FY 2026

Appropriations Report

August 2025

JLBC

FY 2026 APPROPRIATIONS REPORT

This annual *Appropriations Report* provides detailed information on the FY 2026 budget, based on the General Appropriation Act (Laws 2025, Chapter 233) and other legislative acts.

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BUDGET HIGHLIGHTS

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

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
REVENUES				
Ongoing Revenues	$17,244,307,400	$17,778,213,800	$18,489,010,100	$19,336,728,300
Newly Enacted Revenue Adjustments	(2,900,000)	(6,300,000)	(20,640,000)	(28,740,000)
Urban Revenue Sharing	(1,268,257,800)	(1,186,305,800)	(1,291,576,400)	(1,320,092,700)
Net Ongoing Revenues	$15,973,149,600	$16,585,608,000	$17,176,793,700	$17,987,895,600
One-Time Revenues				
Balance Forward	962,823,000	1,092,085,800	199,791,800	32,555,600
One-Time Revenue Forecast Adjustment	166,500,000			
Enhanced FMAP One-Time Revenue Adjustments	131,100,000	62,900,000		
Other One-Time Revenue Adjustments	71,200,000	14,900,000		
Fund Transfers	32,491,800	15,500,000	9,700,000	600,000
Subtotal One-Time Revenues	$1,364,114,800	$1,185,385,800	$209,491,800	$33,155,600
Total Revenues	$17,337,264,400	$17,770,993,800	$17,386,285,500	$18,021,051,200
EXPENDITURES				
Ongoing Operating Appropriations	$15,610,223,500	$16,614,952,300	$17,126,160,500	$17,732,266,500
Administrative Adjustments	84,400,000	123,500,000	145,000,000	145,000,000
Revertments	(170,000,000)	(206,500,000)	(200,000,000)	(200,000,000)
Subtotal Ongoing Expenditures	$15,524,623,500	$16,531,952,300	$17,071,160,500	$17,677,266,500
One-Time Expenditures				
Capital Outlay		26,227,100		25,000,000
Transportation Funding		109,989,000	30,000,000	125,000,000
FY 25 One-Time Supplementals	239,720,000			
FY 25 One-Time Ex-Appropriations	(134,466,900)			
Operating One-Time Spending	715,302,000	1,003,033,600	252,569,400	170,736,800
Hospital Assessment Savings	(100,000,000)	(100,000,000)		
Subtotal One-Time Expenditures	$720,555,100	$1,039,249,700	$282,569,400	$320,736,800
Total Expenditures	$16,245,178,600	$17,571,202,000	$17,353,729,900	$17,998,003,300
Ending Balance	$1,092,085,800	$199,791,800	$32,555,600	$23,047,900
Ongoing Balance	$448,526,100	$53,655,700	$105,633,200	$310,629,100

FY 2026 STATE GENERAL FUND BUDGET SUMMARY

The FY 2026 budget is based primarily upon the actions of the 57th Legislature's 1st Regular Session. On June 27, 2025, the Governor signed into law the FY 2026 General Appropriations Act for the fiscal year beginning July 1, 2025 as well as 15 other budget-related bills.

Revised FY 2025 General Fund Budget

- The *FY 2025 Appropriations Report*, at the time of publication in July 2024, General Fund revenues were anticipated to be $16.28 billion. Revenue projections for FY 2025 have been revised upward to $17.34 billion based on:
  - ⇒ A projected 2.6% change in base ongoing revenue.
  - ⇒ A one-time revenue gain of $369.1 million above the original enacted budget.
  - ⇒ An increase in the carryforward balance of $323.9 million above the amount assumed in the original enacted budget.
- The FY 2025 Appropriations Report also projected General spending of $16.18 billion. Due to changes in statutory funding formula requirements and other factors, the FY 2026 Baseline revised FY 2025 spending to $16.09 billion, or a decrease of $(93) million.
- The enacted budget further revised FY 2025 spending to $16.25 billion based on supplemental adjustments made in the FY 2026 budget process.
- The ending FY 2025 cash balance is now estimated to be $1.09 billion.

FY 2026 General Fund Revenues

- The *FY 2026 Baseline Book* projected FY 2026 General Fund revenues of $17.58 billion, which primarily assumed a 3.4% increase in ongoing revenues above FY 2025.
- The enacted FY 2026 budget has projected total General Fund revenue of $17.77 billion and includes the following:
  - ⇒ A 3.1% change in ongoing base revenue.
  - ⇒ An increase in carryforward balances from $962.8 million in FY 2025 to $1.09 billion in FY 2026.
  - ⇒ An additional one-time revenue gain of $76.3 million above the amount in the JLBC Baseline.

FY 2026 General Fund Spending

- FY 2026 General Fund spending is projected to be $17.57 billion compared to $16.25 billion in FY 2025, or an increase of 8.2% based on the following assumptions:
  - ⇒ A $1.01 billion increase in ongoing spending primarily due to formula spending adjustments and other changes as part of the FY 2026 3-year budget plan.
  - ⇒ A $318.7 million increase in one-time spending.
- The entire FY 2026 state budget, including both appropriated and non-appropriated funds, is projected to be approximately $71.18 billion.
- The main drivers of FY 2026 General Fund spending are delineated below by function of government.

General Fund and Budget Stabilization Fund Balances

- Based on $17.77 billion in projected revenues and $17.57 billion in projected spending, the projected ending FY 2026 cash balance is $199.8 million.
- Apart from the General Fund, the Budget Stabilization Fund will have an estimated balance of $1.63 billion in FY 2026.

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 2027 revenues are projected to be $17.39 billion compared to FY 2027 spending of $17.35 billion. This would result in a cash balance of $32.6 million in FY 2027.
- FY 2028 revenues are projected to be $18.02 billion compared to FY 2028 spending of $18.00 billion. This would result in a cash balance of $23.0 million in FY 2028.

Education

Department of Education (ADE)

- ADE General Fund spending increases by $404.8 million, or 5.1% above the final FY 2025 appropriation, including:
  - ⇒ $(206.2) million to remove funding for an FY 2025 supplemental appropriation, including.
    - $(150.8) million for higher-than-budget Basic State Aid costs, as outlined below.

- $(69.4) million for one-time Basic State Aid recalculations associated with the *Qasimyar v. Maricopa County* property tax litigation.
- $14.0 million for lower-than-anticipated Homeowner's Rebate expenses.

⇒ $150.8 million for a prior year rebase due to higher-than-budgeted expenses for FY 2025 Basic State Aid, including:
- $88.5 million increased state aid costs for public schools, primarily due to a higher-than-budgeted cost per student.
- $50.1 million for increased Empowerment Scholarship Account (ESA) awards in FY 2025. This figure is based on actual ESA enrollment of 87,602 and awards of $872.2 million.
- $16.2 million to cover lower-than-expected local property taxes to cover the school district share of the formula.

⇒ $129.6 million for Empowerment Scholarship Account (ESA) growth in FY 2026. This amount assumes total ESA program enrollment reaches 97,905 in FY 2026, or 10,303 above estimated FY 2025 enrollment of 87,602.

⇒ $(58.3) million for FY 2026 public school enrollment declines. Total unweighted public school Average Daily Membership (ADM) would decline by an estimated (0.8)% to reach a level of 1,068,922 in FY 2026. The (0.8)% estimate assumes a (0.2)% base enrollment decline associated with demographic trends plus an additional (0.6)% decline due to switchers to the ESA program.

