

**FY 2025**

**Appropriations Report**

**August 2024**



# FY 2025 APPROPRIATIONS REPORT

This annual *Appropriations Report* provides detailed information on the FY 2025 budget, based on the General Appropriation Act (Laws 2024, Chapter 209) and other legislative acts.

## TABLE OF CONTENTS

### Page

### **BUDGET HIGHLIGHTS**

• FY 2024 – FY 2027 Statement of General Fund Revenues and Expenditures .....	BH-2
• FY 2025 State General Fund Budget Summary.....	BH-3
• General Fund Budget 4-Year Analysis .....	BH-12
• Summary of One-Time General Fund Adjustments .....	BH-19
• Summary of One-Time General Fund Transfers .....	BH-25
• Graphs of FY 2025 Budget .....	BH-27
• FY 2015 - FY 2025 “Then and Now” Comparisons.....	BH-29

### **BUDGET DETAIL**

• Summary of Appropriated Funds by Agency.....	BD-2
• Summary of Capital Outlay Appropriations .....	BD-4
• Summary of Additional Operating and Statutory Appropriations.....	BD-5
• Previously Enacted Appropriations FY 2025 and Beyond.....	BD-7
• Summary of Total Spending Authority (Appropriated and Non-Appropriated Funds) .....	BD-9
• State Personnel Summary by Agency.....	BD-11

<b>BUDGET UNITS</b> ( <i>see Specific Agency Pages</i> ) .....	1
--	---

### **CAPITAL OUTLAY**

• Capital Outlay .....	402
• Summary of Rent Charges .....	405
• Lease-Purchase Appropriations.....	429

### **ECONOMIC AND REVENUE FORECAST**

• General Fund Revenue .....	433
• Budget Stabilization Fund.....	439

<b>CONSOLIDATED RETIREMENT REPORT</b> .....	443
---	-----

### **GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT AND OTHER OVERALL ISSUES**

• General Provisions of the General Appropriation Act and Other Overall Issues.....	449
• Salary Adjustments for State Employees Since FY 2015 and Salary Adjustments for Elected Officials .....	454

### **AGENCY DETAIL AND ALLOCATIONS**

• Detailed List of General Fund Changes by Agency .....	456
• Detailed List of Other Fund Changes by Agency .....	464
• General Fund Spending by Budget Units - Ongoing Funding .....	470
• Summary of One-Time Other Fund Adjustments.....	472
• FY 2025 General Fund Crosswalk of General Appropriation Act to Appropriations Report Totals.....	474
• FY 2025 Other Funds Crosswalk of General Appropriation Act to Appropriations Report Totals.....	476
• Summary of Risk Management Charges.....	482

<b>BUDGET RECONCILIATION BILLS AND MAJOR FOOTNOTE CHANGES</b> .....	485
---	-----

<b>FY 2024 GENERAL FUND AND OTHER FUND ADJUSTMENTS</b> .....	507
--	-----

<b>JLBC STAFF AND AGENCY DIRECTORY LISTINGS</b> .....	524
---	-----



# ALPHABETICAL INDEX OF STATE AGENCIES

	<u>Page No.</u>		<u>Page No.</u>
Accountancy, Arizona State Board of .....	1	Joint Legislative Budget Committee .....	272
Acupuncture Board of Examiners .....	2	Judiciary .....	
Administration, Arizona Department of .....	3	Supreme Court.....	249
Administration, Arizona Department of –		Court of Appeals .....	254
Automation Projects Fund .....	13	Superior Court .....	256
School Facilities Division .....	23	Juvenile Corrections, Department of.....	263
Administrative Hearings, Office of.....	29	Land Department, State .....	266
African-American Affairs, Arizona Commission of.....	30	Legislative Council .....	274
Agriculture, Arizona Department of .....	31	Liquor Licenses and Control, Department of.....	277
AHCCCS .....	35	Lottery Commission, Arizona State .....	278
Arts, Arizona Commission on the .....	58	Massage Therapy, Board of .....	283
Athletic Training, Board of.....	59	Medical Board, Arizona .....	284
Attorney General - Department of Law .....	60	Mine Inspector, State .....	286
Auditor General .....	270	Naturopathic Physicians Medical Board .....	288
Barbering and Cosmetology Board .....	69	Navigable Stream Adjudication Commission, Arizona.....	289
Behavioral Health Examiners, Board of .....	71	Nursing, State Board of .....	291
Capital Budget .....	402	Nursing Care Institution Administrators and Assisted Living	
Charter Schools, State Board for .....	73	Facility Managers, Board of Examiners of .....	293
Child Safety, Department of .....	75	Occupational Therapy Examiners, Board of .....	294
Chiropractic Examiners, State Board of .....	89	Ombudsman-Citizens Aide Office .....	275
Citizens Clean Elections Commission.....	90	Opticians, State Board of Dispensing.....	295
Commerce Authority, Arizona .....	91	Optometry, State Board of .....	296
Community Colleges, Arizona.....	96	Osteopathic Examiners in Medicine and Surgery, Arizona	
Constable Ethics Standards and Training Board .....	105	Board of .....	297
Contractors, Registrar of .....	106	Parks Board, Arizona State .....	299
Corporation Commission.....	107	Personnel Board, State .....	302
Corrections, State Department of .....	109	Pharmacy, Arizona State Board of .....	303
County Funding .....	120	Physical Therapy, Board of .....	305
Criminal Justice Commission, Arizona .....	123	Pioneers' Home, Arizona .....	306
Deaf and the Blind, Arizona State Schools for the.....	127	Podiatry Examiners, State Board of .....	307
Deaf and the Hard of Hearing, Commission for the .....	131	Power Authority, Arizona .....	308
Dental Examiners, State Board of .....	133	Private Postsecondary Education, State Board for.....	309
Early Childhood Development and Health Board, Arizona ...	135	Psychologist Examiners, State Board of.....	310
Economic Opportunity, Office of .....	136	Public Safety, Department of.....	311
Economic Security, Department of .....	138	Public Safety Personnel Retirement System.....	321
Education, State Board of .....	156	Real Estate Department, State .....	323
Education, Department of .....	158	Residential Utility Consumer Office .....	324
Emergency and Military Affairs, Department of.....	186	Respiratory Care Examiners, Board of.....	325
Environmental Quality, Department of .....	193	Retirement System, Arizona State.....	326
Equal Opportunity, Governor's Office of .....	198	Revenue, Department of .....	327
Equalization, State Board of .....	199	Secretary of State, Department of State .....	331
Executive Clemency, Board of .....	200	Senate.....	276
Exposition and State Fair Board, Arizona.....	202	Tax Appeals, State Board of.....	337
Forestry and Fire Management, Arizona Department of ....	204	Technical Registration, State Board of .....	338
Funeral Directors and Embalmers, State Board of .....	209	Tourism, Office of.....	340
Game and Fish Department, Arizona.....	210	Transportation, Department of .....	343
Gaming, Department of.....	212	Treasurer, State .....	351
Governor, Office of the.....	218	Tribal Relations, Governor's Office on.....	359
Governor's Office of Strategic Planning and Budgeting.....	220	Universities .....	
Health Services, Department of.....	222	Regents, Arizona Board of .....	360
Historical Society, Arizona .....	234	Arizona State University .....	369
Historical Society of Arizona, Prescott.....	236	Northern Arizona University .....	374
Homeland Security, Arizona Department of.....	237	University of Arizona - Main Campus .....	379
Homeopathic and Integrated Medicine Examiners, Bd. of...	240	University of Arizona - Health Sciences Center.....	385
House of Representatives.....	271	Veterans' Services, Department of.....	388
Housing, Arizona Department of .....	241	Veterinary Medical Examining Board, Arizona State .....	393
Independent Redistricting Commission .....	243	Water Infrastructure Finance Authority .....	394
Industrial Commission of Arizona .....	244	Water Resources, Department of.....	397
Insurance and Financial Institutions, Department of .....	246		

**BUDGET HIGHLIGHTS**

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

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
<b>REVENUES</b>				
Ongoing Revenues	\$16,382,931,600	\$16,840,297,000	\$17,449,016,700	\$18,257,869,800
Newly Enacted Revenue Adjustments		35,948,400	39,648,400	43,248,400
Urban Revenue Sharing	(1,564,819,800)	(1,268,255,600)	(1,141,591,400)	(1,194,163,200)
Net Ongoing Revenues	\$14,818,111,800	\$15,607,989,800	\$16,347,073,700	\$17,106,955,000
One-Time Revenues				
Balance Forward	2,527,233,000	638,927,600	95,652,600	19,984,200
One-Time Income Tax Rebate	(274,000,000)			
Fund Transfers	843,331,200	32,191,800	17,000,000	12,000,000
Subtotal One-Time Revenues	\$3,096,564,200	\$671,119,400	\$112,652,600	\$31,984,200
<b>Total Revenues</b>	<b>\$17,914,676,000</b>	<b>\$16,279,109,200</b>	<b>\$16,459,726,300</b>	<b>\$17,138,939,200</b>
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$15,002,625,400	\$15,608,154,600	\$16,390,655,300	\$16,835,086,500
FY 24 Ongoing Supplementals/Ex-Approp.	(110,652,000)			
Administrative Adjustments	90,000,000	130,000,000	140,000,000	145,000,000
Revertments	(176,790,300)	(170,000,000)	(190,000,000)	(200,000,000)
Subtotal Ongoing Expenditures	\$14,805,183,100	\$15,568,154,600	\$16,340,655,300	\$16,780,086,500
One-Time Expenditures				
Capital Outlay	84,044,300			
Transportation Funding	535,031,600			30,000,000
FY 24 One-Time Supplementals/Ex-Approp.	12,913,600			
Prior Year Ex-Appropriations	(175,443,000)			
Operating One-Time Spending	1,824,818,800	715,302,000	199,086,800	321,837,800
Water Supply Funding	189,200,000			
Hospital Assessment Savings		(100,000,000)	(100,000,000)	
Subtotal One-Time Expenditures	\$2,470,565,300	\$615,302,000	\$99,086,800	\$351,837,800
<b>Total Expenditures</b>	<b>\$17,275,748,400</b>	<b>\$16,183,456,600</b>	<b>\$16,439,742,100</b>	<b>\$17,131,924,300</b>
<b>Ending Balance</b>	<b>\$638,927,600</b>	<b>\$95,652,600</b>	<b>\$19,984,200</b>	<b>\$7,014,900</b>
<b>Ongoing Balance</b>	<b>\$12,928,700</b>	<b>\$39,835,200</b>	<b>\$6,418,400</b>	<b>\$326,868,500</b>

## FY 2025 STATE GENERAL FUND BUDGET SUMMARY

The FY 2025 budget is based primarily upon the actions of the 56th Legislature's 2nd Regular Session. On June 18, 2024, the Governor signed into law the FY 2025 General Appropriation Act for the fiscal year beginning July 1, 2024 as well as 14 other budget-related bills.

### Revised FY 2024 General Fund Budget

At the time of publication, the *FY 2024 Appropriations Report* in July 2023, FY 2024 General Fund revenues were anticipated to be \$17.83 billion. Revenue projections for FY 2024 have been revised upward to \$17.91 billion based on:

- A projected (2.5)% change in base ongoing revenue.
- A one-time revenue gain of \$843.3 million associated with fund transfers from various agency funds.

The *FY 2024 Appropriations Report* also assumed total spending of \$17.82 billion in General Fund spending. Due to reductions in statutory funding formula requirements and other factors, the *FY 2024 Baseline* assumed spending would fall to \$17.76 billion, or a reduction of \$(62.7) million. Spending projections have been further revised to \$17.28 billion based on supplemental adjustments made in the FY 2025 budget process.

Based on these changes, the FY 2024 ending balance is expected to be \$638.9 million.

### FY 2025 General Fund Revenues

The *FY 2025 Baseline Book* projected FY 2025 General Fund revenues of \$15.39 billion, which assumed a 2.6% increase in ongoing revenues, a \$(296.5) million decline in urban revenue sharing (URS), and a \$(2.25) billion decrease in one-time revenues. The enacted budget has projected total General Fund revenue of \$16.28 billion and includes the following:

- A 3.0% change in base ongoing revenue, which is primarily based on the April 4-Sector FAC forecast.
- A decline in carryforward balances from \$2.53 billion in FY 2024 to \$638.9 million in FY 2025.
- A revenue gain of \$31.7 million by setting the aggregate cap of the Student Tuition Organization (STO) Corporate Income Tax Credit at \$135.0 million.

The 4-sector 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 2025 General Fund Spending

- FY 2025 General Fund spending is projected to be \$16.18 billion compared to \$17.28 billion in FY 2024, or a decrease of (6.3)% based on the following assumptions:
  - ⇒ A \$763.0 million increase in ongoing spending.
  - ⇒ A \$(1.86) billion decrease in one-time spending to a level of \$615.3 million.
- The entire FY 2025 state budget, including both appropriated and non-appropriated funds, is projected to be approximately \$66.30 billion.
- The main drivers of FY 2025 General Fund spending are delineated below by function of government.

### Resolving the FY 2025 Budget Shortfall

As of the January 2024 JLBC Baseline, the FY 2025 General Fund budget had a projected shortfall of \$(879) million. The shortfall was addressed with \$975 million of net budget "solutions:"

- \$180 million of additional base revenue, primarily based on the April 4-Sector FAC forecast.
- \$36 million of additional statutory revenue changes, primarily the Corporate STO income tax credit cap.
- \$32 million of transfers to the General Fund from other state funds.
- \$165 million of savings primarily associated with the use of Opioid Settlement monies in the Department of Corrections (ADC) and Hospital Assessment funds in AHCCCS.
- \$333 million from eliminating the planned FY 2025 General Fund deposit to the Long Term Water Augmentation Fund.
- \$40 million of savings from a 3.5% lump sum reduction in discretionary spending across most state agencies.
- \$288 million of other targeted spending reductions.
- \$(738) million increase in the shortfall due to upward spending adjustments to the JLBC Baseline, including \$188 million for ADC prison health care, \$183 million to continue one-time spending for School Facilities Building Renewal and \$140 million to continue the additional General Fund subsidy of state employee health insurance.

- \$639 million in a higher carryforward from FY 2024 into FY 2025 due to adjustments in the FY 2024 budget to resolve a shortfall in that year as well. The resolution of the FY 2024 shortfall is discussed in the *FY 2024 Adjustments* section at the end of the Appropriations Report.

#### **General Fund and Budget Stabilization Fund Balances**

- With the \$975 million of net budget solutions to the FY 2025 budget shortfall, the projected ending cash balance is \$95.7 million.
- Apart from the General Fund, the Budget Stabilization Fund will have an estimated balance of \$1.5 billion in FY 2025.

#### **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 2026 revenues are projected to be \$16.46 billion compared to FY 2026 spending of \$16.44 billion. This would result in a cash balance of \$20.0 million in FY 2026.
- FY 2027 revenues are projected to be \$17.14 billion compared to FY 2027 spending of \$17.13 billion. This would result in a cash balance of \$7.0 million in FY 2027.

#### **Education**

##### **Department of Education (ADE)**

- ADE General Fund spending decreases by \$(66.9) million, or (0.9)% below the FY 2024 appropriation, including:
  - ⇒ \$8.0 million for a prior year rebase due to higher-than-budgeted expenses for Basic State Aid.
  - ⇒ \$106.9 million for Empowerment Scholarship Account (ESA) growth. This amount assumes total ESA program enrollment reaches 82,452 in FY 2025, or 6,025 above June 2024 enrollment of 76,427. In total, the budget provides \$824.5 million for original and universal ESA awards in FY 2025.
  - ⇒ \$(11.4) million for FY 2025 district and charter enrollment adjustments. Total unweighted public school Average Daily Membership (ADM) would decline by an estimated (0.4)% to reach a level of 1,082,095 in FY 2025. The (0.4)% estimate assumes a (0.1)% base enrollment decline associated with demographic trends plus an additional (0.3)% decline due to switchers to the ESA program.
  - ⇒ \$162.0 million for a 2.0% statutory inflation adjustment of funding levels for the per pupil base level, transportation, and charter additional assistance.
  - ⇒ \$(67.1) million in savings due to property tax growth from new construction.
  - ⇒ \$(15.1) million in savings due to higher available land trust earnings.
  - ⇒ \$15.0 million for increased Homeowner's Rebate expenses.
  - ⇒ \$37.0 million one-time to increase the Group B formula weight for pupils eligible for the federal Free and Reduced-Price Lunch (FRPL) program pursuant to Section 128 of the FY 2023 General Appropriation Act. The budget includes an intent statement that this funding would become ongoing in FY 2028.
  - ⇒ \$29.0 million one-time to increase the per pupil amounts of the District Additional Assistance (DAA) and Charter Additional Assistance (CAA) formulas pursuant to Section 128 of the FY 2023 General Appropriation Act. The total increases in FY 2025 above FY 2024 are 4.62% for DAA and 3.19% for CAA. The budget includes an intent statement that this funding would become ongoing in FY 2028.
  - ⇒ \$7.0 million one-time for a distribution to the Arizona Holocaust Education Center.
  - ⇒ \$5.0 million one-time for increased English Language Learner testing contract costs.
  - ⇒ \$2.0 million one-time for rural K-12 mental health telehealth pilot programs.
  - ⇒ \$2.0 million one-time for low-income after school programs.
  - ⇒ \$1.0 million to continue one-time funding for the Center for High School Success.
  - ⇒ \$3.8 million one-time to eliminate the co-payment for reduced price school meals.
  - ⇒ \$(3.7) million to reduce College Credit by Examination Incentive Program (CCEIP) payments.
  - ⇒ \$(4.9) million in savings due to reductions to Adult Education programs.
  - ⇒ \$(2.5) million to eliminate summer ESAs for public school students.
  - ⇒ \$(1.5) million to eliminate the kindergarten entry assessment.
  - ⇒ \$(469,700) for an operating lump sum reduction.
  - ⇒ \$125,200 for statewide adjustments.
  - ⇒ \$(300.0) million to remove a one-time state aid supplement.
  - ⇒ \$(39.2) million to remove other one-time funding.
- The budget includes ex-appropriations of \$(17.5) million in FY 2024, including:

- ⇒ \$(12.0) million to reduce funding for a deposit in the Dual Enrollment Student Development Fund.
- ⇒ \$(500,000) to reduce funding for a deposit in the Dual Enrollment Teacher Development Fund.
- ⇒ \$(2.5) million to reduce funding for a Broadband Expansion Fund deposit.
- ⇒ \$(2.5) million to reduce funding for Art Consumables.
- Proposition 123 is scheduled to expire at the end of FY 2025. 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. Pending resolution of this issue, the enacted budget's 3-year plan includes this \$300 million General Fund backfill.

#### **Arizona Department of Administration/School Facilities Division (SFD)**

- SFD General Fund spending decreases by \$(36.1) million, or (10.1)%, including:
  - ⇒ \$(35.1) million one-time for a net decrease in new school construction costs. The budget funds a total of \$109.4 million for new construction, including the completion of 9 FY 2024 schools, and the initial funding for 5 FY 2025 schools in the Maricopa, Queen Creek (2), Sahuarita, and Valentine School Districts.
  - ⇒ \$(1.0) million for a decrease in one-time school facility inspections funding.
  - ⇒ \$(57,100) for an operating budget lump sum reduction.
  - ⇒ \$28,400 for statewide adjustments.

#### **Universities**

- University General Fund spending decreases by \$(62.2) million, or (6.0)%, including:
  - ⇒ \$(37.0) million to remove one-time for ABOR scholarships programs, including \$(20.0) million for the Arizona Promise Program, \$(15.0) million for the Arizona Teachers Academy, and \$(2.0) million for the Spouse and Dependents of Law Enforcement Officers program.
  - ⇒ \$(37.7) million to remove other one-time funding.
  - ⇒ \$(23.2) million for lump sum reductions.
  - ⇒ \$1.0 million for one-time funding for the Arizona Teachers Academy.
  - ⇒ \$156,100 for adjustments to capital appropriations.
  - ⇒ \$34.5 million for Statewide Adjustments.
- Fall 2023 enrollment increased by 13,477 full-time equivalent students, or 6.6% above Fall 2022, for total enrollment of 217,118.

#### **Community Colleges**

- Community College General Fund spending decreases by \$(38.0) million, or (28.3)%, including:
  - ⇒ \$2.8 million for formula adjustments.
  - ⇒ \$386,700 for a rural county allocation technical adjustment.
  - ⇒ \$(15.0) million to remove one-time AZ Western College career and technical education (CTE) workforce funding.
  - ⇒ \$(10.0) million to remove one-time rural aid.
  - ⇒ \$(14.0) million to remove one-time tribal assistance.
  - ⇒ \$(2.2) million to remove other one-time funding.
- The Community College funding formula is based on student counts from 2 years prior. FY 2023 rural district enrollment decreased by (475) full-time equivalent students, or (1.9)%, for a total rural enrollment of 24,479. Including the Maricopa and Pima districts, total enrollment increased by 1,007, or 1.1%, to 90,011.

#### **Health and Welfare**

#### **AHCCCS**

- AHCCCS General Fund spending increases by \$194.3 million, or 7.8%, including:
  - ⇒ \$331.0 million for formula adjustments, including a (1.1)% caseload decline, a 4.0% inflation adjustment, the reduction of the regular match rate from 66.29% to 64.89%, and annualizing the loss of the enhanced match rate that was available throughout CY 2023.
  - ⇒ \$(100.0) million to shift Medicaid services costs to the Hospital Assessment Fund in FY 2025 and FY 2026.
  - ⇒ \$(24.7) million to shift Medicaid services costs to the Prescription Drug Rebate Fund.
  - ⇒ \$4.2 million for one-time critical access hospital supplemental payments funding.
  - ⇒ \$(4.1) million to shift rural hospital reimbursement program funding to the regular service line items.
  - ⇒ \$3.3 million for additional fraud investigation staff.
  - ⇒ \$(3.3) million for a reduction in invalid payments due to the additional fraud investigation staff.

- ⇒ \$(1.2) million for an operating budget lump sum reduction.
- ⇒ \$1.0 million for one-time case management provider wage increases.
- ⇒ \$(12.6) million to remove FY 2024 one-time funding.
- ⇒ \$606,700 for statewide adjustments.
- The budget includes an ex-appropriation of \$(39.9) million in FY 2024 to account for the net impact of faster-than-anticipated enrollment declines within Traditional Medicaid and lower per-member spending in the fee-for-service program, partially offset by slower-than-anticipated enrollment declines within the Proposition 204 Childless Adults and KidsCare programs.
- AHCCCS enrollment is projected to be 2.05 million recipients by June 2025. This level represents a caseload decline of (23,154), or (1.1)%, from June 2024.

#### **Department of Child Safety (DCS)**

- DCS General Fund spending decreases by \$(41.9) million, or (8.4)%, including:
  - ⇒ \$13.3 million for increased caseworker operational and personnel costs.
  - ⇒ \$5.9 million to backfill federal Social Security Administration and Veterans Affairs benefits.
  - ⇒ \$5.7 million to offset a FY 2025 net decrease in the Title IV-E Federal Medical Assistance Percentage (FMAP) rate.
  - ⇒ \$5.5 million for one-time provider rate increases associated with children and family supports contracts.
  - ⇒ \$4.3 million to support increased permanent guardianship caseloads.
  - ⇒ \$264,400 to draw down federal funding for child abuse prevention grants.
  - ⇒ \$(15.4) million to remove one-time FY 2024 supplemental funding.
  - ⇒ \$(11.4) million to align the foster home placement appropriation with projected caseloads.
  - ⇒ \$(10.9) million to remove a one-time federal funding backfill for Congregate Group Care.
  - ⇒ \$(9.8) million to remove one-time funding for the Extended Foster Care Services Model Fund deposit.
  - ⇒ \$(6.1) million for vacancy savings associated with holding 50 caseworker positions vacant.
  - ⇒ \$(5.7) million to align the adoption services appropriation with projected caseloads.
  - ⇒ \$(5.5) million to shift preventive services funding to federal child abuse prevention grant monies.
  - ⇒ \$(4.2) million to align the kinship care appropriation with projected caseloads.
  - ⇒ \$(3.3) million to remove one-time funding for emergency shelter group homes and transition living.
  - ⇒ \$(4.3) million to remove other one-time funding.
  - ⇒ \$(225,000) for statewide adjustments.

#### **Department of Economic Security (DES)**

- DES General Fund spending increases by \$133.1 million, or 11.0%, including:
  - ⇒ \$142.3 million for Developmental Disabilities (DD) formula adjustments, including 3.8% enrollment growth, a 4.0% capitation rate increase, the reduction of the regular match rate from 66.29% to 64.89%, and annualizing the loss of the enhanced match rate that was available throughout CY 2023.
  - ⇒ \$12.0 million in one-time funding for child care, capping the caseload at 22,700.
  - ⇒ \$2.0 million in one-time funding for the Area Agencies on Aging.
  - ⇒ \$2.0 million for ongoing Arizona Early Intervention Program provider rate increases.
  - ⇒ \$1.0 million in one-time funding for the Pascua Yaqui tribal government for social services.
  - ⇒ \$1.0 million in one-time funding for food distribution services for low-income individuals in Cochise County.
  - ⇒ \$1.0 million in one-time funding for DD job training and life skills.
  - ⇒ \$500,000 in one-time funding for Navajo Nation women's shelter and social services.
  - ⇒ \$500,000 in one-time funding for nutrition, housing, and rental assistance programs in Pinal County.
  - ⇒ \$500,000 in one-time funding for Navajo Nation youth programs.
  - ⇒ \$250,000 in one-time funding for low-income food services for tribal communities.
  - ⇒ \$(28.2) million to remove FY 2024 one-time funding.
  - ⇒ \$(3.0) million for an operating budget lump sum reduction.
  - ⇒ \$1.3 million for statewide adjustments.
- Compared to the FY 2024 enacted budget, the FY 2025 budget assumes the state will save \$(24.8) million in FY 2024 due to a lower-than-budgeted capitation rate within the DDD program. This lower rate was a result of lower utilization of services among DDD clients in previous years. This savings will appear as a revertment rather than an ex-appropriation.
- Medicaid Developmental Disability caseloads are projected to grow to 44,674 by June 2025. This level represents a caseload increase of 1,642, or 3.8%, above June 2024.

### **Department of Health Services (DHS)**

- DHS General Fund spending decreases by \$(43.9) million, or (26.4)%, including:
  - ⇒ \$1.4 million for upgrades to the AZ Care Check portal.
  - ⇒ \$1.2 million for 15 additional licensing compliance staff.
  - ⇒ \$1.0 million for one-time funding of senior health promotion in Santa Cruz County.
  - ⇒ \$1.0 million for one-time funding of southern Arizona counseling and community service grants.
  - ⇒ \$500,000 for one-time funding of counseling services for parents whose children have died as a result of violence.
  - ⇒ \$500,000 for one-time funding of heat mitigation programs in southern Arizona.
  - ⇒ \$500,000 for one-time funding of preventative health services for low-income, underserved women.
  - ⇒ \$(15.0) million to eliminate the final year of funding for the Arizona Nurse Education Investment Pilot Program.
  - ⇒ \$(2.0) million for a one-time funding shift for biomedical research support. The 3-year spending plan assumes this shift continues in FY 2025 and FY 2026.
  - ⇒ \$(1.0) million for a one-time funding shift for Alzheimer's disease research.
  - ⇒ \$(32.0) million to remove one-time funding.
  - ⇒ \$(719,200) for an operating budget lump sum reduction.
  - ⇒ \$706,300 for statewide adjustments.

### **Department of Housing (ADOH)**

- ADOH General Fund spending decreases by \$(181.9) million, or (92.4)%, including:
  - ⇒ \$15.0 million for a one-time deposit to the Housing Trust Fund.
  - ⇒ \$(150.0) million to remove a one-time deposit to the Housing Trust Fund.
  - ⇒ \$(40.0) million to remove a one-time deposit to the Homeless Shelter and Services Fund.
  - ⇒ \$(6.9) million to remove other one-time funding.

### **Department of Veterans' Services (DVS)**

- DVS General Fund spending decreases by \$(9.8) million, or (44.9)%, including:
  - ⇒ \$500,000 in one-time funding for a veterans center.
  - ⇒ \$(10.1) million to remove FY 2024 one-time funding.
  - ⇒ \$(108,200) for an operating budget lump sum reduction.
  - ⇒ \$(36,400) for statewide adjustments.

## **Criminal Justice/Public Safety**

### **Department of Corrections (ADC)**

- ADC General Fund spending increases by \$116.8 million, or 8.2%, including:
  - ⇒ \$55.0 million for non-contract medication funding.
  - ⇒ \$54.3 million to increase private prison funding (one-time for FY 25-27)
  - ⇒ \$44.9 million net increase to pay inmate health care contract costs. This amount backs out \$(51.2) million in one-time FY 2024 funds, adds \$107.1 million in new FY 2025 funding and removes \$(11.0) million for Medicaid reimbursement.
  - ⇒ \$35.0 million due to the use \$40.0 million of opioid settlement monies for ADC operating cost in FY 2025 compared to \$75.0 million in FY 2024.
  - ⇒ \$16.0 million for ongoing injunction-related IT funding.
  - ⇒ \$6.8 million for additional staff related to injunction requirements (23 FTE Positions).
  - ⇒ \$2.7 million for injunction-related department operating costs.
  - ⇒ \$(650,000) to remove one-time inmate dog training funding.
  - ⇒ \$(1.5) million to reduce Substance Abuse Treatment funding.
  - ⇒ \$(2.0) to remove one-time funding for a corrections assessment.
  - ⇒ \$(5.0) to remove one-time transitional and reentry housing funding.
  - ⇒ \$(9.5) million to remove one-time funding related to inmate food contract costs.
  - ⇒ \$(12.1) million to remove one-time FY 2024 supplemental funding.
  - ⇒ \$(19.8) million to reduce ADC's operating budget to account for department vacancy savings.
  - ⇒ \$(24.2) million to reduce ongoing private prison funding due to the end of the Marana contract and for unused capacity.



- ⇒ \$(44.5) million to remove one-time private prison funding.
- ⇒ \$21.5 million for statewide adjustments
- The systemwide June 2024 prison population was 35,138, an increase of 761 or 2.2% above the prior year.

#### **Department of Emergency and Military Affairs (DEMA)**

- DEMA General Fund spending decreases by \$(5.0) million, or (23.4)%, including:
  - ⇒ \$(1.3) million to remove one-time emergency hazard mitigation funding.
  - ⇒ \$(571,600) to correct an error in funding for the ADOA risk management Program.
  - ⇒ \$(600,000) for adjustments in National Guard federal matching funds.
  - ⇒ \$(300,000) to remove one-time funding for the National Guard uniform allowance.
  - ⇒ \$(33,900) to remove one-time funding for National Guard reaction force equipment.
  - ⇒ \$(2.1) million for statewide adjustments.

#### **Judiciary**

- Judiciary General Fund spending decreases by \$(4.8) million, or (2.7)%, including:
  - ⇒ \$2.1 million for ongoing maintenance of the probation case management system.
  - ⇒ \$1.1 million to fully annualize the January 1, 2023 Superior Court judge salary increase.
  - ⇒ \$1.1 million to fund a new January 1, 2025 judicial salary increase.
  - ⇒ \$(6.7) million to remove one-time backfill funding of probation officer salary increases.
  - ⇒ \$(1.3) million to remove other one-time funding.
  - ⇒ \$(1.1) million for operating budget lump sum reductions.
  - ⇒ \$38,800 for statewide adjustments.

#### **Department of Public Safety (DPS)**

- DPS General Fund spending decreases by \$(101.7) million, or (27.8)%, including:
  - ⇒ \$5.0 million for a local border support funding increase, including \$4.0 million of one-time monies.
  - ⇒ \$(27.7) million for a one-time shift of border drug interdiction and local border support from the General Fund to the Border Security Fund.
  - ⇒ \$(41.1) million to remove one-time funding for land mobile radio upgrades.
  - ⇒ \$(11.7) million to remove one-time funding for vehicle replacements.
  - ⇒ \$(10.0) million to remove one-time funding for civil air patrol infrastructure.
  - ⇒ \$(3.6) million for a budget shift from the General Fund to the State Highway Fund.
  - ⇒ \$(1.5) million for a Major Incident Division funding adjustment.
  - ⇒ \$(700,000) for GIITEM aid to others vacancy savings
  - ⇒ \$(200,000) for GIITEM staffing vacancy savings.
  - ⇒ \$(112,400) million for a Pharmaceutical Diversion and Drug Theft Task Force funding reduction.
  - ⇒ \$(12.3) million to remove other one-time funding.
  - ⇒ \$2.2 million for statewide adjustments.

### **Natural Resources**

#### **Department of Environmental Quality (DEQ)**

- DEQ General Fund spending decreases by \$(15.0) million, or (48.4)%, including:
  - ⇒ \$1.0 million for one-time funding of a pilot program to replace diesel heavy duty trucks with zero-emission vehicles.
  - ⇒ \$(9.5) million to remove a one-time Water Quality Fee Fund deposit (to be replaced by a one-time transfer of \$7.2 million from the Air Quality Fund to the Water Quality Fee Fund in FY 2025.)
  - ⇒ \$(5.0) to remove one-time funding for PFAS mitigation.
  - ⇒ \$(1.5) million to remove one-time funding for initial support of the Direct Potable Reuse of Treated Wastewater Program.

#### **Department of Forestry and Fire Management (DFFM)**

- DFFM General Fund spending decreases by \$(6.1) million, or (10.6)%, including:
  - ⇒ \$5.0 million one-time funding for fire suppression.
  - ⇒ \$(5.0) million reduction to the wildfire mitigation line item to remove unused monies.
  - ⇒ \$(5.0) million to remove one-time funding for a grant program to assist fire districts.

- ⇒ \$(0.9) million for statewide adjustments.
- ⇒ \$(0.2) million for an operating budget lump sum reduction.

#### **Water Infrastructure Finance Authority (WIFA)**

- WIFA General Fund spending decreases by \$(254.2) million, or (100)%, including:
  - ⇒ \$(189.2) million to reduce funding for the Long-Term Water Augmentation Fund (LTWAF). The budget eliminated an advance appropriation of \$333.0 million in FY 2025 for a LTWAF deposit. The budget also transfers \$78.0 million in FY 2024 from the LTWAF to the General Fund. The FY 2023 3-year budget plan originally committed \$1.0 billion over 3 years to the LTWAF. After adjusting for changes in the FY 2024 and FY 2025 budgets, LTWAF would have total resources remaining of \$445.2 million.
  - ⇒ \$(62.0) million to remove one-time funding for 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.
    - \$(4.2) million in other projects.
  - ⇒ \$(3.0) million for removal of one-time water project assistance grants.

#### **Department of Water Resources (DWR)**

- DWR General Fund spending decreases by \$(30.4) million, or a (55.3)%, including:
  - ⇒ \$(25.0) million to remove one-time distributions 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.
  - ⇒ \$(5.1) million to remove other one-time funding.
  - ⇒ \$(500,000) to reduce the annual deposit to the Arizona Water Protection Fund to \$750,000.
  - ⇒ \$180,300 for statewide adjustments
- The budget included an FY 2024 supplement reduction of \$(11,000,000) to remove funding for a brackish groundwater recovery pilot program.

### **General Government**

#### **Arizona Department of Administration (ADOA)**

- ADOA General Fund spending decreases by \$(30.4) million, or (75.0)%, including:
  - ⇒ \$1.0 million for a one-time distribution to the Navajo Nation to establish household electrical connections.
  - ⇒ \$126,500 for an ombudsman position to handle complaints concerning the Arizona State Hospital.
  - ⇒ \$(12.2) million to remove one-time funding for fire incident management system grants.
  - ⇒ \$(15.0) million to remove one-time funding for K-12 transportation grants.
  - ⇒ \$(25,000) to remove funding for southwest defense contracts.
  - ⇒ \$(4.2) million to remove other one-time funding.
  - ⇒ \$(300,000) for an operating lump sum reduction.
  - ⇒ \$152,500 for statewide adjustments.
- The budget includes FY 2024 supplemental reductions of \$(2.2) million for an employee compensation study and \$(1.5) million for health care interoperability grants.

#### **ADOA – Automation Projects Fund (APF)**

- APF General Fund spending decreases by \$(20.8) million, or (57.7)%, including:
  - ⇒ \$(15.0) million to remove one-time funding for statewide health and human services technology projects.
  - ⇒ \$(9.3) million to remove one-time funding for 3 other projects.
  - ⇒ \$3.4 million for the Medicaid Enterprise System Mainframe Modernization project.
  - ⇒ \$53,200 for a DOR Integrated Tax System project adjustment.
- APF General Fund spending for the Department of Revenue integrated tax system modernization project remains at \$11.8 million, pursuant to the FY 2023 3-year budget plan.

#### **Arizona Commerce Authority (ACA)**

- ACA General Fund spending decreases by \$(25.5) million, or (65.3)%, including:
  - ⇒ \$500,000 for small business center grants.
  - ⇒ \$(9.0) million for removal of one-time funding for economic transition resources to tribes.
  - ⇒ \$(7.0) million for removal of a one-time deposit to the Water Infrastructure and Commerce Grant Fund.

- ⇒ \$(2.5) million for removal of one-time funding for wearable technology research.
- ⇒ \$(2.0) million for removal of one-time general trade office funding.
- ⇒ \$(1.0) million for removal of one-time funding for small business export assistance.
- ⇒ \$(1.0) million for removal of one-time funding for the state rural development council.
- ⇒ \$(750,000) for removal of one-time funding for an Asia-Pacific trade office.
- ⇒ \$(750,000) for removal of one-time funding for a Canada trade office.
- ⇒ \$(500,000) for removal of one-time funding for a small business incubator program for inmates.
- ⇒ \$(500,000) for removal of one-time funding for a strategic framework for economic development.
- ⇒ \$(500,000) for removal of one-time funding for commercial truck driver shortage grants.
- ⇒ \$(500,000) to reduce funding for economic development marketing and attraction.
- The budget includes an ex-appropriation of \$(23.6) million in FY 2024 to remove a deposit to the Rural Broadband Accelerated Match Fund.

#### **State Treasurer**

- State Treasurer General Fund spending decreases by \$(90.3) million, or (89.9)%, including:
  - ⇒ \$1.0 million increase, from \$5.0 million to \$6.0 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).
  - ⇒ \$(84.8) million to remove a one-time distribution to 24 local government entities and nonprofit organizations.
  - ⇒ \$(6.0) million to remove a one-time distribution to the 6 most populous counties to review the accuracy of voter registration rolls.
  - ⇒ \$(500,000) to reduce funding for the Justice of the Peace salaries line item.
  - ⇒ \$(100) for statewide adjustments.
- The budget includes an FY 2024 supplemental reduction of \$(800,000) to remove funding for a Glendale veterans community project.

#### **State Employees**

- The budget increases the Total Appropriated Funds Full-Time Equivalent (FTE) ceiling by 365.4 FTE Positions in FY 2025. These adjustments would bring the total FTE Position ceiling to 55,440.9 in FY 2025.

#### **Capital**

- The budget includes the following reductions from prior year agency building renewal appropriations:
  - ⇒ \$(35.4) million from the General Fund for ADOA building renewal projects, including \$(12.9) million from FY 2023 and \$(22.5) million from FY 2024.
  - ⇒ \$(19.4) million from the General Fund for FY 2024 ADC building renewal projects.
- The budget includes the following reductions from prior year individual capital project appropriations:
  - ⇒ \$(48.2) million from the General Fund for FY 2023 ADOA West Adams building renovations.
  - ⇒ \$(5.0) million from the General Fund for FY 2024 ADOA electric vehicle charging stations.
  - ⇒ \$(86.8) million from the General Fund for ADC cooling system upgrades, including \$(57.0) million from FY 2024 and \$(29.8) million from FY 2025.
  - ⇒ \$(25.0) million from the General Fund to shift FY 2022 Department of Veterans Services Northwest veterans home funding to FY 2028.
- The budget includes no new capital funding from the General Fund in FY 2025.

#### **Debt**

- At the end of FY 2025, the state's projected level of lease-purchase and bonding capital obligations will be \$5.31 billion. The associated annual debt service payment is \$607.6 million.
- Of the \$5.31 billion in total lease-purchase and bonding obligations, the General Fund share is \$812.2 million. The General Fund annual debt service is projected to be \$92.8 million in FY 2025.
- Of the \$812.2 million, \$333.2 million is related to the state's share of Phoenix Convention Center costs and \$452.7 million is for university capital projects.

#### **Statewide Adjustments**

- The budget includes a decrease of \$(72.8) million from the General Fund and \$(120.4) million in Total Funds for the removal of a one-time FY 2024 state employee health insurance adjustment. In its place, the budget includes an increase of \$140.0 million from the General Fund and \$230.9 million in Total Funds for a new one-time employer health insurance

premium increase in FY 2025. The figures for both years include funding to backfill University Tuition employer contributions.

- The budget decreases state agency budgets by \$(6.6 million) from the General Fund for the following statewide adjustments:
  - ⇒ Arizona Financial Information System (AFIS) fees
  - ⇒ Human Resources Information System (HRIS) fees
  - ⇒ State Fleet rate adjustments
  - ⇒ Employer retirement contributions

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

	A	B	C	D
	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
1 Beginning Balance	\$ 2,527.2	\$ 638.9	\$ 95.7	\$ 20.0
2 Ongoing Revenues				
3 Ongoing Revenues - January Baseline	14,666.7	15,392.4	16,205.9	16,970.3
4 Base Revenue Adjustment	151.4	179.6	101.5	93.4
5 Cap Corporate STO Credit at \$135 M Starting in FY 25 (Also HB 2095, Conditional On STO Cap)		31.7	35.4	39.0
6 Lottery - Reduce ACA Competes Fund Allocation From \$3.5 M to \$1.75 M		1.8	1.8	1.8
7 Liquor - Increased Operating and Rent Costs - GF Impact		(0.4)	(0.4)	(0.4)
8 Convert 90/10 Regulatory Boards to 85/15 (2 Year Fee Moratorium/GRRC Approval Exception)		2.9	2.9	2.9
9 Subtotal - Ongoing Revenues	\$ 14,818.1	\$ 15,608.0	\$ 16,347.1	\$ 17,107.0
10 One-Time Revenues/Transfers				
11 One-Time Income Tax Rebate (Already Enacted)	(274.0)			
12 Fund Transfers	843.3	32.2	17.0	12.0
13 Subtotal - One-Time Revenues (Including Beginning Balance)	\$ 3,096.5	\$ 671.1	\$ 112.7	\$ 32.0
14 Total Revenues	\$ 17,914.6	\$ 16,279.1	\$ 16,459.8	\$ 17,139.0
15 JLBC Baseline - Ongoing Spending	\$ 14,874.2	\$ 15,700.5	\$ 16,453.3	\$ 16,873.2
16 Ongoing Changes to JLBC Baseline				
17 ADOA - Add 1 Ombudsman FTE For Arizona State Hospital Complaints (\$124k Ongoing/\$3k One-Time)		0.1	0.1	0.1
18 ADOA - Eliminate Southwest Defense Contracts Line Item (\$25k)		\$(25)k	\$(25)k	\$(25)k
19 Agriculture - Reduce Salt River Horse Liaison from Full-Time to Part-Time (\$25k)		(0.1)	(0.1)	(0.1)
20 Agriculture - Centralize IT Position (\$81k)		(0.1)	(0.1)	(0.1)
21 AHCCCS - Formula			6.3	15.7
22 AHCCCS - Ongoing Prescription Drug Rebate Fund Shift		(24.7)	(24.7)	(24.7)
23 AHCCCS - Add 101 FTE Fee for Service Administrative Staff to Reduce Fraud		3.3	3.3	3.3
24 AHCCCS - Reduced Level of Invalid Payments From Additional Fee for Service FTE		(3.3)	(3.3)	(3.3)
25 DCS - Operating - Operating Budget Increase	13.3	13.3	13.3	13.3
26 DCS - Operating - Caseworker Line Item - Savings From 50 Positions Vacant/Reduced OT		(6.1)	(6.1)	(6.1)
27 DCS - Operating - Backfill Social Security Payments No Longer Retained by State (2023 Statutory Change)	3.0	5.0	5.0	5.0
28 DCS - Operating - Administrative Cost of New Social Security Payment Policy	0.8	0.9	0.9	0.9
29 DCS - Services - Shift Preventative Services to Federal Funds		(5.5)	(5.5)	(5.5)
30 DCS - Services - Community Based Child Abuse Prevention/Draw Down \$1.3 M in Fed. Funds		0.3	0.3	0.3

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

		A	B	C	D
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
31	DCS - Services - Permanent Guardianship Caseload Increase	3.1	4.3	4.3	4.3
32	DCS - Services - Kinship Care Line Item Surplus	(8.6)	(4.2)	(4.2)	(4.2)
33	DCS - Services - Foster Care Line Item Surplus	(11.2)	(11.4)	(11.4)	(11.4)
34	DCS - Services - Adoption Line Item Surplus	(10.4)	(5.7)	(5.7)	(5.7)
35	DCS - Fund Incremental FY 25 Healthy Families Expansion w/ Fed Funds Instead of GF		(2.5)	(2.5)	(2.5)
36	DCS - Move Base \$12.5 M of Healthy Families GF Funding to One-Time		(12.5)	(12.5)	(12.5)
37	Commerce - Reduce Econ. Development Marketing Line Item From \$1.0 M to \$500k		(0.5)	(0.5)	(0.5)
38	Comm Colleges - Formula		0.4	0.4	0.4
39	ADC - Inmate Health Care - Vendor Contract (+ \$5.2 M OF FY 24/+ \$1.8 M OF FY 25)	9.2	107.1	107.1	107.1
40	ADC - Inmate Health Care - Medication (Hep. C/Substance Use Disorder) [New Line Item]	40.7	55.0	55.0	55.0
41	ADC - Inmate Health Care - IT Upgrades (Inmate Tracking/Care Monitoring/Electronic Records) [New Line Item]	4.8	16.0	16.0	16.0
42	ADC - Inmate Health Care - Staff and Overtime Costs (Includes 84 New FTE)		6.8		
43	ADC - Inmate Health Care - Other Injunction Costs (Food/Pest Control/Sanitation)		2.7		
44	ADC - Inmate Health Care - Savings Offsets (Vacancy Savings/Medicaid Reimbursements)	(39.8)	(30.8)	(30.8)	(30.8)
45	ADC - Inmate Health Care - Savings Offsets (Marana Prison)		(9.7)	(9.7)	(9.7)
46	ADC - Substance Abuse Treatment Line Item Reduction		(1.5)	(1.5)	(1.5)
47	ADC - Private Prison Line Item Capacity Savings	(0.8)	(14.5)	(14.5)	(14.5)
48	ADC - Opioid Settlement Funding	(75.0)	(40.0)	(40.0)	(40.0)
49	DES - Formula	\$24.8M Revertment		25.2	34.1
50	DES - Reduce Incremental AZEIP Rate Increase (FY 23 Budget Issue - \$4.4 M GF In FY 25 Baseline)		(2.4)	(2.4)	(2.4)
51	DES - Homeless Youth Assistance General Fund Backfill Delay		(1.0)		
52	ADE - Eliminate JLBC Baseline FY 24 Ex-Appropriation	43.9			
53	ADE - Formula (Final Land Trust Distribution Amount/TNT Savings)		(9.2)	(9.2)	(9.2)
54	ADE - Limit ESA Enrollment to 1.0 ADM		(2.5)	(2.5)	(2.5)
55	ADE - Move 3rd Year of Incremental Low Income Weight Increases to One-Time		(37.0)	(37.0)	(37.0)
56	ADE - Move 3rd Year of Incremental Additional Assistance Increases to One-Time		(29.0)	(29.0)	(29.0)
57	ADE - Eliminate Kindergarten Entry Assessment		(1.5)	(1.5)	(1.5)
58	ADE - Move Continuing High School Workforce/Training Funding to One-Time		(6.1)	(10.8)	(10.8)
59	ADE - Fund Comm. College Adult Ed. Workforce Development Program (\$3,000 per FTSE) One-Time		(6.0)	(6.0)	(6.0)
60	ADE - Eliminate Adult Workforce Diploma Program (\$250-\$1,000/milestone)		(6.0)	(6.0)	(6.0)
61	ADE - Eliminate Adult Education Administration Funding (\$150k)		(0.2)	(0.2)	(0.2)
62	ADE - Reduce College Credit by Examination Incentive Program (From \$7.5 M to \$3.8 M)		(3.7)	(3.7)	(3.7)
63	DEMA - Risk Management Error Adjustment		(0.6)	(0.6)	(0.6)
64	DEMA - National Guard Matching Fund Line Item Reduction		(0.6)	(0.6)	(0.6)
65	Forestry - Reduce Wildfire Mitigation Funding Due to Unused Monies		(5.0)	(5.0)	(5.0)
66	Gaming - Racing Division - Eliminate Racing Purse Enhancement Funding (Fund At \$4 M One-Time)		(5.0)	(5.0)	(5.0)
67	Gaming - Racing Division - Shift HISA Costs to Racing Regulation Fund - \$(355)k		(0.4)	(0.4)	(0.4)

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

		A	B	C	D
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
68	DHS - AZ Care Check (\$500k Ongoing/\$900K One-Time)		1.4	0.5	0.5
69	Judiciary - Supreme Court - Probation IT System Ongoing Costs		2.1	2.1	2.1
70	Judiciary - Supreme Court - Judicial Salary Increase (\$20k Increase/2-Year Phase In)		0.1	0.2	0.3
71	Judiciary - Court of Appeals - Judicial Salary Increase (\$20k Increase/2-Year Phase In)		0.3	0.8	1.0
72	Judiciary - Superior Court - Judicial Salary Increase (\$20k Increase/2-Year Phase In)		0.8	2.5	3.3
73	Land - Eliminate Streambed Navigability Litigation Line Item (\$220k)		(0.2)	(0.2)	(0.2)
74	Land - Operating Budget Shift to Off-Highway Vehicle Fund		(0.2)	(0.2)	(0.2)
75	Mine Inspector - Aggregate Mining Land Reclamation Line Item Reduction - \$(69)k		(0.1)	(0.1)	(0.1)
76	DPS - Major Incident Division - Fund At \$15.5 M (JLBC Baseline = \$24 M) / Cap At 60 FTE		(8.5)	(8.5)	(8.5)
77	DPS - Increase State Highway Fund Usage From \$6.4 M to \$10 M Statutory Cap		(3.6)	(3.6)	(3.6)
78	DPS - Increase Local Border Support from \$12 M to \$17 M (\$1 M Ongoing/Plus \$4 M One-Time)		1.0	1.0	1.0
79	DPS - GILTEM Permanent Vacancy Savings		(0.7)	(0.7)	(0.7)
80	DPS - GILTEM Aid to Others Permanent Vacancy Savings		(0.2)	(0.2)	(0.2)
81	DPS - Pharmaceutical Diversion and Drug Theft Task Force Excess Funding		(0.1)	(0.1)	(0.1)
82	DPS - Civil Air Patrol Maintenance and Operations Efficiencies - \$(6)k		\$(6)k	\$(6)k	\$(6)k
83	DPS - Transfer \$476k of Cadet Housing Funding From AZPOST Line Item to Operating Budget		Yes	Yes	Yes
84	DPS - Transfer \$683k of Operating Budget to ACTIC Line Item		Yes	Yes	Yes
85	Secretary of State - Talking Book Library - \$62k Prior Budget Increase Replaced By Existing Donations		(0.1)	(0.1)	(0.1)
86	Tourism - Reduce Arizona Promotion Line Item From \$1.0 M to \$819k		(0.2)	(0.2)	(0.2)
87	ADOT - Reduce ECD Funding [Prohibit Non-Commercial Citations/\$2 M Reduction]		\$2 M Transfer	\$2 M Transfer	\$2 M Transfer
88	Treasurer - Justice of the Peace Salaries Line Item Reduction		(0.5)	(0.5)	(0.5)
89	DWR - Arizona Water Protection Fund Deposit Line Item Reduction		(0.5)	(0.5)	(0.5)
90	Other - Lump Sum Reduction		(39.4)	(39.4)	(39.4)
91	Other - Statewide Arizona Financial Information System Adjustments		(0.8)	(0.8)	(0.8)
92	Other - Statewide Human Resources Information System Adjustments		(1.0)	(1.0)	(1.0)
93	Other - Statewide Retirement Adjustments		7.2	7.2	7.2
94	Other - Administrative Adjustments/Revertments	(42.0)	(15.0)	(15.0)	(15.0)
95	<b>Subtotal - Ongoing Changes to JLBC Baseline</b>	<b>\$ (69.0)</b>	<b>\$ (132.3)</b>	<b>\$ (112.6)</b>	<b>\$ (93.2)</b>
96	<b>Total Ongoing Spending</b>	<b>\$ 14,805.2</b>	<b>\$ 15,568.2</b>	<b>\$ 16,340.7</b>	<b>\$ 16,780.0</b>
97	<b>JLBC Baseline - One-Time Spending</b>	<b>\$ 2,882.0</b>	<b>\$ 570.9</b>	<b>\$ 172.9</b>	<b>\$ 284.0</b>
98	<b>One-Time Changes to JLBC Baseline</b>				
99	ADOA - Reduce FY 24 Employee Compensation Study From \$4.0 M to \$1.8 M	(2.2)			
100	ADOA - Reduce FY 24 Healthcare Interoperability Grant Funding	(1.5)			
101	ADOA - Navajo Nation Household Electrical Connections		1.0		

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

		A	B	C	D
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
102	ADOA/APF - Shift \$1.3 M of DOR Tax System Funding to FY 27	Transfer - \$1.3 M			1.3
103	ADOA/APF - Reduce Business One-Stop Funding	Transfer - \$7.0 M			
104	ADOA/APF - Reduce Health/Human Services IT Funding From \$15.0 M to \$13.2 M	Transfer - \$1.8 M			
105	ADOA/APF - AHCCCS One-Time Funding of IT Mainframe Replacement Initiative		3.4		
106	ADOA/SFD - Continue \$183 M One-Time Building Renewal Grant Funding		183.3		
107	ADOA/SFD - New Construction Formula		(-6.6)	(1.5)	(17.8)
108	Agriculture - Reduce FY 24 IT Modernization Funding From \$1.2 M to \$900k	(0.3)			
109	AHCCCS - Critical Access Hospitals Supplemental Pool		4.2		
110	AHCCCS - Case Management Provider Wage Increases		1.0		
111	AHCCCS - Increase Hospital Assessment for GF Beh. Health/Hospital Rate Increase (FY 25/FY 26)		(100.0)	(100.0)	
112	Arts Commission - One-Time Funding		2.0		
113	Attorney General - Grants to Veterans Services Organizations (With JLBC Review)		\$5 M - Opioid		
114	DCS - Reduce Extended Foster Care Comprehensive Service Model Funding	(2.7)			
115	DCS - Caseworkers - Additional FY 24 Operating Resources (Non-Lapsing)	19.7			
116	DCS - Services - Children and Family Supports Contract Increase (In Home Mitigation)	6.2	5.5		
117	DCS - Services - Backfill Loss of Federal Congregate Care Funds	14.7			
118	DCS - Services - In-Home Mitigation Utilization Adjustment	6.3			
119	DCS - Services - Out-of-Home Support Services Utilization Adjustment	(6.3)			
120	DCS - Services - Extended Foster Care Line Item Surplus	(6.7)			
121	DCS - Services - Eliminate Positive Program for Permanency Placement Pilot (FY 24 One-Time \$)	(4.0)			
122	DCS - Additional Federal Expenditure Authority Savings	(15.2)			
123	DCS - Fund \$12.5 M Healthy Families Expansion Amount One-Time In FY 25		12.5		
124	Commerce - Eliminate Federal Broadband Matching Funds	(23.6)			
125	Commerce - Small Business Center Grants		0.5		
126	ADC - Repurpose Community Treatment for Imprisoned Women Funding (FY 23 One-Time \$)	(2.0)			
127	ADC - Transition Program Fund to Continue One-Time FY 24 Funding Inmate Food Services		OF - \$13 M		
128	ADC - Continue Prior Private Prison Rate Increases		54.3	54.3	54.3
129	DES - Child Care Network Funding (Waitlist at 22,700)		12.0		
130	DES - Low Income Food Services for Tribal Reservations (\$250k)		0.3		
131	DES - Navajo Nation Women's Shelter and Services		0.5		
132	DES - Navajo Nation Youth Programs		0.5		
133	DES - Nutrition, Housing and Rental Assistance Programs in Pinal County		0.5		
134	DES - Area Agencies on Aging Funding		2.0		
135	DES - Pascua Yaqui Tribe Social Services Programs		1.0		
136	DES - Food Distribution for Low Income Individuals (Cochise County)		1.0		
137	DES - Developmentally Disabled Job Training and Life Skills Services (Rural Counties)		1.0		
138	ADE - Authorize Override of Aggregate Expenditure Limit (AEL) For FY 2025		Yes		



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

		A	B	C	D
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
139	ADE - Reduce \$10 M Arts Consumables Grant Funding to \$7.5 M	(2.5)			
140	ADE - Remove Co-Pay For School Meals (131%-185% of Fed. Poverty Level)		3.8		
141	ADE - Reduce Dual Enrollment - \$50 Per Credit Hour Student Incentive (County Allocations)	(12.0)			
142	ADE - Eliminate Dual Enrollment - Teacher Incentive (\$1,000 For Comm College Cert.)	(0.5)			
143	ADE - Reduce Broadband Funding From \$5.0 M to \$2.5 M	(2.5)			
144	ADE - Fund Continuing High School Workforce/Training Program As One-Time		4.0		
145	ADE - Fund Comm. College Adult Ed. Workforce Development Program (\$3,000/FTSE) As One-Time		4.0		
146	ADE - Fund Adult Workforce Diploma Program (\$250-\$1,000/milestone) As One-Time		4.0		
147	ADE - Arizona Holocaust Education Center		7.0		
148	ADE - Fund 3rd Year of Incremental Low Income Weight Increases As One-Time		37.0		
149	ADE - Fund 3rd Year of Incremental Additional Assistance Increases As One-Time		29.0		
150	ADE - English Language Learner Achievement Testing Funding		5.0		
151	ADE - K-12 Mental Health Telehealth Pilot Program		2.0		
152	ADE - High School Centers for Success		1.0		
153	ADE - Low Income After School Program Grants		2.0		
154	DEMA - Assist Local Law Enforcement Fentanyl Interdiction		\$3 M Opioid		
155	DEQ - One-Time Deposit to Water Quality Fee Fund		\$7.2 AQF		
156	DEQ - Zero Emissions Heavy-Duty 8 Ton Pilot Program		1.0		
157	Forestry - Fire Suppression Funding Increase (One-Time)		5.0		
158	Gaming - Racing Purse Enhancement Funding (One-Time)		4.0		
159	Gaming - Racetrack Capital Projects and Maintenance/Operations Funding		1.5		
160	DHS - Licensing Compliance FTE (15 FTE) - Other Fund/Fee Revenue After FY 25		1.2		
161	DHS - Eliminate FY 25 Nurse Education Investment Pilot Program (3rd Year of Funding)		(15.0)		
162	DHS - Distribute Overdose Medication to First Responders		\$1 M Opioid		
163	DHS - Shift Biomedical Research Line Item (From GF to Health Research Fund) in FY 25/FY 26		(2.0)	(2.0)	
164	DHS - Shift \$1.0 M GF Alzheimer's Disease Research to Tobacco Tax/Health Care Fund		(1.0)		
165	DHS - Preventative Health Services for Low Income/Underserved Women		0.5		
166	DHS - Counseling Services for Parents of Deceased Children		0.5		
167	DHS - Southern Arizona Counseling and Community Service Grants		1.0		
168	DHS - Senior Health Promotion and Coordination (Santa Cruz County)		1.0		
169	DHS - Heat Mitigation in Southern Arizona		0.5		
170	Homeland Security - Cybersecurity Programs		0.2		
171	Housing - Housing Trust Fund Deposit		15.0		
172	IRC - Revert Remaining Unused Funds (2020 Redistricting) - \$(350)k	(0.4)			
173	DJC - Operating Budget Shift to DJC Land Trust Fund in FY 25/FY 26		(0.8)	(0.8)	
174	DJC - Operating Budget Shift to Criminal Justice Enhancement Fund in FY 25/FY 26		(0.1)	(0.1)	
175	Parks - Arizona Trail Fund Deposit		0.1		

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

		A	B	C	D
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
176	DPS - Repurpose DEMA Emergency Operations Center Capital Funding to DPS Border Security Funding		(27.7)		
177	DPS - Increase Local Border Support from \$12 M to \$17 M (\$4 M One-Time/Plus \$1 M Ongoing)		4.0		
178	Secretary of State - 2024 Primary/General Election Funding	0.1	3.9		
179	Secretary of State - One-Time Operating Funding		1.0		
180	Tourism - Reduce FY 24 Culinary Tourism/Workforce Development Funding (From \$250k to \$100k)	(0.2)			
181	Treasurer - Local Distribution - Reduce Glendale Veterans Community Project	(0.8)			
182	Universities - ABOR - Eliminate Camp Verde Meat Processing Facility Funding	(9.7)			
183	Universities - ABOR - Teachers Academy Funding		1.0		
184	Veterans' Services - Veterans Center Funding (Employment/Job Training/Housing Assistance)		0.5		
185	DWR - Eliminate FY 24 Brackish Groundwater Recovery Pilot Program Funding	(11.0)			
186	WIFA - Eliminate FY 25 \$333 M Water Supply Funding		(333.0)		
187	<u>Capital - ADOA</u>				
188	Capital - ADOA - Reduce FY 2023 Building Renewal	(12.9)			
189	Capital - ADOA - Reduce FY 2024 Building Renewal	(22.5)			
190	Capital - ADOA - Eliminate FY 2023 West Adams Building Renovations	(48.2)			
191	Capital - ADOA - Eliminate Electric Vehicle Charging Funding for State Facilities/Public Use	(5.0)			
192	Capital - ADOA - Reduce FY 2023 Building Demolition Funding (\$69k)	(0.1)			
193	<u>Capital - ADC</u>				
194	Capital - ADC - Reduce FY 2024 GF Building Renewal From \$33.9 M to \$14.6 M	(19.3)			
195	Capital - ADC - FY 2025 Building Renewal Funding		\$2.7 M - OF		
196	Capital - ADC - Reduce FY 2024 \$66.8 M HVAC Project Funding to \$9.8 M	(57.0)			
197	Capital - ADC - Eliminate FY 2025/FY 2026 HVAC Project Funding		(29.8)	(23.7)	
198	<u>Capital - ADOT</u>				
199	Capital - ADOT - FY 24 - SR 347 Intersection (Casa Blanca Rd/Cement Plant) - Project Shortfall	1.9			
200	Capital - ADOT - FY 24 - Repave US 60 (Morristown/Wickenburg) - Project Shortfall (Plus \$0.2 M SHF)	0.2			
201	Capital - ADOT - FY 24 - Improve SR 260 within Navajo County - Project Shortfall	0.2			
202	Capital - ADOT - FY 24 - Reduce SR 24 Expansion Funding (From \$87.5 M to \$59.8 M)	(27.7)			
203	Capital - ADOT - FY 24 - SR 85 Improvements [Between MP 123/Maricopa Road] - Project Shortfall	SHF - 12.6			
204	Capital - ADOT - FY 24 - SR 83 Improvements Within Santa Cruz County - Project Shortfall	SHF - 1.1			
205	Capital - ADOT - FY 24 - Intersection Improvements (Arica Road/Shedd Road) - Project Shortfall	0.3			
206	Capital - ADOT - FY 24 - Interchange At SR 303 And U.S. Route 60 - Project Shortfall	0.2			
207	Capital - ADOT - FY 24 - Shift West Pinal Parkway East-West Corridor Design Funding to FY 28	(9.2)			
208	Capital - ADOT - Reduce FY 24 Pavement Rehab. From \$54.3 M to \$13.3 M	(41.0)			
209	Capital - ADOT - FY 23 - Riggs Road/SR 347 [Design/Right of Way/Easements] - Project Shortfall	SHF - 1.5			
210	Capital - ADOT - SHF FY 23 - Move Riggs Road/SR 347 Overpass Construction Funds to FY 28	SHF - (24.0)			
211	Capital - ADOT - GF FY 21 - Move Riggs Road/SR 347 Overpass Construction Funds to FY 28	(25.0)			
212	Capital - ADOT - FY 24 - Eliminate SR 97 Improvements Funding	(10.0)			

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

		A	B	C	D
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
213	Capital - ADOT - Move \$52 M GF/\$56 M SHF I-10 Widening (SR 85/Citrus Road) to FY 27 (\$30 M)/FY 28 (\$78 M)	(52.1)			30.0
214	Capital - ADOT - SHF FY 23 - Rehab. Pavement US 191 (Armory Road/East Safford) - Project Surplus	SHF - (7.0)			
215	Capital - ADOT - SHF FY 23 - SR 90 (Campus Drive/Border Patrol) - Project Surplus	SHF - (8.7)			
216	Capital - ADOT - SHF FY 23 - Design Interchange at SR 303/I-17 - Project Surplus	SHF - (4.0)			
217	Capital - ADOT - SHF FY 23 - Improve SR 90 (Moson Road to Campus Drive) - Project Surplus	SHF - (3.3)			
218	Capital - ADOT - SHF FY 23 - Tier 2 Study for Sonoran Corridor in Pima County - Project Surplus	SHF - (2.4)			
219	Capital - ADOT - SHF FY 23 - Construct Roundabout at SR 69/SR 169 Intersection - Project Shortfall	SHF - 0.9			
220	Capital - ADOT - SHF FY 23 - Eliminate Remaining FY 2023 Pavement Rehab Funding	SHF - (29.3)			
221	Capital - ADOT - FY 21 Improve SR 90 Near Fort Huachuca - Project Surplus	(2.1)			
222	<u>Capital - All Other</u>				
223	Capital - DVS - Move FY 22 Northwestern Arizona Veterans' Home Funding to FY 28]	(25.0)			
224	Other - FY 2025 Statewide Fleet Adjustments [FY 24 Budget = \$8.2 M One-Time]		3.3		
225	Other - Continue One-Time HITF Employer Premium Increase		140.0		
226	Other - Named Claimants Supplemental (\$70k)	0.1			
227	Other Adjustments	(0.2)	(0.2)		0.2
228	<b>Subtotal - One-Time Changes to JLBC Baseline</b>	<b>\$ (411.5)</b>	<b>\$ 44.3</b>	<b>\$ (73.8)</b>	<b>\$ 68.0</b>
229	<b>Total One-Time Spending</b>	<b>\$ 2,470.5</b>	<b>\$ 615.2</b>	<b>\$ 99.1</b>	<b>\$ 352.0</b>
230	<b>Total Spending</b>	<b>\$ 17,275.7</b>	<b>\$ 16,183.4</b>	<b>\$ 16,439.8</b>	<b>\$ 17,132.0</b>
231	<b>Cash Balance</b>	<b>\$ 638.9</b>	<b>\$ 95.7</b>	<b>\$ 20.0</b>	<b>\$ 7.0</b>
232	<b>Ongoing Balance</b>	<b>\$ 12.9</b>	<b>\$ 39.8</b>	<b>\$ 6.4</b>	<b>\$ 327.0</b>

## SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
<b>Operating</b>				
ADOA - K-12 Transportation Grants	15,000,000			
ADOA - Healthcare Interoperability Software/Technology Grants	1,480,000			
ADOA - Fire Incident Management System Grants	12,200,000			
ADOA - Miami Unified - Miami & Kornegay Gym Floors	350,000			
ADOA - Employee Retention/Compensation Study	1,800,000			
ADOA - Skull Valley School Distribution	300,000			
ADOA - Early Literacy	250,000			
ADOA - Navajo Nation Household Electrical Connections		1,000,000		
ADOA/APF - School Financial Transparency Portal	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			
ADOA/APF - DOR Integrated Tax System (Thru FY 28)	11,794,100	11,847,300	11,725,500	12,538,400
ADOA/SFD - Building Renewal Grants	183,300,000	183,300,000		
ADOA/SFD - School Facilities Inspections	1,000,000			
ADOA/SFD - New Construction (FY 23 Authorization)	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)		31,489,500	45,077,100	
ADOA/SFD - New Construction (FY 26 Authorlization)			90,230,700	79,207,200
ADOA/SFD - New Construction (FY 27 Authorization)				175,608,700
Agriculture - Expanding IT Support	899,600			
AHCCCS - Critical Access Hospitals Supplemental Pool	4,200,000	4,200,000		
AHCCCS - OBGYN On-Call Services	7,500,000			
AHCCCS - Management Information System Replacement	700,000			
AHCCCS - Mainframe Replacement Initiative		3,396,000		
AHCCCS - Rapid Genome Sequencing Pilot Program	160,000			
AHCCCS - Case Management Provider Wage Increases		1,000,000		
Arts Commission - Arts Trust Fund Deposit	5,000,000	2,000,000		
DCS - Vehicle Replacement	2,250,000			
DCS - Extended Foster Care Comprehensive Service Model	9,830,000			
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 - Backfill Loss of Congregate Care Federal Funds	10,876,400			
DCS - Children and Family Supports Contract		5,500,000		
DCS - Healthy Families		12,500,000		
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 - Economic Resources to Tribes	9,000,000			
Commerce - Small Business Center Grants		500,000		
Community Colleges - Rural Funding	10,000,000			
Community Colleges - Tohono O'odham College Funding	2,000,000			
Community Colleges - San Carlos Apache College Funding	2,000,000			
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			
ADC - Inmate Health Care Cost Increase	51,200,000			
ADC - Florence Closure Costs/Private Prison Rate Increase	36,481,800	54,283,500	54,283,500	54,283,500
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			
ACJC - Crime Victim Notification Fund Deposit	10,000,000			
Economic Opportunity - Microbusiness Loans	5,000,000			

## SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
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	2,000,000		
DES - Area Agency on Aging Elderly Housing Assistance	5,000,000			
DES - Diaper/Incontinence Assistance	1,000,000			
DES - IT Infrastructure/Security - Development Costs	1,518,200			
DES - Low-Income Food Services for Tribal Reservations		250,000		
DES - Navajo Nation Women's Shelter and Social Services		500,000		
DES - Navajo Nation Tribal Youth Programs		500,000		
DES - Nutrition, Housing and Rental Assistance Programs (Pinal County)		500,000		
DES - Pascua Yaqui Tribe Social Services Program		1,000,000		
DES - Food Distribution for Low-Income Individuals (Cochise County)		1,000,000		
DES - DD Job Training and Life Skills Services (Rural Counties)		1,000,000		
DES - DD Group Home Monitoring Pilot	1,200,000	1,200,000		
DES - Child Care Network Funding		12,000,000		
ADE - Additional One-Time Funding (State Aid Supplement)	300,000,000			
ADE - Dual Enrollment - Student Incentive	3,000,000			
ADE - Broadband Funding	2,500,000			
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	7,500,000			
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	1,000,000		
ADE - Remove Co-Pays for School Meals		3,800,000		
ADE - Fund Continuing High School Workforce One-Time		4,000,000		
ADE - Fund Comm College Adult Education One-Time		4,000,000		
ADE - Fund Adult Workforce Diploma One-Time		4,000,000		
ADE - English Language Learner Achievement Testing Funding		5,000,000		
ADE - Arizona Holocaust Education Center		7,000,000		
ADE - 3rd Year of Incremental Low Income Weight		37,000,000		
ADE - 3rd Year of Incremental Additional Assistance		29,000,000		
ADE - K-12 Mental Health Telehealth Pilot		2,000,000		
ADE - Low Income After School Program Grants		2,000,000		
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	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	9,500,000			
DEQ - Direct Potable Reuse of Treated Wastewater	1,500,000			
DEQ - PFAS (Forever Chemicals) Mitigation	5,000,000			
DEQ - Zero Emissions Heavy-Duty 8-Ton Pilot Program		1,000,000		
Executive Clemency - Electronic Records Management System	50,500			
Forestry - Fire District Grants	5,000,000			
Forestry - Fire Suppression		5,000,000		
Gaming - Event Wagering Operator License Fee Refund	600,000			
Gaming - Racing Purse Enhancement		4,000,000		
Gaming - Racetrack Capital Projects and Maintenance/Operations	1,000,000	1,500,000		
Governor - One-Time Operating Funding	2,000,000			
Governor - Missing and Murdered Indigenous People Task Force	1,000,000			

## SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
DHS - ASH Surveillance System Upgrade	3,500,000			
DHS - Arizona Nurse Education Investment Pilot Program	15,000,000			
DHS - Preceptor Grant Program for Graduate Students	500,000	500,000		
DHS - Licensing Compliance Funding		1,202,400		
DHS - Shift Biomedical Research to Health Research Fund		(2,000,000)	(2,000,000)	
DHS - Shift Alzheimer's Research to Tobacco Tax Fund		(1,000,000)		
DHS - Low Income/Underserved Women Preventative Health Services		500,000		
DHS - Counseling Services for Parents of Deceased Children		500,000		
DHS - Heat Mitigation in Southern Arizona		500,000		
DHS - Southern Arizona Counseling and Community Service Grants		1,000,000		
DHS - Senior Health Promotion and Coordination (Santa Cruz County)		1,000,000		
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 - Anti-Human Trafficking Grant Fund	10,000,000			
AZ Dept. of Homeland Security - Non-Profit Security Grant Program	5,000,000			
AZ Dept. of Homeland Security - Cybersecurity Programs		200,000		
Housing - Housing Trust Fund Deposit	150,000,000	15,000,000		
Housing - Homeless Shelter and Services Fund Deposit	40,000,000			
Housing - Mobile Home Relocation Fund Deposit	5,000,000			
Housing - Military Transitional Housing Fund Deposit	1,900,000			
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 - Superior Court - Probation Salary Increase County Backfill	6,749,200			
DJC - Operating Budget Shift to DJC Land Trust Fund		(800,000)	(800,000)	
DJC - Operating Budget Shift to CJEF		(100,000)	(100,000)	
Legislature - Auditor General	2,000,000			
Legislature - House of Representatives	2,000,000			
Legislature - Senate	2,000,000			
Mine Inspector - Drone Purchases	100,000			
Mine Inspector - Administrative Costs	300,000			
Nursing Board - Nurse Anesthetists Clinical Rotations	450,000			
Parks - Heritage Fund Deposit	6,000,000			
Parks - State Lake Improvement Fund Deposit	5,200,000			
Parks - Arizona Trail Fund Deposit	500,000	100,000		
Power Authority - Resource Planning and Needs Assessment	1,000,000			
DPS - Vehicle Replacement	11,709,300			
DPS - Civil Air Patrol	10,000,000			
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	
DPS - Shift DEMA Emergency Operations Center Capital Funding		(27,677,200)		
DPS - Local Border Support		4,000,000		
DOR - Shift Administrative Fund Spending to General Fund	2,000,000			
SOS - Administrative Funding Increase	2,330,000			
SOS - One-Time Operating Funding		1,000,000		
SOS - Presidential Preference Election Funding	1,926,100			
SOS - Primary/General Election Funding		3,900,000		
ADOT - Spay and Neutering Fund Deposit	550,000			
Tourism - Lodging and Tourism Workforce/Education Initiatives	250,000			
Tourism - Culinary Tourism Workforce Development/Campaigns	100,000			
Treasurer - Election Security Funding	5,000,000	6,000,000		
Treasurer - County Election Funding	6,000,000			

## SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
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	2,414,500			
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 - 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	1,000,000		
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	23,600,000	21,200,000		
Universities - NAU - Operating Funding	11,100,000	10,100,000		
Universities - UA - Operating Funding	16,300,000	14,700,000		
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 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 - 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			
Veterans' Services - Veterans Center Funding		500,000		
DWR - Brackish Water Study	100,000			
DWR - Statewide Water Resources Planning Program	5,000,000			
DWR - Groundwater Delivery Infrastructure	25,000,000			
WIFA - Water Project Assistance Grants	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	3,299,000		
Other - HITF Employer Premium Increase	73,000,000	140,000,000		
<b>Subtotal - Operating Funding</b>	<b>\$ 1,824,818,800</b>	<b>\$ 715,302,000</b>	<b>\$ 199,086,800</b>	<b>\$ 321,837,800</b>
<b>Hospital Assessment Savings</b>		<b>\$ (100,000,000)</b>	<b>\$ (100,000,000)</b>	
<b>Water Supply Funding</b>	<b>\$ 189,200,000</b>			
<b>Capital Outlay</b>				
Capital - ADOA - Building Renewal Funding	2,585,200			
Capital - ADC - Building Renewal Funding	14,563,500			
Capital - ADC - Replace Evaporative Cooling with AC Systemwide	9,800,000			
Capital - ADC - Doors/Locks/Fire Systems	48,650,600			

## SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
Capital - DEMA - West Valley Readiness Center Construction Cost Increase	1,125,000			
Capital - Parks - Establish Verde River Headwaters State Park	7,000,000			
Capital - DPS - Aviation Hangar Enhancement	320,000			
<b>Subtotal - Capital Outlay</b>	<b>\$ 84,044,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FY 2024 One-Time Supplementals/Ex-Appropriations</b>				
DCS - Operating Budget Increase	19,700,000			
DCS - Children and Family Supports Contract	6,229,400			
DCS - Backfill Loss of Congregate Care Funds	14,716,600			
DCS - In-Home Mitigation Utilization Adjustment	6,311,800			
DCS - Out of Home Support Services Adjustment	(6,311,800)			
DCS - Extended Foster Care Line Item Surplus	(6,666,700)			
DCS - Eliminate Positive Program for Permanency Placement	(4,000,000)			
DCS - Federal Expenditure Authority Changes	(15,235,500)			
ADC - Repurpose Community Treatment for Imprisoned Women	(2,000,000)			
ADC - Named Claimants	12,100			
Board of Equalization - Named Claimants	2,200			
Prescott Historical Society - Named Claimants	51,500			
DJC - Named Claimants	4,000			
SOS - Election Funding (Logic and Accuracy Testing)	100,000			
<b>Subtotal - FY 2024 One-Time Supplementals/Ex-Appropriations</b>	<b>\$ 12,913,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Prior Year Ex-Appropriations</b>				
ADOA - FY 2023 Building Renewal Funding	(12,875,800)			
ADOA - West Adams Renovation Funding	(48,263,600)			
ADOA - Demolition Funding	(68,600)			
IRC - Revert Unused Funding (2020 Redistricting)	(350,000)			
ADOT - Riggs Rd/SR 347 Construction (FY 21 Budget)	(25,000,000)			
ADOT - I-10 Citrus Rd	(52,090,000)			
ADOT - SR 90 Improvements (Fort Huachuca)	(2,095,000)			
Universities - ABOR - Camp Verde Meat Processing Facility	(9,700,000)			
DVS - Northwest AZ Veterans Home	(25,000,000)			
<b>Subtotal - Prior Year Ex-Appropriations</b>	<b>\$ (175,443,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Transportation Funding</b>				
Capital - ADOT - SR 303 & US-60 Interchange	4,667,000			
Capital - ADOT - Clarkdale - Bitter Creek Wash Bridge	6,321,400			
Capital - ADOT - SR 347 Intersection (Casa Blanca/Cement Plant)	19,901,000			
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	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 - McKee 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			
Capital - ADOT - US-95 Pavement Rehabilitation	5,910,400			
Capital - ADOT - SR 87 Intersection Improvements (Arica/Shedd Roads)	1,015,000			
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	59,800,000			
Capital - ADOT - SR 83 Improvements (Santa Cruz to Sonoita)	9,000,000			
Capital - ADOT - Cave Creek Rd Construction Study	250,000			
Capital - ADOT - Navajo County - SR 260 Improvements	4,422,200			
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			



## SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
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)	10,706,800			
Capital - ADOT - Winkelman 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	13,300,000			
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			
Capital - ADOT - Shift I-10 Citrus Road Funding to FY 27/FY 28				30,000,000
<b>Subtotal - Transportation Funding</b>	<b>\$ 535,031,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,000,000</b>
<b>Total - One-Time Spending</b>	<b>\$ 2,470,565,300</b>	<b>\$ 615,302,000</b>	<b>\$ 99,086,800</b>	<b>\$ 351,837,800</b>

1/ The displayed amounts reflect one-time General Fund adjustments included in the FY 2025 enacted budget's multi-year spending plan. The Legislature makes the one-time classification as part of the 3-year spending plan. These items are not included in the agency amounts displayed in the General Fund Spending By Budget Units - Ongoing Funding section.

## Summary of One-Time General Fund Transfers<sup>1/</sup>

	FY 2024	FY 2025	FY 2026	FY 2027
<u>Fund Transfers to General Fund</u>				
1 ADOA - Certificate of Participation Fund	\$ 2,550,000			
2 ADOA - State Employee Travel Reduction Fund	900,000			
3 ADOA - State Web Portal Fund	4,000,000			
4 ADOA - Capitol Mall Consolidation Fund	700,000			
5 ADOA - Fire Incident Management Fund	6,100,000			
6 ADOA - Construction Insurance Fund	8,100,000			
7 ADOA - Cyber Risk Insurance Fund	11,200,000			
8 ADOA - Risk Management Revolving Fund	70,000,000			
9 ADOA/APF - ADOA Subaccount - Business One-Stop Funding	7,000,000			
10 ADOA/APF - Health and Human Services Information System Subaccount	1,800,000			
11 ADOA/APF - Dept. of Revenue Subaccount - Tax System Funding	1,300,000			
12 AHCCCS - Prescription Drug Rebate Fund	46,000,000			
13 Athletic Training - Athletic Training Fund	250,000			
14 Attorney General - Anti-Racketeering Revolving Fund - Operations	2,600,000			
15 Attorney General - Anti-Racketeering Revolving Fund - Pass Through	10,000,000			
16 Attorney General - Collection Enforcement Revolv. Fund - Operating	212,500			
17 Barbers/Cosmetology - Barbering and Cosmetology Fund	12,100,000			
18 Behavioral Health Examiners - Behavioral Health Examiners Fund	4,200,000			
19 Chiropractic Examiners - Chiropractic Examiners Fund	500,000			
20 ACA - Arizona Competes Fund	55,700,000			
21 Corp Comm - Utility Regulation Revolving Fund	2,125,000			
22 Corp Comm - Securities Regulatory and Enforcement Fund	25,000,000			
23 ADC - Corrections Fund	8,000,000			
24 ADC - Alcohol Abuse Treatment Fund	2,000,000			
25 ADC - Transition Program Fund	4,200,000			
26 ADC - Community Corrections Enhancement Fund	117,500			
27 ADC - Arizona Correctional Industries Revolving Fund		11,491,800		
28 ACJC - Criminal Justice Enhancement Fund	800,000			
29 ACJC - Fingerprint Clearance Card Fund	700,000			
30 Dental Board - Dental Board Fund	2,000,000			
31 OEO - Office of Economic Opportunity Operations Fund	1,000,000			
32 DES - Family Caregiver Grant Program Fund	700,000			
33 DES - Special Administration Fund	4,000,000			
34 DES - Economic Security Capital Investments Fund	500,000			
35 DES - Long Term Care System Fund	9,314,000			
36 ADE - Adult Workforce Diploma Program Fund	3,000,000			
37 ADE - Comm College Adult Ed Workforce Development Program Fund	8,900,000			
38 ADE - Computer Science Professional Development Program Fund	5,000,000			
39 DEQ - Air Quality Fund	2,300,000			
40 DEQ - Underground Storage Tank Fund	20,000,000			
41 DEQ - Emissions Inspection Fund	5,000,000			
42 DEQ - Hazardous Waste Management Fund	900,000			
43 DEQ - Emergency Response Fund	500,000			
44 Exposition/State Fair - Arizona Exposition and State Fair Fund	5,000,000			
45 Fingerprinting Board - Board of Fingerprinting Fund	1,200,000			
46 Game and Fish - Watercraft Licensing Fund	800,000			
47 DHS - Disease Control Research Fund	1,300,000			
48 DHS - Prescription Drug Rebate Fund	1,000,000			
49 DHS - Health Services Lottery Monies Fund	3,700,000			
50 Industrial Commission - Administration Fund	2,400,000			
51 Industrial Commission - Special Fund	900,000			
52 DIFI - Financial Services Fund	19,600,000			
53 DIFI - Automobile Theft Authority Fund	8,800,000			
54 DIFI - Department Receivership Revolving Fund	800,000			
55 DJC - Criminal Justice Enhancement Fund	900,000			
56 DJC - Indirect Cost Recovery Fund	206,600			
57 Land - Risk Management Fund	343,000			
58 Land - IGA and ISA Fund	24,000			
59 Land - Trust Land Management Fund	34,000,000			
60 Liquor - Liquor Licenses Fund	400,000			
61 Liquor - K Fund - Enforcement Surcharges	170,000			
62 Massage Therapy - Massage Therapy Board Fund	600,000			
63 Medical Board - Medical Examiners Board Fund	9,300,000			
64 Mine Inspector - Aggregate Mining Reclamation Fund	38,500			
65 Naturopathic Physicians - Naturopathic Physicians Medical Board Fund	1,700,000			
66 Nursing - Board of Nursing Fund	9,400,000			
67 Occupational Therapy - Occupational Therapy Fund	900,000			
68 Optometry - Board of Optometry Fund	387,100			

## Summary of One-Time General Fund Transfers<sup>1/</sup>

	FY 2024	FY 2025	FY 2026	FY 2027
<u>Fund Transfers to General Fund</u>				
69 Osteopathic Examiners - Osteopathic Examiners Board Fund	2,800,000			
70 Parks - State Parks Revenue Fund	38,237,100 C			
71 Pharmacy Board - State Board of Pharmacy Fund	6,300,000			
72 Physical Therapy Board - Board of Physical Therapy Fund	680,000			
73 Psychologist Examiners - Board of Psychologist Examiners Fund	1,800,000			
74 DPS - Fingerprint Clearance Card Fund	3,900,000			
75 DPS - Department of Public Safety Licensing Fund	85,000			
76 DPS - GIITEM Fund	1,000,000			
77 DPS - Records Processing Fund	200,000			
78 DPS - Public Safety Equipment Fund	500,000			
79 RUCO - Residential Utility Consumer Office Revolving Fund	425,000			
80 Technical Registration - Technical Registration Fund	5,600,000			
81 ADOT - Economic Strength Project Fund	600,000			
82 ADOT - Highway Damage Recovery Account	1,000,000			
83 ADOT - State Aviation Fund	15,000,000			
84 ADOT - State Highway Fund - Interest	26,000,000	18,700,000	15,000,000	10,000,000
85 ADOT - SHF/TPT - Riggs Road/SR 347 Overpass to FY 28 Savings	24,000,000 C			
86 ADOT - SHF/TPT - I-10 (SR 85/Citrus Rd) to FY 27/28 Savings	55,910,000 C			
87 ADOT - SHF/TPT - Eliminate FY 23 Pavement Rehab. Savings	29,343,200 C			
88 ADOT - SHF/TPT - Net Project Shortfall/Surplus Savings	9,133,700 C			
89 ADOT - Abandoned Vehicles Administration Fund	400,000			
90 ADOT - Shared Location & Advertisement Agreements Expense Fund	75,100			
91 ADOT - Motor Vehicle Dealer Enforcement Fund	300,000			
92 ADOT - Highway Expansion & Extension Loan Program Fund	3,900			
93 ADOT - State Highway Fund - VLT Transfer - ECD Savings		2,000,000	2,000,000	2,000,000
94 ADOT - AZ Highway Magazine Fund	500,000			
95 Treasurer - State Treasurer's Operating Fund	900,000			
96 Treasurer - Arizona Public School Credit Enhancement Fund	3,000,000			
97 Veterinary Examiners - Veterinary Medical Examining Board Fund	1,700,000			
98 WIFA - Water Supply Development Revolving Fund	51,600,000			
99 WIFA - Water Supply Development Revolving Fund - Interest	8,100,000			
100 WIFA - Long Term Water Augmentation Fund	78,000,000			
101 WIFA - Long Term Water Augmentation Fund - Interest	19,300,000			
102 DWR - Temporary Groundwater and Irrigation Efficiency Projects Fund	600,000			
103 DWR - Assured and Adequate Water Supply Administration Fund	200,000			
104 DWR - Arizona Water Protection Fund	1,000,000			
<b>105 GRAND TOTAL</b>	<b>\$ 843,331,200</b>	<b>\$ 32,191,800</b>	<b>\$ 17,000,000</b>	<b>\$ 12,000,000</b>

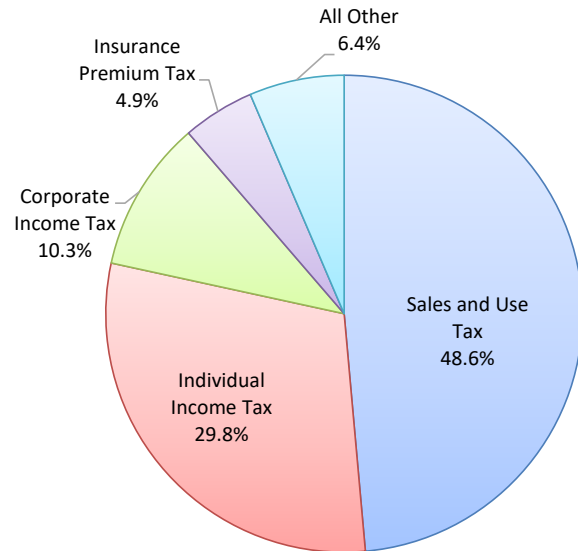
<sup>1/</sup> Unless otherwise identified, these transfers are required by the General Appropriations Act, (Laws 2024, Ch. 209). The Chapter 209 transfers total \$686.7 million in FY 2024. There are also \$156.6 million of FY 2024 transfers required by the Capital Outlay Bill (Laws 2024, Chapter 211). The Capital Bill transfers are identified by a "C."

Chapter 209 further transfers \$32.2 million to the General Fund in FY 2025.

The FY 2026 and FY 2027 transfers are part of the FY 2025 budget's 3-year budget plan and are not enacted as part of the FY 2025 budget.

## FY 2025 General Fund Revenue - Where It Comes From

Source	Revenue (Millions)
Sales and Use Tax	\$ 8,213.7
Individual Income Tax	5,044.3
Corporate Income Tax	1,736.0
Insurance Premium Tax	825.8
All Other	1,088.7
<b>TOTAL REVENUE</b>	<b><u>\$ 16,908.5</u></b> <sup>1/2/</sup>

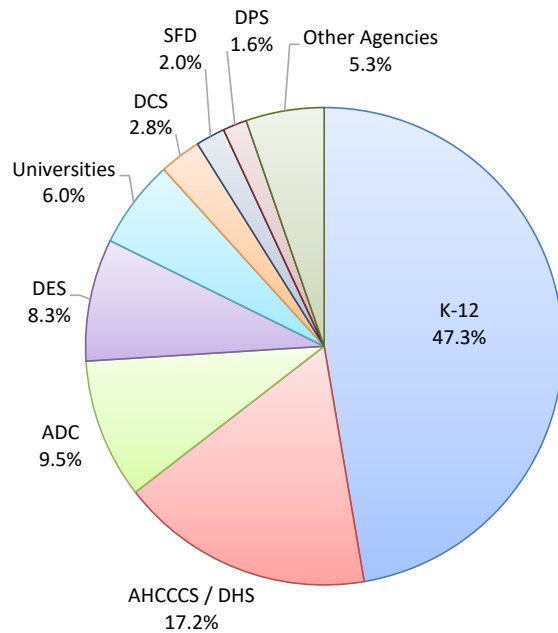


<sup>1/</sup> Excludes FY 2024 balance forward.

<sup>2/</sup> A total of \$1,268.3 million of this amount is distributed as urban revenue sharing.

## FY 2025 General Fund Appropriations - Where It Goes

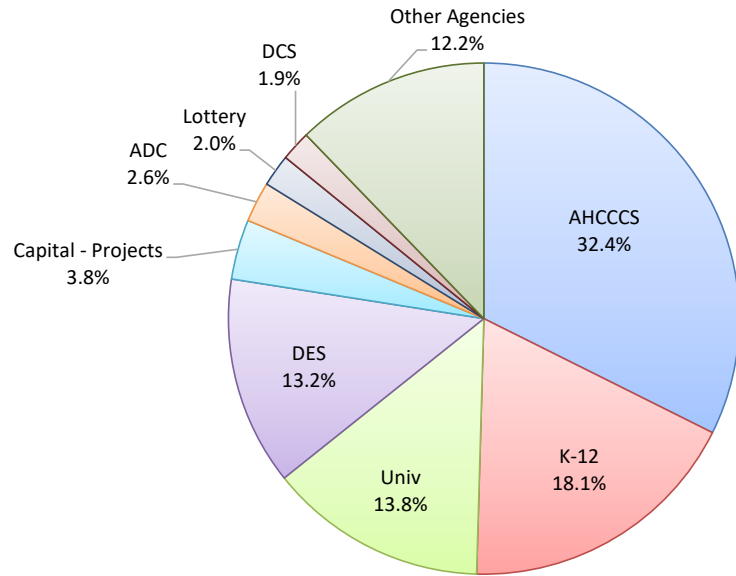
Budget Unit	Appropriation (Millions)
K-12 Education (ADE)	\$ 7,676.7
AHCCCS / DHS	2,792.2
Corrections	1,537.4
Economic Security	1,344.5
Universities	970.0
Child Safety	458.1
School Facilities Division	320.9
DPS	264.5
Other Agencies	859.2
<b>TOTAL BUDGET</b>	<b><u>\$ 16,223.5</u></b> <sup>1/</sup>



<sup>1/</sup> Does not include administrative adjustments and revertsments.

### FY 2025 Total Spending - All Sources 1/

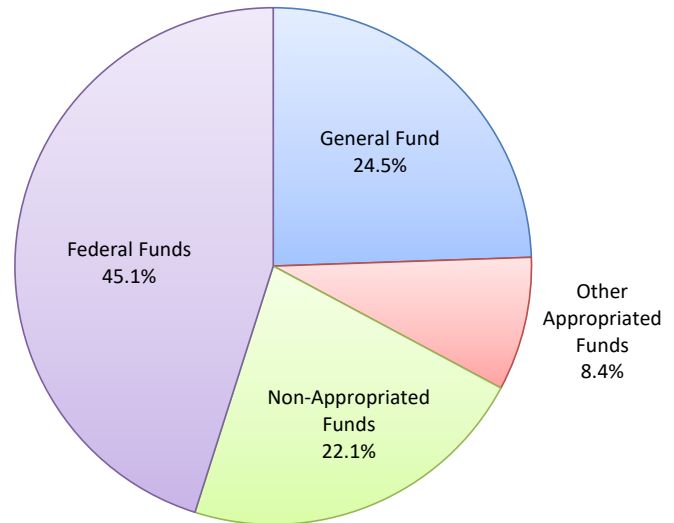
Budget Unit	Spending (Millions)
AHCCCS	\$ 21,466.8
K-12 Education (ADE)	12,000.7
Universities	9,173.1
Economic Security	8,756.4
Capital - Projects	2,515.3
Corrections	1,693.7
Lottery	1,346.2
Child Safety	1,261.1
Other Agencies / Distributions	8,121.8
<b>TOTAL</b>	<b><u>\$ 66,335.1</u></b>



1/ Does not include administrative adjustments and revertments.

### FY 2025 Total Spending by Fund Source 1/

Fund Source	Spending (Millions)
General Fund	\$ 16,223.5
Other Appropriated Funds	5,550.0
Non-Appropriated Funds	14,647.3
Federal Funds	29,914.4
<b>TOTAL</b>	<b><u>\$ 66,335.1</u></b>



1/ Does not include administrative adjustments and revertments.

## "THEN AND NOW" - FY 2015 vs. FY 2025 General Fund Spending

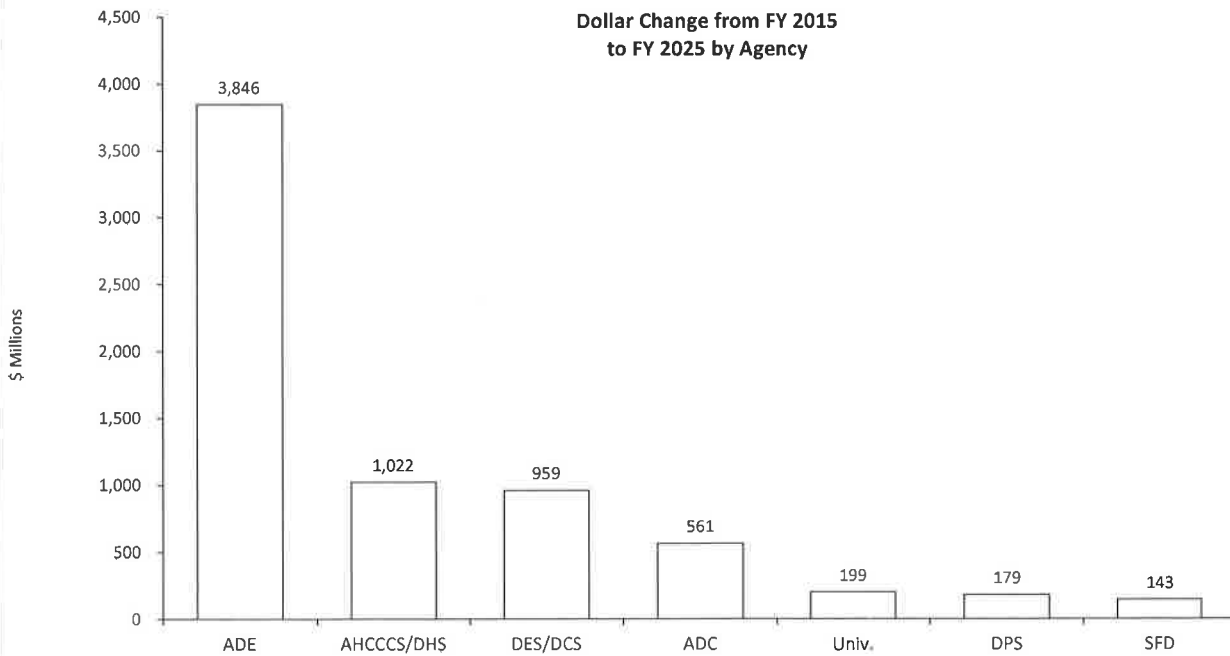
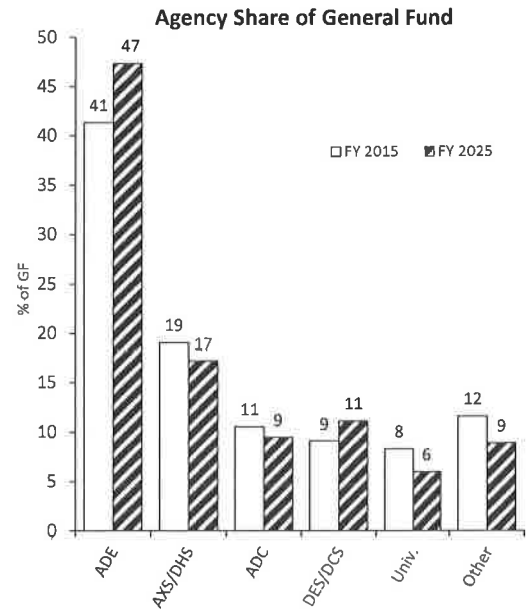
**Comparison of 10 Largest General Fund Budgets 1/  
(\$ in Millions)**

	FY 15 Actuals	FY 25 Approp.	\$ Change FY 15-25	% Change FY 15-25
K-12 Education (ADE)	\$ 3,831.1	\$ 7,676.7	\$ 3,845.6	100.4
AHCCCS / DHS 2/	1,769.8	2,792.2	1,022.4	57.8
Corrections	976.3	1,537.4	561.1	57.5
Economic Security	482.5	1,344.5	862.1	3/ 178.7
Universities	771.4	970.0	198.6	25.7
Child Safety	361.0	458.1	97.1	3/ 26.9
School Facilities Division	178.4	320.9	142.6	79.9
Public Safety	85.8	264.5	178.7	208.3
Judiciary	110.1	169.5	59.4	54.0
Other	703.4	689.7	(13.7)	(1.9)
<b>TOTAL</b>	<b>\$ 9,269.7</b>	<b>\$ 16,223.5</b>	<b>\$ 6,953.8</b>	<b>75.0%</b>

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 2015 and FY 2025.

3/ DCS was part of DES prior to FY 2015. DCS figures reflect child-welfare related spending.



## "THEN AND NOW" - FY 2015 vs. FY 2025 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
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	18,199.8	15,672.5	2,527.2	13.9%
2024	17,914.7	17,275.7	638.9	3.6%
2025	16,279.1	16,183.5	95.7	0.6%

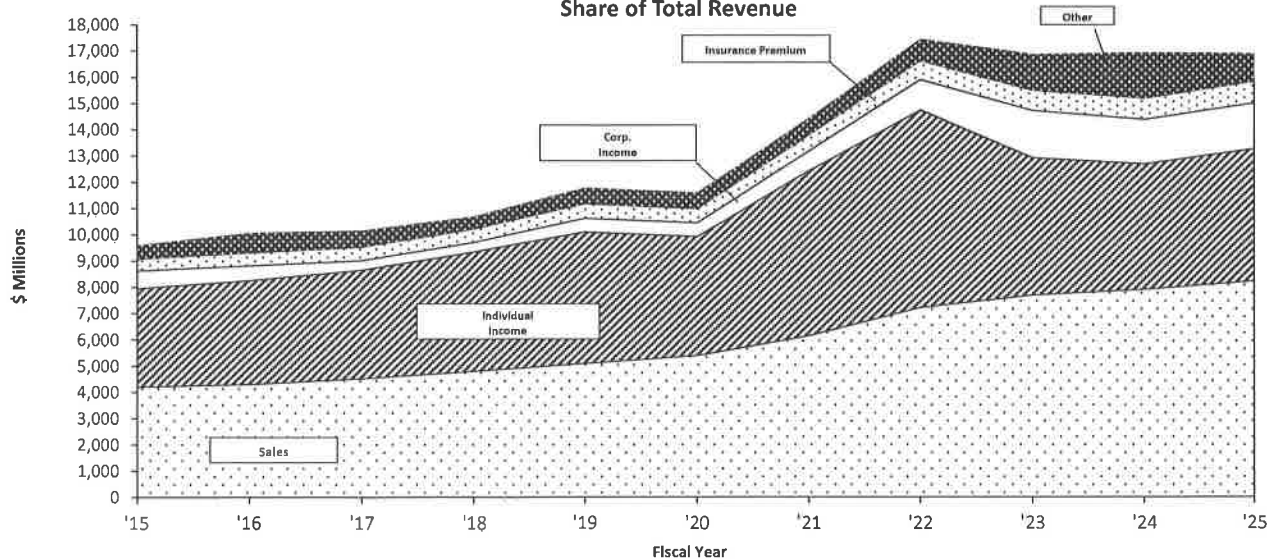
**General Fund Major Tax Sources as a Percent of  
Total Revenue <sup>1/</sup>**

Fiscal Year	Sales	Indiv. Income	Corp. Income	Ins. Premium	Other
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 <sup>2/</sup>	45.5%	31.0%	10.7%	4.5%	8.3%
2024	46.6%	28.3%	10.0%	4.7%	10.5%
2025	48.6%	29.8%	10.3%	4.9%	6.4%

<sup>1/</sup> Excludes balance forward from prior year, Budget Stabilization Fund transfers and withdrawals, and Urban Revenue Sharing distributions.

<sup>2/</sup> Excludes TPT diversions.

**General Fund Major Tax Sources as a  
Share of Total Revenue**



## BUDGET DETAIL



# SUMMARY OF APPROPRIATED FUNDS BY AGENCY

## Fiscal Years 2024 and 2025 1/

	Fiscal Year 2024			Fiscal Year 2025		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>BUDGET UNITS</b>						
Accountancy, State Board of	\$0	\$2,230,400	\$2,230,400	\$0	\$2,258,100	\$2,258,100
Acupuncture Examiners, Board of	0	200,600	200,600	0	199,700	199,700
Administration, Arizona Department of	40,573,600	233,695,600	274,269,200	10,147,600	229,455,000	239,602,600
- Automation Projects Fund	36,064,100	71,181,700	107,245,800	15,243,300	29,694,000	44,937,300
- School Facilities Division	357,013,800	0	357,013,800	320,918,800	0	320,918,800
Administrative Hearings, Office of	990,000	0	990,000	970,000	0	970,000
African-American Affairs, Arizona Commission of	0	0	0	0	0	0
Agriculture, Arizona Department of	16,611,000	1,904,600	18,515,600	14,639,800	1,924,300	16,564,100
AHCCCS	2,475,457,000	415,626,200	2,891,083,200	2,669,731,700	455,300,200	3,125,031,900
Arts, Arizona Commission on the	5,000,000	0	5,000,000	2,000,000	0	2,000,000
Athletic Training, Board of	0	165,300	165,300	0	167,800	167,800
Attorney General - Department of Law	27,749,200	151,011,400	178,760,600	27,092,700	109,959,300	137,052,000
Barbering and Cosmetology Board	0	2,886,900	2,886,900	0	3,230,900	3,230,900
Behavioral Health Examiners, Board of	0	2,112,700	2,112,700	0	2,757,400	2,757,400
Charter Schools, State Board for	2,835,100	0	2,835,100	2,749,300	0	2,749,300
Child Safety, Department of	499,974,700	204,287,200	704,261,900	458,089,500	204,280,700	662,370,200
Chiropractic Examiners, State Board of	0	542,400	542,400	0	643,700	643,700
Commerce Authority, Arizona	39,050,000	0	39,050,000	13,550,000	0	13,550,000
Community Colleges, Arizona	133,995,800	0	133,995,800	96,013,800	0	96,013,800
Contractors, Registrar of	0	14,067,800	14,067,800	0	13,925,600	13,925,600
Corporation Commission	798,900	36,228,900	37,027,800	789,000	35,404,400	36,193,400
Corrections, State Department of	1,420,670,200	62,943,100	1,483,613,300	1,537,433,400	68,633,300	1,606,066,700
County Funding	17,650,700	0	17,650,700	10,650,700	0	10,650,700
Criminal Justice Commission, Arizona	14,600,000	7,303,800	21,903,800	4,600,000	7,318,800	11,918,800
Deaf and the Blind, Schools for the	25,991,300	35,125,800	61,117,100	25,291,300	35,138,900	60,430,200
Deaf and the Hard of Hearing, Commission for the	0	4,826,600	4,826,600	0	5,047,800	5,047,800
Dental Examiners, State Board of	0	2,056,600	2,056,600	0	2,129,800	2,129,800
Economic Opportunity, Office of	5,523,300	0	5,523,300	507,100	0	507,100
Economic Security, Department of	1,211,415,700	417,750,100	1,629,165,800	1,344,531,100	549,327,500	1,893,858,600
Education, State Board of	3,450,000	0	3,450,000	3,342,400	0	3,342,400
Education, Department of	7,743,579,000	352,999,000	8,096,578,000	7,676,669,800	368,120,000	8,044,789,800
Emergency and Military Affairs, Department of	21,189,700	2,113,500	23,303,200	16,225,400	2,176,000	18,401,400
Environmental Quality, Department of	31,000,000	101,571,800	132,571,800	16,000,000	98,366,000	114,366,000
Equal Opportunity, Governor's Office of	0	310,500	310,500	0	311,700	311,700
Equalization, State Board of	753,300	0	753,300	724,400	0	724,400
Executive Clemency, Board of	1,420,800	0	1,420,800	1,377,600	0	1,377,600
Exposition and State Fair Board, Arizona	0	17,555,300	17,555,300	0	23,698,700	23,698,700
Forestry and Fire Management, Arizona Department of	57,605,200	0	57,605,200	51,471,600	0	51,471,600
Game and Fish Department, Arizona	0	41,850,200	41,850,200	0	42,552,200	42,552,200
Gaming, Department of	13,159,600	22,045,400	35,205,000	11,704,500	23,444,000	35,148,500
Governor, Office of the	12,339,800	0	12,339,800	8,996,800	0	8,996,800
Governor's Office of Strategic Planning and Budgeting	2,938,100	0	2,938,100	2,852,500	0	2,852,500
Health Services, Department of	166,360,900	58,893,700	225,254,600	122,466,300	63,124,900	185,591,200
Historical Society, Arizona	3,045,800	0	3,045,800	2,978,700	0	2,978,700
Historical Society, Prescott	1,064,400	0	1,064,400	995,300	0	995,300
Homeland Security, AZ Department of	25,000,000	11,319,400	36,319,400	10,200,000	11,054,700	21,254,700
Homeopathic and Integrated Medicine Examiners, Board of	0	61,400	61,400	0	61,500	61,500
Housing, Arizona Department of	196,900,000	371,100	197,271,100	15,000,000	388,800	15,388,800
Industrial Commission of Arizona	84,700	21,985,500	22,070,200	84,700	22,138,000	22,222,700
Insurance and Financial Institutions, Department of	8,298,500	12,398,700	20,697,200	8,090,100	12,857,100	20,947,200
Judiciary	0	0	0	0	0	0
Supreme Court	28,930,400	33,125,100	62,055,500	29,864,200	35,020,400	64,884,600
Court of Appeals	24,710,800	0	24,710,800	24,407,400	0	24,407,400
Superior Court	120,586,300	12,829,400	133,415,700	115,194,800	12,015,600	127,210,400
SUBTOTAL - Judiciary	174,227,500	45,954,500	220,182,000	169,466,400	47,036,000	216,502,400
Juvenile Corrections, Department of	31,824,800	12,675,900	44,500,700	29,978,900	13,597,700	43,576,600
Land Department, State	12,773,400	11,876,900	24,650,300	12,411,300	12,496,200	24,907,500
Legislature	0	0	0	0	0	0
Auditor General	28,316,600	0	28,316,600	26,722,700	0	26,722,700
House of Representatives	23,951,500	0	23,951,500	21,565,600	0	21,565,600
Joint Legislative Budget Committee	3,122,700	0	3,122,700	3,055,800	0	3,055,800
Legislative Council	9,507,700	0	9,507,700	9,275,700	0	9,275,700
Ombudsman-Citizens Aide Office	1,561,200	0	1,561,200	1,578,400	0	1,578,400
Senate	20,374,500	0	20,374,500	18,000,200	0	18,000,200
SUBTOTAL - Legislature	86,834,200	0	86,834,200	28,854,300	0	80,198,400
Liquor Licenses and Control, Department of	0	5,749,300	5,749,300	0	6,126,800	6,126,800
Lottery Commission, Arizona State	0	188,761,900	188,761,900	0	201,696,500	201,696,500
Massage Therapy, Board of	0	599,000	599,000	0	607,700	607,700
Medical Board, Arizona	0	8,186,600	8,186,600	0	8,424,900	8,424,900
Mine Inspector, State	2,778,800	112,900	2,891,700	2,299,300	112,900	2,412,200
Naturopathic Physicians Medical Board	0	217,700	217,700	0	220,000	220,000
Navigable Stream Adjudication Commission	144,000	200,000	344,000	140,500	200,000	340,500
Nursing, State Board of	450,000	6,132,200	6,582,200	0	7,016,600	7,016,600
Nursing Care Institution Administrators Board <u>2/</u>	0	604,900	604,900	0	613,100	613,100
Occupational Therapy Examiners, Board of	0	259,500	259,500	0	306,700	306,700
Opticians, State Board of Dispensing	0	198,200	198,200	0	198,500	198,500
Optometry, State Board of	0	289,200	289,200	0	295,500	295,500
Osteopathic Examiners, Arizona Board of <u>3/</u>	0	1,398,600	1,398,600	0	1,403,100	1,403,100
Parks Board, Arizona State	11,700,000	21,896,800	33,596,800	100,000	21,048,300	21,148,300
Personnel Board, State	0	361,000	361,000	0	363,700	363,700
Pharmacy, Arizona State Board of	0	3,526,700	3,526,700	0	3,568,600	3,568,600
Physical Therapy, Board of	0	591,500	591,500	0	596,000	596,000
Pioneers' Home, Arizona	0	8,380,200	8,380,200	0	8,492,100	8,492,100
Podiatry Examiners, State Board of	0	202,500	202,500	0	202,700	202,700
Power Authority, Arizona	1,000,000	0	1,000,000	0	0	0
Private Postsecondary Education, Board for	0	448,100	448,100	0	453,000	453,000
Psychologist Examiners, State Board of	0	640,000	640,000	0	644,800	644,800
Public Safety, Department of	366,140,600	78,359,100	444,499,700	264,461,100	80,263,000	344,724,100
Public Safety Personnel Retirement System	6,000,000	0	6,000,000	6,000,000	0	6,000,000

	Fiscal Year 2024			Fiscal Year 2025		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Real Estate Department, State	3,198,000	0	3,198,000	3,111,800	0	3,111,800
Residential Utility Consumer Office	0	1,592,200	1,592,200	0	1,606,500	1,606,500
Respiratory Care Examiners, Board of	0	436,500	436,500	0	426,700	426,700
Retirement System, Arizona State	0	28,667,000	28,667,000	0	28,863,400	28,863,400
Revenue, Department of	62,587,600	27,003,400	89,591,000	59,677,700	29,927,000	89,604,700
Secretary of State	22,781,800	6,975,600	29,757,400	22,993,900	2,304,200	25,298,100
Tax Appeals, State Board of	327,400	0	327,400	318,600	0	318,600
Technical Registration, State Board of	0	2,605,000	2,605,000	0	2,646,000	2,646,000
Tourism, Office of	8,876,200	0	8,876,200	8,325,000	0	8,325,000
Transportation, Department of	550,000	575,972,500	576,522,500	0	572,474,900	572,474,900
Treasurer, State	100,498,500	7,854,000	108,352,500	10,160,700	9,471,600	19,632,300
Tribal Relations, Governor's Office on	68,800	0	68,800	67,100	0	67,100
Universities				0	0	
Board of Regents	98,807,100	0	98,807,100	55,726,000	0	55,726,000
Arizona State University	411,201,900	854,407,100	1,265,609,000	408,638,200	854,407,100	1,263,045,300
Northern Arizona University	138,925,500	135,319,600	274,245,100	134,294,400	135,319,600	269,614,000
University of Arizona - Main Campus	302,897,200	347,232,700	650,129,900	295,913,700	347,232,700	643,146,400
University of Arizona - Health Sciences Center	80,397,700	69,546,500	149,944,200	75,428,400	69,546,500	144,974,900
SUBTOTAL - Universities	1,032,229,400	1,406,505,900	2,438,735,300	970,000,700	1,406,505,900	2,376,506,600
Veterans' Services, Department of	21,758,700	60,519,600	82,278,300	11,999,100	60,994,800	72,993,900
Veterinary Medical Examining Board	0	785,100	785,100	0	787,900	787,900
Water Infrastructure Finance Authority	254,210,000	0	254,210,000	0	0	0
Water Resources, Department of	55,059,400	2,019,000	57,078,400	24,618,200	2,018,300	26,636,500
OPERATING BUDGET SUBTOTAL	\$16,876,173,300	\$4,828,182,200	\$21,704,355,500	\$16,180,457,900	\$4,959,102,500	\$21,139,560,400
Prior Year Appropriation Adjustments	(10,050,000)	0	(10,050,000)	0	0	0
Unallocated '24 Health Insurance Adjustments	233,800	8,403,200	8,637,000	0	0	0
Unallocated '24 AFIS Transaction Fee Adjustments	0	70,900	70,900	0	0	0
Unallocated '24 Rent and COP Adjustments	0	45,500	45,500	0	0	0
Unallocated '24 Risk Management Adjustments	0	84,800	84,800	0	0	0
Unallocated '24 Fleet Adjustments	0	546,200	546,200	0	0	0
Unallocated FY 2023 Salary Corrections	0	395,900	395,900	0	0	0
Unallocated '24 Retirement Adjustments	100	(243,800)	(243,700)	0	0	0
Unallocated '25 Health Insurance Adjustments	0	0	0	0	18,448,400	18,448,400
Unallocated '25 Rent and COP Adjustments	0	0	0	0	13,000	13,000
Unallocated '25 Fleet Rate Adjustments	0	0	0	0	171,400	171,400
Unallocated '25 Retirement Adjustments	0	0	0	0	392,500	392,500
Capital Outlay Projects	453,682,900	463,764,200	917,447,100	0	571,840,800	571,840,800
Capital Outlay - Phoenix Convention Center Debt Service	25,498,600	0	25,498,600	25,998,700	0	25,998,700
Capital Outlay - Rio Nuevo District Distribution	17,000,000	0	17,000,000	17,000,000	0	17,000,000
Administrative Adjustments	90,000,000	0	90,000,000	130,000,000	0	130,000,000
Reversions	(176,790,300)	0	(176,790,300)	(170,000,000)	0	(170,000,000)
GRAND TOTAL	\$17,275,748,400	\$5,301,249,100	\$22,576,997,500	\$16,183,456,600	\$5,549,968,600	\$21,733,425,200

1/ This table summarizes FY 2024 and FY 2025 appropriations from the 2nd 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 2025	
	General Fund	Other Funds
<u>ARIZONA DEPARTMENT OF ADMINISTRATION BUILDING SYSTEM</u>		
Administration, Arizona Department of		
Building Renewal for ADOA System (excluding Corrections)		\$19,000,000
Corrections, State Department of		
Building Renewal for Corrections Facilities		\$8,557,000
Statewide HVAC	\$0	<u>2/</u>
Subtotal - State Department of Corrections	\$0	\$8,557,000
Game and Fish Department, Arizona		
Building Renewal		\$1,795,000
Lottery Commission, Arizona State		
Building Renewal		\$218,200
Parks Board, Arizona State		
Capital Improvement Projects		\$3,022,000
Statewide Campground Improvements		4,100,000 <u>3/</u>
Statewide Sunshade Structures		2,233,300 <u>3/</u>
Statewide Water Conservation		1,339,000 <u>3/</u>
Yuma Territorial Prison Park Historical Building Renovation		5,945,000 <u>3/</u>
Red Rock Historic Building Renovation		4,000,000 <u>3/</u>
San Rafeal Park Historic Building Renovation		1,500,000 <u>3/</u>
Subtotal - Arizona State Parks Board	\$0	\$22,139,300
Pioneers' Home, Arizona		
Capital Improvements		\$465,000
SUBTOTAL - ADOA BUILDING SYSTEM	\$0	\$52,174,500
<u>ARIZONA DEPARTMENT OF TRANSPORTATION BUILDING SYSTEM</u>		
Arizona Department of Transportation		
Building Renewal		\$22,540,100
Airport Planning and Development		25,550,000
Highway Construction		462,488,000
Vehicle Fueling Stations (10 Stations)		9,088,200
SUBTOTAL - ADOT BUILDING SYSTEM	\$0	\$519,666,300
GRAND TOTAL - ALL APPROPRIATIONS	\$0	\$571,840,800
<u>SUMMARY OF CAPITAL APPROPRIATIONS BY SESSION</u>		
Laws 2022, 2nd Regular Session	\$0	\$19,117,300
Laws 2024, 2nd Regular Session	\$0	\$552,723,500

- 1/ This table summarizes all capital appropriations for FY 2025. Please refer to the agency sections for any changes to capital appropriations in FY 2024 and earlier. Appropriations are listed by the state's "building systems." Capital Outlays are budgeted on an annual basis except under special circumstances.
- 2/ Laws 2024, Chapter 211 modifies the FY 2024 budget's 3-year spending plan and does not provide statewide HVAC funding of \$29,832,100 in FY 2025.
- 3/ Laws 2022, Chapter 309, Section 25 advance appropriated \$19,117,300 from the State Parks Revenue Fund in FY 2025. Laws 2024, Chapter 211, Section 14 allows the Parks Board to reallocate these monies to projects previously funded by Laws 2022, Chapter 309, Sections 6 and 19.

# SUMMARY OF ADDITIONAL OPERATING AND STATUTORY APPROPRIATIONS 1/ 2/

## GENERAL FUND

	FY 2024	FY 2025
<b>Attorney General - Department of Law</b>		
23-263 - Military Airport Planning; Appropriation	85,000	85,000
<b>Commerce Authority, Arizona</b>		
43-409 - Arizona Commerce Authority Income Tax Withholding	10,500,000	10,500,000
<b>Community Colleges</b>		
42-5031.01 - Indian Tribal Postsecondary Educational Institutions	1,220,900	1,220,900
15-1469.01 - Rural County Allocation	5,722,300	6,109,000
Subtotal - Community Colleges	6,943,200	7,329,900
<b>Corrections, State Department of</b>		
Laws 2024, Ch. 81 (SB 1111) - Appropriations; Named Claimants	12,100	
<b>Education, Department of</b>		
Laws 2015, 1st Special Session, Ch. 1 (HB 2001) - Schools; Base Level; Appropriations	75,000,000	75,000,000
<b>Emergency and Military Affairs, Department of</b>		
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
<b>Environmental Quality, Department of</b>		
49-282 - WQARF Priority Site Remediation	15,000,000 <u>3/</u>	15,000,000 <u>3/</u>
<b>Equalization, Board of</b>		
Laws 2024, Ch. 81 (SB 1111) - Appropriations; Named Claimants	2,200	
<b>Forestry and Fire Management, Arizona Department of</b>		
37-1305 - Wildland Fire Emergency	3,000,000	3,000,000
<b>Historical Society, Prescott</b>		
Laws 2024, Ch. 81 (SB 1111) - Appropriations; Named Claimants	51,500	
<b>Juvenile Corrections, Department of</b>		
Laws 2024, Ch. 81 (SB 1111) - Appropriations; Named Claimants	4,000	
<b>Public Safety Personnel Retirement System</b>		
38-810 - EORP Closure	5,000,000	5,000,000
<b>Secretary of State</b>		
Laws 2019, Ch. 275 (HB 2501) - Electronic Records; State Library	70,000	
<b>Treasurer, State</b>		
41-2308 - Special Sporting Event Marketing	1,500,000	1,500,000
<b>Arizona State University</b>		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	13,468,200	13,459,300
15-1671 - 2017 Capital Infrastructure Funding	13,039,900	13,300,700
Subtotal - Arizona State University	26,508,100	26,760,000
<b>Northern Arizona University</b>		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	5,302,900	4,885,500
15-1671 - 2017 Capital Infrastructure Funding	4,942,500	5,041,400
Subtotal - Northern Arizona University	10,245,400	9,926,900
<b>University of Arizona - Main Campus</b>		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	14,255,300	14,247,300
15-1671 - 2017 Capital Infrastructure Funding	11,535,900	11,766,600
Subtotal - University of Arizona - Main Campus	25,791,200	26,013,900
<b>Water Infrastructure Finance Authority</b>		
Laws 2022, Ch. 366 (SB 1740) - Water Infrastructure Financing; Supply; Augmentation	333,000,000	333,000,000
Laws 2023, Ch. 133 (SB 1720) - General Appropriations Act; 2023-2024	(143,800,000)	
Laws 2024, Ch. 209 (HB 2897) - General Appropriations Act; 2024-2025		(333,000,000)
Subtotal - Water Infrastructure Finance Authority	189,200,000	0
<b>Other</b>		
9-602 - Phoenix Convention Center Financing	25,498,600	25,998,700
42-5031 - Rio Nuevo Multi-Purpose Facility District	16,000,000	17,000,000
<b>GENERAL FUND TOTAL</b>	<b>414,501,300</b>	<b>227,204,400</b>

## SUMMARY OF ADDITIONAL OPERATING AND STATUTORY APPROPRIATIONS 1/ 2/

### OTHER FUNDS

	FY 2024	FY 2025
<b>Administration, Arizona Department of</b>		
Laws 2024, Ch. 81 (SB 1111) - Appropriations; Named Claimants	14,300	
<b>Agriculture, Department of</b>		
Laws 2023, Ch. 114 (SB 1007) - Nuclear Emergency Management; Appropriations; Assessments	321,300	308,600
<b>Attorney General - Department of Law</b>		
Laws 2022, Ch. 333 (SB 1712) - Victim Notification; Victims' Rights; Appropriation	1,400,000	
<b>Barbering and Cosmetology Board</b>		
Laws 2024, Ch. 250 (HB 2168) Barbering; Cosmetology; Conforming Legislation		498,300
<b>Emergency and Military Affairs, Department of</b>		
Laws 2023, Ch. 114 (SB 1007) - Nuclear Emergency Management; Appropriations; Assessments	2,113,500	2,176,000
<b>Parks Board, Arizona State</b>		
Laws 2023, Ch. 199 (SB 1454) - Arizona Veterans Memorial State Park	10,000,000	
<b>Transportation, Department of</b>		
Laws 2023, Ch. 83 (SB 1134) - Appropriations; Named Claimants	270,900	
<b>OTHER FUNDS TOTAL</b>	<b>14,120,000</b>	<b>2,982,900</b>

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 2025 and BEYOND 1/**

**GENERAL FUND**

	FY 2025	FY 2026	FY 2027
<b><u>Arizona Department of Administration - School Facilities Division</u></b>			
Laws 2023, Ch. 133 - New School Facilities Fund	77,898,600		
Laws 2024, Ch. 209 - New School Facilities Fund		45,077,100	
<b><u>Attorney General</u></b>			
A.R.S. § 26-263 - Military Airport Planning	85,000	85,000	85,000
<b><u>Commerce Authority, Arizona</u></b>			
A.R.S. § 43-409 - Withholding Tax Revenues	10,500,000	10,500,000	10,500,000
<b><u>Community Colleges</u></b>			
A.R.S. § 42-5031.01 - Tribal Postsecondary Institutions 2/	1,372,200	1,372,200	1,372,200
A.R.S. § 15-1469.01 - Rural County Allocation 3/	6,109,000	6,109,000	6,109,000
<b><u>Education, Department of</u></b>			
Laws 2015, 1st Special Session, Ch. 1 - State Aid Supplement	75,000,000		
Laws 2022, Ch. 313/Laws 2023, Ch. 133 - Basic State Aid (Rollover)	800,727,700		
Laws 2022, Ch. 313 - Basic State Aid - Charter Additional Assistance	23,836,000		
Laws 2022, Ch. 313 - Basic State Aid - District Additional Assistance	94,164,000		
Laws 2022, Ch. 313 - Basic State Aid - FRPL Group B Weight	100,000,000		
<b><u>Emergency and Military Affairs, Department of</u></b>			
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
<b><u>Environmental Quality, Department of</u></b>			
A.R.S. § 49-282 - WQARF Priority Site Remediation 4/	15,000,000	15,000,000	15,000,000
<b><u>Forestry and Fire Management, Department of</u></b>			
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
<b><u>Public Safety Personnel Retirement System</u></b>			
Laws 2019, Ch. 263 - Prescott Fire Dept. Pension Liability	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
<b><u>Treasurer, State</u></b>			
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 - Election Security Funding	6,000,000		
<b><u>Arizona State University</u></b>			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase 5/	13,459,300	13,453,900	13,450,100
A.R.S. § 15-1671 - 2017 Capital Infrastructure (\$1B Bonding) 6/	13,300,700	13,566,700	13,838,000
	FY 2025	FY 2026	FY 2027
<b><u>Northern Arizona University</u></b>			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase 5/	4,885,500	4,884,500	4,884,300
A.R.S. § 15-1671 - 2017 Capital Infrastructure (\$1B Bonding) 6/	5,041,400	5,142,200	5,245,000
<b><u>University of Arizona</u></b>			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase 5/	14,247,300	14,248,400	14,251,300
A.R.S. § 15-1671 - 2017 Capital Infrastructure (\$1B Bonding) 6/	11,766,600	12,001,900	12,241,900
<b><u>Other</u></b>			
A.R.S. § 9-602 - Phoenix Convention Center Financing 7/	25,998,700	26,497,400	26,997,100
A.R.S. § 42-5031 - Rio Nuevo Multi-Purpose Facility District 8/	17,000,000	17,000,000	17,000,000
<b>GENERAL FUND TOTAL</b>	<b>1,331,982,000</b>	<b>200,528,300</b>	<b>155,563,900</b>

## PREVIOUSLY ENACTED APPROPRIATIONS FY 2025 and BEYOND 1/

### OTHER FUNDS

	FY 2025	FY 2026	FY 2027
<b><u>Department of Agriculture</u></b>			
Laws 2023, Ch. 114 - Nuclear Emergency Management Fund	308,600		
<b><u>Barbering and Cosmetology Board</u></b>			
Laws 2024, Ch. 250 - Enforcement Costs (4 FTE Positions)	298,300		
Laws 2024, Ch. 250 - IT Development Costs	200,000	200,000	
<b><u>Department of Emergency and Military Affairs</u></b>			
Laws 2023, Ch.114 - Nuclear Emergency Management Fund	2,176,000		
<b><u>Arizona State Parks Board</u></b>			
Laws 2022, Ch. 309 - Statewide Campground Improvements	4,100,000		
Laws 2022, Ch. 309 - Statewide Sunshade Structures	2,233,333		
Laws 2022, Ch. 309 - Statewide Water Conservation	1,339,000		
Laws 2022, Ch. 309 - Yuma Territorial Prison Renovation	5,945,000		
Laws 2022, Ch. 309 - Red Rock Renovation	4,000,000		
Laws 2022, Ch. 309 - San Rafael Renovation	1,500,000		
<b>OTHER FUNDS TOTAL</b>	<b>22,100,233</b>	<b>200,000</b>	

- 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 \$923,700 to the Navajo Nation, comprised of \$615,800 for Dine College and \$307,900 for Navajo Technical College, and an annual distribution of \$448,500 for the Tohono O'Odham Community College.
- 3/ Pursuant to A.R.S. § 15-1469.01, the JLBC Staff assumes an annual distribution of \$6,109,000 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. § 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.
- 5/ 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.
- 6/ 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.
- 7/ 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.
- 8/ Pursuant to A.R.S. § 42-5031, the JLBC Staff assumes an annual distribution of \$17,000,000 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.

**SUMMARY OF TOTAL SPENDING AUTHORITY BY AGENCY  
(APPROPRIATED AND NON-APPROPRIATED FUNDS)  
Fiscal Years 2024 and 2025 1/**

	Fiscal Year 2024			Fiscal Year 2025		
	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>	
<b>BUDGET UNITS</b>						
Accountancy, State Board of	\$2,230,400	\$0	\$2,230,400	\$2,258,100	\$0	\$2,258,100
Acupuncture Examiners, Board of	200,600	0	200,600	\$199,700	0	199,700
Administration, Arizona Department of	274,269,200	1,234,870,400	1,509,139,600	\$239,602,600	1,223,102,800	1,462,705,400
- Automation Projects Fund	107,245,800	0	107,245,800	\$44,937,300	0	44,937,300
- School Facilities Division	357,013,800	382,000	357,395,800	\$320,918,800	0	320,918,800
Administrative Hearings, Office of	990,000	873,900	1,863,900	\$970,000	873,900	1,843,900
Agriculture, Arizona Department of	18,515,600	30,905,400	49,421,000	\$16,564,100	30,905,400	47,469,500
AHCCCS	2,891,083,200	17,555,402,300	20,446,485,500	\$3,125,031,900	18,341,764,000	21,466,795,900
Arts, Arizona Commission on the	5,000,000	2,923,000	7,923,000	\$2,000,000	2,923,000	4,923,000
Athletic Training, Board of	165,300	0	165,300	\$167,800	0	167,800
Attorney General - Department of Law	178,760,600	77,251,500	256,012,100	\$137,052,000	76,251,500	213,303,500
Barbering and Cosmetology Board	7,886,800	0	7,886,800	\$3,230,900	0	3,230,900
Behavioral Health Examiners, Board of	2,112,700	0	2,112,700	\$2,757,400	0	2,757,400
Charter Schools, State Board for	2,835,100	37,500	2,872,600	\$2,749,300	37,500	2,786,800
Child Safety, Department of	704,261,900	647,216,800	1,351,478,700	\$662,370,200	598,749,400	1,261,119,600
Chiropractic Examiners, State Board of	542,400	0	542,400	\$643,700	0	643,700
Citizens Clean Elections Commission	0	5,185,100	5,185,100	\$0	5,185,100	5,185,100
Commerce Authority, Arizona	39,050,000	77,238,300	116,288,300	\$13,550,000	77,238,300	90,788,300
Community Colleges, Arizona	133,995,800	89,692,200	223,688,000	\$96,013,800	89,692,200	185,706,000
Constable Ethics Standards and Training Board	0	665,000	665,000	\$0	665,000	665,000
Contractors, Registrar of	14,067,800	4,666,800	18,734,600	\$13,925,600	4,666,800	18,592,400
Corporation Commission	37,027,800	4,516,000	41,543,800	\$36,193,400	4,516,000	40,709,400
Corrections, State Department of	1,483,613,300	101,135,700	1,584,749,000	\$1,606,066,700	87,628,000	1,693,694,700
County Funding	17,650,700	0	17,650,700	\$10,650,700	0	10,650,700
Criminal Justice Commission, Arizona	21,903,800	22,046,100	43,949,900	\$11,918,800	22,046,100	33,964,900
Deaf and the Blind, Schools for the	61,117,100	5,187,700	66,304,800	\$60,430,200	5,187,700	65,617,900
Deaf and the Hard of Hearing, Commission for the	4,826,600	0	4,826,600	\$5,047,800	0	5,047,800
Dental Examiners, State Board of	2,056,600	0	2,056,600	\$2,129,800	0	2,129,800
Early Childhood Development and Health Board, Arizona	0	271,411,400	271,411,400	\$0	271,411,400	271,411,400
Economic Opportunity, Office of	5,523,300	14,040,500	19,563,800	\$507,100	14,040,500	14,547,600
Economic Security, Department of	1,629,165,800	6,751,844,600	8,381,010,400	\$1,893,858,600	6,862,545,900	8,756,404,500
Education, State Board of	3,450,000	0	3,450,000	\$3,342,400	0	3,342,400
Education, Department of	8,096,578,000	3,921,490,300	12,018,068,300	\$8,044,789,800	3,955,913,100	12,000,702,900
Emergency and Military Affairs, Department of	23,303,200	387,318,600	410,621,800	\$18,401,400	169,808,000	188,209,400
Environmental Quality, Department of	132,571,800	133,149,500	265,721,300	\$114,366,000	133,149,500	247,515,500
Equal Opportunity, Governor's Office of	310,500	0	310,500	\$311,700	0	311,700
Equalization, State Board of	753,300	0	753,300	\$724,400	0	724,400
Executive Clemency, Board of	1,420,800	28,000	1,448,800	\$1,377,600	28,000	1,405,600
Exposition and State Fair Board, Arizona	17,555,300	0	17,555,300	\$23,698,700	0	23,698,700
Forestry and Fire Management, Arizona Department of	57,605,200	69,253,500	126,858,700	\$51,471,600	69,253,500	120,725,100
Game and Fish Department, Arizona	41,850,200	113,856,600	155,706,800	\$42,552,200	113,856,600	156,408,800
Gaming, Department of	35,205,000	3,715,000	38,920,000	\$35,148,500	3,715,000	38,863,500
Governor, Office of the	12,339,800	918,830,300	931,170,100	\$8,996,800	892,734,900	901,731,700
Governor's Office of Strategic Planning and Budgeting	2,938,100	0	2,938,100	\$2,852,500	0	2,852,500
Health Services, Department of	225,254,600	589,546,800	814,801,400	\$185,591,200	589,546,800	775,138,000
Historical Society, Arizona	3,045,800	1,922,400	4,968,200	\$2,978,700	1,922,400	4,901,100
Historical Society, Prescott	1,064,400	1,074,500	2,138,900	\$995,300	1,074,500	2,069,800
Homeland Security, Arizona Department of	36,319,400	25,000,000	61,319,400	\$21,254,700	25,000,000	46,254,700
Homeopathic and Integrated Medicine Examiners, Board of	61,400	0	61,400	\$61,500	0	61,500
Housing, Arizona Department of	197,271,100	194,489,800	391,760,900	\$15,388,800	194,489,800	209,878,600
Industrial Commission of Arizona	22,070,200	42,645,000	64,715,200	\$22,222,700	42,645,000	64,867,700
Insurance and Financial Institutions, Department of	20,697,200	18,944,800	39,642,000	\$20,947,200	18,944,800	39,892,000
Judiciary				\$0		
Supreme Court	62,055,500	31,468,700	93,524,200	\$64,884,600	31,468,700	96,353,300
Court of Appeals	24,710,800	0	24,710,800	\$24,407,400	0	24,407,400
Superior Court	133,415,700	7,532,400	140,948,100	\$127,210,400	7,532,400	134,742,800
SUBTOTAL - Judiciary	220,182,000	39,001,100	259,183,100	216,502,400	39,001,100	255,503,500
Juvenile Corrections, Department of	44,500,700	957,700	45,458,400	\$43,576,600	957,700	44,534,300
Land Department, State	24,650,300	806,600	25,456,900	\$24,907,500	806,600	25,714,100
Legislature				\$0		
Auditor General	28,316,600	1,289,200	29,605,800	\$26,722,700	1,289,200	28,011,900
House of Representatives	23,951,500	0	23,951,500	\$21,565,600	0	21,565,600
Joint Legislative Budget Committee	3,122,700	0	3,122,700	\$3,055,800	0	3,055,800
Legislative Council	9,507,700	42,800	9,550,500	\$9,275,700	42,800	9,318,500
Ombudsman-Citizens Aide Office	1,561,200	0	1,561,200	\$1,578,400	0	1,578,400
Senate	20,374,500	0	20,374,500	\$18,000,200	0	18,000,200
SUBTOTAL - Legislature	86,834,200	1,332,000	88,166,200	80,198,400	1,332,000	81,530,400
Liquor Licenses and Control, Department of	5,749,300	1,647,400	7,396,700	\$6,126,800	1,647,400	7,774,200
Lottery Commission, Arizona State	188,761,900	1,144,479,700	1,333,241,600	\$201,696,500	1,144,479,700	1,346,176,200
Massage Therapy, Board of	599,000	0	599,000	\$607,700	0	607,700
Medical Board, Arizona	8,186,600	0	8,186,600	\$8,424,900	0	8,424,900
Mine Inspector, State	2,893,700	539,300	3,433,000	\$2,412,200	539,300	2,951,500
Naturopathic Physicians Medical Board	217,700	0	217,700	\$220,000	0	220,000
Navigable Stream Adjudication Commission	344,000	0	344,000	\$340,500	0	340,500
Nursing, State Board of	6,582,200	24,443,400	31,025,600	\$7,016,600	24,443,400	31,460,000
Nursing Care Institution Administrators Board <u>3/</u>	604,900	0	604,900	\$613,100	0	613,100
Occupational Therapy Examiners, Board of	259,500	0	259,500	\$306,700	0	306,700
Opticians, State Board of Dispensing	198,200	0	198,200	\$198,500	0	198,500
Optometry, State Board of	289,200	0	289,200	\$295,600	0	295,600
Osteopathic Examiners, Arizona Board of <u>4/</u>	1,398,600	0	1,398,600	\$1,403,100	0	1,403,100
Parks Board, Arizona State	33,596,800	26,489,000	60,085,800	\$21,148,300	26,489,000	47,637,300
Personnel Board, State	361,000	0	361,000	\$363,700	0	363,700



	Fiscal Year 2024			Fiscal Year 2025		
	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/	
Pharmacy, Arizona State Board of	3,526,700	0	3,526,700	\$3,568,600	0	3,568,600
Physical Therapy, Board of	591,500	0	591,500	\$596,000	0	596,000
Pioneers' Home, Arizona	8,380,200	14,600	8,394,800	\$8,492,100	14,600	8,506,700
Podiatry Examiners, State Board of	202,500	0	202,500	\$202,700	0	202,700
Power Authority, Arizona	1,000,000	20,833,400	21,833,400	\$0	20,833,400	20,833,400
Private Postsecondary Education, Board for	448,100	274,000	722,100	\$453,000	274,000	727,000
Psychologist Examiners, State Board of	640,000	0	640,000	\$644,800	0	644,800
Public Safety, Department of	444,499,700	132,614,600	577,114,300	\$344,724,100	131,573,500	476,297,600
Public Safety Personnel Retirement System	6,000,000	23,595,700	29,595,700	\$6,000,000	23,595,700	29,595,700
Real Estate Department, State	3,198,000	77,000	3,275,000	\$3,111,800	77,000	3,188,800
Residential Utility Consumer Office	1,592,200	0	1,592,200	\$1,606,500	0	1,606,500
Respiratory Care Examiners, Board of	436,500	0	436,500	\$426,700	0	426,700
Retirement System, Arizona State	28,667,000	31,394,000	60,061,000	\$28,863,400	31,394,000	60,257,400
Revenue, Department of	89,591,000	2,014,700	91,605,700	\$89,604,700	2,014,700	91,619,400
Secretary of State	29,757,400	7,448,400	37,205,800	\$25,298,100	7,448,400	32,746,500
Tax Appeals, State Board of	327,400	0	327,400	\$318,600	0	318,600
Technical Registration, State Board of	2,605,000	0	2,605,000	\$2,646,000	0	2,646,000
Tourism, Office of	8,876,200	47,431,100	56,307,300	\$8,325,000	47,431,100	55,756,100
Transportation, Department of	576,522,500	50,250,200	626,772,700	\$572,474,900	50,250,200	622,725,100
Treasurer, State	108,352,500	16,275,700	124,628,200	\$19,632,300	16,275,700	35,908,000
Tribal Relations, Governor's Office on	68,800	28,500	97,300	\$67,100	28,500	95,600
Universities				\$0		
Board of Regents	98,807,100	32,944,000	131,751,100	\$55,726,000	32,944,000	88,670,000
Arizona State University	1,265,609,000	3,358,699,200	4,624,308,200	\$1,263,045,300	3,373,335,700	4,636,381,000
Northern Arizona University	274,245,100	513,978,800	788,223,900	\$269,614,000	526,035,800	795,649,800
University of Arizona - Main Campus	650,129,900	2,215,320,200	2,865,450,100	\$643,146,400	2,259,055,300	2,902,201,700
University of Arizona - Health Sciences Center	149,944,200	593,798,400	743,742,600	\$144,974,900	605,223,100	750,198,000
SUBTOTAL - Universities	2,438,735,300	6,714,740,600	9,153,475,900	2,376,506,600	6,796,593,900	9,173,100,500
Veterans' Services, Department of	82,278,300	6,262,200	88,540,500	\$72,993,900	6,262,200	79,256,100
Veterinary Medical Examining Board	785,100	0	785,100	\$787,900	0	787,900
Water Infrastructure Finance Authority	254,210,000	277,455,200	531,665,200	\$0	277,455,200	277,455,200
Water Resources, Department of	57,078,400	36,921,900	94,000,300	\$26,636,500	35,456,400	62,092,900
OPERATING BUDGET SUBTOTAL	\$21,704,355,500	\$41,926,085,300	\$63,630,440,800	\$21,139,560,400	\$42,618,187,100	\$63,757,747,500
Prior Year Appropriation Adjustments	(10,050,000)	0	(10,050,000)	0	0	0
Unallocated '24 Health Insurance Adjustments	8,637,000	0	8,637,000	0	0	0
Unallocated '24 AFIS Transaction Fee Adjustments	70,900	0	70,900	0	0	0
Unallocated '24 Rent and COP Adjustments	45,500	0	45,500	0	0	0
Unallocated '24 Risk Management Adjustments	84,800	0	84,800	0	0	0
Unallocated '24 Fleet Adjustments	546,200	0	546,200	0	0	0
Unallocated FY 2023 Salary Corrections	395,900	0	395,900	0	0	0
Unallocated '24 Retirement Adjustments	(243,700)	0	(243,700)	0	0	0
Unallocated '25 Health Insurance Adjustments	0	0	0	18,448,400	0	18,448,400
Unallocated '25 Rent and COP Adjustments	0	0	0	13,000	0	13,000
Unallocated '25 Fleet Rate Adjustments	0	0	0	171,400	0	171,400
Unallocated '25 Retirement Adjustments	0	0	0	392,500	0	392,500
Capital Outlay Projects	917,447,100	2,060,156,000	2,977,603,100	\$71,840,800	1,943,475,000	2,515,315,800
Capital Outlay - Phoenix Convention Center Debt Service	25,498,600	0	25,498,600	25,998,700	0	25,998,700
Capital Outlay - Rio Nuevo District Distribution	17,000,000	0	17,000,000	17,000,000	0	17,000,000
Administrative Adjustments	90,000,000	0	90,000,000	130,000,000	0	130,000,000
Reversions	(176,790,300)	0	(176,790,300)	(170,000,000)	0	(170,000,000)
GRAND TOTAL	\$22,576,997,500	\$43,986,241,300	\$66,563,238,800	\$21,733,425,200	\$44,561,662,100	\$66,295,087,300

1/ This table summarizes FY 2024 and FY 2025 appropriations from the 2nd 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 2024), 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 2024 and 2025 1/

	Fiscal Year 2024			Fiscal Year 2025		
	General Fund	Other Fund	Total	General Fund	Other Fund	Total
<b>BUDGET UNITS</b>						
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	115.2	432.9	548.1
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	132.2	432.9	565.1
Administrative Hearings, Office of	12.0	0.0	12.0	12.0	0.0	12.0
Agriculture, Arizona Department of	192.7	20.1	212.8	192.2	20.1	212.3
AHCCCS	371.5	802.0	1,173.5	401.0	873.5	1,274.5
AHCCCS - DES Eligibility	557.3	627.5	1,184.8	557.3	627.5	1,184.8
SUBTOTAL - AHCCCS <u>2/</u>	928.8	1,429.5	2,358.3	958.3	1,501.0	2,459.3
Athletic Training, Board of	0.0	1.5	1.5	0.0	1.5	1.5
Attorney General - Department of Law	233.6	438.1	671.7	233.6	438.1	671.7
Barbering and Cosmetology Board	0.0	29.5	29.5	0.0	33.5	33.5
Behavioral Health Examiners, Board of	0.0	20.0	20.0	0.0	27.0	27.0
Charter Schools, State Board for	25.0	0.0	25.0	25.0	0.0	25.0
Child Safety, Department of <u>3/</u>	1,593.6	1,689.5	3,283.1	1,593.6	1,689.5	3,283.1
Chiropractic Examiners, State Board of	0.0	5.0	5.0	0.0	6.0	6.0
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	9,571.0	21.0	9,592.0
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	2.0	11.0	13.0	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>4/</u>	1,118.9	3,414.9	4,533.8	1,144.9	3,466.9	4,611.8
Education, State Board of	23.0	0.0	23.0	23.0	0.0	23.0
Education, Department of	217.7	15.2	232.9	217.7	15.2	232.9
Emergency and Military Affairs, Department of <u>5/</u>	66.1	8.5	74.6	62.5	8.5	71.0
Environmental Quality, Department of	0.0	355.7	355.7	0.0	358.7	358.7
Equal Opportunity, Governor's Office of	0.0	5.0	5.0	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
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	843.4	305.6	1,149.0	858.4	309.6	1,168.0
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
Industrial Commission of Arizona	1.0	235.6	236.6	1.0	235.6	236.6
Insurance and Financial Institutions, Department of	95.8	59.6	155.4	95.8	60.6	156.4
Judiciary						
Supreme Court	149.6	53.4	203.0	149.6	55.4	205.0
Court of Appeals	162.8	0.0	162.8	162.8	0.0	162.8
Superior Court	231.8	8.7	240.5	231.8	8.7	240.5
SUBTOTAL - Judiciary	544.2	62.1	606.3	544.2	64.1	608.3
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	5.0	136.7
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 2024			Fiscal Year 2025		
	General Fund	Other Fund	Total	General Fund	Other Fund	Total
Liquor Licenses and Control, Department of	0.0	58.2	58.2	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	63.5	63.5
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	55.0	55.0	0.0	63.0	63.0
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	2.0	2.0
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	167.0	167.0	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	831.7	1,274.0	2,105.7	891.7	1,276.0	2,167.7
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	144.1	0.0	144.1	144.1	2.0	146.1
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	31.0	0.0	31.0	31.0	0.0	31.0
Transportation, Department of	0.0	4,554.0	4,554.0	0.0	4,571.0	4,571.0
Treasurer, State	0.0	38.4	38.4	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 6/7/						
Regents, Arizona Board of	30.9	0.0	30.9	30.9	0.0	30.9
Arizona State University	2,567.7	5,718.0	8,285.7	2,567.7	5,718.0	8,285.7
Northern Arizona University	1,175.8	1,304.6	2,480.4	1,175.8	1,304.6	2,480.4
University of Arizona - Main Campus	2,808.5	3,280.5	6,089.0	2,808.5	3,280.5	6,089.0
University of Arizona - Health Sciences Center	570.5	584.4	1,154.9	570.5	584.4	1,154.9
SUBTOTAL - Universities	7,153.4	10,887.5	18,040.9	7,153.4	10,887.5	18,040.9
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	173.0	6.0	179.0	198.0	6.0	204.0
<b>TOTAL APPROPRIATED FUNDS</b>	<b>26,016.0</b>	<b>29,059.5</b>	<b>55,075.5</b>	<b>26,191.4</b>	<b>29,249.5</b>	<b>55,440.9</b>

- 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 2024 and FY 2025 can be found in the individual agency pages.
- 2/ Includes 1,370.1 FTE Positions in FY 2024 and 1,448.5 FTE Positions in FY 2025 in the Other Fund FTE Positions columns funded from Federal Medicaid Expenditure Authority.
- 3/ Includes 970.3 FTE Positions in FY 2024 and FY 2025 in the Other Fund FTE Positions columns funded from Expenditure Authority.
- 4/ Includes 2,375.8 FTE Positions in FY 2024 and 2,427.8 FTE Positions in FY 2025 in the Other Fund columns funded from the Long Term Care System Fund and Child Support Enforcement Expenditure Authority.
- 5/ Includes a decrease of (3.6) FTE Positions in FY 2025 due to a clerical error in the FY 2025 General Appropriation Act. The 3.6 FTE Positions will be added in the FY 2026 Baseline.
- 6/ The FY 2024 General Appropriation Act originally appropriated 17,538.9 FTE Positions to the Universities for FY 2024. This FTE Position amount has been revised to 18,040.9 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.
- 7/ 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	14.0	14.0	14.0
Personal Services	882,900	1,061,700	1,061,700
Employee Related Expenditures	373,100	420,500	455,700
Professional and Outside Services	251,400	393,200	393,200
Travel - In State	3,100	6,900	6,900
Travel - Out of State	3,600	12,000	12,000
Other Operating Expenditures	265,700	336,100	328,600
Equipment	16,900	0	0
<b>AGENCY TOTAL</b>	<b>1,796,700</b>	<b>2,230,400</b>	<b>2,258,100 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board of Accountancy Fund	1,796,700	2,230,400	2,258,100
SUBTOTAL - Other Appropriated Funds	1,796,700	2,230,400	2,258,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,796,700</b>	<b>2,230,400</b>	<b>2,258,100</b>
<b>TOTAL - ALL SOURCES</b>	<b>1,796,700</b>	<b>2,230,400</b>	<b>2,258,100</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$2,258,100 and 14 FTE Positions from the Board of Accountancy Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$27,700 from the Board of Accountancy Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## Acupuncture Board of Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	101,000	113,000	113,000
Employee Related Expenditures	55,900	54,300	54,700
Travel - Out of State	0	3,000	3,000
Other Operating Expenditures	35,100	26,300	25,000
Equipment	2,900	4,000	4,000
<b>AGENCY TOTAL</b>	<b>194,900</b>	<b>200,600</b>	<b>199,700 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Acupuncture Board of Examiners Fund	194,900	200,600	199,700
SUBTOTAL - Other Appropriated Funds	194,900	200,600	199,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>194,900</b>	<b>200,600</b>	<b>199,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>194,900</b>	<b>200,600</b>	<b>199,700</b>

**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/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$199,700 and 1 FTE Position from the Acupuncture Board of Examiners Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes a decrease of \$(900) from the Acupuncture Board of Examiners Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## Arizona Department of Administration

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	539.1	539.1	548.1 <sup>1/</sup>
Personal Services	30,035,400	33,105,500	33,105,500
Employee Related Expenditures	11,198,900	12,070,800	14,983,300
Professional and Outside Services	5,701,700	4,677,700	4,677,500
Travel - In State	334,900	136,700	136,700
Travel - Out of State	11,000	57,400	57,400
Other Operating Expenditures	32,111,400	40,822,700	41,035,200
Equipment	150,300	188,600	513,600
<b>OPERATING SUBTOTAL</b>	<b>79,543,600</b>	<b>91,059,400</b>	<b>94,509,200 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(300,000)
<b>Facilities Management</b>			
Utilities	5,155,300	7,649,900	7,649,900
<b>Financial Services</b>			
Arizona Financial Information System	8,307,500	14,386,200	11,524,300
Named Claimants	4,700	14,300	0
<b>Information Technology Services</b>			
Critical Applications Catalogue	0	0	900,000
Cybersecurity Systems Administration	0	0	446,500
Digital Solutions Office	0	0	1,345,700
Information Technology Project Management and Oversight	889,500	1,656,700	1,674,600
<b>Risk Management</b>			
Cyber Risk Insurance	0	23,037,200	23,037,200 <sup>3/</sup>
Federal Transfer Payment	3,107,700	9,493,000	0 <sup>4/</sup>
Risk Management Administrative Expenses	10,596,600	10,870,700	10,870,700
Risk Management Losses and Premiums	30,488,300	52,436,300	54,414,800
Workers' Compensation Losses and Premiums	24,218,500	28,395,000	28,395,000
<b>Support Services</b>			
School District Health Insurance Actuarial Study	0	0	250,000 <sup>5/</sup>
Employee Compensation Study	0	1,800,000 <sup>6/</sup>	0
Government Transformation Office	1,993,400	2,055,500	2,074,700
State Surplus Property Sales Agency Proceeds	1,437,600	1,810,000	1,810,000
<b>Grants</b>			
Election Security Grants	187,500	0	0
Fire Incident Management Fund Deposit	0	12,200,000 <sup>7/</sup>	0
Health Care Interoperability Grants	3,002,700	1,480,000 <sup>8/</sup>	0
K-12 Transportation Grants	20,000,000	15,000,000	0
School Safety Interoperability Fund Deposit	20,000,000	0	0
<b>Other</b>			
Early Literacy	0	250,000	0
Miami Unified School District Gym Floors	0	350,000	0
Skull Valley School District Distribution	0	300,000	0
Navajo Nation Household Electrical Connections	0	0	1,000,000 <sup>9/</sup>
Southwest Defense Contracts	0	25,000	0
<b>AGENCY TOTAL</b>	<b>208,932,900</b>	<b>274,269,200</b>	<b>239,602,600 <sup>10/ 11/</sup></b>

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>FUND SOURCES</b>			
General Fund	51,614,800	40,573,600	10,147,600
<u>Other Appropriated Funds</u>			
Air Quality Fund	365,300	928,200	929,900
Arizona Financial Information System Collections Fund	8,307,500	14,386,200	11,524,300
Automation Operations Fund	25,680,600	29,726,400	29,840,500 <sup>12/</sup>
Capital Outlay Stabilization Fund	16,375,800	19,083,800	21,137,300
Corrections Fund	570,100	628,900	629,400
Cyber Risk Insurance Fund	0	23,037,200	23,037,200
Federal Surplus Materials Revolving Fund	0	468,200	473,500
Information Technology Fund	1,974,600	2,159,300	3,956,500
Personnel Division Fund	13,124,600	13,672,500	14,046,200
Risk Management Revolving Fund	74,587,100	109,400,800	101,938,500
Special Employee Health Insurance Trust Fund	5,110,500	5,684,700	5,715,200
Special Services Revolving Fund	803,600	1,243,000	1,255,700
State Surplus Materials Revolving Fund	2,651,400	3,048,900	3,211,500 <sup>13/</sup>
State Web Portal Fund	6,276,300	8,429,300	9,354,700
Telecommunications Fund	1,490,700	1,798,200	2,404,600
SUBTOTAL - Other Appropriated Funds	157,318,100	233,695,600	229,455,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>208,932,900</b>	<b>274,269,200</b>	<b>239,602,600</b>
Other Non-Appropriated Funds	1,036,331,900	1,176,518,600	1,176,518,600
Federal Funds	28,113,000	58,351,800	46,584,200
<b>TOTAL - ALL SOURCES</b>	<b>1,273,377,800</b>	<b>1,509,139,600</b>	<b>1,462,705,400</b>

**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 51 OF FTE Positions funded from Special Line Items in FY 2025.
- 2/ On or before September 1, 2025, the department shall submit a report to the joint legislative budget committee on the results of pilot projects implemented in fiscal year 2024-2025 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/ On or before November 1, 2025, 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)
- 4/ 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)
- 5/ The amount appropriated for a school district health insurance actuarial study shall be used to conduct an actuarial study of the cost and benefits for school district optional participation in the state health insurance program. On or before December 31, 2024, the department shall submit a report to the governor, president of the senate, speaker of the house and the director of the joint legislative budget committee on the findings of the school district health insurance actuarial study. (General Appropriation Act footnote)
- 6/ The FY 2024 budget appropriated \$4,000,000 from the General Fund in FY 2024 for an employee compensation study. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$(2,200,000).
- 7/ Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Fire Incident Management Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)



- 8/ The FY 2024 budget appropriated \$3,000,000 from the General Fund in FY 2024 for health care interoperability grants. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$(1,520,000).
- 9/ The amount appropriated for Navajo nation household electrical connections shall be used to distribute to the Navajo Nation for use in establishing electrical connections for individuals without access to electricity. (General Appropriation Act footnote)
- 10/ Within fifteen days of the last day of each quarter in fiscal year 2024-2025, the department of administration shall report to the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting the year-to-date expenditures and year-to-date encumbrances for operating and capital spending from the state general fund and other agency funds in fiscal year 2024-2025. The information shall be separately delineated by agency, budget fiscal year and fund source, and shall classify each appropriation by agency lump sum, special line item, or project. (General Appropriations Act footnote)
- 11/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 12/ 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 2024-2025. 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 \$29,840,500 in fiscal year 2024-2025, 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)
- 13/ All state surplus materials revolving fund monies received by the department of administration in excess of \$3,048,900 in fiscal year 2024-2025 are appropriated to the department. Before spending state surplus materials revolving fund monies in excess of \$3,211,500 in fiscal year 2024-2025, 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 \$94,509,200 and 497.1 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$9,447,600
Air Quality Fund	929,900
Automation Operations Fund	29,840,500
Capital Outlay Stabilization Fund (COSF)	13,487,400
Corrections Fund	629,400
Federal Surplus Materials Revolving Fund	473,500
Information Technology Fund	2,164,300
Personnel Division Fund	13,796,200
Risk Management Revolving Fund	8,258,000
Special Employee Health Insurance Trust Fund	5,715,200
Special Services Revolving Fund	1,255,700
State Surplus Materials Revolving Fund	1,401,500
State Web Portal Fund	4,705,400
Telecommunications Fund	2,404,600

Adjustments are as follows:

#### Arizona State Hospital Ombudsman Position

The budget includes an increase of \$126,500 and 1 FTE Position from the General Fund in FY 2025 for an Ombudsman position to handle complaints and grievances concerning the Arizona State Hospital. Of this amount, \$2,500 is one-time for equipment costs.

