

Arizona Department of Administration

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	539.1	539.1	539.1 ^{1/}
Personal Services	30,035,400	33,105,500	33,105,500
Employee Related Expenditures	11,198,900	12,070,800	12,070,800
Professional and Outside Services	5,701,700	4,677,700	4,677,700
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	40,822,700
Equipment	150,300	188,600	188,600
OPERATING SUBTOTAL	79,543,600	91,059,400	91,059,400 ^{2/}
SPECIAL LINE ITEMS			
Facilities Management			
Utilities	5,155,300	7,649,900	7,649,900
Financial Services			
Arizona Financial Information System	8,307,500	14,386,200	9,829,200
Named Claimants	4,700	0	0
Information Technology Services			
Information Technology Project Management and Oversight	889,500	1,656,700	1,656,700
Risk Management			
Cyber Risk Insurance	0	23,037,200	23,037,200 ^{3/}
Federal Transfer Payment	3,107,700	0	0 ^{4/}
Risk Management Administrative Expenses	10,596,600	10,870,700	10,870,700
Risk Management Losses and Premiums	30,488,300	52,436,300	52,436,300
Workers' Compensation Losses and Premiums	24,218,500	28,395,000	28,395,000
Support Services			
Employee Compensation Study	0	4,000,000	0
Government Transformation Office	1,993,400	2,055,500	2,055,500
State Surplus Property Sales Agency Proceeds	1,437,600	1,810,000	1,810,000
Grants			
Election Security Grants	187,500	0	0
Fire Incident Management Fund Deposit	0	12,200,000	0
Health Care Interoperability Grants	3,002,700	3,000,000	0
K-12 Transportation Grants	20,000,000	15,000,000	0
School Safety Interoperability Fund Deposit	20,000,000	0	0
Other			
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
Southwest Defense Contracts	0	25,000	25,000 ^{5/}
AGENCY TOTAL	208,932,900	268,481,900	228,824,900 ^{6/}
FUND SOURCES			
General Fund	51,614,800	44,293,600	9,193,600
<u>Other Appropriated Funds</u>			
Air Quality Fund	365,300	928,200	928,200
Arizona Financial Information System Collections Fund	8,307,500	14,386,200	9,829,200
Automation Operations Fund	25,680,600	29,726,400	29,726,400 ^{7/}
Capital Outlay Stabilization Fund	16,375,800	19,081,200	19,081,200
Corrections Fund	570,100	628,900	628,900

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 BASELINE
Cyber Risk Insurance Fund	0	23,037,200	23,037,200
Federal Surplus Materials Revolving Fund	0	468,200	468,200
Information Technology Fund	1,974,600	2,159,300	2,159,300
Personnel Division Fund	13,124,600	13,672,500	13,672,500
Risk Management Revolving Fund	74,587,100	99,896,100	99,896,100
Special Employee Health Insurance Trust Fund	5,110,500	5,684,700	5,684,700
Special Services Revolving Fund	803,600	1,243,000	1,243,000
State Surplus Materials Revolving Fund	2,651,400	3,048,900	3,048,900 ^{8/}
State Web Portal Fund	6,276,300	8,429,300	8,429,300
Telecommunications Fund	1,490,700	1,798,200	1,798,200
SUBTOTAL - Other Appropriated Funds	157,318,100	224,188,300	219,631,300
SUBTOTAL - Appropriated Funds	208,932,900	268,481,900	228,824,900
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
TOTAL - ALL SOURCES	1,273,377,800	1,503,352,300	1,451,927,700

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

FOOTNOTES

- 1/ Includes 43 OF FTE Positions funded from Special Line Items in FY 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 southwest defense contracts shall be distributed to a nonprofit organization that advocates for preserving and enhancing critical defense missions and assets in the southwestern United States. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 7/ 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 \$29,726,400 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)
- 8/ 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 \$3,048,900 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)

Operating Budget

The Baseline includes \$91,059,400 and 496.1 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<u>FY 2025</u>
General Fund	\$9,168,600
Air Quality Fund	928,200
Automation Operations Fund	29,726,400
Capital Outlay Stabilization Fund (COSF)	11,431,300
Corrections Fund	628,900
Federal Surplus Materials Revolving Fund	468,200
Information Technology Fund	2,159,300
Personnel Division Fund	13,672,500
Risk Management Revolving Fund	8,194,100
Special Employee Health Insurance Trust Fund	5,684,700
Special Services Revolving Fund	1,243,000
State Surplus Materials Revolving Fund	1,238,900
State Web Portal Fund	4,717,100
Telecommunications Fund	1,798,200

These amounts are unchanged from FY 2024.