⇒ $166.7 million for a 2.0% statutory inflation adjustment of funding levels for the per pupil base level, transportation, and charter additional assistance.

⇒ $(53.7) million in savings due to property tax growth from new construction.

⇒ $285.6 million to backfill reduced land trust endowment distributions under Proposition 123, which lowers the distribution rate from 6.9% in FY 2025 to 2.5% in FY 2026.

⇒ $4.9 million for increased Homeowner's Rebate expenses.

⇒ $3.4 million one-time for Ninth Grade On-Track Program funding.

⇒ $2.5 million one-time for a Rural Arizona School Nurse Access Program.

⇒ $500,000 one-time for Automated External Defibrillator Grants.

⇒ $400,000 one-time for the implementation of assessments in a virtual setting.

⇒ $200,000 one-time for the Apache Junction Robotics Program.

⇒ $100,000 one-time for a Teacher Retention Study.

⇒ $431,400 for statewide adjustments.

⇒ No net change to continue one-time funding for a supplement to the Free and Reduced Price Lunch (FRPL) Group B weight in FY 2026. Under the FY 2026 3-year budget plan, this funding is restored as ongoing in FY 2028.

⇒ No net change to continue one-time funding for a supplement to Additional Assistance in FY 2026. Under the FY 2026 3-year budget plan, this funding is restored as ongoing in FY 2028.

⇒ No net change to continue $3.8 million for One-Time School Meal Grants.

⇒ $(7.0) million to remove one-time funding for a Holocaust Education Center.

⇒ $(5.0) million to reduce one-time funding for Adult Education programs, including:
- $(4.0) million to remove one-time funding for the Adult Education Workforce Diploma Program. This program is instead funded in the Office of Economic Opportunity at a level of $2.0 million.
- $(3.0) million to reduce one-time funding for the Continuing High School and Workforce Training Program from $4.0 million to $1.0 million.
- $2.0 million to increase one-time funding for a Community College Adult Education Workforce Development Program Fund Deposit from $4.0 million to $6.0 million.

⇒ $(5.0) million to remove one-time funding for increased costs from ADE's contract for the Arizona English Language Learner Assessment (AZELLA). This cost is instead covered by Other Funds in FY 2026.

⇒ $(2.0) million to remove one-time funding for Low-Income After School Program Grants.

⇒ $(2.0) million to remove one-time funding for a K-12 Mental Health Telehealth Pilot.

⇒ $(1.0) million to remove one-time funding for a Center for High School Success.

⇒ $(100,000) to remove one-time funding for Live, Remote Instruction.

Arizona Department of Administration/School Facilities Division (SFD)

- SFD General Fund spending increases by $32.0 million, or 10.0%, including:

⇒ $31.3 million for a net one-time increase in new school construction costs. The budget funds a total of $140.7 million for new construction, including the completion of 5 FY 2025 schools, and the initial funding for 4 FY 2026 schools in the Laveen, Nadaburg, Snowflake, and Tolleson School Districts.

⇒ $750,000 in one-time funding for administration of the Building Renewal Grant program.

Universities

- University General Fund spending increases by $4.6 million, or 0.5%, including:
  - ⇒ $16.3 million one-time to increase funding for the Arizona Promise Program.
  - ⇒ $150,000 one-time to increase funding for Washington D.C. internship scholarships.
  - ⇒ $500,000 one-time ASU funding for Decision Theater – Pinal County Transportation.
  - ⇒ $1.4 million one-time UA funding for the Yuma Center for Excellence for Desert Agriculture.
  - ⇒ $850,000 one-time UA funding for an Extractive Modular Metallurgy Facility.
  - ⇒ $500,000 one-time UA funding for the Arizona Geological Survey.
  - ⇒ $2.0 million one-time UA funding for a deposit into the On-Farm Irrigation Fund.
  - ⇒ $500,000 one-time UA funding for AZ REACH.
  - ⇒ $50,000 one-time UA funding for Medical Mission Scholarships.
  - ⇒ $(46.0) million to remove one-time operating funding.
  - ⇒ $(1.0) million to remove one-time funding for the Arizona Teachers Academy.
  - ⇒ $596,800 for adjustments to capital appropriations.
  - ⇒ $28.8 million for statewide adjustments.
- Fall 2024 enrollment increased by 10,468 full-time equivalent students, or 5.0% above Fall 2023, for total enrollment of 221,564.

Community Colleges

- Community College General Fund spending increases by $7.8 million, or 8.1%, including:
  - ⇒ $5.7 million for formula adjustments.
  - ⇒ $1.0 million for Eastern Arizona College (Graham County) expenses.
  - ⇒ $880,000 for a rural county allocation technical adjustment.
  - ⇒ $250,000 for Maricopa wrestling scholarships.
- The Community College funding formula is based on student counts from 2 years prior. FY 2024 rural district enrollment increased by 889 full-time equivalent students, or 3.6%, for a total rural enrollment of 25,368. Including the Maricopa and Pima districts, total enrollment increased by 3,798, or 4.2%, to 93,809.

Health and Welfare

AHCCCS

- AHCCCS General Fund spending increases by $36.1 million, or 1.4%, including:
  - ⇒ $180.3 million for formula adjustments, including 1.2% caseload growth, a 3.0% inflation adjustment, and the reduction of the regular match rate from 65.24% to 64.48%. This amount also annualizes a $(64.4) million FY 2025 savings due to lower enrollment in FY 2025.
  - ⇒ $(150.0) million to shift Medicaid services costs to the Prescription Drug Rebate Fund.
  - ⇒ $4.3 million for one-time critical access hospital supplemental payments.
  - ⇒ $4.0 million for one-time graduate medical education funding.
  - ⇒ $2.2 million for one-time funding of eligibility income verification services.
  - ⇒ $100,000 for coverage of traditional healing services.
  - ⇒ $247,200 for coverage of outpatient speech therapy and Cochlear implants.
  - ⇒ $(4.2) million to remove one-time critical access hospital supplemental pool funding.
  - ⇒ $(1.0) million to remove one-time case manager provider wage increases.
  - ⇒ $(1.8) million to remove one-time FY 2025 supplemental funding for eligibility income verification.
  - ⇒ $1.9 million for statewide adjustments.
- The budget includes an ex-appropriation of $(94.1) million in FY 2025. This consists of $(64.4) million for lower-than-budgeted FY 2025 caseloads and $(29.7) million due to the federal government's one-time retroactive adjustment to the state's match rate.
- The budget includes a supplemental of $1.8 million in FY 2025 for eligibility income verification.
- AHCCCS enrollment is projected to be 1.86 million recipients by June 2026. This level represents a caseload increase of 21,000, or 1.2%, from June 2025.

Department of Child Safety (DCS)

- DCS General Fund spending increases by $30.6 million, or 6.7%, including:
  - ⇒ $23.2 million for a Congregate Care federal funding backfill, of which $19.3 million is one-time.
  - ⇒ $9.8 million for one-time Guardian system maintenance.

