The model uses more than 200 variables related to Arizona's economy and is updated quarterly.

- EBR's conservative forecast model, and
- JLBC Staff projections.

The estimates for the remaining revenue categories,

	FY 2023	%	FY 2024	%
Ongoing Revenue ^{1/}	\$17,485.7	0.3%	\$17,123.3	(2.1)%
Urban Revenue Sharing	(1,107.0)		(1,564.8)	
One-Time Financing Sources:				
Balance Forward	4,709.5		2,530.4	
Attorney General Settlement	75.5		0.0	
Withholding Revenue Loss	(700.0)		0.0	
TPT Diversions	(2,287.5)		0.0	
TPT Public Infrastructure	(50.0)		0.0	
Other One-Time Revenue Changes	(3.5)		0.0	
One-Time Income Tax Rebate	0.0		(259.8)	
Adoption Expenses Subtraction	<u>0.0</u>		<u>(0.2)</u>	
Subtotal	1,744.0		2,268.8	
Total Revenue	<u>\$18,122.7</u>	3.0%	<u>\$17,828.9</u>	(1.6)%

^{1/} Ongoing revenue represents net General Fund revenue, including the impact of previously and newly enacted tax law changes. It excludes Urban Revenue Sharing and one-time financing sources.

which constitute about 5% of the total, were based on JLBC Staff projections.

Budget Legislation

Each year there are statutory tax law and other revenue changes that affect the state's net revenue collections. These may include tax rate or tax exemption changes, conformity to federal tax law changes, or the implementation of programs that affect revenue collections.

The next section provides a detailed description of previously and newly enacted budget legislation with an ongoing revenue impact in FY 2023 through FY 2026. (See *Table 3* for a complete list of all statutory changes affecting ongoing revenue collections in FY 2023 through FY 2026.)

Previously (Pre-2023) Enacted Budget Legislation

1) Individual Income Tax Rate Reduction – Laws 2021, Chapter 412 (Tax Omnibus) reduced the number of individual income tax brackets from 4 in TY 2021 to 2 brackets in TY 2022. The TY 2022 rate was 2.55% for taxable income up to \$28,653 in a single household and \$57,305 in a married filing jointly household. The tax rate was 2.98% above those thresholds. Based on the April 4-Sector forecast update, the JLBC Staff estimated that this tax rate reduction to 2.55%/2.98% reduced General Fund revenue by \$(1.48) billion in FY 2023.

Laws 2021, Chapter 412 included additional reductions to the 2.55%/2.98% individual income tax rates contingent upon General Fund revenue reaching certain revenue levels. Pursuant to A.R.S. § 43-243 and A.R.S. § 43-244, the Directors of the Joint Legislative Budget Committee (JLBC) Staff and the Governor's Office of Strategic Planning and Budgeting (OSPB) are required to report jointly to the Department of Revenue (DOR) on the level of prior year state General Fund revenue, excluding the beginning balance. This notification is to be made annually on or before September 30th of each year until the required revenue levels are achieved. The JLBC Staff and OSPB reported jointly to DOR on September 29, 2022 that the FY 2022 revenue level was \$16.7 billion.

Upon receiving a JLBC/OSPB report that General Fund revenue exceeds \$12.8 billion, statute requires DOR to reduce the income tax rates to 2.53% and 2.75% in the following tax year. After receiving a report that General Fund revenue exceeds \$13.0 billion, DOR is to set the income tax rate at a single rate of 2.5% in the following tax year.

Based on the joint JLBC/OSPB report issued on September 29, 2022, DOR implemented the 2.5% single tax rate, beginning in TY 2023/FY 2024. As shown in *Table 3*, reducing the individual income tax rate to 2.5% in TY 2023 is estimated to result in a total revenue loss of \$(2.24) billion in FY 2024. Of this amount, \$(1.53) billion is attributable to the costs of the 2.55%/2.98% rates (when applied to the FY 2024 revenue base) and \$(712.5) million is due to the additional reduction to the 2.5% single rate.

2) Increase of Standard Deduction for Charitable Contributions – Besides the rate reduction described under *Item 1*, Laws 2021, Chapter 412 annually adjusts for inflation the percentage of charitable contributions that standard deduction filers can claim over and above the regular standard deduction, beginning in TY 2022. This provision is estimated to reduce General Fund revenues by \$(2.0) million in FY 2023, \$(3.9) million in FY 2024, \$(5.8) million in FY 2025, and \$(7.7) million in FY 2026.

3) Affordable Housing Tax Credit – Laws 2021, Chapter 430 created a new nonrefundable affordable housing tax credit that is equal to at least 50% of the amount of the federal low-income housing credit for qualified projects placed in service after June 30, 2022. The Arizona Department of Housing is authorized to allocate a total of \$4.0 million in tax credits per year from TY 2022 to TY 2025. Each of these 4 award cycles is available for 10 years. The credit is estimated to have a revenue impact of \$(4.0) million in FY 2024, \$(8.0) million in FY 2025, and \$(12.0) million in FY 2026.

4) Reduction of Department of Real Estate Transfer – Laws 2022, Chapter 298 eliminates the statutory minimum fees for real estate licenses. The elimination of the minimum fees under Chapter 298 is expected to reduce the transfer of excess revenue to the General Fund by \$(708,000) annually, beginning in FY 2023.

5) Reduction of Liquor Licenses Fund Transfer – Pursuant to A.R.S. § 4-120, any monies remaining in the Liquor Licenses Fund in excess of \$700,000 at the end of each fiscal year must be deposited in the General Fund. The FY 2023 General Appropriation Act (Laws 2022, Chapter 313) provided changes to the Department of Liquor Licenses and Control's operating budget, which resulted in the appropriation from the Liquor Licenses Fund to the department being increased by \$2.4 million in FY 2023. Since these changes have the effect of decreasing the excess fund balance by the same amount, General Fund revenue is reduced by \$(2.4) million annually, beginning in FY 2023.

6) Change of Reimbursements from Apache/Greenlee – Laws 2022, Chapter 315 (Higher Education Budget Reconciliation Bill) reduced the out-of-county reimbursement amounts due from Apache and Greenlee counties to the community college districts and required the difference to be paid by the General Fund. This change has the effect of reducing General Fund revenue by \$(2,293,500) annually, beginning in FY 2023.

7) TPT Exemption for Used Agricultural Machinery – Laws 2022, Chapter 321 (Tax Omnibus) expanded an existing Transaction Privilege tax (TPT) and Use Tax exemption to include the purchase of used (as opposed to only new) agricultural machinery and equipment and short-term rentals of agricultural machinery and equipment (leases for less than 2 years). This provision is estimated to reduce General Fund revenue by \$(583,000) annually, beginning in FY 2023.

8) Change to Aircraft License Tax – Laws 2022, Chapter 321 (Tax Omnibus) limits the annual increase of the average fair market value of aircraft for the purpose of assessing the aircraft license tax to the annual change of

the U.S. Consumer Price Index. In addition, Chapter 321 benchmarked the FY 2022 value of aircraft to the 2019 average fair market value. These changes to the aircraft license tax were estimated to reduce General Fund revenue by \$(1.9) million in FY 2023, and \$(950,000) annually, beginning in FY 2024.

9) Adjusting QCO/QFCO Credit Caps for Inflation – Laws 2022, Chapter 385 annually adjusts for inflation the income tax credit limit for donations to Qualifying Charitable Organizations (QCO) and Qualifying Foster Care Charitable Organizations (QFCO). Prior to Chapter 385, the cap for the QCO credit was \$400 for single filers and \$800 for married filers whereas the cap for the QFCO credit was \$500 for single filers and \$1,000 for married filers. The change to the QCO and QFCO credit caps is estimated to reduce General Fund revenue by \$(1.0) million in FY 2023, \$(2.0) million in FY 2024, \$(4.0) million in FY 2025, and \$(6.0) million in FY 2026.

Newly (2023) Enacted Budget Legislation

10) IRC Conformity – Laws 2023, Chapter 2 conforms Arizona income tax statutes to the Internal Revenue Code (IRC) in effect as of January 1, 2023. Chapter 2 was not scored as part of the 3-year budget plan. The JLBC Fiscal Note estimated that Chapter 2 would reduce General Fund revenue by \$(1.5) million in FY 2023 and increase revenues by \$12.2 million and \$10.7 million in FY 2024 and FY 2025, respectively.

11) Reduction of Liquor Licenses Fund Transfer – As noted under *Item 5* above, any monies remaining in the Liquor Licenses Fund in excess of \$700,000 at the end of each fiscal year must be deposited in the General Fund. The FY 2024 General Appropriation Act (Laws 2023, Chapter 133) provides an increase of \$42,600 from the Liquor Licenses Fund in FY 2024 to cover rent charges at the Department of Liquor Licenses and Control's Flagstaff office. Since this has the effect of decreasing the excess fund balance of the Liquor Licenses Fund by the same amount, General Fund revenue is reduced by \$(42,600) annually, beginning in FY 2024.

12) Reduction of State Treasurer Transfer – Pursuant to A.R.S. § 35-316, the State Treasurer is required to deposit any management fees on investment earnings in excess of its Operating Fund appropriation to the General Fund. The FY 2024 General Appropriation Act (Laws 2023, Chapter 133) increased the State Treasurer's Operating Fund appropriation by \$358,300 to fund 3 additional FTEs. Since the increased appropriation reduces the excess fund balance by the same amount, General Fund revenue is reduced by \$(358,300) annually, beginning in FY 2024.

Urban Revenue Sharing

The Urban Revenue Sharing (URS) program provides that a percentage of state income tax revenues (including both individual and corporate income tax) be shared with incorporated cities and towns within the state. Through FY 2023, the amount distributed to cities and towns was 15% of net income tax collections from 2 years prior. Laws 2021, Chapter 412 increases the URS distribution from 15% to 18%, beginning in FY 2024.

As indicated in *Table 5*, total URS distributions will increase from \$1.11 billion in FY 2023 to \$1.56 billion in FY 2024. This URS increase will result in General Fund revenue loss of \$(457.9) million in FY 2024 relative to FY 2023.

One-Time Financing

As shown in *Table 4*, the budget adopted in May 2023 includes the following one-time financing sources:

FY 2023

Attorney General Settlement

In October 2022, the Arizona Attorney General's Office entered an \$85 million settlement with Google LLC for allegedly tracking users' location with "deceptive and unfair" practices to sell advertisements. According to the settlement agreement, \$75,462,100 of the settlement was distributed to the General Fund in FY 2023.

Withholding Revenue Loss

Due to the individual income tax rate reductions provided by Laws 2021, Chapter 412, the Department of Revenue adopted new, lower withholding rates that went into effect in the beginning of Calendar Year 2023. While a reduction of the state's withholding rates does not affect an individual's tax liability, it has an impact on the state's cash flow since the state's fiscal year is different from individual filers' tax year. Therefore, as a result of the withholding rate reduction, the state incurred an estimated one-time General Fund revenue loss of \$(700.0) million in FY 2023 that will not be recovered in FY 2024.

Transaction Privilege Tax (TPT) Diversion

Laws 2022, Chapter 321 diverted a total of \$2.29 billion of General Fund TPT revenues to various non-General Fund agency funds in FY 2023. The diverted amount was allocated as follows:

- ADOT State Highway Fund: \$925.4 million
- ADOT State Aviation Fund: \$20.6 million
- DEMA Border Security Fund: \$209.2 million
- Park Board State Parks Revenue Fund: \$38.2 million
- Budget Stabilization Fund: \$425.0 million
- DEMA Border Security Fund: \$335.0 million
- DWR Long-Term Water Augmentation Fund: \$334.0 million

TPT Distribution Cap for Public Infrastructure Increased from \$50 Million to \$100 Million

Pursuant to A.R.S. § 42-5032.02, the State Treasurer is authorized to distribute prime contracting TPT revenue generated from qualifying projects to a municipality or county to fund up to 80% of the costs of public infrastructure improvements (such as roads, water, and wastewater facilities) needed to support the activities of a qualifying manufacturing facility located in that municipality or county. Laws 2022, Chapter 321 increased the statewide cap of state tax dollars paid to cities and counties for public infrastructure projects from \$50.0 million to \$100.0 million. This change resulted in a one-time revenue reduction of \$(50.0) million in FY 2023. See the *One-Time Financing Section* for a further increase in the cap due to 2023 legislation.

Liquor Licenses Fund Transfer Reduction

Laws 2022, Chapter 309 (Capital Outlay) appropriated \$3.5 million one-time from the Liquor Licenses Fund to the Department of Liquor Licenses and Control in FY 2023 for the cost of remodeling and expanding their office space. As explained under *Item 5* in the *Budget Legislation* section, this had the effect of reducing the transfer of excess revenue from the Liquor Licenses Fund to the General Fund by \$(3.5) million in FY 2023.

Balance Forward

The FY 2022 General Fund ending balance carried into FY 2023 was \$4.71 billion.

FY 2024

One-Time Income Tax Rebate

Laws 2023, Chapter 147 (Taxation Budget Reconciliation Bill) provides a one-time individual income tax rebate to an Arizona taxpayer who: (1) filed a full-year resident tax return for TY 2021, (2) claimed a dependent tax credit on the TY 2021 tax return, and (3) had a tax liability of at least \$1 in TY 2019, TY 2020, or TY 2021. The rebate is \$250 for each dependent tax credit claimed on the taxpayer's TY 2021 tax return for a dependent who was under age 17 at the end of 2021 and \$100 for each dependent who was at least 17 years old at the end of 2021. The maximum rebate that can be claimed is for 3 dependents. To be eligible for the dependent tax credit, a taxpayer's federal adjusted gross income cannot exceed \$219,000, or \$419,000 in the case of married couples filing jointly. DOR is required to issue the tax rebates between October 15, 2023 and November 15, 2023. A taxpayer who does not receive the rebate by November 15, 2024 can claim the rebate by filing an online form with DOR.

Adoption Expenses Income Tax Subtraction

Under current law, a taxpayer is allowed an individual income tax subtraction of up to \$3,000 for unreimbursed

Table 3

Budget Legislation with Ongoing General Fund Revenue Impact in FY 2023 through FY 2026
(\$ in Millions)

<u>2021 & 2022 Legislation / Description of Provision</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
<u>(1) Laws 2021, Ch. 412 – Income Tax Rate Reduction</u>				
- Reduces rates to 2.55%/2.98%	\$(1,485.4)	\$(1,528.5)	\$(1,603.0)	\$(1,690.0)
- Reduces to single rate of 2.50%		(712.5)	(747.2)	(787.9)
- Total Rate Reduction	(1,485.4)	(2,241.0)	(2,350.2)	(2,477.9)
<u>(2) Laws 2021, Ch. 412 – Other Tax Omnibus Provisions</u>				
Increases standard deduction for charitable contributions	(2.0)	(3.9)	(5.8)	(7.7)
<u>(3) Laws 2021, Ch. 430</u>				
Creates a new affordable housing tax credit		(4.0)	(8.0)	(12.0)
<u>(4) Laws 2022, Ch. 298</u>				
Reduces Department of Real Estate transfer to General Fund	(0.7)	(0.7)	(0.7)	(0.7)
<u>(5) Laws 2022, Ch. 313</u>				
Reduces Liquor Licenses Fund transfer to General Fund	(2.4)	(2.4)	(2.4)	(2.4)
<u>(6) Laws 2022, Ch. 315</u>				
Changes to reimbursements for Apache and Greenlee Counties	(2.3)	(2.3)	(2.3)	(2.3)
<u>(7) Laws 2022, Ch. 321</u>				
Expands TPT exemption for used agricultural machinery	(0.6)	(0.6)	(0.6)	(0.6)
<u>(8) Laws 2022, Ch. 321</u>				
Makes changes to Aircraft License Tax	(1.9)	(0.9)	(0.9)	(0.9)
<u>(9) Laws 2022, Ch. 385</u>				
Adjusts QCO/QFCO credit caps annually for inflation	(1.0)	(2.0)	(4.0)	(6.0)
Total – Previously (2021 & 2022) Enacted Legislation ^{1/}	\$(1,496.3)	\$(2,257.8)	\$(2,374.9)	\$(2,510.5)
<u>2023 Legislation / Description of Provision</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
<u>(10) Laws 2023, Ch. 2</u>				
Internal Revenue Code Conformity ^{2/}	--	--	--	--
<u>(11) Laws 2023, Ch. 133</u>				
Reduces Liquor Licenses Fund transfer to General Fund		(0.1)	(0.1)	(0.1)
<u>(12) Laws 2023, Ch. 133</u>				
Reduces State Treasurer transfer to General Fund		(0.4)	(0.4)	(0.4)
Total – Newly (2023) Enacted Legislation ^{1/}		\$(0.4)	\$(0.4)	\$(0.4)
Grand Total – Previously & Newly Enacted Legislation ^{1/}	\$(1,496.3)	\$(2,258.2)	\$(2,375.3)	\$(2,510.9)

^{1/} Totals may not add up due to rounding

^{2/} Chapter 2 was not scored as part of the 3-year budget plan. The JLBC Fiscal Note estimated that Chapter 2 would reduce General Fund revenue by \$(1.5) million in FY 2023 and increase revenues by \$12.2 million and \$10.7 million in FY 2024 and FY 2025, respectively.

adoption expenses. Laws 2023, Chapter 147 increases this amount to \$40,000 for TY 2023 through TY 2025. Chapter 147 is estimated to result in a one-time General Fund revenue loss of \$(178,500) in each of FY 2024, FY 2025 and FY 2026.

TPT Distribution Cap for Public Infrastructure
Increased from \$100 Million to \$200 Million

As noted above, A.R.S. § 42-5032.02 authorizes the State Treasurer to distribute prime contracting TPT revenue generated from qualifying projects to a municipality or county to fund up to 80% of the costs of public infrastructure improvements needed to support the activities of a qualifying manufacturing facility located in

that municipality or county. As noted above, Laws 2022, Chapter 321 increased the statewide cap for the distribution of state TPT for public infrastructure improvements from \$50.0 million to \$100.0 million. Laws 2023, Chapter 181 raised the cap further to \$200.0 million.

Chapter 181 was not scored as part of the 3-year budget plan adopted in May 2023. Based on a Fiscal Note issued by the JLBC Staff on an earlier version of this legislation (HB 2809), we estimate that Chapter 181 will result in a total one-time revenue loss of \$(100.0) million, of which \$(50.0) million is expected to occur in FY 2024 and the remaining \$(50.0) million in FY 2025.

Balance Forward

The FY 2023 General Fund ending balance carried into FY 2024 is projected to be \$2.53 billion.

FY 2025

Balance Forward

The FY 2024 General Fund ending balance carried into FY 2025 is projected to be \$10.0 million.

FY 2026

Balance Forward

The FY 2025 General Fund ending balance carried into FY 2026 is projected to be \$75.8 million.

Table 4

FY 2023 through FY 2026 One-Time Financing Sources (\$ in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Balance Forward	\$4,709.5	\$2,530.4	\$10.0	\$75.8
Other One-Time Financing Sources:				
Attorney General Settlement	75.5	0.0	0.0	0.0
Withholding Revenue Loss	(700.0)	0.0	0.0	0.0
TPT Diversions	(2,287.5)	0.0	0.0	0.0
TPT Public Infrastructure ^{1/}	(50.0)	--	--	0.0
Other One-Time Revenue Changes	(3.5)	0.0	0.0	0.0
One-Time Income Tax Rebate	0.0	(259.8)	0.0	0.0
Adoption Expenses Subtraction	<u>0.0</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>
Total One-Time Financing ^{2/}	<u>\$1,744.0</u>	<u>\$2,270.4</u>	<u>\$9.8</u>	<u>\$75.6</u>

^{1/} Laws 2022, Chapter 321 increased the cap for state TPT distribution for public infrastructure improvements to cities or counties from \$50 million to \$100 million, which resulted in a one-time revenue reduction of \$(50) million in FY 2023. Laws 2023, Chapter 181 raised the cap further to \$200 million. Chapter 181 was not scored as part of the 3-year budget plan. Based on a Fiscal Note issued by the JLBC Staff on an earlier version of the legislation (HB 2809), we estimate that Chapter 181 will result in a total one-time revenue loss of \$(100) million with the impact evenly divided between FY 2024 and FY 2025.

^{2/} Totals may not add up due to rounding.

Table 5

GENERAL FUND REVENUE - FY 2022 - FY 2024

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2022	% CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,208,853.5	15.4%	7,789,322.8	8.1%	580,469.2	8,078,082.4	3.7%	288,759.6
Income - Individual	7,530,010.7	15.3%	6,173,974.0	-18.0%	(1,356,036.7)	5,564,612.8	-9.9%	(609,361.2)
- Corporate	1,163,468.9	37.4%	1,703,918.9	46.5%	540,450.0	1,708,741.9	0.3%	4,823.1
Property	26,787.4	19.7%	23,573.0	-12.0%	(3,214.5)	23,054.3	-2.2%	(518.6)
Luxury - Tobacco	20,941.2	-6.8%	20,103.5	-4.0%	(837.6)	19,902.5	-1.0%	(201.0)
- Liquor	43,720.7	-2.3%	47,218.3	8.0%	3,497.7	46,037.9	-2.5%	(1,180.5)
Insurance Premium	707,654.0	14.8%	749,936.3	6.0%	42,282.3	756,650.5	0.9%	6,714.2
Other Taxes	16,301.4	6.5%	16,010.0	-1.8%	(291.4)	17,002.6	6.2%	992.6
Subtotal - Taxes	16,717,737.8	16.5%	16,524,056.8	-1.2%	(193,681.0)	16,214,084.9	-1.9%	(309,971.9)
Other Non-Tax Revenues:								
Lottery	183,680.2	75.4%	175,812.1	-4.3%	(7,868.1)	210,949.3	20.0%	35,137.2
Gaming Revenue	10,437.0	N/A	44,544.6	326.8%	34,107.6	30,444.1	-31.7%	(14,100.5)
Licenses, Fees and Permits	40,600.8	4.3%	44,185.6	8.8%	3,584.8	47,190.2	6.8%	3,004.6
Interest	46,383.0	5118.2%	300,000.0	546.8%	253,617.0	270,000.0	-10.0%	(30,000.0)
Sales and Services	30,351.5	16.5%	33,888.0	11.7%	3,536.5	36,802.3	8.6%	2,914.4
Other Miscellaneous	155,770.7	4.4%	156,275.8	0.3%	505.1	170,991.9	9.4%	14,716.1
Transfers and Reimbursements	168,356.1	29.5%	122,449.6	-27.3%	(45,906.5)	66,956.4	-45.3%	(55,493.2)
Disproportionate Share Revenue	87,833.5	3.5%	84,478.0	-3.8%	(3,355.5)	75,853.5	-10.2%	(8,624.5)
Subtotal - Other Non-Tax	723,412.8	29.7%	961,633.7	32.9%	238,220.9	909,187.8	-5.5%	(52,446.0)
Net Ongoing Revenue	17,441,150.6	17.0%	17,485,690.5	0.3%	44,539.9	17,123,272.6	-2.1%	(362,417.8)
Urban Revenue Sharing (URS)	(756,388.3)	N/A	(1,106,958.7)	N/A	(350,570.4)	(1,564,826.3)	N/A	(457,867.7)
Net Ongoing Revenue w/ URS	16,684,762.3	18.5%	16,378,731.8	-1.8%	(306,030.5)	15,558,446.3	-5.0%	(820,285.5)
One-Time Financing Sources:								
Water Infrastructure Repayment	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
Attorney General Settlement	0.0	N/A	75,462.1	N/A	75,462.1	0.0	-100.0%	(75,462.1)
Withholding Revenue Loss	0.0	N/A	(700,000.0)	N/A	(700,000.0)	0.0	N/A	700,000.0
TPT Diversions	0.0	N/A	(2,287,489.6)	N/A	(2,287,489.6)	0.0	N/A	2,287,489.6
TPT Public Infrastructure	0.0	N/A	(50,000.0) ^{1/}	N/A	(50,000.0)	- ^{1/}	N/A	50,000.0
Other One-Time Revenue Changes	0.0	N/A	(3,500.0)	N/A	(3,500.0)	0.0	N/A	3,500.0
One-Time Income Tax Rebate	0.0	N/A	0.0	N/A	0.0	(259,800.0)	N/A	(259,800.0)
Adoption Expenses Subtraction	0.0	N/A	0.0	N/A	0.0	(178.5)	N/A	(178.5)
Subtotal - One-Time Financing Sources	20,000.0	N/A	(2,965,527.5)	N/A	(2,985,527.5)	(259,978.5)	N/A	2,705,549.0
Subtotal - Revenues	16,704,762.3	18.3%	13,413,204.3	-19.7%	(3,291,558.0)	15,298,467.8	14.1%	1,885,263.5
Balance Forward	894,636.0	140.2%	4,709,446.0	426.4%	3,814,810.0	2,530,436.3	-46.3%	(2,179,009.7)
Total - Resources	17,599,398.3	21.5%	18,122,650.3	3.0%	523,252.0	17,828,904.1	-1.6%	(293,746.2)

^{1/} Laws 2022, Chapter 321 increased the cap for state TPT distribution for public infrastructure improvements to cities/counties from \$50 million to \$100 million, which resulted in a one-time revenue loss of \$(50) million in FY 2023. Laws 2023, Chapter 181 increased the cap to \$200 million. Chapter 181 was not scored as part of the 3-year budget plan. Based on a Fiscal Note issued on an earlier version of the legislation, the JLBC Staff estimates that Chapter 181 will result in a one-time revenue loss of \$(50) million in FY 2024 and \$(50) million in FY 2025.

Table 6

GENERAL FUND REVENUE - FY 2025 - FY 2026

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,402,447.0	4.0%	324,364.7	8,835,569.9	5.2%	433,122.8
Income - Individual	5,843,834.8	5.0%	279,222.1	6,171,556.4	5.6%	327,721.6
- Corporate	1,750,619.8	2.5%	41,877.9	1,842,614.8	5.3%	91,995.0
Property	22,547.2	-2.2%	(507.2)	22,051.1	-2.2%	(496.0)
Luxury - Tobacco	19,703.4	-1.0%	(199.0)	19,506.4	-1.0%	(197.0)
- Liquor	48,616.0	5.6%	2,578.1	51,338.5	5.6%	2,722.5
Insurance Premium	780,384.3	3.1%	23,733.8	813,691.2	4.3%	33,306.9
Other Taxes	18,039.8	6.1%	1,037.2	19,122.2	6.0%	1,082.4
Subtotal - Taxes	16,886,192.4	4.1%	672,107.5	17,775,450.4	5.3%	889,258.1
Other Non-Tax Revenues:						
Lottery	222,332.7	5.4%	11,383.4	234,441.3	5.4%	12,108.6
Gaming Revenue	31,783.6	4.4%	1,339.5	33,182.1	4.4%	1,398.5
Licenses, Fees and Permits	49,172.2	4.2%	1,982.0	51,237.4	4.2%	2,065.2
Interest	146,000.0	-45.9%	(124,000.0)	87,000.0	-40.4%	(59,000.0)
Sales and Services	39,709.7	7.9%	2,907.4	42,489.4	7.0%	2,779.7
Other Miscellaneous	183,299.5	7.2%	12,307.6	193,099.7	5.3%	9,800.2
Transfers and Reimbursements	67,293.2	0.5%	336.8	67,902.5	0.9%	609.2
Disproportionate Share Revenue	75,583.9	-0.4%	(269.6)	75,901.9	0.4%	318.0
Subtotal - Other Non-Tax	815,174.9	-10.3%	(94,012.9)	785,254.3	-3.7%	(29,920.6)
Net Ongoing Revenue	17,701,367.2	3.4%	578,094.6	18,560,704.7	4.9%	859,337.5
Urban Revenue Sharing (URS)	(1,428,820.7)	N/A	136,005.6	(1,327,203.8)	N/A	101,616.9
Net Ongoing Revenue w/ URS	16,272,546.5	4.6%	714,100.2	17,233,500.9	5.9%	960,954.4
One-Time Financing Sources:						
Water Infrastructure Repayment	0.0	N/A	0.0	0.0	N/A	0.0
Attorney General Settlement	0.0	N/A	0.0	0.0	N/A	0.0
Withholding Revenue Loss	0.0	N/A	0.0	0.0	N/A	0.0
TPT Diversions	0.0	N/A	0.0	0.0	N/A	0.0
TPT Public Infrastructure	0.0 ^{1/}	N/A	0.0	0.0	N/A	0.0
Other One-Time Revenue Changes	0.0	N/A	0.0	0.0	N/A	0.0
One-Time Income Tax Rebate	0.0	N/A	259,800.0	0.0	N/A	0.0
Adoption Expenses Subtraction	(178.5)	N/A	0.0	(178.5)	N/A	0.0
Subtotal - One-Time Financing Sources	(178.5)	N/A	259,800.0	(178.5)	N/A	0.0
Subtotal - Revenues	16,272,368.0	6.4%	973,900.2	17,233,322.4	5.9%	960,954.4
Balance Forward	10,035.1	-99.6%	(2,520,401.2)	75,833.8	655.7%	65,798.7
Total - Resources	16,282,403.1	-8.7%	(1,546,501.0)	17,309,156.2	6.3%	1,026,753.1

BUDGET STABILIZATION FUND

Background

The Budget Stabilization Fund (BSF) for Arizona was enacted in 1990 (A.R.S. § 35-144). The fund is administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to utilize this revenue during times of below-trend growth. The BSF is also known as the “Rainy Day Fund.”

The Formula

There is a statutory formula to calculate the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF. The formula is based on total annual Arizona personal income (excluding transfer payments) adjusted for inflation.

The January budget documents of the JLBC and the Governor are to include estimates of the amounts to be appropriated to or transferred from the BSF for the upcoming budget year. The final determination of the amount to be appropriated or transferred is based on calculations from the Arizona Economic Estimates Commission (EEC). This final calculation is not made until June 1 of the budget year. The EEC determines the annual growth rate of real adjusted state personal income, its trend growth rate over the past 7 years, and the calculated appropriation to or transfer from the BSF. The EEC calculations, however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action. In practice, the formula has only served as a general guideline and has rarely been used to determine the actual deposit or withdrawal.

Key features of the BSF can be summarized as follows:

- The deposit into or withdrawal from the BSF for a given fiscal year is determined by comparing the annual growth rate of real adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to its 7-year trend growth rate.
- Real adjusted personal income in the BSF formula is defined as Arizona personal income less transfer payments, adjusted by the gross domestic product price deflator index.
- Trend growth rate is defined as the average annual growth rate of real adjusted personal income for the most recent 7 calendar years.
- If the annual growth rate exceeds the trend growth rate, the “excess” percent multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF.
- If the annual growth rate of real adjusted personal income is both less than 2% and less than the trend growth rate, the deficiency when multiplied by the General Fund revenue of the prior year would equal the amount to be withdrawn from the BSF. This 2% floor avoids withdrawing monies from the BSF when economic conditions are slowing but there is not a recession.
- By a two-thirds majority, the Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal.
- A.R.S. § 37-1305(E)(4) and A.R.S. § 35-144 allows the BSF to be used for the advance payment of wildfire suppression claims. Upon reimbursement of those claims by other entities, those monies are to be deposited into the BSF.
- Beginning in FY 2020, the BSF's total balance cannot be larger than 10.0% of the current year's General Fund revenues, excluding the beginning balance. Prior to Laws 2019, Chapter 54, the percentage was set at 7.0%.
- Laws 2023, Chapter 145 Budget Implementation Budget Reconciliation Bill (BRB) continues to notwithstanding the requirements for any deposit to or withdrawals from the BSF through FY 2026. Chapter 145 also notwithstanding the 10% BSF cap for FY 2024.
- In addition to the fixed income investments, the Treasurer is allowed to invest up to 25% of the BSF in equity securities (A.R.S. § 35-314.02).

Deposits/Withdrawals

FY 2022

Based on the EEC estimate of May 27, 2022, Arizona real adjusted personal income increased by 2.57% in CY 2021, with a trend growth rate of 3.46%. Since this was (0.89)% below the trend growth rate of 3.46% but 0.57% above the 2.0% floor, the formula recommended no BSF deposit or withdrawal in FY 2022.

As noted above, A.R.S. § 35-144 authorizes BSF monies to be used by the State Forester to pay wildland fire suppression claims. When a federal agency makes

payment on the claim, the State Forester must reimburse the State Treasurer for that amount within 45 days. Not more than \$20.0 million in unreimbursed claims may be outstanding from the fund at any time.

In FY 2022, the State Forester withdrew \$(14.2) million from the BSF for the advance payment of wildfire suppression claims and repaid \$18.8 million to the BSF for outstanding claims.

Laws 2021, Chapter 408 authorized the Department of Economic Security (DES) to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2022. Chapter 408 required the BSF to be fully reimbursed by September 1, 2022. DES withdrew these monies and reimbursed them prior to September 1, 2022.

FY 2023

Based on the EEC estimate of May 28, 2023, Arizona real adjusted personal income increased by 1.10% in CY 2022, with a trend growth rate of 3.19%. Since this was (2.09)% below the trend growth rate of 3.19% and below the 2% floor, the BSF formula recommended a withdrawal of \$(349.1) million in FY 2023. *(For more details, see Table 1.)*

The FY 2023 budget did not incorporate the formula recommendation. Instead, Laws 2022, Chapter 321 diverted \$425.0 million of General Fund Transaction Privilege Tax (TPT) revenues to the BSF in even monthly installments during FY 2023.

In FY 2023, the State Forester withdrew \$(7.3) million from the BSF for the advance payment of wildfire suppression claims and repaid \$13.4 million to the BSF for outstanding claims.

Laws 2022, Chapter 313 authorized DES to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2023. Chapter 313 requires the BSF to be fully reimbursed by September 1, 2023.

FY 2024

The University of Arizona's Economic and Business Research Center (EBR) currently projects that Arizona real adjusted personal income will increase by 1.90% in CY 2023. Since this is (1.10)% below the estimated trend growth rate of 3.00%, and below the 2% floor, the BSF formula is projected to recommend a withdrawal of \$(171.9) million in June 2024 for FY 2024. *(For more details, see Table 1.)*

The enacted FY 2024 budget did not include a deposit to or withdrawal from the BSF.

Laws 2023, Chapter 133 authorizes DES to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2024. Chapter 133 requires the BSF to be fully reimbursed by September 1, 2024.

Statutory Changes

The Budget Implementation BRB (Laws 2023, Chapter 145), as session law, continues to notwithstanding the requirements for 1) any deposit to or withdrawals from the Budget Stabilization Fund through FY 2026 and 2) a 10% BSF cap for FY 2024.

Table 1

Budget Stabilization Fund ^{1/}
(\$ in Thousands)

	Actual FY 2022	Estimate FY 2023	Estimate FY 2024
General Fund Revenues			
Adjusted Revenues	\$16,704,285.9	\$15,625,231.8	\$15,558,446.3
Statutory Limit of Revenues	10.0%	10.0%	10.0%
Maximum Balance ^{2/}	1,670,428.6	1,562,523.2	1,555,844.6
Arizona Personal Income in Prior CY			
Real Adjusted Annual Income Growth	2.57%	1.10%	1.90%
7-Year Average Income Growth	<u>3.46%</u>	<u>3.19%</u>	<u>3.00%</u>
Annual Difference	(0.89)%	(2.09)%	(1.10)%
BSF Transactions			
Beginning BSF Balance	974,736.2	982,163.7	1,449,381.2
BSF Formula Recommendation	0.0	(349,119.6)	(171,877.5)
Actual Transfer In			
General Fund Appropriation ^{3/}	0.0	425,000.0	0.0
State Forester Claims ^{4/}	<u>18,790.0</u>	<u>13,394.7</u>	<u>0.0</u>
SUBTOTAL	18,790.0	438,394.7	0.0
Actual Transfer Out			
State Forester Claims ^{4/}	(14,193.2)	(7,304.2)	0.0
DES Reimbursement Grants ^{5/6/7/}	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
SUBTOTAL	(14,193.2)	(7,304.2)	0.0
Balance	979,333.0	1,413,254.2	1,449,381.2
Interest Earnings & Equity Gains/Losses ^{8/}	2,830.7	36,127.0	28,000.0
Ending BSF Balance	\$982,163.7	\$1,449,381.2	\$1,477,381.2
Percent of Revenues	5.9%	9.3%	9.5%

^{1/} BSF history prior to FY 2022 can be found on the JLBC website.

^{2/} Laws 2023, Chapter 145 is notwithstanding the 10% BSF cap for FY 2024.

^{3/} Laws 2022, Chapter 321 diverted \$425 million from General Fund Transaction Privilege Tax (TPT) revenues to the BSF in FY 2023.

^{4/} Laws 2019, Chapter 269 authorizes BSF monies to be used by the State Forester to pay certain wildland fire suppression claims, not to exceed \$20.0 million at any time. The monies must be reimbursed to the State Treasurer within 45 days of a federal agency's payment on the claim. Positive amounts represent reimbursement to the BSF by the State Forester and negative amounts represent withdrawals from the BSF by the State Forester.

^{5/} Laws 2021, Chapter 408 authorized DES to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2022. Chapter 408 required the BSF to be fully reimbursed by September 1, 2022. These monies were spent and repaid by September 1, 2022.

^{6/} Laws 2022, Chapter 313 authorized DES to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2023. Chapter 313 requires the BSF to be fully reimbursed by September 1, 2023.

^{7/} Laws 2023, Chapter 133 authorizes DES to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2024. Chapter 133 requires the BSF to be fully reimbursed by September 1, 2024.

CONSOLIDATED RETIREMENT REPORT

CONSOLIDATED RETIREMENT REPORT

Summary

The Consolidated Retirement Report (CRR) provides financial information on the state's retirement systems, including the total state cost of the retirement systems and estimated cost of annual changes in the employer contribution rates.

Most public employees in Arizona are enrolled in one of the 5 following state retirement systems.

- The Arizona State Retirement System (ASRS), which provides retirement, survivors, health, and disability benefits to employees of most public employers, including public schools, most local and county governments, and the State of Arizona.
- The Public Safety Personnel Retirement System (PSPRS), which provides similar benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters.
- The Corrections Officers Retirement Plan (CORP), which provides similar benefits to correctional officers at state-run facilities, detention officers at county jails, and certain public safety dispatchers.
- The Elected Officials' Retirement Plan (EORP), which provides similar benefits to elected officials. The population of elected officials includes state officials, county/city officials and judges. EORP is now closed to new enrollees. Elected officials who are elected after January 1, 2014 are enrolled in the Elected Officials' Defined Contribution Retirement System (EODCRS), which provides a defined contribution retirement plan.

- The University Optional Retirement Plan (UORP). Some university employees are eligible to choose between ASRS or UORP. Unlike ASRS, UORP is a defined contribution plan where the employee and employer each contribute 7% of gross earnings.

The PSPRS Board of Trustees manages the PSPRS, CORP and EORP plans. The Arizona Board of Regents (ABOR) separately oversees the UORP plan.

FY 2024 Impacts and Total Funding

Based on data provided by state agencies in their budget requests under A.R.S. § 35-115, JLBC estimates the General Fund cost associated with all state retirement systems in FY 2024 is \$192.3 million and the Total State Funds cost is \$522.4 million. *(Please see Table 1 for the total costs.)*

Employer contribution rate for the retirement systems change each year depending on the latest actuarial valuation. Some of the retirement costs may be covered by agencies' non-appropriated funding sources.

ASRS

The General Fund cost associated with ASRS in FY 2024 is estimated to be \$97.9 million and the Total State Funds cost is \$352.4 million.

At its November 2022 meeting, the ASRS Board of Trustees increased the pension contribution rate to 12.14% of Personal Services in FY 2024. The FY 2023 rate was 12.03%. The employer contribution rate for disability insurance increased from 0.14% to 0.15%, for a total overall employer contribution rate of 12.29% (compared to 12.17% last year) *(Please see Table 3 for historical ASRS contribution rates.)*

Table 1

Arizona Public Retirement FY 2024 System Employer Cost

	FY 2024 Total Cost 1/		
	General Fund	All Other Funds 2/	Total
Arizona State Retirement System	\$ 97,940,200	\$ 254,419,600	\$ 352,359,800
Public Safety Personnel Retirement System	20,819,800	9,735,400	30,555,200
Corrections Officer Retirement Plan	26,832,300	248,100	27,080,400
Elected Officials' Retirement Plan/ Defined Contribution Retirement System	24,519,200	357,700	24,876,900
University Optional Retirement Plan	22,177,500	65,338,300	87,515,800
Grand Total	\$ 192,289,000	\$ 330,099,100	\$ 522,388,100

1/ Represents the JLBC estimate of the total cost of the system and does not reflect any FY 2024 enacted budget changes in Personal Services costs. These estimates use the simplifying assumption of applying the Tier 1 and Tier 2 employer contribution rates to each agency's total PSPRS/CORP salary base.

2/ Includes both Other Appropriated Funds and Non-Appropriated Funds (including Federal Funds).

PSPRS

PSPRS consists of numerous state and local subgroups, each with its own contribution rate (see Table 5).

The General Fund cost associated with PSPRS in FY 2024 is estimated to be \$20.8 million and the Total State Funds cost is \$30.6 million.

In aggregate, the FY 2024 Tier 1 and Tier 2 PSPRS employer contribution rate is 45.47%, or (8.89)% lower than in FY 2023 (see Table 2).

CORP

CORP consists of numerous state and local subgroups, each with its own contribution rate (see Table 5).

The General Fund cost associated with CORP is \$26.8 million in FY 2024 and the Total State Funds cost is \$27.1 million.

In aggregate, the FY 2024 Tier 1 and Tier 2 CORP employer contribution rate is 17.86%, or (7.61)% lower than in FY 2023 (see Table 2).

Table 2

Reasons for Change in the Employer Contribution Rate ^{1/} (Consolidated Valuation)			
	PSPRS	CORP	EORP
FY 2023 Contribution Rate	54.36%	25.47%	70.42%
Asset (Gain)/Loss	0.12%	0.43%	0.13%
Payroll	(1.03%)	0.40%	2.67%
Liability Experience	0.91%	0.58%	(0.74%)
Additional Contribution	(9.61%)	(9.71%)	0.00%
Assumption Changes	2.60%	0.49%	6.31%
Other	(1.88%)	0.20%	(2.28%)
FY 2024 Contribution Rate	45.47%	17.86%	76.51%
Net Change	(8.89%)	(7.61%)	6.09%

^{1/} Represents aggregate information for PSPRS and CORP Tiers 1 and 2. These 2 systems consist of separate employer groups. Each group has its own actuarial status. As a result, the contribution rates may vary for each employer group.

EORP and EODCRS System

The General Fund cost associated with EORP and the EODCRS in FY 2024 is estimated to be \$24.5 million and the Total State Funds cost is \$24.9 million. These amounts exclude court fees used to offset the cost of the system, as those fees are deposited directly into the EORP Fund.

The FY 2024 EORP employer contribution rate is 76.51%, or 6.09% higher than in FY 2023 (see Table 2).

For EODCRS members, the total employer contribution rate is the same as EORP, with 6.0% of the employer contribution rate deposited into the individual employees' retirement investment account and the remainder being deposited into the EORP Fund.

UORP

The General Fund cost associated with UORP in FY 2024 is estimated to be \$22.2 million and the Total State Funds cost is \$87.5 million.

While some university employees are members of ASRS, others participate in the optional retirement plan. In this latter plan, employees and their employers each contribute 7% of the employee's gross earnings, which is then invested by the employee. These contribution rates are fixed in statute and do not change in FY 2024.

Table 3

Historical ASRS Contribution Rates (Includes Long-Term Disability)			
Fiscal Year	Rate	Fiscal Year	Rate
FY 1989	5.09	FY 2007	9.10
FY 1990	2.00	FY 2008	9.60
FY 1991	3.82	FY 2009	9.45
FY 1992	3.60	FY 2010	9.40
FY 1993	3.59	FY 2011	9.85
FY 1994	3.14	FY 2012	10.74
FY 1995	3.75	FY 2013	11.14
FY 1996	3.85	FY 2014	11.54
FY 1997	3.69	FY 2015	11.60
FY 1998	3.54	FY 2016	11.47
FY 1999	3.34	FY 2017	11.48
FY 2000	2.66	FY 2018	11.50
FY 2001	2.66	FY 2019	11.80
FY 2002	2.49	FY 2020	12.11
FY 2003	2.49	FY 2021	12.22
FY 2004	5.70	FY 2022	12.41
FY 2005	5.70	FY 2023	12.17
FY 2006	7.40	FY 2024	12.29

FY 2023 Budget – Additional Pension Deposits

The FY 2023 budget (enacted during the 2022 Regular Session) included the following additional pension deposits:

PSPRS/CORP Deposits

The FY 2023 budget included FY 2022 supplemental funding of \$1,139,086,400 from the General Fund and \$15,000,000 from the Game and Fish Fund to PSPRS to eliminate unfunded pension liabilities in certain retirement plans managed by the PSPRS Board of Trustees. Of the \$1,154,086,400 funding, the following amounts were allocated to the employer groups listed in Table 4. The impact of these additional deposits were reflected in FY 2024 agency contribution rates.

Table 4

**FY 23 Budget PSPRS/CORP
Additional Pension Deposits**

<u>Employer Group</u>	<u>Deposit Amount</u>
<u>PSPRS - State Agencies</u>	
DPS	420,559,600
Game & Fish (Incl. \$15 M OF)	97,243,000
ASU Police	23,565,000
U of A Police	15,645,900
NAU Police	7,725,600
DEMA (Federal Funds)	8,542,800
Attorney General	9,117,700
Dept. of Liquor	7,628,900
State Parks	8,820,600
Total - PSPRS Agencies	\$598,849,100
<u>CORP - State Agencies</u>	
Dept. of Corrections	474,635,300
Juvenile Corrections	73,940,800
DPS - Dispatch	6,352,000
DPS - Detention	309,200
Total - CORP Agencies	\$555,237,300
Total - General Fund	\$1,139,086,400
Total - Other Fund	\$15,000,000

EORP Additional Deposit/Early Retirement

Laws 2022, Chapter 323 allows an elected official who is a member of EORP and has either (a) attained 55 years of age with 10 years of credited service or (b) has attained 59.5 years of age with five years of credited service, to make an irrevocable notice of resignation by July 29, 2022, with a date of retirement no later than September 30, 2022, to receive pension payments for normal retirement.

Additionally, the legislation appropriates \$60,000,000 from the General Fund in FY 2023 for deposit into the EORP Fund. This amount was intended to offset the increased actuarial liability from the early retirement benefit.

Since the enactment of Chapter 323, PSPRS has reported that 3 EORP members utilized the early retirement provisions of Chapter 323. Because of the minimal usage of the early retirement provision, the \$60,000,000 appropriation will effectively serve as an additional deposit to the EORP fund which reduces the EORP unfunded liability. The additional funding from Chapter 323 will be reflected in the June 30, 2023 EORP actuarial valuation, which impacts FY 2025 EORP contribution rates.