Facilities Management

Utilities

The Baseline 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 Baseline includes \$9,829,200 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 Baseline 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 \$4,000,000 was funded in FY 2024. The budget includes a footnote to make the FY 2024 appropriation of \$4,000,000 available through FY 2025. In addition, the FY 2024 budget included \$557,000 one-time for partial-year increased operating costs of the system.

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

Named Claimants

The Baseline includes no funding in FY 2025 for Named Claimants. This amount is unchanged from FY 2024.

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

Monies in this line item are not included in the General Appropriation Act. A separate legislative act usually makes this appropriation. Laws 2023, Chapter 83 appropriated \$227,404.41 in FY 2023 for prior year unpaid claims from all state agencies.

Information Technology Services

Information Technology Project Management and Oversight

The Baseline includes \$1,656,700 and 15 FTE Positions from the State Web Portal Fund in FY 2025 for IT Project Management and Oversight. This amount is unchanged from FY 2024.

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 Baseline 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.

The FY 2025 Baseline funds \$20,000,000 as a set aside for an insurance deductible in the event of a cyber security breach or incident, \$137,200 for staff to administer the program and \$1,450,000 for insurance premiums. These premiums would fund third-party insurance to assist the state with a large cyber breach with costs over \$10,000,000 for investigations, public notification for credit monitoring services, and remediation.

Beginning in FY 2025, ADOA will allocate actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system. Since the \$20,000,000 for insurance deductibles is already built into the fund balance, the agency charges should only reflect the cost of staff and insurance premiums.

Federal Transfer Payment

The Baseline includes no funding in FY 2025 for one-time payments to the federal government. This amount is unchanged from FY 2024.

The FY 2024 General Appropriation Act included an FY 2023 supplemental appropriation of \$3,107,700 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and for fund transfers in FY 2022. In addition, the FY 2024 General Appropriation Act continued to specify that it is the intent of the Legislature that ADOA shall not enter into any agreements to pay for any federal reimbursements related to excess retained earnings in 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 2023 will be paid in FY 2024 through a supplemental appropriation. The final appropriated amount will be determined once ADOA reaches agreement with the federal government.

Risk Management Administrative Expenses

The Baseline 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 Baseline includes \$52,436,300 from the Risk Management Revolving Fund in FY 2025 for Risk Management Losses and Premiums. This amount is unchanged from FY 2024.

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 Baseline 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

Employee Compensation Study

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

Remove One-Time Funding

The Baseline includes a decrease of \$(4,000,000) from the General Fund in FY 2025 to remove one-time funding for an Employee Compensation Study.

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 Baseline includes \$2,055,500 from the State Web Portal Fund in FY 2025 for the Government Transformation Office (GTO). This amount is unchanged from FY 2024.

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

State Surplus Property Sales Agency Proceeds

The Baseline 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 Baseline 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.

Fire Incident Management Fund Deposit

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

Remove One-Time Grants

The Baseline 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 System Grants Fund.

The line item provides funding for ADOA to distribute as grants to municipal fire departments and fire districts for hardware and software with specific incident management system functionality as outlined in an FY 2023 General Appropriation Act footnote for FY 2023 and the FY 2024 Environment Budget Reconciliation Bill (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. The Environment BRB allows ADOA to use up to \$200,000 for administrative costs.

Health Care Interoperability Grants

The Baseline includes no funding in FY 2025 for Healthcare Interoperability Grants. Adjustments are as follows:

Remove One-Time Grants

The Baseline includes a decrease of \$(3,000,000) from the General Fund in FY 2024 to remove one-time grants for health care interoperability grants.

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

Remove One-Time Grants

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

Remove One-Time Funding

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

Remove One-Time Funding

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

Remove One-Time Funding

The Baseline 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.

Southwest Defense Contracts

The Baseline includes \$25,000 from the General Fund in FY 2025 for Southwest Defense Contracts. This amount is unchanged from FY 2024.

This line item is 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

FY 2024 Federal Financial Participation Payment

ADOA's FY 2025 budget request includes an FY 2024 supplemental appropriation of \$9,493,000 from the General Fund for one-time payments to the federal government for disallowed costs and fund transfers in FY 2023. This payment has historically been made from the Risk Management Revolving Fund. 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.)

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.