- ⇒ $6.9 million for an Operating Lump Sum fund sourcing realignment.
- ⇒ $6.4 million for a one-time Extended Foster Care Comprehensive Service Model deposit.
- ⇒ $4.6 million for a Caseworkers line item fund sourcing realignment.
- ⇒ $3.9 million for a projected increase in Extended Foster Care caseloads.
- ⇒ $2.6 million for one-time fleet vehicle replacement.
- ⇒ $600,000 for an Office of Child Welfare Investigations line item fund sourcing realignment.
- ⇒ $100,000 for one-time funding to develop and maintain a group home monitoring training program.
- ⇒ $(11.5) million for a Kinship Care line item surplus and fund sourcing realignment.
- ⇒ $(11.0) million to remove one-time funding for the Healthy Families Arizona Program.
- ⇒ $(5.5) million to remove one-time provider rate increases associated with children and family supports contracts.
- ⇒ $(3.5) million for a Permanent Guardianship Subsidy line item fund sourcing realignment.
- ⇒ $(2.9) million for an Adoption Services line item surplus and fund sourcing realignment.
- ⇒ $(2.0) million for a Foster Home Placement line item surplus and fund sourcing realignment.
- ⇒ $8.9 million for statewide adjustments.

Department of Economic Security (DES)

- DES General Fund spending increases by $551.5 million, or 41.2%, including:
  - ⇒ $434.0 million for Developmental Disabilities (DD) formula adjustments, including 5.0% enrollment growth, a 3.0% capitation rate increase, and the reduction of the regular match rate from 65.24% to 64.48%. This amount also annualizes a $309.5 million cost due to higher-than-budgeted FY 2025 formula costs, including an overall 25.5% capitation rate increase (above the 4.0% that was originally budgeted) and 7.3% caseload growth (above the 4.5% that was originally budgeted).
  - ⇒ $1.2 million for one-time benefit services digital portal implementation funding.
  - ⇒ $4.0 million for one-time IT mainframe operating costs funding.
  - ⇒ $1.0 million for a one-time income verification data charge backfill.
  - ⇒ $3.7 million in one-time funding to backfill federal funding in the Adult Protective Services program.
  - ⇒ $2.0 million in one-time funding for the Area Agencies on Aging (AAAs) for Home and Community Based Services.
  - ⇒ $5.0 million in one-time funding for the AAAs for Housing Assistance.
  - ⇒ $3.0 million in one-time funding for civil legal aid.
  - ⇒ $15.5 million in one-time funding for coordinated homeless services.
  - ⇒ $2.0 million in one-time funding for the produce incentive program.
  - ⇒ $500,000 in one-time funding to create a homeless veterans' strategic plan.
  - ⇒ $1.5 million in one-time funding for homeless veterans' services.
  - ⇒ $200,000 for one-time summer food benefits administration funding.
  - ⇒ $14.8 million one-time for home and community-based serves for high-cost DD clients.
  - ⇒ $1.2 million one-time for the group home monitoring program.
  - ⇒ $32.3 million for a one-time DD reconciliation payment.
  - ⇒ $44.9 million in one-time funding to increase child care subsidies.
  - ⇒ $500,000 in one-time funding for the education workforce initiative.
  - ⇒ $3.0 million in one-time funding for a deposit into the out-of-school time grant program fund.
  - ⇒ $1.0 million in one-time funding for homeless youth assistance.
  - ⇒ $(12.0) million to remove one-time funding for child care.
  - ⇒ $(2.0) million to remove one-time funding for the Area Agencies on Aging.
  - ⇒ $(1.0) million to remove one-time funding for the Pascua Yaqui tribal government for social services.
  - ⇒ $(1.0) million to remove one-time funding for food distribution services for low-income individuals in Cochise County.
  - ⇒ $(1.0) million to remove one-time funding for DD job training and life skills.
  - ⇒ $(1.2) million to remove funding for the Group Home Monitoring Program.
  - ⇒ $(500,000) to remove one-time funding for Navajo Nation women's shelter and social services.
  - ⇒ $(500,000) to remove one-time funding for nutrition, housing, and rental assistance programs in Pinal County.
  - ⇒ $(500,000) to remove one-time funding for Navajo Nation youth programs.
  - ⇒ $(250,000) to remove one-time funding for low-income food services for tribal communities.
  - ⇒ $(700,000) to remove one-time FY 2025 supplemental funding for income verification data charges.
  - ⇒ $(1.9) million to remove one-time FY 2025 supplemental funding for summer food benefits administration.

⇒ $2.8 million for statewide adjustments.

- The budget includes a supplemental of $700,000 in FY 2025 for an income verification data charge backfill.
- The budget includes a supplemental of $1.9 million in FY 2025 for summer food benefits administration funding.
- The budget also includes an ex-appropriation of $(9.9) million in FY 2025 to account for a one-time retroactive adjustment to the state's match rate.
- Medicaid Developmental Disability caseloads are projected to grow to 48,623 by June 2026. This level represents a caseload increase of 2,315, or 5.0%, above June 2025.

Department of Health Services (DHS)

- DHS General Fund spending increases by $5.1 million, or 4.2%, including:
  - ⇒ $750,000 for one-time funding of a dementia awareness campaign.
  - ⇒ $5.0 million for one-time ibogaine clinical research grants.
  - ⇒ $1.8 million for one-time funding to address a projected operating shortfall at the state hospital.
  - ⇒ $1.5 million for one-time operating support of the state hospital's Sexually Violent Persons program.
  - ⇒ $1.5 million for one-time funding to support nursing education programs at community colleges.
  - ⇒ $1.0 million to remove a one-time funding shift for Alzheimer's disease research.
  - ⇒ $125,000 for one-time international medical school collaboration grant funding.
  - ⇒ $100,000 for one-time technical assistance to an advisory committee on maternal mental health.
  - ⇒ $100,000 for one-time clinical health training program grant funding.
  - ⇒ $(1.6) million to shift healthcare licensing costs from the General Fund.
  - ⇒ $(1.2) million to remove one-time funding for additional licensing compliance staff.
  - ⇒ $(1.0) million to remove one-time funding for senior health promotion in Santa Cruz County.
  - ⇒ $(1.0) million to remove one-time funding of southern Arizona counseling and community service grants.
  - ⇒ $(900,000) to remove one-time funding for licensing database upgrades.
  - ⇒ $(500,000) to remove one-time funding for counseling services for parents whose children have died as a result of violence.
  - ⇒ $(500,000) to remove one-time funding for heat mitigation programs in Arizona.
  - ⇒ $(500,000) to remove one-time funding for preventative health services for low-income, underserved women.
  - ⇒ $(500,000) to remove the final year of funding for the Preceptor Grant Program.
  - ⇒ $939,600 for statewide adjustments.

Department of Housing (ADOH)

⇒ ADOH General Fund spending decreases by $(15.0) million, or (100)%, to remove a one-time deposit to the Housing Trust Fund.

Department of Veterans' Services (DVS)

- DVS General Fund spending decreases by $(471,800), or (3.6)%, including:
  - ⇒ $1.0 million to establish a veterans' mental health pilot program.
  - ⇒ $(500,000) to remove one-time funding for a veterans center.
  - ⇒ $(287,400) to remove one-time funding for prior year unpaid claims.
  - ⇒ $(1.0) million to remove one-time FY 2025 supplemental funding associated with the State Homes for Veterans Trust Fund Deposit.
  - ⇒ $315,600 for statewide adjustments.
- The budget includes a FY 2025 General Fund supplemental appropriation of $1.0 million for deposit to the State Home for Veterans Trust Fund to address an operating cost shortfall.

Criminal Justice/Public Safety

Department of Corrections (ADC)

- ADC General Fund spending increases by $55.2 million, or 3.6%, including:
  - ⇒ $37.4 million for an operating lump sum funding realignment.
  - ⇒ $37.0 million to restore one-time reduction in non-contract medication line item funding.
  - ⇒ $20.8 million for a one-time correctional officer stipend of 4%.
  - ⇒ $17.0 million for an overtime and compensatory time line item funding realignment.
  - ⇒ $13.4 million for an inmate contracted services line item funding realignment.