### Capital Mall Fiber Network Upgrade

The budget includes an increase of \$575,000 from the Telecommunications Fund in FY 2025 for upgrading lateral fibers and riser cabling on the Capitol Mall to improve network transmission rates. Of this amount, \$325,000 is one-time for equipment and installation costs.

### Increase COSF Funding

The budget includes an increase of \$1,916,500 from the Capital Outlay Stabilization Fund in FY 2025 to shift the cost of capital-related staff from the Capital Outlay Bill to the General Appropriations Act.

### Statewide Adjustments

The budget includes an increase of \$831,800 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	152,500
Air Quality Fund	1,700
Automation Operations Fund	114,100
Capital Outlay Stabilization Fund (COSF)	139,600
Corrections Fund	500
Federal Surplus Materials Revolving Fund	5,300
Information Technology Fund	5,000
Personnel Division Fund	123,700
Risk Management Revolving Fund	63,900
Special Employee Health Insurance Trust Fund	30,500
Special Services Revolving Fund	12,700
State Surplus Materials Revolving Fund	162,600
State Web Portal Fund	(11,700)
Telecommunications Fund	31,400

(Please see the Agency Detail and Allocations section.)

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **Facilities Management**

##### **Utilities**

The budget includes \$7,649,900 from the Capital Outlay Stabilization Fund in FY 2025 for Utilities. This amount is unchanged from FY 2024.

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 \$11,524,300 and 28 FTE Positions from the Arizona Financial Information System Collections Fund in FY 2025 for the Arizona Financial Information System (AFIS). Adjustments are as follows:

###### **AFIS Upgrade Project Completion**

The budget includes a decrease of \$(4,557,000) from the AFIS Collections Fund in FY 2025 for the completion of a project to upgrade the state's financial accounting system.

The project costs were financed by increased charges to state agencies' AFIS transaction fees. The total 3-year project development costs were \$9,500,000. Of that amount, \$2,000,000 was funded in FY 2022, \$3,500,000 in FY 2023, and \$4,020,000 was funded in FY 2024. The budget includes a footnote to make the FY 2024 appropriation of \$4,020,000 available through FY 2025. In addition, the FY 2024 budget included \$537,000 one-time for partial-year increased operating costs of the system.

###### **Higher Costs of New AFIS IT system**

The budget includes an increase of \$1,650,800 from the AFIS Collections Fund in FY 2025 for the operation and

maintenance of the upgraded AFIS system. Of this amount, the budget labeled \$557,000 as one-time. Charges to agencies to supplement this increase are detailed in the agency detail and allocations section.

###### **Statewide Adjustments**

The budget includes an increase of \$44,300 from the AFIS Collections Fund in FY 2025 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 2025 for Named Claimants. Adjustments are as follows:

###### **Eliminate One-Time Named Claimants Funding**

The budget includes a decrease of \$(14,331.44) from the department's funds in FY 2025 for the elimination of one-time funding of prior year unpaid claims. This amount consists of:

Capital Outlay Stabilization Fund (COSF)	(2,583.50)
Risk Management Revolving Fund	(11,747.94)

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 2024, Chapter 81 appropriated \$355,099.75 in FY 2024 for prior year unpaid claims from all state agencies.

#### **Information Technology Services**

##### **Critical Applications Catalogue**

The budget includes \$900,000 from the State Web Portal Fund in FY 2025 for the Critical Applications Catalogue. Adjustments are as follows:

###### **Development and Operating Funding**

The budget includes an increase of \$900,000 from the State Web Portal Fund in FY 2025 for the development

and operations of a critical applications catalogue. Of this amount, the budget labels \$500,000 as one-time funding.

This line item funds a database of comprehensive information on all state IT systems.

#### **Cybersecurity Systems Administration**

The budget includes \$446,500 from the Information Technology Fund in FY 2025 for Cybersecurity Systems Administration. Adjustments are as follows:

##### **Ongoing Administrative Funding**

The budget includes an increase of \$446,500 from the Information Technology Fund in FY 2025 to support the single sign-on tool, domain name system, and active directory.

The FY 2023 budget shifted the Statewide Information Security and Privacy Office from ADOA to the Department of Homeland Security. Subsequently, the Executive determined that certain responsibilities should have remained at ADOA.

Monies in the line item fund costs related to the administration and operation of the single sign-on tool, domain name system and active directory. The IT Fund receives revenue from a 0.61% pro-rata charge on agency payroll.

#### **Digital Solutions Office**

The budget includes \$1,345,700 and 8 FTE Positions from the Information Technology Fund in FY 2025 for the Digital Solutions Office. Adjustments are as follows:

##### **Ongoing Funding**

The budget includes an increase of \$1,345,700 and 8 FTE Positions from the Information Technology Fund in FY 2025 to create the digital solutions office.

This line item provides funding to perform management support for state IT services. The office provides guidance in the areas of IT procurement, product management and design. The IT Fund receives revenue from a 0.61% pro-rata charge on agency payroll.

#### **Information Technology Project Management and Oversight**

The budget includes \$1,674,600 and 15 FTE Positions from the State Web Portal Fund in FY 2025 for IT Project Management and Oversight. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$17,900 from the State Web Portal Fund in FY 2025 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 2025 for Cyber Risk Insurance. This amount is unchanged from FY 2024.

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 one-time from the Risk Management Revolving Fund in FY 2023 into the Cyber Risk Insurance Fund to capitalize the fund.

In FY 2024, the Fund had a balance of approximately \$22,400,000. The FY 2025 budget transferred \$11,200,000 of that amount to the General Fund. While the budget has \$23,037,200 in Cyber Risk Insurance expenditure authority, the fund has a balance of \$11,200,000. This amount still funds an insurance deductible in the event of a cyber security breach or incident, plus funding for staff and insurance premiums. The latter would fund third-party insurance to assist the state with a large cyber breach with costs over \$10,000,000.

##### **Federal Transfer Payment**

The budget includes no funding in FY 2025 for one-time payments to the federal government. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(9,493,000) from the Risk Management Revolving Fund in FY 2025 to eliminate FY 2024 payments to the federal government for disallowed costs and for fund transfers in FY 2023.

The FY 2025 General Appropriation Act included an FY 2024 supplemental appropriation of \$9,493,000 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and for fund transfers in FY 2023. In addition, the FY 2025 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 the Health Insurance Trust Fund (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 2024 will be paid in FY 2025 through a supplemental appropriation. The final appropriated amount will be determined once ADOA reaches agreement with the federal government.

#### ***Risk Management Administrative Expenses***

The budget includes \$10,870,700 from the Risk Management Revolving Fund in FY 2025 for Risk Management Administrative Expenses. This amount is unchanged from FY 2024.

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 \$54,414,800 from the Risk Management Revolving Fund in FY 2025 for Risk Management Losses and Premiums. Adjustments are as follows:

##### **Risk Management Claims Adjustment**

The budget includes an increase of \$1,978,500 from the Risk Management Revolving Fund in FY 2025 for anticipated higher costs for insurance claims and premiums.

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 2025 for Workers' Compensation Losses and Premiums. This amount is unchanged from FY 2024.

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***

#### ***School District Health Insurance Actuarial Study***

The budget includes \$250,000 from the Personnel Division Fund in FY 2025 for a School District Health Insurance Actuarial Study.

##### **One-Time Funding**

The budget includes a one-time increase of \$250,000 from the Personnel Division Fund in FY 2025 to conduct an actuarial study.

The FY 2025 budget included a footnote requiring the money appropriated for the study to be used by the department to examine the cost and benefits for school district optional participation in the state health insurance program. Additionally, the department must report the findings of the study to the Governor, President of the Senate, Speaker of the House, and director of the JLBC on or before December 31, 2025.

#### ***Employee Compensation Study***

The budget includes no funding in FY 2025 for an Employee Compensation Study. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(1,800,000) from the General Fund in FY 2025 to remove one-time funding for an Employee Compensation Study.

The FY 2024 General Appropriations Act appropriated \$4,000,000 from the General Fund in FY 2024 for an Employee Compensation Study. The budget includes an FY 2024 appropriation reduction of \$(2,200,000) and backs out the remaining \$1,800,000 of one-time funding in FY 2025. For more information, please see the Other Issues section.

The FY 2024 budget included 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 \$2,074,700 from the State Web Portal Fund in FY 2025 for the Government Transformation Office (GTO). Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$19,200 from the State Web Portal Fund in FY 2025 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 2025 for State Surplus Property Sales Agency Proceeds. This amount is unchanged from FY 2024.

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 2025 for Election Security Grants. This amount is unchanged from FY 2024.

The 2023 budget appropriated \$1,500,000 from the General Fund for 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 required 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. In August 2023, the Cochise County Board of

Supervisors voted to end their pilot project with only \$187,500 expended.

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.

At the end of FY 2023, ADOA had not yet distributed funds to these 3 counties. However, the department reports that \$812,500 of this grant funding was encumbered in FY 2024.

### ***Fire Incident Management Fund Deposit***

The budget includes no funding in FY 2025 for a Fire Incident Management Fund Deposit. Adjustments are as follows:

#### **Remove One-Time Grants**

The budget includes a decrease of \$(12,200,000) from the General Fund in FY 2025 to remove a one-time deposit into the Fire Incident Management Fund.

Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Fire Incident Management Fund in FY 2024 are non-lapsing. The monies were previously only available to spend in FY 2024. Additionally, the FY 2025 Environment BRB repeals the fund on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund.

This 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 budget also included \$6,200,000 from the General Fund for this purpose. The FY 2023 appropriation is non-lapsing.

### ***Health Care Interoperability Grants***

The budget includes no funding in FY 2025 for Health Care Interoperability Grants. Adjustments are as follows:

**Remove One-Time Grants**

The budget includes a decrease of \$(1,480,000) from the General Fund in FY 2024 to remove one-time grants for Health Care Interoperability Grants.

The FY 2024 budget included a total of \$3,000,000 from the General Fund in FY 2024 for this purpose. The FY 2025 budget reduces the FY 2024 funding by \$(1,520,000) and eliminates the remaining \$(1,480,000) in FY 2025, which is reflected in the budget display above.

This program funds grants for an interoperability software technology solution to support rural hospitals, health care providers and urban trauma centers to reduce public and private health care costs and unnecessary transportation costs. In addition to the FY 2024 appropriation, the FY 2023 budget included \$12,000,000 in one-time monies. The FY 2023 appropriation only is non-lapsing through FY 2025.

**K-12 Transportation Grants**

The budget includes no funding in FY 2025 for K-12 Transportation Grants. Adjustments are as follows:

**Remove One-Time Grants**

The budget includes a decrease of \$(15,000,000) from the General Fund in FY 2025 to remove one-time K-12 Transportation Grants.

The FY 2022 K-12 BRB established the Public School Transportation Modernization Grants program within ADOA for the 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 2024, the budget appropriated \$45,000,000 for the program.

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.

**Other**

**Early Literacy**

The budget includes no funding in FY 2025 for Early Literacy. Adjustments are as follows:

**Remove One-Time Funding**

The budget includes a decrease of \$(250,000) from the General Fund in FY 2025 to remove a one-time distribution to an Early Literacy program.

The FY 2024 budget included 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 have young adult role models.

**Miami Unified School District Gym Floors**

The budget includes no funding in FY 2025 for Miami Unified School District Gym Floors. Adjustments are as follows:

**Remove One-Time Funding**

The budget includes a decrease of \$(350,000) from the General Fund in FY 2025 to remove a one-time distribution to the Miami Unified School District to replace gym floors at Miami Junior-Senior School and Kornegay Intermediate School.

**Skull Valley School District Distribution**

The budget includes no funding in FY 2025 for distribution to Skull Valley School District. Adjustments are as follows:

**Remove One-Time Funding**

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 to remove one-time funding for ADOA to distribute to the Skull Valley School District.

**Navajo Nation Household Electrical Connections**

The budget includes \$1,000,000 from the General Fund in FY 2025 for Navajo Nation Household Electrical Connections. Adjustments are as follows:

**One-Time Distribution**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for distribution to the Navajo Nation to establish electrical connections for individuals without access to electricity.

**Southwest Defense Contracts**

The budget includes no funding in FY 2025 for Southwest Defense Contracts. Adjustments are as follows:

### Remove Southwest Defense Contracts Funding

The budget includes a decrease of \$(25,000) from the General Fund in FY 2025 to remove funding for Southwest Defense Contracts.

This line item was for 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

This section includes information on the following topics:

- FY 2024 Supplementals
- FY 2024 Supplemental Reductions
- Statutory Changes
- Fund Transfers
- One-Time Personnel System (HRIS) Replacement
- Health Insurance Trust Fund
- Auditor General Report

### FY 2024 Supplementals

#### Named Claimants

Laws 2024, Chapter 81 provides \$355,099.75 in FY 2024 supplemental funding to various state agencies for Named Claimants. This amount consists of:

	<u>Claim Amount</u>
<u>General Fund</u>	
Department of Corrections	12,133.96
Department of Juvenile Corrections	4,000.00
Board of Equalization	2,208.60
Prescott Historical Society	51,541.50

#### Other Appropriated Funds

Arizona Department of Administration	
Capital Outlay Stabilization Fund (COSF)	2,583.50
Risk Management Revolving Fund	11,747.94
Arizona Department of Transportation	
State Fleet Operations Fund	283.96
State Highway Fund	270,600.29

#### FY 2024 Federal Financial Participation Payment

The budget includes an FY 2024 supplemental appropriation of \$9,493,000 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and fund transfers in FY 2023. This amount consists of:

- \$7,267,900 related to transfers from 4 funds in FY 2023, primarily the Risk Management Revolving Fund to the Cyber Risk Insurance Fund.

- \$874,600 related to payments made from the Risk Management Revolving Fund in FY 2022 which has federal financial participation.
- \$1,350,500 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.)*

### FY 2024 Supplemental Reductions

The FY 2025 budget includes the following FY 2024 supplemental reductions:

- \$(2,200,000) from the General Fund to reduce funding for an employee compensation study. *(Please see the Employee Compensation Study line item for further details)*
- \$(1,520,000) from the General Fund to reduce funding for health care interoperability grants. *(Please see the Health Care Interoperability Grants line item for further details)*

### Statutory Changes

The Environment BRB makes the following statutory changes:

- As session law, allow the Fire Incident Management Fund (established by Laws 2023, Chapter 138, Section 3) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund.

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<u>FY 2024</u>
Certificate of Participation Fund	\$2,550,000
State Employee Travel Reduction Fund	900,000
State Web Portal Fund	4,000,000
Capitol Mall Consolidation Fund	700,000
Fire Incident Management Fund	6,100,000
Construction Insurance Fund	8,100,000
Cyber Risk Insurance Fund	11,200,000
Risk Management Revolving Fund	70,000,000

### One-Time Personnel System (HRIS) Replacement

The budget includes the following fund transfers from the Personnel Division Fund to the Automation Projects Fund to replace the human resources information system:

	<u>FY 2024</u>	<u>FY 2025</u>
Personnel Division Fund	\$3,100,000	\$2,421,200

(Please see the Department of Administration - Automation Projects Fund narrative for details regarding this information technology project.)

### 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 2025 budget includes \$140,000,000 from the General Fund (including a university tuition backfill) and \$230,903,200 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. The budget assumes there will be no significant plan changes in Plan Year 2025.

For FY 2025, the fund is projected to have a cash balance of \$33,000,000. This amount reflects an estimated 15.5% growth in ongoing medical expenses in FY 2024 and 4.4%

growth in FY 2025. As a self-insured fund, the state assumes the direct risk for payment of claims.

### Auditor General Report

In July 2023 and September 2023, the Auditor General published 2 ADOA audits: a performance audit on the department's IT project oversight and a sunset review.

#### Arizona Strategic Enterprise Technology Office (ASET) IT Project Oversight

The report evaluated ASET's oversight of IT projects statewide. The report found that ASET had insufficient oversight which hindered the department's ability to identify projects at risk for failing. In addition, the report found that ASET did not always ensure agency projects had independent third-party reviews when required by law to do so. The report recommended that the department implement policies and procedures to collect and review status reports from agencies with IT projects. In addition, the department should develop a process to validate agency IT project expenditures and determine when to suspend IT projects at risk for failure. ADOA agreed with the Audit Recommendations.

#### Sunset Review

The report included a broad range of ADOA programs including Risk Management, State Employee Health Insurance (HITF), Facilities Management and Capitol Mall Consolidation, and Statewide IT services. The report also found that ADOA did not have a process to review fees it charges to agencies who use the department's centralized financial services, the Central Services Bureau, which could result in over- or undercharging agencies for the services it provides.

Table 1

Health Insurance Trust Fund (\$ in M)			
	<u>FY 23 Actual</u>	<u>FY 24 Estimate</u>	<u>FY 25 Estimate</u>
Beginning Balance	\$20.8	\$128.9	\$47.7
<u>Revenue</u>			
Ongoing Premiums	820.3	820.3	820.3
One-time Employer Increase	<u>172.8</u>	<u>120.4</u>	<u>230.9</u>
Net Revenues	\$993.1	\$940.7	\$1,051.2
<u>Expenses</u>			
Ongoing Medical Expenses	\$879.7	\$1,016.0	\$1,060.2
Administration	<u>5.3</u>	<u>5.8</u>	<u>5.7</u>
Net Expenses	\$885.0	\$1,021.8	\$1,065.9
Cash Balance	\$128.9	\$47.7	\$33.0



## Arizona Department of Administration - Automation Projects Fund

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS <sup>1/2/</sup></b>			
ADOA Business One-Stop Shop Web Portal	6,661,400 <sup>3/</sup>	0	0
ADOA K-12 School Financial Transparency Reporting Portal	3,984,500	3,500,000	0
ADOA State Data Center	603,500	0	0
ADOA HRIS Replacement	12,274,900	20,647,800	6,841,200
Dept. of Agriculture IT Projects and Cloud Migration	179,500 <sup>4/</sup>	0	0
AHCCCS Statewide HHIS Technology Projects	0	13,200,000	0
AHCCCS Medicaid Enterprise System Modernization	0	0	3,396,000
Charter School Board Online Platform	533,800	0	0
DCS CHILDS Replacement	4,992,800	0	0
Corporation Commission Online Records & Filing System	0	7,000,000	0
ADE Education Learning and Accountability System	4,285,300	0	0
DES Child Care Management System	2,112,200	0	0
Industrial Commission IT System Upgrades	610,600	0	0
Judiciary Community Supervision Electronic Monitoring	0	2,500,000 <sup>5/</sup>	0
Judiciary Probation Case Management System Replacement	0	3,270,000	0
Board of Psychology e-Licensing Systems Modification	20,000	0	0
DOR Integrated Tax System Modernization	503,100	18,069,400	19,456,800 <sup>6/</sup>
DPS Concealed Weapons Tracking System	312,800	494,500	0
SOS Electronic Record Storage Study	139,200	0	0
DWR Application Modernization and Integration	177,500	2,500,000	0
<b>AGENCY TOTAL</b>	<b>37,391,100</b>	<b>71,181,700</b>	<b>29,694,000 <sup>7/8/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Automation Projects Fund	0	0	1,320,000
Charter School Board APF Subaccount	533,800	0	0
Corporation Commission APF Subaccount	0	7,000,000	0
Department of Administration APF Subaccount	11,249,400	3,500,000	0
Department of Agriculture APF Subaccount	179,500	0	0
Department of Child Safety APF Subaccount	4,992,800	0	0
Department of Economic Security APF Subaccount	2,112,200	0	0
Department of Education APF Subaccount	4,285,300	0	0
Department of Public Safety APF Subaccount	312,800	494,500	0
Department of Revenue APF Subaccount	503,100	18,069,400	19,456,800
Department of Water Resources APF Subaccount	177,500	2,500,000	0
Health and Human Services Information System (HHIS) APF Subaccount	0	13,200,000	0
Human Resources Information System APF Subaccount	12,274,900	20,647,800	5,521,200
Industrial Commission of Arizona APF Subaccount	610,600	0	0
Judiciary – Supreme Court APF Subaccount	0	5,770,000	0
Medicaid Enterprise System Modernization APF Subaccount	0	0	3,396,000
Secretary of State APF Subaccount	139,200	0	0
State Board of Psychologist Examiners APF Subaccount	20,000	0	0
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>37,391,100</b>	<b>71,181,700</b>	<b>29,694,000</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>37,391,100</b>	<b>71,181,700</b>	<b>29,694,000 <sup>9/</sup></b>
<b>TOTAL - ALL SOURCES</b>	<b>37,391,100</b>	<b>71,181,700</b>	<b>29,694,000</b>

---

**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 4* 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 2023 actual column also includes non-lapsing expenditures from prior year appropriations.
- 3/ Notwithstanding Laws 2022, chapter 313, section 107, \$2,114,300 of the amount appropriated from the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, in fiscal year 2022 2023 to the department of administration by Laws 2022, chapter 313, section 107 to further develop the business one stop portal is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. This amount may be used only for maintenance and operations of the business one stop portal. (General Appropriation Act footnote)
- 4/ Notwithstanding Laws 2022, chapter 313, section 107, the sum of \$2,000,000 appropriated from the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, in fiscal year 2022 2023 to the Arizona department of agriculture by Laws 2022, chapter 313, section 107 for cloud migration is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026.
- 5/ Notwithstanding Laws 2023, chapter 133, section 113, the sum of \$2,500,000 appropriated from the judiciary-supreme court subaccount in the automation projects fund established pursuant to section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to the Arizona supreme court by Laws 2023, chapter 133, section 113 for a statewide community supervision electronic monitoring system is exempt from the provisions of section 35 190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027.
- 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. (General Appropriation Act footnote)
- 7/ The amount appropriated pursuant to this section from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2024-2025 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)
- 8/ 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)

- 9/ 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**

#### **ADOA Business One-Stop Shop Web Portal**

The budget includes no funding in FY 2025 for the Business One-Stop Shop Web Portal. This amount is unchanged from FY 2024.

The FY 2023 budget included \$15,614,300 from the ADOA APF Subaccount in FY 2023 for the Business One-Stop Shop Web Portal. The FY 2023 funding was intended to add new functionalities to the Business One Stop portal and was financed from the General Fund

At its June 2023 meeting, the JLBC gave a favorable review of ADOA's request to spend \$6,500,000 of its FY 2023 appropriation for FY 2024 operating costs and development of the Business One Stop portal. ADOA did not request approval for the remaining \$9,114,300, as separate projects within the Corporation Commission (e-Corp) and the Department of Revenue (AZTaxes) would have made some of the proposed Business One Stop portal features unnecessary.

The FY 2025 General Appropriation Act transfers \$7,000,000 from the ADOA APF Subaccount to the

General Fund in FY 2024 and extends the lapsing date of the remaining \$2,114,300 through FY 2025 for maintenance and operations of the Business One Stop portal. *(Please see the FY 2024 Appropriations Report for additional information about the Business One Stop Shop Web Portal project.)*

#### **ADOA K-12 School Financial Transparency Reporting Portal**

The budget includes no funding in FY 2025 for the K-12 School Financial Transparency Reporting Portal. Adjustments are as follows:

##### **Remove One-Time Project Funding**

The budget includes a decrease of \$(3,500,000) from the ADOA APF Subaccount in FY 2024 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. In addition, the FY 2024 budget included an additional \$2,000,000 financed from the General Fund. These appropriations are non-lapsing through FY 2025.

### **Human Resources Information System Subaccount**

#### **ADOA HRIS Replacement**

The budget includes \$6,841,200 in FY 2025 for the HRIS Replacement project. This amount consists of:

	<b>FY 2025</b>
Human Resources Information System (HRIS) APF Subaccount	\$5,521,200
Automation Projects Fund	1,320,000

Adjustments are as follows:

#### **One-Time Project Funding**

The budget includes a one-time increase of \$6,841,200 in FY 2025 for the HRIS replacement project. This amount consists of:

HRIS APF Subaccount	\$5,521,200
Automation Projects Fund	1,320,000

#### **Remove One-Time Project Funding**

The budget includes a decrease of \$(20,647,800) from the HRIS APF Subaccount in FY 2025 to remove one-time funding for the HRIS replacement project.

The FY 2023 budget appropriated \$22,397,800 and the FY 2024 budget appropriated \$20,647,800 for the project. A total of \$20,647,800 of the FY 2023 appropriation and all of the FY 2024 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 that amount, \$8,011,400 was from the General Fund and \$12,636,400 was charged to other appropriated and non-appropriated agency funds. These funds were allocated to individual agency budgets in FY 2023 to pay HRIS user charges.

In addition, \$1,750,000 was transferred from the balance of ADOA's Personnel Division Fund into the HRIS APF Subaccount in FY 2023 for the project as an FY 2023 supplemental appropriation.

The FY 2025 budget reduces individual agency budgets to account for expected reduction in user charges. This was done as part of a statewide adjustment.

As noted above, the FY 2025 budget includes \$5,521,200 from the HRIS APF Subaccount for the project. This amount is financed by an FY 2024 supplemental transfer of \$3,100,000 from the Personnel Division Fund into the HRIS APF Subaccount and an additional transfer of \$2,421,200 in FY 2025. The budget also appropriates \$1,320,000 of unallocated monies from the Automation Projects Fund for the project.

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. In May 2024, ITAC approved a change request in which ADOA provided a revised cost estimate of \$62,309,100. A total of \$49,886,800 has been appropriated for this project between FY 2023 and FY

2025. As a result, the revised cost estimate currently exceeds the amount of available funds by \$12,422,300.

---

---

### ***Department of Agriculture Subaccount***

---

---

#### ***Agriculture IT Projects and Cloud Migration***

The budget includes no funding in FY 2025 for IT projects and cloud migration at the Department of Agriculture. This amount is unchanged from FY 2024.

The FY 2023 budget appropriated \$2,000,000 to the department to continue its efforts to modernize its IT systems and move the systems to the cloud. The FY 2023 appropriation was financed from the General Fund. At its December 2022 meeting, the JLBC gave a favorable review of the department's \$300,000 expenditure plan to conduct a feasibility study for the project. The Committee included a provision that required the department to report to the JLBC staff on the outcome of the feasibility study.

In November 2023, the department issued a task order to procure a cloud-based system based on the feasibility study roadmap. The project will be completed about 18 months after contract is awarded to the winning bidder.

The FY 2025 General Appropriation Act extends the lapsing date of the FY 2023 appropriation through FY 2026. JLBC has not yet reviewed the remaining amount of the FY 2023 appropriation.

---

---

### ***Health and Human Services Information System Subaccount***

---

---

#### ***AHCCCS Statewide HHIS Technology Projects***

The budget includes no funding in FY 2025 for Statewide HHIS Technology Projects. Adjustments are as follows:

#### **Remove One-Time Project Funding**

The budget includes a decrease of \$(13,200,000) from the HHIS APF Subaccount to remove one-time funding for Statewide HHIS Technology Projects.

The FY 2024 budget included \$15,000,000 for Statewide HHIS Technology Projects. The appropriation was financed from the General Fund.

The FY 2025 budget reduces the FY 2024 appropriation by \$(1,800,000) and specifies that, of the remaining amount:

- \$6,700,000 shall be used for a new information technology platform to authenticate individuals applying for health and human service programs to prevent fraud, waste, and abuse.
- \$2,814,600 shall be used for the development of several modules associated with the Medicaid Enterprise System (MES) mainframe replacement. This project deemed to have been favorably reviewed by JLBC so as to prevent a delay in proceeding with the project.
- \$1,685,400 shall be used for MES fraud and waste abuse prevention enhancements. This project was deemed to have been favorably reviewed by JLBC so as to prevent a delay in proceeding with the project.
- \$2,000,000 shall be used for the MES Systems Integrator and ServiceNow projects. This project had already been favorably reviewed by the JLBC at its June 2023 meeting.

The AHCCCS project includes \$7,500,000 in federal expenditure authority from its operating budget.

---



---

### ***MES Modernization Subaccount***

---



---

#### ***Medicaid Enterprise System Mainframe Modernization***

The budget includes \$3,396,000 in FY 2025 for the MES Mainframe Modernization. Adjustments are as follows:

##### **Additional One-Time Project Funding**

The budget includes an increase of \$3,396,000 from the MES Modernization Subaccount in FY 2025 for the MES Mainframe Modernization.

The FY 2024 budget included \$13,200,000 for Statewide HHIS Technology Projects (see above). Of this amount, \$2,814,600 was dedicated to the MES Mainframe Modernization project.

AHCCCS currently utilizes a mainframe-based application to support its core business operations. The mainframe-based PMMIS was developed using a now-outdated coding standard. The primary objective of the MES Mainframe Modernization is to migrate the AHCCCS mainframe system to the cloud.

The total project budget is estimated to be \$114,323,833. Of this amount, state costs are \$13,405,431. The remaining amount will come from federal funds and the state of Hawaii, which currently shares Medicaid systems with AHCCCS.

---



---

### ***Corporation Commission Subaccount***

---



---

#### ***Corporation Commission Online Records & Filing System***

The budget includes no funding in FY 2025 for an Online Records and Filing System Replacement project. Adjustments are as follows:

##### **Remove One-Time Project Funding**

The budget includes a decrease of \$(7,000,000) from the Corporation Commission Subaccount in FY 2025 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 no longer maintained by the vendor as of 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***

---



---

#### ***DES Child Care Management System***

The budget includes no funding in FY 2025 for the Department of Economic Security (DES) Child Care Management System. This amount is unchanged from FY 2024. *(Please see the FY 2024 Appropriations Report for additional background on the project.)*

---



---

### ***Department of Education Subaccount***

---



---

#### ***ADE Education Learning and Accountability System***

The budget includes no funding in FY 2025 for the Arizona Department of Education (ADE) Education Learning and Accountability System (ELAS). This amount is unchanged from FY 2024. *(Please see the FY 2024 Appropriations Report for additional background on the project.)*

---

---

**Judiciary Supreme Court Subaccount**

---

---

**Judiciary Community Supervision Electronic Monitoring**

The budget includes no funding in FY 2025 for the Statewide Community Supervision Electronic Monitoring System. Adjustments are as follows:

**Remove One-Time Project Funding**

The budget includes a decrease of \$(2,500,000) from the Judiciary – Supreme Court Subaccount in FY 2025 to remove one-time funding 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. At its October 2023 meeting, the JLBC gave a favorable review of the project which is expected to be completed in FY 2027.

The FY 2025 General Appropriation Act extends the lapsing date of the FY 2024 appropriation through FY 2027.

**Judiciary Probation Case Management System**

The budget includes no funding in FY 2025 to replace the Probation Case Management System. Adjustments are as follows:

**Remove One-Time Project Funding**

The budget includes a decrease of \$(3,270,000) from the Judiciary Supreme Court Subaccount in FY 2025 to remove one-time funding 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. In FY 2023, the Supreme Court initiated the project with approximately \$4,372,300 of operating funds. At its October 2023 meeting, the Committee gave a favorable review of the FY 2024 expenditure plan.

The FY 2024 appropriation was financed from the General Fund.

---

---

**Department of Public Safety Subaccount**

---

---

**DPS Concealed Weapons Tracking System**

The budget includes no funding in FY 2025 for upgrades to the Department of Public Safety (DPS) Concealed Weapons Tracking System. Adjustments are as follows:

**Remove One-Time Project Funding**

The budget includes a decrease of \$(494,500) from the DPS APF Subaccount in FY 2025 to remove one-time funding for the Concealed Weapons Tracking System.

In addition to the FY 2024 appropriation, 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**

---

---

**DOR Integrated Tax System Modernization**

The budget includes \$19,456,800 from the Department of Revenue (DOR) APF Subaccount in FY 2025 for the DOR's development of a new integrated tax system. Adjustments are as follows:

**Third-Year Development costs**

The budget includes an increase of \$1,387,400 from the DOR APF Subaccount in FY 2025 for the development of a new integrated tax system modernization project. The FY 2025 funding level is included in the FY 2024 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 budget included \$11,794,100 from the General Fund for the integrated tax system project. The FY 2025 budget transfers \$1,300,000 from the balance of the DOR APF Subaccount to the General Fund. The budget's 3-year spending plan includes an increase of \$1,300,000 for this project in FY 2027.

The FY 2025 appropriation is being financed by a transfer from the following funds to the DOR APF Subaccount:

- \$11,847,300 from the General Fund
- \$7,609,500 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 shown 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	10,494,100 <sup>1/</sup>	7,575,300	18,069,400
FY 2025	11,847,300	7,609,500	19,456,800
FY 2026	11,725,500	7,531,300	19,256,800
FY 2027	12,538,400	7,218,400	19,756,800
FY 2028	<u>7,591,700</u>	<u>4,876,300</u>	<u>12,468,000</u>
<b>Total</b>	<b>\$63,829,700</b>	<b>\$40,997,900</b>	<b>\$104,827,600</b>

<sup>1/</sup> The FY 2024 budget transferred \$11,794,100 from the General Fund to the DOR APF Subaccount for this project. The FY 2025 budget transfers \$1,300,000 back to the General Fund in FY 2024 and increases the FY 2027 expenditure plan by \$1,300,000.

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 FY 2025 Taxation BRB (Laws 2024, Chapter 221) 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 \$6,626,900 for FY 2025.
- 2) Each local government type's share (for example all counties' share of the \$6,626,900) 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.)*
- 3) 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.
- 4) The amounts charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax shall not exceed \$179,000 and \$803,600, respectively, in FY 2025.

In FY 2026 and future years, these limits will continue to 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 2*.

**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 budget continues a footnote 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.

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 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 3 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.

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

In August 2023, DOR initiated an 18-month "discovery" phase with the selected vendor to design the system and determine the order of onboarding functionality and tax types. At its December 14, 2023 meeting, the JLBC favorably reviewed the department's request to use \$16.7 million of the FY 2024 appropriation to complete the planning and discovery phase for the project.

---



---

### **Secretary of State Subaccount**

---

#### **SOS Electronic Record Storage Study**

The budget includes no funding in FY 2025 for an electronic record storage feasibility study. This amount is unchanged from FY 2024.

The FY 2023 budget appropriated \$300,000 for the Secretary of State (SOS) to conduct a feasibility study on how to 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.

At its December 2022 meeting, the JLBC gave a favorable review of the SOS's \$300,000 expenditure plan for the feasibility study. The Committee included a provision that required the department to report to the JLBC Staff on the outcome of the feasibility study.

---



---

### **Department of Water Resources Subaccount**

---

#### **DWR Application Modernization and Integration**

The budget includes no funding in FY 2025 to update the Department of Water Resources' (DWR's) applications. Adjustments are as follows:

##### **Remove One-Time Project Funding**

The budget includes a decrease of \$(2,500,000) from the Department of Water Resources APF Subaccount in FY 2025 to remove one-time funding for the DWR Application Modernization and Integration.

The budget includes a supplemental FY 2024 appropriation of \$2,500,000 from the Department of Water Resources APF Subaccount. The FY 2024 supplemental appropriation was financed with a FY 2024 supplemental transfer from the Water Resources Fund.

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.

---



---

### **Other Issues**

---

#### **FY 2024 Supplemental**

The budget includes a one-time supplemental appropriation of \$2,500,000 from the Water Resources APF subaccount for the DWR Application Modernization and Integration project. This appropriation was financed by an FY 2024 supplemental transfer from the Water Resources Fund.



### ***Fund Transfers***

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
ADOA APF Subaccount	\$7,000,000
HHIS Subaccount	1,800,000
DOR APF Subaccount	1,300,000

### ***Long-Term Budget Impacts***

As part of the budget's 3-year spending plan, General Fund deposits into the APF are projected to decrease by \$(121,800) in FY 2026 below FY 2025 and increase by \$812,900 in FY 2027 above FY 2026. These estimates are based on assumed project funding for the the DOR Integrated Tax System modernization.

### ***Subaccount Balance Transfers***

A.R.S § 41-714 allows ADOA to transfer unspent APF subaccount funding back to the fund of origin at the completion of an IT project. ADOA is required to annually report on transfers. In FY 2024, ADOA reported the following transfers:

	<b><u>Transfer Amount</u></b>
<b><u>General Fund</u></b>	
Charter School Board	\$ 51,000
<b><u>Other Appropriated Funds</u></b>	
Department of Administration	
Automation Projects Fund	1,396,500

Table 4

**Automation Projects Fund Transfers <sup>1/</sup>**

(\$ in thousands)

	<b><u>FY 2023</u></b> <sup>2/</sup>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>
<b><u>Department of Administration Subaccount</u></b>			
General Fund	17,114.3	3,500.0 <sup>3/</sup>	
<b><u>HHIS Subaccount</u></b>			
General Fund		15,000.0 <sup>4/</sup>	
<b><u>Medicaid Enterprise System Modernization Subaccount</u></b>			
General Fund			3,396.0
<b><u>HRIS Subaccount</u></b>			
General Fund	8,011.4	8,011.4	
Other Agency Funds	12,636.4	12,636.4	
Personnel Division Fund	1,750.0	3,100.0 <sup>5/</sup>	2,421.2
<b><u>Department of Agriculture Subaccount</u></b>			
General Fund	2,000.0		
<b><u>Corporation Commission</u></b>			
Securities Regulatory and Enforcement Fund		7,000.0	
<b><u>Judiciary -Supreme Court Subaccount</u></b>			
General Fund		5,770.0	
<b><u>Department of Public Safety Subaccount</u></b>			
Concealed Weapons Permit Fund		494.5	
<b><u>Secretary of State Subaccount</u></b>			
Record Services Fund	300.0		
<b><u>Department of Revenue Subaccount</u></b>			
General Fund	9,632.7	11,794.1 <sup>6/</sup>	11,847.3
Integrated Tax System Project Fund	6,187.1	7,575.3	7,609.5
<b><u>Department of Water Resources</u></b>			
Water Resources Fund	1,700.0	2,500.0 <sup>7/</sup>	
<b>General Fund Subtotal</b>	<b>36,758.4</b>	<b>44,075.5</b>	<b>15,243.3</b>
<b>Other Appropriated Fund Subtotal</b>	<b>22,573.5</b>	<b>33,306.2</b>	<b>10,030.7</b>
<b>Total</b>	<b>59,331.9</b>	<b>77,381.7</b>	<b>25,274.0</b>

<sup>1/</sup> The purpose of this table is to show transfers into the APF. Displayed values have not been adjusted for transfers out of the APF.

<sup>2/</sup> The FY 2023 column of numbers are transfers, not actuals, and therefore may not match the FY 2023 Actual column in the Budget table above.

<sup>3/</sup> Laws 2024, Chapter 209, Section 133 transfers \$(7,000,000) from the Department of Administration APF Subaccount to the General Fund in FY 2024.

<sup>4/</sup> Laws 2024, Chapter 209, Section 11 transfers \$(1,800,000) from the HHIS APF Subaccount to the General Fund in FY 2024.

<sup>5/</sup> The FY 2025 budget includes a supplemental transfer of \$3,100,000 from the Personnel Division Fund to the HRIS APF Subaccount in FY 2024. This amount finances a portion of the FY 2025 appropriation for the ADOA HRIS Replacement project.

<sup>6/</sup> Laws 2024, Chapter 209, Section 133 transfers \$(1,300,000) from the Department of Revenue APF Subaccount to the General Fund in FY 2024.

<sup>7/</sup> The FY 2025 budget includes a supplemental transfer of \$2,500,000 from the Water Resources Fund to the Department of Water Resources APF Subaccount in FY 2024.

## Arizona Department of Administration - School Facilities Division

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	17.0	17.0	17.0
Personal Services	1,048,200	1,033,400	1,033,400
Employee Related Expenditures	395,000	379,100	407,800
Professional and Outside Services	123,800	101,800	101,800
Travel - In State	16,600	10,000	10,000
Travel - Out of State	600	600	600
Other Operating Expenditures	49,500	128,500	128,200
<b>OPERATING SUBTOTAL</b>	<b>1,633,700</b>	<b>1,653,400</b>	<b>1,681,800</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(57,100)
New School Facilities (FY 2022 Authorizations)	47,950,000	0	0
New School Facilities (FY 2023 Authorizations)	48,253,900	26,365,000	0
New School Facilities (FY 2024 Authorizations)	0	116,089,400	77,898,600 <sup>1/</sup>
New School Facilities (FY 2025 Authorizations)	0	0	31,489,500 <sup>2/3/4/5/</sup>
Santa Cruz Valley New School	0	2,000,000	0
Yuma Union High School	16,515,200	0	0
Kirkland Site Conditions	400,000	0	0
New School Facilities Debt Service	9,938,100	9,938,100	9,938,100 <sup>6/7/</sup>
Building Renewal Grants Deposit	199,967,900	199,967,900	199,967,900
School Facilities Inspections	0	1,000,000	0
<b>AGENCY TOTAL</b>	<b>324,658,800</b>	<b>357,013,800</b>	<b>320,918,800 <sup>8/</sup></b>
<b>FUND SOURCES</b>			
General Fund	324,658,800	357,013,800	320,918,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>324,658,800</b>	<b>357,013,800</b>	<b>320,918,800</b>
Other Non-Appropriated Funds	322,100	382,000	0
<b>TOTAL - ALL SOURCES</b>	<b>324,980,900</b>	<b>357,395,800</b>	<b>320,918,800</b>

**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

- <sup>1/</sup> Laws 2023, Chapter 133, appropriated \$77,898,600 from the General Fund in FY 2025 for the New School Facilities FY 2024 authorizations.
- <sup>2/</sup> 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, 2023. (General Appropriation Act footnote)
- <sup>3/</sup> 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)
- <sup>4/</sup> The division of school facilities may also use the unencumbered balance of up to \$24,613,700 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, 2023 pursuant to section 41 5741, Arizona Revised Statutes.
- <sup>5/</sup> The division of school facilities may also use the unencumbered balance of up to \$3,595,000 in the new school facilities fund established by section 41-5741, Arizona Revised Statutes, for construction costs for the Pima unified school district

new high school construction project that received final approval from the division of school facilities on December 15, 2021.

- 6/ 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)
- 7/ 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 2024-2025 shall be deposited in or revert to the state general fund. (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 \$1,681,800 and 17 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$28,400 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(57,100) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

### New School Facilities

The budget includes \$109,388,100 from the General Fund in FY 2025 for New School Facilities, which is a decrease of \$(35,066,300) from FY 2024. The funding amount for New School Facilities includes the following:

- \$77,898,600 for the remaining 50% of construction funding to complete 8 projects which were authorized to begin construction in FY 2024.
- \$31,489,500 for land costs and the first 50% of construction costs for 5 projects authorized to begin construction in FY 2025. This amount includes \$45,077,100 for construction, \$(24,613,700) for prior year savings, \$5,872,000 for a land purchase, \$2,241,500 for site conditions and demolition, and \$2,569,300 for prior year land and site condition adjustments, and \$343,300 of unallocated funding.

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 JLBC. At its December 14, 2023 meeting, the JLBC approved a 6.52% adjustment in the cost per square foot. This inflation adjustment is based on a measure of construction costs since December 2022 when the Committee last adopted an adjustment. This adjustment applies to the FY 2025 projects approved by the division. (See Table 1 for the current statutory funding amounts)

New School Facilities Statutory Funding Guidelines – FY 2025 Awards <sup>1/2/</sup>		
Type of School	Per Student	Funding Per Square Foot
K-6	90	\$329.26
7-8	100	\$347.62
9-12 (<1,800 pupils)	134	\$402.43
9-12 (≥1,800 pupils)	125	\$402.43
<sup>1/</sup> Increased by 5% for rural school districts.		
<sup>2/</sup> Adjusted annually for inflation in subsequent years.		

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.

### ***New School Facilities (FY 2023 Authorization)***

The budget includes no funding in FY 2025 for New School Facilities projects which were authorized to start construction in FY 2023. Adjustments are as follows:

#### **New School Funding Completion**

The budget includes a decrease of \$(26,365,000) from the General Fund in FY 2025 for the completion of 3 projects:

- 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 budget included \$4,500,000 for land costs for the Pima 9-12 project. The final purchase price for the land parcel was \$905,000, leaving an unencumbered balance of \$3,595,000 in the New School Facilities Fund. The FY 2025 budget includes a footnote authorizing SFD to use this unencumbered balance for construction costs for the Pima 9-12 project, as the district required additional funding to award a construction contract for the school.

### ***New School Facilities (FY 2024 Authorization)***

The budget includes \$77,898,600 from the General Fund in FY 2025 for New School Facilities projects which were authorized to start construction in FY 2024. Adjustments are as follows:

#### **Continue New School Construction Projects**

The budget includes a decrease of \$(28,053,300) from the General Fund in FY 2025 to continue construction for 8 new schools. These school districts are projected to be at capacity in FY 2025 or before. The budget assumes 50% of construction costs for each project will be appropriated in FY 2025, except for the Glendale project which was funded 100% in FY 2024 due to its small size. 100% of land costs were also funded in FY 2024. 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 2 elementary school additions.
- Queen Creek (K-6) – for a new elementary school including land.
- Queen Creek (7-8) – for 2 middle school additions.
- Saddle Mountain (9-12) – for a high school addition.
- Snowflake (9-12) – for a new high school including land.

This adjustment also includes the removal of one-time savings associated with the Sahuarita 9-12 project cancellation (which was authorized for FY 2022). The savings from this cancelled project were realized by reducing SFD's FY 2024 new school facilities appropriation.

The FY 2024 General Appropriation Act appropriated the remaining \$77,898,600 of funding in FY 2025 for these projects. As a result, these monies will not appear in the FY 2025 General Appropriation Act.

#### **Remove One-Time Prior Year Land Costs**

The budget includes a decrease of \$(6,190,000) from the General Fund in FY 2025 to remove one-time funding for prior year land cost adjustments. *(Please see the FY 2024 Appropriations Report for additional details on funding distributions for prior year land costs.)*

#### **Remove One-Time Site Conditions**

The budget includes a decrease of \$(3,947,500) from the General Fund in FY 2025 to remove one-time funding for site conditions. *(Please see the FY 2024 Appropriations Report for additional details on funding distributions for site conditions.)*

### ***New School Facilities (FY 2025 Authorization)***

The budget includes \$31,489,500 from the General Fund in FY 2025 for New School Facilities projects which are authorized to start construction in FY 2025. Adjustments are as follows:

#### **Begin New School Construction Projects**

The budget includes \$28,576,900 from the General Fund in FY 2025 for New School Facilities projects. These school districts are projected to be at capacity in FY 2026 or before. The budget assumes 50% of construction costs and 100% of land costs for each project will be appropriated in FY 2025. The projects are as follows:

- Marana (6-8) – for a new middle school and a land purchase
- Queen Creek (9-12) – for 2 high school additions.
- Sahuarita (9-12) – for high school addition and site conditions. The SFD award (and corresponding appropriated amount) for this project reflects a deduction of \$(484,900) for design costs previously funded.
- Valentine (K-8) – for a replacement school, site conditions, and demolition. SFD has determined that Valentine Elementary School has outlived its useful life. Under statute, with that determination, SFD removed the school's capacity and recalculated the new construction square footage requirements based on total district enrollment and minimum adequacy guidelines. SFD then awarded the district a 15,463 square feet project.

The total FY 2025 cost for these projects is \$53,190,600. These costs are funded from the FY 2025 appropriation of \$28,576,900 as well as the unencumbered balance of \$24,613,700 in the New School Facilities Fund due to the following projects:

#### Agua Fria Land Savings

The FY 2024 budget appropriated \$24,000,000 from the General Fund for the purchase of land for a new high school in Agua Fria Union High School District. Agua Fria ultimately chose to lease the parcel from the State Land Department. The first-year cost of this lease is \$2,511,300, leaving an unencumbered balance of \$21,488,700 in the New School Facilities (NSF) Fund. Additional funds will not be needed in the next several years for subsequent lease payments, as the state land selected by Agua Fria is a Common Schools (K-12) beneficiary parcel. Under statute, any lease payments made by Agua Fria to the State Land Department are returned to SFD as the K-12 beneficiary, and those funds are used to make the next year's lease payment.

#### Douglas 9-12 Land Savings

The FY 2020 budget appropriated \$3,125,000 from the General Fund for the purchase of land for a new high school in Douglas Unified School District. Douglas ultimately chose to use land they already own to build the high school, leaving an unencumbered balance of \$3,125,000 in the NSF Fund.

#### FY 2026

In addition, the FY 2025 General Appropriation Act appropriated \$45,077,100 of funding in FY 2026 to fund the remaining 50% of construction costs for these projects.

#### **Prior Year Land Costs**

The budget includes an increase of \$160,400 from the General Fund in FY 2025 for prior year land cost adjustments. Statute requires the state to pay for land costs for SFD-funded schools in the amount of the lowest 2 appraisals. The FY 2024 budget appropriated \$11,100,000 from the General Fund for land for a new K-6 elementary school in Queen Creek Unified School District. The final cost of the land was \$11,260,400. As a result, the FY 2025 budget includes an increase of \$160,400 to fully fund this cost.

#### **Prior Year Site Conditions**

The budget includes an increase of \$2,408,900 from the General Fund in FY 2025 for site conditions for prior year projects. SFD approved additional site conditions for the following projects:

Pima 9-12 (FY 2023 School)	\$1,241,000
Queen Creek K-6 (FY 2024 School)	\$956,700
Queen Creek 7-8 (FY 2024 School)	\$73,800
Santa Cruz Valley (FY 2020 School)	\$137,400

#### **Unallocated Monies**

The budget includes an increase of \$343,300 in FY 2025 for other expenses from the New School Facilities Fund. This amount may be used by SFD for any expenses allowed by statute for FY 2025 authorization projects.

#### ***Santa Cruz Valley New School***

The budget includes no funding in FY 2025 for additional project funding for a new school in the Santa Cruz Valley Unified School District. Adjustments are as follows:

#### **Remove One-Time Additional Project Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding 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 allocated further monies to supplement the project budget. With the additional FY 2024 funding, the total project funding is \$10,852,000.

#### ***New School Facilities Debt Service***

The budget includes \$9,938,100 from the General Fund in FY 2025 for New School Facilities Debt Service. This amount is unchanged from FY 2024.

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 2025 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 2025 related to the lease-purchase payment.

Pursuant to A.R.S. § 35-142.01, the subsidy 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 2025 for Building Renewal Grants. This amount is unchanged from FY 2024.

Since FY 2014, the state has funded an ongoing "base" amount of Building Renewal Grant funding of \$16,667,900. (See Table 2.)

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

Table 2

#### **Building Renewal Appropriations FY 2013 - FY 2024**

<u>Fiscal Year</u>	<u>Ongoing</u>	<u>One-Time</u>	<u>Total</u>
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
2025	16,667,900	183,300,000	199,967,900

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 no funding in FY 2025 for School Facility Inspections. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding 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 \$(157,380,300) in FY 2026 below FY 2025 and increase by \$119,508,100 in FY 2027 above FY 2026. 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 2026 for the schools which were authorized to begin construction in FY 2025; and 2) Conceptual approvals made by SFD as part of the agencies' long-term planning process.

In FY 2026, new school construction spending is projected to increase by \$25,919,700. In addition, FY 2027 new school construction spending is projected to increase by \$119,508,100.

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 2026 and FY 2027 reflect SFD conceptual approvals as of December 2023.

#### **Building Renewal Grant Funding**

SFD building renewal grant funding would decrease by \$(183,300,000) in FY 2026 and remain unchanged for FY 2027. The enacted budget 3-year spending plan labeled the \$183,300,000 of FY 2025 funding as one-time and discontinues it in FY 2026, which would return SFD building renewal grant funding to the ongoing "base" level of \$16,667,900.

Table 3

Long-Term New School Facilities Funding <sup>1/</sup>

	Type	Sq. Ft	Rate	Student Capacity	FY 2024	FY 2025	FY 2026	FY 2027
<b>FY 2023 Starts</b>								
Marana 9-12	New	37,400	\$ 352.20	369	3,416,200			
Nadaburg 9-12	New	67,000	\$ 352.20	500	11,799,000			
Pima 9-12 (Rural)	New	60,300	\$ 369.81	450	11,149,800			
<b>Subtotal - FY 2023 Starts</b>					<b>\$ 26,365,000</b>			
<b>FY 2024 Starts <sup>1/</sup></b>								
Agua Fria 9-12	New	125,000	\$ 377.81	1000	\$ 23,613,000	\$ 23,613,000		
Aqua Fria Land					24,000,000			
Glendale K-8	Replacement	2,442	\$ 313.19	28	764,800			
Liberty K-8	New	73,920	\$ 313.19	800	11,575,400	11,575,400		
Liberty Land					10,000,000			
Queen Creek K-6	Addition	18,330	\$ 309.11	229	2,832,950	2,832,950		
Queen Creek K-6	Addition	14,520	\$ 309.11	182	2,244,150	2,244,150		
Queen Creek K-6	New	90,000	\$ 309.11	1000	13,909,800	13,909,800		
Queen Creek Land					11,100,000			
Queen Creek 7-8	Addition	39,918	\$ 326.34	499	6,513,400	6,513,400		
Queen Creek 7-8	Addition	25,082	\$ 326.34	314	4,092,600	4,092,600		
Saddle Mountain 9-12	Addition	57,620	\$ 377.81	430	10,884,700	10,884,700		
Snowflake 9-12 (Rural)	New	11,256	\$ 396.70	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			
<b>Subtotal - FY 2024 Starts</b>					<b>\$ 116,089,400</b>	<b>\$ 77,898,600</b>		
<b>FY 2024 New School Line Items</b>								
Santa Cruz Valley 9-12					\$ 2,000,000			
<b>FY 2025 Starts</b>								
Maricopa 6-8	New	96,670	\$ 341.44	1,000		16,503,500	16,503,500	
Maricopa 6-8 Land						5,872,000		
Queen Creek 9-12	Addition	37,500	\$ 402.43	300		7,545,600	7,545,600	
Queen Creek 9-12	Addition	62,500	\$ 402.43	500		12,576,000	12,576,000	
Sahuarita 9-12 <sup>2/</sup>	Addition	29,750	\$ 402.43	238		5,743,700	5,743,700	
Sahuarita Site Conditions						906,500		
Valentine K-8 (Rural)	Replacement	15,463	\$ 350.29	151		2,708,300	2,708,300	
Valentine Site Conditions and Demolition						1,335,000		
Agua Fria 9-12 Land - Lease Savings						(21,488,700)		
Douglas Land Savings						(3,125,000)		
Prior Year Land Adjustments						160,400		
Prior Year Site Conditions						2,408,900		
Unallocated						343,300		
<b>Subtotal - FY 2025 Starts</b>						<b>\$ 31,489,500</b>	<b>\$ 45,077,100</b>	
<b>FY 2026 Starts</b>								
Buckeye Union 9-12	New	225,000	\$ 402.43	1,800			45,273,400	45,273,400
Clarkdale - Jerome K-8	Addition	4,620	\$ 333.61	50			1,541,400	
Laveen K-8	New	92,400	\$ 333.61	1,000			15,412,800	15,412,800
Laveen Land							7,000,000	
Queen Creek K-6	New	67,500	\$ 329.26	750			11,112,600	11,112,600
Snowflake 7-8 (Rural)	New	6,800	\$ 365.00	68			2,482,100	
Somerton K-6	New	45,000	\$ 329.26	500			7,408,400	7,408,400
<b>Subtotal - FY 2026 Starts</b>							<b>\$ 90,230,700</b>	<b>\$ 79,207,200</b>
<b>FY 2027 Starts</b>								
Buckeye Elementary K-8	New	87,780	\$ 333.61	950				\$ 14,642,200
Liberty K-8	New	73,920	\$ 333.61	800				\$ 12,330,300
Marana 9-12	New	125,000	\$ 402.43	1,000				\$ 25,151,900
Maricopa K-5	New	72,000	\$ 329.26	800				\$ 11,853,400
Maricopa K-5 Land Donation								\$ 480,000
Maricopa 9-12	Addition	125,000	\$ 402.43	1,000				\$ 25,151,900
Nadaburg K-8	New	73,920	\$ 333.61	800				\$ 12,330,300
Palo Verde K-8	New	64,680	\$ 333.61	700				\$ 10,789,000
Tolleson 9-12	New	312,500	\$ 402.43	2,500				\$ 62,879,700
<b>Subtotal - FY 2027 Starts</b>								<b>\$ 175,608,700</b>
<b>Total</b>					<b>\$ 144,454,400</b>	<b>\$ 109,388,100</b>	<b>\$ 135,307,800</b>	<b>\$ 254,815,900</b>

<sup>1/</sup> 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.

<sup>2/</sup> Project formula reduced by \$484,900 for design costs previously funded.



## Office of Administrative Hearings

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	12.0	12.0	12.0
Personal Services	624,300	621,600	621,600
Employee Related Expenditures	253,100	254,000	274,600
Professional and Outside Services	200	0	0
Other Operating Expenditures	121,300	114,400	108,000
<b>OPERATING SUBTOTAL</b>	<b>998,900</b>	<b>990,000</b>	<b>1,004,200 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(34,200)
<b>AGENCY TOTAL</b>	<b>998,900</b>	<b>990,000</b>	<b>970,000 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	998,900	990,000	970,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>998,900</b>	<b>990,000</b>	<b>970,000</b>
Other Non-Appropriated Funds	816,500	873,900	873,900
<b>TOTAL - ALL SOURCES</b>	<b>1,815,400</b>	<b>1,863,900</b>	<b>1,843,900</b>

**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/ Of the monies appropriated to the office of administrative hearings in the operating lump sum appropriation, \$200,000 shall be used to administer the provisions of a bill addressing insurance provider claims against insurers if the bill becomes law in the fifty-sixth legislature, second regular session. These monies revert to the state general fund if a bill addressing provider claims against insurers does not become law in the second regular session of the fifty-sixth legislature. (General Appropriation Act footnote) The bill did not become law during the second regular session of the 56th Legislature. As a result, we have removed \$200,000 from the office's FY 2025 appropriation.
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$1,004,200 and 12 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$14,200 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(34,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

## Arizona Commission of African-American Affairs

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	3.0	0.0	0.0
Personal Services	92,000	0	0
Employee Related Expenditures	36,000	0	0
Professional and Outside Services	2,000	0	0
Other Operating Expenditures	30,600	0	0
<b>AGENCY TOTAL</b>	<b>160,600</b>	<b>0</b>	<b>0</b>
<b>FUND SOURCES</b>			
General Fund	160,600	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>160,600</b>	<b>0</b>	<b>0</b>
Other Non-Appropriated Funds	4,900	0	0
<b>TOTAL - ALL SOURCES</b>	<b>165,500</b>	<b>0</b>	<b>0</b>

**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. Beginning in FY 2024, the annual appropriation for the commission is included in the operating budget of the Governor.

The FY 2024 General Appropriation Act transferred the funding of the Arizona Commission of African-American Affairs to the operating budget of the Governor. *(Please see the Governor's narrative for current funding.)*

### Operating Budget

The budget includes no funding in FY 2025 for the operating budget. This amount is unchanged from FY 2024.

## Arizona Department of Agriculture

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	212.8	212.8	212.3 <sup>1/2/</sup>
Personal Services	7,883,700	9,149,100	9,042,800
Employee Related Expenditures	3,332,600	3,351,600	3,631,700
Professional and Outside Services	500,300	599,600	599,600
Travel - In State	1,277,400	1,928,500	1,928,500
Travel - Out of State	43,100	74,800	74,800
Other Operating Expenditures	2,411,400	2,728,400	1,287,300
Equipment	232,700	115,100	115,100
<b>OPERATING SUBTOTAL</b>	<b>15,681,200</b>	<b>17,947,100 <sup>3/4/</sup></b>	<b>16,679,800</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(671,500)
Agricultural Consulting and Training	134,600	135,700	135,700
Agricultural Employment Relations Board	23,300	23,300	23,300
Animal Damage Control	63,700	65,000	65,000
Livestock Operator Assistance Program Deposit	10,000,000	0	0
Nuclear Emergency Management Program	280,500	321,300	308,600 <sup>5/6/</sup>
Red Imported Fire Ant Control	23,200	23,200	23,200
<b>AGENCY TOTAL</b>	<b>26,206,500</b>	<b>18,515,600</b>	<b>16,564,100 <sup>7/</sup></b>
<b>FUND SOURCES</b>			
General Fund	24,339,700	16,611,000	14,639,800
<u>Other Appropriated Funds</u>			
Air Quality Fund	1,586,300	1,583,300	1,615,700
Nuclear Emergency Management Fund	280,500	321,300	308,600
SUBTOTAL - Other Appropriated Funds	1,866,800	1,904,600	1,924,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>26,206,500</b>	<b>18,515,600</b>	<b>16,564,100</b>
Other Non-Appropriated Funds	18,922,500	25,153,500	25,153,500
Federal Funds	5,543,600	5,751,900	5,751,900
<b>TOTAL - ALL SOURCES</b>	<b>50,672,600</b>	<b>49,421,000</b>	<b>47,469,500</b>

**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

- <sup>1/</sup> Includes 2.88 OF FTE Positions funded from Special Line items in FY 2025.
- <sup>2/</sup> Includes 2.88 OF FTE Positions appropriated by Laws 2023, Chapter 114 for the Nuclear Emergency Program.
- <sup>3/</sup> The FY 2024 budget included a total of \$1,199,600 for expanded information technology support. Laws 2023, Ch. 209, Section reduces this appropriation by \$(300,000) to \$899,600.
- <sup>4/</sup> Of the monies in the department's operating lump sum appropriation, \$899,600 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (FY 2024 General Appropriation Act footnote, as amended by Section 6 of the FY 2025 General Appropriation Act)

- 5/ 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. Because this appropriation is in separate legislation, these amounts will not be included in the General Appropriation Act.
- 6/ 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.
- 7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### **Operating Budget**

The budget includes \$16,679,800 and 209.4 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$15,064,100
Air Quality Fund	1,615,700

Adjustments are as follows:

##### **Remove One-Time IT Modernization Funding**

The budget includes a decrease of \$(899,600) from the General Fund in FY 2025 for the removal of one-time funding for expanded information technology support. The FY 2024 budget included a total of \$1,199,600 from the General Fund for this purpose. The FY 2025 budget reduces FY 2024 funding by \$(300,000) and eliminates the remaining \$(899,600) in FY 2025, which is reflected in the budget display above. The FY 2025 budget also included a footnote making the remaining \$899,600 non-lapsing through FY 2026.

##### **Reduce Horse Liaison to Part-Time Position**

The budget includes a decrease of \$(25,300) and (0.5) FTE Positions from the General Fund in FY 2025 to change the Salt River horse liaison position from full to part-time.

##### **Centralize IT Position**

The budget includes a decrease of \$(81,000) from the General Fund in FY 2025 for the centralization of an IT position within the department.

##### **Statewide Adjustments**

The budget includes a decrease of \$(261,400) in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$ (293,800)
Air Quality Fund	32,400

*(Please see the Agency Detail and Allocations section.)*

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(671,500) from the General Fund in FY 2025 for a lump sum reduction.

Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **Agricultural Consulting and Training**

The budget includes \$135,700 from the General Fund in FY 2025 for the Agricultural Consulting and Training line item. This amount is unchanged from FY 2024.

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 2025 for the Agricultural Employment Relations Board line item. This amount is unchanged from FY 2024.

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 2025 for the Animal Damage Control line item. This amount is unchanged from FY 2024.

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.

Table 1

## Nuclear Emergency Management Fund

Agency	FY 2023		FY 2024		FY 2025	
	FTEs	Approp.	FTEs	Approp.	FTEs	Approp.
Emergency and Military Affairs <sup>1/</sup>	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
<b>Total</b>	<b>11.38</b>	<b>\$2,267,935</b>	<b>11.38</b>	<b>\$2,434,868</b>	<b>11.38</b>	<b>\$2,484,600</b>

<sup>1/</sup> The Emergency and Military Affairs appropriation includes the appropriations for the Maricopa County Department of Emergency Management and the City of Buckeye.

### Nuclear Emergency Management Program

The budget includes \$308,600 and 2.88 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY 2025 for the Nuclear Emergency Management Program line item. Adjustments are as follows:

#### 2025 NEMF Assessment

The budget includes a decrease of \$(12,700) from the NEMF in FY 2025 for a change to the assessment rate in FY 2025.

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 amounts are not included in the General Appropriation Act.

The Department of Emergency and Military Affairs (DEMA) and the Department of Agriculture both receive appropriations from Laws 2023, Chapter 114. *(Please see the DEMA narrative for more information.)*

The NEMF appropriation amounts for FY 2023-FY 2025 are displayed in Table 1.

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 2025 for the Red Imported Fire Ant Control line item. This amount is unchanged from FY 2024.

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

### FY 2024 Supplemental Reduction

The FY 2025 budget includes an FY 2024 supplemental reduction of \$(300,000) from the General Fund in FY 2024 to reduce funding for expanded information technology support in the agency's operating budget. *(Please see Operating Budget section for additional details.)*

### FY 2023 APF Funding

Section 107 of the FY 2023 General Appropriation Act (GAA) appropriated \$2,000,000 to the Department of Agriculture's APF subaccount to fund the Department's transition from local to cloud-based data storage. Section 122, subsection G of the FY 2025 GAA extends the lapsing date of this appropriation through June 30, 2026.

### ***Statutory Changes***

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, amends A.R.S. § 3-109.3 to state that the purpose of the Livestock Operator Fire and Flood Assistance Fund is to provide infrastructure project grants that are required as a result of either a wildfire or flooding (but not both).
- As session law, allows the department to lower existing fees for any funds held in trust subject to review from the Agriculture Advisory Council. Grants one-time emergency rulemaking authority in FY 2025 to modify fees for the Dangerous Plants, Pests, and Diseases Trust Fund

## Arizona Health Care Cost Containment System

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2,348.3	2,358.3	2,459.3 <sup>1/</sup>
Personal Services	51,423,200	54,627,300	62,508,400
Employee Related Expenditures	21,723,600	23,164,600	28,563,100
Professional and Outside Services	5,087,900	10,986,800	(3,513,200)
Travel - In State	7,200	68,500	68,500
Travel - Out of State	47,000	304,600	304,600
Other Operating Expenditures	29,248,400	47,351,700	68,981,100
Equipment	621,700	513,900	513,900
<b>OPERATING SUBTOTAL</b>	<b>108,159,000</b>	<b>137,017,400</b>	<b>157,426,400 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
<b>Administration</b>			
Operating Budget Lump Sum Reduction	0	0	(1,242,000)
AHCCCS Data Storage	14,331,100	19,325,800	19,325,800
DES Eligibility	99,368,100	97,074,500	97,074,500 <sup>3/</sup>
Proposition 204 - AHCCCS Administration	24,666,700	15,222,200	15,625,100 <sup>4/</sup>
Proposition 204 - DES Eligibility	38,800,400	44,358,700	44,358,700 <sup>4/</sup>
<b>Medicaid Services <sup>5/6/</sup></b>			
Traditional Medicaid Services	7,674,991,600	7,890,401,100	8,544,224,600 <sup>7/-12/</sup>
Proposition 204 Services	8,377,037,700	7,101,216,200	7,769,810,300 <sup>11/-13/</sup>
Adult Expansion Services	1,027,021,500	925,858,200	740,010,600 <sup>11/12/</sup>
Comprehensive Health Plan	189,958,400	195,173,900	177,233,200 <sup>11/</sup>
KidsCare Services	195,027,000	195,663,800	229,689,800
ALTCS Services	2,209,373,500	2,673,048,400	2,472,720,900 <sup>14/-16/</sup>
Behavioral Health Services in Schools	9,891,200	9,120,600	8,630,600
<b>Non-Medicaid Behavioral Health Services</b>			
Non-Medicaid Seriously Mentally Ill Services	76,569,800	77,646,900	77,646,900 <sup>17/</sup>
Case Management Provider Wage Increases	0	0	1,000,000
Supported Housing	5,279,600	65,324,800	65,324,800
Crisis Services	16,278,200	16,391,300	16,391,300
Children's Behavioral Health Services Fund Deposit	0	250,000	0
<b>Hospital Payments</b>			
Disproportionate Share Payments	4,820,600	5,087,100	5,087,100 <sup>18/</sup>
DSH Payments - Voluntary Match	28,627,300	69,735,200	65,330,500 <sup>12/19/</sup>
Graduate Medical Education	400,334,300	426,531,500	469,246,600 <sup>12/20/-25/</sup>
Critical Access Hospitals	23,910,900	41,074,400	28,416,700
Targeted Investments Program	50,000,000	26,000,000	56,000,000
On-Call Obstetrics and Gynecological Services	0	7,500,000	0
<b>AGENCY TOTAL</b>	<b>20,574,446,900</b>	<b>20,039,022,000</b>	<b>21,059,332,400 <sup>26/-28/</sup></b>

## FUND SOURCES

General Fund	2,171,637,900	2,475,457,000	2,669,731,700
<u>Other Appropriated Funds</u>			
Budget Neutrality Compliance Fund	4,303,100	4,669,300	4,914,300
Children's Health Insurance Program Fund	164,829,700	158,361,100	174,041,000
Prescription Drug Rebate Fund - State	165,160,800	165,410,500	189,832,200
Seriously Mentally Ill Housing Trust Fund	217,300	217,700	217,700
Substance Abuse Services Fund	2,250,200	2,250,200	2,250,200
Tobacco Products Tax Fund - Emergency Health Services Account	17,448,300	17,458,500	17,458,500

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Tobacco Tax and Health Care Fund - Medically Needy Account	58,500,300	67,258,900	66,586,300
SUBTOTAL - Other Appropriated Funds	412,709,700	415,626,200	455,300,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,584,347,600</b>	<b>2,891,083,200</b>	<b>3,125,031,900</b>
<u>Expenditure Authority Funds</u>			
Arizona Tobacco Litigation Settlement Fund	98,980,700	102,000,000	102,000,000
County Funds	397,615,200	409,939,100	443,048,300
Delivery System Reform Incentive Payment Fund	15,495,200	8,321,200	17,922,700
Federal Medicaid Authority	15,697,080,400	14,560,642,600	14,844,638,600
Health Care Investment Fund	330,087,100	588,163,600	911,052,600
Hospital Assessment Fund	627,866,800	606,180,400	694,319,800
Nursing Facility Provider Assessment Fund	29,129,900	32,989,600	32,989,600
Political Subdivision Funds	147,947,600	193,784,400	242,411,000
Prescription Drug Rebate Fund - Federal	609,060,300	609,060,300	609,060,300
Third Party Liability and Recovery Fund	194,700	194,700	194,700
Tobacco Products Tax Fund - Proposition 204 Protection Account	36,641,400	36,662,900	36,662,900
SUBTOTAL - Expenditure Authority Funds	17,990,099,300	17,147,938,800	17,934,300,500 <sup>10/</sup>
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>20,574,446,900</b>	<b>20,039,022,000</b>	<b>21,059,332,400</b>
Other Non-Appropriated Funds	130,167,800	154,859,400	154,859,400
Federal Funds	220,492,800	252,604,100	252,604,100
<b>TOTAL - ALL SOURCES</b>	<b>20,925,107,500</b>	<b>20,446,485,500</b>	<b>21,466,795,900</b>

**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 2025.
- 2/ 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)
- 3/ 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)
- 4/ 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)
- 5/ 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)
- 6/ The Arizona health care cost containment system administration shall report to the joint legislative budget committee on or before March 1, 2025 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)

- 7/ 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 2024-2025 to the attorney general for costs associated with e-cigarette enforcement and tobacco settlement litigation. (General Appropriation Act footnote)
- 8/ The Arizona health care cost containment system administration shall transfer \$836,000 from the traditional medicaid services line item for fiscal year 2024-2025 to the department of revenue for enforcement costs associated with the March 13, 2013 master settlement agreement with tobacco companies. (General Appropriation Act footnote)
- 9/ The amount appropriated for the traditional medicaid services line item includes \$4,098,200 from the state general fund and \$8,059,900 from expenditure authority for inpatient payments to rural hospitals as defined in section 36-2905.02, Arizona Revised Statutes. (General Appropriation Act footnote)
- 10/ Of the amount appropriated from the expenditure authority fund source, \$3,606,700,000 is for hospital enhanced access leading to health improvements initiative payments in fiscal year 2024-2025. This amount includes monies from hospital assessments collected pursuant to section 36-2999.72, Arizona Revised Statutes, and any federal monies used to match those payments. (General Appropriation Act footnote)
- 11/ 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)
- 12/ 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 2024-2025 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)
- 13/ Of the amount appropriated for the proposition 204 services line item, \$100,000,000 shall be used from the hospital assessment fund established by section 36-2901.09, Arizona Revised Statutes, to cover a portion of the nonfederal share of the costs of services described in section 36-2907, subsection F, Arizona Revised Statutes. This amount is included in the expenditure authority fund source. (General Appropriation Act footnote)
- 14/ 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)
- 15/ Pursuant to section 11-292, subsection B, Arizona Revised Statutes, the county portion of the fiscal year 2024-2025 nonfederal costs of providing long-term care system services is \$399,872,100. This amount is included in the expenditure authority fund source. (General Appropriation Act footnote)
- 16/ Any supplemental payments received in excess of \$97,235,600 for nursing facilities that serve Arizona long-term care system medicaid patients in fiscal year 2024-2025, including any federal matching monies, by the Arizona health care cost containment system administration are appropriated to the administration in fiscal year 2024-2025. 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)
- 17/ On or before June 30, 2025, 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)
- 18/ The \$5,087,100 appropriation for disproportionate share payments for fiscal year 2024-2025 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)
- 19/ 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 2024-2025 by the Arizona health care cost containment system administration in excess of \$65,330,500 are appropriated to the administration in fiscal year 2024-2025. 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)

- 20/ Any monies for graduate medical education received in fiscal year 2024-2025, including any federal matching monies, by the Arizona health care cost containment system administration in excess of \$469,246,600 are appropriated to the administration in fiscal year 2024-2025. 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)
- 21/ If any graduate medical education monies remain after the Arizona health care cost containment system administration has funded all eligible graduate medical education programs in counties with a population of less than five hundred thousand persons, the administration may fund the costs of graduate medical education programs operated by community health centers and rural health clinics. (General Appropriation Act footnote)
- 22/ 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 \$10,678,900 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)
- 23/ 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 \$8,543,100 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)
- 24/ Monies appropriated for graduate medical education in Laws 2023, Chapter 133, section 10 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)
- 25/ 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, 2026. (General Appropriation Act footnote)
- 26/ 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)
- 27/ On or before July 1, 2025, 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, 2024. (General Appropriation Act footnote)
- 28/ General Appropriation Act funds are appropriated as Operating Lump Sum with Special Line Items by Agency.

### Summary

AHCCCS's FY 2025 General Fund spending increases by \$194,274,700 from FY 2024. This amount includes:

- \$331,039,300 for formula adjustments, which includes an FY 2024 ex-appropriation backfill.
- \$3,289,200 for additional fraud investigation staff.
- \$(3,289,200) for a reduction in invalid payments due to the additional fraud investigation staff.
- \$(1,242,000) for an operating budget lump sum reduction.
- \$(700,000) for removal of one-time PMMIS replacement costs.
- \$(24,671,100) to shift Medicaid services costs to the Prescription Drug Rebate Fund.
- \$(160,000) for removal of one-time rapid whole genome sequencing pilot funding.
- \$(100,000,000) to shift Medicaid services costs to the Hospital Assessment Fund.

- \$1,000,000 for one-time case management provider wage increases.
- \$(4,098,200) to shift rural hospital reimbursement program funding.
- \$(4,200,000) for removal of one-time FY 2024 critical access hospital supplemental payments funding.
- \$4,200,000 for one-time FY 2025 critical access hospital supplemental payments funding.
- \$(7,500,000) for removal of one-time funding for on-call obstetrics and gynecological services.
- \$606,700 for statewide adjustments.

Below is an overview of FY 2025 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 \$177,719,900 in FY 2026 above FY 2025 and by \$258,334,500 in FY 2027 above FY 2026. (See the *Other Issues* section for more information.)

**Table 1****AHCCCS State Match Spending Changes** (in millions) <sup>1/</sup>**State Match Formula Adjustments**

FY 2024 Rebase	(127)
FY 2025 Caseload Adjustment	(55)
FY 2025 Inflation Increase	108
FY 2025 Federal Medicaid Match Rate Change	429
<i>State Match Costs Subtotal</i>	355

**Non-General Fund State Match Offsets**

Political Subdivisions Fund Increase	10
County Funds Increase	33
Hospital Assessment Fund	(12)
Health Care Investment Fund	33
<i>General Fund Offsets Subtotal</i>	64

**Other Formula Adjustments**

Backfill FY 2024 General Fund Ex-Appropriation	40
--	----

**Non-Formula Adjustments**

Prescription Drug Rebate Fund Shift	(25)
Hospital Assessment Behavioral Health Shift	(100)
Case Management Provider Wage Increases	1
Shift Rural Hospital Reimbursement Funding	(4)
Critical Access Hospital Payments	4
Remove FY 2024 One-Time Funding	(12)
Other Adjustments	(1)
<i>Non-Formula Subtotal</i>	(97)

**Total General Fund Spending Change** **\$194**

<sup>1/</sup> Numbers may not sum due to rounding.

---

**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 \$331,039,300 from the General Fund in FY 2025 for the following AHCCCS formula adjustments. This amount includes:

- \$355,094,300 for state match expenses associated with formula adjustments.
- \$(63,999,900) for changes in General Fund offsets.
- \$39,944,900 to backfill an FY 2024 ex-appropriation.

**FY 2024 Base Adjustment**

The budget includes a decrease of \$(126,626,500) from state match and a Total Funds decrease of \$(546,838,600) in FY 2025 for an FY 2024 base adjustment. The base adjustment is primarily associated with lower-than-budgeted caseloads and a decline in fee-for-service expenditures.

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 disenrollment prohibition was

continued by federal executive action until April 1, 2023. At that time, AHCCCS resumed disenrolling members pursuant to the 2023 Consolidated Appropriations Act.

The enacted FY 2024 budget assumed the expiration of continuous enrollment would result in AHCCCS enrollment gradually returning to pre-pandemic levels by June 2024, adjusted for state population growth since that time. In comparison to the FY 2024 enacted budget assumptions, actual enrollment in Traditional Medicaid was lower than anticipated in FY 2024, while other AHCCCS populations met or exceeded their original FY 2024 enrollment assumptions. The rebase incorporates these adjustments. This lowers AHCCCS costs relative to the FY 2024 enacted budget.

While overall AHCCCS enrollment in June was higher than originally anticipated, the FY 2025 enacted budget assumes that overall General Fund formula expenses will be \$(39,944,900) below the FY 2024 enacted budget assumption. This reflects the net impact of the following:

- Faster-than-anticipated enrollment declines within Traditional Medicaid.
- Partially offset by slower-than-anticipated enrollment declines within the Proposition 204 Childless Adults and KidsCare programs. *(Please see Table 2 for more detailed information on enrollment.)*
- Lower per-member spending in the fee-for-service program than was originally anticipated. *(Please see Fraud Investigation in Other Issues for additional information.)*

As a result, the FY 2025 budget includes a \$(39,944,900) General Fund FY 2024 ex-appropriation to account for the savings and a \$7,527,500 Other Funds supplemental to account for the higher enrollment within the KidsCare program. *(See FY 2024 Adjustments in Other Issues for additional information.)* The budget backfills the General Fund ex-appropriation and removes the Other Funds supplemental in FY 2025, which are displayed separately from formula adjustments within the Medicaid Services line items.

**FY 2025 Caseload Adjustment**

Formula adjustments reflect a (1.1)% enrollment decline in FY 2025. Table 2 displays historical and forecasted member months across AHCCCS populations.

The budget assumes that once AHCCCS completed its pandemic-related disenrollment workload in June 2024, enrollment in FY 2025 would begin to grow at an annualized average rate of 1.1%. This assumption is based

Table 2

AHCCCS Enrollment <sup>1/</sup>

	June 2023 (Actual)	June 2024 (Prior Est.) <sup>2/3/</sup>	June 2024 (Actual) <sup>3/</sup>	June 2025 (Forecast)	'24-'25 % Change
<b>Population</b>					
Traditional	1,147,192	1,100,495	1,075,839	1,051,118	(2.3)%
Prop 204 Childless Adults	545,506	357,792	506,129	513,136	1.4%
Other Prop 204	196,261	188,655	184,106	175,254	(4.8)%
Adult Expansion	103,357	82,361	76,801	72,608	(5.5)%
KidsCare	63,289	52,899	62,025	69,628	12.3%
CHP	10,169	11,761	8,705	9,802	12.6%
ALTCS - Elderly & Physically Disabled <sup>4/</sup>	28,503	32,301	28,503	30,455	6.8%
Emergency Services	<u>141,388</u>	<u>134,593</u>	<u>132,594</u>	<u>129,547</u>	<u>(2.3)%</u>
<b>Total Enrollment</b>	<b>2,235,665</b>	<b>1,960,857</b>	<b>2,074,702</b>	<b>2,051,548</b>	<b>(1.1)%</b>

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

2/ The figures in this column represent enrollment estimates included in the FY 2024 enacted budget.

3/ The figures reflect caseload decreases associated with the end to a prohibition of disenrollment on April 1, 2023, established by the 2023 Consolidated Appropriations Act.

4/ The ALTCS - Elderly and & Physically Disabled program is funded in AHCCCS. An additional 43,032 people received Medicaid services through the Department of Economic Security's ALTCS - Developmental Disabilities program as of June 2024.

on Arizona population growth projections. However, recently released data from the agency indicates that enrollment in June 2024 was higher than what the budget anticipated. As a result, the budget is effectively assuming a (1.1)% enrollment decline in FY 2025.

Regardless of the June 2024 enrollment levels, the budget assumes that the 1.1% growth rate nevertheless results in a General Fund caseload savings in FY 2025 compared with FY 2024 due to the annualization of caseload declines that occurred prior to June 2024. For example, the June 2025 caseload level is projected to be (1.1)% lower than in June 2024, and (8.2)% below enrollment in June 2023.

Overall, caseload declines are expected to decrease state match expenses by \$(55,329,900) and Total Funds expenses by \$(281,593,800) in FY 2025.

#### FY 2025 Inflation Adjustments

The budget assumes a 4.0% inflation adjustment for capitation, fee-for-service, and reinsurance effective October 1, 2024. This increase is based on several factors, including the medical care consumer price index and the growth certain categories experienced in the FY 2024 capitation rate adjustment. The budget also annualizes the FY 2024 capitation rate adjustment. Inflation adjustments increase AHCCCS state costs by \$107,816,700 and Total Funds costs by \$532,589,900 in FY 2025.

#### FY 2025 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 2025, the standard FMAP rates will be as follows:

- Traditional Medicaid rate will decrease to 65.24%, a (1.87) 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 75.67%, a (1.30) percentage point decrease.

Additionally, the phased-down enhanced match rate that was in effect as states began to disenroll ineligible members will no longer be available in FY 2025. The budget annualizes the loss of this enhanced match, which increases state match costs. *(Please see Formula Adjustments in the FY 2024 Appropriations Report for more information on enhanced match rates during the pandemic.)*

The budget includes an increase of \$429,234,000 in state costs and a corresponding decrease of \$(429,234,000) in Federal Medicaid Authority in FY 2025 as a result of these FMAP adjustments.

#### Non-General Fund State Match Items

The gross state match contribution from the FY 2024 base adjustment, FY 2025 caseload growth, inflation, and federal match rate changes is projected to increase by \$355,094,300. The Non-General Fund state match is projected to increase by \$63,999,900, resulting in a net General Fund change of \$291,094,400.

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

- An increase of \$9,790,000 in Political Subdivision Funds, mostly for Traditional.
- An increase of \$33,354,200 in County Funds (including the Budget Neutrality Compliance Fund), mostly for ALTCS.
- A decrease of \$(11,860,600) from the Hospital Assessment Fund in FY 2025 for physical health costs of enrollees in the Proposition 204 and Adult Expansion programs. The decrease is due to a revision to the methodology AHCCCS uses to determine the proportion of physical/behavioral health costs within the Proposition 204 fee-for-service program.
- An increase of \$33,388,900 from the Health Care Investment Fund. The increase primarily covers the lower federal match for directed payments to hospitals in FY 2025.
- A decrease of \$(672,600) from lower tobacco tax revenues.

---

### ***Hospital Assessment***

---

Under A.R.S. § 36-2901.08, AHCCCS is required to establish, administer, and collect an assessment on hospitals to fund the state costs of services for the Proposition 204 and Adult Expansion populations not otherwise covered by voter-approved tobacco revenues and other state funds. At the same time, the statute also prohibits the assessment from being used toward the behavioral health costs of these members. As a result, these costs are normally covered by the General Fund.

Additionally, under A.R.S. § 36-2999.72 and A.R.S. § 36-2999.73, AHCCCS is required to levy an expanded assessment on hospitals. This expanded assessment is intended to 1) increase base reimbursement rates for services on AHCCCS' dental and physician fee schedules, and 2) to make directed payments to hospitals to supplement base reimbursement levels using federal Medicaid matching funds. This expanded assessment is known as the Health Care Investment Fund.

For FY 2025, AHCCCS is currently in the process of finalizing the following changes to the hospital assessment:

- Increase the overall assessment rate from 5.49% in FY 2024 to 5.99% in FY 2025. This would be within the federal 6.00% cap on provider assessments that are used to fund the costs of a state's Medicaid program.
- Rebase hospital revenue projections, which generates an increase in estimated assessment collections.
- Other methodological changes to the assessment.

According to AHCCCS, this would result in approximately \$272,000,000 of additional hospital assessment revenue in FY 2025 above FY 2024. This added revenue serves as the basis for the FY 2025 budget to implement the following: a hospital assessment behavioral health shift and an increase in directed payments to hospitals.

#### ***Hospital Assessment Behavioral Health Shift***

As discussed above, A.R.S. § 36-2901.08 prohibits the assessment from being used toward the behavioral health costs of certain expansion populations. However, the FY 2025 Health Care Budget Reconciliation Bill (BRB) instead permits AHCCCS to use funds from the hospital assessment to cover a portion of these behavioral health services costs in FY 2025 and FY 2026.

Accordingly, the budget adds a footnote stating that \$100,000,000 of the amount appropriated for the Proposition 204 Services line item shall be used from the Hospital Assessment Fund to cover a portion of these costs. This shift generates \$(100,000,000) of General Fund savings in both years. The 3-year spending plan associated with the FY 2025 enacted budget assumes the General Fund will resume coverage of the \$100,000,000 in behavioral health costs in FY 2027.

#### ***Hospital Directed Payments Increase***

The budget also assumes that AHCCCS, through its contractors, will make \$3,106,700,000 in total directed payments to hospitals in FY 2025 using the increase in assessment revenue. The budget includes an increase of \$727,011,500 in expenditure authority across the Medicaid Services line items within AHCCCS, in addition to a \$13,030,200 increase within the DES budget, to give each agency the authority necessary to make the \$3,106,700,000 in total payments.

The budget also includes an additional \$500,000,000 in expenditure authority within the Traditional Medicaid Services line item to ensure that AHCCCS has sufficient authority within its budget to make the \$3,106,700,000 in total directed payments to hospitals. The budget adds a footnote stating that \$3,606,700,000 of the amount appropriated from expenditure authority is for directed payments to hospitals in FY 2025.

The FY 2025 Health Care BRB exempts AHCCCS from the rulemaking requirements of implementing the Health Care Investment Fund portion of the hospital assessment for 2 years and makes the rulemaking exemption retroactive to July 1, 2024.

---

---

### Operating Budget

---

---

The budget includes \$157,426,400 and 1,143.2 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<u>FY 2025</u>
General Fund	\$39,764,800
Children's Health Insurance Program (CHIP) Fund	5,741,600
Health Care Investment Fund	2,472,200
Prescription Drug Rebate Fund (PDRF) - State	663,200
Seriously Mentally Ill (SMI) Housing Trust Fund	217,700
Federal Medicaid Authority (FMA)	108,566,900

Adjustments are as follows:

#### Additional Fraud Investigation Staff

The budget includes an increase of \$11,258,700 and 101 FTE Positions in FY 2025 to hire additional administrative staff to address fraudulent and erroneous payments in AHCCCS's fee-for-service program. These amounts consist of:

General Fund	3,289,200
Federal Medicaid Authority	7,969,500

The budget assumes these costs would be offset by savings resulting from a reduction in invalid payments. *(Please see the Traditional Medicaid Services line item for additional information.)*

#### MES Modernization

The budget includes a one-time increase of \$21,911,000 from Federal Medicaid Authority in FY 2025 for replacement of AHCCCS's Medicaid Enterprise System (MES), formerly known as the Prepaid Medicaid Management Information System (PMMIS). The corresponding General Fund state match amount of \$3,396,000 is included in the Arizona Department of Administration – Automation Projects Fund. *(Please see ADOA – Automation Projects Fund narrative for additional information.)*

#### Remove PMMIS Replacement – Systems Integrator Funding

The budget includes a decrease of \$(7,500,000) from Federal Medicaid Authority in FY 2025 to remove one-time funding for the services of a Systems Integration provider to replace AHCCCS's Prepaid Medicaid Management Information System (PMMIS). The corresponding General Fund state match amount was \$2,000,000 and included 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.)*

#### Remove PMMIS Replacement – Roadmap Implementation Funding

The budget includes a decrease of \$(7,000,000) in FY 2025 to remove funding to implement 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)

An FY 2024 General Appropriation Act footnote makes these monies non-lapsing through FY 2025.

#### Statewide Adjustments

The budget includes an increase of \$1,739,300 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	486,100
CHIP Fund	15,100
PDRF - State	600
Health Care Investment Fund	(100)
Federal Medicaid Authority	1,237,600

*(Please see the Agency Detail and Allocations section.)*

---

---

### Administration

---

---

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(1,242,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### AHCCCS Data Storage

The budget includes \$19,325,800 in FY 2025 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 2024.

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 2025 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 2024.

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

#### **Proposition 204 - AHCCCS Administration**

The budget includes \$15,625,100 and 131 FTE Positions in FY 2025 for Proposition 204 - AHCCCS Administration costs. These amounts consist of:

General Fund	4,942,300
PDRF - State	60,900
Federal Medicaid Authority	10,621,900

Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$402,900 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	120,600
Federal Medicaid Authority	282,300

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 2025 for Proposition 204 - DES Eligibility costs. These amounts consist of:

General Fund	15,807,900
Budget Neutrality Compliance Fund (BNCF)	4,914,300

Federal Medicaid Authority 23,636,500

Adjustments are as follows:

##### **Formula Adjustments**

The budget includes a decrease of \$(245,000) from the General Fund and a corresponding increase of \$245,000 from the BNCF in FY 2025 to reflect an increase of county contributions in FY 2025. This adjustment assumes an inflation adjustment of 3.55% and a state population adjustment of 1.7% 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 2025. A description of program components can be found in the *Other Issues* section.

#### **Traditional Medicaid Services**

The budget includes \$8,544,224,600 in FY 2025 for Traditional Medicaid Services. This amount consists of:

General Fund	1,828,347,900
County Funds	43,176,200
Health Care Investment Fund	596,995,200
Political Subdivision Funds	57,400,800
PDRF - State	181,529,700
TTHCF - Medically Needy Account	66,586,300
Third Party Liability and Recovery Fund	194,700
PDRF - In Lieu of Federal Funds	572,638,300
Federal Medicaid Authority	5,197,355,500

Adjustments are as follows:

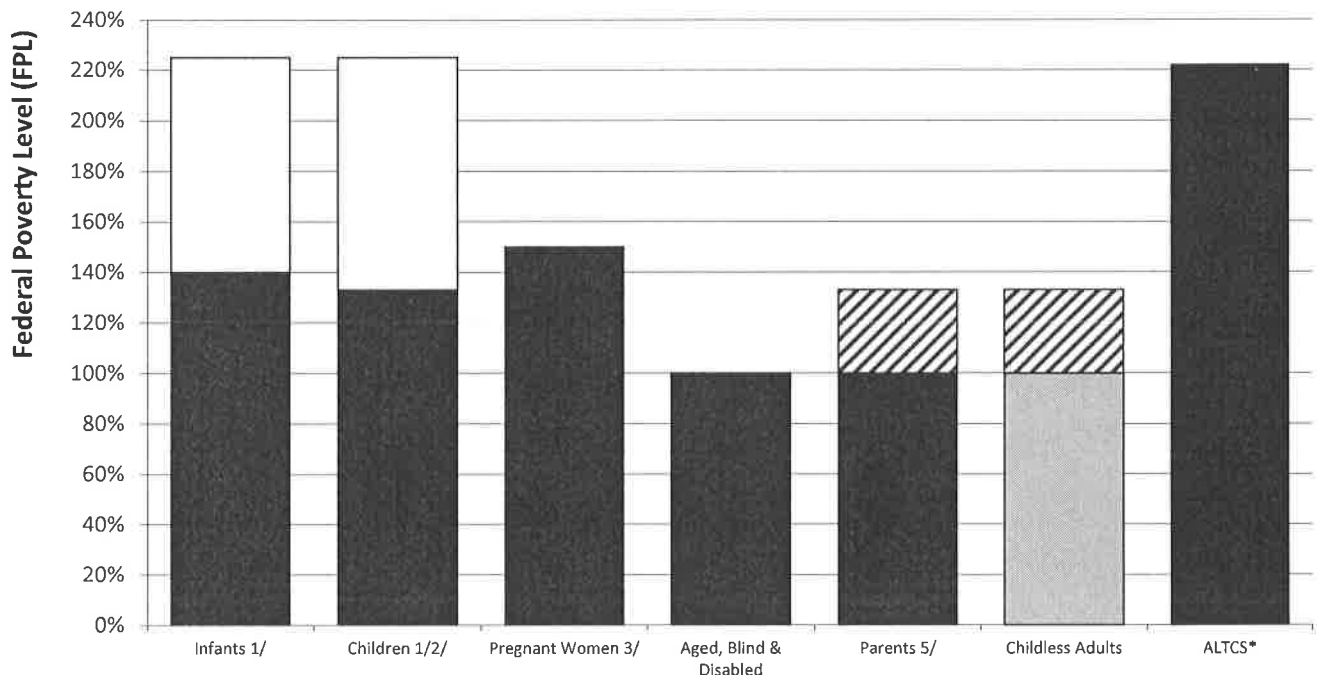
##### **Formula Adjustments**

The budget includes a decrease of \$(267,248,400) in FY 2025 for formula adjustments. This amount consists of:

General Fund	135,088,500
County Funds	(557,500)
Health Care Investment Fund	11,685,000
Political Subdivision Funds	7,081,400

Chart 1

## AHCCCS Eligibility



■ Mandatory (65% Fed Match) □ KidsCare (75% Fed Match) ▨ Childless Adults Option (90% Fed Match) ▩ ACA Expansion (90% Fed Match)

1/ The KidsCare expansion from 200% to 225% FPL is in effect beginning April 1, 2024.

2/ 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.

3/ 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.

TTHCF - Medically Needy Account (672,600)  
Federal Medicaid Authority (419,873,200)

(Please see the Hospital Assessment section for additional information.)

#### Backfill FY 2024 Ex-Appropriation

The budget includes an increase of \$87,761,300 from the General Fund in FY 2025 to backfill funding that was ex-appropriated in FY 2024. (See FY 2024 Adjustments in Other Issues for additional information.)

#### Ongoing Prescription Drug Rebate Fund Shift

The budget includes a decrease of \$(24,671,100) from the General Fund and a corresponding increase of \$24,671,100 from PDRF - State in FY 2025 to further offset the General Fund costs of the AHCCCS Medicaid program.

#### Hospital Directed Payments Increase

The budget includes an increase of \$345,055,800 in FY 2025 for a hospital directed payments increase. This amount consists of:

Health Care Investment Fund 75,488,200  
Federal Medicaid Authority 269,567,600

#### Additional Expenditure Authority for Hospital Directed Payments

The budget includes an increase of \$500,000,000 in FY 2025 for additional expenditure authority for hospital directed payments. This amount consists of:

Health Care Investment Fund 125,000,000  
Federal Medicaid Authority 375,000,000

(Please see the Hospital Assessment section for additional information.)

#### Savings from Reduction in Invalid Payments

The budget includes a decrease of \$(11,258,700) in FY 2025 to reflect savings from a reduction in invalid payments in the fee-for-service program. This amount consists of:

General Fund (3,289,200)  
Federal Medicaid Authority (7,969,500)



The budget assumes these savings would result from the additional fraud investigation staff that the budget includes an increase in funding for. *(Please see the Operating Budget for additional information.)*

#### **Remove One-Time Rapid Whole Genome Sequencing Pilot Funding**

The budget includes a decrease of \$(486,500) in FY 2025 to remove one-time funding for 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. Laws 2023, Chapter 139 made rapid whole genome sequencing available for AHCCCS members under the age of 1 who meet certain criteria. Pursuant to an FY 2024 General Appropriation Act footnote, these monies are non-lapsing through FY 2026. The program is repealed after December 31, 2026.

*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 17% 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 \$7,769,810,300 in FY 2025 for Proposition 204 Services. This amount consists of:

General Fund	115,011,500
Health Care Investment Fund	242,806,200
Hospital Assessment Fund	650,025,200
Political Subdivision Funds	13,946,600
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	6,591,899,400

Adjustments are as follows:

#### **Formula Adjustments**

The budget includes an increase of \$388,289,400 in FY 2025 for formula adjustments. This amount consists of:

General Fund	74,513,900
Health Care Investment Fund	21,402,000
Hospital Assessment Fund	7,965,700
Political Subdivision Funds	2,351,200
Federal Medicaid Authority	282,056,600

#### **Backfill FY 2024 Ex-Appropriation**

The budget includes a decrease of \$(62,897,200) from the General Fund in FY 2025 for the removal of a one-time funding adjustment associated with an FY 2024 ex-appropriation. *(See FY 2024 Adjustments in Other Issues for additional information.)*

#### **Hospital Assessment Behavioral Health Shift**

The budget includes a decrease of \$(100,000,000) from the General Fund and a corresponding increase of \$100,000,000 from the Hospital Assessment Fund in FY 2025 to offset the General Fund costs of the AHCCCS Medicaid program. *(Please see the Hospital Assessment section for additional information.)*

#### **Hospital Directed Payments Increase**

The budget includes an increase of \$343,201,900 in FY 2025 for a hospital directed payments increase. This amount consists of:

Health Care Investment Fund	75,082,700
Federal Medicaid Authority	268,119,200

*(Please see the Hospital Assessment section for additional 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 \$740,010,600 in FY 2025 for Adult Expansion Services. This amount consists of:

General Fund	8,020,100
Health Care Investment Fund	19,733,900
Hospital Assessment Fund	44,294,600
Political Subdivision Funds	1,137,300
Federal Medicaid Authority	666,824,700

Adjustments are as follows:

**Formula Adjustments**

The budget includes a decrease of \$(200,688,500) in FY 2025 for formula adjustments. This amount consists of:

General Fund	(1,244,500)
Health Care Investment Fund	1,815,800
Hospital Assessment Fund	(19,826,300)
Political Subdivision Funds	38,200
Federal Medicaid Authority	(181,471,700)

**Backfill FY 2024 Ex-Appropriation**

The budget includes an increase of \$966,100 from the General Fund in FY 2025 to backfill funding that was ex-appropriated in FY 2024. *(See FY 2024 Adjustments in Other Issues for additional information.)*

**Hospital Directed Payments Increase**

The budget includes an increase of \$13,874,800 in FY 2025 for a hospital directed payments increase. This amount consists of:

Health Care Investment Fund	3,035,400
Federal Medicaid Authority	10,839,400

*(Please see the Hospital Assessment section for additional 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 Health Plan**

The budget includes \$177,233,200 in FY 2025 for the Comprehensive Health Plan (CHP). This amount consists of:

General Fund	54,355,300
Health Care Investment Fund	6,700,500
Federal Medicaid Authority	116,177,400

Adjustments are as follows:

**Formula Adjustments**

The budget includes a decrease of \$(29,923,400) in FY 2025 for formula adjustments. This amount consists of:

General Fund	(2,800,400)
Health Care Investment Fund	(2,004,900)
Federal Medicaid Authority	(25,118,100)

**Backfill FY 2024 Ex-Appropriation**

The budget includes an increase of \$8,729,600 from the General Fund in FY 2025 to backfill funding that was ex-appropriated in FY 2024. *(See FY 2024 Adjustments in Other Issues for additional information.)*

**Hospital Directed Payments Increase**

The budget includes an increase of \$3,253,100 in FY 2025 for a hospital directed payments increase. This amount consists of:

Health Care Investment Fund	711,700
Federal Medicaid Authority	2,541,400

*(Please see the Hospital Assessment section for additional information.)*

*Background* – This line item provides coverage to CHP-eligible children. CHP 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 \$229,689,800 in FY 2025 for KidsCare Services. This amount consists of:

General Fund	47,782,500
Health Care Investment Fund	12,936,300
Political Subdivision Funds	831,600
CHIP Fund	168,139,400

Adjustments are as follows:

**Formula Adjustments**

The budget includes an increase of \$36,318,200 in FY 2025 for formula adjustments. This amount consists of:

General Fund	14,674,100
Health Care Investment Fund	(1,867,400)
Political Subdivision Funds	319,200
CHIP Fund	23,192,300

**Backfill FY 2024 Ex-Appropriation**

The budget includes a decrease of \$(1,742,300) from the General Fund in FY 2025 for the removal of a one-time funding adjustment associated with an FY 2024 ex-

appropriation. (See FY 2024 Adjustments in Other Issues for additional information.)

#### **Remove FY 2024 Supplemental**

The budget includes a decrease of \$(7,527,500) from the CHIP Fund in FY 2025 for the removal of a one-time supplemental funding adjustment. (See FY 2024 Adjustments in Other Issues for additional information.)

#### **Hospital Directed Payments Increase**

The budget includes an increase of \$6,977,600 from the Health Care Investment Fund in FY 2025 for a hospital directed payments increase. (Please see the Hospital Assessment section for additional 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 225% FPL. Laws 2023, Chapter 139 raised the upper limit, previously 200% FPL, which went into effect on April 1, 2024. 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 \$2,472,720,900 in FY 2025 for ALTCS Services. This amount consists of:

General Fund	400,434,200
County Funds	399,872,100
Health Care Investment Fund	29,408,300
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	1,559,788,500

Adjustments are as follows:

#### **Formula Adjustments**

The budget includes an increase of \$125,637,300 in FY 2025 for formula adjustments. This amount consists of:

General Fund	70,865,300
County Funds	33,666,700
Health Care Investment Fund	2,358,400
Federal Medicaid Authority	18,746,900

#### **Backfill FY 2024 Ex-Appropriation**

The budget includes an increase of \$7,127,400 from the General Fund in FY 2025 to backfill funding that was ex-appropriated in FY 2024. (See FY 2024 Adjustments in Other Issues for additional information.)

#### **Hospital Directed Payments Increase**

The budget includes an increase of \$14,648,300 in FY 2025 for a hospital directed payments increase. This amount consists of:

Health Care Investment Fund	3,204,600
Federal Medicaid Authority	11,443,700

(Please see the Hospital Assessment section for additional information.)

#### **Remove American Rescue Plan HCBS Spending**

The budget includes a decrease of \$(347,740,500) from Federal Medicaid Authority in FY 2025 to remove one-time funding for home-and community-based services (HCBS). 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. FY 2024 is the final year of available funding. 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 \$32,368 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 \$10,935 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 2024, AHCCCS estimates that client contributions will pay for 3.7%, or \$61,400,000, 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.

### **Behavioral Health Services in Schools**

The budget includes \$8,630,600 in FY 2025 for Behavioral Health Services in Schools. This amount consists of:

General Fund	3,000,000
Federal Medicaid Authority	5,630,600

Adjustments are as follows:

#### **Formula Adjustments**

The budget includes a decrease of \$(490,000) from Federal Medicaid Authority in FY 2025 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 are 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 2025 for Non-Medicaid Seriously Mentally Ill (SMI) Services. This amount is unchanged from FY 2024.

*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.)

### **Case Management Provider Wage Increases**

The budget includes \$1,000,000 from the General Fund in FY 2025 for Case Management Provider Wage Increases. Adjustments are as follows:

#### **One-Time Funding**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for distribution to entities that provide case management for persons with serious mental illness. The budget requires the monies to be used for providers with fewer than 5,000 members.

### **Supported Housing**

The budget includes \$65,324,800 in FY 2025 for Supported Housing. This amount consists of:

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

These amounts are unchanged from FY 2024.

*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 July 2024, 2,187 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 \$24,552,800 was spent for Supported Housing services from the Non-Medicaid Seriously Mentally Ill Services line item in FY 2023.

In May 2021, AHCCCS submitted a waiver amendment to the Centers for Medicare & 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 subsequently required 2 additional deliverables defining the program's operational details before the program could start. AHCCCS submitted the 2 deliverables in April 2023 and October 2023, respectively, and received approval for its implementation plan in May 2024.

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 \$69.3 million in Federal Funds annually for housing initiatives through FY 2027.

Obtaining the full federal allocation, however, requires AHCCCS to identify \$5.5 million in additional state monies over and above existing state housing funding. In FY 2024, the additional state match is being funded from the Housing Trust Fund.

#### **Crisis Services**

The budget includes \$16,391,300 in FY 2025 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 2024.

*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.

#### **Children's Behavioral Health Services Fund Deposit**

The budget includes no funding in FY 2025 for Children's Behavioral Health Services Fund Deposit. Adjustments are as follows:

##### **Remove One-Time Deposit**

The budget includes a decrease of \$(250,000) from PDRF - State in FY 2025 to remove a one-time 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 2025. The budget therefore assumes that Arizona's DSH allocation would be adjusted in FY 2025 through FY 2027 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 \$74,162,900 of federal DSH funds associated with uncompensated care in public hospitals (Valleywise and the Arizona State Hospital) are available for General Fund deposit. The \$74,162,900 assumes Valleywise would report uncompensated care of \$92,291,200 in FY 2025.

However, in March 2024, AHCCCS received approval from CMS to provide directed payments to Valleywise via a new program called the Safety Net Services Initiative (SNSI). CMS approved \$286,460,000 of total payments in the first year. This amount consists of \$61,856,200 from Valleywise serving as the state match and \$224,603,800 in federal matching funds. The budget does not account for the impact of these payments.

According to AHCCCS, these directed payments will reduce the level of Valleywise uncompensated care to \$0. As a result, the federal DSH funds associated with uncompensated care in Valleywise will no longer be available for deposit to the General Fund beginning in FY 2024. The budget assumed the General Fund would be receiving \$56,977,500 in FY 2024 and \$55,685,500 in FY 2025 from these funds. According to AHCCCS, the lost General Fund revenue will be replaced through a separate agreement between Valleywise and the Arizona Department of Administration (ADOA).

#### **Change in Uncompensated Care Payments**

In FY 2025, the budget assumes that the state's total DSH payments will decrease by \$(4,404,700) from \$191,386,100 in FY 2024 (originally budgeted) to \$186,981,400 due to federal adjustments for inflation. Of the \$186,981,400 of eligible DSH funding in FY 2025, \$145,920,900 is distributed according to the allocations described below and listed in *Table 3*. The remaining

Table 3

## Disproportionate Share Hospital Payments

Eligible Funding <sup>1/</sup>	FY 2024 (Enacted)	FY 2024 (Actual) <sup>2/</sup>	FY 2025 (Enacted)	FY 2025 (Estimated) <sup>3/</sup>
Valleywise - CPE <sup>2/</sup>	\$ 92,291,200	\$ 0	\$ 92,291,200	\$ 0
ASH - CPE	28,474,900	28,474,900	28,474,900	28,474,900
Private Hospitals	884,800	884,800	884,800	884,800
DSH Voluntary Match	69,735,200	69,735,200	65,330,500	65,330,500
<b>Total Funding</b>	<b>\$ 191,386,100</b>	<b>\$ 99,094,900</b>	<b>\$ 186,981,400</b>	<b>\$ 94,690,200</b>
<b>General Fund</b>				
Retain FF of CPE (via Valleywise)	\$ 56,977,500	\$ 0	\$ 55,685,500	\$ 0
Retain FF of CPE (via ASH)	18,876,000	18,876,000	18,477,400	18,477,400
Subtotal - General Fund	\$ 75,853,500	\$ 18,876,000	\$ 74,162,900	\$ 18,477,400
<b>Other Entities</b>				
Valleywise	\$ 4,202,300	\$ 0	\$ 4,202,300	\$ 0
Private Hospitals	884,800	884,800	884,800	884,800
Subtotal - Other Entities	5,087,100	884,800	5,087,100	884,800
<b>Total DSH Distributions</b>	<b>\$ 80,940,600</b>	<b>\$ 19,760,800</b>	<b>\$ 80,590,400</b>	<b>\$ 19,362,200</b>
<b>Voluntary Match</b>	<b>\$ 69,735,200</b>	<b>\$ 69,735,200</b>	<b>\$ 65,330,500</b>	<b>\$ 65,330,500</b>
<b>Total Distributions</b>	<b>\$ 150,675,800</b>	<b>\$ 89,496,000</b>	<b>\$ 145,920,900</b>	<b>\$ 84,692,700</b>

1/ Amounts include state and federal match funding.

2/ The budget continues a Valleywise DSH limit of \$113,818,500 in the FY 2025 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 2024 and FY 2025.

3/ The budget does not account for the impact of newly approved directed payments to Valleywise on DSH distributions. AHCCCS reports that these payments will reduce Valleywise's eligible funding for DSH to \$0.

\$41,060,500 of eligible funding represents existing expenditures used as part of the state match. (See the *Hospital Payments program summary on the JLBC website.*)

However, after accounting for the reduced level of Valleywise uncompensated care discussed above, we estimate that the state's total DSH payments will decrease to \$94,690,200 in FY 2025. Of this amount, \$84,692,700 would be distributed to the allocations described in Table 3.

#### Disproportionate Share Payments

The budget includes \$5,087,100 in FY 2025 for Disproportionate Share Payments. This amount consists of:

General Fund	310,700
Federal Medicaid Authority	4,776,400

Adjustments are as follows:

#### Formula Adjustments

The budget includes an increase of \$12,400 from the General Fund and a corresponding decrease of \$(12,400) from Federal Medicaid Authority in FY 2025 to reflect a change in the federal match rate.

Of the \$5,087,100 appropriation in the Disproportionate Share Payments line, \$884,800 represents distributions to private hospitals, including \$310,700 from the General Fund and \$574,100 in federal expenditure authority. In FY 2023, there were 16 private hospitals that received DSH payments. The remaining \$4,202,300 represents federal matching funds that the state appropriates to Valleywise.

#### DSH Payments - Voluntary Match

The budget includes \$65,330,500 in FY 2025 for DSH Payments - Voluntary Match. This amount consists of:

Political Subdivision Funds	22,212,400
Federal Medicaid Authority	43,118,100

Adjustments are as follows:

#### Decreased Funding

The budget includes a decrease of \$(4,404,700) in FY 2025 due to DSH formula adjustments. This amount consists of:

Political Subdivision Funds	(1,295,300)
Federal Medicaid Authority	(3,109,400)

**Background** – This line item provides DSH payments to hospitals with matching funds provided by political subdivisions. The FY 2025 Health Care BRB continues a

provision that gives priority to eligible rural hospitals when allocating voluntary match DSH payments and continues to permit AHCCCS to include Valleywise in allocations of voluntary match DSH payments if Valleywise's CPE and matching Federal Funds exceed \$113,818,500 in FY 2025. (Please see Table 3.)

#### **Graduate Medical Education**

The budget includes \$469,246,600 in FY 2025 for Graduate Medical Education (GME) expenditures. This amount consists of:

General Fund	9,000,000
Political Subdivision Funds	140,654,500
Federal Medicaid Authority	319,592,100

Adjustments are as follows:

##### **Funding Adjustment**

The budget includes an increase of \$42,715,100 in FY 2025 for a GME funding adjustment. This amount consists of:

Political Subdivision Funds	40,131,900
Federal Medicaid Authority	2,583,200

The funding adjustment reflects AHCCCS' estimate of hospital participation in the program in FY 2025, as well as changes in the federal match rate.

*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 2024, 29 hospitals received a total of \$406,203,400 for Graduate Medical Education.

The budget modifies a footnote included in the FY 2024 General Appropriations Act. The original footnote made the monies appropriated for the GME program in FY 2024 non-lapsing through June 30, 2024. The modified footnote extends the non-lapsing status through June 30, 2025. The budget also includes a similar footnote that makes the monies appropriated for the GME program in FY 2025 non-lapsing through June 30, 2026.

#### **Critical Access Hospitals**

The budget includes \$28,416,700 in FY 2025 for Critical Access Hospitals (CAH). This amount consists of:

General Fund	9,977,100
Federal Medicaid Authority	18,439,600

Adjustments are as follows:

##### **Formula Adjustments**

The budget includes an increase of \$230,100 from the General Fund and a corresponding decrease of \$(230,100) from Federal Medicaid Authority in FY 2025 due to a change in the federal match.

##### **Shift Rural Hospital Inpatient Funding**

The budget includes a decrease of \$(12,158,100) in FY 2025 to shift funding for the Rural Hospital Reimbursement program to AHCCCS's regular hospital rate schedule. This amount consists of:

General Fund	(4,098,200)
Federal Medicaid Authority	(8,059,900)

Under A.R.S. § 36-2905.02, AHCCCS is required to request approval from CMS to make supplemental payments to rural hospitals to increase reimbursement for inpatient services. The agency previously administered these payments through the Rural Hospital Inpatient Fund distribution.

AHCCCS reports that CMS is requiring Arizona to phase out the Rural Hospital Inpatient Fund no later than FY 2027. As a result, effective January 1, 2023, AHCCCS replaced the fund with a \$12,158,100 increase to the inpatient portion of its regular hospital rate schedule. The actuaries included this adjustment in AHCCCS's FY 2024 capitation rates.

As a result, the budget eliminates the Rural Hospital Inpatient Fund monies in this line item and instead displays the monies in the regular service line items. The budget adds a footnote specifying that \$12,158,100 in the Traditional Medicaid Services line item is for inpatient payments to rural hospitals.

##### **Remove FY 2024 Supplemental Pool Increase**

The budget includes a decrease of \$(12,462,000) in FY 2025 to remove one-time supplemental payments to Critical Access Hospitals. This amount consists of:

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

##### **FY 2025 Supplemental Pool Increase**

The budget includes a one-time increase of \$11,962,400 in FY 2025 to for supplemental payments to Critical Access Hospitals. This amount consists of:

General Fund	4,200,000
Federal Medicaid Authority	7,762,400

The reduction in total funding from the FY 2024 increase reflects a change in the federal match.

*Background* – This line item funds the CAH program, which provides increased reimbursement to small rural hospitals that are federally designated as CAHs. To be eligible as a CAH, the hospital must be in a rural area more than 35 miles from the nearest hospital and maintain no more than 25 inpatient beds. Funding is distributed according to a hospital’s share of the cost in serving Medicaid enrollees during the prior year. In FY 2024, 12 hospitals qualified for funding from CAH.

#### **Targeted Investments Program**

The budget includes \$56,000,000 in FY 2025 for the Targeted Investments (TI) Program. This amount consists of:

Delivery System Reform	17,922,700
Incentive Payment (DSRIP) Fund	
Federal Medicaid Authority	38,077,300

Adjustments are as follows:

#### **Funding Adjustment**

The budget includes an increase of \$30,000,000 in FY 2025 for increased TI program payments. This amount consists of:

DSRIP Fund	9,601,500
Federal Medicaid Authority	20,398,500

AHCCCS included waiver authority for this program as part of its 2022-2027 waiver renewal application, which received CMS approval in October 2022.

*Background* – In January 2017, CMS approved AHCCCS's 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 no funding in FY 2025 for On-Call Obstetrics and Gynecological Services. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(7,500,000) from the General Fund in FY 2025 to remove one-time funding for on-call obstetric and gynecological services in low-volume obstetric delivery areas and rural communities.

An FY 2024 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 2024 Adjustments
- Statutory Changes
- Long-Term Budget Impacts
- Fund Transfers
- Health Workforce Development Funding
- Fraud Investigation
- County Contributions
- Program Components
- Tobacco Master Settlement Agreement
- Tobacco Tax Allocations

#### **FY 2024 Adjustments**

The budget assumes AHCCCS General Fund formula expenses for FY 2024 will be \$(39,944,900) lower than the original FY 2024 General Fund appropriation. The budget includes an FY 2024 ex-appropriation of \$(39,944,900) from the General Fund to account for the surplus. The budget also includes an FY 2024 supplemental appropriation of \$7,527,500 from the CHIP Fund.

The \$(39,944,900) ex-appropriation primarily reflects the net impact of faster-than-anticipated enrollment declines within Traditional Medicaid and lower per-member spending in the fee-for-service program, partially offset by slower-than-anticipated enrollment declines within the Proposition 204 Childless Adults and KidsCare programs.



This lowers AHCCCS costs relative to the FY 2024 enacted budget. (See *Formula Adjustments for additional information on pandemic-related disenrollment.*)

The \$7,527,500 supplemental primarily reflects slower-than-anticipated enrollment declines within the KidsCare program. The supplemental also accounts for an estimated 6.9% capitation rate adjustment for FY 2024, higher than the 3.1% inflation adjustment included in the FY 2024 enacted budget.

### **Statutory Changes**

The Health Care BRB makes the following changes:

#### *Rates and Services*

- As session law, continue the FY 2010 risk contingency rate reduction for all managed care organizations. Continues to allow AHCCCS to impose a reduction on funding for all managed care organizations administrative funding levels.
- As session law, require AHCCCS to report by January 31, 2025, on aggregate spending and aggregate utilization of mental health medications, including antipsychotics and antidepressants, during contract years 2020-2023.

#### *Counties*

- As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.
- As session law, set the FY 2025 County Acute Care contribution at \$43,176,200.
- As session law, continue to require AHCCCS to transfer any excess monies back to the counties by December 31, 2025, 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 2025 county Arizona Long Term Care System (ALTCs) contributions at \$399,872,100.

#### *Hospitals*

- As session law, continue to establish FY 2025 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 2025.
- 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 2025 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.

- As session law, allow the hospital assessment to fund a portion of the costs of behavioral health services for certain expansion populations in FY 2025 and FY 2026.
- As session law, provide a rulemaking exemption for the Health Care Investment Fund portion of the hospital assessment for 2 years and make the rulemaking exemption retroactive to July 1, 2024.

#### *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.
- As permanent law, require AHCCCS to report to the State Treasurer, JLBC and OSPB by December 1st annually the amount the agency will deposit in the General Fund due to a surplus in the Arizona Long Term Care System (ALTCs) program from the preceding fiscal year, pursuant to A.R.S. § 11-292M. The report shall include the calculations AHCCCS used to compute the total amount of the surplus and the apportionment of the surplus between each county and the General Fund.

### **Long-Term Budget Impacts**

As part of the budget's 3-year spending plan, AHCCCS's General Fund costs are projected to increase by \$177,719,900 in FY 2026 above FY 2025 and by \$258,334,500 in FY 2027 above FY 2026.

The FY 2026 estimate is based on:

- 1% caseload growth.
- 3.0% capitation growth.
- An estimated 64.55% FMAP.
- Adjustments to non-General Fund state match offsets.
- \$(5,200,000) to remove FY 2025 one-time funding.

The FY 2027 estimate is based on:

- 1% caseload growth.
- 3.0% capitation growth.
- An estimated 64.44% FMAP.
- Adjustments to non-General Fund state match offsets.

- \$100,000,000 to backfill a portion of the behavioral health costs of certain AHCCCS expansion populations that would no longer be covered via the Hospital Assessment Fund.

#### **Fund Transfers**

The budget includes the following transfer from this agency's funds to the General Fund:

	<b>FY 2024</b>
PDRF - State	\$46,000,000

#### **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 approved 17 award recipients, encompassing 25 total programs.

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.

#### **Fraud Investigation**

In May 2023, AHCCCS released preliminary findings of fraud in an ongoing federal investigation. Since that time, AHCCCS has suspended payments to more than 300 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 hired a forensic auditor to review all fee-for-service claims submitted in the past 6 years.

The budget assumes that fee-for-service expenditures per enrollee will be lower in FY 2024 and FY 2025 compared with FY 2023 based on reductions in the volume of fraudulent claims. Based on preliminary post-investigation fee-for-service spending data, the budget assumes that on a Total Funds basis, fee-for-service expenditures will be \$2,292,532,400 across all programs in FY 2024, or (38.7)% below FY 2023 actual spending of \$3,741,971,000. The budget also does not assume any specific level of fraud recoveries in General Fund revenues.

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.
- Requiring providers to disclose any third-party billing relationships.
- Implementing identify verification for AHCCCS Online.

#### **County Contributions**

County governments make 3 different payments to defray the AHCCCS budget's costs, as summarized in *Table 4*. 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*.)

Table 4

## County Contributions

County	FY 2024			FY 2025		
	<u>BNCF <sup>1/</sup></u>	<u>Acute</u>	<u>ALTCS</u>	<u>BNCF <sup>1/</sup></u>	<u>Acute</u>	<u>ALTCS</u>
Apache	\$153,900	\$268,800	692,800	\$162,000	\$268,800	975,500
Cochise	287,100	2,214,800	6,587,900	302,100	2,214,800	973,400
Coconino	283,200	742,900	2,080,000	298,100	742,900	2,928,200
Gila	116,300	1,413,200	2,852,300	122,400	1,413,200	3,161,900
Graham	82,700	536,200	1,540,200	87,000	536,200	1,596,200
Greenlee	21,200	190,700	0	22,400	190,700	43,400
La Paz	44,000	212,100	682,700	46,300	212,100	990,200
Maricopa	0	15,703,400	240,195,400	0	15,145,900	269,359,200
Mohave	330,500	1,237,700	10,847,500	347,900	1,237,700	11,389,600
Navajo	216,700	310,800	2,867,700	228,000	310,800	4,037,000
Pima	1,968,900	14,951,800	56,396,600	2,072,300	14,951,800	62,975,600
Pinal	385,300	2,715,600	18,011,700	405,500	2,715,600	16,370,500
Santa Cruz	91,100	482,800	2,582,800	95,800	482,800	2,880,000
Yavapai	363,900	1,427,800	9,820,100	383,000	1,427,800	9,862,900
Yuma	324,500	1,325,100	11,047,700	341,500	1,325,100	12,328,500
<b>Subtotal</b>	<b>\$4,669,300</b>	<b>\$43,733,700</b>	<b>\$366,205,400</b>	<b>\$4,914,300</b>	<b>\$43,176,200</b>	<b>\$399,872,100</b>
<b>Total</b>			<b>\$414,608,400</b>			<b>\$447,962,600</b>

<sup>1/</sup> Numbers may not add to total due to rounding.

### Program Components

Traditional Medicaid, Proposition 204, Adult Expansion, KidsCare, ALTCS, and CHP 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 2025, the average capitation rate is expected to be approximately \$576 per member per month (or \$6,900 annually). Of that amount, an average of \$156 is from state match and \$420 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.

#### 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 2025 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 \$141,400,900 in transfers of tobacco tax collections in FY 2025. This amount represents a decrease of \$(1,428,300) from the FY 2024 budgeted amount. *Table 5* summarizes tobacco tax transfers and allocations to the agencies.

Table 5

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

**Medically Needy Account**Funds Available

Balance Forward

**FY 2023****FY 2024**

\$ 0

\$ 12,350,800

Transfer In - Tobacco Tax and Health Care Fund

47,664,100

47,759,400

Transfer In - Tobacco Products Tax Fund

25,987,700

26,039,700

**Total Funds Available**\$ **73,651,800**\$ **86,149,900**AllocationsAHCCCS

AHCCCS State Match Appropriation

\$ 60,601,000

\$ 66,558,900

Total AHCCCS Allocations

\$ 60,601,000

\$ 66,558,900

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\***\$ **12,350,800**\$ **18,891,000****AHCCCS Proposition 204 Protection Account**Funds Available

Balance Forward

\$ 5,138,500

\$ 4,982,400

Transfer In - Tobacco Products Tax Fund

36,485,300

36,558,300

**Total Funds Available**\$ **41,623,800**\$ **41,540,700**Allocations

AHCCCS State Match Appropriation

\$ 36,641,400

\$ 36,662,900

Administrative Adjustments

0

0

**Balance Forward**\$ **4,982,400**\$ **4,877,800****AHCCCS Emergency Health Services Account**Funds Available

Balance Forward

\$ 2,799,500

\$ 723,000

Transfer In - Tobacco Products Tax Fund

15,371,800

17,458,500

**Total Funds Available**\$ **18,171,300**\$ **18,181,500**Allocations

AHCCCS State Match Appropriation

\$ 17,448,300

\$ 17,458,500

Administrative Adjustments

0

0

**Balance Forward <sup>1/</sup>**\$ **723,000**\$ **723,000****DHS Health Education Account**Funds Available

Balance Forward

\$ 16,127,900

\$ 18,513,700

Transfer In - Tobacco Tax and Health Care Fund

12,722,300

11,619,300

Transfer In - Tobacco Products Tax Fund

1,623,000

1,573,200

Smoke-Free Arizona Fund

303,700

294,600

**Total Funds Available**\$ **30,776,900**\$ **32,000,800**Allocations

Tobacco Education and Prevention Program

\$ 10,709,100

\$ 15,840,000

Leading Causes of Death - Prevention and Detection

1,554,100

2,160,000

**Balance Forward**\$ **18,513,700**\$ **14,000,800****Health Research Account**Funds Available

Balance Forward

\$ 5,534,100

\$ 9,789,000

Transfer In - Tobacco Tax and Health Care Fund

2,729,700

2,614,500

Transfer In - Tobacco Products Tax Fund

4,094,500

3,921,700

**Total Funds Available**\$ **12,358,300**\$ **16,325,200**Allocations

Research Grants

2,569,300

9,550,300

**Balance Forward**\$ **9,789,000**\$ **6,774,900**<sup>1/</sup> Unencumbered funds in Emergency Health Services Account are transferred to Prop 204 Protection Account at end of year.

## Arizona Commission on the Arts

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Arts Trust Fund Deposit	5,000,000	5,000,000	2,000,000
<b>AGENCY TOTAL</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>2,000,000 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	5,000,000	5,000,000	2,000,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>2,000,000</b>
Other Non-Appropriated Funds	1,660,000	1,786,200	1,786,200 <sup>2/</sup>
Federal Funds	1,008,300	1,136,800	1,136,800
<b>TOTAL - ALL SOURCES</b>	<b>7,668,300</b>	<b>7,923,000</b>	<b>4,923,000</b>

**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

- <sup>1/</sup> General Appropriation Act funds are appropriated as a Special Line Item by Agency.  
<sup>2/</sup> Monies appropriated from the General Fund for deposit into the Arts Trust Fund pursuant to the FY 2025 General Appropriation Act are not displayed to avoid double counting of appropriations.

### Arts Trust Fund Deposit

The budget includes \$2,000,000 from the General Fund in FY 2025 for deposit into the non-appropriated Arts Trust Fund. Adjustments are as follows:

#### Remove One-Time FY 2024 Funding

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time funding for the Arts Trust Fund.

#### One-Time FY 2025 Arts Trust Fund Deposit

The budget includes an increase of \$2,000,000 from the General Fund in FY 2025 for a one-time deposit into 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1.5	1.5	1.5
Personal Services	77,900	75,400	75,400
Employee Related Expenditures	28,500	59,100	62,400
Professional and Outside Services	1,100	0	0
Travel - In State	500	1,200	1,200
Other Operating Expenditures	24,900	29,600	28,800
Equipment	3,600	0	0
<b>AGENCY TOTAL</b>	<b>136,500</b>	<b>165,300</b>	<b>167,800 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Athletic Training Fund	136,500	165,300	167,800
SUBTOTAL - Other Appropriated Funds	136,500	165,300	167,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>136,500</b>	<b>165,300</b>	<b>167,800</b>
<b>TOTAL - ALL SOURCES</b>	<b>136,500</b>	<b>165,300</b>	<b>167,800</b>

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

### FOOTNOTES

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### **Operating Budget**

The budget includes \$167,800 and 1.5 FTE Positions from the Athletic Training Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$2,500 from the Athletic Training Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### **Other Issues**

#### **Statutory Changes**

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the

Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### **Fund Transfers**

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Athletic Training Fund	\$250,000

## Attorney General - Department of Law

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	655.7	671.7	671.7 <sup>1/</sup>
Personal Services	34,201,200	39,263,800	39,263,800
Employee Related Expenditures	13,463,300	15,778,400	16,738,000
Professional and Outside Services	1,752,500	680,200	680,200
Travel - In State	225,700	174,200	174,200
Travel - Out of State	148,200	118,000	118,000
Other Operating Expenditures	6,748,300	10,998,400	7,447,900
Equipment	644,000	464,900	464,900
<b>OPERATING SUBTOTAL</b>	<b>57,183,200</b>	<b>67,477,900</b>	<b>64,887,000 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(839,000)
Capital Postconviction Prosecution	506,000	876,400	885,500
Child and Family Advocacy Centers	600,000	600,000	100,000 <sup>4/</sup>
Colorado City Radio Dispatch System	400,000	0	0
Criminal Division Major Fraud Unit	536,200	1,187,300	1,191,200
Employee Stipend/Retention Bonus	3,000,000	0	0
Expert Witness and Outside Counsel	275,500	0	0
Federalism Unit	1,062,300	0	0
Government Accountability and Special Litigation	607,600	1,287,500	1,293,200
Internet Crimes Against Children Enforcement	304,400	1,271,500	1,278,300 <sup>5/</sup>
Military Airport Planning	82,700	85,000	85,000 <sup>6/</sup>
Opioid Abatement	5,000,000	12,000,000 <sup>7/</sup>	0
Organized Retail Theft Task Force	776,100	1,570,700	1,575,700 <sup>8/</sup>
Risk Management Interagency Service Agreement	9,218,500	10,655,300	10,812,100
Southern Arizona Law Enforcement	1,575,200	1,656,600	1,682,500
State Grand Jury	156,800	193,000	195,300
Tobacco Enforcement	83,700	875,900	877,500
Transfer to ADC for Opioid Remediation/Allowable Settlement Uses	0	75,000,000 <sup>9/</sup>	40,000,000 <sup>10/</sup>
Transfer to DEMA for Opioid Remediation/Allowable Settlement Uses	0	0	3,000,000 <sup>11/</sup>
Transfer to DHS for Opioid Remediation/Allowable Settlement Uses	0	0	1,000,000 <sup>12/</sup>
Veterans Substance Abuse Treatment Grants	0	0	5,000,000 <sup>13/ 14/</sup>
Victims' Rights	2,099,400	4,023,500	4,027,700
Victims' Rights Fund Deposit	1,400,000	0	0
Voter Fraud Unit	468,000	0	0
<b>AGENCY TOTAL</b>	<b>85,335,600</b>	<b>178,760,600</b>	<b>137,052,000 <sup>15/</sup></b>
<b>FUND SOURCES</b>			
General Fund	27,169,700	27,749,200	27,092,700
<u>Other Appropriated Funds</u>			
Antitrust Enforcement Revolving Fund	120,100	160,900	162,300
Attorney General Legal Services Cost Allocation Fund	1,903,600	2,314,900	2,343,200
Collection Enforcement Revolving Fund – Operating	6,937,300	7,232,100	7,339,500
Consumer Protection - Consumer Fraud Revolving Fund	17,170,500	18,364,900	14,886,000
Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund	5,000,000	87,000,000	49,000,000
Interagency Service Agreements Fund	14,154,400	18,078,100	18,246,300
Internet Crimes Against Children Enforcement Fund	0	900,000	900,000



	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Risk Management Revolving Fund	10,934,800	13,147,700	13,266,600
Victims' Rights Fund	1,945,200	3,812,800	3,815,400
SUBTOTAL - Other Appropriated Funds	58,165,900	151,011,400	109,959,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>85,335,600</b>	<b>178,760,600</b>	<b>137,052,000</b>
Other Non-Appropriated Funds	69,233,900	64,033,100	64,033,100
Federal Funds	7,845,500	13,218,400	12,218,400
<b>TOTAL - ALL SOURCES</b>	<b>162,415,000</b>	<b>256,012,100</b>	<b>213,303,500</b>

**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 2025.
- 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/ 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 2024-2025. (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/ The \$900,000 appropriation from the internet crimes against children enforcement fund established by section 41-199, Arizona Revised Statutes, and the \$378,300 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, 2026. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 6/ 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.
- 7/ Of the amount appropriated to the attorney general for the opioid abatement line item in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 13, \$12,000,000 from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, 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)
- 8/ The \$1,575,700 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, as adjusted for statewide allocations)
- 9/ A. In addition to any other appropriation made in fiscal year 2023-2024, the sum of \$75,000,000 is appropriated from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, in fiscal year 2023-2024 to the attorney general. This amount consists of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements.  
B. On or before June 20, 2024, the attorney general shall transfer the monies appropriated in subsection A of this section to the state department of corrections opioid remediation fund established pursuant to section 35-142, Arizona Revised Statutes.  
C. The state department of corrections shall use the monies in the state department of corrections opioid remediation fund only for past and current department costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any co-occurring substance use disorder or mental health conditions or for any other approved purposes as prescribed in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation.  
D. Except as provided in subsection C of this section, the attorney general shall not impose any conditions on the transfer of the monies into the state department of corrections opioid remediation fund.

E. If the attorney general does not transfer the full amount specified in subsection A of this section on or before June 20, 2024, the general accounting office of the department of administration shall directly transfer the amount from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, to the state department of corrections opioid remediation fund.

F. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

10/ A. In addition to any other appropriation made in fiscal year 2024-2025, the sum of \$40,000,000 is appropriated from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, in fiscal year 2024-2025 to the attorney general. This amount consists of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements.

B. On or before July 3, 2024, or, if sufficient monies are not available on July 3, 2024, within three calendar days after sufficient monies become available, the attorney general shall transfer the monies appropriated in subsection A of this section to the state department of corrections opioid remediation fund established pursuant to section 35-142, Arizona Revised Statutes.

C. The state department of corrections shall use the monies in the state department of corrections opioid remediation fund only for past and current department costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any co-occurring substance use disorder or mental health conditions or for any other approved purposes as prescribed in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation.

D. Except as provided in subsection C of this section, the attorney general shall not impose any conditions on the transfer of the monies into the state department of corrections opioid remediation fund.

E. If the attorney general does not transfer the full amount specified in subsection A of this section on or before the date specified in subsection B of this section, the general accounting office of the department of administration shall directly transfer the amount from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, to the state department of corrections opioid remediation fund.

F. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

11/ A. In addition to any other appropriation made in fiscal year 2024-2025, the sum of \$3,000,000 is appropriated from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, in fiscal year 2024-2025 to the attorney general. This amount consists of monies deposited in the subaccount pursuant to opioid claims related litigation or settlements.

B. On or before July 3, 2024, or, if sufficient monies are not available on July 3, 2024, within three calendar days after sufficient monies become available, the attorney general shall transfer the monies appropriated in subsection A of this section to the department of emergency and military affairs opioid remediation fund established pursuant to section 35-142, Arizona Revised Statutes.

C. The department of emergency and military affairs shall use the monies in the department of emergency and military affairs opioid remediation fund only for approved purposes as prescribed in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation.

D. Except as provided in subsection C of this section, the attorney general shall not impose any conditions on the transfer of the monies into the department of emergency and military affairs opioid remediation fund.

E. If the attorney general does not transfer the full amount specified in subsection A of this section on or before the date specified in subsection B of this section, the general accounting office of the department of administration shall directly transfer the amount from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, to the department of emergency and military affairs opioid remediation fund.

F. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

12/ A. In addition to any other appropriation made in fiscal year 2024-2025, the sum of \$1,000,000 is appropriated from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, in fiscal year 2024-2025 to the attorney general. This amount consists of monies deposited in the subaccount pursuant to opioid claims related litigation or settlements.

B. On or before July 3, 2024, or, if sufficient monies are not available on July 3, 2024, within three calendar days after sufficient monies become available, the attorney general shall transfer the monies appropriated in subsection A of this section to the department of health services opioid remediation fund established pursuant to section 35-142, Arizona Revised Statutes.

C. The department of health services shall use the monies in the department of health services opioid remediation fund only for approved purposes as prescribed in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation.

D. Except as provided in subsection C of this section, the attorney general shall not impose any conditions on the transfer of the monies into the department of health services opioid remediation fund.

E. If the attorney general does not transfer the full amount specified in subsection A of this section on or before the date specified in subsection B of this section, the general accounting office of the department of administration shall directly transfer the amount from the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44 1531.02, Arizona Revised Statutes, to the department of health services opioid remediation fund.

F. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

- 13/ The amount appropriated for the veterans substance abuse treatment grants line item shall be used for grants to veterans services organizations that treat opioid use disorder in conjunction with judicial programs that address substance abuse treatment and rehabilitation for veterans. To be eligible for a grant, a veterans services organization program must follow best practices, be evidence-based, adhere to the individualized plan ordered by veterans treatment courts for each veteran and incorporate tracking of key metrics. (General Appropriation Act footnote)
- 14/ Before spending any monies appropriated for the veterans substance abuse treatments grants line item, the attorney general shall submit an expenditure plan to the joint legislative budget committee for review. The veterans substance abuse treatments grants line item includes \$5,000,000 from opioid claims-related monies deposited in the consumer remediation subaccount of the consumer restitution and remediation revolving fund pursuant to section 44-1531.02, subsection C, Arizona Revised Statutes. This amount shall be used only for approved purposes as defined in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation. (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 \$64,887,000 and 513.5 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$24,625,100
Antitrust Enforcement Revolving Fund	162,300
Attorney General Legal Services Cost Allocation Fund (LSCAF)	2,343,200
Collection Enforcement Revolving Fund (CERF)	7,339,500
Consumer Protection - Consumer Fraud (CPCF) Revolving Fund	9,716,100
Interagency Service Agreements (ISA) Fund	18,246,300
Risk Management Revolving Fund	2,454,500

Adjustments are as follows:

#### **Remove One-Time Operating Cost Funding**

The budget includes a decrease of \$(3,000,000) from the CPCF Revolving Fund in FY 2025 to remove one-time funding for increased operating costs. A General Appropriation Act footnote made the FY 2024 appropriation non-lapsing.

### **Statewide Adjustments**

The budget includes an increase of \$409,100 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$137,500
Antitrust Enforcement Revolving Fund	1,400
Attorney General Legal Services Cost Allocation Fund (LSCAF)	28,300
Collection Enforcement Revolving Fund (CERF)	107,400
Consumer Protection - Consumer Fraud (CPCF) Revolving Fund	4,200
Interagency Service Agreements (ISA) Fund	168,200
Risk Management Revolving Fund	(37,900)

*(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(839,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

### **Capital Postconviction Prosecution**

The budget includes \$885,500 and 6 FTE Positions from the General Fund in FY 2025 for Capital Postconviction Prosecution. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$9,100 from the General Fund in FY 2025 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 \$100,000 from the General Fund in FY 2025 for the Child and Family Advocacy Centers line item. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(500,000) from the CPCF Revolving Fund in FY 2025 to remove a one-time distribution to child and family advocacy centers.

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.

### **Criminal Division Major Fraud Unit**

The budget includes \$1,191,200 and 7 FTE Positions from the CPCF Revolving Fund in FY 2025 for the Criminal Division Major Fraud Unit. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$3,900 from the CPCF Revolving Fund in FY 2025 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.

### **Government Accountability and Special Litigation**

The budget includes \$1,293,200 and 10 FTE Positions from the CPCF Revolving Fund in FY 2025 for the Government Accountability and Special Litigation (GASL) line item. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$5,700 from the CPCF Revolving Fund in FY 2025 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.

### **Internet Crimes Against Children Enforcement**

The budget includes \$1,278,300 in FY 2025 for the Internet Crimes Against Children (ICAC) Enforcement line item. This amount consists of:

General Fund	378,300
ICAC Enforcement Fund	900,000

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$6,800 from the General Fund in FY 2025 for statewide adjustments.

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.

An ongoing General Appropriation Act footnote makes the amount non-lapsing through the following fiscal year.

### **Military Airport Planning**

The budget includes \$85,000 and 1 FTE Position from the General Fund in FY 2025 for Military Airport Planning. These amounts are unchanged from FY 2024.

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.

### **Opioid Abatement**

The budget includes no funding in FY 2025 for the Opioid Abatement line item. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(12,000,000) from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2025 to remove one-time funding for opioid abatement programs.

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. In October 2023, the JLBC gave a favorable review of a plan to spend \$11,500,000 of the \$12,000,000 appropriation for a competitive grant for rural county reentry programs for counties that already operate a reentry program as defined in A.R.S. § 11-392. The plan allocated the remaining \$500,000 to governmental entities that received monies from the Child and Family Advocacy Centers Fund in FY 2023.

An FY 2025 General Appropriation Act footnote makes the FY 2024 appropriation non-lapsing until June 30, 2025.

*(Please see the Other Issues – Opioid Settlements section for more information.)*

### **Organized Retail Theft Task Force**

The budget includes \$1,575,700 and 9 FTE Positions from the CPCF Revolving Fund in FY 2025 for the Organized Retail Theft Task Force line item. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$5,000 from the CPCF Revolving Fund in FY 2025 for statewide adjustments.

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 \$10,812,100 and 93 FTE Positions from the Risk Management Revolving Fund in FY 2025 for the Risk Management Interagency Service Agreement. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$156,800 from the Risk Management Revolving Fund in FY 2025 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.

### **Southern Arizona Law Enforcement**

The budget includes \$1,682,500 and 16 FTE Positions in FY 2025 for Southern Arizona Law Enforcement. These amounts consist of:

General Fund	1,355,400
CPCF Revolving Fund	327,100

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$25,900 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$23,600
CPCF Revolving Fund	2,300

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.

### **State Grand Jury**

The budget includes \$195,300 and 1.6 FTE Positions from the General Fund in FY 2025 for the State Grand Jury. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$2,300 from the General Fund in FY 2025 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.

### **Tobacco Enforcement**

The budget includes \$877,500 and 6.6 FTE Positions in FY 2025 for Tobacco Enforcement. These amounts consist of:

General Fund	94,800
CPCF Revolving Fund	782,700

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$1,600 from the General Fund in FY 2025 for statewide adjustments.

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 \$2,077,500 for the Attorney General to enforce the MSA in FY 2025.

### **Transfer to ADC for Opioid Remediation/Allowable Settlement Uses**

The budget includes \$40,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for a transfer to the State Department of Corrections Opioid Remediation Fund

established within the Arizona Department of Corrections (ADC) for opioid remediation and allowable settlement uses. Adjustments are as follows:

#### **Transfer Adjustment**

The budget includes a decrease of \$(35,000,000) from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2025 to reduce the required transfer to the State Department of Corrections Opioid Remediation Fund. The enacted budget included a \$75,000,000 FY 2024 supplemental appropriation for this purpose. The FY 2025 budget reduced the appropriation for this purpose to \$40,000,000.

A General Appropriation Act footnote requires ADC to use the monies in the State Department of Corrections Opioid Remediation Fund only for past and current department costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any co-occurring substance use disorder or mental health conditions or for any other approved purposes as prescribed in a court order, a settlement agreement or the One Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation. *(Please see footnote 9 for more details on the FY 2024 supplemental appropriation, and footnote 10 for more details on the FY 2025 appropriation.)*

### **Transfer to DEMA for Opioid Remediation/Allowable Settlement Uses**

The budget includes \$3,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for a transfer to the Department of Emergency and Military Affairs Opioid Remediation Fund established within the Arizona Department of Emergency and Military Affairs (DEMA) to expand existing drug interdiction efforts for the purposes of reducing drug trafficking activities, with a focus on assisting law enforcement agencies in fentanyl cases. Adjustments are as follows:

#### **One Time Funding**

The budget includes a one-time increase of \$3,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2025 to transfer these funds to DEMA.

A General Appropriation Act footnote requires DEMA to use the monies in the Department of Emergency and Military Affairs Opioid Remediation Fund only for approved purposes as prescribed in a court order, a settlement agreement or the One Arizona distribution of

opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation. *(Please see footnote 11 for more details on this transfer.)*

#### **Transfer to DHS for Opioid Remediation/Allowable Settlement Uses**

The budget includes \$1,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for a transfer to the Department of Health Services Opioid Remediation Fund established within the Arizona Department of Health Services (DHS) to distribute and equip first responders with overdose reversal medication. Adjustments are as follows:

##### **One Time Funding**

The budget includes a one-time increase of \$1,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2025 to transfer these funds to DHS.

A General Appropriation Act footnote requires DHS to use the monies in the Department of Health Services Opioid Remediation Fund only for approved purposes as prescribed in a court order, a settlement agreement or the One Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation. *(Please see footnote 12 for more details on this transfer.)*

#### **One-Time Veterans Substance Abuse Treatment Grants**

The budget includes \$5,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for veterans substance abuse treatment grants. Adjustments are as follows:

##### **One Time Funding**

The budget includes a one-time increase of \$5,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2025 for veterans substance abuse treatment grants.

A General Appropriation Act footnote specifies that organizations must treat opioid use disorder in conjunction with judicial substance abuse treatment programs to be eligible for these grants. The AG must submit an expenditure plan to JLBC for review before distributing any money from this line item.

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.

#### **Victims' Rights**

The budget includes \$4,027,700 and 8 FTE Positions in FY 2025 for Victims' Rights. These amounts consist of:

General Fund	212,300
Victims' Rights Fund	3,815,400

Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$4,200 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$1,600
Victims' Rights Fund	2,600

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.

#### **Other Issues**

This section includes information on the following topics:

- FY 2024 Supplemental
- Statutory Changes
- Fund Transfers
- Opioid Settlements
- Attorney General Legal Services Cost Allocation Fund

#### **FY 2024 Supplemental**

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$75,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for a transfer to the State Department of Corrections Opioid Remediation Fund established within the Arizona Department of Corrections (ADC) for opioid remediation and allowable settlement uses. *(Please see Footnote 9 and the Transfer to ADC for Opioid Remediation/Allowable Settlement Uses section for additional detail.)*

#### **Statutory Changes**

The Criminal Justice Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, delay the prohibition on the use of the Anti-Racketeering Revolving Fund to pay for salaries for FTE positions for one year, from after August 27, 2024 to after August 27, 2025.

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Anti-Racketeering Revolving Fund - Operations	\$2,600,000
Anti-Racketeering Revolving Fund - Pass Through	10,000,000
Collection Enforcement Revolving Fund - Operating	212,500

### Opioid Settlements

The Attorney General has reported that they estimate the state will receive \$501.9 million over the lifetime of numerous settlements with opioid manufacturers and distributors for their role in the proliferation of opioid addiction. Under the terms of the majority of these settlements, the state receives 44% of the total settlement amount, with the remaining 56% going to cities and counties. The \$501.9 million figure represents the state's 44% share of the total settlement amount. The Attorney General currently projects that settlement payments will finish by FY 2039.

### 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 2025 Attorney General Legal Services charge. These amounts are unchanged from FY 2024.

*(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 2025 Attorney General Legal Services Charges

<b>Agency</b>	<b>Charge</b>
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
<b>Total Legal Services Charges</b>	<b>\$ 1,798,500</b>



## Barbering and Cosmetology Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	29.5	29.5	33.5 <sup>1/</sup>
Personal Services	1,227,500	1,170,600	1,170,600
Employee Related Expenditures	557,500	605,300	961,800
Professional and Outside Services	182,000	148,300	148,300
Travel - In State	35,600	38,700	38,700
Travel - Out of State	1,000	8,800	8,800
Other Operating Expenditures	805,900	354,000	341,500
Equipment	31,700	561,200	361,200
<b>OPERATING SUBTOTAL</b>	<b>2,841,200</b>	<b>2,886,900</b>	<b>3,030,900 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
IT Development	0	0	200,000 <sup>4/5/</sup>
<b>AGENCY TOTAL</b>	<b>2,841,200</b>	<b>2,886,900</b>	<b>3,230,900 <sup>5/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Barbering and Cosmetology Fund	2,841,200	2,886,900	3,230,900
SUBTOTAL - Other Appropriated Funds	2,841,200	2,886,900	3,230,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,841,200</b>	<b>2,886,900</b>	<b>3,230,900</b>
<b>TOTAL - ALL SOURCES</b>	<b>2,841,200</b>	<b>2,886,900</b>	<b>3,230,900</b>

**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. Prior to January 1, 2022, these regulatory activities were conducted by 2 separate agencies, the Board of Barbers and the Board of Cosmetology .

### FOOTNOTES

- 1/ Includes 4 FTE Positions appropriated by Laws 2024, Chapter 250 for the enforcement of Title 32, Chapter 5.
- 2/ Laws 2024, Chapter 250 appropriated \$298,300 and 4.0 FTE Positions from the Barbering and Cosmetology Fund in FY 2025 for the enforcement of Title 32, Chapter 5, Arizona Revised Statutes. Because this appropriation is in separate legislation, it is not included in the General Appropriation Act.
- 3/ Of the monies displayed in the department's operating lump sum, the \$298,300 appropriated by Laws 2024, Chapter 250 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.
- 4/ Laws 2024, Chapter 250 appropriated \$200,000 from the Barbering and Cosmetology Fund in FY 2025 and FY 2026 for information technology development. Because this appropriation is in separate legislation, it is not included in the General Appropriation Act.
- 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.
- 6/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$3,030,900 and 33.5 FTE Positions from the Barbering and Cosmetology Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time IT Project Funding

The budget includes a decrease of \$(200,000) from the Barbering and Cosmetology Fund in FY 2025 for the

removal of one-time Information Technology (IT) Project funding in FY 2024. Laws 2024, Chapter 250 appropriates funding for IT Development for FY 2025 and FY 2026. This funding is in the IT Development line item.

#### Additional FTEs

Laws 2024, Chapter 250 appropriates \$298,300 and 4.0 FTE Positions from the Barbering and Cosmetology Fund in FY 2025 for enforcement of the state's Barbering and

Cosmetology statutes (Arizona Revised Statutes, Title 32, Chapter 5). Chapter 250 revised the board's statutes and fees to support the legislature's consolidation of the Board of Cosmetology and Board of Barbering into a single board starting in January 2022. Because this appropriation is in separate legislation, it is not included in the General Appropriation Act.

**Statewide Adjustments**

The budget includes an increase of \$45,700 from the Barbering and Cosmetology Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section)*

**IT Development**

Laws 2024, Chapter 250 appropriates \$200,000 from the Barbering and Cosmetology Fund in FY 2025 for IT development.

**IT Development**

The budget includes an increase of \$200,000 from the Barbering and Cosmetology Fund in FY 2025 for information technology development. Because this appropriation is in separate legislation, it is not included in the General Appropriation Act.

Laws 2024, Chapter 250 appropriates \$200,000 in FY 2026 for the same purpose. The FY 2024 budget included support for IT Projects in the operating budget as discussed above.

**Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Barbering and Cosmetology Fund	\$12,100,000

**Statutory Changes**

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent Law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operation if a fee increase is not adopted.

## Board of Behavioral Health Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	20.0	20.0	27.0
Personal Services	1,194,300	1,164,400	1,509,400
Employee Related Expenditures	481,800	487,400	661,200
Professional and Outside Services	89,700	190,000	191,300
Travel - In State	5,400	20,000	20,000
Travel - Out of State	4,100	15,000	15,000
Other Operating Expenditures	299,300	160,200	267,900
Equipment	49,000	75,700	75,700
<b>AGENCY TOTAL</b>	<b>2,123,600</b>	<b>2,112,700</b>	<b>2,757,400 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Board of Behavioral Health Examiners Fund	2,123,600	2,112,700	2,740,500
SUBTOTAL – Other Appropriated Funds	2,123,600	2,112,700	2,740,500
<b>SUBTOTAL – Appropriated Funds</b>	<b>2,123,600</b>	<b>2,112,700</b>	<b>2,740,500</b>
<b>TOTAL – ALL SOURCES</b>	<b>2,123,600</b>	<b>2,112,700</b>	<b>2,740,500</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$2,757,400 and 27 FTE Positions from the Board of Behavioral Health Examiners Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### New FTE's for Increased Workload

The budget includes an increase of \$565,600 and 7 FTE Positions from the Board of Behavioral Health Examiners Fund in FY 2025 to hire 4 administrative assistants and 3 additional investigators to address increased workload. Of this amount, \$36,300 is one-time for equipment.

##### E-licensing Upgrade

The budget includes an increase of \$62,200 from the Board of Behavioral Health Examiners Fund in FY 2025 for the costs associated with migrating and maintaining an e-licensing application.

##### Statewide Adjustments

The budget includes an increase of \$16,900 from the Board of Behavioral Health Examiners Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Other Issues

##### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

<b>Fund Transfers</b>
-----------------------

The budget includes the following transfer from this agency's fund to the General Fund:

	<b><u>FY 2024</u></b>
Board of Behavioral Health Examiners Fund	\$4,200,000

## State Board for Charter Schools

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	25.0	25.0	25.0
Personal Services	1,241,600	1,480,500	1,480,500
Employee Related Expenditures	499,000	386,900	409,500
Professional and Outside Services	893,900	82,100	82,100
Travel - In State	7,800	10,000	10,000
Travel - Out of State	16,400	5,500	5,500
Other Operating Expenditures	351,900	345,200	334,600
Equipment	17,600	524,900	524,900
<b>OPERATING SUBTOTAL</b>	<b>3,028,200</b>	<b>2,835,100</b>	<b>2,847,100 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(97,800)
<b>AGENCY TOTAL</b>	<b>3,028,200</b>	<b>2,835,100</b>	<b>2,749,300</b>
<b>FUND SOURCES</b>			
General Fund	3,028,200	2,835,100	2,749,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,028,200</b>	<b>2,835,100</b>	<b>2,749,300</b>
Other Non-Appropriated Funds	143,800	37,500	37,500
<b>TOTAL - ALL SOURCES</b>	<b>3,172,000</b>	<b>2,872,600</b>	<b>2,786,800</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$2,847,100 and 25 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$12,000 from the General Fund in FY 2025 for statewide adjustments. (Please see the *Agency Detail and Allocations* section.)

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(97,800) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved.

The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

#### Other Issues

#### Auditor General Report

In September 2023, the Auditor General published a State Board of Charter Schools audit that included recommendations for improvements to the board's policies and procedures for revising its financial framework, reviewing the appropriateness of its fees, clarifying conflict-of-interest issues, and complaint-handling.

The State Board of Charter Schools collects revenue via the assessment of 2 fees. These fees include the new charter application fee, which is \$6,500 for each

application package submitted, and the online instruction fee, which is \$3,000 for each grade category involved in the charter amendment request. The funds collected from these fees compose the State Board for Charter Schools' New Charter Application Processing Fund and Charter Arizona Online Instruction Processing Fund.

The Auditor General's report concluded that the board had not developed policies and procedures for evaluating the appropriateness of these 2 fees. The audit recommended the development and implementation of these processes so that the fees are commensurate with the costs of processing new charter applications and charter amendment requests for participation in online instruction. The State Board for Charter Schools has agreed to the findings of the Auditor General and will implement new policies and procedures for periodic review of its fees.