Beyond the regular employer contributions, HITF has been subsidized over the last 7 years through either one-time or ongoing appropriations of General Fund and other monies to maintain a fund balance with sufficient reserve for claims. For example, the FY 2024 budget included \$73,000,000 from the General Fund (including a university tuition backfill) and \$120,399,500 total funds for a one-time employer premium increase (see Table 1).

	FY 23	FY 24
	Actual	Estimate
Beginning Balance	\$20.8	\$128.7
Revenue		
Baseline Premiums	\$820.2	\$832.1
One-time Employer Increase	<u>\$172.8</u>	<u>\$120.4</u>
Net Revenues	\$993.0	\$952.5
Expenses		
Baseline Medical Expenses	\$879.7	\$1,016.3
Administration	<u>\$5.4</u>	<u>\$5.6</u>
Net Expenses	\$885.1	\$1,021.9
Cash Balance	\$128.7	\$59.3

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

For FY 2024, the fund is projected to have a cash balance of \$59,300,000. With the removal of the one-time employer premium increase in FY 2025, ADOA projects

HITF to have a projected ending cash shortfall of approximately \$(199,600,000) in FY 2025

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

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.

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Air Quality Fund (ADA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Annual air quality and emissions fees assessed on motor vehicle registrations, as well as legislative appropriations.		
Purpose of Fund: To pay the cost of air quality research, experiments, education, and programs conducted by or for the department.		
Funds Expended	365,300	928,200
Year-End Fund Balance	442,900	964,300
Arizona Financial Information System Collections Fund (ADA1234/A.R.S. § 41-740.01)		Appropriated
Source of Revenue: Revenues are collected from state agencies to recover pro rata costs of operating AFIS. Pro rata charges are determined by ADOA and allocated to each agency based on AFIS usage.		
Purpose of Fund: Supplements the cost of operating AFIS.		
Funds Expended	8,307,500	14,386,200
Year-End Fund Balance	4,667,800	755,600
Automation Operations Fund (ADA4230/A.R.S. § 41-711)		Appropriated
Source of Revenue: Charges to agencies and other political entities for information technology products and services. The fund has continuously appropriated sub-accounts for agreements made with other states and the Arizona Health Care Cost Containment System.		
Purpose of Fund: To provide agencies and other political entities data processing and information technology consulting services and to maintain the integrity and security of state information. Balances reflect a transfer into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)		
Funds Expended	25,680,600	29,726,400
Year-End Fund Balance	4,059,200	2,609,400
Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01)		Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying ADOA owned buildings.		
Purpose of Fund: To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.		
Funds Expended	16,375,800	19,081,200
Year-End Fund Balance	19,194,700	7,101,400
Capitol Mall Consolidation Fund (ADA3211/A.R.S. § 41-792.02)		Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: For repair and renovations of state-owned buildings. Monies in the fund for capital expenses are not displayed in the ADOA operating budget.		
Funds Expended	0	0
Year-End Fund Balance	927,000	927,000
Certificate of Participation Fund (ADA5005/A.R.S. § 41-791.02)		Non-Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying buildings under Certificate of Participation (COP) lease-purchase agreements.		
Purpose of Fund: To make COP lease-purchase payments on buildings under such agreements.		
Funds Expended	16,297,400	14,404,000
Year-End Fund Balance	7,690,700	7,685,700
Construction Insurance Fund (ADA4219/A.R.S. § 41-622)		Non-Appropriated
Source of Revenue: Risk management charges to agencies for state construction projects. The construction and design insurance rate is set by ADOA and reviewed by the Joint Committee on Capital Review.		
Purpose of Fund: To self-insure state construction projects against tort losses from design and construction defects.		
Funds Expended	2,792,400	10,110,700
Year-End Fund Balance	21,822,300	20,036,500