- ⇒ $9.5 million for one-time operating funding.
- ⇒ $(40.0) million for a non-contract medication SLI funding realignment.
- ⇒ $(13.6) million for an injunction-related IT upgrades line item funding realignment.
- ⇒ $(9.4) million to remove one-time supplemental funding for inmate health care contracted services.
- ⇒ $(9.1) million to remove one-time supplemental operating funding.
- ⇒ $(6.8) million to remove one-time funding for additional injunction-related staffing.
- ⇒ $(6.4) million for a private prison per diem line item funding realignment.
- ⇒ $(4.0) million for a community corrections line item funding realignment.
- ⇒ $(3.9) million for a substance abuse treatment SLI funding realignment.
- ⇒ $(2.7) million to remove one-time funding for injunction-related costs.
- ⇒ $(4,700) to remove one-time funding for prior year unpaid claims.
- ⇒ $15.8 million for statewide adjustments.

- The budget includes the following FY 2025 adjustments:
  - ⇒ $9.4 million for inmate health care contracted services.
  - ⇒ $9.1 million for operating costs.
  - ⇒ $4,700 for one-time for prior year unpaid claims.
  - ⇒ $(37.0) million to reduce funding for non-contract medication.
- The systemwide June 2025 prison population was 35,551, an increase of 413 or 1.1% above June 2024.

Department of Emergency and Military Affairs (DEMA)

- DEMA General Fund spending increases by $467,500, or 2.9%,including:
  - ⇒ $500,000 and 5 FTE Positions for emergency division grant support.
  - ⇒ $(200,000) to remove enacted STORM act state match funding.
  - ⇒ $(462,900) to remove one-time hazard mitigation assistance funding.
  - ⇒ $630,400 for statewide adjustments.

Judiciary

- Judiciary General Fund spending increases by $4.4 million, or 2.6%, including:
  - ⇒ $2.3 million for the second year of a 2-year phase in of judicial salary increases approved in the FY 2025 budget.
  - ⇒ $600,000 one-time for the 3-year Child and Family Representation Program.
  - ⇒ $191,800 for a Superior Court judge position in Mohave County.
  - ⇒ $145,000 for a judicial misconduct investigator to resolve complaints against judges.
  - ⇒ $93,700 for a human resource position to address growing workload.
  - ⇒ $(280,000) to remove one-time funding for digital evidence software.
  - ⇒ $1.4 million for statewide adjustments.

Department of Public Safety (DPS)

- DPS General Fund spending increases by $49.2 million, or 18.6%, including:
  - ⇒ $27.7 million to remove a one-time shift of border drug interdiction and local border support from the General Fund to the Border Security Fund.
  - ⇒ $8.7 million for one-time vehicle replacement.
  - ⇒ $5.0 million for a one-time increase in local border support.
  - ⇒ $1.6 million for a one-time deposit into the Anti-Human Trafficking Grant Fund.
  - ⇒ $1.5 million for a one-time increase in the Arizona Counter Terrorism Information Center (ACTIC).
  - ⇒ $788,200 for 911 call takers.
  - ⇒ $750,000 for a distribution to Yuma County for a family advocacy center.
  - ⇒ $400,000 for Sex Offender Management Board administration funding.
  - ⇒ $150,000 for recruitment funding.
  - ⇒ $106,000 in additional Civil Air Patrol maintenance and operations funding.
  - ⇒ $(10.9) million for a one-time shift of border drug interdiction from the General Fund to the Border Security Fund.
  - ⇒ $(4.0) million to remove one-time funding for local border support.
  - ⇒ $17.5 million for statewide adjustments, including $4.2 million for a 5% salary increase for AZ-POST certified staff and dispatchers.

Natural Resources

Department of Environmental Quality (DEQ)

- DEQ General Fund spending decreases by $(16.0) million, or (100.0)%, including:
  - ⇒ $(15.0) million for a one-time suspension of a statutory Corporate Income Tax transfer to the WQARF program.
  - ⇒ $(1.0) million to remove one-time funding of a pilot program to replace diesel heavy duty trucks with zero-emission vehicles.

Department of Forestry and Fire Management (DFFM)

- DFFM General Fund spending decreases by $(4.3) million, or (8.4)%, including:
  - ⇒ $700,800 for statewide adjustments.
  - ⇒ $(5.0) million to remove a one-time appropriation for fire suppression.

General Government

Arizona Department of Administration (ADOA)

- ADOA General Fund spending decreases by $(3.7) million, or (14.9)%, including:
  - ⇒ $3.0 million for a tribal health care investment.
  - ⇒ $3.0 million for a deposit into the Erroneous Convictions Fund.
  - ⇒ $2.7 million for a law enforcement records management system.
  - ⇒ $2.3 million for fire incident management grants.
  - ⇒ $1.0 million for health care interoperability grants.
  - ⇒ $(15.0) million to remove a one-time FY 2025 supplemental federal financial participation payment.
  - ⇒ $(1.0) million to remove a one-time distribution to the Navajo Nation to establish household electrical connections.
  - ⇒ $(2,500) to remove one-time equipment purchases for the Arizona State Hospital Ombudsman.
  - ⇒ $262,400 for statewide adjustments

ADOA – Automation Projects Fund (APF)

- APF General Fund spending decreases by $(11.5) million, or (75.3)%, including:
  - ⇒ $1.9 million for Medicaid Enterprise System modernization.
  - ⇒ $1.8 million for real estate system modernization.
  - ⇒ $(11.8) million to shift funding for the Department of Revenue integrated tax system modernization project to FY 2029.
  - ⇒ $(3.4) million to remove one-time funding for Medicaid Enterprise System modernization.

Arizona Commerce Authority (ACA)

- ACA General Fund spending increases by $1.6 million, or 12.0%, including:
  - ⇒ $1.2 million for a one-time grant to a federally recognized state rural development council.
  - ⇒ $500,000 for one-time grants to applied research centers specializing in medical technologies.
  - ⇒ $300,000 one-time to establish and operate a new Office of Defense Innovation.
  - ⇒ $125,000 one-time to establish and operate a trade office in Romania.
  - ⇒ $(500,000) to remove a one-time appropriation for small business center grants.

State Treasurer

- State Treasurer General Fund spending increases by $32.3 million, or 308.1%, including:
  - ⇒ $32.9 million for 48 one-time local distributions *(see the agency narrative for additional information).*
  - ⇒ $2.0 million for deposit to the Statewide Transportation Innovation Fund.
  - ⇒ $2.0 million for deposit to the Advanced Air Mobility Fund.
  - ⇒ $1.0 million for deposit to the Statewide Infrastructure Trust Fund.
  - ⇒ $169,000 increase in Justice of the Peace (JP) salaries, which are statutorily linked to the Superior Court judge salary level. The latter was increased for 2025 and 2026, thereby requiring this JP adjustment.
  - ⇒ $150,000 for a veterans' health innovation pilot.
  - ⇒ $(6.0) million to remove a one-time distribution to county recorders for ballot paper with specific security features.
- The budget includes an FY 2025 supplemental increase of $310,000 to address a shortfall in the Justice of the Peace Salaries appropriation.

State Employees

- The budget increases the Total Appropriated Funds Full-Time Equivalent (FTE) ceiling by 229.7 FTE Positions in FY 2026. These adjustments would bring the total FTE Position ceiling to 55,723.8 in FY 2026.