2023 Session Legislation

The retirement systems were affected by legislation relating to the following issues in the 2023 Regular Session:

PSPRS/CORP Plan Election

Under current law, PSPRS members hired after July 1, 2017 ("Tier 3" members) must elect to participate in the PSPRS defined benefit plan (at specific benefit levels) or the PSPRS defined contribution plan within 90 days after being hired. In addition, CORP members who are hired after July 1, 2018 ("Tier 3" members) and that work in certain probation positions may elect to participate in the CORP defined benefit plan (at specific benefit levels) or the PSPRS defined contribution plan within 90 days after being hired.

Laws 2023, Chapter 6 allows Tier 3 PSPRS and CORP members who are subsequently rehired into the same system (whether their former employer or new employer) to make another defined benefit/defined contribution selection. Laws 2023, Chapter 48 includes a similar provision, except it is applicable to employees who are rehired after a "bona fide termination of employment" that is less than six months "with no prearranged reemployment agreement".

Chapter 6 also adjusts the late penalty/interest calculation for Tier 3 PSPRS/CORP disability contributions from daily compounding to annual compounding. In addition, Chapter 6 modifies the "return to work" time limit for CORP members to be 6 months, which conforms to the time limit for PSPRS members. If members return to work for the same employer before this time period, benefit payments to the member are stopped during the time of reemployment.

ASRS Contribution Prepayment

Under current law, funds invested in the ASRS prepayment program are credited at the actual rate of return for the ASRS pension fund. Laws 2023, Chapter 46 authorizes an employer and ASRS to agree to a different rate of return for short-term investments made through ASRS.

In addition, Laws 2023, Chapter 46 implements the following program restrictions for state agencies: 1) Requires pension contribution to be made from a legislative appropriation specifically passed for that purpose; and 2) Requires any prepayment amounts or accrued earnings used to reduce employer pension contributions to be authorized by legislation for a specific fiscal year.

ASRS Retirement Application Changes

Laws 2023, Chapter 47 allows an ASRS member to make changes to their retirement application before their retirement date. In addition, Chapter 47 allows an ASRS member to exercise a one-time election to make changes to their retirement application within 60 days after their retirement date, though the member is prohibited from changing their retirement date and any changes made to the retirement application are retroactive to the retirement date.

ASRS Supplemental Deferral Plan

Laws 2023, Chapter 52 allows a political subdivision or political subdivision entity that is not currently participating in ASRS to enter into an agreement with ASRS to participate in a supplemental salary deferral plan overseen by ASRS. Chapter 52 also provides that: 1) the subdivision/subdivision entity may not indicate or imply it offers standard ASRS benefits or membership; and 2) the subdivision/subdivision entity may still formally join ASRS through the process outlined under current law.

PSPRS Contribution Rates

Laws 2023, Chapter 102 replaces the variable employee contribution rate for PSPRS Tier 2 members (up to 11.65%) with a fixed 7.65% contribution rate beginning in FY 2024 (see Table 5). This change impacts PSPRS Tier 2 members hired on or after 7/20/11 through 6/30/17.

Under current law, these contributions above 7.65% ("excess contributions") were held in reserve until the employer was fully funded. Chapter 102 allows PSPRS employers to account for their current "excess" balances for prior contributions over 7.65% when calculating employer contribution rates.

Funded Status

As of June 30, 2022, there were 691,000 active, inactive, retired, and DROP members enrolled in ASRS, PSPRS, CORP, and EORP. Most employees (91%) are enrolled in ASRS. (Please see Table 6 for more information.)

The funded status, or the market value of plan assets relative to the amount of liabilities, of each plan is:

- 75.1% for ASRS (excluding the disability program);
- 64.8% for PSPRS;
- 82.4% for CORP; and
- 34.2% for EORP.

Table 5

PSPRS/CORP State Employer Group Retirement Rates

Retirement System	Employer				Employee	
	FY 2023		FY 2024		FY 2024	
	Tier 1 and 2	Tier 3 1/	Tier 1 and 2	Tier 3 1/	Tiers 1 and 2	Tier 3 1/
<u>Public Safety Personnel Ret. System</u>						
Liquor License Investigators	115.93	110.35	11.66	11.06	7.65	9.56
Department of Public Safety 2/	66.73	63.74	19.18	15.68	2.65	4.48
Northern Arizona University Police	57.37	57.26	12.49	12.32	7.65	9.56
University of Arizona Police	50.23	46.72	13.90	12.53	7.65	9.56
Arizona State University Police	50.71	47.02	14.87	10.57	7.65	9.56
Game and Fish Department	136.73	133.44	9.72	9.56	7.65	9.56
Attorney General Investigators	50.30	42.83	7.91	9.56	7.65	9.56
DEMA Firefighters	45.56	41.74	13.24	11.81	7.65	9.56
Parks Police	122.19	116.59	8.00	9.56	7.65	9.56
<u>Corrections Officer Ret. Plan</u>						
Corrections Officer - ADC	18.79	19.43	6.00	6.12	7.65	7.62
Corrections Officer - DJC	52.69	53.67	6.12	7.17	7.65	7.62
DPS Dispatchers 3/	79.64	N/A	8.38	N/A	7.65	N/A
DPS Detention	12.54	12.8	7.27	7.42	7.65	7.62
Probation Officers	37.06	38.49	39.70	41.94	8.41	7.62

1/ FY 2023 and 2024 rates for Tier 3 for PSPRS based on Defined Benefit Plan and based on Defined Contribution for

2/ The displayed rates reflect that 5% of the DPS member contribution is paid by the state.

3/ Dispatchers hired after November 24, 2009 are ASRS members.

Table 6

Arizona Public Retirement System Valuation Data as of June 30, 2022

	ASRS		PSPRS		CORP		EORP	
Membership	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2024</u>
Active (working and contributing)	207,913	208,393	18,366	18,185	9,863	8,681	373	354
State Active Members	N/A	N/A	1,350	1,321	5,595	4,907	N/A	N/A
Other Active Members	N/A	N/A	17,016	16,864	4,268	3,774	N/A	N/A
Inactive	250,400	255,622	2,612	2,893	3,726	3,797	177	168
Retired Members, Disabled and Survivor Beneficiaries	162,967	167,370	14,564	15,299	6,417	6,791	1,315	1,303
Deferred Retirement Option Plan	N/A	N/A	2,131	2,144	N/A	N/A	N/A	N/A
Total	621,280	631,385	37,673	38,521	20,006	19,269	1,865	1,825
Funding Status (dollar values in millions) ^{1/}								
	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Market Value of Assets	\$50,300	\$49,124	\$11,964	\$13,584	\$3,374	\$3,864	\$375	\$344
Total Actuarial Liability	\$62,860	\$65,432	\$19,691	\$20,964	\$4,443	\$4,686	\$967	\$1,006
Unfunded Actuarial Liability ^{2/}	\$12,560	\$16,308	\$7,727	\$7,380	\$1,135	\$822	\$609	\$662
Funded Status ^{2/}	80.0%	75.1%	60.8%	64.8%	75.9%	82.4%	38.7%	34.2%

N/A=Not Available

^{1/} Represents aggregate information for PSPRS and CORP. These 2 systems consist of separate employer groups. Each group has its own actuarial status. As a result, the funded status may vary for each employer group.

^{2/} Calculated on market, not actuarial, value of assets. ASRS funded status data excludes long-term disability program.

Table 7

State Retirement Plan Summary

	PSPRS			CORP			EORP			ASRS	
	Tier 1	Tier 2	Tier 3/DC	Tier 1	Tier 2	Tier 3/DC 1/	Tier 1	Tier 2	DC Plan	DB Plan	
Hire Date	Before 1/1/12	1/1/12 thru 7/1/17	After 7/1/17	Before 1/1/12	1/1/12 thru 7/1/18	After 7/1/18	Before 1/1/12	1/1/12 thru 1/1/14	After 1/1/14	Present	
Normal Retirement Age	None	52.5	55; 52.5 with reduced pension	25 years of Service with no age or; years of Service and Age must equal 80	52.5	Not Applicable	None	62	Not Applicable	Years of Service and Age must equal 80	
Minimum Years of Service	20 years; 15 years if aged 62 or older	15 years	15 years		25 years		20 years	10 years			
Multiplier	50%+ <20 years: - 4.00% 20 to <25 years: 2.00% 25+ years: 2.50%	62.5%+ <25 years: -4.00% 25+ years: 2.50% May use Tier 3 multiplier if better	15 to <17 years: 1.50% 17 to <19 years: 1.75% 19 to <22 years: 2.00% 22 to <25 years: 2.25% 25+ years: 2.50%	50%+ 20+ years: 2.50% If 80 point rule is used for hires prior to 8/9/2001: Average Salary X years of service X 2.5%	62.5%+ 25+ years: 2.50% (Max 7 years) If less than 25 years: Avg. Salary X Yrs of srvc X 2.5%		4% of average salary x years of service	3% of average salary x years of service		<20 years: 2.10% 20 to <25 years: 2.15% 25 to <30 years: 2.20% 30+ years: 2.30%	
PBI or COLA	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%	COLA eligible after 7 years or age 60; COLA dependent on plan funded status	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%		COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%		COLA based on Phoenix CPI, not to exceed 2%	PBI if fund exceeds growth estimate for 10 years, only for members hired before 9/13/13.
Benefit Cap	Adjusted by IRS	Adjusted by IRS	\$110,000	Adjusted by IRS	Adjusted by IRS		Adjusted by IRS	Adjusted by IRS		Adjusted by IRS	Adjusted by IRS
Normal Cost Split	Set Employee Rate (Employers pay remaining)	Set Employee Rate (Employers pay remaining)	50/50; Employer Pays Legacy Cost Balance	Set Employee Rate (Employers pay remaining)	Set Employee Rate (Employers pay remaining)		Set Employee Rate (Employers pay remaining)	Set Employee Rate (Employers pay remaining)		Set Employee Rate (Employers pay remaining)	50/50
Assumed Rate of Return	7.40%	7.40%	7.40%	7.40%	7.40%			7.40%		7.40%	
Employee Rate	7.65%	7.65%	9.85% DC: 9.00%	8.41%	8.41%	7.00%	7.00%	13.00%	8.00%	12.11%	
Aggregate Employer Rate	52.47%	52.47%	DB 47.75% (Normal+Legacy Costs) DC: 9.00%+Legacy Costs	27.59%	27.59%	5%+Legacy Cost	61.43%	61.43%	61.43% (6.00% to employer account)	12.11%	

1/ CORP includes a Tier 3 Defined Benefit plan, however essentially all state workers in CORP would only be eligible for the Defined Contribution Plan.

**GENERAL PROVISIONS OF THE
GENERAL APPROPRIATION ACT
AND OTHER OVERALL ISSUES**

GENERAL APPROPRIATION ACT BUDGET GENERAL PROVISIONS

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GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT AND OTHER OVERALL ISSUES

In addition to the specific appropriations to agencies, departments, and institutions, the FY 2024 General Appropriation Act provides direction regarding several general provisions.

General Provisions

Statewide Adjustments — In addition to the individual agency sections, Section 123 of the FY 2024 General Appropriation Act makes technical adjustments to agency budgets in a statewide lump sum. The Joint Legislative Budget Committee Staff, in consultation with the Governor's Office of Strategic Planning and Budgeting, determines the distribution of the lump sum amounts to individual agencies.

Each individual agency narrative refers to the allocation of statewide adjustments. The *Agency Detail and Allocations* section includes the specific adjustments for each agency.

The components of Section 123 are as follows:

- Employer Health Insurance Contribution One-time Reduction: \$(63,244,800) General Fund and \$(32,224,200) Other Appropriated Funds for a reduction in the employer contribution rates for employee health insurance. This amount backs out the FY 2023 one-time premium adjustment. *(Please see Health Insurance discussion below for more details.)*
- University Health Insurance Backfill One-time Reduction: \$(40,033,000) General Fund a reduction to the backfill of university tuition for the employer contribution rate increase for employee health insurance. This amount backs out the FY 2023 one-time premium adjustment. *(Please see the Health Insurance discussion below for more details.)*
- Employer Health Insurance Contribution One-time Increase: \$73,000,000 General Fund and \$30,000,000 Other Appropriated Funds for a one-time increase in the employer contribution rates for employee health insurance. *(Please see the Health Insurance discussion below for more details.)*
- Agency Rent Adjustments: \$(558,100) General Fund and \$100,000 Other Appropriated Funds for adjustments associated with relocation to and within state-owned and lease-purchase buildings. *(Please see Building Payments below for more details.)*
- Agency Risk Management Adjustments: \$(154,200) General Fund and \$100,000 Other Appropriated Funds for adjustments to agency Risk Management

premiums. *(Please see Risk Management below for more details.)*

- Arizona Financial Information System Adjustment: \$116,700 General Fund and \$200,000 Other Appropriated Funds for adjustments to agency Arizona Financial Information System (AFIS) charges. *(Please see the Arizona Department of Administration (ADOA) narrative for more details on AFIS charges.)*
- Retirement Adjustments: \$359,600 General Fund and \$(22,000,000) Other Appropriated Funds for retirement contribution rate adjustments. *(Please see State Retirement Systems below for more details.)*
- Salary Increase Adjustment: \$7,517,000 General Fund and \$3,000,000 Other Appropriated Funds for adjustments to the FY 2023 Salary Increase. This amount includes adjustments to properly allocate adjustments for Agency Intergovernmental Agreements (IGAs) with the Attorney General and ADOA's Central Services Bureau. The adjustments also incorporate changes to account for calculation errors.
- State Fleet Rate One-time Adjustments: \$8,195,100 General Fund and \$600,000 Other Appropriated Funds for one-time adjustments operating the state motor pool fleet in ADOT.

Federal Funds — Section 127 outlines reporting requirements for the Office of the Governor, Superintendent of Public Instruction, the Arizona Board of Regents, and community college districts regarding expenditures from the Federal American Rescue Plan Act (ARPA) of 2021. Such reports are to be made within forty-five days after the end of each calendar quarter up through June 30, 2026, and shall include both total planned allocations and actual expenditures. Section 127 also states the legislative intent that the Executive Branch report similarly on any major additional federal aid to the state through federal legislation enacted by the end of FY 2024.

In addition, Section 1 of the Budget Implementation Budget Reconciliation Bill (Laws 2023, Chapter 145) continues a session law from prior years that requires unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services.

Expenditure Reporting — Section 127 continues to state that it is the intent of the Legislature that all budget units receiving appropriations report actual, estimated and requested expenditures by budget programs and classes in a format similar to the one used for budgetary purposes in prior years. The purpose of this section is to

ensure stability and consistency in the expenditure reporting regardless of yearly changes in appropriation formats. A different format may be used if agreed to by the Director of the JLBC and incorporated into the budget instructions issued by the Governor's Office of Strategic Planning and Budgeting.

FTE Position Reporting — Section 128 continues to state that the Full-Time Equivalent (FTE) Positions contained in the General Appropriation Act sections are subject to appropriation. The section directs the Director of the Arizona Department of Administration (ADOA) to account for the utilization of all appropriated and non-appropriated FTE Positions, excluding FTE Positions in the Universities. The Director shall submit the FY 2024 report by October 1, 2024 to the Director of the JLBC.

The reports shall compare the level of FTE Position usage in each fiscal year to the appropriated level. This section defines FTE Positions as total number of hours worked, including both regular and overtime hours as well as hours taken as leave, divided by the number of hours in a work year. The ADOA Director shall notify the director of each budget unit if the budget unit has exceeded its number of appropriated FTE Positions. The Universities shall report to the JLBC Director in a manner comparable to the ADOA report.

Filled FTE Position Reporting — Section 129 continues to state that by October 1, 2023 each agency, including the Judiciary and the Universities, shall submit a report to the JLBC Director on the number of filled, appropriated and non-appropriated FTE Positions by fund source. The report shall reflect the number of filled, appropriated FTE Positions as of September 1, 2023.

Transfer Authority — Section 130 continues to require ADOA to provide a monthly report to the JLBC Staff on any agency transfers of spending authority from one expenditure class to another or between programs.

Interim Reporting Requirements — Section 131 continues to require the Executive Branch to provide to the JLBC a preliminary estimate of the FY 2023 General Fund ending balance by September 15, 2023. Based on this information, JLBC Staff shall report to JLBC by October 15, 2023 as to whether FY 2024's revenues and ending balance are expected to change by more than \$50,000,000 from the budgeted projections. Section 131 states the revenues are forecasted to be \$18,122,600,000 for FY 2023 and \$17,827,000,000 for FY 2024. As a result of certain bills not being passed and technical re-estimates, these figures are now \$18,122,650,300 for FY 2023 and \$17,828,904,100 for FY 2024.

Section 131 also provides revenue and expenditure estimates for FY 2025 and FY 2026 pursuant to A.R.S. § 35-125, which requires the General Appropriation Act to delineate the revenue and expenditure estimates for the budget year and the following 2 years based on existing statutory funding requirements. *(Please see the Budget Highlights section for more details on FY 2025 and FY 2026 estimates.)*

Expenditure Authority — Section 133 continues to state that for purposes of the General Appropriation Act, "expenditure authority" means that the fund sources are continuously appropriated monies that are included in the individual line items of appropriations.

JLBC Review — Section 134 continues to state that for purposes of the General Appropriation Act, "review by the Joint Legislative Budget Committee" means a review by a vote of a majority of a quorum of the members.

Employee Related Expenditures

The following employee benefits and other issues are funded within the Employee Related Expenditures line item, which can be found in the budget table for each individual agency.

Health Insurance — Under a self-insurance plan, the state assumes the risk of providing health coverage to state employees and pays the health claims directly. Therefore, if the costs of employee health coverage exceed estimates, the state will be responsible for those losses. Similarly, if the costs are less than estimated, the state will retain the savings.

Employees have a choice between a Triple Choice Plan (TCP) which has one premium incorporating 3 tiers of providers with different coverage, deductible, and out-of-pocket maximum levels, or a Health Savings Account (HSA). An HSA allows for pre-tax contributions and healthcare-related withdrawals, combined with a high-deductible coinsurance plan.

Employee and employer premiums for PY 2024 are shown in *Table 2* on the following page.

Dental Insurance — Employees have a choice between one Dental PPO plan and one Dental HMO plan. Employee and employer premiums for PY 2024 are shown in *Table 1*.

(Please see the Health Insurance Trust Fund section in the ADOA narrative for more details on overall HITF balances.)

Table 2

**Health Insurance
State Employee and Employer Monthly Contributions ^{1/}
PY 2024**

	<u>State Employee Contribution</u>	<u>Employer Contribution</u>
<u>Triple Option Plan</u>		
Employee	\$ 56.70	\$ 702.80
Employee Plus One Adult	154.90	1,447.32
Employee Plus One Child	124.15	941.31
Family	263.49	1,638.80
<u>Health Spending Account (HSA) Option</u>		
Employee	22.00	474.57 ^{2/}
Employee Plus One Adult	66.00	983.60 ^{2/}
Employee Plus One Child	56.10	642.96 ^{2/}
Family	122.10	1,095.84 ^{2/}

^{1/} PY 2024 employer rates are effective July 2023 to June 2024. PY employee rates are effective from January 2024 to December 2024.

^{2/} Includes deposit of \$60 into Single Employee account and \$120 into all other Employee accounts.

Employer Contribution Rates — Table 3 provides a list of budgeted state employer contribution rates for state employee benefits during FY 2024. These rates may be different from actual funded charges (e.g., the Social Security FICA maximum may increase.) Except for life insurance, these rates are calculated as a percent of Personal Services. Except as noted, the budget does not include funding for the changes in rates.

Life Insurance - \$7.28 per employee per year, unchanged from the FY 2023 rate set by ADOA.

Unemployment Insurance – 0.10% of Personal Services for each agency, unchanged from the rate originally set by ADOA and assumed in the FY 2023 budget. In September 2022, ADOA paused UI charges to agencies due to the balance of the UI fund administered by ADOA. Although

the budget funds agencies at 0.10%, the agency says the charge will remain paused through FY 2024.

Personnel Division Pro Rata - 0.86% of Personal Services for each agency in the State Personnel System, unchanged from the FY 2023 rate established in statute. Of this amount, 0.83% is used to fund the ADOA Human Resources Division while the other 0.03% is used to fund the State Personnel Board.

The following agencies are not incorporated into state personnel system oversight and are therefore exempt from paying the pro rata charge:

- Arizona State Schools for the Deaf and the Blind
- Legislative agencies (House of Representatives, Senate, Legislative Council, Ombudsman-Citizens Aide Office, Auditor General, Joint Legislative Budget Committee)
- Judiciary (Supreme Court, Court of Appeals, Superior Court)
- Department of Public Safety
- Universities (including Arizona Board of Regents)

Disability Insurance - For Arizona State Retirement System (ASRS) employees, the employer pays 0.15% of Personal Services for disability insurance, a 0.01% increase from the FY 2023 rate. The employee rate will also increase to 0.15%.

Employer rates in the Public Safety Personnel Retirement System (PSPRS) and the Corrections Officer Retirement Plan (CORP) vary depending on whether the employee is participating in the defined benefit plan or defined contribution plans. For PSPRS defined-benefit employees, the employer-only disability insurance rate will be 1.96%

Table 1

**Dental Insurance
State Employee and Employer Monthly Contributions
PY 2024**

	<u>State Employee Contribution</u>	<u>Employer Contribution</u>
<u>DHMO</u>		
Employee	\$3.56	\$4.96
Employee + 1 Adult	7.12	9.92
Employee + 1 Child	6.67	9.92
Family	11.84	13.70
<u>PPO</u>		
Employee	30.98	4.96
Employee + 1 Adult	65.72	9.92
Employee + 1 Child	50.57	9.92
Family	104.56	13.70

in FY 2024, unchanged from FY 2023; the rate for defined-contribution employees will be 1.43% (a decrease from 1.66%). For CORP defined-benefit employees, the employer-only rate is 0.32%; the rate for defined-contribution employees will be 0.45% (an increase from 0.44%). The rate for participants in the Elected Officials' Defined Contribution Retirement System is 0.15% (a decrease from 0.165%).

Information Technology Planning - 0.61% of Personal Services for each agency, unchanged from the FY 2023. Statewide cyber security controls and the government information technology review function in ADOA's budget is funded from an assessment on the payroll of all state agencies except the Universities. *(Please refer to the ADOA narrative for more details.)*

Retiree Accumulated Sick Leave - 0.40% of Personal Services for each agency, unchanged from the FY 2023 rate established in statute. The Retiree Accumulated Sick Leave Fund is funded from an assessment on the payroll of all state agencies. The fund is used to make payments to state employees who retire with 500 or more hours of sick leave. Employees' payments depend on the number of hours of sick leave and their salary, with the payment capped at 50% of 1,500 hours of sick leave, or \$30,000 maximum.

Workers' Compensation - The rates calculated by ADOA vary by individual agency and are unchanged from the FY 2023 workers' compensation rates. ADOA estimates the average statewide rate is 0.96% in FY 2024. Monies are deposited into the Risk Management Fund for payment of

costs associated with Workers' Compensation losses. *(Please see the ADOA narrative for more details.)*

Federal Insurance Contributions Act (FICA) – Effective January 1, 2023, Social Security taxes are paid at a rate of 6.20% up to \$160,200 of an employee's salary, an increase from the previous maximum of \$147,000. The rate is unchanged from FY 2023. The budget does not adjust agency budgets for this change. In addition, Medicare employer taxes are applied at a rate of 1.45% on the full level of an employee's salary. This rate is unchanged from FY 2023. An additional 0.9% is withheld for the amount of salaries above \$200,000. Employees will continue to be withheld at 1.45% for salaries below \$200,000. This additional 0.9% withholding does not apply to the employer-paid portion of the Medicare tax.

State Retirement Systems - There are 5 state employee retirement systems -- ASRS, PSPRS, CORP, the Elected Officials' Retirement Plan (EORP), and the Elected Officials' Defined Contribution (EODC) System. In addition, the Universities operate their own defined contribution plan. FY 2024 rates as determined by the state's retirement systems have changed from the FY 2023 rates. *(Please see the Consolidated Retirement Report for more details on retirement contribution rates, enrollment and funded status, and litigation impacts.)*

Other Operating Expenditures

The following expenses are funded within the Other Operating Expenditures line item, which can be found in the budget table for each individual agency.

Risk Management — Individual agency budgets' Other Operating Expenditures include funding to pay the Risk Management charges billed to agencies by the ADOA Risk Management Program. The billings vary by individual agency and have changed from the budgeted FY 2023 rates. FY 2024 rates are set based on ADOA's actuarial assessment of each agency's risk. *(Please see the Risk Management Charges table following this section for more details on overall charges.)*

Monies are deposited into an ADOA fund for payment of costs associated with Risk Management losses. The state self-insures for Risk Management services by assessing agencies charges based on actuarial projections and paying claims against the state.

Attorney General — Section 124 outlines \$1,798,500 in charges to selected state agencies for Attorney General services, unchanged from the FY 2023 amount. *(Please see the Attorney General narrative for details.)*

Table 3	
FY 2024 Employer Contribution Rates	
Category	Rate
Life Insurance (per FTE Position)	\$7.28
Unemployment Insurance	0.00%
Personnel Division Pro Rata	0.86%
Disability (ASRS)	0.15%
Disability (PSPRS Defined Benefit)	1.96%
Disability (PSPRS Defined Contribution)	1.43%
Disability (CORP Defined Benefit)	0.32%
Disability (CORP Defined Contribution)	0.45%
Disability (Elected Officials' Defined Contribution)	0.15%
Information Technology Planning and Security	0.61%
Retiree Accumulated Sick Leave	0.40%
Workers' Compensation	Varies
Federal Insurance Contributions Act (FICA)	
Social Security (salary max \$160,200)	6.20%
Medicare (no salary cap)	1.45%
Retirement System	<u>1/</u>
<u>1/</u> See the Consolidated Retirement Report section for contribution rates.	

Building Payments — The Other Operating Expenditures line of individual agency budgets includes rental charges for both state-owned and privately-owned space, lease-purchase payments, and privatized lease-to-own (PLTO) payments for certain buildings.

Rent charges for state-owned office space will remain at \$17.87/square foot, with the charge for state-owned storage space remaining at \$6.43/square foot. These rates are set in statute and are based upon usable square feet. *(Please see the ADOA Capital Outlay section for more details.)*

Funding is also included in budgets for all agencies housed in buildings acquired by lease-purchase or PLTO, including changes to those payments. *(Please refer PLTO schedules in the Capital Outlay section for more details.)*

Other Budget Issues

Administrative Adjustments — The budget assumes that state agencies will expend \$150,000,000 in FY 2024 for FY 2023 obligations. Agencies are permitted to make “administrative adjustments” for expenditures obligated in FY 2023 but for which the state was unbilled until FY 2024. An agency’s administrative adjustments cannot exceed its prior year reversionment, or unused appropriation authority.

The enacted FY 2024 budget assumed FY 2023 administrative adjustments of \$225,000,000, which was an increase from the original estimate in the FY 2023 budget of \$160,000,000.

Reversionments — The budget assumes that state agencies will revert \$(215,000,000) of FY 2024 appropriations back to the General Fund because the agencies will not spend their entire appropriation. In comparison, the enacted FY 2024 budget assumed FY 2023 reversionments of \$(158,080,000).

Budget Format — The format governs how an agency’s appropriation appears in the General Appropriation Act. A less detailed format provides an agency with more discretion in implementing the budget. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funds. Among the choices are the following:

Lump Sum - The appropriation for each fiscal year consists of a single dollar amount, thereby allowing the agency to shift funds among line items, programs and subprograms without further Legislative or Executive Branch review.

Lump Sum with Special Line Items - The appropriation for each fiscal year consists of a dollar amount for an

operating budget and dollar amounts for individual special line items. Special line items are particular programs for which the Legislature has a specific policy interest. These line items may or may not include FTE Positions. Agencies are typically permitted to transfer funding between line items with Executive Branch approval but without further Legislative Branch review. Footnotes may require JLBC review, however, prior to transfers between certain line items.

90/10 Agencies — The following 26 regulatory agencies are called “90/10” agencies since they retain 90% of their revenues and deposit the other 10% into the General Fund:

Arizona State Board of Accountancy
Acupuncture Board of Examiners
Board of Athletic Training
Board of Barbering and Cosmetology
Board of Behavioral Health Examiners
State Board of Chiropractic Examiners
Registrar of Contractors
State Board of Dental Examiners
Board of Homeopathic and Integrated Medicine Examiners
Board of Massage Therapy
Arizona Medical Board
Naturopathic Physicians Medical Board
State Board of Nursing
Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers
Board of Occupational Therapy Examiners
State Board of Dispensing Opticians
State Board of Optometry
Arizona Board of Osteopathic Examiners in Medicine and Surgery
Arizona State Board of Pharmacy
Board of Physical Therapy
State Board of Podiatry Examiners
State Board for Private Postsecondary Education
State Board of Psychologist Examiners
Board of Respiratory Care Examiners
State Board of Technical Registration
Arizona State Veterinary Medical Examining Board

SALARY ADJUSTMENTS FOR STATE EMPLOYEES SINCE FY 2014 (Shown in Nominal Dollars)

Fiscal Year	General Fund					Other Appropriated Funds				
	General Salary Adjustments				Additional Increases for Selected Classes			All Salary Adjustments		
	Dollars Appropriated	Effective Date	Annual Cost	% Salary Adjustment	Dollars Appropriated	Effective Date	Annual Cost	Dollars Appropriated	Annual Cost	
FY 2014	\$0	NA	\$0	0.00%	\$0	NA	\$0	\$0	\$0	
FY 2015	\$0	NA	\$0	0.00%	\$3,300,000	July 1	\$3,300,000 <u>1/</u>	\$479,200	\$479,200 <u>2/</u>	
FY 2016	\$0	NA	\$0	0.00%	\$0	NA	\$0	\$0	\$0	
FY 2017	\$0	NA	\$0	0.00%	\$4,696,400	Varies	\$4,791,700 <u>3/4/</u>	\$1,041,700	\$1,041,700 <u>5/</u>	
FY 2018	\$0	NA	\$0	0.00%	\$97,700	January 1	\$195,300 <u>6/</u>	\$1,201,400	\$1,201,400 <u>7/</u>	
FY 2019	\$0	NA	\$0	0.00%	\$223,500	January 1	\$0 <u>8/</u>	\$0	\$0	
FY 2020	\$0	NA	\$0	0.00%	\$69,735,100	July 1	\$69,735,100 <u>9/</u>	\$2,291,600	\$2,291,600 <u>9/</u>	
FY 2021	\$0	NA	\$0	0.00%	\$0	NA	\$0	\$0	\$0	
FY 2022	\$0	NA	\$0	0.00%	\$64,698,000	July 1	\$64,698,000 <u>10/</u>	\$12,375,300	\$12,375,300 <u>11/</u>	
FY 2023	\$126,365,000 <u>12/</u>	July 9	\$126,365,000	10.00% <u>12/</u>	\$86,051,800	Varies	\$89,190,500 <u>13/</u>	\$62,572,600	\$62,572,600 <u>14/</u>	
FY 2024	\$0	NA	\$0	0.00%	\$1,136,100	January 1	\$2,272,200 <u>15/</u>	\$8,967,500	\$8,967,500 <u>16/</u>	

- 1/ Funds a 2.0% pay increase for all employees at the Arizona Department of Public Safety (DPS).
- 2/ Funds a \$5,000 salary increase for surveyors and program managers in the Department of Health Services' (DHS) Division of Licensing Services.
- 3/ Funds a 3.0% pay increase for all sworn officers and civilian staff within the DPS Highway Patrol Division, effective July 1, 2016.
- 4/ Funds the first half-year of a 1.5% pay Increase for all Supreme Court, Court of Appeals, and Superior Court Justices. The pay raise became effective on January 1, 2017 and will be followed by another 1.5% increase effective on January 1, 2018.
- 5/ Funds the OF cost of FY 2017 DPS salary increases and a salary increase for Wildlife Rangers in the Game and Fish Department.
- 6/ Funds the first half-year of a second 1.5% pay increase for all Supreme Court, Court of Appeals, and Superior Court Justices. The second year pay raise becomes effective January 1, 2018.
- 7/ Funds a 3.0% pay increase for non-Highway Patrol civilian staff in DPS.
- 8/ Funds the annualization of the second-year 1.5% pay increase for all Supreme Court, Court of Appeals, and Superior Court Justices. The second year pay raise became effective January 1, 2018. Annual cost of \$195,300 reflected in FY 2018. Also funds a salary increase for the Board of Executive Clemency members, including a 17% increase for the chairman and a 39% increase for the other 4 board members.
- 9/ Funds salary increases for select state employees in the Department of Agriculture, Attorney General, Department of Child Safety (DCS), Corporation Commission, Department of Corrections (ADC), Game and Fish Department, DHS, Department of Insurance, Judiciary, Department of Juvenile Corrections (DJC), Department of Liquor Licenses and Control (DLLC), Arizona State Parks Board, DPS and the Department of Transportation (ADOT). See General Provisions section in *FY 2020 Appropriations Report* for more information.
- 10/ Funds salary increase for select state employees in the Department of Agriculture, DCS, ADC, Department of Economic Security (DES), DJC, DPS and Department of Water Resources.
- 11/ Funds the OF cost of salary increases for select employees in the Parks Board, ADOT, Board of Dispensing Opticians, and Game and Fish Department.
- 12/ Funds General Fund cost of a 10% salary increase for all state employees excluding the Universities, Judges, and elected officials.
- 13/ Funds the General Fund cost of an additional 10% increase for ADC staff (20% total), 10% for DJC (20% total) and 5% for DPS (15% total). Also includes the cost to increase the Supreme Court Chief Justice's salary to \$212,000, other Supreme Court Justices to \$205,000 and Court of Appeals Judges salaries to \$190,000 effective January 1, 2023. Also funds the state's share of the cost to increase Superior Court Judges salaries to \$164,700 effective January 1, 2023. Also includes salary increases above 10% for selected employees in the Department of Agriculture, AHCCCS, DCS, DES, Board of Executive Clemency, DHS, Judiciary, Land Department and the Auditor General. See General Provisions section in the *FY 2023 Appropriations Report* for more information.
- 14/ Funds the OF cost of a 10% minimum statewide salary increase and increases above 10% for selected employees at the Pioneers' Home, Corporation Commission, Department of Insurance and Financial Institutions, DLLC and the State Board of Funeral Directors and Embalmers. See General Provisions section in the *FY 2023 Appropriations Report* for more information.
- 15/ Funds the cost to increase Superior Court judges salaries to \$180,000 effective January 1, 2024.
- 16/ Funds the OF cost of salary increase for selected employees in the Corporation Commission, ADOT and the State Board of Podiatry Examiners. See General Provisions section in the *FY 2024 Appropriations Report* for more information.

SALARY ADJUSTMENTS FOR ELECTED OFFICIALS

	Jan. 1, 2009 <u>1/</u>	Jan. 1, 2018 <u>1/</u>	Jan. 1, 2023	Jan. 1, 2024
Governor	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
Secretary of State	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Treasurer	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Attorney General	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
Superintendent of Public Instruction	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Corporation Commissioners	\$ 79,500	\$ 79,500	\$ 79,500	\$ 79,500
Mine Inspector	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Supreme Court Chief Justice	\$ 160,000	\$ 164,800	\$ 212,000	\$ 212,000
Other Supreme Court Justices	\$ 155,000	\$ 159,650	\$ 205,000	\$ 205,000
Appellate Judges	\$ 150,000	\$ 154,500	\$ 190,000	\$ 190,000
Superior Court Judges	\$ 145,000	\$ 149,400	\$ 164,700	\$ 180,000
Legislators	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000

1/ There were no changes in elected officials' salaries between January 1, 2009 and January 1, 2018, and between January 1, 2018 and January 1, 2023.

AGENCY DETAIL AND ALLOCATIONS

DETAILED LIST OF GENERAL FUND CHANGES BY AGENCY

	FY 2023 GF JLBC Baseline	FY 2023 Changes	FY 2023 GF Revised	FY 24 Baseline 1/ Above FY 23	FY 2024 Changes	FY 2024 GF Enacted Budget
OPERATING SPENDING CHANGES						
1 DOA - Arizona Department of Administration	68,950,900		68,950,900			44,293,600
2 DOA - Statewide Adjustments					(157,300)	
3 DOA - K-12 Alternative Transportation Grants				(20,000,000)	15,000,000	
4 DOA - Healthcare Interoperability Grants				(12,000,000)	3,000,000	
5 DOA - Remove One-Time Ballot Paper Testing				(1,000,000)		
6 DOA - Remove One-Time Secure Ballot Boxes				(500,000)		
7 DOA - Fire Incident Management System Grants				(6,100,000)	12,200,000	
8 DOA - Remove One-Time County Sheriff Interoperability				(20,000,000)		
9 DOA - Employee Retention/Compensation Study					4,000,000	
10 DOA - Miami Unified School District - Miami & Kornegay Gym Floors					350,000	
11 DOA - Skull Valley School District Distribution					300,000	
12 DOA - Early Literacy					250,000	
13 APF - Automation Projects Fund/ADOA	28,747,000		28,747,000			36,064,100
14 APF - Remove One-Time Business One-Stop Phase 2 Funding				(15,614,300)		
15 APF - Remove One-Time Agriculture Cloud Project				(2,000,000)		
16 APF - Adjust DOR Integrated Tax System Funding				2,161,400		
17 APF - Health & Human Services State Systems Upgrades					15,000,000	
18 APF - Supreme Court Probation Case Management System					3,270,000	
19 APF - Supreme Court Electronic Monitoring System					2,500,000	
20 APF - School Financial Transparency Portal					2,000,000	
21 SFD - School Facilities Division/ADOA	324,672,200		324,672,200			357,013,800
22 SFB - Statewide Adjustments					6,300	
23 SFD - Building Renewal Funding				(183,300,000)	183,300,000	
24 SFD - Remove New School Construction (Yuma High School Project)				(16,515,200)		
25 SFD - Remove New School Construction (Kirkland Site Conditions)				(400,000)		
26 SFD - Remove New School Construction (FY 22 Starts)				(47,950,000)		
27 SFD - Continue New School Construction Projects (FY 23 Starts)				(16,500,000)		
28 SFD - Begin New School Construction Projects (FY 24 Starts)				92,766,300		
29 SFD - School Facilities Inspections					1,000,000	
30 SFD - Santa Cruz Valley Additional Funding					2,000,000	
31 SFD - FY 2024 Site Conditions/Demolition Costs					3,829,600	
32 SFD - FY 2024 Land Cost Estimates					42,305,000	
33 SFD - Revert Sahuarita Project Funding					(22,811,500)	
34 SFD - Revert Marana Project Funding					(5,388,900)	
35 OAH - Office of Administrative Hearings	998,900		998,900			1,170,000
36 OAH - Statewide Adjustments					(8,900)	
37 OAH - Increased Workload					180,000	
38 AAM - Commission of African-American Affairs	146,600		161,600			0
39 AAM - Shift Commission to Governor's Office					(146,600)	
40 AAM - Supplemental Funding		15,000		(15,000)		
41 AGR - Department of Agriculture	24,954,600		24,954,600			16,911,000
42 AGR - Statewide Adjustments					756,800	
43 AGR - Remove One-Time Livestock Operator Grants				(10,000,000)		
44 AGR - Expand IT Support					1,199,600	
45 AXS - AHCCCS	2,321,039,900		2,296,039,900			2,515,401,900
46 AXS - Statewide Adjustments					(173,100)	
47 AXS - Formula Changes				201,416,800		
48 AXS - Remove One-Time Federal IT Regulation Compliance Funding				(195,000)		
49 AXS - Remove Unbuilt Secure Behav. Health Resid. Rate Increases				10,000,000	(10,000,000)	
50 AXS - Chiropractic Services Increase				800,000		
51 AXS - Newborn Screening Fee Increase				280,300		
52 AXS - Management Information System Replacement Funding				200,000		
53 AXS - Expand KidsCare from 200% FPL to 225% FPL					4,973,000	
54 AXS - Advisory Council on Indian Healthcare Positions (4 FTEs)					200,000	
55 AXS - OBGYN On-Call Services					7,500,000	
56 AXS - Critical Access Hospitals Supplemental Pool					4,200,000	
57 AXS - Rapid Genome Sequencing Pilot Program					160,000	
58 AXS - Ex-Appropriate Unused Secure Behav. Health Facilities Funding		(25,000,000)				
59 ART - Arizona Commission on the Arts	5,000,000		5,000,000			5,000,000
60 ART - One-Time Arts Trust Fund Deposit				(5,000,000)	5,000,000	
61 ATT - Attorney General	29,522,900		29,522,900			27,749,200
62 ATT - Statewide Adjustments					226,300	
63 ATT - Remove One-Time Missing/Murdered Indigenous Persons Funding				(2,000,000)		
64 CHA - State Board for Charter Schools	3,328,200		3,328,200			2,835,100
65 CHA - Statewide Adjustments					(104,100)	
66 CHA - Remove One-Time IT Modernization Expenses				(389,000)		
67 DCS - Department of Child Safety	472,867,200		472,867,200			497,994,700
68 DCS - Statewide Adjustments					1,815,100	
69 DCS - Remove One-Time Federal Funds Backfill				(25,138,200)		
70 DCS - Federal Match Rate Changes				4,274,200		
71 DCS - Healthy Families Expansion				2,500,000		
72 DCS - Replace 50 Fleet Vehicles					2,250,000	

	FY 2023 GF JLBC Baseline	FY 2023 Changes	FY 2023 GF Revised	FY 24 Baseline 1/ Above FY 23	FY 2024 Changes	FY 2024 GF Enacted Budget
73	DCS - Add 80 FTE Positions for Visitation Aides				Yes	
74	DCS - Positive Parenting Program for Post Permanency Placements				4,000,000	
75	DCS - Backfill Loss of Adoption Incentive Federal Funds				2,000,000	
76	DCS - Backfill Federal Reimbursement Reductions In Congregate Care				10,876,400	
77	DCS - Extended Foster Care Comprehensive Services Model				12,550,000	
78	DCS - Emergency Shelter Group Homes and Transition Living				10,000,000	
79	ACA - Arizona Commerce Authority	41,050,000	41,050,000			62,650,000
80	ACA - Remove One-Time Business Water Infrastructure Funding			(15,000,000)		
81	ACA - Remove Major Events Fund Deposit				(7,500,000)	
82	ACA - Federal Broadband Matching Funds				23,600,000	
83	ACA - Canada Trade Office				750,000	
84	ACA - Asia-Pacific Trade Office				750,000	
85	ACA - Trade Office Funding				2,000,000	
86	ACA - Small Business Export Assistance				1,000,000	
87	ACA - State Rural Development Council				1,000,000	
88	ACA - Small Business Incubator Program to Assist Inmates				500,000	
89	ACA - Strategic Framework for Economic Development				500,000	
90	ACA - Commercial Truck Driver Shortage Grant				500,000	
91	ACA - Water Infrastructure and Commerce Grant Fund				7,000,000	
92	ACA - Wearable Technology Research				2,500,000	
93	ACA - Reduce Competes Fund Deposit				(5,000,000)	
94	ACA - Economic Transition Resources to Tribes (Non-Profits)				9,000,000	
95	CCO - Arizona Community Colleges	114,781,400	112,987,500			133,844,500
96	CCO - Formula Changes			3,851,900	(85,200)	
97	CCO - Rural Community College Aid			(7,000,000)	10,000,000	
98	CCO - Remove One-Time Southern AZ First Responder Academy Funding			(6,250,000)		
99	CCO - Remove One-Time Navajo Tech. Univ. Environmental Testing Lab			(4,000,000)		
100	CCO - Remove One-Time Dine College Student Center Funding			(8,000,000)		
101	CCO - Tohono O'odham College Remedial Education				2,000,000	
102	CCO - San Carlos Apache College Remedial Education				2,000,000	
103	CCO - Santa Cruz Provisional Aid				200,000	
104	CCO - AZ Western CTE Workforce				15,000,000	
105	CCO - Pima Community College Operating Aid				2,000,000	
106	CCO - Dine College Capital Improvements (Laws 2023, Ch. 135)				10,000,000	
107	CCO - Rural County Allocation Technical Adjustment				1,140,300	
108	CCO - Tribal Community College Technical Adjustment		(1,793,900)	1,793,900	(1,793,900)	
109	COR - Corporation Commission	807,200	807,200			798,900
110	COR - Statewide Adjustments				(8,300)	
111	ADC - Department of Corrections	1,437,963,200	1,438,132,500			1,483,523,900
112	ADC - Statewide Adjustments				(9,017,100)	
113	ADC - Remove One-Time Vehicle Purchases			(7,488,400)		
114	ADC - Remove One-Time Imprisoned Women Treatment Funding			(2,000,000)		
115	ADC - Florence Closure Ongoing Savings			(7,673,200)	(3,489,000)	
116	ADC - One-Time Florence Closure Costs (Private Beds)			14,900,000	36,481,800	
117	ADC - Private Prison Contract Increase (Florence West/Phx West)				8,503,500	
118	ADC - Food Contract Increase				9,058,100	
119	ADC - Health Care Litigation				51,200,000	
120	ADC - Pension Contribution Savings ('23 Payoff)				(59,666,400)	
121	ADC - Private Prison Contract Increase (FY 2023 Salary Increases)				7,101,400	
122	ADC - Correctional System Assessment				2,000,000	
123	ADC - Reentry and Transitional Housing				5,000,000	
124	ADC - Prisoner Dog Training				650,000	
125	ADC - Named Claimants (Laws 2023, Ch. 83)		169,300	(169,300)		
126	CF - County Funding	17,650,700	17,650,700			17,650,700
127	JUS - Arizona Criminal Justice Commission	14,600,000	14,600,000			14,600,000
128	JUS - Remove One-Time Rural County Diversion Program Grants Funding			(10,000,000)		
129	JUS - Crime Victim Notification Fund Deposit				10,000,000	
130	SDB - Arizona State Schools for the Deaf and the Blind	26,677,900	26,677,900			25,991,300
131	SDB - Statewide Adjustments				419,600	
132	SDB - Remove One-Time Increase for Bus Transportation Capacity			(1,106,200)		
133	OEC - Office of Economic Opportunity	525,800	525,800			5,523,300
134	OEC - Statewide Adjustments				(2,500)	
135	OEC - Microbusiness Loans Fund Deposit				5,000,000	
136	DES - Department of Economic Security	1,079,053,000	1,079,053,000			1,211,415,700
137	DES - Statewide Adjustments				(443,000)	
138	DES - Formula Adjustments			103,848,500		
139	DES - IT Infrastructure/Security Funding			(1,400,500)	1,587,900	
140	DES - Area Agencies on Aging Provider Rate Increase			(2,000,000)	5,000,000	
141	DES - Area Agencies on Aging Elderly Housing Assistance				5,000,000	
142	DES - Remove One-Time Building System Upgrade Funding			(272,800)		
143	DES - Delay Homeless Youth Services Funding to FY 2025			1,000,000	(1,000,000)	
144	DES - AzEIP Provider Rate Increases			4,400,000		
145	DES - Adult Protective Services - Backfill VOCA Funds				9,100,000	
146	DES - Produce Incentive Program (Double Up Food Bucks)				5,462,600	
147	DES - Graham County Rehabilitation Center				830,000	
148	DES - Globe/Miami Area Food Bank				250,000	
149	DES - Diaper/Incontinence Assistance				1,000,000	