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Co-Op State Purchasing Agreement Fund (ADA4213/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Annual subscription fees paid by local governments for state purchasing records, fees paid by individuals for copies of public records, and fees paid by vendors participating in the State Contract Show.		
Purpose of Fund: To operate the cooperative purchasing program and support its membership list.		
Funds Expended	6,516,300	7,115,900
Year-End Fund Balance	4,570,000	3,316,500
Coronavirus State and Local Fiscal Recovery Fund (ADA2985/U.S. P.L. 117-2)		Federal Funds
Source of Revenue: Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2).		
Purpose of Fund: To provide emergency support to households, small businesses, nonprofits, workers performing essential work, and certain industries negatively impacted by the COVID-19 pandemic. To extend government services that received a reduction in revenue as a result of the COVID-19 pandemic. To make investments in water, sewer, and broadband infrastructure.		
Funds Expended	23,028,000	58,316,800
Year-End Fund Balance	42,358,000	100
Corrections Fund (ADA2088/A.R.S. § 41-1641)		Appropriated
Source of Revenue: Luxury taxes on alcohol and tobacco products.		
Purpose of Fund: To pay for construction, major maintenance, lease, purchase, renovation, or conversion of Arizona Department of Corrections (ADC) and Department of Juvenile Corrections (DJC) facilities. ADOA uses these monies to oversee construction projects benefiting ADC or DJC.		
Funds Expended	570,100	628,900
Year-End Fund Balance	0	0
Cyber Risk Insurance Fund (ADA4217/A.R.S. § 41-622)		Appropriated
Source of Revenue: The FY 2023 budget transferred \$24,624,400 from the Risk Management Revolving Fund in FY 2023 into the Cyber Risk Insurance Fund for FY 2023 and FY 2024 costs. Beginning in FY 2025, revenues may include actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system.		
Purpose of Fund: To pay claim costs and administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits for Cyber Security.		
Funds Expended	0	23,037,200
Year-End Fund Balance	24,624,400	3,379,200
Emergency Telecommunication Services Revolving Fund (ADA2176/A.R.S. § 41-704)		Non-Appropriated
Source of Revenue: The telecommunication services excise tax, currently 20¢ per wire or wireless account, levied on monthly telephone bills and remitted by telephone companies, as authorized by A.R.S. § 42-5252. In addition, a tax equal to 0.8% of the gross income derived from the retail sale of prepaid wireless telecommunication services, as authorized by A.R.S. § 42-5402.		
Purpose of Fund: To aid the political subdivisions of the state in implementing and operating emergency telecommunication services (911); to purchase necessary equipment and consulting services (up to 5% of revenue); to pay monthly recurring costs for capital, maintenance, and operations; and to reimburse wireless carriers for the costs of compliance.		
Funds Expended	23,157,300	21,396,800
Year-End Fund Balance	11,109,400	10,761,900
Employee Related Expenditures/Benefits Administration Fund (ITA3035/A.R.S. § 38-651.05)		Non-Appropriated
Source of Revenue: State employer and state employee premium contributions for vision, flexible spending, disability, life, and accident insurance.		
Purpose of Fund: To administer state employee benefit plans and pay non-health insurance premiums.		
Funds Expended	37,513,100	38,695,100
Year-End Fund Balance	1,556,100	2,140,800

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Federal Grant Fund (ADA2000/A.R.S. § 35-142)		Federal Funds
Source of Revenue: Federal grants, including pass through grants from several agencies.		
Purpose of Fund: To pay for security related equipment and programs, as well as to administer monies as sub-grantee for federal projects.		
Funds Expended	2,227,900	35,000
Year-End Fund Balance	1,500	1,500
Federal Surplus Materials Revolving Fund (ADA4215/A.R.S. § 41-2606)		Appropriated
Source of Revenue: Federal surplus property service and handling fees.		
Purpose of Fund: To collect, store, and administer the sale of federal surplus property. Federal regulations concerning the disposition of federal surplus property cap the year-end balance of this fund at \$50,000. When the fund exceeds this cap, the department must discount its service and handling charges for federal surplus materials transferred to agencies in the following fiscal year.		
Funds Expended	0	468,200
Year-End Fund Balance	30,800	(437,400)
Fire Incident Management Fund (ADA9998/Laws 2023, Chapter 138)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: To provide grants to municipal fire departments and districts to purchase hardware and software. No more than \$200,000 may be used for administrative costs. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Governor's Emergency Education Relief Fund (ADA2980/U.S. P.L. 116-136)		Federal Funds
Source of Revenue: Federal monies appropriated in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and the Consolidated Appropriations Act of 2021 (P.L. 116-260).		
Purpose of Fund: To provide emergency support through grants to local educational agencies that the state educational agency deems have been most significantly impacted by coronavirus to support the ability of such local educational agencies to continue to provide educational services to their students and to support the ongoing functionality of the local educational agency.		
Funds Expended	2,857,100	0
Year-End Fund Balance	0	0
IGA and ISA Fund (ADA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Various intergovernmental and interagency service agreements.		
Purpose of Fund: To execute various intergovernmental and interagency service agreements.		
Funds Expended	52,999,100	55,674,600
Year-End Fund Balance	59,003,500	57,484,400
Information Technology Fund (ADA2152/A.R.S. § 18-401)		Appropriated
Source of Revenue: A pro rata share of 0.61% of total payroll, charged to all budget units subject to oversight of information technology projects by ADOA's Arizona Strategic Enterprise Technology (ASET) Office or by the Information Technology Authorization Committee (ITAC).		
Purpose of Fund: Provides personnel funding for statewide information technology planning, coordinating, oversight, and consulting. Additionally, monies from the IT Fund also support the operation of the Statewide Information Security and Privacy Office (SISPO) in the Arizona Department of Homeland Security. Balances reflect transfers into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)		
Funds Expended	1,974,600	2,159,300
Year-End Fund Balance	7,346,000	9,749,200