## Department of Child Safety

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	3,203.1	3,283.1	3,283.1 <sup>1/</sup>
Personal Services	69,410,500	71,357,400	71,357,400
Employee Related Expenditures	30,127,400	28,908,100	29,058,600
Professional and Outside Services	15,189,500	11,470,400	11,470,400
Travel - In State	304,300	332,300	332,300
Travel - Out of State	79,200	81,600	81,600
Other Operating Expenditures	37,964,300	36,916,600	32,795,800
Equipment	1,135,600	953,900	953,900
<b>OPERATING SUBTOTAL</b>	<b>154,210,800</b>	<b>150,020,300</b>	<b>146,050,000 <sup>2/-3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
<b>Additional Operating Resources</b>			
Attorney General Legal Services	27,617,300	27,894,900	27,989,800 <sup>10/</sup>
Caseworkers	127,672,200	157,285,400 <sup>11/12/</sup>	132,068,000
General Counsel	118,600	0	0
Inspections Bureau	2,589,300	0	0
New Case Aides	3,232,600	0	0
Office of Child Welfare Investigations	10,411,300	11,235,900	11,264,900
Records Retention Staff	590,600	0	0
Training Resources	6,157,500	9,150,000	9,150,000
<b>Out-of-Home Placements</b>			
Congregate Group Care	105,124,000	132,608,300	103,682,000
Extended Foster Care	16,793,000	19,887,200 <sup>13/</sup>	19,887,200
Extended Foster Care Service Model Fund Deposit	0	16,523,300 <sup>14/</sup>	0
Foster Home Placement	38,312,200	40,706,500	42,547,300
Foster Home Recruitment, Study and Supervision	27,254,400	32,753,600	32,753,600
Kinship Care	19,862,000	16,214,200	20,584,600 <sup>15/16/</sup>
<b>Permanent Placements</b>			
Positive Parenting Program for Post Permanency Placements Pilot	0	0 <sup>17/</sup>	0
Permanent Guardianship Subsidy	13,266,900	15,622,000	16,805,600
Adoption Services	274,724,500	282,574,300	287,221,600
<b>Support Services</b>			
DCS Child Care Subsidy	54,206,600	61,675,400	61,675,400
In-Home Mitigation	27,406,600	41,529,300	34,488,100
Out-of-Home Support Services	111,939,000	113,284,600	122,710,800
Preventive Services	19,400,800	29,648,300	32,412,700 <sup>18/</sup>
<b>Comprehensive Health Plan</b>			
Comprehensive Health Plan Administration	26,356,400	27,461,200	28,641,600
Comprehensive Health Plan Premium Tax	4,008,600	3,857,300	3,196,600
Comprehensive Health Plan Services	173,502,600	161,546,700	127,989,800
<b>AGENCY TOTAL</b>	<b>1,244,757,800</b>	<b>1,351,478,700</b>	<b>1,261,119,600 <sup>4/19/20/</sup></b>
<b>FUND SOURCES</b>			
General Fund	445,953,900	499,974,700	458,089,500
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	586,200	1,459,300	1,459,300
Child Welfare Licensing Fee Fund	643,600	1,021,700	1,021,600
Children and Family Services Training Program Fund	0	208,000	207,500

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Federal Child Care and Development Fund Block Grant	40,516,000	40,516,000	40,516,000
Federal Temporary Assistance for Needy Families Block Grant	161,082,300	161,082,200	161,076,300
SUBTOTAL - Other Appropriated Funds	202,828,100	204,287,200	204,280,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>648,782,000</b>	<b>704,261,900</b>	<b>662,370,200</b>
<u>Expenditure Authority Funds</u>			
Child Safety Expenditure Authority	392,108,200	454,351,600	438,921,400
Comprehensive Health Plan Fund	203,867,600	192,865,200	159,828,000
SUBTOTAL - Expenditure Authority Funds	595,975,800	647,216,800	598,749,400
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>1,244,757,800</b>	<b>1,351,478,700</b>	<b>1,261,119,600</b>
Other Non-Appropriated Funds	25,000	0	0
<b>TOTAL - ALL SOURCES</b>	<b>1,244,782,800</b>	<b>1,351,478,700</b>	<b>1,261,119,600</b>

**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 2025.
- 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, 2025 and August 31, 2025, the department of child safety shall present a report to the joint legislative budget committee on the progress made during July 2024 through December 2024 and January 2025 through June 2025, 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/ On or before December 1, 2024, 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)
- 10/ 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)
- 11/ The amount appropriated for the caseworkers line item includes a one-time increase of \$19,700,000 from the state general fund for increased operating expenditures in fiscal year 2023-2024. This amount is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations until June 30, 2025. (FY 2024 footnote, as added by the FY 2025 General Appropriation Act)
- 12/ On or before September 1, 2024, the department shall submit a report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on actual operating expenses for the guardian case management system in fiscal year 2023-2024, as well as proposed system operating expenses for fiscal year 2024-2025. (FY 2024 footnote, as added by the FY 2025 General Appropriation Act)
- 13/ The FY 2024 budget included \$6,666,700 from the General Fund in FY 2024 for transition living funding for the extended foster care population. Laws 2024, Chapter 209, Section 7 eliminates this funding.
- 14/ The FY 2024 budget included a total of \$12,550,000 from the General Fund in FY 2024 for a one-time deposit into the Extended Foster Care Service Model Fund. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$(2,720,000).
- 15/ 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)
- 16/ On or before March 31, 2025, 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)
- 17/ The FY 2024 budget included \$4,000,000 from the General Fund in FY 2024 for the Positive Parenting Program for Post Permanency Placements Pilot. Laws 2024, Chapter 209, Section 7 eliminates this appropriation.
- 18/ The preventive services line item appropriation includes \$264,400 from the state general fund to draw down \$1,322,000 in additional federal monies associated with the community based child abuse prevention block grant. If grant monies are no longer available, the appropriation is reduced by the amounts of \$264,400 from the general fund and \$1,322,000 from child safety expenditure authority. (General Appropriation Act footnote)
- 19/ 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)

20/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$146,050,000 and 1,472.9 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<u>FY 2025</u>
General Fund	\$72,116,200
Child Safety Expenditure Authority	47,484,300
Federal TANF Block Grant	25,427,900
Child Welfare Licensing Fee Fund	1,021,600

Adjustments are as follows:

#### Remove FY 2024 Supplemental Processing Costs

The budget includes a decrease of \$(826,200) from the General Fund in FY 2025 to remove one-time supplemental funding for DCS to set up and manage individual accounts for each child receiving Social Security Administration and Veterans Affairs benefits.

#### Federal Benefits Processing Costs

The budget includes an increase of \$855,000 from the General Fund in FY 2025 for DCS to set up and manage individual accounts for each child receiving Social Security Administration and Veterans Affairs benefits. Previously, the department used these benefits to cover foster home and group home costs. Laws 2023, Chapter 177 only permits DCS to expend benefits on the cost of care for the children and requires the agency to maintain individual accounts for beneficiaries.

#### Remove Fleet Vehicle Replacement Funding

The budget includes a decrease of \$(2,250,000) from the General Fund in FY 2025 to remove one-time funding to replace 50 vehicles within the DCS fleet.

#### Statewide Adjustments

The budget includes a decrease of \$(1,749,100) from the in FY 2025 for statewide adjustments. This amount consists of:

General Fund	(486,600)
Child Welfare Licensing Fee Fund	(100)
Federal TANF Block Grant	(2,800)
Child Safety Expenditure Authority	(1,259,600)

(Please see the Agency Detail and Allocations section.)

### Additional Operating Resources

#### Attorney General Legal Services

The budget includes \$27,989,800 and 276.2 FTE Positions in FY 2025 for Attorney General Legal Services. These amounts consist of:

General Fund	21,759,300
Child Safety Expenditure Authority	6,230,500

Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$94,900 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	96,000
Child Safety Expenditure Authority	(1,100)

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 \$132,068,000 and 1,406 FTE Positions in FY 2025 for caseworkers. These amounts consist of:

General Fund	61,014,500
Children and Family Services Training Program Fund	207,500
Federal TANF Block Grant	33,612,800
Child Safety Expenditure Authority	37,233,200

Adjustments are as follows:

#### Remove FY 2024 Supplemental

The budget includes a decrease of \$(33,000,000) from the General Fund in FY 2025 for the removal of one-time supplemental funding associated with increased operating costs.

### Remove FY 2024 Supplemental Funding Shift

The budget includes a net neutral funding shift in FY 2025 to remove a one-time funding shift associated with federal expenditure authority savings. This amount consists of:

General Fund	1,921,100
Child Safety Expenditure Authority	(1,921,100)

### Increased Operating Costs

The budget includes an increase of \$13,753,600 in FY 2025 for increased operational and personnel costs. This amount consists of:

General Fund	13,300,000
Child Safety Expenditure Authority	453,600

### Caseworker Vacancy Savings

The budget includes a decrease of \$(6,100,000) from the General Fund in FY 2025 for vacancy savings associated with holding 50 caseworker positions vacant.

### Statewide Adjustments

The budget includes an increase of \$129,000 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	136,600
Children and Family Services Training Program Fund	(500)
Federal TANF Block Grant	(3,100)
Child Safety Expenditure Authority	(4,000)

*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 May 2024, DCS had 1,273 filled case specialist positions.

### Office of Child Welfare Investigations

The budget includes \$11,264,900 and 127 FTE Positions in FY 2025 for the Office of Child Welfare Investigations (OCWI). These amounts consist of:

General Fund	10,411,300
Child Safety Expenditure Authority	853,600

Adjustments are as follows:

### Statewide Adjustments

The budget includes an increase of \$29,000 from the General Fund in FY 2025 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.

### Training Resources

The budget includes \$9,150,000 in FY 2025 for Training Resources. This amount consists of:

General Fund	150,000
Child Safety Expenditure Authority	9,000,000

These amounts are unchanged from FY 2024.

*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 2024, the latest data available from the agency, DCS reports that 120 ASU/NAU social work students received scholarships, including 36 Bachelors of Social Work (BSW) students and 84 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.

### Congregate Group Care

The budget includes \$103,682,000 in FY 2025 for Congregate Group Care. This amount consists of:

General Fund	42,357,500
Federal TANF Block Grant	21,423,000
Child Safety Expenditure Authority	39,901,500

Adjustments are as follows:

### Remove FY 2024 Supplemental Benefits Backfill

The budget includes a decrease of \$(2,973,000) from the General Fund in FY 2025 to remove a one-time backfill of Social Security Administration and Veterans Affairs benefits received by DCS on behalf of children in DCS custody.

### Federal Benefits Backfill

The budget includes an increase of \$2,973,000 from the General Fund in FY 2025 to backfill Social Security Administration and Veterans Affairs benefits received by DCS on behalf of children in DCS custody. Previously, the department used these benefits to cover foster home and group home costs. Laws 2023, Chapter 177 only permits DCS to expend benefits on the cost of care for the children and requires the agency to maintain individual accounts for beneficiaries.

### Remove FY 2024 Supplemental Congregate Care Federal Funding Backfill

The budget includes a decrease of \$(14,716,600) from the General Fund in FY 2025 to remove supplemental one-time funding 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.

### Remove Congregate Care Federal Funding Backfill

The budget includes a decrease of \$(10,876,400) from the General Fund in FY 2025 to remove prior year one-time funding 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.)*

### Remove Emergency Shelter Group Homes and Transition Living Funding

The budget includes a decrease of \$(3,333,300) from the General Fund in FY 2025 to remove prior year one-time funding to provide additional support for out-of-home placements through emergency shelters and extended foster care.

### Funding for FY 2025 Federal Match Rate Changes

The budget includes an increase of \$749,200 from the General Fund and a corresponding decrease of \$(749,200) from Child Safety Expenditure Authority in FY 2025 to offset an estimated FY 2025 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 included a total General Fund increase of \$7,500,000 in FY 2024 and

Table 1

	Out-of-Home Placements <sup>1/</sup>		
	July 2022	July 2023	May 2024
Kinship Care <sup>2/</sup>	5,617	4,826	4,112
Foster Home	3,640	3,018	2,539
Congregate Care	1,984	1,870	1,639
Group Home	1,355	1,310	1,049
Emergency Shelter	38	26	12
Behavioral Health Placement	591	534	578
Independent Living	612	628	597
Other <sup>3/</sup>	577	424	527
<b>Total</b>	<b>12,430</b>	<b>10,766</b>	<b>9,414 <sup>4/</sup></b>

<sup>1/</sup> Includes out-of-home children up through age 17 as well as children 18-21 in Extended Foster Care.

<sup>2/</sup> Includes unlicensed relative and non-relative placements.

<sup>3/</sup> Includes runaways, missing children, children with no identified placement, and trial home visits.

<sup>4/</sup> Latest available data for placement types is from May 2024 and includes "preliminary data" reported by DCS.

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. Because the federal Omnibus spending bill passed in December 2022 included an enhanced match rate through December 2023, the General Fund increase of \$7,500,000 in FY 2024 was offset on a one-time basis by \$(3,225,800). Across the 6 line items, the net General Fund FY 2024 increase was \$4,274,200. The budget includes the remaining \$5,725,800 to bring the FY 2025 appropriation to the \$10,000,000 level established in the 3-year spending plan associated with the FY 2023 budget. 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 2024, an estimated monthly average of 1,750 clients received congregate care placements. At an average monthly cost of \$5,882 per placement and the assumed federal reimbursement level, the total appropriation has the authority to support 1,126 congregate care placements in FY 2025.

**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 Comprehensive Health Plan 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 \$19,887,200 in FY 2025 for Extended Foster Care. This amount consists of:

General Fund	11,350,000
Child Safety Expenditure Authority	8,537,200

These amounts are unchanged from FY 2024.

#### **Funding for FY 2025 Federal Match Rate Changes**

The budget includes an increase of \$267,200 from the General Fund and a corresponding decrease of \$(267,200) from Child Safety Expenditure Authority in FY 2025 to offset an estimated FY 2025 decrease in the Title IV-E FMAP rate.

The original FY 2024 budget included one-time funding of \$6,666,700 to provide additional support for out-of-home placements through emergency shelters and extended foster care. The FY 2025 budget eliminates this funding as an FY 2024 supplemental reduction.

*Caseload* – According to the latest available data from DCS, 597 individuals aged 17-21 remained voluntarily in DCS foster care as of May 2024.

*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 no funding in FY 2025 for the Extended Foster Care Service Model Fund Deposit. Adjustments are as follows:

#### **Remove One-Time Fund Deposit**

The budget includes a decrease of \$(16,523,300) in FY 2025 to remove a one-time deposit into the non-appropriated Extended Foster Care Comprehensive Service Model Fund. This amount consists of:

General Fund	(9,830,000)
Child Safety Expenditure Authority	(6,693,300)

While the FY 2024 budget established an initial deposit of \$19,243,300, the FY 2025 budget reduced the FY 2024

appropriation from the General Fund by \$(2,720,000) and removes the remaining \$(16,523,000) in FY 2025.

The FY 2024 Human Services Budget Reconciliation Bill (BRB) established this fund as session law. The FY 2025 Human Services BRB allows the fund to be used beyond FY 2024 and exempts monies in the fund from lapsing. The Human Services BRB repeals the fund on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund.

*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, and mental and physical health and well-being, among other components.

An FY 2024 General Appropriation Act footnote makes this appropriation non-lapsing.

### **Foster Home Placement**

The budget includes \$42,547,300 in FY 2025 for Foster Home Placement. This amount consists of:

General Fund	14,443,300
Federal TANF Block Grant	6,973,100
Child Safety Expenditure Authority	21,130,900

Adjustments are as follows:

#### **Federal Benefits Backfill**

The budget includes an increase of \$2,027,000 from the General Fund in FY 2025 to backfill Social Security Administration and Veterans Affairs benefits received by DCS on behalf of children in DCS custody. Previously, the department used these benefits to cover foster home and group home costs. Laws 2023, Chapter 177 only permits DCS to expend benefits for the cost of care for the children and requires the agency to maintain individual accounts for beneficiaries.

#### **Remove FY 2024 Supplemental Reduction**

The budget includes an increase of \$11,223,000 from the General Fund in FY 2025 to remove a one-time supplemental reduction aligning the foster home placement appropriation with actual expenditures.

### Foster Home Surplus

The budget includes a decrease of \$(11,409,200) from the General Fund in FY 2025 to align the foster home placement appropriation with projected caseloads.

### Funding for FY 2025 Federal Match Rate Changes

The budget includes an increase of \$572,600 from the General Fund and a corresponding decrease of \$(572,600) from Child Safety Expenditure Authority in FY 2025 to offset an estimated FY 2025 decrease in the Title IV-E FMAP rate.

*Caseload* – According to the latest available data from DCS, in FY 2024, an estimated monthly average of 2,950 clients received licensed foster home placements. At an average projected monthly cost of \$1,159 per placement and the current appropriated General Fund, TANF, and federal reimbursement levels, DCS can support an average monthly caseload of 2,613 foster home placements in FY 2025.

*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 2025 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 2024.

*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 \$20,584,600 in FY 2025 for Kinship Care. This amount consists of:

General Fund	20,084,600
Federal TANF Block Grant	500,000

Adjustments are as follows:

### Remove FY 2024 Supplemental Reduction

The budget includes an increase of \$8,597,000 from the General Fund in FY 2025 to remove a one-time supplemental reduction aligning the kinship care appropriation with actual expenditures.

### Kinship Care Surplus

The budget includes a decrease of \$(4,226,600) from the General Fund in FY 2025 to align the kinship care appropriation with projected caseloads.

*Caseload* – In FY 2024, on average 4,843 children resided in unlicensed kinship care monthly. Based on a monthly stipend of \$300 and the current General Fund, and TANF funding level, DCS can support 5,717 kinship placements in FY 2025. DCS reports 4,112 children were placed in unlicensed kinship care in May 2024.

*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, 2025 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 2022	June 2023	June 2024
Adoption	33,224	32,923	32,584
Permanent Guardianship	<u>2,719</u>	<u>3,104</u>	<u>3,511</u>
<b>Total</b>	<b>35,943</b>	<b>36,027</b>	<b>36,095</b>

### **Positive Parenting Program for Post Permanency Placements Pilot**

The budget includes no funding in FY 2025 for the Positive Parenting Program for Post Permanency Placements Pilot. This amount is unchanged from FY 2024.

**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.

The original FY 2024 budget appropriated \$4,000,000 from the General Fund on a one-time basis to address 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. The FY 2025 eliminates this funding.

### **Permanent Guardianship Subsidy**

The budget includes \$16,805,600 in FY 2025 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	14,862,600
Federal TANF Block Grant	1,943,000

Adjustments are as follows:

#### **Remove FY 2024 Supplemental**

The budget includes a decrease of \$(3,105,100) from the General fund in FY 2025 to remove one-time supplemental funding for increased permanent guardianship subsidy caseloads.

#### **Permanent Guardianship Caseload Increase**

The budget includes an increase of \$4,288,700 from the General Fund in FY 2025 to support increased permanent guardianship subsidy caseloads.

**Caseload** – According to the latest available data from DCS, in FY 2024, an estimated monthly average of 3,351 clients received permanent guardianship subsidies. At an average monthly cost of \$385 and the current General Fund and TANF funding level, DCS can support 3,637 total placements in FY 2025.

**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 \$287,221,600 in FY 2025 for Adoption Services. This amount consists of:

General Fund	85,821,900
Federal TANF Block Grant	22,445,700
Child Safety Expenditure Authority	178,954,000

Adjustments are as follows:

#### **Remove FY 2024 Supplemental Reduction**

The budget includes an increase of \$12,349,200 in FY 2025 to remove a one-time supplemental reduction aligning the adoption services appropriation with actual expenditures. This amount consists of:

General Fund	10,428,100
Child Safety Expenditure Authority	1,921,100

#### **Adoption Services Surplus**

The budget includes a decrease of \$(5,701,900) from the General Fund in FY 2025 to align the adoption services appropriation with projected caseloads.

#### **Remove Federal Adoption Incentive Backfill**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding for an anticipated loss in the federal adoption incentive award.

#### **Funding for FY 2025 Federal Match Rate Changes**

The budget includes an increase of \$3,755,000 from the General Fund and a corresponding decrease of \$(3,755,000) from Child Safety Expenditure Authority in FY 2025 to offset an estimated FY 2025 decrease in the Title IV-E FMAP rate.

**Caseload** – According to the latest available data from DCS, in FY 2024, an estimated monthly average of 32,846 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 \$664 and the assumed federal reimbursement level, the total appropriation has the authority to support 33,347 adoption placement subsidies in FY 2025.

**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.

### **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 2023 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 2025 for the DCS Child Care Subsidy. This amount consists of:

General Fund	7,400,100
Federal CCDF Block Grant	40,516,000
Child Safety Expenditure Authority	13,759,300

Adjustments are as follows:

#### **Funding for FY 2025 Federal Match Rate Changes**

The budget includes an increase of \$229,100 from the General Fund and a corresponding decrease of \$(229,100) from Child Safety Expenditure Authority in FY 2025 to offset an estimated FY 2025 decrease in the Title IV-E FMAP rate.

*Caseload* – According to the latest available data from DCS, through June of FY 2024, an estimated monthly average of 5,323 children received DCS childcare. At \$869 monthly, and the assumed federal reimbursement level, the appropriation has the authority to support an average monthly caseload of 5,914 children in FY 2025.

*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.*)

**Table 3**

### **Support Services FY 2024 Estimated Expenditures by Service Category <sup>1/</sup>**

<b>Services</b>	<b>Amount</b>
Child Care Subsidies	\$ 54,900,200
Comprehensive Health Plan Services	149,325,500
Nurturing Parenting Program	10,824,500
Supervised Visitation	26,912,000
Transportation	26,920,000
Family Connections	18,861,600
Preventive Services	17,773,500
Allowances	11,970,500
Counseling and Psychological Services	2,193,500
Substance Use Disorder Treatment	6,131,000
Independent Living Support	3,604,000
Lab Services	8,090,000
Other	10,126,000
<b>Total</b>	<b>\$347,632,300 <sup>2/</sup></b>

<sup>1/</sup> Does not include substance use disorder services spending for Arizona Families F.I.R.S.T. (AFF) recipients who are eligible for AHCCCS.

<sup>2/</sup> Latest available data is from May 2024 as reported by DCS. Numbers may not match the Special Line Item expenditures reported separately by the agency.

### **In-Home Mitigation**

The budget includes \$34,488,100 and 1 FTE Position in FY 2025 for In-Home Mitigation. These amounts consist of:

General Fund	12,471,700
Child Abuse Prevention Fund	1,459,300
Federal TANF Block Grant	14,611,200
Child Safety Expenditure Authority	5,945,900

Adjustments are as follows:

#### **Remove FY 2024 Supplemental Provider Rate Increases**

The budget includes a decrease of \$(6,229,400) from the General Fund in FY 2025 to remove one-time rate increases associated with the department's Nurturing Parenting Program and Family Connections contracts.

#### **One-Time Provider Rate Increases**

The budget includes a one-time increase of \$5,500,000 from the General Fund in FY 2025 for rate increases associated with the department's Nurturing Parenting Program and Family Connections contracts.



**Remove FY 2024 Supplemental Utilization Adjustment**

The budget includes a decrease of \$(6,311,800) from the General Fund in FY 2025 to remove a one-time utilization adjustment to align expenditures between line items.

**Remove FY 2024 Supplemental Funding Shift**

The budget includes a net neutral funding shift in FY 2025 to remove a one-time funding shift associated with federal expenditure authority savings. This amount consists of:

General Fund	3,114,400
Federal TANF Block Grant	(3,059,300)
Child Safety Expenditure Authority	(55,100)

*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 4,601 new referrals to the in-home services program in FY 2024.

**Out-of-Home Support Services**

The budget includes \$122,710,800 in FY 2025 for Out-of-Home Support Services. This amount consists of:

General Fund	52,929,900
Federal TANF Block Grant	34,139,600
Child Safety Expenditure Authority	35,641,300

Adjustments are as follows:

**Remove FY 2024 Supplemental Reduction**

The budget includes an increase of \$9,426,200 in FY 2025 to remove a one-time utilization reduction to align expenditures between line items. This amount consists of:

General Fund	6,311,800
Federal TANF Block Grant	3,059,300
Child Safety Expenditure Authority	55,100

**Funding for FY 2025 Federal Match Rate Changes**

The budget includes an increase of \$152,700 from the General Fund and a corresponding decrease of \$(152,700) from Child Safety Expenditure Authority in FY 2025 to offset an estimated FY 2025 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 \$32,412,700 in FY 2025 for Preventive Services. This amount consists of:

General Fund	11,264,400
Child Safety Expenditure Authority	21,148,300

Adjustments are as follows:

**State Match for Child Abuse Prevention Grant**

The budget includes an increase of \$264,400 from the General Fund in FY 2025 to draw down \$1,322,000 in federal funding associated with the Community Based Child Abuse Prevention (CBCAP) grant. The grant supports efforts to develop and enhance community-based family resource and support programs.

**Federal Funding Shift**

The budget includes a decrease of \$(5,500,000) from the General Fund and a corresponding increase of \$5,500,000 from Child Safety Expenditure Authority in FY 2025 to shift preventive services funding to federal child abuse prevention grant monies associated with CBCAP and the Child Abuse Prevention Treatment Act.

**Healthy Families Expansion**

The budget includes an increase of \$2,500,000 from Child Safety Expenditure Authority in FY 2025 to expand the Healthy Families Arizona Program and replace expiring federal grant monies.

The FY 2023 budget's 3-year General Fund plan included \$10,000,000 in FY 2023 for the Healthy Families expansion, an additional \$2,500,000 in FY 2024 (for a total of \$12,500,000) and a further increase of \$2,500,000 in FY 2025 (for a total of FY 2025 increase of \$15,000,000).

The 3-year plan associated with the enacted FY 2025 budget removes the remaining \$12,500,000 of General Fund monies beginning in FY 2026.

**Remove FY 2024 Supplemental Funding Shift**

The budget includes an increase of \$10,200,000 from the General Fund and a corresponding decrease of \$(10,200,000) from Child Safety Expenditure Authority in FY 2025 to remove a one-time funding shift associated with federal expenditure authority savings.

*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 \$(27,761,600) from the Comprehensive Health Plan Fund across the 3 CHP line items. The formula adjustments consist of 0.5% enrollment growth in FY 2025, 4.0% capitation growth, and prior year base adjustments as reflected in the AHCCCS budget.

### ***Comprehensive Health Plan Administration***

The budget includes \$28,641,600 from the Comprehensive Health Plan Fund in FY 2025 for Comprehensive Health Plan Administration. Adjustments are as follows:

#### **Formula Adjustments**

The budget includes an increase of \$1,181,500 from the Comprehensive Health Plan Fund in FY 2025 for CHP formula adjustments, including a 28.6% increase in the administration capitation rate.

#### **Statewide Adjustments**

The budget includes a decrease of \$(1,100) from the Comprehensive Health Plan Fund in FY 2025 for statewide 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 \$3,196,600 from the Comprehensive Health Plan Fund in FY 2025 for Comprehensive Health Plan Premium Taxes. Adjustments are as follows:

#### **Formula Adjustments**

The budget includes a decrease of \$(660,700) from the Comprehensive Health Plan Fund in FY 2025 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 \$127,989,800 from the Comprehensive Health Plan Fund in FY 2025 for Comprehensive Health Plan Services. Adjustments are as follows:

#### **Formula Adjustments**

The budget includes a decrease of \$(33,556,900) from the Comprehensive Health Plan Fund in FY 2025 for CHP formula adjustments. This adjustment is primarily attributable to prior year base adjustments for lower-than-budgeted caseloads and inflation. Projected FY 2025 caseloads are approximately (19.4)% lower than budgeted. Similarly, the cost of medical services declined (2.3)% in the latest capitation rate adjustment as a result of lower utilization.

*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 2024 Supplementals
- Statutory Changes
- Long-Term Budget Impacts
- Auditor General Report
- Families First Prevention Services Act

### ***FY 2024 Supplementals***

The FY 2025 budget includes the following FY 2024 supplemental adjustments:

- \$3,799,200 from the General Fund to backfill federal Social Security Administration and Veterans Affairs benefits. Of this amount, \$2,973,000 is associated with payments not retained by the state and \$826,200 is for the cost of maintaining individual accounts. *(Please see the Operating Lump Sum and Congregate Group Care line item for further details.)*
- \$33,000,000 from the General Fund for increased operating costs. *(Please see the Caseworkers line item for further details.)*
- \$(1,921,100) from the General Fund to partially fund caseworker costs with existing federal expenditure authority. *(Please see the Caseworkers line item for further details.)*
- \$14,716,600 from the General Fund to backfill a loss in congregate care federal funding. *(Please see the Congregate Group Care line item for further details.)*
- \$(6,666,700) from the General Fund to eliminate funding for emergency shelter group homes. *(Please see the Extended Foster Care line item for further details.)*
- \$(2,720,000) from the General Fund to reduce a deposit into the Extended Foster Care Service Model Fund. *(Please see the Extended Foster Care Service Model Fund line item for further details.)*
- \$(11,223,000) from the General Fund for a surplus associated with the Foster Home Placement line item. *(Please see the Foster Home Placement line item for further details.)*
- \$(8,597,000) from the General Fund for a surplus associated with the Kinship Care line item. *(Please see the Kinship Care line item for further details.)*
- \$(4,000,000) from the General Fund to eliminate funding for the Positive Parenting Program for Post-Permanency Placements Pilot.
- \$3,105,100 from the General Fund to support increased permanent guardianship subsidy caseloads. *(Please see the Permanent Guardianship Subsidy line item for further details.)*
- \$(10,428,100) from the General Fund for a surplus associated with the Adoption Services line item. *(Please see the Adoption Services line item for further details.)*
- \$6,229,400 from the General Fund to support rate increases associated with the department's Nurturing Parenting Program and Family Connections contracts. *(Please see the In-Home Mitigation line item for further details.)*
- \$6,311,800 from the General Fund in the In-Home Mitigation line item and a corresponding decrease of \$(6,311,800) from the General Fund in the Out-of-Home Support Services line item for a utilization adjustment.
- \$(3,059,300) from the General Fund to partially fund in-home mitigation with the Federal TANF Block Grant. *(Please see the In-Home Mitigation line item.)*
- \$(55,100) from the General Fund to partially fund in-home mitigation with existing federal expenditure authority. *(Please see the In-Home Mitigation line item.)*
- \$(10,200,000) from the General Fund and a corresponding increase of \$10,200,000 from Child Safety Expenditure Authority to offset General Fund costs for preventive services with expenditure authority savings. *(Please see the Preventive Services line item.)*
- \$3,059,300 from the Federal TANF Block Grant in the In-Home Mitigation line item and a corresponding decrease of \$(3,059,300) from the Federal TANF Block Grant in the Out-of-Home Support Services line item for a utilization adjustment.
- \$55,100 from DCS Expenditure Authority in the In-Home Mitigation line item and a corresponding decrease of \$(55,100) from DCS Expenditure Authority in the Out-of-Home Support Services line item for a utilization adjustment.
- \$1,921,100 from DCS Expenditure Authority in the Caseworkers line item and a corresponding decrease of \$(1,921,100) from DCS Expenditure Authority in the Adoption Services line item to align line item appropriations with projected expenditures.

#### Statutory Changes

The Human Services BRB makes the following statutory changes:

- As session law, allows the Extended Foster Care Comprehensive Service Model Fund (established by Laws 2023, Chapter 141, Section 1) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.

#### Long-Term Budget Impacts

As part of the FY 2024 budget's 3-year spending plan, Department of Child Safety General Fund costs are projected to decrease by \$(18,000,000) in FY 2026 below FY 2025. These estimates are based on:

- \$(5,500,000) for the removal of one-time funding for children and family supports contract increases.
- \$(12,500,000) for the removal of prior expansion funding for the Healthy Families Arizona Program.

## **Auditor General Report**

### **Performance Audit**

In September 2023, the Auditor General published an audit of DCS, which examined DCS's investigation of licensing complaints against child welfare agencies and foster homes as well as monitoring of these entities. In terms of budget implications, the Auditor General identified 2:

- The Auditor General observed that DCS said it intends to hire additional staff for licensing complaint investigations, which are currently the responsibility of contracted licensing agencies.
- Of the Auditor General's various recommendations, 3 were related to DCS's IT systems. DCS stated it is exploring various IT systems that could enhance its handling of licensing complaints.

### **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.

An FY 2024 General Appropriation Act footnote required DCS to report on its implementation of the legislation by

December 1, 2023, including quantification of any fiscal impacts. The FY 2025 budget continues this footnote and require DCS to provide an update by December 1, 2024. 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 (QRTP), 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 created a campaign to raise awareness to further support and recruit foster families. The video/media campaign debuted in April 2023.
- The department has 16 contracted QRTP providers as of November 2023.
- DCS announced they would cover accreditation fees for congregate care homes to provide trauma informed care, qualifying them as QRTP 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 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.

## State Board of Chiropractic Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	5.0	5.0	6.0
Personal Services	238,400	285,200	381,500
Employee Related Expenditures	106,900	116,000	123,600
Professional and Outside Services	33,900	35,000	35,000
Travel - In State	100	2,500	2,500
Travel - Out of State	7,600	15,000	15,000
Other Operating Expenditures	88,000	67,700	65,100
Equipment	8,900	21,000	21,000
<b>AGENCY TOTAL</b>	<b>483,800</b>	<b>542,400</b>	<b>643,700 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board of Chiropractic Examiners Fund	483,800	542,400	643,700
SUBTOTAL - Other Appropriated Funds	483,800	542,400	643,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>483,800</b>	<b>542,400</b>	<b>643,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>483,800</b>	<b>542,400</b>	<b>643,700</b>

**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/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$643,700 and 6 FTE Positions from the Board of Chiropractic Examiners Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Additional FTE Position

The budget includes an increase of \$96,300 and 1 FTE Position from the Board of Chiropractic Examiners Fund in FY 2025 for a coordinator to assist business entity applicants.

#### Statewide Adjustments

The budget includes an increase of \$5,000 from the Board of Chiropractic Examiners Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations sections)*

### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operation if a fee increase is not adopted.

#### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Board of Chiropractic Examiners Fund	\$500,000

## Citizens Clean Elections Commission

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>FUND SOURCES</b>			
Other Non-Appropriated Funds	9,019,100	5,185,100	5,185,100
<b>TOTAL - ALL SOURCES</b>	9,019,100	5,185,100	5,185,100

**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 2023, the fund had revenues of \$6,022,900, which combined with the fund's beginning balance results in total available funds of \$35,996,900. This compared to spending of \$9,019,100 in FY 2023. For FY 2024, the commission estimates annual fund revenue will be \$5,011,000, compared to \$5,185,100 in spending. Along with surpluses from prior years, the commission forecasted the fund will have a balance of \$26,803,700 at the end of FY 2024.

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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Personal Services	5,581,000	6,212,200	6,212,200
Employee Related Expenditures	1,288,800	1,482,000	1,482,000
Professional and Outside Services	774,700	433,400	433,400
Travel - In State	86,800	121,500	121,500
Travel - Out of State	105,600	107,500	107,500
Other Operating Expenditures	1,947,300	5,038,600	1,538,600
Equipment	215,800	104,800	104,800
<b>OPERATING SUBTOTAL</b>	<b>10,000,000</b>	<b>13,500,000</b>	<b>10,000,000 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Arizona Competes Fund Deposit	5,500,000	500,000	500,000
Blockchain/Wearable Research	5,000,000	0	0
Wearable Technology Research	0	2,500,000	0
Economic Development Marketing and Attraction	1,000,000	1,000,000	500,000
Economic Transition Resources	0	9,000,000	0
Major Events Fund Deposit	7,500,000	0	0
Rural Broadband Accelerated Match Fund Deposit	0	0 <sup>2/</sup>	0
Small Business Center Grants	0	0	500,000
Water Infrastructure and Commerce Grant Fund Deposit	15,000,000	7,000,000	0
Asia-Pacific Trade Office	0	750,000	0
Asia Trade Offices	750,000	750,000	750,000
Canada Trade Office	0	750,000	0
Frankfurt, Germany Trade Office	500,000	500,000	500,000
Israel Trade Office	300,000	300,000	300,000
Mexico Trade Offices	500,000	500,000	500,000
Trade Office Funding	0	2,000,000	0
<b>AGENCY TOTAL</b>	<b>46,050,000</b>	<b>39,050,000</b>	<b>13,550,000 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	41,050,000	39,050,000	13,550,000
<u>Other Appropriated Funds</u>			
State Web Portal Fund	5,000,000	0	0
SUBTOTAL - Other Appropriated Funds	5,000,000	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>46,050,000</b>	<b>39,050,000</b>	<b>13,550,000</b>
Other Non-Appropriated Funds	10,109,700	14,149,900	14,149,900
Federal Funds	8,095,200	63,088,400	63,088,400
<b>TOTAL - ALL SOURCES</b>	<b>64,254,900</b>	<b>116,288,300</b>	<b>90,788,300</b>

**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/ The FY 2024 budget included \$23,600,000 from the General Fund in FY 2024 for a deposit into the Rural Broadband Accelerated Match Fund. Laws 2024, Chapter 209, Section 117 eliminates this appropriation.

### **Operating Budget Deposit**

The budget includes \$10,000,000 from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Remove State Rural Development Council**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 for removal of one-time monies for distribution 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.

#### **Remove Small Business Program for Inmates**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for removal of one-time funding 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.

#### **Remove Economic Development Study**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for removal of one-time monies 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.

#### **Remove Commercial Truck Driver Shortage Grant**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for removal of one-time monies 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.

#### **Remove Small Business Export Assistance**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 for removal of one-time augmented funding for the Arizona State Trade Expansion Program, which helps small businesses enter foreign markets.

The FY 2024 one-time appropriations are non-lapsing.

### **Arizona Competes Fund Deposit**

The budget includes \$500,000 from the General Fund in FY 2025 for deposit into the Arizona Competes Fund. This amount is unchanged from FY 2024.

Each year, in addition to this deposit pursuant to A.R.S. § 43-409, the Arizona Competes Fund also receives a non-appropriated deposit of \$3,500,000 in lottery revenues pursuant to A.R.S. § 5-572. In total, the fund receives \$4,000,000 annually. As session law, the FY 2025 Amusements Budget Reconciliation Bill (BRB) reduces the \$3.5 million deposit from lottery revenues to \$1,750,000 from FY 2025 through FY 2027, after which the annual deposit will revert to \$3,500,000.

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.

### **Wearable Technology Research**

The budget includes no funding in FY 2025 for the Wearable Technology Research line item. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2025 for one-time funding for research into wearable technology.

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 an FY 2024 General Appropriation Act 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. The FY 2024 appropriation is non-lapsing through June 30, 2027.

#### ***Economic Development Marketing and Attraction***

The budget includes \$500,000 from the General Fund in FY 2025 for the Economic Development Marketing and Attraction line item. Adjustments are as follows:

##### **Reduce Ongoing Appropriation**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for a reduction in the appropriation to the Economic Development Marketing and Attraction line item.

Monies in this line item fund marketing campaigns designed to attract industries such as advanced manufacturing to Arizona.

#### ***Economic Transition Resources***

The budget includes no funding in FY 2025 for the Economic Transition Resources line item. Adjustments are as follows:

##### **Remove One-Time Deposit**

The budget includes a decrease of \$(9,000,000) from the General Fund in FY 2025 for removal of a one-time 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.

#### ***Rural Broadband Accelerated Match Fund Deposit***

The budget includes no funding in FY 2025 for the Rural Broadband Accelerated Match Fund Deposit line item. This amount is unchanged from FY 2024.

The FY 2024 budget included \$23,600,000 from the General Fund in FY 2024 for a one-time deposit into the Rural Broadband Accelerated Match Fund. The FY 2025 budget eliminates this funding. *(Please see the Other Issues – FY 2024 Supplemental Reduction section).* The Commerce Budget Reconciliation Bill (BRB) repeals the fund.

#### ***Small Business Center Grants***

The budget includes \$500,000 from the General Fund in FY 2025 for Small Business Center Grants. Adjustments are as follows:

##### **Establish New Grant Program**

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 for grants to business centers and entrepreneur support organizations that provide business training, business coaching, and technical assistance to underserved small business owners.

#### ***Water Infrastructure and Commerce Grant Fund Deposit***

The budget includes no funding in FY 2025 for the Water Infrastructure and Commerce Grant Fund Deposit line item. Adjustments are as follows:

##### **Remove One-Time Deposit**

The budget includes a decrease of \$(7,000,000) from the General Fund in FY 2025 for the removal 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 in addition to the \$7,000,000 FY 2024 appropriation.

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 no funding in FY 2025 for the Asia-Pacific Trade Office line item. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(750,000) from the General Fund in FY 2025 for removal of one-time funding for a trade office in the Asia-Pacific region. The FY 2024 appropriation to this line item is non-lapsing.

##### ***Asia Trade Offices***

The budget includes \$750,000 from the General Fund in FY 2025 for the Asia Trade Offices line item. This amount is unchanged from FY 2024.

Currently, the ACA funds one trade office each in South Korea and Taiwan.

##### ***Canada Trade Office***

The budget includes no funding in FY 2025 for the Canada Trade Office line item. Adjustments are as follows:

### Remove One-Time Funding

The budget includes a decrease of \$(750,000) from the General Fund in FY 2025 for removal of one-time funding for a trade office in Canada. The FY 2024 appropriation to this line item is non-lapsing.

#### **Frankfurt, Germany Trade Office**

The budget includes \$500,000 from the General Fund in FY 2025 for the Frankfurt, Germany Trade Office. This amount is unchanged from FY 2024.

#### **Israel Trade Office**

The budget includes \$300,000 from the General Fund in FY 2025 for the Israel Trade Office. This amount is unchanged from FY 2024.

#### **Mexico Trade Offices**

The budget includes \$500,000 from the General Fund in FY 2025 to operate trade offices in Mexico. This amount is unchanged from FY 2024.

Currently, the ACA funds trade offices in Mexico City, Guanajuato, and Chihuahua.

#### **Trade Office Funding**

The budget includes no funding in FY 2025 for the Trade Office Funding line item. Adjustments are as follows:

##### **Remove One-Time Deposit**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for removal of one-time augmented funding for the authority's trade offices.

An FY 2024 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.

ACA submitted this report on December 1, 2023, stating their intent to open new trade offices in the United Kingdom, India, and Brazil at a cost of \$500,000 each. ACA intends the remaining \$500,000 to cover services at existing trade offices, including setting up trade fairs and sending delegations abroad.

### **Other Issues**

This section includes information on the following topics:

- FY 2024 Supplemental Reduction
- Statutory Changes
- Fund Transfers
- Auditor General Report
- Agency Continuation

#### **FY 2024 Supplemental Reduction**

The FY 2025 budget includes an FY 2024 supplemental reduction of \$(23,600,000) from the General Fund to eliminate one-time funding for a deposit into the Rural Broadband Accelerated Match Fund. *(Please see the Rural Broadband Accelerated Match Fund Deposit line item.)*

#### **Statutory Changes**

The Commerce BRB makes the following statutory changes:

- As permanent law, repeals the Rural Broadband Accelerated Match Fund established by Laws 2023, Chapter 136, Section 2.

The Amusements BRB makes the following statutory changes:

- As session law, reduces the Arizona Commerce Authority lottery allocation from \$3.5 million to \$1.75 million in fiscal years FY 2025-FY 2027.

#### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Arizona Competes Fund	\$55,700,000

#### **Auditor General Report**

In September 2023, the Auditor General published a sunset review for the Arizona Commerce Authority covering its tax credit documentation, grant administration, and other general functions. The Auditor General made the following key recommendation:

- The authority should ensure tax credit and grant recipients meet all requirements by developing procedures for verifying recipient-reported

information and documenting this verification prior to approving tax credits or distributing grant monies.

#### ***Agency Continuation***

In addition to continuing the ACA through June 30, 2029, Laws 2024, Chapter 206 contains the following provisions relative to the Authority:

- Requires the ACA annual report to include the estimated number of indirect jobs created as a result of the Authority's activities and requires the report to be sent to the President of the Senate and Speaker of the House.
- Requires, by September 30 of each year, every city, town, and county in Arizona to submit to the ACA selected statistics for the preceding fiscal year relating to the speed of construction activities. ACA will then compile, analyze, and send a report on those figures to the Governor, Secretary of State, President of the Senate, and Speaker of the House by December 31.
- Establishes the Municipality Time Frames Advisory Committee within the Authority, which will submit recommendations to the ACA relating to municipal and county support for economic development projects to be included in the ACA's collected statistical data from cities, towns and counties.
- Prohibits the Authority from having more than 100 full-time employees, excluding any full-time employees that are funded with monies other than state monies.
- Requires the Authority to adopt policies that prohibit using state monies to provide business executives lodging, alcoholic beverages, personal transportation, or tickets to entertainment events for the purpose of attracting businesses to Arizona.
- Requires the CEO to report quarterly to the President of the Senate and the Speaker of the House detailing any amendments to written agreements made with applicants for Competes Fund grants.
- Adds an attorney appointed jointly by the President of the Senate and the Speaker of the House and who has experience litigating gift clause cases to the list of technical advisers to the ACA Board of Directors.
- Requires the ACA to record the public portion of board meetings and post the recordings on its website within 3 business days.

## Arizona Community Colleges

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>Equalization Aid</b>			
Equalization Aid - Cochise	8,771,400	9,759,600	10,575,800
Equalization Aid - Graham	19,114,000	19,912,000	21,132,400
Equalization Aid - Navajo	9,912,900	11,189,600	12,016,200
Equalization Aid - Yuma/La Paz	530,200	716,100	896,400
<i>Subtotal - Equalization Aid</i>	38,328,500	41,577,300	44,620,800
<b>Operating State Aid</b>			
Operating Aid - Cochise	4,230,000	4,423,700	4,000,800
Operating Aid - Coconino	1,369,600	1,415,900	1,392,500
Operating Aid - Gila	155,300	151,400	149,700
Operating Aid - Graham	1,532,300	1,661,900	1,758,900
Operating Aid - Mohave	903,000	924,400	961,500
Operating Aid - Navajo	1,393,400	1,346,100	1,375,600
Operating Aid - Pima	0	2,000,000	0
Operating Aid - Pinal	818,200	1,090,900	1,032,900
Operating Aid - Santa Cruz	0	0	54,600
Operating Aid - Yavapai	300,400	373,000	371,300
Operating Aid - Yuma/La Paz	1,898,200	2,260,700	2,262,400
<i>Subtotal - Operating Aid</i>	12,600,400	15,648,000	13,360,200
<b>STEM Aid</b>			
STEM Aid - Cochise	895,200	954,700	833,400
STEM Aid - Coconino	293,800	309,500	300,700
STEM Aid - Gila	91,900	88,700	88,100
STEM Aid - Graham	361,500	409,700	446,300
STEM Aid - Maricopa	8,584,900	7,927,600	8,073,700
STEM Aid - Mohave	373,800	378,600	392,600
STEM Aid - Navajo	283,600	262,500	273,600
STEM Aid - Pima	1,776,600	1,769,000	1,768,900
STEM Aid - Pinal	551,100	656,700	634,800
STEM Aid - Santa Cruz	21,800	21,200	41,800
STEM Aid - Yavapai	611,100	637,200	636,600
STEM Aid - Yuma/La Paz	877,500	777,700	778,200
<i>Subtotal - STEM Aid</i>	14,722,800	14,193,100	14,268,700
<b>Rural Aid</b>			
Rural Aid - Cochise	5,267,500	5,769,700	2,999,100
Rural Aid - Coconino	1,343,400	1,520,600	892,800
Rural Aid - Gila	421,800	439,500	258,000
Rural Aid - Graham	1,633,200	1,917,800	1,239,300
Rural Aid - Mohave	1,714,400	1,866,800	1,149,000
Rural Aid - Navajo	1,305,600	1,322,400	815,000
Rural Aid - Pinal	2,476,600	3,110,400	1,794,100
Rural Aid - Santa Cruz	97,800	97,000	113,800
Rural Aid - Yavapai	2,782,200	3,084,400	1,833,600
Rural Aid - Yuma/La Paz	3,957,500	4,871,400	2,905,300
<i>Subtotal - Rural Aid</i>	21,000,000	24,000,000	14,000,000
<b>Additional Rural Aid</b>			
Rural County Allocation	4,582,000	5,722,300	6,109,000 <sup>1/</sup>
Rural County Reimbursement Subsidy	1,082,900	1,082,900	1,082,900 <sup>2/</sup>
<i>Subtotal - Additional Rural Aid</i>	5,664,900	6,805,200	7,191,900
<b>Tribal Aid</b>			
Tribal Community Colleges	1,372,200	1,372,200	1,372,200 <sup>3/</sup>
Dine College Capital Improvements	0	10,000,000	0
Dine College Remedial Education	1,000,000	1,000,000	1,000,000 <sup>4/</sup>

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Dine College Student Center	8,000,000	0	0
Navajo Technical University Laboratory	4,000,000	0	0
San Carlos Apache College Remedial Education	0	2,000,000	0
Tohono O'odham Community College Remedial Education	0	2,000,000	0
<i>Subtotal – Tribal Aid</i>	14,372,200	16,372,200	2,372,200
<b>Workforce Development Aid</b>			
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Arizona Western College CTE Workforce	0	15,000,000	0
Santa Cruz Provisional Community College Funding	0	200,000	0
<i>Subtotal – Workforce Development Aid</i>	200,000	15,400,000	200,000
<b>Capital Aid</b>			
Cochise First Responders Academy	6,250,000	0	0
<b>AGENCY TOTAL</b>	<b>113,138,800</b>	<b>133,995,800</b>	<b>96,013,800 <sup>5/</sup></b>
<b>FUND SOURCES</b>			
General Fund	113,138,800	133,995,800	96,013,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>113,138,800</b>	<b>133,995,800</b>	<b>96,013,800</b>
Other Non-Appropriated Funds	84,489,700	89,692,200	89,692,200
<b>TOTAL - ALL SOURCES</b>	<b>197,628,500</b>	<b>223,688,000</b>	<b>185,706,000</b>

**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 2025, that amount is estimated to be \$6,109,000. 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/ On or before October 15, 2025, 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 2024-2025 academic year. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as District-by-District Special Line Items.

#### Equalization Aid

The budget includes \$44,620,800 from the General Fund in FY 2025 for Equalization Aid. Adjustments are as follows:

#### Property Value Changes

The budget includes an increase of \$3,043,500 from the General Fund in FY 2025 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in *Table 1*.

<b>Table 1</b>			
<b>FY 2025 Equalization Funding Changes</b>			
<b>District</b>	<b>FY 2024</b>	<b>Year-over- Year Change</b>	<b>FY 2025</b>
Cochise	\$ 9,759,600	\$816,200	10,575,800
Graham	19,912,000	1,220,400	21,132,400
Navajo	11,189,600	826,600	12,016,200
Yuma/La Paz	<u>716,100</u>	<u>180,300</u>	<u>896,400</u>
<b>Total</b>	<b>\$41,577,300</b>	<b>\$3,043,500</b>	<b>\$44,620,800</b>

**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 6.4% higher in TY 2023 than in the preceding year. Therefore, for the FY 2025 Equalization Aid formula calculation, the minimum assessed valuation increased 6.4% to approximately \$1.85 billion. (See Table 2 for the calculation of the growth rate.)

<b>Table 2</b>			
<b>Equalization Growth Factor for Tax Years (TY) 2022-2023</b>			
<b>District</b>	<b>TY 2022 Primary AV</b>	<b>TY 2023 Primary AV</b>	<b>TY 2022- 2023 % Growth</b>
Cochise*	\$ 1,023,219,900	\$ 1,074,552,900	5.0 %
Graham*	282,173,500	303,998,800	7.7 %
Navajo*	918,845,900	969,413,100	5.5 %
Yuma/La Paz*	1,683,333,600	1,781,073,400	5.8 %
Coconino	2,077,032,200	2,171,931,000	4.6 %
Mohave	2,298,472,300	2,427,679,000	5.6 %
Pinal	3,118,901,200	3,390,905,700	8.7 %
Yavapai	<u>3,333,228,500</u>	<u>3,556,683,100</u>	<u>6.7 %</u>
<b>Total <sup>1/</sup></b>	<b>\$14,735,207,000</b>	<b>\$15,676,236,900</b>	<b>6.4 %</b>
<b>Minimum AV</b>	<b>\$1,735,602,600</b>	<b>\$1,846,507,600</b>	<b>6.4 %</b>

<sup>1/</sup> May not add to total due to rounding.  
 \* These districts qualify to receive Equalization Aid under the state funding formula in FY 2025 since they fall below the minimum assessed value threshold of \$1.85 billion.

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 (\$1.85 billion in FY 2025), 2) whether

the district's dollar change in assessed value was less than the rural districts' average change, and 3) the applicable tax rate.

#### **Operating State Aid**

The budget includes \$13,360,200 from the General Fund in FY 2025 for Operating State Aid. Adjustments are as follows:

#### **Enrollment Changes**

The budget includes a decrease of \$(287,800) from the General Fund in FY 2025 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a (475), or (1.9)%, decrease in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 3). The (475) net FTSE decrease consists of a (557) FTSE decrease in non-dual enrollment students and an 82 FTSE increase 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.

<b>Table 3</b>			
<b>Community College Enrollment</b>			
	<b>FY 2022 FTSE</b>	<b>FY 2023 FTSE</b>	<b>Percentage Change</b>
<b>Rural Districts</b>			
Cochise	5,999	5,244	(12.6)%
Coconino	1,581	1,561	(1.3)%
Gila	457	451	(1.3)%
Graham	1,994	2,167	8.7%
Mohave	1,941	2,009	3.5%
Navajo	1,375	1,425	3.6%
Pinal	3,234	3,137	(3.0)%
Santa Cruz	101	199	97%
Yavapai	3,207	3,206	0.0%
Yuma/La Paz	<u>5,065</u>	<u>5,080</u>	<u>0.3%</u>
<b>Subtotal</b>	<b>24,954</b>	<b>24,479</b>	<b>(1.9)%</b>
<b>Urban Districts</b>			
Maricopa	52,588	53,964	2.6%
Pima	<u>11,462</u>	<u>11,568</u>	<u>0.9%</u>
<b>Total</b>	<b>89,004</b>	<b>90,011</b>	<b>1.1%</b>

#### **Remove One-Time Pima Operating Aid**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time Pima Community College District operating aid. This appropriation was 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 2025, the last actual FTSE data was from FY 2023.)*

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 formulaic Operating State Aid since FY 2015.

**STEM and Workforce Programs State Aid**

The budget includes \$14,268,700 from the General Fund in FY 2025 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. Adjustments are as follows:

**Enrollment Changes**

The budget includes an increase of \$75,600 from the General Fund in FY 2025 to fund increased formula costs for STEM and Workforce Programs State Aid. This increase is the result of a net growth in enrollment in FY 2023.

*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 2025 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 \$14,000,000 from the General Fund in FY 2025 for Rural Aid. Adjustments are as follows:

**Remove One-Time Rural Aid**

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 for the elimination of one-time aid to the 10 rural community college districts.

This funding is allocated to the 10 rural community college districts based on each district's share of actual FY 2023 enrollment.

**Additional Rural Aid**

**Rural County Allocation**

The budget includes \$6,109,000 from the General Fund in FY 2025 for Rural County Allocation. Adjustments are as follows:

**Technical Adjustment**

The budget includes an increase of \$386,700 from the General Fund in FY 2025 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 2024, the JLBC Staff reported that the General Fund would pay a total \$6,109,000 in FY 2025, of which \$2,317,400 would be withheld from the two unestablished counties (\$1,769,100 for Apache and \$548,300 for Greenlee). After TPT revenue withholdings, the General Fund net cost is \$3,791,600.

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 2025 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2024.

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, FY 2025 net costs are \$1,069,800 to Apache and \$164,700 to Greenlee.

**Tribal Aid**

**Tribal Community Colleges**

The budget includes \$1,372,200 from the General Fund in FY 2025 for Tribal Community Colleges. This amount is unchanged from FY 2024.

The FY 2024 budget assumed tribal community colleges would receive \$1,220,900 from the General Fund in FY 2023 and FY 2024 based on prior year TPT distributions. This included \$890,700 to the Navajo Nation and \$330,200 for Tohono O'odham Community College.

Based on FY 2023 actual distributions, the budget adjusts the assumption upward to \$1,372,200 in FY 2024 and FY 2025. This includes a distribution of \$923,700 to the Navajo Nation, comprised of \$615,800 for Diné College and \$307,900 for Navajo Technical College. The budget also assumes \$448,500 will be distributed to Tohono O'odham Community College.

As described below, each of these amounts will depend on actual FY 2025 TPT revenue collections and the FY 2025 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 2025 will depend on FY 2025 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 no funding in FY 2025 for Diné College Capital Improvements. Adjustments are as follows:

**Remove One-Time Funding**

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 for the elimination of one-time Diné College Capital Improvement funding.

**Diné College Remedial Education**

The budget includes \$1,000,000 from the General Fund in FY 2025 for Diné College Remedial Education. This amount is unchanged from FY 2024.

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 2024-2025 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2025.



### ***Tohono O'odham Community College Remedial Education***

The budget includes no funding in FY 2025 for Tohono O'odham Community College Remedial Education. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time Tohono O'odham Community College Remedial Education funding.

The FY 2024 budget included 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 no funding in FY 2025 for San Carlos Apache Community College Remedial Education. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time San Carlos Apache College Remedial Education funding.

The FY 2024 budget included 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.

### ***Workforce Development Aid***

### ***Additional Gila Workforce Development Aid***

The budget includes \$200,000 from the General Fund in FY 2025 for Additional Gila Workforce Development Aid. This amount is unchanged from FY 2024.

*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).

### ***Arizona Western College CTE Workforce***

The budget includes no funding in FY 2025 for Arizona Western College CTE Workforce. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(15,000,000) from the General Fund in FY 2025 for the elimination of one-time Career Technical Education (CTE) Workforce program funding at Arizona Western College.

### ***Santa Cruz Provisional Community College Funding***

The budget includes no funding in FY 2025 for Santa Cruz Provisional Community College Funding. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(200,000) from the General Fund in FY 2025 for the elimination of one-time Santa Cruz Provisional Community College funding.

### ***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 2025 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 2025 for all community college districts.
- As permanent law, establishes the Arizona Community Colleges Promise Program Fund to be administered by the Arizona Board of Regents (ABOR). (Please see the ABOR section for additional information).

## Long-Term Budget Impacts

As part of the budget's 3-year spending plan, Community College General Fund costs are projected to increase by \$3,022,700 in FY 2026 above FY 2025 and increase by \$3,311,600 in FY 2027 above FY 2026. 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 2026 and FY 2027).
- An increase of \$3,022,700 for Equalization Aid in FY 2026 above FY 2025 and \$3,311,600 in FY 2027 above FY 2026. These estimates assume total Net Assessed Value (NAV) growth of 6.0% in FY 2025 and 6.2% FY 2026.

## 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 4.2% of their revenues (excluding bond proceeds) from state aid.

For FY 2024, base operating revenues from all sources are estimated to be \$1,947,141,900 (See Table 4 for a summary of FY 2024 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 52.4% of their revenues. There are 2 types of property taxes: primary 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 2023 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 16.7% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2024 weighted average tuition (weighted for each district's proportion of

Table 4

### Total Estimated Community College Revenues – FY 2024 <sup>1/</sup>

District	State Aid <sup>2/</sup>	Tuition/Fees	Property Taxes	Grants	Other <sup>3/</sup>	FY 2024 Total <sup>4/</sup>	FY 2023 Total <sup>5/</sup>	% Change from FY 2023
Cochise	\$19,953,000	\$9,482,700	\$25,920,400	\$34,594,200	\$1,601,400	\$91,551,700	\$76,580,200	19.6%
Coconino	2,936,500	6,918,700	13,153,200	8,963,700	1,096,300	33,068,400	28,988,500	14.1%
Gila <sup>6/</sup>	590,900	0	5,843,200	615,400	355,000	7,404,500	6,525,500	13.5%
Graham	23,491,700	8,121,000	7,918,300	12,948,100	5,756,000	58,235,100	66,376,900	(12.3)%
Maricopa	0	209,884,300	623,177,700	208,529,100	24,686,200	1,066,277,300	1,083,656,400	(1.6)%
Mohave	2,791,200	9,591,900	28,030,000	17,721,200	445,400	58,579,700	50,546,900	15.9%
Navajo	13,858,100	3,800,000	16,999,600	6,457,800	3,879,500	44,995,000	47,146,600	(4.6)%
Pima	2,000,000	43,260,000	136,301,500	78,455,000	11,471,500	271,488,000	225,828,300	20.2%
Pinal	4,201,300	8,351,000	65,105,400	19,292,900	4,110,000	101,060,600	97,222,900	3.9%
Santa Cruz <sup>6/</sup>	97,000	800	1,778,100	274,800	25,900	2,176,600	2,104,200	3.4%
Yavapai	3,457,400	12,896,000	53,649,000	17,542,800	6,290,200	93,835,400	84,568,900	11.0%
Yuma/La Paz	<u>7,848,200</u>	<u>13,695,000</u>	<u>42,286,200</u>	<u>50,520,000</u>	<u>4,120,200</u>	<u>118,469,600</u>	<u>97,228,700</u>	<u>21.8%</u>
<b>Total</b>	<b>\$81,225,300</b>	<b>\$326,001,400</b>	<b>\$1,020,162,600</b>	<b>\$455,915,000</b>	<b>\$63,837,600</b>	<b>\$1,947,141,900</b>	<b>\$1,866,774,000</b>	<b>4.3%</b>

<sup>1/</sup> The data in this table was provided by the Arizona Community College Coordinating Council.

<sup>2/</sup> State Aid revenue includes Operating State Aid and Equalization Aid.

<sup>3/</sup> Includes auxiliary programs, interest income, workforce development funds, and transfers.

<sup>4/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are estimated to be \$2,175,730,400 for FY 2024.

<sup>5/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are \$1,901,713,800 for FY 2023.

<sup>6/</sup> 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.

Table 5

## Community College Tax Rates – TY 2023

District	Primary Rate	Secondary Rate	Combined Rate	% Change Combined Rate from TY 2022
Cochise	\$2.43	\$0.00	\$2.43	0.0%
Coconino	0.61	0.00	0.61	17.3%
Gila	0.92	0.00	0.92	(2.1)%
Graham	2.60	0.00	2.60	(4.1)%
Maricopa	1.08	0.06	1.14	(4.2)%
Mohave	1.15	0.00	1.15	(3.4)%
Navajo	1.75	0.00	1.75	0.0%
Pima	1.28	0.00	1.28	(0.8)%
Pinal	1.78	0.14	1.92	(6.8)%
Santa Cruz	0.43	0.00	0.43	(4.4)%
Yavapai	1.51	0.00	1.51	0.7%
Yuma/La Paz	2.07	0.30	2.37	(2.1)%

the statewide FTSE count) is \$2,708 if a full-time student attends for 30 hours a year. The FY 2024 amount represents an increase of 7.8% from FY 2023. (See Table 6 for FY 2024 resident tuition and fee rates.)

Community colleges also receive grants and “other” revenue from a variety of sources. Combined, they account for approximately 26.7% of community college revenues.

Revenue listed in the “other” category includes auxiliary programs, interest incomes, workforce development funds, and transfers.

Table 6

## Community College Resident Tuition and Fees – FY 2024

District	Average Cost Per Credit Hour	Annual Cost <sup>1/</sup>	% Change from FY 2023
Cochise	\$93	\$2,790	17.7%
Coconino	136	4,068	0.0%
Gila	98	2,940	5.4%
Graham	98	2,940	5.4%
Maricopa	97	2,910	14.1%
Mohave	81	2,430	0.0%
Navajo	91	2,730	7.1%
Pima	92	2,760	3.4%
Pinal	75	2,250	50.0%
Santa Cruz	46	1,380	5.7%
Yavapai	83	2,472	5.1%
Yuma/La Paz	94	2,820	2.2%
<b>Average</b>	<b>\$90</b>	<b>\$2,708</b>	<b>7.8%</b>

<sup>1/</sup> Annual cost is for 30 hours a year, or 15 hours per semester.

## Total Community College Expenditures

Table 7 shows total budgeted FY 2024 community college expenditures. In FY 2024, total budgeted expenditures are \$2,283,941,800. As mentioned previously, base operating revenues for FY 2024 are \$1,947,141,900, however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,175,730,400. Of the total \$2,283,941,800 in budgeted expenditures, \$1,816,810,400, or 79.5%, of these expenditures are from the community colleges’ General and Restricted Funds. This includes \$556,591,500, or 24.4%, for instruction and \$305,939,200, or 13.4%, for institutional support.

Table 7

## Community Colleges - FY 2024 Budgeted Expenditures

General/Restricted Funds	Total	% of Total
Instruction	\$ 556,591,500	24.4%
Public Service	117,147,000	5.1%
Academic Support	187,631,500	8.2%
Student Services	351,407,100	15.4%
Institutional Support	305,939,200	13.4%
Operation & Maintenance	73,875,200	3.2%
Scholarships & Grants	156,107,400	6.8%
Contingency	68,111,400	3.0%
<b>Subtotal <sup>1/</sup></b>	<b>\$1,816,810,400</b>	<b>79.5%</b>
Auxiliary Enterprises Fund	\$ 78,918,900	3.5%
Plant Fund	307,262,500	13.5%
Debt Service	80,950,000	3.5%
<b>Total <sup>1/</sup></b>	<b>\$2,283,941,800</b>	<b>100%</b>

<sup>1/</sup> May not add to subtotal and total due to rounding.

Expenditures for auxiliary enterprises, including revenue-generating retail and business services such as parking lots, bookstores, and food service, are \$78,918,900 or 3.5% of the total. Plant Fund expenditures, which generally include capital costs, are \$307,262,500, or 13.5% of the total. The remaining \$80,950,000, or 3.5%, is for debt service.

## Community College Expenditure Limitations

The Arizona Constitution requires the Economic Estimates Commission to calculate the expenditure 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* includes the FY 2024 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 2024.

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.

**Table 8**

**Community College Expenditure Limits – FY 2024**

<u>District</u>	<u>Expenditure Limit</u>	<u>Estimated Expenditures</u>
Cochise	\$73,550,812	\$67,378,021
Coconino	17,110,159	17,110,159
Gila*	5,076,198	4,822,388
Graham	33,994,988	32,295,239
Maricopa	476,167,690	476,167,690
Mohave	26,196,489	26,196,489
Navajo	15,470,441	15,470,441
Pima	140,472,699	140,472,699
Pinal	44,910,384	44,910,384
Santa Cruz*	1,812,166	1,810,749
Yavapai	51,167,433	51,167,433
Yuma/La Paz	60,908,539	53,111,277

\* Indicates provisional community college district

### ***Constable Ethics Standards and Training Board***

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 ESTIMATE
<b>FUND SOURCES</b>			
Other Non-Appropriated Funds	262,600	665,000	665,000
<b>TOTAL - ALL SOURCES</b>	262,600	665,000	665,000

**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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	105.6	105.6	105.6
Personal Services	6,277,600	6,775,400	6,775,400
Employee Related Expenditures	2,436,500	2,759,300	2,962,900
Professional and Outside Services	144,500	395,300	395,300
Travel - In State	258,600	625,000	625,000
Travel - Out of State	4,400	16,800	16,800
Other Operating Expenditures	1,414,500	2,178,400	1,832,600
Equipment	219,000	300,000	300,000
<b>OPERATING SUBTOTAL</b>	<b>10,755,100</b>	<b>13,050,200</b>	<b>12,908,000</b>
<b>SPECIAL LINE ITEMS</b>			
Office of Administrative Hearings Costs	435,800	1,017,600	1,017,600
<b>AGENCY TOTAL</b>	<b>11,190,900</b>	<b>14,067,800</b>	<b>13,925,600 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Registrar of Contractors Fund	11,190,900	14,067,800	13,925,600
SUBTOTAL - Other Appropriated Funds	11,190,900	14,067,800	13,925,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>11,190,900</b>	<b>14,067,800</b>	<b>13,925,600</b>
Other Non-Appropriated Funds	5,851,800	4,666,800	4,666,800
<b>TOTAL - ALL SOURCES</b>	<b>17,042,700</b>	<b>18,734,600</b>	<b>18,592,400</b>

**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 \$12,908,000 and 105.6 FTE Positions from the Registrar of Contractors Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes a decrease of \$(142,200) from the Registrar of Contractors Fund in FY 2025 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 2025 for Office of Administrative Hearings (OAH) Costs. This amount is unchanged from FY 2024.

Monies in this line item are transferred from the Registrar of Contractors to OAH for services provided by OAH.

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## Corporation Commission

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	301.9	301.9	301.9 <sup>1/</sup>
Personal Services	16,722,300	21,857,400	21,857,400
Employee Related Expenditures	6,568,500	8,646,300	9,138,900
Professional and Outside Services	923,400	1,024,500	1,024,500
Travel - In State	170,300	282,900	282,900
Travel - Out of State	109,700	318,500	318,500
Other Operating Expenditures	2,731,900	3,920,100	2,619,900
Equipment	227,900	181,600	181,600
<b>OPERATING SUBTOTAL</b>	<b>27,454,000</b>	<b>36,231,300</b>	<b>35,423,700</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(27,600)
Corporation Filings, Same-Day Service	186,700	416,500	417,300
Utilities Audits, Studies, Investigations & Hearings	16,000	380,000	380,000 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>27,656,700</b>	<b>37,027,800</b>	<b>36,193,400 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	756,500	798,900	789,000
<u>Other Appropriated Funds</u>			
Arizona Arts Trust Fund	55,400	57,700	60,000
Investment Management Regulatory and Enforcement Fund	755,100	1,305,700	1,329,700
Public Access Fund	6,227,700	8,420,800	8,121,600
Securities Regulatory and Enforcement Fund	5,293,600	7,672,500	7,345,800
Utility Regulation Revolving Fund	14,568,400	18,772,200	18,547,300
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>26,900,200</b>	<b>36,228,900</b>	<b>35,404,400</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>27,656,700</b>	<b>37,027,800</b>	<b>36,193,400</b>
Other Non-Appropriated Funds	889,000	985,000	985,000
Federal Funds	1,565,800	3,531,000	3,531,000
<b>TOTAL - ALL SOURCES</b>	<b>30,111,500</b>	<b>41,543,800</b>	<b>40,709,400</b>

**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

- <sup>1/</sup> Includes 2 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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)
- <sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$35,423,700 and 299.9 FTE Positions in FY 2025 for the operating budget.

These amounts consist of:

General Fund  
Arizona Arts Trust Fund

**FY 2025**  
\$816,600  
60,000

Investment Management Regulatory and Enforcement Fund	1,329,700
Public Access Fund	7,704,300
Securities Regulatory and Enforcement Fund	7,345,800
Utility Regulation Revolving Fund	18,167,300

Adjustments are as follows:

#### **Remove One-Time Hiring Costs**

The budget includes a decrease of \$(1,200,000) in FY 2025 for removal of one-time monies associated with hiring 25 new staff. This amount consists of:

Public Access Fund	(400,000)
Securities Regulatory and Enforcement Fund	(400,000)
Utility Regulation Revolving Fund	(400,000)

#### **Statewide Adjustments**

The budget includes an increase of \$392,400 from the General Fund in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$17,700
Arizona Arts Trust Fund	2,300
Investment Management Regulatory and Enforcement Fund	24,000
Public Access Fund	100,000
Securities Regulatory and Enforcement Fund	73,300
Utility Regulation Revolving Fund	175,100

*(Please see the Agency Detail and Allocations section.)*

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(27,600) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

#### **Corporation Filings, Same-Day Service**

The budget includes \$417,300 and 2 FTE Positions from the Public Access Fund in FY 2025 for Corporation Filings, Same-Day Service. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$800 from the Public Access Fund in FY 2025 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 2025 for Utilities Audits, Studies, Investigations & Hearings. This amount is unchanged from FY 2024.

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**

#### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Securities Regulatory and Enforcement Fund	\$25,000,000
Utility Regulation Revolving Fund	2,125,000



## Arizona Department of Corrections

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	9,569.0	9,569.0	9,592.0 <sup>1/</sup>
Personal Services	433,172,000	421,645,800	453,153,200
Employee Related Expenditures	207,401,600	203,757,000	241,933,800
Professional and Outside Services	14,155,400	10,616,700	23,265,000
Travel - In State	509,100	480,900	480,900
Travel - Out of State	93,000	74,900	74,900
Food	37,436,300	47,646,900	38,588,800
Other Operating Expenditures	96,937,400	98,587,500	85,494,400
Equipment	12,449,300	1,035,600	1,035,600
<b>OPERATING SUBTOTAL</b>	<b>802,154,100</b>	<b>783,845,300 <sup>2/</sup></b>	<b>844,026,600 <sup>2/3/4/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Overtime and Compensatory Time <sup>5/</sup>	96,990,900	15,540,500	15,540,500 <sup>6/</sup>
Community Corrections	23,969,100	24,729,300 <sup>7/</sup>	28,280,300
Private Prison Per Diem	231,096,700	270,069,200	275,716,800 <sup>8/9/</sup>
Inmate Health Care Contracted Services	265,507,600	333,223,300	367,557,100 <sup>10/11/</sup>
Medical Staffing Augmentation	11,227,900	0	0
Substance Abuse Treatment	759,200	3,026,800	3,945,400
One-Time Vehicle Purchase	3,804,800	0	0
Transitional and Reentry Housing	0	5,000,000	0
Transitional Housing Grants	0	2,000,000	0
Inmate Dog Training	0	650,000	0
Non-Contract Medication	0	40,746,500 <sup>12/</sup>	55,000,000 <sup>13/</sup>
Injunction-Related IT Upgrades	0	4,770,300 <sup>14/</sup>	16,000,000 <sup>15/</sup>
Named Claimants	0	12,100	0
<b>AGENCY TOTAL</b>	<b>1,435,510,300</b>	<b>1,483,613,300</b>	<b>1,606,066,700 <sup>16/-23/</sup></b>
<b>FUND SOURCES</b>			
General Fund	1,385,450,900	1,420,670,200	1,537,433,400
<u>Other Appropriated Funds</u>			
Alcohol Abuse Treatment Fund	21,300	555,800	555,800
Corrections Fund	30,663,100	31,312,500	31,312,500
Inmate Store Proceeds Fund	4,639,800	1,287,800	1,280,800
Penitentiary Land Fund	2,764,500	5,209,200	3,466,000 <sup>24/</sup>
Prison Construction and Operations Fund	8,459,800	14,106,800	12,500,100
State Charitable, Penal and Reformatory Institutions Land Fund	2,665,100	5,347,500	3,733,100 <sup>25/</sup>
State Education Fund for Correctional Education	420,200	723,200	736,400 <sup>26/</sup>
Transition Program Fund	425,600	4,400,300	15,048,600
SUBTOTAL - Other Appropriated Funds	50,059,400	62,943,100	68,633,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,435,510,300</b>	<b>1,483,613,300</b>	<b>1,606,066,700</b>
Other Non-Appropriated Funds	91,161,900	84,373,600	78,943,600
Federal Funds	20,074,400	16,762,100	8,684,400
<b>TOTAL - ALL SOURCES</b>	<b>1,546,746,600</b>	<b>1,584,749,000</b>	<b>1,693,694,700</b>

**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 2025.
- 2/ The FY 2025 budget transfers \$75,000,000 in FY 2024 and \$40,000,000 in FY 2025 from the Attorney General's opioid settlement monies to ADC's non-appropriated Opioid Remediation Fund. As ADC non-appropriated monies, these funds are not included in this table.
- 3/ Of the amount appropriated in the operating lump sum, \$453,153,200 is designated for personal services and \$241,933,800 is designated for employee-related 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/ Prior to FY 2025, Overtime and Compensatory Time costs were displayed in the operating budget. The FY 2023 and FY 2024 amounts have been displayed as part of this new line item for comparability.
- 6/ The department shall submit an expenditure plan for review by the joint legislative budget committee before spending monies appropriated for the overtime and compensatory time line item other than for personal services or employee-related expenditures. (General Appropriation Act footnote)
- 7/ The department may spend the \$2,000,000 appropriated by Laws 2022, chapter 313, section 23 for the community treatment program for imprisoned women line item on community corrections line item expenditures in fiscal year 2023-2024. (FY 2024 footnote as added by the FY 2025 General Appropriation Act).
- 8/ The department shall use the amount appropriated in the private prison per diem line item to pay private prison contractors for housing and providing medical care to Arizona inmates. Before spending these monies for any other purpose, the department shall submit an expenditure plan for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 9/ Private prison vendors that 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)
- 10/ 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)
- 11/ On or before August 1, 2024 and February 1, 2025, 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)
- 12/ The amount appropriated in the noncontract medication line item 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. (FY 2024 footnote as added by the FY 2025 General Appropriation Act).
- 13/ The department shall use the amount appropriated in the noncontract medication line item to purchase medications to treat hepatitis C and for medication-assisted treatment for substance use disorder. Before spending these monies for any other purpose, the department shall submit an expenditure plan for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 14/ The amount appropriated in the injunction-related IT upgrades line item 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. (FY 2024 footnote as added by the FY 2025 General Appropriation Act).
- 15/ The amount appropriated in the injunction-related IT upgrades line item shall be used to address information technology improvements as required by the court in the *Jensen v. Thornell* inmate health care litigation. (General Appropriation Act footnote)
- 16/ 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)
- 17/ 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)

- 18/ On or before November 1, 2024, 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, 2023 and June 30, 2024 and the projected capacity for June 30, 2025, 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)
- 19/ If the department develops a plan after the department's November 1, 2024 report to open or close one hundred 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)
- 20/ On or before August 1, 2024, 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 2024-2025. (General Appropriation Act footnote)
- 21/ On or before December 15, 2024 and July 15, 2025, 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)
- 22/ The department shall report actual fiscal year 2023-2024, estimated fiscal year 2024-2025 and requested fiscal year 2025-2026 expenditures as delineated in the prior year when the department submits its fiscal year 2025-2026 budget request pursuant to section 35-113, Arizona Revised Statutes. (General Appropriation Act footnote)
- 23/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 24/ 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)
- 25/ 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)
- 26/ Before spending any state education fund for correctional education monies in excess of \$736,400, 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 allocation.)

### **Operating Budget**

The budget includes \$844,026,600 and 9,405 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$821,758,300
Alcohol Abuse Treatment Fund	250,300
Corrections Fund	3,001,000
Inmate Store Proceeds Fund	1,280,800
Penitentiary Land Fund	686,800
Prison Construction and Operations Fund	2,500,100

State Charitable, Penal and Reformatory Institutions Land Fund	1,164,600
State Education Fund for Correctional Education	736,400
Transition Program Fund	12,648,300

Adjustments are as follows:

### **Opioid Settlement Monies**

The budget includes an increase of \$35,000,000 from the General Fund in FY 2025 due to a lower use of opioid settlement monies for ADC operating costs compared to FY 2024.

The budget included an FY 2024 supplemental that reduced the ADC operating General Fund appropriation by \$(75,000,000). The budget replaced that funding with a transfer of \$75,000,000 in opioid settlement funding from the Attorney General in FY 2024, resulting in no net change in overall funding to ADC.

The FY 2025 budget reduces the transfer of opioid settlement monies from the Attorney General to ADC from \$75,000,000 to \$40,000,000. To offset the loss of opioid settlement monies, the FY 2025 budget increases the use of General Fund monies in ADC's operating budget by \$35,000,000 relative to the revised FY 2024 appropriation.

The FY 2024 and FY 2025 opioid settlement transfers are not displayed within the appropriated ADC budget as the transferred monies will be deposited in the non-appropriated ADC Opioid Remediation Fund established pursuant to A.R.S. § 35-142.

The budget includes a footnote specifying that ADC shall use the opioid settlement funding only for past and current department costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any co-occurring substance use disorder or mental health conditions or for any other approved purposes as prescribed in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation. *(Please see the Attorney General section for additional information.)*

**Additional Injunction-Related Staffing**

The budget includes an increase of \$6,800,000 and 23 FTE Positions from the General Fund in FY 2025 for additional staffing needs resulting from the inmate health care injunction.

**Other Injunction Costs**

The budget includes an increase of \$2,688,900 from the General Fund in FY 2025 for injunction-related costs such as pest control and enhanced sanitation.

**Remove One-Time Food Funding**

The budget includes a decrease of \$(9,058,100) from the General Fund in FY 2025 to remove one-time increased food funding.

**One-Time Food Contract Increase**

The budget includes a one-time increase of \$12,648,300 in FY 2025 from the Transition Program Fund for the increased cost of the new food contract.

**Department Vacancy Savings**

The budget includes a decrease of \$(19,800,000) from the General Fund in FY 2025 for department vacancy savings, primarily from unfilled correctional officer positions.

**Remove One-Time Florence Closure Costs**

The budget includes a decrease of \$(1,463,500) in FY 2025 to remove one-time higher food funding associated with the Florence closure. This amount consists of:

General Fund	(463,500)
Corrections Fund	(1,000,000)

**Remove One-Time Corrections System Assessment**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding to conduct a systemwide assessment of contracts, staffing, and retention issues in the department.

**Remove One-Time Leap Year Funding**

The budget includes a decrease of \$(186,700) from the Prison Construction and Operations Fund in FY 2025 to remove one-time funding for contract costs associated with one additional day in FY 2024.

**Remove Department Administrative Shifts**

The budget includes a decrease of \$(6,800,000) from the General Fund in FY 2025 to reverse a shift made by the department in FY 2024. These FY 2024 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2024 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

**Remove FY 2024 Supplemental Reduction**

The budget includes an increase of \$21,707,400 from the General Fund in FY 2025 for the elimination of one-time FY 2024 supplemental savings associated with injunction-related expenses.

**Statewide Adjustments**

The budget includes an increase of \$20,645,000 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	20,634,100
Inmate Store Proceeds Fund	(7,000)
Penitentiary Land Fund	5,700
State Charitable, Penal and Reformatory Institutions Land Fund	(1,000)
State Education Fund for Correctional Education	13,200

*(Please see the Agency Detail and Allocations section.)*

The budget also shifts the funding allocated for Overtime and Compensation Time from the operating budget to a dedicated special line item.

**Overtime and Compensation Time**

The budget includes \$15,540,500 from the General Fund in FY 2025 for Overtime and Compensation Time. This amount is unchanged from FY 2024.

The budget shifts the funding allocated for Overtime and Compensation Time from the operating budget to a dedicated special line item. FY 2023 actual expenditures and FY 2024 estimates are displayed in this line item instead of the operating budget.

*Background* – This line item funds overtime and compensation time primarily for correctional officers to make up for vacant positions.

**Community Corrections**

The budget includes \$28,280,300 and 184 FTE Positions in FY 2025 for Community Corrections. These amounts consist of:

General Fund	25,574,500
Alcohol Abuse Treatment Fund	305,500
Transition Program Fund	2,400,300

Adjustments are as follows:

**Remove FY 2024 Supplemental Reduction**

The budget includes an increase of \$2,000,000 from the General Fund in FY 2025 for the elimination of one-time FY 2024 supplemental savings.

The FY 2025 budget reduces the line item's FY 2024 appropriation by \$(2,000,000) and adds a footnote to allow the department to repurpose the \$2,000,000 appropriated in the FY 2023 budget for the Community Treatment Program for Imprisoned Women line item, and instead use those funds for Community Corrections expenses in FY 2024.

**Remove Department Administrative Shifts**

The budget includes an increase of \$723,000 from the General Fund in FY 2025 to reverse a shift made by the department in FY 2024. These FY 2024 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2024 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

**Statewide Adjustments**

The budget includes an increase of \$828,000 from the General Fund in FY 2025 for statewide adjustments.

*Background* – Monies in this line item are used for several different community corrections programs as described below. In addition to the \$28,280,300 in FY 2025 appropriated funds, ADC projects that they will utilize an additional \$8,889,000 in non-appropriated funds for these activities in FY 2025.

As of June 30, 2024, ADC has responsibility for 5,361 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 2023 expenditures from the line item.

Table 1

**FY 2023 Community Corrections Program Expenditures**

	<u>Approp.</u>	<u>Non- Approp.</u>	<u>Total</u>
Comm. Supervision	\$17,206,100	\$8,648,600	\$25,854,700
Transition Program	442,600	0	442,600
Maricopa Reentry	2,327,100	243,700	2,570,800
Pima Reentry	3,739,100	0	3,739,100
Mental Health	0	0	0
Transition Program			
Other/Overhead	254,200	0	254,200
<b>Total</b>	<b>\$23,969,100</b>	<b>\$8,892,300</b>	<b>\$32,861,400</b>

**Private Prison Per Diem**

The budget includes \$275,716,800 in FY 2025 for Private Prison Per Diem. This amount consists of:

General Fund	245,342,800
Corrections Fund	28,311,500
Penitentiary Land Fund	2,062,500

Adjustments are as follows:

**Remove One-Time FY 2024 Florence Closure Costs**

The budget includes a decrease of \$(36,018,300) from the General Fund in FY 2025 to remove one-time funding for private prison beds to replace reduced state operated capacity after the Florence prison closure. This funding was restored in the FY 2025 budget (*see one-time FY 2025 issue below*).

**Remove One-Time FY 2024 Private Prison Contract Increase**

The budget includes a decrease of \$(8,503,500) from the General Fund in FY 2025 to remove one-time funding for increased contract costs for the Florence West and Phoenix West prisons. This funding was restored in FY 2025 (*see one-time FY 2025 issue below*).

**One-Time FY 2025 Private Prison Funding**

The budget includes a one-time increase of \$55,283,500 in FY 2025 to fully fund private prison contracts and to continue one-time FY 2024 funding (*see one-time FY 2024 issues above*). This amount consists of:

General Fund	54,283,500
Corrections Fund	1,000,000

The budget continues this funding as one-time in FY 2026 and FY 2027. As a result, the FY 2026 Baseline's 3-year spending projections will exclude this funding in FY 2028.

**Private Prison Funding Reduction**

The budget includes a decrease of \$(14,500,000) in FY 2025 from the General Fund to reflect savings for unused private prison bed capacity.

While the prior policy issue funded the cost of private prison contracts at full capacity, this issue adjusts that amount downward to reflect vacancies that typically occur during the course of the year.

**Marana Prison Savings**

The budget includes a decrease of \$(9,722,200) from the General Fund in FY 2025 for ongoing savings due to the current status of the Marana prison complex.

ADC owns the Marana prison complex, a 500-bed minimum security prison. Marana was previously managed under a private prison contract. In November 2023, ADC announced it would let the contract expire effective December 31, 2023. While the prison no longer houses inmates, ADC plans to keep the prison beds in its official count until a decision is made for the future of the complex.

**Remove Department Administrative Shifts**

The budget includes an increase of \$19,000,000 from the General Fund in FY 2025 to reverse a shift made by the department in FY 2024. These FY 2024 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2024 to better display actual funding levels by line item. (*Please see Table 3 below for a full list of administrative shifts.*)

**Remove FY 2024 Supplemental Reduction**

The budget includes an increase of \$789,200 from the General Fund in FY 2025 for the elimination of one-time FY 2024 supplemental savings.

**Remove One-Time Leap Year Costs**

The budget includes a decrease of \$(681,100) from the Prison Construction and Operations Fund in FY 2025 to remove funding 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. 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 6 existing private prison contracts, 3 (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 \$367,557,100 in FY 2025 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	354,271,900
Penitentiary Land Fund	716,700
Prison Construction and Operations Fund	10,000,000
State Charitable, Penal and Reformatory Institutions Land Fund	2,568,500

Adjustments are as follows:

#### **Remove One-Time Health Care Costs**

The budget includes a decrease of \$(51,200,000) from the General Fund in FY 2025 to remove one-time health care costs funding. This funding was restored in FY 2025 and further increased as explained in the next policy issue.

#### **Vendor Contract Increase**

The budget includes an increase of \$108,875,800 in FY 2025 for vendor health care contract increases. This amount consists of:

General Fund	107,090,600
Penitentiary Land Fund	716,700
State Charitable, Penal and Reformatory Institutions Land Fund	1,068,500

#### **Remove Department Administrative Shifts**

The budget includes a decrease of \$(15,341,600) from the General Fund in FY 2025 to reverse a shift made by the department in FY 2024. These FY 2024 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2024 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

#### **Medicaid Reimbursement Savings**

The budget includes a decrease of \$(11,000,000) from the General Fund in FY 2025 to account for expected Medicaid reimbursement savings.

#### **Additional FY 2025 Adjustments**

The budget includes a net increase of \$3,738,500 in FY 2025 to 1) backfill the one-time use of non-General Fund monies in FY 2024 and 2) add new resources for the health care contract. This amount consists of:

General Fund	8,886,000
Penitentiary Land Fund	(2,465,600)
State Charitable, Penal and Reformatory Institutions Land Fund	(2,681,900)

#### **Remove One-Time Leap Year Costs**

The budget includes a decrease of \$(738,900) from the Prison Construction and Operations Fund in FY 2025 to remove funding 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. The current contract does not include the cost of medications for either hepatitis C treatment and or medication-assisted treatment of substance use disorders *(see the Non-Contract Medication line item below)*.

*(Please see the Inmate Health Care Litigation section in the FY 2025 Baseline for additional information.)*

### ***Substance Abuse Treatment***

The budget includes \$3,945,400 and 3 FTE Positions from the General Fund in FY 2025 for Substance Abuse Treatment. Adjustments are as follows:

#### **Remove Department Administrative Shifts**

The budget includes an increase of \$2,418,600 from the General Fund in FY 2025 to reverse a shift made by the department in FY 2024. These FY 2024 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2024 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

#### **Funding Reduction**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 to align the appropriation with actual expenditures.

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.

### ***Transitional and Reentry Housing***

The budget includes no funding in FY 2025 for Transitional and Reentry Housing. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove transitional and reentry housing funding.

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. An FY 2024 footnote also exempted the appropriation from lapsing.

#### **Transitional Housing Grants**

The budget includes no funding in FY 2025 for Transitional Housing Grants. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(2,000,000) from the Transition Program Fund in FY 2025 to remove transitional housing grants funding.

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 no funding in FY 2025 for Inmate Dog Training. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(650,000) from the General Fund in FY 2025 to remove inmate dog training funding.

An 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.

#### **Non-Contract Medication**

The budget includes \$55,000,000 from the General Fund in FY 2025 for Non-Contract Medication. Adjustments are as follows:

##### **Remove One-Time FY 2024 Funding**

The budget includes a decrease of \$(40,746,500) from the General Fund in FY 2025 for the elimination of one-time FY 2024 supplemental funding for non-contract medication. A General Appropriation Act footnote makes this FY 2024 funding non-lapsing through FY 2025. This funding was continued and increased in FY 2025 (*see the next policy issue*).

##### **Ongoing Funding**

The budget includes an increase of \$55,000,000 from the General Fund in FY 2025 for ongoing non-contract medication funding.

A General Appropriation Act footnote requires the department to use the amount appropriated in the non-contract medication line item to purchase medications to treat hepatitis C and for medication-assisted treatment for substance use disorder. These costs are not part of the contract with the state's private health care provider (as funded in the Inmate Health Care Contracted Services line item).

#### **Injunction-Related IT Upgrades**

The budget includes \$16,000,000 from the General Fund in FY 2025 for Injunction-Related IT Upgrades. Adjustments are as follows:

##### **Remove FY 2024 Supplemental Funding**

The budget includes a decrease of \$(4,770,300) from the General Fund in FY 2025 for the elimination of one-time supplemental funding. A General Appropriation Act footnote makes this FY 2024 funding exempt from lapsing through FY 2025.

##### **Ongoing Funding**

The budget includes an increase of \$16,000,000 from the General Fund in FY 2025 for ongoing IT funding related to the inmate health care injunction.

A General Appropriation Act footnote requires the department to use these monies to address information technology improvements as required by the court in the *Jensen v. Thornell* inmate health care litigation.



### Named Claimants

The budget includes no funding in FY 2025 for Named Claimants. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(12,113.96) from the General Fund in FY 2025 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 2024 Supplementals
- Statutory Changes
- Fund Transfers
- Transition Program
- Bed Capacity Issues
  - Inmate Growth Rate
  - Bed Capacity
  - Bed Surplus/Shortfall

### FY 2024 Supplementals

The FY 2025 budget includes the following FY 2024 supplemental adjustments:

- \$(8,886,000) from the General Fund for inmate health care vendor costs, which includes \$9,224,000 for increased costs and \$(18,110,000) for savings offsets, including Medicaid funding and vendor penalties.
- \$40,746,500 from the General Fund to fund Hepatitis C and medication assisted treatment.
- \$4,770,300 from the General Fund for injunction-related information technology upgrades.
- \$(21,707,400) from the General Fund for department vacancy savings in the operating budget.
- \$(2,000,000) from the General Fund to reduce the community corrections appropriation. The budget replaces this funding by allowing the department to spend the FY 2023 appropriation for Community Treatment for Imprisoned Women on community corrections in FY 2024.
- \$(789,200) from the General Fund for private prison capacity savings.
- \$(75,000,000) from the General Fund to reduce the department's overall appropriation. This amount was replaced with a corresponding transfer of

\$75,000,000 of opioid settlement monies from the Attorney General.

- \$5,147,500 from Other Funds for increased inmate health care vendor costs, which consists of \$2,465,600 from the Penitentiary Land Fund and \$2,681,900 from the State Charitable, Penal and Reformatory Institutions Land Fund.
- \$12,113.96 from the General Fund for a one-time named claimants appropriation.

### Statutory Changes

The Criminal Justice Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As session law, allows ADC to use the amount appropriated in FY 2025 from the Transition Program Fund and the Alcohol Abuse Treatment Fund for any purpose at the Director's discretion.

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund in FY 2024:

	<b>FY 2024</b>
Alcohol Abuse Treatment Fund	\$2,000,000
Community Corrections Enhancement Fund	117,500
Corrections Fund	8,000,000
Transition Program Fund	4,200,000

The budget also includes the following transfers from this agency's fund to the General Fund in FY 2025:

	<b>FY 2025</b>
Arizona Correctional Industries Revolving Fund	\$11,491,800

### 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 2023, the program saved a total of 304,121 bed days. In that same year, the Transition Program Fund received revenue of \$5,631,900 from all sources. Of this amount, \$5,170,100 came from the statutory \$17 transfer and the remainder came from DUI inmate wages. The vendor is required to seek Medicaid payment for services like substance abuse treatment prior to billing ADC. Because Medicaid pays for much of the costs, the department's vendor costs to run the program in FY 2023 were on average \$1.46 per inmate per day, or \$442,600 total.

### Bed Capacity Issues

#### Inmate Growth Rate

On June 30, 2024, the total inmate population was 35,138. This was an increase of 761 inmates from the June 30, 2023 population of 34,377. *Table 2* shows the year-end populations from FY 2019 to FY 2024.

**Table 2**

#### Year-End Population, FY 2019 - FY 2024

<u>Year</u>	<u>Population</u>
FY 2019	42,312
FY 2020	40,151
FY 2021	35,954
FY 2022	33,371
FY 2023	34,377
FY 2024	35,138

The decline in the ADC population from FY 2020 through FY 2022 was likely related to the pandemic.

**Table 3**

	FY 2024 Revisions					FY 2024 Revised
	FY 2024 Original	GF	GF	GF	OF	
	<u>Appropriation</u>	<u>Admin. Shift</u>	<u>Supplemental Appropriation</u>	<u>Settlement Shift</u>	<u>Supplemental Appropriation</u>	<u>Appropriation</u>
Operating Budget	873,752,700	6,800,000	(21,707,400)	(75,000,000)	-	783,845,300
Community Corrections	27,452,300	(723,000)	(2,000,000)	-	-	24,729,300
Private Prison Per Diem	289,858,400	(19,000,000)	(789,200)	-	-	270,069,200
Inmate Health Care Contracted Services	321,620,200	15,341,600	(8,886,000)	-	5,147,500	333,223,300
Substance Abuse Treatment	5,445,400	(2,418,600)	-	-	-	3,026,800
Non-Contract Medication	-	-	40,746,500	-	-	40,746,500
Injunction-Related IT Upgrades	-	-	4,770,300	-	-	4,770,300
Named Claimants	-	-	12,100	-	-	12,100

#### 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 4* for more information.)

Table 4

Fiscal Year-End Operating Capacity									
State	FY 2023 Actual			FY 2024 Estimate			FY 2025 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	4,493	2,211	6,704	4,493	2,211	6,704	4,493	2,211	6,704
Perryville	4,214	129	4,343	4,214	129	4,343	4,214	129	4,343
Phoenix	552	213	765	427	190	617	427	190	617
Lewis <sup>1/</sup>	5,104	879	5,983	5,104	879	5,983	5,104	879	5,983
Safford	1,703	160	1,863	1,703	160	1,863	1,703	160	1,863
Tucson	4,600	582	5,182	4,540	582	5,122	4,540	582	5,122
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
<b>Subtotal</b>	<b>28,547</b>	<b>4,654</b>	<b>33,201</b>	<b>28,362</b>	<b>4,631</b>	<b>32,993</b>	<b>28,362</b>	<b>4,631</b>	<b>32,993</b>
<b>Private (Per Diem) <sup>2/</sup></b>									
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	-	400	400	-	400	400	-	400
Marana (\$59.35 in FY 2023 and FY 2024) <sup>3/</sup>	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
<b>Subtotal</b>	<b>10,606</b>	<b>562</b>	<b>11,168</b>	<b>10,606</b>	<b>562</b>	<b>11,168</b>	<b>10,106</b>	<b>562</b>	<b>10,668</b>
<b>Total - All beds <sup>4/</sup></b>	<b>39,153</b>	<b>5,216</b>	<b>44,369</b>	<b>38,968</b>	<b>5,193</b>	<b>44,161</b>	<b>38,468</b>	<b>5,193</b>	<b>43,661</b>
<b>State Prison Population</b>									
Male	21,143		21,143	21,650		21,650	22,325		22,325
Female	3,172		3,172	3,200		3,200	3,250		3,250
Subtotal	24,315		24,315	24,850		24,850	25,575		25,575
<b>Private Prison Population</b>									
Male	10,062		10,062	10,200		10,200	10,350		10,350
<b>Total Population <sup>5/6/</sup></b>	<b>34,377</b>		<b>34,377</b>	<b>35,050</b>		<b>35,050</b>	<b>35,925</b>		<b>35,235</b>
<b>Bed Surplus/(Shortfall)</b>									
	4,776		9,992	3,918		9,111	2,543		7,736
Male	3,623		8,710	2,793		7,857	1,468		6,532
Female	1,153		1,282	1,125		1,254	1,075		1,204
<b>Bed Surplus/(Shortfall) (% of Beds)</b>	<b>12%</b>		<b>23%</b>	<b>10%</b>		<b>21%</b>	<b>7%</b>		<b>18%</b>

<sup>1/</sup> Does not include (150) bed reduction planned by department in FY 2024 associated with space requirements of implementation of additional mental health beds.

<sup>2/</sup> 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, Kingman, Florence West and Phoenix West are management only.

<sup>3/</sup> The Marana contract expired December 31, 2023. While the prison does not currently house inmates, ADC has retained the 500 beds on its count sheet while this chart excludes them.

<sup>4/</sup> Excludes special use beds totaling 1,787 as of June 30, 2023.

<sup>5/</sup> The chart excludes prisoners awaiting transfer from county jail.

<sup>6/</sup> The chart reflects the actual inmate population at the end of FY 2023 and assumes a 2.0% population growth in FY 2024 over FY 2023 and 2.5% growth in FY 2025 over FY 2024.

## County Funding

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Coordinated Reentry Planning Services	7,000,000	7,000,000	0
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
<b>AGENCY TOTAL</b>	<b>17,650,700</b>	<b>17,650,700</b>	<b>10,650,700</b>
<b>FUND SOURCES</b>			
General Fund	17,650,700	17,650,700	10,650,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>17,650,700</b>	<b>17,650,700</b>	<b>10,650,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>17,650,700</b>	<b>17,650,700</b>	<b>10,650,700</b>

**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 no funding in FY 2025 for Coordinated Reentry Planning Services. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(7,000,000) from the General Fund in FY 2025 to remove the final year of county grant funding for reentry planning programs.

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.

Table 1 shows the distribution of allocations for reentry planning programs from FY 2022 to FY 2024.

Table 1 County Reentry Allocations (\$ in Millions)				
County	FY 22	FY 23	FY 24	Total
Mohave	\$5.0	\$2.3	\$2.3	\$9.7
Pinal	4.0	2.3	2.3	8.7
Yavapai	1.0	2.3	2.3	5.7
<b>Total</b>	<b>10.0</b>	<b>7.0</b>	<b>7.0</b>	<b>24.0</b>

1/ Totals may not add due to rounding.

### Elected Officials Retirement Plan Offset

The budget includes \$3,000,000 from the General Fund in FY 2025 for the Elected Officials Retirement Plan (EORP) Offset. This amount is unchanged from FY 2024.

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.)

Table 2 Distribution and County Population		
County	Ongoing Distribution	2020 Census Population
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
<b>Total</b>	<b>\$7,650,650</b>	<b>7,151,392</b>

### Small County Assistance

The budget includes \$7,650,650 from the General Fund in FY 2025 for Small County Assistance. This amount is unchanged from FY 2024.

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 2). Graham County receives \$1,050,050.

### 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 2025, 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, 2024. (See County Flexible Revenue Report section below for more information.)

### 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 3 shows county expenditure limits set by the Commission for the most recent year with available data.

Table 3

#### County Expenditure Limits <sup>1/</sup>

County	Fiscal Year	Expenditure Limits	Expenditures Subject to Limit
Apache	2020	\$ 17,658,900	\$ 12,480,300
Cochise	2023	71,942,046	61,341,609
Coconino	2023	71,583,640	71,410,532
Gila	2023	46,330,256	38,857,535
Graham	2023	18,283,004	13,812,732
Greenlee	2022	14,534,572	12,509,834
La Paz	2022	34,400,063	13,778,800
Maricopa	2022	1,527,423,500	1,527,423,500
Mohave	2023	220,597,536	126,789,868
Navajo	2023	51,972,741	48,346,790
Pima	2022	623,628,000	623,627,000
Pinal	2022	303,396,000	190,262,000
Santa Cruz	2021	25,203,200	25,203,200
Yavapai	2022	137,486,867	132,561,019
Yuma	2023	100,658,729	96,593,693

<sup>1/</sup> 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.

### County Flexible Revenue Report

The FY 2025 Local Government BRB 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 purpose of the revenue source to meet a county fiscal obligation for FY 2025. 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, 2024.

Of the 12 eligible counties, 3 reported using the flexibility in FY 2024:

- 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 8 counties indicated that they are not utilizing this provision: Cochise, Gila, Graham, Greenlee, Mohave, Navajo, Yavapai, and Yuma. Santa Cruz County did not report their use of the flexibility provision.

Table 4 shows the utilization of the county flexibility language in FY 2023 and FY 2024.

<b>Table 4</b>		
<b>County Flexibility Language Utilization</b>		
	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>
Apache	\$1,050,000	\$1,050,000
Coconino	1,250,000	1,250,000
La Paz	<u>1,250,000</u>	<u>1,250,000</u>
<b>Total</b>	<b>\$3,550,000</b>	<b>\$3,550,000</b>

## Arizona Criminal Justice Commission

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	11.0	11.0	11.0
Personal Services	670,600	563,400	563,400
Employee Related Expenditures	255,200	294,100	303,500
Professional and Outside Services	145,700	256,000	256,000
Travel - In State	9,000	9,600	9,600
Travel - Out of State	19,600	20,800	20,800
Other Operating Expenditures	210,300	248,000	247,100
Equipment	11,400	15,000	15,000
<b>OPERATING SUBTOTAL</b>	<b>1,321,800</b>	<b>1,406,900</b>	<b>1,415,400</b>
<b>SPECIAL LINE ITEMS</b>			
Law Enforcement Crime Victim Notification Fund Deposit	0	10,000,000	0
Major Incident Regional Law Enforcement Task Force	600,000	600,000	600,000
Rural County Diversion Programs	9,288,500	0	0
State Aid to County Attorneys	648,200	973,700	973,700
State Aid to Indigent Defense	700,000	700,000	700,000
State Aid for Juvenile Dependency Proceedings Fund Deposit	2,000,000	2,000,000	2,000,000
Victim Compensation and Assistance	2,621,500	6,223,200	6,229,700
<b>AGENCY TOTAL</b>	<b>17,180,000</b>	<b>21,903,800</b>	<b>11,918,800 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	13,888,500	14,600,000	4,600,000
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	708,000	733,700	742,200
Drug and Gang Prevention Resource Center Fund	613,800	647,100	647,100
State Aid to County Attorneys Fund	648,200	973,700	973,700 <sup>2/</sup>
State Aid to Indigent Defense Fund	700,000	700,000	700,000
Victim Compensation and Assistance Fund	621,500	4,249,300	4,255,800 <sup>3/</sup>
SUBTOTAL - Other Appropriated Funds	3,291,500	7,303,800	7,318,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>17,180,000</b>	<b>21,903,800</b>	<b>11,918,800</b>
Other Non-Appropriated Funds	4,364,200	3,600,200	3,600,200
Federal Funds	11,912,700	18,445,900	18,445,900
<b>TOTAL - ALL SOURCES</b>	<b>33,456,900</b>	<b>43,949,900</b>	<b>33,964,900</b>

**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

- <sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- <sup>2/</sup> All monies received by the Arizona criminal justice commission in excess of \$973,700 in fiscal year 2024-2025 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 2024-2025, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote)
- <sup>3/</sup> All victim compensation and assistance fund monies received by the Arizona criminal justice commission in excess of \$4,255,800 in fiscal year 2024-2025 are appropriated to the crime victims program. Before spending any victim compensation and assistance fund monies in excess of \$4,255,800 in fiscal year 2024-2025, 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 \$1,415,400 and 11 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Criminal Justice Enhancement Fund (CJEF)	\$742,200
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 \$8,500 from CJEF in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations sections)*

### **Law Enforcement Crime Victim Notification Fund Deposit**

The budget includes no funding in FY 2025 for the Law Enforcement Crime Victim Notification Fund Deposit line item. Adjustments are as follows:

#### **Remove One-Time General Fund Deposit**

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 for removal of a one-time 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 the Arizona Criminal Justice Commission (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 2025 for the Major Incident Regional Law Enforcement Task Force. This amount is unchanged from FY 2024.

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, 2027. *(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 2025 for Rural County Diversion Programs. This amount is unchanged from FY 2024.

The FY 2023 budget appropriated \$10,000,000 from the General Fund for this purpose. The appropriation was exempt from lapsing. 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.

The FY 2023 General Appropriation Act required ACJC to submit a report to the JLBC by September 30, 2023 on the use of the monies and the outcomes obtained by the alternative prosecution and diversion programs in FY 2023.

According to ACJC, 12 of the 13 rural counties submitted applications totaling \$14.6 million. ACJC awarded a base amount of \$300,000 to each county, and allocated the remaining funding based on a review of the applications and proposed project costs. The following amounts were awarded:

Apache County	\$574,200
Cochise County	503,300
Coconino County	2,100,000
Graham County	346,800
Greenlee County	356,800
La Paz County	327,900
Mohave County	725,000
Navajo County	625,000



Pinal County	1,800,000
Santa Cruz County	651,500
Yavapai County	1,300,000
Yuma County	539,500
ACJC Admin	<u>150,000</u>
<b>Total</b>	<b>\$10,000,000</b>

ACJC plans to update this report to evaluate outcomes after they have received a full year of data from the county programs.

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 2025 for State Aid to County Attorneys. This amount is unchanged from FY 2024.

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 2025 for State Aid to Indigent Defense. This amount is unchanged from FY 2024.

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 2025 for State Aid for Juvenile Dependency Proceedings Fund Deposit. This amount is unchanged from FY 2024.

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 \$6,229,700 in FY 2025 for Victim Compensation and Assistance. This amount consists of:

General Fund	2,000,000
Victim Compensation and Assistance Fund	4,229,700

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$6,500 from the Victim Compensation and Assistance Fund in FY 2025 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.

### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Criminal Justice Enhancement Fund	\$800,000
Fingerprint Clearance Card Fund	700,000

### **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 2023 amounts transferred, statutory distribution percentages, and the appropriation status of the funds and programs receiving CJEF monies. *(See individual agency pages for detailed information on each recipient.)*

**Table 1**

#### **Criminal Justice Enhancement Fund (CJEF)**

<b>Funds Transferred <sup>1/</sup></b>	<b>FY 2023 Transfers <sup>2/</sup></b>	<b>Statutory % of CJEF</b>	<b>Approp.</b>
<u>Attorney General</u>			
AZ Prosecuting Attorneys Advisory Council (3)	\$ 1,159,500	5.18	no
County Attorneys (6)	3,104,100	12.38	no
<u>Arizona Criminal Justice Commission</u>			
Operation Costs (9)	763,400	3.52	yes
<u>Department of Public Safety</u>			
Forensics Fund (1,10)	5,848,800	25.15	yes
State/Local Grants (5)	2,312,400	10.01	<sup>3/</sup>
<u>Department of Juvenile Corrections (2)</u>	775,400	3.57	yes
<u>State Treasurer</u>			
County Sheriffs (8)	3,462,600	15.06	no
<u>Supreme Court</u>			
Case Processing (7)	1,973,100	8.59	yes
Juvenile Crime (4)	2,877,900	12.38	yes
Community Punishment Program (10)	<u>916,100</u>	4.16	yes
<b>Total Funds Distributed <sup>4/</sup></b>	<b>\$ 23,193,300</b>		

<sup>1/</sup> The numbers following the recipient agencies represent the paragraph numbers from A.R.S. § 41-2401D.

<sup>2/</sup> The FY 2023 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.

<sup>3/</sup> Monies retained by the Department of Public Safety for operating expenditures are appropriated. Monies passed through to state and local agencies are non-appropriated.

## Arizona State Schools for the Deaf and the Blind

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>PROGRAM BUDGET</b>			
Administration/Statewide	9,806,600	9,404,000	8,088,800
Phoenix Day School for the Deaf	12,293,100	10,811,200	10,905,500
Preschool/Outreach Programs	6,990,800	7,656,200	7,951,800
Regional Cooperatives	15,417,400	19,915,300	20,092,400
Tucson Campus	12,701,500	13,330,400	13,391,700
<b>AGENCY TOTAL</b>	<b>57,209,400</b>	<b>61,117,100</b>	<b>60,430,200</b>
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	562.2	562.2	562.2
Personal Services	21,573,000	20,486,500	20,486,500
Employee Related Expenditures	9,220,800	8,649,600	9,520,700
Professional and Outside Services	3,504,700	4,820,200	4,988,200
Travel - In State	88,900	156,000	156,000
Travel - Out of State	8,400	25,200	25,200
Other Operating Expenditures	6,895,400	6,247,300	5,241,200
Equipment	500,800	448,000	448,000
<b>OPERATING SUBTOTAL</b>	<b>41,792,000</b>	<b>40,832,800</b>	<b>40,865,800</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(897,000)
School Bus/Agency Vehicle Replacement	0	369,000	369,000
Cooperative Services	15,417,400	19,915,300	20,092,400 <sup>1/</sup>
<b>AGENCY TOTAL</b>	<b>57,209,400</b>	<b>61,117,100</b>	<b>60,430,200 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	27,150,400	25,991,300	25,291,300
<u>Other Appropriated Funds</u>			
Cooperative Services Fund	15,417,400	19,915,300	20,092,400
Schools for the Deaf and the Blind Fund	14,641,600	15,210,500	14,878,500 <sup>3/</sup>
Telecommunication Fund for the Deaf	0		168,000
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>30,059,000</b>	<b>35,125,800</b>	<b>35,138,900</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>57,209,400</b>	<b>61,117,100</b>	<b>60,430,200</b>
Other Non-Appropriated Funds	2,386,300	1,982,700	1,982,700
Federal Funds	2,965,800	3,205,000	3,205,000
<b>TOTAL - ALL SOURCES</b>	<b>62,561,500</b>	<b>66,304,800</b>	<b>65,617,900</b>

**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 June 2024, ASDB served approximately 2,027 children: 337 students in the K-12 programs (128 in Tucson and 209 in Phoenix), 139 children in preschools, 553 infant/toddlers in regional areas, and 998 children through the 3 existing regional cooperatives.

### FOOTNOTES

- <sup>1/</sup> Before spending any cooperative services fund monies in excess of \$20,092,400 in fiscal year 2024-2025, 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)
- <sup>2/</sup> 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 \$14,878,500 in fiscal year 2024-2025, 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 \$40,865,800 and 562.2 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$25,819,300
Schools for the Deaf and the Blind Fund	14,878,500
Telecommunication Fund for the Deaf	168,000

Adjustments are as follows:

**Base Adjustment**

The budget includes a decrease of \$(928,100) from the ASDB Fund in FY 2025 for a base adjustment reflecting lower-than-anticipated revenues compared with the enacted budget. The FY 2024 enacted budget assumed the ASDB fund would receive total revenues of \$15,210,500 from special education vouchers and state land trust endowment earnings. The FY 2025 budget assumes that actual revenues into the ASDB Fund in FY 2024 will be \$(928,100) less than the appropriated amount. This estimate assumes that caseloads in ASDB's site-based programs would remain unchanged at 475 between FY 2023 and FY 2024.

**Enrollment**

The budget includes no net funding change from the Schools for the Deaf and the Blind (ASDB) Fund in FY 2025 for enrollment. The budget assumes that enrollment in ASDB site-based programs remains at the May 2023 level of 475 and therefore includes no funding increase or decrease for enrollment changes for ASDB for FY 2025.

**Revenue Increase**

The budget includes an increase of \$297,400 from the ASDB Fund in FY 2025 for revenue adjustments, including:

- \$267,600 for a 2.0% increase to the Base Level component of the Special Education voucher formula. A.R.S. § 15-901.01 requires annual increases for inflation in the per pupil "base level" in the Basic State Aid (BSA) formula. BSA base level increases for inflation also increase ASDB's voucher funding. The budget increases the BSA base level by 2.0% for inflation in FY 2025, which will increase special education voucher funding into the ASDB Fund by an estimated \$267,600 in FY 2025.
- \$29,800 for increased land trust endowment revenues in FY 2025.

These revenue increases total to \$297,400, and when combined with the 2024 base adjustment of \$(928,100), the total ASDB Fund adjustment is \$(630,700). As a result, the budget decreases the ASDB Fund appropriation in FY 2025 by \$(630,700) to match forecasted revenues.

**Foundation for Blind Children**

The budget maintains funding in FY 2025 for the preschool program at the Foundation for Blind Children at the previously appropriated level of \$1,054,100.

**Preschool Disability Student Costs**

The budget includes an increase of \$168,000 from the Telecommunications Fund for the Deaf in FY 2025 for preschool disability student costs.

The K-12 Education Budget Reconciliation Bill (BRB), as session law, allows the Telecommunication for the Deaf Fund to be spent on educational and operational costs of ASDB.

**Statewide Adjustments**

The budget includes an increase of \$495,700 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$197,000
Schools for the Deaf and the Blind Fund	298,700

*(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.

**Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(897,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved.

The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **School Bus/Agency Vehicle Replacement**

The budget includes \$369,000 from the General Fund in FY 2025 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 \$20,092,400 from the Cooperative Services Fund in FY 2025 for Cooperative Services. Adjustments are as follows:

#### **Base Adjustment**

The budget includes a decrease of \$(242,800) from the Cooperative Services Fund in FY 2025 for a base adjustment reflecting lower-than-anticipated revenues in comparison with the enacted budget. The FY 2024 enacted budget assumed the Cooperative Services Fund would receive total revenues of \$19,915,300 in FY 2024 from special education vouchers, membership fees, and tuition. The FY 2025 budget assumes that actual revenues into the Cooperative Services Fund in FY 2024 will be \$(242,800) less than the appropriated amount. Our estimate assumes total enrollment of 584 vouchered students in the ASDB regional cooperatives in FY 2024, which is unchanged from FY 2023.

#### **Enrollment**

The budget includes no net funding change from the Cooperative Services Fund in FY 2025 for enrollment. The budget assumes that enrollment of voucher students in regional cooperatives remains at the May 2023 level of 584, and therefore includes no funding increase or decrease for enrollment changes for ASDB's Cooperative Services Fund for FY 2025.

#### **Revenue Decrease**

The budget includes a decrease of \$(51,100) from the Cooperative Services Fund in FY 2025 for estimated revenue adjustments, including:

- An increase of \$320,200 for a 2.0% increase to the Base Level component of the Special Education Voucher formula. A.R.S. § 15-901.01 requires annual increases for inflation in the per pupil "base level" in the Basic State Aid (BSA) formula. BSA base level

increases for inflation also increase ASDB's voucher funding. The budget increases the BSA base level by 2.0% for inflation in FY 2025, which will increase special education voucher funding into the Cooperative Services Fund by an estimated \$320,200 in FY 2025.

- A decrease of \$(371,300) in revenues from district membership fees and tuition receipts based on ASDB estimates of those fund sources.

The Base Level and other revenue adjustments total to \$(51,100), and when combined with the base adjustment of \$(242,800), the total Cooperatives Service Fund budget adjustment is \$(293,900). As a result, the budget decreases the Cooperative Services Fund appropriation in FY 2025 by \$(293,900) to match forecasted revenues.

#### **Statewide Adjustments**

The budget includes an increase of \$471,000 from the Cooperative Services Fund in FY 2025 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 June 2024 was 998.

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.

### **Other Issues**

#### **Statutory Changes**

The K-12 Education BRB makes the following statutory changes:

- As permanent law, no longer exempts ASDB from the State Fleet.
- As session law, allow the Telecommunication for the Deaf Fund to be spent on educational and operational costs of ASDB.

## Commission for the Deaf and the Hard of Hearing

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	21.0	21.0	21.0
Personal Services	1,427,800	1,170,400	1,170,400
Employee Related Expenditures	551,100	1,170,400	1,202,600
Professional and Outside Services	236,400	450,000	450,000
Travel - In State	3,100	5,800	5,800
Travel - Out of State	7,700	12,900	12,900
Other Operating Expenditures	979,200	1,506,100	1,495,100
Equipment	176,900	319,000	319,000
<b>OPERATING SUBTOTAL</b>	<b>3,382,200</b>	<b>4,634,600</b>	<b>4,655,800 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Aging Individuals Research	93,900	0	0
American Sign Language User Support	12,800	0	0
Support Services for the Deaf-Blind	149,300	192,000	192,000
Website Security Upgrades	0	0	200,000
<b>AGENCY TOTAL</b>	<b>3,638,200</b>	<b>4,826,600</b>	<b>5,047,800</b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Telecommunication Fund for the Deaf	3,638,200	4,826,600	5,047,800
SUBTOTAL - Other Appropriated Funds	3,638,200	4,826,600	5,047,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,638,200</b>	<b>4,826,600</b>	<b>5,047,800</b>
<b>TOTAL - ALL SOURCES</b>	<b>3,638,200</b>	<b>4,826,600</b>	<b>5,047,800</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### Operating Budget

The budget includes \$4,655,800 and 21 FTE Positions from the Telecommunication Fund for the Deaf in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$21,200 from the Telecommunication Fund for the Deaf in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Website Security Upgrades

The budget includes \$200,000 from the Telecommunication Fund for the Deaf in FY 2025 for Website Security Upgrades. Adjustments are as follows:

##### One-Time Website Security Upgrades

The budget includes an increase of \$200,000 from the Telecommunication Fund for the Deaf in FY 2025 for one-time website security upgrades.

Monies in this line item will be used by the Commission to upgrade their website in order to comply with state internet security policies and protocols.

### ***Support Services for the Deaf-Blind***

The budget includes \$192,000 from the Telecommunication Fund for the Deaf in FY 2025 for the Support Services for the Deaf-Blind line item. This amount is unchanged from FY 2024.

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. Deaf blindness 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	11.0	13.0	13.0
Personal Services	785,100	898,800	898,800
Employee Related Expenditures	338,900	344,700	369,000
Professional and Outside Services	446,400	512,400	512,400
Travel - In State	2,700	3,200	3,200
Travel - Out of State	8,000	5,500	5,500
Other Operating Expenditures	218,100	262,900	255,500
Equipment	96,000	29,100	76,100
<b>OPERATING SUBTOTAL</b>	<b>1,895,200</b>	<b>2,056,600</b>	<b>2,120,500</b>
<b>SPECIAL LINE ITEMS</b>			
Annual Leave Payout	0	0	9,300 <sup>1/</sup>
<b>AGENCY TOTAL</b>	<b>1,895,200</b>	<b>2,056,600</b>	<b>2,129,800 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Dental Board Fund	1,895,200	2,056,600	2,129,800
SUBTOTAL - Other Appropriated Funds	1,895,200	2,056,600	2,129,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,895,200</b>	<b>2,056,600</b>	<b>2,129,800</b>
<b>TOTAL - ALL SOURCES</b>	<b>1,895,200</b>	<b>2,056,600</b>	<b>2,129,800</b>

**AGENCY DESCRIPTION** — The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.

### FOOTNOTES

- 1/ The appropriation 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

The budget includes 2,120,500 and 13 FTE Positions from the Dental Board Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Database Vendor Cost Increase

The budget includes an increase of \$47,000 from the Dental Board Fund in FY 2025 to fund increased contract costs for the board's e-licensing database vendor.

##### Statewide Adjustments

The budget includes an increase of \$16,900 from the Dental Board Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

#### Annual Leave Payout

The budget includes \$9,300 from the Dental Board Fund in FY 2025 for an Annual Leave Payout. Adjustments are as follows:

##### One-Time Annual Leave Payout

The budget includes a one-time increase of \$9,300 from the Dental Board Fund in FY 2025 for an annual leave payout. The budget includes a footnote making these monies non-lapsing.

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies BRB makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the general fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operation if a fee increase is not adopted.

**Fund Transfers**

The budget includes the following transfers from this agency’s funds to the General Fund:

	<b><u>FY 2024</u></b>
Dental Board Fund	\$2,000,000

## Arizona Early Childhood Development and Health Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 ESTIMATE
<b>FUND SOURCES</b>			
Other Non-Appropriated Funds	137,005,900	139,512,800	139,512,800
Federal Funds	61,987,800	131,898,600	131,898,600
<b>TOTAL - ALL SOURCES</b>	<b>198,993,700</b>	<b>271,411,400</b>	<b>271,411,400</b>

**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 2023, ECDHB spent \$64.3 million on **Child Care Scholarships**, as displayed in *Table 1*, serving an average of 5,298 children monthly, down from 6,687 in FY 2022.

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 103.7 filled FTE Positions from the \$15,737,600 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 2023 ECDH Fund Expenditures by Category <sup>1/</sup> (\$ in Millions)

<u>Expenditure Category</u>	<u>Amount</u>	<u>Percent</u>
Child Care Scholarships	\$64.3	32%
Family Support	29.9	15%
Health	16.2	8%
Administration	11.7	6%
Professional Development	5.7	3%
Community Awareness	2.6	1%
Research & Evaluation	2.7	1%
System Coordination	1.1	1%
Other Funds (Grants, Gifts, etc.)	67.9	34%
<b>Total</b>	<b>\$202.3<sup>2/</sup></b>	<b>100%</b>

<sup>1/</sup> Does not include federal grant expenditures.

<sup>2/</sup> Total does not sum due to rounding.

## Office of Economic Opportunity

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	352,000	342,000	342,000
Employee Related Expenditures	129,500	120,200	128,500
Professional and Outside Services	0	16,700	16,700
Travel - In State	0	600	600
Travel - Out of State	2,800	3,100	3,100
Other Operating Expenditures	30,400	38,900	35,400
Equipment	0	1,800	1,800
<b>OPERATING SUBTOTAL</b>	<b>514,700</b>	<b>523,300</b>	<b>528,100 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(21,000)
Microbusiness Loan Fund Deposit	0	5,000,000 <sup>2/</sup>	0
<b>AGENCY TOTAL</b>	<b>514,700</b>	<b>5,523,300</b>	<b>507,100</b>
<b>FUND SOURCES</b>			
General Fund	514,700	5,523,300	507,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>514,700</b>	<b>5,523,300</b>	<b>507,100</b>
Other Non-Appropriated Funds	8,530,200	6,626,600	6,626,600
Federal Funds	3,050,500	7,413,900	7,413,900
<b>TOTAL - ALL SOURCES</b>	<b>12,095,400</b>	<b>19,563,800</b>	<b>14,547,600</b>

**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

- <sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.  
<sup>2/</sup> Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Microbusiness Loan Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriation through FY 2025. (General Appropriation Act footnote)

#### Operating Budget

The budget includes \$528,100 and 5 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$4,800 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations Section.)

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(21,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **Microbusiness Loan Fund Deposit**

The budget includes no funding from the General Fund in FY 2025 for the Microbusiness Loan Fund Deposit 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 2025 to remove a one-time 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.

---

---

### **Other Issues**

---

---

### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Office of Economic Opportunity Operations Fund	\$1,000,000

### **Statutory Changes**

The Commerce Budget Reconciliation Bill makes the following statutory changes:

- As session law, allow the Microbusiness Loan Fund (established by Laws 2023, Chapter 136, section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.

### **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, serves as 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.

#### **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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4,476.8	4,533.8	4,611.8 <sup>1/</sup>
Personal Services	126,768,000	124,825,700	132,118,300
Employee Related Expenditures	55,002,300	56,307,300	60,946,400
Professional and Outside Services	50,710,300	25,467,500	26,308,400
Travel - In State	154,900	126,200	131,400
Travel - Out of State	80,300	110,200	110,200
Other Operating Expenditures	188,524,600	122,450,900	114,054,500
Equipment	3,108,800	2,482,800	1,201,400
<b>OPERATING SUBTOTAL</b>	<b>424,349,200</b>	<b>331,770,600</b>	<b>334,870,600 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(3,026,200)
<b>Administration</b>			
Attorney General Legal Services	10,057,600	12,755,600	12,810,300
<b>Aging and Adult Services</b>			
Adult Services	12,731,900	15,731,900	12,731,900
Area Agencies on Aging Housing Assistance	0	5,000,000	0
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
Navajo Nation Women's Services	0	0	500,000
Pascua Yaqui Tribe Social Services Programs	0	0	1,000,000
Coordinated Hunger Services	2,254,600	2,254,600	2,254,600
Produce Incentive Program	0	5,462,600	0
Globe-Miami Area Food Bank	0	250,000	0
Low-Income Food Services for Tribal Reservations	0	0	250,000
Cochise County Food Distribution	0	0	1,000,000
Pinal County Nutrition, Housing, and Rental Assistance	0	0	500,000
Domestic Violence Prevention	12,436,500	14,004,000	14,004,000 <sup>4/5/</sup>
Long-Term Care Ombudsman	1,000,000	1,000,000	1,000,000
<b>Benefits and Medical Eligibility</b>			
TANF Cash Benefits	22,736,400	22,736,400	22,736,400
Tribal Pass-Through Funding	4,680,300	4,680,300	4,680,300
Diaper and Incontinence Products Assistance	0	1,000,000	0
Navajo Nation Youth Programs	0	0	500,000
<b>Child Support Enforcement</b>			
County Participation	8,539,700	8,539,700	8,539,700
<b>Developmental Disabilities <sup>6/-9/</sup></b>			
<u><i>Federal Match Funding</i></u>			
DDD Premium Tax Payment	56,755,000	61,199,900	64,871,600
Case Management - Medicaid	87,513,700	104,257,900	142,110,000 <sup>8/</sup>
Home and Community Based Services - Medicaid	2,171,088,400	2,349,599,400	2,293,118,300
Institutional Services - Medicaid	43,369,800	47,090,000	51,584,800 <sup>10/</sup>
Physical and Behavioral Health Services - Medicaid	543,483,000	541,297,400	655,475,100
Medicare Clawback Payments	5,710,300	6,055,500	7,132,700
Targeted Case Management - Medicaid	15,109,000	15,283,000	19,487,800
State Match Transfer from AHCCCS	0	982,330,300	1,122,988,600
<u><i>State-Only Funding</i></u>			
Case Management - State-Only	7,354,000	6,335,600	6,383,200 <sup>8/</sup>
Cost Effectiveness Study - Client Services	8,420,000	8,420,000	8,420,000 <sup>11/</sup>
Home and Community Based Services - State-Only	13,089,000	14,089,000	14,089,000
Arizona Early Intervention Program	9,719,000	14,119,000	16,119,000
State-Funded Long Term Care Services	36,755,100	43,534,700	44,389,800

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Group Home Monitoring Program	1,200,000	1,200,000 <sup>12/</sup>	1,200,000 <sup>12/</sup>
Graham County Rehabilitation Center	0	830,000 <sup>13/</sup>	0
DD Job Training and Life Skills Services	0	0	1,000,000
<b>Employment and Rehabilitation Services</b>			
Child Care Subsidy	179,380,200	187,080,200	320,580,200 <sup>14/-16/</sup>
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	80,779,800	85,824,200	85,824,200 <sup>17/</sup>
<b>AGENCY TOTAL</b>	<b>3,784,303,200</b>	<b>4,919,522,500</b>	<b>5,294,916,600 <sup>18/-21/</sup></b>

#### FUND SOURCES

General Fund	898,690,400	1,211,415,700	1,344,531,100
<u>Other Appropriated Funds</u>			
Child Support Enforcement Administration Fund	23,537,700	17,683,300	17,678,400 <sup>3/</sup>
Domestic Violence Services Fund	2,432,800	4,000,300	4,000,300 <sup>4/</sup>
Federal CCDF Block Grant	200,010,100	200,029,300	331,027,900
Federal TANF Block Grant	66,591,200	66,591,200	66,588,900
Long Term Care System Fund (Non-Federal Matched)	27,366,300	33,864,200	34,429,200
Public Assistance Collections Fund	0	441,800	441,800
Special Administration Fund	4,643,200	4,637,900	4,654,600
Spinal and Head Injuries Trust Fund	2,388,400	2,385,500	2,390,200
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
Workforce Investment Act Grant	85,778,900	87,116,600	87,116,200 <sup>17/</sup>
SUBTOTAL - Other Appropriated Funds	412,748,600	417,750,100	549,327,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,311,439,000</b>	<b>1,629,165,800</b>	<b>1,893,858,600</b>
<u>Expenditure Authority Funds</u>			
Child Support Enforcement Administration Fund	59,449,000	44,195,500	44,401,200
Health Care Investment Fund	54,370,500	54,412,300	43,247,300
Long Term Care System Fund (Federal Match)	2,359,044,700	3,191,748,900	3,313,409,500
SUBTOTAL - Expenditure Authority Funds	2,472,864,200	3,290,356,700	3,401,058,000
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>3,784,303,200</b>	<b>4,919,522,500</b>	<b>5,294,916,600</b>
Other Non-Appropriated Funds	251,246,100	335,510,000	335,510,000
Federal Funds	3,306,648,100	3,125,977,900	3,125,977,900
<b>TOTAL - ALL SOURCES</b>	<b>7,342,197,400</b>	<b>8,381,010,400</b>	<b>8,756,404,500</b>

**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

- <sup>1/</sup> Includes 320.2 GF, 144.6 OF, and 1,736.6 EA FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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)
- <sup>3/</sup> All state shares of retained earnings, fees and federal incentives in excess of \$17,678,400 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, as adjusted for statewide allocations)
- <sup>4/</sup> 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)

- 5/ On or before December 15, 2024, 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)
- 6/ 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)
- 7/ 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)
- 8/ Before transferring any monies in or out of the case management - medicaid and case management - state-only and developmental disabilities administration line items and before transferring any monies in or out of the operating lump sum item related to the developmental disabilities program and its administration, 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)
- 9/ The department of economic security may not transfer any excess appropriation from the DDD premium tax payment, case management - medicaid, home and community based services - medicaid, institutional services - medicaid, physical and behavioral health services - medicaid, medicare clawback payments or targeted case management - medicaid line items to any line item outside of the developmental disabilities section in fiscal year 2023-2024. (General Appropriation Act footnote)
- 10/ On or before September 1, 2025, 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 2024-2025 and the reason for 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, 2025, 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 2024-2025. (General Appropriation Act footnote)
- 11/ On or before 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)
- 12/ The amounts appropriated for the group home monitoring program in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 29 and in fiscal year 2024-2025 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriation Act footnote)
- 13/ The amount appropriated for the Graham county rehabilitation center in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 29 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. Of the amount appropriated, \$800,000 shall be used to remodel the Graham county rehabilitation facilities in Safford and Willcox. (General Appropriation Act footnote)
- 14/ On or before September 15, 2024 and March 15, 2025, 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)

- 15/ 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)
- 16/ Of the state general fund share of the amount appropriated in the child care subsidy line item, at least ten percent shall be distributed in counties other than Maricopa, Pima and Pinal counties. (General Appropriation Act footnote)
- 17/ All workforce investment act grant monies that are received by this state in excess of \$87,116,200 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 \$87,116,200 to the joint legislative budget committee. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 18/ On or after April 1, 2025, 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, 2025 and must be reimbursed in full as part of the closing process for fiscal year 2024-2025. The department shall notify the joint legislative budget committee of the reimbursement on or before September 1, 2025. The appropriation may not be used for additional programmatic expenditures. (General Appropriation Act footnote)
- 19/ 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)
- 20/ 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)
- 21/ 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 2025 General Fund spending increases by \$133,115,400 or 11.0% above the FY 2024 appropriation. This amount includes:

- \$142,289,900 for Division of Developmental Disabilities (DDD) formula adjustments.
- \$(3,026,200) for an operating budget lump sum reduction.
- \$2,000,000 for the Area Agencies on Aging (AAA).
- \$500,000 for Navajo Nation women's services.
- \$1,000,000 for Pascua Yaqui Tribe social services programs.
- \$250,000 for low-income food services for tribal reservations.
- \$500,000 for nutrition, housing, and rental assistance programs in Pinal County.
- \$1,000,000 for food distribution to low-income individuals in Cochise County.
- \$500,000 for Navajo Nation youth programs.
- \$2,000,000 for Arizona Early Intervention Program (AzEIP) provider rate increases.
- \$1,000,000 for Developmental Disability (DD) job training and life skills services.
- \$12,000,000 for child care network funding.
- \$(28,160,800) to remove FY 2024 one-time funding.
- \$1,262,500 for statewide adjustments.

**Operating Budget**

The budget includes \$334,870,600 and 2,410.4 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$157,773,800

Child Support Enforcement Administration Fund	14,053,300
Child Support Enforcement Administration Fund (EA)	28,190,200
Federal Temporary Assistance for Needy Families (TANF) Block Grant	21,657,400
Federal Child Care and Development Fund (CCDF) Block Grant	22,427,200
Long Term Care System Fund (EA)	85,321,000
Public Assistance Collections Fund	339,100
Special Administration Fund	2,217,800
Spinal and Head Injuries Trust Fund	610,000
Statewide Cost Allocation Plan Fund	1,000,000
Workforce Investment Act Grant	1,280,800

Adjustments are as follows:

#### DDD Formula Adjustments

The budget includes an increase of \$3,304,700 in FY 2025 for standard formula adjustments within the DDD program. This amount consists of:

General Fund	4,764,000
Long Term Care System Fund (EA)	(1,459,300)

*(Please see the Developmental Disabilities section for more information.)*

#### Child Care Operating Shortfall Reallocation

The budget includes a one-time increase of \$9,500,000 from the Federal CCDF Block Grant in FY 2025 for a child care operating shortfall reallocation. Since FY 2017, the department has transferred funds from the Child Care Subsidy line item to the operating budget each year to address a shortfall in funding for the administrative expenses of the child care assistance program. The one-time increase is to align the budget's allocation of the Federal CCDF Block Grant with the department's planned expenditures in FY 2025.

#### Remove One-Time IT Security Project Funding

The budget includes a decrease of \$(1,518,200) from the General Fund in FY 2025 to remove the one-time portion of funding for an IT security project. The project's purpose is to protect the department from ransomware attacks. The enacted FY 2024 budget appropriated \$1,587,900 from the General Fund for this project, which represents 20% of its total cost, with the remaining 80% covered via Federal Funds.

#### Remove Adult Protective Services General Fund Backfill

The budget includes a decrease of \$(9,100,000) from the General Fund in FY 2025 to remove one-time funding that was used 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.

#### Statewide Adjustments

The budget includes an increase of \$913,500 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	538,500
Child Support Enforcement Administration Fund	(2,000)
Child Support Enforcement Administration Fund (EA)	159,900
Federal TANF Block Grant	(2,300)
Federal CCDF Block Grant	(1,400)
Long Term Care System Fund (EA)	199,800
Special Administration Fund	16,700
Spinal and Head Injuries Trust Fund	4,700
Workforce Investment Act Grant	(400)

*(Please see the Agency Detail and Allocations section.)*

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(3,026,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### Administration

#### Attorney General Legal Services

The budget includes \$12,810,300 and 157.9 FTE Positions in FY 2025 for Attorney General (AG) Legal Services. These amounts consist of:

General Fund	1,265,100
Child Support Enforcement Administration Fund	2,570,800
Child Support Enforcement Administration Fund (EA)	8,725,600
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 \$54,700 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	11,800
Child Support Enforcement Administration Fund	(2,900)
Child Support Enforcement Administration Fund (EA)	45,800

#### Aging and Adult Services

##### Adult Services

The budget includes \$12,731,900 from the General Fund in FY 2025 for Adult Services. Adjustments are as follows:

#### Remove FY 2024 Area Agencies on Aging Increase

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time funding for provider rate increases.

#### FY 2025 Area Agencies on Aging Increase

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2025 for AAA funding.

This line item provides an array of support services to elderly persons, as shown in *Table 1*.

Table 1

Adult Services	
Services	FY 2025
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 2025 Direct Care Worker Incentives	2,000,000 <sup>1/</sup>
FY 2025 One-Time Provider Rate Increase	<u>2,000,000</u>
<b>Total</b>	<b>\$12,731,900</b>

<sup>1/</sup> 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.

##### Area Agencies on Aging Housing Assistance

The budget includes no funding in FY 2025 for AAA Housing Assistance. Adjustments are as follows:

#### Remove Area Agencies on Aging Housing Assistance

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time funding for AAA housing assistance. The FY 2024 enacted budget

included 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 2025 for Community and Emergency Services. This amount is unchanged from FY 2024.

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 2023, this line item provided short-term crisis services to 961 households and energy assistance to 267 households.

##### Coordinated Homeless Services

The budget includes \$2,522,600 in FY 2025 for Coordinated Homeless Services programs. This amount consists of:

General Fund	873,100
Federal TANF Block Grant	1,649,500

These amounts are unchanged from FY 2024.

The budget includes no net change from the General Fund in FY 2025 for a homeless youth assistance General Fund backfill. In FY 2022 and FY 2023, DES distributed 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 FY 2024 and FY 2025 budgets each delayed the General Fund increase for 1 year. The 3-year spending plan associated with the enacted FY 2025 budget now includes the \$1,000,000 increase in FY 2026.

In FY 2023, this line item provided emergency shelter services to 9,832 individuals, rapid re-housing services to 1,030 individuals, and homeless prevention services to 363 individuals.

##### Navajo Nation Women's Services

The budget includes \$500,000 from the General Fund in FY 2025 for Navajo Nation Women's Services. Adjustments are as follows:

### **One-Time Funding**

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 for DES to distribute to the Navajo Nation for women's shelter and social services.

### ***Pascua Yaqui Tribe Social Services Programs***

The budget includes \$1,000,000 from the General Fund in FY 2025 for Pascua Yaqui Tribe Social Services Programs. Adjustments are as follows:

### **One-Time Funding**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for DES to distribute to the Pascua Yaqui tribal government for social services programs.

### ***Coordinated Hunger Services***

The budget includes \$2,254,600 in FY 2025 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 2024.

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 2023, this funding assisted in the distribution of 169 million pounds of produce.

### ***Produce Incentive Program***

The budget includes no funding in FY 2025 for the Produce Incentive Program. Adjustments are as follows:

### **Remove One-Time Additional Funding**

The budget includes a decrease of \$(5,462,600) from the General Fund in FY 2025 to remove one-time 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 no funding in FY 2025 for the Globe-Miami Area Food Bank. Adjustments are as follows:

### **Remove One-Time Food Bank Assistance**

The budget includes a decrease of \$(250,000) from the General Fund in FY 2025 to remove one-time funding for a transfer to a food bank. The enacted FY 2024 budget included a footnote requiring the department to transfer the monies to a food bank headquartered in the Globe-Miami area.

### ***Low-Income Food Services for Tribal Reservations***

The budget includes \$250,000 from the General Fund in FY 2025 for low-income food services for tribal reservations. Adjustments are as follows:

### **One-Time Funding**

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2025 for the distribution of food to low-income individuals living on tribal reservations.

### ***Cochise County Food Distribution***

The budget includes \$1,000,000 from the General Fund in FY 2025 for Cochise County Food Distribution. Adjustments are as follows:

### **One-Time Funding**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for DES to distribute to nonprofit organizations located in Cochise County that provide food distribution services for low-income individuals.

### ***Pinal County Nutrition, Housing, and Rental Assistance***

The budget includes \$500,000 from the General Fund in FY 2025 for Pinal County nutrition, housing, and rental assistance. Adjustments are as follows:

### **One-Time Funding**

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 to distribute to a nonprofit organization in Pinal County that provides nutrition, housing, and rental assistance programs.

### ***Domestic Violence Prevention***

The budget includes \$14,004,000 in FY 2025 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 2024.

In FY 2023, this line item, along with non-appropriated funds, served approximately 4,246 adults and children in emergency shelters, 304 adults and children in transitional housing, and 13,324 victims with mobile and community-based advocacy.

#### **Long-Term Care Ombudsman**

The budget includes \$1,000,000 from the General Fund in FY 2025 for Long-Term Care Ombudsman services. This amount is unchanged from FY 2024.

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 2025 for TANF Cash Benefits. This amount is unchanged from FY 2024.

The budgeted amount would be able to fund an average of 15,750 individuals at \$100 per month. As of June 2024, the program serves 10,605 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. In June 2024, the TANF Diversion program served 303 clients.

At June 2024 levels, the total cost would be \$15,696,600, or \$(7,039,800) 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 FY 2025 Human Services Budget Reconciliation Bill (BRB) continues to require 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 2025 for Tribal Pass-Through Funding. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for Diaper and Incontinence Products Assistance. Adjustments are as follows:

##### **Remove One-Time Assistance**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding for transfer to an organization that provides diaper and incontinence products assistance within the state.

#### **Navajo Nation Youth Programs**

The budget includes \$500,000 from the General Fund in FY 2025 for Navajo Nation youth programs. Adjustments are as follows:

### One-Time Funding

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 for distribution to the Navajo Nation for youth programs.

### 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

Sources	FY 2025
State Share of Retained Earnings	\$ 3,483,300
Federal Incentive Payments	6,153,600
Fees	2,402,700
Excess Appropriation Authority <sup>1/</sup>	5,268,700
Administration (Non-Appropriated)	<u>3,115,600</u>
<b>Total</b>	<b>\$20,423,900</b>

Uses	
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>
<b>Total</b>	<b>\$20,423,900</b>

<sup>1/</sup> This line is the difference between appropriation authority and expected revenues.

### County Participation

The budget includes \$8,539,700 in FY 2025 for County Participation. This amount consists of:

CSEA Fund	1,054,300
CSEA Fund (EA)	7,485,400

These amounts are unchanged from FY 2024.

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 primarily 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 2024, the Division of Developmental Disabilities served 56,177 clients, which includes 43,032 clients in the LTC program, 6,918 in Targeted Case Management, and 6,227 clients in the state-only program. The primary disabilities as reported by DES are shown in *Table 3*.

### Overall DDD Adjustments

The budget includes an increase of \$142,289,900 from the General Fund in FY 2025 for DDD formula changes. These adjustments are based on standard formula assumptions of 4.5% caseload growth and a 4.0% capitation rate increase. Changes are described in further detail below.

Table 3

**Primary Disability of Clients Served <sup>1/</sup>**

<b>Disability</b>	<b>Number</b>	<b>Percentage</b>
Intellectual Disability	17,573	31.3%
At Risk	14,345	25.5%
Autism	18,200	32.4%
Cerebral Palsy	3,782	6.7%
Epilepsy	2,213	3.9%
Not Indicated	64	0.1%
<b>Total</b>	<b>56,177</b>	

<sup>1/</sup> Numbers are based on the department's estimates of primary disabilities of DD clients, proportionally adjusted for the budget's overall caseload estimates.

**Caseload Growth**

The budget includes an increase of \$41,508,300 from the General Fund in FY 2025 for DD caseload changes. Compared to June 2023, LTC caseloads grew by 5.9% to 43,032 members in June 2024 (this amount excludes state-only clients). The budget assumes caseloads will grow by 3.8% to 44,674 members by June 2025 and by 4.5% in future years. The 4.5% rate is based on recent growth within the program; average annual growth since January 2022 was 4.5%.

Table 4 shows the number of clients by placement setting for DDD enrollees in June 2023 and 2024 and the estimated growth in FY 2025.

Table 4

**DDD June Caseloads and Placement Settings**

<b>Placement</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25 Est <sup>1/</sup></b>
Home	35,305	37,662	39,099
Group Home	3,594	3,620	3,758
Developmental Home	1,630	1,651	1,714
Institution	113	99	103
<b>Total</b>	<b>40,642</b>	<b>43,032</b>	<b>44,674</b>

<sup>1/</sup> 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 \$17,792,200 from the General Fund in FY 2025 for a 4.0% capitation rate increase beginning October 1, 2024, as well as to annualize the FY 2024 capitation rate adjustment. Capitation rates include adjustments for medical inflation, utilization of services, and other factors. The 4.0% growth assumption is based on several factors, including the medical care consumer price index and the 4.0% growth the LTC program within AHCCCS experienced in the FY 2024 capitation rate adjustment.

Table 5 shows how the capitation adjustment is allocated by service category in FY 2024.

Table 5

**DDD ALTCS Capitation Growth**

	<b>FY 2024 Capitation Rate <sup>1/</sup></b>	<b>Assumed Growth Rate</b>	<b>FY 2025 Capitation Rate Est</b>
Administration <sup>2/</sup>	241.1	4.0%	250.7
Premium Tax	119.9	4.0%	124.6
Case Management	260.2	4.0%	270.6
HCBS <sup>3/</sup>	4,177.3	4.0%	4,344.4
Institutional Care <sup>4/</sup>	94.8	4.0%	98.6
Integrated Care <sup>5/</sup>	1,099.0	4.0%	1,143.0
<b>Total</b>	<b>5,992.3</b>	<b>4.0%</b>	<b>6,231.9</b>

<sup>1/</sup> Rate effective October 1, 2023.

<sup>2/</sup> The Administration line is allocated to the overall DES operating budget.

<sup>3/</sup> HCBS line includes PMPM rates for HCBS and Risk Contingency.

<sup>4/</sup> Institutional Care rate is net of client's share of cost.

<sup>5/</sup> Integrated care funding is allocated to the Physical and Behavioral Health Services line item.

**FMAP Adjustment**

The budget includes an increase of \$81,622,100 to the General Fund in FY 2025 associated with adjustments to the state's 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 2025, the blended Medicaid FMAP for Arizona will decrease to 65.24%, down from 67.11% in FY 2024. The FY 2024 figure does not include the enhanced match rates from the 2023 Consolidated Appropriations Act.

DDD received a 2.5% enhanced match in July 2023 through September 2023 and a 1.5% enhanced match in October 2023 through December 2023 due to the federal 2023 Consolidated Appropriations Act. This federal legislation phased down an enhanced match rate that was available to states during the COVID-19 pandemic. The enhanced match was eliminated starting January 2024 and will therefore not be available in FY 2025. The budget annualizes the loss of this enhanced match, which increases General Fund costs. (Please see Overall DDD Adjustments in the FY 2024 Appropriations Report for more information on enhanced match rates during the pandemic.)

**Medicare Clawback**

The budget includes an increase of \$1,077,200 from the General Fund in FY 2025 for adjustments associated with Medicare Clawback Payments.

### Room and Board

The budget includes an increase of \$290,100 from the General Fund in FY 2025 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 Premium Tax Payment**

The budget includes \$64,871,600 in FY 2025 for the DDD Premium Tax Payment. This amount consists of:

General Fund	22,549,400
Long Term Care System Fund (EA)	42,322,200

Adjustments are as follows:

#### **Formula Adjustments**

The budget includes an increase of \$3,671,700 in FY 2025 for standard formula adjustments. This amount consists of:

General Fund	3,016,800
Long Term Care System Fund (EA)	654,900

*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 \$142,110,000 and 1,152.9 FTE Positions in FY 2025 for Case Management - Medicaid. These amounts consist of:

General Fund	49,385,300
Long Term Care System Fund (EA)	92,724,700

Adjustments are as follows:

#### **Formula Adjustments**

The budget includes an increase of \$36,597,700 and 72 FTE Positions in FY 2025 for standard formula adjustments. These amounts consist of:

General Fund	15,681,200
Long Term Care System Fund (EA)	20,916,500

#### **Statewide Adjustments**

The budget includes an increase of \$1,254,400 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	423,900
Long Term Care System Fund (EA)	830,500

*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. Beginning in Contract Year Ending 2024, the ALTCS program requires DES to have at least 1 case manager for every 43 DD clients added since June 2022. For DD clients added between June 2006 and June 2022, the requirement continues to be 1 case manager for every 35 clients. The 72 FTE Position increase included in the FY 2025 budget was calculated based solely on the 1:35 ratio.

#### **Home and Community Based Services - Medicaid**

The budget includes \$2,293,118,300 and 221.2 FTE Positions in FY 2025 for Home and Community Based Services - Medicaid. These amounts consist of:

General Fund	788,284,600
Long Term Care System Fund (EA)	1,496,045,800
Health Care Investment Fund	8,787,900

Adjustments are as follows:

#### **Formula Adjustments**

The budget includes an increase of \$59,045,300 in FY 2025 for standard formula adjustments. This amount consists of:

General Fund	78,483,800
Long Term Care System Fund (EA)	(17,481,200)
Health Care Investment Fund	(1,957,300)

#### **Remove American Rescue Plan HCBS Funding**

The budget includes a decrease of \$(115,793,900) from the Long Term Care System Fund Expenditure Authority in FY 2025 to remove one-time funding for home- and community-based services (HCBS). 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 included a footnote requiring the department to provide quarterly reports to the JLBC reflecting changes to the HCBS Spending Plan. In its April 2024 report, the department indicated it has primarily allocated the monies to one-time provider payments and to continue to fund parents as paid caregivers of their minor children.



In February 2024, AHCCCS received approval from federal regulators to make the parents as paid caregivers initiative a permanent feature of the ALTCS program. The Executive has stated it will use ARPA HCBS and other COVID-19 pandemic funding sources to cover the state's share of the program's costs in FY 2024 and FY 2025.

The FY 2024 budget also specified 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 an increase of \$267,500 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	77,600
Long Term Care System Fund (EA)	189,900

*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 \$51,584,800 and 383 FTE Positions in FY 2025 for Medicaid Institutional Services. These amounts consist of:

General Fund	17,920,800
Long Term Care System Fund (EA)	33,664,000

Adjustments are as follows:

#### Formula Adjustments

The budget includes an increase of \$4,244,400 in FY 2025 for standard formula adjustments. This amount consists of:

General Fund	2,811,900
Long Term Care System Fund (EA)	1,432,500

#### Statewide Adjustments

The budget includes an increase of \$250,400 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	77,000
Long Term Care System Fund (EA)	173,400

*Background* – This line item funds Intermediate Care Facilities for Individuals 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 51 in FY 2024, a decrease of (4) from FY 2023.

#### Physical and Behavioral Health Services - Medicaid

The budget includes \$655,475,100 and 77 FTE Positions in FY 2025 for Physical and Behavioral Health Services - Medicaid. These amounts consist of:

General Fund	193,387,500
Long Term Care System Fund (EA)	427,628,200
Health Care Investment Fund	34,459,400

Adjustments are as follows:

#### Formula Adjustments

The budget includes an increase of \$101,042,300 in FY 2025 for standard formula adjustments. This amount consists of:

General Fund	34,226,700
Long Term Care System Fund (EA)	80,554,700
Health Care Investment Fund	(13,739,100)

#### Hospital Directed Payments Increase

The budget includes an increase of \$13,030,200 in FY 2025 for a hospital directed payments increase. This amount consists of:

Long Term Care System Fund (EA)	8,498,800
Health Care Investment Fund	4,531,400

The budget includes a series of changes related to the AHCCCS hospital assessment. As part of these changes, the budget assumes that AHCCCS, through its contractors, will make \$3,106,700,000 in total directed payments to hospitals in FY 2025. The budget includes an increase of \$13,030,200 in expenditure authority within DES, in addition to a \$727,011,500 increase within the AHCCCS budget, to give each agency the authority necessary to make the \$3,106,700,000 in total payments. (*Please see the Hospital Assessment discussion within the AHCCCS section for additional details.*)

#### Statewide Adjustments

The budget includes an increase of \$105,200 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	30,600
Long Term Care System Fund (EA)	74,600

*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 \$7,132,700 from the General Fund in FY 2025 for Medicare Clawback Payments. Adjustments are as follows:

##### **Formula Adjustments**

The budget includes an increase of \$1,077,200 from the General Fund in FY 2025 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 \$19,487,800 and 146.6 FTE Positions in FY 2025 for Targeted Case Management (TCM) - Medicaid. These amounts consist of:

General Fund	6,772,800
Long Term Care System Fund (EA)	12,715,000

Adjustments are as follows:

##### **Formula Adjustments**

The budget includes an increase of \$4,041,900 and 6 FTE Positions in FY 2025 for standard formula adjustments. These amounts consist of:

General Fund	1,938,200
Long Term Care System Fund (EA)	2,103,700

##### **Statewide Adjustments**

The budget includes an increase of \$162,900 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	55,500
Long Term Care System Fund (EA)	107,400

*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. In June 2024, 6,918 clients received TCM services.

#### **State Match Transfer from AHCCCS**

The budget includes \$1,122,988,600 from the Long Term Care System Fund Expenditure Authority in FY 2025 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 \$140,658,300 from the Long Term Care System Fund Expenditure Authority in FY 2025 for a state match transfer from AHCCCS. The adjustment is to bring the total amount in line with the department's FY 2025 General Fund appropriation for Medicaid line items within DDD and General Fund monies for DDD in the operating budget. This increase does not account for FY 2025 statewide adjustments within DDD. This factor will be adjusted as part of the FY 2026 January Baseline.

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 \$6,383,200 and 60.8 FTE Positions from the General Fund in FY 2025 for Case Management - State-Only. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$47,600 from the General Fund in FY 2025 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. In June 2024, 6,227 DDD state-only clients received case management state-only services.

#### **Cost-Effectiveness Study - Client Services**

The budget includes \$8,420,000 in FY 2025 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 2024.

**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 2023, an average of 191 individuals per month had costs of care that exceeded CES thresholds. The aggregate amount above the thresholds covered with state-only funds was \$11,594,000. The department reports that it transferred \$2,063,100 from the General Fund within the Home and Community Based Services - State-Only line item and \$1,110,900 from the Special Administration Fund within the JOBS line item to resolve the \$(3,174,000) CES shortfall in FY 2023.

#### **Home and Community Based Services - State-Only**

The budget includes \$14,089,000 from the General Fund in FY 2025 for State-Only Home and Community Based Services. This amount is unchanged from FY 2024.

**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 \$16,119,000 from the General Fund in FY 2025 for the Arizona Early Intervention Program (AzEIP). Adjustments are as follows:

##### **Provider Rate Increases**

The budget includes an increase of \$2,000,000 from the General Fund in FY 2025 for a provider rate increase. The 3-year spending plan associated with the FY 2023 enacted budget originally included an increase of \$4,400,000 from the General Fund in FY 2024 and another \$4,400,000 from the General Fund in FY 2025 for a total of \$8,800,000 in ongoing provider rate increases that were covered via one-time Federal Funds in FY 2023. However, the FY 2025 enacted budget reduces the planned FY 2025 increase by \$(2,400,000). This results in a FY 2025 increase of \$2,000,000 for a total of \$6,400,000 in additional ongoing funding across both years.

**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 \$8,922,100 for AzEIP services in FY 2025. As a result, the total AzEIP funding available is \$25,041,100 in FY 2025.

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 3,131 DDD-eligible children enrolled in the AzEIP program in FY 2023. DES reports there were 16,642 new referrals to AzEIP in FY 2023 and 12,933 referred children were determined eligible.

#### **State-Funded Long Term Care Services**

The budget includes \$44,389,800 and 2 FTE Positions in FY 2025 for State-Funded Long Term Care Services. These amounts consist of:

General Fund	9,960,600
Long Term Care System Fund	34,429,200

Adjustments are as follows:

##### **Formula Adjustments**

The budget includes an increase of \$855,100 in FY 2025 for standard caseload growth in ALTCS-eligible DD clients receiving residential services with room and board expenses. This amount consists of:

General Fund	290,100
Long Term Care System Fund	565,000

**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 2025 for the Group Home Monitoring Program. This amount is unchanged from FY 2024.

FY 2025 is the final year of funding for the program. The budget adds a footnote that makes the FY 2024 and FY 2025 appropriations for the Group Home Monitoring Program non-lapsing through FY 2026.

*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 no funding in FY 2025 for the Graham County Rehabilitation Center. Adjustments are as follows:

##### **Remove One-Time Rehabilitation Center Assistance**

The budget includes a decrease of \$(830,000) from the General Fund in FY 2025 to remove one-time funding for transfer to rehabilitation center facilities in Safford and Willcox. The center serves DDD clients as part of its day treatment and training programs. The enacted FY 2024 budget included a footnote specifying that of the \$830,000, \$800,000 is for the remodeling costs of the center's facilities in Safford and \$30,000 is for an afterschool program. The enacted FY 2025 budget adds a footnote that makes the \$830,000 appropriation in FY 2024 non-lapsing through FY 2025 and specifies that \$800,000 of the appropriation is for the remodeling costs of rehabilitation facilities in Willcox in addition to rehabilitation facilities in Safford.

#### **DD Job Training and Life Skills Services**

The budget includes \$1,000,000 from the General Fund in FY 2025 for DD Job Training and Life Skills Services. Adjustments are as follows:

##### **One-Time Funding**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for job training and life skills services for developmentally disabled individuals in areas outside Maricopa and Pima counties.