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150 BOE - State Board of Education	3,407,600		3,407,600			3,450,000
151 BOE - Statewide Adjustments					73,300	
152 BOE - Remove One-Time Educator Misconduct Funding				(23,300)		
153 BOE - Remove One-Time Policy Development Staff Funding				(3,800)		
154 BOE - Remove One-Time ESA Appeals Process Implementation Funding				(3,800)		
155 ADE - Arizona Department of Education	6,923,894,300		7,104,518,600			7,761,079,000
156 ADE - Statewide Adjustments					(7,400)	
157 ADE - Formula Adjustments				502,128,800	(6,325,300)	
158 ADE - Remove One-Time Child Trauma Awareness/Prevention Funding				(100,000)		
159 ADE - Remove One-Time Code Writers Initiative Program Funding				(1,000,000)		
160 ADE - Remove One-Time Electronic Incident Prevention Funding				(150,000)		
161 ADE - Remove One-Time Office of Indian Education Funding				(5,000,000)		
162 ADE - Remove One-Time Foster Youth Transitional Housing Funding				(10,000,000)		
163 ADE - Remove One-Time Postsecondary Success Program Funding				(1,000,000)		
164 ADE - Remove One-Time Assessment Funding				(4,000,000)		
165 ADE - Remove One-Time Funding to Reduce Rollover				(65,000,000)		
166 ADE - District/Charter Additional Assistance Increase (2nd of 3 Yr Plan)				29,000,000		
176 ADE - Increase District Additional Assistance					20,000,000	
168 ADE - FRPL Group B Weight Increase				13,000,000		
169 ADE - Literacy Coaches (25 FTE)				3,100,000		
170 ADE - Adult Education				3,080,000		
171 ADE - Kindergarten Entry Assessment				1,500,000		
172 ADE - Dyslexia Screening (3 FTE)				1,280,000		
173 ADE - Science of Reading Exam				1,000,000		
174 ADE - CTED Certification Exam Fee Reimbursement				1,000,000		
175 ADE - Alternative Teacher Development Program				500,000		
176 ADE - Jobs for Arizona Graduates Program				400,000		
177 ADE - Dual Enrollment - \$50 Per Credit Hour Student Incentive					15,000,000	
178 ADE - Dual Enrollment - \$1,000 Teacher Incentives					500,000	
179 ADE - Broadband Funding					5,000,000	
180 ADE - Eliminate Results-Based Funding					(68,600,000)	
181 ADE - Additional 0.9% Base Level Increase (Above 2% Baseline)					68,600,000	
182 ADE - Move ESA Administration Funding to Operating Budget (\$4.6 M)					Yes	
183 ADE - Administration Funding Increase					10,000,000	
184 ADE - AZ Civics Education and Leadership Development Program					300,000	
185 ADE - Education and Career Exploration Program					5,000,000	
186 ADE - K-12 Alt. Transportation Program (ADE Model)					250,000	
187 ADE - Live Remote Instruction					100,000	
188 ADE - Alternative Teacher Development Program					800,000	
189 ADE - Non-Profit Low Income Student Assistance					500,000	
190 ADE - Phoenix Science Education Program					2,500,000	
191 ADE - Non-Profit Education Initiatives					100,000	
192 ADE - Globe Youth Summer Education Program					250,000	
193 ADE - County Jails Education Program					76,000	
194 ADE - Professional Development Personnel/Teachers					3,000,000	
195 ADE - Public School Campus Trees					300,000	
196 ADE - District and Charter School Campus Community Gardens					100,000	
197 ADE - One-Time State Aid Supplement					300,000,000	
198 ADE - Feminine Hygiene Products					2,000,000	
199 ADE - Juvenile Detention Centers					52,600	
200 ADE - Adjust Continuing High School Program Enrollment Caps					(3,080,000)	
201 ADE - Gila County Jail Education Program					10,000	
202 ADE - Consumable Music and Art Supplies					10,000,000	
203 ADE - Flagstaff Robotics Program					20,000	
204 ADE - Center for High School Success					1,000,000	
205 ADE - Higher-than-Budgeted Formula Costs		180,624,300		(180,624,300)		
206 EMA - Department of Emergency & Military Affairs	29,607,200		29,607,200			21,189,700
207 EMA - Statewide Adjustments					2,552,400	
208 EMA - Remove One-Time Readiness Center Maint. Backlog Funding				(13,300,000)		
209 EMA - Hazard Mitigation Assistance					462,900	
210 EMA - National Guard Reaction Force Equipment					33,900	
211 EMA - STORM Act Funding (10% State Match)					200,000	
212 EMA - National Guard Uniform Allowance					300,000	
213 EMA - Emergency Mitigation Activity Funding					1,333,300	
214 DEQ - Department of Environmental Quality	22,900,000		22,900,000			31,000,000
215 DEQ - Water Quality Fee Fund Deposit				(6,400,000)	9,500,000	
216 DEQ - PFAS Chemical Mitigation					5,000,000	
217 EQU - State Board of Equalization	787,900		788,600			751,100
218 EQU - Statewide Adjustments					13,200	
219 EQU - Remove One-Time Appeals Application Software Upgrade Funding				(50,000)		
220 EQU - Named Claimants (Laws 2023, Ch. 83)		700		(700)		
221 EXE - Board of Executive Clemency	1,336,800		1,336,800			1,420,800
222 EXE - Statewide Adjustments					(5,500)	
223 EXE - Electronic Record Document Management System					50,500	
224 EXE - Increased Operational Costs					39,000	
225 FOR - Department of Forestry and Fire Management	129,473,400		129,473,400			57,605,200
226 FOR - Statewide Adjustments					3,230,100	
227 FOR - Remove One-Time Equipment and Vehicle Purchases				(753,800)		
228 FOR - Remove One-Time Wildfire Funding				(65,000,000)		

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229 FOR - Remove One-Time Funding for Mt. Lemmon Renovations				(2,230,900)		
230 FOR - Remove One-Time Funding Nonnative Species Eradication Funding				(5,000,000)		
231 FOR - Adjust Wildfire Mitigation Funding				(6,157,600)	75,400	
232 FOR - Remove One-Time Wildfire Mitigation Costs					(1,031,400)	
233 FOR - Fire District Grants					5,000,000	
234 GAM - Department of Gaming	16,956,500		16,956,500			13,159,600
235 GAM - Eliminate Racetrack Purse, Maint. and Operations Funding					(5,396,900)	
236 GAM - Event Wagering Operator License Fee Refund					600,000	
237 GAM - Racetrack Capital Projects and Maintenance Operations					1,000,000	
238 GOV - Office of the Governor	9,276,100		9,276,100			12,339,800
239 GOV - Statewide Adjustments					(82,900)	
240 GOV - One-Time Operating Funding					2,000,000	
241 GOV - Shift African American Affairs Commission to Governor's Office					146,500	
242 GOV - Missing and Murdered Indigenous People Task Force					1,000,000	
243 OSP - Gov's Office of Strategic Planning & Budgeting	2,961,400		2,961,400			2,733,500
244 OSP - Statewide Adjustments					(227,900)	
245 DHS - Department of Health Services	194,834,300		200,434,300			166,360,900
246 DHS - Statewide Adjustments					(622,700)	
247 DHS - Remove One-Time Family Health Pilot Program Funding				(3,000,000)		
248 DHS - Remove One-Time Accelerated Nursing Program Funding				(50,000,000)		
249 DHS - One-Time Funding for ASH Surveillance System Replacement				(7,100,000)	3,500,000	
250 DHS - Remove One-Time Homeless Pregnant Women Services Funding				(300,000)		
251 DHS - Remove One-Time Behavioral Health Loan Repayment Funding				(1,000,000)		
252 DHS - ASH Contract Increases					7,035,200	
253 DHS - Collaborative Care Model - PCP Behavioral Health Integration					1,000,000	
254 DHS - Dementia Services Program/Alzheimer's Disease State Plan					964,100	
255 DHS - Dementia Awareness Campaign					750,000	
256 DHS - Psilocybin Clinical Research Grants					5,000,000	
257 DHS - Trauma Recovery Center Pilot Program					7,000,000	
258 DHS - Fentanyl Testing Strips and Mass Spectrometers					300,000	
259 DHS - Alzheimer's Disease Research					500,000	
260 DHS - Health Crisis Review Centers and Wraparound Services					5,000,000	
261 DHS - Nurse-Family Partnership Program					2,500,000	
262 DHS - Arizona State Hospital Supplemental Funding		5,600,000		(5,600,000)		
263 AZH - Arizona Historical Society	3,214,700		3,214,700			3,045,800
264 AZH - Statewide Adjustments					(168,900)	
265 PAZ - Prescott Historical Society	1,016,100		1,016,100			1,012,900
266 PAZ - Statewide Adjustments					(3,200)	
267 HOM - Department of Homeland Security	12,000,000		12,000,000			25,000,000
268 HOM - Remove One-Time Funding for Cyber Security Controls				(2,000,000)		
269 HOM - Antihuman Trafficking Grant Fund					10,000,000	
270 HOM - Nonprofit Security Grant Program Fund					5,000,000	
271 DOH - Department of Housing	70,000,000		90,000,000			196,900,000
272 DOH - Housing Trust Fund Deposit				(60,000,000)	150,000,000	
273 DOH - Remove One-Time Homeless Services Grant Pilot Funding				(10,000,000)		
274 DOH - Homeless Shelter and Services Fund Deposit					40,000,000	
275 DOH - Mobile Home Relocation Fund Deposit					5,000,000	
276 DOH - Military Transitional Housing Fund					1,900,000	
277 DOH - Homeless Shelter and Services		20,000,000		(20,000,000)		
278 IND - Independent Redistricting Commission	0		0			0
279 IND - One-Time Commission Funding				1,500,000	(1,500,000)	
280 ICA - Industrial Commission	84,600		84,600			84,700
281 ICA - Statewide Adjustments					100	
282 DIF - Department of Insurance and Financial Institutions	8,213,000		8,213,000			8,548,500
283 DIF - Statewide Adjustments					85,500	
284 DIF - Increased Workload					250,000	
285 SPA - Judiciary - Supreme Court	29,047,400		29,047,400			28,930,400
286 SPA - Statewide Adjustments					(340,600)	
287 SPA - Digital Evidence Storage/Software Funding				(490,000)	280,000	
288 SPA - Remove One-Time Funding for Automation Revenue Shortfall				(1,000,000)		
289 SPA - Remove One-Time Records Sealing Funding				(500,000)		
290 SPA - Annualize Justice Salary Increases				263,500		
291 SPA - Private Fiduciary Investigator (1 FTE)					102,100	
292 SPA - Automation Funding					1,298,000	
293 SPA - Juvenile Monetary Sanctions Funding Backfill					250,000	
294 SPA - Court Appointed Special Advocates (CASA) Funding					20,000	
295 COA - Judiciary - Court of Appeals	22,523,200		22,523,200			24,710,800
296 COA - Statewide Adjustments					212,400	
297 COA - Remove One-Time Capital Costs for New Judges				(900,000)		
298 COA - Annualize New Judge and Staff Salary Funding				2,230,800		
299 COA - Annualize Judge Salary Increases				644,400		

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300 SUP - Judiciary - Superior Court	110,359,700		110,359,700			120,586,300
301 SUP - Statewide Adjustments					906,100	
302 SUP - Annualize Judge Salary Increases				2,272,100		
303 SPA - State Share of New Yavapai County Judge					149,600	
304 SPA - State Share of New Yuma County Judge					149,600	
305 SUP - Probation Salary Increase County Backfill					6,749,200	
306 DJC - Department of Juvenile Corrections	38,607,700		38,607,700			31,820,800
307 DJC - Statewide Adjustments					67,400	
308 DJC - Pension Contribution Savings ('23 Payoff)					(8,581,200)	
309 DJC - Remove Pima County Cost Shift					1,726,900	
310 LAN - State Land Department	14,659,300		14,659,300			12,980,100
311 LAN - Statewide Adjustments					(179,200)	
312 LAN - Remove One-Time Appraisal Development Funding				(1,500,000)		
313 Legislature						
314 AUD - Auditor General	26,991,600		26,991,600			28,316,600
315 AUD - Statewide Adjustments					(175,000)	
316 AUD - Remove One-Time Funding for K-12 Federal Funds Oversight				(200,000)		
317 AUD - Remove One-Time Adult Protective Services Audit Funding				(300,000)		
318 AUD - One-Time Funding					2,000,000	
319 HOU - House of Representatives	27,020,300		27,020,300			23,951,500
320 HOU - Statewide Adjustments					(68,800)	
321 HOU - One-Time Funding				(5,000,000)	2,000,000	
322 JLBC - Joint Legislative Budget Committee	3,144,500		3,144,500			2,918,100
323 JLBC - Statewide Adjustments					(226,400)	
324 LEG - Legislative Council	9,546,500		9,546,500			9,507,700
325 LEG - Statewide Adjustments					(38,800)	
326 LEG - Ombudsman-Citizens Aide Office	1,516,200		1,516,200			1,561,200
327 LEG - Statewide Adjustments					(8,000)	
328 LEG - Rent Costs					53,000	
329 SEN - Senate	23,385,300		23,385,300			20,374,500
330 SEN - Statewide Adjustments					(10,800)	
331 SEN - One-Time Funding				(5,000,000)	2,000,000	
332 MIN - State Mine Inspector	2,819,000		2,819,000			2,778,800
333 MIN - Statewide Adjustments					55,900	
334 MIN - Remove One-Time Equipment Costs for Abandoned Mines Program				(496,100)		
335 MIN - Administrative Costs					300,000	
336 MIN - Drone Purchases					100,000	
337 NAV - Arizona Navigable Steam Adjudication Comm.	144,200		144,200			144,000
338 NAV - Statewide Adjustments					(200)	
339 NUR - State Board of Nursing	0		0			450,000
340 NUR - Nurse Anesthetists Clinical Rotations					450,000	
341 SPB - Arizona State Parks Board	6,500,000		6,500,000			11,700,000
342 SPB - Heritage Fund Deposit				(2,500,000)	6,000,000	
343 SPB - State Lake Improvement Fund Deposit				(4,000,000)	5,200,000	
344 SPB - Arizona Trail Fund Deposit					500,000	
345 POS - Arizona Power Authority	0		0			1,000,000
346 POS - Resource Planning and Needs Assessment					1,000,000	
347 DPS - Department of Public Safety	364,162,500		364,162,500			366,140,600
348 DPS - Statewide Adjustments					2,147,600	
349 DPS - Remove One-Time Funding for Vehicle Bumper Tethers				(1,800,000)		
350 DPS - Remove One-Time Funding for Public Services Portal				(2,631,500)		
351 DPS - Remove One-Time Building System Management Funding				(204,600)		
352 DPS - Remove One-Time Funding for Helicopter Upgrades				(2,559,600)		
353 DPS - Remove One-Time Helicopter Purchase Funding				(10,900,000)		
354 DPS - Remove One-Time Vehicle Purchases Funding				(11,709,300)		
355 DPS - Civil Air Patrol Infrastructure Funding					10,000,000	
356 DPS - Remove One-Time Funding for K-9 Facilities/Vehicles				(1,900,000)		
357 DPS - Remove One-Time Equipment Funding				(450,000)		
358 DPS - Major Incident Division Funding				7,000,000		
359 DPS - Eliminate Commercial Vehicle Enforcement Task Force					(978,400)	
360 DPS - Replace 276 Vehicles					11,709,300	
361 DPS - Rename Border Strike Task Force to Border Drug Interdiction					Yes	
362 DPS - Rename BSTF Local Support to Local Border Support					Yes	
363 DPS - Add 31 FTE Positions for AZPOST					Yes	
364 DPS - Pension Contribution Savings ('23 Payoff)					(44,301,800)	
365 DPS - Staff Uniform Allowance					657,800	
366 DPS - Fentanyl Prosecution and Testing Fund					3,000,000	
367 DPS - State Crime Lab Funding					400,000	
368 DPS - Tucson Real-Time Crime Center					1,500,000	
369 DPS - Peoria Real-Time Crime Center					2,600,000	
370 DPS - Administrative Funding Increase					798,600	
371 DPS - Land Mobile Radio Expansion and Upgrades					41,100,000	

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372 DPS - Law Enforcement Retention Initiatives					2,000,000	
373 DPS - Rapld DNA Testing					1,500,000	
374 PSP - Public Safety Personnel Retirement System	66,000,000		66,000,000			6,000,000
375 PSP - Remove One-Time Pension Payoff Funding (EORP)				(60,000,000)		
376 REA - State Real Estate Department	3,221,000		3,221,000			3,198,000
377 REA - Statewide Adjustments					(23,000)	
378 REV - Department of Revenue	59,863,300		59,863,300			62,587,600
379 REV - Statewide Adjustments					724,300	
380 REV - Shift Administrative Fund Costs to General Fund					2,000,000	
381 SOS - Secretary of State	22,237,100		22,237,100			22,681,800
382 SOS - Statewide Adjustments					(81,400)	
383 SOS - Remove One-Time Election Funding				(4,000,000)		
384 SOS - Remove One-Time Early Ballot Tracking System Funding				(250,000)		
385 SOS - Electronic Repository Funding				70,000		
386 SOS - Legal Services Funding					100,000	
387 SOS - Talking Book Library Funding - Backfill Donations					100,000	
388 SOS - Administrative Funding Increase					2,330,000	
389 SOS - Address Confidentiality Program - Backfill Federal Funds					250,000	
390 SOS - Presidential Preference Election Funding					1,926,100	
391 TAX - State Board of Tax Appeals	317,700		317,700			327,400
392 TAX - Statewide Adjustments					9,700	
393 TOU - Office of Tourism	10,302,600		10,302,600			9,026,200
394 TOU - Statewide Adjustments					(26,400)	
395 TOU - Remove One-Time Southern Authority Funding				(750,000)		
396 TOU - Remove One-Time Wine Promotion Funding				(1,000,000)		
397 TOU - Add 3 FTE Positions (Outdoor Rec. Director/Grants Positlons)					Yes	
398 TOU - Lodging and Tourism Workforce/Education Initiatives					250,000	
399 TOU - Culinary Tourism Workforce Development/Campaigns					250,000	
400 DOT - Department of Transportation	0		0			550,000
401 DOT - Spaying and Neutering Fund Deposit					550,000	
402 TRE - State Treasurer	8,560,800		8,560,800			101,298,500
403 TRE - Remove One-Time Crime Victim Public Safety Notifications Funding				(3,800,000)		
404 TRE - Remove One-Time Arizona Health Innovation Trust Fund Deposit				(100,000)		
405 TRE - Election Security Funding				5,000,000		
406 TRE - County Election Funding				6,000,000		
407 TRE - County Sheriffs Search and Rescue Equipment Fund					2,500,000	
408 TRE - Local Distribution - International Dark Sky Discovery Center					10,000,000	
409 TRE - Local Distribution - Northern Arizona Observatory					5,600,000	
410 TRE - Local Distribution - Nonprofit Volunteer Rodeo Organization					15,300,000	
411 TRE - Local Distribution - Police Dept. Support (Wickenburg/ Hayden)					3,000,000	
412 TRE - Local Distribution - Wickenburg Fire Dept. Building Upgrades					1,400,000	
413 TRE - Local Distribution - Mohave County Sheriff Substations					9,000,000	
414 TRE - Local Distribution - Mohave Co. Mobile Command Sheriff Vehicles					500,000	
415 TRE - Local Distribution - La Paz County Dispatch Center					860,000	
416 TRE - Local Distribution - Copper Canyon Fire and Medical District					750,000	
417 TRE - Local Distribution - Peoria Public Safety Helicopter					3,500,000	
418 TRE - Local Distribution - Peoria Public Safety Mobile Command Center					1,500,000	
419 TRE - Local Distribution - Snowflake Sewer Improvements					750,000	
420 TRE - Local Distribution - Flagstaff Post-Fire Mitigation					8,987,000	
421 TRE - Local Distribution - Glassford Dells Regional Park Development					3,500,000	
422 TRE - Local Distribution - Glendale Veterans Community Project					3,214,500	
423 TRE - Local Distribution - County Title Protection Software Opt-in					126,200	
424 TRE - Local Distribution - Sun City Transportation Study					850,000	
425 TRE - Local Distribution - City Police Pepper Ball Pilot Program					750,000	
426 TRE - Local Distribution - SR-30 Electric/Water Line Relocation					10,050,000	
427 TRE - Local Distribution - Kearny Public Building Remediation					500,000	
428 TRE - Local Distribution - Vernon Fire District Operations/Equipment					1,000,000	
429 TRE - Local Distribution - City of Chandler Police Department					2,000,000	
430 OTR - Governor's Office on Tribal Relations	69,900		69,900			68,800
431 OTR - Statewide Adjustments					(1,100)	
432 UNI - Universities						
433 UNI - Arizona Board of Regents	90,238,000		90,238,000			98,807,100
434 UNI - Statewide Adjustments					669,100	
435 UNI - Remove One-Time AZ Veterinary Loan Assistance Funding				(6,000,000)		
436 UNI - Remove One-Time Food Product and Safety Lab Funding				(10,900,000)		
437 UNI - Remove One-Time Enclosed Feeding Facility Funding				(9,500,000)		
438 UNI - Remove One-Time Camp Verde Meat Processing Facility Funding				(9,700,000)		
439 UNI - Arizona Promise Program					20,000,000	
440 UNI - Arizona Teachers Academy					15,000,000	
441 UNI - Law Enforcement Families Scholarship Program					2,000,000	
442 UNI - Museum of Democracy Presidential Project					2,000,000	
443 UNI - Primary Care Residency Programs					5,000,000	
444 UNI - ASU	465,044,700		465,044,700			411,201,900
445 UNI - Statewide Adjustments					(7,004,600)	
446 UNI - Lease-Purchase Adjustment				6,100		

	FY 2023 GF JLBC Baseline	FY 2023 Changes	FY 2023 GF Revised	FY 24 Baseline 1/ Above FY 23	FY 2024 Changes	FY 2024 GF Enacted Budget
447 UNI - Inflation Adjustment (2017 Capital Infrastructure)				255,700		
448 UNI - Remove One-Time Operating/Capital Funding				(54,000,000)		
449 UNI - Reallocate Freedom School Funding to Operating Budget (\$6.0 M)					Yes	
450 UNI - Center for American Institutions					4,000,000	
451 UNI - Women's Wrestling Program					500,000	
452 UNI - One-Time Operating Funding					2,400,000	
453 UNI - Northern Arizona University	164,151,500		164,151,500			138,925,500
454 UNI - Statewide Adjustments					(324,300)	
455 UNI - Lease-Purchase Adjustment				1,400		
456 UNI - Inflation Adjustment (2017 Capital Infrastructure)				96,900		
457 UNI - Remove One-Time Operating/Capital Funding				(26,000,000)		
458 UNI - Reallocate Freedom School Funding to Operating Budget (\$865K)					Yes	
459 UNI - One-Time Operating Funding					1,000,000	
460 UNI - UA - Main Campus	299,423,000		299,423,000			302,897,200
461 UNI - Statewide Adjustments					(9,604,800)	
462 UNI - Lease-Purchase Adjustment				2,800		
463 UNI - Inflation Adjustment (2017 Capital Infrastructure)				226,200		
464 UNI - Remove One-Time Wind Tunnel Funding				(3,000,000)		
465 UNI - Remove One-Time Agriculture Workforce Program Funding				(500,000)		
466 UNI - Remove One-Time Veterinary Diagnostic Lab Funding				(2,500,000)		
467 UNI - Remove One-Time Endangered Species Study Funding				(450,000)		
468 UNI - Reallocate Freedom School Funding to Operating Budget (\$4.8 M)					Yes	
469 UNI - Agriculture Workforce Development Program					1,000,000	
470 UNI - Space Analog Program					1,500,000	
471 UNI - On-Farm Irrigation Efficiency Fund					15,200,000	
472 UNI - One-Time Operating Funding					1,600,000	
473 UNI - UA - Health Sciences Center	76,897,700		76,897,700			80,397,700
474 UNI - AZ REACH					500,000	
475 UNI - Board of Medical Student Loans					2,000,000	
476 UNI - Fall Prevention Studies					1,000,000	
477 VSC - Department of Veterans' Services	12,449,200		12,449,200			21,758,700
478 VSC - Statewide Adjustments					194,500	
479 VSC - Remove One-Time Tribal Ceremonies Funding				(1,000,000)		
480 VSC - Veteran Suicide Prevention Training Pilot Program					600,000	
481 VSC - Gila County Veterans Retreat					3,000,000	
482 VSC - Burial Services					15,000	
483 VSC - Homeless Veterans' Reintegration Program					5,000,000	
484 VSC - Tribal Connectivity Project					1,500,000	
485 WIFA - Water Infrastructure Finance Authority	10,000,000		10,000,000			254,210,000
486 WIF - Remove One-Time Water Project Assistance Grants				(10,000,000)		
487 WIF - Water Augmentation Fund (Offset Used for Water Projects)				333,000,000	(143,800,000)	
488 WIF - Water Projects Assistance Grants					3,000,000	
489 WIF - Gilbert Wells Project					27,800,000	
490 WIF - Peoria Wells Project					10,000,000	
491 WIF - Mohave Wash Recharge Basin					3,400,000	
492 WIF - Glendale Irrigation System/Xeriscaping					810,000	
493 WIF - Navajo County Little Colorado River Levee					20,000,000	
494 WAT - Department of Water Resources	25,364,500		25,364,500			66,059,400
495 WAT - Statewide Adjustments					(55,100)	
496 WAT - Remove One-Time New River Flood Insurance Study Funding				(350,000)		
497 WAT - Statewide Water Resources Planning Program					5,000,000	
498 WAT - 30 FTE Positions for Annual Water Supply/Demand Assessment					Yes	
499 WAT - Brackish Water Study					100,000	
500 WAT - Brackish Groundwater Pilot					11,000,000	
501 WAT - Groundwater Delivery Infrastructure (Santa Rosa Canal Alt.)					25,000,000	
502 OTH - Other						
503 OTH - Medicaid Federal Match Rate Reversion	(482,000,000)		(482,000,000)	482,000,000		0
504 OTH - Phoenix Convention Center Debt Service	24,999,400		24,999,400	499,200		25,498,600
505 OTH - Rio Nuevo District	17,000,000	(1,000,000)	16,000,000		(1,000,000)	16,000,000
506 OTH - Unallocated FY 2023 Rent Adjustments	(1,200)		(1,200)	1,200		0
507 OTH - Unallocated FY 2023 HRIS Fee Adjustment	2,100		2,100	(2,100)		0
508 OTH - Unallocated FY 2023 Salary Corrections	153,500		153,500	(153,500)		0
509 OTH - Unallocated FY 2024 Health Insurance Adjustments	0		0		233,800	233,800
510 OTH - Unallocated FY 2024 Retirement Adjustments	0		0		100	100
511 OTH - Administrative Adjustments	225,000,000		225,000,000	(75,000,000)		150,000,000
512 OTH - Reversions	(150,000,000)	(8,080,000)	(158,080,000)	(56,920,000)		(215,000,000)
513 TOTAL - OPERATING SPENDING CHANGES	15,073,023,700	170,535,400	15,243,559,100	464,560,400	1,301,593,400	17,010,712,900
514 CAPITAL SPENDING						
515 ADOA - Building Renewal	37,594,200		37,594,200	(37,594,200)	25,124,700	25,124,700
516 ADC - Building Renewal	30,551,100		30,551,100	(30,551,100)	33,942,600	33,942,600
517 ADOA - 1616 & 1688 W. Adams Renovation (Demolish 1624 W. Adams)	47,274,000	5,000,000	52,274,000	(52,274,000)		0
518 ADOA - Demolition (1818 W. Adams/1850 W. Jackson/1720 W. Madison)	1,568,000		1,568,000	(1,568,000)		0
519 ADOA - Homeless Veterans Housing (Fort Whipple)	2,386,600		2,386,600	(2,386,600)		0
520 ADOA - Astronomy Centers	7,500,000		7,500,000	(7,500,000)		0
521 ADOA - Navajo Nation Lukachukai Veterans Multipurpose Complex	500,000		500,000	(500,000)		0
522 ADOA - Kayenta Judicial Complex	2,000,000		2,000,000	(2,000,000)		0
523 ADOA - Little Colorado River Visitor Center (Navajo County)	1,000,000		1,000,000	(1,000,000)		0

	FY 2023 GF JLBC Baseline	FY 2023 Changes	FY 2023 GF Revised	FY 24 Baseline 1/ Above FY 23	FY 2024 Changes	FY 2024 GF Enacted Budget
524	ADOA - Navajo Nation Teesto Multipurpose Community Center Site	1,000,000		(1,000,000)		0
525	ADOA - Navajo Nation Dilkon Center Improvements	3,000,000		(3,000,000)		0
526	ADOA - Electric Vehicle Charging/Advanced Fuel Infrastructure	0	0		5,000,000	5,000,000
527	ADC - Fire & Life Safety Projects	0	0		48,650,600	48,650,600
528	ADC - Replace Evaporative Cooling with AC Systemwide	47,600,000	47,600,000	(16,178,000)	35,361,600	66,783,600
529	ADC - Doors/Locks/Fire Systems	20,400,000	20,400,000	(20,400,000)		0
530	ASDB - Food Service Equipment	350,000	350,000	(350,000)		0
531	ASDB - Security Upgrades (Electronic Locks)	420,000	420,000	(420,000)		0
532	ASDB - Classroom Notification Replacement	96,000	96,000	(96,000)		0
533	EMA - Fire Suppression	1,151,100	1,151,100	(1,151,100)		0
534	EMA - Tucson Readiness Center Construction Cost Increases	1,800,000	1,800,000	(1,800,000)		0
535	EMA - West Valley Readiness Center Cost Increase	0	0		1,125,000	1,125,000
536	Judiciary - Supreme Court - Air Handler and Sewer Replacement	3,200,000	3,200,000	(3,200,000)		0
537	DJC - Replumbing	400,000	400,000	(400,000)		0
538	Legislative Council - Capitol Renovations/Building Renewal	5,700,000	5,700,000	(5,700,000)		0
539	Parks - Establish Verde River Headwaters State Park	0	0	0	7,000,000	7,000,000
540	DPS - Purchase Building and Property and Evidence Vehicle Storage	1,016,400	1,016,400	(1,016,400)		0
541	DPS - Replace 25 Remote Officer Housing Units and Adds 5 Units	9,750,000	9,750,000	(9,750,000)		0
542	DPS - Flagstaff Aviation Hanger Renovation	0	0		320,000	320,000
543	ADOT - Ruby Road Bridge Improvements	3,000,000	3,000,000	(3,000,000)		0
544	ADOT - Remove Loop 101 Slip Ramp Funding (Reallocation Plan)	25,000,000	(25,000,000)	0		0
545	ADOT - Cesar Chavez Blvd Widening/Improvements (Laws 2022, Ch. 331)	33,000,000	33,000,000	(33,000,000)		0
546	ADOT - US-89 & N. Lake Powell Blvd/Control Device (Reallocation Plan)	5,000,000	3,100,000	8,100,000		0
547	ADOT - Ganado School Loop Road (County Road 420)	1,000,000	1,000,000	(1,000,000)		0
548	ADOT - N-9402 Improvements (Near Lupton and Houck)	10,000,000	10,000,000	(10,000,000)	10,000,000	10,000,000
549	ADOT - N-35 Improvements	6,000,000	6,000,000	(6,000,000)		0
550	ADOT - SR-97 Improvements (Bagdad)	0	0	10,000,000		10,000,000
551	ADOT - Passenger Rail Service Planning (Phoenix to Tucson)	0	0		3,500,000	3,500,000
552	ADOT - SR-303 & Route 60 Interchange	0	0		4,500,000	4,500,000
553	ADOT - Clarkdale Bitter Creek Wash Bridge	0	0		6,321,400	6,321,400
554	ADOT - SR-347 Intersections (Casa Blanca/Cement Plant)	0	0		18,000,000	18,000,000
555	ADOT - I-10 & Jackrabbit Trail Interchange Design	0	0		5,000,000	5,000,000
556	ADOT - Happy Valley Road (35th Ave to 67th Ave)	0	0		12,500,000	12,500,000
557	ADOT - Glassford Hill Road Improvements	0	0		9,900,000	9,900,000
558	ADOT - Coolidge Ave (Christensen Rd to Clemans Rd)	0	0		5,300,000	5,300,000
559	ADOT - Eloy - I-10/Sunland Gin Road Overpass & I-10/Arica Rd	0	0		5,000,000	5,000,000
560	ADOT - Marana - I-10 and Cortaro Road Interchange	0	0		10,000,000	10,000,000
561	ADOT - Douglas Port of Entry/SR-80 Connection	0	0		8,170,000	8,170,000
562	ADOT - Huachuca City - Skyline Drive to Gila Avenue	0	0		1,565,200	1,565,200
563	ADOT - Huachuca City - Skyline Drive between Gila and Edgewood	0	0		506,000	506,000
564	ADOT - Patagonia - Mckeown Ave Reconstruction (4th Ave W to SR-82)	0	0		1,500,000	1,500,000
565	ADOT - Sierra Vista - Theater Dr Corridor (7th St to Carmichael Ave)	0	0		1,800,000	1,800,000
566	ADOT - Graham County - Norton Rd/Reay Lane Intersection	0	0		500,000	500,000
567	ADOT - Cochise County - Moson Rd Drainage (SR-90 to Hereford Rd)	0	0		6,100,000	6,100,000
568	ADOT - US-95 Improvements (Wellton Mohawk Canal to Aberdeen Rd)	0	0		33,300,000	33,300,000
569	ADOT - US-95 Pavement Rehab. (County 22nd St to County 11th St)	0	0		5,910,400	5,910,400
570	ADOT - SR-87 Design and Improvements at Arica and Shedd Roads	0	0		700,000	700,000
571	ADOT - West Pinal Parkway East-West Corridor Design	0	0		9,240,000	9,240,000
572	ADOT - SR-85 Lane Expansion (MP 123 to Maricopa Rd)	0	0		6,500,000	6,500,000
573	ADOT - SR-95 Bullhead City Turn Lanes	0	0		8,000,000	8,000,000
574	ADOT - Lake Havasu City Bridge Project	0	0		35,500,000	35,500,000
575	ADOT - Extend 43rd Ave from SR-303 to SR-74 (City of Phoenix)	0	0		6,500,000	6,500,000
576	ADOT - SR-24 Extension and Ironwood Interchange (Queen Creek)	0	0		87,500,000	87,500,000
577	ADOT - SR-83 (Santa Cruz to Sonoita)	0	0		9,000,000	9,000,000
578	ADOT - Cave Creek Rd Construction Study	0	0		250,000	250,000
579	ADOT - Navajo County SR-260 Improvements	0	0		4,250,000	4,250,000
580	ADOT - Phoenix-Mesa Gateway Airport	0	0		7,000,000	7,000,000
581	ADOT - Pinetop-Lakeside Porter Mountain Rd Improvements	0	0		2,242,200	2,242,200
582	ADOT - Globe Sidewalk-Jesse Hayes & Shooter Canyon Roads	0	0		3,501,100	3,501,100
583	ADOT - Payson Roundabout-Longhorn & McLane Roads	0	0		1,529,800	1,529,800
584	ADOT - Globe Jesse Hayes Rd Bridge at Pinal Creek	0	0		643,200	643,200
585	ADOT - Globe Cottonwood St Bridge at Pinal Creek	0	0		632,500	632,500
586	ADOT - Gila County Houston Mesa Rd - SR-260 to NF Route 199	0	0		243,600	243,600
587	ADOT - Canyon Water Improvement District Infrastructure	0	0		610,000	610,000
588	ADOT - Graham County - Safford Bryce Road Improvements	0	0		1,781,500	1,781,500
589	ADOT - Thatcher - 8th St Improvements (1st Ave to 20th Ave)	0	0		4,526,400	4,526,400
590	ADOT - Winkelman - Golf Course Rd/Quarelli St Improvements	0	0		1,560,900	1,560,900
591	ADOT - Superior - Panther Dr Bridge at Queen Creek	0	0		2,486,700	2,486,700
592	ADOT - US-60 Repavement Project - Morristown to Wickenburg	0	0		10,500,000	10,500,000
593	ADOT - Statewide Pavement Rehabilitation (Rural Projects)	0	0		54,300,000	54,300,000
594	ADOT - I-17 Expansion Shortfall (Anthem to Sunset Point)	0	0		76,200,000	76,200,000
595	ADOT - I-10 Widening (Phoenix to Casa Grande)	0	0		89,000,000	89,000,000
596	ADOT - SR-264 Lane Improvements (Ganado Senior Citizens Center)	0	0		538,700	538,700
597	ADOT - I-19 Rio Rico/Ruby Road Interchange (Santa Cruz County)	0	0		8,600,000	8,600,000
598	ADOT - I-19 Drexel Road Bridge	0	0		15,000,000	15,000,000
599	ADOT - State Match Advantage for Rural Transportation Fund	0	0		12,500,000	12,500,000
600	ADOT - Additional I-10 Lanes (SR-85 to Citrus Road) (Reallocation Plan)	0	52,090,000	(52,090,000)		0
601	ADOT - Remove US-95 Yuma Proving Ground (\$10M) (Reallocation Plan)	0	(10,000,000)	(10,000,000)	10,000,000	0
602	ADOT - Increase SR-77 Oro Valley (\$13.6 to \$15.8M) (Reallocation Plan)	0	2,207,500	(2,207,500)		0
603	Universities - ABOR - Mining, Mineral and Natural Resources Museum	12,000,000		(12,000,000)		0
604	TOTAL - CAPITAL SPENDING	321,257,400	27,397,500	348,654,900	(307,232,900)	766,734,100
605	TOTAL - ALL SPENDING	15,394,281,100	197,932,900	15,592,214,000	157,327,500	2,068,327,500
606	REVENUE CHANGES					

	FY 2023 GF JLBC Baseline	FY 2023 Changes	FY 2023 GF Revised	FY 24 Baseline 1/ Above FY 23	FY 2024 Changes	FY 2024 GF Enacted Budget
607 Ongoing Revenue						
608 REV - Ongoing Revenue (Including Urban Revenue Sharing)	17,650,573,300	233,346,000	17,883,919,300	(310,796,700)	243,544,900	17,816,667,500
609 REV - Previously Enacted Tax Reductions	(1,505,187,500)		(1,505,187,500)	(763,520,300)	10,887,500	(2,257,820,300)
610 REV - Treasurer Funding GF Impact (3 FTE Positions)	0		0		(358,300)	(358,300)
611 REV - Liquor Dept. GF Impact (Rent Increase)	0		0		(42,600)	(42,600)
612 One-Time Revenue						
613 REV - Beginning Balance	4,709,446,000		4,709,446,000	(2,412,634,900)	233,625,200	2,530,436,300
614 REV - Attorney General Settlement	77,250,000	(1,787,900)	75,462,100	(75,462,100)		0
615 REV - Withholding Revenue Loss (New 2.0% Rate)	(700,000,000)		(700,000,000)	700,000,000		0
616 REV - TPT Transfer for Transportation Projects (Highway/Aviation Fund)	(946,047,500)		(946,047,500)	946,047,500		0
617 REV - TPT Transfer to Border Security Fund	(209,205,000)		(209,205,000)	209,205,000		0
618 REV - TPT Transfer to Border Security Fund - Border Fencing (Ch. 334)	(335,000,000)		(335,000,000)	335,000,000		0
619 REV - TPT Transfer for FY 2023 Water Initiative Funding (Ch. 366)	(334,000,000)		(334,000,000)	334,000,000		0
620 REV - TPT Transfer to State Parks Revenue Fund	(38,237,100)		(38,237,100)	38,237,100		0
621 REV - TPT Transfer to Budget Stabilization Fund	(425,000,000)		(425,000,000)	425,000,000		0
622 REV - Increase TPT Public Infrastructure Cap to \$100M (Enacted in '22)	(50,000,000)		(50,000,000)	50,000,000		0
623 REV - Other One-Time Revenue Changes	(3,500,000)		(3,500,000)	3,500,000		0
624 REV - One-Time Individual Income Tax Rebate	0		0		(259,800,000)	(259,800,000)
625 REV - Adoption Expenses Income Tax Subtraction	0		0		(178,500)	(178,500)
626 TOTAL - REVENUE CHANGES	17,891,092,200	231,558,100	18,122,650,300	(521,424,400)	227,678,200	17,828,904,100
627 ENDING BALANCE	2,496,811,100	33,625,200	2,530,436,300	(678,751,900)	(1,840,649,300)	10,035,100

1/ This column does not represent original FY 2024 Baseline changes. This column displays an agency's FY 2024 Baseline funding compared to the final enacted FY 2023 General Fund spending amount displayed in "FY 2023 GF Revised".