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Legislative, Executive, and Judicial Public Buildings Land Fund (ADA3127/A.R.S. § 37-525)		Appropriated
Source of Revenue: State trust land lease revenues.		
Purpose of Fund: To support state Legislative, Executive, and Judicial buildings. Monies appropriated for capital expenses are not displayed in the ADOA operating budget.		
Funds Expended	0	0
Year-End Fund Balance	4,633,600	5,568,600
Payroll Administration Fund (ADA9200/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Collects and pays out all monies associated with the statewide payroll functions. Fund 9200 incorporates several payroll funds (ADA9220, ADA9230, NAU9202, UAA9203, and ASU9221). Fund 9230 collects a one-time \$50 charge for setting up a garnishment, which is granted by the court, a \$5 employee fee for each non-exempt statement that is generated per payday, and a \$1 administrative fee for child and spousal support orders.		
Purpose of Fund: Generally, revenues and expenditures are not used for normal payroll activities. The only balance that accumulates in this fund is for Unemployment Tax. For Fund 9230, monies are used for administrative costs related to garnishments and child support.		
Funds Expended	273,000	(47,800)
Year-End Fund Balance	(122,800)	0
Personnel Division Fund (ADA1107/A.R.S. § 41-750)		Appropriated
Source of Revenue: A 0.83% (permanent law) charge on the total payroll of each agency within the ADOA personnel system.		
Purpose of Fund: To operate the ADOA Human Resources Division.		
Funds Expended	13,124,600	13,672,500
Year-End Fund Balance	3,495,200	4,370,800
Retiree Accumulated Sick Leave Fund (ADA3200/A.R.S. § 38-616)		Non-Appropriated
Source of Revenue: A 0.40% charge on the total benefit-eligible payroll of each agency within the ADOA personnel system. By statute, the rate may not exceed 0.55% and is set by ADOA with Joint Legislative Budget Committee review.		
Purpose of Fund: To compensate eligible retiring state employees for accumulated sick leave, to pay insurance premiums, and to administer the program. Payments are calculated as a percentage, tiered according to accrual level of hourly salary. Payments to an individual shall not exceed \$30,000.		
Funds Expended	15,413,700	11,369,000
Year-End Fund Balance	12,688,500	12,319,500
Risk Management Revolving Fund (ADA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system, as well as recoveries by the state through litigation.		
Purpose of Fund: To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits.		
Funds Expended	74,587,100	99,896,100
Year-End Fund Balance	122,051,600	103,361,500
School Safety Interoperability Fund (ADA3076/A.R.S. § 41-1733)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To fund school safety pilot programs which enable the deployment of a secure, multimedia data communications system to a user base consisting of public safety agencies and public schools. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations. The FY 2023 Automation Budget Reconciliation Bill (BRB) transferred this fund from the State Treasurer to ADOA in FY 2023.		
Funds Expended	0	0
Year-End Fund Balance	2,600,000	0