#### **Employment and Rehabilitation Services**

#### **Child Care Subsidy**

The budget includes \$320,580,200 in FY 2025 for child care subsidies. This amount consists of:

General Fund	12,000,000
Federal CCDF Block Grant	308,580,200

Adjustments are as follows:

##### **New General Fund Child Care Funding**

The budget includes a one-time increase of \$12,000,000 from the General Fund in FY 2025 for child care network stabilization. At the end of FY 2019, DES suspended the child care waitlist instituted in cases where demand for child care subsidies exceeded the available funding. The General Fund increase reestablishes the waitlist, capping the caseload to 22,700. The budget also includes a footnote requiring DES to distribute at least ten percent of the General Fund share of the Child Care Subsidy line item to counties other than Maricopa, Pima, and Pinal counties.

##### **Child Care and Development Fund Increase**

The budget includes a one-time increase of \$121,500,000 from the Federal CCDF Block Grant in FY 2025 to maintain child care provider rates. In FY 2025, Arizona's federal CCDF allocation increased, resulting in the increased appropriation.

*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 \$320,580,200 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 2024, the department reports that the one-time funding is fully spent.

*Subsidy Rates* – As of April 2023, the department has established rates that are at the 75<sup>th</sup> percentile of the department's 2022 market rate survey for children under age 1, and the 75<sup>th</sup> percentile of the 2018 market rate survey for ages 1 through 12. We estimate that the average monthly reimbursement per child is \$886 at the current rate.

*Caseloads* – According to the department, the estimated number of children receiving child care services in June 2023 was 20,391 (*see Table 6*) excluding ECDHB- and DCS-related child care.

Table 6

## Child Care June Monthly Caseloads

Category	FY 23	FY 24 est	FY 25 est
TANF	562	507	480
Low-Income Working	18,479	22,111	18,428
Transitional Child Care	1,350	1,313	1,181
<b>Total Served</b>	<b>20,391</b>	<b>23,931</b>	<b>20,089</b>

**Independent Living Rehabilitation Services**

The budget includes \$1,289,400 in FY 2025 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 2024.

**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 510 clients in FY 2025 at an average Total Funds cost per client of \$2,900. In addition to these clients, the division is also expected to serve 190 Independent Living clients at an average annual cost of \$2,230 per client using federal Social Services Block Grant monies.

**JOBS**

The budget includes \$11,005,600 in FY 2025 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 2024.

**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 2024 JOBS Expenditures

Expenditures	Amount
Case Management	\$ 9,244,900
Job Training	687,500
Supplemental Payments	2,100
Work-Related Transportation	771,000
Job Search Stipends	300,000
<b>Total</b>	<b>\$11,005,600</b>

**Rehabilitation Services**

The budget includes \$7,249,100 in FY 2025 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 2024.

**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 8,175 clients in FY 2024 at an average Total Funds cost of \$6,640 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 2025 for the Workforce Innovation and Opportunity Act Services line item.

This amount is unchanged from FY 2024.

**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 2025 is shown in *Table 8*.

Table 8 FY 2025 WIA Grant Allocations	
Category	Amount
WIOA Line Item	\$85,824,200
Operating Budget	1,280,800
AG Legal Services	11,200
<b>Total</b>	<b>\$87,116,200</b>

### Other Issues

This section includes information on the following topics:

- FY 2024 Adjustments
- Statutory Changes
- Long-Term Budget Impacts
- Fund Transfers
- Auditor General Report
- Unemployment Insurance Benefits Replacement
- Federal TANF Block Grant

#### FY 2024 Adjustments

The budget assumes that DES General Fund formula expenses for FY 2024 will be \$(24,790,300) lower than the original FY 2024 General Fund appropriation. The \$(24,790,300) surplus is primarily associated with a lower-than-budgeted capitation rate adjustment within the DDD program. The enacted FY 2024 budget included funding for a 3.1% capitation rate increase. However, the FY 2024 rates instead declined by (0.8)%, largely to account for lower utilization of services among DDD clients in previous years.

The FY 2025 enacted budget does not, however, include an FY 2024 supplemental reduction to account for the savings. Instead, the surplus would be realized through General Fund revertments. The budget adds a footnote prohibiting the department from transferring any surplus monies from Developmental Disabilities - Medicaid line items to any line items outside DDD in FY 2024.

#### Statutory Changes

The Human Services BRB 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 costs, including Developmental Disabilities formula costs, are projected to increase by \$104,130,400 in FY 2026 above FY 2025 and \$102,078,100 in FY 2027 above FY 2026.

The FY 2026 estimate is based on:

- 4.5% DDD caseload growth.
- 3.0% DDD capitation growth.
- An estimated 64.55% FMAP.
- \$1,000,000 for homeless youth assistance.
- \$(1,200,000) to remove funding for the group home monitoring pilot program.
- \$(18,750,000) to remove FY 2025 one-time funding.

The FY 2027 estimate is based on:

- 4.5% DDD caseload growth.
- 3.0% DDD capitation growth.
- An estimated 64.44% FMAP.

#### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	FY 2024
Economic Security Capital Investments Fund	\$500,000
Family Caregiver Grant Program Fund	700,000
Long Term Care System Fund	9,314,000
Special Administration Fund	4,000,000

#### Auditor General Report

In September 2023, the Auditor General published an audit of DES as part of Laws 2022, Chapter 313. The audit examined DES's current APS system and ways to improve the delivery of services in the state. At the request of the Legislature, the Auditor General addressed developing a strategy direction to ensure the safety of vulnerable adults after an investigation, creating accountability mechanisms to produce accurate and relevant data on performance measures, strategies for community engagement, and determining the need for periodic performance evaluations for future reviews. The audit found that the average length of time to complete an investigation increased from 81 days in FY 2020 to 101 days in FY 2022.

The Auditor General recommends DES establish a working group with the Governor, President of Arizona Senate, and Speaker of the Arizona House of Representatives to develop a strategic direction for APS, develop roles and responsibilities in conjunction with the working group to identify authority and resources needed to ensure ongoing success for strategic direction, implement a strategic direction for APS and system-wide performance reporting process, and to obtain input from vulnerable adults in APS.

#### **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. As of March 31, 2024, DES has spent \$10,775,000 of the \$43,100,000 in total ARPA allocations for the UI project.

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 \$227,665,200 of the state's Federal TANF Block Grant monies in FY 2025. *Table 9* shows expected yearly revenues, expenditures, and fund balances across the 2 agencies that administer TANF funding.

Table 9

#### **TANF Block Grant Spending**

	<b><u>FY 2023</u></b> <b><u>Actual</u></b>	<b><u>FY 2024</u></b> <b><u>Estimated</u></b>	<b><u>FY 2025</u></b> <b><u>Estimated</u></b>
<b><u>Revenues</u></b>			
Beginning Balance	\$ 21,287,300	\$ 26,317,000	\$ 24,138,600
TANF Base Revenues	<u>225,495,000</u>	<u>225,495,000</u>	<u>225,495,000</u>
<b>Total TANF Available</b>	<b>\$246,782,300</b>	<b>\$251,812,000</b>	<b>\$249,633,600</b>
<b><u>Expenditures</u></b>			
<b>Department of Child Safety</b>	\$161,082,200	\$161,082,200	\$161,076,300
<b>Department of Economic Security</b>			
TANF Cash Benefits	\$ 15,528,300	\$ 22,736,400	\$ 22,736,400
All Other TANF Expenditures	<u>43,854,800</u>	<u>43,854,800</u>	<u>43,852,500</u>
<b>TOTAL - DEPARTMENT OF ECONOMIC SECURITY</b>	<b>\$ 59,383,100</b>	<b>\$ 66,591,200</b>	<b>\$ 66,588,900</b>
<b>TOTAL - STATEWIDE</b>	<b>\$220,465,300</b>	<b>\$227,673,400</b>	<b>\$227,665,200</b>
<b>Ending Balance</b>	<b>\$ 26,317,000</b>	<b>\$ 24,138,600</b>	<b>\$ 21,968,400</b>

## State Board of Education

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	23.0	23.0	23.0 <sup>1/</sup>
Personal Services	1,541,000	2,001,200	2,001,200
Employee Related Expenditures	619,900	302,700	311,200
Professional and Outside Services	512,200	650,100	650,100
Travel - In State	15,400	35,500	35,500
Travel - Out of State	18,400	25,000	25,000
Other Operating Expenditures	231,500	173,100	167,600
Equipment	99,900	34,500	34,500
<b>OPERATING SUBTOTAL</b>	<b>3,038,300</b>	<b>3,222,100</b>	<b>3,225,100</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(111,200)
Arizona Empowerment Scholarship Account Appeals	25,200	227,900	228,500
<b>AGENCY TOTAL</b>	<b>3,063,500</b>	<b>3,450,000</b>	<b>3,342,400 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	3,063,500	3,450,000	3,342,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,063,500</b>	<b>3,450,000</b>	<b>3,342,400</b>
<b>TOTAL - ALL SOURCES</b>	<b>3,063,500</b>	<b>3,450,000</b>	<b>3,342,400</b>

**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

<sup>1/</sup> Includes 2 GF FTE Positions funded from Special Line Items in FY 2025.

<sup>2/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### Operating Budget

The budget includes \$3,225,100 and 21 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$3,000 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(111,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the

FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

#### Arizona Empowerment Scholarship Account Appeals

The budget includes \$228,500 and 2 FTE Positions from the General Fund in FY 2025 for Arizona Empowerment Scholarship Account (ESA) Appeals. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$600 from the General Fund in FY 2025 for statewide adjustments.



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.

---

---

***Other Issues***

---

---

<b><i>Statutory Changes</i></b>
---------------------------------

The K-12 Education BRB, as permanent law, amends A.R.S. § 15-701 to eliminate the requirement that SBE develop a statewide kindergarten entry assessment tool.

## Department of Education

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	229.9	232.9	232.9 <sup>1/</sup>
Personal Services	4,877,800	7,956,600	7,956,600
Employee Related Expenditures	1,793,500	3,039,400	3,159,800
Professional and Outside Services	401,100	11,201,900	1,456,900
Travel - In State	8,800	17,900	17,900
Travel - Out of State	15,500	25,500	25,500
Other Operating Expenditures	2,506,700	3,385,500	3,036,000
Equipment	43,100	0	0
<b>OPERATING SUBTOTAL</b>	<b>9,646,500</b>	<b>25,626,800</b>	<b>15,652,700 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Lump Sum Reduction	0	0	(469,700)
<b>Formula Programs</b>			
Basic State Aid	6,710,668,900	7,091,644,500	7,288,548,000 <sup>4/-11/</sup>
Onetime Additional Assistance Supplement	0	0	29,000,000 <sup>12/ 13/</sup>
Onetime FRPL Weight Supplement	0	0	37,000,000 <sup>14/</sup>
Onetime State Aid Supplement	0	300,000,000	0
State Aid Supplement	75,000,000	75,000,000	75,000,000 <sup>15/</sup>
Results-Based Funding	68,600,000	0	0
Special Education Fund	36,029,200	36,029,200	36,029,200
Other State Aid to Districts	65,500	983,900	0
Classroom Site Fund	947,936,000	1,018,912,500	1,053,335,300 <sup>16/</sup>
Instructional Improvement Fund	41,482,700	80,425,700	80,425,700 <sup>17/</sup>
<b>Property Tax Relief</b>			
Additional State Aid	478,210,600	511,613,100	526,653,100
<b>Non-Formula Programs</b>			
Accountability and Achievement Testing	12,604,100	16,442,200	16,444,800 <sup>18/-20/</sup>
Adult Education	17,495,000	21,768,900	16,903,200 <sup>21/</sup>
Adult Education and Workforce Development Administration	250,100	0	0
Alternative Teacher Development Program	500,000	1,800,000	1,000,000
Arizona Civics Education and Leadership Development Program	0	300,000 <sup>22/</sup>	0
Arizona Empowerment Scholarship Account Administration	4,390,300	0	0
Arizona English Language Learner Fund	4,960,400	4,960,400	4,960,400
Arizona Holocaust Education Center	0	0	7,000,000 <sup>23/</sup>
Art Consumables	0	7,500,000 <sup>24/</sup>	0
Broadband Expansion Fund Deposit	0	2,500,000 <sup>25/</sup>	0
Center for High School Success	0	1,000,000	1,000,000
Code Writers Initiative Program	1,000,000	0	0
College Credit by Examination Incentive Program	7,472,100	7,472,100	3,772,100
College Placement Exam Fee Waiver	875,600	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	1,000,000	1,000,000
CTED Completion Grants	0	1,000,000	1,000,000 <sup>26/-28/</sup>
CTED Soft Capital and Equipment	1,000,000	1,000,000	1,000,000 <sup>29/</sup>
Dual Enrollment Student Development Fund Deposit	0	3,000,000 <sup>30/</sup>	0
Dual Enrollment Teacher Development Fund Deposit	0	0 <sup>31/</sup>	0
Early Education and Career Exploration Program	0	5,000,000 <sup>32/</sup>	0
Early Literacy	12,000,000	18,880,000	17,386,200
Education Learning and Accountability System	5,447,200	5,446,700	5,470,200

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
English Learner Administration	9,097,200	6,597,000	11,608,800 <sup>33/</sup>
Feminine Hygiene Products	0	2,000,000	0
Flagstaff Robotics Program	0	20,000	10,000
Foster Home Youth Transitional Housing	10,000,000 <sup>34/</sup>	0	0
Geographic Literacy	100,000	100,000	100,000 <sup>35/</sup>
Gifted Assessments	404,000	850,000	850,000
Gila County Jail Education	0	10,000	0
Invest in Postsecondary Success Program Fund Deposit	1,000,000	0	0
Jobs for Arizona Graduates	100,000	500,000	500,000 <sup>36/</sup>
Juvenile Detention Centers	0	52,600	0
K-12 Mental Health Telehealth Pilot Program	0	0	2,000,000
K-12 Transportation Formula Study	0	250,000	0
Live, Remote Instructional Courses	0	100,000	100,000
Low Income After School Program Grants	0	0	2,000,000
Nonprofit Education Initiatives	0	100,000	0
Nonprofit Low-Income Assistance	0	500,000	0
Office of Indian Education	56,100	0	0
Onetime Electronic Incident Prevention Programs	43,200	0	0
Onetime School Meal Grants	0	0	3,800,000 <sup>37/</sup>
Phoenix Science Education Programs	0	2,500,000	0
Public School Campus Community Gardens	0	100,000	0
Public School Campus Trees	0	300,000	0
School Safety Program	34,198,000	81,992,400	82,010,200 <sup>38/ 39/</sup>
Show Low Robotics Program	0	0	10,000
State Block Grant for Vocational Education	11,748,800	11,774,300	11,798,200
Student Level Data Access	357,800	359,000	359,000
Teacher Certification	1,756,200	2,544,600	2,583,100
Teacher Professional Development	0	3,000,000	0
Teacher Professional Development Pilot	37,300	0	0
Tribal College Dual Enrollment Program	110,500	325,000	325,000
Youth Summer Education Program	0	250,000	0
<b>AGENCY TOTAL</b>	<b>8,505,643,300</b>	<b>9,355,796,700</b>	<b>9,338,431,300 <sup>40/-43/</sup></b>

#### FUND SOURCES

General Fund	7,002,099,600	7,743,579,000	7,676,669,800
--------------	---------------	---------------	---------------

#### Other Appropriated Funds

Department of Education Empowerment Scholarship Account Fund	357,800	359,000	359,000
Education Sales Tax - Accountability	1,661,700	7,000,000	7,000,000
Permanent State School Fund	328,895,600	342,797,300	357,889,000
Teacher Certification Fund	1,692,300	2,517,700	2,547,000
Tribal College Dual Enrollment Program Fund	110,500	325,000	325,000

SUBTOTAL - Other Appropriated Funds	332,717,900	352,999,000	368,120,000
-------------------------------------	-------------	-------------	-------------

#### **SUBTOTAL - Appropriated Funds**

<b>7,334,817,500</b>	<b>8,096,578,000</b>	<b>8,044,789,800</b>
----------------------	----------------------	----------------------

#### Expenditure Authority Funds

Classroom Site Fund	947,936,000	1,018,912,500	1,053,335,300
Education Sales Tax - Basic State Aid	165,337,200	150,380,500	150,380,500
Education Sales Tax - Character Education	167,800	200,000	200,000
Education Sales Tax - Failing Schools Tutoring Fund	302,100	1,500,000	1,500,000
Education Sales Tax - School Safety	15,600,000	7,800,000	7,800,000
Instructional Improvement Fund	41,482,700	80,425,700	80,425,700

SUBTOTAL - Expenditure Authority Funds	1,170,825,800	1,259,218,700	1,293,641,500
--	---------------	---------------	---------------

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>8,505,643,300</b>	<b>9,355,796,700</b>	<b>9,338,431,300</b>
Other Non-Appropriated Funds	28,362,300	33,540,700	33,540,700
Federal Funds	2,420,796,800	2,628,730,900	2,628,730,900
<b>TOTAL - ALL SOURCES</b>	<b>10,954,802,400</b>	<b>12,018,068,300</b>	<b>12,000,702,900</b>

**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 2025.
- 2/ 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)
- 3/ 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)
- 4/ Laws 2023, Chapter 133 appropriated \$800,727,700 from the General fund for the K-12 rollover.
- 5/ 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 \$357,889,000 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 2024-2025. (General Appropriation Act footnote)
- 6/ 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)
- 7/ 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)
- 8/ 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)
- 9/ Laws 2022, Chapter 313, Section 128, as modified by Laws 2024, Chapter 209, Section 4, appropriates \$89,000,000 in FY 2025 from the General Fund for ongoing increases to District Additional Assistance (DAA) and Charter Additional Assistance (CAA) and \$29,000,000 from the General Fund in FY 2025 for onetime DAA and CAA supplements.
- 10/ Laws 2022, Chapter 313, Section 128, as modified by Laws 2024, Chapter 209, Section 4, appropriates \$63,000,000 in FY 2025 from the General Fund for ongoing increases to the Free and Reduced-Price Lunch (FRPL) weight and \$37,000,000 from the General Fund in FY 2025 for a onetime FRPL Group B Weight Supplement.
- 11/ The legislature intends that the state general fund appropriation to the department of education for basic state aid be increased by \$29,000,000 in fiscal year 2027-2028 to continue the funding allocated in subsection A, paragraph 2 and subsection B, paragraph 2 of this section on an ongoing basis. The legislature intends that the state general fund appropriation to the department of education for basic state aid be increased by \$37,000,000 in fiscal year 2027-2028 to continue the funding allocated in subsection C, paragraph 2 of this section on an ongoing basis. (FY 2023 General Appropriation Act footnote, as modified by FY 2025 General Appropriation Act)
- 12/ The department of education shall distribute the appropriated amount for the onetime charter additional assistance supplement to charter schools on a proportional basis based on the charter additional assistance funding that each

charter school in this state receives in fiscal year 2024-2025. (FY 2023 General Appropriation Act footnote, as modified by FY 2025 General Appropriation Act)

- 13/ The department of education shall distribute the appropriated amount for the onetime district additional assistance supplement to school districts on a proportional basis based on the district additional assistance funding that each district in this state receives in fiscal year 2024-2025 and increase the budget limits pursuant to section 15-947, Arizona Revised Statutes, accordingly. A school district may budget the monies it receives from the onetime district additional assistance supplement in either the school district's maintenance and operation fund or unrestricted capital outlay fund. (FY 2023 General Appropriation Act footnote, as modified by FY 2025 General Appropriation Act)
- 14/ The department of education shall distribute the appropriated amount for the onetime FRPL group b weight supplement to school districts and charter schools on a pro rata basis using the weighted student count for FRPL pupils for the school district or charter school pursuant to section 15-943, paragraph 2, subdivision (B), Arizona Revised Statutes, and increase the budget limits pursuant to section 15-947, Arizona Revised Statutes, accordingly. A school district may budget the monies it receives from the onetime FRPL group b weight supplement in either the school district's maintenance and operation fund or unrestricted capital outlay fund. (FY 2023 General Appropriation Act footnote, as modified by FY 2025 General Appropriation Act)
- 15/ Laws 2015, 1<sup>st</sup> 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.
- 16/ 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)
- 17/ 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)
- 18/ 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)
- 19/ 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)
- 20/ The department of education may use the appropriated amount for accountability and achievement testing in fiscal year 2024-2025 for costs of the English language proficiency assessments required by section 15-756.05, Arizona Revised Statutes. (General Appropriation Act footnote)
- 21/ The appropriated amount for adult education includes \$4,000,000 for a onetime allocation to the continuing high school and workforce training program established by section 15-217.01, Arizona Revised Statutes, \$4,000,000 for a onetime deposit in the adult workforce diploma program fund established by section 15-217.02, Arizona Revised Statutes, and \$4,000,000 for a onetime deposit in the community college adult education workforce development program fund established by section 15-217.03, Arizona Revised Statutes. (General Appropriation Act footnote)
- 22/ Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Arizona Civics Education and Leadership Development Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (General Appropriation Act footnote)
- 23/ The department of education shall distribute the appropriated amount for the Arizona holocaust education center line item to the Arizona holocaust education center for a onetime distribution for the creation and operation of the center as a resource for fulfilling the requirements of section 15-701.02, Arizona Revised Statutes. The department of administration shall allot the full amount of the line item on or before August 15, 2024. The department of education shall make the distribution on or before August 15, 2024. This appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 24/ The FY 2024 budget included a total of \$10,000,000 from the General Fund in FY 2024 for Art Consumables. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$2,500,000.
- 25/ The FY 2024 budget included a total of \$5,000,000 from the General Fund in FY 2024 for a Broadband Expansion Fund Deposit. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$2,500,000.
- 26/ 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)

- 27/ 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)
- 28/ 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, 2026. (General Appropriation Act footnote)
- 29/ 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)
- 30/ The FY 2024 budget included a total of \$15,000,000 from the General Fund in FY 2024 for a Dual Enrollment Student Fund Deposit. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$12,000,000.
- 31/ The FY 2024 budget included \$500,000 from the General Fund in FY 2024 for a Dual Enrollment Teacher Development Fund Deposit. Laws 2024, Chapter 209, Section 117 eliminates this appropriation.
- 32/ Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Early Education and Career Exploration Program Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (General Appropriation Act footnote)
- 33/ 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)
- 34/ Laws 2025, Chapter 209, Section 1 modifies the footnote for the FY 2023 appropriation for Foster Home Youth Transitional Housing to authorize the transitional housing unit to also serve former foster youths up to age 23 who are pursuing an associates degree.
- 35/ 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)
- 36/ 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)
- 37/ The department of education shall allocate the appropriated amount for onetime school meal grants to school districts and charter schools that participate in the national school lunch program or school breakfast program established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1793) for grants to reduce or eliminate copayments that would otherwise be charged to children eligible for reduced-price meals. If the appropriated amount is insufficient to cover the grant awards for all eligible grantees, the department shall reduce each grant proportionately to cover all eligible grantees. (General Appropriation Act footnote)
- 38/ 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 officers 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)
- 39/ 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)
- 40/ After review by the joint legislative budget committee, in fiscal year 2024-2025, the department of education may use a portion of its fiscal year 2024-2025 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 2023-2024. (General Appropriation Act footnote)
- 41/ 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)

42/ 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)

43/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Summary

ADE's FY 2025 General Fund spending decreases by \$(66,909,200) or (1.1)% below the final FY 2024 appropriation (including the FY 2024 supplement reductions). The budget includes the following funding changes in FY 2025:

- An increase of \$8,046,900 for a Basic State Aid prior year rebase.
- A decrease of \$(11,357,900) for public school enrollment adjustments.
- An increase of \$106,910,400 for additional Empowerment Scholarship Account (ESA) awards.
- An increase of \$162,016,700 for a 2.0% inflator.
- A decrease of \$(67,120,500) for local property tax growth due to new construction
- A decrease of \$(15,091,700) to offset higher available endowment earnings under Proposition 123.
- Increased Homeowner's Rebate expenses of \$15,040,000.
- An increase of \$37,000,000 for a one-time FRPL Group B Weight supplement.
- An increase of \$29,000,000 for a one-time supplement to the District Additional Assistance (DAA) and Charter Additional Assistance (CAA) formulas.
- A decrease of \$(2,500,000) to eliminate summer ESAs for public school students.
- A decrease of \$(1,500,000) to eliminate the kindergarten entry assessment.
- An increase of \$7,000,000 for a one-time distribution to the Arizona Holocaust Education Center.
- An increase of \$3,800,000 for One-Time School Meal Grants
- A decrease of \$(3,700,000) to reduce College Credit by Examination Incentive Program (CCEIP) payments.
- A decrease of \$(4,870,000) for Adult Education programs.
- A one-time increase of \$5,000,000 for English Language Learner testing contract costs
- A one-time increase of \$2,000,000 for Rural K-12 mental health telehealth pilot programs.
- A one-time increase of \$2,000,000 for low-income after school programs.

- A one-time of \$1,000,000 to continue funding Centers for High School Success
- A decrease of \$(469,700) for an operating lump sum reduction.
- An increase of \$125,200 for statewide adjustments
- A decrease of \$(356,738,600) to remove funding from FY 2024 designated as one-time.

The budget also includes the following supplemental reductions in FY 2024:

- A decrease of \$(12,000,000) to reduce the funding for a deposit in the Dual Enrollment Student Development Fund.
- A decrease of \$(500,000) to reduce the funding for a deposit in the Dual Enrollment Teacher Development Fund.
- A decrease of \$(2,500,000) to reduce funding for a Broadband Expansion Fund Deposit.
- A decrease of \$(2,500,000) to reduce funding for Art Consumables.

As part of the budget's 3-year spending plan, ADE General Fund costs are projected to increase by \$384,604,000 in FY 2026 compared with FY 2025 and increase by \$175,439,500 in FY 2027 above FY 2026. *(See Other Issues for more information.)*

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(469,700) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

### Operating Budget

The budget includes \$15,652,700 and 107.9 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$13,809,300
Teacher Certification Fund	143,400
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 a decrease of \$(10,000,000) from the General Fund in FY 2025 to remove funding 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.

#### Statewide Adjustments

The budget includes an increase of \$25,900 from the in FY 2025 for statewide adjustments. This amount consists of:

General Fund	35,100
Teacher Certification Fund	(9,200)

(Please see the Agency Detail and Allocations section.)

#### Formula Programs

#### Basic State Aid

The budget includes \$7,288,548,000 in FY 2025 for Basic State Aid. This amount consists of:

General Fund	6,780,278,500
Permanent State School Fund	357,889,000
Education Sales Tax - Basic State Aid	150,380,500

The \$7,288,548,000 total does not include local property taxes that will help fund K-12 formula costs for FY 2025, as they are non-appropriated (see Table 1).

**Table 1**

#### FY 2025 Basic State Aid Formula Summary (estimated)

##### Sources

General Fund	\$6,780,278,500
Permanent State School Fund	357,889,000
Education Sales Tax	150,380,500
Local Property Taxes <sup>1/</sup>	<u>2,652,161,400</u>
<b>Total</b>	<b>\$9,940,709,400</b>

##### Uses

School District Equalization	7,000,238,400
Charter Equalization	2,110,088,400
Empowerment Scholarships	822,030,600
Other Formulas/Miscellaneous	<u>8,352,000</u>
<b>Total</b>	<b>\$9,940,709,400</b>

<sup>1/</sup> Non-appropriated, so excluded from appropriated totals.

Adjustments are as follows:

#### Prior Year Base Adjustment

The budget includes an increase of \$8,046,900 from the General Fund in FY 2025 for a prior year base adjustment. The enacted FY 2024 budget assumed that combined General Fund Basic State Aid formula expenses for school districts, charter schools, Empowerment Scholarship Accounts (ESAs), and other K-12 formula programs would reach \$6,598,466,700 in FY 2024.

The \$6,598,466,700 cost assumed total public school Average Daily Membership (ADM) growth would be 0.4% in FY 2024. Through June 2024, ADE reports that actual public school ADM is (1.0)% below final FY 2023 ADM. The enacted FY 2024 budget also assumed total ESA program enrollment of 68,380 and awards of \$625,155,700. Through June 2024, ADE reported that 76,427 pupils were receiving an ESA award disbursement in the fourth quarter and that total disbursements to ESA accounts for the fiscal year totaled \$717,620,200.

With the above forecast adjustments, we estimate the total combined district/charter/ESA enrollment will generate savings of \$(352,200) in FY 2024 relative to the enacted budget. The estimated base adjustment is delineated by formula program in Table 2. While basic state aid formula costs are below the original budget on a total funds basis, we estimate that ADE will incur a net General Fund shortfall in Basic State Aid of \$8,046,900, primarily due to lower-than-estimated local property tax offsets. The budget assumes ADE will be able to cover the shortfall within its existing budget due to an estimated \$(8,424,600) surplus in the Homeowner's Rebate program.

#### Qasimyar Property Tax Litigation

The budget includes no net change for Basic State Aid recalculations associated with property tax judgments in the *Qasimyar v. Maricopa County* litigation. In *Qasimyar vs Maricopa County*, property owners filed a lawsuit in Maricopa County in 2016 alleging that the county made inaccurate property tax assessments of owner-occupied homes (class 3) and rentals/non-primary residence (class 4) because the county failed to classify conversions from owner-occupied status to rental (or vice-versa) as changes in use of the property. The Court concurred with the plaintiffs, resulting in court-ordered property tax refunds totaling \$147,796,700 across school districts in Maricopa County. These refunds will be paid by the Maricopa County Treasurer beginning in FY 2025.



Table 2 FY 2024 Basic State Aid Formula Base Adjustment (Estimate)			
<u>Sources</u>	<u>FY 2024 Enacted</u>	<u>FY 2024 Revised</u>	<u>Change</u>
General Fund	\$6,598,466,700	\$6,606,513,600	\$8,046,900
Permanent State School Fund	342,797,300	342,797,300	0
Education Sales Tax	150,380,500	150,380,500	0
Local Property Taxes	<u>2,590,507,100</u>	<u>2,582,108,000</u>	<u>(8,399,100)</u>
<b>Total</b>	<b>\$9,682,151,600</b>	<b>\$9,681,799,400</b>	<b>\$(352,200)</b>
<u>Uses</u>			
School District Equalization	6,951,918,000	6,944,796,200	(7,121,800)
Charter Equalization	2,094,366,100	2,007,753,500	(86,612,600)
Empowerment Scholarships	625,155,700	717,620,200	92,464,500
Other Formulas/Miscellaneous	<u>10,711,800</u>	<u>11,629,500</u>	<u>917,700</u>
<b>Total</b>	<b>\$9,682,151,600</b>	<b>\$9,681,799,400</b>	<b>\$(352,200)</b>

Under A.R.S. § 15-915B, school districts may request via a resolution adopted by the school board that ADE recalculate their Basic State Aid for prior years if a tax judgement changes the Net Assessed Value (NAV) that was used to compute the state share of funding for K-12 Basic State Aid formula. These re-calculations would effectively cover the portion of the school district refund obligation associated with property taxes levied to cover Basic State Aid. Section 9 of the FY 2025 Taxation BRB notwithstanding A.R.S. § 15-915B to require ADE to recalculate district state without a school board resolution and submit its estimates to school districts and the Property Tax Oversight Commission on or before August 1, 2024. ADE is also required report its proposed re-calculations to JLBC and OSPB and, subject to JLBC review, adjust state aid accordingly. The JLBC Staff preliminarily estimates that the state aid recalculations associated with *Qasimyar* will increase Basic State Aid costs by \$61,000,000 from the General Fund in FY 2025.

The budget does not, however, increase ADE's Basic State Aid appropriation to account for the cost of the basic state aid recalculation. It instead assumes ADE will be able to cover the \$61,000,000 within its FY 2025 Basic State Aid appropriation. To meet that assumption without a General Fund supplemental would depend upon a number of different factors. For example, total student enrollment would have to decline by (1.1)% instead of growing by 0.2% to cover the cost of the basic state aid recalculation associated with *Qasimyar* without a General Fund supplemental.

#### Public School Enrollment Adjustments

The budget includes a decrease of \$(11,357,900) from the General Fund in FY 2025 for public school enrollment adjustments. The budget assumes there would be a public school enrollment decline of (0.4)% in FY 2025 compared with FY 2024, which would result in public school ADM of 1,082,095 in FY 2025, or a decrease of (4,013) in comparison with June 2024.

The (0.4)% public school enrollment decline estimate is based on the following assumptions:

- The budget assumes there would be a (0.1)% reduction in base public school enrollment due to demographic trends. The (0.1)% decline is consistent with the Arizona Office of Economic Opportunity medium-series population projections, which assume that Arizona's school-age population (ages 5-17) declines by (0.1)% in calendar year (CY) 2024.
- The budget assumes an additional (0.3)% decline would be associated with students shifting their enrollment from public schools to the ESA program. Through the 3<sup>rd</sup> quarter of FY 2024, ADE estimates that approximately 47% of students who newly enrolled in the Universal ESA program in FY 2024 were enrolled in a public school in the year preceding their switch to the ESA program.

In FY 2024, the estimated public school enrollment decline of (1.0)% is (1.2)% below the 0.2% growth that we would have been anticipated based on OEO demographic projections, which may indicate that ESA switchers are impacting public school enrollment. The budget assumes that public school enrollment changes would only be (0.3)% below broader demographic trends in FY 2025, as the number of switchers may be higher in FY 2024 since it is the first full year of the availability of universal ESAs (ADE opened universal ESA applications in late September of 2022).

#### Empowerment Scholarship Account Growth

The budget includes an increase of \$106,910,400 from the General Fund in FY 2025 for enrollment growth in the ESA program. Total ESA enrollment would increase to 82,452 in FY 2025, or an increase of 6,025 above June 2024 enrollment of 76,427. The budget assumes that 82,452 ESA enrollees would be eligible for total awards of \$824,530,600 in FY 2025. The \$824,530,600 is the budget's base estimate for the ESA program before accounting for policy changes that assume savings from limiting funding for applicants in the 4<sup>th</sup> quarter of the

fiscal year (See "Limit Fourth Quarter ESA Funding" policy issue for more information.)

The 6,025 growth estimate assumes that switchers from public school would represent approximately 48% of ESA enrollment growth while the remaining 52% would be current private schoolers and homeschooolers. The 48% switcher assumption is lower than ADE's estimate that through the third quarter of FY 2024, approximately 61% of new entrants into the universal ESA program in FY 2024 were enrolled in a public school in the year immediately preceding their enrollment in the ESA program.

Given that ESA enrollment growth would continue to include pupils who were not previously funded in a public school, we anticipate that the combined growth rate in the ESA program and public schools would exceed OEO's estimates of growth in the school-age population. As a result, our total K-12 enrollment growth estimate (including both ESAs and public schools) for FY 2025 is 0.2%, or 0.3% above OEO's estimate of a (0.1)% decline. Under the budget assumptions, total enrollment across ESAs and public schools would reach 1,164,547 in FY 2025 (See Table 3).

**Table 3**

K-12 Enrollment Summary						
Fiscal Year	District	Charter	Public Subtotal	ESA	Grand Total	Change
2018	913,665	189,869	1,103,534	5,042	1,108,576	0.9%
2019	906,004	201,757	1,107,761	6,450	1,114,211	0.5%
2020	907,121	208,438	1,115,559	7,781	1,123,340	0.8%
2021	857,139	220,678	1,077,817	9,777	1,087,594	(3.2)%
2022	875,517	220,379	1,095,896	12,049	1,107,945	1.9%
2023	873,827	223,660	1,097,487	53,364	1,150,851	3.9%
2024 est	863,144	222,964	1,086,108	76,427	1,162,535	1.0%
2025 est	852,149	229,946	1,082,095	82,452	1,164,547	0.2%
2026 est	837,191	235,457	1,072,648	89,697	1,162,345	(0.2)%
2027 est	818,804	240,018	1,058,823	96,942	1,155,765	(0.6)%

### 2.0% Inflation Adjustment

The budget includes an increase of \$162,016,700 from the General Fund in FY 2025 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 2023, the current estimated increase in the GDP price deflator is 3.55%. 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).

### Property Taxes from New Construction

The budget includes a decrease of \$(67,120,500) from the General Fund in FY 2025 due to a 2.61% 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 \$67,120,500 in FY 2025. It also will decrease state costs by \$(67,120,500), 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 an estimated 3.89% in FY 2025, resulting in a net 6.5% NAV increase for new construction and existing property combined for FY 2025.

The 3.89% NAV increase for existing property will not affect net QTR collections in FY 2025 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 \$3.1860 (from \$3.3098 currently) in FY 2025 to offset the estimated 3.89% NAV increase for existing property (see Table 4).

**Table 4**

TNT Tax Rates			
Tax Rate		FY 2024	FY 2025
Qualifying Tax Rate (QTR)			
• High School districts and elementary districts located within a high school district		\$1.6549	\$1.5930
• Unified districts and elementary districts not located within a high school district		\$3.3098	\$3.1860

### Endowment Earnings Growth

The budget includes a decrease of \$(15,091,700) from the General Fund and an increase of \$15,091,700 from the Permanent State School Fund in FY 2025 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 \$357,889,000 for FY 2025, which would be \$15,091,700 more than the \$342,797,300 total assumed for FY 2024 (see Table 5).

**Table 5**

#### Estimated K-12 Endowment Earnings for Basic State Aid <sup>1/</sup>

Source	FY 2024	FY 2025	Change
Original 2.5%	\$72,263,000	\$72,263,000	\$0
Prop 123 4.4%	<u>270,534,300</u>	<u>285,626,000</u>	<u>15,091,700</u>
<b>Total</b>	<b>\$342,797,300</b>	<b>\$357,889,000</b>	<b>\$15,091,700</b>

<sup>1/</sup> These earnings also fund the Classroom Site Fund (see Table 7).

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, 1<sup>st</sup> 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).*

#### **Limit Fourth Quarter ESA Funding**

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2025 to limit fourth quarter ESA funding. Section 14 of the FY 2025 K-12 Budget Reconciliation Bill (BRB) (Laws 2024, Chapter 14) stipulates that ADE shall distribute funding to ESA recipients who apply for the program after March 31<sup>st</sup> no earlier than July 1<sup>st</sup> of the following fiscal year. The policy is estimated to generate a savings of \$(2,500,000) annually by limiting the temporary use of ESAs for summer programs by students who were enrolled in public school at the beginning of the fourth quarter. ADE estimated that there were 979 such enrollees in FY 2023.

Given the budget's assumption that base ESA awards would reach \$824,530,600 in FY 2025 before policy changes, the limitation on fourth quarter funding would reduce ESA awards to \$822,030,600 in FY 2025.

#### **Remove One-Time County Jail Education Increase**

The budget includes a decrease of \$(76,000) from the General Fund in FY 2025 to remove one-time funds that were used 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 were instead funded at 100% for FY 2024. The 3-year spending plan associated with the enacted budget designates this increase as one-time.

#### **Funding Shift**

The budget includes an increase of \$983,900 from the General Fund in FY 2025 to consolidate funding for Other State Aid to Districts to the Basic State Aid line item. This shift would include \$880,200 for Certificates of Educational Convenience pursuant to A.R.S. § 15-825 and \$103,700 for Assistance to School Districts for Children of State Employees (ASDCSE) pursuant to A.R.S. § 15-976.

#### **Rollover**

The budget includes no net funding change to continue the ongoing \$800,727,700 rollover amount in FY 2025. The FY 2025 General Appropriations Act advance

appropriates \$800,727,700 from the General Fund in FY 2026 to fund the \$800,727,700 deferred obligation from FY 2025 and continues to exclude districts with less than 4,000 pupils from the rollover.

### **Onetime Additional Assistance Supplement**

The budget includes \$29,000,000 from the General Fund in FY 2025 for a Onetime Additional Assistance Supplement. Adjustments are as follows:

#### **Onetime Funding**

The budget includes an increase of \$29,000,000 from the General Fund in FY 2025 to provide a onetime supplement to District Additional Assistance (DAA) and Charter Additional Assistance (CAA) as follows:

- \$23,142,000 for a DAA supplement. A general Appropriations Act footnote requires ADE to distribute the monies on a proportional basis based on the DAA funding that each district receives in FY 2025, and authorizes districts to budget the supplement for maintenance and operations or unrestricted capital.
- \$5,858,000 for a CAA supplement. A General Appropriations Act footnote requires ADE to distribute the monies on a proportional basis based on the CAA each charter receives in FY 2025.

A General Appropriations Act footnote stipulates that the Legislature intends to increase General Fund appropriation for Basic State Aid by \$29,000,000 in FY 2028 to make the onetime additional supplements ongoing beginning in that year.

### **Onetime FRPL Group B Weight Supplement**

The budget includes \$37,000,000 from the General Fund for a Onetime FRPL Weight Supplement. Adjustments are as follows:

#### **Onetime Funding**

The budget includes an increase of \$37,000,000 from the General Fund in FY 2025 for a onetime supplement to 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). An FY 2025 General Appropriations Act footnote requires that ADE distribute the \$37,000,000 on a pro-rata basis to school districts and charter schools based on FRPL counts, and authorizes school districts to budget the monies for maintenance and operations or unrestricted capital. It also stipulates that the Legislature intends to appropriate \$37,000,000 from the General Fund in FY 2028 for an ongoing increase to the FRPL weight that year.

### **Onetime State Aid Supplement**

The budget includes no funding in FY 2025 for Onetime State Aid Supplement funding. Adjustments are as follows:

#### **One-Time Funding**

The budget includes a decrease of \$(300,000,000) from the General Fund in FY 2025 to remove funding 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 2025 for State Aid Supplement funding. This amount is unchanged from FY 2024.

Laws 2015, 1<sup>st</sup> 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 weighted 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).

### **Special Education Fund**

The budget includes \$36,029,200 and 2 FTE Positions from the General Fund in FY 2025 for the Special Education Fund Line Item. These amounts are unchanged from FY 2024.

*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.

### **Other State Aid to Districts**

The budget includes no funding from the General Fund in FY 2025 for Other State Aid to Districts. Adjustments are as follows:

#### **Funding Shift**

The budget includes a decrease of \$(983,900) from the General Fund in FY 2025 to shift funding for other state aid to districts to the Basic State Aid line item. This shift would include \$880,200 for Certificates of Educational Convenience pursuant to A.R.S. § 15-825 and \$103,700 for Assistance to School Districts for Children of State Employees (ASDCSE) pursuant to A.R.S. § 15-976.

### **Classroom Site Fund**

The budget includes \$1,053,335,300 in FY 2025 from Classroom Site Fund (CSF) expenditure authority for the Classroom Site Fund. Adjustments are as follows:

#### **Per Pupil Funding Increase**

The budget includes an increase of \$34,422,800 from Classroom Site Fund expenditure authority in FY 2025 for an increase in the per pupil amount for the Classroom Site Fund from \$758 in FY 2024 to \$792 in FY 2025. The increase was calculated by the JLBC Staff on March 30, 2024 pursuant 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 \$80,425,700 from Instructional Improvement Fund Expenditure Authority in FY 2025 for the Instructional Improvement Fund. This amount is unchanged from FY 2024.

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 \$526,653,100 from the General Fund in FY 2025 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 \$(8,414,600) from the General Fund in FY 2025 to reflect lower-than-budgeted costs for Additional State Aid for FY 2024. The FY 2024 budget assumed that Additional State Aid would cost \$511,613,100 for FY 2024 for the Homeowner's Rebate and 1% Cap combined. Based on ADE payment data through June 2024, the actual combined cost, however, is \$503,198,500. Starting point costs for Additional State Aid for FY 2025 therefore will be \$(8,414,600) less than the FY 2024 appropriation.

#### **Decrease Commercial Assessment Ratio**

The budget includes an increase of \$4,600,000 from the General Fund in FY 2025 for increased Additional State Aid Costs associated with a decrease in the assessment ratio for commercial property from 17.0% in FY 2024 to 16.5% in FY 2025. 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 2025.

Laws 2022, Chapter 171 further reduces the commercial assessment ratio to 15.5% in FY 2027 and 15.0% in FY 2028.

#### **New Homes**

The budget includes an increase of \$18,854,600 from the General Fund in FY 2025 for increased Additional State Aid costs associated with new home construction. The \$18,854,600 estimate assumes that Class 3 properties (owner occupied homes) will account for 50% of statewide property tax growth from new construction in FY 2025.

*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 \$16,444,800 and 24.4 FTE Positions in FY 2025 for Accountability and Achievement Testing. These amounts consist of:

General Fund	9,444,800
Education Sales Tax - Accountability	7,000,000

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$2,600 from the General Fund in FY 2025 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 2025:

- 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 \$16,903,200 and 4 FTE Positions from the General Fund in FY 2025 for Adult Education. Adjustments are as follows:

#### **Funding Reduction**

The budget includes a decrease of \$(4,620,000) from the General Fund in FY 2025 to reduce funding for adult education programs. A General Appropriations Act footnote stipulates that ADE distribute \$4,000,000 for the Continuing High School and Workforce Training Program, \$4,000,000 for the Community College Adult Education Workforce Development Program, and \$4,000,000 for the Adult Workforce Development Program, for a total of \$12,000,000. The \$12,000,000 allocation is \$(4,620,000) less than the amounts these 3 programs were allocated in FY 2024.

The \$12,000,000 FY 2025 allocation is labeled as one-time in the 3-year spending plan associated with the enacted budget. As a result, Adult Education funding would decrease by an additional \$(12,000,000) beginning in FY 2026. To implement the FY 2026 savings, Sections 2 and 4 of the K-12 Budget Reconciliation Bill (BRB) eliminate the Continuing High School and Workforce Training Program, the Adult Workforce Diploma Program, and the Community College Adult Education Workforce Development Program beginning in FY 2026.

#### **Administrative Funding Adjustment**

The budget includes a decrease of \$(250,000) from the General Fund in FY 2025 to eliminate administrative funding for the Continuing High School and Workforce Training Program, the Adult Workforce Diploma Program, and the Community College Adult Education Workforce Development Program.

#### **Statewide Adjustments**

The budget includes an increase of \$4,300 from the General Fund in FY 2025 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:

- \$4,000,000 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 19 of the FY 2025 K-12 BRB limits total participation in the program to 520 pupils in FY 2025 given the \$4,000,000 allocation.
- \$4,000,000 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.
- \$4,000,000 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. Section 3 of the FY 2025 K-12 BRB expands eligibility for the program to adult learners participating in community college certificate programs or integrated education and training authorized by the federal Workforce Innovation and Opportunity Act (WIOA).

#### ***Alternative Teacher Development Program***

The budget includes \$1,000,000 from the General Fund in FY 2025 for an Alternative Teacher Development Program. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(800,000) from the General Fund in FY 2025 to remove one-time funding for the Alternative Teacher Development Program. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*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 Civics Education and Leadership Development Program***

The budget includes no funding in FY 2025 for the Arizona Civics Education and Leadership Development Program. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 to remove one-time funding for the Arizona Civics Education and Leadership Development Program. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – The FY 2024 K-12 Education BRB established the Program to fund grants to nonprofit organizations to provide civics education and leadership development training to middle school and high school

students. Laws 2024, Chapter 209, Section clarifies that monies appropriated to the Arizona Civics Education and Leadership Development Fund in FY 2024 are non-lapsing through FY 2025. The monies were previously only available to spend in FY 2024.

#### ***Arizona English Language Learner Fund***

The budget includes \$4,960,400 from the General Fund in FY 2025 for the Arizona English Language Learner Fund. This amount is unchanged from FY 2024.

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 \$4,609,600 to public schools from the fund in FY 2023.

#### ***Arizona Holocaust Education Center***

The budget includes \$7,000,000 from the General Fund in FY 2025 for the Arizona Holocaust Education Center. Adjustments are as follows:

##### **One-Time Funding**

The budget includes an increase of \$7,000,000 from the General Fund for a one-time distribution to the Arizona Holocaust Education Center. A General Appropriations Act footnote stipulates that the distribution shall be used for the creation and operation of the center as a resource for fulfilling statutory requirements related to instruction on the Holocaust and other genocides. The Arizona Department of Administration (ADOA) shall allot the appropriation and ADE shall distribute the monies in this line item by August 15, 2024.

#### ***Art Consumables***

The budget includes no funding in FY 2025 for art consumables. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(7,500,000) from the General Fund in FY 2025 to remove one-time funding for art consumables. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time. The FY 2024 budget included a total of \$10,000,000 from the General Fund for this program. The FY 2025 budget reduces FY 2024 funding by \$(2,500,000) and eliminates the remaining \$7,500,000 in FY 2025, which is reflected in the budget display above.

*Background* - A General Appropriation Act footnote required ADE to use the FY 2024 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 no funding in FY 2025 for a Broadband Expansion Fund deposit. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2025 to remove funding for a one-time deposit in the Broadband Expansion Fund. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time. The FY 2024 budget included a total of \$5,000,000 from the General Fund for this program. The FY 2025 budget reduces FY 2024 funding by \$(2,500,000) and eliminates the remaining \$2,500,000 in FY 2025, which is reflected in the budget display above.

*Background* – 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 31<sup>st</sup> and June 30<sup>th</sup> 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 2025 for a Center for High School Success. This amount is unchanged from FY 2024. The 3-year spending plan associated with the enacted FY 2025 budget designates these monies as one-time.

*Background* – ADE allocates the monies in this line item to a Ninth Grade Success Grant. Grant monies are distributed to districts and charter schools to establish a Ninth Grade Success Team, data systems, instructional supports, transition programs, to assist ninth graders in advancing to tenth grade on time. ADE prioritizes grants to schools with a high school graduation rate that was within the lowest 25% of high schools in Arizona and caps the grant amount per school at \$50,000.

#### **College Credit by Examination Incentive Program**

The budget includes \$3,772,100 from the General Fund in FY 2025 for the College Credit by Examination Incentive Program (CCEIP). Adjustments are as follows:

##### **Decreased Funding**

The budget includes a decrease of \$(3,700,000) from the General Fund in FY 2025 to reduce funding for CCEIP awards. Pursuant to A.R.S. § 15-249.06, ADE may reduce the maximum statutory awards per passing college credit exam proportionately if the total awards would otherwise exceed the available appropriation.

*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 2024, ADE reports that districts and charter schools qualified for \$7,986,800 in program awards. This amount includes \$6,876,600 for awards for 22,922 exams passed in schools with less than 50% FRPL-eligibility (\$300 per exam) and \$1,110,200 for 2,467 exams passed in schools with 50% or more FRPL-eligibility (\$450 per exam). ADE paid the full statutory award in FY 2024 using monies from the FY 2024 appropriation (\$7,472,100) and unspent balances in the College Credit by Examination Development Fund.

#### **College Placement Exam Fee Waiver**

The budget includes \$1,265,800 from the General Fund in FY 2025 for a College Placement Exam Fee Waiver. This amount is unchanged from FY 2024.

*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 2025 for a Computer Science Professional Development Program. This amount is unchanged from FY 2024.

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 2025 for CTED Certification Exam Fee Reimbursement. This amount is unchanged from 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 2025 for CTED Completion Grants. This amount is unchanged from FY 2024.

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 2026).

### **CTED Soft Capital and Equipment**

The budget includes \$1,000,000 from the General Fund in FY 2025 for CTED Soft Capital and Equipment. This amount is unchanged from FY 2024.

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 2025.

### **Dual Enrollment Student Development Fund Deposit**

The budget includes no funding in FY 2025 for a Dual Enrollment Student Development Fund deposit. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2025 to remove funding for a one-time deposit in the Dual Enrollment Student Development Fund. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time. The FY 2024 budget included a total of \$15,000,000 from the General Fund for this program. The FY 2025 budget reduces FY 2024 funding by \$(12,000,000) and eliminates the remaining \$3,000,000 in FY 2025, which is reflected in the budget display above. An FY 2025 General Appropriation Act footnote requires ADE to distribute the remaining \$3,000,000 in FY 2024 pursuant to the terms and conditions of the original FY 2024 appropriation.

Section 20 of the FY 2025 K-12 Education BRB eliminates the Dual Enrollment Student Development Fund.

*Background* – The FY 2024 K-12 Education BRB established 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 no funding in FY 2025 for a Dual Enrollment Teacher Development Fund deposit. This amount is unchanged from FY 2024.

The FY 2024 budget included \$500,000 from the General Fund in FY 2024 for a one-time deposit in the Dual Enrollment Teacher Development Fund. The FY 2025 budget eliminates this funding. Section 20 of the FY 2025 K-12 Education BRB also eliminates the Dual Enrollment Teacher Development Fund.

*Background* – The FY 2024 K-12 Education BRB established 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 no funding in FY 2025 for an Early Education and Career Exploration Program. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time funding for the Early Education and Career Exploration Program. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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. Laws 2024, Chapter 209, Section clarifies that monies appropriated to the Early Education and Career Exploration Program Fund in FY 2024 are non-lapsing through FY 2025. The monies were previously only available to spend in FY 2024.

#### **Early Literacy**

The budget includes \$17,386,200 and 3 FTE Positions from the General Fund in FY 2025 for Early Literacy. Adjustments are as follows:

##### **Eliminate Kindergarten Entry Assessment**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 to eliminate funding for administration of a kindergarten entry assessment. Sections 8 and 9 of the FY 2025 K-12 BRB eliminate the related requirement that the State Board of Education (SBE) develop a kindergarten entry evaluation tool if sufficient monies are appropriated.

##### **Statewide Adjustments**

The budget includes an increase of \$6,200 from the General Fund in FY 2025 for statewide adjustments.

*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.
- 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.

#### **Education Learning and Accountability System**

The budget includes \$5,470,200 and 24.2 FTE Positions from the General Fund in FY 2025 for the Education Learning and Accountability System (ELAS) line item. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$23,500 from the General Fund in FY 2025 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).

### **English Learner Administration**

The budget includes \$11,608,800 and 13.5 FTE Positions from the General Fund in FY 2025 for English Learner Administration. Adjustments are as follows:

#### **One-Time Funding**

The budget includes an increase of \$5,000,000 from the General Fund in FY 2025 for increased costs of ADE's contract for the Arizona English Language Learner Assessment (AZELLA). The 3-year spending plan associated with the enacted FY 2025 budget designates this funding as one-time.

#### **Statewide Adjustments**

The budget includes an increase of \$11,800 from the General Fund in FY 2025 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 no funding in FY 2025 for feminine hygiene products. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding to provide feminine hygiene products at no cost at Arizona public schools. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

### **Flagstaff Robotics Program**

The budget includes \$10,000 from the General Fund in FY 2025 for the Flagstaff Robotics Program. Adjustments are as follows:

#### **Funding Reallocation**

The budget includes a decrease of \$(10,000) from the General Fund in FY 2025 to reallocate monies from the Flagstaff Robotics Program to the Show Low Robotics Program. The 3-year spending plan associated with the enacted budget assumes that the \$10,000 distribution will continue on a one-time basis in FY 2026.

### **Geographic Literacy**

The budget includes \$100,000 from the General Fund in FY 2025 for Geographic Literacy. This amount is unchanged from FY 2024.

*Background* – 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 2025 for Gifted Assessments. This amount is unchanged from FY 2024.

*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 2<sup>nd</sup> graders in Arizona public schools at no charge.

### **Gila County Jail Education**

The budget includes no funding in FY 2025 for Gila County Jail Education. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(10,000) from the General Fund in FY 2025 to remove one-time funding for the jail education program in Gila County. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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.

### **Jobs for Arizona Graduates**

The budget includes \$500,000 from the General Fund in FY 2025 for a Jobs for Arizona Graduates program. This amount is unchanged from 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 no funding in FY 2025 for juvenile detention centers. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(52,600) from the General Fund in FY 2025 to remove one-time funding for juvenile detention centers. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – A FY 2024 General Appropriation Act footnote stipulates that the FY 2024 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.

### **Low-Income After School Program Grants**

The budget includes \$2,000,000 from the General Fund in FY 2025 for Low-Income After School Program Grants. Adjustments are as follows:

#### **One-Time Funding**

The budget includes an increase of \$2,000,000 from the General Fund for one-time grants for entities that provide after school programs to low-income individuals.

### **K-12 Mental Health Telehealth Pilot**

The budget includes \$2,000,000 from the General Fund in FY 2025 for a K-12 Mental Health Telehealth Pilot. Adjustments are as follows:

#### **One-Time Funding**

The budget includes an increase of \$2,000,000 from the General Fund for one-time funding of a K-12 Mental Health Telehealth Pilot. A General Appropriations Act footnote requires that the program serve individuals outside Maricopa and Pima counties.

### **K-12 Transportation Formula Study**

The budget includes no funding in FY 2025 for a K-12 Transportation Formula Study. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(250,000) from the General Fund in FY 2025 to remove one-time funding for a K-12 Transportation Formula study. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – A General Appropriation Act footnote requires ADE to use the FY 2024 appropriation to develop a per pupil weighted transportation funding formula for K-12 students. ADE must 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. ADE determined that it was not feasible to complete the study in the time required by the General Appropriations Act. As a result, the study was not conducted, and the monies reverted to the General Fund at the end of FY 2024.

### **Live, Remote Instructional Courses**

The budget includes \$100,000 from the General Fund in FY 2025 for Live, Remote Instructional Courses. This amount is unchanged from FY 2024.

*Background* – 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.

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 no funding in FY 2025 for Nonprofit Education Initiatives. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(100,000) from the General Fund in FY 2025 to remove one-time funding for nonprofit education initiatives. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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 no funding in FY 2025 for Nonprofit Low-Income Assistance. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 to remove one-time funding for nonprofit low-income assistance. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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.

#### **Onetime School Meal Grants**

The budget includes \$3,800,000 from the General Fund in FY 2025 for the Onetime School Meal Grants. Adjustments are as follows:

##### **One-Time Funding**

The budget includes an increase of \$3,800,000 from the General Fund in FY 2025 for one-time funding for school meal grants. A General Appropriations Act footnote stipulates that the monies shall be distributed to school districts and charter schools that participate in the National School Lunch Program or School Breakfast Program for grants to reduce or eliminate copayments that would otherwise be charged to children eligible for reduced-price meals. If the appropriation is insufficient to cover all eligible grantees, ADE shall reduce the grants proportionately to cover all eligible grantees.

#### **Phoenix Science Education Programs**

The budget includes no funding in FY 2025 for Phoenix Science Education Programs. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2025 to remove one-time funding for Phoenix Science Education Programs. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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 no funding in FY 2025 for Public School Campus Community Gardens. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(100,000) from the General Fund in FY 2025 to remove one-time funding for public school campus community gardens. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time. The appropriation is non-lapsing.

#### **Public School Campus Trees**

The budget includes no funding in FY 2025 for Public School Campus Trees. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 to remove one-time funding for public school campus trees. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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 \$82,010,200 and 4 FTE Positions in FY 2025 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 an increase of \$17,800 from the General Fund in FY 2025 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.

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 reported 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 reports that through June 2024, the program is funding 312 filled SRO/JPO positions and 562 school counselor/social worker positions.

### Show Low Robotics Program

The budget includes \$10,000 from the General Fund in FY 2025 for the Show Low Robotics Program. Adjustments are as follows:

#### Funding Reallocation

The budget includes an increase of \$10,000 from the General Fund in FY 2025 to reallocate monies from the Flagstaff Robotics Program to the Show Low Robotics Program. The 3-year spending plan associated with the enacted budget assumes that the \$10,000 distribution will continue on a one-time basis in FY 2026.

### State Block Grant for Vocational Education

The budget includes \$11,798,200 and 27 FTE Positions from the General Fund in FY 2025 for the State Block Grant for Vocational Education. Adjustments are as follows:

### Statewide Adjustments

The budget includes an increase of \$23,900 from the General Fund in FY 2025 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 2024, the department will receive an estimated \$33,726,600 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 2025 for Student Level Data Access. This amount is unchanged from FY 2024.

*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 \$2,583,100 and 22.9 FTE Positions in FY 2025 for Teacher Certification. These amounts consist of:

General Fund	179,500
Teacher Certification Fund	2,403,600

Adjustments are as follows:

### Statewide Adjustments

The budget includes an increase of \$38,500 from the Teacher Certification Fund in FY 2025 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 no funding in FY 2025 for Teacher Professional Development. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2025 to remove one-time funding for the Professional Development and Support Personnel Pilot Program established by the FY 2024 K-12 Education BRB. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – The program provided 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 2025 for the Tribal College Dual Enrollment Program. This amount is unchanged from FY 2024.

*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 no funding in FY 2025 for a Youth Summer Education Program. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(250,000) from the General Fund in FY 2025 for a Youth Summer Education Program. The 3-year spending plan associated with the enacted FY 2024 budget designated this funding as one-time.

*Background* – 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 2024 Supplementals
- Statutory Changes
- Long-Term Budget Impacts

#### 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 2024 Supplementals**

The FY 2025 budget includes the following FY 2024 supplemental reductions:

- \$(12,000,000) from the General Fund to reduce funding for a deposit in the Dual Enrollment Student Development Fund (*Please see the Dual Enrollment Student Development Fund Deposit line item for further details.*)
- \$(500,000) from the General Fund to eliminate funding for a deposit in the Dual Enrollment Teacher Development Fund (*Please see the Dual Enrollment Teacher Development Fund Deposit line item for further details.*)
- \$(2,500,000) from the General Fund to reduce funding for a Broadband Expansion Fund Deposit. (*Please see the Broadband Expansion Fund Deposit line item for further details.*)
- \$(2,500,000) from the General Fund to reduce funding for Art Consumables (*Please see the Art Consumables line item for further details.*)

### **Statutory Changes**

The K-12 Budget 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.

- As permanent law, update the Qualifying Tax Rate cited in A.R.S. § 41-1276 to reflect the Truth in Taxation rates established for FY 2025.

#### *Other*

- As permanent law, eliminate the Continuing High School and Workforce Training Program, Adult Workforce Diploma Program, and the Community College Adult Education Workforce Development Program beginning in FY 2026.
- As permanent law, modifies the Community College Adult Education Workforce Development program to allow the colleges to receive monies for adult learners that are enrolled in community college, participate in integrated education and training, and pursue academic skills development related to adult education and literacy activities as specified in the federal Workforce Innovation and Opportunity Act (WIOA). Also allows funding for students earning a community college certificate.
- As session law, set the enrollment cap for the Continuing High School and Workforce Training program at 520 for FY 2025.
- As permanent law, allow Career Technical Education Districts (CTEDs) to build, maintain, and providing housing facilities and support services for students who are in foster care for are unaccompanied youth.
- As permanent law, require that school districts offer teacher contracts for the next school year no earlier than March 15th.
- As permanent law, allow school districts to allocate litigation recovery fund monies to remedial measures reasonably related to litigation by or against the school district. After allocating monies to all litigation-related expenses, the school district may use monies in the fund for maintenance and operation or unrestricted capital.
- As permanent law, stipulates that ESA monies may be used for tuition at a private school that requires all teaching staff and personnel who have unsupervised contact with students to be fingerprinted.
- As permanent law, authorizes ESA monies to be expended on tutoring services from individuals that are not subject to disciplinary action by the State Board of Education (SBE) for immoral or unprofessional conduct. Requires ADE to remove tutors subject to SBE discipline from all ESA purchasing platforms provided by the department.
- As permanent law, require ADE to verify ESA eligibility in the year for which the parent seeks to renew the ESA. Clarifies that ADE is not required to annually verify a child's disability.
- As permanent law, require ADE to develop risk-based auditing procedures for the ESA program in consultation with the Auditor General.
- As permanent law, require ADE to annually review a sample of ESAs selected at random to determine whether the parent or student is in compliance with the ESA contract, applicable laws, rules and orders relating to the ESA program. Limit reviews to no more than once every 5 years for each parent or student in good standing and prohibits students from receiving ESA monies while enrolled in a school district or charter school.
- As permanent law, authorize ADE to approve applications for enrollment in advance for the ESA program up to two fiscal quarters after the quarter in which the application is completed.
- As permanent law, stipulates that ADE shall enroll any applicants for the ESA program who submit an application after March 31st on or after July 1st.
- As permanent law, requires ADE to submit its estimate to JLBC and OSPB of the amount required to fund the ESA program by September 1st and November 1st annually instead of May 30th.
- As permanent law, requires ADE to establish and maintain an online database of allowable and disallowed categories of expenses and provide a link to the database on the department's website.
- As permanent law, allow the use of ESA monies to reimburse the parent or a qualified student for the purchase of a good or educational service that is an allowable expense.
- As session law, allow the Arizona Civics Education and Leadership Development Fund (established by Laws 2023, Chapter 142, Section 12) to be used beyond FY 2024. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.
- As session law, allow the Early Education and Career Exploration Program Fund (established by Laws 2023, Chapter 142, Section 13) to be used beyond FY 2024. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.
- As session law, repeal the Dual Enrollment Teacher Development Fund and the Dual Enrollment Student Development Fund (established by Laws 2023, Chapter 142, Sections 16 and 17).
- As session law, continue to notwithstand A.R.S. 15-241 to allow ADE to expend monies in FY 2025 from the Failing Schools Tutoring Fund for school improvement. Require ADE to report on proposed



expenditures from the fund to the Governor, Speaker of the House, President of the Senate, JLBC and OSPB by September 1, 2024.

- 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.

The Taxation BRB makes the following statutory changes:

- As permanent law, cap the aggregate dollar level of the Corporate Low-Income Student Tuition Tax Credit at \$135 million annually, beginning in FY 2025.
- As permanent law, expand the eligibility for scholarships from the "Switcher" Individual Income Tax Credit and Corporate Low-Income Student Tuition Tax Credit programs to include foster care children that meet certain requirements. If a court rules that the aggregate tax credit cap in section 4 is unenforceable and that judgement is no longer subject to further appeal or review, these provisions would not be effective
- As session law, require county supervisors to reduce property tax levies in FY 2025 in elementary districts without a high school (i.e. "Type 03" districts) that are non-state aid districts and that were required to levy the minimum qualifying tax rate (MQTR) in FY 2024 (the MQTR is required if the district's property tax collections for basic state aid are less than 50% of what would be generated by the full QTR). The reduction is equal to the district's Type 03 county levy (a county property tax first levied in FY 2024 to fund the basic state aid costs of high school students who reside in Type 03 districts) or its MQTR levy from FY 2024, whichever is less. The reduction is intended to reimburse the affected districts for MQTR rate increases that occurred in FY 2024 as a result of the Type 03 county levies being excluded from the MQTR rate calculation. Beginning in FY 2025, Type 03 county levies will be deducted from the MQTR on an ongoing basis pursuant to HB 2173 (Laws 2024, Chapter 134).

The Taxation BRB also includes a number of session law provisions related to the judgment entered in the *Qasimyar v. Maricopa County* property tax litigation. Please see Qasimyar Property Tax Litigation policy issue above for more information.

#### Long-Term Budget Impacts

As part of the budget's 3-year spending plan, ADE General Fund costs are projected to increase \$384,604,000 in FY 2026 compared with FY 2025 and increase by

\$175,439,500 in FY 2027 above FY 2026. These estimates are based on:

- Enrollment declines of (0.2)% in FY 2026 and (0.6)% in FY 2027.
- GDP inflators of 2.0% for FY 2026 and FY 2027. Statute funds the lesser of 2% or the actual rate.
- New construction NAV growth of 2.05% for FY 2026 and 1.95% for FY 2027.
- General Fund increase of \$284,767,400 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 2026 and FY 2027 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.
- A decrease of \$(98,900,000) in FY 2026 and \$(20,000) in FY 2027 to remove funding designated as one-time.

#### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<u>FY 2024</u>
Adult Workforce Diploma Program Fund	\$3,000,000
Community College Adult Education Workforce Development Program Fund	8,900,000
Computer Science Professional Development Program Fund	5,000,000

#### Endowment Earnings

In FY 2023, endowment earnings from state trust lands funded \$459,807,000 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 2024, public schools will receive an estimated \$481,607,600 of expendable land trust monies from the State Land Department and State Treasurer combined. That total includes \$57,360,600 from the Land Department and \$424,247,000 from the State Treasurer. Under the budget, we estimate total endowment earnings will increase to \$505,274,100 in FY 2025. In FY 2026 earnings distributed would decrease to \$228,783,200 as a result of the expiration of the 4.4% factor beginning in FY 2026. (see Table 6).

Source	2023	2024	2025	2026	2027
Land Department	57.4	57.4	57.4	57.4	57.4
Treasurer	402.4	424.2	447.9	171.4	181.8
<b>Total</b>	<b>459.8</b>	<b>481.6</b>	<b>505.3</b>	<b>228.8</b>	<b>239.2</b>

Table 7 shows K-12 endowment earning uses. In FY 2025, the \$505,274,100 of expendable earnings includes \$357,889,000 for Basic State Aid and the remaining \$147,385,100 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 \$72,263,000 in FY 2026 and FY 2027 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.

Source	2023	2024	2025	2026	2027
Basic State Aid	328.9	342.8	357.9	72.3	72.3
Classroom Site Fund	130.9	138.8	147.4	156.5	166.9
<b>Total</b>	<b>459.8</b>	<b>481.6</b>	<b>505.3</b>	<b>228.8</b>	<b>239.2</b>

The \$(285,626,000) 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 \$(285,626,000), 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).

### **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 triggers continue to be in effect following the expiration of the 4.4% increase of the land trust endowment distribution. The budgeted K-12 spending level constitutes approximately 47.0% of total state General Fund appropriations in FY 2025, 48.9% in FY 2025, and 47.9% in FY 2027. *(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. A.R.S. § 15-911C2 allows the Legislature to authorize statewide spending above the AEL for that year with a two-thirds majority vote in both the House of Representatives and Senate.

Since FY 2022, the Legislature has authorized the following AEL exceedances:

- For FY 2022, 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. Pursuant to House Concurrent Resolution (HCR) 2039 in the 55<sup>th</sup> Legislature, Second Regular Session, the Legislature authorized district expenditures of \$1,154,029,000 above the AEL for FY 2022.
- For FY 2023, ADE reported that budgeted district expenditures exceed the AEL by \$1,385,809,600. Pursuant to HCR 2001 in the 56<sup>th</sup> Legislature, First Regular Session, the Legislature authorized district expenditures of \$1,385,809,600 above the AEL for FY 2023.
- For FY 2024, the Legislature pre-emptively authorized districts to exceed the AEL in FY 2024 pursuant to Senate Concurrent Resolution (SCR) 1041 in the 56<sup>th</sup> Legislature, First Regular Session. ADE subsequently estimated that district budgets would have exceeded the AEL for FY 2024 by \$1,362,757,300 without the override authorized by SCR 1041.
- For FY 2025, the Legislature again pre-emptively authorized districts to exceed the AEL in FY 2025 pursuant to HCR 2065 adopted during the 56<sup>th</sup> Legislature, Second Regular Session.

A permanent increase in the AEL would require a voter-approved change to the State Constitution or adoption of a 2/3 resolution by the Legislature revising the inflation measure used to calculate the limit.

#### **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. The Proposition 301 sales tax expired at the end of FY 2021.

Starting in FY 2022, Laws 2018, Chapter 74 replaced 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 8* 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 2025 are \$1,108,774,000.

#### **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.

Table 8

**Education Sales Tax Monies**  
**(FY 2025 Estimate)**  
**(\$ in Millions)**

**EDUCATION SALES TAX REVENUES**

<u>Recipient</u>	<u>Amount</u>	<u>Comment</u>
Universities	141.4	Receive 12% of monies remaining after Basic State Aid distribution is deducted.
Community Colleges	35.3	Receive 3% of monies after BSA distribution.
Tribal Colleges	1.4	Same formula as for community colleges.
DOR Tax System	0.8	
Income Tax Credit	<u>25.0</u>	For income tax credit authorized by A.R.S. § 43.1072.01.
<b>Subtotal - Non-ADE Programs</b>	<b>\$203.9</b>	
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	<u>871.5</u>	Receives all monies remaining after other distributions are made.
<b>Subtotal - ADE Programs</b>	<b>\$1,038.4</b>	
<b>Total - Education Sales Tax</b>	<b>\$1,242.3</b>	
<b>CLASSROOM SITE FUND REVENUES (ALL SOURCES)</b>		
Education Sales Tax (from above)	871.5	
Prop 301/CSF - Land Trust	147.4	
Prop 301/CSF - Carry-Forward	<u>89.8</u>	
<b>Total - Classroom Site Fund</b>	<b>\$1,108.8 <sup>1/</sup></b>	

<sup>1/</sup> Total estimated disbursements reported for FY 2025 in JLBC's Classroom Site Fund memo from March 2024. Amounts may not add due to rounding.

## Department of Emergency and Military Affairs

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>PROGRAM BUDGET</b>			
Administration	2,611,500	5,205,900	2,461,200
Emergency Management	8,412,000	10,529,200	9,276,400
Military Affairs	120,558,700	7,568,100	6,663,800
<b>AGENCY TOTAL</b>	<b>131,582,200</b>	<b>23,303,200</b>	<b>18,401,400</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	72.6	74.6	71.0 <sup>1/</sup>
Personal Services	2,438,900	2,538,900	2,538,900
Employee Related Expenditures	740,600	741,500	821,500
Professional and Outside Services	32,500	122,000	122,000
Travel - In State	207,400	1,674,800	1,674,800
Travel - Out of State	10,500	52,000	52,000
Other Operating Expenditures	1,981,600	3,000,200	189,200
Equipment	6,200	0	0
<b>OPERATING SUBTOTAL</b>	<b>5,417,700</b>	<b>8,129,400</b>	<b>5,398,400</b>
<b>SPECIAL LINE ITEMS</b>			
Emergency Hazard Mitigation	0	1,333,300	0
Emergency Management Matching Funds	1,505,900	1,544,900	1,544,900
Governor's Emergency Fund	4,000,000	4,000,000	4,000,000 <sup>2/</sup>
Hazard Mitigation Assistance	0	462,900	462,900
Hazard Mitigation Revolving Fund Deposit	0	200,000	200,000
Nuclear Emergency Management Program	2,037,600	2,113,500	2,176,000
Military Airport Planning	84,600	90,000	90,000 <sup>3/</sup>
Border Security Fund Allocations	95,301,700	0	0
Border Security Fund Deposit	22,071,900	0	0
Federal Government Matching Repayment	514,200	759,200 <sup>4/</sup>	0
National Guard Cyber Response Revolving Fund Deposit	4,100	0	0
National Guard Matching Funds	379,700	3,370,000	3,529,200 <sup>5/</sup>
National Guard Tuition Reimbursement	227,500	1,000,000	1,000,000 <sup>6/</sup>
National Guard Uniform Allowance	0	300,000	0
One-Time Maintenance Backfill	37,300	0	0
<b>AGENCY TOTAL</b>	<b>131,582,200</b>	<b>23,303,200</b>	<b>18,401,400 <sup>7/</sup></b>
<b>FUND SOURCES</b>			
General Fund	12,171,000	21,189,700	16,225,400
<u>Other Appropriated Funds</u>			
Border Security Fund	117,373,600	0	0
Nuclear Emergency Management Fund	2,037,600	2,113,500	2,176,000
SUBTOTAL - Other Appropriated Funds	119,411,200	2,113,500	2,176,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>131,582,200</b>	<b>23,303,200</b>	<b>18,401,400</b>
Other Non-Appropriated Funds	195,038,300	229,984,400	12,473,800
Federal Funds	81,022,800	157,334,200	157,334,200
<b>TOTAL - ALL SOURCES</b>	<b>407,643,300</b>	<b>410,621,800</b>	<b>188,209,400</b>

**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 2025.
- 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/ 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 2024-2025 monies remaining unexpended and unencumbered on December 31, 2024 revert to the state general fund. (FY 2024 General Appropriation Act footnote)
- 5/ The \$3,529,200 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 2024-2025 monies remaining unexpended and unencumbered on December 31, 2025 revert to the state general fund. (General Appropriation Act footnote)
- 6/ 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, 2025. (General Appropriation Act footnote)
- 7/ General Appropriation Act funds are appropriated as a Lump Sum by Program with Special Line Items by Agency.

### **Operating Budget**

The budget includes \$5,398,400 and 59.5 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **FTE Position Reduction**

The budget includes a decrease of (3.6) FTE Positions in FY 2025 due to a clerical error in the FY 2025 General Appropriation Act. The 3.6 FTE Positions will be added in the FY 2026 Baseline.

#### **Risk Management Error Adjustment**

The budget includes a decrease of (\$571,600) from the General Fund in FY 2025 to correct an error in the funding provided to pay for the ADOA Risk Management Program.

#### **Remove One-Time National Guard Reaction Force Equipment**

The budget includes a decrease of (\$33,900) from the General Fund in FY 2025 to remove one-time funding for 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 a decrease of (\$2,125,500) from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### **Emergency Services**

#### **Emergency Hazard Mitigation**

The budget includes no funding in FY 2025 for the Emergency Hazard Mitigation line item. Adjustments are as follows:

#### **Remove One-Time Emergency Hazard Mitigation Funding**

The budget includes a decrease of (\$1,333,300) from the General Fund in FY 2025 to remove one-time 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.

#### **Emergency Management Matching Funds**

The budget includes \$1,544,900 from the General Fund in FY 2025 for Emergency Management Matching Funds. This amount is unchanged from FY 2024.

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 2023, DEMA was awarded \$7,316,000 by the federal government.

In FY 2023, the state match for these monies was funded by \$876,800 from the General Fund operating budget appropriation, \$1,642,100 from the Emergency Management Matching Funds line item appropriation, \$742,500 of the Nuclear Emergency Management Fund appropriation, and a \$4,054,600 match from the local government sub-recipients.

In FY 2024 DEMA expects to receive \$5,340,600 in EMPG funds.

#### **Governor's Emergency Fund**

The budget includes \$4,000,000 from the General Fund in FY 2025 for the Governor's Emergency Fund. This amount is unchanged from FY 2024.

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.

The FY 2025 Environment Budget Reconciliation Bill (BRB) allows the Governor to allocate \$500,000 to the Emergency Management Assistance Compact and Arizona Mutual Aid Compact Revolving Fund and \$300,000 to the Emergency Management Training Fund in FY 2025. Each of these transfers would count towards the \$4 million aggregate allowed in FY 2025.

#### **Hazard Mitigation Assistance**

The budget includes \$462,900 and 2 FTE Positions from the General Fund in FY 2025 for the Hazard Mitigation Assistance line item. Adjustments are as follows:

##### **One-Time Hazard Mitigation Assistance Funding**

The budget continues one-time funding of \$462,900 and 2 FTE Positions from the General Fund in FY 2025 for hazard mitigation assistance funding. The FY 2024 budget's 3-year spending plan included one-time funding of \$462,900 in both FY 2024 and 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 2025 for the Hazard Mitigation Revolving Fund Deposit line item. Adjustments are as follows:

##### **One-Time Hazard Mitigation Revolving Fund Deposit Funding**

The budget continues \$200,000 from the General Fund in FY 2025 for a deposit into the Hazard Mitigation Revolving Fund. The FY 2024 budget's 3-year spending 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.

#### **Nuclear Emergency Management Program**

The budget includes \$2,176,000 and 8.5 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY 2025 for the Nuclear Emergency Management Program line item. Adjustments are as follows:

##### **New NEMF Assessment**

The budget includes an increase of \$62,500 from NEMF in FY 2025 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



Table 1

## Nuclear Emergency Management Fund

Agency	FY 2024		FY 2025	
	FTEs	Approp.	FTEs	Approp.
Emergency and Military Affairs <sup>1/</sup>	8.50	\$2,113,549	8.50	\$2,176,031
Agriculture	2.88	321,319	2.88	308,569
<b>Total</b>	<b>11.38</b>	<b>\$2,434,868</b>	<b>11.38</b>	<b>\$2,484,600</b>

appropriation amounts for FY 2024-2025 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 2025 for Military Airport Planning. These amounts are unchanged from FY 2024.

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 currently has no ongoing revenue source. At the end of FY 2023, the fund had an unreserved balance of \$2,070,600.

#### Border Security

#### Border Security Fund Allocations

The budget includes no funding in FY 2025 for the Border Security Fund Allocations line item. This amount is unchanged from FY 2024.

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). Laws 2024, Chapter 209 further amended the allocations. 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. These monies have yet to be distributed until Cochise County submits a report to the Director of JLBC, the Director of OSPB, and the Director of ADOA that sufficient monies have been raised to fund the remaining 80% of costs. In May 2023, Cochise County voters approved a sales tax increase to fund their portion of the costs. This sales tax increase has not yet been implemented due to ongoing litigation. Of the \$20,000,000, monies that remain unspent on June 30, 2027 will revert to the Border Security Fund.
- \$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.

**Table 2****Border Security Fund Allocations****FY 2023 Allocation <sup>1/</sup>**

<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	2,322,800
Local Border Support	12,232,900
Border Drug Interdiction	15,444,300
Coordinated Response Center	15,000,000
<b>Subtotal</b>	<b>\$209,205,000</b>
<i>Laws 2022, Chapter 334</i>	
Border Fence and Border Security Technologies	\$335,000,000
<b>Total</b>	<b>\$544,205,000</b>

<sup>1/</sup> As amended by Laws 2024, Chapter 209

- \$15,000,000 for transportation of individuals seeking asylum to other states in the U.S, including the cost of meals, onboard staffing and support.
- \$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.
- \$2,322,800 for design costs of a new state emergency operations center. This allocation was originally \$30,000,000 for both the design and construction of the new facility. Laws 2024, Chapter 209 eliminated the construction portion of the appropriation. The savings were reallocated to DPS for local border support and border drug interdiction (see below).
- \$12,232,900 to distribute to DPS for local border support, including local law enforcement officer positions and grants to cities, towns, and counties for costs associated with border-related crimes. (This allocation was added by Laws 2024, Chapter 209.)
- \$15,444,300 to DPS for border drug interdiction. (This allocation was added by Laws 2024, Chapter 209.)
- \$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. (Please see the Border Security Fund program summary for more information on the latest quarterly report).

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.

- As of March 2024, \$329,139,286 of the \$335,000,000 amount has been distributed. Monies have been utilized for various border security related efforts including physical border barrier construction and border technology and security projects in Yuma County, Cochise County, and Sierra Vista.

Table 2 delineates the total amount of TPT diversions made to the Border Security Fund in FY 2023 by purpose.

---

**Military Affairs**


---

**Federal Government Matching Repayment**

The budget includes no funding in FY 2025 for the Federal Government Matching Repayment line item. Adjustments are as follows:

### **Federal Government Matching Repayment Budget Shift**

The budget includes a decrease of \$(759,200) from the General Fund in FY 2025 to shift funding from the Federal Government Matching Repayment line item to the National Guard Matching Funds line item. Prior to the inclusion of this funding in the FY 2023 budget, the state was not paying the federal government the full state match required for facility maintenance. This ongoing funding resolves the ongoing deferred maintenance backlog for National Guard readiness centers.

A General Appropriation Act footnote makes the FY 2024 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 provided ongoing funding to provide a full 100% state match for federal dollars received to fund employee salaries and facility maintenance.

### **National Guard Matching Funds**

The budget includes \$3,529,200 from the General Fund in FY 2025 for the National Guard Matching Funds line item.

### **Federal Government Matching Repayment Budget Shift**

The budget includes an increase of \$759,200 from the General Fund in FY 2025 to shift funding from the Federal Government Matching Repayment line item to the National Guard Matching Funds line item. Prior to the inclusion of this funding in the FY 2023 budget, the state was not paying the federal government the full state match required for facility maintenance.

### **Funding Reduction**

The budget includes a decrease of \$(600,000) from the General Fund in FY 2025 to better align the appropriation with the funding need.

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 2025 monies remaining unexpended and unencumbered on December 31, 2025 revert to the state General Fund.

In FY 2023, DEMA received \$53,154,800 in National Guard Military Operations and Maintenance Projects monies. Of this amount, \$2,527,500 required a 50% match, or \$1,263,800; \$3,751,200 required a 25% match, or \$937,800; and \$3,634,300 required a 5.5% match, or \$199,900, for a total required match of \$2,401,400.

### **National Guard Tuition Reimbursement**

The budget includes \$1,000,000 from the General Fund in FY 2025 for the National Guard Tuition Reimbursement line item. This amount is unchanged from FY 2024.

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, 2025.

### **National Guard Uniform Allowance**

The budget includes no funding in FY 2025 for the National Guard Uniform Allowance line item. Adjustments are as follows:

#### **Remove One-Time National Guard Uniform Allowance Increase**

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 for one-time 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 2025 for the One-Time Maintenance Backfill line item. This amount is unchanged from FY 2024.

The FY 2023 budget appropriated \$13,300,000 from the General Fund for 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 made 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, amend A.R.S. § 26-305(F) to rename the Emergency Management Training Fund to the Emergency Management Training Revolving Fund. Remove the provision that all monies in excess of the expenses of the event revert to the General Fund by the end of the fiscal year. Amend the fund to be non-appropriated and non-lapsing.
- As session law, notwithstanding A.R.S. § 35-192 (the Governor's Emergency Fund) to allow the Governor to allocate \$500,000 to the Emergency Management Assistance Compact and Arizona Mutual Aid Compact Revolving Fund and \$300,000 to the Emergency Management Training Fund in FY 2025. Each of these transfers would count towards the \$4 million aggregate allowed in FY 2025.

### ***Opioid Settlement Funds – Drug Interdiction***

The budget appropriates \$3,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund to the Attorney General for a transfer to the non-appropriated Department of Emergency and Military Affairs Opioid Remediation Fund to expand existing drug interdiction efforts for the purposes of reducing drug trafficking activities, with a focus on assisting law enforcement agencies in fentanyl cases. A General Appropriation Act footnote required this transfer to occur by July 3, 2024, or within 3 calendar days after sufficient monies become available in the Consumer Remediation Subaccount.

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. Please see the Attorney General – Department of Law section for more details on the requirements of this transfer.

## Department of Environmental Quality

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	355.7	355.7	358.7
Personal Services	21,775,900	27,237,400	28,155,800
Employee Related Expenditures	7,827,800	9,711,200	10,411,100
Professional and Outside Services	4,652,800	7,830,600	10,540,900
Travel - In State	466,700	987,400	987,400
Travel - Out of State	96,800	177,100	177,100
Other Operating Expenditures	15,900,300	26,975,900	16,756,700
Equipment	263,200	440,900	440,900
<b>OPERATING SUBTOTAL</b>	<b>50,983,500</b>	<b>73,360,500</b>	<b>67,469,900</b>
<b>SPECIAL LINE ITEMS</b>			
Emissions Control Contractor Payment	22,947,900	26,219,500	28,894,500
Zero-Emission Heavy-Duty Eight-Ton Pilot Program	0	0	1,000,000
WQARF Priority Site Remediation	15,000,000	15,000,000	15,000,000 <sup>1/2/</sup>
Direct Potable Reuse of Treated Wastewater Program	1,098,400	1,500,000	0
Water Quality Fee Fund Deposit	6,400,000	9,500,000	0
PFAS Mitigation	0	5,000,000	0
Safe Drinking Water Program	1,305,700	1,991,800	2,001,600
<b>AGENCY TOTAL</b>	<b>97,735,500</b>	<b>132,571,800</b>	<b>114,366,000 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	22,498,400	31,000,000	16,000,000
<u>Other Appropriated Funds</u>			
Air Quality Fund	4,787,500	5,838,600	9,207,200
Emergency Response Fund	475,700	132,800	132,800
Emissions Inspection Fund	27,297,500	30,478,800	33,012,700 <sup>4/</sup>
Hazardous Waste Management Fund	1,606,500	1,939,400	1,960,100
Indirect Cost Fund	18,743,400	18,979,600	18,788,100 <sup>5/</sup>
Permit Administration Fund	4,438,700	7,256,800	7,333,900 <sup>6/</sup>
Recycling Fund	2,268,800	4,515,900	2,484,100
Safe Drinking Water Program Fund	1,305,700	1,991,800	2,001,600
Solid Waste Fee Fund	1,929,000	2,584,900	2,592,700
Water Quality Fee Fund	12,384,300	27,853,200	20,852,800
SUBTOTAL - Other Appropriated Funds	75,237,100	101,571,800	98,366,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>97,735,500</b>	<b>132,571,800</b>	<b>114,366,000</b>
Other Non-Appropriated Funds	63,506,000	72,692,900	72,692,900
Federal Funds	18,625,500	60,456,600	60,456,600
<b>TOTAL - ALL SOURCES</b>	<b>179,867,000</b>	<b>265,721,300</b>	<b>247,515,500</b>

**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

<sup>1/</sup> 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 2024-2025 report to the joint legislative budget committee on or before September 1, 2024. 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 2024-2025. In addition, the department and the WQARF advisory board shall prepare and submit to the joint legislative budget committee, on or before October 1, 2024, 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 2023-2024, indicate whether the current stage of remediation is anticipated to be completed in fiscal year 2024-2025 and indicate the anticipated stage of remediation at each listed site at the end of fiscal year 2024-2025, assuming fiscal year 2024-2025 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/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 4/ Notwithstanding section 49-544, Arizona Revised Statutes, the department may use up to \$400,000 from the fund balance in the emissions inspection fund established by section 49-544, Arizona Revised Statutes, in fiscal year 2024-2025 for agency operating costs. Before expending any emissions inspection fund monies on operating costs in excess of the amount appropriated, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote)
- 5/ All monies in the department of environmental quality indirect cost fund, including the beginning balance, that are in excess of \$18,788,100 in fiscal year 2024-2025 are appropriated to the department. Before spending indirect cost fund monies in excess of \$18,788,100 in fiscal year 2024-2025, 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)
- 6/ All permit administration fund monies received by the department of environmental quality in excess of \$7,333,900 in fiscal year 2024-2025 are appropriated to the department. Before spending permit administration fund monies in excess of \$7,333,900 in fiscal year 2024-2025, 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 \$67,469,900 and 358.7 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Air Quality Fund	\$9,207,200
Emergency Response Fund	132,800
Emissions Inspection Fund	4,118,200
Hazardous Waste Management Fund	1,960,100
Indirect Cost Fund	18,788,100
Permit Administration Fund	7,333,900
Recycling Fund	2,484,100
Solid Waste Fee Fund	2,592,700
Water Quality Fee Fund	20,852,800

Adjustments are as follows:

#### **State Implementation Plan (SIP) Funding Increase**

The budget includes an increase of \$469,100 and 3 FTE Positions from the Air Quality Fund in FY 2025 to address a backlog in submitting State Implementation Plans to meet federal air quality requirements.

#### **One-Time Voluntary Vehicle Repair Program Support**

The budget includes a one-time increase of \$2,900,000 from the Air Quality Fund in FY 2025 for a deposit to the non-appropriated Voluntary Vehicle Repair and Retrofit Program Fund. This deposit supports program demand.

#### **One-Time Solid Waste Program Backfill**

The budget includes a one-time increase of \$950,000 from the Recycling Fund in FY 2025 to address a funding shortfall in the solid waste program.

#### **Remove One-Time Recycling Funding**

The budget includes a decrease of \$(3,000,000) from the Recycling Fund in FY 2025 to remove a one-time appropriation to support recycling initiatives in FY 2024.

#### **Remove One-Time FY 2024 Water Program Funding**

The budget includes a decrease of \$(9,500,000) from the Water Quality Fee Fund in FY 2025 to remove one-time funding to provide additional support to the surface water, groundwater, and drinking water programs.

#### **Add FY 2025 Water Program Funding**

The budget includes an increase of \$2,519,000 from the Water Quality Fee Fund in FY 2025 to align the appropriation with operational costs for the surface

water, groundwater, and drinking water programs and to account for recent changes to fee revenue.

The FY 2025 budget also includes a one-time transfer of \$7,200,000 from the Air Quality Fund to the Water Quality Fee Fund.

*(For additional discussion of the Water Quality Fee Fund, see the Water Quality Fee Fund section in Other Issues, the Direct Potable Reuse of Treated Wastewater Program line item, and the Water Quality Fee Fund Deposit line item.)*

#### Statewide Adjustments

The budget includes a decrease of \$(228,700) in FY 2025 for statewide adjustments. This amount consists of:

Air Quality Fund	\$(500)
Emissions Inspection Fund	(141,100)
Hazardous Waste Management Fund	20,700
Indirect Cost Fund	(191,500)
Permit Administration Fund	77,100
Recycling Fund	18,200
Solid Waste Fee Fund	7,800
Water Quality Fee Fund	(19,400)

*(Please see the Agency Detail and Allocations section.)*

#### Emissions Control Contractor Payment

The budget includes \$28,894,500 from the Emissions Inspection Fund in FY 2025 for Emissions Control Contractor Payment. Adjustments are as follows:

##### Increased Contractual Costs

The budget includes an increase of \$2,675,000 from the Emissions Inspection Fund in FY 2025 for increased contractual costs related to emissions inspections.

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 Budget Reconciliation Budget (BRB) includes a provision requiring ADEQ to reduce emissions inspection fees for Area A, starting in FY 2025, such that total Area A collections are reduced by 5%. Area A refers to the Phoenix Metropolitan Area and includes Maricopa County as well as portions of Pinal and Yavapai Counties.

#### Zero-Emission Heavy-Duty Eight-Ton Pilot Program

The budget includes \$1,000,000 from the General Fund in FY 2025 for a Zero-Emission Heavy-Duty Eight-Ton Pilot Program. Adjustments are as follows:

##### One-Time Funding

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for ADEQ to implement a pilot program to replace diesel heavy duty trucks with zero-emission vehicles.

#### WQARF Priority Site Remediation

The budget includes \$15,000,000 from the General Fund in FY 2025 for Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation. This amount is unchanged from FY 2024.

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 includes a longstanding 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 2023, the WQARF program received \$15,000,000 from the General Fund and \$1,947,100 from fee revenues pursuant to A.R.S. § 49-288 for a total of \$16,947,100.

*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.

#### ***Safe Drinking Water Program***

The budget includes \$2,001,600 from the Safe Drinking Water Program Fund in FY 2025 for the Safe Drinking Water Program. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$9,800 from the Safe Drinking Water Program Fund in FY 2025 for statewide adjustments.

The Safe Drinking Water Program Fund receives the first \$1,800,000 of Public Water System (PWS) tax revenues.

#### ***Direct Potable Reuse of Treated Wastewater Program***

The budget includes no funding in FY 2025 for the Direct Potable Reuse of Treated Wastewater Program line item. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 to remove one-time initial support of the Direct Potable Reuse of Treated Wastewater Program.

The Direct Potable Reuse of Treated Wastewater Program received \$1,500,000 from the General Fund in both FY 2023 and FY 2024 for initial support while ADEQ established rules and permit fees. Future program revenue will be deposited into the Water Quality Fee Fund. The FY 2023 Environment Budget Reconciliation Bill (BRB) requires this to be done by December 31, 2024.

#### ***Water Quality Fee Fund Deposit***

The budget includes no funding in FY 2025 for a Water Quality Fee Fund Deposit. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(9,500,000) from the General Fund in FY 2025 to remove a one-time deposit into the Water Quality Fee Fund (WQFF) to address a funding shortfall as ADEQ implements new fees.

This line item only reflects the transfer of revenue into the WQFF. The actual expenditure of any monies from the WQFF is displayed as part of the ADEQ operating budget.

The FY 2025 budget makes a one-time transfer of \$7,200,000 from the Air Quality Fund to the Water Quality

Fee Fund to address a funding shortfall as ADEQ implements new fees in FY 2025.

In the past 2 years, we appropriated the General Fund monies into the WQFF as part of this line item and then increased the WQFF appropriation authority in the operating budget by a like amount. This approach required 2 separate appropriations. In the FY 2025 budget, this process was simplified by transferring Air Quality Fund monies into the WQFF, which only required a single appropriation out of the WQFF in the operating budget.

#### ***PFAS Mitigation***

The budget includes no funding in FY 2025 for PFAS Mitigation. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time support to identify, contain, and treat Arizona water sources for PFAS chemicals. The FY 2024 appropriation of \$5,000,000 for PFAS Mitigation is non-lapsing.

An FY 2024 budget footnote requires ADEQ to submit a report documenting its progress expending monies for PFAS mitigation to the JLBC by July 31, 2024.

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.

#### ***Other Issues***

This section includes information on the following topics:

- Statutory Changes
- Fund Transfers
- Water Quality Fee Fund

#### ***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 2025 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, requires the department to reduce emission inspection fees for Area A, starting in FY 2025, such that total Area A fee collections are reduced by 5%.

#### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Air Quality Fund	\$2,300,000
Underground Storage Tank Fund	20,000,000
Vehicle Emissions Inspection Fund	5,000,000
Hazardous Waste Management Fund	900,000
Emergency Response Fund	500,000

The budget includes the following transfers from this agency's funds to the Water Quality Fee Fund:

	<b><u>FY 2025</u></b>
Air Quality Fund	\$7,200,000

#### **Water Quality Fee Fund**

The Water Quality Fee Fund supports water quality regulatory programs.

The operating budget includes \$20,852,800 from the Water Quality Fee Fund in FY 2025.

The FY 2023 budget increased the appropriated amount from the fund in the operating budget from \$10,659,300 to \$17,059,300 in FY 2022, and the FY 2024 budget increased the appropriated amount to \$27,853,200 with a one-time appropriation of \$9,500,000 to the operating budget. For FY 2025, there is a net decrease of \$(6,981,000) to the operating budget based on eliminating the one-time FY 2024 appropriation of \$(9,500,000) and adding back an ongoing increase of \$2,519,000 to the operating budget.

Laws 2022, Chapter 204 amended fee requirements and allowed ADEQ to update fees for this fund. ADEQ revised

the fees effective August 4, 2023. FY 2025 revenues will be the first year where the fee schedule is in effect the entire year. ADEQ is developing new fees for Direct Potable Reuse of Treated Wastewater Program that will be deposited into the Water Quality Fee Fund.

Recent budgets have included one-time deposits from the General Fund to the Water Quality Fee Fund and corresponding increases to the amount appropriated in the operating budget from the Water Quality Fee Fund while ADEQ develops and implements new fees: \$6,400,000 in FY 2023 and \$9,500,000 in FY 2024. As ADEQ continues to implement the fees, the FY 2025 budget includes a deposit of \$7,200,000 into the Water Quality Fee Fund from the Air Quality Fund. *(Please see the Water Quality Fee Fund Deposit line item for additional information.)*

## Governor's Office of Equal Opportunity

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.0	5.0	5.0
Personal Services	149,700	202,900	202,900
Employee Related Expenditures	40,600	77,100	79,300
Travel - In State	1,700	1,200	1,200
Other Operating Expenditures	18,200	27,800	26,800
Equipment	0	1,500	1,500
<b>AGENCY TOTAL</b>	<b>210,200</b>	<b>310,500</b>	<b>311,700 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Personnel Division Fund	210,200	310,500	311,700
SUBTOTAL - Other Appropriated Funds	210,200	310,500	311,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>210,200</b>	<b>310,500</b>	<b>311,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>210,200</b>	<b>310,500</b>	<b>311,700</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### **Operating Budget**

The budget includes \$311,700 and 5 FTE Positions from the Personnel Division Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$1,200 from the Personnel Division Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

## State Board of Equalization

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	268,500	301,400	301,400
Employee Related Expenditures	100,000	116,500	122,600
Professional and Outside Services	300	35,000	35,000
Travel - In State	12,000	16,000	16,000
Travel - Out of State	0	5,000	5,000
Other Operating Expenditures	261,600	264,400	259,400
Equipment	11,300	15,000	15,000
<b>OPERATING SUBTOTAL</b>	<b>653,700</b>	<b>753,300</b>	<b>754,400</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(30,000)
<b>AGENCY TOTAL</b>	<b>653,700</b>	<b>753,300</b>	<b>724,400 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	653,700	753,300	724,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>653,700</b>	<b>753,300</b>	<b>724,400</b>
<b>TOTAL - ALL SOURCES</b>	<b>653,700</b>	<b>753,300</b>	<b>724,400</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$754,400 and 7 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Named Claimants

The budget Includes a decrease of \$(2,208.60) from the General Fund in FY 2025 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 \$3,300 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(30,000) from the General Fund in FY 2025 for a lump sum reduction.

Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

#### Other Issues

#### FY 2024 Supplemental

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$2,208.60 from the General Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

## Board of Executive Clemency

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	14.5	14.5	14.5
Personal Services	735,500	764,300	764,300
Employee Related Expenditures	237,200	271,600	285,500
Professional and Outside Services	1,800	77,200	51,900
Travel - In State	1,200	13,600	13,600
Travel - Out of State	3,800	0	0
Other Operating Expenditures	309,200	284,100	252,300
Equipment	21,300	10,000	10,000
<b>AGENCY TOTAL</b>	<b>1,310,000</b>	<b>1,420,800</b>	<b>1,377,600 <sup>1/2</sup></b>
<b>FUND SOURCES</b>			
General Fund	1,310,000	1,420,800	1,377,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,310,000</b>	<b>1,420,800</b>	<b>1,377,600</b>
Other Non-Appropriated Funds	24,500	28,000	28,000
<b>TOTAL - ALL SOURCES</b>	<b>1,334,500</b>	<b>1,448,800</b>	<b>1,405,600</b>

**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, 2024, 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 2023-2024. (General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$1,377,600 and 14.5 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Electronic Records System Funding

The budget includes a decrease of \$(50,500) from the General Fund in FY 2025 for the elimination of one-time funding to implement an electronic record document management system.

#### Statewide Adjustments

The budget includes an increase of \$7,300 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations sections.)

### Caseload Data

Pursuant to a footnote in the FY 2024 General Appropriation Act, the board submitted a report on its FY 2023 caseload. The board conducted 2,077 case hearings in FY 2023, as described below:

- Phases 1 and 2 Commutation (123): 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 (15): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (17): 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 (304): 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. Pursuant to A.R.S. § 13-717 and recent court decisions, parole is also available for certain offenders sentenced after 1994.
- Revocation (1,236): These hearings are conducted when an offender has violated the terms of community supervision.
- Probable Cause (376): 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.
- Other (4): These hearings were not categorized by the board.

## Arizona Exposition and State Fair Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	184.0	184.0	184.0
Personal Services	4,711,300	5,653,600	5,653,600
Employee Related Expenditures	1,272,000	1,504,500	1,576,300
Professional and Outside Services	103,300	123,900	3,844,700
Travel - In State	19,700	10,700	10,700
Travel - Out of State	19,700	15,000	15,000
Other Operating Expenditures	12,061,500	10,194,600	12,545,400
Equipment	267,500	53,000	53,000
<b>AGENCY TOTAL</b>	<b>18,455,000</b>	<b>17,555,300</b>	<b>23,698,700 <sup>1/2/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Arizona Exposition and State Fair Fund	18,455,000	17,555,300	23,698,700
SUBTOTAL - Other Appropriated Funds	18,455,000	17,555,300	23,698,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>18,455,000</b>	<b>17,555,300</b>	<b>23,698,700</b>
Federal Funds	1,470,000	0	0
<b>TOTAL - ALL SOURCES</b>	<b>19,925,000</b>	<b>17,555,300</b>	<b>23,698,700</b>

**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 in the Arizona exposition and state fair board lump sum appropriation, \$3,771,400 shall be spent for enhanced state fair operations. Pursuant to section 41-1252, Arizona Revised Statutes, before spending monies appropriated in the lump sum appropriation 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)
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$23,698,700 and 184 FTE Positions from the Arizona Exposition and State Fair Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Vendor Contract Increases

The budget includes an increase of \$3,720,800 from the Arizona Exposition and State Fair Fund in FY 2025 to cover increased contract fees from vendors providing operational support for the State Fair and other events.

#### Enhanced State Fair Operations

The budget includes an increase of \$3,771,400 from the Arizona Exposition and State Fair Fund in FY 2025 for enhanced state fair operations. This amount is one-time.

A budget footnote requires a report for review by the Joint Committee on Capital Review if these monies are used for capital projects.

#### Statewide Adjustments

The budget includes a decrease of \$(1,348,800) from the Arizona Exposition and State Fair Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

#### Other Issues

#### Statutory Changes

The Amusements Budget Reconciliation Bill makes the following statutory changes:

- As permanent 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 State Fair each year. This permanent law replaces last year's session law for the same purpose.

**Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Arizona Exposition and State Fair Fund	\$5,000,000

## Arizona Department of Forestry and Fire Management

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	235.5	235.5	235.5 <sup>1/</sup>
Personal Services	2,150,200	2,500,000	2,500,000
Employee Related Expenditures	822,000	940,000	969,600
Professional and Outside Services	119,800	120,000	120,000
Travel - In State	6,800	2,594,700	2,594,700
Travel - Out of State	4,700	5,000	5,000
Other Operating Expenditures	694,400	1,025,900	(20,500)
Equipment	18,300	18,300	18,300
<b>OPERATING SUBTOTAL</b>	<b>3,816,200</b>	<b>7,203,900</b>	<b>6,187,100</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(248,600)
Environmental County Grants	250,000	250,000	250,000
Fire District Grants	0	5,000,000	0
Fire Suppression	200,000	3,200,000	8,200,000 <sup>2/</sup>
Gila River Nonnative Species Eradication	24,000 <sup>3/4/</sup>	0	0
Hazardous Vegetation Removal	22,900	3,039,300	3,039,300 <sup>5/</sup>
Inmate Firefighting Crews	819,900	867,700	876,600
Post-Release Firefighting Crews	1,098,800	1,278,900	1,292,700
Mount Lemmon Fire District Renovation	2,230,900	0	0
Nonnative Vegetation Species Eradication	1,000,000	1,000,000	1,000,000 <sup>6/</sup>
State Fire Marshal	1,705,100	1,792,000	1,805,300
State Fire School	286,800	289,000	289,600
US Forest Service Land Thinning	521,400	1,657,700	1,669,300
Wildfire Emergency Response	16,509,600	0	0
Wildfire Mitigation	15,142,200	32,026,700	27,110,300 <sup>7/</sup>
<b>AGENCY TOTAL</b>	<b>43,627,800</b>	<b>57,605,200</b>	<b>51,471,600 <sup>8/</sup></b>
<b>FUND SOURCES</b>			
General Fund	43,627,800	57,605,200	51,471,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>43,627,800</b>	<b>57,605,200</b>	<b>51,471,600</b>
Other Non-Appropriated Funds	61,869,800	69,253,500	69,253,500
<b>TOTAL - ALL SOURCES</b>	<b>105,497,600</b>	<b>126,858,700</b>	<b>120,725,100</b>

**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

- <sup>1/</sup> Includes 192.5 GF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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.
- <sup>3/</sup> On or before September 1 of each year until all monies in the Gila River nonnative species eradication line item are spent, the department shall report to the director of the joint legislative budget committee on the expected amount and purpose of expenditures from the Gila River nonnative species eradication line item. The report shall include projected line item detail. The reports shall also provide follow-up on areas previously treated with funding from the line item and whether the nonnative species have returned. (FY 2023 General Appropriation Act footnote, as amended by Section 2 of the FY 2025 General Appropriation Act)



- 4/ The appropriation made in the Gila River nonnative species eradication line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except all monies remaining unencumbered or unexpended for the purposes of this section on June 30, 2029 revert to the state general fund. (FY 2023 General Appropriation Act footnote, as amended by Section 2 of the FY 2025 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, 2026. (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/ The appropriation for the wildfire mitigation line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriation Act footnote)
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### **Operating Budget**

The budget includes \$6,187,100 and 43 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes a decrease of \$(1,016,800) from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(248,600) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **Environmental County Grants**

The budget includes \$250,000 from the General Fund in FY 2025 for Environmental County Grants. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for the Fire District Grants 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 2025 for removal of one-time funding to establish a grant program to assist fire districts.

Monies in this line item are non-lapsing and 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 \$8,200,000 from the General Fund in FY 2025 for Fire Suppression. Adjustments are as follows:

##### **One-Time Funding**

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2025 to increase fire suppression funding.

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 \$5,200,000 of the appropriated amount is included in the General Appropriation Act. *(See Wildfire Mitigation line item for additional monies supporting fire suppression in Arizona.)*

### ***Hazardous Vegetation Removal***

The budget includes \$3,039,300 from the General Fund in FY 2025 for a Hazardous Vegetation Removal program. This amount is unchanged from FY 2024.

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 \$876,600 and 13 FTE Positions from the General Fund in FY 2025 for Inmate Firefighting Crews. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$8,900 from the General Fund in FY 2025 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 \$1,292,700 and 20 FTE Positions from the General Fund in FY 2025 for Post-Release Firefighting Crews. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$13,800 from the General Fund in FY 2025 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.

### ***Nonnative Vegetation Species Eradication***

The budget includes \$1,000,000 from the General Fund in FY 2025 for the Nonnative Vegetation Species Eradication line item. This amount is unchanged from FY 2024.

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 \$1,805,300 and 19.5 FTE Positions from the General Fund in FY 2025 for the State Fire Marshal. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$13,300 from the General Fund in FY 2025 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 \$289,600 and 1 FTE Position from the General Fund in FY 2025 for the State Fire School. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$600 from the General Fund in FY 2025 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 \$1,669,300 and 17 FTE Positions from the General Fund in FY 2025 for the US Forest Service Land Thinning line item. Adjustments are as follows:

### Statewide Adjustments

The budget includes an increase of \$11,600 from the General Fund in FY 2025 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 about 4,500 acres with this funding.

### Wildfire Emergency Response

The budget includes no funding in FY 2025 for Wildfire Emergency Response. This amount is unchanged from FY 2024.

The FY 2023 appropriation of \$65,000,000 is in addition to, and for the same purposes as, Laws 2021, 1<sup>st</sup> 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 with restrictions as outlined below:

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.

The FY 2023 appropriation is exempt from lapsing through June 30, 2025. In addition to the above specifications, \$3,000,000 of the monies in the FY 2023 appropriation shall be used for purposes related to the Woodbury Fire.

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.

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 2024, DFFM reported spending \$43,704,676 of the appropriation, of which \$11,265,612 was expended in the fire suppression category. Capital, flooding mitigation projects, and financial assistance to landowners make up the other 3 expenditure categories, with \$6,915,316, \$19,610,873, and \$5,912,875 in expenditures, respectively. Through May 2024, DFFM reported total encumbrances of \$95,836,879. Most of the monies reported as encumbered but not yet expended are in the mitigation projects to address postfire flooding category.

### Wildfire Mitigation

The budget includes \$27,110,300 and 122 FTE Positions from the General Fund in FY 2025 for the Wildfire Mitigation line item. Adjustments are as follows:

#### Funding Reduction

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove unused wildfire mitigation monies.

#### Statewide Adjustments

The budget includes an increase of \$83,600 from the General Fund in FY 2025 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 2025, DFFM expects to allocate the funding as follows:

- \$8,766,200 for 122 DFFM staff to oversee the work of 10 crews of 72 inmates working to remove hazardous vegetation.
- \$5,504,500 for inmate crews and corrections staff.
- \$2,839,600 for Department of Transportation program costs, general operating costs, and other equipment and maintenance.
- \$7,000,000 for contracted personnel to support wildfire mitigation efforts.
- \$3,000,000 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*

---

---

#### **Auditor General Report**

In September 2023, the Auditor General published a sunset review for the Arizona Department of Forestry and Fire Management covering its performance in areas including the Fire Marshal, program staffing, wildfire planning, and other department functions. The Auditor General made the following recommendations:

- The Fire Marshal's Office should establish a program to perform regular fire safety inspections on all state and county public buildings and schools as required by statute.
- The department should implement recommendations as outlined by the Ecological Restoration Institute at Northern Arizona University to help communities develop Community Wildfire Protection Plans.

#### ***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 July 2024, DFFM reports using roughly \$7,700,000 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.0	0.0	0.0
Personal Services	212,100	0	0
Employee Related Expenditures	86,600	0	0
Professional and Outside Services	26,000	0	0
Travel - In State	3,400	0	0
Other Operating Expenditures	99,900	0	0
Equipment	30,000	0	0
<b>AGENCY TOTAL</b>	<b>458,000</b>	<b>0</b>	<b>0</b>

### FUND SOURCES

#### Other Appropriated Funds

Board of Funeral Directors' and Embalmers' Fund	458,000	0	0
SUBTOTAL - Other Appropriated Funds	458,000	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>458,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL - ALL SOURCES</b>	<b>458,000</b>	<b>0</b>	<b>0</b>

**AGENCY DESCRIPTION** — The board licenses, registers, and regulates embalmers, prearranged funeral salespersons, crematories, and funeral homes. Laws 2023, Chapter 194 transferred the board to the Department of Health Services retroactive to March 31, 2023.

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.

This section only displays the FY 2023 actual expenditures for the board. Please see the Funeral Services Regulation line item in the DHS narrative for additional information on FY 2024 and FY 2025 funding.

## Arizona Game and Fish Department

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	273.5	273.5	273.5
Personal Services	17,004,500	14,904,700	14,904,700
Employee Related Expenditures	14,163,200	11,017,600	11,611,000
Professional and Outside Services	1,728,200	1,637,000	1,637,000
Travel - In State	221,600	308,900	308,900
Travel - Out of State	89,900	86,100	86,100
Other Operating Expenditures	12,153,600	10,524,200	10,510,300
Equipment	1,749,000	313,700	436,200
<b>OPERATING SUBTOTAL</b>	<b>47,110,000</b>	<b>38,792,200</b>	<b>39,494,200</b>
<b>SPECIAL LINE ITEMS</b>			
Pittman-Robertson/Dingell-Johnson Act	3,058,000	3,058,000	3,058,000
<b>AGENCY TOTAL</b>	<b>50,168,000</b>	<b>41,850,200</b>	<b>42,552,200 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Capital Improvement Fund	1,001,200	1,001,200	1,001,200
Game and Fish Fund	44,628,300	35,425,300	36,079,800
Game, Non-Game, Fish and Endangered Species Fund	293,900	389,700	391,700
Watercraft Licensing Fund	4,244,600	5,017,800	5,063,300
Wildlife Endowment Fund	0	16,200	16,200
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>50,168,000</b>	<b>41,850,200</b>	<b>42,552,200</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>50,168,000</b>	<b>41,850,200</b>	<b>42,552,200</b>
Other Non-Appropriated Funds	39,505,400	45,399,100	45,399,100
Federal Funds	49,022,800	68,457,500	68,457,500
<b>TOTAL - ALL SOURCES</b>	<b>138,696,200</b>	<b>155,706,800</b>	<b>156,408,800</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### **Operating Budget**

The budget includes \$39,494,200 and 273.5 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Capital Improvement Fund	\$1,001,200
Game and Fish Fund	33,021,800
Game, Non-Game, Fish and Endangered Species Fund	391,700
Watercraft Licensing Fund	5,063,300
Wildlife Endowment Fund	16,200

Adjustments are as follows:

#### **Equipment Purchases**

The budget includes an increase of \$122,500 from the Game and Fish Fund in FY 2025 for increased costs associated with equipment purchases for public safety officers.

#### **Statewide Adjustments**

The budget includes an increase of \$579,500 in FY 2025 for statewide adjustments. This amount consists of:

Game and Fish Fund	\$532,000
Game, Nongame, Fish and Endangered Species Fund	2,000
Watercraft Licensing Fund	45,500

*(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 2025 for the Pittman-Robertson/Dingell-Johnson Act. This amount is unchanged from FY 2024.

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.

---



---

#### ***Other Issues***

---



---

#### ***Fund Transfers***

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Watercraft Licensing Fund	\$800,000

## Department of Gaming

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	155.8	155.8	155.8 <sup>1/</sup>
Personal Services	4,656,700	6,226,600	6,226,600
Employee Related Expenditures	1,803,400	2,598,700	2,598,700
Professional and Outside Services	389,600	1,499,600	1,499,600
Travel - In State	275,700	461,800	461,800
Travel - Out of State	49,300	73,200	73,200
Other Operating Expenditures	2,064,300	2,701,800	2,701,800
Equipment	146,200	178,400	178,400
<b>OPERATING SUBTOTAL</b>	<b>9,385,200</b>	<b>13,740,100</b>	<b>13,740,100</b>
<b>SPECIAL LINE ITEMS</b>			
Arizona Breeders' Award	250,000	250,000	250,000
Casino Operations Certification	1,329,500	2,299,400	2,330,300
Contract Veterinarian	25,300	175,000	175,000 <sup>2/</sup>
County Fairs Livestock and Agriculture Promotion	6,029,500	6,029,500	6,029,500 <sup>3/</sup>
Division of Racing	1,846,000	2,435,900	2,448,500
Event Wagering Application Fee Refund	0	600,000	0
Horseracing Integrity and Safety Act Assessment	355,100	355,100	1,355,100 <sup>4/</sup>
Problem Gambling	2,318,400	3,320,000	3,320,000
Racetrack Capital Projects and Maintenance and Operation Funding	0	1,000,000	1,500,000 <sup>5/</sup>
Racetrack Purse and Maintenance and Operations Funding	5,396,900	0	0
Racing Purse Enhancement	4,850,000	5,000,000	4,000,000 <sup>6/</sup>
<b>AGENCY TOTAL</b>	<b>31,785,900</b>	<b>35,205,000</b>	<b>35,148,500 <sup>7/8/</sup></b>
<b>FUND SOURCES</b>			
General Fund	16,656,800	13,159,600	11,704,500
<u>Other Appropriated Funds</u>			
Arizona Benefits Fund	11,196,700	16,610,000	16,610,000
Fantasy Sports Contest Fund	206,900	150,100	150,100
Racing Regulation Fund	1,991,400	2,580,700	3,948,400
Racing Regulation Fund - Unarmed Combat Subaccount	104,600	105,200	105,200
State Lottery Fund	300,000	300,000	300,000
Tribal-State Compact Fund	1,329,500	2,299,400	2,330,300
SUBTOTAL - Other Appropriated Funds	15,129,100	22,045,400	23,444,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>31,785,900</b>	<b>35,205,000</b>	<b>35,148,500</b>
Other Non-Appropriated Funds	3,913,100	3,715,000	3,715,000
<b>TOTAL - ALL SOURCES</b>	<b>35,699,000</b>	<b>38,920,000</b>	<b>38,863,500</b>

**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

- <sup>1/</sup> Includes 73.5 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> On or before the final day of each quarter of fiscal year 2024-2025, 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 used by the department during fiscal year 2024-2025 to pay the calendar year 2024 assessment levied by the horseracing integrity and safety authority. (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 \$1,500,000 to a commercial live racing permittee located in Maricopa county. (General Appropriation Act footnote)
- 6/ The amount appropriated in the racing purse enhancement line item shall be distributed to a recognized nonprofit horsemen's organization that has represented horsemen participating in racing meetings since 1988 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, 2024, 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 2024-2025. 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 2025 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.

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 2024, Gaming had the authority to spend \$13,740,100 for administrative expenses. This consists of \$13,590,000 from the FY 2024 Arizona Benefits Fund Operating appropriation in the enacted budget. The enacted budget amount was selected based on the department's spending patterns and is not derived from the 9% calculation. In addition, Gaming was appropriated \$150,100 from the Fantasy Sports Contest Fund.

In FY 2025, 9% of tribal gaming revenues are forecasted to be \$16,382,700, based on the department's projection of state tribal contribution revenue of \$182,030,000. However, the 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 2025 for Problem Gambling, which consists of \$3,020,000 from the Arizona Benefits Fund and \$300,000 from the State Lottery Fund.

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. The department can expend the actual 2% level or the expenditure authority level, whichever is lower.

In FY 2024, Gaming had the authority to spend \$3,020,000, based on the FY 2024 Arizona Benefits Fund Problem Gaming appropriation in the enacted budget. The enacted budget amount was selected based on the department's spending patterns and is not derived from the 2% calculation.

In FY 2025, 2% of tribal gaming revenues are forecasted to be \$3,640,600, due to a projected increase in tribal contributions. However, the budget continues to appropriate \$3,020,000 from the Arizona Benefits Fund to cover the department's problem gambling expenses. (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 \$3,510,000 in FY 2024 and \$3,850,800 in FY 2025 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, 2024.

### **Operating Budget**

The budget includes \$13,740,100 and 82.3 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Arizona Benefits Fund	\$13,590,000
Fantasy Sports Contest Fund	150,100

These amounts are unchanged from FY 2024.

### **Arizona Breeders' Award**

The budget includes \$250,000 from the Racing Regulation Fund in FY 2025 for the Arizona Breeders' Award. This amount is unchanged from FY 2024.

This line item funds awards to the breeder of every winning horse foaled in the state. In FY 2025, this line item will fund awards equal to 25% of the purse won by the horse.

### **Casino Operations Certification**

The budget includes \$2,330,300 and 28 FTE Positions from the Tribal-State Compact Fund in FY 2025 for Casino Operations Certification. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$30,900 from the Tribal-State Compact Fund in FY 2025 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 2025 for a Contract Veterinarian. This amount is unchanged from FY 2024.

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 2025 for County Fairs Livestock and Agriculture Promotion. This amount is unchanged from FY 2024.

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 \$2,448,500 and 40.5 FTE Positions in FY 2025 for operating costs associated with the Division of Racing. These amounts consist of:

Racing Regulation Fund	2,343,300
Racing Regulation Fund - Unarmed Combat Subaccount	105,200

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$12,600 from the Racing Regulation Fund in FY 2025 for statewide adjustments.

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 2025. 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 2025 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 no funding in FY 2025 for the Event Wagering Application Fee Refund line item. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(600,000) from the General Fund in FY 2025 to remove one-time funding 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.

#### **Horseracing Integrity and Safety Act Assessment**

The budget includes \$1,355,100 from the Racing Regulation Fund in FY 2025 for the Horseracing Integrity and Safety Act (HISA) Assessment line item. Adjustments are as follows:

##### **Shift HISA Costs to Racing Regulation Fund**

The budget includes a decrease of \$(355,100) from the General Fund and a corresponding increase of \$355,100 from the Racing Regulation Fund in FY 2025 to shift fund sources for the HISA Assessment line item.

##### **Increase HISA Assessment Funding**

The budget includes an increase of \$1,000,000 from the Racing Regulation Fund in FY 2025 to increase HISA assessment funding.

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. A General Appropriation Act footnote directs the department to use these monies to directly pay the calendar 2024 assessment levied by the Horseracing Integrity and Safety Authority.

#### **Problem Gambling**

The budget includes \$3,320,000 and 5 FTE Positions in FY 2025 for Problem Gambling. These amounts consist of:

Arizona Benefits Fund	3,020,000
State Lottery Fund	300,000

These amounts are unchanged from FY 2024.

Monies in this line item are for the department to provide problem gambling prevention, treatment, and education programs.

#### **Racetrack Capital Projects and Maintenance and Operation Funding**

The budget includes \$1,500,000 in FY 2025 for the Racetrack Purse and Maintenance and Operation Funding line item. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding for Racetrack Capital Projects and Maintenance and Operation funding.

##### **Increase One-Time Funding**

The budget includes a one-time increase of \$1,500,000 from the General Fund in FY 2025 for Racetrack Capital Projects and Maintenance and Operation Funding.

Monies in this line item were 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 in FY 2025 for the Racetrack Purse and Maintenance and Operations Fund line item. This amount is unchanged from FY 2024.

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 \$4,000,000 from the General Fund in FY 2025 for the Racing Purse Enhancement line item. Adjustments are as follows:

#### **Remove Ongoing Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove ongoing funding for racing purse enhancement.

#### **Increase One-Time Funding**

The budget includes a one-time increase of \$4,000,000 from the General Fund in FY 2025 for racing purse enhancement.

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, continue to set the Regulatory Wagering Assessment at 0.5% in FY 2025 only.
- As session law, change the requirement that racehorses need to receive "gate approval" every 30

days to every 60 days in 2024 and 2025. "Gate approval" means a demonstration to confirm a racehorse has been trained on how to safely enter and exit the starting gate prior to racing at a commercial racetrack.

### ***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 June 2024, there are 16 tribes operating a total of 25 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 budget revenue forecast includes a projection of state General Fund gaming revenues (from both event wagering and fantasy sports) through FY 2027. 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 2023 (actual) – \$49.4 million
- FY 2024 – \$31.6 million
- FY 2025 – \$34.7 million
- FY 2026 – \$36.5 million
- FY 2027 – \$38.5 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 actual amount incorporates the deposit from the initial license revenue from event wagering entities (\$750,000 each), along with the first annual license renewal fee for event wagering entities (\$150,000 each). The FY 2023 total 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 enacted budget forecast assumes that state gaming revenue will increase 9.7% in FY 2025 and 5.3% in FY 2026 and FY 2027.

### ***Tribal Gaming Revenues***

In FY 2023, state tribal gaming revenues were \$153,855,900. The budget assumes that state tribal gaming revenues will increase to a level of \$163,360,700 in FY 2024 and \$182,030,000 in FY 2025. These revenue estimates are from the department's FY 2025 budget request. Through the third quarter of FY 2024, tribal gaming contributions into the Arizona Benefits Fund were \$157.2 million. (See Table 1 for more info.)

**Table 1**

#### **Tribal Gaming Distributions Pursuant to Proposition 202 <sup>1/</sup>**

<b><u>Recipient</u></b>	<b><u>Proposition 202 Formula</u></b>	<b><u>FY 2023 Actuals <sup>1/</sup></u></b>	<b><u>FY 2024 Projected <sup>1/</sup></u></b>	<b><u>FY 2025 Projected</u></b>
State Government Distribution	88% of total	\$ 153,855,900	\$163,360,700 <sup>2/</sup>	\$182,030,000 <sup>2/</sup>
Local Government Distribution <sup>3/</sup>	12% of total	<u>18,963,300</u>	<u>22,276,500</u>	<u>24,822,300</u>
<b>Total</b>	<b>100% of total</b>	<b>\$172,819,200</b>	<b>\$185,637,200</b>	<b>\$206,852,300</b>
<b><u>Allocation of State Government's Share</u></b>				
<b><u>Department of Gaming</u></b>				
Department of Gaming Regulation	\$8 million, or 9%, whichever is greater	\$ 13,440,000	\$ 13,590,000 <sup>4/</sup>	\$ 13,590,000 <sup>4/</sup>
Department of Gaming Problem Gambling	2%	<u>3,020,000</u>	<u>3,020,000 <sup>5/</sup></u>	<u>3,020,000 <sup>5/</sup></u>
<b>Subtotal-Department of Gaming</b>		<b>\$16,460,000</b>	<b>\$16,610,000</b>	<b>\$16,610,000</b>
<b><u>Other Distributions</u></b>				
Instructional Improvement Fund (Department of Education)	56% of remainder	77,146,000	82,180,400	92,635,200
Trauma and Emergency Services Fund (Arizona Health Care Cost Containment System)	28% of remainder	38,340,900	41,090,300	46,317,600
Arizona Wildlife Conservation Fund	8% of remainder	10,954,500	11,740,000	13,233,600
Tourism Fund	8% of remainder	<u>10,954,500</u>	<u>11,740,000</u>	<u>13,233,600</u>
<b>Subtotal-Other Distributions</b>		<b>\$137,395,900</b>	<b>\$146,750,700</b>	<b>\$165,420,000</b>
<b>Total</b>		<b>\$153,855,900</b>	<b>\$163,360,700</b>	<b>\$182,030,000</b>

<sup>1/</sup> The numbers displayed herein represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts.

<sup>2/</sup> Based on ADG projections, the budget projects a 6.2% increase in FY 2024 and 11.4% in FY 2025 for tribal contributions to the Arizona Benefits Fund. The budget forecast reflects the revenue projections included in the ADG budget request, which includes changes from the implementation of the new 2021 Tribal Compacts.

<sup>3/</sup> Local distributions may not proportionally match state distributions due to timing issues associated with different fiscal years.

<sup>4/</sup> 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. Given the department's spending patterns, the FY 2024 appropriation was \$13,590,000 (an amount not calculated based on the 9% limit) and the FY 2025 budget continues that amount. The department can only expend at the actual 9% level or the expenditure authority level, whichever is lower.

<sup>5/</sup> A.R.S. § 5-601.02H3 requires 2% of state gaming revenues to be used for problem gambling prevention. Given the department's spending patterns, the FY 2024 appropriation was \$3,020,000 (an amount not calculated based on the 2% limit) and the FY 2025 budget continues that amount. The department can only expend at the actual 2% level or the expenditure authority level, whichever is lower.

## Office of the Governor

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Lump Sum Appropriation	7,922,600	9,839,800	7,864,900 <sup>1/2/</sup>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(368,100)
Foster Youth Education Success Fund Deposit	1,500,000	1,500,000	1,500,000
Missing and Murdered Indigenous People Task Force	0	1,000,000 <sup>3/</sup>	0
<b>AGENCY TOTAL</b>	<b>9,422,600</b>	<b>12,339,800</b>	<b>8,996,800 <sup>4/</sup></b>
<b>FUND SOURCES</b>			
General Fund	9,422,600	12,339,800	8,996,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>9,422,600</b>	<b>12,339,800</b>	<b>8,996,800</b>
Other Non-Appropriated Funds	9,654,900	10,792,600	10,640,300
Federal Funds	594,407,100	908,037,700	882,094,600
<b>TOTAL - ALL SOURCES</b>	<b>613,484,600</b>	<b>931,170,100</b>	<b>901,731,700</b>

**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, the Commission of African-American Affairs, 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 \$7,864,900 for fiscal year 2024-2025 is \$10,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 3/ The amount appropriated for the missing and murdered indigenous people task force line item in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 42 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.
- 4/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$7,864,900 from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding.

#### Statewide Adjustments

The budget includes an increase of \$25,100 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(368,100) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### Foster Youth Education Success Fund Deposit

The budget includes \$1,500,000 from the General Fund in FY 2025 for the Foster Youth Education Success Fund Deposit. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for the Missing and Murdered Indigenous People (MMIP) Task Force line item. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding for the MMIP Task Force. A footnote in the FY 2025 General Appropriation Act makes this funding non-lapsing.

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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	22.0	22.0	22.0
Personal Services	1,850,700	1,747,500	1,747,500
Employee Related Expenditures	625,500	663,900	498,500
Professional and Outside Services	61,400	121,200	121,200
Travel - In State	700	800	800
Travel - Out of State	18,700	6,900	6,900
Other Operating Expenditures	307,700	393,600	574,800
Equipment	38,300	4,200	4,200
<b>OPERATING SUBTOTAL</b>	<b>2,903,000</b>	<b>2,938,100</b>	<b>2,953,900 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(101,400)
<b>AGENCY TOTAL</b>	<b>2,903,000</b>	<b>2,938,100</b>	<b>2,852,500 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	2,903,000	2,938,100	2,852,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,903,000</b>	<b>2,938,100</b>	<b>2,852,500</b>
<b>TOTAL - ALL SOURCES</b>	<b>2,903,000</b>	<b>2,938,100</b>	<b>2,852,500</b>

**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

- <sup>1/</sup> 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)
- <sup>2/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$2,953,900 and 22 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$15,800 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

The budget also continues an increase of \$204,600 from the General Fund in FY 2025 for a retirement cost technical adjustment. This increase corrects an error from the enacted FY 2024 budget. The budget increased this amount as an FY 2024 supplemental and continued the increase in FY 2025. (Please see the Other Issues section for additional information.)

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(101,400) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### Other Issues

#### FY 2024 Supplemental

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$204,600 from the General Fund for a retirement cost technical adjustment.



Section 123 of the FY 2024 General Appropriation Act adjusts individual agency budgets either up or down for changes in 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 changes in 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 agreed to the following:

- In implementing the statewide retirement adjustment in FY 2024, JLBC's budget was reduced by \$(204,600) and OSPB's budget was reduced by \$(204,600) in lieu of the JLBC-only reduction of \$(409,100).
- The JLBC FY 2025 Baseline and the Executive's January 2025 budget both proposed \$204,600 FY 2024 supplementals for each office to correct the error. These two \$204,600 adjustments are continued as ongoing in the FY 2025 budget.

## Department of Health Services

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,141.5	1,149.0	1,168.0 <sup>1/</sup>
Personal Services	26,004,600	29,224,500	30,335,300
Employee Related Expenditures	10,169,000	11,762,600	13,064,300
Professional and Outside Services	2,212,000	2,548,300	2,548,300
Travel - In State	430,100	761,500	761,500
Travel - Out of State	73,300	107,700	107,700
Other Operating Expenditures	16,450,300	16,516,300	16,982,300
Equipment	517,200	287,100	287,100
<b>OPERATING SUBTOTAL</b>	<b>55,856,500</b>	<b>61,208,000</b>	<b>64,086,500</b> <sup>2/3/</sup>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(719,200)
<b>Arizona State Hospital</b>			
Arizona State Hospital-Operating	85,818,900	86,616,700	78,309,600 <sup>4/</sup>
Arizona State Hospital-Restoration to Competency	813,200	900,000	900,000
Arizona State Hospital-Sexually Violent Persons	10,762,100	10,881,900	11,330,900
<b>Public Health</b>			
Adult Cystic Fibrosis Care	78,900	105,200	105,200
AIDS Reporting and Surveillance	798,200	1,000,000	1,000,000
Alzheimer's Disease Research	3,625,000	4,125,000	4,125,000 <sup>5/</sup>
Biomedical Research Support	1,500,600	2,000,000	2,000,000 <sup>6/</sup>
Breast and Cervical Cancer and Bone Density Screening	581,400	1,369,400	1,369,400
Counseling Services for Parents of Deceased Children	0	0	500,000
County Tuberculosis Provider Care and Control	468,000	590,700	590,700
Dementia Awareness Campaign	0	750,000	0
Dementia Services Program and Alzheimer's Disease State Plan	0	964,100	0
Fentanyl Testing Strips and Mass Spectrometers	0	300,000	0
Funeral Services Regulation	870,000	459,400	459,400
Health Crisis Review Centers and Wraparound Services	0	5,000,000	0
Heat Mitigation in Southern Arizona	0	0	500,000
Nonrenal Disease Management	145,900	198,000	198,000 <sup>7/</sup>
Nursing Care Special Projects	0	200,000	200,000
Poison Control Centers Funding	485,500	990,000	990,000
Preventative Health Services for Low-Income, Underserved Women	0	0	500,000
Psilocybin Research	0	5,000,000 <sup>8/</sup>	0
Renal Dental Care and Nutrition Supplements	225,000	300,000	300,000
Renal Transplant Drugs	137,300	183,000	183,000
Senior Health Promotion in Santa Cruz County	0	0	1,000,000
Southern Arizona Counseling and Community Service Grants	0	0	1,000,000
Trauma Recovery Center Fund Deposit	0	7,000,000	0
<b>Family Health</b>			
Family Health Pilot Program	812,900	0	0
Folic Acid Program	210,500	400,000	400,000
High Risk Perinatal Services	2,080,200	2,343,400	2,343,400
Homeless Pregnant Women Services	149,700	0	0
Newborn Screening Program	8,445,300	12,369,800	12,419,300
Nurse-Family Partnership Programs	0	2,500,000 <sup>9/</sup>	0
<b>Medical Provider Support</b>			
Accelerated Nursing Programs	5,477,400 <sup>10/</sup>	0	0

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Behavioral Health Care Provider Loan Repayment Program	58,000 <sup>11/</sup>	1,000,000	1,000,000
Collaborative Care Uptake Fund Deposit	0	1,000,000 <sup>12/</sup>	0
Arizona Nurse Education Investment Pilot Program	15,000,000	15,000,000	0
Preceptor Grant Program for Graduate Students	223,100	500,000	500,000 <sup>13/</sup>
<b>AGENCY TOTAL</b>	<b>194,623,600</b>	<b>225,254,600</b>	<b>185,591,200 <sup>14/15/</sup></b>
<b>FUND SOURCES</b>			
General Fund	143,335,500	166,360,900	122,466,300
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	3,022,400	3,145,800	3,395,700
ASH Land Earnings Fund	589,300	650,000	650,000
Child Fatality Review Fund	175,700	196,500	196,500
Disease Control Research Fund	798,200	1,000,000	1,000,000
Emergency Medical Services Operating Fund	3,714,900	4,209,500	4,260,700
Environmental Laboratory Licensure Revolving Fund	707,300	995,500	1,008,400
Federal Child Care and Development Fund Block Grant	998,500	992,500	1,011,300
Health Services Licensing Fund	16,656,100	17,416,400	17,607,900
Health Services Lottery Monies Fund	149,700	0	0
Indirect Cost Fund	11,906,800	12,673,500	13,323,700
Newborn Screening Program Fund	8,494,900	12,802,900	12,838,700
Nursing Care Institution Resident Protection Revolving Fund	0	238,200	238,200
Tobacco Tax and Health Care Fund - Health Research Account	0		3,000,000
Tobacco Tax and Health Care Fund - Medically Needy Account	435,500	700,000	700,000
Vital Records Electronic Systems Fund	3,638,800	3,872,900	3,893,800
SUBTOTAL - Other Appropriated Funds	51,288,100	58,893,700	63,124,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>194,623,600</b>	<b>225,254,600</b>	<b>185,591,200</b>
Other Non-Appropriated Funds	72,760,600	105,864,000	105,864,000
Federal Funds	525,107,600	483,682,800	483,682,800
<b>TOTAL - ALL SOURCES</b>	<b>792,491,800</b>	<b>814,801,400</b>	<b>775,138,000</b>

**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

- <sup>1/</sup> Includes 733.5 GF and 28.1 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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, 2025, 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 2024-2025. (General Appropriation Act footnote)
- <sup>3/</sup> The amount appropriated to the operating lump sum in fiscal year 2024-2025 includes \$1,202,400 from the state general fund to support additional licensing compliance staff. This amount 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)
- <sup>4/</sup> 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)

- 5/ 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)
- 6/ 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, 2026. (General Appropriation Act footnote)
- 7/ 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)
- 8/ The amount appropriated for the psilocybin research line item in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 44 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 9/ The amount appropriated for the nurse-family partnership programs line item in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 44 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriation Act footnote)
- 10/ The amount appropriated for the accelerated nursing programs line item in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 44 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)
- 11/ Of the amount appropriated to the department of health services for the behavioral health care provider loan repayment program line item 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, 2025. (General Appropriation Act footnote)
- 12/ Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Collaborative Care Uptake Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (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 \$64,086,500 and 406.4 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$22,786,000
Child Fatality Review Fund	196,500
Emergency Medical Services (EMS)	4,260,700
Operating Fund	
Environmental Laboratory Licensure	1,008,400
Revolving Fund	

Federal Child Care and Development Fund (CCDF) Block Grant	1,011,300
Health Services Licensing Fund	17,148,500
DHS Indirect Cost Fund	13,323,700
Newborn Screening Program Fund	419,400
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,893,800

Adjustments are as follows:

#### **Licensing History Database Upgrades**

The budget includes an increase of \$1,400,000 from the General Fund in FY 2025 for upgrades to the AZ Care Check portal, a searchable licensing history database. Of this amount, \$900,000 is appropriated on a one-time basis. The funding will be used to implement a quality metric system for residential care institutions within the system and to add new provider types, including Sober Living Homes.

#### **One-Time Additional Licensing Compliance Staff**

The budget includes a one-time increase of \$1,202,400 and 15 FTE Positions from the General Fund in FY 2025 to hire additional licensing compliance officers to assist with inspections and investigations of health care institutions. The 3-year budget plan associated with the enacted budget assumes this item will be funded with other fee revenues after FY 2025.

#### **Annual Budget Reporting Tool Subscription**

The budget includes an increase of \$160,000 from the Indirect Cost Fund in FY 2025 to support the cost of an annual budget reporting tool subscription previously funded with American Rescue Plan Act (ARPA) monies.

#### **Additional Administrative Positions**

The budget includes an increase of \$386,900 and 4 FTE Positions from the Indirect Cost Fund in FY 2025 to hire additional administrative staff, including 2 procurement specialists, 1 legislative specialist, and 1 budget analyst. Of this amount, \$5,400 is appropriated on a one-time basis.

#### **Statewide Adjustments**

The budget includes a decrease of \$(270,800) in FY 2025 for statewide adjustments. This amount consists of:

General Fund	(655,700)
Emergency Medical Services (EMS) Operating Fund	51,200
Environmental Laboratory Licensure Revolving Fund	12,900
Federal Child Care and Development Fund (CCDF) Block Grant	18,800
Health Services Licensing Fund	191,500

DHS Indirect Cost Fund	103,300
Newborn Screening Program Fund	(13,700)
Vital Records Electronic Systems Fund	20,900

(Please see the Agency Detail and Allocations section.)

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(719,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **Arizona State Hospital**

#### **ASH - Operating**

The budget includes \$78,309,600 and 616.5 FTE Positions in FY 2025 for the ASH operating budget. These amounts consist of:

General Fund	75,413,900
ASH Fund	2,245,700
ASH Land Earnings Fund	650,000

Adjustments are as follows:

#### **Remove One-Time Operating Costs**

The budget includes a decrease of \$(5,970,000) from the General Fund in FY 2025 to remove one-time funding for registry staffing services.

#### **Remove One-Time Surveillance System Upgrades**

The budget includes a decrease of \$(3,500,000) from the General Fund in FY 2025 to remove one-time funding to replace the ASH video surveillance system.

#### **Statewide Adjustments**

The budget includes an increase of \$1,162,900 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	1,163,000
ASH Fund	(100)

**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 2023, ASH had an average

daily census of 109 patients in its civil commitment unit, 112 patients in its forensic unit, and 113 Sexually Violent Persons (SVPs), for a total of 334 patients.

#### **ASH - Restoration to Competency**

The budget includes \$900,000 from the ASH Fund in FY 2025 for ASH - Restoration to Competency. This amount is unchanged from FY 2024.

*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 2023, there was an average daily census of 5 RTC patients treated at ASH. RTC patients are treated in ASH's forensic unit.

The 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 \$11,330,900 and 112.5 FTE Positions from the General Fund in FY 2025 for ASH - Sexually Violent Persons. These amounts consist of:

General Fund	11,080,900
ASH Fund	250,000

Adjustments are as follows:

##### **ASH Clinical Care Staff**

The budget includes an increase of \$250,000 from the ASH Fund in FY 2025 to support additional clinical care staff for ASH's Sexually Violent Persons (SVP) program.

##### **Statewide Adjustments**

The budget includes an increase of \$199,000 from the General Fund in FY 2025 for statewide adjustments.

*Background* – This line item funds direct costs associated with the SVP 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 2023, ASH had an average daily census of 113 Sexually SVPs.

## **Public Health**

#### **Adult Cystic Fibrosis Care**

The budget includes \$105,200 from the General Fund in FY 2025 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2024.

In FY 2023, this line item provided contracted care and treatment services through Phoenix Children's Hospital for 43 individuals with cystic fibrosis.

#### **AIDS Reporting and Surveillance**

The budget includes \$1,000,000 from the Disease Control Research Fund in FY 2025 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2024.

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 2,974 clients in FY 2023.

#### **Alzheimer's Disease Research**

The budget includes \$4,125,000 in FY 2025 for Alzheimer's Disease Research. This amount consists of:

General Fund	3,125,000
TTHCF – Health Research Account	1,000,000

Adjustments are as follows:

##### **One-Time Funding Shift**

The budget includes a decrease of \$(1,000,000) from the General Fund and a corresponding increase of \$1,000,000 from the Tobacco Tax and Health Care Fund - Health Research Account in FY 2025 for a one-time shift in funding.

*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 Tobacco Tax and Health Care Fund - Health Research Account in FY 2025 for Biomedical Research Support. Adjustments are as follows:

#### **One-Time Funding Shift**

The budget includes a decrease of \$(2,000,000) from the General Fund and a corresponding increase of \$2,000,000 from the Tobacco Tax and Health Care Fund - Health Research Account in FY 2025 for a one-time funding shift. The 3-year spending plan associated with the enacted budget assumes this shift in both FY 2025 and FY 2026. The FY 2027 Baseline will shift the appropriation back to the General Fund.

*Background* – This line item funds a nonprofit medical research institute headquartered in Arizona that specializes in biomedical research focusing on the application of 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 2025 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2024.

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.

### **Counseling Services for Parents of Deceased Children**

The budget includes \$500,000 from the General Fund in FY 2025 for Counseling Services for Parents of Deceased Children. Adjustments are as follows:

#### **One-Time Funding**

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 for DHS to distribute to

nonprofit organizations that provide counseling services for parents whose children have died as a result of violence.

### **County Tuberculosis Provider Care and Control**

The budget includes \$590,700 from the General Fund in FY 2025 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for a Dementia Awareness Campaign. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(750,000) from the General Fund in FY 2025 to remove one-time funding for a dementia awareness campaign for rural and underserved urban areas in Arizona.

The FY 2024 Health Care BRB instructed 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.

An FY 2024 General Appropriation Act footnote makes these monies non-lapsing.

### **Dementia Services Program and Alzheimer's Disease State Plan**

The budget includes no funding and 2 FTE Positions from the General Fund in FY 2025 for a Dementia Services Program and Alzheimer's Disease State Plan. Adjustments are as follows:

#### **Remove One-Time Program Funding**

The budget includes a decrease of \$(964,100) from the General Fund in FY 2025 to remove funding 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 is 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 is 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 must 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 FY 2024 General Appropriation Act included 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 no funding in FY 2025 for Fentanyl Testing Strips and Mass Spectrometers. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 to remove funding 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 2025 for Funeral Services Regulation. These amounts are unchanged from FY 2024.

*Background* – On January 10, 2023, the Senate and House Commerce Committee of Reference recommended the State Board of Funeral Directors and Embalmers be terminated, with its powers and duties transferred to DHS. Laws 2023, Chapter 194 transferred 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 were deposited into the Health Services Licensing Fund. The legislation removed all statutorily set fees for funeral services and allowed DHS to determine the new amounts. To assist the DHS director in regulating funeral services, the legislation established an advisory committee consisting of seven members appointed by the Governor. The advisory committee is required to provide annual evaluations to the Governor regarding the performance of DHS in administering funeral services statutes.

Finally, Chapter 194 modified 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 no funding in FY 2025 for Health Crisis Review Centers and Wraparound Services. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time funding for grants for mental health crisis relief centers that provide short-term supportive housing and peer support.

#### ***Heat Mitigation in Southern Arizona***

The budget includes \$500,000 from the General Fund in FY 2025 for Heat Mitigation in Southern Arizona. Adjustments are as follows:

##### **One-Time Funding**

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 to fund heat mitigation programs in southern Arizona.



### ***Nonrenal Disease Management***

The budget includes \$198,000 from the General Fund in FY 2025 for Nonrenal Disease Management. This amount is unchanged from FY 2024.

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 2025 for special projects related to long-term care facilities. This amount is unchanged from FY 2024.

*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 2025 for Poison Control Centers. This amount is unchanged from FY 2024.

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 2023. 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 2023.

### ***Preventative Health Services for Low-Income, Underserved Women***

The budget includes \$500,000 from the General Fund in FY 2025 for Preventative Health Services for Low-Income, Underserved Women. Adjustments are as follows:

### ***One-Time Funding***

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 for DHS to distribute to a nonprofit organization that provides preventative health care services to low-income and underserved women and their families.

### ***Psilocybin Research***

The budget includes no funding from the General Fund in FY 2025 for Psilocybin Research. Adjustments are as follows:

### ***Remove One-Time Funding***

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove funding for DHS to provide psilocybin clinical research grants. An FY 2025 General Appropriation Act footnote makes the FY 2024 appropriation for this line item non-lapsing.

The FY 2024 Health Care BRB instructed 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 established 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 2025 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2024.

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 2025 for Renal Transplant Drugs. This amount is unchanged from FY 2024.

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 2023, 64 people received anti-rejection medication assistance.

#### ***Senior Health Promotion in Santa Cruz County***

The budget includes \$1,000,000 from the General Fund in FY 2025 for Senior Health Promotion in Santa Cruz County. Adjustments are as follows:

##### **One-Time Funding**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for the promotion and coordination of senior health in Santa Cruz County.

#### ***Southern Arizona Counseling and Community Service Grants***

The budget includes \$1,000,000 from the General Fund in FY 2025 for Southern Arizona Counseling and Community Service Grants. Adjustments are as follows:

##### **One-Time Funding**

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for DHS to distribute to nonprofit organizations that provide counseling and community services in southern Arizona.

#### ***Trauma Recovery Center Fund Deposit***

The budget includes no funding and 1.5 FTE Positions from the General Fund in FY 2025 for a Trauma Recovery Center Fund Deposit. Adjustments are as follows:

##### **Remove One-Time Fund Deposit**

The budget includes a decrease of \$(7,000,000) from the General Fund in FY 2025 to remove a one-time deposit into the Trauma Recovery Center Fund.

An FY 2024 General Appropriation Act footnote instructed 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***

#### ***Folic Acid Program***

The budget includes \$400,000 from the TTHCF - Medically Needy Account in FY 2025 for the Folic Acid Program. This amount is unchanged from FY 2024.

This line item provides funding for the distribution of folic acid to women of childbearing age to help prevent birth defects. In FY 2023, 15,559 women received folic acid education and multivitamins.

#### ***High Risk Perinatal Services***

The budget includes \$2,343,400 from the General Fund in FY 2025 for High Risk Perinatal Services. This amount is unchanged from FY 2024.

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.

#### ***Newborn Screening Program***

The budget includes \$12,419,300 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2025 for the Newborn Screening Program. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$49,500 from the Newborn Screening Program fund in FY 2025 for statewide adjustments.

*Background* – This line item funds the centralized testing of all newborns in the state for a standard set of 61 disorders. In FY 2023, the program provided screening for 78,801 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 no funding in FY 2025 for Nurse-Family Partnership Programs. Adjustments are as follows:

### **Remove One-Time Program Funding**

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2025 to remove funding for DHS to fund nurse-family partnership programs. An FY 2025 General Appropriation Act footnote makes the FY 2024 appropriation for this line item non-lapsing through FY 2027.

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 2025 for Accelerated Nursing Programs. This amount is unchanged from FY 2024.

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 awarding \$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. At the end of FY 2023, DHS had expended \$5,477,400 million of the appropriation.

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 2025 General Appropriation Act footnote makes these monies non-lapsing through FY 2025. Any unspent monies at the end of FY 2025 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 2025 for the Behavioral Health Care Provider Loan Repayment Program. This amount is unchanged from FY 2024.

A.R.S. § 36-2175 established 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.

An FY 2025 General Appropriation Act footnote makes the FY 2023 appropriation for this line item non-lapsing through FY 2025.

#### **Collaborative Care Uptake Fund Deposit**

The budget includes no funding in FY 2025 for a Collaborative Care Uptake Fund Deposit. Adjustments are as follows:

##### **Remove One-Time General Fund Deposit**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove a one-time 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.

An FY 2025 General Appropriation Act footnote makes the FY 2024 appropriation for this line item non-lapsing through FY 2025. In addition, the Health Care BRB repeals this fund beginning on June 30, 2025, directing any unexpended funds be deposited into the General Fund.

**Arizona Nurse Education Investment Pilot Program**

The budget includes no funding in FY 2025 for the Arizona Nurse Education Investment Pilot Program. Adjustments are as follows:

**Eliminate Funding**

The budget includes a decrease of \$(15,000,000) from the General Fund in FY 2025 to eliminate the final year of funding for the Arizona Nurse Education Investment Pilot Program.

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. The FY 2025 budget eliminates the final year of funding. Of the \$15,000,000 appropriation in FY 2024, the universities received \$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 went to community college programs.

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 2025 for a Preceptor Grant Program for Graduate Students. This amount is unchanged from FY 2024.

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:

- Statutory Changes
- Long-Term Budget Impacts
- Fund Transfers
- Opioid Settlement Funds – Overdose Reversal Medication

**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, allows the Collaborative Care Uptake Fund (established by Laws 2023, Chapter 139, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund.

#### **Long-Term Budget Impacts**

As part of the FY 2025 budget's 3-year spending plan, DHS's General Fund costs are projected to decrease by \$(5,107,800) in FY 2026 below FY 2025 and increase by \$2,000,000 in FY 2027 above FY 2026.

The FY 2026 estimate is based on:

- \$(900,000) for the removal of one-time costs associated with licensing history database upgrades.
- \$(1,202,400) for the removal of one-time funding for additional licensing compliance staff.
- \$(5,400) for the removal of one-time costs associated with additional administrative staff.
- \$1,000,000 to restore funding for Alzheimer's disease research.
- \$(500,000) for the removal of one-time counseling services for parents of deceased children.
- \$(500,000) for the removal of one-time heat mitigation programs in southern Arizona.
- \$(500,000) for the removal of one-time preventative health services for low-income, underserved women.
- \$(1,000,000) for the removal of one-time senior health promotion in Santa Cruz County.
- \$(1,000,000) for the removal of one-time grant funding for Southern Arizona counseling services.
- \$(500,000) for the removal of one-time grants for preceptor training programs.

The FY 2027 estimate is based on \$2,000,000 to restore funding for biomedical research support.

#### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Disease Control Research Fund	\$1,300,000
Prescription Drug Rebate Fund	1,000,000
Health Services Lottery Monies Fund	3,700,000

#### ***Opioid Settlement Funds – Overdose Reversal Medication***

The budget appropriates \$1,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund to the Attorney General for a transfer to the Department of Health Services Opioid Remediation Fund to distribute and equip first responders with overdose reversal medication. A General Appropriation Act footnote required this transfer to occur by the sooner of July 3, 2024, or within 3 calendar days after sufficient monies become available in the Consumer Remediation Subaccount.

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. Please see the Attorney General – Department of Law section for more details on the requirements of this transfer.

## Arizona Historical Society

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED	
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	50.9	50.9	50.9 <sup>1/</sup>	<sup>1/</sup>
Personal Services	1,296,700	1,296,700	1,296,700	
Employee Related Expenditures	556,300	556,300	605,700	
Professional and Outside Services	1,000	800	800	
Travel - In State	5,300	5,300	5,300	
Travel - Out of State	1,800	1,800	1,800	
Other Operating Expenditures	724,000	560,000	517,800	
<b>OPERATING SUBTOTAL</b>	<b>2,585,100</b>	<b>2,420,900</b>	<b>2,428,100</b>	
<b>SPECIAL LINE ITEMS</b>				
Operating Budget Lump Sum Reduction	0	0	(83,500)	
Field Services and Grants	65,700	65,400	66,200	
Papago Park Museum	563,400	559,500	567,900	
<b>AGENCY TOTAL</b>	<b>3,214,200</b>	<b>3,045,800</b>	<b>2,978,700 <sup>2/</sup></b>	
<b>FUND SOURCES</b>				
General Fund	3,214,200	3,045,800	2,978,700	
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,214,200</b>	<b>3,045,800</b>	<b>2,978,700</b>	
Other Non-Appropriated Funds	974,600	1,892,400	1,892,400	
Federal Funds	42,900	30,000	30,000	
<b>TOTAL - ALL SOURCES</b>	<b>4,231,700</b>	<b>4,968,200</b>	<b>4,901,100</b>	

**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

<sup>1/</sup> Includes 10.5 GF FTE Positions funded from Special Line Items in FY 2025.

<sup>2/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$2,428,100 and 40.4 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$7,200 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(83,500) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the

FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### Field Services and Grants

The budget includes \$66,200 and 0.5 FTE Positions from the General Fund in FY 2025 for Field Services and Grants. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$800 from the General Fund in FY 2025 for statewide adjustments.

### ***Papago Park Museum***

The budget includes \$567,900 and 10 FTE Positions from the General Fund in FY 2025 for the Papago Park Museum. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$8,400 from the General Fund in FY 2025 for statewide adjustments.

This line item funds the operation and maintenance of the Papago Park Museum (Tempe).

---

---

#### ***Other Issues***

---

---

### ***Laws 2024, Ch. 14***

Laws 2024, Chapter 14 transfers ownership of the land and buildings for the following buildings from the Arizona Historical Society to the city of Yuma: Sanguinetti House Museum and Gardens, Jack Mellon House, and Molina Block. The transfer is to occur by September 29, 2024 and Yuma is prohibited from selling, exchanging, or bartering the land and buildings. The Arizona Historical Society plans to redirect the monies spent for annual operational costs to address staffing and operational at other facilities.

## Prescott Historical Society of Arizona

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	13.0	13.0	13.0
Personal Services	562,000	619,800	619,800
Employee Related Expenditures	226,800	247,000	270,800
Other Operating Expenditures	227,200	197,600	139,700
<b>OPERATING SUBTOTAL</b>	<b>1,016,000</b>	<b>1,064,400</b>	<b>1,030,300 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(35,000)
<b>AGENCY TOTAL</b>	<b>1,016,000</b>	<b>1,064,400</b>	<b>995,300</b>
<b>FUND SOURCES</b>			
General Fund	1,016,000	1,064,400	995,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,016,000</b>	<b>1,064,400</b>	<b>995,300</b>
Other Non-Appropriated Funds	926,600	1,074,500	1,074,500
<b>TOTAL - ALL SOURCES</b>	<b>1,942,600</b>	<b>2,138,900</b>	<b>2,069,800</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$1,030,300 and 13 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$17,400 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

##### Named Claimants

The budget includes a decrease of \$(51,541.50) from the General Fund in FY 2025 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(35,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the

FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### Other Issues

#### FY 2024 Supplementals

The FY 2025 budget includes an FY 2024 supplemental of \$51,541.50 from the General Fund for a one-time named claimants appropriation. *(Please see the Named Claimants policy issue for further details.)*



## Arizona Department of Homeland Security

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	20.0	20.0	20.0 <sup>1/</sup>
<b>OPERATING SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SPECIAL LINE ITEMS</b>			
Cybersecurity Programs	0	0	200,000
Arizona State Nonprofit Security Grant Program Fund Deposit	0	5,000,000 <sup>2/</sup>	0
Statewide Information Security and Privacy Operations and Controls	9,617,600	11,319,400	11,054,700
Antihuman Trafficking Grant Fund Deposit	0	10,000,000 <sup>3/</sup>	0
Cybersecurity Software	1,741,500	0	0
Statewide Cybersecurity Grants	9,885,600	10,000,000	10,000,000 <sup>4/</sup>
<b>AGENCY TOTAL</b>	<b>21,244,700</b>	<b>36,319,400</b>	<b>21,254,700 <sup>5/</sup></b>
<b>FUND SOURCES</b>			
General Fund	11,627,100	25,000,000	10,200,000
<u>Other Appropriated Funds</u>			
Information Technology Fund	9,617,600	11,319,400	11,054,700
SUBTOTAL - Other Appropriated Funds	9,617,600	11,319,400	11,054,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>21,244,700</b>	<b>36,319,400</b>	<b>21,254,700</b>
Federal Funds	24,849,000	25,000,000	25,000,000
<b>TOTAL - ALL SOURCES</b>	<b>46,093,700</b>	<b>61,319,400</b>	<b>46,254,700</b>

**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 2025.
- 2/ Laws 2023, Chapter 209 Section 120 clarifies that monies appropriated to the Arizona State Nonprofit Security Grant Program Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 3/ Laws 2023, Chapter 209 Section 120 clarifies that monies appropriated to the Antihuman Trafficking Grant Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (General Appropriation Act footnote)
- 4/ Of the amount appropriated for statewide cybersecurity grants, the Arizona department of homeland security may spend up to \$500,000 for grant administration. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as a Lump Sum with Special Line Items by Agency.