DETAILED LIST OF OTHER FUND CHANGES BY AGENCY

	FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
OPERATING SPENDING CHANGES						
1 SBA - State Board of Accountancy	2,236,600		2,236,600			2,230,400
2 SBA - Statewide Adjustments					(6,200)	
3 ACU - Acupuncture Board of Examiners	196,800		198,000			200,600
4 ACU - Statewide Adjustments					6,300	
5 ACU - Remove One-Time eLicensing Upgrade				(5,500)		
6 ACU - Ongoing eLicensing Costs					3,000	
7 ACU - Named Claimants (Laws 2023, Ch. 83)		1,200		(1,200)		
8 DOA - Arizona Department of Administration	215,998,200		219,110,600			224,188,300
9 DOA - Statewide Adjustments					(772,000)	
10 DOA - Accounting System Upgrade Alignment				500,000	557,000	
11 DOA - Annualize Cyber Risk Insurance Program				1,450,000		
12 DOA - Shift Project Management/Oversight Funding to Web Portal Fund					Yes	
13 DOA - Risk Management Claims Adjustments					6,455,100	
14 DOA - Federal Reimbursement		3,107,700		(3,107,700)		
15 DOA - Named Claimants (Laws 2023, Ch. 83)		4,700		(4,700)		
16 APF - Automation Projects Fund/ADOA	59,331,900		59,331,900			71,781,700
17 APF - Remove One-Time Agriculture Cloud Funding				(2,000,000)		
18 APF - Remove One-Time Business One-Stop Funding				(15,614,300)		
19 APF - Remove One-Time SOS Electronic Record Storage Study Funding				(300,000)		
20 APF - Remove One-Time DWR Application Modernization Funding				(1,700,000)		
21 APF - Adjust DOR Integrated Tax System Funding				3,549,600		
22 APF - Adjust ADOA Personnel System (HRIS) Replacement Funding				(1,750,000)		
23 APF - Health & Human Services State Systems Upgrades					15,000,000	
24 APF - Corporation Commission Ecorp System					7,000,000	
25 APF - DPS Concealed Weapons Tracking System					494,500	
26 APF - Supreme Court Probation Case Management System					3,270,000	
27 APF - Statewide Community Supervision Electronic Monitoring System					2,500,000	
28 APF - School Financial Transparency Portal					2,000,000	
29 AGR - Department of Agriculture	1,878,300		1,878,300			1,904,600
30 AGR - Statewide Adjustments					(14,500)	
31 AGR - NEMF Assessment Alignment (Laws 2023, Ch. 114)				40,800		
32 AXS - AHCCCS	380,182,300		467,913,700			408,098,700
33 AXS - Statewide Adjustments					(1,900)	
34 AXS - Formula Changes				11,047,500		
35 AXS - Expand KidsCare from 200% FPL to 225% FPL					16,620,800	
36 AXS - Children's Behavioral Health Fund Deposit					250,000	
37 AXS - Supplemental Funding (Laws 2023, Ch. 17)		29,243,800		(29,243,800)		
38 AXS - Supplemental Funding (Laws 2023, Ch. 113)		58,487,600		(58,487,600)		
39 BAT - Board of Athletic Training	157,300		157,300			165,300
40 BAT - Statewide Adjustments					15,300	
41 BAT - Remove One-Time eLicensing Upgrade				(7,300)		
42 ATT - Attorney General	75,781,500		75,781,500			76,011,400
43 ATT - Statewide Adjustments					(1,189,000)	
44 ATT - Remove One-Time Attorney Stipend/Retention Bonuses				(3,000,000)		
45 ATT - Child and Family Advocacy Centers Funding (CPCF)				(500,000)	500,000	
46 ATT - Remove One-Time Expert Witness and Outside Counsel Funding				(2,000,000)		
47 ATT - Remove One-Time Funding for Medical Fraud Staff				(13,000)		
48 ATT - Remove One-Time Vehicle Purchases				(63,000)		
49 ATT - Remove One-Time Funding for State Liability Attorneys				(110,500)		
50 ATT - One-Time Opioid Abatement Funding				(5,000,000)	12,000,000	
51 ATT - Remove One-Time Funding for Colorado City Radio Dispatch				(400,000)		
52 ATT - Remove One-Time Funding for Victims' Rights Fund				(1,400,000)		
53 ATT - Remove Federalism and Voter Fraud Unit Funding (CPCF)					(1,881,900)	
54 ATT - Civil Rights Funding (3 FTEs) (CPCF)					287,300	
55 ATT - One-Time Funding (CPCF)					3,000,000	
56 ATT - Add 13 FTE Positions					Yes	
57 BCB - Barbering and Cosmetology Board	2,864,800		2,864,800			2,886,900
58 BCB - Statewide Adjustments					(28,600)	
59 BCB - Remove One-Time eLicensing Upgrade				(149,300)		
60 BCB - Operating Increase for IT Projects					200,000	
61 BHE - Board of Behavioral Health Examiners	2,179,700		2,179,700			2,112,700
62 BHE - Statewide Adjustments					(10,300)	
63 BHE - Remove One-Time eLicensing Upgrade				(56,700)		
64 DCS - Department of Child Safety	204,286,300		204,286,300			204,287,200
65 DCS - Statewide Adjustments					900	
66 BCE - State Board of Chiropractic Examiners	488,700		488,700			542,400
67 BCE - Statewide Adjustments					5,200	
68 BCE - Remove One-Time eLicensing Upgrade				(2,800)		
69 BCE - Add Deputy Director Position					51,300	
70 ACA - Arizona Commerce Authority	5,000,000		5,000,000			0
71 ACA - Remove One-Time Funding for Applied Research Centers				(5,000,000)		
72 ROC - Registrar of Contractors	13,754,600		13,754,600			14,067,800

	FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
73 ROC - Statewide Adjustments					313,200	
74 COR - Corporation Commission	30,278,300		30,278,300			36,228,900
75 COR - Statewide Adjustments					(49,400)	
76 COR - Fill 25 Vacant FTE Positions					2,690,000	
77 COR - 10% Staff Salary Increase					2,110,000	
78 COR - One-Time Operating Costs (Equipment, Training, etc.)					1,200,000	
79 ADC - Department of Corrections	58,149,800		58,149,800			57,795,600
80 ADC - Statewide Adjustments					(102,900)	
81 ADC - Remove One-Time Vehicle Purchases				(1,560,000)		
82 ADC - Remove One-Time Funding for Therapeutic Community Unit				(655,300)		
83 ADC - Remove One-Time Body Scanner Purchases Funding				(2,642,700)		
84 ADC - Leap Year Funding					1,606,700	
85 ADC - Florence Closure Costs					1,000,000	
86 ADC - Transitional Housing Grants					2,000,000	
87 JUS - Arizona Criminal Justice Commission	7,280,400		7,280,400			7,303,800
88 JUS - Statewide Adjustments					23,400	
89 SDB - AZ State Schools for the Deaf and the Blind	35,468,600		35,468,600			35,125,800
90 SDB - Statewide Adjustments					(342,800)	
91 HEA - Comm for the Deaf & the Hard of Hearing	4,966,000		4,966,000			4,826,600
92 HEA - Statewide Adjustments					(9,400)	
93 HEA - Remove One-Time DeafBlind Aging Research Funding				(115,000)		
94 HEA - Remove One-Time ASL User Support Group Funding				(15,000)		
95 DEN - Board of Dental Examiners	1,937,500		1,937,500			2,056,600
96 DEN - Statewide Adjustments					(3,300)	
97 DEN - Remove One-Time eLicensing Upgrade				(34,200)		
98 DEN - AG Legal Services					31,400	
99 DEN - Compliance Administrative Assistant (1 FTE)					62,600	
100 DEN - Licensing Administrative Assistant (1 FTE)					62,600	
101 DES - Department of Economic Security	386,329,800		386,329,800			417,750,100
102 DES - Statewide Adjustments					28,300	
103 DES - Formula Adjustments					574,700	
104 DES - Workforce Innovation and Opportunity Act Grant Base Adjustment					30,817,300	
105 ADE - Arizona Department of Education	339,106,400		339,106,400			352,999,000
106 ADE - Statewide Adjustments					(9,100)	
107 ADE - Endowment Earnings Growth				13,029,100	872,600	
108 EMA - Department of Emergency & Military Affairs	211,192,400		211,192,400			2,113,500
109 EMA - NEMF Assessment Alignment (Laws 2023, Ch. 114)				126,100		
110 EMA - Remove One-Time Border Security Funding				(209,205,000)		
111 DEQ - Department of Environmental Quality	90,248,500		90,248,500			101,571,800
112 DEQ - Statewide Adjustments					303,800	
113 DEQ - Remove One-Time Coal Combustion Residual Program Funding				(85,000)		
114 DEQ - Remove One-Time Forestry Biomass Recovery Funding				(1,000,000)		
115 DEQ - Remove One-Time Film Forming Foam Stockpile Elimination				(395,500)		
116 DEQ - Water Quality Fee Fund Deposit					9,500,000	
117 DEQ - Recycling Fund Increase					3,000,000	
118 OEO - Governor's Office of Equal Opportunity	211,400		211,400			310,500
119 OEO - Statewide Adjustments					(900)	
120 OEO - ADA Coordinator (1 FTE)					100,000	
121 COL - Arizona Exposition and State Fair Board	19,056,800		19,056,800			17,555,300
122 COL - Statewide Adjustments					1,498,500	
123 COL - Remove One-Time Operating Costs				(3,000,000)		
124 EMB - Board of Funeral Directors and Embalmers	494,800		494,800			0
125 EMB - Remove One-Time eLicensing Upgrade				(18,000)		
126 EMB - Funeral Board Transfer to DHS (Laws 2023, Ch. 194)					(476,800)	
127 FIS - Arizona Game and Fish Department	51,987,000		51,987,000			41,850,200
128 FIS - Statewide Adjustments					(9,299,400)	
129 FIS - Remove One-Time Drought Mitigation Funding				(1,490,400)		
130 FIS - Increased Operational Costs (Communication Tower, IT, etc.)					653,000	
131 GAM - Department of Gaming	22,050,000		22,050,000			22,045,400
132 GAM - Statewide Adjustments					(4,600)	
133 GAM - Do Not Align Admin Funding w/ 9% Statutory Minimum				1,320,000	(1,320,000)	
134 DHS - Department of Health Services	58,241,500		59,111,500			58,893,700
135 DHS - Statewide Adjustments					375,400	
136 DHS - Remove Homeless Pregnant Women Services Funding				(100,000)	(100,000)	
137 DHS - Funeral Board Transfer to DHS (Laws 2023, Ch. 194)		870,000		(870,000)	476,800	
138 HLS - Arizona Department of Homeland Security	11,930,300		11,930,300			11,319,400
139 HLS - Statewide Adjustments					(5,900)	
140 HLS - Cyber Security Mitigation Costs				(1,190,500)	585,500	
141 HOM - Board of Homeopathic & Integrated Medicine Examiners	51,900		52,800			61,400
142 HOM - Statewide Adjustments					9,500	

	FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
143	HOM - Named Claimants (Laws 2023, Ch. 83)		900	(900)		
144	DOH - Department of Housing	367,400	367,400			371,100
145	DOH - Statewide Adjustments				3,700	
146	IND - Industrial Commission	21,976,700	21,977,800			21,985,500
147	IND - Statewide Adjustments				8,800	
148	IND - Named Claimants (Laws 2023, Ch. 83)		1,100	(1,100)		
149	DIF - Department of Insurance and Financial Institutions	12,181,600	12,181,600			12,398,700
150	DIF - Statewide Adjustments				(13,100)	
151	DIF - Remove One-Time Funding for Licensing IT System Upgrade			(700,000)		
152	DIF - Auto Crime Tracking Database Subscription				154,100	
153	DIF - Financial Institutions Examination Staff (3 FTE Positions)				276,300	
154	DIF - Theft Task Force Vehicle Fuel Costs				68,600	
155	DIF - Fund County Personnel Costs for Vehicle Theft Prosecution				431,200	
156	SPA - Judiciary - Supreme Court	33,310,900	33,310,900			33,125,100
157	SPA - Statewide Adjustments				(142,400)	
158	SPA - Remove One-Time Funding for Automated Tracking System			(183,000)		
159	SPA - Confidential Intermediary/Private Fiduciary Licensing Subscription				139,600	
160	SUP - Judiciary - Superior Court	12,014,000	12,014,000			12,015,700
161	SUP - Statewide Adjustments				1,700	
162	DJC - Department of Juvenile Corrections	15,070,000	15,070,000			12,675,900
163	DJC - Statewide Adjustments				(667,200)	
164	DJC - Remove Pima County Cost Shift				(1,726,900)	
165	LAN - State Land Department	13,289,400	13,289,400			11,876,900
166	LAN - Statewide Adjustments				87,500	
167	LAN - Remove One-Time Digitization Funding			(1,500,000)		
168	LIQ - Department of Liquor Licenses & Control	7,112,500	7,112,500			5,749,300
169	LIQ - Statewide Adjustments				(805,900)	
170	LIQ - Remove One-Time Vehicle Purchase Funding			(294,000)		
171	LIQ - Remove One-Time Radio Purchases			(126,000)		
172	LIQ - Remove One-Time Equipment Funding			(159,600)		
173	LIQ - Remove One-Time IT Improvement Funding			(20,300)		
174	LIQ - Flagstaff Office Rent Increases				42,600	
175	LOT - Arizona State Lottery Commission	171,246,600	182,481,900			188,761,900
176	LOT - Statewide Adjustments				6,300	
177	LOT - Tab Tickets		96,600	(28,600)	100,500	
178	LOT - Instant Ticket Sales		2,352,700	(888,100)	2,446,800	
179	LOT - On-Line Vendor Fees		1,724,700	(1,111,000)	1,797,100	
180	LOT - Retailer Commissions		7,061,300	(3,392,100)	7,349,100	
181	BMT - Board of Massage Therapy	603,800	603,800			599,000
182	BMT - Statewide Adjustments				3,100	
183	MAS - Remove One-Time eLicensing Upgrade			(30,000)		
184	MAS - Ongoing eLicensing Costs				22,100	
185	MED - Arizona Medical Board	8,291,700	8,314,800			8,143,600
186	MED - Statewide Adjustments				(45,600)	
187	MED - Remove One-Time eLicensing Upgrade			(102,500)		
188	MED - Named Claimants (Laws 2023, Ch. 83)		23,100	(23,100)		
189	MIN - State Mine Inspector	112,900	112,900			112,900
190	NAT - Naturopathic Physicians Medical Board	212,000	213,400			217,700
191	NAT - Statewide Adjustments				2,500	
192	NAT - Ongoing eLicensing Costs				3,200	
193	NAT - Named Claimants (Laws 2023, Ch. 83)		1,400	(1,400)		
194	NAV - Navigable Stream Adjudication Commission	200,000	200,000			200,000
195	NUR - State Board of Nursing	5,885,000	5,885,000			6,132,200
196	NUR - Statewide Adjustments				(53,700)	
197	NUR - Additional Staff Attorney				146,800	
198	NUR - Licensing Specialists (2 FTEs)				154,100	
199	NCI - Nursing Care Inst. Administrators Board	627,400	630,200			604,900
200	NCI - Statewide Adjustments				9,300	
201	NCI - Remove One-Time eLicensing Upgrade			(31,800)		
202	NCI - Named Claimants (Laws 2023, Ch. 83)		2,800	(2,800)		
203	OCC - Board of Occupational Therapy Examiners	266,400	266,400			259,500
204	OCC - Statewide Adjustments				16,300	
205	OCC - Remove One-Time eLicensing Upgrade			(18,900)		
206	OCC - Remove One-Time Funding for Laptop Replacements			(4,300)		
207	DIS - State Board of Dispensing Opticians	193,100	193,100			198,200
208	DIS - Statewide Adjustments				11,300	
209	DIS - Remove One-Time eLicensing Upgrade			(6,200)		
210	OPT - State Board of Optometry	298,800	300,600			289,200
211	OPT - Statewide Adjustments				(2,100)	

		FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
212	OPT - Remove One-Time eLicensing Upgrade				(7,500)		
213	OPT - Named Claimants (Laws 2023, Ch. 83)		1,800		(1,800)		
214	OST - AZ Board of Osteopathic Examiners in Medicine/Surgery	1,384,500		1,384,500			1,398,600
215	OST - Statewide Adjustments					4,000	
216	OST - One-Time Annual Leave Payout				(11,000)	14,500	
217	OST - Ongoing eLicensing Costs					6,600	
218	SPB - Arizona State Parks Board	19,547,400		19,547,400			21,896,800
219	SPB - Statewide Adjustments					1,877,300	
220	SPB - Remove One-Time Arizona Trail Fund Deposit				(250,000)		
221	SPB - Rockin' River State Park Operating Costs (4 FTE Positions)					114,000	
222	SPB - Dispatch Services Interagency Service Agreement					347,000	
223	SPB - Operations Cost Increase (Waste Removal, Water, etc.)					261,100	
224	PER - Personnel Board	345,000		346,100			361,000
225	PER - Statewide Adjustments					16,000	
226	PER - Named Claimants (Laws 2023, Ch. 83)		1,100		(1,100)		
227	PHA - Arizona State Board of Pharmacy	3,537,000		3,537,000			3,526,700
228	PHA - Statewide Adjustments					91,700	
229	PHA - Remove One-Time eLicensing Upgrade				(102,000)		
230	PHY - Board of Physical Therapy Examiners	630,900		630,900			591,500
231	PHY - Statewide Adjustments					4,000	
232	PHY - Remove One-Time eLicensing Upgrade				(43,400)		
233	PIO - Arizona Pioneers' Home	8,343,300		8,343,300			8,380,200
234	PIO - Statewide Adjustments					68,900	
235	PIO - Remove One-Time Funding for Computer Replacements				(32,000)		
236	POD - State Board of Podiatry Examiners	185,800		185,800			202,500
237	POD - Statewide Adjustments					9,300	
238	POD - Remove One-Time eLicensing Upgrade				(4,500)		
239	POD - Executive Director Salary					11,900	
240	PRI - State Board for Private Postsecondary Education	453,800		457,200			448,100
241	PRI - Statewide Adjustments					(3,200)	
242	PRI - Remove One-Time eLicensing Upgrade				(2,500)		
243	PRI - Named Claimants (Laws 2023, Ch. 83)		3,400		(3,400)		
244	PSY - State Board of Psychologist Examiners	650,500		652,900			640,000
245	PSY - Statewide Adjustments					4,700	
246	PSY - Remove One-Time eLicensing Upgrade				(15,200)		
247	PSY - Named Claimants (Laws 2023, Ch. 83)		2,400		(2,400)		
248	DPS - Department of Public Safety	82,444,000		85,808,200			78,359,100
249	DPS - Statewide Adjustments					(10,756,100)	
250	DPS - Shift Vehicle Liability Insurance Fund Costs to HPF					Yes 3,000,000	
251	DPS - Master Site Upgrade					3,671,200	
252	DPS - Motor Vehicle Fuel Inflation Adjustment		3,364,200		(3,364,200)		
253	RUC - Residential Utility Consumer Office	1,578,900		1,578,900			1,592,200
254	RUC - Statewide Adjustments					13,300	
255	RES - Board of Respiratory Care Examiners	406,800		406,800			421,400
256	RES - Statewide Adjustments					16,600	
257	RES - Remove One-Time eLicensing Upgrade				(21,700)		
258	RES - ADOA Shared Services Costs					19,700	
259	RET - Arizona State Retirement System	28,135,600		28,135,600			28,667,000
260	RET - Statewide Adjustments					(226,400)	
261	RET - Remove One-Time Cloud Migration Funding				(65,200)		
262	RET - IT External Resource Personnel for IT Services					305,000	
263	RET - Cyber Security Upgrades and Cloud Transition					518,000	
264	REV - Department of Revenue	30,223,500		30,223,500			27,003,400
265	REV - Statewide Adjustments					(1,220,100)	
266	REV - Shift Administrative Fund Costs to General Fund					(2,000,000)	
267	SOS - Secretary of State	1,818,400		1,818,400			6,975,600
268	SOS - Statewide Adjustments					157,200	
269	SOS - Appropriate HAVA Balance					5,000,000	
270	TEC - State Board of Technical Registration	2,641,000		2,641,000			2,605,000
271	TEC - Statewide Adjustments					(15,600)	
272	TEC - Remove One-Time eLicensing Upgrade				(20,400)		
273	DOT - Department of Transportation	599,435,800		614,645,100			575,701,600
274	DOT - Statewide Adjustments					(3,274,900)	
275	DOT - Vehicle Purchases Funding				(4,381,000)	18,665,200	
276	DOT - Remove One-Time State Fleet Fuel Inflation Adjustment				(8,600,000)		
277	DOT - Remove One-Time ADOT Fleet Fuel Inflation Adjustment				(6,000,000)		
278	DOT - Remove One-Time Building System Mgmt. Upgrade Funding				(1,028,300)		
279	DOT - MVD Security Modernization Funding (SHF)				(931,900)	730,900	
280	DOT - Remove One-Time Construction Mgmt. System Funding				(300,000)		
281	DOT - Remove One-Time Driver License Security Software Funding				(2,100,000)		
282	DOT - Remove One-Time Travel ID Implementation Funding				(6,013,200)		

	FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
283 DOT - Remove One-Time Transfer from MVUE to Vehicle Inspec. Fund				(350,000)		
284 DOT - Remove One-Time Highway Maintenance Inflation Adjustment				(51,000,000)		
285 DOT - Litter Removal Services (SHF)					3,106,800	
286 DOT - Radio Lifecycle Replacement (SHF)					1,656,100	
287 DOT - Passenger Rail Service Operating Costs					250,000	
288 DOT - Salary Increases for 978 Positions					6,845,600	
289 DOT - ADOT Fleet Operations Cost Increase					7,706,200	
290 DOT - ADOT Fleet Fuel Inflation Adjustment (SHF)					2,337,900	
291 DOT - Computer Aided Dispatch System Replacement (SHF)					442,700	
292 DOT - Statewide Transit Program Administrative Costs					551,500	
293 DOT - MVD Call Center Contract Increase (SHF)					87,300	
294 DOT - MVD Nat'l Motor Vehicle Title Info System Contract Increase (SHF)					91,000	
295 DOT - MVD Paper Cost Increase (SHF)					701,700	
296 DOT - Hoover Dam Bridge Liability Insurance Cost Increase (SHF)					209,800	
297 DOT - Shift Vehicle Inspection/Title Enforcement Costs to SHF (\$600K)					Yes	
298 DOT - Shift Vehicle Liability Insurance Costs to SHF (\$399,900)					Yes	
299 DOT - Maintenance of New Highway Lane Miles (SHF)					2,350,300	
300 DOT - South Mountain Freeway Maintenance (SHF)					321,800	
301 DOT - Driver License/ID Production Costs (SHF)					183,100	
302 DOT - License Plate Production Costs (SHF)					219,900	
303 DOT - State Fleet Operating Adjustments					6,791,800	
304 DOT - Exempt Fleet Operating Adjustments					6,995,500	
305 DOT - Additional Highway Maintenance Funding (SHF)		15,200,000		(15,200,000)		
306 DOT - Named Claimants (Laws 2023, Ch. 83)		9,300		(9,300)		
307 TRE - State Treasurer	6,148,900		6,148,900			7,854,000
308 TRE - Statewide Adjustments					(21,200)	
309 TRE - Statewide Accounting Manager (1 FTE)					138,300	
310 TRE - Investment Analyst (1 FTE)					123,400	
311 TRE - Chief Procurement Officer (1 FTE)					96,600	
312 TRE - Local Distribution - Training Simulators					1,368,000	
313 UNI - Universities						
314 UNI - ASU	706,031,800		706,031,800			706,031,800
315 UNI - Northern Arizona University	130,397,300		130,397,300			130,397,300
316 UNI - UA - Main Campus	382,811,300		382,811,300			382,811,300
317 UNI - UA - Health Sciences Center	66,675,300		66,675,300			66,675,300
318 VSC - Department of Veterans' Services	60,584,500		60,584,500			60,519,600
319 VSC - Statewide Adjustments					(39,900)	
320 VSC - Remove One-Time Hyperbaric Oxygen Therapy GF Reimbursement				(25,000)		
321 VME - Veterinary Medical Examining Board	770,500		774,800			785,100
322 VME - Statewide Adjustments					16,100	
323 VME - Remove One-Time FTE Equipment Funding					(1,500)	
324 VME - Named Claimants (Laws 2023, Ch. 83)		4,300		(4,300)		
325 WAT - Department of Water Resources	2,017,700		2,017,700			2,019,000
326 WAT - Statewide Adjustments					1,300	
327 OTH - Other						
328 OTH - Unallocated Salary Adjustments	1,163,200		1,163,200	(1,163,200)		0
329 OTH - Unallocated FY 2023 Health Insurance Adjustments	7,775,800		7,775,800	(7,775,800)		0
330 OTH - Unallocated FY 2023 Retirement Adjustments	(440,800)		(440,800)	440,800		0
331 OTH - Unallocated FY 2023 AFIS Transaction Fee	18,900		18,900	(18,900)		0
332 OTH - Unallocated FY 2023 Rent Adjustments	(165,800)		(165,800)	165,800		0
333 OTH - Unallocated FY 2023 Fleet Adjustments	113,600		113,600	(113,600)		0
334 OTH - Unallocated FY 2023 HRIS Fee Adjustments	355,300		355,300	(355,300)		0
335 OTH - Unallocated FY 2023 IT Pro Rata Adjustments	140,300		140,300	(140,300)		0
336 OTH - Remove Unallocated FY 2023 Agency Health Insurance Adjustments	0		0	(32,224,200)	32,224,200	0
337 OTH - Unallocated FY 2024 Health Insurance Adjustments	0		0		8,403,200	8,403,200
338 OTH - Unallocated FY 2024 AFIS Transaction Fee Adjustments	0		0		70,900	70,900
339 OTH - Unallocated FY 2024 Rent and COP Adjustments	0		0		45,500	45,500
340 OTH - Unallocated FY 2024 Risk Management Adjustments	0		0		84,800	84,800
341 OTH - Unallocated FY 2024 Fleet Adjustments	0		0		546,200	546,200
342 OTH - Unallocated FY 2024 Retirement Adjustments	0		0		(243,800)	(243,800)
343 OTH - Unallocated FY 2023 Salary Corrections	0		0		395,900	395,900
344 TOTAL - OPERATING SPENDING CHANGES	\$4,733,604,200	\$121,566,100	\$4,864,304,700	(\$439,540,600)	\$194,405,600	\$4,619,169,700
345 CAPITAL SPENDING CHANGES						
346 Building Renewal						
347 Arizona Department of Administration	16,000,000		16,000,000		(2,000,000)	14,000,000
348 Arizona Exposition and State Fair Board	1,000,000		1,000,000	(1,000,000)	3,802,100	3,802,100
349 Arizona Department of Corrections	5,864,300		5,864,300			5,864,300
350 Game & Fish Department	1,459,600		1,459,600	316,800		1,776,400
351 Arizona Lottery Commission	176,400		176,400	37,800		214,200
352 State Parks Board	2,742,800		2,742,800	(2,742,800)	3,034,400	3,034,400
353 Pioneers' Home	396,500		396,500	(396,500)	468,700	468,700
354 Arizona Department of Transportation	18,607,200		18,607,200	(25,900)	3,838,900	22,420,200
355 New Projects						
356 ADOA - 1616/1688 W. Adams Renovations	5,000,000		5,000,000	(5,000,000)		0
357 Game & Fish - Dam Maintenance	150,000		150,000	(150,000)	150,000	150,000
358 Game & Fish - Hatchery Maintenance	0		0	0	400,000	400,000

	FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
359	Game & Fish - Property Maintenance	300,000		(300,000)	300,000	300,000
360	Game & Fish - Water Conservation Projects	0	0	0	500,000	500,000
361	DHS - Water Pump Replacements	0	0	0	209,000	209,000
362	DHS - Water Isolation Valve Replacements	0	0	0	200,000	200,000
363	Liquor - Space Reconfiguration	3,500,000	3,500,000	(3,500,000)		0
364	Parks - Jerome Mansion and Carriage House Fire Suppression Project	1,540,000	1,540,000	(1,540,000)		0
365	Parks - Relocate Southern Region Construction Services	2,000,000	2,000,000	(2,000,000)		0
366	Parks - Tonto Natural Bridge Historic Building Renovation	3,500,000	3,500,000	(3,500,000)		0
367	Parks - Tombstone Courthouse State Historic Park Renovations	2,008,500	2,008,500	(2,008,500)		0
368	Parks - Rockin' River Ranch State Park Renovations	1,750,000	1,750,000	(1,750,000)		0
369	Parks - Catalina State Park Bridge Construction	1,500,000	1,500,000	4,313,000		5,813,000
370	Parks - Statewide Campground Improvements	4,100,000	4,100,000			4,100,000
371	Parks - Statewide Solar Shade Structures	2,233,300	2,233,300			2,233,300
372	Parks - Statewide Water Conservation Projects	1,339,000	1,339,000			1,339,000
373	Parks - Smart Phone Application	535,600	535,600	(535,600)		0
374	Parks - Rockin' River Ranch Park Inflation Adjustment	336,800	336,800	(336,800)		0
375	Parks - Dead Horse State Park Amphitheater Inflation Adjustment	210,000	210,000	(210,000)		0
376	Parks - Riordan Mansion Historic Building Renovations	0	0	2,900,000		2,900,000
377	Parks - Oracle Historic Building Renovations	0	0	2,008,500		2,008,500
378	Parks - Yuma Territorial Prison Building Renovations	0	0	750,000		750,000
379	Parks - Establish Veterans Memorial State Park (Laws 2023, Ch. 199)	0	0		10,000,000	10,000,000
380	Pioneers' Home - Cemetery Columbarium	0	0		75,000	75,000
381	Pioneers' Home - Cemetery Parking	0	0		250,000	250,000
382	ADOT - Statewide Highway Construction	194,220,000		(25,613,000)		168,607,000
383	ADOT - Controlled Access	137,671,000	137,671,000	(526,000)		137,145,000
384	ADOT - Debt Service	138,482,000	138,482,000	9,000		138,491,000
385	ADOT - Airport Planning	27,100,000	27,100,000	7,900,000		35,000,000
386	ADOT - 206 Annex Building Renovation	9,309,300	9,309,300	(9,309,300)		0
387	ADOT - Relocate Tucson Signal Equipment Repair Shop	2,124,000	2,124,000	(2,124,000)		0
388	ADOT - Replace 4 Vehicle Fueling Facilities	3,026,900	3,026,900	(3,026,900)		0
389	ADOT - Replace Superior De-Icer Storage Barn	1,200,000	1,200,000	(1,200,000)		0
390	ADOT - Wickenburg Maintenance Facility Inflation Adjustment	2,985,000	2,985,000	(2,985,000)		0
391	ADOT - 3 Vehicle Facilities Inflation Adjustment	371,200	371,200	(371,200)		0
392	ADOT - 4 Liquid Brine Tanks Inflation Adjustment	400,000	400,000	(400,000)		0
393	ADOT - I-10 Widening from Phoenix to Casa Grande	400,000,000	400,000,000	(400,000,000)		0
394	ADOT - Additional I-10 Lanes (SR-85 to Citrus Road) (Reallocation Plan)	64,200,000	(3,290,000)	60,910,000	(60,910,000)	0
395	ADOT - Jackrabbit Trail Improvements	20,080,000	20,080,000	(20,080,000)		0
396	ADOT - SR-24 Acquisition and Pinal County Connector	15,000,000	15,000,000	(15,000,000)		0
397	ADOT - US-60 Pavement Rehabilitation (Loop 101 to Loop 202)	38,482,000	38,482,000	(38,482,000)		0
398	ADOT - SR-69/SR-169 Roundabout Construction (Reallocation Plan)	1,500,000	6,522,500	8,022,500	(8,022,500)	0
399	ADOT - SR-74/Lake Pleasant Pkwy Study and Design	5,000,000	5,000,000	(5,000,000)		0
400	ADOT - SR-79/Hunt Highway Intersection Assessment Cost	100,000	100,000	(100,000)		0
401	ADOT - SR-87/Skousen Road Intersection Assessment Cost	100,000	100,000	(100,000)		0
402	ADOT - SR-89/SR-89A Interchange Improvements (Reallocation Plan)	3,000,000	(2,400,000)	600,000	(600,000)	0
403	ADOT - SR-90 Pavement Rehab (Campus-Border Patrol) (Reallocation Plan)	39,200,000	(580,000)	38,620,000	(38,620,000)	0
404	ADOT - US-191 Pavement Rehabilitation (MP 163 to MP 173)	22,152,000	22,152,000	(22,152,000)		0
405	ADOT - Loop 101 Screen Wall (Near 16th Street)	7,250,000	7,250,000	(7,250,000)		0
406	ADOT - Loop 101 Screen 51st Ave to 59th Ave	9,514,000	9,514,000	(9,514,000)		0
407	ADOT - US-191 Pavement Rehab (Armory-East Safford) (Reallocation Plan)	16,330,000	2,651,000	18,981,000	(18,981,000)	0
408	ADOT - SR-238 Improvements (SR-347 to Green Rd) (Design)	800,000	800,000	(800,000)		0
409	ADOT - SR-279 Old State Highway (Cottonwood) (Reallocation Plan)	6,142,800	(6,142,800)	0		0
410	ADOT - Design for Loop 303 Improvements (I-17 to Lake Pleasant Pkwy)	4,000,000	4,000,000	(4,000,000)		0
411	ADOT - Design for Loop 303/I-17 Interchange	19,000,000	19,000,000	(19,000,000)		0
412	ADOT - SR-347 Widening (SR-347 to Maricopa) (Reallocation Plan)	19,000,000	(13,000,000)	6,000,000	(6,000,000)	0
413	ADOT - SR-238/SR-347 Improvements (Maricopa) (Reallocation Plan)	0	10,300,000	10,300,000	(10,300,000)	0
414	ADOT - Gila River Indian Community Infrastructure (Reallocation Plan)	0	2,000,000	2,000,000	(2,000,000)	0
415	ADOT - SR-87 Engineering and Design (Coolidge) (Reallocation Plan)	0	700,000	700,000	(700,000)	0
416	ADOT - SR-389/Arizona Avenue Intersection Assessment Cost	100,000	100,000	(100,000)		0
417	ADOT - Lake Havasu Bridge Impact Study	200,000	200,000	(200,000)		0
418	ADOT - Prescott Airport Education Complex	600,000	600,000	(600,000)		0
419	ADOT - Flagstaff Downtown Connection Center	6,000,000	6,000,000	(6,000,000)		0
420	ADOT - Gila Bend Sentinel Exit Lighting (Reallocation Plan)	568,000	517,000	1,085,000	(1,085,000)	0
421	ADOT - Airport Improvement Projects (Aviation Fund)	20,000,000	20,000,000	(20,000,000)		0
422	ADOT - Tier II Study (North-South Corridor in Pinal)	15,000,000	15,000,000	(15,000,000)		0
423	ADOT - Tier II Study (Sonoran Corridor in Pima)	14,000,000	14,000,000	(14,000,000)		0
424	ADOT - Tier II Study (I-II in Maricopa)	25,000,000	25,000,000	(25,000,000)		0
425	ADOT - State Match Advantage for Rural Transportation Fund	50,000,000	50,000,000	(50,000,000)		0
426	ADOT - FY22 Inflation-SR-69 Repaving (Prescott Valley) (Reallocation Plan)	1,645,000	178,000	1,823,000	(1,823,000)	0
427	ADOT - FY22 Inflation-US-95 (Yuma Proving Ground) (Reallocation Plan)	3,500,000	(3,500,000)	0		0
428	ADOT - FY22 Inflation-SR-95 (Bullhead/Lake Havasu) (Reallocation Plan)	19,534,600	(6,161,600)	13,373,000	(13,373,000)	0
429	ADOT - FY22 Inflation-SR-347/Riggs Overpass (Design) (Reallocation Plan)	2,625,000	(2,625,000)	0		0
430	ADOT - FY22 Inflation-SR-347/Riggs Rd Overpass (Reallocation Plan)	8,750,000	15,250,000	24,000,000	(24,000,000)	0
431	ADOT - FY22 Inflation - Wilcox SR-186 Funding (Reallocation Plan)	1,464,100	(9,100)	1,455,000	(1,455,000)	0
432	ADOT - FY22 Inflation - SR-90 Improvements (Reallocation Plan)	3,710,000	(410,000)	3,300,000	(3,300,000)	0
433	ADOT - FY22 Inflation - Pavement Rehabilitation	31,500,000	31,500,000	(31,500,000)		0
434	ADOT - Tucson North MVD Renovation (SHF)	0	0	0	4,100,000	4,100,000
435	ADOT - Keams Canyon Truck Barn/Office (SHF)	0	0	0	3,400,000	3,400,000
436	ADOT - Replace 3 Vehicle Fueling Stations (SHF)	0	0	0	2,600,000	2,600,000
437	ADOT - Electric Charging/Adv. Fuel Infrastructure (MVD Public Use) (SHF)	0	0	0	2,500,000	2,500,000
438	ADOT - Electric Charging/Adv. Fuel Infra. (State/ADOT Fleet) (SHF)	0	0	0	5,000,000	5,000,000
439	ADOT - Statewide Water Conservation Projects (SHF)	0	0	0	2,500,000	2,500,000
440	TOTAL - CAPITAL SPENDING CHANGES	\$1,488,186,900	\$0	\$1,488,186,900	(947,363,900)	\$41,328,100
441	TOTAL - OPERATING & CAPITAL SPENDING	\$6,221,791,100	\$121,566,100	\$6,352,491,600	(1,386,904,500)	\$5,201,320,800
442	FUND TRANSFERS					
443	APF/DOA - Automation Projects Fund - All For IT Projects					

	FY 2023 OF 1/ JLBC Baseline	FY 2023 Changes	FY 2023 OF Revised	FY 24 Baseline 2/ Above FY 23	FY 2024 Changes	FY 2024 OF Enacted Budget
444 APF/DOA - DOR Integrated Tax System	6,187,100		6,187,100	1,388,200		7,575,300
445 APF/DOA - Secretary of State Born Digital Record Preservation Study	300,000		300,000	(300,000)		0
446 APF/DOA - DWR Application Modernization/Integration	1,700,000		1,700,000	(1,700,000)		0
447 APF/DOA - HRIS Replacement (FY 23 Supplemental)	1,750,000		1,750,000	(1,750,000)		0
448 APF/DOA - Corp Comm Ecorp System	0		0		7,000,000	7,000,000
449 APF/DOA - DPS Concealed Weapons Tracking System	0		0		494,500	494,500
450 Other Transfers						
451 ADOA - Risk Management to Cyber Risk Insurance Fund	24,624,400		24,624,400	(24,624,400)		0
452 TOTAL - FUND TRANSFERS	\$34,561,500	\$0	\$34,561,500	(\$26,986,200)	\$7,494,500	\$15,069,800
453 EXPENDITURE AUTHORITY CHANGES						
454 AXS - AHCCCS	15,790,361,700		20,752,235,600			17,147,938,800
455 AXS - Statewide Adjustments					(459,300)	
456 AXS - Formula Adjustments				1,191,749,800		
457 AXS - Remove FY 2023 ARPA Home/Community-Based Services Funding				(237,200,000)		
458 AXS - Remove One-Time Federal IT Regulation Compliance Funding				(1,755,000)		
459 AXS - Management Information System Replacement Funding				(2,700,000)	7,500,000	
460 AXS - FY 2024 ARPA Home/Community-Based Services Funding				347,740,500		
461 AXS - Graduate Medical Education Funding Adjustment				33,299,400		
462 AXS - DSH Funding Adjustment				32,309,300		
463 AXS - Chiropractic Services Increase				1,632,100		
464 AXS - Newborn Screening Fee Increase				571,800		
465 AXS - Targeted Investments Program Adjustment				(24,000,000)		
466 AXS - Indian Health Care Advisory Council Positions					300,000	
467 AXS - Critical Access Hospitals Supplemental Pool					8,262,000	
468 AXS - Rapid Genome Sequencing Pilot Program					326,500	
469 AXS - Supplemental Funding (Laws 2023, Ch. 17)		1,653,958,000		(1,653,958,000)		
470 AXS - Supplemental Funding (Laws 2023, Ch. 113)		3,307,915,900		(3,307,915,900)		
471 DCS - Department of Child Safety	648,084,500		679,072,700			637,016,800
472 DCS - Statewide Adjustments					1,794,200	
473 DCS - Formula Adjustments				(43,734,200)		
474 DCS - Federal Match Rate Changes				(4,274,200)		
475 DCS - Technical Adjustment		11,100,000				
476 DCS - Adoption Caseload Growth					3,565,000	
477 DCS - Comprehensive Foster Care Service Model					6,693,300	
478 DCS - Salary Adjust./Adoptions/Independent Living/Prevention Services		19,888,200		(19,888,200)	13,788,200	
479 DES - Department of Economic Security	3,210,744,000		3,210,744,000			3,290,356,700
480 DES - Statewide Adjustments					533,600	
481 DES - Formula Adjustments				23,157,700		
482 DES - Remove FY 2023 ARPA Home/Community-Based Services Funding				(280,000,000)		
483 DES - FY 2024 ARPA Home/Community-Based Services Funding				115,793,900		
484 DES - DDD Prior Year Administrative Spending Adjustment				58,915,900		
485 DES - DDD Administrative Pass Through Adjustment				161,211,600		
486 ADE - Arizona Department of Education	1,166,831,000		1,166,831,000			1,239,218,700
487 ADE - Classroom Site Fund Adjustment					72,387,700	

1/ Represents original FY 2023 appropriations adjusted for revisions in Lottery Commission and the Universities.

2/ This column does not represent original FY 2024 Baseline changes. This column displays an agency's FY 2024 Baseline funding compared to the final enacted FY 2023 Other Fund spending amount displayed in "FY 2023 OF Revised".

GENERAL FUND SPENDING BY BUDGET UNITS 1/ ONGOING FUNDING

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
EXPENDITURES				
Operating Budget				
-- Department of Administration	\$9,022,800	\$8,965,000	\$8,965,000	\$8,965,000
-- ADOA - School Facilities Division	28,211,600	28,227,800	28,227,800	28,227,800
-- Office of Administrative Hearings	966,800	967,600	967,600	967,600
-- African-American Affairs Commission	141,500			
-- Arizona Department of Agriculture	14,577,700	14,635,900	14,635,900	14,635,900
-- AHCCCS	2,294,168,500	2,501,933,000	2,651,775,200	2,761,469,800
-- Attorney General	26,816,300	27,019,400	27,019,400	27,019,400
-- State Board for Charter Schools	3,292,600	2,810,300	2,810,300	2,810,300
-- Department of Child Safety	447,055,700	455,849,400	464,075,200	464,075,200
-- Commerce Authority	18,550,000	13,550,000	13,550,000	13,550,000
-- Community Colleges	87,737,500	92,644,500	95,853,500	99,263,000
-- Corporation Commission	771,600	774,100	774,100	774,100
-- Department of Corrections	1,398,205,100	1,349,551,000	1,349,551,000	1,349,551,000
-- County Funding	10,650,700	10,650,700	10,650,700	10,650,700
-- Arizona Criminal Justice Commission	4,600,000	4,600,000	4,600,000	4,600,000
-- Schools for the Deaf and the Blind	24,678,400	24,701,700	24,701,700	24,701,700
-- Office of Economic Opportunity	512,800	514,200	514,200	514,200
-- Department of Economic Security	1,071,653,800	1,180,105,900	1,328,726,800	1,412,426,700
-- State Board of Education	3,392,800	3,439,700	3,439,700	3,439,700
-- Department of Education	6,837,309,700	7,403,979,600	7,711,740,900	8,261,268,100
-- Dept. of Emergency & Military Affairs	16,181,400	16,782,600	16,782,600	16,782,600
-- Department of Environmental Quality	15,000,000	15,000,000	15,000,000	15,000,000
-- State Board of Equalization	778,300	744,400	744,400	744,400
-- Board of Executive Clemency	1,314,800	1,355,000	1,355,000	1,355,000
-- Dept. of Forestry and Fire Management	53,068,000	49,157,100	49,157,100	49,157,100
-- Department of Gaming	16,956,500	11,559,600	11,559,600	11,559,600
-- Office of the Governor	9,160,300	9,255,600	9,255,600	9,255,600
-- Gov's Ofc of Strategic Planning and Budgeting	2,900,100	2,690,800	2,690,800	2,690,800
-- Department of Health Services	116,429,700	116,728,700	116,728,700	116,728,700
-- Arizona Historical Society	3,123,200	2,941,200	2,941,200	2,941,200
-- Prescott Historical Society	978,900	987,000	987,000	987,000
-- Arizona Dept. of Homeland Security	10,000,000	10,000,000	10,000,000	10,000,000
-- Industrial Commission	84,600	84,700	84,700	84,700
-- Dept. of Insurance and Financial Institutions	8,024,500	8,073,700	8,073,700	8,073,700
-- Judiciary	157,683,100	164,685,100	165,821,100	165,821,100
-- Department of Juvenile Corrections	37,437,300	30,565,400	30,565,400	30,565,400
-- State Land Department	12,799,700	12,729,700	12,729,700	12,729,700
-- Legislature				
Auditor General	25,854,500	25,872,900	25,872,900	25,872,900
House of Representatives	21,448,600	21,553,400	21,553,400	21,553,400
Joint Legislative Budget Committee	3,079,600	2,872,900	2,872,900	2,872,900
Legislative Council	9,395,800	9,402,800	9,402,800	9,402,800

GENERAL FUND SPENDING BY BUDGET UNITS 1/

ONGOING FUNDING

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Ombudsman	1,489,800	1,542,800	1,542,800	1,542,800
Senate	17,983,000	18,094,300	18,094,300	18,094,300
SUBTOTAL - Legislature	\$79,251,300	\$79,339,100	\$79,339,100	\$79,339,100
-- State Mine Inspector	2,287,300	2,310,500	2,310,500	2,310,500
-- Navigable Stream Adjudication Commission	139,100	140,400	140,400	140,400
-- Department of Public Safety	325,854,600	289,616,200	296,616,200	296,616,200
-- Public Safety Personnel Retirement System	6,000,000	6,000,000	6,000,000	6,000,000
-- State Real Estate Department	3,142,500	3,138,500	3,138,500	3,138,500
-- Department of Revenue	59,293,900	59,297,000	59,297,000	59,297,000
-- Secretary of State	17,665,900	18,202,000	18,264,000	14,264,000
-- Tax Appeals, State Board of	308,100	320,700	320,700	320,700
-- Office of Tourism	8,465,600	8,465,600	8,465,600	8,465,600
-- State Treasurer	4,660,800	4,660,800	4,660,800	4,660,800
-- Governor's Office on Tribal Relations	68,100	67,500	67,500	67,500
-- Universities	873,522,900	874,145,800	874,301,900	874,898,700
-- Department of Veterans' Services	11,295,700	11,361,500	11,361,500	11,361,500
-- Department of Water Resources	24,569,300	24,649,400	24,649,400	24,649,400
-- Phoenix Convention Center Payment	24,999,400	25,498,600	25,998,700	26,497,400
-- Rio Nuevo District	16,000,000	16,000,000	16,000,000	16,000,000
-- HRIS Adjustment (FY 25 Change)			(7,000,000)	(7,000,000)
-- Unallocated FY 24 Statewide Retirement Adjustment		100	100	100
-- Unallocated FY 23 Rent Adjustments	(1,200)			
-- Unallocated FY 23 HRIS Fee Adjustments	2,100			
-- Unallocated FY 23 Salary Adjustments	153,500			
Total - Operating Budget	\$14,201,915,200	\$15,001,474,100	\$15,620,987,500	\$16,364,414,200
-- Water Supply Funding (TPT Diversion in FY 23)		189,200,000	333,000,000	
-- ADE Formula Supplemental	180,624,300			
-- Medicaid Reversion (Enhanced Match/Other)	(482,000,000)			
-- Capital Outlay	238,257,400	187,946,500	29,832,100	23,700,000
-- Reduce K-12 Rollover	65,000,000			
-- FY 23 Supplementals/Ex-Appropriations	28,182,500			
-- Pension Payoff (EORP Deposit)	60,000,000			
-- Transportation Funding	83,000,000	620,209,600		
-- Operating One-Time Spending	1,150,314,600	1,885,038,800	267,749,700	220,987,400
-- Administrative Adjustments	225,000,000	150,000,000	170,000,000	170,000,000
-- Revertments	(158,080,000)	(215,000,000)	(215,000,000)	(215,000,000)
Total Spending	\$15,592,214,000	\$17,818,869,000	\$16,206,569,300	\$16,564,101,600

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 General Fund Adjustments" table (see page BH-20).