Capital

- The budget includes $26.2 million for non-road capital projects, including $13.2 million for DPS office replacement and electrical upgrades, $8.5 million for ADC fire alarm system replacements, $2.4 million for the Tucson Veterans' Home HVAC system, $1.6 million for ADOA building renewal, and $500,000 for the Verde River Headwaters State Park.
- The budget includes $110.0 million from the General Fund in FY 2026 for 21 transportation initiatives, which primarily fund road improvements.
- The budget includes $59.5 million from Other Funds in FY 2026 for building renewal and capital improvements at ADOA, Arizona Expositions and State Fair Board, ADC, Arizona Game and Fish Department, Lottery Commission, State Parks, Pioneers' Home, and Arizona Department of Transportation. The budget also includes $28.5 million for individual capital projects as various agencies.
- The Baseline includes an ex-appropriation of $(23.2) million from the State Parks Revenue Fund. This reflects 10 projects cancelled by the Arizona State Parks Board, of which $(19.1) million was funded in FY 2025 and $(4.1) million was funded in FY 2023.

Debt

- At the end of FY 2026, the state's projected level of lease-purchase and bonding capital obligations will be $5.47 billion. The associated annual debt service payment is $609.1 million.
- Of the $5.47 billion in total lease-purchase and bonding obligations, the General Fund share is $763.7 million. The General Fund annual debt service is projected to be $95.7 million in FY 2026.
- Of the $763.7 million, $325.2 million is related to the state's share of Phoenix Convention Center costs and $421.0 million is for university capital projects.

Statewide Adjustments

- The budget includes a decrease of $(140.0) million from the General Fund and $(41.6) million from Other Funds for the removal of a one-time FY 2025 state employee health insurance subsidy. In its place, the budget includes an increase of $194.9 million from the General Fund and $50.0 million from Other Funds for a new one-time employer health insurance premium increase in FY 2026. The figures for both years include funding to backfill University Tuition employer contributions.
- The budget includes $31.9 million from the General Fund and $18.6 million from Other Funds for the following statewide adjustments:
  - ⇒ AZ360 adjustments
  - ⇒ Rent and COP adjustments
  - ⇒ Risk management adjustments
  - ⇒ Fleet operating adjustments
  - ⇒ Fleet replacement adjustments
  - ⇒ Retirement adjustments
  - ⇒ Selected staff salary adjustments

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
1	**Beginning Balance**	**$ 962.8**	**$ 1,092.1**	**$ 199.8**	**$ 32.6**
2	**Ongoing Revenues**				
3	Ongoing Revenues - January Baseline	15,997.4	16,661.8	17,370.4	18,185.1
4	Base Revenue Adjustment	(21.4)	(69.9)	(173.0)	(168.5)
5	Univ. SPEED Bond [Current = $800 M/Increase to $1,125 B] [ABOR Allocate to U's Within Range - 2 Steps]		See FY 27/FY 28	(8.1)	(16.2)
6	Liquor - Record Management System Modernization - GF Impact [FY 25 Non-Lapsing Thru FY 26]	(2.9)	See FY 27/FY 28	(0.6)	(0.6)
7	Disabled Veterans Property Tax Exemption [Adjust Disability Rating/Property Value Qualifications]		No Cost With TNT	No Cost With TNT	No Cost With TNT
8	Increase Income Tax Adoption Subtraction From $3k to $5k/$10k - $(40)k Impact		See FY 27/FY 28	(0.1)	(0.1)
9	Wastewater Pipes TPT Exemption		(0.1)	(0.1)	(0.1)
10	Redirect State Revenue to Maricopa County Stadium District (Chapter 251)		(6.2)	(11.8)	(11.8)
11	**Subtotal - Ongoing Revenues**	**$ 15,973.1**	**$ 16,585.6**	**$ 17,176.7**	**$ 17,987.8**
12	**One-Time Revenues/Transfers**				
13	Baseline Fund Transfers (From Prior Enacted Budget)				
14	ADC Correctional Industries Revolving Fund	11.5			
15	ADOT State Highway Fund - Interest (FY 25 Budget Transfer)	17.2	15.5	9.7	0.6
16	ADOT State Highway Fund - VLT Transfer - ECD Savings (FY 26/FY 27 Budget Transfers Removed)	2.0			
17	Industrial Commission Administrative Fund Transfer (Enacted Transfer Delayed From FY 24)	1.8			
18	Other One-Time Revenue Issues				
19	Revenue Adjustment - April Revenue Results (Income Tax Payment Gains)	166.5			
20	Valleywise Revenue (With Deposit Deadline BRB)	71.2			
21	Enhanced FMAP Savings - Score As Revenue Gain	131.1	62.9		
22	Marana Prison Sale Proceeds (FY 26 Revenue)		15.0		
23	Liquor - One-Time Operating Appropriation		(0.1)		
24	**Subtotal - One-Time Revenues (Including Beginning Balance)**	**$ 1,364.1**	**$ 1,185.4**	**$ 209.5**	**$ 33.2**
25	**Total Revenues**	**$ 17,337.2**	**$ 17,771.0**	**$ 17,386.2**	**$ 18,021.0**
26	**JLBC Baseline - Ongoing Spending**	**$ 15,570.2**	**$ 16,532.6**	**$ 17,020.9**	**$ 17,627.0**
27	**Ongoing Changes to JLBC Baseline**				
28	Agriculture - Add 2 FTE State Veterinarian Office (278K Ongoing/166K One-time)		0.4	0.3	0.3
29	Agriculture - Add 2 FTE Livestock Inspectors ($213k Ongoing/$170k One-Time)		0.4	0.2	0.2
30	Agriculture - Add 1 FTE Meat/Poultry Inspection Supervisor (119k Ongoing/45k One-Time)		0.2	0.2	0.2
31	Agriculture - Add 1 FTE Food Safety Scientist (127k)		0.1	0.1	0.1
32	AHCCCS - Formula Adjustments		41.8	41.8	41.8
33	AHCCCS - Caseload Adjustment (Lower Than Expected Enrollment)		(68.3)	(68.3)	(68.3)