#### Cybersecurity Programs

The budget includes \$200,000 from the General Fund in FY 2025 for cybersecurity programs. Adjustments are as follows:

#### One-Time Cybersecurity Funding

The budget includes an increase of \$200,000 from the General Fund in FY 2025 for one-time cybersecurity programs funding.

### **Statewide Information Security and Privacy Operations and Controls**

The budget includes \$11,054,700 and 20 FTE Positions from the Information Technology (IT) Fund in FY 2025 for Statewide Information Security and Privacy Operations and Controls. Adjustments are as follows:

#### **Eliminate One-Time Funding**

The budget includes a decrease of \$(225,000) from the IT Fund in FY 2025 to remove additional cyber security resources.

#### **Statewide Adjustments**

The budget includes a decrease of \$(39,700) from the IT Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

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 no funding in FY 2025 for an Antihuman Trafficking Grant Fund Deposit. Adjustments are as follows:

#### **Eliminate One-Time Funding**

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 to remove a one-time deposit into the Antihuman Trafficking Grant Fund.

The FY 2024 Criminal Justice Budget Reconciliation Bill (BRB) established the non-appropriated Antihuman Trafficking Grant Fund in the department.

Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Antihuman Trafficking Grant Fund in FY 2024 are non-lapsing through FY 2025. The monies were previously only available to spend in FY 2024.

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 no funding in FY 2025 for an Arizona State Nonprofit Security Grant Program Fund Deposit. Adjustments are as follows:

#### **Eliminate One-Time Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove a one-time deposit into the Arizona State Nonprofit Security Grant Program Fund.

The FY 2024 Criminal Justice BRB established the non-appropriated 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 FY 2025 Criminal Justice BRB limits grant eligibility to those entities that have not received federal funding for the last 3 cycles and establishes a review panel to ensure eligibility.

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.

### **Statewide Cybersecurity Grants**

The budget includes \$10,000,000 from the General Fund in FY 2025 for statewide cybersecurity grants. This amount is unchanged from FY 2024.

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 \$500,000 of the appropriation to administer the grant program.

### **Other Issues**

### **Statutory Changes**

The Criminal Justice Budget Reconciliation Bill makes the following statutory changes:

- As session law, allow the Anti-Human Trafficking Grant Fund (established by Laws 2023, Chapter 137, Section 5) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.
- As session law, directs any unexpended or unencumbered monies in the Arizona State Nonprofit Security Grant Program Fund to be deposited into the General Fund after the existing lapsing date of September 30, 2028
- As session law, limit eligibility for funding from the Arizona State Nonprofit Security Program to entities that have not received federal funding in the last 3 federal grant cycles. Grant applicants must demonstrate a current risk or threat or one that has occurred in the last 2 years and that they did not receive federal funding in the last 3 grant cycles. Create an informal review panel to ensure that grant applications meet these criteria, and stipulates that members of the panel are not eligible for compensation or reimbursement. Makes these changes retroactive to July 1, 2024.

## Board of Homeopathic and Integrated Medicine Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	22,000	24,900	24,900
Employee Related Expenditures	12,600	19,900	20,300
Other Operating Expenditures	16,300	16,600	16,300
Equipment	400	0	0
<b>AGENCY TOTAL</b>	<b>51,300</b>	<b>61,400</b>	<b>61,500 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board of Homeopathic and Integrated Medicine Examiners' Fund	51,300	61,400	61,500
SUBTOTAL - Other Appropriated Funds	51,300	61,400	61,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>51,300</b>	<b>61,400</b>	<b>61,500</b>
<b>TOTAL - ALL SOURCES</b>	<b>51,300</b>	<b>61,400</b>	<b>61,500</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$61,500 and 1 FTE Position from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$100 from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the

General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## Arizona Department of Housing

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	237,900	309,300	309,300
Employee Related Expenditures	0	61,800	69,100
Other Operating Expenditures	0	0	10,400
<b>OPERATING SUBTOTAL</b>	<b>237,900</b>	<b>371,100</b>	<b>388,800</b>
<b>SPECIAL LINE ITEMS</b>			
Homeless Services Grant Pilot	10,000,000 <sup>1/</sup>	0	0
Homeless Shelter and Services	20,000,000	0	0
Homeless Shelter and Services Fund Deposit	0	40,000,000 <sup>2/</sup>	0
Housing Trust Fund Deposit	60,000,000	150,000,000	15,000,000
Military Transitional Housing Fund Deposit	0	1,900,000	0
Mobile Home Relocation Fund Deposit	0	5,000,000	0
<b>AGENCY TOTAL</b>	<b>90,237,900</b>	<b>197,271,100</b>	<b>15,388,800 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	90,000,000	196,900,000	15,000,000
<u>Other Appropriated Funds</u>			
Housing Trust Fund	237,900	371,100	388,800
SUBTOTAL - Other Appropriated Funds	237,900	371,100	388,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>90,237,900</b>	<b>197,271,100</b>	<b>15,388,800</b>
Other Non-Appropriated Funds	15,020,400	16,722,300	16,722,300
Federal Funds	251,707,600	177,767,500	177,767,500
<b>TOTAL - ALL SOURCES</b>	<b>356,965,900</b>	<b>391,760,900</b>	<b>209,878,600</b>

**AGENCY DESCRIPTION** — The department annually administers approximately \$190 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

- <sup>1/</sup> The amount appropriated for the homeless services grant pilot line item in fiscal year 2022-2023 pursuant to Laws 2022, chapter 313, section 49 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- <sup>2/</sup> Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Homeless Shelter and Services Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (General Appropriation Act footnote)
- <sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$388,800 and 3 FTE Positions from the Housing Trust Fund in FY 2025 for the operating budget. Adjustments are as follows:

### Statewide Adjustments

The budget includes an increase of \$17,700 from the Housing Trust Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

### ***Homeless Shelter and Services Fund Deposit***

The budget includes no funding in FY 2025 for a Homeless Shelter and Services Fund deposit. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(40,000,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Homeless Shelter and Services Fund.

*Background* - The FY 2024 Human Services Budget Reconciliation Bill (BRB) established 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.

The FY 2024 General Appropriations Act included an FY 2023 supplemental appropriation of \$20,000,000 for Homeless Shelter and Services. That amount was not deposited in the Homeless Shelter and Services Fund, as it did not yet exist.

Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Homeless Shelter and Services Fund in FY 2024 are non-lapsing through FY 2025. The monies were previously available to spend through FY 2027.

### ***Housing Trust Fund Deposit***

The budget includes \$15,000,000 from the General Fund in FY 2025 for a Housing Trust Fund deposit. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(150,000,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Housing Trust Fund.

A FY 2024 General Appropriation Act footnote allowed 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.

#### **New One-Time Funding**

The budget includes an increase of \$15,000,000 from the General Fund in FY 2025 for a one-time deposit into the Housing Trust Fund.

*Background* - 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 no funding in FY 2025 for a Military Transitional Housing Fund deposit. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(1,900,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Military Transitional Housing Fund.

*Background* - The Military Transitional Housing Fund provides transitional housing opportunities for military members separating from the military in newly constructed houses.

### ***Mobile Home Relocation Fund Deposit***

The budget includes no funding in FY 2025 for a Mobile Home Relocation Fund deposit. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 for the elimination of a one-time deposit into the Mobile Home Relocation Fund.

*Background* - 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***

### ***Statutory Changes***

The Human Services BRB makes the following changes:

- As session law, directs unexpended or unencumbered monies in the Homeless Shelter and Services Fund (established by Laws 2023, Chapter 141, Section 3) after the repeal date to be deposited into the General Fund.-Changes the repeal date to June 30, 2025. In the FY 2024 budget, this fund was established in a session law that was effective through the end of FY 2027.

## Independent Redistricting Commission

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	6.0	0.0	0.0
Personal Services	295,200	0	0
Employee Related Expenditures	95,300	0	0
Professional and Outside Services	763,400	0	0
Travel - In State	1,000	0	0
Other Operating Expenditures	93,400	0	0
<b>AGENCY TOTAL</b>	<b>1,248,300 <sup>1/2/</sup></b>	<b>0</b>	<b>0</b>
<b>FUND SOURCES</b>			
General Fund	1,248,300	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,248,300</b>	<b>0</b>	<b>0</b>
<b>TOTAL - ALL SOURCES</b>	<b>1,248,300</b>	<b>0</b>	<b>0</b>

**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

- <sup>1/</sup> 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)
- <sup>2/</sup> All monies remaining unexpended and unencumbered on June 30, 2024 from the appropriation made by Laws 2021, chapter 408, section 48 revert to the state general fund. (General Appropriation Act footnote)

### Operating Budget

The budget includes no funding in FY 2025 for the operating budget. This amount is unchanged from FY 2024.

The budget includes no new funding for the Independent Redistricting Commission (IRC) in FY 2025 and subsequent years given that the Commission has completed its constitutional duties for the 10-year redistricting cycle that began in CY 2020 and has no outstanding litigation. The Commission approved the current redistricting maps in December 2021.

For the CY 2020 redistricting cycle, the IRC received a total of \$8,400,000 in appropriations from the General Fund as shown in *Table 1*. (See the *FY 2023 Appropriations Report* for background on the CY 2010 redistricting cycle funding.)

These monies pay for the operational costs of the IRC as well as funding the staff, legal counsel, and vendors that

**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>
<b>Subtotal</b>	<b>\$8,400,000</b>

provide technical and administrative support for the Commission's redistricting duties. The agency does not maintain a permanent staff. New commissioners will begin the next redistricting process in CY 2030.

A FY 2025 General Appropriation Act footnote requires monies remaining in the appropriation made in Laws 2021, Chapter 408 as of June 30, 2024 revert to the General Fund. Through June 2024, the Commission has expended \$8,070,100 of the \$8,500,000 in funding for the CY 2020 redistricting cycle. The amount projected to be reverted is \$429,900.

## Industrial Commission of Arizona

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	236.6	236.6	236.6 <sup>1/</sup>
Personal Services	10,341,400	10,703,900	10,703,900
Employee Related Expenditures	4,018,300	4,024,300	4,367,800
Professional and Outside Services	1,688,100	1,635,000	1,635,000
Travel - In State	152,300	171,500	171,500
Travel - Out of State	36,000	40,600	40,600
Other Operating Expenditures	4,740,000	5,196,600	5,005,600
Equipment	336,800	213,600	213,600
<b>OPERATING SUBTOTAL</b>	<b>21,312,900</b>	<b>21,985,500</b>	<b>22,138,000</b>
<b>SPECIAL LINE ITEMS</b>			
Municipal Firefighter Reimbursement Administration	84,600	84,700	84,700 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>21,397,500</b>	<b>22,070,200</b>	<b>22,222,700 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	84,600	84,700	84,700
<u>Other Appropriated Funds</u>			
Administrative Fund	21,312,900	21,985,500	22,138,000
SUBTOTAL - Other Appropriated Funds	21,312,900	21,985,500	22,138,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>21,397,500</b>	<b>22,070,200</b>	<b>22,222,700</b>
Other Non-Appropriated Funds	17,588,200	19,112,500	19,112,500
Federal Funds	3,622,900	23,532,500	23,532,500
<b>TOTAL - ALL SOURCES</b>	<b>42,608,600</b>	<b>64,715,200</b>	<b>64,867,700</b>

**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

- <sup>1/</sup> Includes 1 GF FTE Position funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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)
- <sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$22,138,000 and 235.6 FTE Positions from the Administrative Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$152,500 from the Administrative Fund in FY 2025 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 2025 for the Municipal Firefighter Reimbursement Administration line item. These amounts are unchanged from FY 2024.

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*

---

---

***Fund Transfers***

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Administrative Fund	\$2,400,000
Special Fund	\$900,000

## Department of Insurance and Financial Institutions

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	152.4	155.4	156.4 <sup>1/</sup>
Personal Services	6,774,600	7,448,700	7,904,700
Employee Related Expenditures	2,671,600	2,861,900	3,049,900
Professional and Outside Services	415,700	230,200	230,200
Travel - In State	11,300	76,000	76,000
Travel - Out of State	40,000	116,300	116,300
Other Operating Expenditures	1,151,700	1,328,600	1,187,000
Equipment	124,000	126,900	126,900
<b>OPERATING SUBTOTAL</b>	<b>11,188,900</b>	<b>12,188,600 <sup>2/</sup></b>	<b>12,691,000 <sup>3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(222,500)
Insurance Fraud Unit	1,839,500	1,849,800	1,878,100
Reimbursable Programs	0	50,000	50,000 <sup>4/</sup>
Local Grants	940,300	1,388,900	1,388,900 <sup>5/</sup>
Arizona Vehicle Theft Task Force	4,452,600	4,521,200	4,452,600 <sup>6/</sup>
ATA Operating Budget	617,700	698,700	709,100
<b>AGENCY TOTAL</b>	<b>19,039,000</b>	<b>20,697,200</b>	<b>20,947,200 <sup>7/8/</sup></b>
<b>FUND SOURCES</b>			
General Fund	7,751,700	8,298,500	8,090,100
<u>Other Appropriated Funds</u>			
Automobile Theft Authority Fund	6,110,700	6,809,500	6,749,300
Financial Services Fund	5,126,300	5,538,900	6,057,500
Revolving Fund	50,300	50,300	50,300
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>11,287,300</b>	<b>12,398,700</b>	<b>12,857,100</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>19,039,000</b>	<b>20,697,200</b>	<b>20,947,200</b>
Other Non-Appropriated Funds	19,462,000	18,916,100	18,916,100
Federal Funds	123,700	28,700	28,700
<b>TOTAL - ALL SOURCES</b>	<b>38,624,700</b>	<b>39,642,000</b>	<b>39,892,000</b>

**AGENCY DESCRIPTION** — The Department of Insurance and Financial Institutions (DIFI) 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

- <sup>1/</sup> Includes 9 GF and 6 OF FTE Positions from Special Line Items in FY 2025.
- <sup>2/</sup> 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.
- <sup>3/</sup> 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 fifty sixth legislature, second regular session. These monies revert to the state general fund if a bill addressing provider claims against insurers does not become law in the fifty-sixth legislature, second regular session. (General Appropriation Act footnote) The bill did not become law during the second regular session of the 56th Legislature. As a result, we have removed \$250,000 and 3 FTE positions from the department's FY 2025 appropriation.

- 4/ 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)
- 5/ 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)
- 6/ 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)
- 7/ 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)
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### **Operating Budget**

The budget includes \$12,691,000 and 141.4 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$6,434,500
Financial Services Fund	6,057,500
Automobile Theft Authority (ATA) Fund	148,700
Department Revolving Fund	50,300

Adjustments are as follows:

#### **Bank Examiner Positions**

The budget includes an increase of \$340,000 and 1 FTE position from the Financial Services Fund in FY 2025 to create 1 additional Bank Examiner position and cover the cost of three existing Bank Examiner positions.

#### **Regulatory Compliance Officer**

The budget includes an increase of \$116,000 from the Financial Services Fund in FY 2025 to backfill the cost of one Regulatory Compliance Officer that was previously funded with federal grant dollars.

#### **Statewide Adjustments**

The budget includes an increase of \$46,400 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$(14,200)
Financial Services Fund	62,600
ATA Fund	(2,000)

*(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(222,500) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the

FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **Insurance Fraud Unit**

The budget includes \$1,878,100 and 9 FTE Positions from the General Fund in FY 2025 for the Insurance Fraud Unit. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$28,300 from the General Fund in FY 2025 for statewide adjustments.

The department levies a \$1,050 assessment on all licensed insurers to prosecute insurance fraud in the state. A.R.S. § 20-466(J) requires that this assessment be deposited into the General Fund to be appropriated exclusively for the DIFI Fraud Unit in a separate line item. Beginning in FY 2026, A.R.S. § 20-466(J) is amended to require that this assessment be deposited into the newly established Fraud Unit Assessment Fund. *(Please see the Other Issues section for more information.)*

All monies appropriated to the fraud unit shall be used exclusively for insurance fraud prevention.

### **Reimbursable Programs**

The budget includes \$50,000 from the ATA Fund in FY 2025 for Reimbursable Programs. This amount is unchanged from FY 2024.

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 2025 for Local Grants. This amount is unchanged from FY 2024.

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 \$4,452,600 from the ATA Fund in FY 2025 for the Arizona Vehicle Theft Task Force. Adjustments are as follows:

**Remove One-Time Increased Fuel Costs**

The budget includes a decrease of \$(68,600) from the ATA Fund in FY 2025 to remove one-time funding for increased fuel costs.

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 \$709,100 and 6 FTE Positions from the ATA Fund in FY 2025 for the Automobile Theft Authority Operating Budget. Adjustments are as follows:

**Statewide Adjustments**

The budget includes an increase of \$10,400 from the ATA Fund in FY 2025 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.

**Other Issues**

**Statutory Changes**

The Commerce Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, establish the Fraud Unit Assessment Fund and deposit fees collected for the administration and operation of the fraud unit into the fund instead of the General Fund. Make these changes effective beginning in FY 2026.
- As permanent law, amend A.R.S. § 6-135B to increase the amount of unencumbered monies retained in the Department Revolving Fund before transfer to the Receivership Revolving Fund from \$200,000 to \$700,000.

**Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Financial Services Fund	\$19,600,000
ATA Fund	8,800,000
Department Receivership Revolving Fund	800,000

## Judiciary - Supreme Court

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	202.0	203.0	205.0 <sup>1/</sup>
Personal Services	7,354,500	8,796,600	8,834,500
Employee Related Expenditures	3,196,500	3,810,100	4,138,800
Professional and Outside Services	277,500	952,400	952,400
Travel - In State	197,200	213,100	213,100
Travel - Out of State	42,300	39,600	39,600
Other Operating Expenditures	6,021,700	4,355,400	4,351,800
<b>OPERATING SUBTOTAL</b>	<b>17,089,700</b>	<b>18,167,200</b>	<b>18,530,200 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(386,300)
State Aid	3,275,900	5,931,900	5,955,500
County Reimbursements	187,400	187,900	187,900 <sup>3/</sup>
Automation	15,395,400	23,760,000	24,927,800 <sup>4/5/</sup>
Arizona Trial and Digital Evidence Fund Deposit	1,620,000	1,620,000	1,620,000
Digital Evidence Software	0	280,000	280,000
State Foster Care Review Board	3,523,100	3,504,900	3,570,200
Court Appointed Special Advocate and Vulnerable Persons	4,979,900	5,046,700	6,594,400
Model Court	659,700	658,800	660,800
Domestic Relations	692,400	685,900	701,000
Judicial Nominations and Performance Review	605,800	608,500	620,600
Commission on Judicial Conduct	608,800	603,700	620,800
Juvenile Monetary Sanctions Funding Backfill	0	250,000	250,000
Courthouse Security	749,800	750,000	751,700
<b>AGENCY TOTAL</b>	<b>49,387,900</b>	<b>62,055,500</b>	<b>64,884,600 <sup>6/</sup></b>
<b>FUND SOURCES</b>			
General Fund	28,789,000	28,930,400	29,864,200
<u>Other Appropriated Funds</u>			
Confidential Intermediary and Fiduciary Fund	515,200	682,800	690,600
Court Appointed Special Advocate and Vulnerable Persons Fund	5,245,200	5,226,000	6,793,700
Criminal Justice Enhancement Fund	2,063,400	4,691,900	4,765,200
Defensive Driving School Fund	2,605,500	4,464,000	4,521,000
Judicial Collection Enhancement Fund	8,427,000	15,114,200	15,303,000
State Aid to the Courts Fund	1,742,600	2,946,200	2,946,900
SUBTOTAL - Other Appropriated Funds	20,598,900	33,125,100	35,020,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>49,387,900</b>	<b>62,055,500</b>	<b>64,884,600</b>
Other Non-Appropriated Funds	25,660,200	31,468,700	31,468,700
<b>TOTAL - ALL SOURCES</b>	<b>75,048,100</b>	<b>93,524,200</b>	<b>96,353,300</b>

**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

<sup>1/</sup> Includes 56.5 GF and 38.8 OF FTE Positions funded from Special Line Items in FY 2025.

- 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, 2024, 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/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### **Operating Budget**

The budget includes \$18,530,200 and 109.7 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$14,239,800
Confidential Intermediary and Fiduciary Fund	690,600
Criminal Justice Enhancement Fund (CJEF)	7,300
Defensive Driving School Fund	909,800
Judicial Collection Enhancement Fund (JCEF)	2,682,700

Adjustments are as follows:

#### **Judicial Salary Increase**

The budget includes an increase of \$63,100 from the General Fund in FY 2025 for the first year of a 2-year phase-in of a pay increase for Supreme Court justices. The FY 2025 General Appropriation Act increases the Supreme Court Chief Justice salary from \$212,000 to \$222,000 on January 1, 2025 and to \$232,000 on January 1, 2026. Additionally, the FY 2025 General Appropriation Act increases the Supreme Court Associate Justice salary from \$205,000 to \$215,000 on January 1, 2025 and to \$225,000 on January 1, 2026.

The 3-year spending plan increases this appropriation to \$189,200 in FY 2026 and \$252,200 in FY 2027 for full implementation.

#### **Statewide Adjustments**

The budget includes an increase of 299,900 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	275,300
Confidential Intermediary and Fiduciary Fund	7,800

CJEF	(400)
Defensive Driving School Fund	18,100
JCEF	(900)

*(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(386,300) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **State Aid**

The budget includes \$5,955,500 and 3.3 FTE Positions in FY 2025 for State Aid. These amounts consist of:

CJEF	3,008,600
State Aid to the Courts Fund	2,946,900

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$23,600 in FY 2024 for statewide adjustments. This amount consists of:

CJEF	22,900
State Aid to the Courts Fund	700

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 2025 for County Reimbursements. This amount is unchanged from FY 2024.

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 \$24,927,800 and 15 FTE Positions in FY 2025 for Automation. These amounts consist of:

General Fund	7,499,400
Court Appointed Special Advocate and Vulnerable Persons Fund (CASA VP)	199,300
CJEF	1,749,300
Defensive Driving School Fund	3,611,200
JCEF	11,868,600

Adjustments are as follows:

#### **Probation Case Management System**

The budget includes an increase of \$2,071,000 from the General Fund in FY 2025 for ongoing maintenance of the probation case management system.

#### **Remove One-Time Funding**

The budget includes a decrease of \$(1,298,000) from the General Fund in FY 2025 for the elimination of one-time funding to address a shortfall in revenues that support the Automation line.

#### **Statewide Adjustments**

The budget includes an increase of \$394,800 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	117,100
CJEF	50,800

Defensive Driving School Fund	38,900
JCEF	188,000

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 2025 for the Arizona Trial and Digital Evidence Fund Deposit line item. This amount is unchanged from FY 2024.

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 2025 for the Digital Evidence Software line item. Adjustments are as follow:

#### **Digital Evidence Software Funding**

The budget continues a one-time increase of \$280,000 from the General Fund in FY 2025 for digital evidence software. The FY 2024 3-year spending plan originally included one-time funding for this project in FY 2024 and 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 \$3,570,200 and 40 FTE Positions from the General Fund in FY 2025 for the State Foster Care Review Board. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$65,300 from the General Fund in FY 2025 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 and Vulnerable Persons***

The budget includes \$6,594,400 and 22.5 FTE Positions from the CASAVP Fund in FY 2025 for Court Appointed Special Advocate (CASA) and Vulnerable Persons. Adjustments are as follows:

#### **CASA Funding Increase**

The budget includes an increase of \$830,000 from the CASAVP Fund in FY 2025 for advertising efforts to recruit CASA volunteers and to hire more staff to train volunteers.

#### **Vulnerable Persons Program**

The budget includes an increase of \$720,000 and 2 FTE Positions from the CASAVP Fund in FY 2025 for court functions benefitting vulnerable persons. Of this amount, \$171,100 is for one-time costs.

#### **Remove One-Time Funding**

The budget includes a decrease of \$(20,000) from the General Fund in FY 2025 to eliminate one-time funding to support the CASA program.

#### **Statewide Adjustments**

The budget includes an increase of \$17,700 from the CASAVP Fund in FY 2025 for statewide adjustments.

The FY 2025 General Appropriation Act changes the line item name to Court Appointed Special Advocate and Vulnerable Persons to reflect the expanded purpose of the appropriation.

This line item administers and monitors a community-based volunteer advocacy program for abused and neglected children in the Juvenile Court System and to review conservatorship filings for vulnerable persons.

### ***Model Court***

The budget includes \$660,800 and 1 FTE Position from the General Fund in FY 2025 for Model Court. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$2,000 from the General Fund in FY 2025 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 \$701,000 and 4.9 FTE Positions from the General Fund in FY 2025 for Domestic Relations. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$15,100 from the General Fund in FY 2025 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 \$620,600 and 4.6 FTE Positions from the General Fund in FY 2025 for Judicial Nominations and Performance Review. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$12,100 from the General Fund in FY 2025 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 \$620,800 and 4 FTE Positions from the General Fund in FY 2025 for the Commission on Judicial Conduct. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$17,100 from the General Fund in FY 2025 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 2025 for the Juvenile Monetary Sanctions Funding Backfill line item. Adjustments are as follows:



### **Continued Backfill Funding**

The budget continues a one-time increase of \$250,000 from the General Fund in FY 2025 for juvenile monetary sanctions backfill funding. The FY 2024 3-year spending plan originally included one-time funding for this project in FY 2024 and 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 eliminating certain court fees for juvenile 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 \$751,700 from JCEF in FY 2025 for Courthouse Security. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$1,700 from JCEF in FY 2025 for statewide adjustments.

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**

### **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 (JECF) to support county probation departments.

### **Statutory Changes**

The Budget Procedures Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, change the name of the Court Appointed Special Advocate Fund to the "Court Appointed Special Advocate and Vulnerable Persons Fund." Allow the fund to be used for court functions benefitting vulnerable persons.

## Judiciary - Court of Appeals

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>PROGRAM BUDGET</b>			
Division I	14,691,300	16,212,600	16,351,700
Division II	7,155,500	8,498,200	8,563,900
Operating Budget Lump Sum Reduction	0	0	(508,200)
<b>AGENCY TOTAL</b>	<b>21,846,800</b>	<b>24,710,800</b>	<b>24,407,400</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	162.8	162.8	162.8 <sup>1/</sup>
Personal Services	12,305,200	14,800,000	14,951,300
Employee Related Expenditures	5,847,900	6,320,400	6,374,000
Professional and Outside Services	163,400	355,500	355,500
Travel - In State	192,300	171,200	171,200
Travel - Out of State	5,300	6,700	6,700
Other Operating Expenditures	2,593,100	2,536,500	2,536,400
Equipment	739,600	520,500	520,500
<b>OPERATING SUBTOTAL</b>	<b>21,846,800</b>	<b>24,710,800</b>	<b>24,915,600</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(508,200)
<b>AGENCY TOTAL</b>	<b>21,846,800</b>	<b>24,710,800</b>	<b>24,407,400 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	21,846,800	24,710,800	24,407,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>21,846,800</b>	<b>24,710,800</b>	<b>24,407,400</b>
<b>TOTAL - ALL SOURCES</b>	<b>21,846,800</b>	<b>24,710,800</b>	<b>24,407,400</b>

**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

- <sup>1/</sup> Of the 162.8 FTE positions for fiscal year 2024-2025, 111.3 FTE positions are for division one and 51.5 FTE positions are for division two. (General Appropriation Act footnote)
- <sup>2/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum by Subprogram.

### Operating Budget

The budget includes \$24,915,600 and 162.8 FTE Positions from the General Fund in FY 2025 for the operating budget. These amounts include \$16,351,700 and 111.3 FTE Positions for Division I and \$8,563,900 and 51.5 FTE Positions for Division II. Adjustments are as follows:

#### Judicial Salary Increase

The budget includes an increase of \$252,200 from the General Fund in FY 2025 for the first year of a 2-year

phase-in of a pay increase for Court of Appeals judges. The FY 2025 General Appropriation Act increases the Superior Court judge's salary from \$190,000 to \$200,000 on January 1, 2025 and to \$210,000 on January 1, 2026.

The 3-year spending plan increases this appropriation to \$756,500 in FY 2026 and \$1,008,700 in FY 2027 for full implementation.

### **Statewide Adjustments**

The budget includes a decrease of \$(47,400) from the General Fund in FY 2025 for statewide adjustments.  
*(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(508,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

## Judiciary - Superior Court

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	240.5	240.5	240.5 <sup>1/2/</sup>
Personal Services	2,692,700	2,762,300	2,762,300
Employee Related Expenditures	902,700	968,500	914,200
Professional and Outside Services	23,900	61,000	61,000
Travel - In State	54,600	18,200	18,200
Travel - Out of State	23,300	16,600	16,600
Other Operating Expenditures	1,308,000	1,783,000	1,783,000
<b>OPERATING SUBTOTAL</b>	<b>5,005,200</b>	<b>5,609,600</b>	<b>5,555,300 <sup>3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(180,100)
<b>Judges Compensation</b>			
Judges Compensation	25,641,800	29,591,600	30,399,800 <sup>4/</sup>
<b>Administrative Costs</b>			
Centralized Service Payments	4,130,800	4,696,900	4,667,000 <sup>5/</sup>
<b>Probation Programs</b>			
Adult Standard Probation	22,117,700	22,297,500	22,297,500 <sup>6/</sup>
Adult Intensive Probation	12,764,700	13,150,200	13,150,200 <sup>6/</sup>
Community Punishment	1,111,900	2,310,300	2,310,300 <sup>6/</sup>
Interstate Compact	466,800	513,700	513,700 <sup>6/</sup>
Drug Court	1,096,400	1,096,400	1,096,400
Juvenile Standard Probation	3,631,800	3,781,800	3,781,800 <sup>6/</sup>
Juvenile Intensive Probation	6,087,200	6,087,200	6,087,200 <sup>6/</sup>
Juvenile Treatment Services	20,803,000	20,803,000	20,803,000 <sup>6/2/</sup>
Juvenile Family Counseling	500,000	500,000	500,000
Juvenile Diversion Consequences	8,569,800	9,088,500	9,088,500 <sup>6/2/</sup>
Juvenile Crime Reduction	2,345,700	3,313,700	3,313,700 <sup>6/</sup>
Probation Incentive Payments	1,000,000	1,000,000	1,000,000 <sup>6/</sup>
Probation Salary Increase Backfill	0	6,749,200	0
<b>Other Programs</b>			
Special Water Master	505,200	511,100	511,100
General Adjudication Personnel and Support Fund Deposit	1,875,300	2,000,000	2,000,000
Court-Ordered Removals	315,000	315,000	315,000
<b>AGENCY TOTAL</b>	<b>117,968,300</b>	<b>133,415,700</b>	<b>127,210,400 <sup>8/-11/</sup></b>
<b>FUND SOURCES</b>			
General Fund	109,609,900	120,586,300	115,194,800
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	3,017,900	6,309,800	5,496,000
Drug Treatment and Education Fund	500,200	504,200	504,200
Judicial Collection Enhancement Fund	4,840,300	6,015,400	6,015,400
SUBTOTAL - Other Appropriated Funds	8,358,400	12,829,400	12,015,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>117,968,300</b>	<b>133,415,700</b>	<b>127,210,400</b>
Other Non-Appropriated Funds	5,533,100	4,755,000	4,755,000
Federal Funds	11,348,200	2,777,400	2,777,400
<b>TOTAL - ALL SOURCES</b>	<b>134,849,600</b>	<b>140,948,100</b>	<b>134,742,800</b>

---

**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 2025.
- 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/ 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)
- 9/ On or before November 1, 2024, 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 2023-2024 actual, fiscal year 2024-2025 estimated and fiscal year 2025-2026 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)
- 10/ On or before November 1, 2024, 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, 2023. 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)
- 11/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$5,555,300 and 55.5 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$5,165,700
Criminal Justice Enhancement Fund (CJEF)	372,200
Drug Treatment and Education Fund	4,000
Judicial Collection Enhancement Fund (JCEF)	13,400

Adjustments are as follows:

#### Statewide Adjustments

The budget includes a decrease of \$(54,300) in FY 2025 for statewide adjustments. This amount consists of:

General Fund	(54,200)
CJEF	(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.

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(180,100) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### Judges Compensation

#### Judges Compensation

The budget includes \$30,399,800 and 182 FTE Positions from the General Fund in FY 2025 for Judges Compensation. Adjustments are as follows:

#### FY 2023 Judicial Salary Increase

The budget includes an increase of \$1,136,000 from the General Fund in FY 2025 for full implementation of the pay increase for Superior Court judges included in the FY 2023 budget's 3-year spending plan. The FY 2023 General

Appropriation Act increased the Superior Court judge salary from \$149,400 to \$164,700 on January 1, 2023 and to \$180,000 on January 1, 2024.

#### FY 2025 Judicial Salary Increase

The budget includes an increase of \$819,600 from the General Fund in FY 2025 for the first year of a 2-year phase-in of a pay increase for Superior Court judges. The FY 2025 General Appropriation Act increases the Superior Court judge salary from \$180,000 to \$190,000 on January 1, 2025 and to \$200,000 on January 1, 2026.

The 3-year spending plan increases this appropriation to \$2,458,800 in FY 2026 and \$3,278,400 in FY 2027 for full implementation.

#### Remove FY 2024 Supplemental

The budget includes a decrease of \$(813,700) from CJEF in FY 2025 for the elimination of one-time supplemental funding to address a shortfall in the state's share of Superior Court judges' salaries.

#### Statewide Adjustments

The budget includes a decrease of \$(333,700) from the General Fund in FY 2025 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 \$4,667,000 in FY 2025 for Centralized Service Payments. This amount consists of:

General Fund	4,217,100
JCEF	449,900

Adjustments are as follows:

### Statewide Adjustments

The budget includes a decrease of \$(29,900) from the General Fund in FY 2025 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 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 2025 for Adult Standard Probation. This amount consists of:

General Fund	18,523,400
JCEF	3,774,100

These amounts are unchanged from FY 2024.

*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 2025 for Adult Intensive Probation. This amount consists of:

General Fund	11,615,000
JCEF	1,535,200

These amounts are unchanged from FY 2024.

*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 2025 for Community Punishment. This amount consists of:

CJEF	1,810,100
Drug Treatment and Education Fund	500,200

These amounts are unchanged from FY 2024.

*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 2025 for Interstate Compact. This amount consists of:

General Fund	420,900
JCEF	92,800

These amounts are unchanged from FY 2024.

*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 October 2023, AOC reported 185 active probationers under supervision under the Interstate Compact line item.

### **Drug Court**

The budget includes \$1,096,400 from the General Fund in FY 2025 for Drug Court programs. This amount is unchanged from FY 2024.

*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 2025 for Juvenile Standard Probation. This amount consists of:

General Fund	3,631,800
JCEF	150,000

These amounts are unchanged from FY 2024.

*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 2025 for Juvenile Intensive Probation. This amount is unchanged from FY 2024.

*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 2025 for Juvenile Treatment Services. This amount is unchanged from FY 2024.

*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 2025 for Juvenile Family Counseling. This amount is unchanged from FY 2024.

*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 2025 for Juvenile Diversion Consequences. This amount is unchanged from FY 2024.

*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 2025 for Juvenile Crime Reduction. This amount is unchanged from FY 2024.

*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 2025 for probation incentive payments. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for the Probation Salary Increase Backfill line item. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(6,749,200) from the General Fund in FY 2025 to remove one-time 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 2025 for the Special Water Master line item. This amount is unchanged from FY 2024.

**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 2023, 1,888 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**

	<b>FY 2023 Actual</b>	<b>FY 2024 Estimated<sup>1/</sup></b>	<b>FY 2025 Estimated<sup>1/</sup></b>
<b>Gila River</b>			
Beginning Balance	\$206,200	\$236,200	\$238,500
Revenues <sup>2/</sup>	343,200	346,800	346,800
Expenditures	<u>313,200</u>	<u>344,500</u>	<u>344,500</u>
Ending Balance	<b>\$236,200</b>	<b>\$238,500</b>	<b>\$240,800</b>
<b>Little Colorado River</b>			
Beginning Balance	\$183,000	\$191,200	\$182,400
Revenues <sup>2/</sup>	200,200	202,400	202,400
Expenditures	<u>192,000</u>	<u>211,200</u>	<u>211,200</u>
Ending Balance	<b>\$191,200</b>	<b>\$182,400</b>	<b>\$173,600</b>

<sup>1/</sup> As reported by the Administrative Office of the Courts and adjusted by the JLBC.

<sup>2/</sup> 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 2025 for a General Adjudication Personnel and Support Fund Deposit. This amount is unchanged from FY 2024.

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 2025 for Court-Ordered Removals. This amount is unchanged from FY 2024.

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***

---

---

***FY 2024 Supplemental***

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$813,700 from CJEF to address a shortfall in the state's share of Superior Court judges' salaries. (Please see *Judges Compensation* line item 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 0.28% from June 2022 to June 2023. The JLBC Staff estimates total FY 2024 and 2025 caseloads of 18,808 and 18,803 from all categories, respectively. This would represent a decrease of (0.3)% in FY 2024 and effectively flat caseload growth in FY 2025 (Please see Table 2).

**Table 2**

**End of Year Non-Maricopa Probation Caseloads <sup>1/</sup>**

	<u>FY 2021</u> <u>Actual</u>	<u>FY 2022</u> <u>Actual</u>	<u>FY 2023</u> <u>Actual</u>	<u>FY 2024</u> <u>Estimate</u>	<u>FY 2025</u> <u>Estimate</u>
<b><u>Probation Category</u></b>					
Adult Standard <sup>2/</sup>	15,860	16,607	16,474	16,536	16,616
Adult Intensive	1,275	1,181	1,260	1,222	1,212
Juvenile Standard	1,020	821	945	900	850
Juvenile Intensive	264	186	169	150	125
<b>Total Caseload</b>	<b>18,419</b>	<b>18,795</b>	<b>18,848</b>	<b>18,808</b>	<b>18,803</b>

<sup>1/</sup> Numbers represent June probation caseloads. FY 2024 and FY 2025 represent JLBC Staff estimates.

<sup>2/</sup> Does not include Interstate Compact participants.

## Department of Juvenile Corrections

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	738.5	738.5	738.5
Personal Services	25,241,300	27,688,300	27,688,300
Employee Related Expenditures	16,116,500	9,648,500	10,356,800
Professional and Outside Services	872,900	1,211,100	1,211,100
Travel - In State	397,800	644,200	644,200
Travel - Out of State	60,300	14,800	14,800
Other Operating Expenditures	8,142,600	5,272,400	4,738,100
Equipment	738,700	21,400	21,400
<b>OPERATING SUBTOTAL</b>	<b>51,570,100</b>	<b>44,500,700</b>	<b>44,674,700 <sup>1/2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(1,098,100)
<b>AGENCY TOTAL</b>	<b>51,570,100</b>	<b>44,500,700</b>	<b>43,576,600</b>

### FUND SOURCES

General Fund	37,954,000	31,824,800	29,978,900
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	538,400	429,000	528,900
Department of Juvenile Corrections Local Cost Sharing Fund	8,450,900	6,724,000	6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	3,682,200	4,075,100	4,881,100
State Education Fund for Committed Youth	944,600	1,447,800	1,463,700
SUBTOTAL - Other Appropriated Funds	13,616,100	12,675,900	13,597,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>51,570,100</b>	<b>44,500,700</b>	<b>43,576,600</b>
Other Non-Appropriated Funds	199,200	198,900	198,900
Federal Funds	1,483,200	758,800	758,800
<b>TOTAL - ALL SOURCES</b>	<b>53,252,500</b>	<b>45,458,400</b>	<b>44,534,300</b>

**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 \$44,674,700 and 738.5 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

General Fund **FY 2025**  
\$29,978,900

Criminal Justice Enhancement Fund (CJEF) 528,900  
Department of Juvenile Corrections Local Cost Sharing Fund 6,724,000  
State Charitable, Penal and Reformatory Institutions Land Fund 4,881,100  
State Education Fund for Committed Youth 1,463,700

Adjustments are as follows:

### Operating Budget Fund Shift

The budget includes a decrease of (\$900,000) from the General Fund in FY 2025 and a corresponding increase of \$800,000 from the Land Trust Fund and \$100,000 from the Criminal Justice Enhancement Fund for a fund shift. The budget includes this shift in FY 2025 and FY 2026. The FY 2027 Baseline will restore the General Fund appropriation.

### Remove One-Time Funding

The budget includes a decrease of \$(4,000) from the General Fund in FY 2025 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants section in ADOA Other Issues.)*

### Statewide Adjustments

The budget includes an increase of \$178,000 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	156,200
Criminal Justice Enhancement Fund	(100)
State Charitable, Penal and Reformatory Institutions Land Fund	6,000
State Education Fund for Committed Youth	15,900

*(Please see the Agency Detail and Allocations section.)*

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(1,098,100) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### Other Issues

This section includes information on the following topics:

- FY 2024 Supplemental
- Local Cost Sharing
- Population Counts
- Fund Transfers

### FY 2024 Supplemental

The budget includes an FY 2024 supplemental appropriation of \$4,000 from the General Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

### 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 repealed 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 2023, the housed population decreased from 223 to 141, or (36.8)% while the parole population has decreased from 116 to 102, or (12.1)%.

The parole population has decreased from an average of 114 in FY 2023 to 102 in FY 2024, a decrease of (10.5)%.

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Criminal Justice Enhancement Fund	\$900,000
Indirect Cost Recovery Fund	206,600

Table 1

	DJC Census				
	FY 2020 Average <u>Population</u>	FY 2021 Average <u>Population</u>	FY 2022 Average <u>Population</u>	FY 2023 Average <u>Population</u>	FY 2024 Average <u>Population</u>
<b>Housed Population</b>					
Adobe Mountain	223	182	144	133	141
<b>Parole Population</b>					
Parole	41	62	45	31	25
Interstate Compact (Inside Arizona) <sup>1/</sup>	<u>75</u>	<u>68</u>	<u>70</u>	<u>84</u>	<u>76</u>
Total Parole Population	<u>116</u>	<u>130</u>	<u>115</u>	<u>114</u>	<u>102</u>
<b>Total DJC Population</b>	<b>339</b>	<b>312</b>	<b>259</b>	<b>247</b>	<b>243</b>

<sup>1/</sup> 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 2023 or FY 2024.

## State Land Department

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	131.7	131.7	136.7
Personal Services	7,223,000	7,480,000	7,836,300
Employee Related Expenditures	2,913,400	3,005,000	3,378,600
Professional and Outside Services	3,691,300	4,127,800	4,127,800
Travel - In State	190,200	15,000	15,000
Travel - Out of State	10,500	8,800	8,800
Other Operating Expenditures	2,258,400	2,650,400	2,517,500
Equipment	251,900	0	0
<b>OPERATING SUBTOTAL</b>	<b>16,538,700</b>	<b>17,287,000</b>	<b>17,884,000</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(148,000)
CAP User Fees	1,700,000	1,493,300	1,521,500 <sup>1/</sup>
Due Diligence Fund Deposit	816,400	0	0
Due Diligence Program	0	5,000,000	5,000,000
Natural Resource Conservation Districts	569,400	650,000	650,000 <sup>2/</sup>
Streambed Navigability Litigation	0	220,000	0
<b>AGENCY TOTAL</b>	<b>19,624,500</b>	<b>24,650,300</b>	<b>24,907,500 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	13,728,900	12,773,400	12,411,300
<u>Other Appropriated Funds</u>			
Due Diligence Fund	0	5,000,000	5,000,000
Environmental Special Plate Fund	180,000	260,600	260,600
Off-Highway Vehicle Recreation Fund	0	0	177,600
Trust Land Management Fund	5,715,600	6,616,300	7,058,000
SUBTOTAL - Other Appropriated Funds	5,895,600	11,876,900	12,496,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>19,624,500</b>	<b>24,650,300</b>	<b>24,907,500</b>
Other Non-Appropriated Funds	949,900	806,600	806,600
<b>TOTAL - ALL SOURCES</b>	<b>20,574,400</b>	<b>25,456,900</b>	<b>25,714,100</b>

**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 \$1,521,500 for CAP user fees in fiscal year 2024-2025. For fiscal year 2024-2025, 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 2024-2025, \$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 \$17,884,000 and 136.7 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$10,648,400
Off-Highway Vehicle Recreation Fund	177,600
Trust Land Management Fund	7,058,000

Adjustments are as follows:

#### **Additional Planning and Real Estate Positions**

The budget includes an increase of \$500,000 and 5 FTE Positions from the Trust Land Management Fund in FY 2025 for additional planning and real estate positions to assist in the management and sale of state land.

#### **Operating Fund Shift**

The budget includes a decrease of \$(177,600) from the General Fund and a corresponding increase of \$177,600 from the Off-Highway Vehicle Recreation Fund in FY 2025 to shift fund sources for the operating budget.

#### **Statewide Adjustments**

The budget includes an increase of \$97,000 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$155,300
Trust Land Management Fund	(58,300)

*(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(148,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

### **CAP User Fees**

The budget includes \$1,521,500 from the General Fund in FY 2025 for Central Arizona Project (CAP) User Fees. Adjustments are as follows:

#### **CAP Rate Adjustment**

The budget includes an increase of \$28,200 from the General Fund in FY 2025 for revised CAP water allocations. This assumes that the department will be

billed for "capital charges" of \$54 per acre foot on 28,176 acre feet of water in FY 2025 for a total charge of \$1,521,500 in FY 2025.

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 CAP water annually for municipal and industrial uses on state trust lands. Since 1997, the department has made a number of reductions to the contracted allocation of CAP water held for state trust lands as the lands are sold. During recent years, the department has been responsible for costs associated with 32,076 acre-feet of CAP water.

Most recently, in November 2021, the department signed an agreement to release 3,900 acre-feet to the City of Phoenix, reducing the department's total allocation from 32,076 to 28,176 beginning in FY 2024.

The Central Arizona Project board determines a final rate for the upcoming year and a provisional rate for the following year each June. The FY 2024 budget enacted in May 2023 funded this line item at \$1,700,000, based on the prior allocation of 32,076 acre-feet and an assumed rate of \$53 (the provisional rate from June 2022).

On June 1, 2023, the CAP Board set the final rate for FY 2024 at \$53 (matching the assumption noted above) and the provisional rate for FY 2025 at \$54. The FY 2025 budget amount for this line item is \$1,521,500, based on the new water allocation of 28,176 acre feet and the \$54 provisional rate for FY 2025.

The budget includes a supplemental reduction from the General Fund to reflect FY 2024 savings from the lower acre-feet CAP water allocation. *(Please see Other Issues for more information.)*

**Background** - 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 Program**

The budget includes \$5,000,000 from the Due Diligence Fund in FY 2025 for the Due Diligence Program. This amount is unchanged from FY 2024.

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 2025 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 2024.

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 NRCDS 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.

In the 2024 legislative session, Laws 2024, Chapter 258 establishes a new state agency the NRCDS Board and transfers the authority over the NRCDS, including grants to the districts, as well as the administration of the Environmental Special Plate Fund, from the State Land Department to the NRCDS Board as of January 1, 2025.

#### **Streambed Navigability Litigation**

The budget includes no funding in FY 2025 for Streambed Navigability Litigation. Adjustments are as follows:

##### **Eliminate Streambed Navigability Funding**

The budget includes a decrease of \$(220,000) from the General Fund in FY 2025 to remove funding for Streambed Navigability Litigation.

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.

The FY 2025 funding has been eliminated as the department's role in the adjudication process has been completed.

#### **Other Issues**

This section includes information on the following topics:

- FY 2024 Supplemental Reduction
- Proposition 123
- Fund Transfers

#### **FY 2024 Supplemental Reduction**

The budget includes an FY 2024 supplemental reduction of \$(206,700) from the General Fund for lower-than-expected CAP User Fees. The FY 2024 budget funded the CAP User Fees line item at \$1,700,000, based on the prior allocation of 32,076 acre-feet and an assumed rate of \$53 (the provisional rate from June 2022).

While the final rate established by CAP conformed to the \$53 assumption, the state's CAP water allocation has been reduced to 28,176 acre-feet. This resulted in an FY 2024 funding level of \$1,493,300 for the CAP User Fees line item. *(Please see CAP User Fees line item for more information.)*

#### **Proposition 123**

As approved by voters at the May 2016 election, Proposition 123 implements the October 2015 Special Session legislation (Laws 2015, 1<sup>st</sup> 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 \$256,632,600 in incremental land trust funds to K-12 schools in FY 2023 and \$270,534,400 in FY 2024. The 4.4% incremental funding increase will provide \$285,333,600 in incremental funds in FY 2025. *(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.



## Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
IGA and ISA Fund	\$24,000
Risk Management Fund	343,000
Trust Land Management Fund	34,000,000

**Table 1**

**State Land Trust: Non-K12 Beneficiaries' Revenues, Balances, and Appropriation Authority**

<u>Beneficiary/Fund</u>	<u>FY 2015 Total Revenue <sup>1/</sup></u>	<u>FY 2024 Ending Balance</u>	<u>FY 2025 Total Revenue <sup>2/</sup></u>	<u>FY 2025 Appropriation</u>
Universities <sup>3/</sup>				
Military Institute	\$ 83,800		\$ 109,600	
Normal Schools ASU/NAU	296,600		766,600	
A & M Colleges	445,100		2,082,500	
School of Mines	499,800		1,320,400	
University Fund	2,175,400		5,791,900	
U of A Land - 1881	<u>1,659,400</u>		<u>9,456,600</u>	
<b>Subtotal</b>	<b>\$ 5,160,100</b>		<b>\$19,527,600</b>	
Schools for the Deaf and the Blind <sup>4/</sup>	\$ 424,400		\$ 810,800	
State Hospital	\$ 701,000	\$ 4,052,100	\$ 1,354,100	\$ 650,000
Legislative, Executive, & Judicial Buildings <sup>5/</sup>	\$ 386,300	\$ 5,568,600	\$ 1,008,400	\$ 0
Corrections				
Penitentiaries	\$ 1,382,600	\$ 3,685,400	\$ 3,533,800	\$ 3,466,000
State Charitable (25%)	<u>1,452,500</u>	<u>3,987,600</u>	<u>3,977,900</u>	<u>3,733,100</u>
<b>Subtotal</b>	<b>\$ 2,835,100</b>	<b>\$ 7,673,000</b>	<b>\$ 7,511,600</b>	<b>\$ 7,199,100</b>
Pioneers' Home				
Miners' Hospital	\$ 1,981,400	\$ 17,414,000	\$ 4,682,000	\$ 2,363,700
State Charitable (50%)	<u>2,905,000</u>	<u>18,361,500</u>	<u>7,955,700</u>	<u>6,128,400</u>
<b>Subtotal</b>	<b>\$ 4,886,400</b>	<b>\$ 35,775,500</b>	<b>\$12,637,700</b>	<b>\$ 8,492,100</b>
Juvenile Corrections (State Charitable 25%)	\$ 1,452,500	\$ 2,362,900	\$ 3,977,900	\$ 4,881,100
<b>Non-K-12 Beneficiaries Total</b>	<b>\$15,845,800</b>		<b>\$46,828,000</b>	

- <sup>1/</sup> 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.
- <sup>2/</sup> Includes both Treasurer's distributions and lease revenues. The Treasurer's distributions are known numbers based on the funding formula. Projected FY 2025 lease revenues reflect actual FY 2023 amounts.
- <sup>3/</sup> 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 2025 budget footnote allocates 100% of the Universities School of Mines Land Fund revenue to the University of Arizona School of Mining and Mineral Resources.
- <sup>4/</sup> 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 2025 General Appropriation Act allows monies in this fund to be expended in excess of the appropriated amount. As a result, the FY 2024 ending balance and FY 2025 appropriation amounts are not included.
- <sup>5/</sup> 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	224.8	224.8	224.8
Personal Services	13,104,600	17,314,000	17,314,000
Employee Related Expenditures	4,575,700	6,273,300	6,679,800
Professional and Outside Services	642,100	1,381,500	1,381,500
Travel - In State	32,800	112,800	112,800
Travel - Out of State	11,200	5,500	5,500
Other Operating Expenditures	1,243,000	3,144,500	1,144,100
Equipment	74,900	85,000	85,000
<b>OPERATING SUBTOTAL</b>	<b>19,684,300</b>	<b>28,316,600</b>	<b>26,722,700 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Adult Protective Services Audit	161,100	0	0
<b>AGENCY TOTAL</b>	<b>19,845,400</b>	<b>28,316,600</b>	<b>26,722,700 <sup>2/3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	19,845,400	28,316,600	26,722,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>19,845,400</b>	<b>28,316,600</b>	<b>26,722,700</b>
Other Non-Appropriated Funds	1,719,500	1,289,200	1,289,200
<b>TOTAL - ALL SOURCES</b>	<b>21,564,900</b>	<b>29,605,800</b>	<b>28,011,900</b>

**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

- <sup>1/</sup> 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)
- <sup>2/</sup> 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)
- <sup>3/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$26,722,700 and 224.8 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time additional funding in FY 2024.

#### Statewide Adjustments

The budget includes an increase of \$406,100 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

## Legislature - House of Representatives

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Lump Sum Appropriation	23,113,400	23,951,500	22,229,700 <sup>1/2/</sup>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(664,100)
<b>AGENCY TOTAL</b>	<b>23,113,400</b>	<b>23,951,500</b>	<b>21,565,600 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	23,113,400	23,951,500	21,565,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>23,113,400</b>	<b>23,951,500</b>	<b>21,565,600</b>
<b>TOTAL - ALL SOURCES</b>	<b>23,113,400</b>	<b>23,951,500</b>	<b>21,565,600</b>

**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 \$22,229,700 for fiscal year 2024-2025 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 \$22,229,700 from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding.

#### Statewide Adjustments

The budget includes an increase of \$278,200 from the General Fund in FY 2025 for statewide adjustments.  
(Please see the Agency Detail and Allocations section.)

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(664,100) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

## Legislature - Joint Legislative Budget Committee

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	29.0	29.0	29.0
Personal Services	1,984,300	2,088,400	2,088,400
Employee Related Expenditures	625,100	808,300	849,700
Professional and Outside Services	77,000	125,000	125,000
Travel - In State	100	500	500
Travel - Out of State	5,600	0	0
Other Operating Expenditures	38,700	98,500	98,000
Equipment	800	2,000	2,000
<b>OPERATING SUBTOTAL</b>	<b>2,731,600</b>	<b>3,122,700</b>	<b>3,163,600 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(107,800)
<b>AGENCY TOTAL</b>	<b>2,731,600</b>	<b>3,122,700</b>	<b>3,055,800 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	2,731,600	3,122,700	3,055,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,731,600</b>	<b>3,122,700</b>	<b>3,055,800</b>
<b>TOTAL - ALL SOURCES</b>	<b>2,731,600</b>	<b>3,122,700</b>	<b>3,055,800</b>

**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 \$3,163,600 and 29 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$40,900 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

The budget also continues an increase of \$204,600 from the General Fund in FY 2025 for a retirement cost technical adjustment. This increase corrects an error from the enacted FY 2024 budget. The budget increased this amount as an FY 2024 supplemental and continued the increase in FY 2025. (Please see the Other Issues section for additional information.)

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(107,800) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### Other Issues

#### FY 2024 Supplemental

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$204,600 from the General Fund for a retirement cost technical adjustment.

Section 123 of the FY 2024 General Appropriation Act adjusts individual agency budgets either up or down for changes in 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 changes in 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 agreed to the following:

- In implementing the statewide retirement adjustment in FY 2024, JLBC's budget was reduced by \$(204,600) and OSPB's budget was reduced by \$(204,600) in lieu of the JLBC-only reduction of \$(409,100).
- The JLBC FY 2025 Baseline and the Executive's January 2025 budget both proposed \$204,600 FY 2024 supplementals for each office to correct the error. These two \$204,600 adjustments are continued as ongoing in the FY 2025 budget.

## Legislature - Legislative Council

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	56.0	56.0	56.0
Personal Services	4,347,300	3,597,500	3,597,500
Employee Related Expenditures	1,625,700	1,371,400	1,467,600
Professional and Outside Services	36,600	1,110,000	1,110,000
Travel - In State	0	12,000	12,000
Travel - Out of State	0	6,500	6,500
Other Operating Expenditures	2,730,600	1,883,300	1,883,200
Equipment	0	1,527,000	1,527,000
<b>OPERATING SUBTOTAL</b>	<b>8,740,200</b>	<b>9,507,700</b>	<b>9,603,800 <sup>1/2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(328,100)
<b>AGENCY TOTAL</b>	<b>8,740,200</b>	<b>9,507,700</b>	<b>9,275,700</b>
<b>FUND SOURCES</b>			
General Fund	8,740,200	9,507,700	9,275,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>8,740,200</b>	<b>9,507,700</b>	<b>9,275,700</b>
Other Non-Appropriated Funds	32,100	42,800	42,800
<b>TOTAL - ALL SOURCES</b>	<b>8,772,300</b>	<b>9,550,500</b>	<b>9,318,500</b>

**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

- <sup>1/</sup> 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)
- <sup>2/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$9,603,800 and 56 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$96,100 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(328,100) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the

reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

## Legislature - Ombudsman-Citizens Aide Office

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	12.0	12.0	12.0
Personal Services	878,300	928,500	928,500
Employee Related Expenditures	329,000	348,200	365,000
Professional and Outside Services	23,900	62,100	62,100
Travel - In State	200	300	300
Travel - Out of State	5,000	5,000	5,000
Other Operating Expenditures	142,100	203,100	203,500
Equipment	16,200	14,000	14,000
<b>AGENCY TOTAL</b>	<b>1,394,700</b>	<b>1,561,200</b>	<b>1,578,400</b> <sup>1/2/3/4/</sup>
<b>FUND SOURCES</b>			
General Fund	1,394,700	1,561,200	1,578,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,394,700</b>	<b>1,561,200</b>	<b>1,578,400</b>
<b>TOTAL - ALL SOURCES</b>	<b>1,394,700</b>	<b>1,561,200</b>	<b>1,578,400</b>

**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 \$1,578,400 and 12 FTE Positions from the General Fund in FY 2025. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$17,200 from the General Fund in FY 2025 for statewide adjustments.  
(Please see the Agency Detail and Allocations section.)

## Legislature - Senate

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Lump Sum Appropriation	20,237,800	20,374,500	18,587,500 <sup>1/2/</sup>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(587,300)
<b>AGENCY TOTAL</b>	<b>20,237,800</b>	<b>20,374,500</b>	<b>18,000,200 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	20,237,800	20,374,500	18,000,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>20,237,800</b>	<b>20,374,500</b>	<b>18,000,200</b>
<b>TOTAL - ALL SOURCES</b>	<b>20,237,800</b>	<b>20,374,500</b>	<b>18,000,200</b>

**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

- <sup>1/</sup> 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)
- <sup>2/</sup> Included in the lump sum appropriation of \$18,587,500 for fiscal year 2024-2025 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- <sup>3/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$18,587,500 from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding.

#### Statewide Adjustments

The budget includes an increase of \$213,000 from the General Fund in FY 2025 for statewide adjustments.  
(Please see the Agency Detail and Allocations section.)

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(587,300) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.



## Department of Liquor Licenses and Control

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	51.2	58.2	58.2
Personal Services	2,680,900	2,945,000	2,945,000
Employee Related Expenditures	2,114,500	1,678,000	1,724,700
Professional and Outside Services	110,200	50,500	50,500
Travel - In State	225,100	281,300	281,300
Travel - Out of State	6,600	70,000	70,000
Other Operating Expenditures	1,165,600	724,500	1,055,300
Equipment	681,200	0	0
<b>AGENCY TOTAL</b>	<b>6,984,100</b>	<b>5,749,300</b>	<b>6,126,800 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Liquor Licenses Fund	6,984,100	5,749,300	6,126,800
SUBTOTAL - Other Appropriated Funds	6,984,100	5,749,300	6,126,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>6,984,100</b>	<b>5,749,300</b>	<b>6,126,800</b>
Other Non-Appropriated Funds	915,800	1,647,400	1,647,400
Federal Funds	410,600	0	0
<b>TOTAL - ALL SOURCES</b>	<b>8,310,500</b>	<b>7,396,700</b>	<b>7,774,200</b>

**AGENCY DESCRIPTION** — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

### FOOTNOTES

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$6,126,800 and 58.2 FTE Positions from the Liquor Licenses Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Phoenix Office Rent

The budget includes an increase of \$401,600 from the Liquor Licenses Fund in FY 2025 for statewide adjustments.

#### Statewide Adjustments

The budget includes a decrease of \$(24,100) from the Liquor Licenses Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Liquor Licenses Fund	\$400,000
Enforcement Surcharge – Multiple Complaints Fund	170,000

## Arizona State Lottery Commission

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	98.8	98.8	98.8
Personal Services	4,859,200	5,218,300	5,218,300
Employee Related Expenditures	1,931,400	2,186,200	2,368,700
Professional and Outside Services	580,800	386,800	386,800
Travel - In State	35,800	271,600	271,600
Travel - Out of State	45,800	16,800	16,800
Other Operating Expenditures	2,208,800	2,395,500	1,933,700
Equipment	166,000	0	0
<b>OPERATING SUBTOTAL</b>	<b>9,827,800</b>	<b>10,475,200</b>	<b>10,195,900</b>
<b>SPECIAL LINE ITEMS</b>			
Advertising	14,006,700	15,500,000	15,500,000
Charitable Commissions <sup>1/</sup>	1,830,300	1,868,500	1,994,900 <sup>2/</sup>
Instant Tickets <sup>1/</sup>	27,416,500	40,411,800	42,399,600 <sup>3/</sup>
On-Line Vendor Fees <sup>1/</sup>	18,388,600	17,838,800	20,729,900 <sup>4/</sup>
Retailer Commissions <sup>1/</sup>	100,366,000	102,667,600	110,876,200 <sup>5/</sup>
<b>AGENCY TOTAL</b>	<b>171,835,900</b>	<b>188,761,900</b>	<b>201,696,500 <sup>6/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
State Lottery Fund	171,835,900	188,761,900	201,696,500
SUBTOTAL - Other Appropriated Funds	171,835,900	188,761,900	201,696,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>171,835,900</b>	<b>188,761,900</b>	<b>201,696,500</b>
Other Non-Appropriated Funds	1,002,910,300	1,144,479,700	1,144,479,700
<b>TOTAL - ALL SOURCES</b>	<b>1,174,746,200</b>	<b>1,333,241,600</b>	<b>1,346,176,200</b>

**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 \$1,994,900 in fiscal year 2024-2025. (General Appropriation Act footnote)
- 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 \$42,399,600 in fiscal year 2024-2025. (General Appropriation Act footnote)
- 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 \$20,729,900, or 4.256 percent of actual online ticket sales, in fiscal year 2024-2025. (General Appropriation Act footnote)
- 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 \$110,876,200, in fiscal year 2024-2025. (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 \$10,195,900 and 98.8 FTE Positions from the State Lottery Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(279,800) from the State Lottery Fund in FY 2025 for a lump sum reduction. The Commission's operating lump sum reduction was applied to directly to their operating budget in the General Appropriation Act. The Commission has discretion in how the reduction in spending is achieved.

#### **Statewide Adjustments**

The budget includes an increase of \$500 from the State Lottery Fund in FY 2025 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 2025 for Advertising. This amount is unchanged from FY 2024.

Monies in this line item are used to promote and market Lottery games.

### **Charitable Commissions**

The budget includes \$1,994,900 from the State Lottery Fund in FY 2025 for Charitable Commissions. Adjustments are as follows:

#### **Tab Ticket Increase**

The budget includes an increase of \$126,400 from the State Lottery Fund in FY 2025 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 \$42,399,600 from the State Lottery Fund in FY 2025 for Instant Tickets. Adjustments are as follows:

#### **Instant Ticket Sales Increase**

The budget includes an increase of \$1,987,800 from the State Lottery Fund in FY 2025 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 \$20,729,900 from the State Lottery Fund in FY 2025 for On-Line Vendor Fees. Adjustments are as follows:

#### **One-Line Sales Increase**

The budget includes an increase of \$2,891,100 from the State Lottery Fund in FY 2025 for One-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 \$110,876,200 from the State Lottery Fund in FY 2025 for Retailer Commissions. Adjustments are as follows:

#### **Retailer Commissions Increase**

The budget includes an increase of \$8,208,600 from the State Lottery Fund in FY 2025 for Retailer Commissions due to higher projected sales. *(See Table 1 for more information.)*

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

### Statutory Changes

The Amusements Budget Reconciliation Bill makes the following statutory changes:

- As session law, reduce the Arizona Commerce Authority allocation from \$3,500,000 to \$1,750,000 in FY 2025-FY 2027.

### Lottery Forecast and Distributions

The budget assumes a 4.5% increase in overall Lottery ticket sales in FY 2024, followed by a 5.0% increase in FY 2025. For FY 2024 and FY 2025, the budget assumes Lottery ticket sales of \$1,585,565,200 and \$1,664,843,500, respectively.

The FY 2024 forecasted sales and Special Line Items expenditures are revised from the amounts included as part of the *FY 2024 Appropriations Report* due to an updated FY 2024 sales forecast. These revised amounts are estimates based on the current sales forecast and the line-item percentages included in the FY 2024 General Appropriation Act footnotes. The final FY 2024 expenditures will be determined by the actual Lottery ticket sales during FY 2024.

### 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 2023 and the JLBC Staff projected distributions for FY 2024 and FY 2025. 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.

#### Maricopa County Mass Transit

The projected annual distribution of Powerball proceeds to the Maricopa Public Transportation Fund is \$11,413,800 in both FY 2024 and FY 2025.

Laws 1993, 6th Special Session, Chapter 1 allocated not less than 31.5% of multi-state Powerball revenues to

public transportation programs, otherwise known as Local Transportation Assistance Fund (LTAF) II. This allocation was capped at \$18,000,000 and was contingent upon the General Fund receiving \$45,000,000 in Lottery revenues. Laws 2010, 7th Special Session, Chapter 12 redirected these monies to the General Fund. In September 2011, the U.S. District Court in the case of *Paisley v. Darwin* ruled that the Arizona Legislature must restore the distribution of mass transit monies to Maricopa County because the distribution was part of the state implementation plan to ensure compliance with the Clean Air Act. As a result, the state must calculate Maricopa County's share of 31.5% of statewide Powerball proceeds and distribute those monies to the county regional public transportation agency.

#### 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 2024 and FY 2025 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 2024 and FY 2025, 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 \$23,702,500 in FY 2024 and \$24,301,400 in FY 2025. 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 2024 and FY 2025.

#### 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 2024 and FY 2025.

#### 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 2024 and FY 2025, 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 through FY 2024. Laws 2024, Chapter 210 decreases this amount to \$1,750,000 for FY 2025-FY 2027. In FY 2028, the Arizona Competes Fund distribution becomes \$3,500,000 again. 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 2024 and FY 2025.

#### 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 \$37,798,800 in FY 2023. Based on ABOR data which includes current and planned SPEED bond issuances, the UCI Fund is expected to require \$37,783,200 in FY 2024 and \$43,185,400 in FY 2025 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 2024 and FY 2025), 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 2024 distributions to the General Fund consist of the FY 2024 General Fund Part 1, Part 2, and partial Part 3 profit transfers plus the delayed prior year Part 3 transfer from FY 2023. With a FY 2024 Part 1 transfer of \$84,150,000, a Part 2 FY 2024 transfer of \$15,490,000, and a forecasted FY 2023 Part 3 delayed transfer of \$122,645,200, total FY 2024 distributions to the General Fund are forecast to be \$222,285,200.

Total FY 2025 distributions to the General Fund are forecast to be \$234,637,800, which includes: a FY 2025 Part 1 transfer of \$84,150,000, a Part 2 FY 2025 transfer of \$15,490,000, and a FY 2024 Part 3 delayed transfer of \$134,997,800. *(See Table 1 for more information).*

Table 1

**Forecast of Lottery Revenue Distribution**  
(\$ in Millions) <sup>1/</sup>

<u>Sales</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Instant Sales	\$1,078.4	\$1,121.7	\$1,177.8
On-Line Sales	438.3	463.9	487.1
Total Sales	\$1,516.7	\$1,585.6	\$1,664.8
<i>Less:</i>			
Operating Budget	\$ 171.8	\$ 188.8	\$ 201.7
Gaming Distribution	0.3	0.3	0.3
ICACEF/VREF Sales Transfer <sup>2/</sup>	0.9	0.9	0.9
Prizes <sup>3/</sup>	<u>1,033.8</u>	<u>1,073.5</u>	<u>1,117.9</u>
<b>Net Profit <sup>4/ 5/</sup></b>	<b>\$309.9</b>	<b>\$322.1</b>	<b>\$344.0</b>
<b><u>Profit Transfers <sup>6/</sup></u></b>			
Maricopa County Mass Transit	11.4	11.4	11.4
General Fund - Part 1	84.2	84.2	84.2
Heritage	10.0	10.0	10.0
Health and Welfare Programs	23.9	23.7	24.3
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	1.8
University Capital	37.8	37.8	43.2
Deferred General Fund - Part 3	<u>122.6</u>	<u>135.0</u>	<u>152.7</u>
<b>Total Transfers</b>	<b>\$309.9</b>	<b>\$322.1</b>	<b>\$344.0</b>
<b><u>General Fund</u></b>			
Delayed Prior Year Transfer <sup>6/</sup>	76.2	122.6	135.0
General Fund - Part 1	84.2	84.2	84.2
General Fund - Part 2	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
<b>Total General Fund <sup>7/</sup></b>	<b>\$175.8</b>	<b>\$222.2</b>	<b>\$234.6</b>

<sup>1/</sup> Totals may not sum due to rounding.

<sup>2/</sup> 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 \$903,400 and \$948,600 will be distributed in FY 2024 and FY 2025, respectively. (See Footnote 4.)

<sup>3/</sup> 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.

<sup>4/</sup> 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 20.5% in both FY 2024 and FY 2025.

<sup>5/</sup> 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).

<sup>6/</sup> 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.

<sup>7/</sup> Under the forecast, total General Fund revenue in FY 2026 would be \$252.3 million. This amount includes \$152.7 million from the General Fund - Part 3 transfer deferred from FY 2025, \$84.2 million for the FY 2026 General Fund - Part 1 and \$15.5 million for they FY 2026 General Fund - Part 2.

## Board of Massage Therapy

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	300,700	258,000	258,000
Employee Related Expenditures	110,000	133,800	145,400
Professional and Outside Services	15,700	111,000	111,000
Travel - In State	0	1,500	1,500
Other Operating Expenditures	153,300	94,700	91,800
Equipment	3,600	0	0
<b>AGENCY TOTAL</b>	<b>583,300</b>	<b>599,000</b>	<b>607,700<sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Board of Massage Therapy Fund	583,300	599,000	607,700
SUBTOTAL - Other Appropriated Funds	583,300	599,000	607,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>583,300</b>	<b>599,000</b>	<b>607,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>583,300</b>	<b>599,000</b>	<b>607,700</b>

**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/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### **Operating Budget**

The budget includes \$607,700 and 5 FTE Positions from the Board of Massage Therapy Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$8,700 from the Board of Massage Therapy Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### **Other Issues**

#### **Statutory Changes**

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### **Fund Transfers**

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Board of Massage Therapy Fund	\$600,000

## Arizona Medical Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	61.5	61.5	63.5
Personal Services	3,420,000	3,629,600	3,749,600
Employee Related Expenditures	1,259,000	1,423,500	1,578,600
Professional and Outside Services	1,412,500	1,305,000	1,305,000
Travel - In State	4,900	13,000	13,000
Travel - Out of State	16,400	13,000	13,000
Other Operating Expenditures	1,371,500	1,581,500	1,544,700
Equipment	220,600	55,400	55,400
<b>OPERATING SUBTOTAL</b>	<b>7,704,900</b>	<b>8,021,000</b>	<b>8,259,300</b>
<b>SPECIAL LINE ITEMS</b>			
Employee Performance Incentive Program	147,700	165,600	165,600
<b>AGENCY TOTAL</b>	<b>7,852,600</b>	<b>8,186,600</b>	<b>8,424,900 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Arizona Medical Board Fund	7,852,600	8,186,600	8,424,900
SUBTOTAL - Other Appropriated Funds	7,852,600	8,186,600	8,424,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>7,852,600</b>	<b>8,186,600</b>	<b>8,424,900</b>
<b>TOTAL - ALL SOURCES</b>	<b>7,852,600</b>	<b>8,186,600</b>	<b>8,424,900</b>

**AGENCY DESCRIPTION** — The Arizona Medical Board licenses, regulates and conducts examinations of medical doctors and physician assistants.

### FOOTNOTES

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### Operating Budget

The budget includes \$8,259,300 and 63.5 FTE Positions from the Arizona Medical Board Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Additional Investigator Positions

The budget includes an increase of \$174,400 and 2.0 FTE Positions from the Arizona Medical Board Fund in FY 2025 for 2 additional investigator positions. Investigators at the board conduct investigations into complaints against medical doctors and physician assistants.

##### Statewide Adjustments

The budget includes an increase of \$63,900 from the Arizona Medical Board Fund in FY 2025 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 2025 for the Employee Performance Incentive Program. This amount is unchanged from FY 2024.

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***

---

---

***Statutory Changes***

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

***Fund Transfers***

The budget includes the following transfer from this agency's fund to the General Fund:

	<b><u>FY 2024</u></b>
Arizona Medical Board Fund	\$9,300,000

## State Mine Inspector

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	22.0	22.0	22.0 <sup>1/</sup>
Personal Services	543,700	1,002,500	1,002,500
Employee Related Expenditures	293,300	388,300	402,600
Professional and Outside Services	78,400	28,700	28,700
Travel - In State	111,500	72,600	22,600
Travel - Out of State	5,500	8,700	8,700
Other Operating Expenditures	169,100	277,500	(2,700)
Equipment	13,900	106,200	6,200
<b>OPERATING SUBTOTAL</b>	<b>1,215,400</b>	<b>1,884,500</b>	<b>1,468,600</b>
<b>SPECIAL LINE ITEMS</b>			
Abandoned Mines	912,500	825,400	830,700
Aggregate Mining Land Reclamation	54,500	181,800	112,900 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>2,182,400</b>	<b>2,891,700</b>	<b>2,412,200 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	2,127,900	2,778,800	2,299,300
<u>Other Appropriated Funds</u>			
Aggregate Mining Reclamation Fund	54,500	112,900	112,900
SUBTOTAL - Other Appropriated Funds	54,500	112,900	112,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,182,400</b>	<b>2,891,700</b>	<b>2,412,200</b>
Federal Funds	445,300	539,300	539,300
<b>TOTAL - ALL SOURCES</b>	<b>2,627,700</b>	<b>3,431,000</b>	<b>2,951,500</b>

**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 2025.
- 2/ All aggregate mining reclamation fund monies received by the state mine inspector in excess of \$112,900 in fiscal year 2024-2025 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 2024-2025, 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)
- 3/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$1,468,600 and 16 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Drone Purchase

The budget includes a decrease of \$(100,000) from the General Fund in FY 2025 for the elimination of one-time funding to purchase a drone capable of entering and mapping enclosed spaces.

#### Remove One-Time Administrative Costs

The budget includes a decrease of \$(300,000) from the General Fund in FY 2025 for the elimination of one-time monies for additional operating expenses in FY 2024. The FY 2024 appropriation is non-lapsing.

#### Statewide Adjustments

The budget includes a decrease of \$(15,900) from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

### ***Abandoned Mines***

The budget includes \$830,700 and 6 FTE Positions from the General Fund in FY 2025 for the Abandoned Mines line item. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$5,300 from the General Fund in FY 2025 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 \$112,900 from the Aggregate Mining Reclamation Fund in FY 2025 for the Aggregate Mining Land Reclamation line item. Adjustments are as follows:

#### **Line Item Adjustment**

The budget includes a decrease of \$(68,900) from the General Fund in FY 2025 for reduction of line item funding to align with agency expenditures.

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.

### ***Other Issues***

### ***Fund Transfers***

The budget includes the following transfer from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Aggregate Mining Reclamation Fund	\$38,500

## Naturopathic Physicians Medical Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	92,200	100,000	100,000
Employee Related Expenditures	38,400	40,000	43,300
Professional and Outside Services	21,100	22,000	22,000
Other Operating Expenditures	48,200	55,700	54,700
Equipment	10,800	0	0
<b>AGENCY TOTAL</b>	<b>210,700</b>	<b>217,700</b>	<b>220,000 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Naturopathic Physicians Medical Board Fund	210,700	217,700	220,000
SUBTOTAL - Other Appropriated Funds	210,700	217,700	220,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>210,700</b>	<b>217,700</b>	<b>220,000</b>
<b>TOTAL - ALL SOURCES</b>	<b>210,700</b>	<b>217,700</b>	<b>220,000</b>

**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/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$220,000 and 2 FTE Positions from the Naturopathic Physicians Medical Board Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$2,300 from the Naturopathic Physicians Medical Board Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### Fund Transfers

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Naturopathic Physicians Medical Board Fund	\$1,700,000

## Arizona Navigable Stream Adjudication Commission

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	94,600	80,900	80,900
Employee Related Expenditures	40,600	38,900	42,200
Professional and Outside Services	12,800	200,000	200,000
Other Operating Expenditures	20,200	24,200	23,400
Equipment	1,300	0	0
<b>OPERATING SUBTOTAL</b>	<b>169,500</b>	<b>344,000</b>	<b>346,500</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(6,000)
<b>AGENCY TOTAL</b>	<b>169,500</b>	<b>344,000</b>	<b>340,500 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	143,800	144,000	140,500
<u>Other Appropriated Funds</u>			
Arizona Water Banking Fund	25,700	200,000	200,000
SUBTOTAL - Other Appropriated Funds	25,700	200,000	200,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>169,500</b>	<b>344,000</b>	<b>340,500</b>
<b>TOTAL - ALL SOURCES</b>	<b>169,500</b>	<b>344,000</b>	<b>340,500</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### Operating Budget

The budget includes \$346,500 and 2 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$146,500
Arizona Water Banking Fund	200,000

Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$2,500 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(6,000) from the General Fund in FY 2025 for a lump sum reduction.

Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

#### Other Issues

#### Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to allow use of the Arizona 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 November 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.

Pursuant to A.R.S. § 37-1121, the agency is scheduled to sunset at the end of FY 2028. The commission expects final court orders to be delivered in the Gila, Salt, and Verde River cases before the sunset date.

## State Board of Nursing

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	52.0	55.0	63.0
Personal Services	3,347,000	3,526,000	4,322,200
Employee Related Expenditures	1,235,300	1,301,400	1,392,100
Professional and Outside Services	218,300	230,000	230,000
Travel - In State	5,900	6,400	6,400
Travel - Out of State	4,400	4,600	4,600
Other Operating Expenditures	493,800	495,200	495,400
Equipment	28,700	30,200	17,900
<b>OPERATING SUBTOTAL</b>	<b>5,333,400</b>	<b>5,593,800</b>	<b>6,468,600</b>
<b>SPECIAL LINE ITEMS</b>			
Certified Nursing Assistant Credentialing Program	487,500	538,400	548,000
Student Registered Nurse Anesthetist Clinical Rotation Program	0	450,000 <sup>1/</sup>	0
<b>AGENCY TOTAL</b>	<b>5,820,900</b>	<b>6,582,200</b>	<b>7,016,600 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	0	450,000	0
<u>Other Appropriated Funds</u>			
Board of Nursing Fund	5,820,900	6,132,200	7,016,600
SUBTOTAL - Other Appropriated Funds	5,820,900	6,132,200	7,016,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>5,820,900</b>	<b>6,582,200</b>	<b>7,016,600</b>
Federal Funds	976,700	24,443,400	24,443,400
<b>TOTAL - ALL SOURCES</b>	<b>6,797,600</b>	<b>31,025,600</b>	<b>31,460,000</b>

**AGENCY DESCRIPTION** — The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

### FOOTNOTES

- 1/ The amount appropriated for the student registered nurse anesthetist clinical rotation line item in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 63 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025.
- 2/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$6,468,600 and 63 FTE Positions from the Board of Nursing Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(12,300) from the Board of Nursing Fund in FY 2025 to remove one-time funding for equipment purchases.

#### Additional Advanced Practice Consultants

The budget includes an increase of \$420,700 and 3 FTE Positions from the Board of Nursing Fund in FY 2025 to

hire additional advanced practice registered nurse consultants. Of this amount, \$12,700 is for one-time onboarding expenses.

#### Additional Senior Investigators

The budget includes an increase of \$409,300 and 5 FTE Positions from the Board of Nursing Fund in FY 2025 to hire additional senior investigators. Of this amount, \$21,100 is for one-time onboarding expenses.

#### Statewide Adjustments

The budget includes an increase of \$57,100 from the Board of Nursing Fund in FY 2025 for statewide

adjustments. (Please see the Agency Detail and Allocations section.)

#### **Certified Nursing Assistant Credentialing Program**

The budget includes \$548,000 from the Board of Nursing Fund in FY 2025 for the Certified Nursing Assistant (CNA) Credentialing Program line item. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$9,600 from the Board of Nursing Fund in FY 2025 for statewide adjustments.

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 no funding in FY 2025 for the Student Registered Nurse Anesthetist Clinical Rotation Program line item. Adjustments are as follows:

##### **Remove One-Time Grant Program**

The budget includes a decrease of \$(450,000) from the General Fund in FY 2025 to remove one-time funding for the Student Registered Nurse Anesthetist Clinical Rotation Program.

The FY 2024 budget included a one-time increase of \$450,000 from the General Fund for a grant program to expand or develop clinical training placements for nurse anesthetist students. The initial grant application deadline was December 15<sup>th</sup>, 2023, and the Board announced a list of 7 grant recipients in February 2024.

An FY 2025 General Appropriation Act footnote makes this funding non-lapsing until June 30, 2025, to allow for the complete disbursement of all remaining grant monies.

#### **Other Issues**

#### **Statutory Changes**

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### **Fund Transfers**

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Board of Nursing Fund	\$9,400,000

#### **Healthcare 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) State and Local Fiscal Recovery monies for the Student Nurse Clinical Rotation and Licensed or Certified Nurse Training Program established by Laws 2022, Chapter 330. The program 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 and transferred the ARPA monies to the Nursing Board. The Nursing Board has awarded the first round of grants and is now collecting data to evaluate the program's success. At the time of this writing, the Nursing Board has approved 28 projects.

The final application deadline for the second year of grant funding was March 29, 2024.

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



## Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	295,500	328,200	328,200
Employee Related Expenditures	116,600	165,600	176,900
Professional and Outside Services	24,700	15,100	15,100
Travel - In State	3,300	5,000	5,000
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	118,100	75,500	72,400
Equipment	11,700	13,500	13,500
<b>AGENCY TOTAL</b>	<b>569,900</b>	<b>604,900</b>	<b>613,100 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certificate	569,900	604,900	613,100
SUBTOTAL - Other Appropriated Funds	569,900	604,900	613,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>569,900</b>	<b>604,900</b>	<b>613,100</b>
<b>TOTAL - ALL SOURCES</b>	<b>569,900</b>	<b>604,900</b>	<b>613,100</b>

**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/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$613,100 and 7 FTE Positions from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$8,200 from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2025 for statewide adjustments. *(Please see the agency Detail and Allocations section.)*

### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## Board of Occupational Therapy Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1.5	1.5	2.0
Personal Services	118,400	113,500	153,000
Employee Related Expenditures	46,900	76,300	81,400
Professional and Outside Services	2,300	0	0
Travel - In State	0	1,300	1,300
Other Operating Expenditures	44,200	66,400	65,000
Equipment	22,300	2,000	6,000
<b>AGENCY TOTAL</b>	<b>234,100</b>	<b>259,500</b>	<b>306,700 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Occupational Therapy Fund	234,100	259,500	306,700
SUBTOTAL - Other Appropriated Funds	234,100	259,500	306,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>234,100</b>	<b>259,500</b>	<b>306,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>234,100</b>	<b>259,500</b>	<b>306,700</b>

**AGENCY DESCRIPTION** - The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints and holds hearings to enforce standards of practice.

### FOOTNOTES

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### **Operating Budget**

The budget includes \$306,700 and 2 FTE Positions from the Occupational Therapy Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$3,700 from the Occupational Therapy Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### **Part-Time Investigator**

The budget includes an increase of \$43,500 and 0.5 FTE Positions from the Occupational Therapy Fund in FY 2025 to hire a part-time investigator. Of this amount, \$4,000 is for one-time equipment costs.

#### **Other Issues**

#### **Statutory Changes**

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### **Fund Transfers**

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Occupational Therapy Fund	\$900,000

## State Board of Dispensing Opticians

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	94,300	97,400	97,400
Employee Related Expenditures	30,700	31,700	33,100
Professional and Outside Services	7,900	1,000	1,000
Travel - In State	0	8,500	8,500
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	28,800	57,600	56,500
Equipment	2,400	0	0
<b>AGENCY TOTAL</b>	<b>164,100</b>	<b>198,200</b>	<b>198,500 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board of Dispensing Opticians Fund	164,100	198,200	198,500
SUBTOTAL - Other Appropriated Funds	164,100	198,200	198,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>164,100</b>	<b>198,200</b>	<b>198,500</b>
<b>TOTAL - ALL SOURCES</b>	<b>164,100</b>	<b>198,200</b>	<b>198,500</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$198,500 and 1 FTE Position from the Board of Dispensing Opticians Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$300 from the Board of Dispensing Opticians Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## State Board of Optometry

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	129,800	160,000	160,000
Employee Related Expenditures	49,600	55,000	62,700
Professional and Outside Services	8,600	10,000	10,000
Travel - In State	0	100	100
Travel - Out of State	0	1,600	1,600
Other Operating Expenditures	54,000	60,000	58,700
Equipment	2,300	2,500	2,500
<b>AGENCY TOTAL</b>	<b>244,300</b>	<b>289,200</b>	<b>295,600 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board of Optometry Fund	244,300	289,200	295,600
SUBTOTAL - Other Appropriated Funds	244,300	289,200	295,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>244,300</b>	<b>289,200</b>	<b>295,600</b>
<b>TOTAL - ALL SOURCES</b>	<b>244,300</b>	<b>289,200</b>	<b>295,600</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$295,600 and 2 FTE Positions from the Board of Optometry Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$6,400 from the Board of Optometry Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

#### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

### Fund Transfer

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Board of Optometry Fund	\$387,100

## Arizona Board of Osteopathic Examiners in Medicine and Surgery

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	10.0	10.0	10.0
Personal Services	632,100	634,000	622,200
Employee Related Expenditures	223,600	285,200	296,300
Professional and Outside Services	102,100	161,700	171,900
Travel - In State	800	2,500	2,500
Travel - Out of State	4,000	5,500	5,500
Other Operating Expenditures	299,200	309,700	304,700
Equipment	33,700	0	0
<b>AGENCY TOTAL</b>	<b>1,295,500</b>	<b>1,398,600</b>	<b>1,403,100 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund	1,295,500	1,398,600	1,403,100
SUBTOTAL - Other Appropriated Funds	1,295,500	1,398,600	1,403,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,295,500</b>	<b>1,398,600</b>	<b>1,403,100</b>
<b>TOTAL - ALL SOURCES</b>	<b>1,295,500</b>	<b>1,398,600</b>	<b>1,403,100</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$1,403,100 and 10 FTE Positions from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Leave Payout

The budget includes a decrease of \$(14,500) from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2025 to remove one-time funding for an annual leave payout in FY 2024.

#### Attorney General Legal Services

The budget includes an increase of \$10,200 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2025 for increased utilization of Attorney General legal services.

### Statewide Adjustments

The budget includes an increase of \$8,800 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor’s Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### ***Fund Transfers***

The budget includes the following transfers from this agency’s funds to the General Fund:

	<b><u>FY 2024</u></b>
Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund	\$2,800,000

## Arizona State Parks Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	163.0	167.0	167.0 <sup>1/</sup>
Personal Services	7,347,200	7,366,000	7,366,000
Employee Related Expenditures	4,052,200	4,085,000	4,274,000
Professional and Outside Services	150,900	180,000	180,000
Travel - In State	14,100	15,000	15,000
Other Operating Expenditures	4,169,900	6,694,300	4,890,500
Equipment	85,700	85,000	(200,200)
<b>OPERATING SUBTOTAL</b>	<b>15,820,000</b>	<b>18,425,300</b>	<b>16,525,300 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Arizona State Parks Heritage Fund Deposit	2,500,000	6,000,000	0
Arizona Trail Fund Deposit	28,700	500,000	100,000
Kartchner Caverns State Park	2,534,000	2,458,400	2,509,900
State Lake Improvement Fund Deposit	4,000,000	5,200,000	0
State Parks Store	1,006,000	1,013,100	1,513,100
Veterans Memorial Park Feasibility Study	0	0	500,000
<b>AGENCY TOTAL</b>	<b>25,888,700</b>	<b>33,596,800</b>	<b>21,148,300 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	6,500,000	11,700,000	100,000
<u>Other Appropriated Funds</u>			
Off-Highway Vehicle Recreation Fund	16,700	16,700	16,700
State Park Store Fund	1,006,000	1,013,100	1,513,100
State Parks Revenue Fund	18,366,000	20,867,000	19,518,500
SUBTOTAL - Other Appropriated Funds	19,388,700	21,896,800	21,048,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>25,888,700</b>	<b>33,596,800</b>	<b>21,148,300</b>
Other Non-Appropriated Funds	8,797,600	17,699,000	17,699,000
Federal Funds	998,800	8,790,000	8,790,000
<b>TOTAL - ALL SOURCES</b>	<b>35,685,100</b>	<b>60,085,800</b>	<b>47,637,300</b>

**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

- <sup>1/</sup> Includes 35.8 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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 and Catalina state park 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)
- <sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$16,525,300 and 131.2 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
State Parks Revenue Fund	\$16,508,600
Off-Highway Vehicle Recreation Fund	16,700

Adjustments are as follows:

**Remove One-Time Radio Purchases**

The budget includes a decrease of \$(285,200) from the State Parks Revenue Fund (SPRF) in FY 2025 for removal of one-time funding for radio purchases.

**Statewide Adjustments**

The budget includes a decrease of \$(1,614,800) from SPRF in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

**Arizona State Parks Heritage Fund Deposit**

The budget includes no funding in FY 2025 for the Arizona State Parks Heritage Fund Deposit line item. Adjustments are as follows:

**Remove One-Time Deposit**

The budget includes a decrease of \$(6,000,000) from the General Fund in FY 2025 for removal of a one-time deposit to 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 \$100,000 from the General Fund in FY 2025 for the Arizona Trail Fund Deposit line item. Adjustments are as follows:

**Remove One-Time FY 2024 Deposit**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 to reduce one-time funding for maintenance of the Arizona Trail that was included in the FY 2024 budget.

**One-Time FY 2025 Deposit**

The budget includes a one-time increase of \$100,000 from the General Fund in FY 2025 for maintenance of the Arizona Trail.

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 \$2,509,900 and 35.8 FTE Positions from SPRF in FY 2025 for Kartchner Caverns State Park. Adjustments are as follows:

**Statewide Adjustments**

The budget includes an increase of \$51,500 from the State Parks Revenue Fund in FY 2025 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 no funding in FY 2025 for the State Lake Improvement Fund Deposit line item. Adjustments are as follows:

**Remove One-Time Deposit**

The budget includes a decrease of \$(5,200,000) from the General Fund in FY 2025 for removal of a one-time deposit to 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 \$1,513,100 from the State Park Store Fund in FY 2025 for the State Parks Store line item. Adjustments are as follows:

**Increased Operating Costs**

The budget includes an increase of \$500,000 from the State Park Store Fund in FY 2025 for increased state parks store operations.

The FY 2025 Environment Budget Reconciliation Bill (BRB) makes a corresponding change to increase the balance cap for the State Park Store Fund from \$1.25 million to \$1.75 million.

Monies in the State Parks Store line item are used to operate and maintain state-owned giftshops.



### **Veterans Memorial Park Feasibility Study**

The budget includes \$500,000 from the State Parks Revenue Fund in FY 2025 for a Veterans Memorial Park Feasibility Study. Adjustments are as follows:

#### **One-Time Study**

The budget includes a one-time increase of \$500,000 from SPRF in FY 2025 to conduct a feasibility study on establishing a Veterans Memorial Park.

Laws 2023, Chapter 199 appropriated \$10,000,000 from SPRF in FY 2024 to establish a new state park near the Arizona Veterans National Cemetery in Cave Creek. Chapter 199 also allows the board to enter into an Intergovernmental Agreement with Maricopa County for the maintenance and preservation of the Arizona Veterans Memorial Park. The bill also requires ASPB to receive approval from the JCCR on the design of the memorial.

---

---

### **Other Issues**

---

---

### **Statutory Changes**

The Environment BRB makes the following statutory change:

- As permanent law, increases the fund balance cap for the State Park Store Fund from \$1.25 million to \$1.75 million.

### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
State Parks Revenue Fund	\$38,237,100

The FY 2025 Capital Outlay Bill specifies that the \$38,237,100 transfer reflects the amount of Transaction Privilege Tax revenues diverted to SPRF in FY 2023 to fund capital projects. *(Please see the Capital Outlay – Arizona State Parks Board section for additional information.)*

### **State Parks Operations**

As of July 2024, 32 state parks and natural areas are open to the public. Twenty-eight 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.)*

## State Personnel Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	82,700	135,000	135,000
Employee Related Expenditures	26,700	54,400	57,700
Professional and Outside Services	13,800	30,000	30,000
Travel - In State	200	2,000	2,000
Other Operating Expenditures	40,300	136,600	136,000
Equipment	2,300	3,000	3,000
<b>AGENCY TOTAL</b>	<b>166,000</b>	<b>361,000</b>	<b>363,700 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Personnel Board Subaccount of the Personnel Division Fund	166,000	361,000	363,700
SUBTOTAL - Other Appropriated Funds	166,000	361,000	363,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>166,000</b>	<b>361,000</b>	<b>363,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>166,000</b>	<b>361,000</b>	<b>363,700</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$363,700 and 2 FTE Positions from the Personnel Board Subaccount of the Personnel Division Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Technical Adjustment

The budget includes an increase of \$100 from the Personnel Board Subaccount of the Personnel Division Fund in FY 2025 for a technical adjustment.

#### Statewide Adjustments

The budget includes an increase of \$2,600 from Personnel Board Subaccount of the Personnel Division Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

## Arizona State Board of Pharmacy

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	25.4	25.4	25.4
Personal Services	1,834,200	1,936,900	1,936,900
Employee Related Expenditures	684,300	747,100	788,400
Professional and Outside Services	77,900	157,000	157,000
Travel - In State	74,200	65,200	65,200
Travel - Out of State	3,500	4,200	4,200
Other Operating Expenditures	428,700	533,000	469,000
Equipment	48,200	33,300	33,300
<b>OPERATING SUBTOTAL</b>	<b>3,151,000</b>	<b>3,476,700 <sup>1/</sup></b>	<b>3,454,000</b>
<b>SPECIAL LINE ITEMS</b>			
Annual Leave Payout	0	0	64,600 <sup>2/</sup>
Prescriber Report Card	50,000	50,000	50,000
<b>AGENCY TOTAL</b>	<b>3,201,000</b>	<b>3,526,700</b>	<b>3,568,600 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Arizona State Board of Pharmacy Fund	3,201,000	3,526,700	3,568,600
SUBTOTAL - Other Appropriated Funds	3,201,000	3,526,700	3,568,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,201,000</b>	<b>3,526,700</b>	<b>3,568,600</b>
Other Non-Appropriated Funds	2,231,500	0	0
<b>TOTAL - ALL SOURCES</b>	<b>5,432,500</b>	<b>3,526,700</b>	<b>3,568,600</b>

**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

- <sup>1/</sup> 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, 2025, for the purposes of e-licensing system upgrades. (General Appropriation Act footnote)
- <sup>2/</sup> The appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)
- <sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$3,454,000 and 25.4 FTE Positions from the Arizona State Board of Pharmacy Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes a decrease of \$(22,700) from the Arizona State Board of Pharmacy Fund FY 2025 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 2025 for the Prescriber Report Card program. This amount is unchanged from FY 2024.

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.

**Annual Leave Payout**

The budget includes \$64,600 from the Arizona State Board of Pharmacy Fund in FY 2025 for an Annual Leave Payout. Adjustments are as follows:

**One-Time Annual Leave Payout**

The budget includes a one-time increase of \$64,600 from the Arizona State Board of Pharmacy Fund in FY 2025 for an annual leave payout. The monies in this line item are non-lapsing.

**Other Issues**

**Statutory Changes**

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operation if a fee increase is not adopted.

**Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Arizona State Board of Pharmacy Fund	\$6,300,000

**Law 2024, Ch. 232**

Law 2024, Chapter 232 allows the Executive Director to transfer from the Arizona State Board of Pharmacy Fund up to \$1,000,000 to each of the Arizona Poison and Drug Information Center at the University of Arizona and a poison drug information center serving Maricopa County.

## Board of Physical Therapy

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	226,200	220,800	220,800
Employee Related Expenditures	98,800	117,200	124,500
Professional and Outside Services	50,500	68,600	68,600
Travel - Out of State	800	2,100	2,100
Other Operating Expenditures	100,800	177,800	175,000
Equipment	40,100	5,000	5,000
<b>AGENCY TOTAL</b>	<b>517,200</b>	<b>591,500</b>	<b>596,000 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Board of Physical Therapy Fund	517,200	591,500	596,000
SUBTOTAL - Other Appropriated Funds	517,200	591,500	596,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>517,200</b>	<b>591,500</b>	<b>596,000</b>
<b>TOTAL - ALL SOURCES</b>	<b>517,200</b>	<b>591,500</b>	<b>596,000</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$596,000 and 4 FTE Positions from the Board of Physical Therapy Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$4,500 from the Board of Physical Therapy Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### Fund Transfers

The budget includes the following transfer from this agency's fund to the General Fund:

	<b>FY 2024</b>
Board of Physical Therapy Fund	\$680,000

## Arizona Pioneers' Home

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	107.3	107.3	107.3
Personal Services	4,401,700	4,576,800	4,576,800
Employee Related Expenditures	1,874,900	2,636,000	2,840,100
Professional and Outside Services	36,600	95,800	95,800
Travel - In State	37,500	26,700	26,700
Other Operating Expenditures	1,338,100	1,024,800	932,600
Equipment	91,500	20,100	20,100
<b>AGENCY TOTAL</b>	<b>7,780,300</b>	<b>8,380,200</b>	<b>8,492,100 <sup>1/2/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Miners' Hospital for Miners with Disabilities Land Fund	1,767,800	2,301,300	2,363,700
State Charitable Fund	6,012,500	6,078,900	6,128,400
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>7,780,300</b>	<b>8,380,200</b>	<b>8,492,100</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>7,780,300</b>	<b>8,380,200</b>	<b>8,492,100</b>
Other Non-Appropriated Funds	14,400	14,600	14,600
<b>TOTAL - ALL SOURCES</b>	<b>7,794,700</b>	<b>8,394,800</b>	<b>8,506,700</b>

**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 \$8,492,100 and 107.3 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Miners' Hospital for Miners with Disabilities Land Fund	\$2,363,700
State Charitable Fund	6,128,400

Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$111,900 in FY 2025 for statewide adjustments. This amount consists of:

Miners' Hospital for Miners with Disabilities Land Fund	\$62,400
State Charitable Fund	49,500

(Please see the Agency Detail and Allocations section.)

## State Board of Podiatry Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	107,200	95,400	95,400
Employee Related Expenditures	33,800	36,100	37,300
Professional and Outside Services	3,000	5,500	5,500
Travel - In State	400	2,200	2,200
Travel - Out of State	0	1,500	1,500
Other Operating Expenditures	39,700	61,800	60,800
Equipment	1,500	0	0
<b>AGENCY TOTAL</b>	<b>185,600</b>	<b>202,500</b>	<b>202,700 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Podiatry Fund	185,600	202,500	202,700
SUBTOTAL - Other Appropriated Funds	185,600	202,500	202,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>185,600</b>	<b>202,500</b>	<b>202,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>185,600</b>	<b>202,500</b>	<b>202,700</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$202,700 and 1 FTE Position from the Podiatry Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$200 from the Podiatry Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations sections.)

### Other Issues

### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operation if a fee increase is not adopted.

## Arizona Power Authority

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Resource Planning and Needs Assessment	0	1,000,000 <sup>1/</sup>	0
<b>FUND SOURCES</b>			
General Fund	0	1,000,000	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>
Other Non-Appropriated Funds	20,024,000	20,833,400	20,833,400
<b>TOTAL - ALL SOURCES</b>	<b>20,024,000</b>	<b>21,833,400</b>	<b>20,833,400</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Special Line Item by Agency.

### Resource Planning and Needs Assessment

The budget includes no funding in FY 2025 for Resource Planning and Needs Assessment. Adjustments are as follows:

#### Remove One-Time Funding

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding to conduct resource planning and a needs assessment on behalf of Arizona Power Authority customers and other nonprofit electric service providers. A General Appropriation Act footnote made this appropriation non-lapsing.

APA has used \$12,900 from the appropriation to survey rural-electric cooperatives in terms of their needs related to the federal Empowering Rural America (New ERA) program. New ERA funding can be used on projects which would reduce air and water pollution with the goal of improving health outcomes and lowering energy costs.

APA has applied for the New ERA funding but has not yet received a response from the U.S. Department of Agriculture.

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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	251,800	248,000	248,000
Employee Related Expenditures	100,600	74,700	82,000
Professional and Outside Services	21,300	28,000	28,000
Travel - In State	100	1,000	1,000
Travel - Out of State	1,900	6,000	6,000
Other Operating Expenditures	39,600	50,400	48,000
Equipment	10,100	40,000	40,000
<b>AGENCY TOTAL</b>	<b>425,400</b>	<b>448,100</b>	<b>453,000 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board for Private Postsecondary Education Fund	425,400	448,100	453,000
SUBTOTAL - Other Appropriated Funds	425,400	448,100	453,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>425,400</b>	<b>448,100</b>	<b>453,000</b>
Other Non-Appropriated Funds	257,600	274,000	274,000
<b>TOTAL - ALL SOURCES</b>	<b>683,000</b>	<b>722,100</b>	<b>727,000</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$453,000 and 4 FTE Positions from the Board for Private Postsecondary Education Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$4,900 from the Board for Private Postsecondary Education Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

## State Board of Psychologist Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.5	4.5	4.5
Personal Services	320,900	320,000	320,000
Employee Related Expenditures	154,700	154,200	163,600
Professional and Outside Services	57,700	76,500	76,500
Travel - In State	400	1,800	1,800
Travel - Out of State	13,400	11,500	11,500
Other Operating Expenditures	68,500	65,600	61,000
Equipment	16,900	10,400	10,400
<b>AGENCY TOTAL</b>	<b>632,500</b>	<b>640,000</b>	<b>644,800 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Board of Psychologist Examiners Fund	632,500	640,000	644,800
SUBTOTAL - Other Appropriated Funds	632,500	640,000	644,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>632,500</b>	<b>640,000</b>	<b>644,800</b>
<b>TOTAL - ALL SOURCES</b>	<b>632,500</b>	<b>640,000</b>	<b>644,800</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency

#### Operating Budget

The budget includes \$644,800 and 4.5 FTE Positions from the Board of Psychologist Examiners Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$4,800 from the Board of Psychologist Examiners Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.

- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Board of Psychologist Examiners Fund	\$1,800,000

## Department of Public Safety

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2,074.2	2,105.7	2,167.7 <sup>1/</sup>
Personal Services	140,627,300	152,313,200	152,433,000
Employee Related Expenditures	98,607,500	60,016,400	65,404,600
Professional and Outside Services	3,091,500	2,107,400	2,107,400
Travel - In State	563,200	524,900	524,900
Travel - Out of State	430,500	427,400	427,400
Other Operating Expenditures	52,724,700	42,677,500	39,960,100
Equipment	25,171,400	15,845,300	15,855,300
<b>OPERATING SUBTOTAL</b>	<b>321,216,100</b>	<b>273,912,100</b>	<b>276,712,700</b>
<b>SPECIAL LINE ITEMS</b>			
ACTIC	1,240,600	1,450,000	2,132,700
AZPOST	6,100,000	6,576,000	6,100,000
Border Drug Interdiction	15,908,600	17,295,200	1,970,500 <sup>2/</sup>
Civil Air Patrol Infrastructure	23,500	10,000,000	0
Civil Air Patrol Maintenance and Operations	150,000	150,000	144,000
Commercial Vehicle Enforcement Consolidation	934,500	0	0
DPS Crime Lab Assistance	0	400,000	200,000
Fentanyl Prosecution, Diversion and Testing Fund Deposit	0	3,000,000 <sup>3/</sup>	0
GIITEM	23,050,900	25,414,300	24,749,000 <sup>4/5/</sup>
GIITEM Subaccount	2,894,000	2,396,400	2,396,400
Land Mobile Radio Expansion and Upgrades	0	44,100,000	0
Law Enforcement Retention Initiatives	0	2,000,000 <sup>6/</sup>	0
Local Border Support	6,286,500	12,232,900	5,000,000 <sup>7/8/9/</sup>
Major Incident Division	7,817,900	17,000,000	15,500,000
Microwave Backbone Project	4,514,400	0	0
Motor Vehicle Fuel	7,302,200	9,125,800	5,454,600
One-Time Helicopter Replacement	10,467,000	0	0
One-Time K-9 Support	198,900	0	0
One-Time Vehicle Bumper Tethers	1,050,000	0	0
One-Time Vehicle Replacement	4,242,200	11,709,300	0
Pharmaceutical Diversion and Drug Theft Task Force	618,000	747,700	704,200
Public Safety Equipment	1,292,100	2,890,000	3,660,000
Real-Time Crime Centers	0	4,100,000	0
<b>AGENCY TOTAL</b>	<b>415,307,400</b>	<b>444,499,700</b>	<b>344,724,100</b> <sup>10/11/12/</sup>
<b>FUND SOURCES</b>			
General Fund	333,637,100	366,140,600	264,461,100
<u>Other Appropriated Funds</u>			
Arizona Highway Patrol Fund	38,234,400	31,017,700	27,028,500
Concealed Weapons Permit Fund	3,025,600	3,152,400	3,388,400
Criminal Justice Enhancement Fund	2,275,400	3,009,000	3,049,900
DPS Forensics Fund	17,235,100	22,888,300	23,198,800
Fingerprint Clearance Card Fund	1,581,100	1,581,100	2,036,100
Gang and Immigration Intelligence Team Enforcement Mission Border Security and Law Enforcement Subaccount	2,894,000	2,396,400	2,396,400
Motor Vehicle Liability Insurance Enforcement Fund	1,282,000	729,400	1,003,300
Motorcycle Safety Fund	198,900	198,900	198,900
Parity Compensation Fund	4,088,100	3,022,200	3,156,800

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Public Safety Equipment Fund	1,292,100	2,894,000	3,664,000
Risk Management Revolving Fund	1,396,900	1,102,500	1,141,900
State Highway Fund	8,166,700	6,367,200	10,000,000
SUBTOTAL - Other Appropriated Funds	81,670,300	78,359,100	80,263,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>415,307,400</b>	<b>444,499,700</b>	<b>344,724,100</b>
Other Non-Appropriated Funds	48,274,200	48,623,900	70,001,100
Federal Funds	64,101,600	83,990,700	61,572,400
<b>TOTAL - ALL SOURCES</b>	<b>527,683,200</b>	<b>577,114,300</b>	<b>476,297,600</b>

**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 286.3 GF FTE Positions and 3 OF FTE Positions funded from Special Line Items in FY 2025.
- 2/ In addition to the \$1,970,500, Laws 2024, Chapter 209, Section 3 amends the FY 2023 General Appropriation Act to allocate \$15,444,300 from the Border Security Fund to DPS in FY 2025 for Border Drug Interdiction.
- 3/ Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Fentanyl Prosecution, Diversion and Testing Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (General Appropriation Act footnote)
- 4/ Of the \$24,749,000 appropriated to the GIITEM line item, only \$1,203,400 is deposited in the GIITEM fund established by section 41-1724, Arizona Revised Statutes, and is appropriated for the purposes of that section. The \$1,203,400 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)
- 5/ Of the \$24,749,000 appropriated to the GIITEM line item, \$12,895,100 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 GIITEM 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)
- 6/ The department of public safety shall distribute the amount appropriated in the law enforcement retention initiatives line item to the following law enforcement agencies for recruitment and retention services and software:
 

1. Arizona Department of Public Safety	\$500,000
2. Buckeye Police Department	\$150,000
3. Flagstaff Police Department	\$150,000
4. Oro Valley Police Department	\$125,000
5. Peoria Police Department	\$225,000
6. Queen Creek Police Department	\$175,000
7. Surprise Police Department	\$125,000
8. Tempe Police Department	\$350,000
9. Yavapai County Sheriff's Office	\$200,000

Each law enforcement agency that receives monies distributed from the law enforcement retention initiatives line item may only spend the monies to obtain goods and services from a vendor that does all of the following:

1. Offers performance coaching services facilitated by qualified coaches who have been trained or vetted by current or former instructors of the Federal Bureau of Investigation National Academy.
2. Provides accessible coaching services through an online platform, which offers a wide array of coaching options and subject areas for law enforcement professionals.
3. Includes analytics to measure the impacts of recruitment and retention services, including assessments of individual officer or employee performance.
4. Offers a comprehensive recruitment audit and training program designed specifically for agency recruiters.
5. Provides software or technology solutions to support a variety of recruitment and retention activities within law enforcement agencies.

The amount appropriated in the law enforcement retention initiatives line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2024 General Appropriation Act footnote, as amended by Section 9 of the FY 2025 General Appropriation Act)

- 7/ In addition to the \$5,000,000, Laws 2024, Chapter 209, Section 3 amends the FY 2023 General Appropriations Act to allocate \$12,232,900 from the Border Security Fund to DPS in FY 2025 for Local Border Support.
- 8/ The \$5,000,000 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). As required by Section 3 of the General Appropriation Act, this same condition applies to the use of Border Security Fund monies referenced in footnote 7.
- 9/ On or before September 1, 2024, 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)
- 10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 11/ Any monies remaining in the department of public safety joint account on June 30, 2025 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)
- 12/ Of the amount appropriated in the total appropriation for the department of public safety, \$180,528,800 is designated for personal services and \$77,953,700 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 \$276,712,700 and 1,878.4 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$204,677,400
Arizona Highway Patrol Fund	24,991,500
Concealed Weapons Permit Fund	3,388,400
Criminal Justice Enhancement Fund (CJEF)	2,915,600
DPS Forensics Fund	23,198,800
Fingerprint Clearance Card Fund	2,036,100
Motor Vehicle Liability Insurance Enforcement Fund	1,003,300
Motorcycle Safety Fund	198,900
Parity Compensation Fund	3,156,800
Public Safety Equipment Fund	4,000
Risk Management Revolving Fund	1,141,900
State Highway Fund	10,000,000

Adjustments are as follows:

#### **ACTIC Budget Shift**

The budget includes a decrease of \$(682,700) from the General Fund in the operating budget and a corresponding increase of \$682,700 from the General Fund in the ACTIC line item in FY 2025 for an ongoing budget shift. The FY 2023 budget included \$682,700 for increased costs to operate ACTIC, but the funding was erroneously allocated to the department's operating budget. This policy issue allocates the funding to the ACTIC line item where the increased costs are incurred.

#### **Cadet Housing Budget Shift**

The budget includes an increase of \$476,000 from the General Fund in the operating budget and a corresponding decrease of \$(476,000) from the General Fund in the AZPOST line item in FY 2025 for an ongoing budget shift. The FY 2023 budget included \$476,000 for the department to provide housing to cadets during their peace officer certification training process. The policy

issue shifts the funding to the DPS operating budget where the costs are incurred.

#### **Concealed Weapons Permit Staffing**

The budget includes an increase of \$195,700 and 2 FTE Positions from the Concealed Weapons Permit Fund in FY 2025 for additional concealed weapons permit staffing. The department has a reported backlog in concealed weapons permit applications and renewals. This funding is intended to help resolve the backlog in permit requests. In addition, the FY 2025 Criminal Justice Budget Reconciliation Bill (BRB) requires the department to prioritize in-state residents for permit renewals and requires DPS to submit an annual report. *(Please see the Other Issues section for further details.)*

#### **Property and Evidence Storage Lease Funding**

The budget includes an increase of \$455,000 from the Fingerprint Clearance Card Fund in FY 2025 to fund new rent costs for evidentiary storage of vehicles and equipment. The department recently had their lease terminated on a property that stores approximately 400 evidentiary vehicles. This funding will cover the ongoing rent payments for a lease on a new property to store their evidentiary vehicles. The funding includes a provision in the Criminal Justice Budget Reconciliation Bill (BRB) to allow the fund to be used for rent payments.

#### **Remove One-Time DPS Administration Funding**

The budget includes a decrease of \$(798,600) from the General Fund in FY 2025 to remove a one-time increase in administrative costs.

#### **Remove One-Time Motor Vehicle Liability Insurance Enforcement Fund Budget Shift**

The budget includes an increase of \$250,000 from the Motor Vehicle Liability Insurance Enforcement Fund and a corresponding decrease of \$(250,000) from the Arizona Highway Patrol Fund in FY 2025 to remove 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 was intended to provide one-time relief to the fund.

#### **Remove One-Time Rapid DNA Testing Funding**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 to remove a one-time increase in the operating budget for rapid DNA testing and analysis.

#### **Remove One-Time Uniform Allowance Funding**

The budget includes a decrease of \$(657,800) from the General Fund in FY 2025 to remove a one-time uniform allowance increase. The funding increased the annual uniform allowance from \$1,000 to \$1,500 per sworn officer.

#### **State Highway Fund Budget Shift**

The budget includes an increase of \$3,632,800 from the State Highway Fund and a corresponding decrease of \$(3,632,800) from the General Fund in FY 2025 for an ongoing budget shift. The shift permits DPS to use the full amount of \$10,000,000 from the State Highway Fund authorized by A.R.S. § 28-6537.

#### **Statewide Adjustments**

The budget includes an increase of \$5,313,000 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	1,912,200
Arizona Highway Patrol Fund	2,811,200
Concealed Weapons Permit Fund	40,300
Criminal Justice Enhancement Fund (CJEF)	40,900
DPS Forensics Fund	310,500
Motor Vehicle Liability Insurance Enforcement Fund	23,900
Parity Compensation Fund	134,600
Risk Management Revolving Fund	39,400

*(Please see the Agency Detail and Allocations section.)*

#### **ACTIC**

The budget includes \$2,132,700 from the General Fund in FY 2025 for the operation of the Arizona Counter Terrorism Information Center (ACTIC). Adjustments are as follows:

#### **ACTIC Budget Shift**

The budget includes an increase of \$682,700 from the General Fund in the ACTIC line item and a corresponding decrease of \$(682,700) from the General Fund in the operating budget in FY 2025 for an ongoing budget shift. The FY 2023 budget included \$682,700 for increased costs to operate ACTIC, but the funding was erroneously allocated to the department's operating budget. This policy issue allocates the funding to the ACTIC line item where the increased costs are incurred.

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 \$6,100,000 and 31 FTE Positions from the General Fund in FY 2025 for the Arizona Peace Officer

Standards and Training Board (AZPOST). These amounts are unchanged from FY 2024.

#### **Cadet Housing Budget Shift**

The budget includes a decrease of \$(476,000) from the General Fund in the AZPOST line item and a corresponding increase of \$476,000 from the General Fund in the operating budget in FY 2025 for an ongoing budget shift. The FY 2023 budget included \$476,000 for the department to provide housing to cadets during their peace officer certification training process. The policy issue shifts the funding to the DPS operating budget where the costs are incurred.

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 \$1,970,500 and 58.5 FTE Positions from the General Fund in FY 2025 for Border Drug Interdiction. Adjustments are as follows:

##### **One-Time Border Security Fund Budget Shift**

The budget includes a decrease of \$(15,444,300) from the General Fund in FY 2025 for a one-time Border Security Fund budget shift. The budget replaces this funding with an allocation from the Border Security Fund. The budget's 3-year spending plan restores this General Fund amount in FY 2026. *(Please see the Department of Emergency and Military Affairs narrative for additional information.)*

##### **Statewide Adjustments**

The budget includes an increase of \$119,600 from the General Fund in FY 2025 for statewide adjustments.

This line item was previously known as "Border Strike Task Force Ongoing." 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 no funding in FY 2025 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 \$(10,000,000) from the General Fund in FY 2025 to remove one-time funding 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. Pursuant to footnotes in the FY 2023 and FY 2024 General Appropriation Acts, monies from this line item are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. The footnotes also require an annual report on expenditures until the monies have been expended.

#### **Civil Air Patrol Maintenance and Operations**

The budget includes \$144,000 from the General Fund in FY 2025 for funding of the CAP Maintenance and Operations. Adjustments are as follows:

##### **CAP Maintenance and Operations Efficiencies**

The budget includes a decrease of \$(6,000) from the General Fund in FY 2025 for CAP maintenance and operations efficiencies.

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 FY 2018 Appropriations Report for historical funding information.)*

#### **DPS Crime Lab Assistance**

The budget includes \$200,000 from the General Fund in FY 2025 for DPS Crime Lab Assistance. Adjustments are as follows:

##### **Remove One-Time DPS Crime Lab Funding**

The budget includes a decrease of \$(200,000) from the General Fund in FY 2025 to remove one-time funding 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 no funding in FY 2025 for the Fentanyl Prosecution, Diversion and Testing Fund Deposit. Adjustments are as follows:

#### **Remove One-Time Fentanyl Prosecution, Diversion and Testing Fund Deposit**

The budget includes a decrease of \$(3,000,000) and (0.5) FTE Positions from the General Fund in FY 2025 to remove one-time funding 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. The FY 2025 Criminal Justice BRB permits the fund to be used beyond FY 2024 and exempts monies in the fund from lapsing until the fund is repealed on June 30, 2025. *(Please see the Other Issues section for further details.)*

### ***GIITEM***

The budget includes \$24,749,000 and 136.8 FTE Positions in FY 2025 for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). These amounts consist of:

General Fund	24,352,300
Arizona Highway Patrol Fund	396,700

Adjustments are as follows:

#### **GIITEM Aid to Others Vacancy Savings**

The budget includes a decrease of \$(200,000) from the General Fund in FY 2025 for ongoing GIITEM aid to others vacancy savings.

#### **GIITEM Vacancy Savings**

The budget includes a decrease of \$(700,000) from the General Fund in FY 2025 for ongoing vacancy savings in the GIITEM line item.

#### **Statewide Adjustments**

The budget includes an increase of \$234,700 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	182,800
Arizona Highway Patrol Fund	51,900

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) \$12,895,100 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) \$1,203,400 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 2025 for the GIITEM Subaccount, to be used for equipment and supplies for border security. This amount is unchanged from FY 2024.

The GIITEM Border Security and Law Enforcement Subaccount receives \$4 of a \$13 criminal fee. These revenues are estimated to total \$1,522,200 in FY 2025. 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 2024 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 no funding in FY 2025 for Land Mobile Radio (LMR) Expansion and Upgrades. Adjustments are as follows:

##### **Remove One-Time Land Mobile Radio Expansion and Upgrades Funding**

The budget includes a decrease of \$(41,100,000) from the General Fund and \$(3,000,000) from the Arizona Highway Patrol Fund in FY 2025 to remove one-time funding 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 no funding in FY 2025 for Law Enforcement Retention Initiatives. Adjustments are as follows:

##### **Remove One-Time Law Enforcement Retention Initiatives**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove one-time funding for online coaching services for law enforcement personnel.

This line item provides funding for state and local law enforcement professionals to procure online coaching services to improve recruitment and retention. The FY 2025 General Appropriations Act modifies a footnote from the FY 2024 General Appropriations Act to change how the monies from this line item are to be allocated. The monies are to be allocated to the following agencies for online coaching services to improve recruitment and retention:

- 1) \$500,000 to DPS,
- 2) \$150,000 to Buckeye Police Department,
- 3) \$150,000 to Flagstaff Police Department,
- 4) \$125,000 to Oro Valley Police Department,
- 5) \$225,000 to Peoria Police Department,

- 6) \$175,000 to Queen Creek Police Department,
- 7) \$125,000 to Surprise Police Department,
- 8) \$350,000 to Tempe Police Department, and
- 9) \$200,000 to Yavapai County Sheriff's Office.

The footnote further makes the monies in the line item non-lapsing.

#### **Local Border Support**

The budget includes \$5,000,000 from the General Fund in FY 2025 for the costs of Local Border Support. Adjustments are as follows:

##### **Ongoing Local Border Support Funding Increase**

The budget includes an increase of \$1,000,000 from the General Fund in FY 2025 to fund an ongoing increase in the Local Border Support line item.

##### **One-Time Border Security Fund Budget Shift**

The budget includes a decrease of \$(12,232,900) from the General Fund in FY 2025 for a one-time Border Security Fund budget shift. The budget replaces this funding with an allocation from the Border Security Fund. The budget's 3-year spending plan restores this General Fund amount in FY 2026. *(Please see the Department of Emergency and Military Affairs narrative for additional information.)*

##### **One-Time Local Border Support Funding**

The budget includes a one-time increase of \$4,000,000 from the General Fund in FY 2025 for additional Local Border Support funding.

The budget assumes total funding of \$17,232,900 in FY 2025 for the Local Border Support line item.

This line item was previously known as Border Strike Task Force Local Support. 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 \$15,500,000 and 60 FTE Positions from the General Fund in FY 2025 for the Major Incident Division (MID). Adjustments are as follows:

#### **Major Incident Division FTE's**

The budget includes an increase of 60 FTE Positions from the General Fund in FY 2025 to provide authorized personnel to staff the newly established Major Incident Division (MID).

In prior budgets, this line item did not include FTE Positions. The FY 2025 budget sets the FTE cap at 60 positions.

#### **Major Incident Division Funding**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 to fund the Major Incident Division (MID) within DPS established by the FY 2023 budget. The 3-year budget plan assumed a \$7,000,000 increase in FY 2025, but the budget instead decreases the MID by \$(1,500,000).

MID 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. Monies from this line item are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. The FY 2025 Criminal Justice BRB shifts the MID effective date from FY 2026 to FY 2028. The department has already hired positions for the new division and the delayed effective date will allow the department to train the personnel in preparation for the department's newly assigned duties. *(Please see the Other Issues section for further details.)*

### **Microwave Backbone Statewide Communication System**

The budget includes no funding and 3 FTE Positions from the Arizona Highway Patrol Fund in FY 2025 for the Microwave Backbone Statewide Communication System line item. These amounts are unchanged from FY 2024.

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 \$5,454,600 in FY 2025 for Motor Vehicle Fuel. This amount consists of:

General Fund	4,384,200
Arizona Highway Patrol Fund	936,100
CJEF	134,300

Adjustments are as follows:

#### **Remove One-Time Gas Inflation Funding**

The budget includes a decrease of \$(3,671,200) from the Highway Patrol Fund in FY 2025 to remove one-time funding for inflationary costs. This funding is intended to cover the increased cost of gas for the DPS fleet in FY 2024.

The Motor Vehicle Fuel line item centralizes monies appropriated to DPS for motor vehicle fuel.

### **One-Time Vehicle Replacement**

The budget includes no funding in FY 2025 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 2025 to remove one-time funding 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 monies in this line item are exempt from lapsing through FY 2025.

### **Peace Officer Training Equipment**

The budget includes no funding in FY 2025 for Peace Officer Training Equipment. This amount is unchanged from FY 2024.

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.

Through FY 2023, DPS reports they have expended the full \$3,073,000 FY 2019 appropriation from the Peace Officer Training Equipment Fund. The FY 2024 budget made 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 \$704,200 and 3 FTE Positions from the Arizona Highway Patrol Fund in FY 2025 for the Pharmaceutical Diversion and Drug Theft Task Force. Adjustments are as follows:

##### **Funding Reduction**

The budget includes a decrease of \$(112,400) from the General Fund in FY 2025 to match the appropriation to program needs.

##### **Statewide Adjustments**

The budget includes an increase of \$68,900 from the Arizona Highway Patrol Fund in FY 2025 for statewide adjustments.

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 \$3,660,000 from the Public Safety Equipment Fund in FY 2025 to equip DPS officers. Adjustments are as follows:

##### **One-Time Rifle Replacement Phase 1**

The budget includes an increase of \$770,000 from the Public Safety Equipment Fund in FY 2025 to replace rifles for DPS Troopers. The funding is expected to replace about 715 out of the total 1,100 rifles in FY 2025. Additional funding will be required to complete the rifle replacement.

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 no funding in FY 2025 for Real-Time Crime Centers. Adjustments are as follows:

##### **Remove One-Time Real-Time Crime Centers Funding**

The budget includes a decrease of \$(4,100,000) from the General Fund in FY 2025 to remove one-time funding for the 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**

#### **Statutory Changes**

The Criminal Justice BRB makes the following statutory changes:

- As permanent law, make rent payments (on the Vehicle and Evidence Storage Facility) an allowable use of the Fingerprint Clearance Card Fund.
- As session law, allow the Fentanyl Prosecution, Diversion and Testing Fund (established by Laws 2023, Chapter 137, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.
- As permanent law, require DPS to prioritize applications of in-state residents when issuing a permit to carry a concealed weapons permit. Require DPS to submit an annual report to JLBC.
- As permanent law, delay full implementation of the Major Incident Division to FY 2028.

#### ***Fund Transfers***

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Fingerprint Clearance Card Fund	\$3,900,000
DPS Licensing Fund	85,000
GIITEM Border Security and Law Enforcement Subaccount	1,080,000
Records Processing Fund	200,000
Public Safety Equipment Fund	500,000

## Public Safety Personnel Retirement System

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>			
EORP Fund Deposit (Laws 2022, Ch. 323)	60,000,000	0	0
EORP Fund Deposit (Statutory Appropriation)	5,000,000	5,000,000	5,000,000 <sup>1/</sup>
Prescott Fire Employer Group Deposit	1,000,000	1,000,000	1,000,000 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>66,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>FUND SOURCES</b>			
General Fund	66,000,000	6,000,000	6,000,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>66,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
Other Non-Appropriated Funds	18,454,800	23,595,700	23,595,700
<b>TOTAL - ALL SOURCES</b>	<b>84,454,800</b>	<b>29,595,700</b>	<b>29,595,700</b>

**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

- <sup>1/</sup> This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.
- <sup>2/</sup> 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 (Laws 2022, Chapter 323)**

The budget includes no funding from the General Fund in FY 2025 for deposit into the EORP Fund (under Laws 2022, Chapter 323).

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 4 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 is reflected in the June 30, 2023 EORP actuarial valuation, which impacts the FY 2025 EORP contribution rate.

The official June 30, 2023 EORP valuation indicated a funded status of 39.0%, which represents an increase from the 32.6% funded status in the prior June 30, 2022 valuation. PSPRS actuaries noted this funded status increase was largely due to the Chapter 323 deposit.

### **EORP Fund Deposit (Statutory Appropriation)**

The budget includes \$5,000,000 from the General Fund in FY 2025 as part of the closure of the Elected Officials' Retirement Plan (EORP). This amount is unchanged from FY 2024. *(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 General Appropriation Act.

### ***Prescott Fire Employer Group Deposit***

The budget includes \$1,000,000 from the General Fund in FY 2025 for deposit into the employer account of the Prescott Fire Department group. This amount is unchanged from FY 2024.

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 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.

### ***Long-Term Budget Impacts***

As part of the budget's 3-year spending plan, PSPRS's General Fund costs would decrease by \$(1,000,000) in FY 2027 below FY 2026 following the end of the multi-year appropriation for the Prescott Fire Employer Group Deposit.

*See the Consolidated Retirement Report section for more information on PSPRS membership and actuarial data.*

## State Real Estate Department

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	37.0	37.0	37.0
Personal Services	1,539,800	1,782,200	1,782,200
Employee Related Expenditures	564,400	712,900	763,000
Professional and Outside Services	91,900	210,000	210,000
Travel - In State	12,700	10,000	10,000
Travel - Out of State	2,200	30,000	30,000
Other Operating Expenditures	336,600	377,900	352,000
Equipment	15,800	75,000	75,000
<b>OPERATING SUBTOTAL</b>	<b>2,563,400</b>	<b>3,198,000</b>	<b>3,222,200 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(110,400)
<b>AGENCY TOTAL</b>	<b>2,563,400</b>	<b>3,198,000</b>	<b>3,111,800 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
General Fund	2,563,400	3,198,000	3,111,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,563,400</b>	<b>3,198,000</b>	<b>3,111,800</b>
Other Non-Appropriated Funds	50,400	77,000	77,000
<b>TOTAL - ALL SOURCES</b>	<b>2,613,800</b>	<b>3,275,000</b>	<b>3,188,800</b>

**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

- <sup>1/</sup> The lump sum appropriation for the state real estate department includes \$400,000 for information technology improvements. (General Appropriation Act footnote)
- <sup>2/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$3,222,200 and 37 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$24,200 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

In addition, a General Appropriation Act footnote specifies that the department's lump sum appropriation includes \$400,000 for information technology (IT) improvements. These monies will be used to contract with a business analyst to assist the department with the replacement of its IT system used for processing licensing applications, renewals, payments, and complaints.

#### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(110,400) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

## Residential Utility Consumer Office

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	12.0	12.0	12.0
Personal Services	838,200	926,300	926,300
Employee Related Expenditures	303,800	315,700	335,600
Travel - In State	5,600	8,600	8,600
Travel - Out of State	5,500	7,000	7,000
Other Operating Expenditures	186,200	189,600	184,000
Equipment	7,800	0	0
<b>OPERATING SUBTOTAL</b>	<b>1,347,100</b>	<b>1,447,200</b>	<b>1,461,500</b>
<b>SPECIAL LINE ITEMS</b>			
Professional Witnesses	9,800	145,000	145,000 <sup>1/</sup>
<b>AGENCY TOTAL</b>	<b>1,356,900</b>	<b>1,592,200</b>	<b>1,606,500 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Residential Utility Consumer Office Revolving Fund	1,356,900	1,592,200	1,606,500
SUBTOTAL - Other Appropriated Funds	1,356,900	1,592,200	1,606,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,356,900</b>	<b>1,592,200</b>	<b>1,606,500</b>
<b>TOTAL - ALL SOURCES</b>	<b>1,356,900</b>	<b>1,592,200</b>	<b>1,606,500</b>

**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

- <sup>1/</sup> 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)
- <sup>2/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$1,461,500 and 12 FTE Positions from the RUCO Revolving Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes \$14,300 from the RUCO Revolving Fund in FY 2025 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 2025 for Professional Witnesses. This amount is unchanged from FY 2024.

Monies in this line item are used to fund expert witness testimony at utility rate hearings.

### Other Issues

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
RUCO Revolving Fund	\$425,000



## Board of Respiratory Care Examiners

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	201,400	197,400	197,400
Employee Related Expenditures	90,000	79,500	87,500
Professional and Outside Services	0	6,500	6,500
Travel - In State	1,100	1,500	1,500
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	64,600	149,600	131,800
<b>AGENCY TOTAL</b>	<b>357,100</b>	<b>436,500</b>	<b>426,700 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Board of Respiratory Care Examiners Fund	357,100	436,500	426,700
SUBTOTAL - Other Appropriated Funds	357,100	436,500	426,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>357,100</b>	<b>436,500</b>	<b>426,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>357,100</b>	<b>436,500</b>	<b>426,700</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$426,700 and 4 FTE Positions from the Board of Respiratory Care Examiners Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### Remove FY 2024 Supplemental

The budget includes a decrease of \$(15,100) from the Board of Respiratory Care Examiners Fund in FY 2025 for the elimination of one-time funding for prior Central Service Bureau costs.

##### Statewide Adjustments

The budget includes an increase of \$5,300 from the Board of Respiratory Care Examiners Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### FY 2024 Supplemental

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$15,100 from the Board of Respiratory Care Examiners Fund for one-time Central Service Bureau costs.

## Arizona State Retirement System

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	240.9	240.9	240.9
Personal Services	13,338,300	13,861,300	13,861,300
Employee Related Expenditures	5,248,100	5,382,400	5,896,700
Professional and Outside Services	4,511,900	4,487,300	4,487,300
Travel - In State	4,200	30,000	30,000
Travel - Out of State	32,700	49,000	49,000
Other Operating Expenditures	3,278,200	4,467,500	4,149,600
Equipment	456,600	389,500	389,500
<b>AGENCY TOTAL</b>	<b>26,870,000</b>	<b>28,667,000</b>	<b>28,863,400 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Long-Term Disability Trust Fund Administration Account	1,472,300	1,800,000	1,800,000
State Retirement System Administration Account	25,397,700	26,867,000	27,063,400
SUBTOTAL - Other Appropriated Funds	26,870,000	28,667,000	28,863,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>26,870,000</b>	<b>28,667,000</b>	<b>28,863,400</b>
Other Non-Appropriated Funds	21,617,000	31,394,000	31,394,000
<b>TOTAL - ALL SOURCES</b>	<b>48,487,000</b>	<b>60,061,000</b>	<b>60,257,400</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$28,863,400 and 240.9 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Arizona State Retirement System Administration Account	\$27,063,400
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 \$(154,000) from the Arizona State Retirement System Administration Account

in FY 2025 to remove one-time funding associated with cloud migration costs and service management software.

#### Statewide Adjustments

The budget includes an increase of \$350,400 from the Arizona State Retirement System Administration Account in FY 2025 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	892.8	892.8	892.8 <sup>1/</sup>
Personal Services	30,626,200	33,570,800	33,570,800
Employee Related Expenditures	12,749,500	14,188,700	15,058,200
Professional and Outside Services	7,796,100	8,832,300	8,832,300
Travel - In State	94,600	203,700	203,700
Travel - Out of State	30,100	49,700	49,700
Other Operating Expenditures	15,935,400	18,094,300	18,860,000
Equipment	1,829,000	155,300	155,300
<b>OPERATING SUBTOTAL</b>	<b>69,060,900</b>	<b>75,094,800</b>	<b>76,730,000 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(1,748,200)
BRITS Operational Support	7,493,700	7,897,200	7,959,800
E-Commerce Compliance and Outreach	905,500	936,400	961,900
Tax Fraud Prevention	2,831,600	3,155,300	3,164,200 <sup>3/4/</sup>
TPT Simplification	984,100	1,033,400	1,063,100
Unclaimed Property Administration and Audit	1,309,500	1,473,900	1,473,900 <sup>5/</sup>
<b>AGENCY TOTAL</b>	<b>82,585,300</b>	<b>89,591,000</b>	<b>89,604,700 <sup>6/7/</sup></b>
<b>FUND SOURCES</b>			
General Fund	56,088,400	62,587,600	59,677,700
<u>Other Appropriated Funds</u>			
Department of Revenue Administrative Fund	25,151,000	25,390,900	27,101,900
Liability Setoff Program Revolving Fund	708,100	887,900	2,094,800
Tobacco Tax and Health Care Fund	637,800	724,600	730,300
SUBTOTAL - Other Appropriated Funds	26,496,900	27,003,400	29,927,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>82,585,300</b>	<b>89,591,000</b>	<b>89,604,700</b>
Other Non-Appropriated Funds	2,072,600	2,014,700	2,014,700
<b>TOTAL - ALL SOURCES</b>	<b>84,657,900</b>	<b>91,605,700</b>	<b>91,619,400</b>

**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

- <sup>1/</sup> Includes 70 GF and 2 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> The operating lump sum appropriation includes \$2,000,000 and 25 FTE positions for additional audit and collections staff. (General Appropriation Act footnote)
- <sup>3/</sup> 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)
- <sup>4/</sup> On or before November 1, 2024, the department shall report the results of private fraud prevention investigation services during fiscal year 2023-2024 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 2023-2024. (General Appropriation Act footnote)
- <sup>5/</sup> 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)

- 6/ The department shall report the department's general fund revenue enforcement goals for fiscal year 2024-2025 to the joint legislative budget committee on or before September 30, 2024. On or before September 30, 2025, 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 2024-2025. 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 2023-2024 and fiscal year 2024-2025, 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 2023-2024. (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 \$76,730,000 and 820.8 FTE Positions in FY 2025 for the operating budget. This amount consists of:

	<b>FY 2025</b>
General Fund	\$51,368,200
DOR Administrative Fund	22,536,700
Liability Setoff Program Revolving Fund	2,094,800
Tobacco Tax and Health Care Fund	730,300

Adjustments are as follows:

#### **IT Infrastructure for Cybersecurity and IRS Issues**

The budget includes an increase of \$1,200,000 from the Liability Setoff Program Revolving Fund in FY 2025 for IT infrastructure to address federal taxation and security standards.

#### **Remove One-Time Operating Budget Shift**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 to remove a one-time shift in FY 2024 funding sources for the Department of Revenue's operating budget. With the reduction in the General Fund, there is a corresponding increase of \$2,000,000 from the DOR Administrative Fund in FY 2025.

#### **Statewide Adjustments**

The budget includes an increase of \$435,200 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$711,600
DOR Administrative Fund	(289,000)
Liability Setoff Program Revolving Fund	6,900
Tobacco Tax and Health Care Fund	5,700

*(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(1,748,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the

reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget.

### **Business Reengineering/Integrated Tax System (BRITS) Operational Support**

The budget includes \$7,959,800 and 51 FTE Positions in FY 2025 for operational support of BRITS. These amounts consist of:

General Fund	4,868,500
DOR Administrative Fund	3,091,300

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$62,600 from the General Fund in FY 2025 for statewide adjustments.

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, FY 2024 and FY 2025 budgets included monies for the development of a new integrated tax system, and the 3-year spending plan assumes additional funding through FY 2028. *(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 \$961,900 from the General Fund in FY 2025 for E-Commerce Compliance and Outreach (ECCO) administrative costs. Adjustments are as follows:

### Statewide Adjustments

The budget includes an increase of \$25,500 from the General Fund in FY 2025 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 \$3,164,200 from the General Fund in FY 2025 for Tax Fraud Prevention. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$8,900 from the General Fund in FY 2025 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 \$27.5 million being paid to filers of fraudulent returns in Individual Income Tax returns in FY 2023.

### TPT Simplification

The budget includes \$1,063,100 and 19 FTE Positions from the General Fund in FY 2025 for TPT Simplification responsibilities. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$29,700 from the General Fund in FY 2025 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 2025 for Unclaimed Property Administration and Audit.

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.

### Other Issues

This section includes information on the following topics:

- Statutory Changes
- Long-Term Budget Impacts
- Integrated Tax System

### Statutory Changes

The Taxation Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, changes the implementation date for DOR for Laws 2024, Chapter 142 (HB 2382) from January 1, 2026 to January 1, 2028. This legislation requires DOR to establish a process where 3<sup>rd</sup> party entities that offer sourcing services to TPT Taxpayers may become certified providers subject to certain standards.
- 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 \$6,626,900 for FY 2025. Each local government type (for example all counties share of the \$6,626,900) 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 \$179,000 and \$803,600, respectively, in FY 2025.

### Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the Department of Revenue is allocated funding from the General Fund in FY 2026 and FY 2027 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 2025, the budget includes a transfer of \$11,847,300 from the General Fund and a transfer of \$7,609,500 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 \$19,456,800 is then appropriated from the Automation Projects Fund for the third year of funding.

The FY 2025 budget transferred \$1,300,000 from the Integrated Tax System Project Fund to the General Fund in FY 2024. The budget's 3-year spending plan includes an increase of \$1,300,000 for this project in FY 2027. *(For additional information, please see the Arizona Department of Administration – Automation Projects Fund narrative.)*

## Department of State - Secretary of State

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	143.1	144.1	146.1 <sup>1/</sup>
Personal Services	6,065,800	6,877,100	6,877,100
Employee Related Expenditures	2,288,100	2,624,300	2,838,800
Professional and Outside Services	1,456,700	1,422,600	1,422,600
Travel - In State	12,500	5,500	5,500
Travel - Out of State	38,200	36,000	36,000
Other Operating Expenditures	4,162,700	6,231,600	4,697,500
Equipment	104,200	133,300	133,300
<b>OPERATING SUBTOTAL</b>	<b>14,128,200</b>	<b>17,330,400</b>	<b>16,010,800 <sup>2/-5/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(463,600)
Access Voter Information Database	483,500	483,500	483,500 <sup>2/</sup>
Early Ballot Tracking	234,700	0	0
Election Services	4,883,400	100,000 <sup>8/</sup>	7,900,000 <sup>9/-11/</sup>
Electronic Records Repository	0	70,000	520,000
Help America Vote Act Projects <sup>12/</sup>	0	5,000,000	0
Library Grants-in-Aid	530,000	651,400	651,400 <sup>13/</sup>
Presidential Preference Election	0	5,926,100	0
Statewide Radio Reading Service for the Blind	97,000	97,000	97,000
Uniform State Laws Commission	72,100	99,000	99,000
<b>AGENCY TOTAL</b>	<b>20,428,900</b>	<b>29,757,400</b>	<b>25,298,100 <sup>14/</sup></b>
<b>FUND SOURCES</b>			
General Fund	18,630,100	22,781,800	22,993,900
<u>Other Appropriated Funds</u>			
Election Systems Improvement Fund	483,500	5,483,500	483,500
Records Services Fund	1,315,300	1,492,100	1,820,700
SUBTOTAL - Other Appropriated Funds	1,798,800	6,975,600	2,304,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>20,428,900</b>	<b>29,757,400</b>	<b>25,298,100</b>
Other Non-Appropriated Funds	2,071,600	2,639,700	2,639,700
Federal Funds	4,793,500	4,808,700	4,808,700
<b>TOTAL - ALL SOURCES</b>	<b>27,294,000</b>	<b>37,205,800</b>	<b>32,746,500</b>

**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

- <sup>1/</sup> Includes 1 GF and 2 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> Included in the operating lump sum appropriation of \$16,010,800 for fiscal year 2024-2025 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote as adjusted for statewide adjustments)
- <sup>3/</sup> The operating lump sum appropriation includes \$100,000 for additional support for the talking book library. (General Appropriation Act footnote)
- <sup>4/</sup> The operating lump sum appropriation includes \$250,000 for additional support for the address confidentiality program. (General Appropriation Act footnote)

- 5/ 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, to hire one FTE position to serve as legal advisor to the secretary of state or for legal expenses for conflict counsel. The secretary of state may make expenditures or incur indebtedness to employ outside or private attorneys if all of the following are true:
1. The secretary of state is named as a defendant.
  2. The secretary of state believes a conflict exists that prevents the attorney general from representing the secretary of state.
  3. The secretary of state either remains a nominal party or is defending the constitutionality of a law or referendum enacted by the legislature. (General Appropriation Act footnote.)
- 6/ Included in the operating lump sum appropriation of \$16,010,800 for fiscal year 2024-2025 is \$1,370,700 from the records services fund. This appropriation may be used for the payment of obligations incurred in fiscal year 2023-2024. (General Appropriation Act footnote as adjusted for statewide adjustments.)
- 7/ 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)
- 8/ In addition to any other appropriations made in fiscal year 2023-2024, the sum of \$100,000 is appropriated from the state general fund in fiscal year 2023- 2024 to the department of state – secretary of state for the costs of conducting logic and accuracy testing for the 2024 primary election. (General Appropriation Act footnote)
- 9/ Before transferring any monies in or out of the election services line item, the secretary of state shall submit a report for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 10/ The secretary of state may use up to \$250,000 of the monies appropriated in the election services line item for the direct costs of the secretary of state related to the 2024 primary and general elections. (General Appropriation Act footnote)
- 11/ On or before January 31, 2025, 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 election services line item for the 2024 primary election and 2024 general election. The report shall include, at a minimum, the actual expenditures by purpose including costs associated with logic and accuracy testing, the statewide election publicity pamphlet, initiative and referendum processing, petition signature reimbursements and sample ballot requirements.
- 12/ 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 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. The monies that remain unexpended and unencumbered on June 30, 2025 revert to the fund from which the monies were appropriated. (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/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### **Operating Budget**

The budget includes \$16,010,800 and 143.1 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$14,640,100
Record Services Fund	1,370,700

Adjustments are as follows:

#### **One-Time Operating Funding**

The budget includes an increase of \$1,000,000 from the General Fund in FY 2025 for one-time operating expenses.

### **Remove One-Time Administrative Funding**

The budget includes a decrease of \$(2,330,000) from the General Fund in FY 2025 for the removal of a one-time administrative funding of \$2,330,000 in FY 2024. Of the \$2,330,000, \$330,000 was allocated for the Business Services department. The FY 2024 appropriation is exempt from lapsing.

### **Statewide Adjustments**

The budget includes an increase of \$10,400 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	131,800
Record Services Fund	(121,400)

The budget continues footnotes specifying that the Secretary of State allocate the following amounts from



the operating lump sum in FY 2025 for the following items:

- \$100,000 for the operations of the Arizona Talking Book Library.
- \$250,000 of additional support 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. This funding was added in FY 2024 to address decreased federal funding.
- \$100,000 for legal services funding. The FY 2025 budget footnote specifies that the SOS may spend these monies for legal services from the Attorney General, to hire one FTE position to serve as legal advisor to the SOS or for legal expenses for conflict counsel. The SOS may make expenditures or incur indebtedness to employ outside or private attorneys if all the following occur: 1) SOS is named as a defendant, 2) SOS believes a conflict prevents the Attorney General from representing the SOS; 3) and the SOS is either a nominal party or defending the constitutionality of a law or referendum enacted by the legislature. The prior footnote for FY 2024 prohibited the SOS from incurring debt or making expenditures for private attorneys and did not allow for or address conflict council. A prior budget footnote in effect for FY 2022 and FY 2023 restricted the SOS from receiving legal support from the Attorney General.

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(463,600) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **Access Voter Information Database**

The budget includes \$483,500 from the Election Systems Improvement Fund in FY 2025 for the Access Voter Information Database line item. This amount is unchanged from FY 2024.

These monies pay for the state's share of costs for the state's voter registration system, which is named the Access Voter Information Database (AVID). The state and the counties share operation and maintenance costs. (For

*additional information about AVID Funding, please see the Help America Vote Acts Project line item.)*

#### **Election Services**

The budget includes \$7,900,000 from the General Fund in FY 2025 for the Election Services line item.

Adjustments are as follows:

##### **Primary/General Election Year Funding**

The budget includes an increase of \$7,900,000 from the General Fund in FY 2025 for the Primary Election on July 30, 2024 and the General Election on November 5, 2024. A new budget footnote requires SOS to report on the expenditures from the Election Services line item by January 31, 2025 and to delineate by type of expense.

##### **Remove FY 2024 Supplemental**

The budget includes a decrease of \$(100,000) from the General Fund in FY 2025 to remove a FY 2024 supplemental for the costs of conducting logic and accuracy testing in June for the Primary Election in July to meet statutory requirements. This supplemental is displayed in the FY 2024 column for the Election Services line item.

The state's total funding for the 2024 Primary Election and 2024 General Election is \$8,000,000. This amount is comprised of a FY 2024 supplemental for \$100,000 from the General Fund for logic and accuracy testing for the primary and the \$7,900,000 for the traditional state election costs in the FY 2025 budget.

The original FY 2024 budget included no funding for this line item since no primary or general elections were scheduled between July 2023 and June 2024. The 2024 Presidential Preference Election was funded in a separate line item in the FY 2024 budget.

**Background** – This line item is intended only to cover variable traditional state election costs in an election year. A budget footnote specifies that before transferring monies in or out of the Election Services line item, the SOS must submit a report for review by the JLBC. Ongoing annual elections services costs are funded out of the agency's operating budget.

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 \$520,000 and 3 FTE Positions for the Electronic Record Repository line item.

This amount consists of:

General Fund	\$70,000
Record Services Fund	450,000

Adjustments are as follows:

##### **Electronic Records Repository Program**

The budget includes an increase of \$450,000 and 2 FTE Positions from the Record Services Fund in FY 2025 for one-time start-up costs of the Electronic Records Repository Program. This funding will pay for the initial costs of a digital preservation software service for the repository and for program staff costs.

This line item supports an electronic repository of state archives and records. Laws 2019, Chapter 275 established the program and an Electronic Records Repository Fund (ERRF), which is subject to legislative appropriation, for the program's operating expenses. Laws 2019, Chapter 275, appropriated \$70,000 and 1 FTE from the General Fund directly to SOS in FY 2024, and these amounts were continued in the FY 25 budget.

The \$450,000 from the Record Services Fund will pay for the initial costs of the program. When fully operational, SOS plans to charge agencies to cover SOS operating costs and for the cost of digital storage. The ERRF is intended to be the recipient of fees and to be used for operating expenses of the program. At this time, the SOS is developing the program and no charges have been established.

#### ***Help America Vote Act Projects***

The budget includes no funding in FY 2025 for the Help America Vote Act (HAVA) Projects line item. Adjustments are as follows:

##### **Remove FY 2024 HAVA Projects Funding**

The budget includes a decrease of \$(5,000,000) from the Election Systems Improvement Fund in FY 2025 for removal of a FY 2024 appropriation of \$5,000,000 for funding HAVA Projects.

The FY 2024 non-lapsing appropriation provides authority for the spending of \$5,000,000 for HAVA projects subject to JLBC review. The \$5,000,000 appropriation authority

was intended to include all current unencumbered HAVA monies and a portion of any future federal HAVA grants.

A FY 2024 budget footnote stipulated that for the FY 2024 appropriation of \$5,000,000 that : 1) 75% of the monies 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. The Joint Legislative Budget Committee gave a favorable review at the October 10, 2023 meeting to an expenditure plan totaling \$3,664,300.

*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.

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.

##### HAVA Funding Balance

The SOS reported \$4,881,000 of funds available in the fall of 2023. With \$3,664,300 of approved projects, this left a balance of \$1,216,700 available. The federal Elections Assistance Commission allocated Arizona an additional \$1,000,000 of HAVA in 2024. With these monies, the balance available at the end of FY 2024 is \$2,216,700. The FY 2025 budget appropriated \$483,500 for the AVID line item leaving a balance of \$1,733,200. With the planned expenditure of \$483,500 for the AVID line item in FY 2026, the expected amount of available monies is \$1,249,700. This amount may be higher due to: interest earnings, additional federal funds being awarded, or if the county authority discussed below lapses at the end of FY 2025.

##### HAVA County Allocation Appropriation

The FY 2025 budget also extended the availability of a FY 2021 appropriation of \$5,352,200 of HAVA funding until the end of FY 2025. These monies were to be distributed to counties for election systems improvements. The legislature previously extended the availability of these monies in FY 2023 and FY 2024. As of fall 2023, an estimated \$510,600 remains available from the original county appropriation.

### ***Library Grants-in-Aid***

The budget includes \$651,400 from the General Fund in FY 2025 for Library Grants-in-Aid. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for the Presidential Preference Election (PPE) line item.

Adjustments are as follows:

#### **Remove 2024 PPE Funding**

The budget includes a decrease of \$(5,926,100) from the General Fund in FY 2024 for the PPE held on March 19, 2024.

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 FY 2024 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 2<sup>nd</sup> 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. The SOS reported based on 4,101,308 active registered voters in January 2024 and the statutory reimbursement rate of \$1.25 a cost for county reimbursements of \$5,126,600.

### ***Statewide Radio Reading Service for the Blind***

The budget includes \$97,000 from the General Fund in FY 2025 for Statewide Radio Reading Service for the Blind. This amount is unchanged from FY 2024.

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 2025 for costs associated with the state's participation in the Uniform State Laws Commission. This amount is unchanged from FY 2024.

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***

This section includes information on the following topics:

- FY 2024 Supplementals
- Statutory Changes
- Long-Term Budget Impacts
- Professional Employer Organizations

### ***FY 2024 Supplementals***

The FY 2025 budget includes the following FY 2024 supplemental:

- \$100,000 from the General Fund for costs of logic and accuracy testing for the 2024 Primary Election. *(See the Election Services line item for further details.)*

### ***Statutory Changes***

The Commerce Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, remove the requirement that any unencumbered balance in the Data Processing Acquisition Fund above \$250,000 at the end of the fiscal year reverts to the General Fund.

### ***Long-Term Budget Impacts***

As part of the budget's 3-year spending plan, SOS's General Fund costs would decrease by \$(7,900,000) in FY 2026 below FY 2025, and increase by \$4,000,000 in FY 2027 above FY 2026.

These estimates are based on:

- A \$(7,900,000) decrease in FY 2026 to remove one-time funding for the 2024 Primary/General Elections. There are no state primary or general elections scheduled between July 2025 and June 2026.
- A \$4,000,000 increase in FY 2027 to reinstate the base funding amount for the 2026 Primary/General elections, which are scheduled between July 2026 and June 2027.

### ***Professional Employer Organizations***

Laws 2024, Chapter 67 eliminated the statute requiring Professional Employer Organizations (PEOs) to register with the Secretary of State, along with paying a registration fee to be deposited into the appropriated Professional Employer Organization Fund. The legislation also eliminated the Professional Employer Organization Fund. Prior budget legislation delayed the implementation of the registration program until June 30, 2024.

## State Board of Tax Appeals

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	174,100	196,600	196,600
Employee Related Expenditures	64,900	69,700	75,900
Travel - In State	0	400	400
Other Operating Expenditures	48,000	60,600	58,600
Equipment	0	100	100
<b>OPERATING SUBTOTAL</b>	<b>287,000</b>	<b>327,400</b>	<b>331,600</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(13,000)
<b>AGENCY TOTAL</b>	<b>287,000</b>	<b>327,400</b>	<b>318,600 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	287,000	327,400	318,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>287,000</b>	<b>327,400</b>	<b>318,600</b>
<b>TOTAL - ALL SOURCES</b>	<b>287,000</b>	<b>327,400</b>	<b>318,600</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$331,600 and 4 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$4,200 from the General Fund in FY 2025 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(13,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

## State Board of Technical Registration

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	25.0	25.0	25.0
Personal Services	1,273,100	1,227,200	1,227,200
Employee Related Expenditures	483,000	572,000	621,800
Professional and Outside Services	90,900	191,600	191,600
Travel - In State	1,000	5,000	5,000
Travel - Out of State	18,500	17,200	17,200
Other Operating Expenditures	519,200	424,300	415,500
Equipment	198,400	167,700	167,700
<b>AGENCY TOTAL</b>	<b>2,584,100 <sup>1/</sup></b>	<b>2,605,000</b>	<b>2,646,000 <sup>2/</sup></b>
<b>FUND SOURCES</b>			
<u>Other Appropriated Funds</u>			
Technical Registration Fund	2,584,100	2,605,000	2,646,000
SUBTOTAL - Other Appropriated Funds	2,584,100	2,605,000	2,646,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,584,100</b>	<b>2,605,000</b>	<b>2,646,000</b>
Other Non-Appropriated Funds	10,800	0	0
<b>TOTAL - ALL SOURCES</b>	<b>2,594,900</b>	<b>2,605,000</b>	<b>2,646,000</b>

**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 pursuant to Laws 2022, chapter 313, section 85, \$167,700 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2025, for the purposes of e-licensing system upgrades.
- 2/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$2,646,000 and 25 FTE Positions from the Technical Registration Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$41,000 from the Technical Registration Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations sections.)*

### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent Law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operation if a fee increase is not adopted.

<b><i>Fund Transfers</i></b>
------------------------------

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
Technical Registration Fund	\$5,600,000

## Office of Tourism

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	28.0	31.0	31.0
Personal Services	2,093,900	2,093,900	2,093,900
Employee Related Expenditures	694,800	668,400	724,000
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	2,249,600	2,599,600	2,249,600
Equipment	30,500	30,500	30,500
<b>OPERATING SUBTOTAL</b>	<b>7,452,600</b>	<b>7,776,200</b>	<b>7,481,800</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(75,800)
Arizona Promotion	1,000,000	1,000,000	819,000
Southern AZ Sports, Tourism, and Film Authority	750,000	0	0
Wine Promotion	1,100,000	100,000	100,000
<b>AGENCY TOTAL</b>	<b>10,302,600</b>	<b>8,876,200</b>	<b>8,325,000 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	10,302,600	8,876,200	8,325,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>10,302,600</b>	<b>8,876,200</b>	<b>8,325,000</b>
Other Non-Appropriated Funds	36,478,800	35,429,700	35,429,700
Federal Funds	13,141,400	12,001,400	12,001,400
<b>TOTAL - ALL SOURCES</b>	<b>59,922,800</b>	<b>56,307,300</b>	<b>55,756,100</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### Operating Budget

The budget includes \$7,481,800 and 31 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Remove One-Time Tourism Workforce Initiatives

The budget includes a decrease of \$(250,000) from the General Fund in FY 2025 for removal of one-time monies for distribution to a 501(c)(6) organization for the purpose of advancing workforce development initiatives in the lodging and tourism industry.