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Operating				
Acupuncture - eLicensing Upgrade	5,500			
Acupuncture - Named Claimants (Laws 2023, Ch. 83)	1,200			
ADOA - Federal Financial Participation Repayment	3,107,700			
ADOA - Accounting System Upgrade	3,500,000	4,557,000		
ADOA - Accounting System Upgrade Agency Charges	1,110,000			
ADOA - Named Claimants (Laws 2023, Ch. 83)	4,700			
APF - Agriculture IT Projects/Cloud Migration	2,000,000			
APF - ADE K-12 Financial Transparency	1,500,000			
APF - ADOA Business One-Stop	15,614,300			
APF - ADOA Personnel System Replacement	22,397,800	20,647,800		
APF - DOR Integrated Tax System	15,819,800	19,369,400	19,456,800	19,256,800
APF - SOS Electronic Record Storage Study	300,000			
APF - DWR Application Modernization/Integration	1,700,000			
APF - Health and Human Services Systems Upgrades		15,000,000		
APF - Corporation Commission Ecorp System		7,000,000		
APF - DPS Concealed Weapons Tracking System		494,500		
APF - Supreme Court Probation Case Management System		3,270,000		
APF - Statewide Community Supervision Electronic Monitoring		2,500,000		
APF - School Financial Transparency Portal		2,000,000		
Agriculture - Nuclear Emergency Mgmt (Laws 2023, Ch. 114)	280,500	321,300	308,600	
AHCCCS - Children's Behavioral Health Fund Deposit		250,000		
AHCCCS - Supplemental Funding (Laws 2023, Ch. 17)	29,243,800			
AHCCCS - Supplemental Funding (Laws 2023, Ch. 113)	58,487,600			
Athletic Training - eLicensing Upgrade	7,300			
Attorney General - Attorney Stipend/Retention Bonus	3,000,000			
Attorney General - Child and Family Advocacy Centers	500,000	500,000		
Attorney General - Expert Witness and Outside Counsel	2,000,000			
Attorney General - Medical Fraud Staff	13,000			
Attorney General - Medical Fraud Staff Vehicle Purchases	63,000			
Attorney General - State Liability Attorneys	110,500			
Attorney General - Opioid Abatement	5,000,000	12,000,000		
Attorney General - Colorado City Radio Dispatch	400,000			
Attorney General - Victims' Rights Fund (Laws 2022, Ch. 333)	1,400,000			
Attorney General - One-Time Funding		3,000,000		
Barbering/Cosmetology - eLicensing Upgrade	149,300			
Barbering/Cosmetology - Data Migration		200,000		
Behavioral Health Examiners - IT Costs	56,700			
Chiropractic Examiners - eLicensing Upgrade	2,800			
ACA - Applied Research Centers	5,000,000			
Corporation Commission - One-Time Operating Costs		1,200,000		
ADC - Field Officer Vehicle Purchases	1,560,000			
ADC - Therapeutic Community Unit	655,300			
ADC - Body Scanner Purchases	2,642,700			
ADC - Leap Year Funding		1,606,700		
ADC - Florence Closure Costs		1,000,000		
ADC - Transitional Housing Grants		2,000,000		
Deaf & Hard of Hearing Comm. - DeafBlind Aging Research	115,000			
Deaf & Hard of Hearing Comm. - ASL User Support Group	15,000			
Dental Examiners - eLicensing Upgrade	34,200			
DEMA - Nuclear Emergency Mgmt (Laws 2023, Ch. 114)	1,987,400	2,113,500	2,176,000	
DEMA - Border Security Funding	209,205,000			
DEQ - Coal Combustion Residual Program	85,000			
DEQ - Forestry Biomass Recovery	1,000,000			
DEQ - Eliminate Aqueous Film Forming Foam Stockpile	395,500			
DEQ - Water Quality Fee Fund Increase		9,500,000		
DEQ - Recycling Fund Increase		3,000,000		
State Fair - Enhanced State Fair Operations	3,000,000			
Funeral Directors - eLicensing Upgrade	18,000			
Game and Fish - Mitigate Drought Conditions	1,490,400			
DHS - Homeless Pregnant Women Services	100,000			
DHS - Funeral Board Agency Transfer (Laws 2023, Ch. 194)	870,000			
Homeland Security - Cybersecurity Costs	1,190,500	225,000		

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Homeopathic Medicine - Named Claimants (Laws 2023, Ch. 83)	900			
Industrial Commission - Named Claimants (Laws 2023, Ch. 83)	1,100			
DIFI - Licensing System IT Upgrade	700,000			
DIFI - Theft Task Force Vehicle Fuel Costs		68,600		
Supreme Court - Dependent Children Automated Tracking System	183,000			
Land - Continue to Digitize Paper Flow	1,500,000			
Liquor - Vehicle Purchases	294,000			
Liquor - Sworn Personnel Radio Purchases	126,000			
Liquor - Additional Investigators	159,600			
Liquor - IT Improvements	20,300			
Massage Therapy - eLicensing Upgrade	30,000			
Medical Board - eLicensing Upgrade	102,500			
Medical Board - Named Claimants (Laws 2023, Ch. 83)	23,100			
Naturopathic Board - Named Claimants (Laws 2023, Ch. 83)	1,400			
Nursing - One-Time Staff Attorney Costs		4,100		
Nursing - One-Time Licensing Specialist Costs		8,200		
Nursing Care Inst. Admin. - eLicensing Upgrade	31,800			
Nursing Care Inst. Admin. - Named Claimants (Laws 2023, Ch. 83)	2,800			
Occupational Therapy - eLicensing Upgrade	18,900			
Occupational Therapy - Laptop Replacements	4,300			
Dispensing Opticians - eLicensing Upgrade	6,200			
Optometry - eLicensing Upgrade	7,500			
Optometry - Named Claimants (Laws 2023, Ch. 83)	1,800			
Osteopathic Examiners - Annual Leave Payout	11,000	14,500		
Parks - Arizona Trail Maintenance	250,000			
Parks - One-Time Dispatch Services ISA Costs		285,200		
Personnel Board - Named Claimants (Laws 2023, Ch. 83)	1,100			
Pharmacy - eLicensing Upgrade	102,000			
Physical Therapy - eLicensing Upgrade	43,400			
Pioneers' Home - Computer Replacements	32,000			
Podiatry - eLicensing Upgrade	4,500			
Private Postsecondary - eLicensing Upgrade	2,500			
Private Postsecondary - Named Claimants (Laws 2023, Ch. 83)	3,400			
Psychologist Examiners - eLicensing Upgrade	15,200			
Psychologist Examiners - Named Claimants (Laws 2023, Ch. 83)	2,400			
DPS - Shift Vehicle Liability Insurance Fund Costs to HPF		Yes		
DPS - Master Site Upgrade		3,000,000		
DPS - Motor Vehicle Fuel Inflation	3,364,200	3,671,200		
Respiratory Care Examiners - eLicensing Upgrade	21,700			
ASRS - Cloud Migration Funding	65,200	154,000		
DOR - Shift Administrative Fund Spending to General Fund		(2,000,000)		
SOS - Appropriate HAVA Balance		5,000,000		
Technical Registration - eLicensing Upgrade	20,400			
ADOT - One-Time Vehicle Purchases	4,381,000	18,665,200		
ADOT - State Fleet Fuel Inflation Adjustment	8,600,000			
ADOT - ADOT Fleet Fuel Inflation Adjustment	6,000,000			
ADOT - Building System Management Upgrade	1,028,300			
ADOT - MVD Security Modernization	931,900	730,900		
ADOT - Construction Management System Replacement	300,000			
ADOT - Driver License Security Software Upgrade	2,100,000			
ADOT - Travel ID Implementation	6,013,200			
ADOT - Transfer from MVLIE to Vehicle Inspection Fund	350,000			
ADOT - Inflation Adjustments for Highway Maintenance	51,000,000			
ADOT - Passenger Rail Service Costs		250,000		
ADOT - ADOT Fleet Fuel Inflation Adjustment		2,337,900		
ADOT - Computer Aided Dispatch System Replacement		336,800		
ADOT - MVD Paper Costs		701,700		
ADOT - State Fleet Operating Adjustments		6,791,800		
ADOT - Additional Highway Maintenance Funding	15,200,000			
ADOT - Named Claimants (Laws 2023, Ch. 83)	9,300			
Veterans - Hyperbaric Oxygen Therapy GF Reimbursement	25,000			
Veterinary Board - Named Claimants (Laws 2023, Ch. 83)	4,300			
Subtotal - Operating Funding	500,236,700	151,775,300	21,941,400	19,256,800

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
Capital Outlay				
ADOA - Building Renewal	16,000,000	14,000,000		
State Fair - Building Renewal	1,000,000	3,802,100		
ADC - Building Renewal	5,864,300	5,864,300		
Game and Fish - Building Renewal	1,459,600	1,776,400		
Lottery - Building Renewal	176,400	214,200		
Parks - Building Renewal	2,742,800	3,034,400		
Pioneers' Home - Building Renewal	396,500	468,700		
ADOT - Building Renewal	18,607,200	22,420,200		
ADOA - 1616/1688 W. Adams Renovations	5,000,000			
Game and Fish - Dam Maintenance	150,000	150,000		
Game and Fish - Property Maintenance	300,000	300,000		
Game and Fish - Hatchery Maintenance		400,000		
Game and Fish - Water Conservation Projects		500,000		
DHS - Water Pump Replacements		209,000		
DHS - Water Isolation Valve Replacements		200,000		
Liquor - Space Reconfiguration	3,500,000			
Parks - Dead Horse Amphitheater - FY 2022 Inflation Adjustment	210,000			
Parks - Red Rock Historic Building Renovations			4,000,000	
Parks - Rockin' River Ranch	1,750,000			
Parks - Rockin' River Ranch - FY 2022 Inflation Adjustment	336,800			
Parks - Jerome Mansion /Carriage House Fire Suppression Project	1,540,000			
Parks - Relocate Southern Region Construction Services	2,000,000			
Parks - Tonto Natural Bridge Historic Building Renovation	3,500,000			
Parks - Tombstone Courthouse State Historic Park Renovations	2,008,500			
Parks - Catalina State Park Bridge Construction	1,500,000	5,813,000		
Parks - Statewide Campground Improvements	4,100,000	4,100,000	4,100,000	
Parks - Statewide Solar Shade Structures	2,233,300	2,233,300	2,233,300	
Parks - Statewide Water Conservation Projects	1,339,000	1,339,000	1,339,000	
Parks - Smart Phone Application	535,600			
Parks - Riordan Mansion Historic Building Renovations		2,900,000		
Parks - Oracle Historic Building Renovations		2,008,500		
Parks - Yuma Territorial Prison Historic Renovations		750,000	5,945,000	
Parks - San Rafael Historic Building Renovations			1,500,000	
Parks - Veterans Memorial State Park (Laws, 2023, Ch. 199)		10,000,000		
Pioneers' Home - Cemetery Columbarium		75,000		
Pioneers' Home - Cemetery Parking		250,000		
ADOT - Statewide Highway Construction	194,220,000	168,607,000		
ADOT - Controlled Access	137,671,000	137,145,000		
ADOT - Debt Service	138,482,000	138,491,000		
ADOT - Airport Planning	27,100,000	35,000,000		
ADOT - 206 Annex Building Renovation	9,309,300			
ADOT - Relocate Tucson Signal Equipment Repair Shop	2,124,000			
ADOT - Replace 4 Vehicle Fueling Facilities	3,026,900			
ADOT - Replace Superior De-Icer Storage Barn	1,200,000			
ADOT - Wickenburg Maintenance Facility Inflation Adjustment	2,985,000			
ADOT - 3 Vehicle Facilities Inflation Adjustment	371,200			
ADOT - 4 Liquid Brine Tanks Inflation Adjustment	400,000			
ADOT - I-10 Funding as TPT Diversion (Phx to Casa Grande)	400,000,000			
ADOT - Additional I-10 Lanes (SR-85 to Citrus Road)	60,910,000			
ADOT - Jackrabbit Trail Improvements	20,080,000			
ADOT - SR-24 Acquisition and Pinal County Connector	15,000,000			
ADOT - US-60 Pavement Rehabilitation (Loop 101 to Loop 202)	38,482,000			
ADOT - SR-69/SR-169 Roundabout Construction	8,022,500			
ADOT - SR-74/Lake Pleasant Pkwy Study and Design	5,000,000			
ADOT - SR-79/Hunt Highway Intersection Assessment Cost	100,000			
ADOT - SR-87/Skousen Road Intersection Assessment Cost	100,000			
ADOT - SR-89/SR-89A Interchange Improvements	600,000			
ADOT - SR-90 Pavement Rehab (Campus Dr to Border Patrol)	38,620,000			
ADOT - US-191 Pavement Rehabilitation (MP 163 to MP 173)	22,152,000			
ADOT - Loop 101 Screen Wall (Near 16th Street)	7,250,000			
ADOT - Loop 101 Screen 51st Ave to 59th Ave	9,514,000			

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2023 Enacted	FY 2024 Enacted	FY 2025 Estimate	FY 2026 Estimate
ADOT - US-191 Pavement Rehab (Armory Rd to East Safford)	18,981,000			
ADOT - SR-238 Improvements (SR-347 to Green Rd) (Design)	800,000			
ADOT - Design for Loop 303 Project (I-17 to Lake Pleasant Pkwy)	4,000,000			
ADOT - Design for Loop 303/I-17 Interchange	19,000,000			
ADOT - SR-347 Widening (SR-347 to Maricopa)	6,000,000			
ADOT - SR-238/SR-347 Improvements (Maricopa)	10,300,000			
ADOT - Gila River Indian Community Infrastructure	2,000,000			
ADOT - SR-87 Engineering and Design (Coolidge)	700,000			
ADOT - SR-389/Arizona Avenue Intersection Assessment Cost	100,000			
ADOT - Lake Havasu Bridge Impact Study	200,000			
ADOT - Prescott Airport Education Complex	600,000			
ADOT - Flagstaff Downtown Connection Center	6,000,000			
ADOT - Gila Bend Sentinel Exit Lighting	1,085,000			
ADOT - Airport Improvement Projects (Aviation Fund)	20,000,000			
ADOT - Tier II Study (North-South Corridor in Pinal)	15,000,000			
ADOT - Tier II Study (Sonoran Corridor in Pima)	14,000,000			
ADOT - Tier II Study (I-II in Maricopa)	25,000,000			
ADOT - State Match Advantage for Rural Transportation Fund	50,000,000			
ADOT - FY 22 Inflation - SR-69 Repaving (Prescott Valley)	1,823,000			
ADOT - FY 22 Inflation - SR-95 Projects (Bullhead/Lake Havasu)	13,373,000			
ADOT - FY 22 Inflation - SR-347/Riggs Rd Overpass (Construction)	24,000,000			
ADOT - FY 22 Inflation - Wilcox SR-186 Funding	1,455,000			
ADOT - FY 22 Inflation - SR-90 Improvements	3,300,000			
ADOT - FY 22 Inflation - Pavement Rehabilitation	31,500,000			
ADOT - Tucson North MVD Renovation		4,100,000		
ADOT - Keams Canyon Truck Barn/Office		3,400,000		
ADOT - Replace 3 Vehicle Fueling Stations		2,600,000		
ADOT - Electric Charging/Adv. Fuel Infrastructure (MVD Public Use)		2,500,000		
ADOT - Electric Charging/Adv. Fuel Infra. (State/ADOT Fleet)		5,000,000		
ADOT - Statewide Water Conservation Projects		2,500,000		
Subtotal - Capital Outlay Funding	1,488,186,900	582,151,100	19,117,300	-
Total - One-Time Spending	1,988,423,600	733,926,400	41,058,700	19,256,800

CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS

GENERAL FUND 1/

GF General Appropriation Act - Individual Agency	2/	GF HITF Reduction	3/	GF HITF Increase	3/	GF AFIS Transaction Fee Adjustments	3/	GF Rent & COP Adjustments	3/	GF Risk Management Adjustments	3/	GF Fleet Adjustments	3/	GF FY 2023 Salary Corrections	3/	GF Retirement Adjustments	3/	GF FY 2024 Additional Appropriations	4/	GF Prior Year/ Statutory Appropriations	5/	GF FY 2024 Approps Rpt Total
BUDGET UNITS																						
Administration, Arizona Department of	\$44,450,900	(\$328,100)		\$226,100		\$200		\$0		(\$88,700)		\$2,500		\$21,100		\$9,600						\$44,293,600
Administration, Arizona Department of Automation Projects Fund	34,564,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		\$1,500,000			36,064,100
Administration, Arizona Department of - School Facilities Division	330,642,500	(41,500)		31,300		0		24,300		(12,300)		300		2,900		1,300		26,365,000				357,013,800
Administrative Hearings, Office of	1,178,900	(32,100)		22,400		0		0		0		0		0		800						1,170,000
African-American Affairs, Arizona Commission of	0	0		0		0		0		0		0		0		0						0
Agriculture, Arizona Department of	16,154,200	(376,900)		262,500		600		4,300		13,000		813,000		30,500		9,800						16,911,000
AHCCCS	2,515,575,000	(1,371,400)		955,000		17,100		0		161,300		(46,100)		89,000		22,000						2,515,401,900
Arts, Arizona Commission on the	5,000,000	0		0		0		0		0		0		0		0						5,000,000
Attorney General - Department of Law	27,437,900	(706,600)		492,100		800		0		148,100		237,700		68,000		(13,800)		85,000				27,749,200
Charter Schools, State Board for	2,939,200	(35,600)		24,800		0		(26,800)		(101,900)		0		33,600		1,800						2,835,100
Child Safety, Department of	496,179,600	(673,300)		468,900		31,400		(28,900)		0		0		1,921,400		95,600						497,994,700
Commerce Authority, Arizona	62,650,000	0		0		0		0		0		0		0		0						62,650,000
Community Colleges, Arizona	116,901,300	0		0		0		0		0		0		0		0		10,000,000		6,943,200		133,844,500
Corporation Commission	807,200	(35,600)		24,800		100		0		0		0		1,700		700						798,900
Corrections, State Department of	1,492,541,000	(30,269,700)		21,079,500		22,900		0		(1,198,600)		0		1,348,800		0						1,483,523,900
County Funding	17,650,700	0		0		0		0		0		0		0		0						17,650,700
Criminal Justice Commission, Arizona	14,600,000	0		0		0		0		0		0		0		0						14,600,000
Deaf and the Blind, Schools for the	25,571,700	(893,300)		622,100		1,300		0		0		667,500		5,500		16,500						25,991,300
Economic Opportunity, Office of	5,525,800	(13,000)		9,100		0		0		0		0		900		500						5,523,300
Economic Security, Department of	1,211,858,700	(2,798,700)		1,949,000		25,000		(100)		(1,100)		0		240,800		142,100						1,211,415,700
Education, State Board of	3,376,700	(14,800)		10,300		0		26,900		(300)		0		48,800		2,400						3,450,000
Education, Department of	6,733,358,700	(334,600)		233,000		700		(14,300)		2,200		7,800		83,800		14,000				1,027,727,700		7,761,079,000
Emergency and Military Affairs, Department of	14,547,300	(125,800)		87,600		800		0		571,600		1,989,400		24,800		4,000				4,090,000		21,189,700
Environmental Quality, Department of	16,000,000	0		0		0		0		0		0		0		0				15,000,000		31,000,000
Equalization, State Board of	737,900	(9,600)		6,700		0		(1,200)		(7,300)		0		24,200		400						751,100
Executive Clemency, Board of	1,426,300	(22,000)		15,300		0		0		200		0		0		1,000						1,420,800
Forestry and Fire Management, Arizona Department of	50,375,100	(254,500)		177,200		400		1,400		0		3,270,900		20,800		13,900				4,000,000		57,605,200
Gaming, Department of	13,159,600	0		0		0		0		0		0		0		0						13,159,600
Governor, Office of the	12,422,700	(120,900)		84,200		200		0		(99,000)		0		48,200		4,400						12,339,800
Governor's Office of Strategic Planning and Budgeting	2,961,400	(61,300)		42,700		0		0		(4,700)		0		0		(204,600)						2,733,500
Health Services, Department of	166,983,600	(2,504,600)		1,744,200		3,500		(625,700)		92,300		403,900		195,800		67,900						166,360,900
Historical Society, Arizona	3,214,700	(91,500)		63,700		100		0		(184,400)		40,900		0		2,300						3,045,800
Historical Society, Prescott	1,016,100	(37,200)		25,900		0		0		(4,300)		0		11,600		800						1,012,900
Homeland Security, Department of	25,000,000	0		0		0		0		0		0		0		0						25,000,000
Housing, Department of	196,900,000	0		0		0		0		0		0		0		0						196,900,000
Independent Redistricting Commission	0	0		0		0		0		0		0		0		0						0
Industrial Commission of AZ	84,600	0		0		0		0		0		0		0		100						84,700
Insurance and Financial Institutions, Department of	8,463,000	(188,500)		131,300		700		(3,900)		10,000		93,500		36,700		5,700						8,548,500
Judiciary																						
Supreme Court	29,271,000	(926,000)		644,900		700		(97,000)		(42,800)		0		10,500		69,100						28,930,400
Court of Appeals	24,498,400	(431,200)		300,300		100		175,300		300		0		0		167,600						24,710,800
Superior Court	119,680,200	0		0		0		0		166,400		0		112,300		627,400						120,586,300
SUBTOTAL - Judiciary	173,449,600	(1,357,200)		945,200		800		78,300		123,900		0		122,800		864,100		0		0		174,227,500
Juvenile Corrections, Department of	31,753,400	(1,170,400)		815,100		1,100		(3,700)		(16,000)		440,300		1,000		0						31,820,800
Land Department, State	13,159,300	(359,600)		250,400		300		9,700		(99,900)		0		11,400		8,500						12,980,100
Legislature																						
Auditor General	28,491,600	(637,100)		443,700		100		0		0		0		0		18,300						28,316,600
House of Representatives	24,020,300	(571,700)		398,100		200		0		87,600		0		0		17,000						23,951,500
Joint Legislative Budget Committee	3,144,500	(64,900)		45,200		0		0		(2,100)		0		0		(204,600)						2,918,100
Legislative Council	9,546,500	(150,700)		104,900		100		0		2,400		0		0		4,500						9,507,700
Ombudsmen-Citizens Aide Office	1,569,200	(26,400)		18,400		0		0		0		0		0		0						1,561,200
Senate	20,385,300	(402,300)		280,200		200		0		101,400		0		0		9,700						20,374,500
SUBTOTAL - Legislature	87,157,400	(1,853,100)		1,290,500		600		0		189,300		0		0		(155,100)		0		0		86,629,600
Mine Inspector, State	2,722,900	(35,600)		24,800		0		0		(1,900)		43,500		20,700		4,400						2,778,800
Navigable Stream Adjudication Commission	144,200	(5,100)		3,600		0		0		(100)		0		1,200		200						144,000
Nursing, State Board of	450,000	0		0		0		0		0		0		0		0						450,000
Parks Board, Arizona State	11,700,000	0		0		0		0		0		0		0		0						11,700,000
Power Authority, Arizona	1,000,000	0		0		0		0		0		0		0		0						1,000,000

CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS GENERAL FUND 1/

GF General Appropriation Act - Individual Agency	2/ Reduction	3/ Increase	3/ Adjustments	3/ Adjustments	3/ Adjustments	3/ Adjustments	3/ Adjustments	3/ Corrections	3/ Adjustments	4/ Appropriations	5/ Appropriations	GF FY 2024 Approps Rpt Total
Public Safety, Department of	363,993,000	(1,807,500)	1,258,700	4,100	0	(272,300)	0	2,964,600	0			366,140,600
Public Safety Personnel Retirement System	0	0	0	0	0	0	0	0	0		6,000,000	6,000,000
Real Estate Department, State	3,221,000	(78,500)	54,700	100	(2,300)	(4,000)	4,800	0	2,200			3,198,000
Revenue, Department of	61,863,300	(569,400)	1,240,700	2,500	0	(85,600)	49,900	39,700	46,500			62,587,600
Secretary of State	22,693,200	(321,200)	223,700	400	0	(6,700)	0	13,500	8,900		70,000	22,681,800
Tax Appeals, State Board of	317,700	(9,600)	6,700	0	(400)	(700)	0	13,400	300			327,400
Tourism, Office of	9,052,600	(87,000)	60,600	0	0	0	0	0	0			9,026,200
Transportation, Department of	550,000	0	0	0	0	0	0	0	0			550,000
Treasurer, State	88,798,500	0	0	0	0	0	0	0	0		12,500,000	101,298,500
Tribal Relations, Governor's Office on	69,900	(1,800)	1,300	0	0	(700)	0	0	100			68,800
Universities												
Board of Regents	98,138,000	(44,100)	30,700	0	0	693,000	0	0	(10,500)			98,807,100
Arizona State University	391,698,400	(23,457,100)	16,335,300	0	0	56,800	0	0	60,400		26,508,100	411,201,900
Northern Arizona University	129,004,400	(1,192,000)	830,100	0	0	0	0	0	37,600		10,245,400	138,925,500
University of Arizona - Main Campus	286,710,800	(28,988,800)	20,187,500	0	0	(70,300)	0	0	(733,200)		25,791,200	302,897,200
University of Arizona - Health Sciences Center	80,397,700	0	0	0	0	0	0	0	0			80,397,700
SUBTOTAL - Universities	985,949,300	(53,682,000)	37,383,600	0	0	679,500	0	0	(645,700)	0	62,544,700	1,032,229,400
Veterans' Services, Department of	21,564,200	(153,500)	106,900	500	0	41,300	175,300	16,100	7,900			21,758,700
Water Infrastructure Finance Authority	65,010,000	0	0	0	0	0	0	0	0		189,200,000	254,210,000
Water Resources, Department of	66,114,500	(445,200)	310,000	500	4,300	3,600	0	53,700	18,000			66,059,400
OPERATING BUDGET TOTAL	\$15,682,990,400	(\$103,277,800)	\$72,766,200	\$116,700	(\$558,100)	(\$154,200)	\$8,195,100	\$7,517,000	\$359,500	\$10,000,000	\$1,356,025,600	\$17,033,980,400
Remove '23 Health Insurance Adjustments	(103,277,800)	103,277,800	0	0	0	0	0	0	0	0	0	0
Health Insurance Adjustments	73,000,000	0	(72,766,200)	0	0	0	0	0	0	0	0	233,800
AFIS Transaction Fee Adjustments	116,700	0	0	(116,700)	0	0	0	0	0	0	0	0
Rent and COP Adjustments	(558,100)	0	0	0	558,100	0	0	0	0	0	0	0
Risk Management Adjustments	(154,200)	0	0	0	0	154,200	0	0	0	0	0	0
Fleet Adjustments	8,195,100	0	0	0	0	0	(8,195,100)	0	0	0	0	0
FY 2023 Salary Corrections	7,517,000	0	0	0	0	0	0	(7,517,000)	0	0	0	0
Retirement Adjustments	359,500	0	0	0	0	0	0	0	(359,500)	0	0	100
Capital Outlay - Phoenix Convention Center Debt Service	25,498,600	0	0	0	0	0	0	0	0	0	0	25,498,600
Capital Outlay - Rio Nuevo District 3/	16,000,000	0	0	0	0	0	0	0	0	0	0	16,000,000
Capital Outlay	798,156,100	0	0	0	0	0	0	0	0	0	10,000,000	808,156,100
Administrative Adjustments	150,000,000	0	0	0	0	0	0	0	0	0	0	150,000,000
Reversions	(215,000,000)	0	0	0	0	0	0	0	0	0	0	(215,000,000)
GRAND TOTAL	\$16,442,843,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	10,000,000	\$1,366,025,600	\$17,818,869,000

1/ This chart provides a crosswalk between an agency's appropriation in the FY 2024 General Appropriation Act (Laws 2023, Chapter 133) and the individual agency amount as it appears in the FY 2024 Appropriations Report.

2/ Represents individual agency section of the FY 2024 General Appropriation Act and other direct appropriations in the General Appropriation Act.

3/ Section 123 of the FY 2024 General Appropriation Act appropriates statewide adjustments from the General Fund for Arizona Financial Information System Adjustments, Agency Rent and COP Adjustments, Agency Retirement Adjustments, Employer Health Insurance Contribution Increases, Risk Management Adjustments, Salary Increase Adjustments and State Fleet Rate Adjustments. Section 123 requires JLBC Staff to determine the agency-by-agency distribution of these funds, which are reflected below.

4/ Appropriations separate from the FY 2024 General Appropriation Act enacted in the 56th Legislature, 1st Regular Session. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

5/ Represents ongoing statutory appropriations or appropriations enacted prior to the 56th Legislature, 1st Regular Session. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS OTHER FUNDS 1/

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Adjustments 3/	OF AFIS Transaction Fee Adjustments 3/	OF Rent & COP Adjustments 3/	OF Risk Management Adjustments 3/	OF Fleet Adjustments 3/	OF FY 2023 Salary Corrections 3/	OF Retirement Adjustments 3/	OF FY 2024 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2024 Approps Rpt Total
BUDGET UNITS												
Accountancy, State Board of												
Board of Accountancy Fund	\$2,236,600	(\$55,000)	\$38,300	\$100	(\$1,500)	\$2,700	\$0	\$8,000	\$1,200			\$2,230,400
Acupuncture Board of Examiners												
Acupuncture Board of Examiners Fund	194,300	(600)	400	0	0	(700)	0	7,000	200			200,600
Administration, Arizona Department of												
Air Quality Fund	928,000	0	0	0	0	0	200	0	0			928,200
Arizona Financial Information System Collections Fund	14,442,100	(110,000)	76,600	0	0	(31,300)	0	5,300	3,500			14,386,200
Automation Operations Fund	29,901,000	(164,100)	114,300	7,600	16,600	(170,100)	9,800	6,600	4,700			29,726,400
Capital Outlay Stabilization Fund	19,200,200	(235,400)	163,900	2,600	0	(69,700)	4,200	11,100	4,300			19,081,200
Corrections Fund	634,600	(7,300)	5,100	0	0	(4,800)	0	800	500			628,900
Cyber Risk Insurance Fund	23,037,200	0	0	0	0	0	0	0	0			23,037,200
Federal Surplus Materials Revolving Fund	468,500	(2,200)	1,500	0	0	0	400	0	0			468,200
Information Technology Fund	2,292,000	(25,800)	18,000	500	0	(132,200)	100	5,300	1,400			2,159,300
Personnel Division Fund	13,779,500	(228,100)	158,800	100	100	(67,300)	4,300	16,700	8,400			13,672,500
Risk Management Revolving Fund	99,955,800	(146,400)	102,000	2,800	9,100	(40,900)	2,800	6,600	4,300			99,896,100
Special Employee Health Insurance												
Trust Fund	5,719,900	(103,300)	71,900	5,300	11,000	(31,300)	1,900	5,900	3,400			5,684,700
Special Services Revolving Fund	1,257,300	(29,500)	20,500	200	100	(7,200)	0	900	700			1,243,000
State Surplus Materials Revolving Fund	3,064,600	(26,100)	18,200	100	100	(9,600)	0	900	700			3,048,900
State Web Portal Fund	8,465,600	(89,900)	62,600	100	2,400	(22,200)	1,900	5,500	3,300			8,429,300
Telecommunications Fund	1,814,000	(38,600)	26,900	0	0	(7,200)	600	1,500	1,000			1,798,200
Total - Arizona Department of Administration	224,960,300	(1,206,700)	840,300	19,300	39,400	(593,800)	26,200	67,100	36,200	0	0	224,188,300
Administration, Arizona Department of - Automation Projects Fund												
Automation Projects Fund	\$70,281,700	0	0	0	0	0	0	0	0		1,500,000	71,781,700
Agriculture, Arizona Department of												
Air Quality Fund	1,597,800	(61,300)	42,700	0	0	500	0	2,300	900			1,583,300
Nuclear Emergency Management Fund	0	0	0	0	0	0	0	0	0	321,300		321,300
Total - Arizona Department of Agriculture	1,597,800	(61,300)	42,700	0	0	900	0	2,300	900	321,300	0	1,904,600
AHCCCS												
Budget Neutrality Compliance Fund	4,669,300	0	0	0	0	0	0	0	0			4,669,300
Children's Health Insurance Program Fund	150,835,600	(40,400)	28,100	1,900	0	6,100	0	1,000	1,300			150,833,600
Prescription Drug Rebate Fund - State	165,410,800	(1,200)	800	0	0	0	0	0	100			165,410,500
Seriously Mentally Ill Housing Trust Fund	217,300	0	0	0	0	0	0	200	200			217,700
Substance Abuse Services Fund	2,250,200	0	0	0	0	0	0	0	0			2,250,200
Tobacco Products Tax Fund												
Emergency Health Services Account	17,458,500	0	0	0	0	0	0	0	0			17,458,500
Tobacco Tax and Health Care Fund												
Medically Needy Account	67,258,900	0	0	0	0	0	0	0	0			67,258,900
Total - AHCCCS	408,100,600	(41,600)	28,900	1,900	0	6,100	0	1,200	1,600	0	0	408,098,700
Athletic Training, Board of												
Athletic Training Fund	150,000	(5,100)	3,600	0	0	(100)	0	16,800	100			165,300
Attorney General - Department of Law												
Antitrust Enforcement Revolving Fund	161,400	(3,400)	2,400	0	0	0	0	300	200			160,900
Attorney General Legal Services Cost Allocation Fund	2,326,200	(61,300)	42,700	0	0	0	0	5,700	1,600			2,314,900
Collection Enforcement Revolving Fund	7,599,300	(237,200)	165,200	600	0	0	0	17,300	(313,100)			7,232,100
Consumer Protection-Consumer Fraud Rev. Fund	19,003,900	(130,000)	90,500	200	0	0	0	46,200	(645,900)			18,364,900
Consumer Restitution and Remediation Revolving												
Fund - Consumer Remediation Subaccount	12,000,000	0	0	0	0	0	0	0	0			12,000,000
Interagency Service Agreements Fund	18,199,300	(433,400)	301,800	0	0	0	0	47,100	(36,700)			18,078,100
Internet Crimes Against Children Enforcement Fund	900,000	0	0	0	0	0	0	0	0			900,000
Risk Management Revolving Fund	13,197,600	(290,400)	202,200	100	0	0	0	28,700	9,500			13,147,700
Victims' Rights Fund	3,812,700	(6,300)	4,400	100	0	0	0	1,400	500			3,812,800
Total - Attorney General - Department of Law	77,200,400	(1,162,000)	809,200	1,000	0	0	0	146,700	(983,900)	0	0	76,011,400
Barbering and Cosmetology Board												
Barbering and Cosmetology Fund	2,915,500	(90,800)	63,200	300	0	(2,700)	0	0	1,400			2,886,900
Behavioral Health Examiners, Board of												
Board of Behavioral Health Examiners Fund	2,123,000	(44,300)	30,900	200	0	(7,000)	0	8,400	1,500			2,112,700
Child Safety, Department of												
Child Abuse Prevention Fund	1,459,300	0	0	0	0	0	0	0	0			1,459,300
Child Welfare Licensing Fee Fund	1,020,800	0	0	0	0	0	0	0	900			1,021,700
Children and Family Services Training												
Program Fund	208,000	0	0	0	0	0	0	0	0			208,000
Federal Child Care and Development Fund												
Block Grant	40,516,000	0	0	0	0	0	0	0	0			40,516,000
Federal Temporary Assistance for Needy												
Families Block Grant	161,082,200	0	0	0	0	0	0	0	0			161,082,200
Total - Department of Child Safety	204,286,300	0	0	0	0	0	0	0	900	0	0	204,287,200

CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS
OTHER FUNDS 1/

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Adjustments 3/	OF AFIS Transaction Fee Adjustments 3/	OF Rent & COP Adjustments 3/	OF Risk Management Adjustments 3/	OF Fleet Adjustments 3/	OF FY 2023 Salary Corrections 3/	OF Retirement Adjustments 3/	OF FY 2024 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2024 Approps Rpt Total
Chiropractic Examiners, State Board of												
Board of Chiropractic Examiners Fund	537,200	(11,900)	8,300	0	0	(900)	0	9,400	300			542,400
Contractors, Registrar of												
Registrar of Contractors Fund	13,754,600	(318,700)	221,900	0	0	(1,000)	396,500	6,300	8,200			14,067,800
Corporation Commission												
Arizona Arts Trust Fund	58,800	(4,000)	2,800	0	0	(100)	0	100	100			57,700
Investment Management Regulatory and Enforcement Fund	1,312,000	(27,900)	19,400	0	0	(400)	0	1,900	700			1,305,700
Public Access Fund	8,464,500	(196,800)	137,000	200	0	(3,100)	0	14,100	4,900			8,420,800
Securities Regulatory and Enforcement Fund	7,706,900	(162,800)	113,400	200	0	(1,900)	0	12,300	4,400			7,672,500
Utility Regulation Revolving Fund	18,736,100	(384,000)	267,400	400	0	(5,800)	87,200	35,200	35,700			18,772,200
Total - Corporation Commission	36,278,300	(775,500)	540,000	800	0	(11,300)	87,200	63,600	45,800	0	0	36,228,900
Corrections, State Department of												
Alcohol Abuse Treatment Fund	555,800	0	0	0	0	0	0	0	0			555,800
Corrections Fund	31,312,500	0	0	0	0	0	0	0	0			31,312,500
Inmate Store Proceeds Fund	1,341,500	(5,700)	4,000	3,500	0	0	0	1,800	(57,300)			1,287,800
Penitentiary Land Fund	2,777,600	(9,700)	6,800	0	0	0	0	800	(31,900)			2,743,600
Prison Construction and Operations Fund	14,106,800	0	0	0	0	0	0	0	0			14,106,800
State Charitable, Penal and Reformatory Institutions Land Fund	2,665,100	0	0	500	0	0	0	0	0			2,665,600
State Education Fund for Correctional Education	738,900	(23,700)	16,500	0	0	0	0	1,500	(10,000)			723,200
Transition Program Fund	4,400,300	0	0	0	0	0	0	0	0			4,400,300
Total - State Department of Corrections	57,898,500	(39,100)	27,300	4,000	0	0	0	4,100	(99,200)	0	0	57,795,600
Criminal Justice Commission, Arizona												
Criminal Justice Enhancement Fund	708,900	(14,800)	10,300	0	25,100	(100)	0	3,700	600			733,700
Drug and Gang Prevention Resource Center Fund	647,100	0	0	0	0	0	0	0	0			647,100
State Aid to County Attorneys Fund	973,700	0	0	0	0	0	0	0	0			973,700
State Aid to Indigent Defense Fund	700,000	0	0	0	0	0	0	0	0			700,000
Victim Compensation and Assistance Fund	4,250,700	(11,900)	8,300	100	0	0	0	1,900	200			4,249,300
Total - Arizona Criminal Justice Commission	7,280,400	(26,700)	18,600	100	25,100	(100)	0	5,600	800	0	0	7,303,800
Deaf and the Blind, Arizona Schools for the Schools for the Deaf and the Blind Fund	15,342,700	(466,800)	325,100	100	0	(2,500)	0	0	11,900			15,210,500
Cooperative Services Fund	20,125,900	(732,300)	510,000	300	0	(2,200)	0	0	13,600			19,915,300
Total - Arizona State Schools for the Deaf and the Blind	35,468,600	(1,199,100)	835,100	400	0	(4,700)	0	0	25,500	0	0	35,125,800
Deaf and the Hard of Hearing, Comm. for the Telecommunication Fund for the Deaf	4,836,000	(50,400)	35,100	200	(3,000)	(1,700)	0	8,700	1,700			4,826,600
Dental Examiners, State Board of Dental Board Fund	2,059,900	(38,000)	26,500	100	0	(12,700)	0	19,800	1,000			2,056,600
Economic Security, Department of												
Child Support Enforcement Administration Fund	17,683,300	0	0	0	0	0	0	0	0			17,683,300
Domestic Violence Services Fund	4,000,300	0	0	0	0	0	0	0	0			4,000,300
Federal Child Care and Development Fund Block Grant	200,010,200	0	0	0	0	0	0	10,900	8,200			200,029,300
Federal Temporary Assistance for Needy Families Block Grant	66,591,200	0	0	0	0	0	0	0	0			66,591,200
Long Term Care System Fund	33,864,200	0	0	0	0	0	0	0	0			33,864,200
Public Assistance Collections Fund	430,400	0	0	0	0	0	0	11,300	100			441,800
Special Administration Fund	4,643,200	(28,900)	20,100	500	0	0	0	1,900	1,100			4,637,900
Spinal and Head Injuries Trust Fund	2,388,200	(17,000)	11,800	1,500	0	0	0	600	400			2,385,500
Statewide Cost Allocation Plan Fund	1,000,000	0	0	0	0	0	0	0	0			1,000,000
Workforce Investment Act Grant	87,110,800	0	0	0	0	0	0	3,800	2,000			87,116,600
Total - Department of Economic Security	417,721,800	(45,900)	31,900	2,000	0	0	0	28,500	11,800	0	0	417,750,100
Education, Department of												
Department of Education Empowerment Scholarship Account Fund	357,900	0	0	200	0	200	0	700	0			359,000
Permanent State School Fund	342,797,300	0	0	0	0	0	0	0	0			342,797,300
Education Sales Tax - Accountability	7,000,000	0	0	0	0	0	0	0	0			7,000,000
Teacher Certification Fund	2,527,900	(64,700)	45,100	100	0	300	0	7,800	1,200			2,517,700
Tribal College Dual Enrollment Program Fund	325,000	0	0	0	0	0	0	0	0			325,000
Total - Department of Education	353,008,100	(64,700)	45,100	300	0	500	0	8,500	1,200	0	0	352,999,000
Emergency and Military Affairs, Department of Nuclear Emergency Management Fund	0	0	0	0	0	0	0	0	0	2,113,500		2,113,500
Total - Department of Emergency & Military Affairs	0	0	0	0	0	0	0	0	0	2,113,500	0	2,113,500
Environmental Quality, Department of Air Quality Fund	5,830,900	0	0	0	0	0	0	4,500	3,200			5,838,600
Emergency Response Fund	132,800	0	0	0	0	0	0	0	0			132,800

**CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS
OTHER FUNDS 1/**

	OF General Appropriation Act - Individual Agency	2/ OF HITF Reduction	3/ OF HITF Adjustments	3/ OF AFIS Transaction Fee Adjustments	3/ OF Rent & COP Adjustments	3/ OF Risk Management Adjustments	3/ OF Fleet Adjustments	3/ OF FY 2023 Salary Corrections	3/ OF Retirement Adjustments	4/ OF FY 2024 Additional Appropriations	5/ OF Prior Year/ Statutory Appropriations	OF FY 2024 Approps Rpt Total
Emissions Inspection Fund	30,484,400	(32,200)	22,400	0	0	0	0	2,500	1,700			30,478,800
Hazardous Waste Management Fund	1,946,600	(32,400)	22,600	0	0	0	0	1,500	1,100			1,939,400
Indirect Cost Fund	18,629,000	(320,100)	222,900	500	21,100	(1,000)	396,800	17,300	13,100			18,979,600
Permit Administration Fund	7,285,600	(120,700)	84,100	0	0	0	0	4,700	3,100			7,256,800
Recycling Fund	4,522,400	(28,700)	20,000	0	0	0	0	1,300	900			4,515,900
Safe Drinking Water Program Fund	1,998,500	(31,800)	22,100	100	0	0	0	1,900	1,000			1,991,800
Solid Waste Fee Fund	2,589,600	(24,100)	16,800	100	0	0	0	1,100	1,400			2,584,900
Water Quality Fee Fund	27,848,200	(31,800)	22,100	0	0	0	0	6,900	7,800			27,853,200
Total - Department of Environmental Quality	101,268,000	(621,800)	433,000	700	21,100	(1,000)	396,800	41,700	33,300	0	0	101,571,800
Equal Opportunity, Governor's Office of Personnel Division Fund	311,400	(3,400)	2,400	0	0	(100)	0	0	200			310,500
Exposition and State Fair Board, Arizona Arizona Exposition and State Fair Fund	16,056,800	(113,300)	78,900	200	0	(90,400)	1,618,200	1,000	3,900			17,555,300
Funeral Directors and Embalmers, Board of Board of Funeral Directors' and Embalmers' Fund	0	0	0	0	0	0	0	0	0			0
Game and Fish Department, Arizona Capital Improvement Fund	1,001,200	0	0	0	0	0	0	0	0			1,001,200
Game and Fish Fund	44,516,200	(815,000)	567,600	0	0	0	0	177,800	(9,021,300)			35,425,300
Game, Nongame, Fish and Endangered Species Fund	389,200	(4,500)	3,100	0	0	0	0	1,600	300			389,700
Watercraft Licensing Fund	5,226,800	(89,600)	62,400	600	0	0	0	9,900	(192,300)			5,017,800
Wildlife Endowment Fund	16,200	0	0	0	0	0	0	0	0			16,200
Total - Arizona Game and Fish Department	51,149,600	(909,100)	633,100	600	0	0	0	189,300	(9,213,300)	0	0	41,850,200
Gaming, Department of Fantasy Sports Contest Fund	150,100	0	0	0	0	0	0	0	0			150,100
Tribal-State Compact Fund	2,308,700	(65,300)	45,500	100	(3,700)	0	0	12,500	1,600			2,299,400
Racing Regulation Fund	2,576,600	(41,300)	28,800	200	(1,300)	500	4,600	11,100	1,500			2,580,700
Racing Regulation Fund - Unarmed Combat Subaccount	104,600	0	0	0	0	0	0	500	100			105,200
State Lottery Fund	300,000	0	0	0	0	0	0	0	0			300,000
Arizona Benefits Fund	16,610,000	0	0	0	0	0	0	0	0			16,610,000
Total - Department of Gaming	22,050,000	(106,600)	74,300	300	(5,000)	500	4,600	24,100	3,200	0	0	22,045,400
Health Services, Department of Arizona State Hospital Fund	3,145,800	0	0	0	0	0	0	0	0			3,145,800
ASH Land Earnings Fund	650,000	0	0	0	0	0	0	0	0			650,000
Child Fatality Review Fund	196,500	0	0	0	0	0	0	0	0			196,500
Disease Control Research Fund	1,000,000	0	0	0	0	0	0	0	0			1,000,000
Emergency Medical Services Operating Fund	4,167,900	(111,200)	77,400	300	0	53,800	0	18,400	2,900			4,209,500
Environmental Laboratory Licensure Revolving Fund	1,001,700	(25,500)	17,800	0	0	0	0	1,000	500			995,500
Federal Child Care and Development Fund Block Grant	998,600	(38,000)	26,500	0	0	0	0	1,400	4,000			992,500
Health Services Licensing Fund	17,437,300	(459,900)	320,300	1,300	0	43,100	0	64,300	10,000			17,416,400
Indirect Cost Fund	12,298,700	(248,400)	173,000	900	0	428,000	0	13,900	7,400			12,673,500
Newborn Screening Program Fund	12,821,300	(77,700)	54,100	300	0	0	0	3,200	1,700			12,802,900
Nursing Care Institution Resident Protection Revolving Fund	238,200	0	0	0	0	0	0	0	0			238,200
Tobacco Tax and Health Care Fund Medically Needy Account	700,000	0	0	0	0	0	0	0	0			700,000
Vital Records Electronic Systems Fund	3,862,300	(51,000)	35,500	100	0	4,800	0	19,400	1,800			3,872,900
Total - Department of Health Services	58,518,300	(1,011,700)	704,600	2,900	0	529,700	0	121,600	28,300	0	0	58,893,700
Homeland Security, Arizona Department of Information Technology Fund	11,325,300	(27,000)	18,800	0	0	0	0	0	2,300			11,319,400
Homeopathic and Integrated Medicine Examiners, Board of Board of Homeopathic and Integrated Medicine Examiners' Fund	51,900	(600)	400	0	0	(400)	0	10,000	100			61,400
Housing, Department of Housing Trust Fund	367,400	(11,500)	8,000	100	100	0	7,000	0	0			371,100
Industrial Commission of Arizona Administrative Fund	21,976,700	(537,100)	374,000	1,400	0	32,400	125,000	0	13,100			21,985,500
Insurance and Financial Institutions, Department of Automobile Theft Authority Fund	6,813,600	(16,400)	11,400	0	0	600	0	0	300			6,809,500
Financial Services Fund	5,547,900	(150,300)	104,700	100	0	0	0	32,500	4,000			5,538,900
Department Revolving Fund	50,300	0	0	0	0	0	0	0	0			50,300
Total - Department of Insurance and Financial Institutions	12,411,800	(166,700)	116,100	100	0	600	0	32,500	4,300	0	0	12,398,700
Judiciary - Supreme Court												

**CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS
OTHER FUNDS 1/**

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Adjustments 3/	OF AFIS Transaction Fee Adjustments 3/	OF Rent & CDP Adjustments 3/	OF Risk Management Adjustments 3/	OF Fleet Adjustments 3/	OF FY 2023 Salary Corrections 3/	OF Retirement Adjustments 3/	OF FY 2024 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2024 Approps Rpt Total
Confidential Intermediary and Fiduciary Fund	686,100	(12,500)	8,700	0	0	0	0	400	100			682,800
Court Appointed Special Advocate Fund	5,233,000	(27,900)	19,400	0	0	0	0	600	900			5,226,000
Criminal Justice Enhancement Fund	4,722,800	(115,100)	80,200	100	0	(2,000)	0	2,900	3,000			4,691,900
Defensive Driving School Fund	4,487,700	(89,600)	62,400	100	0	0	0	1,500	1,900			4,464,000
Judicial Collection Enhancement Fund	15,191,400	(296,700)	206,600	300	0	(3,100)	0	6,600	9,100			15,114,200
State Aid to the Courts Fund	2,946,500	(1,200)	800	0	0	0	0	0	100			2,946,200
Total - Judiciary - Supreme Court	33,267,500	(543,000)	378,100	500	0	(5,100)	0	12,000	15,100	0	0	33,125,100
Judiciary - Superior Court												
Criminal Justice Enhancement Fund	5,494,400	0	0	0	0	0	0	1,200	500			5,496,100
Judicial Collection Enhancement Fund	6,015,400	0	0	0	0	0	0	0	0			6,015,400
Drug Treatment and Education Fund	504,200	0	0	0	0	0	0	0	0			504,200
Total - Judiciary - Superior Court	12,014,000	0	0	0	0	0	0	1,200	500	0	0	12,015,700
SUBTOTAL - Judiciary	45,281,500	(543,000)	378,100	500	0	(5,100)	0	13,200	15,600	0	0	45,140,800
Juvenile Corrections, Department of												
Criminal Justice Enhancement Fund	538,500	0	0	0	0	0	0	0	(109,500)			429,000
Department of Juvenile Corrections												
Local Cost Sharing Fund	6,724,000	0	0	0	0	0	0	0	0			6,724,000
State Charitable, Penal and Reformatory												
Institutions Land Fund	4,125,400	(14,800)	10,300	100	0	(45,900)	0	0	0			4,075,100
State Education Fund for Committed Youth	1,955,200	(46,500)	32,400	0	0	(2,900)	0	0	(490,400)			1,447,800
Total - Department of Juvenile Corrections	13,343,100	(61,300)	42,700	100	0	(48,800)	0	0	(599,900)	0	0	12,675,900
Land Department, State												
Due Diligence Fund	5,000,000	0	0	0	0	0	0	0	0			5,000,000
Environmental Special Plate Fund	260,600	0	0	0	0	0	0	0	0			260,600
Trust Land Management Fund	6,528,800	0	0	300	0	0	87,200	0	0			6,616,300
Total - State Land Department	11,789,400	0	0	300	0	0	87,200	0	0	0	0	11,876,900
Liquor Licenses and Control, Department of												
Liquor Licenses Fund	6,555,200	(90,200)	62,800	100	0	61,700	185,400	8,000	(1,033,700)			5,749,300
Lottery Commission, Arizona State												
State Lottery Fund	188,755,600 5/	(285,200)	198,600	500	0	(11,900)	5,300	92,700	6,300			188,761,900
Massage Therapy, Board of												
Board of Massage Therapy Fund	595,900	(18,200)	12,700	0	0	(800)	0	9,000	400			599,000
Medical Board, Arizona												
Arizona Medical Board Fund	8,189,200	(157,700)	109,800	1,000	0	(4,200)	0	1,000	4,500			8,143,600
Mine Inspector, State												
Aggregate Mining Reclamation Fund	112,900	0	0	0	0	0	0	0	0			112,900
Naturopathic Physicians Medical Board												
Naturopathic Physicians Medical Board Fund	215,200	(5,100)	3,600	0	0	(700)	0	4,500	200			217,700
Navigable Stream Adjudication Commission												
Arizona Water Banking Fund	200,000	0	0	0	0	0	0	0	0			200,000
Nursing, State Board of												
Board of Nursing Fund	6,185,900	(157,100)	109,400	300	0	(11,400)	0	1,000	4,100			6,132,200
Nursing Care Institution Administrators Board												
Nursing Care Institution Administrators'												
Licensing and Assisted Living Facility												
Managers' Certification Fund	595,600	(17,600)	12,300	100	0	(1,300)	0	15,400	400			604,900
Occupational Therapy Examiners, Board of												
Occupational Therapy Fund	243,200	(7,900)	5,500	100	0	(100)	0	18,500	200			259,500
Opticians, State Board of Dispensing												
Board of Dispensing Opticians Fund	186,900	(2,200)	1,500	0	0	(400)	0	12,200	200			198,200
Optometry, State Board of												
Board of Optometry Fund	291,300	(11,900)	8,300	0	0	(700)	0	2,000	200			289,200
Osteopathic Examiner in Medicine and Surgery, Arizona Board of												
Board of Osteopathic Examiners in Medicine												
and Surgery Fund	1,394,600	(21,600)	15,000	100	0	(700)	0	10,400	800			1,398,600
Parks Board, Arizona State												
Off-Highway Vehicle Recreation Fund	16,700	0	0	0	0	0	0	0	0			16,700
State Parks Store Fund	1,011,300	0	0	0	0	0	0	1,600	200			1,013,100
State Parks Revenue Fund	18,991,500	(389,700)	271,400	1,400	0	7,700	2,195,400	114,000	(324,700)			20,867,000
Total - Arizona State Parks Board	20,019,500	(389,700)	271,400	1,400	0	7,700	2,195,400	115,600	(324,500)	0	0	21,896,800
Personnel Board, State												
Personnel Board Subaccount of the												
Personnel Division Fund	345,000	(5,100)	3,600	0	0	(700)	0	18,000	200			361,000
Pharmacy, Arizona State Board of												
Arizona State Board of Pharmacy Fund	3,435,000	(64,700)	45,100	300	(1,500)	(3,700)	99,800	14,000	2,400			3,526,700
Physical Therapy, Board of												
Board of Physical Therapy Fund	587,500	(11,300)	7,900	100	0	200	0	6,800	300			591,500
Pioneers' Home, Arizona												

**CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS
OTHER FUNDS 1/**

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Adjustments 3/	OF AFIS Transaction Fee Adjustments 3/	OF Rent & COP Adjustments 3/	OF Risk Management Adjustments 3/	OF Fleet Adjustments 3/	OF FY 2023 Salary Corrections 3/	OF Retirement Adjustments 3/	OF FY 2024 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2024 Approps Rpt Total
Miners' Hospital for Miners with Disabilities Land Fund	2,318,600	(119,100)	82,900	100	0	0	0	17,300	1,500			2,301,300
State Charitable Fund	5,992,700	(199,600)	139,000	100	0	51,000	57,400	34,200	4,100			6,078,900
Total - Arizona Pioneers' Home	8,311,300	(318,700)	221,900	200	0	51,000	57,400	51,500	5,600	0	0	8,380,200
Podiatry Examiners, State Board of Podiatry Fund	193,200	(1,800)	1,300	0	0	(400)	0	10,000	200			202,500
Private Postsecondary Education, Board for Board for Private Postsecondary Education Fund	451,300	(11,300)	7,900	0	0	(900)	0	800	300			448,100
Psychologist Examiners, State Board of Board of Psychologist Examiners Fund	635,300	(14,800)	10,300	100	0	(1,100)	0	9,800	400			640,000
Public Safety, Department of												
Arizona Highway Patrol Fund	38,214,500	(4,295,500)	2,991,300	100	0	(900)	0	293,500	(6,185,300)			31,017,700
Concealed Weapons Permit Fund	3,172,200	(62,300)	43,400	0	0	(1,400)	0	30,800	(30,300)			3,152,400
Criminal Justice Enhancement Fund	2,989,100	(61,300)	42,700	0	0	0	0	36,900	1,600			3,009,000
DPS Forensics Fund	22,985,300	(486,600)	338,900	100	0	0	0	327,500	(276,900)			22,888,300
Fingerprint Clearance Card Fund	1,581,100	0	0	0	0	0	0	0	0			1,581,100
GIITEM Border Security and Law Enforcement Subaccount	2,396,400	0	0	0	0	0	0	0	0			2,396,400
Motor Vehicle Liability Insurance Enforcement Fund	1,032,000	(27,900)	19,400	0	0	0	0	13,700	(307,800)			729,400
Motorcycle Safety Fund	198,900	0	0	0	0	0	0	0	0			198,900
Parity Compensation Fund	4,088,100	(87,800)	61,100	0	0	0	0	47,600	(1,086,800)			3,022,200
Public Safety Equipment Fund	2,894,000	0	0	0	0	0	0	0	0			2,894,000
Risk Management Revolving Fund	1,396,900	(44,900)	31,300	0	0	0	0	15,600	(296,400)			1,102,500
State Highway Fund	8,166,700	0	0	0	0	0	0	85,900	(1,885,400)			6,367,200
Total - Department of Public Safety	89,115,200	(5,066,300)	3,528,100	200	0	(2,300)	0	851,500	(10,067,300)	0	0	78,359,100
Residential Utility Consumer Office Residential Utility Consumer Office Revolving Fund	1,578,900	(31,300)	21,800	0	1,300	100	0	20,200	1,200			1,592,200
Respiratory Care Examiners, Board of Board of Respiratory Care Examiners Fund	404,800	(12,500)	8,700	100	0	(1,000)	0	21,000	300			421,400
Retirement System, Arizona State Long-Term Disability Trust Fund Administration Account	1,800,000	0	0	0	0	0	0	0	0			1,800,000
Arizona State Retirement System Administration Account	27,093,400	(803,700)	559,700	900	0	(300)	0	0	17,000			26,867,000
Total - Arizona State Retirement System	28,893,400	(803,700)	559,700	900	0	(300)	0	0	17,000	0	0	28,667,000
Revenue, Department of												
Department of Revenue Administrative Fund	25,603,100	(1,212,200)	0	0	0	0	0	0	0			25,390,900
Liability Setoff Program Revolving Fund	892,500	(19,800)	13,800	100	0	0	0	600	700			887,900
Tobacco Tax and Health Care Fund	727,900	(13,100)	9,100	0	0	0	0	300	400			724,600
Total - Department of Revenue	28,223,500	(1,245,100)	22,900	100	0	0	0	900	1,100	0	0	27,003,400
Secretary of State												
Election Systems Improvement Fund	5,483,500	0	0	0	0	0	0	0	0			5,483,500
Records Services Fund	1,334,900	(21,800)	15,200	100	0	0	161,800	1,700	200			1,492,100
Total - Secretary of State	6,818,400	(21,800)	15,200	100	0	0	161,800	1,700	200	0	0	6,975,600
Technical Registration, State Board of Technical Registration Fund	2,620,600	(77,700)	54,100	200	(21,500)	3,600	0	24,000	1,700			2,605,000
Transportation, Department of												
Air Quality Fund	1,128,100	(1,800)	1,300	0	0	0	0	0	100			1,127,700
Department Fleet Operations Fund	25,391,900	(654,000)	455,400	2,400	0	0	0	1,200	12,100			25,209,000
Highway User Revenue Fund	935,200	(136,100)	94,800	4,100	0	0	0	0	600			898,600
Highway Damage Recovery Account	8,000,600	0	0	200	0	0	0	0	0			8,000,800
Ignition Interlock Device Fund	363,600	(10,700)	7,500	0	0	0	0	0	300			360,700
Motor Vehicle Liability Insurance Enforcement Fund	1,601,800	(69,800)	48,600	100	0	0	0	100	1,500			1,582,300
State Aviation Fund	2,276,900	(53,400)	37,200	300	0	0	0	0	600			2,261,600
State Fleet Operations Fund	30,454,400	0	0	0	0	0	0	0	0			30,454,400
State Highway Fund	482,177,400	(11,999,600)	8,356,400	76,400	0	0	0	336,700	212,600			479,159,900
State Vehicle Replacement Fund	25,000,000	0	0	0	0	0	0	0	0			25,000,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,646,600	0	0	0	0	0	0	0	0			1,646,600
Total - Department of Transportation	578,976,500	(12,925,400)	9,001,200	83,500	0	0	0	338,000	227,800	0	0	575,701,600
Treasurer, State												
Law Enforcement and Boating Safety Fund	2,183,800	0	0	0	0	0	0	0	0			2,183,800
Peace Officer Training Equipment Fund	1,368,000	0	0	0	0	0	0	0	0			1,368,000
State Treasurer's Operating Fund	4,323,400	(96,300)	67,100	300	0	200	0	0	7,500			4,302,200
Total - State Treasurer	7,875,200	(96,300)	67,100	300	0	200	0	0	7,500	0	0	7,854,000

CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS OTHER FUNDS 1/

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Adjustments 3/	OF AFIS Transaction Fee Adjustments 3/	OF Rent & COP Adjustments 3/	OF Risk Management Adjustments 3/	OF Fleet Adjustments 3/	OF FY 2023 Salary Corrections 3/	OF Retirement Adjustments 3/	OF FY 2024 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2024 Approps Rpt Total
Universities												
Arizona State University												
University Collections Fund	706,031,800	0	0	0	0	0	0	0	0	0	0	706,031,800
Total - Arizona State University	706,031,800	0	0	0	0	0	0	0	0	0	0	706,031,800
Northern Arizona University												
University Collections Fund	130,397,300	0	0	0	0	0	0	0	0	0	0	130,397,300
University of Arizona - Main Campus												
University Collections Fund	382,811,300	0	0	0	0	0	0	0	0	0	0	382,811,300
University of Arizona - Health Sciences Center												
University Collections Fund	66,675,300	0	0	0	0	0	0	0	0	0	0	66,675,300
SUBTOTAL - Universities	1,285,915,700	0	0	0	0	0	0	0	0	0	0	1,285,915,700
Veterans' Services, Department of												
State Homes for Veterans' Trust Fund	60,559,500	(993,000)	691,500	1,400	0	143,400	0	80,200	36,600	0	0	60,519,600
Total - Department of Veterans' Services	60,559,500	(993,000)	691,500	1,400	0	143,400	0	80,200	36,600	0	0	60,519,600
Veterinary Medical Examining Board												
Veterinary Medical Examining Board Fund	769,000	(8,500)	5,900	100	0	(1,000)	0	19,000	600	0	0	785,100
Water Resources, Department of												
Assured and Adequate Water Supply Admin Fund	291,200	0	0	0	0	0	0	1,000	300	0	0	292,500
Water Resources Fund	1,726,500	0	0	0	0	0	0	0	0	0	0	1,726,500
Total - Department of Water Resources	2,017,700	0	0	0	0	0	0	1,000	300	0	0	2,019,000
OPERATING BUDGET TOTAL	\$4,630,059,100	(\$32,224,200)	\$21,596,800	\$129,100	\$54,500	\$15,200	\$5,453,800	\$2,604,100	(\$21,756,200)	\$2,434,800	\$1,500,000	\$4,609,867,000
Remove '23 Health Insurance Adjustments	(32,224,200)	32,224,200	0	0	0	0	0	0	0	0	0	0
Health Insurance Adjustments	30,000,000	0	(21,596,800)	0	0	0	0	0	0	0	0	8,403,200
AFIS Transaction Fee Adjustments	200,000	0	0	(129,100)	0	0	0	0	0	0	0	70,900
Rent and COP Adjustments	100,000	0	0	0	(54,500)	0	0	0	0	0	0	45,500
Risk Management Adjustments	100,000	0	0	0	0	(15,200)	0	0	0	0	0	84,800
Fleet Adjustments	6,000,000	0	0	0	0	0	(5,453,800)	0	0	0	0	546,200
FY 2023 Salary Corrections	3,000,000	0	0	0	0	0	0	(2,604,100)	0	0	0	395,900
Retirement Adjustments	(22,000,000)	0	0	0	0	0	0	0	21,756,200	0	0	(243,800)
Capital Outlay - Building Renewal/Projects	553,007,300	0	0	0	0	0	0	0	0	10,000,000	19,143,800	582,151,100
GRAND TOTAL	5,168,242,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,434,800	\$20,643,800	\$5,201,320,800

CROSSWALK OF FY 2024 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS EXPENDITURE AUTHORITY

	EA General Appropriation Act - Individual Agency	EA HITF Reduction 3/	EA HITF Increase 3/	EA AFIS Transaction Fee Adjustments 3/	EA Rent & COP Adjustments 3/	EA Risk Management Adjustments 3/	EA Fleet Adjustments 3/	EA Salary Increase Adjustments 3/	EA Retirement Adjustments 3/	EA FY 2024 Additional Appropriations 4/	EA Prior Year/ Statutory Appropriations 5/	EA FY 2024 Approps Rpt Total
AHCCCS	\$17,148,398,100	(\$2,390,200)	\$1,664,500	\$42,700	\$0	172,700	\$0	\$0	\$51,000	\$0	\$0	\$17,147,938,800
Child Safety, Department of	635,222,600	0	0	0	0	1,259,500	0	450,700	84,000	0	0	637,016,800
Economic Security, Department of	3,289,823,100	(2,817,200)	1,961,800	10,700	0	0	0	1,263,800	114,500	0	0	3,290,356,700
Education, Department of	1,239,218,700	0	0	0	0	0	0	0	0	0	0	1,239,218,700
GRAND TOTAL	\$22,312,662,500	(\$5,207,400)	\$3,626,300	\$53,400	\$0	\$1,432,200	\$0	\$1,714,500	\$249,500	\$0	\$0	\$22,314,531,000

1/ This chart provides a crosswalk between an agency's appropriation in the FY 2024 General Appropriation Act (Laws 2023, Chapter 133) and the individual agency amount as it appears in the FY 2024 Appropriations Report.

2/ Represents individual agency section of FY 2024 General Appropriation Act and other direct appropriations in the General Appropriation Act.

3/ Section 123 of the FY 2024 General Appropriation Act appropriates statewide adjustments from Other Appropriated Funds for Arizona Financial Information System Adjustments, Agency Rent and COP Adjustments, Agency Retirement Adjustments, Employer Health Insurance Contribution Increases, Risk Management Adjustments, Salary Increase Adjustments, and State Fleet Rate Adjustments. Section 123 requires JLBC Staff to determine the agency-by-agency distribution of these funds, which are reflected below.

4/ Appropriations separate from the FY 2024 General Appropriation Act enacted in the 56th Legislature, 1st Regular Session. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

5/ Represents ongoing statutory appropriations or appropriations enacted prior to the 56th Legislature, 1st Regular Session. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

6/ Revised to match the enacted budget forecast.

SUMMARY OF RISK MANAGEMENT CHARGES 1/

Agency	FY 2024 Charge
Accountancy, Arizona State Board of	\$8,100
Acupuncture Board of Examiners	1,000
Administration, Arizona Department of (ADOA)	645,800
ADOA - School Facilities Division	5,600
Administrative Hearings, Office of	3,900
Agriculture, Arizona Department of	129,100
AHCCCS	687,000
Arts, Arizona Commission on the	3,900
Athletic Training, Board of	1,000
Attorney General - Department of Law	740,100
Barbering and Cosmetology Board	7,700
Behavioral Health Examiners, Board of	5,300
Charter Schools, State Board for	5,100
Child Safety, Department of	6,826,600
Chiropractic Examiners, State Board of	1,000
Citizens Clean Election Commission	2,300
Commerce Authority, Arizona	29,600
Constable Ethics Standards and Training Board	1,000
Contractors, Registrar of	37,600
Corporation Commission	114,600
Corrections, State Department of	5,854,800
Criminal Justice Commission, Arizona	11,200
Deaf and the Blind, Arizona State Schools for the	418,800
Deaf and the Hard of Hearing, Commission for the	5,400
Dental Examiners, State Board of	3,200
Early Childhood Development and Health Board, Arizona	59,300
Economic Security, Department of	2,434,400
Education, Board of	1,000
Education, Department of	181,000
Emergency and Military Affairs, Department of	5,530,900
Environmental Quality, Department of	249,200
Equal Opportunity, Governor's Office of	1,000
Equalization, State Board of	1,100
Executive Clemency, Board of	4,500
Exposition and State Fair Board, Arizona	203,100
Forestry and Fire Management, Arizona Department of	72,200
Game and Fish Department, Arizona	862,800
Gaming, Department of	57,000
Governor, Office of the	120,700
Governor's Office of Strategic Planning and Budgeting	1,000
Health Services, Department of	1,731,200
Historical Society, Arizona	53,200
Historical Society of Arizona, Prescott	15,800
Homeland Security, Arizona Department of	5,100
Homeopathic and Integrated Medical Examiners, Board of	1,000
Housing, Arizona Department of	22,600
Independent Redistricting Commission,	1,000
Industrial Commission of Arizona	142,700
Insurance and Financial Institutions, Department of	43,300
Judiciary - Court of Appeals, Division I	30,000
Judiciary - Court of Appeals, Division II	11,300
Judiciary - Superior Court	1,917,300
Judiciary - Supreme Court	169,700
Juvenile Corrections, Department of	237,700
Land Department, State	80,700
Legislature - Legislative Council	40,300
Legislature - Auditor General	70,100

<u>Agency</u>	<u>FY 2024 Charge</u>
Legislature - House of Representatives	184,100
Legislature - Joint Legislative Budget Committee	9,400
Legislature - Senate	184,900
Liquor Licenses and Control, Department of	76,600
Lottery Commission, Arizona State	35,900
Massage Therapy, Board of	1,400
Medical Board, Arizona	16,000
Mine Inspector, State	5,200
Naturopathic Physicians Medical Board	1,000
Navigable Stream Adjudication Commission, Arizona	1,000
Nursing, State Board of	17,300
Nursing Care Institution of Administrators and Assisted Living Facility Managers, Board of Examiners of	2,000
Occupational Therapy Examiners, Board of	1,000
Opticians, State Board of Dispensing	1,000
Optometry, State Board of	1,000
Osteopathic Examiners in Medicine and Surgery, Arizona Board of	2,600
Park Board, Arizona State	357,100
Personnel Board, State	1,000
Pharmacy, Arizona State Board of	8,000
Physical Therapy, Board of	2,700
Pioneers' Home, Arizona	106,300
Podiatry Examiners, State Board of	1,000
Power Authority, Arizona	9,900
Private Postsecondary Education, State Board for	1,400
Psychologist Examiners, State Board of	1,400
Public Safety, Department of	4,286,900
Public Safety Personnel Retirement System	69,900
Real Estate Department, State	11,100
Residential Utility Consumer Office	3,000
Respiratory Care Examiners, Board of	1,200
Retirement System, Arizona State	214,800
Revenue, Department of	389,400
Secretary of State, Department of State	86,000
Tax Appeals, State Board of	1,000
Technical Registration, State Board of	12,900
Tourism, Office of	8,700
Transportation, Department of ^{2/}	15,981,300
Treasurer, State	9,800
Tribal Relations, Governor's Office on	1,000
Universities - Arizona State University	11,228,500
Universities - Northern Arizona University	3,329,100
Universities - Regents, Arizona Board of	759,900
Universities - University of Arizona	8,750,900
Veterans' Services, Department of	682,300
Veterinary Medical Examining Board, Arizona State	2,000
Water Resources, Department of	54,500
<i>Other Agencies</i>	
Boyce-Thompson Arboretum	7,100
Central Arizona Water Conservation District	1,000
 GRAND TOTAL	 <u>76,823,400</u>

^{1/} Total charges reflect Arizona Department of Administration billed amounts with the exception of the Arizona Department of Transportation (ADOT).

^{2/} A General Appropriation Act footnote requires ADOT to pay Risk Management charges of \$15,981,300.

**BUDGET RECONCILIATION BILLS
AND MAJOR FOOTNOTE CHANGES**

FY 2024 BUDGET RECONCILIATION BILLS (BRBs) AND MAJOR FOOTNOTE CHANGES*

	<u>Page</u>
Amusements BRB - Chapter 134 (SB 1721)	491
State Budget Implementation BRB - Chapter 145 (SB 1732)	491
Commerce BRB - Chapter 136 (SB 1723)	491
Criminal Justice BRB - Chapter 137 (SB 1724)	492
Environment BRB - Chapter 138 (SB 1725)	493
Health Care BRB - Chapter 139 (SB 1726)	493
Higher Education BRB - Chapter 140 (SB 1727)	495
Human Services BRB - Chapter 141 (SB 1728)	495
K-12 Education BRB - Chapter 142 (SB 1729)	496
Local Government BRB - Chapter 143 (SB 1730)	498
Management of State Buildings BRB - Chapter 146 (SB 1733)	498
Secretary of State BRB - Chapter 144 (SB 1731)	498
Taxation BRB - Chapter 147 (SB 1734)	498
Transportation BRB - Chapter 148 (SB 1735)	499
General Appropriation Act - Chapter 133 (SB 1720)/Capital Outlay - Chapter 135 (SB 1722)	
- General Appropriation Act Provisions	500
- Major Footnote Changes	500

*Chapter numbers refer to Laws 2023, 1st Regular Session.

FY 2024 BUDGET RECONCILIATION BILL PROVISIONS

The budget includes the enactment of statutory changes associated with its funding amount. The following provisions are grouped by subject intro Budget Reconciliation Bills (BRBs).

AMUSEMENTS – CHAPTER 134 (SB 1721)

	<u>Section</u>
Department of Gaming	
1. As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2024 only.	AMUS 1
2. As session law, requires the Department of Gaming to issue refunds for any event wagering operator application fees associated with the Cocopah Tribe, Colorado River Indian Tribe, Pascua Yaqui Tribe, Yavapai-Apache Nation, White Mountain Apache Tribe, and Havasupai Tribe.	AMUS 2
Arizona Exposition and State Fair Board	
3. As session law, changes the time period for the \$400,000 cap on the Permanent Revolving Fund balance. That cap had previously been in place from October 1 to November 30 of each year (otherwise the cap is \$60,000 during the rest of the year). The \$400,000 cap will now be in place for the period between 15 days before and 15 days after the 2023 State Fair.	AMUS 3

STATE BUDGET IMPLEMENTATION – CHAPTER 145 (SB 1732)

	<u>Section</u>
Statewide	
4. As session law, continues to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services.	BI 1
5. As session law, continues to notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund (BSF) through FY 2026. Also, notwithstands the 10% BSF cap for FY 2024.	BI 2

COMMERCE – CHAPTER 136 (SB 1723)

	<u>Section</u>
Arizona Commerce Authority	
6. As session law, establishes the non-appropriated Rural Broadband Accelerated Match Fund for the Arizona Commerce Authority (ACA) to provide matching monies for the federal Broadband, Equity, Access and Deployment (BEAD) program. Of the monies in the fund, 50% is distributed to rural counties (with half going to counties with populations under 100,000) and 50% is distributed to municipalities (with half going to municipalities with populations under 10,000). Up to 1% of monies in the fund may be used for administrative costs and monies in the fund are exempt from lapsing. Requires ACA to report to the Senate President, Speaker of the House of Representatives, Joint Legislative Budget Committee (JLBC), and the Governor's Office of Strategic Planning and Budgeting (OSPB) on September 1 of each year until the funding is exhausted on which entities received monies, the site of the projects funded, the federal match rate on each project, status of each project, price of services, and an assessment of total impact. Allows ACA to prioritize projects that provide matching funding from the applicant or will partner with other entities to complete the project.	COM 2
7. As session law, notwithstands A.R.S. § 41-1510 to shift Water Infrastructure and Commerce Grant Fund project eligibility requirements forward by one year. Projects receiving a grant would begin after January 1, 2023 (instead of 2022) and be allocated and distributed by December 31, 2025 (instead of 2024).	COM 3
8. As permanent law, reduces the annual distribution from income tax withholding tax revenues to the Arizona Competes Fund from \$5,500,000 to \$500,000.	COM 1

Office of Economic Opportunity

9. As session law, establishes the non-appropriated Microbusiness Loan Fund. Establishes rules and conditions for distributing grants to community development financial institutions (CDFIs) and eligible nonprofits with experience in lending for micro business loans. Defines micro businesses as Arizona businesses that are independently owned and operated and employ 5 or fewer people, and limits fees for loans. Requires the Office of Economic Opportunity (OEO) to submit a report within 6 months of the effective date evaluating the need for micro business loans in Arizona. Requires OEO to report by February 1, 2024 on microlending in Arizona. Requires OEO to submit a report by July 31, 2024 detailing monies expended from the fund.

COM 4

CRIMINAL JUSTICE – CHAPTER 137 (SB 1724)**Section****Attorney General**

10. As permanent law, require that all monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund from opioid litigation be appropriated by the Legislature. Also require the Attorney General, in its quarterly report, separately delineate the receipts and disbursements from opioid litigation.

CJ 2

Arizona Department of Homeland Security

11. As session law, establishes the non-appropriated Anti-Human Trafficking Grant Fund administered by the Department of Homeland Security. Monies in the fund can be distributed to organizations to reduce human trafficking in the state.
12. As session law, establishes the Nonprofit Security Grant Program Fund to provide safety and security grants for projects at nonprofit organization that are at a high risk of terrorist attack or hate crimes because of the organization's ideology, belief, or mission. The department shall award up to \$1,000,000 in any grant year and a nonprofit may not receive more than \$100,000 in any grant year. Priority shall be given to organizations that are unable to apply for other funding. Includes a delayed repeal date of September 30, 2028.

CJ 5

CJ 6

Judiciary

13. As session law, in FY 2024 - FY 2026, amends Laws 2018, Chapter 278 as amended by Laws 2021, Chapter 403 and Laws 2022, Chapter 310 to allow the Supreme Court to spend money on a new appellate case management system in FY 2024 - FY 2026.

CJ 3

Department of Juvenile Corrections

14. As permanent law, repeals the requirement for Pima County to pay an assessed amount determined by its proportional share by population for the costs of the Department of Juvenile Corrections.

CJ 1

Department of Public Safety

15. As session law, establishes the non-appropriated Fentanyl Prosecution, Diversion and Testing Fund, which will be used by the department to allocate to local jurisdictions on a first-come, first-serve basis to assist with costs related to fentanyl prosecution and testing. Permits funding of DPS administrative costs.

CJ 4

ENVIRONMENT – CHAPTER 138 (SB 1725)

Section

Arizona Department of Administration

16. As session law, establishes the non-appropriated Fire Incident Management Fund. Monies in the fund shall be used for grants to local fire districts for fire incident management hardware and software, with no more than \$200,000 being used for administrative costs. ENV 3

Arizona Department of Agriculture

17. As session law, continues the fee raising authority and an exemption relating to establishing fees for the Arizona Department of Agriculture in FY 2024, including legislative intent that limits additional revenues to \$357,000. ENV 9

Department of Emergency and Military Affairs

18. As permanent law, establish the non-appropriated Hazard Mitigation Revolving Fund consisting of legislative appropriations and monies received from the federal government for the Department of Emergency and Military Affairs to spend in accordance with Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act guidelines. Monies in the fund are exempt from lapsing. Includes a delayed repeal date of June 30, 2028. ENV 1,2

Department of Environmental Quality

19. As session law, continues to allow the department to utilize up to \$6,531,000 from the Underground Storage Tank Fund in FY 2024 for department administrative expenses and for sewage remediation. ENV 5
20. As session law, continues notwithstanding the \$18,000,000 annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15,000,000. ENV 7
21. As session law, continues to charge fees that are not greater than the FY 2023 level of vehicle emissions inspection fees in FY 2024. ENV 8

Arizona Navigable Stream Adjudication Commission

22. As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations. ENV 6

Department of Water Resources

23. As session law, continues to allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2024. ENV 4

HEALTH CARE – CHAPTER 139 (SB 1726)

Section

Arizona Department of Administration

24. As session law, modifies the Health Care Interoperability Grant program to require the grant to be awarded to only 1 vendor whose software can function on a smart device and who does not use a third-party vendor to comply with the grant program requirements. Includes a delayed repeal date of June 30, 2024. HLTH 3

AHCCCS

Rates and Services

25. As session law, continues the FY 2010 risk contingency rate reduction for all managed care organizations. Continues to impose a reduction on funding for all managed care organizations' administrative funding levels. HLTH 16
26. As permanent law, raises income eligibility for KidsCare to 225% FPL, conditional on approval of the Centers for Medicare and Medicaid Services. HLTH 2

27.	As session law, requires AHCCCS to provide pilot coverage of rapid whole genome sequencing as a separately payable service for infant members that meet certain criteria. The service involves examining the patient's entire human genome to identify disease-causing genetic changes in order to diagnose and treat the patient. Includes a delayed repeal date of December 31, 2026.	HLTH 9
<i>Counties</i>		
28.	As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations.	HLTH 14
29.	As session law, sets the FY 2024 County Acute Care contribution at \$43,733,700.	HLTH 13
30.	As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2024, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act.	HLTH 12
31.	As session law, sets the FY 2024 county Arizona Long Term Care System (ALTCs) contributions at \$366,205,400.	HLTH 10
<i>Hospitals</i>		
32.	As session law, continues to establish FY 2024 disproportionate share (DSH) distributions to the Maricopa Special Healthcare District (Valleywise), the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. The Valleywise distribution would remain at \$113,818,500 in FY 2024.	HLTH 11
33.	As session law, continues to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, and allow Valleywise to be eligible for Pool 5 allocations, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions.	HLTH 11
34.	As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2024 according to county population size. Hospitals in rural counties (i.e., excluding Maricopa, Pima, and Pinal) have first priority; hospitals in Pinal County have second priority; and hospitals in Maricopa and Pima Counties have third priority.	HLTH 11
<i>Available Funding</i>		
35.	As session law, continues to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation.	HLTH 17
State Board of Chiropractic Examiners		
36.	As permanent law, amends A.R.S. § 32-923 to require licensees to submit renewal applications by the end of the licensee's birth month instead of by January 1.	HLTH 1
Department of Health Services		
37.	As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations.	HLTH 15
38.	As session law, establishes the non-appropriated Collaborative Care Uptake Fund and directs the Department of Health Services (DHS) to use the fund to award grant monies to primary care physicians meeting certain requirements related to behavioral health integration. Allows DHS to use up to 3% of monies in the fund for administrative costs.	HLTH 4
39.	As session law, establishes the Dementia Services Program within DHS and requires the department to develop an Alzheimer's Disease State Plan. Requires DHS to review and submit an updated state plan to the Legislature on or before July 1, 2024. Includes a delayed repeal date of June 30, 2026.	HLTH 5
40.	As session law, instructs DHS how to distribute monies appropriated for a dementia public awareness campaign. Requires DHS to report on the impact of the campaign by June 30, 2025.	HLTH 8
41.	As session law, stipulates that monies appropriated to DHS for psilocybin research be used to distribute competitive grants for phase I, II, and III clinical trials to evaluate the effects of whole mushroom psilocybin on treating specified disorders, including PTSD. Allows up to 2% of monies in the fund to be used for administrative costs. Establishes the psilocybin research advisory council to oversee the competitive grant application process and make recommendations to the Legislature on psychedelic-assisted therapy annually. Includes a delayed repeal date of June 30, 2026.	HLTH 6

State Board of Nursing

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| 42. | As session law, establishes the Student Registered Nurse Anesthetist Clinical Rotation Program within the Board of Nursing. The board will establish an application process to award grants to health care institutions to expand the capacity of preceptor training programs for nurse anesthetist students. Preference will be given to expand or develop clinical rotations in obstetrics, pediatrics, and cardiovascular care. | HLTH 7 |
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HIGHER EDUCATION – CHAPTER 140 (SB 1727)

Section

Arizona Community Colleges

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| 43. | As session law, continues to suspend the Operating State Aid funding at levels specified in the General Appropriation Act, which effectively means suspending the formula in FY 2024 for only Maricopa and Pima Counties. | HEd 5 |
| 44. | As session law, continues to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriation Act, which effectively means suspending the inflation adjustment in FY 2024 for all community college districts. | HEd 4 |

Universities

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| 45. | As session law, continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust (AFAT). | HEd 1 |
| 46. | As session law, establishes the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund. From FY 2024-FY 2027, requires the Arizona Board of Regents (ABOR) to award first-come first-served, last-dollar scholarships to students enrolled in a public or private university, community college, or career and technical education district and are either a spouse of a law enforcement officer or a dependent under 27 years old. Limits private university awards to the remainder of the average in-state tuition and fee costs charged by the public universities. Requires ABOR to submit a report to JLBC and OSPB on March 1 of each year with information on the number of recipients, average award, and the law enforcement agency employing the officer. | HEd 6 |
| 47. | As session law, requires ABOR to distribute monies appropriated for primary care residency programs in FY 2024 to the Arizona Area Health Education System (AHES) to establish a program for qualifying community health centers, rural health clinics, and tribal health clinics that expands primary care residency positions, provide technical assistance for programs in rural areas and health professional shortage areas, and facilitates information and resource sharing. Allows AHES to use up to \$500,000 of the total \$5,000,000 appropriated to support a collaborative of qualifying community health centers', rural health clinics' and tribal health facilities residency programs. | HEd 7 |
| 48. | As session law, allows the State Treasurer to invest and divest monies in the Arizona Veterinary Loan Assistance Fund in FY 2024 and require monies earned from investment to be credited to the fund. Includes a delayed repeal date of December 31, 2024. | HEd 2 |
| 49. | As session law, allows the State Treasurer to invest and divest monies in the Spouses of Military Veterans Tuition Scholarship Fund in FY 2024 and require monies earned from investment to be credited to the fund. Includes a delayed repeal date of December 31, 2024. | HEd 3 |

HUMAN SERVICES – CHAPTER 141 (SB 1728)

Section

Department of Child Safety

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| 50. | As session law, establishes the non-appropriated Extended Foster Care Comprehensive Service Model Fund and requires the Department of Child Safety to implement an extended foster care comprehensive service model that provides support services and case management from contracted community providers to young adults 17.5-20 years of age in the Extended Foster Care program. | HS 1 |
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Department of Economic Security

51. As session law, continues to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security (DES) has reasonable suspicion the recipient uses illegal drugs. HS 2

Department of Housing

52. As session law, establishes the non-appropriated Homeless Shelter and Services Fund consisting of legislative appropriations, other monies, and investment earnings. Monies in the fund shall be used for grants to counties, cities, towns, tribes, and nonprofit organizations for programs that provide shelter and services to unsheltered persons who are experiencing homelessness. Includes a delayed repeal date of September 30, 2027. HS 3

K-12 EDUCATION – CHAPTER 142 (SB 1729)**Arizona Department of Administration****Section**

53. As session law, modifies reporting requirements for K-12 transportation modernization grants program to include a description of existing transportation options and an explanation of why alternative transportation is necessary for each grant recipient. Adds JLBC and OSPB as report recipients. K12 11

Department of Education*Formula Requirements*

54. As permanent law, increases the base level (A.R.S. § 15-901B2), the transportation funding levels (A.R.S. § 15-945A5) and the charter school "Additional Assistance" amounts (A.R.S. § 15-185B4) by 2.0% for standard inflation. Increase base level by additional 0.92% for a total of 2.92% K12 1,3,5
55. As permanent law, allocates \$13,000,000 to increase Group B weight in Basic State Aid formula for children eligible for the federal Free-and Reduced-Price Lunch (FRPL) program as part of the enacted FY 2023 budget's 3-year plan. K12 4
56. As permanent law, allocates \$20,000,000 General Fund to increase District Additional Assistance (DAA) per pupil formula amounts by an additional 4.35% in FY 2024. Including the \$23,122,000 already allocated to increase DAA pursuant to Section 127 of the FY 2023 General Appropriation Act, the total DAA per pupil formula increase for FY 2024 above FY 2023 is 9.38%. K12 6
57. As permanent law, allocates \$5,878,000 to increase Charter Additional Assistance (CAA) per pupil formula allocations as part of the enacted FY 2023 budget's 3-year plan. Including regular 2.0% inflation adjustment, results in total CAA increase of 3.20% for FY 2024. K12 1
58. As permanent law, updates the Qualifying Tax Rate cited in A.R.S. § 41-1276 to reflect the Truth in Taxation rates established for FY 2024. K12 10
59. As permanent law, repeals A.R.S. § 15-961 as enacted by Laws 2022, Chapter 285 and merge its provisions with A.R.S. § 15-961 as enacted by Laws 2022, Chapter 317 (the FY 2023 K-12 Education Budget Bill). Technical change that consolidates 2 existing statutes. K12 6,7
60. As permanent law, repeals Results-Based Funding. K12 2

Other

61. As session law, continues stating that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General. K12 22
62. As permanent law, requires ADE to report to the Governor, the President of the Senate, the Speaker of the House of Representatives, the JLBC Director, and the OSPB Director within 60 days of the end of each calendar quarter on specified metrics related to the Empowerment Scholarship Account (ESA) program. The metrics include the number of ESA students disaggregated by eligibility category, previous public school attendance, grade level, the number of English language learners, the number of students with a disability, and zip code of permanent residence. The report would also include the annual award amount associated with each ESA account and approved ESA expenses disaggregated by type of expense. K12 9

63. As session law, establishes the non-appropriated Dual Enrollment Student Development Fund to provide financial assistance to high school students enrolled in a dual enrollment course. For FY 2024, the Department of Education shall use monies in the fund to pay community colleges, universities, or other institution that provides a dual enrollment to reimburse students up to \$50 per credit hour for each passing grade in a dual enrollment course. The department shall prioritize distributions to students eligible for Free or Reduced-Price Lunches (FRPL). Total reimbursement is capped at \$300 for 9th and 10th grade students and at \$600 for 11th grade and 12th grade students K12 17
64. As session law, establishes the non-appropriated Dual Enrollment Teacher Development Fund to provide incentive bonuses to high school teachers that provide instruction in at least one dual enrollment course in FY 2024. ADE shall administer the fund. If the appropriation exceeds the actual cost of the bonuses, ADE shall reduce bonuses proportionately to cover all eligible awards. K12 16
65. As permanent law, requires community colleges offering dual enrollment courses to provide access for pupils with disabilities to any supplementary aid, service, or accommodation provided in a student's Individualized Education Plan (IEP) or section 504 plan, as allowable under community college accreditation guidelines. K12 8
66. As session law, establishes the Arizona Civics Education and Leadership Development Program within ADE to provide civics education and leadership development training to middle and high school students. Establishes the Arizona Civics Education and Leadership Development Fund consisting of legislative appropriations to implement the program. Creates reporting requirements. K12 12
67. As session law, stipulates that the State Board of Education shall require public schools to complete an education and career action plan for high school students. Requires ADE to establish an Early Education and Career Exploration Program to assist public schools in completing an Arizona Education and Career Action Plan for high school pupils. Stipulates that ADE shall contract with a nonprofit entity to provide a career mapping tool to public schools. Establishes the Early Education and Career Exploration Program Fund consisting of legislative appropriations to implement the program. Requires ADE to report on program outcomes to the Governor, President of the Senate, and the Speaker of the House of Representatives by June 30, 2024. K12 13
68. As session law, authorizes districts and charters to offer a live, remote instruction course for its high school students in FY 2024 and FY 2025. Authorizes the service provider to receive an incentive bonus under the College Credit by Examination Incentive Program of up to \$500 for each student for receiving a passing grade in the course. The actual award amount would be pro-rated downward if the total amount of qualifying students exceeds the appropriation for the program. Requires ADE to report to the President of the Senate, the Speaker of the House of Representatives, the Governor, and JLBC on participation and spending on the program by June 30th of FY 2024 and FY 2025. K12 15
69. As session law, notwithstanding A.R.S. § 15-913.01 to stipulate that county jail education programs be funded at 100% of the statutory formula amount instead of 72% for FY 2024. K12 19
70. As session law, establishes the Teacher Professional Development and Support Personnel Pilot program within ADE to provide grants to districts with a low Teacher Experience Index (TEI). Half of program monies would be distributed to districts in counties with less than 500,000 residents and the remainder would be distributed to larger counties. Creates reporting requirements. K12 18
71. As session law, reduces the statutory enrollment caps in the Continuing High School and Workforce Training program from 1,000 to 600 in FY 2024 and from 1,400 to 800 in FY 2025. The cap would return to 1,400 beginning in FY 2026. K12 14
72. As session law, increase the General Budget Limit for Duncan Unified by \$752,000 and for Blue Elementary by \$34,000 to allow each district to expend one-time balances previously accumulated from the State Equalization Tax in Greenlee County. Stipulates that the general budget limit increases shall be funded by prior-year carry forward instead of primary or secondary property tax increases. K12 20

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| <p>73. As session law, notwithstanding A.R.S. § 15-241 to allow ADE to expend monies in FY 2024 from the Failing Schools Tutoring Fund for school improvement. Requires ADE to report on its proposed expenditures for school improvement from the fund to the Governor, Speaker of the House of Representatives, the President of the Senate, JLBC, and OSPB by September 1, 2023.</p> | K12 21 |
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LOCAL GOVERNMENT – CHAPTER 143 (SB 1730)

Section

Counties and Cities & Towns

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| <p>74. As session law, continues to allow counties with a population of less than 250,000 according to the 2020 Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2024, up to \$1,250,000 of county revenue for each county. Continues to require counties using this authority to report to the JLBC Director on the intended amount and sources of funds by October 1, 2023.</p> | LG 1 |
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MANAGEMENT OF STATE BUILDINGS – CHAPTER 146 (SB 1733)

Section

Statewide

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| <p>75. As session law, continues to set the FY 2024 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration at \$17.87/square foot for rentable office space and \$6.43/square foot for rentable storage space.</p> | MSB 1 |
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SECRETARY OF STATE – CHAPTER 144 (SB 1731)

Section

Secretary of State

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| <p>76. As session law, delays registration of professional employer organizations from FY 2024 to FY 2025.</p> | SOS 2,3 |
| <p>77. As permanent law, add OSPB as a recipient off the Secretary of State's total expenditure plan for the Election Systems Improvement Fund.</p> | SOS 1 |

TAXATION – CHAPTER 147 (SB 1734)

Section

Department of Revenue

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| <p>78. As session law, stipulates legislative intent that the amount to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a population greater than 800,000 for the Integrated Tax System project shall not exceed \$6,597,200 for FY 2024. Each local government type (for example all counties share of the \$6,597,200) is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year. Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns.</p> | TAX 4 |
| <p>79. As session law, stipulates legislative intent that the amounts charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax for the Integrated Tax System Project shall not exceed \$178,100 and \$800,000, respectively, in FY 2024.</p> | TAX 4 |

Tax Provisions

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| 80. | As session law, requires the Department of Revenue (DOR) to issue a one-time individual income tax general welfare rebate known as the Arizona Families Tax Rebate to an Arizona taxpayer who: (1) filed a full-year resident individual income tax return for Tax Year (TY) 2021, (2) claimed a dependent tax credit on the TY 2021 tax return, and (3) had a tax liability of at least \$1 in TY 2021. If the taxpayer does not meet the tax liability requirement for TY 2021, the taxpayer can still qualify for the rebate if the following requirements are met: 1) taxpayer had a tax liability of at least \$1 in TY 2020 or TY 2019 and 2) filed a full-year resident tax return for TY 2020 or TY 2019 under the same filing status as for TY 2021. The rebate is \$250 for each dependent tax credit claimed on the taxpayer's TY 2021 tax return for a dependent who was under 17 years of age at the end of TY 2021 and \$100 for each dependent who was at least 17 years of age at the end of TY 2021. The maximum rebate that can be claimed is for 3 dependents. To be eligible for the dependent tax credit, a taxpayer's federal adjusted gross income cannot exceed \$219,000, or \$419,000 in the case of married couples filing jointly. Provides that the tax rebate is excluded from state income tax. Includes an intent statement that the general welfare rebate is issued to mitigate the harmful impacts of inflation by returning a portion of the state's surplus to taxpayers with dependents. Requires DOR to issue the rebates between October 15, 2023 and November 15, 2023. Requires DOR to issue a report on or before February 15, 2025 that includes the following information: (1) total amount of tax rebates paid, (2) administrative costs associated with the Tax Rebate program, and (3) the number of tax rebate claims. | TAX 3 |
| 81. | As session law, increases the individual income tax subtraction for unreimbursed adoption expenses from \$3,000 to \$40,000 for TY 2023 through TY 2025. | TAX 2 |
| 82. | As permanent law, beginning in TY 2023, a business organized as a partnership may have all of its income taxed at the entity level rather than having some of its income taxed at the entity level and the rest of it passed through to the individuals in the partnership. This change provides that partnerships and S corporations that elect to be taxed at the entity-level are treated the same way for income tax purposes. | TAX 1 |

TRANSPORTATION – CHAPTER 148 (SB 1735)

Department of Transportation

83. As permanent law, clarifies that monies in the SMART Fund cannot be distributed to municipalities partially located in an urbanized area of a county with a population of more than 1,000,000 persons.

Section

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FY 2024 GENERAL APPROPRIATION ACT PROVISIONS – CHAPTER 133 (SB 1720)/CAPITAL OUTLAY – CHAPTER 135 (SB 1722)

The budget includes the following provisions in the General Appropriation Act. These provisions are in addition to the individual agency appropriations, but exclude supplemental appropriations, ex-appropriations, and fund transfers.