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
34	AHCCCS - Prescription Drug Rebate Fund (PDRF) Ongoing Shift		(150.0)	(100.0)	(100.0)
35	AHCCCS - Traditional Healing Services		0.1	0.1	0.1
36	AHCCCS - Speech Therapy/Cochlear Implant Coverage		0.3	0.3	0.3
37	DCS - Operating Budget		6.9	6.9	6.9
38	DCS - Caseworker Line Item		4.6	4.6	4.6
39	DCS - Office of Child Welfare Investigation Line Item		0.6	0.6	0.6
40	DCS - Congregate Care Line Item (Also See One-Time for Additional $19.3 M)		3.9	3.9	3.9
41	DCS - Adoption Services Line Item		(2.9)	(2.9)	(2.9)
42	DCS - Permanent Guardianship Line Item		(3.5)	(3.5)	(3.5)
43	DCS - Kinship Care Line Item		(11.5)	(11.5)	(11.5)
44	DCS - Foster Home Placement Line Item		(2.0)	(2.0)	(2.0)
45	DCS - Extended Foster Care Line Item		3.9	3.9	3.9
46	DCS - Out of Home Support Line Item		TANF - $(6.0) M	TANF - $(6.0) M	TANF - $(6.0) M
47	DCS - In-Home Mitigation Line Item		TANF - $6.0 M	TANF - $6.0 M	TANF - $6.0 M
48	DCS - Preventive Services Line Item		EA - $7.0 M	EA - $7.0 M	EA - $7.0 M
49	DCS - Comprehensive Health Plan Service Line Item		EA - $22.2 M	EA - $22.2 M	EA - $22.2 M
50	DCS - In-Home Mitigation Line Item - Healthy Families At $4 M Ongoing Amount		Included Above	Included Above	Included Above
51	Comm. Colleges - Formula Adjustments		0.9	0.9	0.9
52	ADC - Operating Budget		37.4	37.4	37.4
53	ADC - Overtime and Compensatory Time Line Item		17.0	17.0	17.0
54	ADC - Community Corrections Line Item		(3.9)	(3.9)	(3.9)
55	ADC - Private Prison Per Diem Line Item		(6.4)	(6.4)	(6.4)
56	ADC - Inmate Health Care Contracted Services Line Item		13.4	13.4	13.4
57	ADC - Substance Abuse Treatment Line Item		(3.9)	(3.9)	(3.9)
58	ADC - Non-Contract Medication Line Item		(40.0)	(40.0)	(40.0)
59	ADC - Injunction Related IT Projects Line Item		(13.6)	(13.6)	(13.6)
60	DES - Formula Adjustments	$ in One-Times	170.0	170.0	170.0
61	ADE - Formula Adjustments	$ in One-Times	33.6	Baseline	Baseline
62	ADE - Truth in Taxation		(3.5)	(3.5)	(3.5)
63	ADE - Increase Business/Agriculture Personal Property Tax Exemption From $270k to $500k [K-12 Formula Impact]		See FY 27/FY 28	0.8	0.8
64	Executive Clemency - Full-Time Case Analyst FTE ($105k Ongoing/$6k One-Time)		0.1	0.1	0.1
65	DHS - Healthcare Facilities Licensing Increase/Cost Shift [Fee Increase/+ $6.2 M OF]		(1.6)	(1.6)	(1.6)
66	Judiciary - Supreme Court - Complaints Investigator (1 FTE - $145k) [Commission on Judicial Conduct]		0.1	0.1	0.1
67	Judiciary - Superior Court - Mohave County New Judge (Statutory Formula/1 Judge Per 30k Residents)		0.2	0.2	0.2
68	Judiciary - Courts of Appeals - Human Resources Staff (1 FTE)		0.1	0.1	0.1
69	Legislature - Leg Council - Increase Appropriated FTE Authority By 7.0 FTE for Security Staffing [No New $]		Yes	Yes	Yes
70	DPS - Add 9 Dispatch "Call Taker" FTE Positions (Answer Initial 911 Calls)		0.8	0.8	0.8
71	Treasurer - JP Salary Funding - Linked to Prior Superior Judge Increase [Baseline = $271k]	$ in One-Times	0.2	0.2	0.2
72	DWR - 6 Additional FTEs (CO River/Assured Water Supply Program/Ag to Urban)		WIFA Aug - $0.7 M	WIFA Aug - $0.7 M	WIFA Aug - $0.7 M
73	Other - Law Enforcement 5%/DPS Dispatchers 5%/Firefighters 15% (Plus $6.7 M OF)		5.0	5.0	5.0

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
74	Other - CORP Tier 3 DC Plan Employer Contribution Rate Increase (From 5% to 5.5%) [Includes Local Cost Offset]		Ongoing In FY 27	1.0	1.0
75	Other - Statewide Rent Charge Adjustments		1.7	1.7	1.7
76	Other - Statewide Retirement Cost Adjustments		(3.2)	(3.2)	(3.2)
77	Other - Statewide AZ360 Accounting System Charge Adjustments		(0.2)	(0.2)	(0.2)
78	Other - Fund FY 25 One-Time State Fleet Adjustment As Ongoing		3.3	3.3	3.3
79	Other - Administrative Adjustments/Revertments (Excluding ACA Transfer Issue)	(22.0)	(33.0)		
80	Other - Adjustment to Score Delayed ACA Rural Broadband Accelerated Match Fund Transfer	(23.6)			
81	Other Adjustments		(0.2)	(0.2)	(0.2)
82	**Subtotal - Ongoing Changes to JLBC Baseline**	**$ (45.6)**	**$ (0.7)**	**$ 50.2**	**$ 50.2**
83	**Total Ongoing Spending**	**$ 15,524.6**	**$ 16,531.9**	**$ 17,071.1**	**$ 17,677.2**
84	**JLBC Baseline - One-Time Spending**	**$ 520.4**	**$ 114.8**	**$ 293.9**	**$ 337.2**
85	**One-Time Changes to JLBC Baseline**				
86	ADOA - Federal Repayment (Costs Disallowed By Federal Government)	15.0			
87	ADOA - Fire Incident Management Grants		2.3		
88	ADOA - Transfer $2.0 M From Peace Officer Training Equipment Fund to School Safety Interoperability Fund		Yes		
89	ADOA - Records Management System - Real Time Data Sharing [+ $0.5 M Peace Officer Training Equip. Fund]		2.7		
90	ADOA - Healthcare Interoperability Grants		1.0		
91	ADOA - Tribal Healthcare Investment		3.0		
92	ADOA - Erroneous Conviction Fund Deposit - Pilot Program [Conditional Enactment on Separate Bill]		3.0		
93	ADOA/APF - AHCCCS Multi-Year IT Mainframe Replacement (Also Extended FY 24 Approp. By 1 Year)		1.8		
94	ADOA/APF - Shift DOR IT System FY 26 Funding to FY 29 (Also No FY 26 Local Charge)		(11.7)		
95	ADOA/APF - Real Estate Department Software System Replacement		2.0		
96	ADOA/SFD - End of Useful Life Projects (Chino Valley 9-12/Holbrook K-8/St. David 9-12) [Use SFD Fund Balance]		SFD Balance $		
97	ADOA/SFD - New Construction Caseload Adjustments		(0.4)	(0.2)	(5.0)
98	ADOA/SFD - Offset FY 26 New Construction Funding With Existing SFD Fund Balance		(10.0)		
99	ADOA/SFD - Building Renewal Grants Administrative Costs (5 FTE) [$750k - Non-Lapsing]		0.8		
100	ADOA/SFD - Continue $183 M One-Time Building Renewal Grants		183.3		
101	Agriculture - Agriculture and Water Innovation Fund Deposit		WIFA Aug - $2.0 M		
102	AHCCCS - Formula Supplemental	12.0			
103	AHCCCS - Enhanced FMAP Adjustments [Baseline = $(170) M In FY 25]	140.3	(6.0)		
104	AHCCCS - Eligibility Income Verification Data Charge - Backfill Loss of Federal Funding	1.8	2.2		
105	AHCCCS - Graduate Medical Education (Current GF Base = $9 M) (Non-Lapsing)		4.0		
106	AHCCCS - Critical Access Hospitals Supplemental Pool (Rural Hospitals)		4.3		
107	AHCCCS - Secure Behavioral Health Facilities Capital Costs [OF = $3.2 M IGA Fund/$1.8 M SMI Housing Fund]		OF - $5 M		
108	Arts Commission - Arts Trust Fund Deposit		2.0		
109	Attorney General/Counties - Coordinated Re-Entry ($2 M for Each Existing County Program)		Opioid $ - $10.0 M		
110	DCS - Congregate Care Supplemental	26.8			