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654)		Appropriated
Source of Revenue: Employer and employee medical and dental insurance contributions.		
Purpose of Fund: To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. Only administrative expenditures from this fund are subject to legislative appropriation. Please see the Non-Appropriated portion of the fund for additional information.		
Funds Expended	5,110,500	5,684,700
Year-End Fund Balance	129,086,300	59,690,300
Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654)		Non-Appropriated
Source of Revenue: Employer and employee medical and dental insurance contributions.		
Purpose of Fund: To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. The Non-Appropriated expenditures reflect the state's self-insured health care claims costs. Please see the Appropriated portion of the fund for additional information.		
Funds Expended	879,658,100	1,016,179,400
Year-End Fund Balance	129,086,300	59,690,300
Special Events Fund (ADA2503/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Set-up fees for special events on state property.		
Purpose of Fund: To set up special events on state property.		
Funds Expended	19,700	0
Year-End Fund Balance	4,000	4,000
Special Services Revolving Fund (ADA4208/A.R.S. § 35-193.02)		Appropriated
Source of Revenue: Payments by agencies using administrative services offered by ADOA.		
Purpose of Fund: Appropriated monies are collected from 11 small regulatory boards residing in the State Boards' Office to provide centralized administrative services. Please see the Non-Appropriated portion of the fund for additional information.		
Funds Expended	803,600	1,243,000
Year-End Fund Balance	99,200	(540,800)
Special Services Revolving Fund (ADA4208/A.R.S. § 35-193)		Non-Appropriated
Source of Revenue: Payments by agencies using administrative services offered by ADOA.		
Purpose of Fund: Non-Appropriated expenditures reflect various centralized printing, copying, and repair services offered by ADOA. Please see the Appropriated portion of the fund for additional information.		
Funds Expended	1,013,600	1,015,100
Year-End Fund Balance	99,200	(540,800)
State Employee Travel Reduction Fund (ADA2261/A.R.S. § 41-101.03)		Non-Appropriated
Source of Revenue: Grants by the Maricopa Association of Governments, the State Travel Reduction Planning Office, and the Arizona Department of Environmental Quality.		
Purpose of Fund: To operate and administer a ride-sharing program for the transportation of state employees between home and work.		
Funds Expended	448,100	577,500
Year-End Fund Balance	1,228,900	1,186,400
State Surplus Materials Revolving Fund (ADA4214/A.R.S. § 41-2606)		Appropriated
Source of Revenue: State surplus property sales revenues.		
Purpose of Fund: To collect, store, and administer the sale of state surplus property. The majority of revenues are returned to donor agencies. The department retains a service and handling fee.		
Funds Expended	2,651,400	3,048,900
Year-End Fund Balance	960,200	710,700

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
State Web Portal Fund (ADA2531/A.R.S. § 18-421)		Appropriated
Source of Revenue: Grants, donations, and web portal revenues, including any fees collected from the sale of certain types of motor vehicle records to commercial customers, less revenues deposited into the Highway User Revenue Fund, as stipulated in A.R.S. § 18-421.		
Purpose of Fund: To maintain and upgrade the state's common web portal, including enhancement of existing products and the development of new applications. Monies received from private grants or donations, as well as federal grants, are non-appropriated. Balances reflect transfers into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)		
Funds Expended	6,276,300	8,429,300
Year-End Fund Balance	7,519,600	8,237,700
Statewide Donations Fund (ADA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Employee donations and other miscellaneous deposits.		
Purpose of Fund: Employee donations are used to recognize outstanding employees.		
Funds Expended	400	1,300
Year-End Fund Balance	600	300
Telecommunications Fund (ADA4231/A.R.S. § 41-713)		Appropriated
Source of Revenue: Administrative surcharges on telecommunications services for agencies and other political entities.		
Purpose of Fund: To operate the Telecommunications Program Office, which manages and oversees statewide contracts for telecommunications products and services. The state's contractors operate and equip telecommunications voice, data, video, and graphics systems, allowing the collection, storage, interchange, retrieval, and transmission of information.		
Funds Expended	1,490,700	1,798,200
Year-End Fund Balance	1,492,700	1,287,200
Text to 911 Services Fund (ADA2177/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies transferred from the Emergency Telecommunications Service Revolving Fund.		
Purpose of Fund: To provide grants to political subdivisions of the state for text-to-911 services.		
Funds Expended	203,700	0
Year-End Fund Balance	721,300	0
Traffic and Parking Control Fund (ADA2453/A.R.S. § 41-796)		Non-Appropriated
Source of Revenue: Penalties and fees collected for traffic and parking violations on state property.		
Purpose of Fund: To post signs, markings, and notices for the regulation of vehicles on state property, as well as to maintain state parking lots and structures.		
Funds Expended	0	0
Year-End Fund Balance	2,500	2,500
Transparency Website Fund (ADA2955/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Charges to local governments that utilize the state's transparency website, Arizona OpenBooks.		
Purpose of Fund: To maintain the transparency website for public use.		
Funds Expended	26,000	27,000
Year-End Fund Balance	37,900	37,900
VW Diesel Emissions Environment Mitigation Trust Fund (ADA3917/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies deposited from the National Volkswagen Lawsuit Settlement. Arizona will receive approximately \$57.0 million over 10 years in settlement monies to support eligible air pollution mitigation activities.		
Purpose of Fund: To support eligible air pollution mitigation activities.		
Funds Expended	0	0
Year-End Fund Balance	191,700	0