Department of Education		<u>Section</u>
1.	As session law, continue deferral of \$800,727,700 of Basic State Aid payments for FY 2024 until FY 2025. Continue to exempt districts with less than 4,000 students from the deferral. Appropriate \$800,727,700 in FY 2025 for these deferred Basic State Aid payments. Allow Arizona Department of Education (ADE) to make the rollover payment no later than July 12, 2024.	122
2.	As session law, continue to require school districts to include in the FY 2024 revenue estimates that they use for computing their FY 2024 tax rates the rollover monies that they will receive for FY 2024 in July 2024.	122
Revenues		
3.	As session law, continue to specify revenue and expenditure estimates for FY 2023, FY 2024, FY 2025, and FY 2026.	130
4.	As session law, continue to require the Executive Branch to provide Joint Legislative Budget Committee (JLBC) preliminary estimates of FY 2023 ending balances by September 15, 2023. Require the JLBC Staff to report to JLBC by October 15, 2023 as to whether FY 2024 revenues and ending balance are expected to change by more than \$50,000,000 from budgeted projections.	130
Statewide		
5.	As session law, continue to state legislative intent that all budget units receiving appropriations continue to report actual, estimated and requested expenditures in a format similar to prior years.	127
6.	As session law, continue to require Arizona Department of Administration (ADOA) to compile a report on Full-Time Equivalent (FTE) Position usage in FY 2024 in all agencies and provide it to the Director by October 1, 2024. The Universities are exempt from the report but are required to report separately.	127
7.	As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2023 on the number of filled appropriated and non-appropriated FTE Positions by fund source as of September 1, 2023.	129
8.	As session law, continue to require ADOA to report monthly to the JLBC Director on agency transfers of spending authority from one expenditure class to another or between programs.	130
9.	As session law, the following entities shall report to the Senate President, Speaker of the House of Representatives, Appropriations Committee Chairmen, and the JLBC Director on all total planned allocations and actual expenditures for monies received from the American Rescue Plan Act. The report is due within 45 days after the last day of the calendar quarter. <ul style="list-style-type: none"> – The Governor's Office would report on the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund. – The Superintendent of Public Instruction would report on the Elementary and Secondary School Emergency Relief Fund. – The Arizona Board of Regents (ABOR) and each community college district would report on the Higher Education Emergency Relief Fund. 	126
<p>The Legislature's intent is that the Executive Branch also report on any additional federal aid distributed to Arizona through federal legislation enacted before the end of FY 2024.</p>		
General		
10.	As session law, continue to define “*” as designating an appropriation exempt from lapsing.	132
11.	As session law, continue to define “expenditure authority” as continuously appropriated monies included in individual line items of appropriations.	133

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| 12. | As session law, continue to define "review by the JLBC as a review by a vote of a majority of a quorum of the members. | 134 |
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FY 2024 MAJOR FOOTNOTE CHANGES – CHAPTER 133 (SB 1720)

The budget includes the following major additions, deletions or modifications of footnotes. This list does not include footnote changes pertaining to one-time reports or appropriations or footnote changes conforming to enacted policy.

		<u>Section</u>
Arizona Department of Administration		
13.	Adds footnote requiring ADOA to report to the JLBC Staff on prior year Cyber Risk Insurance Fund expenditures.	6
14.	Adds footnote requiring ADOA to submit a report on the results of Employees Compensation Study on or before October 1, 2024.	6
15.	Adds footnote extending the FY 2023 appropriation for K-12 Transportation Grants through FY 2024.	6
16.	Adds footnote extending the lapsing date of the FY 2022 appropriation for the repair of the Enduring Freedom Memorial through FY 2024.	6
17.	Adds footnote that \$250,000 from the Early Literacy line item shall be distributed to a literacy program that places young adult role models in high-need preschool classrooms and childcare centers, where they deliver targeted early literacy interventions to children who may otherwise never had young adult role models	6
Arizona Department of Administration – Automation Projects Fund		
18.	Adds footnote extending the FY 2022 appropriation to the Department of Economic Security (DES), to replace the child care attendance tracking system through FY 2024.	113
19.	Adds footnote extending the FY 2022 appropriation to ADOA for the Business One-Stop project through FY 2024.	113
20.	Adds footnote extending the FY 2022 appropriation for the Concealed Weapons Tracking System project through FY 2024.	113
21.	Adds footnote requiring that the Arizona Corporation Commission submit a report to the JLBC for review of the agency's plan to support the Business One-Stop project through its completion, including plans for how the new e-Corp system will integrate with the Business One-Stop solution. The report shall be submitted as part of the agency's request for APF expenditure review by JLBC.	113
22.	Adds footnote requiring that the Department of Revenue submit a report to the JLBC for review of the agency's plan to support the Business One-Stop project through its completion, including plans for how the new tax system will integrate with the Business One-Stop solution. The report shall be submitted as part of the agency's request for APF expenditure review.	113
Arizona Department of Administration – School Facilities Division		
23.	Adds footnote specifying that the \$1.0 million appropriation for school building inspections is nonlapsing.	6
24.	Adds footnote requiring the department to, upon approval of distribution of funding for a land purchase, land lease or for the construction of a new school, report to the JLBC Staff and the Governor's Office of Strategic Planning and Budgeting (OSPB) on the final amount to be distributed for the project. If a school district leases state trust land, the department shall revert excess appropriations for new school facilities land costs, less the lease costs.	6
25.	Adds footnote extending the use of the unencumbered balance of \$22,811,500 in the New School Facilities Fund for facilities and land costs for school districts that received final approval from the Division of School Facilities on or before December 15, 2022.	6
Office of Administrative Hearings		
26.	Adds footnote specifying that \$250,000 appropriated in the department's Increased Workload line item shall be used to administer the provisions of a bill addressing insurance provider claims against insurers which becomes law. These monies shall revert to the State General Fund if a bill addressing provider claims against insurers does not pass.	8

AHCCCS

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| 27. | Adds footnote requiring the ASET Office to submit an expenditure plan on behalf of the department to the JLBC for review prior to the expenditure of any monies for the replacement of prepaid Medicaid management information system. The expenditure plan shall include the project cost, deliverables, and timeline for completion and method of procurement consistent with the department's prior reports for its appropriations from the Automation Projects Fund. | 10 |
| 28. | Adds footnote making the \$700,000 FY 2024 General Fund appropriation for prepaid Medicaid management information system replacement nonlapsing until the end of FY 2025. | 10 |
| 29. | Adds footnote instructing AHCCCS to distribute up to \$2.5 million each year from the On-Call Obstetrics and Gynecological Services line item to qualifying community health centers for the unreimbursed cost necessary to maintain on-call obstetrics and gynecological services. Requires recipient entities to submit a report regarding the use of monies, including the number of deliveries and emergency procedures provided. The appropriation is nonlapsing through FY 2026. Allows the department to use up to 5% for administrative costs. | 10 |
| 30. | Adds footnote making the \$486,500 FY 2024 appropriation for the Rapid Whole Genome Sequencing Pilot non-lapsing until the end of FY 2026. | |

Attorney General

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| 31. | Adds footnote specifying that the department shall allocate \$500,000 from the Child and Family Advocacy line item to an entity that supports child victim advocacy and mental health services through a Child Advocacy Center based in a county with a population greater than 3,000,000 persons. | 13 |
| 32. | Adds footnote requiring the monies appropriated in the Opioid Abatement line item be used to treat opioid use disorders and support persons in treatment and recovery. Also requires the Attorney General to submit an expenditure plan to the JLBC for review prior to the expenditure of any monies from the Opioid Abatement line item. | 13 |
| 33. | Adds footnote specifying that the Attorney General's operating lump sum includes a one-time increase of \$3,000,000 from the Consumer Protection - Consumer Fraud Revolving Fund for operating expenses and that this amount is nonlapsing. | 13 |

Department of Child Safety

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| 34. | Adds footnote specifying that the amount appropriated for the Positive Parenting Program for Post Permanency Placements Pilot line item is nonlapsing. | 17 |
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Arizona Commerce Authority

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| 35. | Adds footnote specifying that \$3.5 million of the operating lump sum shall be allocated as follows: | 19 |
| - | \$1.0 million to distribute to a federally recognized state rural development council in the national rural development partnership in this state to establish partnerships in rural Arizona communities. | |
| - | \$500,000 to establish a small business incubator program to assist current and former inmates who are participating in a state program in which the Arizona Department of Corrections (ADC) and the DES collaborate and bring comprehensive services to inmates who are nearing release. The Arizona Commerce Authority (ACA) shall submit a report to the Directors of JLBC and OSPB on program implementation on or before September 1, 2024. | |
| - | \$500,000 to distribute to a nonpartisan public foundation that is a nonprofit organization associated with a statewide business trade organization and that represents multiple industries to develop a strategic framework for policymakers to continue job growth, economic diversification and private sector investments that will make this state a top state economy and international trading partner by 2030. | |
| - | \$500,000 to distribute to a nonprofit partnered with the statewide trade business organization that serves as a resource hub for all Arizona small businesses to establish a program to recruit and train truck drivers. | |
| - | \$1.0 million for the Arizona State Trade Expansion Program. The appropriations are nonlapsing. | |

- 36. Adds footnotes specifying that the appropriations for the Asia-Pacific trade office and the Canada trade office are nonlapsing. Requires the ACA to report on the allocation of \$2 million for additional trade offices and their location by December 31, 2023. 19
- 37. Adds footnote outlining guidelines for the distribution of the monies in the Wearable Research line item. Exempts the appropriation from lapsing through FY 2027. 19
- 38. Adds footnote requiring the ACA to distribute the Economic Transition Resources grants to a nonprofit organization for capital projects, economic sustainability developments, renewable energy projects and broadband projects located within 20 miles of a coal mine that closed within the past 5 years. 19

Community Colleges

- 39. Adds a footnote requiring that the Tohono O'odham College Board of Trustees report on the completion rates of students who received remedial education. 20
- 40. Adds a footnote requiring that the San Carlos Apache College Board of Regents report on the completion rates of students who received remedial education. 20

Department of Corrections

- 41. Adds a footnote stating that the amount appropriated in the Transitional and Reentry Housing line item shall be used for a competitive grant process to provide evidence-based substance use treatment and early intervention for those with involvement with the justice system, a mental health diagnosis, a chronic health condition and/or have experienced homelessness or are at high risk of becoming homeless. Grant recipients must also provide residential treatment services for up to 90 days and recovery housing up to 24 months after completing treatment, deliver peer and family support services, utilize technology to promote recovery, and deliver treatment for reentry via a campus-based continuum care model. 23
- 42. Adds a footnote stating that the amount appropriated in the Transitional Housing Grants line item shall be used to provide grants to nonprofits that meet the following criteria: 1) have mentored at least 3,000 inmates who were in prison for at least 2 years, 2) have mentored inmates receiving resources for at least 3 months while incarcerated, and 3) provide individuals with housing up to 6 months, behavioral health services, assistance with obtaining identification documents, and assistance in securing employment and health insurance. The footnote also requires the department to report on August 31, 2024 on the recipient(s) of grants and specified performance metrics. 23
- 43. Adds footnote specifying that the amount appropriated in the Inmate Dog Training line item be used to contract with a nonprofit organization to train inmates to rehabilitate at-risk dogs. The appropriation is nonlapsing through FY 2025.

Arizona Criminal Justice Commission

- 44. Adds footnote specifying that the Arizona Criminal Justice Commission (ACJC) may use up to \$400,000 in FY 2024 to evaluate, certify and pay for any costs associated with the Law Enforcement Crime Victim Notification Fund. 24

Commission for the Deaf and the Hard of Hearing

- 45. Adds footnote extending the FY 2023 appropriation of \$115,000 from the Telecommunication Fund for the Deaf for Aging Individuals Research through FY 2024. 26

Department of Economic Security

- 46. Adds footnote specifying how the \$830,000 appropriated for the Graham County Rehabilitation Center is to be used. \$800,000 is for remodeling the facilities, and \$30,000 is for an afterschool program. 29
- 47. Adds footnote specifying the department distribute the \$250,000 appropriated for the Globe-Miami Area Food Bank to a food bank headquartered in the Globe-Miami area. 29
- 48. Adds footnote specifying that the amount appropriated for the Produce Incentive Program line item is nonlapsing. 29

49. Adds footnote specifying that the department distribute the \$5.0 million appropriated for the Area Agencies on Aging Housing Assistance line item to Area Agencies on Aging for housing assistance for persons who are at least 60 years old. The appropriation is nonlapsing. 29

Department of Education

50. Adds footnote requiring ADE to submit an expenditure plan prior to spending the \$6.8 million increase for the Early Literacy line item for the new General Fund programs for literacy coaches, kindergarten entry assessments, dyslexia training, and science of reading exams. Also requires ADE to submit a report to the JLBC and OSPB by July 31, 2024, on the actual expenditures of the appropriation. These programs were all included in the FY 2023 3-year budget plan. 31
51. Adds footnote requiring ADE to distribute the appropriated amount for nonprofit education initiatives to a 501(c)(3) nonprofit organization based in Scottsdale, Arizona that provides scholarships and other educational programming and promotes youth activities, sports, and cultural enrichment. 31
52. Adds footnote stipulating that ADE distribute the appropriated amount for nonprofit low-income assistance to a 501(c)(c) nonprofit organization that provides low-income children in grades kindergarten through 8th grade with new clothing and shoes, hygiene kits, and new books. 31
53. Adds footnote requiring ADE to distribute the appropriated amount for science education programs to an organization based in Phoenix, Arizona that provides science, technology, engineering and math education programs and professional development training. 31
54. Adds footnote stipulating that ADE use the appropriated amount for a K-12 transportation formula study to develop a per pupil weighted transportation formula for K-12 students. Requires ADE to report by December 31, 2023 to the President of the Senate, Speaker of the House, the Chairpersons of the Senate and House Education Committees, and the Directors of JLBC and OSPB on the proposed base per pupil amount of the formula and weights for select student groups. 31
55. Adds footnote stipulating that the one-time increase of \$10.0 million for ADE's operating budget is nonlapsing through FY 2026. 31
56. Adds footnote requiring ADE to distribute the appropriated amount for public school campus trees for grants to public schools to plant low-biogenic volatile organic compound-emitting trees on school campuses. Grants would be distributed on a first-come first-served basis to schools with FRPL eligibility of at least 75% through December 31, 2023. After that date, the grants would be available to all public schools. Allows ADE to require grant recipients to report on their use of monies and authorizes recipients to partner with nonprofit organizations. The appropriation is nonlapsing. 31
57. Modifies footnote specifying distribution of Adult Education monies to allocate \$4.6 million to the Continuing High School and Workforce Training Program in FY 2024 instead of \$7.7 million based on a delayed phase-in of the increase in the enrollment cap for the program. 31
58. Adds footnote stipulating that ADE distribute the \$300.0 million one-time state aid supplement funding to districts and charter schools on a pro-rata basis using Group A weighted student counts, including nonresident attending students at school districts (same distribution as Proposition 123 State Aid Supplement). Authorizes districts to budget the monies for Maintenance and Operations or Unrestricted Capital. 31
59. Adds footnote stipulating that the appropriated amount for Juvenile Detention Centers includes \$22,600 for Yavapai County, \$20,000 for Pinal County, and \$10,000 for Maricopa County 31
60. Adds footnote requiring ADE to distribute the appropriation for an Art Consumables Grant Program as grants of up to \$1,000 per recipient for public school art teachers in kindergarten through 12th grade or any public school teacher for preschool through 3rd grade pupils for arts supplies, materials and instructional aids that are of a consumable nature as defined by the uniform system of financial records. 31
61. Adds footnote stipulating that the appropriated amount for live, remote instructional courses is nonlapsing until December 31, 2025. 31
62. Adds footnote authorizing ADE to use monies in the Accountability and Achievement Testing line item for costs associated with the Arizona English Language Learner Assessment (AZELLA) in FY 2024. 31

Department of Emergency and Military Affairs

63. Adds footnote specifying that the \$759,200 appropriated in Federal Government Matching Repayment line item is exempt from lapsing through December 31, 2024. 32
64. Adds footnote making the FY 2023 one-time \$13.3 million appropriation for One-Time Maintenance Backfill non-lapsing. 32
65. Adds footnote specifying the \$335.0 million allocated in FY 2023 to the Border Security Fund to construct and maintain a physical border fence and to purchase and install border security technologies can also be used for other purposes authorized under the Border Security Fund. 110

Department of Environmental Quality

66. Adds footnote requiring DEQ to submit a report to the JLBC on or before July 31, 2024, documenting its progress expending monies for PFAS mitigation. The appropriation is nonlapsing. 33

Arizona Exposition and State Fair Board

67. Adds footnote specifying \$2.3 million from the FY 2023 operating lump sum is exempt from lapsing through June 30, 2024. 37

Arizona Department of Forestry and Fire Management

68. Adds footnote specifying that monies in the Fire District Grants line item shall be used to establish a program to provide grants to fire districts in this state. The department may use up to 2% of the monies in the Fire District Grants line item to administer the program. Grant applications shall be prioritized based on the need of the fire district and average response times of the fire district. A fire district may use fire district grant monies to a) purchase capital equipment necessary to respond to public safety emergencies, including fire engines, ambulances, radio telecommunications, uniforms and equipment; b) construct or renovate fire stations; and c) purchase and provide emergency alert services that are available through a mobile application or other means. 38

Department of Gaming

69. Adds footnote specifying that the monies in the Racetrack Capital Projects and Maintenance and Operation Funding line item shall be distributed to commercial live racing permittees for capital projects and track maintenance and operations including costs of complying with the federal Horseracing Integrity and Safety Act. Of the amount appropriated, the Department of Gaming shall allocate \$1.0 million to a commercial live racing permittee located in Maricopa County. 41

Department of Health Services

70. Adds footnote stipulating that the \$7.0 million Trauma Recovery Center Fund appropriation shall be used to fund technical assistance grants, operational and service costs of a state pilot trauma recovery center, and grant funding for a public research institution to track outcomes. 44
71. Adds footnote making the Dementia Services Program appropriation nonlapsing through June 30, 2026. 44
72. Adds footnote making the Dementia Awareness Campaign appropriation nonlapsing. 44
73. Adds footnote extending the FY 2023 one-time \$1.0 million appropriation for the Behavioral Health Care Provider Loan Repayment Program through June 30, 2024. 44

Department of Homeland Security

74. Adds footnote specifying that of the \$10.0 million deposited in the Antihuman Trafficking Grant Fund, \$2.0 million shall be distributed to the Department of Public Safety (DPS) ACTIC and \$8.0 million shall be distributed as grants to local law enforcement agencies. The appropriation is nonlapsing. 47
75. Adds footnote allowing the department to spend up to 5% of the monies deposited in the Nonprofit Security Grant Fund for administering the Arizona State Nonprofit Security Grant Program. The appropriation is nonlapsing through FY 2026. 47

76.	Adds footnote extending \$300,000 of the FY 2023 appropriation for the Statewide Information Security and Privacy Operations and Controls line item through June 30, 2024.	47
Arizona Department of Housing		
77.	Adds footnote extending the FY 2023 appropriation of \$5.0 million for the Homeless Services Grant Pilot through June 30, 2024.	49
78.	Adds footnote requiring the department to submit an expenditure plan to the JLBC on or before September 1, 2023 for the monies deposited into the Housing Trust Fund.	49
79.	Modifies FY 2023 footnote regarding the \$4 million Housing Trust Fund tribal allocation to permit distribution for projects on Navajo and Hopi Tribal Nations.	1
80.	Adds footnote allowing a portion of the monies from the Housing Trust Fund Deposit to support a long term lease that would create a campus for projects such as: transitional housing, workforce development and housing, crisis response, and integrated wrap around services. Sets forth criteria for the qualifications of the owner and lead operator of the campus.	49
Department of Insurance and Financial Institutions		
81.	Adds footnote specifying that \$250,000 appropriated in the department's operating lump sum shall be used to administer the provisions of a bill addressing insurance provider claims against insurers which becomes law. These monies shall revert to the State General Fund if a bill addressing provider claims against insurers does not pass.	51
Judiciary - Court of Appeals		
82.	Adds footnote extending the lapsing date of \$450,000 of the FY 2023 appropriation to the operating lump sum for Division II of the Court of Appeals for the remodeling of chambers to accommodate a new 3-judge court of appeals panel through FY 2024. Expenditures for capital projects from the appropriation is exempt from JCCR Review.	52
Judiciary - Superior Court		
83.	Modifies footnote to include 2 additional Superior Court judge FTE Positions. Of 240.5 appropriated FTE Positions, 182 represent Superior Court judges.	52
84.	Adds footnote specifying that the amount appropriated for the Probation Salary Increase Backfill line item is used to cover the state's share of county-approved probation officer salary increases for FY 2023 above the amount appropriated for the state's share in the FY 2023 budget.	52
Judiciary - Supreme Court		
85.	Adds footnote stating legislative intent that the \$250,000 appropriation to the Juvenile Monetary Sanctions Funding Backfill continues in FY 2025 and FY 2026. Appropriations contingent on passage of SB 1197 (juvenile offenders; monetary sanctions; repeal).	52
Legislative Council		
86.	Deletes footnote requiring dues for the Council of State Governments to be expended only on an affirmative vote of the Legislative Council.	55
State Mine Inspector		
87.	Adds footnote specifying that of the amount appropriated in the operating lump sum, \$100,000 is for a drone that uses self-stabilization and Light Detection and Ranging mapping technologies.	60
88.	Adds footnote specifying that of the amount appropriated in the operating lump sum, \$300,000 is for a one-time increase for operating expenses and is exempt from lapsing.	60
Department of Public Safety		
89.	Combines 2 existing footnotes concerning the allocation of the \$12.2 million appropriation for the Border Strike Task Force Local Support line item and relabels the line as Local Border Support. Eliminates the existing cap of \$11.7 million for the funding of local law enforcement positions. Adds requirement that these positions shall be used to deter and apprehend any individuals charged with drug trafficking, human smuggling, illegal immigration and other border-related	77

- crimes. Eliminates the existing cap of \$500,000 for the funding of grants to prosecute and detain individuals with these same crimes. Eliminates 25% local matching funds requirement.
90. Adds footnote requiring an annual report on the distribution of funds from the Civil Air Patrol Infrastructure line item and the intended purpose of the distributed funds by December 1 of each year. The appropriation is nonlapsing. 77
 91. Adds footnote specifying of the amount appropriated in the Real-Time Crime Center line item, \$2.6 million will be distributed to Peoria and \$1.5 million to Tucson for the operation of real-time crime centers. 77
 92. Adds footnote specifying that \$11.7 million appropriated in the One-Time Vehicle Replacement line item is exempt from lapsing through June 30, 2025. 77
 93. Adds footnote specifying that of the amount appropriated in the operating lump sum, \$1,098,600 is for a one-time increase for operating expenses and is exempt from lapsing. 77
 94. Adds footnote specifying that of the \$3.0 million deposited into the Fentanyl Prosecution and Testing Fund, DPS may use up to \$50,000 and 0.5 FTE Position to administer the fund. 77
 95. Adds footnote specifying that DPS shall spend \$1.0 million appropriated from the Law Enforcement Retention Initiatives line item for the purpose of acquiring coaching resources with a special emphasis on improving retention and development of law enforcement positions at DPS. DPS shall grant \$1.0 million appropriated from the Law Enforcement Retention Initiatives line item for the purpose to providing matching grants to local government law enforcement agencies to acquire coaching resources. Maricopa County, Pima County, Phoenix, and Tucson are required to provide a 50% match. All other counties, cities, and towns must provide a 25% match. Service providers must have trained coaches with backgrounds in law enforcement and must be able to provide coaching services online. 77
 96. Adds footnote making the FY 2023 one-time \$1.9 million appropriation for K-9 Support non-lapsing. 77
 97. Adds footnote specifying that of the amount appropriated in the operating lump sum, \$1.5 million is for a one-time increase for rapid DNA testing and analysis. 77

Secretary of State

98. Adds footnote specifying that monies in the Presidential Preference Election (PPE) line item may only be spent by the Secretary of State to reimburse expenses incurred by counties to administer the 2024 PPE for logic and accuracy testing of voting equipment for the 2024 PPE and for the direct costs of the Secretary of State related to the 2024 PPE. The Secretary of State may use up to \$100,000 of the monies in the PPE line item for the direct costs of the Secretary of State related to the 2024 PPE. 83
99. Adds a footnote that requires all counties to send certified claims to the Secretary of State on or before May 1, 2024 on actual expenditures associated with executing the PPE. The SOS shall review the county claims and submit a report to the Directors of the JLBC and OSPB regarding county reimbursements for the 2024 PPE on or before May 15, 2024. 83
100. Adds footnote specifying that the operating lump sum appropriation includes \$100,000 for additional support for the talking book library. 83
101. Adds footnote specifying that the operating lump sum appropriation includes \$250,000 for additional support for the Address Confidentiality program. 83
102. Modifies footnote on the use of operating funding for legal expenses. The operating lump sum includes \$100,000 for additional support for Secretary of State legal expenses. The Secretary of State may expend these monies for legal services from the Attorney General or to hire 1 FTE Position to serve as legal advisor and to represent the Secretary of State. The footnote continues to prohibit the SOS from making expenditures or incurring indebtedness to employ outside or private attorneys to provide representation or services 83
103. Adds footnote specifying that of the amount appropriated in the operating lump sum, \$2.3 million is for an increase for administrative costs and is exempt from lapsing. Of this allocation, \$330,000 is designated for the Business Services Department. 83
104. Adds footnote extending the FY 2020 appropriation from the Election Systems Improvement Fund the Help America Vote Act (HAVA) December 2019 county allocation through June 30, 2024. 83
105. Adds footnote specifying that the new \$5 million HAVA Projects line item is exempt from lapsing. Prior to expending the HAVA Projects line item, SOS shall submit an expenditure plan to the JLBC 83

for review. The expenditure plan is to include, at a minimum, the planned expenditures and timeline of expenditures by year. Until all monies are expended, SOS shall report semi-annually to the JLBC and OSPB on actual expenditures (July 31st and December 31st of each year). Of the appropriation, 75% shall be made available to counties for election systems improvements.

Office of Tourism

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| 106. | Adds footnote specifying that \$250,000 of the Tourism Fund Deposit shall be distributed to a 501(c)(6) membership organization in this state that represents statewide hotels and resorts, tourism attractions, destination marketing organizations, sports teams, airlines, airports, and related business partners to advance workforce development and education initiatives for the lodging and tourism industry. | 86 |
| 107. | Adds footnote specifying that \$250,000 of the Tourism Fund Deposit shall be distributed to a 501(c)(6) membership organization in this state that represents restaurants to advance workforce development initiatives and for campaigns to highlight Arizona's restaurant and hospitality industry in support of increasing culinary tourism in Arizona. | 86 |

State Treasurer

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| 108. | Adds footnote specifying that of the \$3.0 million appropriated for the distribution for police department support, \$2.0 million shall be distributed to the Wickenburg Police Department and \$1.0 million shall be distributed to the Hayden Police Department. The funding may not be used to supplant any existing funding for police. | 116 |
| 109. | Adds footnote specifying that of the \$3.5 million appropriated for the Glassford Dells Regional Park shall be distributed equally to the City of Prescott and the Town of Prescott Valley. The State Treasurer may not distribute the monies appropriated until Yavapai County, the City of Prescott and the Town of Prescott Valley jointly demonstrate to the State Treasurer that the county, city and town have a commitment for matching monies of gifts, grants and donations in the amount of at least \$3.5 million for the Glassford Dells Regional Park from sources other than this state. | 116 |
| 110. | Adds footnote delineating the distribution to counties for a Property Owner Notification System. | 116 |
| 111. | Adds footnote specifying that the amount appropriated for sheriff search and rescue equipment be distributed as follows: Cochise County (18%), Coconino County (21%), Gila County (2.5%), Greenlee County (0.5%), Mohave County (21%), Navajo County (0.5%), Pinal County (22%), Yavapai County (13.5%). The remaining 1% shall be distributed to Apache, Graham, La Paz, Maricopa, Pima, Santa Cruz, and Yuma Counties on a first-come, first served basis. | 116 |
| 112. | Adds footnote specifying that the Pepper Ball Pilot Program is intended to test a nonlethal compliance tool that does not cause significant bodily injury. Specify that funding is distributed equally to the Chandler, Tucson, and Mesa Police Departments. | 116 |
| 113. | Adds a footnote specifying that the amount appropriated from the Peace Officer Training Equipment Fund be distributed as follows to purchase firearm training simulators: \$300,000 to the Phoenix Police Department, \$300,000 to the Mohave County Probation Department, \$138,000 to the Casa Grande Police Department, \$330,000 to the Maricopa County Sheriff's Office, and \$300,000 to the Navajo County Sheriff's Office. | 116 |

Universities

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| 114. | Adds legislative intent footnote in all 3 universities that the level of appropriated monies allocated for the freedom schools in FY 2024 be consistent with the amount appropriated for each school in FY 2023. (In prior budgets, the freedom schools were funded as separate line items, but the funding is now contained as part of each university's operating lump sum appropriation) | 92,93,94 |
| 115. | Adds footnote specifying that \$1.0 million of the appropriation for the Arizona Cooperative Extension shall be used for agricultural workforce development grants. | 93 |
| 116. | Adds footnote specifying the Space Analog line item shall be used by the University of Arizona for the continued progression of the Space Analog for the Moon and Mars (SAM) Program at the Biosphere. It is the intent of the Legislature that the amount appropriated in FY 2024 be used to fund the program in FY 2024, FY 2025, and FY 2026. | 93 |
| 117. | Adds footnote that requires the ABOR, by October 1, 2024 to report to the JLBC Staff and the OSPB on each of the following: | 91 |

-	The total number of students enrolled in the Arizona Promise Program of each eligible postsecondary institution.	
-	The total number of Pell eligible students enrolled at each eligible postsecondary institution.	
-	The number of students who completed a program of study through the Arizona Promise Program.	
-	The total number of programs of study chosen by Arizona Promise Program recipients and how many Promise Program recipients are enrolled in each listed program of study. The average promise program award total for each participating institution. The geographic representation of promise program award recipients. The average GPA of promise program award recipients by eligible postsecondary institution.	
118.	Adds a footnote that requires the ABOR, by October 1, 2024, to report to the JLBC Staff and the OSPB on each of the following for the Spouses of Military Veterans Tuition Scholarship Program: <ul style="list-style-type: none"> - The amount distributed to each eligible postsecondary institution. - The total number of award recipients at each eligible postsecondary institution. - The average award amount to report. 	91
119.	Adds footnote specifying that the amount appropriated for the Primary Care Residency Programs line item is nonlapsing.	91
120.	Adds footnote requiring ABOR to distribute monies for the Museum of Democracy Presidential Project to the universities to provide opportunities for undergraduate students, high school students, and the broader community to become better informed on American presidencies and presidential elections, including for public speakers, high school leadership academies, student workshops, and presidential memorabilia exhibitions. The appropriation is nonlapsing.	91
121.	Adds footnote requiring any monies allocated for the ASU Center for American Institutions to be used at sole discretion of the lead of the center, for direct operation of the center, and be deposited to a separate account. Requires the center to submit a report the JLBC by October 1, 2024 on the center's total fund sources and activities. Adds legislative intent statement that that ASU deposit \$4.0 million from the operating budget appropriation to the center's separate account.	92
122.	Adds footnote requiring ASU to distribute monies appropriated for the Collegiate Women's Wrestling Program for first-come first-serve athletic scholarships to individuals with at least a 3.0 GPA and are ranked in the top 10 of their weight class according to the National High School Ranking System, except that individuals ranked in the top 5 of their weight class shall be given priority. Allows up to \$150,000 to be used for costs incurred to establish and maintain the program.	92
123.	Added a footnote requiring that the amount appropriated for AZ REACH be used to provide medical care transfer services to hospitals with less than 20 beds.	93
124.	Modifies footnote for Washington D.C. internships to allow monies to be used for programs shorter than one academic semester.	91
125.	Adds footnote requiring proceeds from the School of Mines Land Fund to be used for direct support of the UA School of Mining and Mineral Resources.	94
Department of Veterans' Services		
126.	Adds footnote specifying the department distribute the \$3.0 million appropriated for the Gila County Veterans Retreat to Gila County for the Pleasant Valley Veterans Retreat. The appropriation is nonlapsing.	94
127.	Adds a footnote specifying \$15,000 of the Arizona State Veterans' Cemeteries line item is to provide burial services for members of the Arizona National Guard and the U.S. Armed Forces Reserves if the member's service was terminated under honorable conditions.	94
128.	Adds a footnote specifying the \$600,000 appropriated for the Veteran Suicide Prevention Training Pilot Program line item is to offer claims examiners and municipal and county veteran service officers training and certification in veterans suicide prevention. Requires the department to submit a report by July 30, 2024, on the pilot program that includes whether changes to the program should be made. The appropriation is nonlapsing.	94
129.	Adds a footnote specifying the \$5.0 million appropriated for the Homeless Veterans' Reintegration Program line item is to provide services for reintegrating homeless veterans into the labor force and addressing other problems homeless veterans face.	94

130. Adds a footnote specifying the \$1.5 million appropriated for the Tribal Connectivity Project line item is to expand the telecommunications and satellite internet capabilities of chapter houses in rural tribal nations to increase access to services and benefits. 94

Water Infrastructure Finance Authority

131. Adds footnote specifying that \$3.0 million in the Water Projects Assistance Grants line item is for irrigation districts in Cochise and Graham Counties and to cities and towns in Navajo and Apache Counties to contract for services of outside advisors, attorneys, consultants and aides that are reasonably necessary or desirable to enable the irrigation districts to adequately perform their duties. The sum of \$1.0 million is allocated to each of the following 3: a) cities and towns in Navajo and Apache Counties; b) irrigation districts in Graham County and c) irrigation districts along the San Pedro River in Cochise County. The applications for these monies are to be presented for approval to Water Infrastructure Finance Authority (WIFA) and the authority is to distribute the monies to qualified entities before December 31, 2023. 96
132. Adds footnote specifying that WIFA shall distribute the monies in the Gilbert Wells Project line item to the town of Gilbert for the rehabilitation and drilling of new water wells. 96
133. Adds footnote specifying that WIFA shall distribute the monies in the Glendale Irrigation and Xeriscaping line item to the City of Glendale for irrigation system and xeriscaping. 96
134. Adds footnote specifying that WIFA shall distribute the monies in the Little Colorado River Levee line item to Navajo County to reconstruct the Little Colorado River levee. (FY 2024 General Appropriations Act as amended by Laws 2023, Chapter 166) 96
135. Adds footnote specifying that WIFA distribute the monies in the Mohave Wash Recharge Basin line item to Mohave County to design and construct the Mohave Wash Recharge Basin. 96
136. Adds footnote specifying that WIFA shall distribute the monies in the Peoria Wells Project line item to the City of Peoria for new water wells and water infrastructure projects. 96

Department of Water Resources

137. Adds footnote designating that monies in the Brackish Groundwater Study line item are for the Department of Water Resources (DWR) to review and update studies on the availability of brackish groundwater in the state. The appropriation is nonlapsing. 97
138. Adds footnote exempting the \$11.0 million appropriation for the Brackish Groundwater Recovery Pilot Program line item from the lapsing of appropriations. Allocates \$2.0 million of the \$11.0 million appropriation for a brackish groundwater desalination demonstration program and to develop a base of knowledge to enhance groundwater recovery through desalination in Active Management Areas (AMA) within their AMA section. The remaining \$9.0 million is for dollar-for-dollar matching grants to participants for brackish groundwater desalination projects within an AMA undertaken for the benefit of users in the Central Arizona Project. The Central Arizona Project shall receive \$3 for every dollar contributed to the pilot program. 97
139. Adds footnote for DWR to provide a report on or before July 31, 2024, the department shall report to the JLBC and OSPB on the uses of the \$5.0 million appropriated to the Statewide Water Resources Planning line item. 97
140. Adds footnote specifying that DWR shall distribute the monies in the Santa Rosa Canal Groundwater Delivery line item equally between the irrigation districts that are constructing infrastructure in furtherance of the purposes of the settlement between the Maricopa-Stanfield Irrigation and Drainage district, the Central Arizona Irrigation and Drainage district and the Ak-Chin Indian Community and with respect to the delivery of groundwater by the districts by means other than the Santa Rosa Canal. 97

Statewide

141. Adds footnote extending specified amounts appropriated in the agency lump sum in FY 2023 for e-licensing system upgrades through June 30, 2024 for the following agencies: Acupuncture Board of Examiners, Board of Athletic Training, Barbering and Cosmetology Board, Board of Behavioral Health Examiners, State Board of Chiropractic Examiners, State Board of Dental Examiners, State Board of Dispensing Opticians, State Board of Funeral Directors and Embalmers, Board of Massage Therapy, Arizona Medical Board, Board of Nursing Care Institution Administrators and Assisted Living Facility Managers, Board of Occupational Therapy Examiners, State Board of 109

Optometry, Arizona State Board of Pharmacy, Board of Physical Therapy, State Board of Podiatry Examiners, State Board for Private Postsecondary Education, State Board of Psychologist Examiners, Board of Respiratory Care Examiners, State Board of Technical Registration, and the Department of Insurance and Financial Institutions

CAPITAL – CHAPTER 135 (SB 1722)

Arizona Department of Administration

- | | | |
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| 142. | As session law, amend the FY 2023 Capital Bill in reference to the Little Colorado River Visitor Center so that the Department of Administration shall distribute monies to the Navajo Nation (instead of Navajo County). | 2 |
| 143. | Adds footnote extending the following FY 2022 appropriations through June 30, 2024: <ul style="list-style-type: none"> - \$24.2 million for ADOA Building Renewal. - \$2.8 million to demolish the state-owned buildings located at 1601 West Jefferson Street and 1645 West Jefferson Street and to convert the building's physical plant to provide service to 1535 West Jefferson Street. - \$3.5 million to replace Capitol Mall air handler units at the House of Representatives and Senate buildings at 1700 West Washington Street. | 21 |

Department of Corrections

- | | | |
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| 144. | Adds footnote extending the \$2.5 million FY 2022 appropriation to replace doors in 4 units at the Adobe Mountain School facility through June 30, 2024. | 21 |
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Department of Emergency and Military Affairs

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| 145. | Adds footnote making the FY 2023 appropriation for additional construction monies for the Tucson Readiness Center nonlapsing. | 21 |
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Arizona Exposition and State Fair Board

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| 146. | Adds footnote extending the following FY 2022 appropriations through June 30, 2024: <ul style="list-style-type: none"> - \$1.0 million for capital improvements. - \$1.0 million to replace the fire alarm system in the Arizona Veterans' Memorial Coliseum building on the State Fair Grounds. | 21 |
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Arizona Game and Fish Department

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| 147. | Adds footnote extending the \$1.2 million FY 2022 appropriation for building renewal through June 30, 2024. | 21 |
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Department of Juvenile Corrections

- | | | |
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| 148. | Adds footnote extending the \$25.6 million FY 2022 appropriation for the Eyman Fire and Life Safety Upgrades through June 30, 2024. | 21 |
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Arizona State Parks Board

- | | | |
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| 149. | Adds footnote requiring Arizona State Parks Board (SPB) to notify the Joint Committee on Capital Review (JCCR) and OSPB of revised expenditure plans should SPB receive any Land and Water Conservation Fund grant funding for the respective capital projects included in the budget. | 8 |
| 150. | Adds footnote extending the following FY 2022 appropriations through June 30, 2024: <ul style="list-style-type: none"> - \$2.4 million for capital improvements. - \$126,000 to replace the fire suppression system at Red Rock State Park. - \$750,000 to construct Rockin' River Ranch State Park. | 21 |

Pioneers' Home

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| 151. | Adds footnote extending the \$353,100 FY 2022 appropriation for the capital improvements through June 30, 2024. | 21 |
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Department of Transportation

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| 152. | Adds footnote stating that monies distributed to the town of Queen Creek to extend State Route 24 are eligible to be used for all necessary expenses from the current project status until completion. Queen Creek shall collaborate with Pinal County before spending the monies. | 10 |
| 153. | Adds footnote extending the FY 2020 and FY 2022 capital appropriation related to the Wickenburg Maintenance Yard through June 30, 2024. | 21 |
| 154. | Adds footnote that notwithstanding A.R.S § 41-1252, the State Highway and Local Transportation Project appropriations are not subject to review by the JCCR. | |
| 155. | Adds footnote requiring Arizona Department of Transportation (ADOT) to, within 30 days after the last day of each calendar quarter report to the JLBC Staff and the OSPB the projected cost and status of the projects for specified General Fund highway projects. | 10 |
| 156. | Adds footnote stipulating that the department may transfer monies between each fiscal year (FY 2022, FY 2023, and FY 2024) projects to address a funding shortfall. The department shall submit any proposed transfer to JCCR for review. | 10 |
| 157. | Adds footnote stipulating that the \$54.3 million appropriation for pavement rehabilitation shall be used for projects that are not in Maricopa or Pima County, on roads that are graded as being in fair or poor condition and are not in the department's 5-year transportation plan. | 13 |
| 158. | Adds footnote specifying that of the \$19 million FY 2022 transportation project for widening SR 347 near Maricopa, \$13 million shall be reallocated as follows: | 14 |
| | a) \$10.3 million to ADOT to distribute to the city of Maricopa to design and construct improvements to SR 238 and/or SR 347 | |
| | b) \$2 million to the Gila River Indian Community for transportation infrastructure; and | |
| | c) \$700,000 to ADOT for engineering and design costs associated with improvements along SR 87 near Coolidge. | |

FY 2023
GENERAL FUND ADJUSTMENTS

FY 2023 GENERAL FUND ADJUSTMENTS

	FY 2022 Actual	FY 2023 Original 1/	Baseline Adjustments 2/	FY 2023 JLBC Baseline	Session Changes 3/	FY 2023 Enacted
REVENUES						
Ongoing Revenues	\$17,441,150,600	17,096,561,900	1,660,970,100	\$18,757,532,000	224,482,600	\$18,982,014,600
Previously Enacted Tax Reductions		(1,316,346,000)	(188,841,500)	(1,505,187,500)	8,863,400	(1,496,324,100)
Newly Enacted Tax Reductions		(8,885,300)	8,885,300			
Urban Revenue Sharing	(756,388,300)	(1,106,958,600)	(100)	(1,106,958,700)		(1,106,958,700)
Net Ongoing Revenues	\$16,684,762,300	\$14,664,372,000	\$1,481,013,800	\$16,145,385,800	\$233,346,000	\$16,378,731,800
One-Time Revenues						
Balance Forward	\$894,636,000	\$4,508,935,400	\$200,510,600	\$4,709,446,000		4,709,446,000
Water Infrastructure Repayment	20,000,000					
Attorney General Settlement			77,250,000	77,250,000	(1,787,900)	75,462,100
Withholding Revenue Loss (New Tax Rate Form)			(700,000,000)	(700,000,000)		(700,000,000)
TPT Diversions		(2,287,489,600)		(2,287,489,600)		(2,287,489,600)
Public Infrastructure TPT Distribution		(50,000,000)		(50,000,000)		(50,000,000)
Other One-Time Revenue Changes		(3,500,000)		(3,500,000)		(3,500,000)
Subtotal One-Time Revenues	\$914,636,000	\$2,167,945,800	(\$422,239,400)	\$1,745,706,400	(\$1,787,900)	\$1,743,918,500
Total Revenues	\$17,599,398,300	\$16,832,317,800	\$1,058,774,400	\$17,891,092,200	\$231,558,100	\$18,122,650,300
EXPENDITURES						
Ongoing Operating Appropriations	\$12,041,823,100	\$14,203,683,200	\$1,025,900	\$14,204,709,100	(\$2,793,900)	\$14,201,915,200
ADE Formula Supplemental			200,000,000	200,000,000	(19,375,700)	180,624,300
Administrative Adjustments		170,000,000	55,000,000	225,000,000		225,000,000
Revertments		(215,000,000)	65,000,000	(150,000,000)	(8,080,000)	(158,080,000)
Subtotal Ongoing Expenditures	\$12,041,823,100	\$14,158,683,200	\$321,025,900	\$14,479,709,100	(\$30,249,600)	\$14,449,459,500
One-Time Expenditures						
Capital Outlay	\$92,632,900	\$250,257,400		\$250,257,400	(\$12,000,000)	238,257,400
Transportation Funding		83,000,000		83,000,000		83,000,000
Reduce K-12 Rollover	65,000,000	65,000,000		65,000,000		65,000,000
FY 2022 Supplementals	93,566,300					
FY 2023 Supplementals/Ex-Appropriations					28,182,500	28,182,500
Debt Payoff	93,500,000					
Pension Payoff	1,139,086,400	60,000,000		60,000,000		60,000,000
Operating One-Time Spending	654,235,900	1,138,340,500	(25,900)	1,138,314,600	12,000,000	1,150,314,600
Water Supply Funding (TPT Diversion in FY 23)		TPT Diversion				TPT Diversion
Medicaid Reversion (Enhanced Match/Other)	(285,844,400)		(482,000,000)	(482,000,000)		(482,000,000)
New ADE Formula Funding Reversion	(389,100,000)					
Federal Funds Offset (ARPA)	(635,000,000)					
University 27th Pay Period	20,052,100					
Subtotal One-Time Expenditures	\$848,129,200	\$1,596,597,900	(\$482,025,900)	\$1,114,572,000	\$28,182,500	\$1,142,754,500
Total Expenditures	\$12,889,952,300	\$15,755,281,100	(\$161,000,000)	\$15,594,281,100	(\$2,067,100)	\$15,592,214,000
Ending Balance	\$4,709,446,000	\$1,077,036,700	\$1,219,774,400	\$2,296,811,100	\$233,625,200	\$2,530,436,300

1/ Reflects FY 2023 Budget as published in the FY 2023 Appropriations Report.

2/ Reflects forecast adjustments to revenue, including base revenues and the impact of tax law changes. Also reflects spending adjustments, including agency supplementals/ex-appropriations.

3/ Reflects revenue adjustments and spending adjustments made in the 2023 First Regular Session. Also includes \$12 million technical shift for display of Tribal Community College capital projects.

FY 2023 GENERAL FUND ADJUSTMENTS

FY 2023 Budget Revision — The preceding chart illustrates the changes to the FY 2023 budget from the August 2022 publication of the *FY 2023 Appropriations Report* (including changes through the 55th Legislature, Second Regular Session) to the current estimate in this *FY 2024 Appropriations Report*. The chart includes the changes from the passage of bills in the First Regular Session of the 56th Legislature addressing the FY 2023 budget.

Original Budget Estimate — When the *FY 2023 Appropriations Report* was published in August 2021, the FY 2023 budget was anticipated to have a \$1.1 billion balance.

Mid-Year Balance — As estimated in the January 2023 JLBC Baseline, higher-than-expected revenues together with other changes led to the state's projected FY 2023 ending balance increasing to a balance of \$2.3 billion. The components of this \$1.2 billion increase in the fund balance compared to the August 2022 figures were as follows:

	(\$ in M)
• Increased FY 2022 Carry-Forward	201
• Increase in Net FY 2023 Ongoing Revenues	1,481
• Set-Aside for Withholding Revenue Loss	(700)
• Attorney General Settlement	77
• Decreased FY 2022 Expenditures	<u>161</u>
Total	\$1,220

The original FY 2023 budget assumed an FY 2022 carry-forward balance of \$4.51 billion. Subsequent to the publication of the *FY 2023 Appropriations Report*, final FY 2022 revenues were stronger than anticipated and as a result, the FY 2022 ending balance was \$4.71 billion, or \$201 million above the original estimate.

Base FY 2023 revenues were estimated to decline compared to FY 2022, reflecting in part the implementation of tax law changes. Net revenue growth was significantly stronger than originally projected, however, and were estimated to increase nearly \$1.5 billion.

Some of this projected revenue, however, was assumed to decline to reflect changes in withholding rates associated with tax law changes occurring in 2023. The January 2023 JLBC Baseline assumed a one-time \$(700) million revenue loss for this shift. In addition, the Baseline incorporated \$77 million of one-time revenues due to a 2022 Attorney General settlement with Google.