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
111	DCS - Caseworkers Line Item	12.3			
112	DCS - Operating Budget	6.9			
113	DCS - Office of Child Welfare Investigations Line Item	0.6			
114	DCS - Services - Adoption Line Item	(4.1)			
115	DCS - Services - Permanent Guardianship Line Item	(14.2)			
116	DCS - Services - Kinship Care Line Item	(17.1)			
117	DCS - Services - Foster Home Placement Line Item	(2.1)			
118	DCS - Services - Extended Foster Care Line Item	2.2			
119	DCS - Services - Out-of-Home Support Line Item	(10.3)			
120	DCS - Services - In-Home Mitigation Line Item	(1.0)			
121	DCS - Comprehensive Health Plan Line Item	EA - $43.8 M			
122	DCS - Enhanced FMAP Adjustments [Baseline = $(9.0) M In FY 25]	9.0			
123	DCS - IT System (Guardian) Maintenance - Operating Budget		9.8		
124	DCS - Vehicle Replacement Funding		2.6		
125	DCS - Extended Foster Care Comprehensive Service Model		6.4		
126	DCS - Group Home Training Resources to Prevent Human Trafficking		0.1		
127	DCS - Congregate Care Line Item - FY 26 One-Time Funding		19.3		
128	Commerce - Applied Research Centers (Medical Technologies)		0.5		
129	Commerce - State Rural Development Council		1.2		
130	Commerce - Office of Defense Innovation (With BRB to Create Office)		0.3		
131	Commerce - Romania Trade Office [$125k]		0.1		
132	Community Colleges - Eastern Arizona College (Graham County)		1.0		
133	Community Colleges - Maricopa County Community College District Wrestling Scholarships [$250k]		0.3		
134	ADC - Unpaid FY 24 Bills (FN = Use $9.5 M From FY 25 Non-Contract Medication)	FN/No New $			
135	ADC - Operating Budget	9.1			
136	ADC - Inmate Health Care Contracted Services Line Item	9.4			
137	ADC - Non-Contract Medication Line Item	(37.0)			
138	ADC - One-Time FY 26 Operating Funding		9.5		
139	ASDB - Supplemental Early Childhood Therapies		0.1		
140	OEO - Move Adult Workforce Diploma Program From ADE (Online/$250-$1,000 Per Milestone)		2.0		
141	OEO - Move Dual Enrollment Incentive Program From ADE - $50 Per Credit Hour Tuition Subsidy		1.5		
142	DES - FY 26 DD Formula Issue - Backfill Prior Year DD Actuarial Loss (Current Policy Allows For 1% Loss)		32.3		
143	DES - Enhanced FMAP Adjustments [Baseline = $(80) M In FY 25]	70.1	(8.4)		
144	DES - DD Supplemental [Baseline = $76.1 M GF In FY 25] (Enacted Bill - Remove GF $/Funded From PDRF)	(76.1)			
145	DES - Benefits Services Digital Portal Implementation		1.2		
146	DES - $120 Summer Food Benefit (SUN Bucks) Per Household - Fed 100% Benefit/State 50% Admin	1.9	0.2		
147	DES - Community Based Services for DD High-Cost Clients (FY 25 = Reflect Enacted PDRF Funding)	PDRF - $13.1 M	14.8		
148	DES - Eligibility Income Verification Data Charge - Backfill Loss of Federal Funding	0.7	1.0		
149	DES - Increased IT Mainframe Operating Costs (In FY 26)		4.0		
150	DES - DD Group Home Monitoring [Plus New Policy Changes] [Non-Lapsing Thru FY 27]		1.2		

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
151	DES - Adult Protective Services - ARPA Federal Funds Backfill (44 FTE)		3.7		
152	DES - Coordinated Homelessness Services		15.5		
153	DES - Veteran Homelessness Strategic Plan		0.5		
154	DES - Veteran Homelessness Services Line Item		1.5		
155	DES - Area Agency on Aging (AAA) Housing Assistance		5.0		
156	DES - Area Agency on Aging (AAA) Funding		2.0		
157	DES - Civil Legal Aid		3.0		
158	DES - Produce Incentive Program (Double Up Food Bucks)		2.0		
159	DES - After School and Summer Child Care Grant Program (5-12 Year Olds) [Non-Lapsing Thru FY 27]		3.0		
160	DES - Child Care Assistance Program (Base Funding)		7.1		
161	DES - Childcare Assistance Program (20% Quality Rate/50% Waitlist Reduction)		37.8		
162	DES - Education Workforce Innovation Initiative		0.5		
163	ADE - Formula Supplemental - Base Costs [Baseline = $103.2 M In FY 25]	33.6	See Above		
164	ADE - Formula Supplemental - Final Qasimyar Settlement Amount [Baseline = $61 M In FY 25]	8.4			
165	ADE - Fund 3rd Year Low Income Weight Increase One-Time In FY 26 [FY 25 Budget Funds Ongoing In FY 28]		37.0		
166	ADE - Fund 3rd Year Additional Assistance Increase One-Time In FY 26 [FY 25 Budget Funds Ongoing In FY 28]		29.0		
167	ADE - 9th Grade On Track Program		3.4		
168	ADE - Continue FY 25 School Meals Funding [Remove Co-Pay For Reduced Price Eligible Students]		3.8		
169	ADE - Automated External Defibrillators (AEDs) for Public High School Athletic Events		0.5		
170	ADE - Virtual School Assessments (Tests Administered In A Virtual Setting)		0.4		
171	ADE - Apache Junction Unified School District Robotics Program		0.2		
172	ADE - ESSER Federal Funds Backfill Supplemental (OF Source = ADE Special Education Fund)	OF - $2.0 M			
173	ADE - Assessment Contract Increase (OF Source = ADE Special Education Fund)		OF - $5.0 M	OF - $5.0 M	
174	ADE - Comm. College Adult Education Workforce Program ($3,000 Per FTSE to Comm. College)		6.0		
175	ADE - Rural School Nurse Access Grant Fund ($500k To Increase Current Nurse Salaries)		2.5		
176	ADE - Teacher Retention Study		0.1		
177	ADE - Continuing High School Workforce Training Funding		1.0		
178	ADE - Authorize Override of Aggregate Expenditure Limit (AEL) For FY 2026 and FY 2027		Yes	Yes	
179	DEMA - Emergency Division - Additional Grant Support (5 FTEs)		0.5		
180	DEMA - Assist Local Law Enforcement Fentanyl Interdiction [Border Security Fund]		BSF - $3.0 M		
181	DEMA - Evacuation Protocols Awareness Campaign ("Ready, Set, Go!")		WIFA Aug - $0.3 M		
182	DEMA - Remove Enacted STORM Act Federal Matching Funding		(0.2)	(0.2)	(0.2)
183	DEQ - Water Quality Fee Fund Deposit		WIFA Aug - $9.0 M		
184	DEQ - Iron King Mine/Humboldt Smelter Cleanup		WIFA Aug - $2.0 M		
185	DEQ - Offset Base $15 M WQARF GF Funding With WIFA Long-Term Water Augmentation Fund		(15.0)		
186	Forestry - Fire Expenses Repayment - Debt to Federal Government for Prior Year Costs	WIFA Aug - $11.2 M			
187	Forestry - Wildfire Suppression Funding	WIFA Aug - $30.0 M			
188	Forestry - Northern AZ Wildland Fire Training Facility (Flagstaff)		WIFA Aug - $4.0 M		
189	Game and Fish - Livestock Loss Compensation ($250k)		OF - $0.3 M		
190	Gaming - Racetrack Capital Projects and Maintenance/Operations Funding		1.0		