#### Remove One-Time Culinary Workforce Development

The budget includes a decrease of \$(100,000) from the General Fund in FY 2025 for removal of one-time monies

for distribution to a 501(c)(6) organization for a campaign to highlight Arizona's restaurant and hospitality industries. The FY 2024 budget originally appropriated a total of \$250,000 for this purpose. The FY 2025 budget reduces that appropriation by \$(150,000) in FY 2024 and removes the remaining \$(100,000) in FY 2025. *(Please see the Other Issues – FY 2024 Supplemental section for additional information).*

#### Statewide Adjustments

The budget includes an increase of \$55,600 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*



### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(75,800) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **Arizona Promotion**

The budget includes \$819,000 from the General Fund in FY 2025 for Arizona Promotion. Adjustments are as follows:

#### **Reduce Arizona Promotion Funding**

The budget includes a decrease of \$(181,000) from the General Fund in FY 2025 to reduce funding for the Arizona Promotion line item.

Monies in this line item are used to fund the marketing, advertisement, and promotion of the tourism industry and tourism efforts in the state.

### **Wine Promotion**

The budget includes \$100,000 from the General Fund in FY 2025 for Wine Promotion. This amount is unchanged from FY 2024.

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**

### **FY 2024 Supplemental Reduction**

The FY 2025 budget includes an FY 2024 supplemental reduction of \$(150,000) from the General Fund for culinary workforce development. The FY 2024 budget originally included a total of \$250,000 from the General Fund for this purpose. *(Please see the Operating Budget for additional information.)*

### **Funding Sources**

The Office of Tourism (AOT) 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 2022, AOT's overall funding amount totaled \$29,412,500. In FY 2023, AOT's funding level increased by 12.2% to \$33,034,100, and the agency projects overall FY 2024 funding to be \$34,172,800, representing a 3.4% year-over-year increase. AOT projects overall funding to reach \$34,326,600 in FY 2025, a 0.5% increase over projected FY 2024 funding. *(See Table 1 on the next page for additional details on agency revenue.)*

Table 1

Office of Tourism Revenues <sup>1/</sup>

<u>Sources of Funding</u>	<u>Fund</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<u>General Fund Appropriation</u>				
• General Fund appropriation to be used administering the Office of Tourism and promoting tourism	General Fund	\$10,302,600	\$8,876,200	\$8,325,000
<u>Sports and Tourism Authority</u>				
• Partial allocation of 1% of bed tax and 3.25% car rental tax (Prop. 302 - 2000)	Tourism Fund	11,190,300	11,749,800 <sup>2/</sup>	12,337,300 <sup>2/</sup>
<u>Tribal Gaming</u>				
• 8% of state's share of gaming proceeds, after distribution to Department of Gaming (Prop. 202 - 2002)	Tourism Fund	<u>11,541,200</u>	<u>13,546,800</u> <sup>2/</sup>	<u>13,664,300</u> <sup>2/</sup>
<b>Total</b>		<b>\$33,034,100</b>	<b>\$34,172,800</b>	<b>\$34,326,600</b>

<sup>1/</sup> The numbers displayed represent revenues to the agency and may not correspond directly to the agencies' actual expenditure or appropriation amounts.

<sup>2/</sup> The Sports and Tourism Authority amounts and the Tribal Gaming amounts for FY 2024 and FY 2025 are estimates provided by the Office of Tourism in September 2023.

## Department of Transportation

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	4,554.0	4,554.0	4,571.0 <sup>1/</sup>
Personal Services	122,787,700	136,110,300	137,180,700
Employee Related Expenditures	56,284,500	61,656,800	67,866,200
Professional and Outside Services	12,282,800	10,858,900	10,858,900
Travel - In State	648,700	464,900	464,900
Travel - Out of State	200,500	157,100	157,100
Other Operating Expenditures	40,508,000	41,322,900	36,081,200
Equipment	4,105,700	3,716,000	3,350,200
<b>OPERATING SUBTOTAL</b>	<b>236,817,900</b>	<b>254,286,900</b>	<b>255,959,200 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
ADOT Fleet Vehicles and Heavy Equipment Maintenance	20,964,200	25,209,300	26,522,700
ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency	0	0	1,000,000
ADOT Fleet Vehicle and Heavy Equipment Replacement	16,818,000	22,400,000	22,400,000 <sup>3/</sup>
Attorney General Legal Services	3,623,700	3,623,700	3,623,700 <sup>4/</sup>
Authorized Third Parties	1,896,400	2,194,000	2,264,400
Construction Management System Replacement	0	0	1,885,000
Driver License Security Software	1,071,400	0	0
Driver Safety and Livestock Control	275,500	800,000	800,000
Highway Damage Recovery Account	7,988,600	8,000,800	7,999,300
Highway Maintenance	168,295,200	160,760,600	165,300,900 <sup>5/6/</sup>
One-Time Fleet Fuel Inflation Funding	0	2,337,900	3,297,900
Preventive Surface Treatments	29,005,800	36,142,000	36,142,000 <sup>7/</sup>
Radio Lifecycle Replacement	0	1,656,100	1,656,100
Spaying and Neutering of Animals Fund Deposit	0	550,000	0
State Fleet Operations	22,731,600	30,454,400	29,146,900
State Fleet Vehicle Replacement	9,380,900	25,000,000	11,370,000
Statewide Litter Removal	0	3,106,800	3,106,800
<b>AGENCY TOTAL</b>	<b>518,869,200</b>	<b>576,522,500</b>	<b>572,474,900 <sup>8/-12/</sup></b>
<b>FUND SOURCES</b>			
General Fund	0	550,000	0
<u>Other Appropriated Funds</u>			
Air Quality Fund	254,000	1,127,700	1,078,300
Department Fleet Operations Fund	20,964,200	25,209,300	27,522,700
Highway Damage Recovery Account	7,988,600	8,000,800	7,999,300
Highway User Revenue Fund	764,900	898,600	951,500
Ignition Interlock Device Fund	331,300	360,700	365,600
Motor Vehicle Liability Insurance Enforcement Fund	4,187,400	1,582,300	1,615,600
State Aviation Fund	1,992,000	2,261,600	2,289,300
State Fleet Operations Fund	22,731,600	30,454,400	29,146,900
State Highway Fund	448,967,600	479,430,500	488,489,300
State Vehicle Replacement Fund	9,380,900	25,000,000	11,370,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,306,700	1,646,600	1,646,400
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>518,869,200</b>	<b>575,972,500</b>	<b>572,474,900</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>518,869,200</b>	<b>576,522,500</b>	<b>572,474,900</b>
Other Non-Appropriated Funds	28,553,500	27,819,400	27,819,400

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Federal Funds	43,836,500	22,430,800	22,430,800
<b>TOTAL - ALL SOURCES</b>	<b>591,259,200</b>	<b>626,772,700</b>	<b>622,725,100</b>

**AGENCY DESCRIPTION** — The Department of Transportation has jurisdiction over state roads, state airports, and the registration of motor vehicles and aircraft.

#### FOOTNOTES

- 1/ Includes 1,154 OF FTE Positions funded from Special Line Items in FY 2025.
- 2/ The amount appropriated in the operating lump sum includes a \$2,000,000 reduction below the fiscal year 2023-2024 level from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2024-2025 from the department's enforcement and compliance division. (General Appropriation Act footnote)
- 3/ 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)
- 4/ 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)
- 5/ Of the total amount appropriated, \$165,300,900 in fiscal year 2024-2025 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, 2025. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 6/ 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)
- 7/ 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, 2025. (General Appropriation Act footnote)
- 8/ Of the total amount appropriated, the department of transportation shall pay \$15,981,300 in fiscal year 2024-2025 from all funds to the department of administration for its risk management payment. (General Appropriation Act footnote)
- 9/ 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, 2025 for fiscal year 2024-2025. (General Appropriation Act footnote)
- 10/ On or before February 1, 2025, 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 2024-2025, 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)
- 11/ On or before August 1, 2024, 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)
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

## Operating Budget

The budget includes \$255,959,200 and 3,417 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<u>FY 2025</u>
Air Quality Fund	\$1,078,300
Highway User Revenue Fund	686,200
Ignition Interlock Device Fund	365,600
Motor Vehicle Liability Insurance Enforcement Fund	1,510,900
State Aviation Fund	2,289,300
State Highway Fund	248,475,700
Vehicle Inspection and Certificate of Title Enforcement Fund	1,553,200

Adjustments are as follows:

### ADOT Fleet Operations Funding

The budget includes an increase of \$1,010,300 in FY 2025 for increased costs related to operating and maintaining ADOT's fleet. This amount consists of:

State Aviation Fund	6,100
State Highway Fund	1,004,200

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.)*

### Enforcement and Compliance Division Funding Reduction

The budget includes a decrease of \$(2,000,000) from the State Highway Fund in FY 2025 for a reduction in the department's Enforcement and Compliance Division (ECD). Prior to the reduction, the overall FY 2024 ECD budget was approximately \$30.3 million. The ECD consists of both peace officer and civilian positions charged with maintaining the state ports of entry and conducting commercial vehicle inspections. This issue includes a \$2,000,000 transfer from the State Highway Fund to the General Fund, which reflect monies derived from the Vehicle License Tax. *(Please see the Other Issues section for further details.)*

### Federal Construction Funding Personnel

The budget includes an increase of \$1,550,000 and 15 FTE Positions from the State Highway Fund in FY 2025 for additional construction project personnel to staff projects funded by the \$1.3 billion ADOT received from the federal Infrastructure Investment and Jobs Act (IIJA). The new positions will be partially covered through federal funds.

### License Plate Production Funding Reduction

The budget includes a decrease of \$(629,000) from the State Highway Fund in FY 2025 for a decrease in license plate production funding to reflect lower than anticipated production costs.

### Named Claimants

The budget includes a decrease of \$(270,600.29) from the State Highway Fund in FY 2025 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

### One-Time MVD Security System

The budget includes a one-time increase of \$724,900 from the State Highway Fund in FY 2025 to replace the security systems at 9 MVD offices throughout the state. The funding covers the third phase of a 5-phase project intended to replace the security systems at all 42 offices.

### Remove One-Time MVD Security System

The budget includes a decrease of \$(730,900) from the State Highway Fund in FY 2025 to remove one-time funding to replace the security systems at 10 MVD offices throughout the state. The funding covers 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 a one-time increase of \$200,000 from the Air Quality Fund in FY 2025 for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

### Remove One-Time Passenger Rail Service Operating Funding

The budget includes a decrease of \$(250,000) from the Air Quality Fund in FY 2025 to remove one-time funding for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

### Remove One-Time Computer Aided Dispatch System Replacement Funding

The budget includes a decrease of \$(336,800) from the State Highway Fund in FY 2025 to remove one-time funding to replace the department's existing Computer-Aided Dispatch (CAD) system.

### Remove One-Time MVD Paper Materials Cost Increase

The budget includes a decrease of \$(701,700) from the State Highway Fund in FY 2025 to remove one-time funding to cover the increased cost of paper materials used by the MVD.

### Statewide Adjustments

The budget includes an increase of \$3,106,100 in FY 2025 for statewide adjustments. This amount consists of:

Air Quality Fund	600
Highway User Revenue Fund	28,400
Ignition Interlock Device Fund	4,900
Motor Vehicle Liability Insurance Enforcement Fund	30,900
State Aviation Fund	21,600
State Highway Fund	3,019,900
Vehicle Inspection and Certificate of Title Enforcement Fund	(200)

(Please see the Agency Detail and Allocations section.)

### ADOT Fleet Vehicles and Heavy Equipment Maintenance

The budget includes \$26,522,700 and 200 FTE Positions from the Department Fleet Operations Fund in FY 2025 for Vehicles and Heavy Equipment Maintenance. Adjustments are as follows:

#### ADOT Fleet Operations Funding

The budget includes an increase of \$1,010,300 from the Department Fleet Operations Fund in FY 2025 for increased costs related to operating and maintaining ADOT's fleet.

#### Named Claimants

The budget includes a decrease of \$(283.96) from the Department Fleet Operations Fund in FY 2025 for the elimination of one-time funding for prior year unpaid claims.

#### Statewide Adjustments

The budget includes an increase of \$303,400 from the Department Fleet Operations Fund in FY 2025 for statewide adjustments.

This line item funds the maintenance and repair of the department's vehicle and equipment fleet.

### ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency

The budget includes \$1,000,000 from the Department Fleet Operations Fund in FY 2025 for Vehicles and Heavy Equipment Maintenance Contingency. Adjustments are as follows:

#### ADOT Fleet Operations Contingency Funding

The budget includes an increase of \$1,000,000 from the Department Fleet Operations Fund in FY 2025 for contingency related costs of maintaining 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 2025 for Vehicle and Heavy Equipment Replacement. This amount is unchanged from FY 2024.

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 \$3,623,700 from the State Highway Fund in FY 2025 for Attorney General Legal Services. This amount is unchanged from FY 2024.

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 \$2,264,400 and 20 FTE Positions in FY 2025 for Authorized Third Parties. These amounts consist of:

Highway User Revenue Fund	265,300
Motor Vehicle Liability Insurance Enforcement Fund	104,700
State Highway Fund	1,801,200
Vehicle Inspection and Certificate of Title Enforcement Fund	93,200

Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$70,400 in FY 2025 for statewide adjustments. This amount consists of:

Highway User Revenue Fund	24,500
Motor Vehicle Liability Insurance Enforcement Fund	2,400
State Highway Fund	43,500

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 2023, ATPs retained \$27,023,000 in fees that otherwise would have been deposited to the Highway User Revenue Fund (HURF) and \$37,196,000 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.)*

#### **Construction Management System Replacement**

The budget includes \$1,885,000 from the State Highway Fund in FY 2025 for Construction Management System Replacement. Adjustments are as follows:

##### **One-Time Construction Management System Replacement Funding**

The budget includes a one-time increase of \$1,885,000 from the State Highway Fund in FY 2025 for construction management system replacement. The funding covers the first phase of a 4-phase project intended to replace the department's construction management IT system.

The IT system is utilized by ADOT for managing the contract process and tracking the delivery of construction projects.

#### **Driver Safety and Livestock Control**

The budget includes \$800,000 from the State Highway Fund in FY 2025 for Driver Safety and Livestock Control. This amount is unchanged from FY 2024.

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 \$7,999,300 from the Highway Damage Recovery Account in FY 2025 for the Highway Damage Recovery Account. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes a decrease of \$(1,500) from the Highway Damage Recovery Account in FY 2025 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 \$165,300,900 and 932 FTE Positions from the State Highway Fund in FY 2025 for Highway Maintenance. Adjustments are as follows:

##### **Highway Maintenance Additional Lane Miles**

The budget includes an increase of \$1,110,900 from the State Highway Fund in FY 2025 for maintenance of new lane miles across the state. This funding will cover the cost of 84 new lane miles added in FY 2024.

##### **One-Time I-17 Flex Lane Maintenance Costs**

The budget includes a one-time increase of \$517,500 from the State Highway Fund in FY 2025 for maintenance of new flex lane miles along Interstate 17 from Anthem to Sunset Point. ADOT anticipates the new flex lanes will be open in November 2024 and this funding will cover the cost of a third party to maintain the new lane miles.

##### **South Mountain Loop 202 Maintenance Costs**

The budget includes an increase of \$853,200 from the State Highway Fund in FY 2025 for maintenance of new lane miles for the South Mountain Loop 202 freeway that was opened in December 2019. This funding covers the full cost of maintenance by adjusting for inflation. Of this amount, \$509,300 is one-time for a maintenance performance bond payment.

##### **Statewide Adjustments**

The budget includes an increase of \$2,058,700 from the State Highway Fund in FY 2025 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 \$165,300,900 included for Highway Maintenance, the Proposition 400 Maricopa County half-cent sales tax makes another \$14,020,300 available in FY 2025 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 \$3,297,900 from the State Highway Fund in FY 2025 for One-Time Fleet Fuel Inflation Funding. Adjustments are as follows:

#### **Remove One-Time FY 2024 Inflation Funding**

The budget includes a decrease of \$(2,337,900) from the State Highway Fund in FY 2025 to remove one-time funding for inflationary cost increases in fuel.

#### **One-Time FY 2025 Inflation Funding**

The budget includes a one-time increase of \$3,297,900 from the State Highway Fund in FY 2025 to fund inflationary cost increases in fuel.

### ***Preventive Surface Treatments***

The budget includes \$36,142,000 from the State Highway Fund in FY 2025 for Preventive Surface Treatments. This amount is unchanged from FY 2024.

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 \$15,088,000 in Federal Funds available for treatments.

### ***Radio Lifecycle Replacement***

The budget includes \$1,656,100 from the State Highway Fund in FY 2025 for Radio Lifecycle Replacement. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for Spaying and Neutering of Animals Fund Deposit. Adjustments are as follows:

#### **Remove One-Time Spaying and Neutering of Animals Fund Deposit**

The budget includes a decrease of \$(550,000) from the General Fund in FY 2025 to remove one-time funding 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 \$29,146,900 and 2 FTE Positions from the State Fleet Operations Fund in FY 2025 for State Fleet Operations. Adjustments are as follows:

#### **Exempt Fleet Maintenance Adjustment**

The budget includes a decrease of \$(960,000) from the State Fleet Operations Fund in FY 2025 for an exempt fleet maintenance adjustment. 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, Legislative branch, Department of Corrections, Department of Economic Security, Department of Child Safety, and the Department of Public Safety. This funding will address the anticipated changes in fleet service charges for these agencies.

#### **Remove One-Time FY 2024 State Fleet Maintenance Adjustment**

The budget includes a decrease of \$(6,791,800) from the State Fleet Operations Fund in FY 2025 to remove one-time funding for state fleet maintenance costs. The department received 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.

#### **One-Time FY 2025 State Fleet Maintenance Adjustment**

The budget includes a one-time increase of \$6,273,900 from the State Fleet Operations Fund in FY 2025 for state fleet maintenance costs. The department needs increased appropriation authority to expend the increased agency maintenance charges on 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.

#### **State Fleet Maintenance Personnel**

The budget includes an increase of \$172,500 and 2 FTE Positions from the State Fleet Operations Fund in FY 2025 to fund new positions to assist with the maintenance of the state fleet. Of this amount, \$5,200 is one-time.

#### **Statewide Adjustments**

The budget includes a decrease of \$(2,100) from the State Fleet Operations Fund in FY 2025 for statewide adjustments.

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 \$11,370,000 from the State Vehicle Replacement Fund in FY 2025 for State Fleet Vehicle Replacement. Adjustments are as follows:

##### **State Fleet Vehicle Replacement Adjustment**

The budget includes an increase of \$5,035,200 from the State Vehicle Replacement Fund in FY 2025 for state fleet vehicle replacement costs. The department intends to utilize the funding to purchase 3 new vehicles for the Department of Health Services and increase the contingency capacity within the fund. In addition, the FY 2024 budget funded 206 vehicle replacements within the state fleet. Although ADOT had already received the funding from agencies for these vehicle replacements and deposited those monies into the State Vehicle Replacement Fund, ADOT had yet to replace the vehicles due to supply chain issues. The department needed an increase in appropriation authority to replace the vehicles funded from the prior year budget. Of this amount, \$4,120,000 is one-time.

##### **Remove One-Time State Fleet Vehicle Replacement Adjustment**

The budget includes a decrease of \$(18,665,200) from the State Vehicle Replacement Fund in FY 2025 to remove one-time funding 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 had already received the funding from agencies for these new vehicle purchases and deposited those monies into the State Vehicle Replacement Fund, ADOT had yet to

purchase all the new vehicles due to supply chain issues. The department needed an increase in appropriation authority to purchase new vehicle additions funded from the prior year budgets.

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 2025 for Statewide Litter Removal. This amount is unchanged from FY 2024.

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**

This section includes information on the following topics:

- Auditor General Report
- FY 2024 Supplemental
- Fund Transfers
- Enforcement and Compliance Division Policy Changes

#### **Auditor General Report**

In September 2023, the Auditor General published an ADOT performance audit and sunset review that included recommendations for improvements to the department's MVD system to address fraud and security risk incidents and the department's transportation project cost estimate process.

The audit found the department's MVD third-party quality assurance process does not currently hold third parties to the same standards as MVD employees performing the same services. Consequently, the audit recommended the MVD align its third-party quality assurance process with their quality assurance process for MVD field offices, including conducting a staffing and workload analysis, and ensuring sufficient staffing for third-party oversight. In addition, the audit found the department's initial cost estimates for transportation projects found within the ADOT 5-Year Construction Program do not always include inflation, which cause some projects' actual costs to be higher than estimated. The audit recommended the

department develop a cost-estimation tool, which includes an inflationary factor, to standardize transportation project cost estimates.

**FY 2024 Supplemental**

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$270,600.29 from the State Highway Fund and \$283.96 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.)*

**Fund Transfers**

The budget includes the following transfers from this agency’s funds to the General Fund in FY 2024:

	<b>FY 2024</b>
Economic Strength Project Fund	\$600,000
Highway Damage Recovery Account	1,000,000
State Aviation Fund	15,000,000
State Highway Fund	26,000,000
Abandoned Vehicle Administration Fund	400,000
Shared Location and Advertising	75,100
Agreements Expense Fund	
Motor Vehicle Liability Insurance	300,000
Enforcement Fund	
Highway Expansion and Extension Loan	3,900
Program Fund	
Arizona Highways Magazine Fund	500,000

The budget also includes \$18,700,000 transfer from the State Highway Fund to the General Fund in FY 2025.

The State Highway Fund transfers in FY 2024 and FY 2025 include footnote language stating that the transferred monies reflect interest income earned from investment of monies in the State Highway Fund that were deposited in the fund from a Transaction Privilege Tax (TPT) diversion in FY 2023 to expand Interstate 10 from Phoenix to Casa Grande.

As part of the budget's 3-year spending plan, \$15,000,000 will be transferred from the State Highway Fund to the General Fund in FY 2026 and \$10,000,000 will be transferred from the State Highway Fund to the General Fund in FY 2027.

An additional footnote transfers \$2,000,000 from the State Highway Fund, derived from the Vehicle License Tax, to the General Fund. These monies reflect the ongoing savings earned from the \$(2,000,000) reduction in the

department's ECD budget. *(Please see the Operating Budget for further details.)*

**Enforcement and Compliance Division Policy Changes**

Laws 2024, Chapter 208 (HB 2438) prohibits peace officers within the department's ECD from enforcing motor vehicle violations from operators of non-commercial vehicles, unless the peace officer determines that the violation could result in a substantial risk of imminent death or serious physical injury. Chapter 208 further states that a mobile port of entry may only be operated within 25 miles of a fixed port of entry in the state, unless state or municipal law enforcement agencies request assistance for commercial motor vehicle enforcement to streamline operations and ensure efficient commercial transportation across this state.

## State Treasurer

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	35.4	38.4	38.4
Personal Services	2,329,300	3,026,000	3,026,000
Employee Related Expenditures	979,900	1,036,200	1,093,300
Professional and Outside Services	113,300	98,000	107,200
Travel - In State	3,300	600	600
Travel - Out of State	15,700	10,800	10,800
Other Operating Expenditures	371,400	429,700	404,900
Equipment	27,700	43,500	43,500
<b>OPERATING SUBTOTAL</b>	<b>3,840,600</b>	<b>4,644,800</b>	<b>4,677,100</b>
<b>SPECIAL LINE ITEMS</b>			
Arizona Health Innovation Trust Fund Deposit	100,000	0	0
County Recorder Voter Registration Accuracy Review	0	6,000,000	0
Secure Ballot Paper	0	5,000,000 <sup>1/</sup>	6,000,000 <sup>2/</sup>
Justice of the Peace Salaries	1,660,000	2,818,200	2,318,200
Law Enforcement Crime Victim Notification Fund Deposit	187,600	0	0
Law Enforcement/Boating Safety Fund Grants	0	2,183,800	2,183,800
Special Sporting Event	1,500,000	1,500,000	1,500,000 <sup>3/</sup>
<b>Section 116 Local Distributions <sup>4/</sup></b>			
Chandler Police Department Support	0	2,000,000	0
City Police Department Pepper Ball Pilot Program	0	750,000	0
Copper Canyon Fire and Medical District	0	750,000	0
County Property Owner Notification Systems	0	126,200	0
County Sheriffs Search and Rescue Equipment	0	2,500,000	0
Flagstaff Post-Fire Mitigation	0	8,987,000	0
Glassford Dells Regional Park Development	0	3,500,000	0
Glendale Veterans Community Project	0	2,414,500 <sup>5/</sup>	0
Hayden and Wickenburg Police Departments	0	3,000,000	0
Kearny Public Building Remediation	0	500,000	0
La Paz County Public Safety	0	860,000	0
Mohave County Sheriff Substations	0	9,000,000	0
Mohave County Sheriff Vehicles	0	500,000	0
Peoria Police Department Helicopter	0	3,500,000	0
Peoria Police Department Mobile Command Center	0	1,500,000	0
Snowflake Sewer Lift Station	0	750,000	0
State Route 30 Utility Relocation	0	10,050,000	0
Sun City Transportation Study	0	850,000	0
Vernon Fire District	0	1,000,000	0
Wickenburg Fire Station	0	1,400,000	0
<b>Section 117 Firearm Training Simulators <sup>4/</sup></b>			
Firearm Training Simulators	0	1,368,000	0
<b>Section 118 Nonprofit Organization Distributions <sup>4/</sup></b>			
International Dark Sky Discovery Center	0	10,000,000	0
Nonprofit Volunteer Rodeo Organization	0	15,300,000 <sup>6/</sup>	0
Northern Arizona Observatory	0	5,600,000	0
<b>Section 127 Peace Officer Training Equipment Fund Distributions <sup>7/</sup></b>			
Pinal County Record Management System	0	0	600,000
Pepperball and Pepperball Weapons	0	0	1,441,200
Maricopa County Attorney Office Simulator	0	0	312,000
Yavapai County Sheriff Office Simulations	0	0	600,000
<b>AGENCY TOTAL</b>	<b>7,288,200</b>	<b>108,352,500</b>	<b>19,632,300 <sup>8/9/</sup></b>

**FUND SOURCES**

General Fund	3,447,600	100,498,500	10,160,700
<u>Other Appropriated Funds</u>			
Law Enforcement and Boating Safety Fund	0	2,183,800	2,183,800
Peace Officer Training Equipment Fund	0	1,368,000	2,953,200
State Treasurer's Operating Fund	3,840,600	4,302,200	4,334,600
SUBTOTAL - Other Appropriated Funds	3,840,600	7,854,000	9,471,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>7,288,200</b>	<b>108,352,500</b>	<b>19,632,300</b>
Other Non-Appropriated Funds	9,193,800	16,275,700	16,275,700
<b>TOTAL - ALL SOURCES</b>	<b>16,482,000</b>	<b>124,628,200</b>	<b>35,908,000</b>

**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/ This appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2024 General Appropriation Act footnote)
- 2/ Laws 2022, Chapter 313, Section 130 appropriated \$6,000,000 from the General Fund in FY 2025 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/ 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.
- 4/ This section number is from the FY 2024 General Appropriation Act.
- 5/ The FY 2024 budget included a total of \$3,214,500 from the General Fund in FY 2024 for one-time funding for a veteran's community project in the City of Glendale. Laws 2024, Chapter 209, Section 117 reduces this appropriation by \$(800,000).
- 6/ The amount appropriated from the state general fund to distribute to a nonprofit volunteer organization that operates a rodeo at the Yavapai county fairgrounds in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 118, paragraph 2 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. If a court of competent jurisdiction rules that the monies appropriated pursuant to Laws 2023, chapter 133, section 118, paragraph 2 may not be distributed to a nonprofit volunteer organization that operates a rodeo at the Yavapai county fairgrounds and the judgment of that court becomes final, then the monies shall revert to the state general fund within sixty days of the entry of the final judgment. (General Appropriation Act footnote)
- 7/ This section number is from the FY 2025 General Appropriation Act.
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 9/ On or before June 30, 2025, 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 \$4,677,100 and 38.4 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$342,500
State Treasurer's Operating Fund	4,334,600

Adjustments are as follows:

**Statewide Adjustments**

The budget includes an increase of \$32,300 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	(100)
State Treasurer's Operating Fund	32,400

*(Please see the Agency Detail and Allocations section.)*

### County Recorder Voter Registration Accuracy Review

The budget includes no funding in FY 2025 to review the accuracy of voter registration rolls. Adjustments are as follows:

#### Remove One-Time Deposit

The budget includes a decrease of \$(6,000,000) from the General Fund in FY 2025 to eliminate one-time funding 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.

### Secure Ballot Paper

The budget includes \$6,000,000 in FY 2025 for Secure Ballot Paper. Adjustments are as follows:

#### One-Time Increase

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2025 for distribution to county recorders for the purchase of secure ballot paper. The total \$6,000,000 appropriation for secure ballot paper in FY 2025 is one-time.

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 \$2,318,200 from the General Fund in FY 2025 for Justice of the Peace (JP) salaries. Adjustments are as follows:

### Appropriation Reduction

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 to align the appropriation with actual spending.

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/Boating Safety Fund Grants

The budget includes \$2,183,800 from the Law Enforcement and Boating Safety Fund (LEBSF) in FY 2025 for the administration of the Law Enforcement/Boating Safety Fund grants. This amount is unchanged from FY 2024.

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 2023 and year-to-date FY 2024 allocations are included in *Table 1*.

Table 1

#### Allocation of LEBSF Grants

<u>County</u>	<u>FY 2023</u>	<u>FY 2024</u>
Apache	\$ 28,600	\$ 23,600
Coconino	296,400	244,900
Gila	207,500	171,500
La Paz	340,200	281,100
Maricopa	273,000	225,600
Mohave	666,800	551,000
Navajo	13,800	11,400
Yuma	259,400	214,400
<b>Total <sup>1/</sup></b>	<b>\$2,085,600</b>	<b>\$1,723,500</b>

<sup>1/</sup> Amounts may not add to total due to rounding

### **Special Sporting Event**

The budget includes \$1,500,000 from the General Fund in FY 2025 for Special Sporting Event funding. This amount is unchanged from FY 2024.

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 FY 2024 General Appropriation Act includes the following distributions by the Treasurer.

#### **Chandler Police Department Support**

The budget includes no funding in FY 2025 for distribution to the Chandler Police Department Support. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(2,000,000) in FY 2025 for removal of a one-time 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 no funding in FY 2025 for the City Police Department Pepper Ball Pilot Program. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(750,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for the Copper Canyon Fire and Medical District. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(750,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for the County Property Owner Notification Systems. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(126,200) from the General Fund in FY 2025 for removal of a one-time 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
<b>Total</b>	<b>\$ 126,200</b>

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 Sheriffs Search and Rescue Equipment**

The budget includes no funding in FY 2025 for County Sheriffs Search and Rescue Equipment. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(2,500,000) from the General Fund in FY 2025 for removal of a one-time 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*)

<b>Table 2</b>		
<b>County Sheriffs Search and Rescue Equipment</b>		
<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 <sup>1/</sup>	1.0	25,000
<b>Total</b>	<b>100.0</b>	<b>\$ 2,500,000</b>

<sup>1/</sup> This portion will be distributed on a first-come, first-served basis.

#### **Flagstaff Post-Fire Mitigation**

The budget includes no funding in FY 2025 for Flagstaff Post Fire Mitigation. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(8,987,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for Glassford Dells Regional Park Development. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(3,500,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for the Glendale Veterans Community Project. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(2,414,500) from the General Fund in FY 2025 for removal of a one-time distribution to the City of Glendale for a veteran's community project. (*Item 13 of Section 116*)

The FY 2025 budget reduces the FY 2024 funding by \$(800,000) and eliminates the remaining \$(2,414,500) in FY 2025, which is reflected in the budget display above.

#### **Hayden and Wickenburg Police Departments**

The budget includes no funding in FY 2025 for the Hayden and Wickenburg Police Departments. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2025 for removal of a one-time 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 FY 2024 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 no funding in FY 2025 for Kearny Public Building Remediation. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for La Paz County Public Safety. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(860,000) from the General Fund in FY 2025 for removal of a one-time

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 no funding in FY 2025 for Mohave County Sheriff Substations. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(9,000,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for Mohave County Sheriff Vehicles. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for removal of a one-time distribution to Mohave County to purchase vehicles. *(Item 4 of Section 116)*

#### **Peoria Police Department Helicopter**

The budget includes no funding in FY 2025 for a Peoria Police Department Helicopter. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(3,500,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for the Peoria Police Department Mobile Command Center. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 for removal of a one-time distribution to the Peoria Police Department for a mobile command center. *(Item 8 of Section 116)*

#### **Snowflake Sewer Lift Station**

The budget includes no funding in FY 2025 for the Snowflake Sewer Lift Station. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(750,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for State Route 30 Utility Relocation. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(10,050,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for a Sun City Transportation Study. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(850,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for the Vernon Fire District. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 for removal of a one-time distribution to the Vernon Fire District for equipment and operation costs. *(Item 19 of Section 116)*

#### **Wickenburg Fire Station**

The budget includes no funding in FY 2025 for the Wickenburg Fire Station. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(1,400,000) from the General Fund in FY 2025 for removal of a one-time



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 FY 2024 General Appropriation Act includes the following distribution by the Treasurer.

#### **Firearm Training Simulators**

The budget includes no funding in FY 2025 for Firearm Training Simulators. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(1,368,000) from the Peace Officer Training Equipment Fund in FY 2025 for removal of a one-time 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>
<b>Total</b>	<b>\$ 1,368,000</b>

---

---

### **Section 118 Nonprofit Organization Distributions**

---

---

Section 118 of the FY 2024 General Appropriation Act includes the following distributions by the Treasurer.

#### **International Dark Sky Discovery Center**

The budget includes no funding in FY 2025 for an international dark sky discovery center. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 for removal of a one-time 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 no funding in FY 2025 for a nonprofit volunteer organization that operates a rodeo at the Yavapai County Fairgrounds. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(15,300,000) from the General Fund in FY 2025 for removal of a one-time distribution to a nonprofit volunteer organization that operates a rodeo at the Yavapai County Fairgrounds. *(Item 2 of Section 118)*

An FY 2025 General Appropriation Act footnote makes this appropriation non-lapsing. The footnote clarifies that if the court rules that the monies may not be distributed, and that judgement becomes final, the monies shall revert to the General Fund within 60 days.

#### **Northern Arizona Observatory**

The budget includes no funding in FY 2025 for a Northern Arizona observatory. Adjustments are as follows:

##### **Remove One-Time Distribution**

The budget includes a decrease of \$(5,600,000) from the General Fund in FY 2025 for removal of a one-time 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.

---

---

### **Section 127 Peace Officer Training Equipment Fund Distributions**

---

---

Section 127 of the FY 2025 General Appropriation Act includes the following distributions by the Treasurer:

#### **Pinal County Record Management System**

The budget includes a one-time increase of \$600,000 from the Peace Officer Training Equipment Fund in FY 2025 for distribution to the Pinal County Sheriffs' Office for a pilot program to connect the records management systems and computer aided dispatch system. *(Item 1 of Section 127)*

#### **Pepperball and Pepperball Weapons**

The budget includes a one-time increase of \$1,441,200 from the Peace Officer Training Equipment Fund in FY

2025 for distribution to 15 public safety organizations for pepperball and pepperball weapons as follows (*Item 2 of Section 127*):

Cochise County Sheriff's Office	\$ 56,600
Santa Cruz County Sheriff's Office	83,900
Pinal County Sheriff's Office	191,500
Scottsdale Police Department	122,200
Downtown District	
Nogales Police Department	122,800
Peoria Police Department	51,000
Tempe Police Department	225,000
Payson Police Department	37,800
San Luis Police Department	38,600
Navajo County Sheriff's Office	59,000
Phoenix Office of Police Chief	213,900
Apache Junction Police Department	64,200
Tombstone Marshall's Office	33,500
Goodyear Police Department	74,900
Queen Creek Police Department	<u>76,300</u>
<b>Total</b>	<b>\$1,441,200</b>

#### **Maricopa County Attorney Office Training Simulator**

The budget includes a one-time increase of \$312,000 from the Peace Officer Training Equipment Fund in FY 2025 for distribution to the Maricopa County Attorney's Office for a 180-degree simulator for training de-escalation and crime re-creation. (*Item 3 of Section 127*)

#### **Yavapai County Sheriff Office Simulations**

The budget includes a one-time increase of \$600,000 from the Peace Officer Training Equipment Fund in FY 2025 for distribution to the Yavapai County Sheriff's Office to create simulations for law enforcement. The Sheriff's Office is to make the simulations available free of charge to other law enforcement agencies that have received law enforcement training simulators from the state. (*Item 4 of Section 127*)

#### **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 \$(6,000,000) in FY 2026 below FY 2025. This estimate is based on:

- A decrease of \$(6,000,000) in FY 2026 below FY 2025 for the removal of one-time election ballot paper funding.

#### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b><u>FY 2024</u></b>
State Treasurer Operating Fund	\$900,000
Arizona Public Schools Credit Enhancement Fund	3,000,000

#### **FY 2024 Supplemental Reduction**

The FY 2025 budget includes an FY 2024 supplemental decrease of \$(800,000) from the General Fund for the Glendale Veterans' Community Project. The FY 2024 budget originally included a total of \$3,214,500 from the General Fund for this purpose. (*Please see the Glendale Veterans' Community Project line item for additional information.*)

## Governor's Office on Tribal Relations

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	40,000	35,000	35,000
Employee Related Expenditures	16,200	14,600	15,800
Travel - In State	1,800	500	500
Travel - Out of State	200	0	0
Other Operating Expenditures	11,000	16,700	16,200
Equipment	600	2,000	2,000
<b>OPERATING SUBTOTAL</b>	<b>69,800</b>	<b>68,800</b>	<b>69,500</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(2,400)
<b>AGENCY TOTAL</b>	<b>69,800</b>	<b>68,800</b>	<b>67,100 <sup>1/</sup></b>
<b>FUND SOURCES</b>			
General Fund	69,800	68,800	67,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>69,800</b>	<b>68,800</b>	<b>67,100</b>
Other Non-Appropriated Funds	39,800	28,500	28,500
<b>TOTAL - ALL SOURCES</b>	<b>109,600</b>	<b>97,300</b>	<b>95,600</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

### Operating Budget

The budget includes \$69,500 and 3 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$700 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(2,400) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 *Baseline Book* will incorporate the agency's planned reduction into the operating budget display.

## Arizona Board of Regents

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	30.9	30.9	30.9
Personal Services	1,361,200	1,456,700	1,456,700
Employee Related Expenditures	541,000	461,200	489,500
Professional and Outside Services	41,100	51,000	51,000
Other Operating Expenditures	553,200	1,195,700	1,195,500
Equipment	0	1,000	1,000
<b>OPERATING SUBTOTAL</b>	<b>2,496,500</b>	<b>3,165,600</b>	<b>3,193,700</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(109,200)
Adaptive Athletics	160,000	160,000	160,000 <sup>1/</sup>
Camp Verde Meat Processing Facility	9,700,000 <sup>2/</sup>	0	0
Enclosed Feed Facility	9,500,000	0	0
Food Product and Safety Laboratory	10,900,000	0	0
Leveraging Education Assistance Partnership Program	1,220,800	1,220,800	1,220,800 <sup>3/</sup>
Museum of Democracy Presidential Project	0	2,000,000	0
Primary Care Residency Programs	0	5,000,000	0
Arizona Promise Program	20,000,000	40,000,000	20,000,000 <sup>4/</sup>
Spouses and Dependents of Law Enforcement Officers			
Tuition Scholarship Fund Deposit	0	2,000,000 <sup>5/</sup>	0
Spouses of Military Veterans Tuition Scholarships	10,000,000	10,000,000	10,000,000 <sup>6/</sup>
Arizona Teachers Academy	15,000,000	30,000,000	16,000,000
Arizona Teachers Incentive Program	90,000	90,000	90,000
Arizona Teacher Student Loan Program	426,000	426,000	426,000
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Veterinary Loan Assistance Program	6,000,000	0	0
Washington D.C. Internships	300,000	300,000	300,000 <sup>7/</sup>
Western Interstate Commission Office	153,000	153,000	153,000
WICHE Student Subsidies	4,078,000	4,078,000	4,078,000
<b>AGENCY TOTAL</b>	<b>90,238,000</b>	<b>98,807,100</b>	<b>55,726,000 <sup>8/9/</sup></b>
<b>FUND SOURCES</b>			
General Fund	90,238,000	98,807,100	55,726,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>90,238,000</b>	<b>98,807,100</b>	<b>55,726,000</b>
Other Non-Appropriated Funds	16,082,900	32,668,700	32,668,700
Federal Funds	274,700	275,300	275,300
<b>TOTAL - ALL SOURCES</b>	<b>106,595,600</b>	<b>131,751,100</b>	<b>88,670,000</b>

**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/ 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)

- 2/ The FY 2025 budget eliminates FY 2023 Camp Verde Meat Processing funding. ABOR and UA are expected to return the \$9,700,000 to the General Fund.
  - 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 2024-2025. (General Appropriation Act footnote)
  - 4/ On or before October 1, 2025, 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 2024-2025:
    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)
  - 5/ Laws 2024, Chapter 209, Section 120 clarifies that monies appropriated to the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund in FY 2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through FY 2025. (General Appropriation Act footnote)
  - 6/ On or before October 1, 2025, 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 2024-2025:
    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)
  - 7/ 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)
  - 8/ 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)
  - 9/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
-

### **Operating Budget**

The budget includes \$3,193,700 and 30.9 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$28,100 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(109,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **Adaptive Athletics**

The budget includes \$160,000 from the General Fund in FY 2025 for Adaptive Athletics. This amount is unchanged from FY 2024.

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 2025 for a Camp Verde Meat Processing Facility. This amount is unchanged from FY 2024.

The FY 2023 budget included \$9,700,000 from the General Fund in FY 2023 for a meat processing facility and truck handling facilities in Camp Verde. ABOR was required to distribute the monies to UA for distribution to an entity to construct and operate the facilities.

Due to the transfer, ABOR reported the \$9,700,000 as spent in the FY 2025 budget submission. UA, however, did not expend these funds from their budget as they were unable to contract for the meat processing facility.

The FY 2025 budget subsequently eliminates this funding. ABOR and UA are expected to return the \$9,700,000 to the General Fund.

### **Leveraging Education Assistance Partnership Program**

The budget includes \$1,220,800 from the General Fund in FY 2025 for the Leveraging Education Assistance Partnership (LEAP) Program. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for the Museum of Democracy Presidential Project. Adjustments are as follows:

#### **Remove One-Time Project Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time Museum of Democracy Presidential Project funding. The FY 2024 budget required 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 no funding in FY 2025 for Primary Care Residency Programs. Adjustments are as follows:

#### **Remove One-Time Program Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 for the elimination of the one-time Primary Care Residency Programs funding.

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 \$20,000,000 from the General Fund in FY 2025 for the Arizona Promise Program. Adjustments are as follows:

##### **Remove One-Time Scholarship Funding**

The budget includes a decrease of \$(20,000,000) from the General Fund in FY 2025 for the elimination of one-time scholarship funding.

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 2024-2025 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 2023, this program served 5,596 students, and the average award amount was \$3,502.

The FY 2025 Higher Education BRB establishes an Arizona Community Colleges Promise Program Fund, administered by the Arizona Board of Regents. No monies were appropriated to the fund in FY 2025.

#### **Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund Deposit**

The budget includes no funding in FY 2025 for a Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund Deposit. Adjustments are as follows:

##### **Remove One-Time Scholarship Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of a one-time Spouses and Dependents of Law Enforcements Officers Tuition Scholarship Fund Deposit.

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. The FY 2025 Higher Education BRB repeals the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund.

ABOR is required to submit a report to JLBC and OSPB by March 1, 2025 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.

The FY 2025 budget included a footnote clarifying that monies appropriated to the Spouses and Dependents of Law Enforcement Fund in FY 2024 are non-lapsing.

#### **Spouses of Military Veterans Tuition Scholarships**

The budget includes \$10,000,000 from the General Fund in FY 2025 for Spouses of Military Veterans Tuition Scholarships. This amount is unchanged from FY 2024.

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 \$16,000,000 from the General Fund in FY 2025 for the Arizona Teachers Academy. Adjustments are as follows:

##### **Remove FY 2024 One-Time Funding**

The budget includes a decrease of \$(15,000,000) from the General Fund in FY 2025 for the elimination of one-time Arizona Teachers Academy scholarship funding.

### **FY 2025 One-Time Funding**

The budget includes an increase of \$1,000,000 from the General Fund in FY 2025 for one-time Arizona Teachers Academy funding.

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 2023, 3,390 students were enrolled in the academy, of which 1,400 attended ASU, 1,147 attended NAU, 344 attend UA, 364 were community college postbaccalaureate students, 135 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 2025 for the Arizona Teachers Incentive Program (ATIP). This amount is unchanged from FY 2024.

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 2025 for the Arizona Teacher Student Loan Program (ATSLP). This amount is unchanged from FY 2024.

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 2025 for the Arizona Transfer Articulation Support System (ATASS). This amount is unchanged from FY 2024.

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.

### **Washington, D.C. Internships**

The budget includes \$300,000 from the General Fund in FY 2025 for Washington, D.C. internships and short-term programs. This amount is unchanged from FY 2024.

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 2025 for the Western Interstate Commission Office. This amount is unchanged from FY 2024.

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 2025 for WICHE student subsidies. This amount is unchanged from FY 2024.

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 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 permanent law, establishes the Arizona Community Colleges Promise Program Fund to be administered by ABOR.
- As session law, repeals the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund (established by Laws 2023, Chapter 140, Section 6) on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was effective through the end of FY 2027.

### Long-Term Budget Impacts

As part of the budget's 3-year spending plan, university wide General Fund costs are projected to decrease by \$(46,403,200) in FY 2026 below FY 2025 and increase by \$613,000 in FY 2027 above FY 2026. These estimates are based on:

- Decreases of \$(5,300) and \$(1,100) in FY 2026 and FY 2027, respectively, to adjust for university debt

service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*

- Increases of \$602,100 and \$614,100 in FY 2026 and FY 2027, respectively, to increase the universities' annual Capital Infrastructure Funding appropriation. *(Please see the 2017 University Infrastructure Funding narrative for more information.)*
- Decrease of \$(46,000,000) in FY 2026 to remove one-time operating funding in the 3-year spending plan.
- Decrease of \$(1,000,000) in FY 2026 to remove one-time Arizona Teacher's Academy funding.

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 \$113-\$119 in FY 2024 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 FY 2025 budget continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2025. The budget also maintains each university's FY 2025 allocation of General Fund AFAT appropriations at their FY 2024 level, which appears in the individual university budgets.

Based on student fees contributed to AFAT in FY 2023, the state's match would be \$49,257,200, or an increase of \$39,216,000 over the \$10,041,200 appropriation in FY 2025.

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.

In FY 2023, AFAT disbursed \$30,641,600. *(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 issued \$482,500,000 in COPs for research infrastructure projects. There will be no further issuances for this program.

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 2023 tuition revenue report projected FY 2024 gross tuition and fees to be \$4.19 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 2023, the universities projected \$1.10 billion in tuition waivers and awards in FY 2024, for a total net tuition of \$3.09 billion. Please see the October 10, 2023 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 2025 is \$9.17 billion, including \$970 million from the General Fund and \$3.09 billion of net tuition/fee collections. *Table 2* summarizes the FY 2025 expenditure authority amounts for the Arizona University System.

#### Financial Aid

The Arizona University System distributed \$3.59 billion in financial aid in FY 2023. Of the total financial aid distributions, the federal government financed \$1.22 billion, and university institutional sources provided \$1.53 billion. *(Please see Table 3 for details.)*

#### Enrollment

Between fall 2022 and fall 2023, university enrollment increased from 203,640 FTE to 217,118, or 6.6%, as displayed in *Table 4*. ASU enrollment increased by 2.6%, NAU enrollment increased by 2.0% and UA increased by 19.4%.

Table 1

University Research Infrastructure Appropriations <sup>1/</sup>

<u>Fiscal Year</u>	<u>ASU</u>	<u>NAU</u>	<u>UA</u>	<u>Total</u>
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

<sup>1/</sup> Research infrastructure General Fund appropriations as specified in A.R.S. § 15-1670, as amended by the FY 2017 Higher Education BRB.

Table 2

## FY 2025 Summary of Spending Authority

	<u>Appropriated Funds</u>		<u>Non-Appropriated Funds</u>		<u>Total <sup>2/</sup></u>
	<u>General Fund</u>	<u>Collections Fund <sup>1/</sup></u>	<u>Federal Funds</u>	<u>Other Funds <sup>1/</sup></u>	
ABOR	\$ 55,726,000	\$ 0	\$ 275,300	\$ 32,668,700	\$ 88,670,000
ASU	408,638,200	854,407,100	564,486,200	2,808,849,500	4,636,381,000
NAU	134,294,400	135,319,600	133,005,700	393,030,100	795,649,800
UA-Main	295,913,700	347,232,700	295,944,600	1,963,110,700	2,902,204,700
UA-Health Sciences	<u>75,428,400</u>	<u>69,546,500</u>	<u>222,495,500</u>	<u>382,727,600</u>	<u>750,195,000</u>
<b>Total</b>	<b>\$970,000,700</b>	<b>\$1,406,505,900</b>	<b>\$1,216,207,300</b>	<b>\$5,580,386,600</b>	<b>\$9,173,100,500</b>

<sup>1/</sup> 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 \$2,787,704,300 based on FY 2024 amounts. This amount excludes FY 2025 enrollment growth and tuition rate changes.

<sup>2/</sup> Total university wide funding includes gross tuition revenues.

Table 3

FY 2023 Financial Aid Distribution by Source  
(\$ in Thousands)

	<u>Federal</u>	<u>State <sup>1/</sup></u>	<u>Institutional</u>	<u>Private/Other</u>	<u>Total</u>
Grants	\$381,089.0	\$81,715.5	\$1,151,130.4	\$343,095.8	\$1,957,030.7
Loans	831,453.8	0.0	0.0	414,637.2	1,246,091.0
Employment	<u>9,335.8</u>	<u>0.0</u>	<u>379,933.3</u>	<u>0.0</u>	<u>389,269.1</u>
<b>Total</b>	<b>\$1,221,878.6</b>	<b>\$81,715.5</b>	<b>\$1,531,063.7</b>	<b>\$757,733.0</b>	<b>\$3,592,390.8</b>

<sup>1/</sup> State sources of aid include Arizona Financial Aid Trust, Arizona Teachers Academy and Arizona Promise Program awards.

Table 4

Arizona University System 45th Day Enrollment <sup>1/</sup>

	<u>Fall 2022</u>	<u>Fall 2023</u>	<u>Fall 2022 to Fall 2023</u>
ASU-Tempe	60,551	60,549	0.0%
ASU-DPC	12,167	11,701	(3.8)%
ASU-East	5,725	5,972	4.3%
ASU-West	5,244	5,246	0.0%
ASU-Online <sup>2/</sup>	43,304	46,577	7.6%
ASU-Other	<u>612</u>	<u>923</u>	<u>50.8%</u>
Subtotal	127,603	130,968	2.6%
NAU-Flagstaff	21,250	21,573	1.5%
NAU-Online <sup>2/</sup>	2,629	2,492	(5.2)%
NAU-Other	<u>2,916</u>	<u>3,269</u>	<u>12.1%</u>
Subtotal	26,795	27,334	2.0%
UA-Tucson	41,310	42,811	3.6%
UA-PHX Biomedical	1,485	1,608	8.3%
UA- Global	-	6,022	-
UA-Online <sup>2/</sup>	5,349	6,010	12.4%
UA-Other	<u>1,098</u>	<u>2,365</u>	<u>115.4%</u>
Subtotal	49,242	58,816	19.4%
<b>Total</b>	<b>203,640</b>	<b>217,118</b>	<b>6.6%</b>

<sup>1/</sup> FTE counts as reported by ABOR and the universities include both graduate and undergraduate students.

<sup>2/</sup> Online enrollment represents students enrolled in online-only programs.

## Arizona State University

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	7,698.2	8,285.7	8,285.7 <sup>1/</sup>
Personal Services	614,628,700	627,841,800	627,841,800
Employee Related Expenditures	169,227,200	182,004,400	196,790,800
Professional and Outside Services	69,886,500	63,283,800	63,283,800
Travel - In State	112,700	127,200	127,200
Travel - Out of State	2,452,800	498,500	498,500
Other Operating Expenditures	106,960,900	214,096,300	207,696,200
Equipment	1,282,600	6,950,400	6,950,400
<b>OPERATING SUBTOTAL</b>	<b>964,551,400</b>	<b>1,094,802,400</b>	<b>1,103,188,700 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(10,995,800) <sup>4/</sup>
2003 Research Infrastructure Lease-Purchase Payment	13,462,100	13,468,200	13,459,300 <sup>5/</sup>
2017 Capital Infrastructure Funding	12,784,200	13,039,900	13,300,700 <sup>6/</sup>
Arizona Financial Aid Trust	5,985,800	5,985,800	5,985,800
Biomedical Informatics	3,479,200	3,746,100	3,758,100
Collegiate Women's Wrestling Program	0	500,000	0
Downtown Phoenix Campus	112,024,600	133,816,600	134,098,500
Eastern Europe Cultural Collaborative	250,000	250,000	250,000 <sup>7/</sup>
One-Time Funding	54,000,000	0	0
School of Civic and Economic Thought and Leadership <sup>8/</sup>	6,006,500	0	0
<b>AGENCY TOTAL</b>	<b>1,172,543,800</b>	<b>1,265,609,000</b>	<b>1,263,045,300 <sup>9/10/11/</sup></b>
<b>FUND SOURCES</b>			
General Fund	465,044,700	411,201,900	408,638,200 <sup>12/13/14/</sup>
<u>Other Appropriated Funds</u>			
University Collections Fund	707,499,100	854,407,100	854,407,100 <sup>15/</sup>
SUBTOTAL - Other Appropriated Funds	707,499,100	854,407,100	854,407,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,172,543,800</b>	<b>1,265,609,000</b>	<b>1,263,045,300</b>
Other Non-Appropriated Funds	2,731,635,100	2,794,213,000	2,808,849,500
Federal Funds	581,605,400	564,486,200	564,486,200
<b>TOTAL - ALL SOURCES</b>	<b>4,485,784,300</b>	<b>4,624,308,200</b>	<b>4,636,381,000</b>

**AGENCY DESCRIPTION** — Established in 1885, Arizona State University (ASU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR).

### FOOTNOTES

- <sup>1/</sup> Includes 475.9 GF and 764 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> Of the amount appropriated to the Arizona state university operating budget, \$21,200,000 is onetime funding. On or before September 1, 2024, 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)
- <sup>3/</sup> 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, 2024, 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 2024-2025 be consistent with the amount appropriated in fiscal year 2022-2023, except that the university may allocate to the school the lump sum reduction of not more than 3.45 percent prescribed by this act. (General Appropriation Act footnote)

- 4/ The universities under the jurisdiction of the Arizona board of regents may not reduce monies allocated from operating lump sum appropriations to the Arizona state university school of civic and economic thought and leadership, the northern Arizona university economic policy institute and the university of Arizona center for the philosophy of freedom by more than 3.45 percent of the total amount allocated to the school, institute or center. (General Appropriation Act footnote)
- 5/ A.R.S. § 15-1670 appropriates \$13,459,300 to ASU from the General Fund in FY 2025 to finance lease-purchase payments for research infrastructure projects.
- 6/ A.R.S. § 15-1671 appropriates \$13,300,700 to ASU from the General Fund in FY 2025 for capital infrastructure projects.
- 7/ 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)
- 8/ The School of Civic and Economic Thought and Leadership is funded in the operating budget starting in FY 2024.
- 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/ 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)
- 11/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 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 state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 14/ The FY 2025 General Fund budget is \$408,638,200. This amount includes \$377,793,800 in ASU's individual section of the FY 2025 General Appropriation Act, \$(10,995,800) for a lump sum reduction, \$13,459,300 in A.R.S. § 15-1670 lease-purchase appropriations, \$13,300,700 in A.R.S. § 15-1671 capital infrastructure appropriations, and \$15,080,200 for statewide adjustments.
- 15/ Any unencumbered balances remaining in the university collections fund on June 30, 2024 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 \$1,103,188,700 and 7,045.8 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$333,412,700
University Collections Fund	769,776,000

Adjustments are as follows:

### **Remove One-Time Operating Funding**

The budget includes a decrease of \$(2,400,000) from the General Fund in FY 2025 for the elimination of one-time 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. The enacted FY 2024

budget's 3-year budget plan increased one-time funding in FY 2024 by \$2,400,000, for a total of \$23,600,000. The FY 2025 amount remained at \$21,200,000 and maintained no funding in FY 2026 and beyond.

The FY 2025 budget's 3-year plan did not change these budget assumptions. The FY 2025 budget, however, did assume that the remaining year of one-time monies of \$21,200,000 would be used for the university AZ Healthy Tomorrow initiative. As part of the initiative, ASU plans to begin a new medical school that will integrate clinical medicine and biomedical science and engineering. ASU is required to report its planned use of the FY 2025 one-time funding by September 1, 2024.

#### **Remove One-Time Funding**

The budget includes a decrease of \$(4,000,000) from the General Fund in FY 2025 for the elimination of one-time ASU Center for American Institutions funding. The FY 2024 budget included 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 an increase of \$14,786,300 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail 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.)*

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(10,995,800) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal.

Unless otherwise noted, agencies have discretion in how the reduction in spending is achieved. The FY 2025 budget specifies that ASU may not reduce monies allocated from the operating lump sum appropriation to

the School of Civic and Economic Thought and Leadership by more than 3.45% of the total amount allocated to the school.

The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **2003 Research Infrastructure Lease-Purchase Payment**

The budget includes \$13,459,300 from the General Fund in FY 2025 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

##### **Refinance Adjustment**

The budget includes a decrease of \$(8,900) from the General Fund in FY 2025 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 does not appear in the FY 2025 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 \$13,300,700 from the General Fund in FY 2025 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

##### **Inflation Adjustment**

The budget includes an increase of \$260,800 from the General Fund in FY 2025 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 does not appear in the FY 2025 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 2025, from the second quarter of CY 2022 to the second quarter of CY 2023). *(Please see the*

#### Arizona Financial Aid Trust

The budget includes \$5,985,800 from the General Fund in FY 2025 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2024. (Please see the ABOR section for more information.)

#### Biomedical Informatics

The budget includes \$3,758,100 and 24.3 FTE Positions in FY 2025 for the Biomedical Informatics line item. These amounts consist of:

General Fund	1,912,100
University Collections Fund	1,846,000

Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$12,000 from the General Fund in FY 2025 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 no funding in FY 2025 for the Collegiate Women's Wrestling Program line item. Adjustments are as follows:

##### Remove One-Time Funding

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for the elimination of one-time funding 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 \$134,098,500 and 1,215.6 FTE Positions in FY 2025 for programs headquartered at the Downtown Phoenix Campus. These amounts consist of:

General Fund	51,313,400
University Collections Fund	82,785,100

Adjustments are as follows:

##### Statewide Adjustments

The budget includes an increase of \$281,900 from the General Fund in FY 2025 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 2025 for the Eastern Europe Cultural Collaborative. This amount is unchanged from FY 2024.

These monies are used to facilitate cultural and academic exchanges between university faculty and students and academic institutions in eastern Europe.

#### 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 2025 General Fund budget is \$408,638,200. Of this amount:

- \$377,793,800 is included in ASU's individual section of the FY 2025 General Appropriation Act.
- \$(10,995,800) is for an operating budget lump sum reduction.
- \$13,459,300 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$13,300,700 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$15,080,200 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 \$(20,939,400) in FY 2026 below FY 2025 and increase by \$267,500 in FY 2027 above FY 2026. These estimates are based on:

- Decreases of \$(5,400) in FY 2026 and \$(3,800) in FY 2027 to adjust for university debt service costs.



- Increases of \$266,000 in FY 2026 and \$271,300 in FY 2027 to increase the university's annual Capital Infrastructure Funding appropriation.
- Decrease of \$(21,200,000) in FY 2026 to remove one-time operating funding.

#### ***University Collections and FTE Positions Adjustments***

Including statewide adjustments, the FY 2024 General Appropriation Act appropriated \$706,031,800 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 2024 to the Joint Legislative Budget Committee in June 2023, and ASU incorporated the adjusted FY 2024 amounts as part of their FY 2025 budget submission. Accordingly, the estimated FY 2024 amount has been adjusted by \$148,375,300 to \$854,407,100.

The FY 2024 FTE Position count has also been adjusted. The FY 2024 General Appropriation Act originally appropriated 7,724.9 FTE Positions in FY 2024 for ASU. The General Fund accounted for 2,743.4 FTE Positions and the University Collections Fund accounted for the remaining 4,981.5 FTE Positions. The estimated number of FY 2024 FTE Positions has been adjusted by 560.8 to 8,285.7. The General Fund accounts for 2,567.7 FTE Positions and the University Collections Fund accounts for the remaining 5,718 FTE Positions.

## Northern Arizona University

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	2,222.5	2,480.4	2,480.4 <sup>1/</sup>
Personal Services	153,225,500	172,224,200	172,224,200
Employee Related Expenditures	47,757,300	51,632,200	52,386,000
Professional and Outside Services	16,917,300	13,722,900	13,722,900
Travel - In State	406,300	426,800	426,800
Travel - Out of State	357,300	7,500	7,500
Other Operating Expenditures	31,702,400	14,357,200	13,357,200
Equipment	3,164,400	1,925,600	1,925,600
<b>OPERATING SUBTOTAL</b>	<b>253,530,500</b>	<b>254,296,400</b>	<b>254,050,200 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(4,070,200) <sup>4/</sup>
2003 Research Infrastructure Lease-Purchase Payment	5,301,500	5,302,900	4,885,500 <sup>5/</sup>
2017 Capital Infrastructure Funding	4,845,600	4,942,500	5,041,400 <sup>6/</sup>
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 <sup>7/</sup>
Economic Policy Institute <sup>8/</sup>	865,300	0	0
One-Time Funding	26,000,000	0	0
NAU - Yuma	3,119,800	3,084,600	3,088,400
Teacher Training	2,292,700	2,292,700	2,292,700 <sup>9/</sup>
<b>AGENCY TOTAL</b>	<b>300,281,400</b>	<b>274,245,100</b>	<b>269,614,000 <sup>10/11/</sup></b>
<b>FUND SOURCES</b>			
General Fund	164,151,500	138,925,500	134,294,400 <sup>12/13/14/</sup>
<u>Other Appropriated Funds</u>			
University Collections Fund	136,129,900	135,319,600	135,319,600 <sup>15/</sup>
SUBTOTAL - Other Appropriated Funds	136,129,900	135,319,600	135,319,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>300,281,400</b>	<b>274,245,100</b>	<b>269,614,000</b>
Other Non-Appropriated Funds	370,770,100	382,290,100	393,030,100
Federal Funds	130,384,800	131,688,700	133,005,700
<b>TOTAL - ALL SOURCES</b>	<b>801,436,300</b>	<b>788,223,900</b>	<b>795,649,800</b>

**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

- <sup>1/</sup> Includes 28.7 GF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> Of the amount appropriated to the Northern Arizona university operating budget, \$10,100,000 is onetime funding. On or before September 1, 2024, 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)
- <sup>3/</sup> 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, 2024, 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 2024-2025 be consistent with the amount appropriated in fiscal year 2022-2023, except that the university may allocate to the institute the lump sum reduction of not more than 3.45 percent prescribed by this act. (General Appropriation Act footnote)

- 4/ The universities under the jurisdiction of the Arizona board of regents may not reduce monies allocated from operating lump sum appropriations to the Arizona state university school of civic and economic thought and leadership, the northern Arizona university economic policy institute and the university of Arizona center for the philosophy of freedom by more than 3.45 percent of the total amount allocated to the school, institute or center. (General Appropriation Act footnote)
- 5/ A.R.S. § 15-1670 appropriates \$4,885,500 to NAU from the General Fund in FY 2025 to finance lease-purchase payments for research infrastructure projects.
- 6/ A.R.S. § 15-1671 appropriates \$5,041,400 to NAU from the General Fund in FY 2025 for capital infrastructure projects.
- 7/ 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, 2025. 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)
- 8/ The Economic Policy Institute is funded in the operating budget starting in FY 2024.
- 9/ 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)
- 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/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 12/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 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 FY 2025 General Fund budget is \$134,294,400. This amount includes \$127,680,100 in NAU's individual section of the FY 2025 General Appropriation Act, \$(4,070,200) for an operating budget lump sum reduction, \$4,885,500 in A.R.S. § 15-1670 lease-purchase appropriations, \$5,041,400 in A.R.S. § 15-1671 capital infrastructure appropriations, and \$757,600 for statewide adjustments.
- 15/ Any unencumbered balances remaining in the university collections fund on June 30, 2024 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 \$254,050,200 and 2,451.7 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$118,730,600
University Collections Fund	135,319,600

Adjustments are as follows:

#### Remove One-Time Operating Funding

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 for the elimination of one-time 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. The enacted FY 2024 budget's 3-year budget plan increased one-time funding in FY 2024 by \$1,000,000 for a total of \$11,100,000 and maintained no funding in FY 2026 and beyond.

The FY 2025 budget's 3-year plan did not change these budget assumptions. The FY 2025 budget, however, did assume that the remaining year of one-time monies of \$10,100,000 would be used for the university AZ Healthy Tomorrow Initiative. As part of the initiative, NAU plans to begin establishing a College of Medicine and College of Nursing. NAU is required to report its planned use of the FY 2025 one-time funding by September 1, 2024.

#### Statewide Adjustments

The budget includes an increase of \$753,800 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail 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.)*

### Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(4,070,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal.

Unless otherwise noted, agencies have discretion in how the reduction in spending is achieved. The FY 2025 budget

specifies that NAU may not reduce monies allocated from the operating lump sum appropriation to the Economic Policy Institute by more than 3.45% of the total amount allocated to the institute.

The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### 2003 Research Infrastructure Lease-Purchase Payment

The budget includes \$4,885,500 from the General Fund in FY 2025 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

#### Refinance Adjustment

The budget includes a decrease of \$(417,400) from the General Fund in FY 2025 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 does not appear in the FY 2025 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 \$5,041,400 from the General Fund in FY 2025 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

#### Inflation Adjustment

The budget includes an increase of \$98,900 from the General Fund in FY 2025 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 does not appear in the FY 2025 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 2025, from the second quarter of CY 2022 to the second quarter of CY 2023). *(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 2025 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2024. *(Please see the ABOR section for more information.)*

#### **Biomedical Research Funding**

The budget includes \$3,000,000 from the General Fund in FY 2025 for the Biomedical Research Funding line item. This amount is unchanged from FY 2024.

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).*

#### **NAU - Yuma**

The budget includes \$3,088,400 and 28.7 FTE Positions from the General Fund in FY 2025 for NAU-Yuma. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$3,800 from the General Fund in FY 2025 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 2025 for Teacher Training. This amount is unchanged from FY 2024.

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 2025 General Fund budget is \$134,294,400. Of this amount:

- \$127,680,100 is included in NAU's individual section of the FY 2025 General Appropriation Act.
- \$(4,070,200) is for an operating budget lump sum reduction.
- \$4,885,500 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$5,041,400 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$757,600 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 \$(10,000,200) in FY 2026 below FY 2025 and increase by \$102,600 in FY 2027 above FY 2026.

These estimates are based on:

- Decreases of \$(1,000) in FY 2026 and \$(200) in FY 2027 to adjust for university debt service costs.
- Increases of \$100,800 in FY 2026 and \$102,800 in FY 2027 to increase the university's annual Capital Infrastructure Funding appropriation.
- Decrease of \$(10,100,000) in FY 2026 to remove one-time operating funding.

#### **University Collections and FTE Positions Adjustments**

Including statewide adjustments, the FY 2024 General Appropriation Act appropriated \$130,397,300 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 2024 to the Joint Legislative Budget Committee in June 2023, and NAU incorporated the adjusted FY 2024 amounts as part of their FY 2025 budget submission. Accordingly, the estimated FY 2024 amount has been adjusted upward by \$4,922,300 to \$135,319,600.

The FY 2024 FTE Position count has also been adjusted. The FY 2024 General Appropriation Act originally appropriated 2,376.2 FTE Positions in FY 2024 for NAU. The General Fund accounted for 1,153.8 FTE Positions and the University Collections Fund accounted for the remaining 1,222.4 Positions. The estimated number of FY 2024 FTE Positions has been adjusted upward by 104.2 to 2,480.4. The General Fund accounts for 1,175.8 FTE Positions and the University Collections Fund accounts for the remaining 1,304.6 FTE Positions.

## University of Arizona - Main Campus

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	6,294.5	6,089.0	6,089.0 <sup>1/</sup>
Personal Services	346,349,000	317,311,100	317,311,100
Employee Related Expenditures	116,853,000	103,731,200	120,600,000
Professional and Outside Services	22,234,100	19,469,500	19,469,500
Travel - In State	163,000	30,400	30,400
Travel - Out of State	1,295,100	448,500	448,500
Other Operating Expenditures	110,779,400	71,094,900	69,494,800
Equipment	7,250,900	1,022,100	1,022,100
<b>OPERATING SUBTOTAL</b>	<b>604,924,500</b>	<b>513,107,700</b>	<b>528,376,400 <sup>2/3/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(6,562,200) <sup>4/</sup>
2003 Research Infrastructure Lease-Purchase Payment	14,252,500	14,255,300	14,247,300 <sup>5/</sup>
2017 Capital Infrastructure Funding	11,309,700	11,535,900	11,766,600 <sup>6/</sup>
Agriculture	56,586,900	38,255,700	38,969,300
Arizona Cooperative Extension	17,942,900	15,890,900	15,287,100
Arizona Financial Aid Trust	2,729,400	2,729,400	2,729,400 <sup>7/</sup>
Arizona Geological Survey	1,148,500	1,148,500	1,208,200
Center for the Philosophy of Freedom <sup>8/</sup>	4,840,000	0	0
College of Veterinary Medicine	20,652,200	23,528,400	23,862,400 <sup>9/</sup>
Kazakhstan Studies Program	250,000	250,000	250,000 <sup>10/</sup>
Mining, Mineral and Natural Resources Educational Museum	438,700	430,300	432,100
Natural Resource Users Law and Policy Center	2,009,500	1,522,400	1,571,800 <sup>11/</sup>
On-Farm Irrigation Efficiency Fund Deposit	0	15,200,000	0
School of Mining	4,476,000	4,084,000	4,170,200 <sup>12/</sup>
Sierra Vista Campus	6,298,900	4,191,400	4,253,600
Space Analog for the Moon and Mars	0	1,500,000	0
Veterinary Diagnostic Laboratory	5,000,000	2,500,000	2,584,200
<b>AGENCY TOTAL</b>	<b>752,859,700</b>	<b>650,129,900</b>	<b>643,146,400 <sup>13/14/</sup></b>
<b>FUND SOURCES</b>			
General Fund	299,423,000	302,897,200	295,913,700 <sup>15/16/17/</sup>
<u>Other Appropriated Funds</u>			
University Collections Fund	453,436,700	347,232,700	347,232,700 <sup>18/</sup>
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>453,436,700</b>	<b>347,232,700</b>	<b>347,232,700</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>752,859,700</b>	<b>650,129,900</b>	<b>643,146,400</b>
Other Non-Appropriated Funds	1,645,569,200	1,925,178,700	1,963,110,700
Federal Funds	278,982,300	290,141,500	295,944,600
<b>TOTAL - ALL SOURCES</b>	<b>2,677,411,200</b>	<b>2,865,450,100</b>	<b>2,902,201,700</b>

**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

<sup>1/</sup> Includes 1,066.0 GF and 360.2 OF FTE Positions funded from Special Line Items in FY 2025.

<sup>2/</sup> Of the amount appropriated to the university of Arizona operating budget, \$14,700,000 is onetime funding. On or before September 1, 2024, 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 for 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, 2024, 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 2024-2025 be consistent with the amount appropriated in fiscal year 2022-2023, except that the university may allocate to the center the lump sum reduction of not more than 3.45 percent prescribed by this act. (General Appropriation Act footnote)

- 4/ The universities under the jurisdiction of the Arizona board of regents may not reduce monies allocated from operating lump sum appropriations to the Arizona state university school of civic and economic thought and leadership, the northern Arizona university economic policy institute and the university of Arizona center for the philosophy of freedom by more than 3.45 percent of the total amount allocated to the school, institute or center. (General Appropriation Act footnote)
- 5/ A.R.S. § 15-1670 appropriates \$14,247,300 to UA-Main from the General Fund in FY 2025 to finance lease-purchase payments for research infrastructure projects.
- 6/ A.R.S. § 15-1671 appropriates \$11,766,600 to UA-Main from the General Fund in FY 2025 for capital infrastructure projects.
- 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 starting 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/ 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)
- 14/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 15/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 16/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)



- 17/ The FY 2025 General Fund budget is \$295,913,700. This amount includes \$257,806,000 in UA - Main's individual section of the FY 2025 General Appropriation Act, \$(6,562,200) for an operating lump sum reduction, \$14,247,300 in A.R.S. § 15-1670 lease-purchase appropriations, \$11,766,600 in A.R.S. § 15-1671 capital infrastructure appropriations, and \$18,656,000 for statewide adjustments.
- 18/ Any unencumbered balances remaining in the university collections fund on June 30, 2024 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 \$528,376,400 and 4,662.8 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<u>FY 2025</u>
General Fund	\$207,022,000
University Collections Fund	321,354,400

Adjustments are as follows:

#### **Remove One-Time Operating Funding**

The budget includes a decrease of \$(1,600,000) from the General Fund in FY 2025 for the elimination of 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. The enacted FY 2024 budget's 3-year budget plan increased one-time funding in FY 2024 by \$1,600,000 for a total of \$16,300,000. The FY 2025 amount remained at \$14,700,000 and maintained no funding in FY 2026 and beyond.

The FY 2025 budget's 3-year plan did not change these budget assumptions. The FY 2025 budget, however, did assume that the remaining year of one-time monies of \$14,700,000 would be used for the university AZ Healthy Tomorrow initiative. As part of the initiative, UA plans to double the number of medical school graduates.

#### **Statewide Adjustments**

The budget includes an increase of \$16,868,700 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail 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.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(6,562,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal.

Unless otherwise noted, agencies have discretion in how the reduction in spending is achieved. The FY 2025 budget specifies that UA may not reduce monies allocated from the operating lump sum appropriation to the Center for the Philosophy of Freedom by more than 3.45% of the total amount allocated to the center.

The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **2003 Research Infrastructure Lease-Purchase Payment**

The budget includes \$14,247,300 from the General Fund in FY 2025 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

#### **Refinance Adjustment**

The budget includes a decrease of \$(8,000) from the General Fund in FY 2025 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 does not appear in the FY 2025 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 \$11,766,600 from the General Fund in FY 2025 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

#### **Inflation Adjustment**

The budget includes an increase of \$230,700 from the General Fund in FY 2025 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 does not appear in the FY 2025 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 2025, from the second quarter of CY 2022 to the second quarter of CY 2023). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

### **Agriculture**

The budget includes \$38,969,300 and 699.8 FTE Positions in FY 2025 for the Agriculture Programs. These amounts consist of:

General Fund	29,992,900
University Collections Fund	8,976,400

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$713,600 from the General Fund in FY 2025 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 \$15,287,100 and 276.3 FTE Positions from the General Fund in FY 2025 for the Arizona Cooperative Extension. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding to the Agriculture Workforce Development Program, which incentivizes food producing agricultural organizations to hire apprentices by partially offsetting apprenticeship costs.

#### **Statewide Adjustments**

The budget includes an increase of \$396,200 from the General Fund in FY 2025 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 2025 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2024. *(Please see the ABOR section for more information).*

### **Arizona Geological Survey**

The budget includes \$1,208,200 and 20.9 FTE Positions from the General Fund in FY 2025 for the Arizona Geological Survey. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$59,700 from the General Fund in FY 2025 for statewide adjustments.

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.

### **College of Veterinary Medicine**

The budget includes \$23,862,400 and 269.4 FTE Positions in FY 2025 for the College of Veterinary Medicine. These amounts consist of:

General Fund	\$8,334,000
University Collections Fund	15,528,400

Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$334,000 from the General Fund in FY 2025 for statewide adjustments.

The original General Fund appropriation of \$8,000,000 was 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 2.4 FTE Positions from the General Fund in FY 2025 for the Kazakhstan Studies Program. These amounts are unchanged from FY 2024.

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 \$432,100 and 1.2 FTE Positions from the General Fund in FY 2025 for the Mining, Mineral, and Natural Resources Educational Museum. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$1,800 from the General Fund in FY 2025 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.

The museum is not yet open. Please see the *FY 2024 Appropriations Report* for additional background.

#### ***Natural Resource Users Law and Policy Center***

The budget includes \$1,571,800 and 23.6 FTE Positions from the General Fund in FY 2025 for the Natural Resource Users Law and Policy Center. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$49,400 from the General Fund in FY 2025 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 no funding in FY 2025 for a On-Farm Irrigation Efficiency Fund Deposit. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease \$(15,200,000) from the General Fund in FY 2025 for the elimination of a one-time 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 \$4,170,200 and 62 FTE Positions from the General Fund in FY 2025 for the School of Mining. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$86,200 from the General Fund in FY 2025 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 4,253,600 and 55.4 FTE Positions in FY 2025 for the Sierra Vista Campus. These amounts consist of:

General Fund	2,880,100
University Collections Fund	1,373,500

Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$62,200 from the General Fund in FY 2025 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 no funding in FY 2025 for the UA Space Analog for the Moon and Mars project. Adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 for the elimination of one-time funding for the Space Analog for the Moon and Mars project. An FY 2024 General Appropriations Act footnote required the funding to be used for the continued progression of the space analog for the Moon and Mars program at Biosphere 2 and included 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 \$2,584,200 and 15.2 FTE Positions from the General Fund in FY 2025 for the Veterinary Diagnostic Laboratory. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$84,200 from the General Fund in FY 2025 for statewide adjustments.

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 2025 General Fund budget is \$295,913,700. Of this amount:

- \$257,806,000 is included in UA - Main's individual section of the FY 2025 General Appropriation Act.
- \$(6,562,200) is for an operating budget lump sum reduction.
- \$14,247,300 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.

- \$11,766,600 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$18,656,000 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 \$(14,463,600) in FY 2026 below FY 2025 and increase by \$242,900 in FY 2027 above FY 2026.

These estimates are based on:

- Increases of \$1,100 in FY 2026 and \$2,900 in FY 2027 to adjust for university debt service costs.
- Increases of \$235,300 in FY 2026 and \$240,000 in FY 2027 to increase the university's annual Capital Infrastructure Funding.
- Decreases of \$(14,700,000) FY 2026 to remove one-time operating funding.

#### ***University Collections and FTE Positions Adjustments***

Including statewide adjustments, the FY 2024 General Appropriation Act appropriated \$382,811,300 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 2024 to the Joint Legislative Budget Committee in June 2023, and UA incorporated the adjusted FY 2024 amounts as part of their FY 2025 budget submission. Accordingly, the estimated FY 2024 amount has been adjusted downward by \$(35,578,600) to \$347,232,700.

The FY 2024 FTE Position count has also been adjusted. The FY 2024 General Appropriation Act originally appropriated 6,294.5 FTE Positions in FY 2024 for UA - Main. The General Fund accounted for 2,850.3 FTE Positions and the University Collections Fund accounted for the remaining 3,444.2 FTE Positions. The estimated number of FY 2024 FTE Positions has been adjusted by (205.5) to 6,089.0. The General Fund accounts for 2,808.5 FTE Positions and the University Collections Fund accounts for the remaining 3,280.5 FTE Positions.

## University of Arizona - Health Sciences Center

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,112.4	1,154.9	1,154.9 <sup>1/</sup>
Personal Services	53,305,700	62,504,000	62,504,000
Employee Related Expenditures	17,202,800	19,803,900	19,803,900
Professional and Outside Services	3,167,900	5,507,000	5,507,000
Travel - In State	49,000	38,700	38,700
Travel - Out of State	180,800	67,200	67,200
Other Operating Expenditures	8,480,700	12,538,200	12,538,200
Equipment	183,400	136,000	136,000
<b>OPERATING SUBTOTAL</b>	<b>82,570,300</b>	<b>100,595,000</b>	<b>100,595,000 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(1,469,300)
AZ Reach	0	500,000	0
Board of Medical Student Loans	0	2,000,000	0
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	1,000,000	0
Liver Research Institute	440,400	440,400	440,400
Phoenix Medical Campus	32,293,600	34,798,200	34,798,200
Telemedicine Network	1,670,000	1,670,000	1,670,000
<b>AGENCY TOTAL</b>	<b>125,914,900</b>	<b>149,944,200</b>	<b>144,974,900 <sup>3/4/</sup></b>
<b>FUND SOURCES</b>			
General Fund	76,897,700	80,397,700	75,428,400 <sup>5/6/</sup>
<u>Other Appropriated Funds</u>			
University Collections Fund	49,017,200	69,546,500	69,546,500 <sup>2/</sup>
SUBTOTAL - Other Appropriated Funds	49,017,200	69,546,500	69,546,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>125,914,900</b>	<b>149,944,200</b>	<b>144,974,900</b>
Other Non-Appropriated Funds	361,322,000	375,665,400	382,727,600
Federal Funds	209,743,200	218,133,000	222,495,500
<b>TOTAL - ALL SOURCES</b>	<b>696,980,100</b>	<b>743,742,600</b>	<b>750,198,000</b>

**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 201.4 GF and 88.6 OF FTE Positions funded from Special Line Items in FY 2025.
- 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/ 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)
- 4/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 5/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 6/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)

7/ Any unencumbered balances remaining in the university collections fund on June 30, 2024 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 \$100,595,000 and 864.9 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$42,576,900
University Collections Fund	58,018,100

These amounts are unchanged from FY 2024.

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.)*

### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(1,469,300) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

### **AZ REACH**

The budget includes no funding in FY 2025 for the AZ REACH program. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025 for the elimination of one-time AZ REACH funding. AZ REACH coordinates acute medical care transfers in Arizona hospitals. A FY 2024 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 no funding in FY 2025 for the Board of Medical Student Loans. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time the Board of Medical Student Loans funding. 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 provided administrative support to the board.

### **Clinical Rural Rotation**

The budget includes \$353,600 and 5.2 FTE Positions from the General Fund in FY 2025 for the Clinical Rural Rotation program. These amounts are unchanged from FY 2024.

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 2025 for Clinical Teaching Support. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for Fall Prevention Studies. Adjustments are as follows:

#### **Remove One-Time Funding**

The budget includes a decrease of \$(1,000,000) from the General Fund in FY 2025 for the elimination of one-time fall prevention research studies funding.

### ***Liver Research Institute***

The budget includes \$440,400 and 6.5 FTE Positions from the General Fund in FY 2025 for the Liver Research Institute. These amounts are unchanged from FY 2024.

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 \$34,798,200 and 267.5 FTE Positions in FY 2025 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	23,269,800
University Collections Fund	11,528,400

These amounts are unchanged from FY 2024.

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 10.8 FTE Positions from the General Fund in FY 2025 for the Telemedicine Network. These amounts are unchanged from FY 2024.

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 2024 General Appropriation Act appropriated \$66,675,300 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 2024 to the Joint Legislative Budget Committee in June 2023, and UA incorporated the adjusted FY 2024 amounts as part of their FY 2025 budget submission. Accordingly, the estimated FY 2024 amount has been adjusted by 2,871,200 to \$69,546,500.

The FY 2024 FTE Position count has also been adjusted. The FY 2024 General Appropriations Act originally appropriated 1,112.4 FTE Positions in FY 2024 for the UA - HSC. The General Fund accounted for 561.0 FTE Positions and the University Collections Fund accounted for the remaining 551.4 FTE Positions. The estimated number of FY 2024 FTE Positions has been adjusted by 42.5 to 1,154.9. The General Fund accounts for 570.5 FTE Positions and the University Collections Fund accounts for the remaining 584.4 FTE Positions.

## Department of Veterans' Services

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	792.3	792.3	792.3 <sup>1/</sup>
Personal Services	1,471,300	1,535,800	1,535,800
Employee Related Expenditures	466,100	644,200	671,600
Professional and Outside Services	23,100	5,900	5,900
Travel - In State	38,400	14,400	14,400
Travel - Out of State	13,400	1,100	1,100
Other Operating Expenditures	460,800	878,600	744,500
Equipment	44,700	56,600	56,600
<b>OPERATING SUBTOTAL</b>	<b>2,517,800</b>	<b>3,136,600</b>	<b>3,029,900</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(108,200)
Arizona State Veterans' Cemeteries	329,700	975,000	970,300
Arizona State Veterans' Homes	37,638,600	60,519,600	60,994,800
Gila County Veterans Retreat	0	3,000,000	0
Homeless Veterans' Reintegration Program	0	5,000,000	0
Hyperbaric Oxygen Therapy Reimbursement	25,000	0	0
Tribal Connectivity Project	0	1,500,000	0
Veterans' Benefit Counseling	3,202,600	3,676,600	3,713,100
Rural Tribal Nations Veteran Benefit Counseling	671,500	2,194,400	2,217,900 <sup>2/</sup>
Veterans Center Funding	0	0	500,000
Veterans' Support Services	404,700	1,226,100	1,226,100 <sup>3/</sup>
Veterans' Trauma Treatment Services	0	450,000	450,000 <sup>4/</sup>
Veteran Suicide Prevention Training Pilot Program	0	600,000	0
<b>AGENCY TOTAL</b>	<b>44,789,900</b>	<b>82,278,300</b>	<b>72,993,900 <sup>5/</sup></b>
<b>FUND SOURCES</b>			
General Fund	7,126,300	21,758,700	11,999,100
<u>Other Appropriated Funds</u>			
Hyperbaric Oxygen Therapy for Military Veterans Fund	25,000	0	0
State Homes for Veterans Trust Fund	37,638,600	60,519,600	60,994,800
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>37,663,600</b>	<b>60,519,600</b>	<b>60,994,800</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>44,789,900</b>	<b>82,278,300</b>	<b>72,993,900</b>
Other Non-Appropriated Funds	3,712,100	5,164,200	5,164,200
Federal Funds	5,179,400	1,098,000	1,098,000
<b>TOTAL - ALL SOURCES</b>	<b>53,681,400</b>	<b>88,540,500</b>	<b>79,256,100</b>

**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

- <sup>1/</sup> Includes 101.5 GF and 644 OF FTE Positions funded from Special Line Items in FY 2025.
- <sup>2/</sup> 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)
- <sup>3/</sup> 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)

- 4/ 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)
- 5/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### **Operating Budget**

The budget includes \$3,029,900 and 46.8 FTE Positions from the General Fund in FY 2025 for the operating budget. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes a decrease of \$(106,700) from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Details and Allocations section.)*

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(108,200) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **Arizona State Veterans' Cemeteries**

The budget includes \$970,300 and 12.5 FTE Positions from the General Fund in FY 2025 for the Arizona State Veterans' Cemeteries. Adjustments are as follows:

##### **Remove Guard and Reserve Burial Services Funding**

The budget includes a decrease of \$(15,000) from the General Fund in FY 2025 to remove one-time funding 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.

##### **Statewide Adjustments**

The budget includes an increase of \$10,300 from the General Fund in FY 2025 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 Camp Navajo. The department also receives interment fees from the federal government, which are deposited into the non-appropriated Arizona State Veterans' Cemetery Trust Fund.

Additionally, the U.S. Department of Veterans Affairs (VA) awarded Arizona Department of Veterans' Services (ADVS) \$1,910,200 in FY 2024 to expand the Camp Navajo cemetery. The department plans to install new infrastructure for additional placements, among other improvements. The Marana cemetery also received a similar award of \$3,366,300 in FY 2023.

#### **Arizona State Veterans' Homes**

The budget includes \$60,994,800 and 644 FTE Positions from the State Homes for Veterans Trust Fund in FY 2025 for the Arizona State Veterans' Homes. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$475,200 from the State Homes for Veterans Trust Fund in FY 2025 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 VA, Medicaid, Medicare, and private insurance carriers.

ADVS operates the Phoenix Veterans' Home, a 104-bed facility serving an average of 82 individuals between

January and June 2024. The Tucson Veterans' Home has a 120-bed capacity serving an average of 105 individuals between January and June 2024. *(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. The home has experienced several delays and currently has an opening date of October 2024. The FY 2023 budget increased the department's appropriation authority to annualize the operating costs of both the Yuma and Flagstaff homes. 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 no funding in FY 2025 for the Gila County Veterans Retreat. Adjustments are as follows:

##### **Remove One-Time Veterans Retreat Funding**

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2025 to remove a one-time distribution 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 once the site is conveyed to the county by the U.S. Forest Service. It will be operated by a non-profit to offer amenities for U.S. military veterans and their families at no charge. The monies were appropriated as non-lapsing.

#### **Homeless Veterans' Reintegration Program**

The budget includes no funding in FY 2025 for the Homeless Veterans' Reintegration Program. Adjustments are as follows:

##### **Remove One-Time Program Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove one-time funding for a program that assists homeless veterans in obtaining employment and helps address the problems facing homeless veterans. The program is based on the U.S. Department of Labor's Homeless Veterans' Reintegration competitive grant program.

#### **Tribal Connectivity Project**

The budget includes no funding in FY 2025 for the Tribal Connectivity Project. Adjustments are as follows:

##### **Remove One-Time Project Funding**

The budget includes a decrease of \$(1,500,000) from the General Fund in FY 2025 to remove one-time funding for an infrastructure project. The project's purpose is 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 \$3,713,100 and 69 FTE Positions from the General Fund in FY 2025 for Veterans' Benefit Counseling. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$36,500 from the General Fund in FY 2025 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 \$2,217,900 and 20 FTE Positions from the General Fund in FY 2025 for Rural Tribal Nations Veteran Benefit Counseling. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$23,500 from the General Fund in FY 2025 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 Center Funding**

The budget includes \$500,000 from the General Fund in FY 2025 for Veterans Center Funding. Adjustments are as follows:

##### **One-Time Veterans Center Funding**

The budget includes a one-time increase of \$500,000 from the General Fund in FY 2025 for veterans center funding. The budget requires the department to distribute the funds to a veterans center that provides referral services

for employment and job training, housing, and utility assistance.

**Veterans' Support Services**

The budget includes \$1,226,100 from the General Fund in FY 2025 for Veterans' Support Services. This amount is unchanged from FY 2024.

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. As of this writing, the department has not yet submitted a report for FY 2024.

**Veterans' Trauma Treatment Services**

The budget includes \$450,000 from the General Fund in FY 2025 for Veterans' Trauma Treatment Services. This amount is unchanged from FY 2024.

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 no funding in FY 2025 for the Veteran Suicide Prevention Training Pilot Program. Adjustments are as follows:

**Remove One-Time Pilot Program Funding**

The budget includes a decrease of \$(600,000) from the General Fund in FY 2025 to remove one-time funding for a suicide prevention pilot program. The FY 2024 budget included 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 required 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 FY 2024 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 were appropriated as non-lapsing.

**Other Issues**

**Veterans' Homes Occupancy**

During the COVID-19 pandemic, occupancy rates in the Phoenix and Tucson homes declined and construction of the Flagstaff and Yuma homes experienced delays. This resulted in expenditures that exceeded available revenues in the State Homes for Veterans' Trust Fund.

In September 2022, the Phoenix home's occupancy rate was 36% and the Tucson home's occupancy rate was 62%. These were the lowest points of occupancy for each home during the pandemic.

In response to the reduced occupancy levels, the department converted all rooms in the Phoenix home to single occupancy and decertified 96 of the home's 200 beds in 2023. At 104 available beds, the Phoenix home now has an occupancy rate of 85%. Meanwhile, the Tucson home currently has an occupancy rate of 95%. This reflects a recovery from the effects of the pandemic with no changes to the home's 120-bed count.

The Yuma home opened in October 2022. The home is now certified to receive payments from both the VA and the Medicare and Medicaid programs as of June 2024. After experiencing several delays, the Flagstaff home currently has an opening date of October 2024.

The Executive allocated \$16,200,500 in FY 2022 and \$19,600,000 in FY 2023 from American Rescue Plan Act (ARPA) funds to address the shortfall in the State Homes for Veterans' Trust Fund in both years. The department reports that the fund did not experience a shortfall in FY 2024.

**Northwestern Veterans' Home**

The FY 2022 budget originally included \$25,000,000 from the General Fund for the construction and establishment

of a veterans' home facility in Northwestern Arizona. The monies were appropriated as non-lapsing. The department has not yet selected a site or begun construction of the home. The state funding represents 35% of the cost of the facility while federal matching funds would pay for the rest. To be eligible for federal funds, the state would need to finalize its site selection.

The FY 2025 budget delays the northwestern home funding until FY 2028. Laws 2024, Chapter 211, Section 6 does this by ex-appropriating \$(25,000,000) from the General Fund in FY 2022 and advance appropriating \$25,000,000 from the General Fund in FY 2028.

The FY 2025 budget continues to require ADVS to submit the proposed site location to the Arizona Veterans' Service Advisory Commission for approval. The monies are appropriated as non-lapsing.

## Arizona State Veterinary Medical Examining Board

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	321,800	478,700	478,700
Employee Related Expenditures	122,500	146,000	151,400
Professional and Outside Services	38,700	36,000	36,000
Travel - In State	12,400	11,600	11,600
Other Operating Expenditures	134,600	106,800	104,200
Equipment	30,800	6,000	6,000
<b>AGENCY TOTAL</b>	<b>660,800</b>	<b>785,100</b>	<b>787,900 <sup>1/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

Veterinary Medical Examining Board Fund	660,800	785,100	787,900
SUBTOTAL - Other Appropriated Funds	660,800	785,100	787,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>660,800</b>	<b>785,100</b>	<b>787,900</b>
<b>TOTAL - ALL SOURCES</b>	<b>660,800</b>	<b>785,100</b>	<b>787,900</b>

**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

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

#### Operating Budget

The budget includes \$787,900 and 7 FTE Positions from the Veterinary Medical Examining Board Fund in FY 2025 for the operating budget. Adjustments are as follows:

#### Statewide Adjustments

The budget includes an increase of \$2,800 from the Veterinary Medical Examining Board Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### Other Issues

#### Statutory Changes

The Self-Supporting Regulatory Agencies Reconciliation Bill makes the following statutory changes:

- As permanent law, increase the percentage of the board's licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.
- As session law, prohibit the board from increasing license fees in FY 2025 or FY 2026 unless the

Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted.

#### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Veterinary Medical Examining Board Fund	\$1,700,000

## Water Infrastructure Finance Authority

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Long-Term Water Augmentation Fund Deposit	0 <sup>1/</sup>	189,200,000	0 <sup>2/</sup>
Water Projects Assistance Grants	10,000,000	3,000,000	0
Gilbert Wells Project	0	27,800,000	0
Glendale Irrigation and Xeriscaping	0	810,000	0
Little Colorado River Levee	0	20,000,000	0
Mohave Wash Recharge Basin	0	3,400,000	0
Peoria Wells Project	0	10,000,000	0
<b>AGENCY TOTAL</b>	<b>10,000,000</b>	<b>254,210,000</b>	<b>0</b>
<b>FUND SOURCES</b>			
General Fund	10,000,000	254,210,000	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>10,000,000</b>	<b>254,210,000</b>	<b>0</b>
Other Non-Appropriated Funds	96,511,600	186,498,600	186,498,600
Federal Funds	33,570,000	90,956,600	90,956,600
<b>TOTAL - ALL SOURCES</b>	<b>140,081,600</b>	<b>531,665,200</b>	<b>277,455,200</b>

**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, Long-Term Water Augmentation Committee. Prior to FY 2023, WIFA was operationally located within the Office of Economic Opportunity.

### FOOTNOTES

- <sup>1/</sup> 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.
- <sup>2/</sup> Laws 2024, Chapter 209 repealed the appropriation made by Laws 2022, Chapter 366 of \$333,000,000 from the General Fund in FY 2025 for deposit to the Long-Term Water Augmentation Fund. (*General Appropriation Act footnote*)

### Long-Term Water Augmentation Fund Deposit

The budget includes no funding from the General Fund in FY 2025 for the Long-Term Water Augmentation Fund (LTWAF) Deposit line item.

Adjustments are as follows:

#### Adjustment of Fund Deposits

The budget includes a decrease of \$(189,200,000) from the General Fund in FY 2025 to remove a one-time deposit from the General Fund to the LTWAF in FY 2024.

The budget also:

- Transferred \$78,000,000 in FY 2024 from previously deposited LTWAF amounts
- Transferred \$19,300,000 of interest earnings in the fund to the General Fund in FY 2024

- Repealed an advance appropriation of \$333,000,000 from the General Fund in FY 2025 for the third-year of funding to the LTWAF.

*Background* – Laws 2022, Chapter 366 made a total 3-year commitment of \$1,000,000,000 to the fund as follows: a transfer of \$334,000,000 in FY 2023 from a diversion of the state's Transaction Privilege Tax and appropriations of \$333,000,000 from the General Fund in FY 2024 and FY 2025. The \$1,000,000,000 commitment excluded any interest earnings on the fund. The FY 2024 budget reduced the FY 2024 appropriation to \$189,200,000.

With these changes, the state's deposits to the LTWAF are \$445,200,000. (*For additional background, please see the WIFA narrative in the FY 2023 and FY 2024 Appropriations Reports.*)

Laws 2022, Chapter 366 required that 75% of the monies from the 3-year funding allocation are 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 no funding in FY 2025 for the Water Projects Assistance Grants line item. Adjustments are as follows:

##### **Remove One-Time Water Projects Funding**

The budget includes a decrease of \$(3,000,000) from the General Fund in FY 2025 to remove one-time funding for water project financial assistance grants.

The FY 2024 appropriation of \$3,000,000 was 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. Pursuant to a FY 2024 budget footnote, WIFA is required to distribute these monies by December 31, 2023.

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. Prior to the FY 2023 budget, this line item was named Eastern Arizona Water Projects Assistance Grants. *(Please see the FY 2022, FY 2023, and FY 2024 Appropriations Reports for prior grant distribution amounts and requirements.)*

#### ***Gilbert Wells Project***

The budget includes no funding in FY 2025 for the Gilbert Wells Project line item. Adjustments are as follows:

##### **Remove One-Time Water Projects Funding**

The budget includes a decrease of \$(27,800,000) from the General Fund in FY 2025 to remove one-time funding allocated to the Town of Gilbert to support the rehabilitation and drilling of new water wells to access previously conserved groundwater.

#### ***Glendale Irrigation and Xeriscaping***

The budget includes no funding in FY 2025 for the Glendale Irrigation and Xeriscaping line item. Adjustments are as follows:

##### **Remove One-Time Water Projects Funding**

The budget includes a decrease of \$(810,000) from the General Fund in FY 2025 to remove one-time funding allocated to the City of Glendale for xeriscaping and irrigation system improvements.

#### ***Little Colorado River Levee***

The budget includes no funding in FY 2025 for the Little Colorado River Levee line item. Adjustments are as follows:

##### **Remove One-Time Water Projects Funding**

The budget includes a decrease of \$(20,000,000) from the General Fund in FY 2025 to remove one-time funding allocated 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 no funding in FY 2025 for the Mohave Wash Recharge Basin line item. Adjustments are as follows:

##### **Remove One-Time Water Projects Funding**

The budget includes a decrease of \$(3,400,000) from the General Fund in FY 2025 to remove one-time funding allocated to Mohave County for the Mohave Wash recharge basin to capture stormwater at the confluence of the Mohave Wash and Rattlesnake Wash.

### **Peoria Wells Project**

The budget includes no funding FY 2025 for the Peoria Wells Project line item. Adjustments are as follows:

#### **Remove One-Time Water Projects Funding**

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 to remove one-time funding allocated to the City of Peoria to support the construction of 5 new water wells and water infrastructure projects.

### **Other Issues**

This section includes information on the following topics:

- Statutory Changes
- Fund Transfers
- Water Conservation Grant Fund
- Water Supply Development Revolving Fund

### **Statutory Changes**

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, allow monies from the Water Conservation Grant Fund to be used for gray water grants. Gray water is wastewater that originates from a clothes washer or a bathroom tub, shower or sink and is collected separately from a sewage flow.

### **Fund Transfers**

The budget includes the following transfers from this agency's funds to the General Fund:

	<b>FY 2024</b>
Long-Term Water Augmentation Fund	\$97,300,000
Water Supply Development Revolving Fund	59,700,000

The \$97,300,000 transfer from the LTWAF to the General Fund is comprised of \$78,000,000 from deposited monies and \$19,300,000 from earned interest.

The \$59,700,000 from the Water Supply Development Revolving Fund is comprised of \$51,600,000 from deposited monies and \$8,100,000 from earned interest.

### **Water Conservation Grant Fund**

Laws 2022, Chapter 366 established the Water Conservation Grant Fund. Laws 2023, Chapter 197 expanded the fund eligibility to include tribal entities and private water systems to the list of eligible entities (which

also includes cities, towns, counties, public water systems, natural resources conservation districts and irrigation districts, along with non-government organizations partnering with an eligible entity).

These entities may apply to receive funds for voluntary water conservation programs such as: education, 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 fund has been allocated \$200,000,000 of Federal Funds for this purpose. As of June 2024, WIFA has awarded all the funds.

### **Water Supply Development Revolving Fund**

The Water Supply Development Revolving Fund as amended by Laws 2022, Chapter 366 provides monies for low-cost financing, grants, and technical assistance to water providers and political subdivisions for water supply development projects outside of Arizona's major centers.

The fund received \$40,000,000 from the General Fund from an FY 2021 supplemental.

In addition, Laws 2022, Chapter 366, transferred to the fund \$151,500,000 from the former Drought Mitigation Revolving Fund. The Drought Mitigation Revolving Fund originally received its monies from an FY 2021 supplemental General Fund deposit of \$160,000,000.

WIFA reported that the Water Supply Development Revolving Fund has a total balance of \$211,400,000, accounting for the above deposits and interest earned. After the budget's total FY 2024 fund transfer of \$59,700,000 and recent expenditures of \$216,000, the fund is expected to have an FY 2024 year-end balance of \$151,484,000. WIFA is currently soliciting funding applications for this fund.



## Department of Water Resources

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	149.0	179.0	204.0 <sup>1/</sup>
Personal Services	8,223,200	9,039,500	9,039,500
Employee Related Expenditures	2,993,600	3,298,500	3,462,600
Professional and Outside Services	545,700	329,300	329,300
Travel - In State	121,900	61,200	61,200
Travel - Out of State	67,500	57,800	57,800
Other Operating Expenditures	3,412,500	2,277,800	2,174,700
Equipment	509,600	145,200	145,200
<b>OPERATING SUBTOTAL</b>	<b>15,874,000</b>	<b>15,209,300</b>	<b>15,270,300</b>
<b>SPECIAL LINE ITEMS</b>			
Operating Budget Lump Sum Reduction	0	0	(21,500)
Adjudication Support	1,806,600	1,889,400	1,914,400 <sup>2/</sup>
Assured and Adequate Water Supply Administration	2,358,700	2,501,500	2,531,200 <sup>3/</sup>
Automated Groundwater Monitoring	411,900	416,600	421,100
Arizona Water Protection Fund Deposit	1,250,000	1,250,000	750,000
Brackish Groundwater Recovery Pilot Program <sup>4/</sup>	0	0	0
Brackish Groundwater Study	0	100,000	0
Colorado River Legal Expenses	14,600	500,000	500,000 <sup>5/ 6/</sup>
Conservation and Drought Program	404,300	427,700	433,500
New River Flood Insurance Study	265,900	0	0
Rural Water Studies	1,177,700	1,283,900	1,296,000 <sup>7/</sup>
Santa Rosa Canal Groundwater Delivery	0	25,000,000	0
Statewide Water Resources Planning <sup>8/</sup>	0	5,000,000	0
Water Supply and Demand Assessment	1,045,300	3,500,000	3,541,500 <sup>9/</sup>
<b>AGENCY TOTAL</b>	<b>24,609,000</b>	<b>57,078,400</b>	<b>26,636,500</b>
<b>FUND SOURCES</b>			
General Fund	23,087,100	55,059,400	24,618,200
<u>Other Appropriated Funds</u>			
Assured and Adequate Water Supply Administration Fund	268,300	292,500	291,800
Water Resources Fund	1,253,600	1,726,500	1,726,500
SUBTOTAL - Other Appropriated Funds	1,521,900	2,019,000	2,018,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>24,609,000</b>	<b>57,078,400</b>	<b>26,636,500</b>
Other Non-Appropriated Funds	19,904,200	16,452,800	14,987,300
Federal Funds	14,025,700	20,469,100	20,469,100
<b>TOTAL - ALL SOURCES</b>	<b>58,538,900</b>	<b>94,000,300</b>	<b>62,092,900</b>

**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

<sup>1/</sup> Includes 99 GF FTE Positions funded from Special Line Items in FY 2025.

<sup>2/</sup> 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 FY 2024 budget included \$11,000,000 from the General Fund in FY 2024 for one-time funding for a brackish groundwater recovery pilot program. Laws 2024, Chapter 209, Section 10 eliminates this appropriation. (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 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)
- 7/ 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)
- 8/ The amount appropriated for the statewide water resources planning line item in fiscal year 2023-2024 pursuant to Laws 2023, chapter 133, section 97 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. (General Appropriation Act footnote)
- 9/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### **Operating Budget**

The budget includes \$15,270,300 and 105 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
General Fund	\$14,043,800
Water Resources Fund	1,226,500

Adjustments are as follows:

##### **FTE Adjustment**

The budget includes an increase of 19 FTE from the General Fund in FY 2025 to align the FTE count with the agency's operations.

##### **Statewide Adjustments**

The budget includes an increase of \$61,000 from the General Fund in FY 2025 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

#### **Operating Budget Lump Sum Reduction**

The budget includes a decrease of \$(21,500) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved. The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

#### **Adjudication Support**

The budget includes \$1,914,400 and 21 FTE Positions from the General Fund in FY 2025 for Adjudication Support. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$25,000 from the General Fund in FY 2025 for statewide adjustments.

A.R.S. § 45-256 requires the Department of Water Resources (DWR) 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 \$2,531,200 and 25 FTE Positions in FY 2025 for the Assured and Adequate Water Supply (AAWS) Administration Program. These amounts consist of:

General Fund	2,239,400
AAWS Administration Fund	291,800

Adjustments are as follows:

##### **FTE Adjustment**

The budget includes an increase of 1 FTE from the General Fund in FY 2025 to align the FTE count with the agency's operations.

##### **Statewide Adjustments**

The budget includes an increase of \$29,700 in FY 2025 for statewide adjustments.

This amount consists of:

General Fund	30,400
AAWS Administration Fund	(700)

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 \$421,100 and 3 FTE Positions from the General Fund in FY 2025 for Automated Groundwater Monitoring. Adjustments are as follows:

##### **FTE Adjustment**

The budget includes an increase of 1 FTE from the General Fund in FY 2025 to align the FTE count with the agency's operations.

##### **Statewide Adjustments**

The budget includes an increase of \$4,500 from the General Fund in FY 2025 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 \$750,000 from the General Fund in FY 2025 for the Arizona Water Protection Fund Deposit line item. Adjustments are as follows:

##### **Reduce Arizona Water Protection Fund Deposit**

The budget includes a decrease of \$(500,000) from the General Fund in FY 2025. This reduces the ongoing annual deposit to the Water Protection Fund to \$750,000. Prior to this reduction, the Arizona Water Protection Fund received an annual deposit of \$1,250,000.

This line item funds an annual deposit 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 no funding in FY 2025 for a Brackish Groundwater Study. Adjustments are as follows:

##### **Remove One-Time Study Funding**

The budget includes a decrease of \$(100,000) from the General Fund in FY 2025 to remove funding for the updating of studies on the availability of brackish groundwater in this state.

A FY 2024 budget footnote directs DWR 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 no funding in FY 2025 for the Brackish Groundwater Recovery Pilot Program line item.

The FY 2024 budget included \$11,000,000 from the General Fund in FY 2024 for one time funding for a pilot program to enhance groundwater recovery through desalination. The FY 2025 budget eliminates this funding. The FY 2024 budget footnotes allocating the monies as follows were also eliminated: 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 was intended to follow the model of work undertaken by the Texas Water Development Board.

#### **Colorado River Legal Expenses**

The budget includes \$500,000 from the Water Resources Fund in FY 2025 for Colorado River Legal Expenses. This amount is unchanged from FY 2024.

This line item is for the Department of Water Resources to use for legal expenses related to the 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 \$433,500 and 5 FTE Positions from the General Fund in FY 2025 for the Conservation and Drought Program. Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$5,800 from the General Fund in FY 2025 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.

#### **Rural Water Studies**

The budget includes \$1,296,000 and 11 FTE Positions from the General Fund in FY 2025 for Rural Water Studies.

Adjustments are as follows:

##### **Statewide Adjustments**

The budget includes an increase of \$12,100 from the General Fund in FY 2025 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 no funding in FY 2025 for the Santa Rosa Canal Groundwater Delivery line item. Adjustments are as follows:

##### **Remove One-Time Project Funding**

The budget includes a decrease of \$(25,000,000) from the General Fund in FY 2025 to remove funding 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 (MSIDD), the Central Arizona Irrigation and Drainage District (CAIDD) and the Ak-Chin Indian community related to water quality and water salinity issues. Pursuant to a FY 2024 budget footnote, the monies are to be distributed equally between the MSIDD and the CAIDD. The monies in this line item are non-lapsing.

#### **Statewide Water Resources Planning**

The budget includes no funding in FY 2025 for statewide water resources planning. Adjustments are as follows:

##### **Remove One-Time Planning Funding**

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2025 to remove funding for additional support for statewide water resources planning.

Law 2024, Chapter 209 clarifies that the \$5,000,000 of monies appropriated in the FY 2024 statewide water resources line item is non-lapsing.

Pursuant to a FY 2024 budget footnote, DWR shall report on or before July 31, 2024 to the JLBC and OSPB on the uses of the monies.

#### **Water Supply and Demand Assessment**

The budget includes \$3,541,500 and 34 FTE Positions from the General Fund in FY 2025 for the Water Supply and Demand Assessment line item. Adjustments are as follows:

##### **FTE Adjustment**

The budget includes an increase of 4 FTE from the General Fund in FY 2025 to align the FTE count with the agency's operations.

### Statewide Adjustments

The budget includes an increase of \$41,500 from the General Fund in FY 2025 for statewide adjustments.

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 FY 2024 budget included an increase of 30 authorized FTE Positions from the General Fund (with no funding change) to increase the staff to support the assessments.

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.

The initial round of water supply and demand assessments completed by DWR for 2023 covered the following groundwater basins: Douglas AMA, Willcox, San Bernardino Valley, Butler Valley, McMullen Valley, Harquahala INA, and Tiger Wash.

### Other Issues

This section includes information on the following topics:

- FY 2024 Supplemental Reduction
- Statutory Changes
- Fund Transfers
- DWR It Modernization Project
- Colorado River Usage Reductions

### FY 2024 Supplemental Reduction

The FY 2025 budget includes the following FY 2024 supplemental reductions:

- \$(11,000,000) from the General Fund to eliminate funding for a Brackish Groundwater Recovery Pilot Program funded in the FY 2024 budget.

### Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As session law, continue 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 2025.

### Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	FY 2024
Assured and Adequate Water Supply Administration Fund	\$ 200,000
Arizona Water Protection Fund	1,000,000
Temporary Groundwater and Irrigation Efficiency Projects Fund	600,000

### DWR IT Modernization Project

The budget includes an FY 2024 transfer of \$2,500,000 from the Water Resources Fund to the Automation Projects Fund for a cost overrun for the information technology modernization project. *(Please see the Department of Administration - Automation Projects Fund narrative for details regarding this information technology project.)*

### 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. The DCP agreement and the 2007 agreement expires in 2026, and negotiations for a post-2026 plan commenced in the summer.

Due to current declines, the federal government deemed additional usage reductions would be necessary through the end of 2026. 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 and recognized as the preferred approach by the federal Bureau of Reclamation.

## **CAPITAL OUTLAY**

## Capital Outlay - Arizona Department of Administration

	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>	
Building Renewal	19,000,000 <sup>1/2/</sup>
<b>AGENCY TOTAL</b>	<b>19,000,000</b>
<b>FUND SOURCES</b>	
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	19,000,000
SUBTOTAL - Other Appropriated Funds	19,000,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>19,000,000</b>
<b>TOTAL - ALL SOURCES</b>	19,000,000 <sup>3/4/5/</sup>

**AGENCY 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 (ADOT). 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. 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 2024-2025 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 2024-2025 for building projects related to retrofitting facilities for space consolidation initiatives. (Capital Outlay Appropriation Act footnote)
- 3/ 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)
- 4/ 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)
- 5/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

#### **Building Renewal**

The budget includes \$19,000,000 from the Capital Outlay Stabilization Fund (COSF) in FY 2025 for building renewal. These monies are to be used for major repair and maintenance of ADOA-owned buildings. This amount funds 32.4% of the ADOA building renewal formula. In FY 2025, 100% of the formula would be \$58,671,400. This

formula value has been adjusted to exclude building renewal funding for the Arizona State Parks Board and Arizona Pioneers' Home, as these agencies receive direct building renewal appropriations (capital improvements) in the FY 2025 Capital Outlay Bill.

The FY 2024 appropriation to ADOA for building renewal was \$39,124,700, which consisted of \$25,124,700 from the General Fund and \$14,000,000 from COSF. This total

funding level in FY 2024 represented 58.2% of the ADOA formula.

### Other Issues

### FY 2024 and Prior Year Individual Project Revisions

The FY 2025 Capital Outlay Bill includes 5 prior year project revisions. In order to provide General Fund savings to the state, some projects received a reduction in funding. *Table 1* displays the various revisions made in the budget. The table shows the original appropriation, the amount of the reduction made to the appropriation, and the newly revised total.

### Rent Adjustments

In FY 2025, state building rent payments total \$31,993,700 which is estimated to be paid from the following fund sources: \$18,919,400 from the General Fund, \$9,489,500 from Other Appropriated Funds, and \$3,584,800 from Non-Appropriated Funds.

The FY 2025 budget does not adjust agency budgets for any changes in space or rental charges. The current rental charges are as follows: Office - \$17.87 per sq. ft./Storage - \$6.43 per sq. ft. (*Please see the Summary of Rent Charges for agency rent charges as of July 1, 2024*).

<b>Table 1</b>			
<b>ADOA Capital Appropriation Revisions</b>			
	<u>Original GF Appropriation</u>	<u>GF Reduction</u>	<u>Revised GF Appropriation</u>
FY 23 - Building Renewal	\$37,594,200	\$ (12,875,800)	\$24,718,400
FY 23 - West Adams Building Renovations	52,274,000 <sup>1/</sup>	(48,263,600)	4,010,400
FY 23 - Building Demolition Funding	1,568,000	(68,600)	1,499,400
FY 24 - Building Renewal	25,124,700	(22,539,500)	2,585,200
FY 24 - Electric Vehicle Charging for State Facilities	5,000,000	(5,000,000)	-
<b>Total</b>	<b>\$121,560,900</b>	<b>\$(88,747,500)</b>	<b>32,813,400</b>
<sup>1/</sup> Includes \$5,000,000 FY 2023 supplemental for this purpose.			



## SUMMARY OF RENT CHARGES OF STATE-OWNED SPACE 1/ 2/3/

	Fiscal Year 2024 Appropriations Report				Fiscal Year 2025 Appropriations Report				Difference FY 2024 - FY 2025			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
<b>BUDGET UNITS</b>												
Acupuncture Board of Examiners												
1740 W Adams	-	12,900	-	12,900	-	12,900	-	12,900	-	-	-	-
Administration, AZ Department of												
1400 W Washington	-	280,500	-	280,500	-	340,600	-	340,600	-	60,100	-	60,100
1802 W Jackson	-	24,000	59,500	83,500	-	24,300	60,400	84,700	-	300	900	1,200
1840 W Jackson	-	95,600	-	95,600	-	95,600	-	95,600	-	-	-	-
1700 W Washington	-	316,200	-	316,200	-	157,800	-	157,800	-	(158,400)	-	(158,400)
1740 W Adams	-	36,200	-	36,200	-	33,300	-	33,300	-	(2,900)	-	(2,900)
1919 W Jefferson	-	274,600	-	274,600	-	274,600	-	274,600	-	-	-	-
1801 W Madison	-	29,300	-	29,300	-	29,300	-	29,300	-	-	-	-
1805 W Madison	-	33,800	-	33,800	-	33,800	-	33,800	-	-	-	-
400 W Congress, Tucson	-	49,300	-	49,300	-	35,800	-	35,800	-	(13,500)	-	(13,500)
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	-	1,220,600	59,500	1,280,100	-	1,106,200	60,400	1,166,600	-	(114,400)	900	(113,500)
Administrative Hearings, Office of												
1740 W Adams	86,300	-	109,900	196,200	86,300	-	109,900	196,200				
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	687,200	-	687,200	1,374,400	687,200	-	687,200	1,374,400	-	-	-	-
Arts, AZ Commission on the												
417 W Roosevelt	-	-	67,900	67,900	-	-	67,900	67,900	-	-	-	-
Attorney General - Department of Law												
400 W Congress, Tucson	-	-	131,500	131,500	-	-	131,500	131,500	-	-	-	-
402 W Congress, Tucson	176,900	57,500	207,800	442,200	192,800	62,700	226,500	482,000	15,900	5,200	18,700	39,800
416 W Congress, Tucson	-	-	157,700	157,700	-	-	157,700	157,700	-	-	-	-
15 S 15th Ave (Capitol Center)	640,900	1,135,400	54,900	1,831,200	640,900	1,135,400	54,900	1,831,200	-	-	-	-
Subtotal - Attorney General - Dept of Law	817,800	1,192,900	551,900	2,562,600	833,700	1,198,100	570,600	2,602,400	15,900	5,200	18,700	39,800
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	74,100	-	-	74,100	74,100	-	-	74,100	-	-	-	-
Child Safety, Department of												
15 S 15th Ave (Capitol Center)	291,300	-	-	291,300	291,300	-	-	291,300	-	-	-	-
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	-	373,500	19,700	393,200	-	(300)	-	(300)
Corporation Commission												
1200 W Washington	-	721,600	-	721,600	-	721,600	-	721,600	-	-	-	-
1300 W Washington	-	962,900	-	962,900	-	993,800	-	993,800	-	30,900	-	30,900
400 W Congress, Tucson	2,000	29,800	2,000	33,800	3,600	52,600	3,600	59,800	1,600	22,800	1,600	26,000

	Fiscal Year 2024 Appropriations Report				Fiscal Year 2025 Appropriations Report				Difference FY 2024 - FY 2025			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Subtotal - Corporation Commission	2,000	1,714,300	2,000	1,718,300	3,600	1,768,000	3,600	1,775,200	1,600	53,700	1,600	56,900
Corrections, State Department of												
1831 W Jefferson	363,600	-	-	363,600	363,600	-	-	363,600	-	-	-	-
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	-	56,100	-	56,100	-	56,100	-	56,100	-	-	-	-
Economic Opportunity, Arizona Office of												
1400 W Washington	-	-	-	-	-	87,100	-	87,100	-	87,100	-	87,100
Economic Security, Department of												
1400 W Washington	154,500	308,900	154,500	617,900	117,200	234,300	117,200	468,700	(37,300)	(74,600)	(37,300)	(149,200)
1700 W Washington	4,100	-	12,200	16,300	-	-	-	-	(4,100)	-	(12,200)	(16,300)
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	311,700	207,800	649,400	129,900	311,700	207,800	649,400	-	-	-	-
DES Group Homes	190,100	273,300	-	463,400	190,100	273,300	-	463,400	-	-	-	-
15 S 15th Ave (Capitol Center)	144,800	32,700	26,500	204,000	144,800	32,700	26,500	204,000	-	-	-	-
Subtotal - Department of Economic Security	2,511,700	1,391,000	1,143,900	5,046,600	2,470,300	1,316,400	1,094,400	4,881,100	(41,400)	(74,600)	(49,500)	(165,500)
Education, Department of												
1535 W Jefferson	489,900	136,100	734,800	1,360,800	489,900	136,100	734,800	1,360,800	-	-	-	-
416 W Congress, Tucson	-	10,400	105,700	116,100	-	10,400	105,700	116,100	-	-	-	-
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	100,900	-	-	100,900	100,800	-	-	100,800	(100)	-	-	(100)
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	-	-	-	-
Fingerprinting, Board of												
1740 W Adams	-	-	-	-	-	33,500	-	33,500	-	33,500	-	33,500
Gaming, Department of												
400 W Congress, Tucson	-	4,300	-	4,300	-	4,300	-	4,300	-	-	-	-
Governor, Office of the												
1700 W Washington	752,600	-	-	752,600	1,086,100	-	-	1,086,100	333,500	-	-	333,500
1700 W Washington (Commission of African	9,600	-	-	9,600	-	-	-	-	(9,600)	-	-	(9,600)
1700 W Washington (Office of Highway Safety	-	-	103,600	103,600	-	-	84,300	84,300	-	-	(19,300)	(19,300)
400 W Congress, Tucson	41,000	-	-	41,000	41,000	-	-	41,000	-	-	-	-
Subtotal - Office of the Governor	803,200	-	103,600	906,800	1,127,100	-	84,300	1,211,400	323,900	-	(19,300)	304,600
Gov's Ofc of Strategic Planning & Budgeting												
1700 W Washington	177,300	-	-	177,300	181,600	-	-	181,600	4,300	-	-	4,300
Health Services, Department of <sup>5/</sup>												
1740 W Adams	24,200	-	-	24,200	24,200	-	-	24,200	-	-	-	-
250 N 17th Ave	1,287,200	-	-	1,287,200	1,287,200	-	-	1,287,200	-	-	-	-
400 W Congress, Tucson	183,600	-	-	183,600	157,300	-	-	157,300	(26,300)	-	-	(26,300)

	Fiscal Year 2024 Appropriations Report				Fiscal Year 2025 Appropriations Report				Difference FY 2024 - FY 2025			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
402 W Congress, Tucson	4,500	-	-	4,500	4,500	-	-	4,500	-	-	-	-
Subtotal - Department of Health Services	1,499,500	-	-	1,499,500	1,473,200	-	-	1,473,200	(26,300)	-	-	(26,300)
Homeland Security, AZ Dept of												
1700 W Washington	-	-	180,700	180,700	-	-	-	-	-	-	(180,700)	(180,700)
Homeopathic & Integrated Medicine Examiners, Board of												
1740 W Adams	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Judiciary - Court of Appeals												
400 W Congress, Tucson	695,400	-	-	695,400	720,500	-	-	720,500	25,100	-	-	25,100
Judiciary - Supreme Court												
1501 W Washington	3,906,900	-	-	3,906,900	3,906,900	-	-	3,906,900	-	-	-	-
400 W Congress, Tucson	17,500	-	-	17,500	17,500	-	-	17,500	-	-	-	-
Subtotal - Supreme Court	3,924,400	-	-	3,924,400	3,924,400	-	-	3,924,400	-	-	-	-
Subtotal - Judiciary	4,619,800	-	-	4,619,800	4,644,900	-	-	4,644,900	25,100	-	-	25,100
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	121,000	-	-	121,000	19,100	-	-	19,100
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	13,600	-	-	13,600	(100)	-	-	(100)
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												

	Fiscal Year 2024 Appropriations Report				Fiscal Year 2025 Appropriations Report				Difference FY 2024 - FY 2025			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
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	67,000	17,500	18,500	103,000	(100)	-	-	(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	81,800	63,700	22,600	168,100	(100)	(30,600)	-	(30,700)
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	1,241,500	1,862,200	-	3,103,700	1,241,500	1,862,200	-	3,103,700	-	-	-	-
Subtotal - Department of Revenue	1,338,500	2,007,800	-	3,346,300	1,338,500	2,007,800	-	3,346,300	-	-	-	-
Secretary of State - Dept of State												
1700 W Washington	499,400	-	-	499,400	499,000	-	-	499,000	(400)	-	-	(400)
400 W Congress, Tucson	51,600	-	-	51,600	25,600	-	-	25,600	(26,000)	-	-	(26,000)
1901 W Madison (Polly Rosenbaum Building)	2,139,500	-	-	2,139,500	2,139,600	-	-	2,139,600	100	-	-	100
1030 N 32nd St	-	-	-	-	325,800	-	-	325,800	325,800	-	-	325,800
Subtotal - Secretary of State - Dept of State	2,690,500	-	-	2,690,500	2,990,000	-	-	2,990,000	299,500	-	-	299,500
Treasurer, State												
1700 W Washington	-	196,200	-	196,200	-	196,000	-	196,000	-	(200)	-	(200)
Tribal Relations, Governor's Office on												
1700 W Washington	17,900	-	-	17,900	46,200	-	-	46,200	28,300	-	-	28,300
University - Board of Regents												
1740 W Adams	-	-	13,800	13,800	-	-	13,800	13,800	-	-	-	-
Veterinary Medical Examining Board, AZ State												
1740 W Adams	-	33,900	-	33,900	-	33,900	-	33,900	-	-	-	-
Water Resources, Department of												
1802 W Jackson	33,800	-	-	33,800	33,800	-	-	33,800	-	-	-	-
GRAND TOTAL	18,269,700	9,530,100	3,813,100	31,612,900	18,919,400	9,489,500	3,584,800	31,993,700	649,700	(40,600)	(228,300)	380,800

- 1/ Reflects rental charges to agencies of state-owned buildings as of July 2024. Laws 2024, Chapter 220, 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/ A.R.S. 41-792.01 authorizes the Department of Administration to approve whole or partial rent exemptions without recommendation from the Joint Committee on Capital Review. Before authorizing the exemption, the department is required to report to the Joint Legislative Budget Committee.
- 4/ 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 Corrections

FY 2025  
APPROVED

### SPECIAL LINE ITEMS

Building Renewal	8,557,000 <sup>1/2/</sup>
<b>AGENCY TOTAL</b>	<b>8,557,000</b>

### FUND SOURCES

#### Other Appropriated Funds

Department of Corrections Building Renewal Fund	5,864,300
Prison Construction and Operations Fund	2,692,700
SUBTOTAL - Other Appropriated Funds	8,557,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>8,557,000</b>
<b>TOTAL - ALL SOURCES</b>	<b>8,557,000 <sup>3/4/</sup></b>

**AGENCY DESCRIPTION** — The Arizona Department of Corrections (ADC) is included in the Arizona Department of Administration (ADOA) Building System. Since FY 2012, ADC has received a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

### FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2024-2025 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 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)
- 3/ 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)
- 4/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

#### Building Renewal

The budget includes \$8,557,000 in FY 2025 for major repair and maintenance of ADC-owned buildings. This amount consists of:

	<b>FY 2025</b>
Department of Corrections Building Renewal Fund	5,864,300
Prison Construction and Operations Fund	2,692,700

The ADOA building renewal formula amount for ADC in FY 2025 is \$46,962,600. The budget funding represents 18.2% of the formula amount.

The FY 2024 budget included \$39,806,900 in FY 2024 for ADC Building Renewal. Of that amount, \$33,942,600 was from the General Fund. The FY 2025 budget reduced the FY 2024 General Fund appropriation by \$(19,379,100). (Please see Table 1 for additional information.)

#### Replace Evaporative Cooling Statewide with HVAC

The budget includes no funding in FY 2025 to replace evaporative cooling in inmate housing units with air conditioning. The FY 2024 budget's 3-year spending plan included \$29,832,100 for the project in FY 2025 and \$23,700,000 in FY 2026 for this project. The FY 2025 budget's 3-year spending plan removes this funding for both years.

The FY 2023 budget included \$47,600,000 for this project and the FY 2024 budget appropriated \$66,783,600. The 4-year total cost was expected to be \$167,915,700 to convert all remaining evaporative cooling systems in state-operated prison housing units to air conditioning. The FY 2025 budget reduced the FY 2024 appropriation by \$(56,983,600). (Please see Table 1 for additional information.)

**Table 1****FY 2024 ADC Capital Appropriation Revisions (General Fund)**

	FY 2024 Original <u>Appropriation</u>	<u>Reduction</u>	FY 2024 Revised <u>Appropriation</u>
Building Renewal	\$ 33,942,600	\$ (19,379,100)	\$ 14,563,500
Replace Evaporative Cooling Statewide with HVAC	66,783,600	(56,983,600)	9,800,000
<b>Total</b>	<b>\$100,726,200</b>	<b>\$(76,362,700)</b>	<b>24,363,500</b>

Capital Outlay - Arizona Game and Fish Department

	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>	
Building Renewal	1,795,000 <sup>1/</sup>
<b>AGENCY TOTAL</b>	<b>1,795,000</b>
<b>FUND SOURCES</b>	
<u>Other Appropriated Funds</u>	
Game and Fish Fund	1,795,000
SUBTOTAL - Other Appropriated Funds	1,795,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,795,000 <sup>2/3/</sup></b>
<b>TOTAL - ALL SOURCES</b>	<b>1,795,000</b>

**AGENCY DESCRIPTION** — The Arizona Game and Fish Department is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2024-2025 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 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.
- 3/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

Building Renewal

The budget includes \$1,795,000 from the Game and Fish Fund in FY 2025 for building renewal. This amount funds 100% of the building renewal formula for major repair and maintenance of AGFD-owned buildings.

The FY 2024 appropriation of \$1,776,400 from the Game and Fish Fund also represented 100% of the agency's building renewal formula.

## Capital Outlay - Arizona State Lottery Commission

	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>	
Building Renewal	218,200
<b>AGENCY TOTAL</b>	<b>218,200 <sup>1/2/</sup></b>
<b>FUND SOURCES</b>	
<u>Other Appropriated Funds</u>	
State Lottery Fund	218,200
SUBTOTAL - Other Appropriated Funds	218,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>218,200</b>
<b>TOTAL - ALL SOURCES</b>	<b>218,200 <sup>3/</sup></b>

**AGENCY DESCRIPTION** — The Arizona Lottery is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

### FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2024-2025 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 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)
- 3/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

#### **Building Renewal**

The budget includes \$218,200 in FY 2025 from the State Lottery Fund for major repair and maintenance of Lottery owned buildings. This amount funds 100% of the Lottery building renewal formula.

The FY 2024 appropriation of \$214,200 from the State Lottery Fund also represented 100% of the Lottery building renewal formula.



## Capital Outlay - Arizona State Parks Board

	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>	
Capital Improvements	3,022,000
Red Rock Renovation	4,000,000 <sup>1/2/</sup>
San Rafael Renovation	1,500,000 <sup>1/2/</sup>
Yuma Territorial Prison Renovation	5,945,000 <sup>1/2/</sup>
Statewide Campground Improvements	4,100,000 <sup>1/2/</sup>
Statewide Sunshade Structures	2,233,300 <sup>1/2/</sup>
Statewide Water Conservation	1,339,000 <sup>1/2/</sup>
<b>AGENCY TOTAL</b>	<b>22,139,300 <sup>3/4/5/6/7/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

State Parks Revenue Fund	22,139,300
SUBTOTAL - Other Appropriated Funds	22,139,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>22,139,300</b>
<b>TOTAL - ALL SOURCES</b>	<b>22,139,300</b>

**AGENCY DESCRIPTION** — The Arizona State Parks Board (ASPB) is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

### FOOTNOTES

- 1/ Laws 2022, Chapter 309 appropriated \$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 do not appear in the FY 2025 Capital Outlay Appropriation Act.
- 2/ 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) All of the projects displayed in line items were in subsection A.
- 3/ 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)
- 4/ 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)
- 5/ Notwithstanding any other law, on or before June 30, 2024, \$38,237,100 from the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, is transferred to the state general fund for the purposes of providing adequate support and maintenance for agencies of this state. This amount reflects a portion of the revenues derived from the tax levied by title 42, chapter 5, articles 1 and 5, Arizona Revised Statutes, that were transferred to the state parks revenue fund by Laws 2022, chapter 321, section 20, subsection A, paragraph 5. (Capital Outlay Appropriation Act footnote)
- 6/ On or before September 1, 2024, the Arizona state parks board shall submit an expenditure report to the joint committee on capital review that describes how monies appropriated from the state parks revenue fund by Laws 2022, chapter 309, sections 6, 19 and 20 will be allocated for capital projects listed in those sections after deducting the amount of the transfer made in subsection A of this section. The department may only spend monies for capital projects that were favorably reviewed by the joint committee on capital review before the effective date of this section. (Capital Outlay Appropriation Act footnote)
- 7/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

### **Capital Improvements**

The budget includes \$3,022,000 from the State Parks Revenue Fund in (SPRF) FY 2025 for capital improvements. This amount represents 100% of the building renewal formula for major repair and maintenance of ASPB-owned buildings.

The FY 2024 appropriation of \$3,034,400 from SPRF also represented 100% of the agency's building renewal formula.

### **Red Rock Renovation**

The budget includes \$4,000,000 from SPRF in FY 2025 to fund renovations to the House of Apache Fire at Red Rock State Park, which the Arizona State Parks Board (ASPB) plans to reopen for public use upon completion.

This funding was appropriated in Laws 2022, Chapter 309 and does not appear in the FY 2025 Capital Outlay Bill.

### **San Rafael Renovation**

The budget includes \$1,500,000 from SPRF in FY 2025 to fund wildfire mitigation efforts for and structural repairs to the McClintock ranch house at San Rafael State Natural Area.

This funding was appropriated in Laws 2022, Chapter 309 and does not appear in the FY 2025 Capital Outlay Bill.

### **Yuma Territorial Prison Renovation**

The budget includes \$5,945,000 from SPRF in FY 2025 to fund renovations at Yuma Territorial Prison, including repairs to adobe structures and replacement of the security fence.

This funding was appropriated in Laws 2022, Chapter 309 and does not appear in the FY 2025 Capital Outlay Bill.

In FY 2024, the Legislature appropriated \$750,000 from SPRF for the first stage of this project.

### **Statewide Campground Improvements**

The budget includes \$4,100,000 from SPRF in FY 2025 for statewide campground improvements.

This funding was appropriated in Laws 2022, Chapter 309 and does not appear in the FY 2025 Capital Outlay Bill.

### **Statewide Sunshade Structures**

The budget includes \$2,233,333 from SPRF in FY 2025 for the construction of shade structures statewide. These structures will provide shade to park visitors and electricity to the parks.

This funding was appropriated in Laws 2022, Chapter 309 and does not appear in the FY 2025 Capital Outlay Bill.

### **Statewide Water Conservation**

The budget includes \$1,339,000 from SPRF in FY 2025 for the statewide installation of low-flow fixtures and other water conservation efforts.

This funding was appropriated in Laws 2022, Chapter 309 and does not appear in the FY 2025 Capital Outlay Bill.

### **Other Issues**

### **Fund Transfer**

The FY 2025 Capital Outlay Bill transfers \$(38,237,100) from SPRF to the General Fund in FY 2024. This amount reflects the amount of Transaction Privilege Tax (TPT) revenues diverted to SPRF in FY 2023 to fund capital projects in the agency's 3-year plan, which included \$58.8 million in total project costs from FY 2023 to FY 2025. The original FY 2023 budget assumed the projects would be funded with \$38.2 million in General Fund monies diverted from TPT revenues and \$20.5 million from pre-existing SPRF monies. *(Please see the Arizona State Parks Board 3-Year Spending Plan section for more information).*

A Capital Outlay Bill, footnote requires ASPB to submit a report to the Joint Committee on Capital Review (JCCR) detailing their reallocation plan for the projects listed in *Table 1* after transferring the \$(38.2) million from TPT revenues back to the General Fund. ASPB may only spend the remaining \$20.5 million in SPRF monies on projects JCCR has already favorably reviewed, limiting the agency to the 3-year plan projects listed in *Table 1*.

### **Arizona State Parks Board 3-Year Spending Plan**

The FY 2023 Capital Outlay Bill appropriated \$20,517,600 from SPRF to ASPB in FY 2023, \$19,143,800 in FY 2024, and \$19,117,333 in FY 2025 for capital projects. (The latter two amounts are from the TPT diversion described in the prior section.) *Table 1* shows a list of ASPB's planned capital projects through FY 2025.

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.

Please see the *Fund Transfer* section for additional funding information for projects in the agency's 3-year plan.

In July 2022, JCCR favorably reviewed all the projects listed in *Table 1*. To date, ASPB has not requested to shift any funds between projects.

<b>Table 1</b>			
<b>FY 2023 – FY 2025 Parks Capital Projects</b>			
	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>
Dead Horse Amphitheater – Cost Increase	\$ 210,000	\$0	\$0
Rockin' River State Park – Cost Increase	336,800	0	0
Jerome State Park Fire Suppression System	1,540,000	0	0
Southern Construction Services Relocation	2,000,000	0	0
Tonto Bridge State Park Historic Building	3,500,000	0	0
Tombstone State Park Main House Renovation	2,008,500	0	0
Rockin' River State Park Main House Renovation	1,750,000	0	0
Catalina State Park Main Entrance Bridge	1,500,000	5,813,000	0
Statewide Campground Improvements	4,100,000	4,100,000	4,100,000
Statewide Sunshade Structures	2,233,300	2,233,300	2,233,333
Statewide Water Conservation	1,339,000	1,339,000	1,339,000
Yuma Territorial Prison Park Historic Building	0	750,000	5,945,000
Riordan Mansion Park Historic Building	0	2,900,000	0
Oracle State Park Historic Building	0	2,008,500	0
Red Rock State Park Historic Building	0	0	4,000,000
San Rafael State Park Historic Building	0	0	1,500,000
<b>Total</b>	<b>\$20,517,600</b>	<b>\$19,143,800</b>	<b>\$19,117,333</b>

## Capital Outlay - Arizona Pioneers' Home

	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>	
Capital Improvements	465,000
<b>AGENCY TOTAL</b>	<b>465,000 <sup>1/</sup></b>
<b>FUND SOURCES</b>	
<u>Other Appropriated Funds</u>	
Miners' Hospital for Miners with Disabilities Land Fund	465,000
SUBTOTAL - Other Appropriated Funds	465,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>465,000</b>
<b>TOTAL - ALL SOURCES</b>	<b>465,000 <sup>2/</sup></b>

**AGENCY DESCRIPTION** — The Arizona Pioneers' Home is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated capital improvements appropriation via its own fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

### FOOTNOTES

- <sup>1/</sup> 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)
- <sup>2/</sup> Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

### Capital Improvements

The budget includes \$465,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2025 for capital improvements. This amount represents 100% of the building renewal formula for major repair and maintenance of buildings owned by Arizona Pioneers' Home.

The FY 2024 appropriation of \$468,700 from the Miners' Hospital for Miners with Disabilities Land Fund also represented 100% of the agency's building renewal formula.

## Capital Outlay - Arizona Department of Transportation

FY 2025  
APPROVED

### SPECIAL LINE ITEMS

Building Renewal	22,540,100 <sup>1/</sup>
Airport Planning and Development	25,550,000 <sup>2/3/5/</sup>
Controlled Access Highways	137,319,000 <sup>4/-8/</sup>
Debt Service	128,482,000 <sup>4/-8/</sup>
Statewide Highway Construction	196,687,000 <sup>4/-8/</sup>
Vehicle Fueling Facilities	9,088,200
<b>AGENCY TOTAL</b>	<b>519,666,300 <sup>9/10/</sup></b>

### FUND SOURCES

#### Other Appropriated Funds

State Aviation Fund	26,007,300
State Highway Fund	493,659,000
SUBTOTAL - Other Appropriated Funds	519,666,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>519,666,300</b>

Other Non-Appropriated Funds	889,647,000
Federal Funds	1,053,828,000
<b>TOTAL - ALL SOURCES</b>	<b>2,463,141,300</b>

**AGENCY 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

- <sup>1/</sup> Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2024-2025 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)
- <sup>2/</sup> The sum of \$25,550,000 is appropriated from the state aviation fund established by section 28-8202, Arizona Revised Statutes, in fiscal year 2024-2025 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 2024-2025 for the purposes provided in this subsection. (Capital Outlay Appropriation Act footnote)
- <sup>3/</sup> On or before December 31, 2024, 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)
- <sup>4/</sup> The sum of \$462,488,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2024-2025 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)
- <sup>5/</sup> Notwithstanding section 41-1252, Arizona Revised Statutes, the appropriations are not subject to review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote)
- <sup>6/</sup> On or before November 1, 2024, 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)

- 7/ On or before November 1, 2024, the department of transportation shall report the department's estimated outstanding debt principal balance at the end of fiscal year 2025-2026 and the estimated debt service payment amount for each of fiscal years 2025-2026, 2026-2027, 2027-2028 and 2028-2029 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 2023-2024 appropriations report. (Capital Outlay Appropriation Act footnote)
- 8/ On or before November 1, 2024, the department of transportation shall report capital outlay information for fiscal years 2023-2024, 2024-2025 and 2025-2026 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 2023-2024 appropriations report. (Capital Outlay Appropriation Act footnote)
- 9/ 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)
- 10/ 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 2024, Chapter 211 (FY 2025 Capital Outlay Bill).

#### **Building Renewal**

##### **Building Renewal**

The budget includes \$22,540,100 in FY 2025 for Building Renewal within ADOT's Building System. This amount consists of \$22,082,800 from the State Highway Fund (SHF) and \$457,300 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 2025 highway building renewal formula and 100% funding of the FY 2025 aviation building renewal formula. The FY 2024 budget appropriated \$21,978,300 from the SHF and \$441,900 from the SAF, which represented 100% funding of the FY 2024 highway building renewal formula and 100% funding of the FY 2024 aviation building renewal formula.

#### **Airport Planning and Development**

##### **Airport Planning and Development**

The budget includes \$25,550,000 from the State Aviation Fund (SAF) in FY 2025 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 2024-2028 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 2024 budget included \$35,000,000 for this purpose.

#### **Interstate and State Highway Road Projects**

##### **Controlled Access Highways**

The budget includes an estimated urban freeway controlled access funding level of \$137,319,000 from SHF in FY 2025. 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.

##### **Debt Service**

The budget includes \$128,482,000 from SHF in FY 2025 for the appropriated portion of the debt service on bonds. ADOT has approximately \$840,965,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2025 debt service payments. (Please see Table 6 for more information on debt service.)

### Statewide Highway Construction

The budget includes \$196,687,000 from SHF in FY 2025 for new highway construction. Only a small portion of the state's total \$2,220,800,000 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 6 in Other Issues for additional information.)* A footnote in the FY 2025 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 7 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 7)*, an additional amount of \$586,163,000 from the balances of the MAG and PAG 12.6% and 2.6% subaccounts will also be available in FY 2025.

Table 1

#### State Highway Fund FY 2025 Highway Construction & Debt Service

##### Capital Outlay Bill

Controlled Access	\$137,319,000
Debt Service	128,482,000
Highway Construction	196,687,000
<b>Total</b>	<b>\$462,488,000</b>

### Individual Projects

#### Vehicle Fueling Facilities

The budget includes \$9,088,200 from the SHF in FY 2025 for additional funding for the replacement of vehicle fueling facilities that had been funded in prior budgets. These facilities provide fuel for the department's operation throughout the state. They are located at Flagstaff, Needle Mountain, Kingman, Tucson, Willcox, Three Points, Saint David, Springerville, Chambers, and Holbrook. A footnote makes the \$1,800,000 FY 2022

appropriation for vehicle fueling facilities non-lapsing until the end of FY 2025.

### Other Issues

#### FY 2024 and Prior Year Individual Project Revisions

The FY 2025 Capital Outlay Bill includes various prior year transportation project revisions to address changes in project costs that resulted in both project shortfalls and surpluses, as well as changes to defer project funding to future fiscal years. The FY 2025 Capital Outlay Bill addresses funding shortfalls by shifting monies from projects with excess funds to projects in need of additional funding.

Table 2 displays the various revisions made in the FY 2025 budget divided into 3 categories: project reductions, project deferments, and project surpluses/shortfalls. The table notes the project description and references in which year the specified project received its initial funding. The table further shows the original appropriation, any changes made to the appropriation by fund source, and the newly revised total.

Footnotes in the FY 2025 Capital Outlay bill state that the monies transferred from the SHF to the General Fund from the Riggs Road/SR 347 Overpass Construction project (\$24,000,000), I-10 Widening from SR 85 to Citrus Road project (\$55,910,000), statewide pavement rehabilitation project (\$29,343,200), and highway project reallocations (\$9,133,700) reflect monies received from a TPT diversion to the fund in the FY 2023 budget.

An additional footnote requires ADOT to distribute the \$59,800,000 FY 2024 appropriation to extend SR 24 to the town of Queen Creek on or before June 30, 2024. The footnote further directs the town of Queen Creek to prioritize a traffic interchange at SR 24 and Ironwood Road before spending any remaining monies to extend SR 24.

Table 2

## FY 2025 Capital Outlay Bill Transportation Project Revisions

	Original Appropriation	GF Change	TPT/SHF Change	Revised Total
<b>Project Reductions</b>				
FY 23 SHF - Pavement Rehabilitation Funding	\$ 31,500,000	\$ 0	\$ (29,343,200)	\$ 2,156,800
FY 24 GF - Pavement Rehabilitation Funding	54,300,000	(41,000,000)	-	13,300,000
FY 24 GF - SR 24 Expansion	87,500,000	(27,700,000)	-	59,800,000
FY 24 GF - SR 97 Improvements near Bagdad	10,000,000	(10,000,000)	-	0
Subtotal	\$183,300,000	\$(78,700,000)	\$(29,343,200)	\$75,256,800
<b>Project Deferrals</b>				
FY 21 GF - Riggs Road/SR 347 Overpass Construction	25,000,000	Defer to FY 28	-	25,000,000
FY 23 SHF - Riggs Road/SR 347 Overpass Construction	24,000,000	-	Defer to FY 28	24,000,000
FY 23 GF - I-10 Widening (SR 85/Citrus Road) to FY 27 (\$30M)/FY 28 (\$78M) <sup>1/</sup>	52,090,000	Defer to FY 27/28	-	52,090,000
FY 23 SHF - I-10 Widening (SR 85/Citrus Road) to FY 27 (\$30M)/FY 28 (\$78M) <sup>1/</sup>	55,910,000	-	Defer to FY 27/28	55,910,000
FY 24 GF - West Pinal Parkway East-West Corridor Design	9,240,000	Defer to FY 28	-	9,240,000
Subtotal	\$166,240,000	\$0	\$0	\$166,240,000
<b>Project Surpluses/Shortfalls</b>				
FY 21 GF - SR 90 Improvements Near Fort Huachuca <sup>2/</sup>	10,600,000	(2,095,000)	-	8,505,000
FY 23 SHF - US 191 Pavement Rehabilitation (Armory Road and East Safford)	18,981,000	-	(7,038,200)	11,942,800
FY 23 SHF - SR 69/SR 169 Intersection Roundabout Construction	8,022,500	-	939,100	8,961,600
FY 23 SHF - SR 90 Improvements (Moson Road to Campus Drive) <sup>2/</sup>	3,300,000	-	(3,300,000)	0
FY 23 SHF - SR 90 Pavement Rehabilitation (Campus Drive/Border Patrol Station)	38,620,000	-	(8,720,000)	29,900,000
FY 23 SHF - SR 303 and I-17 Interchange Design	19,000,000	-	(4,000,000)	15,000,000
FY 23 SHF - Riggs Rd/SR 347 (Design/Right of Way/Easements)	7,500,000	-	1,500,000	9,000,000
FY 23 SHF - Tier 2 Study for Sonoran Corridor in Pima County	14,000,000	-	(2,436,000)	11,564,000
FY 24 GF - SR 347 Intersection Improvements (Casa Blanca Rd/Cement Plant)	18,000,000	1,901,000	-	19,901,000
FY 24 GF - US 60 Repavement (Morristown to Wickenburg)	10,500,000	206,800	220,900	10,927,700
FY 24 GF - SR 260 Improvements within Navajo County	4,250,000	172,200	-	4,422,200
FY 24 GF - SR 85 Improvement Design (Between MP 123/Maricopa Road)	6,500,000	-	12,600,500	19,100,500
FY 24 GF - SR 83 Improvements within Santa Cruz County	9,000,000	-	1,100,000	10,100,000
FY 24 GF - SR 87 Intersection Improvement Design (Arica Road/Shedd Road)	700,000	315,000	-	1,015,000
FY 24 GF - SR 303 and US 60 Interchange Improvements	4,500,000	167,000	-	4,667,000
Subtotal	\$173,473,500	\$667,000	\$(9,133,700)	\$165,006,800
<b>Total</b>	<b>523,013,500</b>	<b>\$(78,033,000)</b>	<b>\$(38,476,900)</b>	<b>406,503,600</b>

<sup>1/</sup> The FY 2023 appropriation for the I-10 Widening (SR 85/Citrus Road) project totals \$60,910,000 from the SHF and \$52,090,000 from the GF. The FY 2025 budget defers \$55,910,000 from the SHF and the entire \$52,090,000 from the GF (totaling \$108,000,000). Of the \$108,000,000 total deferment, \$30,000,000 is deferred to FY 2027 and \$78,000,000 is deferred to FY 2028.

<sup>2/</sup> The FY 2021 GF appropriation for SR 90 Improvements near Fort Huachuca and the FY 2023 SHF appropriation for SR 90 Improvements (Moson Road to Campus Drive) cover the same project.



### 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 \$1,381,746,000 in FY 2023 to \$2,060,156,000 in FY 2024 and \$1,943,475,000 in FY 2025.

Further background information regarding the funds is contained in the ADOT Summary of Funds in the ADOT operating section of the *FY 2025 Baseline Book*. The ADOT operating budget section does not include the non-appropriated capital expenditures as those only appear in Table 3.

Table 3

#### Non-Appropriated Capital Fund Expenditures (\$ in Thousands)

	FY 2023 <u>Actual</u>	FY 2024 <u>Estimate</u>	FY 2025 <u>Estimate</u>
Aviation Federal Funds	\$1,208	\$1,912	\$1,546
Highway Federal Grants	<u>916,499</u>	<u>976,598</u>	<u>1,052,282</u>
<b>Subtotal - Federal Funds</b>	<b>\$917,707</b>	<b>\$978,510</b>	<b>\$1,053,828</b>
Bond Proceeds	\$33,466	\$156,234	\$174,185
Economic Strength Project Fund	1,000	1,000	1,000
Local Agency Deposits Fund	2,591	28,709	6,282
Maricopa Regional Area Road Fund	426,982	895,703	708,180
<b>Subtotal - Other Non- Appropriated Funds</b>	<b>\$464,039</b>	<b>\$1,081,646</b>	<b>\$889,647</b>
<b>Total</b>	<b>\$1,381,746</b>	<b>\$2,060,156</b>	<b>\$1,943,475</b>

### 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 15, 2023 includes monies from a diversion of General Fund transaction privilege tax (TPT) revenues, SHF, Federal Funds, MRARF, SHF for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$2,557,565,000 for FY 2025. (Please see Table 4 for additional details.)

#### Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. The FY 2025 budget includes \$462,488,000 for highway construction, including \$196,687,000 of net SHF monies for statewide highway construction.

Table 4

#### State Highway Fund Highway Construction Projects Beginning in FY 2025 (\$ in Thousands)

	FY 2025 <sup>1/</sup>
Construction	\$378,709
Urban Controlled Access <sup>2/</sup>	1,492,876
Pavement Preservation Maintenance	551,666
Other <sup>3/</sup>	<u>134,314</u>
<b>Total</b>	<b>\$2,557,565</b>

<sup>1/</sup> Data from ADOT's 2024-2028 5-Year Transportation Facilities Construction Program, representing the total cost of multi-year projects beginning in FY 2025.

<sup>2/</sup> Includes expenditures from SHF for controlled access, PAG, and MRARF.

<sup>3/</sup> Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

Table 6 summarizes expenditures for highway construction that are planned in the future and currently underway from FY 2023 through FY 2025 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 2025 by category of construction. Table 6 also includes monies from the Local Agency Deposits Fund, while Table 4 does not.

For FY 2023, Table 6 shows that total cash highway construction expenditures were \$1,340,700,000 while \$308,600,000 was spent on debt service. In FY 2024, total estimated cash highway construction expenditures are \$1,983,900,000 with total debt service of \$308,600,000. In FY 2025, total estimated cash highway construction expenditures are \$1,918,900,000 with total debt service of \$301,900,000.

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 \$168,295,200 in FY 2023, \$160,760,600 in FY 2024, and \$160,760,600 in FY 2025. Of the \$301,900,000 total FY 2025 debt service amount in Table 6, only \$128,500,000 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 2023 through FY 2025. The line in *Table 7* showing net SHF Available for Statewide Highway Construction, which totals \$170,425,000 for FY 2025, 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 2023 HURF collections of \$1,749,295,000 were 1.2% above FY 2022 collections. As of May 2024, FY 2024 HURF year-to-date collections were 2.8% higher than the prior year collections.

VLT is the largest source of HURF collections, accounting for 33.2% of HURF revenue in FY 2023, a percentage which has been increasing in recent years. From FY 2019 to FY 2023, the gas tax share of total collections has decreased by (3.7)% while VLT's share has increased by 2.3%.

The gas tax comprises the second largest source of HURF collections at 31.2%.

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 <sup>1/</sup>	7.7%
State Highway Fund <sup>1/</sup>	<u>42.8%</u>
<b>Total</b>	<b>100.0%</b>

<sup>1/</sup> 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.

Table 6

**Highway Construction and Debt Service Expenditures by Fund Source**  
(\$ in Millions)

<u>Sources</u>	<u>FY 2023 Actual</u>	<u>FY 2024 Estimate</u>	<u>FY 2025 Estimate</u>
<b>State Highway Fund (SHF)</b>			
<b>Appropriated</b>			
HURF - Statewide Debt Service	\$ 116.4	\$ 114.9	\$ 106.0
HURF - MAG Debt Service	19.1	23.6	22.5
MAG/PAG 15.2% Controlled Access - Construction	12.6	27.7	22.2
Net SHF Funds Available for Statewide Highway	163.2	143.4	196.7
Total SHF - Appropriated	\$ 311.3	\$ 309.6	\$ 347.4
<b>Non-Appropriated</b>			
SHF Highway Construction <sup>1/</sup>	\$ -	\$ -	\$ -
Total SHF - Non-Appropriated	\$ -	\$ -	\$ -
<b>Total SHF Highway Construction Expenditures</b>	<b>\$ 311.3</b>	<b>\$ 309.6</b>	<b>\$ 347.4</b>
<b>Federal Aid</b>			
<b>Total Federal Aid Highway Construction Expenditures</b>	<b>\$ 916.5</b>	<b>\$ 976.6</b>	<b>\$ 1,052.3</b>
<b>Maricopa Regional Area Road Fund</b>			
Highway Construction Expenditures	\$ 242.3	\$ 681.4	\$ 497.2
MRARF Debt Service	143.1	140.0	143.4
<b>Total Maricopa Regional Area Road Fund Highway</b>	<b>\$ 385.4</b>	<b>\$ 821.4</b>	<b>\$ 640.6</b>
<b>Bond Proceeds</b>			
HURF - Highway Construction Expenditures	\$ 0	\$ 126.2	\$ 144.2
MRARF - Highway Construction Expenditures	0	0	0
GAN - Highway Construction Expenditures	33.5	30.0	30.0
<b>Total Bond Proceeds Highway Construction Expenditures</b>	<b>\$ 33.5</b>	<b>\$ 156.2</b>	<b>\$ 174.2</b>
<b>Local Agency Deposits Fund</b>			
Total Local Agency Deposits Fund Debt Service	-	-	-
Total Local Agency Deposits Fund Cash Highway Constr.	2.6	28.7	6.3
<b>Total Local Agency Deposits Fund Highway Construction</b>	<b>\$ 2.6</b>	<b>\$ 28.7</b>	<b>\$ 6.3</b>
<b>Total Highway Construction Expenditures</b>	<b>\$ 1,649.3</b>	<b>\$ 2,292.5</b>	<b>\$ 2,220.8</b>
<b>Total Debt Service</b>			
SHF	\$ 135.5	\$ 138.5	\$ 128.5
Federal Aid	30.0	30.0	30.0
MRARF	143.1	140.1	143.4
<b>Total Debt Service</b>	<b>\$ 308.6</b>	<b>\$ 308.6</b>	<b>\$ 301.9</b> <sup>2/</sup>
<b>Total Cash Highway Construction Expenditures</b>			
SHF	\$ 175.8	\$ 171.0	\$ 218.8
Federal Aid	886.5	946.6	1,022.3
MRARF	242.3	681.4	497.3
Bond Proceeds	33.5	156.2	174.2
Local Agency Deposits Fund	2.6	28.7	6.3
<b>Total Cash Highway Construction Expenditures</b>	<b>\$ 1,340.7</b>	<b>\$ 1,983.9</b>	<b>\$ 1,918.9</b>
<b>Total Highway Construction Expenditures</b>	<b>\$ 1,649.3</b>	<b>\$ 2,292.5</b>	<b>\$ 2,220.8</b>

<sup>1/</sup> Includes funding from the Statewide Transportation Acceleration Needs Account (STAN).

<sup>2/</sup> Information provided by the department. Includes \$128,481,572 for HURF bonds (\$105,988,542 for statewide program and \$22,493,030 MAG program); \$29,971,500 for Grant Anticipation Notes; and \$143,372,676 for MRARF bonds.