Finally, the January 2023 JLBC Baseline assumed that spending would be \$(161) million less than the enacted

budget. This was primarily the result of \$(482) million in due to an extension of a temporary higher federal Medicaid match rate through December 31, 2023. These savings were offset in part by a \$200 million supplemental for higher K-12 enrollment expenditures as well as higher spending of prior-year appropriations.

2023 Legislative Session — Laws 2022, Chapter 133, the General Appropriations Act, and other budget bills were signed by the Governor on May 11, 2023. The bills made changes totaling \$(161) million to the FY 2023 budget as outlined in the January Baseline. In addition to these changes, the budget included \$28 million of additional supplementals and ex-appropriations. The largest increases included \$52 million to the Arizona Department of Transportation (ADOT) for additional I-10 lanes between SR-85 and Citrus Road and \$20 million to the Department of Housing for homeless shelter and services funding. The largest ex-appropriations included removing \$(25) million for secure behavioral health facility funding in AHCCCS, removing \$(25) million for a Loop 101 slip ramp in ADOT, and removing \$(10) million for improvements to US-95 near Yuma Proving Ground, also in ADOT. These appropriations were further offset by technical adjustments including \$(3) million in estimated lower savings of prior-year appropriations, an additional \$(8) million in savings from reverts of FY 2023 appropriations, and an additional \$(19) million in additional K-12 enrollment savings (reducing the \$200 million K-12 supplemental to \$181 million). Combined, these FY 2023 spending changes resulted in a net \$(2) million spending decrease.

In addition to these spending adjustments and revenue adjustments in the January Baseline, the revised FY 2023 budget assumed an additional \$232 million of revenues, including \$233.3 million for revenue performance higher than assumed in the Baseline, offset by \$(1.8) million from lower-than-assumed revenue from the Attorney General settlement with Google. Combined with the total new post-Baseline net spending decrease of \$(2) million, the FY 2022 budget as passed in June is estimated to have an ending balance of \$2.53 billion.

Other Fund Adjustments — The FY 2023 revisions included \$103 million in Other Fund supplementals. The largest components are AHCCCS caseload supplementals in Laws 2023, Chapters 17 and 113 which totaled to \$88 million. In addition, Chapters 17 and 113 also appropriated \$4.96 billion in Expenditure Authority for AHCCCS.

FY 2023 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2023 Approp Rpt August 2022	GF Adjustments	GF FY 2023 Supplementals <u>2/</u>	GF Enacted FY 2023
<u>BUDGET UNITS</u>				
Administration, Arizona Department of	\$68,950,900			\$68,950,900
Administration, Arizona Department of Automation Projects Fund	28,747,000			28,747,000
Administration, Arizona Department of - School Facilities Division	0			324,672,200
Administrative Hearings, Office of	324,672,200			998,900
African-American Affairs, Arizona Commission of	998,900		15,000	161,600
Agriculture, Arizona Department of	146,600			24,954,600
AHCCCS	24,954,600			2,296,039,900
Arts, Arizona Commission on the	2,321,039,900		(25,000,000)	5,000,000
Attorney General - Department of Law	5,000,000			29,522,900
Charter Schools, State Board for	29,522,900			3,328,200
Child Safety, Department of	3,328,200			472,867,200
Commerce Authority, Arizona	472,867,200			41,050,000
Community Colleges, Arizona	41,050,000	(1,793,900) <u>3/</u>		112,987,500
Corporation Commission	114,781,400			807,200
Corrections, State Department of	807,200		169,300	1,438,132,500
County Funding	1,437,963,200			17,650,700
Criminal Justice Commission, Arizona	17,650,700			14,600,000
Deaf and the Blind, Schools for the	14,600,000			26,677,900
Economic Opportunity, Office of	26,677,900			525,800
Economic Security, Department of	525,800			1,079,053,000
Education, State Board of	1,079,053,000			3,407,600
Education, Department of	3,407,600		180,624,300	7,104,518,600
Emergency and Military Affairs, Department of	6,923,894,300			29,607,200
Environmental Quality, Department of	29,607,200			22,900,000
Equalization, State Board of	22,900,000		700	788,600
Executive Clemency, Board of	787,900			1,336,800
Forestry and Fire Management, Arizona Department of	1,336,800			129,473,400
Gaming, Department of	129,473,400		5,600,000	16,956,500
Governor, Office of the	16,956,500			9,276,100
Governor's Office of Strategic Planning and Budgeting	9,276,100			2,961,400
Health Services, Department of	2,961,400			194,834,300
Historical Society, Arizona	194,834,300			3,214,700
Historical Society, Prescott	3,214,700			1,016,100
Homeland Security, Department of	1,016,100			12,000,000
Housing, Department of	12,000,000		20,000,000	90,000,000
Industrial Commission of AZ	70,000,000			84,600
Insurance and Financial Institutions, Department of	84,600			8,213,000
Judiciary	8,213,000			29,047,400
Supreme Court	29,047,400			

FY 2023 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2023 Approp Rpt August 2022	GF Adjustments	GF FY 2023 Supplementals <u>2/</u>	GF Enacted FY 2023
Court of Appeals	22,523,200			22,523,200
Superior Court	110,359,700			110,359,700
SUBTOTAL - Judiciary	161,930,300	0	0	161,930,300
Juvenile Corrections, Department of	38,607,700			38,607,700
Land Department, State	14,659,300			14,659,300
Legislature				
Auditor General	26,991,600			26,991,600
House of Representatives	27,020,300			27,020,300
Joint Legislative Budget Committee	3,144,500			3,144,500
Legislative Council	9,546,500			9,546,500
Ombudsmen-Citizens Aide Office	1,516,200			1,516,200
Senate	23,385,300			23,385,300
SUBTOTAL - Legislature	91,604,400	0	0	91,604,400
Mine Inspector, State	2,819,000			2,819,000
Navigable Stream Adjudication Commission	144,200			144,200
Parks Board, Arizona State	6,500,000			6,500,000
Public Safety, Department of	364,162,500			364,162,500
Public Safety Personnel Retirement System	66,000,000			66,000,000
Real Estate Department, State	3,221,000			3,221,000
Revenue, Department of	59,863,300			59,863,300
Secretary of State	22,237,100			22,237,100
Tax Appeals, State Board of	317,700			317,700
Tourism, Office of	10,302,600			10,302,600
Treasurer, State	8,560,800			8,560,800
Tribal Relations, Governor's Office on	69,900			69,900
Universities				
Board of Regents	90,238,000			90,238,000
Arizona State University	465,044,700			465,044,700
Northern Arizona University	164,151,500			164,151,500
University of Arizona - Main Campus	299,423,000			299,423,000
University of Arizona - Health Sciences Center	76,897,700			76,897,700
SUBTOTAL - Universities	1,095,754,900	0	0	1,095,754,900
Veterans' Services, Department of	12,449,200			12,449,200
Water Infrastructure Finance Authority	10,000,000			10,000,000
Water Resources, Department of	25,364,500			25,364,500
OPERATING BUDGET TOTAL	\$15,437,869,900	(\$1,793,900)	\$181,409,300	\$15,617,485,300
Unallocated '23 Rent Adjustments	(1,200)			(1,200)
Unallocated '23 HRIS Fee Adjustments	2,100			2,100
Unallocated '23 Salary Adjustments	153,500			153,500
Medicaid Reversion (Enhanced Match/Other)	0	(482,000,000)		(482,000,000)
Capital Outlay - Phoenix Convention Center Debt Service	24,999,400			24,999,400
Capital Outlay - Rio Nuevo District <u>4/</u>	16,000,000			16,000,000

FY 2023 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2023 Approp Rpt August 2022	GF Adjustments	GF FY 2023 Supplementals <u>2/</u>	GF Enacted FY 2023
Capital Outlay	321,257,400		27,397,500	348,654,900
Administrative Adjustments	170,000,000	55,000,000		225,000,000
Revertments	(215,000,000)	56,920,000		(158,080,000)
GRAND TOTAL	\$15,755,281,100	(\$371,873,900)	\$208,806,800	\$15,592,214,000

- 1/ This chart provides a crosswalk between an agency's original appropriation in the *FY 2023 Appropriations Report* and its final FY 2023 appropriation, excluding capital appropriations.
- 2/ Reflects changes enacted in the FY 2024 General Appropriation Act (Laws 2023, Chapter 133), the FY 2024 Capital Outlay Bill (Laws 2023, Chapter 135) and additional appropriations in the 1st Regular Session. Any supplementals enacted prior to the 1st Regular Session are reflected in the Adjustments column. (There were no supplementals in this latter category for FY 2023.)
- 3/ Reflects updated estimates for distributions to tribal community colleges pursuant to A.R.S. § 42-5031.01.
- 4/ Represents an estimated cost.

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
<u>BUDGET UNITS</u>				
Accountancy, State Board of				
Board of Accountancy Fund	\$2,236,600			\$2,236,600
Acupuncture Board of Examiners				
Acupuncture Board of Examiners Fund	196,800		1,200	198,000
Administration, Arizona Department of				
Air Quality Fund	928,000			928,000
Arizona Financial Information System Collections Fund	13,385,100			13,385,100
Automation Operations Fund	31,568,300			31,568,300
Capital Outlay Stabilization Fund	19,200,200			19,200,200
Corrections Fund	634,600			634,600
Cyber Risk Insurance Fund	21,587,200			21,587,200
Federal Surplus Materials Revolving Fund	468,500			468,500
Information Technology Fund	2,292,000			2,292,000
Personnel Division Fund	13,779,500			13,779,500
Risk Management Revolving Fund	93,500,700		3,112,400	96,613,100
Special Employee Health Insurance				
Trust Fund	5,719,900			5,719,900
Special Services Revolving Fund	1,257,300			1,257,300
State Surplus Materials Revolving Fund	3,064,600			3,064,600
State Web Portal Fund	6,798,300			6,798,300
Telecommunications Fund	1,814,000			1,814,000
Total - Arizona Department of Administration	215,998,200	0	3,112,400	219,110,600
Administration, Arizona Department of - Automation Projects Fund				
Automation Projects Fund	59,331,900			59,331,900
Agriculture, Arizona Department of				
Air Quality Fund	1,597,800			1,597,800
Nuclear Emergency Management Fund	280,500			280,500
Total - Arizona Department of Agriculture	1,878,300	0	0	1,878,300
AHCCCS				
Budget Neutrality Compliance Fund	4,303,100			4,303,100
Children's Health Insurance Program Fund	123,622,900		87,731,400	211,354,300
Prescription Drug Rebate Fund - State	165,160,800			165,160,800
Seriously Mentally Ill Housing Trust Fund	217,300			217,300
Substance Abuse Services Fund	2,250,200			2,250,200
Tobacco Products Tax Fund				
Emergency Health Services Account	17,448,300			17,448,300
Tobacco Tax and Health Care Fund				
Medically Needy Account	67,179,700			67,179,700
Total - AHCCCS	380,182,300	0	87,731,400	467,913,700
Athletic Training, Board of				
Athletic Training Fund	157,300			157,300
Attorney General - Department of Law				

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Antitrust Enforcement Revolving Fund	161,400			161,400
Attorney General Legal Services Cost Allocation Fund	2,326,200			2,326,200
Collection Enforcement Revolving Fund	7,599,300			7,599,300
Consumer Protection-Consumer Fraud Rev. Fund	24,474,500			24,474,500
Consumer Restitution and Remediation Revolving Fund - Consumer Remediation Subaccount	5,000,000			5,000,000
Interagency Service Agreements Fund	18,199,300			18,199,300
Internet Crimes Against Children Enforcement Fund	900,000			900,000
Risk Management Revolving Fund	13,308,100			13,308,100
Victims' Rights Fund	3,812,700			3,812,700
Total - Attorney General - Department of Law	75,781,500	0	0	75,781,500
Barbering and Cosmetology Board				
Barbering and Cosmetology Fund	2,864,800			2,864,800
Behavioral Health Examiners, Board of				
Board of Behavioral Health Examiners Fund	2,179,700			2,179,700
Child Safety, Department of				
Child Abuse Prevention Fund	1,459,300			1,459,300
Child Welfare Licensing Fee Fund	1,020,800			1,020,800
Children and Family Services Training Program Fund	208,000			208,000
Federal Child Care and Development Fund				
Block Grant	40,516,000			40,516,000
Federal Temporary Assistance for Needy Families Block Grant	161,082,200			161,082,200
Total - Department of Child Safety	204,286,300	0	0	204,286,300
Chiropractic Examiners, State Board of				
Board of Chiropractic Examiners Fund	488,700			488,700
Commerce Authority, Arizona				
State Web Portal Fund	5,000,000			5,000,000
Contractors, Registrar of				
Registrar of Contractors Fund	13,754,600			13,754,600
Corporation Commission				
Arizona Arts Trust Fund	58,800			58,800
Investment Management Regulatory and Enforcement Fund	812,000			812,000
Public Access Fund	7,464,500			7,464,500
Securities Regulatory and Enforcement Fund	5,706,900			5,706,900
Utility Regulation Revolving Fund	16,236,100			16,236,100
Total - Corporation Commission	30,278,300	0	0	30,278,300
Corrections, State Department of				
Alcohol Abuse Treatment Fund	555,800			555,800
Corrections Fund	30,967,800			30,967,800
Inmate Store Proceeds Fund	5,544,200			5,544,200

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Penitentiary Land Fund	2,777,600			2,777,600
Prison Construction and Operations Fund	12,500,100			12,500,100
State Charitable, Penal and Reformatory Institutions Land Fund	2,665,100			2,665,100
State Education Fund for Correctional Education	738,900			738,900
Transition Program Fund	2,400,300			2,400,300
Total - State Department of Corrections	58,149,800	0	0	58,149,800
Criminal Justice Commission, Arizona				
Criminal Justice Enhancement Fund	708,900			708,900
Drug and Gang Prevention Resource Center Fund	647,100			647,100
State Aid to County Attorneys Fund	973,700			973,700
State Aid to Indigent Defense Fund	700,000			700,000
Victim Compensation and Assistance Fund	4,250,700			4,250,700
Total - Arizona Criminal Justice Commission	7,280,400	0	0	7,280,400
Deaf and the Blind, Arizona Schools for the Schools for the Deaf and the Blind Fund	15,342,700			15,342,700
Cooperative Services Fund	20,125,900			20,125,900
Total - Arizona State Schools for the Deaf and the Blind	35,468,600	0	0	35,468,600
Deaf and the Hard of Hearing, Comm. for the Telecommunication Fund for the Deaf	4,966,000			4,966,000
Dental Examiners, State Board of Dental Board Fund	1,937,500			1,937,500
Economic Security, Department of				
Child Support Enforcement Administration Fund	17,683,300			17,683,300
Domestic Violence Services Fund	4,000,300			4,000,300
Federal Child Care and Development Fund Block Grant	200,010,200			200,010,200
Federal Temporary Assistance for Needy Families Block Grant	66,591,200			66,591,200
Long Term Care System Fund	33,289,500			33,289,500
Public Assistance Collections Fund	430,400			430,400
Special Administration Fund	4,643,200			4,643,200
Spinal and Head Injuries Trust Fund	2,388,200			2,388,200
Statewide Cost Allocation Plan Fund	1,000,000			1,000,000
Workforce Investment Act Grant	56,293,500			56,293,500
Total - Department of Economic Security	386,329,800	0	0	386,329,800
Education, Department of				
Department of Education Empowerment Scholarship Account Fund	357,900			357,900
Permanent State School Fund	328,895,600			328,895,600
Education Sales Tax - Accountability	7,000,000			7,000,000
Teacher Certification Fund	2,527,900			2,527,900

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Tribal College Dual Enrollment Program Fund	325,000			325,000
Total - Department of Education	339,106,400	0	0	339,106,400
Emergency and Military Affairs, Department of				
Border Security Fund	209,205,000			209,205,000
Nuclear Emergency Management Fund	1,987,400			1,987,400
Total - Department of Emergency & Military Affairs	211,192,400	0	0	211,192,400
Environmental Quality, Department of				
Air Quality Fund	5,830,900			5,830,900
Emergency Response Fund	528,300			528,300
Emissions Inspection Fund	30,484,400			30,484,400
Hazardous Waste Management Fund	1,946,600			1,946,600
Indirect Cost Fund	18,629,000			18,629,000
Permit Administration Fund	7,285,600			7,285,600
Recycling Fund	2,522,400			2,522,400
Safe Drinking Water Program Fund	1,998,500			1,998,500
Solid Waste Fee Fund	2,674,600			2,674,600
Water Quality Fee Fund	18,348,200			18,348,200
Total - Department of Environmental Quality	90,248,500	0	0	90,248,500
Equal Opportunity, Governor's Office of				
Personnel Division Fund	211,400			211,400
Exposition and State Fair Board, Arizona				
Arizona Exposition and State Fair Fund	19,056,800			19,056,800
Funeral Directors and Embalmers, Board of				
Board of Funeral Directors' and Embalmers' Fund	494,800			494,800
Game and Fish Department, Arizona				
Capital Improvement Fund	1,001,200			1,001,200
Game and Fish Fund	45,353,600			45,353,600
Game, Nongame, Fish and Endangered				
Species Fund	389,200			389,200
Watercraft Licensing Fund	5,226,800			5,226,800
Wildlife Endowment Fund	16,200			16,200
Total - Arizona Game and Fish Department	51,987,000	0	0	51,987,000
Gaming, Department of				
Fantasy Sports Contest Fund	150,100			150,100
Tribal-State Compact Fund	2,308,700			2,308,700
Racing Regulation Fund	2,576,600			2,576,600
Racing Regulation Fund - Uarmed Combat				
Subaccount	104,600			104,600
State Lottery Fund	300,000			300,000
Arizona Benefits Fund	16,610,000			16,610,000
Total - Department of Gaming	22,050,000	0	0	22,050,000
Health Services, Department of				
Arizona State Hospital Fund	3,145,800			3,145,800

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
ASH Land Earnings Fund	650,000			650,000
Child Fatality Review Fund	196,500			196,500
Disease Control Research Fund	1,000,000			1,000,000
Emergency Medical Services Operating Fund	4,167,900			4,167,900
Environmental Laboratory Licensure Revolving Fund	1,001,700			1,001,700
Federal Child Care and Development Fund Block Grant	998,600			998,600
Health Services Licensing Fund	16,960,500		870,000	17,830,500
Health Services Lottery Monies Fund	200,000			200,000
Indirect Cost Fund	12,298,700			12,298,700
Newborn Screening Program Fund	12,821,300			12,821,300
Nursing Care Institution Resident Protection Revolving Fund	238,200			238,200
Tobacco Tax and Health Care Fund Medically Needy Account	700,000			700,000
Vital Records Electronic Systems Fund	3,862,300			3,862,300
Total - Department of Health Services	58,241,500	0	870,000	59,111,500
Homeland Security, Arizona Department of Information Technology Fund	11,930,300			11,930,300
Homeopathic and Integrated Medicine Examiners, Board of Board of Homeopathic and Integrated Medicine Examiners' Fund	51,900		900	52,800
Housing, Department of Housing Trust Fund	367,400			367,400
Industrial Commission of Arizona Administrative Fund	21,976,700		1,100	21,977,800
Insurance and Financial Institutions, Department of Automobile Theft Authority Fund	6,159,700			6,159,700
Financial Services Fund	5,971,600			5,971,600
Department Revolving Fund	50,300			50,300
Total - Department of Insurance and Financial Institutions	12,181,600	0	0	12,181,600
Judiciary - Supreme Court Confidential Intermediary and Fiduciary Fund	546,500			546,500
Court Appointed Special Advocate Fund	5,416,000			5,416,000
Criminal Justice Enhancement Fund	4,722,800			4,722,800
Defensive Driving School Fund	4,487,700			4,487,700
Judicial Collection Enhancement Fund	15,191,400			15,191,400
State Aid to the Courts Fund	2,946,500			2,946,500
Total - Judiciary - Supreme Court	33,310,900	0	0	33,310,900
Judiciary - Superior Court				

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Criminal Justice Enhancement Fund	5,494,400			5,494,400
Judicial Collection Enhancement Fund	6,015,400			6,015,400
Drug Treatment and Education Fund	504,200			504,200
Total - Judiciary - Superior Court	12,014,000	0	0	12,014,000
SUBTOTAL - Judiciary	45,324,900	0	0	45,324,900
Juvenile Corrections, Department of				
Criminal Justice Enhancement Fund	538,500			538,500
Department of Juvenile Corrections				
Local Cost Sharing Fund	8,450,900			8,450,900
State Charitable, Penal and Reformatory				
Institutions Land Fund	4,125,400			4,125,400
State Education Fund for Committed Youth	1,955,200			1,955,200
Total - Department of Juvenile Corrections	15,070,000	0	0	15,070,000
Land Department, State				
Due Diligence Fund	5,000,000			5,000,000
Environmental Special Plate Fund	260,600			260,600
Trust Land Management Fund	8,028,800			8,028,800
Total - State Land Department	13,289,400	0	0	13,289,400
Liquor Licenses and Control, Department of				
Liquor Licenses Fund	7,112,500			7,112,500
Lottery Commission, Arizona State				
State Lottery Fund	170,261,900	12,220,000 <u>3/</u>		182,481,900
Massage Therapy, Board of				
Board of Massage Therapy Fund	603,800			603,800
Medical Board, Arizona				
Arizona Medical Board Fund	8,291,700		23,100	8,314,800
Mine Inspector, State				
Aggregate Mining Reclamation Fund	112,900			112,900
Naturopathic Physicians Medical Board				
Naturopathic Physicians Medical Board Fund	212,000		1,400	213,400
Navigable Stream Adjudication Commission				
Arizona Water Banking Fund	200,000			200,000
Nursing, State Board of				
Board of Nursing Fund	5,885,000			5,885,000
Nursing Care Institution Administrators Board				
Nursing Care Institution Administrators'				
Licensing and Assisted Living Facility				
Managers' Certification Fund	627,400		2,800	630,200
Occupational Therapy Examiners, Board of				
Occupational Therapy Fund	266,400			266,400
Opticians, State Board of Dispensing				
Board of Dispensing Opticians Fund	193,100			193,100
Optometry, State Board of				

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Board of Optometry Fund	298,800		1,800	300,600
Osteopathic Examiner in Medicine and Surgery, Arizona Board of Board of Osteopathic Examiners in Medicine and Surgery Fund	1,384,500			1,384,500
Parks Board, Arizona State Off-Highway Vehicle Recreation Fund	16,700			16,700
State Parks Store Fund	1,011,300			1,011,300
State Parks Revenue Fund	18,519,400			18,519,400
Total - Arizona State Parks Board	19,547,400	0	0	19,547,400
Personnel Board, State Personnel Board Subaccount of the Personnel Division Fund	345,000		1,100	346,100
Pharmacy, Arizona State Board of Arizona State Board of Pharmacy Fund	3,537,000			3,537,000
Physical Therapy, Board of Board of Physical Therapy Fund	630,900			630,900
Pioneers' Home, Arizona Miners' Hospital for Miners with Disabilities Land Fund	2,318,600			2,318,600
State Charitable Fund	6,024,700			6,024,700
Total - Arizona Pioneers' Home	8,343,300	0	0	8,343,300
Podiatry Examiners, State Board of Podiatry Fund	185,800			185,800
Private Postsecondary Education, Board for Board for Private Postsecondary Education Fund	453,800		3,400	457,200
Psychologist Examiners, State Board of Board of Psychologist Examiners Fund	650,500		2,400	652,900
Public Safety, Department of Arizona Highway Patrol Fund	31,293,300		3,364,200	34,657,500
Concealed Weapons Permit Fund	3,172,200			3,172,200
Criminal Justice Enhancement Fund	2,989,100			2,989,100
DPS Forensics Fund	22,985,300			22,985,300
Fingerprint Clearance Card Fund	1,581,100			1,581,100
GIITEM Border Security and Law Enforcement Subaccount	2,396,400			2,396,400
Motor Vehicle Liability Insurance Enforcement Fund	1,282,000			1,282,000
Motorcycle Safety Fund	198,900			198,900
Parity Compensation Fund	4,088,100			4,088,100
Public Safety Equipment Fund	2,894,000			2,894,000
Risk Management Revolving Fund	1,396,900			1,396,900
State Highway Fund	8,166,700			8,166,700
Total - Department of Public Safety	82,444,000	0	3,364,200	85,808,200

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Residential Utility Consumer Office				
Residential Utility Consumer Office				
Revolving Fund	1,578,900			1,578,900
Respiratory Care Examiners, Board of				
Board of Respiratory Care Examiners Fund	406,800			406,800
Retirement System, Arizona State				
Long-Term Disability Trust Fund Administration				
Account	1,800,000			1,800,000
Arizona State Retirement System Administration				
Account	26,335,600			26,335,600
Total - Arizona State Retirement System	28,135,600	0	0	28,135,600
Revenue, Department of				
Department of Revenue Administrative Fund	28,603,100			28,603,100
Liability Setoff Program Revolving Fund	892,500			892,500
Tobacco Tax and Health Care Fund	727,900			727,900
Total - Department of Revenue	30,223,500	0	0	30,223,500
Secretary of State				
Election Systems Improvement Fund	483,500			483,500
Records Services Fund	1,334,900			1,334,900
Total - Secretary of State	1,818,400	0	0	1,818,400
Technical Registration, State Board of				
Technical Registration Fund	2,641,000			2,641,000
Transportation, Department of				
Air Quality Fund	326,600			326,600
Department Fleet Operations Fund	27,110,500		1,500	27,112,000
Highway User Revenue Fund	906,500			906,500
Highway Damage Recovery Account	8,000,600			8,000,600
Ignition Interlock Device Fund	363,600			363,600
Motor Vehicle Liability Insurance				
Enforcement Fund	5,383,600			5,383,600
State Aviation Fund	2,163,600			2,163,600
State Fleet Operations Fund	25,267,100			25,267,100
State Highway Fund	516,951,300		15,207,800	532,159,100
State Vehicle Replacement Fund	10,715,800			10,715,800
Vehicle Inspection and Certificate of Title				
Enforcement Fund	2,246,600			2,246,600
Total - Department of Transportation	599,435,800	0	15,209,300	614,645,100
Treasurer, State				
Law Enforcement and Boating Safety Fund	2,183,800			2,183,800
State Treasurer's Operating Fund	3,965,100			3,965,100
Total - State Treasurer	6,148,900	0	0	6,148,900
Universities				
Arizona State University				
University Collections Fund	597,483,500	108,548,300		706,031,800

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Total - Arizona State University	597,483,500	108,548,300	0	706,031,800
Northern Arizona University				
University Collections Fund	134,964,500	(4,567,200)		130,397,300
University of Arizona - Main Campus				
University Collections Fund	304,407,700	78,403,600		382,811,300
University of Arizona - Health Sciences Center				
University Collections Fund	56,363,300	10,312,000		66,675,300
SUBTOTAL - Universities	1,093,219,000	192,696,700	0	1,285,915,700
Veterans' Services, Department of				
Hyperbaric Oxygen Therapy for Military Veterans Fund	25,000			25,000
State Homes for Veterans' Trust Fund	60,559,500			60,559,500
Total - Department of Veterans' Services	60,584,500	0	0	60,584,500
Veterinary Medical Examining Board				
Veterinary Medical Examining Board Fund	770,500		4,300	774,800
Water Resources, Department of				
Assured and Adequate Water Supply Admin Fund	291,200			291,200
Water Resources Fund	1,726,500			1,726,500
Total - Department of Water Resources	2,017,700	0	0	2,017,700
OPERATING BUDGET TOTAL	\$4,540,096,700	\$204,916,700	\$110,330,800	\$4,855,344,200
Unallocated '23 AFIS Transaction Fee	18,900			18,900
Unallocated '23 Rent Adjustments	(165,800)			(165,800)
Unallocated '23 Retirement Adjustments	(440,800)			(440,800)
Unallocated '23 HITF Employer Premium Increase	7,775,800			7,775,800
Unallocated '23 HRIS Fee Adjustments	355,300			355,300
Unallocated '23 IT Pro Rata Adjustments	140,300			140,300
Unallocated '23 Fleet Adjustments	113,600			113,600
Unallocated '23 Salary Adjustments	1,163,200			1,163,200
Capital Outlay - Building Renewal/Projects	1,488,186,900			1,488,186,900
GRAND TOTAL	\$6,037,244,100	\$204,916,700	\$110,330,800	\$6,352,491,600

FY 2023 EXPENDITURE AUTHORITY CROSSWALK - ORIGINAL TO FINAL ESTIMATES

	EA FY 2023 Approp Rpt August 2023	EA Adjustments	EA FY 2023 Supplementals <u>2/</u>	EA Enacted FY 2023
AHCCCS	\$15,790,361,700		\$4,961,873,900	\$20,752,235,600
Child Safety, Department of	648,084,500		30,988,200	679,072,700
Economic Security, Department of	3,210,744,000			3,210,744,000

FY 2023 OTHER FUNDS CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2023 Approp Rpt August 2022	OF Adjustments	OF FY 2023 Supplementals <u>2/</u>	OF Enacted FY 2023
Education, Department of	1,160,831,000	6,000,000		1,166,831,000
GRAND TOTAL	\$20,810,021,200	\$6,000,000	\$4,992,862,100	\$25,808,883,300

1/ This chart provides a crosswalk between an agency's original appropriation in the *FY 2023 Appropriations Report* and its final FY 2023 appropriation, excluding capital appropriations.

2/ Reflects changes enacted in the FY 2024 General Appropriation Act (Laws 2023, Chapter 133) and additional appropriations in the 1st Regular Session. Any supplementals enacted prior to the 1st Regular Session are reflected in the Adjustments column.
(There were no supplementals in this category for FY 2023.)

3/ Revised to match the enacted budget forecast.

**JLBC STAFF AND
AGENCY DIRECTORY**

APPROPRIATIONS COMMITTEE MEMBERS
Fifty-sixth Legislature
First Regular Session

HOUSE

David Livingston, Chairman
Joseph Chaplik, Vice-Chairman
Lorena Austin
Selina Bliss
Michael Carbone
Lupe Diaz
Timothy Dunn
Matt Gress
Quang Nguyen
Barbara Parker
Marcelino Quiñonez
Athena Salman
Judy Schwiebert
Amish Shah
Stephanie Stahl Hamilton

SENATE

John Kavanagh, Chairman
Jake Hoffman, Vice-Chairman
Lela Alston
Ken Bennett
Eva Diaz
David Farnsworth
Brian Fernandez
Anthony Kern
Sine Kerr
Juan Mendez

STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE

- Director Richard Stavneak
- Office Manager..... Linda Monsanto
- Deputy Directors Stefan Shepherd
- Jack Brown
- Chief Economist..... Hans Olofsson
- Assistant Directors Micaela Larkin
- Patrick Moran
- Rebecca Perrera
- Principal Fiscal Analysts..... Morgan Dorcheus
- Geoff Paulsen
- Senior Fiscal Analysts Ryan Fleischman
- Jordan Johnston
- Maggie Rocker
- Economist..... Ben Newcomb
- Fiscal Analysts Nate Belcher
- Chandler Coiner
- James Martinez-Burney
- Cameron Mortensen
- Gordon Robertson
- Mitch Wenzel
- Senior Administrative Assistant/JLBC Clerk..... Kristy Paddack
- Administrative Assistant/JCCR Clerk Jennifer Burns

JOINT LEGISLATIVE BUDGET COMMITTEE

The Joint Legislative Budget Committee was established in 1966 pursuant to Laws 1966, Chapter 96. The primary powers and duties of the JLBC relate to ascertaining facts and making recommendations to the Legislature regarding all facets of the state budget, state revenues and expenditures, future fiscal needs, and the organization and functions of state government. The following members serve on the Committee during the 56th Legislature, 1st Regular Session:

Representative David Livingston Chairman	Senator John Kavanagh Vice-Chairman
Representative Leo Biasiucci	Senator Lela Alston
Representative Neal Carter	Senator Ken Bennett
Representative Joseph Chaplik	Senator Sonny Borrelli
Representative Matt Gress	Senator Eva Diaz
Representative Athena Salman	Senator Brian Fernandez
Representative Judy Schwiebert	Senator Jake Hoffman
Representative Stephanie Stahl Hamilton	Senator J.D. Mesnard

The objectives and major products of the staff of the JLBC are:

- Analysis and recommendations for the state budget, which is presented in January of each year.
- Technical, analytical, and preparatory support in the development of appropriations bills considered by the Legislature.
- Periodic economic and state revenue forecasts.
- Preparation of fiscal notes on legislation and ballot propositions that have a fiscal impact on the state or any of its political subdivisions.
- An annual *Appropriations Report*, which is published shortly after the budget is completed and provides detail on the budget along with an explanation of legislative intent.
- Support to the JLBC with respect to recommendations on business items placed on the committee's agenda such as transfers of appropriations pursuant to A.R.S. § 35-173.
- Support to the Joint Committee on Capital Review (JCCR) with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects.
- Analyze the state tax structure, tax burdens on individuals and businesses and tax incentives for businesses pursuant to A.R.S. § 41-1272A4.

Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007
Phone: (602) 926-5491
Email: jlbcwebmaster@azleg.gov
Website: <https://www.azjlbc.gov>

JOINT COMMITTEE ON CAPITAL REVIEW

The Joint Committee on Capital Review (JCCR) was first established on April 11, 1986 pursuant to Laws 1986, Chapter 85. The primary powers and duties of the Joint Committee on Capital Review relate to ascertaining facts and making recommendations to the Legislature regarding state expenditures for land, buildings and improvements. This portion of the state budget is known as "capital outlay." The following members serve on the Committee during the 56th Legislature, 1st Regular Session:

Representative David Livingston	Senator John Kavanagh
Vice-Chairman	Chairman
Representative Lorena Austin	Senator Lela Alston
Representative Leo Biasiucci	Senator Ken Bennett
Representative Joseph Chaplik	Senator Sonny Borrelli
Representative Lupe Contreras	Senator Eva Diaz
Representative Matt Gress	Senator Denise "Mitzi" Epstein
Representative Athena Salman	Senator Jake Hoffman

The JCCR is staffed by the JLBC Staff. The objectives and major products of the JCCR are to:

- Recommend capital appropriations to the Legislature.
- Approve capital transfers within a budget unit.
- Review the scope, purpose and cost of projects before releasing appropriations.
- Develop a "Building Renewal Formula."
- Approve the use of Renewal funds for infrastructure repair.
- Approve lease-purchase agreements and the acquisition of certain real property and buildings.
- Along with the Legislature, approve corrections and state operated juvenile facilities expenditures from the Corrections Fund.
- Review the issuance of revenue bonds by the Board of Regents.
- Approve Arizona Department of Administration land and building purchases and condemnations.
- Review "Capital Improvement Plans."
- Determine rental rates for buildings owned by the state.
- Review Community College District revenue bond projects.
- Review School Facilities Division assumptions for new school construction.
- Review School Facilities Division lease-to-own agreements.

**DIRECTORY OF JLBC ANALYSTS
AND AGENCY/DEPARTMENT HEADS
(Analysts During the 2023 Regular Session)**

<u>AGENCY/DEPARTMENT/BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS ^{1/}</u>	<u>TELEPHONE NUMBER</u>
Accountancy, Arizona State Board of	Rebecca Perrera	Monica Petersen [Executive Director]	602-364-0870
Acupuncture Board of Examiners	Chandler Coiner	David Geriminsky [Executive Director]	602-542-3095
Administration, Arizona Department of	Rebecca Perrera	Elizabeth Alvarado-Thorson [Director]	602-542-1500
ADOA - School Facilities Division	Rebecca Perrera	Elizabeth Alvarado-Thorson [Director]	602-542-1500
Administrative Hearings, Office of	Ben Newcomb	Greg Hanchett [Director]	602-542-9830
Agriculture, Arizona Department of	Nate Belcher	Paul Brierley [Director]	602-542-0997
Arizona Health Care Cost Containment System	Maggie Rocker/ Chandler Coiner	Carmen Heredia [Director]	602-417-4111
Arizona State University	Morgan Dorcheus	Michael Crow, Ph.D. [President]	480-965-8972
Arts, Arizona Commission on the	Ryan Fleischman	Jacqueline Alling [Executive Director]	602-771-6520
Athletic Training, Board of	Nate Belcher	Shaina Ganatra [Executive Director]	602-589-8353
Attorney General - Department of Law	Ryan Fleischman	Honorable Kris Mayes [Attorney General]	602-542-4266
Auditor General	Micaela Larkin	Lindsey Perry [Auditor General]	602-553-0333
Barbering and Cosmetology Board	Cameron Mortensen	Frank Migali [Director]	480-784-4632
Behavioral Health Examiners, Board of	Cameron Mortensen	Tobi Zavala [Executive Director]	602-542-1617
Charter Schools, State Board for	Cameron Mortensen	Ashley Berg [Executive Director]	602-364-3080
Child Safety, Department of	Ryan Fleischman	David Lujan [Director]	602-255-2500
Chiropractic Examiners, State Board of	Cameron Mortensen	Alissa Vander Veen [Executive Director]	602-542-9101
Citizens Clean Elections Commission	Micaela Larkin	Thomas M. Collins [Executive Director]	602-364-3477
Commerce Authority, Arizona	Nate Belcher	Sandra Watson [President and CEO]	602-845-1229
Community Colleges, Arizona	Cameron Mortensen	--	--
Constable Ethics Standards and Training Board	Ryan Fleischman	Dennis Dowling [Chairman]	602-343-6280
Contractors, Registrar of	Ben Newcomb	Vacant [Director]	602-771-6700
Corporation Commission	Nate Belcher	Honorable Jim O'Connor [Chairman]	602-542-3682
Corrections, State Department of	Geoffrey Paulsen	Dr. Ryan Thornell [Director]	602-542-5225
Court of Appeals, Division I	Ryan Fleischman	Honorable Kent E. Cattani [Chief Judge]	602-452-6725
Court of Appeals, Division II	Ryan Fleischman	Honorable Garye L. Vásquez [Chief Judge]	520-628-6949
Criminal Justice Commission, Arizona	Ryan Fleischman	Andrew LeFevre [Executive Director]	602-364-1156
Deaf and the Blind, Arizona State Schools for the	Cameron Mortensen	Annette Reichman [Superintendent]	520-770-3704
Deaf and the Hard of Hearing, Commission for the	Cameron Mortensen	Sherri L. Collins [Executive Director]	602-542-3383
Dental Examiners, State Board of	Cameron Mortensen	Ryan Edmonson [Executive Director]	602-542-4451
Early Childhood Development and Health Board, Arizona	Ryan Fleischman	Melinda Gulick [Chief Executive Officer]	602-771-5091
Economic Opportunity, Office of	Ben Newcomb	Carlos Contreras [Director]	602-771-0484
Economic Security, Department of	Chandler Coiner	Angie Rodgers [Director]	602-542-5757
Education, State Board of	Cameron Mortensen	Sean Ross [Executive Director]	602-542-5057
Education, Department of	Patrick Moran	Honorable Tom Horne [Superintendent of Public Instruction]	602-542-5072
Emergency and Military Affairs, Department of	Jordan Johnston	Kerry L. Muehlenbeck [Adjutant General]	602-267-2710
Environmental Quality, Department of	Maggie Rocker	Karen Peters [Director]	602-771-2203
Equal Opportunity, Governor's Office of	Nate Belcher	Barry Wong [Executive Director]	602-542-5732
Equalization, State Board of	Ben Newcomb	George R. Shook [Chairman]	602-364-1611
Executive Clemency, Board of	Ryan Fleischman	Gretchen McClellan-Singh [Executive Director]	602-542-5656
Exposition and State Fair Board, Arizona	Nate Belcher	Wanell Costello [Executive Director]	602-252-6771
Forestry and Fire Management, Arizona Department of	Nate Belcher	Tom Torres [State Forester]	602-771-1400
Game and Fish Department, Arizona	Nate Belcher	Ty Gray [Director]	602-942-3000
Gaming, Department of	Ben Newcomb	Jackie Johnson [Director]	602-771-4263
Governor, Office of the	Micaela Larkin	Honorable Katie Hobbs [Governor]	602-542-4331
Governor's Office of Strategic Planning and Budgeting	Micaela Larkin	Sarah Brown [Director]	602-542-5381
Health Services, Department of	Maggie Rocker	Jennie Cunico [Director]	602-542-1025
Historical Society, Arizona	Micaela Larkin	David Breeckner [Executive Director]	520-628-5774
Historical Society of Arizona, Prescott	Micaela Larkin	Lisa Hayes [Executive Director]	928-277-2002
Homeland Security, Arizona Department of	Rebecca Perrera	Susan Dzbanks [Director]	602-542-7013

<u>AGENCY/DEPARTMENT/BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS ^{1/}</u>	<u>TELEPHONE NUMBER</u>
Homeopathic and Integrated Medicine Examiners, Board of House of Representatives Housing, Arizona Department of Independent Redistricting Commission Industrial Commission of Arizona	Chandler Coiner Micaela Larkin Cameron Mortensen Micaela Larkin Jordan Johnston	David Geriminsky [Executive Director] Honorable Ben Toma [Speaker of the House] Joan Serviss [Director] Brian Schmitt [Executive Director] James Ashley [Director]	602-542-3095 602-926-3312 602-771-1007 602-542-4411
Insurance and Financial Institutions, Department of Joint Legislative Budget Committee Juvenile Corrections, Department of Land Department, State Legislative Council	Nate Belcher Micaela Larkin Ryan Fleischman Ben Newcomb Micaela Larkin	Barbara Richardson [Director] Richard Stavneak [Director] Douglas Sargent [Director] Robyn Sahid [Land Commissioner] Mike E. Braun [Executive Director]	602-364-3100 602-926-5491 602-542-4121 602-542-4621 602-926-4236
Liquor Licenses and Control, Department of Lottery Commission, Arizona State Massage Therapy, Board of Medical Board, Arizona Mine Inspector, State	Nate Belcher Geoff Paulsen Nate Belcher Chandler Coiner Nate Belcher	Ben Henry [Director] Alec Thomson-[Executive Director] Thomas Augherton [Executive Director] Patricia McSorley [Executive Director] Honorable Paul Marsh [State Mine Inspector]	602-542-9020 480-921-4505 602-542-8804 480-551-2700 602-542-5971
Naturopathic Physicians Medical Board Navigable Stream Adjudication Commission, Arizona Northern Arizona University Nursing, State Board of Nursing Care Institution Administrators and Assisted Living Facility Managers, Board of Examiners of	Chandler Coiner Nate Belcher Cameron Mortensen Chandler Coiner Chandler Coiner	Gail Anthony [Director] George Mehnert [Executive Director] José Luis Cruz Rivera, Ph.D. [President] Joey Ridenour [Executive Director] Jack Confer [Executive Director]	602-542-8242 602-542-9214 928-523-3232 602-771-7801 602-542-8156
Occupational Therapy Examiners, Board of Ombudsman-Citizens Aide Office Opticians, State Board of Dispensing Optometry, State Board of Osteopathic Examiners, Arizona Board of	Nate Belcher Micaela Larkin Morgan Dorcheus Morgan Dorcheus Chandler Coiner	Shaina Ganatra [Executive Director] Joanne MacDonnell [Ombudsman Citizens' Aide] Megan Darian [Executive Director] Margaret Whelan [Executive Director] Justin Bohall [Executive Director]	602-589-8352 602-277-7292 602-542-8158 602-542-8155 602-771-2522
Parks Board, Arizona State Personnel Board, State Pharmacy, Arizona State Board of Physical Therapy, Board of Pioneers' Home, Arizona	Nate Belcher Rebecca Perrera Chandler Coiner Nate Belcher Chandler Coiner	Robert Broscheid [Executive Director] Zachariah Tolliver [Executive Director] Kamlesh Gandhi [Executive Director] Judy Chepeus [Executive Director] Jessica Sullivan [Superintendent]	602-542-4174 602-542-3888 602-771-2740 602-542-8157 928-277-2763
Podiatry Examiners, State Board of Power Authority, Arizona Private Postsecondary Education, State Board for Psychologist Examiners, State Board of Public Safety, Department of	Morgan Dorcheus Ryan Fleischman Cameron Mortensen Cameron Mortensen Jordan Johnston	Heather Broadus [Executive Director] Jordy Fuentes [Executive Director] Kevin LaMountain [Executive Director] Heidi Herbst Paakkonen [Executive Director] Jeff Glover [Director]	602-542-8151 602-368-4265 602-542-5716 602-542-8162 602-223-2359
Public Safety Personnel Retirement System Real Estate Department, State Regents, Arizona Board of Residential Utility Consumer Office Respiratory Care Examiners, Board of	Jack Brown Ben Newcomb Morgan Dorcheus Nate Belcher Cameron Mortensen	Michael Townsend [Administrator] Susan Nicolson [Commissioner] John Arnold [Executive Director] Cynthia Zwick [Director] Charles Villafranca [Director]	602-255-5575 602-771-7799 602-229-2507 602-364-4835 602-542-5995
Retirement System, Arizona State Revenue, Department of Secretary of State, Department of State Senate Superior Court	Jack Brown Micaela Larkin Micaela Larkin Micaela Larkin Ryan Fleischman	Paul Matson [Director] Rob Woods [Director] Honorable Adrian Fontes [Secretary of State] Honorable Warren Petersen [President of the Senate] David K. Byers [Director]	602-240-2000 602-716-6090 602-542-4285 602-926-4371 602-452-3301
Supreme Court Tax Appeals, State Board of Technical Registration, State Board of Tourism, Office of Transportation, Department of	Ryan Fleischman Nate Belcher Cameron Mortensen Nate Belcher Jordan Johnston	Robert Brutinel [Chief Justice] Patricia Walker [Chairperson] Judith Stapley [Executive Director] Lisa Urias [Director] Jennifer Toth [Director]	602-452-3534 602-364-1102 602-364-4930 602-364-3703 602-712-7227
Treasurer, State Tribal Relations, Governor's Office on University of Arizona Veterans' Services, Department of Veterinary Medical Examining Board, Arizona State	Nate Belcher Micaela Larkin Cameron Mortensen Chandler Coiner Cameron Mortensen	Honorable Kimberly Yee [State Treasurer] Jason Chavez [Executive Director] Robert Robbins, M.D. [President] Lieutenant Colonel Dana Allmond [Director] Victoria Whitmore [Executive Director]	602-542-7800 602-542-4426 520-621-5511 602-255-3373 602-542-8150
Water Infrastructure Finance Authority Water Resources, Department of	Micaela Larkin Micaela Larkin	Chuck Podolak [Director] Thomas Buschatzke [Director]	602-364-1310 602-771-8426

AGENCY/DEPARTMENT/BUDGET AREAJLBC ANALYSTAGENCY/DEPARTMENT HEADS ^{1/}TELEPHONE
NUMBEROTHER ASSIGNMENTS

Capital Review
Economic and Revenue Forecast
Federal/Non-Appropriated Funds
Fiscal Note Manager

Rebecca Perrera
Hans Olofsson
Stefan Shepherd
Stefan Shepherd

1/ Reflects the Agency or Department head at time of publication and does not distinguish whether an individual has received Senate confirmation.

[] Denotes Title for Information Purposes