Table 7

**Highway User Revenue Fund (HURF) Distribution**  
(\$ in Thousands)

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Total HURF Collections Before Authorized Third-Party (ATP) Expenses</b>	<b>\$1,776,318</b>	<b>\$1,793,807</b>	<b>\$1,857,538</b>
Less: ServiceArizona ATP Fee Retention	7,528	7,602	7,872
Brick and Mortar ATP Fee Retention	7,444	7,517	7,784
ServiceArizona ATP Credit Card Fee Reimbursements	10,274	10,376	10,744
Brick and Mortar ATP Credit Card Fee Reimbursements	1,507	1,522	1,576
ServiceArizona ATP Check Reimbursement	270	270	270
<b>Total HURF Collections</b>	<b>\$1,749,295</b>	<b>\$1,766,520</b>	<b>\$1,829,292</b>
Less: Economic Strength Fund <sup>1/</sup>	1,000	1,000	1,000
ADOT - MVD Registration Compliance Program	877	899	899
State Lake Improvement Fund/Off-Highway Vehicle Recreation Fund	11,456	11,530	11,699
<b>Net HURF Collections</b>	<b>\$1,735,962</b>	<b>\$1,753,091</b>	<b>\$1,815,694</b>
Less: Cities <sup>2/</sup>	529,468	534,693	553,787
Counties <sup>2/</sup>	329,833	333,087	344,982
VLT Transfer to Parity Compensation Fund <sup>3/</sup>	4,187	4,414	4,809
VLT Transfer to General Fund (5-Year VLT) <sup>4/</sup>	3,500	3,650	3,800
VLT Transfer to General Fund (Abandoned Vehicle) <sup>5/</sup>	4,520	4,700	4,900
Controlled Access <sup>6/</sup>	131,397	132,627	137,319
<b>Net SHF (Discretionary)</b>	<b>\$ 733,057</b>	<b>\$ 739,920</b>	<b>\$ 766,097</b>
Plus: Other Income <sup>7/</sup>	105,327	122,722	119,124
Less: Operating Budget	448,968	479,160	488,489
Dept of Public Safety Transfer from Highway Fund	8,167	6,367	10,000
Capital Outlay	19,416	20,100	9,088
Building Renewal	18,139	21,978	22,083
ServiceArizona ATP VLT Retention <sup>8/</sup>	22,224	22,600	24,708
Brick and Mortar ATP VLT Retention <sup>8/</sup>	14,972	15,226	16,646
HURF Exchange Program <sup>9/</sup>	7,816	15,300	15,300
Debt Service <sup>10/</sup>	135,486	138,491	128,482
<b>Net SHF Available for Statewide Highway Construction (5-Year Plan) <sup>11/12/</sup></b>	<b>\$ 163,196</b>	<b>\$ 143,420</b>	<b>\$ 170,425</b>
<b>SHF Adjustments</b>			
Plus: Controlled Access SHF Beginning Balance	407,465	515,953	586,163
STAN Account Beginning Balance	0	0	0
<b>Total SHF Available for Statewide Highway Construction</b>	<b>\$ 570,661</b>	<b>\$ 659,373</b>	<b>\$ 756,588</b>

<sup>1/</sup> Provides monies for economic strength highway projects recommended by the Arizona Commerce Authority and approved by the State Transportation Board.

<sup>2/</sup> A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

<sup>3/</sup> A.R.S § 28-5808A transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.

<sup>4/</sup> 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.

<sup>5/</sup> 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.

<sup>6/</sup> 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.

<sup>7/</sup> 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 \$874,447,500 of TPT General Fund collections that were deposited into the State Highway Fund to fund individual transportation projects in FY 2023.

<sup>8/</sup> Statutory payments to third parties from VLT collected by third parties. Non-VLT fees to ATPs are listed at the top of the chart.

<sup>9/</sup> Local entities can exchange federal aid monies for State Highway Fund monies.

<sup>10/</sup> Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

<sup>11/</sup> Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

<sup>12/</sup> 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, DPS's operating budget, building renewal, and capital outlay projects.

## Capital Outlay

### Arizona Board of Regents Building Systems

	FY 2025 Approved
<b>BUILDING RENEWAL</b>	
Arizona Board of Regents	0
<b>TOTAL - ALL PROJECTS</b>	<u>0</u> <sup>1/2/</sup>
<b>FUND SOURCES</b>	
General Fund	0
<b>TOTAL - ALL SOURCES</b>	<u>0</u>

**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 \$32,592,100 to the universities from the General Fund in FY 2025 to finance lease-purchase payments for research infrastructure projects.
- 2/ A.R.S. § 15-1671 appropriates \$30,108,700 to the universities from the General Fund in FY 2025 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 2025, ABOR reports funding 100% of the building renewal formula would be \$241,463,400. 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 2025, the universities' outstanding principal balances for bonds and lease-purchase agreements will total \$4,095,516,600 of which \$3,853,130,000 is for outstanding bonds and \$242,386,600 is for lease-purchase projects. This debt would be held by the 3 universities as follows:

ASU (all campuses)	\$2,473,978,000
NAU	368,660,000
UA (all campuses)	<u>1,252,878,600</u>
<b>Total</b>	<b>\$4,095,516,600</b>

ABOR estimates that the universities' total debt service payments for bonds and lease-purchase agreements in FY 2025 will be \$398,578,500. The debt service payments made by each of the universities would be as follows:

ASU (all campuses)	\$219,849,300
NAU	42,647,400
UA (all campuses)	<u>136,081,800</u>
<b>Total</b>	<b>\$398,578,500</b>

In addition to university system revenues being allocated for FY 2025 debt service payments, \$43,185,200 would be paid by Lottery monies, \$32,592,100 would be paid by the General Fund for 2003 research infrastructure projects, and \$17,215,000 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 \$3,853,130,000 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 \$53,981,500 in FY 2025, of which 80% will be paid by Lottery monies and 20% with university system revenues.

### 2017 Capital Infrastructure Appropriations

Another component of the \$3,853,130,000 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 FY 2025 budget assumes a 2.0% increase from FY 2024, resulting in an FY 2025 General Fund appropriation of \$30,108,700. If the universities utilized the full appropriation for debt service, this amount would support \$60,217,400 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 \$34,430,100 in FY 2025, 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 2028. 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: 5.1% (5.5% with SPEED) in FY 2026
- NAU: 4.8% (6.3% with SPEED) in FY 2025
- UA: 5.0% (6.0% 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 \$3,573,800,000 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. ADQA and the Universities have entered into lease-purchase agreements for the acquisition and construction of state facilities. The ADOA School Facilities Division (SFD) also entered into lease-purchase agreements for the construction of new schools prior to FY 2012.

At the end of FY 2025, the outstanding balance of lease-purchase agreements is expected to be \$613.3 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 2025, the outstanding balance of bond financing is expected to be \$4.69 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.

The January 31, 2024 debt report would typically provide debt information on the prior fiscal year (FY 2023). To provide a more updated display of the state's current outstanding debt, the January 31, 2024 report included information from *Table 1*, which shows debt payments and year-end balances for the upcoming fiscal year (FY 2025).

Table 1

## Lease-Purchase and Bonding Summary

Lease-Purchase Summary	Overall Balance	<sup>1/</sup> GF Balance	Overall FY 25 Payment	<sup>2/</sup> FY 25 GF Payment	Retirement FY
<b>ADOA Building System</b>					
<b>2013 A Issuance</b>					
PLTO Refinance - DHS Building	\$ 8,365,000	\$ 5,019,000	\$ 4,215,600	\$ 2,529,400	FY 29
<b>2015 A Issuance</b>					
PLTO Refinance - Capitol Mall	\$ 14,245,000	\$ 6,162,200	\$ 10,439,700	\$ 4,516,100	FY 28
Subtotal - ADOA	\$ 22,610,000	\$ 11,181,200	\$ 14,655,300	\$ 7,045,500	
<b>ADOA - School Facilities Division</b>					
Federal Bonds	\$ 15,086,700	\$ 15,086,700	\$ 9,938,100 <sup>3/</sup>	\$ 9,938,100 <sup>3/</sup>	FY 28
<b>ABOR Building System</b>					
Arizona State University	\$ 126,323,000	\$ 73,245,000	\$ 22,626,200	\$ 13,459,300	FY 39
Northern Arizona University	25,345,000	25,345,000	4,885,500	4,885,500	FY 31
University of Arizona	90,718,600	71,490,000	26,037,000	14,247,300	FY 72
Subtotal - ABOR	\$ 242,386,600	\$ 170,080,000	\$ 53,548,700	\$ 32,592,100	
Phoenix Convention Center <sup>4/</sup>	\$ 333,225,000	\$ 333,225,000	\$ 25,998,700	\$ 25,998,700	FY 44
TOTAL - Lease-Purchase	\$ 613,308,300	\$ 529,572,900	\$ 104,140,800	\$ 75,574,400	
<b>Bonding Summary</b>					
Department of Transportation <sup>5/</sup>	\$ 840,965,000	\$ -	\$ 158,453,100	\$ -	FY 14 - 38
<b>ABOR Building System</b>					
Arizona State University	\$ 1,782,840,000	\$ -	\$ 160,467,900	\$ -	FY 55
Northern Arizona University	260,600,000	-	27,726,600	-	FY 44
University of Arizona	707,130,000	-	68,423,600	-	FY 48
University Lottery Bond (SPEED)	537,380,000 <sup>6/</sup>	-	53,981,600	-	FY 48
University Infrastructure (2017) <sup>7/</sup>	565,180,000	282,590,000	34,430,100	17,215,000	FY 44
Subtotal - ABOR	\$ 3,853,130,000	\$ 282,590,000	\$ 345,029,800	\$ 17,215,000	
TOTAL - Bonding	\$ 4,694,095,000	\$ 282,590,000.00	\$ 503,482,900	\$ 17,215,000	
TOTAL - Lease-Purchase & Bonding	\$ 5,307,403,300	\$ 812,162,900	\$ 607,623,700	\$ 92,789,400	

<sup>1/</sup> Represents principal balances as of June 30, 2025. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.

<sup>2/</sup> Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 25 GF Payment" column.

<sup>3/</sup> 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 2025 this subsidy is expected to be \$3,729,900 of the \$9,938,100 payment.

<sup>4/</sup> The Convention Center debt service will eventually increase over a number of years to a maximum of \$30.0 million. 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.

<sup>5/</sup> Includes \$745,955,000 for Highway User Revenue Fund bonds and \$95,010,000 for Grant Anticipation Notes.

<sup>6/</sup> Represents outstanding balance as of the end of FY 2025 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.)

<sup>7/</sup> The universities will receive \$30,108,700 from the General Fund in FY 2025 for the 2017 Capital Infrastructure Funding program. The General Fund is expected to pay \$17,215,000 in FY 2025 for debt service.



# LEASE-PURCHASE APPROPRIATIONS <sup>1/</sup> Department of Administration Building System

	Fiscal Year 2024 - Appropriations Report				Fiscal Year 2025 - Appropriations Report				Difference FY 2025 - FY 2024			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
<b>BUDGET UNITS</b>												
Arizona Department of Administration Buildings												
Accountancy, State Board of		\$124,300		\$124,300		\$125,700		\$125,700	-	\$1,400	-	\$1,400
Administration, Arizona Department of	\$244,300	629,400	\$65,800	939,500	\$247,100	636,700	\$66,500	950,300	\$2,800	7,300	\$700	10,800
Deaf and the Hard of Hearing, Commission for the		238,500		238,500		241,300		241,300	-	2,800	-	2,800
Education, Department of	401,500	111,500	602,300	1,115,300	406,100	112,800	609,200	1,128,100	4,600	1,300	6,900	12,800
Equalization, State Board of	97,300			97,300	98,400			98,400	1,100	-	-	1,100
Gaming, Department of		415,100		415,100		419,800		419,800	-	4,700	-	4,700
Insurance & Financial Institutions, Department of	355,800	67,800		423,600	359,900	68,500		428,400	4,100	700	-	4,800
Juvenile Corrections, Department of	294,000			294,000	297,400			297,400	3,400	-	-	3,400
Real Estate Department, State	193,100			193,100	195,300			195,300	2,200	-	-	2,200
Tax Appeals, State Board of	37,400			37,400	37,800			37,800	400	-	-	400
Subtotal - ADOA Building	\$1,623,400	\$1,586,600	\$668,100	\$3,878,100	\$1,642,000	\$1,604,800	\$675,700	\$3,922,500	\$18,600	\$18,200	\$7,600	\$44,400
Department of Environmental Quality Building												
Agriculture, Department of	\$397,800		\$352,700	\$750,500	\$402,300		\$356,800	\$759,100	\$4,500	-	\$4,100	\$8,600
Citizens Clean Elections Commission			73,500	73,500			74,400	74,400	-	-	900	900
Criminal Justice Commission, Arizona		\$12,900	202,000	214,900		\$13,000	204,300	217,300	-	\$100	2,300	2,400
Environmental Quality, Department of		1,966,800		1,966,800		1,989,400		1,989,400	-	22,600	-	22,600
Forestry and Fire Management, AZ Department of	233,500		34,900	268,400	236,200		35,300	271,500	2,700	-	400	3,100
Housing, AZ Department of	34,300	11,400	182,800	228,500	34,700	11,500	184,900	231,100	400	100	2,100	2,600
Independent Redistricting Commission	39,600			39,600	40,100			40,100	500	-	-	500
State Land Department	872,000			872,000	882,000			882,000	10,000	-	-	10,000
Arizona State Parks Board			318,200	318,200			321,800	321,800	-	-	3,600	3,600
Pharmacy, Arizona State Board of		133,900		133,900		135,400		135,400	-	1,500	-	1,500
Residential Utility Consumer Office		115,000		115,000		116,300		116,300	-	1,300	-	1,300
Technical Registration, State Board of		197,700		197,700		200,000		200,000	-	2,300	-	2,300
Tourism, Office of	194,000			194,000	196,200			196,200	2,200	-	-	2,200
Water Resources, Department of	1,070,300			1,070,300	1,082,600			1,082,600	12,300	-	-	12,300
Subtotal - ADEQ Building	\$2,841,500	\$2,437,700	\$1,164,100	\$6,443,300	\$2,874,100	\$2,465,600	\$1,177,500	\$6,517,200	\$32,600	\$27,900	\$13,400	\$73,900
Health Services, Department of												
Health Services Building - Refinance	\$2,446,600	\$1,631,100		\$4,077,700	\$2,529,400	\$1,686,200		\$4,215,600	\$82,800	\$55,100	\$0	\$137,900
Health Lab - Refinance				-				-	\$0	\$0	\$0	\$0
Subtotal - Department of Health Services	\$2,446,600	\$1,631,100	\$0	\$4,077,700	\$2,529,400	\$1,686,200	\$0	\$4,215,600	\$82,800	\$55,100	\$0	\$137,900
GRAND TOTAL	\$6,911,500	\$5,655,400	\$1,832,200	\$14,399,100	\$7,045,500	\$5,756,600	\$1,853,200	\$14,655,300	\$134,000	\$101,200	\$21,000	\$256,200

<sup>1/</sup> 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 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Phoenix Convention Center	24,999,400	25,498,600	25,998,700 <sup>1/</sup>
Rio Nuevo District	17,113,500	17,000,000	17,000,000 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>42,112,900</b>	<b>42,498,600</b>	<b>42,998,700 <sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	42,112,900	42,498,600	42,998,700
<b>SUBTOTAL - Appropriated Funds</b>	<b>42,112,900</b>	<b>42,498,600</b>	<b>42,998,700</b>
<b>TOTAL - ALL SOURCES</b>	<b>42,112,900</b>	<b>42,498,600</b>	<b>42,998,700</b>

**AGENCY 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

- <sup>1/</sup> Pursuant to section 9-602, Arizona Revised Statutes, \$25,998,700 of state general fund revenue is allocated in fiscal year 2024-2025 to the Arizona convention center development fund established by section 9-601, Arizona Revised Statutes. (General Appropriation Act footnote)
- <sup>2/</sup> 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 \$17,000,000 in fiscal year 2024-2025. The actual amount of the distribution will be made pursuant to section 42-5031, Arizona Revised Statutes. (General Appropriation Act footnote)
- <sup>3/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

### Phoenix Convention Center

The budget includes \$25,998,700 from the General Fund in FY 2025 for state participation in repayment of \$300,000,000 of debt financing for the expansion of the Phoenix Convention Center. Adjustments are as follows:

#### Distribution Increase

The budget includes an increase of \$500,100 from the General Fund in FY 2025 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 2025	25,998,700	FY 2035	29,995,775
FY 2026	26,497,375	FY 2036	29,999,975
FY 2027	26,997,100	FY 2037	29,995,825
FY 2028	27,495,125	FY 2038	29,995,850
FY 2029	27,998,700	FY 2039	29,996,750
FY 2030	28,499,525	FY 2040	29,995,225
FY 2031	28,999,575	FY 2041	29,997,975
FY 2032	29,495,550	FY 2042	29,996,150
FY 2033	29,999,150	FY 2043	29,996,175
FY 2034	29,996,250	FY 2044	29,998,925

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

\$6,989,100 through CY 2022 (see Table 2). As a result, the state has not reduced payments to the City of Phoenix during this time.

**Table 2**  
**Project Revenue and Debt Service Payments**  
(\$ in Millions)

Calendar Year <sup>1/</sup>	Project Revenue	Debt Service	Annual Net Revenues <sup>2/</sup>	Cumulative Net Revenues
2022	\$19.2	\$25.0	\$(5.8)	\$7.0
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

<sup>1/</sup> 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.

<sup>2/</sup> Represents gross revenue less debt service for each fiscal year.

Source: Auditor General report, *An Economic and Fiscal Impact Analysis Update, Phoenix Convention Center (2022)*

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 \$17,000,000 from the General Fund in FY 2025 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 2024.

The FY 2024 General Appropriation Act displayed the projected Rio Nuevo distribution as \$16,000,000 in FY 2024. This amount was based on continuing the assumed Rio Nuevo distribution of \$16,000,000 in FY 2023.

Subsequent to the passage of the FY 2024 budget, actual FY 2023 information became available, and the FY 2023 actual distribution was \$17,113,500. Given that data, the FY 2025 JLBC Baseline subsequently revised both the FY 2024 and FY 2025 Rio Nuevo

distribution estimates to \$17,000,000. The enacted budget adopted this \$17,000,000 estimate for both years.

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).

**Table 3**  
**State TPT Payments to the Rio Nuevo District**

Fiscal Year	Distributions
FY 2023	\$17,113,500
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	<u>5,081,200</u>
<b>Total</b>	<b>\$239,567,900</b>

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 September 2023 regarding 5 projects that have been approved by the District. The board agreed to spend a total of \$7.6 million 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 2025 budget assumes total General Fund revenues of \$16.28 billion. This amount is a decrease of (9.1)% compared to enacted FY 2024 General Fund revenues.

Excluding the beginning balance, one-time revenues, and Urban Revenue Sharing, net revenue under the June 2024 enacted budget forecast is projected to increase by 3.0% in FY 2025.

### General Fund Revenue Forecast

#### FY 2024

The original FY 2024 budget enacted in May 2023 was based on total General Fund revenues of \$17.83 billion. As a result of significantly lower revenue collections than anticipated during the first half of FY 2024, the January 2024 Baseline forecast reduced the original FY 2024 General Fund revenue forecast to \$16.92 billion, a decrease of \$(908) million.

The starting point for developing the January Baseline forecast is the 4-sector consensus process, which is described below. (However, as discussed on page 509 of the *FY 2025 Baseline Book*, the January 2024 Baseline used the JLBC-sector forecast for FY 2024 rather than the average of the 4-sector forecast.)

By the end of April, General Fund revenue was \$120 million above the FY 2024 January Baseline forecast. As a result of the higher-than-projected level of collections during the first 4 months of calendar year 2024, the Legislature in its 2024 Regular Session revisions to the FY 2024 budget adopted a revenue forecast that was \$151 million above the Baseline forecast.

The June 2024 adopted budget for FY 2024 included \$843 million of total one-time transfers from approximately 100 state funds to the General Fund as part of resolving the state's budget shortfall.

As a result of the \$151 million revenue forecast revision and the \$843 million in one-time fund transfers, total FY 2024 General Fund revenue under the June 2024 enacted budget is \$17.91 billion.

#### FY 2025

The enacted FY 2025 budget forecasts total General Fund revenues of \$16.28 billion, a (9.1)% reduction from FY

2024. Excluding one-time fund transfers and Urban Revenue Sharing, ongoing revenues are projected to be \$16.88 billion, an increase of 3.0% above FY 2024.

Table 1 below summarizes the changing revenue picture in FY 2024 to FY 2027 through the phases of budget development. The growth rates in the table reflect ongoing revenues after the impact of enacted tax legislation.

Table 1	
Ongoing Revenue Change Over Prior Year	% Change
<b>FY 2024</b>	
January Baseline <sup>1/</sup>	(3.4)%
June Enacted Budget <sup>1/</sup>	(2.5)%
<b>FY 2025</b>	
January Baseline <sup>1/</sup>	2.6%
June Enacted Budget <sup>1/2/</sup>	3.0%
<b>FY 2026</b>	
January Baseline <sup>1/</sup>	4.1%
June Enacted Budget <sup>1/2/</sup>	3.6%
<b>FY 2027</b>	
January Baseline <sup>1/</sup>	4.7%
June Enacted Budget <sup>1/2/</sup>	4.6%
<sup>1/</sup> Includes impact of tax legislation enacted prior to the 2024 Regular Session.	
<sup>2/</sup> Includes impact of tax legislation enacted during the 2024 Regular Session. For more details, see Table 3.	

Table 2 provides an overview of ongoing and total revenue growth for FY 2024 and FY 2025.

#### Long-Term Projections

The enacted budget also incorporates revenue planning estimates for FY 2026 and FY 2027, which are shown in Table 5. The ongoing revenue growth rates included in the FY 2026 and FY 2027 revenue planning estimates under the June adopted budget are 3.6% in FY 2026 and 4.6% in FY 2027.

#### 4-Sector Forecast

The projected growth rates for the "Big 3" revenue categories of sales, individual income, and corporate income 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, which constitute about 10% of the total, were based on JLBC Staff projections.

<b>Table 2</b>				
<b>FY 2024 and FY 2025 General Fund Revenue</b>				
<b>(\$ in Millions)</b>				
	<b>FY 2024</b>	<b>%</b>	<b>FY 2025</b>	<b>%</b>
Ongoing Revenue <sup>1/</sup>	\$16,382.9	(2.5)%	\$16,876.2	3.0%
Urban Revenue Sharing	(1,564.8)		(1,268.3)	
One-Time Financing Sources:				
Balance Forward	2,527.2		638.9	
Fund Transfers	843.3		32.2	
One-Time Income Tax Rebate	(274.0)		0.0	
Subtotal	3,096.5		671.1	
<b>Total Revenue <sup>2/</sup></b>	<b><u>\$17,914.7</u></b>	<b>(1.6)%</b>	<b><u>\$16,279.1</u></b>	<b>(9.1)%</b>
<sup>1/</sup> Ongoing revenue represents net General Fund revenue, including the impact of enacted tax law changes. It excludes Urban Revenue Sharing and one-time financing sources.				
<sup>2/</sup> Totals may not add up due to rounding.				

### 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 budget legislation enacted during the 2024 Regular Session with an ongoing revenue impact through FY 2027. (See *Table 3* for a complete list of all statutory changes affecting ongoing revenue collections through FY 2027.)

### Enacted Budget Legislation

1) **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 the fiscal year must be deposited in the General Fund. The FY 2025 General Appropriation Act (Laws 2024, Chapter 209) 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 \$401,600 in FY 2025. Since these changes have the effect of decreasing the excess fund balance by the same amount, General Fund revenue is reduced by \$(401,600) annually, beginning in FY 2025.

2) **Reduction of Lottery Revenue Allocation to ACA** – Under current law (A.R.S. § 5-572), annual distributions from the State Lottery Commission to the Arizona Competes Fund (administered by the Arizona Commerce Authority) are capped at \$3,500,000. Laws 2024, Chapter 210 (Amusements Budget Reconciliation Bill) reduces this allocation by \$(1,750,000) annually in FY 2025 through FY 2027. As a result, the General Fund portion of the lottery revenue allocation is increased by the same amount, or \$1,750,000 in FY 2025 through FY 2027.

3) **Reduction of Corporate STO Credit Cap** – Pursuant to A.R.S. § 43-1183, corporations and insurers can claim an income tax credit for cash contributions made to private School Tuition Organizations (STO) that provide scholarships and tuition grants to students of low-income families.

Under Laws 2019, Chapter 281, the aggregate cap of this STO credit was set at \$158.8 million in FY 2024. (Chapter 281 provided that the annual increase of the credit cap was limited to the greater of 2% or the annual change of the Metropolitan Phoenix consumer price index.)

Laws 2024, Chapter 221 (Taxation Budget Reconciliation Bill) reduces the annual STO credit cap to \$135 million, beginning in FY 2025 with no further inflation adjustments. Relative to the projected credit use under prior law, Chapter 221 is estimated to result in General Fund savings of \$31.7 million in FY 2025, \$35.4 million in FY 2026, and \$39.0 million in FY 2027.

4) **Converting 90/10 Regulatory Boards to 85/15** – Laws 2024, Chapter 222 increases the percentage of self-supporting regulatory board licensing fee revenue deposited to the General Fund from 10% to 15% from FY 2025 through FY 2028. The distribution reverts to 10%, beginning in FY 2029. Chapter 222 has the effect of increasing General Fund revenue by \$2.9 million annually from FY 2025 through FY 2028.

### **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 increased the URS distribution to 18%, beginning in FY 2024.

As indicated in *Table 4*, total URS distributions will decrease from \$1.56 billion in FY 2024 to \$1.27 billion in FY 2025. This URS decrease will result in General Fund revenue gain of \$297 million in FY 2025 relative to FY 2024.

### **One-Time Financing**

As shown in *Table 4 and 5*, the budget adopted in June 2024 includes the following one-time financing sources:

#### **FY 2024**

##### One-Time Income Tax Rebate

Laws 2023, Chapter 147 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. *Please see the FY 2025 January Baseline Book for more information.*

The income tax rebate program was originally estimated to have a one-time General Fund cost of \$259.8 million in FY 2024. This estimate was later revised to \$273.0 million under the January Baseline forecast. This amount was further revised to \$274.0 million under the June 2024 Enacted forecast.

##### Fund Transfers

The June 2024 adopted budget provided a total of \$843.3 million in one-time transfers from approximately 100 state funds to the General Fund to help solve the state's FY 2024 budget shortfall.

The General Appropriation Act (Laws 2024, Chapter 209) authorized \$686.7 million of the fund transfers while the remaining \$156.6 million in transfers were authorized by the Capital Outlay bill (Laws 2024, Chapter 211). *For more details on the FY 2024-FY 2027 fund transfers, see the Summary of One-time General Fund Transfers in the summary section of this book.*

##### Balance Forward

The FY 2023 General Fund ending balance carried into FY 2024 was \$2.53 billion.

#### **FY 2025**

##### Fund Transfers

The adopted budget includes fund transfers to the General Fund of \$32.2 million in FY 2025.

##### Balance Forward

The FY 2024 General Fund ending balance carried into FY 2025 is projected to be \$638.9 million.

#### **FY 2026**

##### Fund Transfers

The adopted budget includes fund transfers to the General Fund of \$17.0 million in FY 2026.

##### Balance Forward

The FY 2025 General Fund ending balance carried into FY 2026 is projected to be \$95.7 million.

#### **FY 2027**

##### Fund Transfers

The adopted budget includes fund transfers to the General Fund of \$12.0 million in FY 2027.

##### Balance Forward

The FY 2026 General Fund ending balance carried into FY 2027 is projected to be \$20.0 million.

Table 3

**Budget Legislation with Ongoing General Fund Revenue Impact in FY 2024 through FY 2027**  
(\$ in Millions)

<u>Legislation / Description of Provision</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
<u>(1) Laws 2024, Ch. 209</u>				
Reduces Liquor Licenses Fund transfer to General Fund	--	(0.4)	(0.4)	(0.4)
<u>(2) Laws 2024, Ch. 210</u>				
Reduces ACA Competes Fund allocation from \$3.5 M to \$1.75 M from FY 2025 to FY 2027	--	1.8	1.8	1.8
<u>(3) Laws 2024, Ch. 221</u>				
Reduces Corporate Low-Income STO Credit Cap to \$135 M, beginning in FY 2025	--	31.7	35.4	39.0
<u>(3) Laws 2024, Ch. 222</u>				
Converts 90/10 Regulatory Boards to 85/15 from FY 2025 to FY 2028	--	2.9	2.9	2.9
<b>Total – 2024 Enacted Legislation <sup>1/</sup></b>	<b>\$0.0</b>	<b>\$35.9</b>	<b>\$39.6</b>	<b>\$43.2</b>

<sup>1/</sup> Totals may not add up due to rounding



Table 4

## GENERAL FUND REVENUE - FY 2023 - FY 2025

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2023	% CHANGE PRIOR YR	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,677,789.3	6.5%	7,900,089.6	2.9%	222,300.3	8,213,718.4	4.0%	313,628.8
Income - Individual	5,239,552.9	-30.4%	4,789,399.8	-8.6%	(450,153.1)	5,044,299.1	5.3%	254,899.3
- Corporate	1,806,311.4	55.3%	1,692,774.9	-6.3%	(113,536.5)	1,736,040.6	2.6%	43,265.7
Property	22,208.0	-17.1%	26,763.9	20.5%	4,555.8	24,387.1	-8.9%	(2,376.8)
Luxury - Tobacco	18,686.8	-10.5%	19,220.7	2.9%	533.8	19,028.5	-1.0%	(192.2)
- Liquor	45,379.8	4.1%	45,875.2	1.1%	495.4	48,500.2	5.7%	2,625.0
Insurance Premium	761,342.0	7.6%	794,716.8	4.4%	33,374.8	825,776.6	3.9%	31,059.8
Other Taxes	18,354.0	12.6%	17,230.6	-6.1%	(1,123.4)	18,712.3	8.6%	1,481.7
Subtotal - Taxes	15,589,624.2	-6.7%	15,286,071.4	-1.9%	(303,552.8)	15,930,462.8	4.2%	644,391.4
Other Non-Tax Revenues:								
Lottery	175,812.0	-4.3%	222,285.2	26.4%	46,473.2	234,637.8	5.6%	12,352.6
Gaming Revenue	49,377.2	373.1%	31,590.0	-36.0%	(17,787.2)	34,657.0	9.7%	3,067.0
Licenses, Fees and Permits	42,181.8	3.9%	50,050.1	18.7%	7,868.4	52,440.6	4.8%	2,390.5
Interest	366,763.2	690.7%	340,000.0	-7.3%	(26,763.2)	250,000.0	-26.5%	(90,000.0)
Sales and Services	33,156.3	9.2%	29,982.5	-9.6%	(3,173.7)	31,361.8	4.6%	1,379.3
Other Miscellaneous	178,644.0	14.7%	180,189.8	0.9%	1,545.8	188,221.4	4.5%	8,031.6
Transfers and Reimbursements	275,596.9	64.7%	166,909.0	-39.4%	(108,687.8)	80,301.0	-51.9%	(86,608.0)
Disproportionate Share Revenue	98,139.0	11.7%	75,853.5	-22.7%	(22,285.5)	74,162.9	-2.2%	(1,690.6)
Subtotal - Other Non-Tax	1,219,670.3	68.8%	1,096,860.2	-10.1%	(122,810.1)	945,782.5	-13.8%	(151,077.6)
Net Ongoing Revenue	16,809,294.5	-3.6%	16,382,931.6	-2.5%	(426,362.9)	16,876,245.4	3.0%	493,313.8
Urban Revenue Sharing (URS)	(1,106,958.7)	N/A	(1,564,819.8)	N/A	(457,861.1)	(1,268,255.6)	N/A	296,564.2
Net Ongoing Revenue w/ URS	15,702,335.8	-5.9%	14,818,111.8	-5.6%	(884,224.0)	15,607,989.8	5.3%	789,878.0
One-Time Financing Sources:								
Fund Transfers	0.0	N/A	843,331.2	N/A	843,331.2	32,191.8	-96.2%	(811,139.4)
Attorney General Google Settlement	75,462.1	N/A	0.0	-100.0%	(75,462.1)	0.0	N/A	0.0
TPT Diversions	(2,287,489.6)	N/A	0.0	N/A	2,287,489.6	0.0	N/A	0.0
One-Time Income Tax Rebate	0.0	N/A	(274,000.0)	N/A	(274,000.0)	0.0	N/A	274,000.0
Subtotal - One-Time Financing Sources	(2,212,027.5)	N/A	569,331.2	N/A	2,781,358.7	32,191.8	-94.3%	(537,139.4)
Subtotal - Revenues	13,490,308.3	-19.2%	15,387,443.0	14.1%	1,897,134.7	15,640,181.6	1.6%	252,738.6
Balance Forward	4,709,446.0	426.4%	2,527,233.0	-46.3%	(2,182,213.0)	638,927.6	-74.7%	(1,888,305.4)
Total - Resources	18,199,754.3	3.4%	17,914,676.0	-1.6%	(285,078.3)	16,279,109.2	-9.1%	(1,635,566.8)

Table 5

## GENERAL FUND REVENUE - FY 2026 - FY 2027

FORECAST REVENUE GROWTH						
(\$ In Thousands)						
	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2027	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,580,078.1	4.5%	366,359.7	9,014,193.5	5.1%	434,115.4
Income - Individual	5,282,140.4	4.7%	237,841.2	5,558,862.4	5.2%	276,722.0
- Corporate	1,796,667.0	3.5%	60,626.4	1,879,185.3	4.6%	82,518.3
Property	23,902.0	-2.0%	(485.1)	23,484.0	-1.7%	(418.0)
Luxury - Tobacco	18,838.2	-1.0%	(190.3)	18,649.8	-1.0%	(188.4)
- Liquor	51,272.2	5.7%	2,772.0	54,199.5	5.7%	2,927.2
Insurance Premium	854,621.0	3.5%	28,844.5	887,456.0	3.8%	32,835.0
Other Taxes	19,678.2	5.2%	965.9	20,744.9	5.4%	1,066.7
Subtotal - Taxes	16,627,197.1	4.4%	696,734.3	17,456,775.3	5.0%	829,578.2
<b>Other Non-Tax Revenues:</b>						
Lottery	251,935.7	7.4%	17,297.9	268,254.7	6.5%	16,319.0
Gaming Revenue	36,510.9	5.3%	1,853.9	38,455.0	5.3%	1,944.1
Licenses, Fees and Permits	54,986.9	4.9%	2,546.3	57,466.6	4.5%	2,479.7
Interest	135,000.0	-46.0%	(115,000.0)	87,000.0	-35.6%	(48,000.0)
Sales and Services	32,796.3	4.6%	1,434.5	34,288.1	4.5%	1,491.9
Other Miscellaneous	194,950.2	3.6%	6,728.9	202,988.3	4.1%	8,038.0
Transfers and Reimbursements	80,859.5	0.7%	558.5	81,437.6	0.7%	578.1
Disproportionate Share Revenue	74,428.5	0.4%	265.6	74,452.7	0.0%	24.2
Subtotal - Other Non-Tax	861,468.0	-8.9%	(84,314.5)	844,342.9	-2.0%	(17,125.2)
<b>Net Ongoing Revenue</b>	<b>17,488,665.1</b>	<b>3.6%</b>	<b>612,419.8</b>	<b>18,301,118.2</b>	<b>4.6%</b>	<b>812,453.1</b>
Urban Revenue Sharing (URS)	(1,141,591.4)	N/A	126,664.1	(1,194,163.2)	N/A	(52,571.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>16,347,073.7</b>	<b>4.7%</b>	<b>739,083.9</b>	<b>17,106,955.0</b>	<b>4.6%</b>	<b>759,881.4</b>
<b>One-Time Financing Sources:</b>						
Fund Transfers	17,000.0	-47.2%	(15,191.8)	12,000.0	-29.4%	(5,000.0)
Attorney General Google Settlement	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
One-Time Income Tax Rebate	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	17,000.0	-47.2%	(15,191.8)	12,000.0	-29.4%	(5,000.0)
<b>Subtotal - Revenues</b>	<b>16,364,073.7</b>	<b>4.6%</b>	<b>723,892.1</b>	<b>17,118,955.0</b>	<b>4.6%</b>	<b>754,881.4</b>
Balance Forward	95,652.6	-85.0%	(543,275.0)	19,984.2	-79.1%	(75,668.4)
<b>Total - Resources</b>	<b>16,459,726.3</b>	<b>1.1%</b>	<b>180,617.1</b>	<b>17,138,939.2</b>	<b>4.1%</b>	<b>679,213.0</b>

## 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 2024, Chapter 22, the Budget Implementation Budget Reconciliation Bill (BRB), continues to notwithstanding the requirements for any deposit to or withdrawals from the BSF through FY 2027. Chapter 223 also notwithstanding the 10% BSF cap for FY 2025.
- 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 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 the Department of Economic Security (DES) to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2023. Chapter 313 required the BSF to be fully reimbursed by September 1, 2023. A total of \$(25.0) million was withdrawn from the BSF in FY 2023, which was reimbursed to the BSF in the early part of FY 2024.

#### **FY 2024**

Based on the EEC estimate of May 30, 2024, Arizona real adjusted personal income increased by 3.23% in CY 2023, with a trend growth rate of 3.89%. Since the annual growth rate of 3.23% was (0.66)% below the trend growth rate but above the 2.0% floor, the formula recommended no BSF deposit or withdrawal in FY 2024. *(For more details, see Table 1).*

In FY 2024, the State Forester withdrew \$(15.0) million from the BSF for the advance payment of wildfire suppression claims and repaid \$10.1 million to the BSF for outstanding claims.

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. A total of \$(25.0) million was withdrawn from the BSF at the end of FY 2024, and this amount must be reimbursed to the BSF in the early part of FY 2025.

#### **FY 2025**

The University of Arizona's Economic and Business Research Center (EBR) currently projects that Arizona real adjusted personal income will increase by 3.23% in CY 2024. Since the estimated annual growth rate is (0.51)% below the trend growth rate of 3.74% but above the 2.0% floor, the BSF formula is projected to recommend no BSF deposit or withdrawal in FY 2025. *(For more details, see Table 1.)*

Laws 2024, Chapter 209 authorizes DES to use up to \$25.0 million from the BSF to provide funding for reimbursement grants in FY 2025. Chapter 209 requires the BSF to be fully reimbursed by September 1, 2025.

The enacted FY 2025 budget did not include a deposit to or withdrawal from the BSF.

#### **Statutory Changes**

The Budget Implementation BRB (Laws 2024, Chapter 223), as session law, continues to notwithstanding the requirements for 1) any deposit to or withdrawals from the Budget Stabilization Fund through FY 2027 and 2) a 10% BSF cap for FY 2025.

Table 1

**Budget Stabilization Fund <sup>1/</sup>**  
**(\$ in Thousands)**

	<b>Actual FY 2023</b>	<b>Estimate FY 2024</b>	<b>Estimate FY 2025</b>
<b>General Fund Revenues</b>			
Adjusted Revenues	\$13,491,629.5	\$14,818,111.8	\$15,607,989.8
Statutory Limit of Revenues	10.0%	10.0%	10.0%
Maximum Balance <sup>2/</sup>	1,349,163.0	1,481,811.2	1,560,799.0
<b>Arizona Personal Income in Prior CY</b>			
Real Adjusted Annual Income Growth	1.10%	3.23%	3.23%
7-Year Average Income Growth	<u>3.19%</u>	<u>3.89%</u>	<u>3.74%</u>
Annual Difference	(2.09)%	(0.66)%	(0.51)%
<b>BSF Transactions</b>			
Beginning BSF Balance	982,163.7	1,424,381.2	1,485,992.1
BSF Formula Recommendation	(349,119.6)	0.0	0.0
<b>Actual Transfer In</b>			
General Fund Appropriation <sup>3/</sup>	425,000.0	0.0	0.0
State Forester Claims <sup>4/</sup>	13,394.7	10,116.6	0.0
DES Reimbursement Grants <sup>5/6/7/</sup>	<u>0.0</u>	<u>25,000.0</u>	<u>25,000.0</u>
SUBTOTAL	438,394.7	35,116.6	25,000.0
<b>Actual Transfer Out</b>			
State Forester Claims <sup>4/</sup>	(7,304.2)	(15,012.6)	0.0
DES Reimbursement Grants <sup>5/6/7/</sup>	<u>(25,000.0)</u>	<u>(25,000.0)</u>	<u>0.0</u>
SUBTOTAL	(32,304.2)	(40,012.6)	0.0
Balance	1,388,254.2	1,419,485.2	1,510,992.1
Interest Earnings & Equity Gains/Losses <sup>8/</sup>	36,127.0	66,506.9	40,000.0
<b>Ending BSF Balance</b>	<b>\$1,424,381.2</b>	<b>\$1,485,992.1</b>	<b>\$1,550,992.1</b>
<b>Percent of Revenues <sup>2/</sup></b>	<b>10.56%</b>	<b>10.03%</b>	<b>9.94%</b>

<sup>1/</sup> BSF history prior to FY 2023 can be found on the JLBC website.

<sup>2/</sup> Laws 2024, Chapter 223 is notwithstanding the 10% BSF cap for FY 2025. The notwithstanding of the 10% BSF cap for FY 2023 and FY 2024 was authorized by Laws 2022, Chapter 308 and Laws 2023, Chapter 145, respectively.

<sup>3/</sup> Laws 2022, Chapter 321 diverted \$425 million from General Fund Transaction Privilege Tax (TPT) revenues to the BSF in FY 2023.

<sup>4/</sup> 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 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.

<sup>5/</sup> Laws 2022, Chapter 313 authorized DES to use up to \$25 million from the BSF to provide funding for reimbursement grants in FY 2023. Chapter 313 required the BSF to be fully reimbursed by September 1, 2023. A total of \$(25) million was withdrawn from the BSF in FY 2023 and this amount was reimbursed to the BSF in the early part of FY 2024.

<sup>6/</sup> Laws 2023, Chapter 133 authorizes DES to use up to \$25 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. A total of \$(25) million was withdrawn from the BSF in FY 2024 and this amount must be reimbursed to the BSF in the early part of FY 2025.

<sup>7/</sup> Laws 2024, Chapter 209 authorizes DES to use up to \$25 million from the BSF to provide funding for reimbursement grants in FY 2025. Chapter 209 requires the BSF to be fully reimbursed by September 1, 2025.

<sup>8/</sup> Net earnings for FY 2025 were estimated by the JLBC Staff based on information provided by the State Treasurer's Office.

## **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 2025 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 2025 is \$201.9 million and the Total State Funds cost is \$647.6 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 \$101.5 million and the Total State Funds cost is \$470.5 million.

At its November 2023 meeting, the ASRS Board of Trustees decreased the pension contribution rate to 12.12% of Personal Services in FY 2025. The FY 2024 rate was 12.14%. The Board kept the employer contribution rate for disability insurance unchanged at 0.15%, for a total overall employer contribution rate of 12.27% (compared to 12.29% last year) *(Please see Table 2 for historical ASRS contribution rates.)*

Table 1

### Arizona Public Retirement FY 2025 System Employer Cost

	FY 2025 Total Cost 1/		
	General Fund	All Other Funds 2/	Total
Arizona State Retirement System	\$ 101,452,100	\$ 369,018,400	\$ 470,470,500
Public Safety Personnel Retirement System	19,359,800	10,094,000	29,453,800
Corrections Officer Retirement Plan	36,259,700	608,000	36,867,700
Elected Officials' Retirement Plan/ Defined Contribution Retirement System	23,611,800	333,500	23,945,300
University Optional Retirement Plan	21,192,400	65,626,200	86,818,600
<b>Grand Total</b>	<b>\$ 201,875,800</b>	<b>\$ 445,680,100</b>	<b>\$ 647,555,900</b>

1/ Represents the JLBC estimate of the total cost of the system and does not reflect any FY 2025 change in Personal Services costs. The PSPRS/CORP estimates are based on the Tier 1 and Tier 2 employer contribution rates as applied to the entire PSPRS/CORP salary base.

2/ Includes both Other Appropriated Funds and Non-Appropriated Funds (including Federal Funds).

Table 2

**Historical ASRS Contribution Rates  
(Includes Long-Term Disability)**

<u>Fiscal Year</u>	<u>Rate</u>	<u>Fiscal Year</u>	<u>Rate</u>
FY 1989	5.09	FY 2008	9.60
FY 1990	2.00	FY 2009	9.45
FY 1991	3.82	FY 2010	9.40
FY 1992	3.60	FY 2011	9.85
FY 1993	3.59	FY 2012	10.74
FY 1994	3.14	FY 2013	11.14
FY 1995	3.75	FY 2014	11.54
FY 1996	3.85	FY 2015	11.60
FY 1997	3.69	FY 2016	11.47
FY 1998	3.54	FY 2017	11.48
FY 1999	3.34	FY 2018	11.50
FY 2000	2.66	FY 2019	11.80
FY 2001	2.66	FY 2020	12.11
FY 2002	2.49	FY 2021	12.22
FY 2003	2.49	FY 2022	12.41
FY 2004	5.70	FY 2023	12.17
FY 2005	5.70	FY 2024	12.29
FY 2006	7.40	FY 2025	12.27
FY 2007	9.10		

**PSPRS**

PSPRS consists of numerous state and local subgroups, each with its own contribution rate (*see Table 4*). The General Fund cost associated with PSPRS in FY 2025 is estimated to be \$19.4 million and the Total State Funds cost is \$29.5 million.

In aggregate, the FY 2025 Tier 1 and Tier 2 PSPRS employer contribution rate is 46.25%, or 0.78% higher than in FY 2024 (*see Table 3*).

**CORP**

CORP consists of numerous state and local subgroups, each with its own contribution rate (*see Table 4*). The General Fund cost associated with CORP is \$36.3 million in FY 2025 and the Total State Funds cost is \$36.9 million.

In aggregate, the FY 2025 Tier 1 and Tier 2 CORP employer contribution rate is 16.44%, or (1.42)% lower than in FY 2024 (*see Table 3*).

**EORP and EODCRS System**

The General Fund cost associated with EORP and the EODCRS in FY 2025 is estimated to be \$23.6 million and the Total State Funds cost is \$23.9 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 2025 EORP employer contribution rate is 70.44%, or (6.07)% lower than in FY 2024 (*see Table 3*).

Laws 2022, Chapter 323 made a temporary exception to allow certain EORP members to receive a normal retirement pension prior to the date typically allowed under statute. Chapter 323 also appropriated \$60,000,000

from the General Fund in FY 2023 to offset the increased actuarial liability from the early retirement benefit. Because of limited use of this provision, the \$60,000,000 appropriation effectively served as an additional deposit to the EORP Fund, contributing to the decreased FY 2025 employer contribution rate.

Table 3

**Reasons for Change in the Employer Contribution Rate <sup>1/</sup>  
(Consolidated Valuation)**

	<b>PSPRS</b>	<b>CORP</b>	<b>EORP</b>
FY 2024 Contribution Rate	45.47%	17.86%	76.51%
Asset (Gain)/Loss	0.21%	0.09%	0.00%
Payroll	(2.24%)	(1.22%)	0.82%
Liability Experience	1.87%	2.08%	(4.41%)
Additional Contribution	(1.67%)	(1.64%)	(7.43%)
Assumption Changes	0.89%	0.19%	2.95%
Actuarial Audit	1.24%	(0.22%)	1.41%
Other	0.48%	(0.70%)	0.59%
<b>FY 2025 Contribution Rate</b>	<b>46.25%</b>	<b>16.44%</b>	<b>70.44%</b>
<b>Net Change</b>	<b>0.78%</b>	<b>(1.42%)</b>	<b>(6.07%)</b>

<sup>1/</sup> 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.

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 2025 is estimated to be \$21.2 million and the Total State Funds cost is \$86.8 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 7.0% 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 2025.

**Funded Status**

As of June 30, 2023, there were 713,138 active, inactive, retired, and DROP members enrolled in ASRS, PSPRS, CORP, and EORP. (*See Table 5 for more information.*)

The funded status, or the market value of plan assets relative to the amount of liabilities, of each plan is:

- 75.5% for ASRS (excluding the disability program);
- 66.4% for PSPRS;
- 84.1% for CORP; and
- 40.7% for EORP.



Table 4

## PSPRS/CORP State Employer Group Retirement Rates

Retirement System	Employer				Employee	
	FY 2024		FY 2025		FY 2025	
	Tier 1 and 2	Tier 3 <sup>1/</sup>	Tier 1 and 2	Tier 3 <sup>1/</sup>	Tiers 1 and 2	Tier 3 <sup>1/</sup>
<u>Public Safety Personnel Ret. System</u>						
Liquor License Investigators	11.66%	11.06%	10.63%	10.30%	7.65%	8.89%
Department of Public Safety <sup>2/</sup>	19.18%	15.68%	20.51%	15.90%	2.65%	4.03%
Northern Arizona University Police	12.49%	12.32%	10.75%	9.68%	7.65%	8.89%
University of Arizona Police	13.90%	12.53%	15.51%	12.58%	7.65%	8.89%
Arizona State University Police	14.87%	10.57%	14.33%	9.21%	7.65%	8.89%
Game and Fish Department	9.72%	9.56%	9.88%	8.89%	7.65%	8.89%
Attorney General Investigators	7.91%	9.56%	7.56%	8.89%	7.65%	8.89%
DEMA Firefighters	13.24%	11.81%	12.19%	9.34%	7.65%	8.89%
Parks Police	3.87%	9.56%	2.84%	8.89%	7.65%	8.89%
<u>Corrections Officer Ret. Plan</u>						
Corrections Officer - ADC	6.00%	6.12%	6.94%	8.37%	7.65%	7.67%
Corrections Officer - DJC	6.12%	7.17%	6.00%	6.23%	7.65%	7.67%
DPS Dispatchers <sup>3/</sup>	8.38%	N/A	8.23%	N/A	7.65%	N/A
DPS Detention	7.27%	7.42%	10.84%	10.42%	8.41%	7.67%
Probation Officers	39.70%	41.94%	39.39%	42.39%	8.41%	7.67%

<sup>1/</sup> FY 2024 and 2025 rates for Tier 3 for PSPRS based on Defined Benefit Plan and based on Defined Contribution for CORP.

<sup>2/</sup> The displayed rates reflect that 5% of the DPS member contribution is paid by the state.

<sup>3/</sup> Dispatchers hired after November 24, 2009 are ASRS members.

Table 5

## Arizona Public Retirement System Valuation Data as of June 30, 2023

	ASRS		PSPRS		CORP		EORP	
Membership	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>
Active (working and contributing)	208,393	219,830	18,185	18,425	8,681	7,974	354	296
State Active Members	N/A	N/A	1,321	1,304	4,907	4,456	N/A	N/A
Other Active Members	N/A	N/A	16,864	17,121	3,774	3,518	N/A	N/A
Inactive	255,622	256,590	2,893	3,081	3,797	3,781	168	176
Retired Members, Disabled and Survivor Beneficiaries	167,370	176,444	15,299	15,963	6,791	7,030	1,303	1,321
Deferred Retirement Option Plan	N/A	N/A	2,144	2,227	N/A	N/A	N/A	N/A
<b>Total</b>	<b>631,385</b>	<b>652,864</b>	<b>38,521</b>	<b>39,696</b>	<b>19,269</b>	<b>18,785</b>	<b>1,825</b>	<b>1,793</b>
<b>Funding Status (dollar values in millions) <sup>1/</sup></b>								
	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Market Value of Assets	\$49,124	\$49,779	\$13,584	\$14,965	\$3,864	\$4,235	\$344	\$421
Total Actuarial Liability	\$65,432	\$65,961	\$20,964	\$22,527	\$4,686	\$5,034	\$1,006	\$1,035
Unfunded Actuarial Liability <sup>2/</sup>	\$16,308	\$16,181	\$7,380	\$7,562	\$822	\$799	\$662	\$614
Funded Status <sup>2/</sup>	75.1%	75.5%	64.8%	66.4%	82.4%	84.1%	34.2%	40.7%

N/A=Not Available

<sup>1/</sup> 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.

<sup>2/</sup> Calculated on market, not actuarial, value of assets. ASRS funded status data excludes long-term disability program.

## State Retirement Plan Summary

	PSPRS			CORP			EORP			ASRS
	Tier 1	Tier 2	Tier 3/DC	Tier 1	Tier 2	Tier 3/DC <u>1</u>	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%		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%		PBI if fund exceeds growth estimate for 10 years, only for members hired before 9/13/13.
Benefit Calculation Limit	Adjusted by IRS	Adjusted by IRS	\$140,952	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)		50/50
Assumed Rate of Return	7.20%	7.20%	7.00%	7.20%	7.20%		7.20%	7.20%		7.00%
Employee Rate	7.65%	7.65%	8.97% DC: 10.73%	7.96%	7.96%	7.67%	7.00%	7.00%	8.14%	12.27%
Aggregate Employer Rate	46.25%	46.25%	DB 40.94% (Normal+Legacy Costs) DC: 10.73%+Legacy Costs	16.44%	16.44%	5.67%+Legacy Cost	70.44%	70.44%	52.76% (6.00% to employer account)	12.27%

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 PROVISIONS OF THE GENERAL APPROPRIATION ACT AND OTHER OVERALL ISSUES

In addition to the specific appropriations to agencies, departments, and institutions, the FY 2025 General Appropriation Act provides direction regarding several general provisions.

## General Provisions

**Statewide Adjustments** — In addition to the individual agency sections, Section 144 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 144 are as follows:

- Employer Health Insurance Contribution One-time Reduction: \$(72,766,200) General Fund and \$(21,596,800) Other Appropriated Funds for a reduction in the employer contribution rates for employee health insurance. This amount backs out the FY 2024 one-time premium adjustment. *(Please see Health Insurance discussion below for more details.)*
- Employer Health Insurance Contribution One-time Increase: \$140,000,000 General Fund and \$60,000,000 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: \$160,000 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.)*
- Arizona Financial Information System (AFIS) Adjustment: \$(834,000) General Fund and \$(839,700) Other Appropriated Funds for adjustments to agency AFIS charges. *(Please see the Arizona Department of Administration (ADOA) narrative for more details on AFIS charges.)*
- Retirement Adjustments: \$7,680,000 General Fund and \$500,000 Other Appropriated Funds for retirement contribution rate adjustments. *(Please see State Retirement Systems below for more details.)*

- State Fleet Rate One-time Reduction: \$(8,195,100) General Fund and \$(5,453,800) Other Appropriated Funds for one-time adjustments operating the state motor pool fleet in ADOT. This amount backs out the FY 2024 one-time adjustments.
- State Fleet Rate One-time Increase: \$3,299,000 General Fund and \$1,625,000 Other Appropriated Funds for one-time rate adjustments for operating the state motor pool fleet in ADOT.
- Human Resources Information System (HRIS) Charge Reduction: \$(8,009,300) General Fund and \$(4,644,700) Other Appropriated Funds for a reduction in the HRIS replacement charge.

**Federal Funds** — Section 148 outlines reporting requirements for the Office of the Governor, and Superintendent of Public Instruction 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, 2027, and shall include both total planned allocations and actual expenditures. Section 148 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 2025.

In addition, Section 1 of the Budget Implementation Budget Reconciliation Bill (Laws 2024, Chapter 223) 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.

**Quarterly Expenditure and Encumbrance Reporting** — Section 147 requires the Arizona Department of Administration to reports the year-to-date expenditures and encumbrances for all agency operating and capital appropriations in FY 2025 to the Directors of JLBC and OSPB on a quarterly basis. The information shall be separately delineated by agency, budget fiscal year and fund source, and shall classify each appropriation by agency lump sum, special line item, or project.

**Budget Request Reporting** — Section 149 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 150 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 2025 report by October 1, 2025 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 152 continues to state that by October 1, 2024 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, 2024.

**Privately Funded FTE Position Reporting** - Section 151 requires each budget unit to submit a report to JLBC and OSPB Staff by October 31, 2024 and 2025 on privately funded employees in FY 2024 and FY 2025. The report shall include the title, duties and salary compensation of each privately funded employee.

**Transfer Authority** — Section 153 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 154 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, 2024. Based on this information, JLBC Staff shall report to JLBC by October 15, 2024 as to whether FY 2025's revenues and ending balance are expected to change by more than \$50,000,000 from the budgeted projections. Section 154 states the revenues are forecasted to be \$17,786,100,000 for FY 2024 and \$16,282,100,000 for FY 2025. As a result of technical re-estimates, these figures are now

\$17,914,676,000 for FY 2024 and \$16,279,199,000 for FY 2025.

Section 154 also provides revenue and expenditure estimates for FY 2026 and FY 2027 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 2026 and FY 2027 estimates.)*

**Expenditure Authority** — Section 156 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 157 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 1* 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 2*.

*(Please see the Health Insurance Trust Fund section in the ADOA narrative for more details on overall HITF balances.)*

Table 1

**Health Insurance**  
**State Employee and Employer Monthly Contributions <sup>1/</sup>**  
**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 <sup>2/</sup>
Employee Plus One Adult	66.00	983.60 <sup>2/</sup>
Employee Plus One Child	56.10	642.96 <sup>2/</sup>
Family	122.10	1,095.84 <sup>2/</sup>

<sup>1/</sup> PY 2024 employer rates are effective July 2023 to June 2024. PY employee rates are effective from January 2024 to December 2024.

<sup>2/</sup> 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 2025. 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 2024 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 2024 budget. In September 2022 (FY 2023), 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 2025.

*Personnel Division Pro Rata* - 0.86% of Personal Services for each agency in the State Personnel System, unchanged from the FY 2024 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, unchanged from the FY 2024 rate. The employee rate is also 0.15%.

Employer rates in the Public Safety Personnel Retirement System (PSPRS), the Corrections Officer Retirement Plan (CORP) and the Elected Officials' Retirement Plan vary depending on whether the employee is participating in the defined benefit plan or defined contribution plans. These 3 systems build the disability rate into the main rate.

Table 2

**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

*Information Technology Planning* - 0.61% of Personal Services for each agency, unchanged from FY 2024. 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 2024 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 2025. 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, 2024, Social Security taxes are paid at a rate of 6.20% up to \$168,600 of an employee's salary, an increase from the previous maximum of \$160,200. The rate is unchanged from FY 2024.

Table 3	
FY 2024 Employer Contribution Rates	
<u>Category</u>	<u>Rate</u>
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
<u>Federal Insurance Contributions Act (FICA)</u>	
Social Security (salary max \$160,200)	6.20%
Medicare (no salary cap)	1.45%
<u>Retirement System</u>	1/
1/ See the Consolidated Retirement Report section for contribution rates.	

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 2024. 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 2025 rates as determined by the state's retirement systems have changed from the FY 2024 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 not changed from the budgeted FY 2024 rates. FY 2025 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 145 outlines \$1,798,500 in charges to selected state agencies for Attorney General services, unchanged from the FY 2024 amount. *(Please see the Attorney General narrative for details.)*

**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 \$130,000,000 in FY 2025 for FY 2024 obligations. Agencies are permitted to make “administrative adjustments” for expenditures obligated in FY 2024 but for which the state was unbilled until FY 2025. An agency’s administrative adjustments cannot exceed its prior year reversion, or unused appropriation authority.

The enacted FY 2025 budget assumed FY 2024 administrative adjustments of \$90,000,000.

**Reversions** — The budget assumes that state agencies will revert \$(170,000,000) of FY 2025 appropriations back to the General Fund because the agencies will not spend their entire appropriation. In comparison, the enacted FY 2025 budget assumed FY 2024 reversion of \$(176,790,300).

**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

Laws 2024, Chapter 222 modifies the above agency funds to require that 85% of revenues be retained and 15% be deposited to the General Fund in FY 2025 through FY 2028. In FY 2029, the agencies will revert back to the “90/10” structure.

## SALARY ADJUSTMENTS FOR STATE EMPLOYEES SINCE FY 2015 (Shown in Nominal Dollars)

Fiscal Year	General Fund					Other Appropriated Funds				
	General Salary Adjustments				Additional Increases for Selected Classes				All Salary Adjustments	
	Dollars	Effective	Annual	% Salary	Dollars	Effective	Annual		Dollars	Annual
	Appropriated	Date	Cost	Adjustment	Appropriated	Date	Cost		Appropriated	Cost
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>
FY 2025	\$0	NA	\$0	0.00%	\$1,134,900	January 1	\$4,539,300 <u>17/</u>		\$0	\$0

- 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.
- 17/ Funds salary increases for justices and judges in the Supreme Court, Court of Appeals, and the Superior Court over two years. The first increase will go into effect January 1, 2025 (a \$10,000 increase for each Justice or Judge). On January 1, 2026 salaries will be increased by an additional \$10,000. The full cost of these increases will be \$4.5 million. The full implementation of this increase will occur in FY 2027.

## SALARY ADJUSTMENTS FOR ELECTED OFFICIALS

	Jan. 1, 2023 <u>1/</u>	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
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	\$ 212,000	\$ 212,000	\$ 222,000	\$ 232,000
Other Supreme Court Justices	\$ 205,000	\$ 205,000	\$ 215,000	\$ 225,000
Appellate Judges	\$ 190,000	\$ 190,000	\$ 200,000	\$ 210,000
Superior Court Judges	\$ 164,700	\$ 180,000	\$ 190,000	\$ 200,000
Legislators	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000

1/ See the FY 2024 Appropriations Report for elected officials salary adjustments prior to January 1, 2023.

## AGENCY DETAIL AND ALLOCATIONS

# DETAILED LIST OF GENERAL FUND CHANGES BY AGENCY

	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
<b>OPERATING SPENDING CHANGES</b>						
1 DOA - Arizona Department of Administration	44,293,600		40,573,600			10,147,600
2 DOA - Statewide Adjustments					152,500	
3 DOA - Lump Sum Reduction					(300,000)	
4 DOA - Remove One-Time Healthcare Interoperability Grants		(1,520,000)		(1,480,000)		
5 DOA - Remove One-Time Fire Incident Management System Grants				(12,200,000)		
6 DOA - Remove One-Time K12 Alternative Transportation Grants				(15,000,000)		
7 DOA - Remove One-Time Gym Floor Funding (Miami Unified)				(350,000)		
8 DOA - Remove One-Time Skull Valley School District Distribution				(300,000)		
9 DOA - Remove One-Time Early Literacy Funding				(250,000)		
10 DOA - Remove One-Time Employee Compensation Study Funding		(2,200,000)		(1,800,000)		
11 DOA - Arizona State Hospital Ombudsman (1 FTE)					126,500	
12 DOA - Eliminate Southwest Defense Contracts Line Item					(25,000)	
13 DOA - Navajo Nation Household Electrical Connections					1,000,000	
14 APF - Automation Projects Fund/ADDOA	36,064,100		36,064,100			15,243,300
15 APF - Remove One-Time School Financial Transparency Portal				(3,500,000)		
16 APF - Remove One-Time Supreme Court Probation Case Mgmt System				(3,270,000)		
17 APF - Remove One-Time Supreme Court Electronic Monitoring System				(2,500,000)		
18 APF - Remove One-Time Health/Human Services State Systems				(15,000,000)		
19 APF - Adjust DOR Integrated Tax System (part of FY 24 3-year plan)				53,200		
20 APF - AHCCCS IT Mainframe Replacement					3,396,000	
21 SFD - School Facilities Division/ADDOA	357,013,800		357,013,800			320,918,800
22 SFB - Statewide Adjustments					28,400	
23 SFB - Lump Sum Reduction					(57,100)	
24 SFD - Remove One-Time School Facilities Inspections				(1,000,000)		
25 SFD - One-Time Building Renewal Funding				(183,300,000)	183,300,000	
26 SFD - Remove New School Construction Projects (FY 23 Starts)				(26,365,000)		
27 SFD - Continue New School Construction Projects (FY 24 Starts)				(40,190,800)		
28 SFD - Begin New School Construction Projects (FY 25 Starts)				48,098,600	(16,609,100)	
29 OAH - Office of Administrative Hearings	990,000		990,000			970,000
30 OAH - Statewide Adjustments					14,200	
31 OAH - Lump Sum Reduction					(34,200)	
32 AGR - Department of Agriculture	16,911,000		16,611,000			14,639,800
33 AGR - Statewide Adjustments					(293,800)	
34 AGR - Lump Sum Reduction					(671,500)	
35 AGR - Remove One-Time IT Support		(300,000)		(899,600)		
36 AGR - Reduce Salt River Horses Liaison from Full-Time to Part-Time					(25,300)	
37 AGR - Centralize IT Position					(81,000)	
38 AXS - AHCCCS	2,515,401,900		2,475,457,000			2,669,731,700
39 AXS - Statewide Adjustments					606,700	
40 AXS - Lump Sum Reduction					(1,242,000)	
41 AXS - Formula Changes				291,094,400		
42 AXS - One-Time Critical Access Hospital Supplemental Pool				(4,200,000)	4,200,000	
43 AXS - Remove One-Time OBGYN On-Call Services				(7,500,000)		
44 AXS - Remove One-Time Rapid Genome Sequencing Pilot Program				(160,000)		
45 AXS - Remove One-Time PMMIS Replacement Costs				(700,000)		
46 AXS - Shift Rural Hospital Reimbursement Funding				(4,098,200)		
47 AXS - Increase Hospital Assessment for Behav Health/Rate Increase					(100,000,000)	
48 AXS - Prescription Drug Rebate Fund Shift					(24,671,100)	
49 AXS - Add 101 FTEs for Fee For Service Programs to Reduce Fraud					3,289,200	
50 AXS - Reduce Invalid Payments from Additional Fee for Service FTE					(3,289,200)	
51 AXS - Case Management Provider Wage Increases					1,000,000	
52 AXS - FY 2024 Formula Adjustments		(39,944,900)		39,944,900		
53 ART - Arizona Commission on the Arts	5,000,000		5,000,000			2,000,000
54 ART - One-Time Arts Trust Fund Deposit				(5,000,000)	2,000,000	
55 ATT - Attorney General	27,749,200		27,749,200			27,092,700
56 ATT - Statewide Adjustments					182,500	
57 ATT - Lump Sum Reduction					(839,000)	
58 CHA - State Board for Charter Schools	2,835,100		2,835,100			2,749,300
59 CHA - Statewide Adjustments					12,000	
60 CHA - Lump Sum Reduction					(97,800)	
61 DCS - Department of Child Safety	497,994,700		499,974,700			458,089,500
62 DCS - Statewide Adjustments					(225,000)	
63 DCS - Formula/Federal Match Rate Changes				5,725,800		
64 DCS - Remove One-Time Fleet Vehicle Replacement (50 Vehicles)				(2,250,000)		
65 DCS - Remove One-Time Extended Foster Care Services Model		(2,720,000)		(9,830,000)		
66 DCS - Remove One-Time Adoption Incentive Backfill				(2,000,000)		
67 DCS - Remove One-Time Congregate Care Backfill				(10,876,400)		
68 DCS - Remove One-Time Out-of-Home Placements Funding				(3,333,300)		
69 DCS - Fund Healthy Families Expansion with Fed Funds Instead of GF				2,500,000	(2,500,000)	
70 DCS - Operating Budget Increase		33,000,000		(33,000,000)	13,300,000	
71 DCS - Caseworker SLI Savings - 50 Vacant Positions/Reduced OT					(6,100,000)	
72 DCS - Backfill Social Security Payments Not Retained By State		2,973,000		(2,973,000)	5,000,000	
73 DCS - Social Security Payment Policy Administrative Cost		826,200		(826,200)	855,000	
74 DCS - Shift Preventative Services SLI to Federal Funds					(5,500,000)	
75 DCS - Community-Based Child Abuse Prevention Grant State Match					264,400	
76 DCS - Children and Family Supports Contract Increase		6,229,400		(6,229,400)	5,500,000	

	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
77	DCS - Permanent Guardianship Caseload (\$4.3M Adoption Surplus)	3,105,100		(3,105,100)	4,288,700	
78	DCS - Kinship Care Line Item Surplus	(8,597,000)		8,597,000	(4,226,600)	
79	DCS - Foster Care Line Item Surplus	(11,223,000)		11,223,000	(11,409,200)	
80	DCS - Adoption Line Item Surplus	(10,428,100)		10,428,100	(5,701,900)	
81	DCS - DCS Backfill Loss of Congregate Care Funds	14,716,600		(14,716,600)		
82	DCS - In-Home Mitigation Utilization Adjustment	6,311,800		(6,311,800)		
83	DCS - Out of Home Support Services Adjustment	(6,311,800)		6,311,800		
84	DCS - Remove Emergency Shelter Transition Living Funding	(6,666,700)				
85	DCS - Eliminate Positive Program for Permanency Placement	(4,000,000)				
86	DCS - Federal Expenditure Authority Changes	(15,235,500)		15,235,500		
87	ACA - Arizona Commerce Authority	62,650,000	39,050,000			13,550,000
88	ACA - Remove One-Time Federal Broadband Matching Funds	(23,600,000)				
89	ACA - Remove One-Time State Rural Development Council			(1,000,000)		
90	ACA - Remove One-Time Small Business Incubator Inmate Program			(500,000)		
91	ACA - Remove One-Time Strategic Framework for Economic Dev.			(500,000)		
92	ACA - Remove One-Time Commercial Truck Driver Shortage Grant			(500,000)		
93	ACA - Remove One-Time Canada Trade Office Funding			(750,000)		
94	ACA - Remove One-Time Asia-Pacific Trade Office Funding			(750,000)		
95	ACA - Remove One-Time Trade Office Funding			(2,000,000)		
96	ACA - Remove One-Time Small Business Export Assistance			(1,000,000)		
97	ACA - Remove One-Time Water Infra./Commerce Grant Fund Deposit			(7,000,000)		
98	ACA - Remove One-Time Wearable Technology Research			(2,500,000)		
99	ACA - Remove One-Time Economic Transition Resources to Tribes			(9,000,000)		
100	ACA - Reduce Econ. Development Marketing from \$1.0M to \$500K				(500,000)	
101	ACA - Small Business Center Grants				500,000	
102	CCO - Arizona Community Colleges	133,995,800	133,995,800			96,013,800
103	CCO - Formula Changes			2,776,700	54,600	
104	CCO - Rural County Allocation Technical Adjustment				386,700	
105	CCO - Remove One-Time Rural Community College Aid			(10,000,000)		
106	CCO - Remove One-Time Tohono O'odham College Remedial Educ.			(2,000,000)		
107	CCO - Remove One-Time San Carlos Apache College Remedial Educ.			(2,000,000)		
108	CCO - Remove One-Time Dine College Capital Improvements			(10,000,000)		
109	CCO - Remove One-Time AZ Western CTE Workforce Funding			(15,000,000)		
110	CCO - Remove One-Time Santa Cruz Provisional Aid			(200,000)		
111	CCO - Remove One-Time Pima Community College Operating Aid			(2,000,000)		
112	COR - Corporation Commisssion	798,900	798,900			789,000
113	COR - Statewide Adjustments				17,700	
114	COR - Lump Sum Reduction				(27,600)	
115	ADC - Department of Corrections	1,483,523,900	1,420,670,200			1,537,433,400
116	ADC - Statewide Adjustments				21,462,100	
117	ADC - Remove One-Time Inmate Health Care Costs			(51,200,000)		
118	ADC - Remove One-Time Florence Closure Costs (Private Beds)			(36,481,800)		
119	ADC - Remove One-Time Food Contract Costs			(9,058,100)		
120	ADC - Remove One-Time Correctional System Assessment			(2,000,000)		
121	ADC - Remove One-Time Inmate Dog Training			(650,000)		
122	ADC - Remove One-Time Reentry and Transitional Housing			(5,000,000)		
123	ADC - One-Time Private Prison Contract Rate Increases			(8,503,500)	54,283,500	
124	ADC - Inmate Health Care - Vendor Contract	9,224,000		(9,224,000)	107,090,600	
125	ADC - Inmate Health Care - Medication	40,746,500		(40,746,500)	55,000,000	
126	ADC - Inmate Health Care - IT Upgrades	4,770,300		(4,770,300)	16,000,000	
127	ADC - Inmate Health Care - Staff and Overtime Costs (84 FTEs)				6,800,000	
128	ADC - Inmate Health Care - Other Injunction Costs (Food/Pest/Etc.)				2,688,900	
129	ADC - Inmate Health Care - Savings Offsets (Vacancies/Reimbursements)	(39,817,400)		39,817,400	(30,800,000)	
130	ADC - Inmate Health Care - Savings Offsets (Marana Prison)				(9,722,200)	
131	ADC - Substance Abuse Treatment Line Item Reduction				(1,500,000)	
132	ADC - Private Prison Line Item Capacity Savings	(789,200)		789,200	(14,500,000)	
133	ADC - Opioid Settlement Funding	(75,000,000)		75,000,000	(40,000,000)	
134	ADC - Repurpose Community Treatment for Imprisoned Women	(2,000,000)		2,000,000		
135	ADC - Named Claimants (Laws 2024, Ch. 81)	12,100		(12,100)		
136	CF - County Funding	17,650,700	17,650,700			10,650,700
137	CF - Remove One-Time Coordinated Reentry Planning Services			(7,000,000)		
138	JUS - Arizona Criminal Justice Commisssion	14,600,000	14,600,000			4,600,000
139	JUS - Remove One-Time Crime Victim Notification Fund Deposit			(10,000,000)		
140	SDB - Arizona State Schools for the Deaf and the Blind	25,991,300	25,991,300			25,291,300
141	SDB - Statewide Adjustments				197,000	
142	SDB - Lump Sum Reduction				(897,000)	
143	OEC - Office of Economic Opportunity	5,523,300	5,523,300			507,100
144	OEC - Statewide Adjustments				4,800	
145	OEC - Lump Sum Reduction				(21,000)	
146	OEC - Remove One-Time Microbusiness Loans Fund Deposit			(5,000,000)		
147	DES - Department of Economic Security	1,211,415,700	1,211,415,700			1,344,531,100
148	DES - Statewide Adjustments				1,262,500	
149	DES - Lump Sum Reduction				(3,026,200)	
150	DES - Formula Adjustments			142,289,900		
151	DES - Remove One-Time Adult Protective Services Backfill (VOCA)			(9,100,000)		
152	DES - Remove One-Time IT Infrastructure/Security Funding			(1,518,200)		
153	DES - Remove One-Time Produce Incentives (Double Up Food Bucks)			(5,462,600)		
154	DES - Remove One-Time Graham County Rehabilitation Center			(830,000)		
155	DES - Remove One-Time Globe/Miami Area Food Bank			(250,000)		
156	DES - Remove One-Time Area Agency on Aging Provider Rate Increase			(5,000,000)		

	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
157	DES - Remove One-Time Area Agency on Aging Housing Assistance			(5,000,000)		
158	DES - Remove One-Time Diaper/Incontinence Assistance			(1,000,000)		
159	DES - Delay Homeless Youth General Fund Backfill to FY 2026			1,000,000	(1,000,000)	
160	DES - Reduce Incremental AZEP Provider Rate Increase			4,400,000	(2,400,000)	
161	DES - Child Care Network Funding				12,000,000	
162	DES - Low-Income Food Services for Tribal Reservations				250,000	
163	DES - Navajo Nation Women's Shelter and Social Services				500,000	
164	DES - Navajo Nation Tribal Youth Programs				500,000	
165	DES - Nutrition, Housing and Rental Assistance Programs (Pinal County)				500,000	
166	DES - Area Agencies on Aging Funding				2,000,000	
167	DES - Pascua Yaqui Tribe Social Services Programs				1,000,000	
168	DES - Food Distribution for Low-Income Individuals (Cochise County)				1,000,000	
169	DES - DD Job Training and Life Skills Services (Rural Counties)				1,000,000	
170	BOE - State Board of Education	3,450,000	3,450,000			3,342,400
171	BOE - Statewide Adjustments				3,600	
172	BOE - Lump Sum Reduction				(111,200)	
173	ADE - Arizona Department of Education	7,761,079,000	7,743,579,000			7,676,669,800
174	ADE - Statewide Adjustments				125,200	
175	ADE - Lump Sum Reduction				(469,700)	
176	ADE - Formula Adjustments			207,662,200		
177	ADE - TNT/Land Endowment Increase				(9,218,300)	
178	ADE - Increase FRPL Group B Weight One-Time			37,000,000		
179	ADE - Increase DAA/CAA Per Pupil Funding One-Time			29,000,000		
180	ADE - Remove One-Time State Aid Supplement			(300,000,000)		
181	ADE - Remove One-Time Dual Enrollment Student Incentives	(12,000,000)		(3,000,000)		
182	ADE - Remove One-Time Dual Enrollment Teacher Incentives	(500,000)				
183	ADE - Remove One-Time Broadband Funding	(2,500,000)		(2,500,000)		
184	ADE - Remove One-Time AZ Civics Educ./Leadership Dev. Program			(300,000)		
185	ADE - Remove One-Time Education and Career Exploration Program			(5,000,000)		
186	ADE - Remove One-Time K-12 Alt. Transportation Program			(250,000)		
187	ADE - Remove One-Time Administration Funding	(2,500,000)		(7,500,000)		
188	ADE - Remove One-Time Non-Profit Low Income Student Assistance			(500,000)		
189	ADE - Remove One-Time Feminine Hygiene Products			(2,000,000)		
190	ADE - Remove One-Time Alternative Teacher Development Program			(800,000)		
191	ADE - Remove One-Time Phoenix Science Education Program			(2,500,000)		
192	ADE - Remove One-Time Non-Profit Education Initiatives			(100,000)		
193	ADE - Remove One-Time Globe Youth Summer Education Program			(250,000)		
194	ADE - Remove One-Time Consumable Music and Art Supplies			(10,000,000)		
195	ADE - Remove One-Time County Jails Education Program			(76,000)		
196	ADE - Remove One-Time Gila County Jail Education Program			(10,000)		
197	ADE - Remove One-Time County Juvenile Detention Improvements			(52,600)		
198	ADE - Remove One-Time Professional Develop. Personnel/Teachers			(3,000,000)		
199	ADE - Remove One-Time School Campus Vegetation			(300,000)		
200	ADE - Remove One-Time School Campus Community Gardens			(100,000)		
201	ADE - Continue to Fund Center for High School Success One-Time			(1,000,000)	1,000,000	
202	ADE - Adult Education			1,440,000		
203	ADE - Limit ESA Enrollment to 1.0 ADM				(2,500,000)	
204	ADE - Move 3rd Yr of Low Income Weight Increases to One-Time				Yes	
205	ADE - Move 3rd Yr of Additional Assistance Increases to One-Time				Yes	
206	ADE - Eliminate FY 22 Kindergarten Entry Assessment Funding				(1,500,000)	
207	ADE - Remove Adult Workforce Diploma Program and Admin Funding				(6,150,000)	
208	ADE - Remove Continuing High School and Workforce Training Program				(6,160,000)	
209	ADE - Remove Community College Adult Education Workforce Program				(6,000,000)	
210	ADE - Fund Continuing High School and Workforce Training One-Time				4,000,000	
211	ADE - Fund Adult Workforce Diploma Program One-Time				4,000,000	
212	ADE - Fund Comm College Adult Education Workforce Program One-Time				4,000,000	
213	ADE - Reduce College Credit by Examination Incentive Program				(3,700,000)	
214	ADE - Eliminate Reduced-Price School Meal Co-Pay (131%-185% FPL)				3,800,000	
215	ADE - English Language Learner Achievement Testing Funding				5,000,000	
216	ADE - Arizona Holocaust Education Center				7,000,000	
217	ADE - K-12 Mental Health Telehealth Pilot				2,000,000	
218	ADE - Low Income After School Program Grants				2,000,000	
219	EMA - Department of Emergency & Military Affairs	21,189,700	21,189,700			16,225,400
220	EMA - Statewide Adjustments				(2,125,500)	
221	EMA - Remove One-Time Emergency Mitigation Activity Funding			(1,333,300)		
222	EMA - Remove One-Time National Guard Reaction Force Equipment			(33,900)		
223	EMA - Remove One-Time National Guard Uniform Allowance			(300,000)		
224	EMA - Risk Management Error Adjustment				(571,600)	
225	EMA - Reduce National Guard Matching Fund Line Item				(600,000)	
226	DEQ - Department of Environmental Quality	31,000,000	31,000,000			16,000,000
227	DEQ - Remove One-Time PFAS (Forever Chemicals) Mitigation			(5,000,000)		
228	DEQ - Remove One-Time Water Quality Fee Fund Deposit			(9,500,000)		
229	DEQ - Remove One-Time Direct Potable Reuse Funding			(1,500,000)		
230	DEQ - Zero Emissions Heavy-Duty 8-Ton Pilot Program				1,000,000	
231	EQU - State Board of Equalization	751,100	753,300			724,400
232	EQU - Statewide Adjustments				3,300	
233	EQU - Lump Sum Reduction				(30,000)	
234	EQU - Named Claimants (Laws 2024, Ch. 81)		2,200	(2,200)		
235	EXE - Board of Executive Clemency	1,420,800	1,420,800			1,377,600
236	EXE - Statewide Adjustments				7,300	
237	EXE - Remove One-Time Electronic Record Document Mgmt System			(50,500)		
238	FOR - Department of Forestry and Fire Management	57,605,200	57,605,200			51,471,600

	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
239 FOR - Statewide Adjustments					(885,000)	
240 FOR - Lump Sum Reduction					(248,600)	
241 FOR - Remove One-Time Fire District Grants				(5,000,000)		
242 FOR - Reduce Wildfire Mitigation for Unused ADC Inmate Labor					(5,000,000)	
243 FOR - Fire Suppression Funding Increase					5,000,000	
244 GAM - Department of Gaming	13,159,600		13,159,600			11,704,500
245 GAM - Remove One-Time Event Wagering Application Fee Refund				(600,000)		
246 GAM - Continue One-Time Racetrack Capital and Maint. & Operations				(1,000,000)	1,500,000	
247 GAM - Eliminate Ongoing Racing Purse Enhancement Funding					(5,000,000)	
248 GAM - One-Time Racing Purse Enhancement Funding					4,000,000	
249 GAM - Shift HISA Costs to Racing Regulation Fund					(355,100)	
250 GOV - Office of the Governor	12,339,800		12,339,800			8,996,800
251 GOV - Statewide Adjustments					25,100	
252 GOV - Lump Sum Reduction					(368,100)	
253 GOV - Remove One-Time Operating Funding				(2,000,000)		
254 GOV - Remove One-Time Missing/Murdered Indigenous People Funding				(1,000,000)		
255 OSP - Gov's Office of Strategic Planning & Budgeting	2,733,500		2,938,100			2,852,500
256 OSP - Statewide Adjustments					15,800	
257 OSP - Lump Sum Reduction					(101,400)	
258 OSP - Retirement Cost Technical Correction		204,600				
259 DHS - Department of Health Services	166,360,900		166,360,900			122,466,300
260 DHS - Statewide Adjustments					706,300	
261 DHS - Lump Sum Reduction					(719,200)	
262 DHS - Remove One-Time ASH Contract Increase Costs				(5,970,000)		
263 DHS - Remove One-Time Dementia Services /Alzheimer's State Plan				(964,100)		
264 DHS - Remove One-Time Dementia Awareness Campaign				(750,000)		
265 DHS - Remove One-Time Psilocybin Clinical Research Grants				(5,000,000)		
266 DHS - Remove One-Time Collaborative Care Model				(1,000,000)		
267 DHS - Remove One-Time Trauma Recovery Center Pilot Program				(7,000,000)		
268 DHS - Remove One-Time Fentanyl Testing Strips/Mass Spectrometers				(300,000)		
269 DHS - Remove One-Time Health Crisis Review Centers				(5,000,000)		
270 DHS - Remove One-Time ASH Security System Upgrades				(3,500,000)		
271 DHS - Remove One-Time Nurse-Family Partnership Program				(2,500,000)		
272 DHS - AZ Care Check Portal					1,400,000	
273 DHS - 15 Licensing Compliance FTEs					1,202,400	
274 DHS - Eliminate 3rd Year of Nurse Education Investment Program					(15,000,000)	
275 DHS - Shift Biomedical Research Support to Health Research Fund					(2,000,000)	
276 DHS - Shift \$1M for Alzheimer's Research to Health Care Fund					(1,000,000)	
277 DHS - Low Income/Underserved Women Preventive Health Services					500,000	
278 DHS - Counseling Services for Parents of Deceased Children					500,000	
279 DHS - Heat Mitigation in Southern Arizona					500,000	
280 DHS - Southern Arizona Counseling and Community Service Grants					1,000,000	
281 DHS - Senior Health Promotion and Coordination (Santa Cruz County)					1,000,000	
282 AZH - Arizona Historical Society	3,045,800		3,045,800			2,978,700
283 AZH - Statewide Adjustments					16,400	
284 AZH - Lump Sum Reduction					(83,500)	
285 PAZ - Prescott Historical Society	1,012,900		1,064,400			995,300
286 PAZ - Statewide Adjustments					17,400	
287 PAZ - Lump Sum Reduction					(35,000)	
288 PAZ - Named Claimants (Laws 2024, Ch. 81)		51,500		(51,500)		
289 HOM - Department of Homeland Security	25,000,000		25,000,000			10,200,000
290 HOM - Remove One-Time Antihuman Trafficking Grant Fund				(10,000,000)		
291 HOM - Remove One-Time Nonprofit Security Grant Program Fund				(5,000,000)		
292 HOM - Cybersecurity Programs					200,000	
293 DOH - Department of Housing	196,900,000		196,900,000			15,000,000
294 DOH - One-Time Housing Trust Fund Deposit				(150,000,000)	15,000,000	
295 DOH - Remove One-Time Homeless Shelter and Services Fund Deposit				(40,000,000)		
296 DOH - Remove One-Time Mobile Home Relocation Fund Deposit				(5,000,000)		
297 DOH - Remove One-Time Military Transitional Housing Fund				(1,900,000)		
298 ICA - Industrial Commission	84,700		84,700			84,700
299 DIF - Department of Insurance and Financial Institutions	8,298,500		8,298,500			8,090,100
300 DIF - Statewide Adjustments					14,100	
301 DIF - Lump Sum Reduction					(222,500)	
302 SPA - Judiciary - Supreme Court	28,930,400		28,930,400			29,864,200
303 SPA - Statewide Adjustments					504,000	
304 SPA - Lump Sum Reduction					(386,300)	
305 SPA - Remove One-Time Automation Funding				(1,298,000)		
306 SPA - Remove One-Time Court Appointed Special Advocates Funding				(20,000)		
307 SPA - Probation Case Management System Ongoing Costs					2,071,000	
308 SPA - Judicial Salary Increases					63,100	
309 COA - Judiciary - Court of Appeals	24,710,800		24,710,800			24,407,400
310 COA - Statewide Adjustments					(47,400)	
311 COA - Lump Sum Reduction					(508,200)	
312 COA - Judicial Salary Increases					252,200	
313 SUP - Judiciary - Superior Court	120,586,300		120,586,300			115,194,800



	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
314 SUP - Statewide Adjustments					(417,800)	
315 SUP - Lump Sum Reduction					(180,100)	
316 SUP - Remove One-Time Probation Salary County Backfill				(6,749,200)		
317 SUP - Judge Salary Increases (part of FY 24 3-year plan)				1,136,000		
318 SUP - Judge Salary Increases (New FY 25 Budget Adjustment)					819,600	
319 DJC - Department of Juvenile Corrections	31,820,800		31,824,800			29,978,900
320 DJC - Statewide Adjustments					156,200	
321 DJC - Lump Sum Reduction					(1,098,100)	
322 DJC - Operating Budget Shift to Land Trust Fund					(800,000)	
323 DJC - Operating Budget Shift to CJFF					(100,000)	
324 DJC - Named Claimants (Laws 2024, Ch. 81)		4,000		(4,000)		
325 LAN - State Land Department	12,980,100		12,773,400			12,411,300
326 LAN - Statewide Adjustments					155,300	
327 LAN - Lump Sum Reduction					(148,000)	
328 LAN - CAP Rate Adjustment				(178,500)		
329 LAN - Eliminate Streambed Navigability Litigation Line Item					(220,000)	
330 LAN - Shift Operating Expenses to Off-Highway Vehicle Fund					(177,600)	
331 LAN - FY 2024 CAP Rate Savings		(206,700)		206,700		
332 Legislature						
333 AUD - Auditor General	28,316,600		28,316,600			26,722,700
334 AUD - Statewide Adjustments					406,100	
335 AUD - Remove One-Time Operating Funding				(2,000,000)		
336 HOU - House of Representatives	23,951,500		23,951,500			21,565,600
337 HOU - Statewide Adjustments					278,200	
338 HOU - Lump Sum Reduction					(664,100)	
339 HOU - Remove One-Time Operating Funding				(2,000,000)		
340 JLBC - Joint Legislative Budget Committee	2,918,100		3,122,700			3,055,800
341 JLBC - Statewide Adjustments					40,900	
342 JLBC - Lump Sum Reduction					(107,800)	
343 JLBC - Retirement Cost Technical Correction		204,600				
344 LEG - Legislative Council	9,507,700		9,507,700			9,275,700
345 LEG - Statewide Adjustments					96,100	
346 LEG - Lump Sum Reduction					(328,100)	
347 LEG - Ombudsman-Citizens Aide Office	1,561,200		1,561,200			1,578,400
348 LEG - Statewide Adjustments					17,200	
349 SEN - Senate	20,374,500		20,374,500			18,000,200
350 SEN - Statewide Adjustments					213,000	
351 SEN - Lump Sum Reduction					(587,300)	
352 SEN - Remove One-Time Funding				(2,000,000)		
353 MIN - State Mine Inspector	2,778,800		2,778,800			2,299,300
354 MIN - Statewide Adjustments					(10,600)	
355 MIN - Remove One-Time Drone Purchases				(100,000)		
356 MIN - Remove One-Time Administrative Costs				(300,000)		
357 MIN - Reduce Aggregate Mining Land Reclamation Line Item					(68,900)	
358 NAV - Arizona Navigable Steam Adjudication Comm.	144,000		144,000			140,500
359 NAV - Statewide Adjustments					2,500	
360 NAV - Lump Sum Reduction					(6,000)	
361 NUR - State Board of Nursing	450,000		450,000			0
362 NUR - Remove One-Time Nurse Anesthetists Clinical Rotations				(450,000)		
363 SPB - Arizona State Parks Board	11,700,000		11,700,000			100,000
364 SPB - Remove One-Time Heritage Fund Deposit				(6,000,000)		
365 SPB - One-Time Arizona Trail Fund Deposit				(500,000)	100,000	
366 SPB - Remove One-Time State Lake Improvement Fund Deposit				(5,200,000)		
367 APA - Arizona Power Authority	1,000,000		1,000,000			0
368 APA - Remove One-Time Resource Planning and Needs Assessment				(1,000,000)		
369 DPS - Department of Public Safety	366,140,600		366,140,600			264,461,100
370 DPS - Statewide Adjustments					2,214,600	
371 DPS - Remove One-Time Administrative Funding Increase					(798,600)	
372 DPS - Remove One-Time Vehicle Replacements (276 Vehicles)				(11,709,300)		
373 DPS - Remove One-Time Civil Air Patrol Infrastructure Funding				(10,000,000)		
374 DPS - Remove One-Time Staff Uniform Allowance				(657,800)		
375 DPS - Remove One-Time Rapid DNA Testing				(1,500,000)		
376 DPS - Remove One-Time Land Mobile Radio Expansion and Upgrades				(41,100,000)		
377 DPS - Remove One-Time Law Enforcement Retention Initiatives				(2,000,000)		
378 DPS - Remove One-Time Tucson Real-Time Crime Center				(1,500,000)		
379 DPS - Remove One-Time Peoria Real-Time Crime Center				(2,600,000)		
380 DPS - Remove One-Time Fentanyl Prosecution and Testing Fund				(3,000,000)		
381 DPS - Remove One-Time State Crime Lab Funding				(200,000)		
382 DPS - Major Incident Division Funding (\$15.5M/Cap at 60 FTEs)				7,000,000	(8,500,000)	
383 DPS - Shift GF Costs to State Highway Fund (\$10M Statutory Cap)					(3,632,800)	
384 DPS - Increase Local Border Support (\$4M One-Time)					5,000,000	
385 DPS - GILITEM Permanent Vacancy Savings					(700,000)	
386 DPS - GILITEM Aid to Others Permanent Vacancy Savings					(200,000)	
387 DPS - Pharmaceutical Div./Drug Theft Task Force Excess Funding					(112,400)	
388 DPS - Civil Air Patrol Maintenance/Operations Efficiency Savings					(6,000)	



	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
389	DPS - Transfer Cadet Housing Funding to Operating Budget (\$476K)				Yes	
390	DPS - Transfer from Operating Budget to ACTIC Line Item (\$683K)				Yes	
391	DPS - Repurpose Emergency Operations Center for Local Border Support				(12,232,900)	
392	DPS - Repurpose Emergency Operations Center for Drug Interdiction				(15,444,300)	
393	PSP - Public Safety Personnel Retirement System	6,000,000	6,000,000			6,000,000
393						
394	REA - State Real Estate Department	3,198,000	3,198,000			3,111,800
395	REA - Statewide Adjustments				24,200	
396	REA - Lump Sum Reduction				(110,400)	
397	REV - Department of Revenue	62,587,600	62,587,600			59,677,700
398	REV - Statewide Adjustments				838,300	
399	REV - Lump Sum Reduction				(1,748,200)	
400	REV - Remove One-Time Shift of Admin. Fund Costs to General Fund			(2,000,000)		
401	SOS - Secretary of State	22,681,800	22,781,800			22,993,900
402	SOS - Statewide Adjustments				131,800	
403	SOS - Lump Sum Reduction				(463,600)	
404	SOS - Remove One-Time Administrative Funding			(2,330,000)		
405	SOS - Remove One-Time Presidential Preference Election Funding			(1,926,100)		
406	SOS - Talking Book Library Assistance			62,000	(62,000)	
407	SOS - Additional 2024 Election Funding		100,000	(100,000)	3,900,000	
408	SOS - One-Time Operating Funding				1,000,000	
409	TAX - State Board of Tax Appeals	327,400	327,400			318,600
410	TAX - Statewide Adjustments				4,200	
411	TAX - Lump Sum Reduction				(13,000)	
412	TOU - Office of Tourism	9,026,200	8,876,200			8,325,000
413	TOU - Statewide Adjustments				55,600	
414	TOU - Lump Sum Reduction				(75,800)	
415	TOU - Remove One-Time Lodging/Tourism Workforce Initiatives			(250,000)		
416	TOU - Remove One-Time Culinary Workforce Development		(150,000)	(100,000)		
417	TOU - Reduce Arizona Promotion Line Item from \$1M to \$819K				(181,000)	
418	DOT - Department of Transportation	550,000	550,000			0
419	DOT - Remove One-Time Spaying and Neutering Fund Deposit			(550,000)		
420	TRE - State Treasurer	101,298,500	100,498,500			10,160,700
421	TRE - Statewide Adjustments				(100)	
422	TRE - Remove One-Time County Sheriffs Search/Rescue Equip. Fund			(2,500,000)		
423	TRE - Remove One-Time County Recorder Funding			(6,000,000)		
424	TRE - Local Dist. - Remove One-Time Int'l Dark Sky Discovery Center			(10,000,000)		
425	TRE - Local Dist. - Remove One-Time Northern Arizona Observatory			(5,600,000)		
426	TRE - Local Dist. - Remove One-Time Nonprofit Volunteer Rodeo Org.			(15,300,000)		
427	TRE - Local Dist. - Remove One-Time Police Dept. Support			(3,000,000)		
428	TRE - Local Dist. - Remove One-Time Chandler Police Dept. Support			(2,000,000)		
429	TRE - Local Dist. - Remove One-Time Wickenburg Fire Dept. Upgrades			(1,400,000)		
430	TRE - Local Dist. - Remove One-Time Mohave Co. Sheriff Substations			(9,000,000)		
431	TRE - Local Dist. - Remove One-Time Mohave Co. Mobile Command			(500,000)		
432	TRE - Local Dist. - Remove One-Time La Paz County Dispatch Center			(860,000)		
433	TRE - Local Dist. - Remove One-Time Copper Canyon Fire District			(750,000)		
434	TRE - Local Dist. - Remove One-Time Vernon Fire District			(1,000,000)		
435	TRE - Local Dist. - Remove One-Time Kearny Public Building			(500,000)		
436	TRE - Local Dist. - Remove One-Time Peoria Public Safety Helicopter			(3,500,000)		
437	TRE - Local Dist. - Remove One-Time Peoria Pub. Safety Mobile Comm.			(1,500,000)		
438	TRE - Local Dist. - Remove One-Time Snowflake Sewer Improvements			(750,000)		
439	TRE - Local Dist. - Remove One-Time Flagstaff Post-Fire Mitigation			(8,987,000)		
440	TRE - Local Dist. - Remove One-Time Glassford Delis Regional Park			(3,500,000)		
441	TRE - Local Dist. - Remove One-Time Glendale Veterans Comm. Project		(800,000)	(2,414,500)		
442	TRE - Local Dist. - Remove One-Time Co. Title Protection Software Opt-in			(126,200)		
443	TRE - Local Dist. - Remove One-Time Sun City Transportation Study			(850,000)		
444	TRE - Local Dist. - Remove One-Time City Police Pepper Ball Pilot			(750,000)		
445	TRE - Local Dist. - Remove One-Time SR 30 Elec./Water Line Relocation			(10,050,000)		
446	TRE - One-Time Increase for Secure Ballot Paper			1,000,000		
447	TRE - Reduce Justice of the Peace Salaries Line Item				(500,000)	
448	OTR - Governor's Office on Tribal Relations	68,800	68,800			67,100
449	OTR - Statewide Adjustments				700	
450	OTR - Lump Sum Reduction				(2,400)	
451	UNI - Universities					
452	UNI - Arizona Board of Regents	98,807,100	98,807,100			55,726,000
453	UNI - Statewide Adjustments				28,100	
454	UNI - Lump Sum Reduction				(109,200)	
455	UNI - Remove One-Time Primary Care Residency Programs Funding			(5,000,000)		
456	UNI - Remove One-Time Arizona Promise Program Funding			(20,000,000)		
457	UNI - One-Time Arizona Teachers Academy Funding			(15,000,000)	1,000,000	
458	UNI - Remove One-Time Law Enforcement Families Scholarships Funding			(2,000,000)		
459	UNI - Remove One-Time Museum of Democracy Presidential Project			(2,000,000)		
460	UNI - ASU	411,201,900	411,201,900			408,638,200
461	UNI - Statewide Adjustments				15,080,200	
462	UNI - Lump Sum Reduction				(10,995,800)	
463	UNI - Lease-Purchase Adjustment			(8,900)		
464	UNI - Inflation Adjustment (2017 Capital Infrastructure)			260,800		
465	UNI - Remove One-Time Center for American Institutions			(4,000,000)		
466	UNI - Remove One-Time Collegiate Women's Wrestling Program			(500,000)		

	FY 2024 GF JLBC Baseline	FY 2024 Changes	FY 2024 GF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 GF Enacted Budget
467	UNI - Remove One-Time Operating Funding			(2,400,000)	Yes	
468	UNI - Northern Arizona University	138,925,500		138,925,500		134,294,400
469	UNI - Statewide Adjustments				757,600	
470	UNI - Lump Sum Reduction				(4,070,200)	
471	UNI - Lease-Purchase Adjustment			(417,400)		
472	UNI - Inflation Adjustment (2017 Capital Infrastructure)			98,900		
473	UNI - Remove One-Time Operating Funding			(1,000,000)		
474	UNI - UA - Main Campus	302,897,200		302,897,200		295,913,700
475	UNI - Statewide Adjustments				18,656,000	
476	UNI - Lump Sum Reduction				(6,562,200)	
477	UNI - Lease-Purchase Adjustment			(8,000)		
478	UNI - Inflation Adjustment (2017 Capital Infrastructure)			230,700		
479	UNI - Remove One-Time Operating Funding			(1,600,000)		
480	UNI - Remove One-Time Space Analog Program Funding			(1,500,000)		
481	UNI - Remove One-Time Agriculture Workforce Program Funding			(1,000,000)		
482	UNI - Remove One-Time On-Farm Irrigation Efficiency Fund Deposit			(15,200,000)		
483	UNI - UA - Health Sciences Center	80,397,700		80,397,700		75,428,400
484	UNI - Lump Sum Reduction				(1,469,300)	
485	UNI - Remove One-Time Fall Prevention Studies Funding			(1,000,000)		
486	UNI - Remove One-Time Board of Medical Student Loans Funding			(2,000,000)		
487	UNI - Remove One-Time AZ REACH Funding			(500,000)		
488	VSC - Department of Veterans' Services	21,758,700		21,758,700		11,999,100
489	VSC - Statewide Adjustments				(36,400)	
490	VSC - Lump Sum Reduction				(108,200)	
491	VSC - Remove One-Time Veteran Suicide Prevention Training Pilot			(600,000)		
492	VSC - Remove One-Time Gila County Veterans Retreat Funding			(3,000,000)		
493	VSC - Remove One-Time Burial Services Funding			(15,000)		
494	VSC - Remove One-Time Homeless Veterans' Reintegration Program			(5,000,000)		
495	VSC - Remove One-Time Tribal Connectivity Project			(1,500,000)		
496	VSC - Veterans Center Funding (Employment/Job Training/Housing)				500,000	
497	WIFA - Water Infrastructure Finance Authority	254,210,000		254,210,000		0
498	WIF - Remove One-Time Water Project Assistance Grants			(3,000,000)		
499	WIF - Local Dist. - Remove One-Time Glendale Irrigation/Xeriscaping			(810,000)		
500	WIF - Local Dist. - Remove One-Time Gilbert Wells Project			(27,800,000)		
501	WIF - Local Dist. - Remove One-Time Peoria Wells Project			(10,000,000)		
502	WIF - Local Dist. - Remove One-Time Mohave Wash Recharge Basin			(3,400,000)		
503	WIF - Local Dist. - Remove One-Time Little Colorado River Levee			(20,000,000)		
504	WIF - Long-Term Water Augmentation Fund Deposit (L 2022, Ch 366)			143,800,000	(333,000,000)	
505	WAT - Department of Water Resources	66,059,400		55,059,400		24,618,200
506	WAT - Statewide Adjustments				180,300	
507	WAT - Lump Sum Reduction				(21,500)	
508	WAT - Remove One-Time Brackish Water Study			(100,000)		
509	WAT - Remove One-Time Brackish Groundwater Pilot		(11,000,000)			
510	WAT - Remove One-Time Statewide Water Resources Planning Program			(5,000,000)		
511	WAT - Remove One-Time Groundwater Infra. (Santa Rosa Canal Alt.)			(25,000,000)		
512	WAT - Add 25 FTE Positions to Reflect Current Staffing				Yes	
513	WAT - Reduce Arizona Water Protection Fund Deposit				(500,000)	
514	OTH - Other					
515	OTH - IRC Reversion	0	(350,000)	(350,000)	350,000	0
516	OTH - ABQR - FY 23 Camp Verde Meat Processing Facility (Ex-Approp)	0	(9,700,000)	(9,700,000)	9,700,000	0
517	OTH - Phoenix Convention Center Debt Service	25,498,600		25,498,600	500,100	25,998,700
518	OTH - Rio Nuevo District	17,000,000		17,000,000		17,000,000
519	OTH - Unallocated FY 2024 Health Insurance Adjustments	233,800		233,800	(233,800)	0
520	OTH - Unallocated FY 2024 Retirement Adjustments	100		100	(100)	0
521	OTH - Administrative Adjustments	125,000,000	(35,000,000)	90,000,000	40,000,000	130,000,000
522	OTH - Reversions	(145,000,000)	(31,790,300)	(176,790,300)	21,790,300	(170,000,000)
523	TOTAL - OPERATING SPENDING CHANGES	17,056,434,200	(234,368,700)	16,822,065,500	(492,545,800)	(146,063,100)
524	CAPITAL SPENDING					
525	Building Renewal	0				0
526	Arizona Department of Administration (FY 2023)	0	(12,875,800)	(12,875,800)	12,875,800	0
527	Arizona Department of Administration (FY 2024)	25,124,700	(22,539,500)	2,585,200	(2,585,200)	0
528	Arizona Department of Corrections	33,942,600	(19,379,100)	14,563,500	(14,563,500)	0
529	New Projects					
530	ADOA - West Adams Building Renovations (FY 2023)	0	(48,263,600)	(48,263,600)	48,263,600	0
531	ADOA - Electric Vehicle Charging/Advanced Fuel Infrastructure	5,000,000	(5,000,000)	0		0
532	ADOA - Building Demolition (FY 2023)	0	(68,600)	(68,600)	68,600	0
533	ADC - Fire & Life Safety Projects	48,650,600		48,650,600	(48,650,600)	0
534	ADC - Replace Evaporative Cooling with AC Systemwide	66,783,600	(56,983,600)	9,800,000	20,032,100	(29,832,100)
535	EMA - West Valley Readiness Center Cost Increase	1,125,000		1,125,000	(1,125,000)	0
536	Parks - Establish Verde River Headwaters State Park	7,000,000		7,000,000	(7,000,000)	0
537	DPS - Flagstaff Aviation Hangar Renovation	320,000		320,000	(320,000)	0
538	ADOT - N-9402 Improvements (Near Lupton and Houck)	10,000,000		10,000,000	(10,000,000)	0
539	ADOT - SR-97 Improvements (Bagdad)	10,000,000	(10,000,000)	0		0
540	ADOT - Passenger Rail Service Planning (Phoenix to Tucson)	3,500,000		3,500,000	(3,500,000)	0
541	ADOT - SR-303 & Route 60 Interchange	4,500,000	167,000	4,667,000	(4,667,000)	0
542	ADOT - Clarkdale Bitter Creek Wash Bridge	6,321,400		6,321,400	(6,321,400)	0
543	ADOT - SR-347 Intersections (Casa Blanca/Cement Plant)	18,000,000	1,901,000	19,901,000	(19,901,000)	0
544	ADOT - I-10 & Jackrabbit Trail Interchange Design	5,000,000		5,000,000	(5,000,000)	0
545	ADOT - Happy Valley Road (35th Ave to 67th Ave)	12,500,000		12,500,000	(12,500,000)	0
546	ADOT - Glassford Hill Road Improvements	9,900,000		9,900,000	(9,900,000)	0

		FY 2024 GF	FY 2024	FY 2024 GF	FY 25 Baseline 1/	FY 2025	FY 2025 GF
		JLBC Baseline	Changes	Revised	Above FY 24	Changes	Enacted Budget
547	ADOT - Coolidge Ave (Christensen Rd to Clemans Rd)	5,300,000		5,300,000	(5,300,000)		0
548	ADOT - Eloy - I-10/Sunland Gin Road Overpass & I-10/Arica Rd	5,000,000		5,000,000	(5,000,000)		0
549	ADOT - Marana - I-10 and Cortaro Road Interchange	10,000,000		10,000,000	(10,000,000)		0
550	ADOT - Douglas Port of Entry/SR-80 Connection	8,170,000		8,170,000	(8,170,000)		0
551	ADOT - Huachuca City - Skyline Drive to Gila Avenue	1,565,200		1,565,200	(1,565,200)		0
552	ADOT - Huachuca City - Skyline Drive between Gila and Edgewood	506,000		506,000	(506,000)		0
553	ADOT - Patagonia - Mckeown Ave Reconstruction (4th Ave W to SR-82)	1,500,000		1,500,000	(1,500,000)		0
554	ADOT - Sierra Vista - Theater Dr Corridor (7th St to Carmichael Ave)	1,800,000		1,800,000	(1,800,000)		0
555	ADOT - Graham County - Norton Rd/Reay Lane Intersection	500,000		500,000	(500,000)		0
556	ADOT - Cochise County - Moson Rd Drainage (SR-90 to Hereford Rd)	6,100,000		6,100,000	(6,100,000)		0
557	ADOT - US-95 Improvements (Wellton Mohawk Canal to Aberdeen Rd)	33,300,000		33,300,000	(33,300,000)		0
558	ADOT - US-95 Pavement Rehab. (County 22nd St to County 11th St)	5,910,400		5,910,400	(5,910,400)		0
559	ADOT - SR-87 Design and Improvements at Arica and Shedd Roads	700,000	315,000	1,015,000	(1,015,000)		0
560	ADOT - West Pinal Parkway East-West Corridor Design (Shift to FY 28)	9,240,000	(9,240,000)	0			0
561	ADOT - SR-85 Lane Expansion (MP 123 to Maricopa Rd)	6,500,000		6,500,000	(6,500,000)		0
562	ADOT - SR-95 Bullhead City Turn Lanes	8,000,000		8,000,000	(8,000,000)		0
563	ADOT - Lake Havasu City Bridge Project	35,500,000		35,500,000	(35,500,000)		0
564	ADOT - Extend 43rd Ave from SR-303 to SR-74 (City of Phoenix)	6,500,000		6,500,000	(6,500,000)		0
565	ADOT - SR-24 Extension and Ironwood Interchange (Queen Creek)	87,500,000	(27,700,000)	59,800,000	(59,800,000)		0
566	ADOT - SR-83 (Santa Cruz to Sonoita)	9,000,000		9,000,000	(9,000,000)		0
567	ADOT - Cave Creek Rd Construction Study	250,000		250,000	(250,000)		0
568	ADOT - Navajo County SR-260 Improvements	4,250,000	172,200	4,422,200	(4,422,200)		0
569	ADOT - Phoenix-Mesa Gateway Airport	7,000,000		7,000,000	(7,000,000)		0
570	ADOT - Pinetop-Lakeside Porter Mountain Rd Improvements	2,242,200		2,242,200	(2,242,200)		0
571	ADOT - Globe Sidewalk-Jesse Hayes & Shooter Canyon Roads	3,501,100		3,501,100	(3,501,100)		0
572	ADOT - Payson Roundabout-Longhorn & McLane Roads	1,529,800		1,529,800	(1,529,800)		0
573	ADOT - Globe Jesse Hayes Rd Bridge at Pinal Creek	643,200		643,200	(643,200)		0
574	ADOT - Globe Cottonwood St Bridge at Pinal Creek	632,500		632,500	(632,500)		0
575	ADOT - Gila County Houston Mesa Rd - SR-260 to NF Route 199	243,600		243,600	(243,600)		0
576	ADOT - Canyon Water Improvement District Infrastructure	610,000		610,000	(610,000)		0
577	ADOT - Graham County - Safford Bryce Road Improvements	1,781,500		1,781,500	(1,781,500)		0
578	ADOT - Thatcher - 8th St Improvements (1st Ave to 20th Ave)	4,526,400		4,526,400	(4,526,400)		0
579	ADOT - Winkelman - Golf Course Rd/Quarelli St Improvements	1,560,900		1,560,900	(1,560,900)		0
580	ADOT - Superior - Panther Dr Bridge at Queen Creek	2,486,700		2,486,700	(2,486,700)		0
581	ADOT - US-60 Repavement Project - Morristown to Wickenburg	10,500,000	206,800	10,706,800	(10,706,800)		0
582	ADOT - Statewide Pavement Rehabilitation (Rural Projects)	54,300,000	(41,000,000)	13,300,000	(13,300,000)		0
583	ADOT - I-17 Expansion Shortfall (Anthem to Sunset Point)	76,200,000		76,200,000	(76,200,000)		0
584	ADOT - I-10 Widening (Phoenix to Casa Grande)	89,000,000		89,000,000	(89,000,000)		0
585	ADOT - SR-264 Lane Improvements (Ganado Senior Citizens Center)	538,700		538,700	(538,700)		0
586	ADOT - I-19 Rio Rico/Ruby Road Interchange (Santa Cruz County)	8,600,000		8,600,000	(8,600,000)		0
587	ADOT - I-19 Drexel Road Bridge	15,000,000		15,000,000	(15,000,000)		0
588	ADOT - State Match Advantage for Rural Transportation Fund	12,500,000		12,500,000	(12,500,000)		0
589	ADOT - FY 23 I-10 Widening (SR-85/Citrus Road) (Shift to FY 27/FY 28)	0	(52,090,000)	(52,090,000)	52,090,000		0
590	ADOT - FY 21 Riggs Rd/SR-347 Overpass (Shift to FY 2028)	0	(25,000,000)	(25,000,000)	25,000,000		0
591	ADOT - FY 21 SR-90 Improvements (Fort Huachuca)	0	(2,095,000)	(2,095,000)	2,095,000		0
592	DVS - FY 22 Northwestern Arizona Veterans' Home (Shift to FY 28)	0	(25,000,000)	(25,000,000)	25,000,000		0
593	TOTAL - CAPITAL SPENDING	808,156,100	(354,473,200)	453,682,900	(423,850,800)	(29,832,100)	0
594	TOTAL - ALL SPENDING	17,864,590,300	(588,841,900)	17,275,748,400	(916,396,600)	(175,895,200)	16,183,456,600
595	REVENUE CHANGES						
596	Ongoing Revenue						
597	REV - Ongoing Revenue (Including Urban Revenue Sharing)	14,666,705,300	151,406,500	14,818,111,800	574,329,600	179,600,000	15,572,041,400
598	REV - Cap STO Corporate Credit at \$135 M Starting in FY 25	0		0		31,700,000	31,700,000
599	REV - Lottery - Repeal ACA Allocation	0		0		1,750,000	1,750,000
600	REV - Liquor Dept. GF Impact (Operating/Rent Costs)	0		0		(401,600)	(401,600)
601	REV - Convert Regulatory Boards to 85-15 Revenue Allocation	0		0		2,900,000	2,900,000
602	One-Time Revenue						
603	REV - Beginning Balance	2,527,233,000		2,527,233,000	(2,527,233,000)	638,927,600	638,927,600
604	REV - One-Time Individual Income Tax Rebate	(272,956,400)	(1,043,600)	(274,000,000)	274,000,000		0
605	REV - One-Time Fund Transfers to GF	0	843,331,200	843,331,200	(843,331,200)	32,191,800	32,191,800
606	TOTAL - REVENUE CHANGES	16,920,981,900	993,694,100	17,914,676,000	(2,522,234,600)	886,667,800	16,279,109,200
607	ENDING BALANCE	(943,608,400)	1,582,536,000	638,927,600	(1,605,838,000)	1,062,563,000	95,652,600

1/ This column displays an agency's FY 2025 Baseline funding compared to the final enacted FY 2024 General Fund spending amount displayed in "FY 2024 GF Revised".

## DETAILED LIST OF OTHER FUND CHANGES BY AGENCY

	FY 2024 OF JLBC Baseline	FY 2024 Changes	FY 2024 OF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 OF Enacted Budget
<b>OPERATING SPENDING CHANGES</b>						
1 SBA - State Board of Accountancy	2,230,400		2,230,400			2,258,100
2 SBA - Statewide Adjustments					27,700	
3 ACU - Acupuncture Board of Examiners	200,600		200,600			199,700
4 ACU - Statewide Adjustments					(900)	
5 DOA - Arizona Department of Administration	224,188,300		233,695,600			229,455,000
6 DOA - Statewide Adjustments					760,700	
7 DOA - One-Time Accounting System Upgrade Funding				(4,557,000)	557,000	
8 DOA - School District Actuarial Study to Expand HITF					250,000	
9 DOA - Higher Costs of New AFIS IT System					1,093,800	
10 DOA - Digital Solutions Office - 8 FTEs (IT Product Management)					1,345,700	
11 DOA - Critical Applications Catalogue (\$500K One-Time)					900,000	
12 DOA - Return Website/Account Mgmt to ADOA from Homeland Security					446,500	
13 DOA - Capitol Mall Fiber Network Upgrades					575,000	
14 DOA - Risk Management Claims Adjustment					1,978,500	
15 DOA - Operating Budget Shift to COSF					1,916,500	
16 DOA - Federal Financial Participation Repayment		9,493,000		(9,493,000)		
17 DOA - Named Claimants (Laws 2024, Ch. 81)		14,300		(14,300)		
18 APF - Automation Projects Fund/ADOA	71,781,700		71,181,700			29,694,000
19 APF - One-Time ADOA Personnel System (HRIS) Replacement				(20,647,800)	6,841,200	
20 APF - Remove One-Time Health & Human Services Systems Upgrades		(1,800,000)		(13,200,000)		
21 APF - Remove One-Time Corporation Commission Ecorp System				(7,000,000)		
22 APF - Remove One-Time DPS Concealed Weapons Tracking System				(494,500)		
23 APF - Remove One-Time Supreme Court Probation Case Mgmt System				(3,270,000)		
24 APF - Remove One-Time Supreme Court Electronic Monitoring System				(2,500,000)		
25 APF - Remove One-Time School Financial Transparency Portal				(3,500,000)		
26 APF - Adjust DOR Integrated Tax System Funding		(1,300,000)		1,387,400		
27 APF - AHCCCS IT Mainframe Replacement					3,396,000	
28 APF - DWR IT Cost Overrun of Original \$1.7 M Cost		2,500,000		(2,500,000)		
29 AGR - Department of Agriculture	1,904,600		1,904,600			1,924,300
30 AGR - Statewide Adjustments					32,400	
31 AGR - NEMF Assessment Alignment (Laws 2023, Ch. 114)				(12,700)		
32 AXS - AHCCCS	408,098,700		415,626,200			455,300,200
33 AXS - Statewide Adjustments					15,700	
34 AXS - Formula Changes				22,764,700		
35 AXS - Remove One-Time Children's Behavioral Health Fund Deposit				(250,000)		
36 AXS - Prescription Drug Rebate Fund Shift					24,671,100	
37 AXS - FY 2024 Formula Costs Supplemental		7,527,500		(7,527,500)		
38 BAT - Board of Athletic Training	165,300		165,300			167,800
39 BAT - Statewide Adjustments					2,500	
40 ATT - Attorney General	76,011,400		151,011,400			109,959,300
41 ATT - Statewide Adjustments					447,900	
42 ATT - Remove One-Time Child and Family Advocacy Centers (CPCF)				(500,000)		
43 ATT - Remove One-Time Opioid Abatement Funding				(12,000,000)		
44 ATT - Remove One-Time Funding				(3,000,000)		
45 ATT - Veterans Substance Abuse Treatment Grants					5,000,000	
46 ATT - Opioid Remediation - Treatment (ADC)		75,000,000		(75,000,000)	40,000,000	
47 ATT - Opioid Remediation - Fentanyl Interdiction (DEMA)					3,000,000	
48 ATT - Opioid Remediation - Overdose Medication (DHS)					1,000,000	
49 BCB - Barbering and Cosmetology Board	2,886,900		2,886,900			3,230,900
50 BCB - Statewide Adjustments					45,700	
51 BCB - Remove One-Time Data Migration Funding				(200,000)		
52 BCB - IT Development Costs (Laws 2024, Chapter 250)					200,000	
53 BCB - Enforcement Costs (Laws 2024, Chapter 250)					298,300	
54 BHE - Board of Behavioral Health Examiners	2,112,700		2,112,700			2,757,400
55 BHE - Statewide Adjustments					16,900	
56 BHE - Increased Licensing and Investigations Workload (7 FTEs)					565,600	
57 BHE - E-Licensing Annual Software Costs					62,200	
58 DCS - Department of Child Safety	204,287,200		204,287,200			204,280,700
59 DCS - Statewide Adjustments					(6,500)	
60 BCE - State Board of Chiropractic Examiners	542,400		542,400			643,700
61 BCE - Statewide Adjustments					5,000	
62 BCE - Business Entity Coordinator (1 FTE)					96,300	
63 ROC - Registrar of Contractors	14,067,800		14,067,800			13,925,600
64 ROC - Statewide Adjustments					(142,200)	
65 COR - Corporation Commission	36,228,900		36,228,900			35,404,400
66 COR - Statewide Adjustments					375,500	
67 COR - Remove One-Time Operating Costs				(1,200,000)		
68 ADC - Department of Corrections	57,795,600		62,943,100			68,633,300
69 ADC - Statewide Adjustments					10,900	
70 ADC - Remove One-Time Leap Year Funding				(1,606,700)		
71 ADC - Remove One-Time Florence Closure Costs				(1,000,000)		

	FY 2024 OF JLBC Baseline	FY 2024 Changes	FY 2024 OF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 OF Enacted Budget
72 ADC - Remove One-Time Transitional Housing Grants				(2,000,000)		
73 ADC - Inmate Healthcare Costs		5,147,500		(5,147,500)	1,785,200	
74 ADC - Private Prison Contract Increases					1,000,000	
75 ADC - Food Contract Costs					12,648,300	
76 JUS - Arizona Criminal Justice Commission	7,303,800		7,303,800			7,318,800
77 JUS - Statewide Adjustments					15,000	
78 SDB - AZ State Schools for the Deaf and the Blind	35,125,800		35,125,800			35,138,900
79 SDB - Statewide Adjustments					769,700	
80 SDB - Formula Adjustments				(924,600)		
81 SDB - Preschool Disability Student Costs (Telecommunication Fund)					168,000	
82 HEA - Comm for the Deaf & the Hard of Hearing	4,826,600		4,826,600			5,047,800
83 HEA - Statewide Adjustments					21,200	
84 HEA - Website Security Upgrades					200,000	
85 DEN - Board of Dental Examiners	2,056,600		2,056,600			2,129,800
86 DEN - Statewide Adjustments					16,900	
87 DEN - Database Vendor Cost Increase					47,000	
88 DEN - Annual Leave Payout					9,300	
89 DES - Department of Economic Security	417,750,100		417,750,100			549,327,500
90 DES - Statewide Adjustments					12,400	
91 DES - Formula Adjustments				565,000		
92 DES - Child Care Assistance Program					131,000,000	
93 ADE - Arizona Department of Education	352,999,000		352,999,000			368,120,000
94 ADE - Statewide Adjustments					29,300	
95 ADE - Endowment Earnings Growth				14,233,100	858,600	
96 EMA - Department of Emergency & Military Affairs	2,113,500		2,113,500			2,176,000
97 EMA - NEMF Assessment Alignment (Laws 2023, Ch. 114)				62,500		
98 DEQ - Department of Environmental Quality	101,571,800		101,571,800			98,366,000
99 DEQ - Statewide Adjustments					(218,900)	
100 DEQ - One-Time Water Quality Fee Fund Increase				(9,500,000)		
101 DEQ - Surface, Safe Drinking, and Groundwater Programs (Fee Increases)					2,519,000	
102 DEQ - Remove One-Time Recycling Fund Increase				(3,000,000)		
103 DEQ - State Implementation Plan Backlog (3 FTE)					469,100	
104 DEQ - Emissions Inspections Contract Costs					2,675,000	
105 DEQ - Fund Voluntary Vehicle Repair/Retrofit Program w/ Air Quality Fund					2,900,000	
106 DEQ - Backfill Solid Waste Program Shortfall with Recycling Fund					950,000	
107 OEO - Governor's Office of Equal Opportunity	310,500		310,500			311,700
108 OEO - Statewide Adjustments					1,200	
109 COL - Arizona Exposition and State Fair Board	17,555,300		17,555,300			23,698,700
110 COL - Statewide Adjustments					(1,348,800)	
111 COL - Vendor Contract Increases					3,720,800	
112 COL - Operating Budget Increase					3,771,400	
113 FIS - Arizona Game and Fish Department	41,850,200		41,850,200			42,552,200
114 FIS - Statewide Adjustments					579,500	
115 FIS - Public Safety Personnel Equipment					122,500	
116 GAM - Department of Gaming	22,045,400		22,045,400			23,444,000
117 GAM - Statewide Adjustments					43,500	
118 GAM - Shift HISA Costs from GF to Racing Regulation Fund					355,100	
119 GAM - HISA Assessment Increase - Racing Regulation Fund					1,000,000	
120 DHS - Department of Health Services	58,893,700		58,893,700			63,124,900
121 DHS - Statewide Adjustments					434,300	
122 DHS - State Hospital Clinical Staff					250,000	
123 DHS - Annual Budget Reporting Tool					160,000	
124 DHS - 4 FTEs - Procurement (2), Leg Specialist, Budget Analyst					386,900	
125 DHS - Shift Biomedical Research Support to Health Research Fund					2,000,000	
126 DHS - Shift \$1M Alzheimer's Research from GF to Health Care Fund					1,000,000	
127 HLS - Arizona Department of Homeland Security	11,319,400		11,319,400			11,054,700
128 HLS - Statewide Adjustments					(39,700)	
129 HLS - Remove One-Time Cyber Security Mitigation Costs				(225,000)		
130 HOM - Board of Homeopathic & Integrated Medicine Examiners	61,400		61,400			61,500
131 HOM - Statewide Adjustments					100	
132 DOH - Department of Housing	371,100		371,100			388,800
133 DOH - Statewide Adjustments					17,700	
134 IND - Industrial Commission	21,985,500		21,985,500			22,138,000
135 IND - Statewide Adjustments					152,500	
136 DIF - Department of Insurance and Financial Institutions	12,398,700		12,398,700			12,857,100
137 DIF - Statewide Adjustments					71,000	
138 DIF - Remove One-Time Theft Task Force Vehicle Fuel Costs				(68,600)		
139 DIF - Bank Examiners Costs (1 FTE)					340,000	
140 DIF - Regulatory Compliance Officer					116,000	

	FY 2024 OF JLBC Baseline	FY 2024 Changes	FY 2024 OF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 OF Enacted Budget
141 SPA - Judiciary - Supreme Court	33,125,100		33,125,100			35,020,400
142 SPA - Statewide Adjustments					345,300	
143 SPA - CASA - Volunteer Ads/Salary Funding (2 FTEs)					1,550,000	
144 SUP - Judiciary - Superior Court	12,015,700		12,829,400			12,015,600
145 SUP - Statewide Adjustments					(100)	
146 SUP - Judges Compensation		813,700		(813,700)		
147 DJC - Department of Juvenile Corrections	12,675,900		12,675,900			13,597,700
148 DJC - Statewide Adjustments					21,800	
149 DJC - Operating Budget Shift to Land Trust Fund					800,000	
150 DJC - Operating Budget Shift to CJEF					100,000	
151 LAN - State Land Department	11,876,900		11,876,900			12,496,200
152 LAN - Statewide Adjustments					(58,300)	
153 LAN - Planning/Real Estate Positions (5 FTEs)					500,000	
154 LAN - Shift Operating Expenses From GF to Off-Highway Vehicle Fund					177,600	
155 LIQ - Department of Liquor Licenses & Control	5,749,300		5,749,300			6,126,800
156 LIQ - Statewide Adjustments					(24,100)	
157 LIQ - Phoenix Field Office Rent Increase/Fill Vacant Positions					401,600	
158 LOT - Arizona State Lottery Commission	188,761,900		188,761,900			201,696,500
159 LOT - Statewide Adjustments					500	
160 LOT - Tab Tickets					126,400	
161 LOT - Instant Ticket Sales					1,987,800	
162 LOT - On-Line Vendor Fees					2,891,100	
163 LOT - Retailer Commissions					8,208,600	
164 LOT - Lump Sum Reduction					(279,800)	
165 BMT - Board of Massage Therapy	599,000		599,000			607,700
166 BMT - Statewide Adjustments					8,700	
167 MED - Arizona Medical Board	8,186,600		8,186,600			8,424,900
168 MED - Statewide Adjustments					63,900	
169 MED - Investigator Positions (2 FTEs) to Reduce Caseload/More Timely					174,400	
170 MIN - State Mine Inspector	112,900		112,900			112,900
171 NAT - Naturopathic Physicians Medical Board	217,700		217,700			220,000
172 NAT - Statewide Adjustments					2,300	
173 NAV - Navigable Stream Adjudication Commission	200,000		200,000			200,000
174 NUR - State Board of Nursing	6,132,200		6,132,200			7,016,600
175 NUR - Statewide Adjustments					66,700	
176 NUR - Remove One-Time Staff Attorney				(4,100)		
177 NUR - Remove One-Time Licensing Specialist Costs				(8,200)		
178 NUR - Advanced Practice Registered Nurses for Investigations (3 FTEs)					420,700	
179 NUR - Senior Investigators (5 FTEs)					409,300	
180 NCI - Nursing Care Inst. Administrators Board	604,900		604,900			613,100
181 NCI - Statewide Adjustments					8,200	
182 OCC - Board of Occupational Therapy Examiners	259,500		259,500			306,700
183 OCC - Statewide Adjustments					3,700	
184 OCC - Part-Time Investigator					43,500	
185 DIS - State Board of Dispensing Opticians	198,200		198,200			198,500
186 DIS - Statewide Adjustments					300	
187 OPT - State Board of Optometry	289,200		289,200			295,600
188 OPT - Statewide Adjustments					6,400	
189 OST - AZ Board of Osteopathic Examiners in Medicine/Surgery	1,398,600		1,398,600			1,403,100
190 OST - Statewide Adjustments					8,800	
191 OST - Remove One-Time Annual Leave Payout				(14,500)		
192 OST - Attorney General Costs					10,200	
193 SPB - Arizona State Parks Board	21,896,800		21,896,800			21,048,300
194 SPB - Statewide Adjustments					(1,563,300)	
195 SPB - Remove One-Time Dispatch Services ISA Costs				(285,200)		
196 SPB - Veterans Memorial State Park Feasibility Study					500,000	
197 SPB - Expand Retail Capacity of State Parks Stores					500,000	
198 PER - Personnel Board	361,000		361,000			363,700
199 PER - Statewide Adjustments					2,600	
200 PER - Technical Adjustment					100	
201 PHA - Arizona State Board of Pharmacy	3,526,700		3,526,700			3,568,600
202 PHA - Statewide Adjustments					(22,700)	
203 PHA - Annual Leave Payout					64,600	
204 PHY - Board of Physical Therapy Examiners	591,500		591,500			596,000
205 PHY - Statewide Adjustments					4,500	
206 PIO - Arizona Pioneers' Home	8,380,200		8,380,200			8,492,100
207 PIO - Statewide Adjustments					111,900	



	FY 2024 OF JLBC Baseline	FY 2024 Changes	FY 2024 OF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 OF Enacted Budget
208 <b>POD - State Board of Podiatry Examiners</b>	202,500		202,500			202,700
209 <b>POD - Statewide Adjustments</b>					200	
210 <b>PRI - State Board for Private Postsecondary Education</b>	448,100		448,100			453,000
211 <b>PRI - Statewide Adjustments</b>					4,900	
212 <b>PSY - State Board of Psychologist Examiners</b>	640,000		640,000			644,800
213 <b>PSY - Statewide Adjustments</b>					4,800	
214 <b>DPS - Department of Public Safety</b>	78,359,100		78,359,100			80,263,000
215 <b>DPS - Statewide Adjustments</b>					3,521,600	
216 <b>DPS - Remove One-Time Shift from Vehicle Liability Fund Costs to HPF</b>				Yes		
217 <b>DPS - Remove One-Time Master Site Upgrade Funding</b>				(3,000,000)		
218 <b>DPS - Remove One-Time Motor Vehicle Fuel Inflation Adjustment</b>				(3,671,200)		
219 <b>DPS - Rifle Replacement (Phase 1 of 2)</b>					770,000	
220 <b>DPS - Concealed Weapons Permit Program (2 FTEs)</b>					195,700	
221 <b>DPS - Property/Evidence Storage Lease (Fingerprint Clearance Card Fund)</b>					455,000	
222 <b>DPS - Shift GF Costs to State Highway Fund</b>					3,632,800	
223 <b>RUC - Residential Utility Consumer Office</b>	1,592,200		1,592,200			1,606,500
224 <b>RUC - Statewide Adjustments</b>					14,300	
225 <b>RES - Board of Respiratory Care Examiners</b>	421,400		436,500			426,700
226 <b>RES - Statewide Adjustments</b>					5,300	
227 <b>RES - Central Services Bureau Costs</b>		15,100		(15,100)		
228 <b>RET - Arizona State Retirement System</b>	28,667,000		28,667,000			28,863,400
229 <b>RET - Statewide Adjustments</b>					350,400	
230 <b>RET - Remove One-Time Cloud Migration Funding</b>				(154,000)		
231 <b>REV - Department of Revenue</b>	27,003,400		27,003,400			29,927,000
232 <b>REV - Statewide Adjustments</b>					(276,400)	
233 <b>REV - Remove One-Time Shift of Admin. Fund Costs to General Fund</b>				2,000,000		
234 <b>REV - IT Infrastructure for Cybersecurity and IRS Issues</b>					1,200,000	
235 <b>SOS - Secretary of State</b>	6,975,600		6,975,600			2,304,200
236 <b>SOS - Statewide Adjustments</b>					(121,400)	
237 <b>SOS - Remove One-Time HAVA Appropriation</b>				(5,000,000)		
238 <b>SOS - Electronic Records Repository Program</b>					450,000	
239 <b>TEC - State Board of Technical Registration</b>	2,605,000		2,605,000			2,646,000
240 <b>TEC - Statewide Adjustments</b>					41,000	
241 <b>DOT - Department of Transportation</b>	575,701,600		575,972,500			572,474,900
242 <b>DOT - Statewide Adjustments</b>					5,535,000	
243 <b>DOT - State Vehicle Replacement Funding</b>				(18,665,200)	5,035,200	
244 <b>DOT - One-Time MVD Security Modernization Funding Adjustments (SHF)</b>				(730,900)	724,900	
245 <b>DOT - Passenger Rail Study Admin Costs (One-Time)</b>				(250,000)	200,000	
246 <b>DOT - One-Time ADOT Fleet Fuel Inflation Adjustment (SHF)</b>				(2,337,900)	3,297,900	
247 <b>DOT - Remove One-Time Computer Aided Dispatch System (SHF)</b>				(336,800)		
248 <b>DOT - Remove One-Time MVD Paper Cost Increase (SHF)</b>				(701,700)		
249 <b>DOT - One-Time State Fleet Operating Adjustments</b>				(6,791,800)	6,273,900	
250 <b>DOT - State Fleet Operations (2 FTEs)</b>					172,500	
251 <b>DOT - Exempt Fleet/Non-State Fleets Adjustments</b>					(960,000)	
252 <b>DOT - Construction Management System Replacement (SHF)</b>					1,885,000	
253 <b>DOT - Increased Federal Construction Funding (15 FTEs) (SHF)</b>					1,550,000	
254 <b>DOT - Highway Maintenance - 84 New Lane Miles (SHF)</b>					1,110,900	
255 <b>DOT - Highway Maintenance - 176 Lane Miles South Mountain (SHF)</b>					853,200	
256 <b>DOT - Highway Maintenance - I-17 Flex Lane Maintenance (SHF)</b>					517,500	
257 <b>DOT - ADOT Fleet Internal Charges</b>					1,010,300	
258 <b>DOT - ADOT Fleet Operating Costs</b>					1,010,300	
259 <b>DOT - ADOT Fleet Fuel Contingency</b>					1,000,000	
260 <b>DOT - Reduced License Plate Costs (SHF)</b>					(629,000)	
261 <b>DOT - Reduce Enforcement &amp; Compliance Funding (SHF)</b>					(2,000,000)	
262 <b>DOT - Named Claimants (Laws 2024, Ch. 81)</b>		270,900		(270,900)		
263 <b>TRE - State Treasurer</b>	7,854,000		7,854,000			9,471,600
264 <b>TRE - Statewide Adjustments</b>					32,400	
265 <b>TRE - Local Dist. - Remove One-Time Training Simulators</b>				(1,368,000)		
266 <b>TRE - Peace Officer Training Equipment Fund Allocation</b>					2,953,200	
267 <b>UNI - Universities</b>						
268 <b>UNI - ASU</b>	854,407,100		854,407,100			854,407,100
269 <b>UNI - Northern Arizona University</b>	135,319,600		135,319,600			135,319,600
270 <b>UNI - UA - Main Campus</b>	347,232,700		347,232,700			347,232,700
271 <b>UNI - UA - Health Sciences Center</b>	69,546,500		69,546,500			69,546,500
272 <b>VSC - Department of Veterans' Services</b>	60,519,600		60,519,600			60,994,800
273 <b>VSC - Statewide Adjustments</b>					475,200	
274 <b>VME - Veterinary Medical Examining Board</b>	785,100		785,100			787,900
275 <b>VME - Statewide Adjustments</b>					2,800	
276 <b>WAT - Department of Water Resources</b>	2,019,000		2,019,000			2,018,900

	FY 2024 OF JLBC Baseline	FY 2024 Changes	FY 2024 OF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 OF Enacted Budget
277 WAT - Statewide Adjustments					(700)	
278 OTH - Other						
279 OTH - Unallocated FY 2024 Health Insurance Adjustments	8,403,200		8,403,200	(8,403,200)		0
280 OTH - Unallocated FY 2024 AFIS Transaction Fee Adjustments	70,900		70,900	(70,900)		0
281 OTH - Unallocated FY 2024 Rent and COP Adjustments	45,500		45,500	(45,500)		0
282 OTH - Unallocated FY 2024 Risk Management Adjustments	84,800		84,800	(84,800)		0
283 OTH - Unallocated FY 2024 Fleet Adjustments	546,200		546,200	(546,200)		0
284 OTH - Unallocated FY 2024 Retirement Adjustments	(243,800)		(243,800)	243,800		0
285 OTH - Unallocated FY 2023 Salary Corrections	395,900		395,900	(395,900)		0
286 OTH - Unallocated FY 2025 Health Insurance Adjustments	0		0		18,448,400	18,448,400
287 OTH - Unallocated FY 2025 Fleet Adjustments	0		0		171,400	171,400
288 OTH - Unallocated FY 2025 Rent and COP Adjustments	0		0		13,000	13,000
289 OTH - Unallocated FY 2025 Retirement Adjustments	0		0		392,500	392,500
290 TOTAL - OPERATING SPENDING CHANGES	\$4,739,802,900	\$97,682,000	\$4,837,484,900	(\$189,834,500)	\$330,477,400	\$4,978,127,800
291 CAPITAL SPENDING CHANGES						
292 Building Renewal						
293 Arizona Department of Administration	14,000,000		14,000,000		5,000,000	19,000,000
294 Arizona Exposition and State Fair Board	3,802,100		3,802,100	(3,802,100)		0
295 Arizona Department of Corrections	5,864,300		5,864,300		2,692,700	8,557,000
296 Game & Fish Department	1,776,400		1,776,400	18,600		1,795,000
297 Arizona Lottery Commission	214,200		214,200	4,000		218,200
298 State Parks Board	3,034,400		3,034,400	(3,034,400)	3,022,000	3,022,000
299 Pioneers' Home	468,700		468,700	(468,700)	465,000	465,000
300 Arizona Department of Transportation	22,420,200		22,420,200		119,900	22,540,100
301 New Projects						
302 Game & Fish - Dam Maintenance	150,000		150,000	(150,000)		0
303 Game & Fish - Hatchery Maintenance	400,000		400,000	(400,000)		0
304 Game & Fish - Property Maintenance	300,000		300,000	(300,000)		0
305 Game & Fish - Water Conservation Projects	500,000		500,000	(500,000)		0
306 DHS - Water Pump Replacements	209,000		209,000	(209,000)		0
307 DHS - Water Isolation Valve Replacements	200,000		200,000	(200,000)		0
308 Parks - Catalina State Park Bridge Construction	5,813,000		5,813,000	(5,813,000)		0
309 Parks - Statewide Campground Improvements	4,100,000		4,100,000			4,100,000
310 Parks - Statewide Solar Shade Structures	2,233,300		2,233,300			2,233,300
311 Parks - Statewide Water Conservation Projects	1,339,000		1,339,000			1,339,000
312 Parks - Riordan Mansion Historic Building Renovations	2,900,000		2,900,000	(2,900,000)		0
313 Parks - Oracle Historic Building Renovations	2,008,500		2,008,500	(2,008,500)		0
314 Parks - Yuma Territorial Prison State Historic Park Repairs	750,000		750,000	5,195,000		5,945,000
315 Parks - Establish Veterans Memorial State Park (Laws 2023, Ch. 199)	10,000,000		10,000,000	(10,000,000)		0
316 Parks - Red Rock Historic Building Renovations	0		0	4,000,000		4,000,000
317 Parks - San Rafael Historic Building Renovation	0		0	1,500,000		1,500,000
318 Pioneers' Home - Cemetery Columbarium	75,000		75,000	(75,000)		0
319 Pioneers' Home - Cemetery Parking	250,000		250,000	(250,000)		0
320 ADOT - Statewide Highway Construction	168,607,000		168,607,000	28,080,000		196,687,000
321 ADOT - Controlled Access	137,145,000		137,145,000	174,000		137,319,000
322 ADOT - Debt Service	138,491,000		138,491,000	(10,009,000)		128,482,000
323 ADOT - Airport Planning	35,000,000		35,000,000	(9,450,000)		25,550,000
324 ADOT - Tucson North MVD Renovation (SHF)	4,100,000		4,100,000	(4,100,000)		0
325 ADOT - Keams Canyon Truck Barn/Office (SHF)	3,400,000		3,400,000	(3,400,000)		0
326 ADOT - Replace 3 Vehicle Fueling Stations (SHF)	2,600,000		2,600,000	(2,600,000)		0
327 ADOT - Electric Charging/Adv. Fuel Infrastructure (MVD Public Use) (SHF)	2,500,000		2,500,000	(2,500,000)		0
328 ADOT - Electric Charging/Adv. Fuel Infra. (State/ADOT Fleet) (SHF)	5,000,000		5,000,000	(5,000,000)		0
329 ADOT - Statewide Water Conservation Projects (SHF)	2,500,000		2,500,000	(2,500,000)		0
330 ADOT - Vehicle Fueling Stations Shortfall (10 Stations) (SHF)	0		0		9,088,200	9,088,200
331 ADOT - US-60 Repave, Project - Morristown to Wickenburg (Shortfall)	0	220,900	220,900	(220,900)		0
332 ADOT - FY 23 I-10 Widening (SR-85/Citrus Road) (Shift to FY 27/FY28)	0	(55,910,000)	(55,910,000)	55,910,000		0
333 ADOT - FY 23 Riggs Rd/SR-347 Overpass - Shift to FY 2028	0	(24,000,000)	(24,000,000)	24,000,000		0
334 ADOT - FY 23 Riggs Rd/SR-347 Overpass (Shortfall)	0	1,500,000	1,500,000	(1,500,000)		0
335 ADOT - FY 23 US 191 Pavement Rehab (Armory/East Safford)	0	(7,038,200)	(7,038,200)	7,038,200		0
336 ADOT - SR-85 Lane Expansion (MP 123 to Maricopa Rd)	0	12,600,500	12,600,500	(12,600,500)		0
337 ADOT - SR-83 (Santa Cruz to Sonolita)	0	1,100,000	1,100,000	(1,100,000)		0
338 ADOT - FY 23 SR-90 (Campus Dr/Border Patrol)	0	(8,720,000)	(8,720,000)	8,720,000		0
339 ADOT - FY 23 SR-303/I-17 Interchange Design	0	(4,000,000)	(4,000,000)	4,000,000		0
340 ADOT - FY 23 R-90 Improvements (Moson Rd/Campus Rd)	0	(3,300,000)	(3,300,000)	3,300,000		0
341 ADOT - FY 23 Sonoran Corridor Tier 2 Study (Pima County)	0	(2,436,000)	(2,436,000)	2,436,000		0
342 ADOT - FY 23 SR-69/SR-169 Roundabout Construction	0	939,100	939,100	(939,100)		0
343 ADOT - FY 23 Pavement Rehabilitation Funding	0	(29,343,200)	(29,343,200)	29,343,200		0
344 TOTAL - CAPITAL SPENDING CHANGES	\$582,151,100	(\$118,386,900)	\$463,764,200	87,688,800	\$20,387,800	\$571,840,800
345 TOTAL - OPERATING & CAPITAL SPENDING	\$5,321,954,000	(\$20,704,900)	\$5,301,249,100	(102,145,700)	\$350,865,200	\$5,549,968,600
346 FUND TRANSFERS 2/						
347 APF/DOA - Automation Projects Fund - All For IT Projects						
348 APF/DOA - DOR Integrated Tax System	7,575,300		7,575,300	34,200		7,609,500
349 APF/DOA - Corp Comm Ecorp System	7,000,000		7,000,000	(7,000,000)		0
350 APF/DOA - DPS Concealed Weapons Tracking System	494,500		494,500	(494,500)		0
351 APF/DOA - One-Time ADOA Personnel System (HRIS) Replacement	0	3,100,000	3,100,000	(3,100,000)	2,421,200	2,421,200
352 APF/DOA - DWR IT Modernization (Supplemental)	0	2,500,000	2,500,000	(2,500,000)		0
353 Other Fund Transfers						
354 OTH - Water Quality Fee Fund from Air Quality Fund	0		0		7,200,000	7,200,000
355 TOTAL - FUND TRANSFERS	\$15,069,800	\$5,600,000	\$20,669,800	(\$13,060,300)	\$9,621,200	\$17,230,700



	FY 2024 OF JLBC Baseline	FY 2024 Changes	FY 2024 OF Revised	FY 25 Baseline 1/ Above FY 24	FY 2025 Changes	FY 2025 OF Enacted Budget
356 EXPENDITURE AUTHORITY CHANGES						
357 AXS - AHCCCS	17,147,938,800		17,147,938,800			17,934,300,500
358 AXS - Statewide Adjustments					1,519,800	
359 AXS - Formula Adjustments				(193,654,100)		
360 AXS - Remove One-Time PMMIS Replacement Costs				(13,800,000)		
361 AXS - Remove One-Time Rapid Genome Sequencing Pilot Program				(326,500)		
362 AXS - Remove One-Time ARPA Home and Community Based Services				(347,740,500)		
363 AXS - One-Time Critical Access Hospital Supplemental Pool				(8,262,000)	7,762,400	
364 AXS - Shift Rural Hospital Reimbursement Funding				(8,059,900)		
365 AXS - Increase Hospital Assessment for Behav Health/Rate Increase					100,000,000	
366 AXS - Additional Hospital Assessment Expenditure Authority					500,000,000	
367 AXS - IT Mainframe Replacement					21,911,000	
368 AXS - Increased Hospital Directed Payments from Higher Assessment					727,011,500	
369 AXS - Add 101 FTEs for Fee For Service Programs to Reduce Fraud					7,969,500	
370 AXS - Reduce Invalid Payments from Additional Fee for Service FTE					(7,969,500)	
371 DCS - Department of Child Safety	637,016,800		647,216,800			598,749,400
372 DCS - Statewide Adjustments					(1,265,800)	
373 DCS - Formula Adjustments				(33,036,100)		
374 DCS - Federal Match Rate Changes				(5,725,800)		
375 DCS - Remove One-Time Extended Foster Care Services Model				(6,693,300)		
376 DCS - Increased Operating Costs					453,600	
377 DCS - Community Prev. Grants/ Shift Preventative Services to Fed Funds					5,500,000	
378 DCS - Healthy Families Expansion					2,500,000	
379 DCS - Federal Expenditure Authority Savings		10,200,000				
380 DES - Department of Economic Security	3,290,356,700		3,290,356,700			3,401,058,000
381 DES - Statewide Adjustments					1,781,300	
382 DES - Formula Adjustments				71,025,400		
383 DES - Remove One-Time Home and Community Based Services Funding				(115,793,900)		
384 DES - Administrative Pass-Through Adjustment (AHCCCS Match Transfer)				140,658,300		
385 DES - Increased Hospital Directed Payments from Higher Assessment					13,030,200	
386 ADE - Arizona Department of Education	1,259,218,700		1,259,218,700			1,293,641,500
387 ADE - Classroom Site Fund Recalculation					34,422,800	
388 TOTAL - EXPENDITURE AUTHORITY CHANGES	\$22,334,531,000	\$10,200,000	\$22,344,731,000	(\$521,408,400)	\$1,414,626,800	\$23,227,749,400

1/ This column displays an agency's FY 2025 Baseline funding compared to the final enacted FY 2024 Other Fund spending amount displayed in "FY 2024 OF Revised".

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

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
<b>EXPENDITURES</b>				
Operating Budget				
-- Department of Administration	\$8,965,000	\$8,681,400	\$8,678,900	\$8,678,900
-- ADOA - School Facilities Division	28,227,800	28,170,500	28,170,500	28,170,500
-- Office of Administrative Hearings	967,600	926,900	926,900	926,900
-- Arizona Department of Agriculture	14,635,900	13,797,500	13,797,500	13,797,500
-- AHCCCS	2,501,933,000	2,762,740,500	2,945,660,400	3,103,994,900
-- Attorney General	27,019,400	26,007,800	26,007,800	26,007,800
-- State Board for Charter Schools	2,810,300	2,701,600	2,701,600	2,701,600
-- Department of Child Safety	455,849,400	439,187,400	439,187,400	439,187,400
-- Commerce Authority	13,550,000	13,050,000	13,050,000	13,050,000
-- Community Colleges	92,795,800	96,013,800	99,036,500	102,348,100
-- Corporation Commission	774,100	741,300	741,300	741,300
-- Department of Corrections	1,349,551,000	1,442,593,500	1,433,104,600	1,433,104,600
-- 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	24,701,700	23,801,400	23,801,400	23,801,400
-- Office of Economic Opportunity	514,200	489,600	489,600	489,600
-- Department of Economic Security	1,180,105,900	1,320,831,300	1,444,911,700	1,546,989,800
-- State Board of Education	3,439,700	3,322,600	3,322,600	3,322,600
-- Department of Education	7,403,979,600	7,577,275,400	8,060,779,400	8,236,238,900
-- Dept. of Emergency & Military Affairs	16,782,600	15,571,800	15,571,800	15,571,800
-- Department of Environmental Quality	15,000,000	15,000,000	15,000,000	15,000,000
-- State Board of Equalization	744,400	711,500	711,500	711,500
-- Board of Executive Clemency	1,355,000	1,348,200	1,348,200	1,348,200
-- Dept. of Forestry and Fire Management	49,157,100	43,865,400	43,865,400	43,865,400
-- Department of Gaming	11,559,600	6,204,500	6,204,500	6,204,500
-- Office of the Governor	9,255,600	8,834,800	8,834,800	8,834,800
-- Gov's Ofc of Strategic Planning and Budgeting	2,690,800	2,770,300	2,770,300	2,770,300
-- Department of Health Services	116,728,700	116,812,700	115,912,700	115,912,700
-- Arizona Historical Society	2,941,200	2,839,700	2,839,700	2,839,700
-- Prescott Historical Society	987,000	945,500	945,500	945,500
-- Arizona Dept. of Homeland Security	10,000,000	10,000,000	10,000,000	10,000,000
-- Industrial Commission	84,700	84,700	84,700	84,700
-- Dept. of Insurance and Financial Institutions	8,073,700	7,799,300	7,799,300	7,799,300
-- Judiciary	164,685,100	167,117,800	169,387,400	170,522,200
-- Department of Juvenile Corrections	30,565,400	29,149,000	29,149,000	29,149,000
-- State Land Department	12,729,700	11,929,500	11,929,500	11,929,500
-- Legislature				
Auditor General	25,872,900	25,869,000	25,869,000	25,869,000
House of Representatives	21,553,400	20,799,700	20,799,700	20,799,700

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

	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
	<b>Enacted</b>	<b>Enacted</b>	<b>Estimate</b>	<b>Estimate</b>
Joint Legislative Budget Committee	2,872,900	2,968,800	2,968,800	2,968,800
Legislative Council	9,402,800	9,073,900	9,073,900	9,073,900
Ombudsman	1,542,800	1,543,000	1,543,000	1,543,000
Senate	18,094,300	17,461,100	17,461,100	17,461,100
SUBTOTAL - Legislature	\$79,339,100	\$77,715,500	\$77,715,500	\$77,715,500
-- State Mine Inspector	2,310,500	2,232,300	2,232,300	2,232,300
-- Navigable Stream Adjudication Commission	140,400	133,600	133,600	133,600
-- Department of Public Safety	289,616,200	285,516,600	285,516,600	285,516,600
-- Public Safety Personnel Retirement System	6,000,000	6,000,000	6,000,000	5,000,000
-- State Real Estate Department	3,138,500	3,011,700	3,011,700	3,011,700
-- Department of Revenue	59,297,000	57,266,100	57,266,100	57,266,100
-- Secretary of State	18,202,000	17,663,500	13,663,500	17,663,500
-- Tax Appeals, State Board of	320,700	305,700	305,700	305,700
-- Office of Tourism	8,465,600	8,208,400	8,208,400	8,208,400
-- State Treasurer	4,660,800	4,160,700	4,160,700	4,160,700
-- Governor's Office on Tribal Relations	67,500	64,600	64,600	64,600
-- Universities	874,145,800	851,075,700	851,672,500	852,285,500
-- Department of Veterans' Services	11,361,500	11,211,800	11,211,800	11,211,800
-- Department of Water Resources	24,649,400	24,021,800	24,021,800	24,021,800
-- Phoenix Convention Center Payment	25,498,600	25,998,700	26,497,400	26,997,100
-- Rio Nuevo District	17,000,000	17,000,000	17,000,000	17,000,000
-- Unallocated FY 24 Statewide Retirement Adjustment	100			
Total - Operating Budget	\$15,002,625,400	\$15,608,154,600	\$16,390,655,300	\$16,835,086,500
-- Water Supply Funding	189,200,000			
-- Hospital Assessment Savings		(100,000,000)	(100,000,000)	
-- FY 2024 Ongoing Supplementals/Ex-Appropriations	(110,652,000)			
-- Capital Outlay	84,044,300			
-- FY 24 One-Time Supplementals/Ex-Appropriations	12,913,600			
-- Prior Year Ex-Appropriations	(175,443,000)			
-- Transportation Funding	535,031,600			30,000,000
-- Operating One-Time Spending	1,824,818,800	715,302,000	199,086,800	321,837,800
-- Administrative Adjustments	90,000,000	130,000,000	140,000,000	145,000,000
-- Revertments	(176,790,300)	(170,000,000)	(190,000,000)	(200,000,000)
Total Spending	\$17,275,748,400	\$16,183,456,600	\$16,439,742,100	\$17,131,924,300

1/ Individual agency spending amounts listed above exclude "Operating One-Time Spending" amounts. These amounts are accounted for in the "Operating One-Time Spending" line and are summarized in the Summary of One-Time General Fund Adjustments section.

## SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
<b>Operating</b>				
ADOA - Accounting System Upgrade	4,000,000			
ADOA - School District Actuarial Study to Expand HITF		250,000		
ADOA - Critical Applications Catalogue		500,000		
ADOA - Capitol Mall Fiber Upgrades		325,000		
ADOA - Operating Budget Shift to COSF		1,916,500		
ADOA - Federal Financial Participation Repayment	9,493,000			
ADOA - Named Claimants (Laws 2024, Ch. 81)	14,300			
APF - ADOA Personnel System Replacement	20,647,800	6,841,200		
APF - DOR Integrated Tax System	18,069,400	19,456,800	19,256,800	18,456,800
APF - Health and Human Services Systems Upgrades	13,200,000			
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	3,500,000			
APF - DWR Application Modernization/Integration Cost Overrun	2,500,000			
APF - AHCCCS IT Mainframe Replacement		3,396,000		
Agriculture - Nuclear Emergency Mgmt (Laws 2023, Ch. 114)	321,300	308,600		
AHCCCS - Children's Behavioral Health Fund Deposit	250,000			
AHCCCS - Formula Costs Supplemental	7,527,500			
Attorney General - Child and Family Advocacy Centers	500,000			
Attorney General - Opioid Abatement	12,000,000			
Attorney General - One-Time Funding	3,000,000			
Attorney General - Veterans Substance Abuse Treatment Grants		5,000,000		
Attorney General - Opioid Remediation (ADC)	75,000,000			
Attorney General - Opioid Remediation (DEMA)		3,000,000		
Attorney General - Opioid Remediation (DHS)		1,000,000		
Barbering/Cosmetology - Data Migration	200,000			
Barbering/Cosmetology - IT Development (Laws 2024, Ch. 250)		200,000	200,000	
Behavioral Health Examiners - Increased Licensing Workload		36,300		
Corporation Commission - One-Time Operating Costs	1,200,000			
ADC - Leap Year Funding	1,606,700			
ADC - Florence Closure Costs	1,000,000			
ADC - Transitional Housing Grants	2,000,000			
ADC - Inmate Healthcare Costs Supplemental	5,147,500			
Deaf & Hard of Hearing Comm. - Website Security Upgrades		200,000		
Dental Examiners - Annual Leave Payout		9,300		
DES - Child Care Assistance		131,000,000		
DEMA - Nuclear Emergency Mgmt (Laws 2023, Ch. 114)	2,113,500	2,176,000		
DEQ - Water Quality Fee Fund Increase	9,500,000			
DEQ - Recycling Fund Increase	3,000,000			
DEQ - Voluntary Vehicle Repair/Retrofit Program Fund		2,900,000		
DEQ - Solid Waste Program Shortfall		950,000		
DHS - Procurement, Leg Specialist, Budget Analyst FTEs		5,400		
DHS - Shift Biomedical Research from GF to Health Care Fund		2,000,000	2,000,000	
DHS - Shift Alzheimer's Research from GF to Health Care Fund		1,000,000		
Homeland Security - Cybersecurity Costs	225,000			
DIFI - Theft Task Force Vehicle Fuel Costs	68,600			
Superior Court - Judges Compensation Supplemental	813,700			
DJC - Operating Budget Shift to Land Trust Fund		800,000	800,000	
DJC - Operating Budget Shift to CJEF		100,000	100,000	
Nursing - One-Time Staff Attorney Costs	4,100			
Nursing - One-Time Licensing Specialist Costs	8,200			
Nursing - One-Time APRN Investigator Costs		12,700		
Nursing - One-Time Senior Investigator Costs		21,100		
Occupational Therapy - One-Time Part-Time Investigator Costs		4,000		
Osteopathic Examiners - Annual Leave Payout	14,500			
Parks - One-Time Dispatch Services ISA Costs	285,200			
Parks - Veterans Memorial State Park Feasibility Study		500,000		
Pharmacy - Annual Leave Payout		64,600		
DPS - Shift Vehicle Liability Insurance Fund Costs to HPF	Yes			
DPS - Master Site Upgrade	3,000,000			
DPS - Motor Vehicle Fuel Inflation	3,671,200			
DPS - Rifle Replacement	472	770,000		

## SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Estimate	FY 2027 Estimate
Respiratory Care - Central Services Bureau Costs Supplemental	15,100			
ASRS - Cloud Migration Funding	154,000			
DOR - Shift Administrative Fund Spending to General Fund	(2,000,000)			
DOR - IT Infrastructure for Cybesecurity and IRS Issues		1,200,000		
SOS - Appropriate HAVA Balance	5,000,000			
SOS - Electronic Records Repository Program		450,000		
ADOT - Named Claimants (Laws 2024, Ch. 81)	270,900			
ADOT - One-Time Vehicle Purchases	18,665,200	4,012,000		
ADOT - MVD Security Modernization	730,900	724,900		
ADOT - Passenger Rail Service Costs	250,000	200,000		
ADOT - ADOT Fleet Fuel Inflation Adjustment	2,337,900	3,297,900		
ADOT - Computer Aided Dispatch System Replacement	336,800			
ADOT - MVD Paper Costs	701,700			
ADOT - State Fleet Operating Adjustments	6,791,800	6,273,900		
ADOT - State Fleet Operations Costs		5,200		
ADOT - Construction Management System Replacement		1,885,000		
ADOT - South Mountain Highway Maintenance		509,300		
ADOT - I-17 Flex Lane Highway Maintenance		517,500		
State Treasurer - Peace Officer Training Equip Fund Allocation		2,953,200		
<b>Subtotal - Operating Funding</b>	<b>250,400,300</b>	<b>206,772,400</b>	<b>22,356,800</b>	<b>18,456,800</b>
<b>Capital Outlay</b>				
ADOA - Building Renewal	14,000,000	19,000,000		
State Fair - Building Renewal	3,802,100			
ADC - Building Renewal	5,864,300	8,557,000		
Game and Fish - Building Renewal	1,776,400	1,795,000		
Lottery - Building Renewal	214,200	218,200		
Parks - Building Renewal	3,034,400	3,022,000		
Pioneers' Home - Building Renewal	468,700	465,000		
ADOT - Building Renewal	22,420,200	22,540,100		
Game and Fish - Dam Maintenance	150,000			
Game and Fish - Property Maintenance	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			
Parks - Red Rock Historic Building Renovations		4,000,000		
Parks - Catalina State Park Bridge Construction	5,813,000			
Parks - Statewide Campground Improvements	4,100,000	4,100,000		
Parks - Statewide Solar Shade Structures	2,233,300	2,233,300		
Parks - Statewide Water Conservation Projects	1,339,000	1,339,000		
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	168,607,000	196,687,000		
ADOT - Controlled Access	137,145,000	137,319,000		
ADOT - Debt Service	138,491,000	128,482,000		
ADOT - Airport Planning	35,000,000	25,550,000		
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			
ADOT - Vehicle Fueling Stations Shortfall		9,088,200		
ADOT - US-60 Repavement Shortfall (Morristown to Wickenburg)	220,900			
<b>Subtotal - Capital Outlay</b>	<b>582,372,000</b>	<b>571,840,800</b>	<b>-</b>	<b>-</b>
<b>Total - One-Time Spending</b>	<b>832,772,300</b>	<b>778,613,200</b>	<b>22,356,800</b>	<b>18,456,800</b>

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS**  
**GENERAL FUND 1/**

Budget Units	GF General Appropriation Act - Individual	GF HITF Reduction	GF HITF Increase	GF AFIS Transaction Fee Adjustment	GF HRIS Adjustment	GF Fleet Reduction	GF Fleet Rate Adjustment	GF Retirement Adjustment	GF FY 2025 Additional Appropriations	GF Prior Year/ Statutory Appropriations	GF FY 2025 Approps Report Total
	Agency	2/	3/	3/	3/	3/	3/	3/	4/	5/	
Administration, Arizona Department of	9,995,100	(226,100)	435,000	(1,100)	(82,400)	(2,500)	31,200	(1,600)			10,147,600
Administration, Arizona Department of Automation Projects Fund	15,243,300	-	-	-	-	-	-	-			15,243,300
Administration, Arizona Department of - School Facilities Division	242,991,800	(31,300)	60,200	-	-	(300)	-	(200)		77,898,600	320,918,800
Administrative Hearings, Office of	955,800	(22,400)	43,100	-	(6,400)	-	-	(100)			970,000
Agriculture, Arizona Department of	14,933,600	(262,500)	505,000	(500)	(58,400)	(813,000)	337,300	(1,700)			14,639,800
AHCCCS	2,669,125,000	(955,000)	1,837,400	(21,800)	(248,900)	46,100	(46,200)	(4,900)			2,669,731,700
Arts, Arizona Commission on the	2,000,000	-	-	-	-	-	-	-			2,000,000
Attorney General - Department of Law	26,825,200	(492,100)	946,800	(3,800)	(159,600)	(237,700)	138,100	(9,200)		85,000	27,092,700
Charter Schools, State Board for	2,737,300	(24,800)	47,700	-	(10,600)	-	-	(300)			2,749,300
Child Safety, Department of	458,314,500	(468,900)	902,100	(482,500)	(161,200)	-	-	(14,500)			458,089,500
Commerce Authority, Arizona	13,550,000	-	-	-	-	-	-	-			13,550,000
Community Colleges, Arizona 1/	88,532,600	-	-	-	-	-	-	-		7,481,200	96,013,800
Corporation Commission	771,300	(24,800)	47,700	(400)	(4,700)	-	-	(100)			789,000
Corrections, State Department of	1,515,971,300	(21,079,500)	40,556,400	(45,500)	(5,267,100)	-	-	7,297,800			1,537,433,400
County Funding	10,650,700	-	-	-	-	-	-	-			10,650,700
Criminal Justice Commission, Arizona	4,600,000	-	-	-	-	-	-	-			4,600,000
Deaf and the Blind, Schools for the	25,094,300	(622,100)	1,196,900	(800)	-	(667,500)	293,000	(2,500)			25,291,300
Economic Opportunity, Office of	502,300	(9,100)	17,500	-	(3,500)	-	-	(100)			507,100
Economic Security, Department of	1,343,268,600	(1,949,000)	3,749,800	(75,400)	(440,300)	-	-	(22,600)			1,344,531,100
Education, State Board of	3,338,800	(10,300)	19,800	100	(5,600)	-	-	(400)			3,342,400
Education, Department of	6,582,816,900	(233,000)	448,300	(1,200)	(99,400)	(7,800)	26,100	(7,800)	1,093,727,700		7,676,669,800
Emergency and Military Affairs, Department of	14,260,900	(87,600)	168,500	(4,200)	(34,100)	(1,989,400)	(177,800)	(900)		4,090,000	16,225,400
Environmental Quality, Department of	1,000,000	-	-	-	-	-	-	-		15,000,000	16,000,000
Equalization, State Board of	721,100	(6,700)	12,900	-	(2,800)	-	-	(100)			724,400
Executive Clemency, Board of	1,370,300	(15,300)	29,400	-	(6,600)	-	-	(200)			1,377,600
Forestry and Fire Management, Arizona Department of	48,356,600	(177,200)	340,900	(300)	(40,500)	(3,270,900)	2,265,300	(2,300)		4,000,000	51,471,600
Gaming, Department of	11,704,500	-	-	-	-	-	-	-			11,704,500
Governor, Office of the	8,971,700	(84,200)	162,000	(700)	(45,000)	-	-	(7,000)			8,996,800
Governor's Office of Strategic Planning and Budgeting	2,836,700	(42,700)	82,200	-	(23,400)	-	-	(300)			2,852,500
Health Services, Department of	121,760,000	(1,744,200)	3,355,800	(10,300)	(575,400)	(403,900)	95,400	(11,100)			122,466,300
Historical Society, Arizona	2,962,300	(63,700)	122,600	500	(18,200)	(40,900)	16,400	(300)			2,978,700
Historical Society, Prescott	977,900	(25,900)	49,800	(100)	(6,300)	-	-	(100)			995,300
Homeland Security, Department of	10,200,000	-	-	-	-	-	-	-			10,200,000
Housing, Department of	15,000,000	-	-	-	-	-	-	-			15,000,000
Industrial Commission of AZ	84,700	-	-	-	-	-	-	-			84,700
Insurance and Financial Institutions, Department of	8,076,000	(131,300)	252,600	(2,000)	(49,000)	(93,500)	38,200	(900)			8,090,100
Judiciary	-	-	-	-	-	-	-	-			-
Supreme Court	29,360,200	(644,900)	1,240,800	(2,100)	(100)	-	-	(89,700)			29,864,200
Court of Appeals	24,454,800	(300,300)	577,800	(100)	-	-	-	(324,800)			24,407,400
Superior Court	115,612,600	-	-	-	-	-	-	(417,800)			115,194,800
SUBTOTAL - Judiciary	169,427,600	(945,200)	1,818,600	(2,200)	(100)	-	-	(832,300)			169,466,400
Juvenile Corrections, Department of	29,822,700	(815,100)	1,568,200	100	(235,600)	(440,300)	161,700	(82,800)			29,978,900
Land Department, State	12,256,000	(250,400)	481,800	(600)	(74,000)	-	-	(1,500)			12,411,300
Legislature	-	-	-	-	-	-	-	-			-
Auditor General	26,316,600	(443,700)	853,700	(300)	(100)	-	-	(3,500)			26,722,700
House of Representatives	21,287,400	(398,100)	765,900	(300)	-	-	-	(89,300)			21,565,600
Joint Legislative Budget Committee	3,014,900	(45,200)	87,000	(500)	-	-	-	(400)			3,055,800
Legislative Council	9,179,600	(104,900)	201,800	(100)	-	-	-	(700)			9,275,700
Ombudsmen-Citizens Aide Office	1,561,200	(18,400)	35,400	400	-	-	-	(200)			1,578,400
Senate	17,787,200	(280,200)	539,100	(600)	-	-	-	(45,300)			18,000,200
SUBTOTAL - Legislature	79,146,900	(1,290,500)	2,482,900	(1,400)	(100)	-	-	(139,400)			80,198,400
Mine Inspector, State	2,309,900	(24,800)	47,700	200	(6,200)	(43,500)	19,300	(3,300)			2,299,300
Navigable Stream Adjudication Commission	138,000	(3,600)	6,900	-	(800)	-	-	-			140,500
Parks Board, Arizona State	100,000	-	-	-	-	-	-	-			100,000
Public Safety, Department of	262,246,500	(1,258,700)	2,421,700	(12,000)	(2,100)	-	-	1,065,700			264,461,100
Public Safety Personnel Retirement System	-	-	-	-	-	-	-	-		6,000,000	6,000,000
Real Estate Department, State	3,087,600	(54,700)	105,200	(800)	(15,200)	(4,800)	(5,100)	(400)			3,111,800
Revenue, Department of	58,839,400	(1,240,700)	2,387,100	(163,800)	(113,800)	(49,900)	24,500	(5,100)			59,677,700
Secretary of State	22,862,100	(223,700)	430,400	(1,800)	(67,300)	-	-	(5,800)			22,993,900
Tax Appeals, State Board of	314,400	(6,700)	12,900	-	(2,000)	-	-	-			318,600
Tourism, Office of	8,269,400	(60,600)	116,600	-	-	-	-	(400)			8,325,000
Treasurer, State	2,660,800	-	-	-	-	-	-	(100)		7,500,000	10,160,700
Tribal Relations, Governor's Office on	66,400	(1,300)	2,500	(100)	(400)	-	-	-			67,100
Universities	-	-	-	-	-	-	-	-			-
Board of Regents	55,697,900	(30,700)	59,100	(200)	-	-	-	(100)			55,726,000
Arizona State University	366,798,000	(16,335,300)	31,428,600	(100)	-	-	-	(13,000)		26,760,000	408,638,200

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS**  
**GENERAL FUND 1/**

	GF General				GF AFIS				GF HRIS				GF Fleet				GF Fleet				GF Retirement				GF FY 2025 Additional				GF Prior Year/ Statutory				GF FY 2025 Approps Report																																																																																																																																																																																																																																																																																																																																																																																																																										
	Appropriation Act -		Individual		Transaction Fee																																																																																																																																																																																																																																																																																																																																																																																																																																																						
	Agency	2/ Reduction	3/ Increase	3/ Increase	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment	3/ Adjustment

- 1/ This chart provides a crosswalk between an agency's appropriation in the FY 2025 General Appropriation Act (Laws 2024, Chapter 209) and the individual agency amount as it appears in the FY 2025 Appropriations Report.
- 2/ Represents individual agency section of the FY 2025 General Appropriation Act and other direct appropriations in the General Appropriation Act.
- 3/ Section 144 of the FY 2025 General Appropriation Act appropriates statewide adjustments from the General Fund.
- 4/ Appropriations separate from the FY 2025 General Appropriation Act enacted in the 56th Legislature, 2nd 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, 2nd Regular Session. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS  
OTHER FUND 1/**

Budget Units	OF General Appropriation Act - Individual Agency	2/ OF HITF Reduction	3/ OF HITF Increase	3/ OF AFIS Transaction Fee Adjustment	3/ OF Rent & COP Adjustment	3/ OF HRIS Adjustment	3/ OF Fleet Reduction	3/ OF Fleet Rate Adjustment	3/ OF Retirement Adjustment	OF FY 2025 Additional Appropriations	4/ OF Prior Year/ Statutory Appropriations	5/ OF FY 2025 Approps Report Total
Accountancy, State Board of												
Board of Accountancy Fund	2,230,400	(38,300)	73,700	(400)	1,400	(8,500)	-	-	(200)			2,258,100
Acupuncture Board of Examiners												
Acupuncture Board of Examiners Fund	200,600	(400)	800	(200)	-	(1,100)	-	-	-			199,700
Administration, Arizona Department of												
Air Quality Fund	928,200	-	-	(200)	-	-	(200)	2,100	-			929,900
Arizona Financial Information System Collections Fund	11,480,000	(76,600)	147,400	(200)	-	(25,800)	-	-	(500)			11,524,300
Automation Operations Fund	29,726,400	(114,300)	219,900	(45,700)	-	(44,500)	(9,800)	109,300	(800)			29,840,500
Capital Outlay Stabilization Fund	20,997,700	(163,900)	315,300	(15,800)	3,800	(41,500)	(4,200)	46,800	(900)			21,137,300
Corrections Fund	628,900	(5,100)	9,800	(200)	-	(3,900)	-	-	(100)			629,400
Cyber Risk Insurance Fund	23,037,200	-	-	-	-	-	-	-	-			23,037,200
Federal Surplus Materials Revolving Fund	468,200	(1,500)	2,900	-	-	-	(400)	4,300	-			473,500
Information Technology Fund	3,951,500	(18,000)	34,600	(2,900)	1,200	(10,300)	(100)	700	(200)			3,956,500
Personnel Division Fund	13,922,500	(158,800)	305,500	(800)	700	(65,600)	(4,300)	48,300	(1,300)			14,046,200
Risk Management Revolving Fund	101,874,600	(102,000)	196,200	(16,600)	(13,100)	(28,300)	(2,800)	31,200	(700)			101,938,500
Special Employee Health Insurance												
Trust Fund	5,684,700	(71,900)	138,300	(31,800)	700	(23,500)	(1,900)	21,300	(700)			5,715,200
Special Services Revolving Fund	1,243,000	(20,500)	39,400	(1,100)	(1,700)	(3,400)	-	-	-			1,255,700
State Surplus Materials Revolving Fund	3,048,900	(18,200)	35,000	(600)	150,300	(3,800)	-	-	(100)			3,211,500
State Web Portal Fund	9,329,300	(62,600)	120,400	(800)	(35,500)	(14,900)	(1,900)	21,300	(600)			9,354,700
Telecommunications Fund	2,373,200	(26,900)	51,800	(200)	8,000	(6,900)	(600)	6,400	(200)			2,404,600
Total - Arizona Department of Administration	228,694,300	(840,300)	1,616,500	(116,900)	114,400	(272,400)	(26,200)	291,700	(6,100)	-	-	229,455,000
Administration, Arizona Department of - Automation Projects Fund												
Automation Projects Fund	29,694,000	-	-	-	-	-	-	-	-			29,694,000
Agriculture, Arizona Department of												
Air Quality Fund	1,583,300	(42,700)	82,200	-	-	(6,900)	-	-	(200)			1,615,700
Nuclear Emergency Management Fund										308,600		308,600
Total - Arizona Department of Agriculture	1,583,300	(42,700)	82,200	-	-	(6,900)	-	-	(200)	308,600	-	1,924,300
AHCCCS												
Budget Neutrality Compliance Fund	4,914,300	-	-	-	-	-	-	-	-			4,914,300
Children's Health Insurance Program Fund	174,025,900	(28,100)	54,100	(2,400)	-	(8,300)	-	-	(200)			174,041,000
Prescription Drug Rebate Fund - State	189,831,600	(800)	1,500	-	-	(100)	-	-	-			189,832,200
Seriously Mentally Ill Housing Trust Fund	217,700	-	-	-	-	-	-	-	-			217,700
Substance Abuse Services Fund	2,250,200	-	-	-	-	-	-	-	-			2,250,200
Tobacco Products Tax Fund -												
Emergency Health Services Account	17,458,500	-	-	-	-	-	-	-	-			17,458,500
Tobacco Tax and Health Care Fund -												
Medically Needy Account	66,586,300	-	-	-	-	-	-	-	-			66,586,300
Total - AHCCCS	455,284,500	(28,900)	55,600	(2,400)	-	(8,400)	-	-	(200)	-	-	455,300,200
Athletic Training, Board of												
Athletic Training Fund	165,300	(3,600)	6,900	-	-	(800)	-	-	-			167,800
Attorney General - Department of Law												
Antitrust Enforcement Revolving Fund	160,900	(2,400)	4,600	-	-	(800)	-	-	-			162,300
Attorney General Legal Services Cost Allocation Fund	2,314,900	(42,700)	82,200	(200)	-	(10,700)	-	-	(300)			2,343,200
Collection Enforcement Revolving Fund	7,232,100	(165,200)	317,800	(3,000)	-	(39,700)	-	-	(2,500)			7,399,500
Consumer Protection-Consumer Fraud Rev. Fund	14,864,900	(90,500)	174,100	(1,200)	-	(54,000)	-	-	(7,300)			14,886,000
Consumer Restoration and Remediation Revolving Fund -												
Consumer Remediation Subaccount	49,000,000	-	-	-	-	-	-	-	-			49,000,000
Interagency Service Agreements Fund	18,078,100	(301,800)	580,700	-	-	(108,000)	-	-	(2,700)			18,246,300
Internet Crimes Against Children Enforcement Fund	900,000	-	-	-	-	-	-	-	-			900,000
Risk Management Revolving Fund	13,147,700	(202,200)	389,000	(500)	-	(65,800)	-	-	(1,600)			13,266,600
Victims' Rights Fund	3,812,800	(4,400)	8,500	(300)	-	(1,200)	-	-	-			3,815,400
Total - Attorney General - Department of Law	109,511,400	(809,200)	1,556,900	(5,200)	-	(280,200)	-	-	(14,400)			109,959,300
Barbering and Cosmetology Board												
Barbering and Cosmetology Fund	2,686,900	(63,200)	121,600	(1,900)	-	(10,600)	-	-	(200)	498,300		3,230,900
Behavioral Health Examiners, Board of												
Board of Behavioral Health Examiners Fund	2,740,500	(30,900)	59,500	(700)	-	(10,800)	-	-	(200)			2,757,400
Child Safety, Department of												
Child Abuse Prevention Fund	1,459,300	-	-	-	-	-	-	-	-			1,459,300
Child Welfare Licensing Fee Fund	1,021,700	-	-	-	-	-	-	-	(100)			1,021,600
Children and Family Services Training Program Fund	208,000	-	-	(500)	-	-	-	-	-			207,500
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	-	-	-	-	-	-	-	(5,900)			161,076,300
Total - Department of Child Safety	204,287,200	-	-	(500)	-	-	-	-	(6,000)	-	-	204,280,700
Chiropractic Examiners, State Board of												
Board of Chiropractic Examiners Fund	638,700	(8,300)	16,000	-	-	(2,600)	-	-	(100)			643,700
Contractors, Registrar of												
Registrar of Contractors Fund	14,067,800	(221,900)	426,900	-	(300)	(66,800)	(396,500)	117,800	(1,400)			13,925,800
Corporation Commission												
Arizona Arts Trust Fund	57,700	(2,800)	5,400	(100)	-	(200)	-	-	-			60,000
Investment Management Regulatory and Enforcement Fund	1,805,700	(19,400)	37,300	(100)	12,000	(5,600)	-	-	(200)			1,829,700
Public Access Fund	8,020,800	(137,000)	263,600	(500)	12,600	(37,000)	-	-	(900)			8,121,600



**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS  
OTHER FUND 1/**

OF General Appropriation Act - Individual Agency	2/ OF HITF Reduction	3/ OF HITF Increase	3/ OF AFIS Transaction Fee Adjustment	3/ OF Rent & COP Adjustment	3/ OF HRIS Adjustment	3/ OF Fleet Reduction	3/ OF Fleet Rate Adjustment	3/ OF Retirement Adjustment	4/ OF FY 2025 Additional Appropriations	5/ OF Prior Year/ Statutory Appropriations	OF FY 2025 Approps Report Total
Securities Regulatory and Enforcement Fund	7,272,500	(113,400)	218,200	(500)	2,000	(32,100)	-	(900)	-	-	7,345,800
Utility Regulation Revolving Fund	18,372,200	(267,400)	514,500	(1,500)	29,100	(87,200)	103,500	(26,400)	-	-	18,547,300
Total - Corporation Commission	35,028,900	(540,000)	1,039,000	(2,700)	55,700	(164,400)	103,500	(28,400)	-	-	35,404,400
Corrections, State Department of											
Alcohol Abuse Treatment Fund	555,800	-	-	-	-	-	-	-	-	-	555,800
Corrections Fund	31,312,500	-	-	-	-	-	-	-	-	-	31,312,500
Inmate Store Proceeds Fund	1,287,800	(4,000)	7,700	(6,800)	-	-	-	-	-	-	1,280,800
Penitentiary Land Fund	3,460,300	(5,800)	13,100	(100)	-	-	-	1,700	-	-	3,466,000
Prison Construction and Operations Fund	12,500,100	-	-	-	-	-	-	-	-	-	12,500,100
State Charitable, Penal and Reformatory Institutions Land Fund	3,734,100	-	-	(1,000)	-	-	-	-	-	-	3,733,100
State Education Fund for Correctional Education	723,200	(16,500)	31,700	(100)	-	-	-	3,200	-	-	796,400
Transition Program Fund	15,048,600	-	-	-	-	-	-	-	-	-	15,048,600
Total - State Department of Corrections	68,622,400	(27,300)	52,500	(8,000)	-	(11,200)	-	4,900	-	-	68,633,300
Criminal Justice Commission, Arizona											
Criminal Justice Enhancement Fund	733,700	(10,300)	19,800	-	2,500	(3,400)	-	(100)	-	-	742,200
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	4,249,300	(8,300)	16,000	(100)	-	(1,100)	-	-	-	-	4,255,800
Total - Arizona Criminal Justice Commission	7,303,800	(18,600)	35,800	(100)	2,500	(4,500)	-	(100)	-	-	7,318,800
Deaf and the Blind, Arizona Schools for the Cooperative Services Fund	19,621,400	(510,000)	981,200	(200)	-	-	-	-	-	-	20,092,400
Schools for the Deaf and the Blind Fund	14,579,800	(325,100)	625,500	(100)	-	-	-	(1,600)	-	-	14,878,500
Telecommunication Fund for the Deaf	168,000	-	-	-	-	-	-	-	-	-	168,000
Total - Arizona State Schools for the Deaf and the Blind	34,369,200	(835,100)	1,606,700	(300)	-	-	-	(1,600)	-	-	35,138,900
Deaf and the Hard of Hearing, Comm. for the Telecommunication Fund for the Deaf	5,026,600	(35,100)	67,500	(500)	2,700	(13,200)	-	(200)	-	-	5,047,800
Dental Examiners, State Board of Dental Board Fund	2,112,900	(26,500)	51,000	(1,300)	-	(6,100)	-	(200)	-	-	2,129,800
Economic Security, Department of											
Child Support Enforcement Administration Fund	17,683,300	-	-	-	-	-	-	(4,900)	-	-	17,678,400
Domestic Violence Services Fund	4,000,300	-	-	-	-	-	-	-	-	-	4,000,300
Federal Child Care and Development Fund Block Grant	331,029,300	-	-	-	-	-	-	(1,400)	-	-	331,027,900
Federal Temporary Assistance for Needy/ Families Block Grant	66,591,200	-	-	-	-	-	-	(2,300)	-	-	66,588,900
Long Term Care System Fund	34,429,200	-	-	-	-	-	-	-	-	-	34,429,200
Public Assistance Collections Fund	441,800	-	-	-	-	-	-	-	-	-	441,800
Special Administration Fund	4,637,900	(20,100)	38,700	(1,600)	-	-	-	(300)	-	-	4,654,600
Spinal and Head Injuries Trust Fund	2,385,500	(11,800)	22,700	(4,500)	-	-	-	(100)	-	-	2,390,200
Statewide Cost Allocation Plan Fund	1,000,000	-	-	-	-	-	-	(400)	-	-	1,000,000
Workforce Investment Act Grant	87,116,600	-	-	-	-	-	-	-	-	-	87,116,600
Total - Department of Economic Security	549,315,100	(31,900)	61,400	(6,100)	-	(1,600)	-	(9,400)	-	-	549,327,500
Education, Department of											
Department of Education Empowerment Scholarship Account Fund	359,000	-	-	-	-	-	-	-	-	-	359,000
Education Sales Tax - Accountability	7,000,000	-	-	-	-	-	-	-	-	-	7,000,000
Permanent State School Fund	357,889,000	-	-	-	-	-	-	-	-	-	357,889,000
Teacher Certification Fund	2,517,700	(45,100)	86,800	(200)	-	(12,000)	-	(200)	-	-	2,547,000
Tribal College Dual Enrollment Program Fund	325,000	-	-	-	-	-	-	-	-	-	325,000
Total - Department of Education	368,090,700	(45,100)	86,800	(200)	-	(12,000)	-	(200)	-	-	368,120,000
Emergency and Military Affairs, Department of Nuclear Emergency Management Fund	-	-	-	-	-	-	-	-	2,176,000	-	2,176,000
Environmental Quality, Department of											
Air Quality Fund	9,207,700	-	-	-	-	-	-	(500)	-	-	9,207,200
Emergency Response Fund	132,800	-	-	-	-	-	-	-	-	-	132,800
Emissions Inspection Fund	33,153,800	(22,400)	43,100	-	-	(161,500)	-	(800)	-	-	33,012,700
Hazardous Waste Management Fund	1,939,400	(22,600)	43,500	-	-	-	-	(200)	-	-	1,960,100
Indirect Cost Fund	18,979,600	(222,900)	428,900	(6,600)	22,500	(108,200)	(396,800)	93,300	(1,700)	-	18,788,100
Permit Administration Fund	7,256,800	(84,100)	161,800	-	-	-	-	(600)	-	-	7,333,900
Recycling Fund	2,465,900	(20,000)	36,500	-	-	-	-	(300)	-	-	2,484,100
Safe Drinking Water Program Fund	1,991,800	(22,100)	42,500	(2,000)	-	(8,400)	-	(200)	-	-	2,001,600
Solid Waste Fee Fund	2,584,900	(16,800)	32,300	(2,000)	-	-	-	(100)	-	-	2,592,700
Water Quality Fee Fund	20,872,200	(22,100)	42,500	-	-	(38,100)	-	(1,700)	-	-	20,852,800
Total - Department of Environmental Quality	98,584,900	(433,000)	833,100	(10,600)	22,500	(321,800)	(396,800)	93,300	-	-	98,366,000
Equal Opportunity, Governor's Office of Personnel Division Fund	310,500	(2,400)	4,600	-	-	(1,000)	-	-	-	-	311,700
Exposition and State Fair Board, Arizona Arizona Exposition and State Fair Fund	25,047,500	(78,900)	151,800	300	-	(16,600)	(1,618,200)	213,900	(1,100)	-	23,698,700
Game and Fish Department, Arizona											
Capital Improvement Fund	1,001,200	-	-	-	-	-	-	-	-	-	1,001,200
Game and Fish Fund	35,547,800	(567,600)	1,092,000	(900)	-	-	-	7,900	-	-	36,079,800
Game, Nongame, Fish and Endangered Species Fund	389,700	(3,100)	6,000	(100)	-	(800)	-	-	-	-	391,700
Watercraft Licensing Fund	5,017,800	(62,400)	120,100	(2,500)	-	(10,200)	-	500	-	-	5,063,300

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS**  
**OTHER FUND 1/**

	OF General Appropriation Act - Individual Agency	2/ OF HITF Reduction	3/ OF HITF Increase	3/ OF AFIS Transaction Fee Adjustment	3/ OF Rent & COP Adjustment	3/ OF HRIS Adjustment	3/ OF Fleet Reduction	3/ OF Fleet Rate Adjustment	3/ OF Retirement Adjustment	4/ OF FY 2025 Additional Appropriations	5/ OF Prior Year/ Statutory Appropriations	OF FY 2025 Approps Report Total
Wildlife Endowment Fund	16,200	-	-	-	-	-	-	-	-	-	-	16,200
Total - Arizona Game and Fish Department	41,972,700	(633,100)	1,218,100	(2,900)	-	(11,000)	-	-	8,400	-	-	42,552,200
Gaming, Department of												
Arizona Benefits Fund	16,610,000	-	-	-	-	-	-	-	-	-	-	16,610,000
Fantasy Sports Contest Fund	150,100	-	-	-	-	-	-	-	-	-	-	150,100
Racing Regulation Fund	3,935,800	(28,800)	55,400	(600)	1,200	(9,800)	(4,600)	-	(200)	-	-	3,948,400
Racing Regulation Fund - Unarmed Combat Subaccount	105,200	-	-	-	-	-	-	-	-	-	-	105,200
State Lottery Fund	300,000	-	-	-	-	-	-	-	-	-	-	300,000
Tribal-State Compact Fund	2,299,400	(45,500)	87,500	(500)	3,500	(14,000)	-	-	(100)	-	-	2,330,300
Total - Department of Gaming	23,400,500	(74,300)	142,900	(1,100)	4,700	(23,800)	(4,600)	-	(300)	-	-	23,444,000
Health Services, Department of												
Arizona State Hospital Fund	3,395,800	-	-	(100)	-	-	-	-	-	-	-	3,395,700
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	4,209,500	(77,400)	148,900	(900)	-	(19,000)	-	-	(400)	-	-	4,260,700
Environmental Laboratory Licensure Revolving Fund	995,500	(17,800)	34,200	(100)	-	(3,300)	-	-	(100)	-	-	1,008,400
Federal Child Care and Development Fund Block Grant	992,500	(26,500)	51,000	(100)	-	(5,100)	-	-	(500)	-	-	1,011,300
Health Services Licensing Fund	17,415,400	(320,300)	616,200	(3,600)	(19,400)	-	-	-	(1,700)	-	-	17,607,900
Indirect Cost Fund	13,220,400	(173,000)	332,800	(2,700)	-	(52,600)	-	-	(1,200)	-	-	13,323,700
Newborn Screening Program Fund	12,802,900	(54,100)	104,100	(1,000)	-	(12,700)	-	-	(500)	-	-	12,838,700
Nursing Care Institution Resident Protection Revolving Fund	238,200	-	-	-	-	-	-	-	-	-	-	238,200
Tobacco Tax and Health Care Fund - Health Research Account	3,000,000	-	-	-	-	-	-	-	-	-	-	3,000,000
Tobacco Tax and Health Care Fund - Medically Needy Account	700,000	-	-	-	-	-	-	-	-	-	-	700,000
Vital Records Electronic Systems Fund	3,872,900	(35,500)	68,300	(400)	-	(11,100)	-	-	(400)	-	-	3,893,800
Total - Department of Health Services	62,690,600	(704,600)	1,355,500	(8,900)	(19,400)	(183,500)	-	-	(4,800)	-	-	63,124,900
Homeland Security, Arizona Department of Information Technology Fund	11,094,400	(18,800)	36,200	-	(45,900)	(10,800)	-	-	(400)	-	-	11,054,700
Homeopathic and Integrated Medicine Examiners, Board of Homeopathic and Integrated Medicine Examiners' Fund	61,400	(400)	800	(100)	-	(200)	-	-	-	-	-	61,500
Housing, Department of Housing Trust Fund	371,100	(8,000)	15,400	4,300	100	(2,200)	(7,000)	15,200	(100)	-	-	388,800
Industrial Commission of Arizona Administrative Fund	21,985,500	(374,000)	719,600	(4,700)	-	(105,700)	(125,000)	44,400	(2,100)	-	-	22,138,000
Insurance and Financial Institutions, Department of Automobile Theft Authority Fund	6,740,900	(11,400)	21,900	(100)	-	(1,900)	-	-	(100)	-	-	6,749,300
Financial Services Fund	5,994,900	(104,700)	201,400	(900)	-	(33,000)	-	-	(800)	-	-	6,057,500
Department Revolving Fund	50,300	-	-	-	-	-	-	-	-	-	-	50,300
Total - Department of Insurance and Financial Institutions	12,786,100	(116,100)	223,300	(400)	-	(34,900)	-	-	(900)	-	-	12,857,100
Judiciary - Supreme Court												
Confidential Intermediary and Fiduciary Fund	682,800	(8,700)	16,700	(100)	-	-	-	-	(100)	-	-	690,600
Court Appointed Special Advocate and Vulnerable Persons Fund	6,776,000	(19,400)	37,300	(100)	-	-	-	-	(100)	-	-	6,793,700
Criminal Justice Enhancement Fund	4,691,900	(80,200)	154,300	(400)	-	-	-	-	(400)	-	-	4,765,200
Defensive Driving School Fund	4,464,000	(62,400)	120,100	(400)	-	-	-	-	(300)	-	-	4,521,000
Judicial Collection Enhancement Fund	15,114,200	(206,600)	397,500	(900)	-	-	-	-	(1,200)	-	-	15,303,000
State Aid to the Courts Fund	2,946,200	(800)	1,500	-	-	-	-	-	-	-	-	2,946,900
Total - Judiciary - Supreme Court	34,675,100	(378,100)	727,400	(1,900)	-	-	-	-	(2,100)	-	-	35,020,400
Judiciary - Superior Court												
Criminal Justice Enhancement Fund	5,496,100	-	-	-	-	-	-	-	(100)	-	-	5,496,000
Drug Treatment and Education Fund	504,200	-	-	-	-	-	-	-	-	-	-	504,200
Judicial Collection Enhancement Fund	6,015,400	-	-	-	-	-	-	-	-	-	-	6,015,400
Total - Judiciary - Superior Court	12,015,700	-	-	-	-	-	-	-	(100)	-	-	12,015,600
SUBTOTAL - Judiciary	46,690,800	(378,100)	727,400	(1,900)	-	-	-	-	(2,200)	-	-	47,036,000
Juvenile Corrections, Department of Criminal Justice Enhancement Fund	529,000	-	-	-	-	-	-	-	(100)	-	-	528,900
Department of Juvenile Corrections Local Cost Sharing Fund	6,724,000	-	-	-	-	-	-	-	-	-	-	6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	4,875,100	(10,300)	19,800	-	-	(3,500)	-	-	-	-	-	4,881,100
State Education Fund for Committed Youth	1,447,800	(32,400)	62,300	-	-	(12,700)	-	-	(1,300)	-	-	1,463,700
Total - Department of Juvenile Corrections	13,575,900	(42,700)	82,100	-	-	(16,200)	-	-	(1,400)	-	-	13,597,700
Land Department, State												
Due Diligence Fund	5,000,000	-	-	-	-	-	-	-	-	-	-	5,000,000
Environmental Special Plate Fund	260,600	-	-	-	-	-	-	-	-	-	-	260,600
Off-Highway Vehicle Recreation Fund	177,600	-	-	-	-	-	-	-	-	-	-	177,600
Trust Land Management Fund	7,116,300	-	-	(700)	-	-	(87,200)	29,600	-	-	-	7,058,000
Total - State Land Department	12,554,500	-	-	(700)	-	-	(87,200)	29,600	-	-	-	12,496,200
Liquor Licenses and Control, Department of Liquor Licenses Fund	6,150,900	(62,800)	120,800	(500)	-	(15,600)	(185,400)	130,700	(11,300)	-	-	6,126,800

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS  
OTHER FUND 1/**

	OF General Appropriation Act - Individual Agency	2/ OF HITF Reduction	3/ OF HITF Increase	3/ OF AFIS Transaction Fee Adjustment	3/ OF Rent & COP Adjustment	3/ OF HRIS Adjustment	3/ OF Fleet Reduction	3/ OF Fleet Rate Adjustment	3/ OF Retirement Adjustment	4/ OF FY 2025 Additional Appropriations	5/ OF Prior Year/ Statutory Appropriations	OF FY 2025 Approps Report Total
Lottery Commission, Arizona State												
State Lottery Fund	25,695,400	(198,600)	382,100	1,800	-	(52,500)	(5,300)	(126,000)	(1,000)	176,000,600		201,695,500
Massage Therapy, Board of												
Board of Massage Therapy Fund	599,000	(12,700)	24,400	(200)	-	(2,700)	-	-	(100)			607,700
Medical Board, Arizona												
Arizona Medical Board Fund	8,361,000	(109,800)	211,300	(2,600)	-	(34,200)	-	-	(800)			8,424,900
Mine Inspector, State												
Aggregate Mining Reclamation Fund	112,900	-	-	-	-	-	-	-	-			112,900
Naturopathic Physicians Medical Board												
Naturopathic Physicians Medical Board Fund	217,700	(3,600)	6,900	(200)	-	(800)	-	-	-			220,000
Navigable Stream Adjudication Commission												
Arizona Water Banking Fund	200,000	-	-	-	-	-	-	-	-			200,000
Nursing, State Board of												
Board of Nursing Fund	6,949,900	(109,400)	210,500	(300)	-	(33,300)	-	-	(800)			7,016,600
Nursing Care Institution Administrators Board												
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund	604,900	(12,300)	23,700	(100)	-	(3,000)	-	-	(100)			613,100
Occupational Therapy Examiners, Board of												
Occupational Therapy Examiners, Board of	303,000	(5,500)	10,600	(300)	-	(1,100)	-	-	-			306,700
Opticians, State Board of Dispensing												
Board of Dispensing Opticians Fund	198,200	(1,500)	2,900	(100)	-	(1,000)	-	-	-			198,500
Optometry, State Board of												
Board of Optometry Fund	289,200	(8,300)	16,000	-	-	(1,300)	-	-	-			295,600
Osteopathic Examiner in Medicine and Surgery, Arizona Board of												
Board of Osteopathic Examiners in Medicine and Surgery Fund	1,394,300	(15,000)	28,900	500	-	(5,500)	-	-	(100)			1,403,100
Parks Board, Arizona State												
Off Highway Vehicle Recreation Fund	16,700	-	-	-	-	-	-	-	-			16,700
State Parks State Fund	1,513,100	-	-	-	-	-	-	-	-			1,513,100
State Parks Revenue Fund	21,081,800	(271,400)	522,200	8,500	3,600	(70,300)	(2,195,400)	449,800	(10,300)			19,518,500
Total - Arizona State Parks Board	22,611,600	(271,400)	522,200	8,500	3,600	(70,300)	(2,195,400)	449,800	(10,300)	-	-	21,048,300
Personnel Board, State												
Personnel Board Subaccount of the Personnel Division Fund	363,100	(3,600)	6,900	-	-	(700)	-	-	-			363,700
Pharmacy, Arizona State Board of												
Arizona State Board of Pharmacy Fund	3,591,300	(45,100)	86,800	(800)	1,500	(15,300)	(99,800)	50,400	(400)			3,568,600
Physical Therapy, Board of												
Board of Physical Therapy Fund	591,500	(7,900)	15,200	(100)	-	(2,700)	-	-	-			596,000
Pioneers' Home, Arizona												
Miners' Hospital for Miners with Disabilities Land Fund	2,301,300	(82,900)	159,500	100	-	(14,100)	-	-	(200)			2,363,700
State Charitable Fund	6,078,900	(139,000)	267,400	100	-	(32,200)	(57,400)	11,300	(700)			6,128,400
Total - Arizona Pioneers' Home	8,380,200	(221,900)	426,900	200	-	(46,300)	(57,400)	11,300	(900)	-	-	8,492,100
Podiatry Examiners, State Board of												
Podiatry Fund	202,500	(1,300)	2,500	(200)	-	(800)	-	-	-			202,700
Private Postsecondary Education, Board for												
Board for Private Postsecondary Education Fund	448,100	(7,900)	15,200	(100)	-	(2,300)	-	-	-			453,000
Psychologist Examiners, State Board of												
Board of Psychologist Examiners Fund	640,000	(10,300)	19,800	(200)	-	(4,400)	-	-	(100)			644,800
Public Safety, Department of												
Arizona Highway Patrol Fund	24,096,500	(2,991,300)	5,755,200	(400)	-	-	-	-	168,500			27,028,500
Concealed Weapons Permit Fund	3,348,100	(43,400)	83,500	-	-	-	-	-	200			3,388,400
Criminal Justice Enhancement Fund	3,009,000	(42,700)	82,200	-	-	-	-	-	1,400			3,049,900
DPS Forensics Fund	22,848,300	(338,900)	652,000	-	-	-	-	-	(2,600)			23,198,600
Fingerprint Clearance Card Fund	2,036,100	-	-	-	-	-	-	-	-			2,036,100
GIITEM Border Security and Law Enforcement Subaccount	2,396,400	-	-	-	-	-	-	-	-			2,396,400
Motor Vehicle Liability Insurance Enforcement Fund	979,400	(19,400)	37,300	(200)	-	-	-	-	6,200			1,003,300
Motorcycle Safety Fund	198,900	-	-	-	-	-	-	-	-			198,900
Parity Compensation Fund	3,022,200	(61,100)	117,600	-	-	-	-	-	78,100			3,156,800
Public Safety Equipment Fund	3,664,000	-	-	-	-	-	-	-	-			3,664,000
Risk Management Revolving Fund	1,102,500	(31,300)	60,200	-	-	-	-	-	10,500			1,141,900
State Highway Fund	10,000,000	-	-	-	-	-	-	-	-			10,000,000
Total - Department of Public Safety	76,741,400	(3,528,100)	6,788,000	(600)	-	-	-	-	262,300	-	-	80,263,000
Residential Utility Consumer Office												
Residential Utility Consumer Office Revolving Fund	1,592,200	(21,800)	41,900	(100)	1,300	(6,800)	-	-	(200)			1,606,500
Respiratory Care Examiners, Board of												
Board of Respiratory Care Examiners Fund	421,400	(8,700)	16,700	(600)	-	(2,100)	-	-	-			426,700
Retirement System, Arizona State												
Long-Term Disability Trust Fund Administration Account	1,800,000	-	-	-	-	-	-	-	-			1,800,000
Arizona State Retirement System Administration Account	26,713,000	(559,700)	1,076,800	(2,100)	-	(161,800)	-	-	(2,800)			27,063,400
Total - Arizona State Retirement System Revenue, Department of	28,513,000	(559,700)	1,076,800	(2,100)	-	(161,800)	-	-	(2,800)	-	-	28,863,400

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS**  
**OTHER FUND 1/**

OF General Appropriation Act - Individual Agency	2/ OF HITF Reduction	3/ OF HITF Increase	3/ OF AFIS Transaction Fee Adjustment	3/ OF Rent & COP Adjustment	3/ OF HRIS Adjustment	3/ OF Fleet Reduction	3/ OF Fleet Rate Adjustment	3/ OF Retirement Adjustment	4/ OF FY 2025 Additional Appropriations	5/ OF Prior Year/ Statutory Appropriations	OF FY 2025 Approps Report Total
Department of Revenue Administrative Fund	27,390,900	-	-	(46,500)	-	(240,100)	-	(2,400)	-	-	27,101,900
Liability Setoff Program Revolving Fund	2,087,900	(13,800)	26,600	(1,900)	-	(3,900)	-	(100)	-	-	2,094,800
Tobacco Tax and Health Care Fund	724,600	(9,100)	17,500	-	-	(2,700)	-	-	-	-	730,300
<b>Total - Department of Revenue</b>	<b>30,203,400</b>	<b>(22,900)</b>	<b>44,100</b>	<b>(48,400)</b>	<b>-</b>	<b>(246,700)</b>	<b>-</b>	<b>(2,500)</b>	<b>-</b>	<b>-</b>	<b>29,927,000</b>
Secretary of State											
Election Systems Improvement Fund	483,500	-	-	-	-	-	-	-	-	-	483,500
Records Services Fund	1,942,100	(15,200)	29,200	(400)	-	(1,200)	(161,800)	28,000	-	-	1,820,700
<b>Total - Secretary of State</b>	<b>2,425,600</b>	<b>(15,200)</b>	<b>29,200</b>	<b>(400)</b>	<b>-</b>	<b>(1,200)</b>	<b>(161,800)</b>	<b>28,000</b>	<b>-</b>	<b>-</b>	<b>2,304,200</b>
Technical Registration, State Board of											
Technical Registration Fund	2,605,000	(54,100)	104,100	(400)	2,300	(10,700)	-	(200)	-	-	2,646,000
Transportation, Department of											
Air Quality Fund	1,077,700	(1,300)	2,500	(300)	-	(200)	-	(100)	-	-	1,078,300
Department Fleet Operations Fund	27,219,300	(455,400)	876,200	(17,600)	-	(99,800)	-	-	-	-	27,522,700
Highway Damage Recovery Account	8,000,800	-	-	(1,500)	-	-	-	-	-	-	7,999,300
Highway User Revenue Fund	898,600	(94,800)	182,400	(30,200)	-	(4,400)	-	(100)	-	-	951,500
Ignition Interlock Device Fund	360,700	(7,500)	14,400	-	-	(2,000)	-	-	-	-	365,600
Motor Vehicle Liability Insurance											
Enforcement Fund	1,582,300	(48,600)	93,500	(1,000)	-	(10,400)	-	(200)	-	-	1,615,600
State Aviation Fund	2,267,700	(37,200)	71,600	(2,600)	-	(10,100)	-	(100)	-	-	2,289,300
State Fleet Operations Fund	29,149,000	-	-	-	-	-	-	(2,100)	-	-	29,146,900
State Highway Fund	483,367,200	(8,356,400)	16,077,600	(565,500)	-	(1,997,000)	-	(36,600)	-	-	488,489,300
State Vehicle Replacement Fund	11,370,000	-	-	-	-	-	-	-	-	-	11,370,000
Vehicle Inspection and Certificate of Title											
Enforcement Fund	1,646,600	-	-	-	-	-	-	(200)	-	-	1,646,400
<b>Total - Department of Transportation</b>	<b>566,939,900</b>	<b>(9,001,200)</b>	<b>17,318,200</b>	<b>(618,700)</b>	<b>-</b>	<b>(2,123,900)</b>	<b>-</b>	<b>(39,400)</b>	<b>-</b>	<b>-</b>	<b>572,474,900</b>
Treasurer, State											
Law Enforcement and Boating Safety Fund	2,183,800	-	-	-	-	-	-	-	-	-	2,183,800
Peace Officer Training Equipment Fund	2,953,200	-	-	-	-	-	-	-	-	-	2,953,200
State Treasurer's Operating Fund	4,302,200	(67,100)	129,100	-	(100)	(24,700)	-	(4,800)	-	-	4,334,600
<b>Total - State Treasurer</b>	<b>9,439,200</b>	<b>(67,100)</b>	<b>129,100</b>	<b>-</b>	<b>(100)</b>	<b>(24,700)</b>	<b>-</b>	<b>(4,800)</b>	<b>-</b>	<b>-</b>	<b>9,471,600</b>
Universities											
Arizona State University											
University Collections Fund J/	854,407,100	-	-	-	-	-	-	-	-	-	854,407,100
Northern Arizona University											
University Collections Fund J/	135,319,600	-	-	-	-	-	-	-	-	-	135,319,600
University of Arizona - Main Campus											
University Collections Fund J/	347,232,700	-	-	-	-	-	-	-	-	-	347,232,700
University of Arizona - Health Sciences Center											
University Collections Fund J/	69,546,500	-	-	-	-	-	-	-	-	-	69,546,500
<b>Total - Universities</b>	<b>1,406,505,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,406,505,900</b>
Veterans' Services, Department of											
State Homes for Veterans' Trust Fund	60,519,600	(691,500)	1,330,400	100	-	(159,700)	-	(4,100)	-	-	60,994,800
Veterinary Medical Examining Board											
Veterinary Medical Examining Board Fund	785,100	(5,900)	11,400	300	-	(2,900)	-	(100)	-	-	787,900
Water Resources, Department of											
Assured and Adequate Water Supply Admin Fund	292,500	-	-	-	-	(600)	-	(100)	-	-	291,800
Water Resources Fund	1,726,500	-	-	-	-	-	-	-	-	-	1,726,500
<b>Total - Department of Water Resources</b>	<b>2,019,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(600)</b>	<b>-</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>2,018,300</b>
<b>OPERATING BUDGET TOTAL</b>	<b>4,769,394,300</b>	<b>(21,596,800)</b>	<b>41,551,600</b>	<b>(839,700)</b>	<b>147,000</b>	<b>(4,644,700)</b>	<b>(5,453,800)</b>	<b>1,453,600</b>	<b>107,500</b>	<b>178,983,500</b>	<b>4,959,102,500</b>
Remove One-Time '24 Health Insurance Adjustments	(21,596,800)	21,596,800	-	-	-	-	-	-	-	-	-
FY 2025 Health Insurance Adjustments	60,000,000	-	(41,551,600)	-	-	-	-	-	-	-	18,448,400
FY 2025 AFIS Transaction Fee Adjustment	(839,700)	-	-	839,700	-	-	-	-	-	-	-
FY 2025 Rent and COP Adjustments	160,000	-	-	-	(147,000)	-	-	-	-	-	13,000
FY 2025 HRIS Adjustments	(4,644,700)	-	-	-	-	4,644,700	-	-	-	-	-
Remove One-Time '24 Fleet Adjustments	(5,453,800)	-	-	-	-	-	5,453,800	-	-	-	-
FY 2025 Fleet Rate Adjustments	1,625,000	-	-	-	-	-	-	(1,453,600)	-	-	171,400
FY 2025 Retirement Adjustments	500,000	-	-	-	-	-	-	(107,500)	-	-	392,500
Capital Outlay - Building Renewal/Projects	552,723,500	-	-	-	-	-	-	-	-	19,117,300	571,840,800
<b>GRAND TOTAL</b>	<b>5,351,867,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,983,500</b>	<b>19,117,300</b>	<b>5,549,968,600</b>

General Appropriation Act - Individual Agency	EA HITF Reduction	EA HITF Increase	EA AFIS Transaction Fee Adjustment	EA Rent & COP Adjustment	EA HRIS Adjustment	EA Fleet Reduction	EA Fleet Rate Adjustment	EA Retirement Adjustment	EA FY 2025 Additional Appropriations	EA Prior Year/ Statutory Appropriations	EA FY 2025 Approps Report Total
<b>Budget Units</b>											
AHCCCS											
Arizona Tobacco Litigation Settlement Fund	102,000,000	-	-	-	-	-	-	-	-	-	102,000,000
County Funds	443,048,300	-	-	-	-	-	-	-	-	-	443,048,300
Delivery System Reform Incentive Payment Fund	17,922,700	-	-	-	-	-	-	-	-	-	17,922,700
Federal Medicaid Authority	14,843,118,700	(1,664,500)	3,192,200	-	-	-	-	(7,800)	-	-	14,844,638,600
Health Care Investment Fund	911,052,700	-	-	-	-	-	-	(300)	-	-	911,052,600
Hospital Assessment Fund	694,319,800	-	-	-	-	-	-	-	-	-	694,319,800

**CROSSWALK OF FY 2025 GENERAL APPROPRIATION ACT TO APPROPRIATIONS REPORT TOTALS  
OTHER FUND 1/**

	OF General Appropriation Act - Individual Agency	2/ 2/	OF HITF Reduction	3/ 3/	OF HITF Increase	3/ 3/	OF AFIS Transaction Fee Adjustment	3/ 3/	OF Rent & COP Adjustment	3/ 3/	OF HRIS Adjustment	3/ 3/	OF Fleet Reduction	3/ 3/	OF Fleet Rate Adjustment	3/ 3/	OF Retirement Adjustment	3/ 3/	OF FY 2025 Additional Appropriations	4/ 4/	OF Prior Year/ Statutory Appropriations	5/ 5/	OF FY 2025 Approps Report Total
Nursing Care Facility Provider Assessment Fund	32,989,600		-		-																		32,989,600
Political Subdivision Funds	242,411,000		-		-																		242,411,000
Prescription Drug Rebate Fund - Federal	609,060,300		-		-																		609,060,300
Third Party Liability and Recovery Fund	194,700		-		-																		194,700
Tobacco Products Tax Fund - Prop. 204 Protection Account	36,662,900		-		-																		36,662,900
Total - AHCCCS	17,932,780,700		(1,664,500)		3,192,200		-		-		-		-		-		(7,900)		-		-		17,934,300,500
Child Safety, Department of																							
Child Safety Expenditure Authority	440,186,100		-		-						(1,255,900)						(8,800)						438,921,400
Comprehensive Health Plan Fund	159,829,100		-		-						(1,100)												159,828,000
Total - Department of Child Safety	600,015,200		-		-						(1,255,900)						(9,900)		-		-		598,749,400
Economic Security, Department of																							
Child Support Enforcement Administration Fund	44,195,500		(224,100)		429,800																		44,401,200
Health Care Investment Fund	43,247,300		-		-																		43,247,300
Long Term Care System Fund (Federal Match)	3,311,833,900		(1,737,700)		3,332,600												(19,300)						3,313,409,500
Total - Department of Economic Security	3,399,276,700		(1,961,800)		3,762,400		-		-		-		-		-		(19,300)		-		-		3,401,058,000
Education, Department of																							
Classroom Site Fund	1,053,335,300		-		-																		1,053,335,300
Education Sales Tax - Basic State Aid	150,380,500		-		-																		150,380,500
Education Sales Tax - Character Education	200,000		-		-																		200,000
Education Sales Tax - Failing Schools Tutoring Fund	1,500,000		-		-																		1,500,000
Education Sales Tax - School Safety	7,800,000		-		-																		7,800,000
Instructional Improvement Fund	80,425,700		-		-																		80,425,700
Total - Department of Education	1,293,641,500		-		-																		1,293,641,500
<b>GRAND TOTAL</b>	<b>46,451,428,200</b>		<b>(3,626,300)</b>		<b>6,954,600</b>		<b>-</b>		<b>-</b>		<b>(1,255,900)</b>		<b>-</b>		<b>-</b>		<b>(37,100)</b>		<b>-</b>		<b>-</b>		<b>23,227,749,400</b>

- 1/ This chart provides a crosswalk between an agency's appropriation in the FY 2025 General Appropriation Act (Laws 2024, Chapter 209) and the individual agency amount as it appears in the FY 2025 Appropriations Report.
- 2/ Represents individual agency section of the FY 2025 General Appropriation Act and other direct appropriations in the General Appropriation Act.
- 3/ Section 144 of the FY 2025 General Appropriation Act appropriates statewide adjustments from the Other Funds.
- 4/ Appropriations separate from the FY 2025 General Appropriation Act enacted in the 56th Legislature, 2nd 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, 2nd Regular Session. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

## SUMMARY OF RISK MANAGEMENT CHARGES 1/

<u>Agency</u>	<u>FY 2025 Charge</u>
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	10,212,400
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	1,173,300
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 2025 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 <u>2/</u>	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	76,823,400

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 2025 BUDGET RECONCILIATION BILLS (BRBs) AND MAJOR FOOTNOTE CHANGES \*

	<u>Page</u>
Amusements BRB - Chapter 210 (HB 2898)	486
State Budget Implementation BRB - Chapter 223 (HB 2911)	486
Commerce BRB - Chapter 212 (HB 2900)	486
Criminal Justice BRB - Chapter 213 (HB 2901)	487
Environment BRB - Chapter 214 (HB 2902)	488
Health Care BRB - Chapter 215 (HB 2903)	489
Higher Education BRB - Chapter 216 (HB 2904)	490
Human Services BRB - Chapter 217 (HB 2905)	490
K-12 Education BRB - Chapter 218 (HB 2906)	490
Local Government BRB - Chapter 219 (HB 2907)	492
Management of State Buildings BRB - Chapter 220 (HB 2908)	492
Taxation BRB - Chapter 221 (HB 2909)	492
Self-Supporting Regulatory Agencies BRB - Chapter 222 (HB 2910)	494
General Appropriation Act - Chapter 209 (HB 2897)/Capital Outlay - Chapter 211 (SB 2899)	
- General Appropriation Act Provisions	495
- Major Footnote Changes	496

\*Chapter numbers refer to Laws 2024, 2<sup>nd</sup> Regular Session.

## FY 2025 BUDGET RECONCILIATION BILL PROVISIONS

The budget includes the enactment of statutory changes associated with its funding amount. The following provisions are grouped by subject into Budget Reconciliation Bills (BRBs).

### AMUSEMENTS - Chapter 210 (HB 2898)

#### Department of Gaming

- |    |   |        |
|----|---|--------|
| 1. | As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2025 only.  | AMUS 4 |
| 2. | As session law, change the requirement that racehorses need to receive "gate approval" every 30 days to every 60 days in 2024 and 2025. | AMUS 5 |

#### Lottery

- |    |   |            |
|----|---|------------|
| 3. | As session law, reduce the Arizona Commerce Authority allocation from \$3.5 million to \$1.75 million in FY 2025-FY 2027. | AMUS 2,3,6 |
|----|---|------------|

#### Arizona Exposition and State Fair

- |    |  |        |
|----|--|--------|
| 4. | As permanent 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 after the State Fair. This provision would make permanent last year's session law. | AMUS 1 |
|----|--|--------|

### STATE BUDGET IMPLEMENTATION - Chapter 223 (HB 2911)

#### Statewide

- |    |  |      |
|----|--|------|
| 5. | 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 |
| 6. | As session law, continues to notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund (BSF) through FY 2027. Also, notwithstands the 10% BSF cap for FY 2025. | BI 2 |

### COMMERCE - Chapter 212 (HB 2900)

#### Commerce Authority

- |    |   |       |
|----|---|-------|
| 7. | As permanent law, repeal the Rural Broadband Accelerated Match Fund (established by Laws 2023, Chapter 136, Section 2). | COM 5 |
|----|---|-------|

#### Office of Economic Opportunity

- |    |  |       |
|----|--|-------|
| 8. | As session law, allow the Microbusiness Loan Fund (established by Laws 2023, Chapter 136, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. | COM 6 |
|----|--|-------|

#### Department of Insurance and Financial Institutions

- |     |  |           |
|-----|--|-----------|
| 9.  | As permanent law, establish the Fraud Unit Assessment Fund and deposit fees collected for the administration and operation of the fraud unit into the fund instead of the General Fund. Make these changes effective beginning in FY 2026. | COM 3,4,7 |
| 10. | As permanent law, amend A.R.S. § 6-135B to increase the amount of unencumbered monies retained in the Department Revolving Fund before transfer to the Receivership Revolving Fund from \$200,000 to \$700,000.                            | COM 1     |

**Secretary of State**

11. As permanent law, remove the requirement that any unencumbered balance in the Data Processing Acquisition Fund above \$250,000 at the end of the fiscal year revert to the General Fund. COM 2

**CRIMINAL JUSTICE - Chapter 213 (HB 2901)****Attorney General**

12. As permanent law, delay the prohibition on the use of the Anti-Racketeering Revolving Fund to pay for salaries for FTE positions for one year, from after August 27, 2024 to after August 27, 2025. CJ 4

**Department of Corrections**

13. As session law, allow ADC to use the amount appropriated in FY 2025 from Transition Program Fund and the Alcohol Abuse Treatment Fund for any purpose at the Director's discretion. CJ 11,12

**Homeland Security**

14. As session law, allow the Anti-Human Trafficking Grant Fund (established by Laws 2023, Chapter 137, Section 5) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. CJ 9
15. As session law, exempts the monies in the Arizona State Nonprofit Security Grant Program (established by Laws 2023, Chapter 137, Section 6) from lapsing, and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was effective through the end of FY 2028. CJ 10,13
16. As session law, limit eligibility for funding from the Arizona State Nonprofit Security Program to entities that have not received federal funding in the last 3 federal grant cycles. Grant applicants must demonstrate a current risk or threat or one that has occurred in the last 2 years and that they did not receive federal funding in the last 3 grant cycles. Create an informal review panel to ensure that grant applications meet these criteria, and stipulates that members of the panel are not eligible for compensation or reimbursement. Makes these changes retroactive to July 1, 2024. CJ 10,13

**Judiciary**

17. As permanent law, change the name of the Court Appointed Special Advocate Fund (CASA) to the "Court Appointed Special Advocate and Vulnerable Persons Fund." Allow the fund to be used for court functions benefitting vulnerable persons. CJ 1,2,3

**Department of Public Safety**

18. As permanent law, make rent payments (on the Vehicle and Evidence Storage Facility) an allowable use of the Fingerprint Clearance Card Fund. CJ 6
19. As session law, allow the Fentanyl Prosecution, Diversion and Testing Fund (established by Laws 2023, Chapter 137, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. CJ 8
20. As permanent law, require DPS to prioritize applications of in-state residents when issuing a permit to carry a concealed weapons permit. Require DPS to submit an annual report to JLBC. CJ 5
21. As permanent law, delay full implementation of the Major Incident Division to FY 2028. CJ 7

## ENVIRONMENT - Chapter 214 (HB 2902)

### Arizona Department of Administration

22. As session law, allow the Fire Incident Management Fund (established by Laws 2023, Chapter 138, Section 3) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. ENV 5

### Department of Agriculture

23. As permanent law, amend A.R.S. § 3-109.3 to state that the purpose of the Livestock Operator Fire and Flood Assistance Fund is to provide infrastructure project grants that are required as a result of either a wildfire or flooding (but not both). ENV 1
24. As session law, allows the department to lower existing fees for any funds held in trust subject to review from the Agriculture Advisory Council. Grants one-time emergency rulemaking authority in FY 2025 to modify fees for the Dangerous Plants, Pests, and Diseases Trust Fund. ENV 11

### Department of Emergency and Military Affairs

25. As permanent law, amend A.R.S. § 26-305(F) to rename the Emergency Management Training Fund to the Emergency Management Training Revolving Fund. Remove the provision that all monies in excess of the expenses of the event revert to the General Fund by the end of the fiscal year. Amend the fund to be non-appropriated and non-lapsing. ENV 2
26. As session law, notwithstanding A.R.S. § 35-192 (the Governor's Emergency Fund) to allow the Governor to allocate \$500,000 to the Emergency Management Assistance Compact and Arizona Mutual Aid Compact Revolving Fund and \$300,000 to the Emergency Management Training Fund in FY 2025. Each of these transfers would count towards the \$4 million aggregate allowed in FY 2025. ENV 12

### Department of Environmental Quality

27. As session law, continues to allow the department to utilize up to \$6.5 million from the Underground Storage Tank Fund in FY 2025 for department administrative expenses and for sewage remediation. ENV 7
28. As session law, continues notwithstanding the \$18.0 million annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15.0 million. ENV 9
29. As session law, require the department to reduce emission inspection fees for Area A, starting in FY 2025, such that total Area A fee collections are reduced by 5%. ENV 10

### Navigable Stream Adjudication Commission

30. As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations. ENV 8

### State Parks Board

31. As permanent law, increase the fund balance cap for the State Parks Store Fund from \$1.25 million to \$1.75 million. ENV 3

### Department of Water Resources

32. 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 2025. ENV 6

### Water Infrastructure Finance Authority

33. As permanent law, allow monies from the Water Conservation Grant Fund to be used for gray water projects. ENV 4

## HEALTH CARE - Chapter 215 (HB 2903)

### AHCCCS

#### *Rates and Services*

- |     |   |         |
|-----|---|---------|
| 34. | 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 11 |
| 35. | As session law, require AHCCCS to report by January 31, 2025 on aggregate spending and aggregate utilization of mental health medications, including antipsychotics and antidepressants, during contract years 2020-2023. | HLTH 12 |

#### *Counties*

- |     |   |        |
|-----|---|--------|
| 36. | As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations.  | HLTH 9 |
| 37. | As session law, sets the FY 2025 County Acute Care contribution at \$43,176,200.  | HLTH 8 |
| 38. | As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2025, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act. | HLTH 5 |
| 39. | As session law, sets the FY 2025 county Arizona Long Term Care System (ALTCS) contributions at \$399,872,100.   | HLTH 3 |

#### *Hospitals*

- |     |   |        |
|-----|---|--------|
| 40. | As session law, continues to establish FY 2025 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 2025.                                  | HLTH 4 |
| 41. | 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 4 |
| 42. | As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2025 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 4 |
| 43. | As session law, allow the hospital assessment to fund a portion of the costs of behavioral health services for certain expansion populations in FY 2025 and FY 2026.  | HLTH 6 |
| 44. | As session law, provide a rulemaking exemption for the Health Care Investment Fund portion of the hospital assessment for 2 years and makes the rulemaking exemption retroactive to July 1, 2024.   | HLTH 7 |

#### *Available Funding*

- |     |   |         |
|-----|---|---------|
| 45. | As session law, continues to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation.   | HLTH 13 |
| 46. | As permanent law, require AHCCCS to report to the State Treasurer, JLBC and OSPB by December 1st annually the amount the agency will deposit in the General Fund due to a surplus in the Arizona Long Term Care System (ALTCS) program from the preceding fiscal year pursuant to A.R.S. § 11-292M. The report shall include the calculations AHCCCS used to compute the total amount of the surplus and the apportionment of the surplus between each county and the General Fund. | HLTH 1  |

### Department of Health Services

- |     |   |         |
|-----|---|---------|
| 47. | As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations.   | HLTH 10 |
| 48. | As session law, allow the Collaborative Care Uptake Fund (established by Laws 2023, Chapter 139, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. | HLTH 2  |

## HIGHER EDUCATION - Chapter 216 (HB 2904)

### Arizona Community Colleges

- |     |   |       |
|-----|---|-------|
| 49. | 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 2025 for only Maricopa and Pima Counties.   | HEd 5 |
| 50. | 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 2025 for all community college districts. | HEd 4 |

### Universities

- |     |   |       |
|-----|---|-------|
| 51. | 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 3 |
| 52. | As session law, repeals the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund (established by Laws 2023, Chapter 140, Section 6) on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was effective through the end of FY 2027. | HEd 2 |
| 53. | As permanent law, establishes the Arizona Community Colleges Promise Program Fund to be administered by ABOR.   | HEd 1 |

## HUMAN SERVICES - Chapter 217 (HB 2905)

### Department of Child Safety

- |     |  |      |
|-----|--|------|
| 54. | As session law, allow the Extended Foster Care Comprehensive Service Model Fund (established by Laws 2023, Chapter 141, Section 1) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. | HS 1 |
|-----|--|------|

### Department of Economic Security

- |     |  |      |
|-----|--|------|
| 55. | 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 3 |
|-----|--|------|

### Department of Housing

- |     |   |      |
|-----|---|------|
| 56. | As session law, directs unexpended or unencumbered monies in the Homeless Shelter Services Fund (established by Laws 2023, Chapter 141, Section 3) after the repeal date to be deposited into the General Fund. Changes the repeal date to June 30, 2025. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2027. | HS 2 |
|-----|---|------|

## K-12 EDUCATION - Chapter 218 (HB 2906)

### State Board of Education

- |     |  |         |
|-----|--|---------|
| 57. | As permanent law, eliminate the requirement that SBE develop a statewide kindergarten entry assessment tool. | K12 8,9 |
|-----|--|---------|

### Department of Education

#### Formula Requirements

- |     |  |                 |
|-----|--|-----------------|
| 58. | 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. | K12 1,10,<br>11 |
|-----|--|-----------------|

59.	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 2025.	K12 16
<i>Other</i>		
60.	As permanent law, eliminate the Continuing High School and Workforce Training Program, Adult Workforce Diploma Program, and the Community College Adult Education Workforce Development Program beginning in FY 2026.	K12 2,4
61.	As permanent law, modifies the Community College Adult Education Workforce Development program to allow the colleges to receive monies for adult learners that are enrolled in community college, participate in integrated education and training, and pursue academic skills development related to adult education and literacy activities as specified in the federal Workforce Innovation and Opportunity Act (WIOA). Also allows funding for students earning a community college certificate.	K12 3
62.	As session law, set the enrollment cap for the Continuing High School and Workforce Training program at 520 for FY 2025.	K12 19
63.	As permanent law, allow Career Technical Education Districts (CTEDs) to build, maintain, and providing housing facilities and support services for students who are in foster care for are unaccompanied youth.	K12 5
64.	As permanent law, require that school districts offer teacher contracts for the next school year no earlier than March 15th.	K12 6,7
65.	As permanent law, allow school districts to allocate litigation recovery fund monies to remedial measures reasonably related to litigation by or against the school district. After allocating monies to all litigation-related expenses, the school district may use monies in the fund for maintenance and operation or unrestricted capital.	K12 12
66.	As permanent law, stipulates that ESA monies may be used for tuition at a private school that requires all teaching staff and personnel who have unsupervised contact with students to be fingerprinted.	K12 13
67.	As permanent law, authorizes ESA monies to be expended on tutoring services from individuals that are not subject to disciplinary action by the State Board of Education (SBE) for immoral or unprofessional conduct. Requires ADE to remove tutors subject to SBE discipline from all ESA purchasing platforms provided by the department.	K12 13
68.	As permanent law, require ADE to verify ESA eligibility in the year for which the parent seeks to renew the ESA. Clarifies that ADE is not required to annually verify a child's disability.	K12 13
69.	As permanent law, require ADE to develop risk-based auditing procedures for the ESA program in consultation with the Auditor General.	K12 14
70.	As permanent law, require ADE to annually review a sample of ESAs selected at random to determine whether the parent or student is in compliance with the ESA contract, applicable laws, rules and orders relating to the ESA program. Limit reviews to no more than once every 5 years for each parent or student in good standing and prohibits students from receiving ESA monies while enrolled in a school district or charter school.	K12 14
71.	As permanent law, authorize ADE to approve applications for enrollment in advance for the ESA program up to two fiscal quarters after the quarter in which the application is completed.	K12 14
72.	As permanent law, stipulates that ADE shall enroll any applicants for the ESA program who submit an application after March 31st on or after July 1st.	K12 14
73.	As permanent law, requires ADE to submit its estimate to JLBC and OSPB of the amount required to fund the ESA program by September 1st and November 1st annually instead of May 30th.	K12 14
74.	As permanent law, requires ADE to establish and maintain an online database of allowable and disallowed categories of expenses and provide a link to the database on the department's website.	K12 14
75.	As permanent law, allow the use of ESA monies to reimburse the parent or a qualified student for the purchase of a good or educational service that is an allowable expense.	K12 14
76.	As session law, allow the Arizona Civics Education and Leadership Development Fund (established by Laws 2023, Chapter 142, Section 12) to be used beyond FY 2024. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024.	K12 17

- |     |   |        |
|-----|---|--------|
| 77. | As session law, allow the Early Education and Career Exploration Program Fund (established by Laws 2023, Chapter 142, Section 13) to be used beyond FY 2024. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. | K12 18 |
| 78. | As session law, repeal the Dual Enrollment Teacher Development Fund and the Dual Enrollment Student Development Fund (established by Laws 2023, Chapter 142, Sections 16 and 17).   | K12 20 |
| 79. | As session law, continue to notwithstanding A.R.S. 15-241 to allow ADE to expend monies in FY 2025 from the Failing Schools Tutoring Fund for school improvement. Require ADE to report on proposed expenditures from the fund to the Governor, Speaker of the House, President of the Senate, JLBC and OSPB by September 1, 2024.  | K12 21 |
| 80. | 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 23 |

**Arizona School for the Deaf and the Blind**

- |     |   |        |
|-----|---|--------|
| 81. | As permanent law, no longer exempt ASDB from the State Fleet.   | K12 15 |
| 82. | As session law, allow the Telecommunication for the Deaf Fund to be spent on educational and operational costs of ASDB. | K12 22 |

## LOCAL GOVERNMENT - Chapter 219 (HB 2907)

**Counties and Cities & Towns**

- |     |  |      |
|-----|--|------|
| 83. | 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 2025, up to \$1,250,000 of county revenue for each county. The budget would continue to require 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, 2024. | LG 1 |
|-----|--|------|

## MANAGEMENT OF STATE BUILDINGS - Chapter 220 (HB 2908)

**Statewide**

- |     |   |       |
|-----|---|-------|
| 84. | As session law, continues to set the FY 2025 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. | MSB 1 |
|-----|---|-------|

## TAXATION - Chapter 221 (HB 2909)

**Department of Revenue**

- |     |   |        |
|-----|---|--------|
| 85. | 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 \$6,626,900 for FY 2025. Each local government type (for example all counties share of the \$6,626,900) 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. | TAX 10 |
| 86. | 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 \$179,000 and \$803,600, respectively, in FY 2025.  | TAX 10 |



87. As permanent law, cap the aggregate dollar level of the Corporate Low-Income Student Tuition Tax Credit at \$135 million annually, beginning in FY 2025. TAX 4
  88. As permanent law, expand the eligibility for scholarships from the "Switcher" Individual Income Tax Credit and Corporate Low-Income Student Tuition Tax Credit programs to include foster care children that meet certain requirements. If a court rules that the aggregate tax credit cap in section 4 is unenforceable and that judgement is no longer subject to further appeal or review, these provisions would not be effective. TAX 5,6
  89. As session law, require county supervisors to reduce property tax levies in FY 2025 in elementary districts without a high school (i.e. "Type 03" districts) that are non-state aid districts and that were required to levy the minimum qualifying tax rate (MQTR) in FY 2024 (the MQTR is required if the district's property tax collections for basic state aid are less than 50% of what would be generated by the full QTR). The reduction is equal to the district's Type 03 county levy (a county property tax first levied in FY 2024 to fund the basic state aid costs of high school students who reside in Type 03 districts) or its MQTR levy from FY 2024, whichever is less. The reduction is intended to reimburse the affected districts for MQTR rate increases that occurred in FY 2024 as a result of the Type 03 county levies being excluded from the MQTR rate calculation. Beginning in FY 2025, Type 03 county levies will be deducted from the MQTR on an ongoing basis pursuant to HB 2173 (Laws 2024, Chapter 134). TAX 7
  90. As permanent law, changes the implementation date of Laws 2024, Chapter 142 (HB 2382) from January 1, 2026 to January 1, 2028. That legislation required DOR to establish a process where third-party entities that offer sourcing services to TPT taxpayers may become certified providers subject to certain standards. TAX 1
  91. As permanent law, extend the TPT and Use Tax Exemption for qualifying equipment purchased by businesses certified as healthy forest enterprises from June 30, 2024 to December 31, 2026. TAX 2,3
- Qasimyar v. Maricopa County Property Tax Litigation*
92. As session law, require school districts to reduce their levies to cover property tax refunds ordered in the *Qasimyar v. Maricopa County* litigation to account for estimated revenues from basic state aid recalculations authorized by A.R.S. 15-915B. Require ADE to estimate 15-915B recalculations by district by August 1, 2024 and provide its estimates to the Property Tax Oversight Commission, JLBC, and OSPB. TAX 9
  93. As session law, authorize ADE to re-calculate basic state aid for districts liable for tax refunds without the adoption of a resolution by a school district governing board. Before making basic state aid adjustments, require ADE to submit its proposed re-calculations to JLBC for review. TAX 9
  94. As session law, stipulate that taxing jurisdictions (including school districts) that are liable for tax refunds in the *Qasimyar v. Maricopa County* litigation and that estimate the judgment would result in a property tax increase of 4% or more may issue tax anticipation notes that mature four years following the issuance of the notes and request that the state loan commissioners issue bonds to redeem or refund the tax anticipation notes. This provision is repealed December 31, 2030. TAX 8
  95. As session law, clarifies that any limitations on school district tax levies for *Qasimyar v. Maricopa County* tax refunds shall not be construed to prevent school districts from levying sufficient property taxes to pay required debt service on general obligation bonds. TAX 9
  96. As session law, authorize school districts liable for *Qasimyar v. Maricopa County* tax refunds to use any unbudgeted cash balances from FY 2023 from their Maintenance and Operations Fund or Unrestricted Capital Fund that were not included in the school district's adopted FY 2024 budget to cover the cost of the refunds. TAX 9
  97. As session law, require the Maricopa County Treasurer to include a statement on tax year 2024 property tax bills stating "Your tax rate includes an increase to cover the cost of tax refunds ordered in class action litigation." TAX 9

## SELF-SUPPORTING REGULATORY AGENCIES - Chapter 222 (HB 2910)

### Statewide

- |     |  |                  |
|-----|--|------------------|
| 98. | As permanent law, increase the percentage of self-supporting regulatory board (see list below) licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029.   | SSRA 1-54,<br>56 |
| 99. | As session law, prohibit the following regulatory boards from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted: | SSRA 55          |
- Arizona State Board of Accountancy
  - Board of Acupuncture Examiners
  - Board of Athletic Training
  - Barbering and Cosmetology Board
  - Board of Behavioral Health Examiners
  - Registrar of Contractors
  - State Board of Chiropractic Examiners
  - State Board of Dental Examiners
  - Board of Homeopathic and Integrated Medicine Examiners
  - Board of Massage Therapy
  - Arizona Medical Board
  - Arizona Regulatory Board of Physician Assistants
  - Naturopathic Physicians Medical Board
  - Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers
  - State Board of Nursing
  - Board of Occupational Therapy Examiners
  - State Board of Dispensing Opticians
  - State Board of Optometry
  - 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

## FY 2025 GENERAL APPROPRIATION ACT PROVISIONS – CHAPTER 209 (HB 2897)/CAPITAL OUTLAY – CHAPTER 211 (HB 2899)

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.

<b>Department of Education</b>		<b>Section</b>
1.	As session law, continue deferral of \$800,727,700 of Basic State Aid payments for FY 2025 until FY 2026. Continue to exempt districts with less than 4,000 students from the deferral. Appropriate \$800,727,700 in FY 2026 for these deferred Basic State Aid payments. Allow ADE to make the rollover payment no later than July 12, 2025.	143
2.	As session law, continue to require school districts to include in the FY 2025 revenue estimates that they use for computing their FY 2025 tax rates the rollover monies that they will receive for FY 2025 in July 2025.	143
<b>Revenues</b>		
3.	As session law, continue to specify revenue and expenditure estimates for FY 2024, FY 2025, FY 2026, and FY 2027.	154
4.	As session law, continue to require the Executive Branch to provide JLBC preliminary estimates of FY 2024 ending balances by September 15, 2024. Require the Joint Legislative Budget Committee (JLBC) Staff to report to JLBC by October 15, 2024 as to whether FY 2025 revenues and ending balance are expected to change by more than \$50,000,000 from budgeted projections.	154
<b>Statewide</b>		
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.	149
6.	As session law, continue to require ADOA to compile a report on Full-Time Equivalent (FTE) Position usage in FY 2025 in all agencies and provide it to the Director by October 1, 2025. The Universities are exempt from the report but are required to report separately.	150
7.	As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2024 on the number of filled appropriated and non-appropriated FTE Positions by fund source as of September 1, 2024.	152
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.	153
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"> <li>– The Governor's Office would report on the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund.</li> <li>– The Superintendent of Public Instruction would report on the Elementary and Secondary School Emergency Relief Fund.</li> </ul> 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 2025.	148
<b>General</b>		
10.	As session law, continue to define “*” as designating an appropriation exempt from lapsing.	155
11.	As session law, continue to define “expenditure authority” as continuously appropriated monies included in individual line items of appropriations.	156
12.	As session law, continue to define “review by the Joint Legislative Budget Committee” (JLBC) as a review by a vote of a majority of a quorum of the members.	157

## FY 2025 MAJOR FOOTNOTE CHANGES – CHAPTER 209 (HB 2897)

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.

### Arizona Department of Administration

	<u>Section</u>
1. Adds footnote requiring the amount appropriated for a school district health insurance actuarial study to be used by ADOA to conduct an actuarial study of the cost-benefits for school district optional participation in the state health insurance program. Requires ADOA to submit a report on the findings of the study to the Governor, President of the Senate, Speaker of the House and the director of the JLBC on or before December 31, 2024	15
2. Adds footnote stating that \$1.0 million is appropriation to ADOA to distribute to the Navajo Nation for use in establishing electrical connections for individuals without access to electricity.	130

### Arizona Department of Administration – Automation Projects Fund

3. Adds footnote making \$2.1 million of the FY 2023 appropriation for the Business One Stop portal non-lapsing until the end of FY 2025 for maintenance and operations of the Business One Stop portal.	122
4. Adds footnote that transfers \$1.8 million of the \$15.0 million FY 2024 appropriation for Health and Human Services IT projects to the General Fund and specifies that the remaining \$13.2 million shall be used for: <ul style="list-style-type: none"> <li>- a new IT platform to authenticate individuals applying for health and human service programs to prevent fraud waste and abuse (\$6.7 million); this project is subject to ITAC and JLBC review.</li> <li>- the development of several modules associated with the Medicaid Enterprise System (MES) mainframe replacement (\$2.8 million)</li> <li>- MES fraud and waste abuse prevention enhancements (\$1.7 million)</li> <li>- MES systems integrator which establishes a platform infrastructure in the cloud to serve as the foundation for the modular replacement of the prior Prepaid Medicaid Management Information System (PMMIS). This \$2.0 million was already favorably reviewed by JLBC in October 2023.</li> </ul>	11
5. Adds footnote extending the \$2.5 million FY 2024 appropriation for a community supervision electronic monitoring system pilot program until the end of FY 2027.	122
6. Adds footnote that transfers \$2.5 million from the Water Resources Fund to the Department of Water Resources Subaccount in the Automation Projects Fund in FY 2024 for the Department of Water Resources to update the Department's IT applications and makes the monies non-lapsing through FY 2025.	115

### Arizona Department of Administration – School Facilities Division

7. Adds footnote extending the use of the unencumbered balance of \$24.6 million 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, 2023.	16
8. Adds footnote allowing the use of the unencumbered balance of \$3.6 million in the New School Facilities Fund for additional construction costs for the Pima USD 9-12 project approved in the FY 2023 budget. The \$3.6 million amount is from savings due to the project's land purchase cost being lower than the funded amount.	16

### Office of Administrative Hearings

9. Adds footnote specifying that \$200,000 appropriated in the office's operating lump sum shall be used to administer the provisions of a bill addressing insurance provider claims against insurers if such a bill becomes law. These monies shall revert to the State General Fund if a bill addressing provider claims against insurers does not pass. Note: The legislation addressing provider claims against insurers did not pass.	17
--	----

**Department of Agriculture**

- |  |     |
|--|-----|
| 10. Adds footnote extending the lapsing date of the FY 2023 IT modernization and cloud migration project until the end of FY 2026. | 122 |
| 11. Adds footnote extending lapsing date of FY 2024 IT support to the end of FY 2026.  | 6   |

**AHCCCS**

- |  |     |
|--|-----|
| 12. Adds footnote specifying that \$12.2 million in the Traditional Medicaid Services line item is for inpatient payments to rural hospitals. Due to a change in federal requirements, AHCCCS replaced the Rural Hospital Inpatient Fund with a corresponding increase to the inpatient portion of its regular hospital rate schedule. Since the funding was moved from its own line item to regular service line items, this footnote would ensure that the \$12.2 million is still allocated to rural hospitals. | 19  |
| 13. Adds footnote stating that \$100.0 million of the amount appropriated for Proposition 204 Services shall be used from the Hospital Assessment Fund to cover a portion of the state share of the costs of behavioral health services.   | 19  |
| 14. Adds footnote authorizing AHCCCS to fund GME programs operated by federally qualified community health centers and rural health clinics only if there are monies remaining after AHCCCS has funded all eligible GME programs in counties with a population of less than 500,000.   | 19  |
| 15. Adds footnote stating that \$3.6 billion of the amount appropriated from expenditure authority is for directed payments to hospitals in FY 2025.   | 19  |
| 16. Adds footnote stating that \$1.0 million is appropriated for a wage increase for serious mental illness (SMI) case management providers with fewer than 5,000 members.   | 130 |

**Attorney General**

- |   |    |
|---|----|
| 17. Adds footnote requiring monies in the Veterans Substance Abuse Treatments Grants line item to be used for programs approved by a court order, settlement agreement, or the One Arizona Opioid Settlement Memorandum of Understanding to treat opioid use disorder in conjunction with substance abuse judicial programs for veterans. | 21 |
| 18. Adds footnote stating that monies in the Veterans Substance Abuse Treatments Grants line item are from the consumer remediation subaccount of the consumer restitution and remediation revolving fund and shall consist of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements.            | 21 |
| 19. Adds footnote requiring the Attorney General to submit an expenditure plan to JLBC for review for the Veterans Substance Abuse Treatments Grants line item.   | 21 |
| 20. Adds footnote extending \$12.0 million FY 2024 appropriation of opioid funds for coordinated reentry programs to FY 2025.   | 21 |

**Department of Child Safety**

- |   |    |
|---|----|
| 21. Adds footnote specifying the amount appropriated in FY 2024 for the caseworkers line item includes a one-time increase of \$19.7 million non-lapsing from the General Fund for increased operating expenditures through the end of FY 2025.   | 7  |
| 22. Adds footnote stating that on or before September 1, 2024, the department shall submit a report to JLBC and OSPB on the actual operating expenses for the Guardian case management system in FY 2024, as well as the proposed system operating expenses in FY 2025.   | 7  |
| 23. Adds footnote stating the preventive services line item appropriation includes \$264,400 from the state general fund to draw down \$1.3 million in additional federal monies associated with the community based child abuse prevention block grant. If grant monies are no longer available, the appropriation is reduced by the amounts of \$264,400 of General Fund and \$1.3 million of child safety expenditure authority. | 25 |

**Arizona Commerce Authority**

- |   |     |
|---|-----|
| 24. Adds footnote stating that \$500,000 is appropriated for grants to business centers and entrepreneur support organizations that provide business training, business coaching and technical assistance to underserved small business owners. | 130 |
|---|-----|

**Department of Corrections**

- |  |       |
|--|-------|
| 25. Adds footnote allowing the department to spend the \$2.0 million appropriated in the FY 2023 budget for the Community Treatment Program for Imprisoned Women on Community Corrections expenditures in FY 2024.   | 8     |
| 26. Adds footnotes specifying that the operating lump sum includes \$75.0 million in FY 2024 and \$40.0 million in FY 2025 from the Consumer Remediation subaccount of the Consumer Restitution and Remediation Revolving Fund, and that these monies are non-lapsing. Specifies that those monies shall come from opioid claims or settlements, and states that these monies may only be used to offset past and current opioid-related costs to the department that are approved uses of opioid monies under the One Arizona Opioid Settlement Memorandum of Understanding or any settlement or compromise relating to opioid settlement monies. | 8, 31 |
| 27. Adds footnotes specifying the use of the funding in the Injunction-Related IT Upgrades line item in FY 2024 and FY 2025. Makes the FY 2024 appropriation for the Injunction-Related IT Upgrades line item non-lapsing through the end of FY 2025.  | 8     |
| 28. Adds footnote specifying that the funding in the Non-Contract Medication line item be spent on medications to treat Hepatitis C and for medication assisted treatment, or any other approved purpose as defined in a court order, settlement, or the One Arizona Opioid Settlement Memorandum of Understanding, in FY 2024 and FY 2025. Requires the department to seek JLBC review prior to spending any funding in this line item on anything but these costs. Makes the FY 2024 appropriation for the Non-Contract Medication line item non-lapsing through the end of FY 2025.   | 8     |
| 29. Adds footnote requiring the department to seek JLBC review prior to spending monies in the Private Prison Per Diem line item on anything other than private prison costs.  | 31    |

**Board of Dental Examiners**

- |  |    |
|--|----|
| 30. Adds footnote making the FY 2025 appropriation for an annual leave payout non-lapsing. | 35 |
|--|----|

**Department of Economic Security**

- |   |     |
|---|-----|
| 31. Adds footnote prohibiting the department from transferring any surplus monies from Developmental Disabilities – Medicaid line items to any line item outside of the Division of Developmental Disabilities in FY 2024.  | 108 |
| 32. Adds footnote extending the \$830,000 FY 2024 appropriation for the Graham County rehabilitation center line item until the end of FY 2025. Footnote further states that the line item includes \$800,000 to remodel the Graham County rehabilitation center facilities in Safford and Willcox. | 37  |
| 33. Adds footnote making the FY 2024 and FY 2025 appropriations for the Group Home Monitoring Program non-lapsing through the end of FY 2026.   | 37  |
| 34. Adds footnote requiring DES to use at least 10% of the General Fund share of the FY 2025 appropriation for child care subsidy on child care providers outside of Maricopa, Pima, and Pinal counties.  | 37  |
| 35. Adds footnote stating that \$250,000 is appropriated for the distribution of food to low-income individuals living on tribal reservations.  | 130 |
| 36. Adds footnote stating that \$500,000 is appropriated for distribution to the Navajo Nation for women's shelter and social services.   | 130 |
| 37. Adds footnote stating that \$500,000 is appropriated for distribution to the Navajo Nation for youth programs.  | 130 |
| 38. Adds footnote stating that \$500,000 is appropriated for distribution to a nonprofit organization in Pinal County that provides nutrition, housing, and rental assistance programs.   | 130 |
| 39. Adds footnote stating that \$2.0 million is appropriated for the Area Agencies on Aging (AAAs).   | 130 |
| 40. Adds footnote stating that \$1.0 million is appropriated for distribution to the Pascua Yaqui tribal government for social services programs.   | 130 |
| 41. Adds footnote stating that \$1.0 million is appropriated for distribution to nonprofit organizations located in Cochise County that provide food distribution services for low-income individuals.  | 130 |

42. Adds footnote stating that \$1.0 million is appropriated for job training and life skills services for developmentally disabled individuals outside of Maricopa and Pima counties. 130

**Department of Education**

43. Adds footnote requiring ADE to allocate \$5.9 million of the FY 2023 advance appropriation for Charter Additional Assistance (CAA) increases to a one-time CAA supplement in fiscal year 2024-2025. Specifies that the monies be distributed on a proportional basis based on CAA formula allocations for each charter school in FY 2025. 4
44. Adds footnote requiring ADE to allocate \$23.1 million of the FY 2023 advance appropriation for District Additional Assistance (DAA) increases to a one-time DAA supplement in fiscal year 2024-2025. Specifies that the monies be distributed on a proportional basis based on CAA formula allocations for each school district in FY 2025, and authorizes districts to allocate the monies for maintenance and operations or capital. 4
45. Adds footnote requiring ADE to allocate \$37.0 million of the FY 2023 advance appropriation for Free and Reduced-Price Lunch (FRPL) Group B weight increases to a one-time FRPL Group B weight supplement in FY 2025. Specifies that the monies be allocated on a pro-rata basis using weighted FRPL counts for FY 2025 and authorizes school districts to use the monies for maintenance and operations or capital. 4
46. Adds footnote specifying that the Legislature intends that the appropriation for Basic State Aid be increased by \$29.0 million for additional state aid and \$37.0 million for the FRPL Group B supplement beginning in FY 2028 on an ongoing basis. 4
47. Adds footnote requiring ADE to distribute the appropriation for the Holocaust Education Center to the Arizona Holocaust Education Center for the creation and operation of the center as a resource for fulfilling the requirements of A.R.S. 15-701.02 related to instruction on the Holocaust and other genocides. Requires ADE to distribute the monies on or before August 15, 2024. Requires ADOA to make the full allotment of the appropriation to ADE on or before August 15, 2024. 39
48. Adds footnote stipulating that the appropriation for Adult Education includes a onetime allocation of \$4.0 million to the Continuing High School and Workforce Training Program, a onetime deposit of \$4.0 million in the Adult Workforce Diploma Program Fund and a onetime deposit of \$4.0 million in the Community College Adult Education Workforce Development Program Fund. 39
49. Adds footnote stipulating that the appropriation for Onetime School Meals Grants be distributed to districts and charters participating in the National School Lunch Program or School Breakfast Program for grants to reduce or eliminate copayments that would otherwise be charged to students eligible for reduced-price lunches (131% - 185% of the Federal Poverty Level). Requires ADE to reduce the grants proportionately if the appropriation is insufficient to cover all eligible districts and charters. 39
50. Adds footnote stipulating that the remaining \$3,000,000 for the Dual Enrollment Student Development Fund Deposit line item be expended pursuant to the terms and conditions of the original appropriation from the FY 2024 General Appropriations Act. 117
51. Adds footnote allowing the FY 2023 appropriation for EVIT foster care to be used for former foster care youth as well as current foster youth. Footnote further permits an increase of the age cap from 21 to 23 and expands the program to individuals seeking an associate degree. 1
52. Adds footnote stating that \$1.0 million is appropriated for high school centers for success. 130
53. Adds footnote stating that \$2.0 million is appropriated to distribute to entities that provide after school programs to low-income individuals. 130
54. Adds footnote stating that \$2.0 million is appropriated for K-12 mental health telehealth pilot programs that serve individuals outside Maricopa and Pima counties. 130

**Department of Emergency and Military Affairs**

55. Adds footnote stating that monies in the Assist Local Law Enforcement Fentanyl Interdiction line item are from the consumer remediation subaccount of the consumer restitution and remediation revolving fund, that the amount shall consist of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements, and that the monies may only be used for purposes approved by a court order, settlement agreement, or the One Arizona Opioid Settlement Memorandum of Understanding. 40

**Department of Environmental Quality**

- |  |     |
|--|-----|
| 56. Adds footnote to allow the department to use up to \$400,000 from the fund balance within the Emissions Inspection Fund on agency operating costs in excess of the amount appropriated. The department is required to report the intended use of the monies to JLBC. | 41  |
| 57. Adds footnote stating that \$1.0 million is appropriated to conduct a zero-emission heavy-duty 8 ton pilot program.  | 130 |

**Exposition and State Fair**

- |  |    |
|--|----|
| 58. Modifies footnote to specify that \$3.8 million of the board's FY 2025 operating budget is for enhanced state fair operations and that the board must receive JCCR review before spending any of those monies on capital projects. | 45 |
|--|----|

**Department of Forestry and Fire Management**

- |   |    |
|---|----|
| 59. Adds footnote making the appropriation for the Wildfire Mitigation line item non-lapsing through FY 2027  | 46 |
| 60. Adds footnote extending the \$5.0 million FY 2023 appropriation for Gila River nonnative species eradication non-lapsing through FY 2029. Footnote further extends the reporting requirement until the monies are expended. | 2  |

**Department of Gaming**

- |   |    |
|---|----|
| 61. Modifies footnote specifying that the FY 2025 appropriation for the Horseracing Integrity and Safety Authority (HISA) assessment fee is to be used by the Department of Gaming to pay the TY 2024 HISA fee. | 48 |
| 62. Adds footnote stating the racing purse enhancement funding is to be distributed to a recognized nonprofit horsemen's organization in the state.   | 48 |
| 63. Adds footnote stating the racetrack capital projects and maintenance and operation funding is to be distributed to a commercial live racing permittee located in Maricopa County.                           | 48 |

**Governor's Office**

- |   |    |
|---|----|
| 64. Adds footnote making the one-time FY 2024 appropriation for the Missing and Murdered Indigenous People (MMIP) Task Force non-lapsing. | 49 |
|---|----|

**Department of Health Services**

- |  |     |
|--|-----|
| 65. Adds footnote making the \$1.0 million FY 2023 appropriation for the behavioral health care provider loan repayment program non-lapsing through FY 2025.   | 51  |
| 66. Adds footnote making the \$50.0 million FY 2023 appropriation for the accelerated nursing programs non-lapsing through FY 2025.  | 51  |
| 67. Adds footnote making the \$2.5 million FY 2024 appropriation for the nurse-family partnership programs non-lapsing through FY 2027.  | 51  |
| 68. Adds footnote making the \$1.0 million FY 2025 appropriation for combating fentanyl non-lapsing through FY 2026.   | 51  |
| 69. Adds footnote stating that monies in the Fentanyl Overdose Medication Distribution line item are from the consumer remediation subaccount of the consumer restitution and remediation revolving fund , that the amount shall consist of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements, and that the monies may only be used for purposes approved by a court order, settlement agreement, or the One Arizona Opioid Settlement Memorandum of Understanding. | 51  |
| 70. Adds footnote making the \$1.2 million FY 2025 appropriation for Licensing Compliance FTE's non-lapsing through the end of FY 2026.  | 51  |
| 71. Adds footnote making the FY 2024 appropriation for the Psilocybin Research line item non-lapsing.  | 51  |
| 72. Adds footnote stating that \$500,000 is appropriated to distribute to a nonprofit organization that serves low-income and underserved women and their families to access preventive health care services.  | 130 |
| 73. Adds footnote stating that \$500,000 is appropriated to distribute to nonprofit organizations that provide counseling services for parents whose children have died as a result of violence.   | 130 |



74. Adds footnote stating that \$1.0 million is appropriated to distribute to nonprofit organizations that provide counseling and community services in southern Arizona.	130
75. Adds footnote stating that \$1.0 million is appropriated for senior health promotion and coordination in Santa Cruz county.	130
76. Adds footnote stating that \$500,000 is appropriated for heat mitigation programs in southern Arizona.	130

#### **Department of Homeland Security**

77. Modifies footnote to allow the department to use up to 5% of the amount appropriated for statewide cybersecurity grants for grant administration.	54
78. Adds footnote stating that \$200,000 is appropriated for cybersecurity programs.	130

#### **Department of Housing**

79. Adds footnote making the FY 2023 appropriation for the Homeless Services Grant Pilot non-lapsing.	56
---	----

#### **Independent Redistricting Commission**

80. Revert remaining Independent Redistricting Commission FY 2022 appropriation to the General Fund.	118
--	-----

#### **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 if such a bill becomes law. These monies shall revert to the General Fund if a bill addressing provider claims against insurers does not pass. Note: The legislation addressing provider claims against insurers did not pass.	58
---	----

#### **Judiciary**

82. Adds footnote specifying that beginning January 1, 2025, the annual salary for the Chief Justice of the Supreme Court is \$222,000 and that of other justices is \$215,000. Specifies that beginning January 1, 2026, those amounts increase to \$232,000 for the Chief Justice and \$225,000 for all other justices. Appropriates \$63,100 in FY 2025 for judicial salary increases.	124
83. Adds footnote specifying that beginning January 1, 2025, the annual salary for a judge of the Court of Appeals is \$200,000, and beginning January 1, 2026, that amount increases to \$210,000. Appropriates \$252,000 in FY 2025 for judicial salary increases.	125
84. Adds footnote specifying that beginning January 1, 2025, the annual salary for a judge of the Superior Court is \$190,000, and beginning January 1, 2026, that amount increases to \$200,000. Appropriates \$819,600 in FY 2025 for judicial salary increases.	126

#### **Board of Nursing**

85. Adds footnote to make the \$450,000 FY 2024 General fund appropriation for the Student Registered Nurse Anesthetist Clinical Rotation program non-lapsing until the end of FY 2025.	70
---	----

#### **State Parks Board**

86. Modifies existing footnote to allow an amount equal to the revenue sharing agreement with the U.S Forest Service for Catalina State Park to be appropriated from the State Parks Revenue Fund.	76
--	----

#### **Arizona State Board of Pharmacy**

87. Adds footnote making the FY 2025 appropriation for an annual leave payout non-lapsing.	78
88. Adds footnote extending the lapsing date of the FY 2023 appropriation for e-licensing to the end of FY 2025.	78

#### **Department of Public Safety**

89. Revises footnote on the \$2.0 million FY 2024 appropriation to the Law Enforcement Retention Initiatives line item. These monies are to be distributed to the following agencies for recruitment and retention services: \$500,000 to DPS, \$200,000 to Yavapai County Sheriff's Office, \$225,000 to Peoria Police Department, \$350,000 to Tempe Police Department, \$125,000 to Oro Valley Police	9
--	---

Department, \$175,000 to Queen Creek Police Department, \$150,000 to Flagstaff Police Department, \$150,000 to Buckeye Police Department, and \$125,000 to Surprise Police Department. Footnote further makes the monies from the line item non-lapsing and specifies that recipients must use monies distributed from the line item on coaching services with the following qualifications: offers coaches trained by the FBI national academy, provides online services with a variety of subject areas for law enforcement, includes analytics to measure impact on recruitment and retention, offers a comprehensive recruitment audit and training program for agency recruiters, and proves software to support a variety of recruitment and retention activities.

#### **Department of Real Estate**

- |     |  |    |
|-----|--|----|
| 90. | Adds footnote specifying that \$400,000 of the Department's lump sum appropriation is for information technology improvements. | 85 |
|-----|--|----|

#### **Arizona Board of Regents**

- |     |   |     |
|-----|---|-----|
| 91. | Adds footnote stating that \$1.0 million is appropriated for one-time Teachers Academy funding. | 130 |
|-----|---|-----|

#### **Secretary of State**

- |     |  |     |
|-----|--|-----|
| 92. | Adds footnote extending the \$5.4 million FY 2020 Help America Vote Act (HAVA) appropriation for counties from the end of FY 2024 to the end of FY 2025.   | 90  |
| 93. | Adds footnote requiring the Secretary of State to submit a report to JLBC and OSPB by January 31, 2025 of the actual expenditures from the Election Services line item.  | 90  |
| 94. | Modifies existing footnote allowing the Secretary of State to use \$100,000 in the Secretary of State's operating budget for legal services from the attorney general or the hiring of 1 FTE to serve as legal advisor for the Secretary of State by adding conflict counsel as an allowable use. Amends footnote to allow the Secretary of State to employ outside or private attorneys to provide representation or services when the Secretary of State: 1) is named as a defendant; 2) believes a conflict prevents representation by the Attorney General's Office; 3) and is either remaining nominal or defending the constitutionality of a law or referral passed by the Legislature. | 90  |
| 95. | Adds footnote specifying that the Secretary of State may use up to \$250,000 of the monies in the Election Services line item for direct costs of the Secretary of State related to the 2024 primary and general elections.  | 90  |
| 96. | Adds footnote allowing the Secretary of State to use up to \$100,000 of the FY 2024 supplemental for costs of logic and accuracy testing for the 2024 primary election.  | 114 |
| 97. | Adds footnote stating that \$1.0 million is appropriated for one-time operating expenses.  | 130 |

#### **Arizona Department of Transportation**

- |     |  |    |
|-----|--|----|
| 98. | Adds footnote stating that the operating lump sum includes a \$2 million reduction from the State Highway Fund in FY 2025 from the department's Enforcement and Compliance Division (ECD). | 94 |
|-----|--|----|

#### **State Treasurer**

- |      |   |     |
|------|---|-----|
| 99.  | Adds footnote extending the lapsing date of the FY 2024 appropriation to a Nonprofit Volunteer Rodeo Organization for the purposes of resolving litigation that is challenging the validity of the appropriation. Footnote further provides that if a final court ruling overturns the appropriation and there are no further appeals, the appropriation reverts to the General Fund within 60 days.  | 119 |
| 100. | Adds footnote distributing monies from the Peace Officer Training Equipment Fund in FY 2025 to the following recipients: \$600,000 to Pinal County Sheriff's Office for a records management systems and computer aided dispatch systems pilot program, \$1.4 million to law enforcement agencies for pepperball and pepperball weapons, \$312,000 to Maricopa County Attorney's Office for a 180 degree training de-escalation and crime recreation simulator, and \$600,000 to Yavapai County Sheriff's Office to law enforcement training simulations. | 127 |

#### **Board of Technical Registration**

- |      |  |    |
|------|--|----|
| 101. | Adds footnote extending the lapsing date of the FY 2023 appropriation for e-licensing to the end of FY 2025. | 92 |
|------|--|----|

**Universities**

102. Adds language to existing freedom school footnotes to specify the legislative intent that the universities must allocate the same amount to the Freedom Schools as was appropriated in FY 2023, except for up to the amount designated in the lump sum reduction portion of the feed bill. 98-99

**Department of Veterans' Services**

103. Adds footnote stating that \$500,000 is appropriated for distribution to a veterans center that provides referral services for employment and job training, housing, and utility assistance. 130

**Department of Water Resources**

104. Adds footnote making the monies appropriated in the FY 2024 Statewide Water Resources Planning line item non-lapsing. 103
105. Adds a footnote repealing the Department of Water Resource's brackish groundwater pilot program that was established with a non-lapsing appropriation of \$11.0 million in the FY 2024 budget. 10

**Statewide**

106. Adds footnote requiring ADOA to report quarterly on year-to-date spending and encumbrances in FY 2025 to the JLBC Director and OSPB Director. The report would cover both General Fund and Other Appropriated Fund spending. The report is due within 15 days after the last day of the fiscal year quarter. 147
107. Adds footnote prohibiting operating lump sum reductions allocated to university freedom schools from exceeding 3.45% of the total amount allocated to each freedom school. 129
108. Adds technical footnotes to make certain FY 2024 appropriations non-lapsing. In the FY 2024 budget, these appropriations were deposited into session law funds that are only effective through the end of FY 2024. FY 2025 Budget Reconciliation Bill provisions will extend the life of these funds through FY 2025. Since these BRB provisions will not be effective at the beginning of FY 2025, these technical footnotes will prevent the monies in the following funds from lapsing at the end of FY 2024: 120
- Arizona Department of Administration – Fire Incident Management Fund
  - Office of Economic Opportunity – Microbusiness Loan Fund
  - Department of Education - Early Education and Career Exploration Program Fund
  - Department of Education - Arizona Civics Education and Leadership Development Fund
  - Department of Health Services - Collaborative Care Uptake Fund
  - Department of Homeland Security - Anti-Human Trafficking Grant Fund
  - Department of Homeland Security - Nonprofit Security Grant Program Fund
  - Department of Housing – Homeless Shelter and Services Fund
  - Department of Public Safety – Fentanyl Prosecution, Diversion and Testing Fund
  - Universities – Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund

**Fund Transfers**

109. Adds footnote specifying that monies transferred from the State Highway Fund to the General Fund in FY 2024 and FY 2025 reflect interest income earned on investment of monies transferred to the fund from Transaction Privilege Tax revenues in FY 2023. 133
110. Adds footnote specifying that \$8.1 million of monies transferred from the Water Supply Development Revolving Fund to the General Fund in FY 2024 reflect interest income earned on investment of monies in the fund. 133
111. Adds footnote specifying that \$19.3 million of monies transferred from the Long-Term Water Augmentation Fund to the General Fund in FY 2024 reflect interest income earned on investment of monies in the fund. 133
112. Adds footnote specifying that monies transferred from the Department of Administration Subaccount of the Automation Projects Fund to the General Fund in FY 2024 reflect unspent monies for the business one-stop portal development project. 133
113. Adds footnote requiring each budget unit to report to JLBC and OSPB by October 31, 2024 if the budget unit had any privately funded employee salary compensation in FY 2024 or FY 2025. 151

## CAPITAL – CHAPTER 211 (HB 2899)

### State Parks

114. Adds footnote stating that on or before June 30, 2024, \$38.2 million from the State Parks Revenue Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. On or before September 1, 2024, State Parks is required to submit an expenditure report to JCCR on how monies from the State Parks Revenue Fund will be expended on capital projects after the \$38.2 million fund transfer. The expenditure of monies from the fund are limited to items that were previously reviewed by JCCR at its July 2022 meeting. 14

### Arizona Department of Transportation

115. Adds footnote stating that on or before June 30, 2024, \$24.0 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies were previously appropriated to ADOT to construct an overpass at Riggs Road and SR 347. 9
116. Adds footnote stating that on or before June 30, 2024, \$55.9 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies were previously appropriated to ADOT to design and construct additional vehicle lanes on I-10 between SR 85 and Citrus Road. 10
117. Adds footnote stating that on or before June 30, 2024, \$29.3 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies were previously appropriated to ADOT for statewide pavement rehabilitation projects. 11
118. Adds footnote stating that on or before June 30, 2024, \$9.1 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies reflect a surplus of funding as a result of previously appropriated highway project funding reallocations. 30
119. Adds footnote making the \$1.8 million FY 2022 appropriation for vehicle fueling facilities non-lapsing until the end of FY 2025. 32
120. Adds footnote requiring ADOT to distribute the \$59.8 million FY 2024 appropriation to extend SR 24 to the town of Queen Creek on or before June 30, 2024. The footnote directs the town of Queen Creek to prioritize a traffic interchange at SR 24 and Ironwood Road before spending any remaining monies to extend SR 24. 34
121. Adds footnote with legislative intent language stating that, consistent with the advance appropriation, the overpass at Riggs Road and State Route 347 be funded in FY 2028. 9

### Department of Veterans' Services

122. Adds footnote requiring the department to submit the proposed site and feasibility analysis to the Arizona Veterans' Service Advisory Commission for approval pursuant to an advance appropriation of \$25.0 million from the General Fund in FY 2028 to construct a new veterans' home in Northwestern Arizona. 6

### Statewide

123. Adds footnote that would deem the following projects to have been favorably reviewed by the Joint Committee on Capital Review (JCCR) as contained in the May 9, 2024 JCCR agenda book: 31
- \$2.6 million for 5 FY 2024 Arizona Game and Fish Department capital projects
  - \$214,200 for FY 2024 Lottery Commission building renewal monies for structural repairs of its Phoenix facility.
  - \$250,000 for a FY 2024 Arizona Pioneers Home project to improve the cemetery parking lot.
  - \$63.0 million for Arizona State University system revenue bond issuances to implement information technology infrastructure improvements, including standard university financing provisions.

- \$22.0 million for Arizona State University system revenue bond issuances to fund a utility expansion project on the Tempe Campus, including standard university financing provisions.
- \$16.4 million for Yavapai College bond projects to finance the creation of Centers for Learning and Innovation, capital improvement projects, and software system upgrades, including standard financing provisions.
- \$8.7 million for continuing to upgrade the Eyman prison to HVAC.

**FY 2024**  
**GENERAL FUND ADJUSTMENTS**

## FY 2024 GENERAL FUND ADJUSTMENTS

	FY 2023 Actual	FY 2024 Original 1/	Baseline Adjustments 2/	FY 2024 JLBC Baseline	Session Changes 3/	FY 2024 Enacted
<b>REVENUES</b>						
Ongoing Revenues	\$16,809,294,500	19,381,493,800	(3,149,962,200)	\$16,231,531,600	151,400,000	\$16,382,931,600
Previously Enacted Tax Reductions		(2,257,820,300)	2,257,820,300			
Newly Enacted Revenue Adjustments		(400,900)	400,900			
Urban Revenue Sharing	(1,106,958,700)	(1,564,826,300)		(1,564,826,300)	6,500	(1,564,819,800)
Net Ongoing Revenues	\$15,702,335,800	\$15,558,446,300	(\$891,741,000)	\$14,666,705,300	\$151,406,500	\$14,818,111,800
One-Time Revenues						
Balance Forward	\$4,709,446,000	\$2,530,436,300	(\$3,203,300)	\$2,527,233,000		2,527,233,000
Attorney General Google Settlement	75,462,100					
TPT Diversions	(2,287,489,600)					
One-Time Income Tax Rebate		(259,800,000)	(13,156,400)	(272,956,400)	(1,043,600)	(274,000,000)
Adoption Expenses Subtraction		(178,500)	178,500			
Fund Transfers					843,331,200	843,331,200
Subtotal One-Time Revenues	\$2,497,418,500	\$2,270,457,800	(\$16,181,200)	\$2,254,276,600	\$842,287,600	\$3,096,564,200
<b>Total Revenues</b>	<b>\$18,199,754,300</b>	<b>\$17,828,904,100</b>	<b>(\$907,922,200)</b>	<b>\$16,920,981,900</b>	<b>\$993,694,100</b>	<b>\$17,914,676,000</b>
<b>EXPENDITURES</b>						
Ongoing Operating Appropriations	\$14,529,766,800	\$15,001,474,100	\$1,151,300	\$15,002,625,400		\$15,002,625,400
FY 24 Ongoing Supplementals/Ex-Approp.			(108,392,200)	(108,392,200)	(2,259,800)	(110,652,000)
Administrative Adjustments		150,000,000	(25,000,000)	125,000,000	(35,000,000)	90,000,000
Reversions		(215,000,000)	70,000,000	(145,000,000)	(31,790,300)	(176,790,300)
Subtotal Ongoing Expenditures	\$14,529,766,800	\$14,936,474,100	(\$62,240,900)	\$14,874,233,200	(\$69,050,100)	\$14,805,183,100
One-Time Expenditures						
Capital Outlay	\$238,257,400	\$187,946,500		\$187,946,500	(\$103,902,200)	84,044,300
Transportation Funding	\$83,000,000	620,209,600		620,209,600	(85,178,000)	535,031,600
Reduce K-12 Rollover	65,000,000					
FY 2023 Supplementals/Ex-Appropriations	28,182,500					
FY 24 One-Time Supplementals/Ex-Approp.					12,913,600	12,913,600
Prior Year Ex-Appropriations					(175,443,000)	(175,443,000)
Pension Payoff (EORP Deposit)	60,000,000					
Operating One-Time Spending	1,150,314,600	1,885,038,800	(430,000)	1,884,608,800	(59,790,000)	1,824,818,800
Water Supply Funding		189,200,000		189,200,000		189,200,000
Medicaid Reversion (Enhanced Match/Other)	(482,000,000)					
Subtotal One-Time Expenditures	\$1,142,754,500	\$2,882,394,900	(\$430,000)	\$2,881,964,900	(\$411,399,600)	\$2,470,565,300
<b>Total Expenditures</b>	<b>\$15,672,521,300</b>	<b>\$17,818,869,000</b>	<b>(\$62,670,900)</b>	<b>\$17,756,198,100</b>	<b>(\$480,449,700)</b>	<b>\$17,275,748,400</b>
<b>Ending Balance</b>	<b>\$2,527,233,000</b>	<b>\$10,035,100</b>	<b>(\$845,251,300)</b>	<b>(\$835,216,200)</b>	<b>\$1,474,143,800</b>	<b>\$638,927,600</b>
<b>Ongoing Balance</b>	<b>\$1,172,569,000</b>	<b>\$621,972,200</b>	<b>(\$829,500,100)</b>	<b>(\$207,527,900)</b>	<b>\$220,456,600</b>	<b>\$12,928,700</b>

1/ Reflects FY 2024 Budget as published in the FY 2024 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 2024 Second Regular Session.

## FY 2024 GENERAL FUND ADJUSTMENTS

**FY 2024 Budget Revisions** — The preceding chart illustrates the changes to the FY 2024 budget from the August 2023 publication of the *FY 2024 Appropriations Report* (which included changes through the 56<sup>th</sup> Legislature, First Regular Session) to the current estimate in this *FY 2025 Appropriations Report*. The chart includes the changes from the passage of bills in the Second Regular Session of the 56<sup>th</sup> Legislature addressing the FY 2024 budget.

**Original Budget Estimate** — When the *FY 2024 Appropriations Report* was published in August 2023, the FY 2024 budget was anticipated to have a \$10 million balance.

**Mid-Year Balance** — As estimated in the January 2024 JLBC Baseline, lower-than-expected revenues together with other changes led to the state's projected FY 2024 \$10 million ending balance decreasing to a projected shortfall of \$(835) million. The components of this \$(845) million decline in the fund balance compared to the August 2023 figures were as follows:

	(\$ in M)
• Decreased FY 2023 Carry-Forward	(3)
• Decrease in Net FY 2023 Ongoing Revenues	(892)
• Higher One-Time Income Tax Rebate Costs	(13)
• Decreased FY 2023 Expenditures Savings	63
<b>Total</b>	<b>\$(845)</b>

The original FY 2024 budget assumed an FY 2023 carry-forward balance of \$2.53 billion. Subsequent to the publication of the *FY 2024 Appropriations Report*, the state's final FY 2023 ending balance was relatively unchanged from this estimate – final FY 2023 revenues were stronger than anticipated, however this gain was offset by higher-than-expected spending. As a result, the FY 2023 ending balance was still approximately \$2.53 billion, or \$(3) million below the original estimate.

Ongoing FY 2024 revenues were estimated to decline compared to FY 2023, reflecting in part the second step of the implementation of tax law changes, where the state's individual income tax was reduced to a single rate of 2.5%. Net revenue growth was significantly slower than originally projected, however, and was estimated to decrease nearly \$(892) million from the original budget projections.

The enacted FY 2024 budget provided a one-time dependent tax rebate for certain taxpayers, which had an original estimated cost of \$(260) million. Based on claims data, the projected cost of this rebate was revised to \$(273) million, or a decrease of \$(13) million from the original budget projections.

Finally, the January 2024 JLBC Baseline assumed that spending would be \$(63) million less than the enacted budget. This was primarily the result of lower caseloads in formula programs such as ADE Basic State Aid and the state's Medicaid programs in AHCCCS and DES, along with lower spending of prior-year appropriations (administrative adjustments). These savings were partially offset by higher spending for technical assumptions related to unspent agency appropriations (known as reversionments).

**2024 Legislative Session** — Laws 2023, Chapter 209, the General Appropriations Act, and other budget bills were signed by the Governor on June 18, 2024. In order to resolve the projected FY 2024 budget shortfall, the bills made changes totaling \$(480) million to the FY 2024 budget. The FY 2024 budget changes were as follows:

	(\$ in M)
• Capital Spending Reductions	(104)
• Transportation Spending Reductions	(85)
• Reduce Prior Year Non-Lapsing Funding	(175)
• Operating One-Time Spending Reductions	(60)
• Admin. Adj./Reversionment Estimates	(67)
• All Other Changes	11
<b>Total</b>	<b>\$(480)</b>

In addition, the revised FY 2024 budget assumed \$994 million of increased revenues, which includes: 1) \$151.4 million for revenue performance higher than assumed in the Baseline, based primarily on the April FAC forecast; 2) A loss of \$(1.0) million for additional claims for the one-time dependent tax rebate; and 3) \$843.3 million of additional revenue from the transfer of monies from various state funds to the General Fund.

The \$994 million of additional revenues, combined with the \$(480) million post-Baseline net spending decrease, results in the FY 2024 budget as passed in June having an estimated ending balance of \$639 million.

**Other Fund Adjustments** — The FY 2024 revisions included a net \$(20) million reduction in Other Fund spending, which includes \$98 million of additional spending authority for agency operating budgets offset by a \$(118) million reduction in Other Fund Capital spending. In addition, the budget also appropriated \$10 million in additional Expenditure Authority for DCS.



## FY 2024 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2024 Approp Rpt July 2023	GF FY 2024 Baseline Changes	GF FY 2024 Baseline	GF FY 2024 Budget Changes	GF FY 2024 Enacted
<b>Budget Units</b>					
Administration, Arizona Department of	44,293,600		44,293,600	(3,720,000)	40,573,600
Administration, Arizona Department of Automation Projects Fund	36,064,100		36,064,100		36,064,100
Administration, Arizona Department of - School Facilities Division	357,013,800		357,013,800		357,013,800
Administrative Hearings, Office of	1,170,000	(180,000)	990,000		990,000
Agriculture, Arizona Department of	16,911,000		16,911,000	(300,000)	16,611,000
AHCCCS	2,515,401,900	(39,944,900)	2,515,401,900		2,475,457,000
Arts, Arizona Commission on the	5,000,000		5,000,000		5,000,000
Attorney General - Department of Law	27,749,200		27,749,200		27,749,200
Charter Schools, State Board for	2,835,100		2,835,100		2,835,100
Child Safety, Department of	497,994,700		497,994,700	1,980,000	499,974,700
Commerce Authority, Arizona	62,650,000		62,650,000	(23,600,000)	39,050,000
Community Colleges, Arizona 1/	133,844,500	151,300	133,995,800		133,995,800
Corporation Commission	798,900		798,900		798,900
Corrections, State Department of	1,483,523,900		1,483,523,900	(62,853,700)	1,420,670,200
County Funding	17,650,700		17,650,700		17,650,700
Criminal Justice Commission, Arizona	14,600,000		14,600,000		14,600,000
Deaf and the Blind, Schools for the	25,991,300		25,991,300		25,991,300
Economic Opportunity, Office of	5,523,300		5,523,300		5,523,300
Economic Security, Department of	1,211,415,700	(24,790,300)	1,211,415,700	24,790,300	1,211,415,700
Education, State Board of	3,450,000		3,450,000		3,450,000
Education, Department of	7,761,079,000	(43,859,500)	7,761,079,000	26,359,500	7,743,579,000
Emergency and Military Affairs, Department of	21,189,700		21,189,700		21,189,700
Environmental Quality, Department of	31,000,000		31,000,000		31,000,000
Equalization, State Board of	751,100		751,100	2,200	753,300
Executive Clemency, Board of	1,420,800		1,420,800		1,420,800
Forestry and Fire Management, Arizona Department of	57,605,200		57,605,200		57,605,200
Gaming, Department of	13,159,600		13,159,600		13,159,600
Governor, Office of the	12,339,800		12,339,800		12,339,800
Governor's Office of Strategic Planning and Budgeting	2,733,500	204,600	2,733,500		2,938,100
Health Services, Department of	166,360,900		166,360,900		166,360,900
Historical Society, Arizona	3,045,800		3,045,800		3,045,800
Historical Society, Prescott	1,012,900		1,012,900	51,500	1,064,400
Homeland Security, Department of	25,000,000		25,000,000		25,000,000
Housing, Department of	196,900,000		196,900,000		196,900,000
Industrial Commission of AZ	84,700		84,700		84,700
Insurance and Financial Institutions, Department of	8,548,500	(250,000)	8,298,500		8,298,500

## FY 2024 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2024 Approp Rpt July 2023	GF FY 2024 Baseline Changes	GF FY 2024 Baseline	GF FY 2024 Budget Changes	GF FY 2024 Enacted
Judiciary					-
Supreme Court	28,930,400		28,930,400		28,930,400
Court of Appeals	24,710,800		24,710,800		24,710,800
Superior Court	120,586,300		120,586,300		120,586,300
SUBTOTAL - Judiciary	174,227,500	-	174,227,500	-	174,227,500
Juvenile Corrections, Department of	31,820,800		31,820,800	4,000	31,824,800
Land Department, State	12,980,100	(206,700)	12,980,100		12,773,400
Legislature					-
Auditor General	28,316,600		28,316,600		28,316,600
House of Representatives	23,951,500		23,951,500		23,951,500
Joint Legislative Budget Committee	2,918,100	204,600	2,918,100		3,122,700
Legislative Council	9,507,700		9,507,700		9,507,700
Ombudsmen-Citizens Aide Office	1,561,200		1,561,200		1,561,200
Senate	20,374,500		20,374,500		20,374,500
SUBTOTAL - Legislature	86,629,600	204,600	86,629,600	-	86,834,200
Mine Inspector, State	2,778,800		2,778,800		2,778,800
Navigable Stream Adjudication Commission	144,000		144,000		144,000
Nursing, State Board of	450,000		450,000		450,000
Parks Board, Arizona State	11,700,000		11,700,000		11,700,000
Power Authority, Arizona	1,000,000		1,000,000		1,000,000
Public Safety, Department of	366,140,600		366,140,600		366,140,600
Public Safety Personnel Retirement System	6,000,000		6,000,000		6,000,000
Real Estate Department, State	3,198,000		3,198,000		3,198,000
Revenue, Department of	62,587,600		62,587,600		62,587,600
Secretary of State	22,681,800		22,681,800	100,000	22,781,800
Tax Appeals, State Board of	327,400		327,400		327,400
Tourism, Office of	9,026,200		9,026,200	(150,000)	8,876,200
Transportation, Department of	550,000		550,000		550,000
Treasurer, State	101,298,500		101,298,500	(800,000)	100,498,500
Tribal Relations, Governor's Office on	68,800		68,800		68,800
Universities					-
Board of Regents	98,807,100		98,807,100		98,807,100
Arizona State University	411,201,900		411,201,900		411,201,900
Northern Arizona University	138,925,500		138,925,500		138,925,500
University of Arizona - Main Campus	302,897,200		302,897,200		302,897,200
University of Arizona - Health Sciences Center	80,397,700		80,397,700		80,397,700
SUBTOTAL - Universities	1,032,229,400	-	1,032,229,400	-	1,032,229,400
Veterans' Services, Department of	21,758,700		21,758,700		21,758,700
Water Infrastructure Finance Authority	254,210,000		254,210,000		254,210,000

## FY 2024 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2024 Approp Rpt July 2023	GF FY 2024 Baseline Changes	GF FY 2024 Baseline	GF FY 2024 Budget Changes	GF FY 2024 Enacted
Water Resources, Department of	66,059,400		66,059,400	(11,000,000)	55,059,400
<b>OPERATING BUDGET TOTAL</b>	<u>17,033,980,400</u>	<u>(108,670,900)</u>	<u>17,033,701,700</u>	<u>(49,136,200)</u>	<u>16,876,173,300</u>
Prior Year Appropriation Adjustments				(10,050,000)	(10,050,000)
Unallocated Health Insurance Adjustments	233,800		233,800		233,800
Unallocated Retirement Adjustments	100		100		100
Capital Outlay - Phoenix Convention Center Debt Service	25,498,600		25,498,600		25,498,600
Capital Outlay - Rio Nuevo District 3/	16,000,000	1,000,000	17,000,000		17,000,000
Capital Outlay	808,156,100		808,156,100	(354,473,200)	453,682,900
Administrative Adjustments	150,000,000	(25,000,000)	125,000,000	(35,000,000)	90,000,000
Revertments	(215,000,000)	70,000,000	(145,000,000)	(31,790,300)	(176,790,300)
<b>GRAND TOTAL</b>	<u>17,818,869,000</u>	<u>(62,670,900)</u>	<u>17,756,198,100</u>	<u>(480,449,700)</u>	<u>17,275,748,400</u>

1/ This chart provides a crosswalk between an agency's original appropriation in the FY 2024 Appropriations Report and its final FY 2024 appropriation, excluding capital appropriations.

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
<b>Budget Units</b>				
Accountancy, State Board of				
Board of Accountancy Fund	2,230,400			2,230,400
Acupuncture Board of Examiners				-
Acupuncture Board of Examiners Fund	200,600			200,600
Administration, Arizona Department of				-
Air Quality Fund	928,200			928,200
Arizona Financial Information System Collections Fund	14,386,200			14,386,200
Automation Operations Fund	29,726,400			29,726,400
Capital Outlay Stabilization Fund	19,081,200		2,600	19,083,800
Corrections Fund	628,900			628,900
Cyber Risk Insurance Fund	23,037,200			23,037,200
Federal Surplus Materials Revolving Fund	468,200			468,200
Information Technology Fund	2,159,300			2,159,300
Personnel Division Fund	13,672,500			13,672,500
Risk Management Revolving Fund	99,896,100		9,504,700	109,400,800
Special Employee Health Insurance				-
Trust Fund	5,684,700			5,684,700
Special Services Revolving Fund	1,243,000			1,243,000
State Surplus Materials Revolving Fund	3,048,900			3,048,900
State Web Portal Fund	8,429,300			8,429,300
Telecommunications Fund	1,798,200			1,798,200
Total - Arizona Department of Administration	224,188,300	-	9,507,300	233,695,600
Administration, Arizona Department of - Automation Projects Fund				-
Automation Projects Fund	71,781,700		(600,000)	71,181,700
Agriculture, Arizona Department of				-
Air Quality Fund	1,583,300			1,583,300
Nuclear Emergency Management Fund	321,300			321,300
Total - Arizona Department of Agriculture	1,904,600	-	-	1,904,600
AHCCCS				-
Budget Neutrality Compliance Fund	4,669,300			4,669,300
Children's Health Insurance Program Fund	150,833,600		7,527,500	158,361,100
Prescription Drug Rebate Fund - State	165,410,500			165,410,500
Seriously Mentally Ill Housing Trust Fund	217,700			217,700
Substance Abuse Services Fund	2,250,200			2,250,200
Tobacco Products Tax Fund -				-
Emergency Health Services Account	17,458,500			17,458,500
Tobacco Tax and Health Care Fund -				-
Medically Needy Account	67,258,900			67,258,900

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Total - AHCCCS	408,098,700	-	7,527,500	415,626,200
Athletic Training, Board of				-
Athletic Training Fund	165,300			165,300
Attorney General - Department of Law				-
Antitrust Enforcement Revolving Fund	160,900			160,900
Attorney General Legal Services Cost Allocation Fund	2,314,900			2,314,900
Collection Enforcement Revolving Fund	7,232,100			7,232,100
Consumer Protection-Consumer Fraud Rev. Fund	18,364,900			18,364,900
Consumer Restitution and Remediation Revolving Fund -				-
Consumer Remediation Subaccount	12,000,000		75,000,000	87,000,000
Interagency Service Agreements Fund	18,078,100			18,078,100
Internet Crimes Against Children Enforcement Fund	900,000			900,000
Risk Management Revolving Fund	13,147,700			13,147,700
Victims' Rights Fund	3,812,800			3,812,800
Total - Attorney General - Department of Law	76,011,400	-	75,000,000	151,011,400
Barbering and Cosmetology Board				-
Barbering and Cosmetology Fund	2,886,900			2,886,900
Behavioral Health Examiners, Board of				-
Board of Behavioral Health Examiners Fund	2,112,700			2,112,700
Child Safety, Department of				-
Child Abuse Prevention Fund	1,459,300			1,459,300
Child Welfare Licensing Fee Fund	1,021,700			1,021,700
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	204,287,200	-	-	204,287,200
Chiropractic Examiners, State Board of				-
Board of Chiropractic Examiners Fund	542,400			542,400
Contractors, Registrar of				-
Registrar of Contractors Fund	14,067,800			14,067,800
Corporation Commission				-
Arizona Arts Trust Fund	57,700			57,700
Investment Management Regulatory and				-
Enforcement Fund	1,305,700			1,305,700
Public Access Fund	8,420,800			8,420,800
Securities Regulatory and Enforcement Fund	7,672,500			7,672,500

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Utility Regulation Revolving Fund	18,772,200			18,772,200
Total - Corporation Commission	36,228,900	-	-	36,228,900
Corrections, State Department of				-
Alcohol Abuse Treatment Fund	555,800			555,800
Corrections Fund	31,312,500			31,312,500
Inmate Store Proceeds Fund	1,287,800			1,287,800
Penitentiary Land Fund	2,743,600		2,465,600	5,209,200
Prison Construction and Operations Fund	14,106,800			14,106,800
State Charitable, Penal and Reformatory Institutions Land Fund	2,665,600		2,681,900	5,347,500
State Education Fund for Correctional Education	723,200			723,200
Transition Program Fund	4,400,300			4,400,300
Total - State Department of Corrections	57,795,600	-	5,147,500	62,943,100
Criminal Justice Commission, Arizona				-
Criminal Justice Enhancement Fund	733,700			733,700
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	4,249,300			4,249,300
Total - Arizona Criminal Justice Commission	7,303,800	-	-	7,303,800
Deaf and the Blind, Arizona Schools for the Cooperative Services Fund	19,915,300			19,915,300
Schools for the Deaf and the Blind Fund	15,210,500			15,210,500
Telecommunication Fund for the Deaf				-
Total - Arizona State Schools for the Deaf and the Blind	35,125,800	-	-	35,125,800
Deaf and the Hard of Hearing, Comm. for the Telecommunication Fund for the Deaf	4,826,600			4,826,600
Dental Examiners, State Board of Dental Board Fund	2,056,600			2,056,600
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	200,029,300			200,029,300
Federal Temporary Assistance for Needy Families Block Grant	66,591,200			66,591,200
Long Term Care System Fund	33,864,200			33,864,200

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Public Assistance Collections Fund	441,800			441,800
Special Administration Fund	4,637,900			4,637,900
Spinal and Head Injuries Trust Fund	2,385,500			2,385,500
Statewide Cost Allocation Plan Fund	1,000,000			1,000,000
Workforce Investment Act Grant	87,116,600			87,116,600
Total - Department of Economic Security	417,750,100	-	-	417,750,100
Education, Department of				-
Department of Education Empowerment				-
Scholarship Account Fund	359,000			359,000
Education Sales Tax - Accountability	7,000,000			7,000,000
Permanent State School Fund	342,797,300			342,797,300
Teacher Certification Fund	2,517,700			2,517,700
Tribal College Dual Enrollment Program Fund	325,000			325,000
Total - Department of Education	352,999,000	-	-	352,999,000
Emergency and Military Affairs, Department of				-
Nuclear Emergency Management Fund	2,113,500			2,113,500
Environmental Quality, Department of				-
Air Quality Fund	5,838,600			5,838,600
Emergency Response Fund	132,800			132,800
Emissions Inspection Fund	30,478,800			30,478,800
Hazardous Waste Management Fund	1,939,400			1,939,400
Indirect Cost Fund	18,979,600			18,979,600
Permit Administration Fund	7,256,800			7,256,800
Recycling Fund	4,515,900			4,515,900
Safe Drinking Water Program Fund	1,991,800			1,991,800
Solid Waste Fee Fund	2,584,900			2,584,900
Water Quality Fee Fund	27,853,200			27,853,200
Total - Department of Environmental Quality	101,571,800	-	-	101,571,800
Equal Opportunity, Governor's Office of				-
Personnel Division Fund	310,500			310,500
Exposition and State Fair Board, Arizona				-
Arizona Exposition and State Fair Fund	17,555,300			17,555,300
Game and Fish Department, Arizona				-
Capital Improvement Fund	1,001,200			1,001,200
Game and Fish Fund	35,425,300			35,425,300
Game, Nongame, Fish and Endangered				-
Species Fund	389,700			389,700
Watercraft Licensing Fund	5,017,800			5,017,800
Wildlife Endowment Fund	16,200			16,200

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Total - Arizona Game and Fish Department	41,850,200	-	-	41,850,200
Gaming, Department of				-
Arizona Benefits Fund	16,610,000			16,610,000
Fantasy Sports Contest Fund	150,100			150,100
Racing Regulation Fund	2,580,700			2,580,700
Racing Regulation Fund - Unarmed Combat				-
Subaccount	105,200			105,200
State Lottery Fund	300,000			300,000
Tribal-State Compact Fund	2,299,400			2,299,400
Total - Department of Gaming	22,045,400	-	-	22,045,400
Health Services, Department of				-
Arizona State Hospital Fund	3,145,800			3,145,800
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	4,209,500			4,209,500
Environmental Laboratory Licensure				-
Revolving Fund	995,500			995,500
Federal Child Care and Development Fund				-
Block Grant	992,500			992,500
Health Services Licensing Fund	17,416,400			17,416,400
Indirect Cost Fund	12,673,500			12,673,500
Newborn Screening Program Fund	12,802,900			12,802,900
Nursing Care Institution Resident Protection				-
Revolving Fund	238,200			238,200
Tobacco Tax and Health Care Fund -				-
Health Research Account				-
Tobacco Tax and Health Care Fund -				-
Medically Needy Account	700,000			700,000
Vital Records Electronic Systems Fund	3,872,900			3,872,900
Total - Department of Health Services	58,893,700	-	-	58,893,700
Homeland Security, Arizona Department of				-
Information Technology Fund	11,319,400			11,319,400
Homeopathic and Integrated Medicine Examiners, Board of				-
Board of Homeopathic and Integrated Medicine				-
Examiners' Fund	61,400			61,400
Housing, Department of				-
Housing Trust Fund	371,100			371,100
Industrial Commission of Arizona				-



## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Administrative Fund	21,985,500			21,985,500
Insurance and Financial Institutions, Department of				-
Automobile Theft Authority Fund	6,809,500			6,809,500
Financial Services Fund	5,538,900			5,538,900
Department Revolving Fund	50,300			50,300
Total - Department of Insurance and Financial Institutions	12,398,700	-	-	12,398,700
Judiciary - Supreme Court				-
Confidential Intermediary and Fiduciary Fund	682,800			682,800
Court Appointed Special Advocate and Vulnerable Persons Fund	5,226,000			5,226,000
Criminal Justice Enhancement Fund	4,691,900			4,691,900
Defensive Driving School Fund	4,464,000			4,464,000
Judicial Collection Enhancement Fund	15,114,200			15,114,200
State Aid to the Courts Fund	2,946,200			2,946,200
Total - Judiciary - Supreme Court	33,125,100	-	-	33,125,100
Judiciary - Superior Court				-
Criminal Justice Enhancement Fund	5,496,100		813,700	6,309,800
Drug Treatment and Education Fund	504,200			504,200
Judicial Collection Enhancement Fund	6,015,400			6,015,400
Total - Judiciary - Superior Court	12,015,700	-	813,700	12,829,400
SUBTOTAL - Judiciary	45,140,800	-	813,700	45,954,500
Juvenile Corrections, Department of				-
Criminal Justice Enhancement Fund	429,000			429,000
Department of Juvenile Corrections				-
Local Cost Sharing Fund	6,724,000			6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	4,075,100			4,075,100
State Education Fund for Committed Youth	1,447,800			1,447,800
Total - Department of Juvenile Corrections	12,675,900	-	-	12,675,900
Land Department, State				-
Due Diligence Fund	5,000,000			5,000,000
Environmental Special Plate Fund	260,600			260,600
Off-Highway Vehicle Recreation Fund				-
Trust Land Management Fund	6,616,300			6,616,300
Total - State Land Department	11,876,900	-	-	11,876,900
Liquor Licenses and Control, Department of				-
Liquor Licenses Fund	5,749,300			5,749,300
Lottery Commission, Arizona State				-

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
State Lottery Fund	188,761,900			188,761,900
Massage Therapy, Board of				-
Board of Massage Therapy Fund	599,000			599,000
Medical Board, Arizona				-
Arizona Medical Board Fund	8,186,600			8,186,600
Mine Inspector, State				-
Aggregate Mining Reclamation Fund	112,900			112,900
Naturopathic Physicians Medical Board				-
Naturopathic Physicians Medical Board Fund	217,700			217,700
Navigable Stream Adjudication Commission				-
Arizona Water Banking Fund	200,000			200,000
Nursing, State Board of				-
Board of Nursing Fund	6,132,200			6,132,200
Nursing Care Institution Administrators Board				-
Nursing Care Institution Administrators'				-
Licensing and Assisted Living Facility				-
Managers' Certification Fund	604,900			604,900
Occupational Therapy Examiners, Board of				-
Occupational Therapy Fund	259,500			259,500
Opticians, State Board of Dispensing				-
Board of Dispensing Opticians Fund	198,200			198,200
Optometry, State Board of				-
Board of Optometry Fund	289,200			289,200
Osteopathic Examiner in Medicine and Surgery, Arizona Board of				-
Board of Osteopathic Examiners in Medicine				-
and Surgery Fund	1,398,600			1,398,600
Parks Board, Arizona State				-
Off-Highway Vehicle Recreation Fund	16,700			16,700
State Parks Store Fund	1,013,100			1,013,100
State Parks Revenue Fund	20,867,000			20,867,000
Total - Arizona State Parks Board	21,896,800	-	-	21,896,800
Personnel Board, State				-
Personnel Board Subaccount of the				-
Personnel Division Fund	361,000			361,000
Pharmacy, Arizona State Board of				-
Arizona State Board of Pharmacy Fund	3,526,700			3,526,700
Physical Therapy, Board of				-
Board of Physical Therapy Fund	591,500			591,500
Pioneers' Home, Arizona				-

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Miners' Hospital for Miners with Disabilities Land Fund	2,301,300			2,301,300
State Charitable Fund	6,078,900			6,078,900
Total - Arizona Pioneers' Home	8,380,200	-	-	8,380,200
Podiatry Examiners, State Board of Podiatry Fund	202,500			202,500
Private Postsecondary Education, Board for Board for Private Postsecondary Education Fund	448,100			448,100
Psychologist Examiners, State Board of Board of Psychologist Examiners Fund	640,000			640,000
Public Safety, Department of				-
Arizona Highway Patrol Fund	31,017,700			31,017,700
Concealed Weapons Permit Fund	3,152,400			3,152,400
Criminal Justice Enhancement Fund	3,009,000			3,009,000
DPS Forensics Fund	22,888,300			22,888,300
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	729,400			729,400
Motorcycle Safety Fund	198,900			198,900
Parity Compensation Fund	3,022,200			3,022,200
Public Safety Equipment Fund	2,894,000			2,894,000
Risk Management Revolving Fund	1,102,500			1,102,500
State Highway Fund	6,367,200			6,367,200
Total - Department of Public Safety	78,359,100	-	-	78,359,100
Residential Utility Consumer Office				-
Residential Utility Consumer Office Revolving Fund	1,592,200			1,592,200
Respiratory Care Examiners, Board of Board of Respiratory Care Examiners Fund	421,400		15,100	436,500
Retirement System, Arizona State				-
Long-Term Disability Trust Fund Administration Account	1,800,000			1,800,000
Arizona State Retirement System Administration Account	26,867,000			26,867,000
Total - Arizona State Retirement System	28,667,000	-	-	28,667,000
Revenue, Department of Department of Revenue Administrative Fund	25,390,900			25,390,900

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Liability Setoff Program Revolving Fund	887,900			887,900
Tobacco Tax and Health Care Fund	724,600			724,600
Total - Department of Revenue	27,003,400	-	-	27,003,400
Secretary of State				-
Election Systems Improvement Fund	5,483,500			5,483,500
Records Services Fund	1,492,100			1,492,100
Total - Secretary of State	6,975,600	-	-	6,975,600
Technical Registration, State Board of				-
Technical Registration Fund	2,605,000			2,605,000
Transportation, Department of				-
Air Quality Fund	1,127,700			1,127,700
Department Fleet Operations Fund	25,209,000		300	25,209,300
Highway Damage Recovery Account	8,000,800			8,000,800
Highway User Revenue Fund	898,600			898,600
Ignition Interlock Device Fund	360,700			360,700
Motor Vehicle Liability Insurance				-
Enforcement Fund	1,582,300			1,582,300
State Aviation Fund	2,261,600			2,261,600
State Fleet Operations Fund	30,454,400			30,454,400
State Highway Fund	479,159,900		270,600	479,430,500
State Vehicle Replacement Fund	25,000,000			25,000,000
Vehicle Inspection and Certificate of Title				-
Enforcement Fund	1,646,600			1,646,600
Total - Department of Transportation	575,701,600	-	270,900	575,972,500
Treasurer, State				-
Law Enforcement and Boating Safety Fund	2,183,800			2,183,800
Peace Officer Training Equipment Fund	1,368,000			1,368,000
State Treasurer's Operating Fund	4,302,200			4,302,200
Total - State Treasurer	7,854,000	-	-	7,854,000
Universities				-
Arizona State University				-
University Collections Fund 1/	706,031,800	148,375,300		854,407,100
Northern Arizona University				-
University Collections Fund 1/	130,397,300	4,922,300		135,319,600
University of Arizona - Main Campus				-
University Collections Fund 1/	382,811,300	(35,578,600)		347,232,700
University of Arizona - Health Sciences Center				-
University Collections Fund 1/	66,675,300	2,871,200		69,546,500
Total - Universities	1,285,915,700	120,590,200	-	1,406,505,900

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Veterans' Services, Department of				-
State Homes for Veterans' Trust Fund	60,519,600			60,519,600
Veterinary Medical Examining Board				-
Veterinary Medical Examining Board Fund	785,100			785,100
Water Resources, Department of				-
Assured and Adequate Water Supply Admin Fund	292,500			292,500
Water Resources Fund	1,726,500			1,726,500
Total - Department of Water Resources	2,019,000	-	-	2,019,000
<b>OPERATING BUDGET TOTAL</b>	4,609,910,000	120,590,200	97,682,000	4,828,182,200
Unallocated Health Insurance Adjustments	8,403,200			8,403,200
Unallocated AFIS Transaction Fee Adjustments	70,900			70,900
Unallocated Rent and COP Adjustments	45,500			45,500
Unallocated Risk Management Adjustments	84,800			84,800
Unallocated Fleet Adjustments	546,200			546,200
Unallocated FY 2023 Salary Corrections	395,900			395,900
Unallocated Retirement Adjustments	(243,800)			(243,800)
Capital Outlay - Building Renewal/Projects	582,151,100		(118,386,900)	463,764,200
<b>GRAND TOTAL</b>	5,201,363,800	120,590,200	(20,704,900)	5,301,249,100
	EA FY 2024 Approp Rpt July 2023	EA FY 2024 Adjustments	EA FY 2024 Supplementals	EA FY 2024 Enacted
<b>Budget Units</b>				
AHCCCS				
Arizona Tobacco Litigation Settlement Fund	102,000,000			102,000,000
County Funds	409,939,100			409,939,100
Delivery System Reform Incentive Payment Fund	8,321,200			8,321,200
Federal Medicaid Authority	14,560,642,600			14,560,642,600
Health Care Investment Fund	588,163,600			588,163,600
Hospital Assessment Fund	606,180,400			606,180,400
Nursing Care Facility Provider Assessment Fund	32,989,600			32,989,600
Political Subdivision Funds	193,784,400			193,784,400
Prescription Drug Rebate Fund - Federal	609,060,300			609,060,300
Third Party Liability and Recovery Fund	194,700			194,700
Tobacco Products Tax Fund - Prop. 204 Protection Account	36,662,900			36,662,900

## FY 2024 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	OF FY 2024 Approp Rpt July 2023	OF FY 2024 Adjustments	OF FY 2024 Supplementals	OF FY 2024 Enacted
Total - AHCCCS	17,147,938,800	-	-	17,147,938,800
Child Safety, Department of				
Child Safety Expenditure Authority	444,151,600		10,200,000	454,351,600
Comprehensive Health Plan Fund	192,865,200			192,865,200
Total - Department of Child Safety	637,016,800	-	10,200,000	647,216,800
Economic Security, Department of				
Child Support Enforcement Administration Fund	44,195,500			44,195,500
Health Care Investment Fund	54,412,300			54,412,300
Long Term Care System Fund (Federal Match)	3,191,748,900			3,191,748,900
Total - Department of Economic Security	3,290,356,700	-	-	3,290,356,700
Education, Department of				
Classroom Site Fund	1,018,912,500			1,018,912,500
Education Sales Tax - Basic State Aid	150,380,500			150,380,500
Education Sales Tax - Character Education	200,000			200,000
Education Sales Tax - Failing Schools Tutoring Fund	1,500,000			1,500,000
Education Sales Tax - School Safety	7,800,000			7,800,000
Instructional Improvement Fund	60,425,700	20,000,000		80,425,700
Total - Department of Education	1,239,218,700	20,000,000	-	1,259,218,700
<b>GRAND TOTAL</b>	<b>22,314,531,000</b>	<b>20,000,000</b>	<b>10,200,000</b>	<b>22,344,731,000</b>

1/ This chart provides a crosswalk between an agency's original appropriation in the FY 2024 Appropriations Report and its final FY 2024 appropriation, excluding capital appropriations.

**JLBC STAFF AND  
AGENCY DIRECTORY**

**APPROPRIATIONS COMMITTEE MEMBERS**  
**Fifty-sixth Legislature**  
**Second Regular Session**

SENATE

John Kavanagh, Chairman  
 Jake Hoffman, Vice-Chairman  
 Lela Alston  
 Ken Bennett  
 Eva Diaz  
 David Farnsworth  
 Brian Fernandez  
 Anna Hernandez  
 Anthony Kern  
 Sine Kerr  
 Juan Mendez

HOUSE

David Livingston, Chairman  
 Joseph Chaplik, Vice-Chairman  
 Lorena Austin  
 Seth Blattman  
 Selina Bliss  
 Michael Carbone  
 Patricia Contreras  
 Lupe Diaz  
 Timothy Dunn  
 Nancy Gutierrez  
 Quang Nguyen  
 Barbara Parker  
 Judy Schwiebert  
 Stephanie Stahl Hamilton  
 Julie Willoughby

\*This list reflects the committee membership at the end of the 2<sup>nd</sup> Regular Session. Representatives Gress, Quinonez, Salman and Shah served as permanent members at some point during the session.

**STAFF OF THE**  
**JOINT LEGISLATIVE BUDGET COMMITTEE**

- Director ..... Richard Stavneak  
 ..... Jack Brown  
 ..... Patrick Moran
- Chief Economist..... Hans Olofsson
- Assistant Directors ..... Morgan Dorcheus  
 ..... Micaela Larkin Andrews
- Principal Fiscal Analysts..... Geoffrey Paulsen
- Senior Fiscal Analysts ..... Jordan Johnston  
 ..... Maggie Rocker
- Senior Economist..... Ben Newcomb
- Fiscal Analysts ..... Nate Belcher  
 ..... James Martinez-Burney  
 ..... Chandler Coiner  
 ..... Cameron Mortensen  
 ..... Gordon Robertson  
 ..... Grace Timpany  
 ..... Mitch Wenzel
- Assistant Fiscal Analysts ..... Destin Moss  
 ..... Ethan Scheider
- 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 56<sup>th</sup> Legislature, 2<sup>nd</sup> Regular Session\*:

Senator John Kavanagh  
Chairman  
Senator Lela Alston  
Senator Ken Bennett  
Senator Sonny Borrelli  
Senator Eva Diaz  
Senator Brian Fernandez  
Senator Jake Hoffman  
Senator J.D. Mesnard

Representative David Livingston  
Vice-Chairman  
Representative Leo Biasiucci  
Representative Michael Carbone  
Representative Neal Carter  
Representative Joseph Chaplik  
Representative Judy Schwiebert  
Representative Stephanie Stahl Hamilton  
Vacant

\*This list reflects the committee membership at the end of the 2nd Regular Session. Representatives Gress, and Quinonez also served as permanent members for part of the session.

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](mailto: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 56<sup>th</sup> Legislature, 2<sup>nd</sup> Regular Session\*:

Senator John Kavanagh Vice-Chairman	Representative David Livingston Chairman
Senator Lela Alston	Representative Lorena Austin
Senator Ken Bennett	Representative Leo Biasiucci
Senator Sonny Borrelli	Representative Michael Carbone
Senator Eva Diaz	Representative Joseph Chaplik
Senator Denise "Mitzi" Epstein	Representative Lupe Contreras
Senator Jake Hoffman	Vacant

\*This list reflects the committee membership at the end of the 2nd Regular Session. Representatives Gress, and Quinonez also served as permanent members for part of the session.

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** **During the 2024 Regular Session**

Accountancy, Arizona State Board of.....	James Martinez-Burney	Joint Legislative Budget Committee .....	Morgan Dorcheus
Acupuncture Board of Examiners .....	Mitchell Wenzel	Judiciary .....	James Martinez-Burney
Administration, Arizona Department of.....	Ethan Scheider	Juvenile Corrections, Department of .....	James Martinez-Burney
ADOA - Automation Projects Fund.....	Destin Moss	Land Department, State .....	Gordon Robertson
ADOA - Health Insurance Trust Fund .....	Chandler Coiner	Legislative Council.....	Morgan Dorcheus
ADOA - School Facilities Division.....	Gordon Robertson	Liquor Licenses & Control, Department of .....	Nate Belcher
Administrative Hearings, Office of .....	Destin Moss	Lottery Commission, Arizona State .....	Ben Newcomb
African-American Affairs, AZ Commission of .....	Micaela Larkin Andrews	Massage Therapy, Board of.....	Destin Moss
Agriculture, Arizona Department of.....	Nate Belcher	Medical Board, Arizona.....	Ethan Scheider
AHCCCS .....	Maggie Rocker/ Chandler Coiner	Mine Inspector, State.....	Nate Belcher
Arts, Arizona Commission on the.....	Ethan Scheider	Naturopathic Physicians Medical Board.....	Destin Moss
Athletic Training, Board of .....	Destin Moss	Navigable Stream Adjudication Commission, AZ.....	Nate Belcher
Attorney General - Department of Law .....	Gordon Robertson	Nursing, State Board of .....	Destin Moss
Auditor General .....	Micaela Larkin Andrews	Nursing Care Institution Administrators and Assisted Living Facility Managers, Board of Examiners of .....	Mitchell Wenzel
Barbering and Cosmetology Board .....	James Martinez-Burney	Occupational Therapy Examiners, Board of .....	Destin Moss
Behavioral Health Examiners, Board of.....	Mitchell Wenzel	Ombudsman-Citizens Aide Office.....	Micaela Larkin Andrews
Charter Schools, State Board for.....	Ethan Scheider	Opticians, State Board of Dispensing .....	Ethan Scheider
Child Safety, Department of .....	Maggie Rocker	Optometry, State Board of.....	Ethan Scheider
Chiropractic Examiners, State Board of .....	James Martinez-Burney	Osteopathic Examiners in Medicine and Surgery AZ Bd of.....	Mitchell Wenzel
Citizens Clean Elections Commission .....	Micaela Larkin Andrews	Parks Board, Arizona State .....	Nate Belcher
Commerce Authority, Arizona .....	Nate Belcher	Personnel Board, State.....	Ethan Scheider
Community Colleges, Arizona .....	Cameron Mortensen	Pharmacy, AZ State Board of.....	James Martinez-Burney
Constable Ethics Standards and Training Board.....	James Martinez-Burney	Physical Therapy, Board of.....	Destin Moss
Contractors, Registrar of.....	Ethan Scheider	Pioneers' Home, Arizona.....	Destin Moss
Corporation Commission .....	Nate Belcher	Podiatry Examiners, State Board of.....	James Martinez-Burney
Corrections, State Department of.....	Geoff Paulsen	Power Authority, Arizona.....	Mitchell Wenzel
County Funding.....	Mitchell Wenzel	Private Postsecondary Education, State Bd. For .....	Destin Moss
Criminal Justice Commission, AZ.....	James Martinez-Burney	Psychologist Examiners, State Board of .....	Mitchell Wenzel
Deaf and the Blind, AZ State Schools for the .....	Ethan Scheider	Public Safety, Department of.....	Jordan Johnston
Deaf and the Hard of Hearing, Commission for the .....	James Martinez-Burney	Public Safety Personnel Retirement System .....	Gordon Robertson
Dental Examiners, State Board of .....	James Martinez-Burney	Real Estate Department, State.....	Destin Moss
Early Childhood Development & Health Board, AZ .....	Mitchell Wenzel	Residential Utility Consumer Office .....	Nate Belcher
Economic Opportunity, Office of .....	Ben Newcomb	Respiratory Care Examiners, Board of.....	Mitchell Wenzel
Economic Security, Department of .....	Chandler Coiner/ Mitchell Wenzel	Retirement System, Arizona State .....	Gordon Robertson
Education, State Board of .....	Gordon Robertson	Revenue, Department of.....	Micaela Larkin Andrews
Education, Department of .....	Patrick Moran/ Gordon Robertson	Secretary of State, Department of State .....	Micaela Larkin Andrews
Emergency and Military Affairs, Department of .....	Mitchell Wenzel	Senate.....	Morgan Dorcheus
Environmental Quality, Department of.....	Maggie Rocker	Tax Appeals, State Board of .....	Nate Belcher
Equal Opportunity, Governor's Office of.....	Ethan Scheider	Technical Registration, State Board of .....	James Martinez-Burney
Equalization, State Board of.....	Ethan Scheider	Tourism, Office of.....	Nate Belcher
Executive Clemency, Board of.....	James Martinez-Burney	Transportation, Department of.....	Jordan Johnston
Exposition & State Fair Board, AZ .....	Nate Belcher	Treasurer, State .....	Mitchell Wenzel
Forestry and Fire Management, AZ Department of .....	Nate Belcher	Tribal Relations, Governor's Office on .....	Ethan Scheider
Funeral Directors & Embalmers, State Board of .....	Maggie Rocker	Universities Regents, Arizona Board of .....	Cameron Mortensen
Game and Fish Department, Arizona .....	Nate Belcher	Arizona State University .....	Cameron Mortensen
Gaming, Department of .....	Ben Newcomb	Northern Arizona University .....	Cameron Mortensen
Governor, Office of the.....	Morgan Dorcheus	University of Arizona - Main Campus .....	Cameron Mortensen
Governor's Office of Strategic Planning. & Budgeting.....	Morgan Dorcheus	University of Arizona - Health Sciences Center .....	Cameron Mortensen
Health Services, Department of .....	Maggie Rocker	Veterans' Services, Department of.....	Chandler Coiner
Historical Society, Arizona .....	Micaela Larkin Andrews	Veterinary Medical Examining Board, AZ. State.....	Mitchell Wenzel
Historical Society of AZ, Prescott .....	Micaela Larkin Andrews	Water Infrastructure Finance Authority.....	Micaela Larkin Andrews
Homeland Security, AZ Department of .....	Mitchell Wenzel	Water Resources, Department of .....	Micaela Larkin Andrews
Homeopathic and Integrated Medicine Exmrs, Bd. of .....	Destin Moss		
House of Representatives .....	Morgan Dorcheus	<u>Other Assignments</u>	
Housing, AZ Department of .....	Cameron Mortensen	Economic and Revenue Forecast .....	Hans Olofsson
Independent Redistricting Commission .....	Micaela Larkin Andrews	Fiscal Note Manager .....	Morgan Dorcheus
Industrial Commission of Arizona .....	Ethan Scheider		
Insurance and Financial Institutions, Department of .....	Destin Moss		