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
191	Gaming - Racing Regulation Fund Deposit		1.9		
192	Gaming - Racing Purse Enhancement		1.0		
193	Governor - One-Time Operating Funding [$750k]		0.8		
194	DHS - Arizona State Hospital - Increase ASH Sexually Violent Persons Line Item Funding		1.5		
195	DHS - Arizona State Hospital - Increase ASH Operating Line Item Funding		1.8		
196	DHS - Arizona State Hospital - ASH Operating Supplemental	OF - $3.3 M			
197	DHS - Nurse Education at Community Colleges		1.5		
198	DHS - Dementia Awareness Campaign [$750k]		0.8		
199	DHS - Ibogaine Clinical Research Grants		5.0		
200	DHS - Contract Facilitator for Rural Maternal Health Advisory Committee		0.1		
201	DHS - International Medical School Collaboration [$125k]		0.1		
202	DHS - Clinical Healthcare Training Program		0.1		
203	Historical Society - Flagstaff Pioneer Museum Re-Opening (4 FTE) ($ Non-Lapsing Thru FY 28)		1.1		
204	Prescott Historical Society - Territorial Governor Mansion Restoration (Non-Lapsing)		0.5		
205	Homeland Security - Admin. Match for Federal Cybersecurity Grant [Non-Lapsing Language]		0.1		
206	Judiciary - Supreme Court - Child and Family Representation Program (Non-Lapsing)		0.6		
207	Legislature - Auditor General - Special Audit (12 FTE) [Plus HB 2369 As Separate Bill]		5.3		
208	Legislature - House - One-Time Operating Funding [$750k]		0.8		
209	Legislature - Senate - One-Time Operating Funding [$750k]		0.8		
210	NRCB - One-Time Operating Funding		0.1		
211	NRCB - Restore Artificial Groundwater Recharge Facilities in Subsequent AMAs ($250k)		0.3		
212	Nursing Board - Student Registered Nurse Anesthetist Clinical Rotation Program		0.5		
213	Parks - Heritage Fund Deposit (Prohibit Property Purchases With New Funds)		1.0		
214	Parks - State Lake Improvement Fund Deposit		1.5		
215	DPS - Repurpose Unused Border Security Fund Monies to Other Existing Funding		(10.9)	(10.9)	
216	DPS - Local Border Support Line Item (One-Time Increase From $13 M to $18 M)		5.0		
217	DPS - Vehicle Replacement Funding (43 Highway Patrol Vehicles/59 Non-Patrol Vehicles)		8.7		
218	DPS - Civil Air Patrol Maintenance and Operations ($106k)		0.1		
219	DPS - Recruitment Funding ($150k)		0.2		
220	DPS - Sex Offender Management Board [$ Non-Lapsing Thru FY 27]		0.4		
221	DPS - Yuma County - Family Advocacy Center (Backfill Lost VOCA Monies) [$750k]		0.8		
222	DPS - Anti-Human Trafficking Fund Deposit (Also Move Permanent Fund From DEMA)		1.6		
223	DPS - One-Time ACTIC Funding Increase (Arizona Counter Terrorism Information Center)		1.5		
224	DOR - Prop 312 Property Tax Refund One-Time Administrative Costs		0.5		
225	SOS - CD 7 Special Election (FY 25 = $500k SOS Direct Costs Non-Lapsing Thru FY 26/FY 26 = County Costs)	0.5	8.0		
226	SOS - Address Confidentiality Program Fund Deposit (Restricted Fund/No Line Item Transfer)		0.4		
227	Tourism - Southern AZ Sports, Tourism and Film Authority Funding		0.5		
228	ADOT - Spaying and Neutering Fund Deposit		0.5		
229	Treasurer - Statewide Transportation Innovation Fund Deposit (New Fund)		2.0		
230	Treasurer - Advanced Air Mobility Fund Deposit (New Fund)		2.0		

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
231	Treasurer - Statewide Infrastructure Trust Fund Deposit (New Fund)		1.0		
232	Treasurer - JP Salary Funding - Linked to Prior Superior Judge Increase [Baseline = $139k]	0.2			
233	Treasurer - Veteran Health Innovation Pilot Program [$150k]		0.2		
234	Treasurer - Local Distribution - Ak-Chin Police Department ($300k)		0.3		
235	Treasurer - Local Distribution - Arizona City Fire District ($100k)		0.1		
236	Treasurer - Local Distribution - Bullhead City - Main Water Line Transmission		WIFA Aug - $1.0 M		
237	Treasurer - Local Distribution - Casa Grande Police Department ($300k)		0.3		
238	Treasurer - Local Distribution - Casa Grande Fire Department ($200k)		0.2		
239	Treasurer - Local Distribution - Coolidge Police Department ($200k)		0.2		
240	Treasurer - Local Distribution - Coolidge Fire Department ($200k)		0.2		
241	Treasurer - Local Distribution - Eloy Police Department ($200k)		0.2		
242	Treasurer - Local Distribution - Eloy Fire Department ($200k)		0.2		
243	Treasurer - Local Distribution - Florence Police Department ($500k)		0.5		
244	Treasurer - Local Distribution - Florence Fire Department ($270k)		0.3		
245	Treasurer - Local Distribution - Gila River Police Department ($200k)		0.2		
246	Treasurer - Local Distribution - Gila River Fire Department ($200k)		0.2		
247	Treasurer - Local Distribution - International Dark Sky Discovery Center		3.3		
248	Treasurer - Local Distribution - La Paz County - Sheriff's Office		0.5		
249	Treasurer - Local Distribution - City of Maricopa - Police Department ($200k)		0.2		
250	Treasurer - Local Distribution - City of Maricopa - Fire Department ($200k)		0.2		
251	Treasurer - Local Distribution - Maricopa County Attorney - Sexual Assault Investigator Training/Anti-Human Trafficking		2.0		
252	Treasurer - Local Distribution - Maricopa County Recorder - Operating Funding		4.1		
253	Treasurer - Local Distribution - Mohave County - Meadview/South Cove Launch Ramp		0.5		
254	Treasurer - Local Distribution - Mohave County - Horizon Six Community Fire Hydrants		0.5		
255	Treasurer - Local Distribution - Mohave County - Search and Rescue Training Costs		0.1		
256	Treasurer - Local Distribution - Mohave County - Sherriff's Office		1.0		
257	Treasurer - Local Distribution - Town of Paradise Valley Police Indoor Shooting Range Design		0.1		
258	Treasurer - Local Distribution - Peoria - Parks Capital Improvements		0.3		
259	Treasurer - Local Distribution - Phoenix Police Dept. - Community Policing		0.1		
260	Treasurer - Local Distribution - Pinal County - Signs to Prohibit Illegal Dumping ($50k)		0.1		
261	Treasurer - Local Distribution - Pinal County - Sheriff's Office ($400k)		0.4		
262	Treasurer - Local Distribution - Pinal County Veterans Center Funding ($200k)		0.2		
263	Treasurer - Local Distribution - Pinal County Suicide Prevention Funding		0.3		
264	Treasurer - Local Distribution - Pinal Alliance Reading Program ($25k)		0.1		
265	Treasurer - Local Distribution - Prescott - Shift Nonprofit Volunteer Rodeo Funding to City of Prescott		Yes		
266	Treasurer - Local Distribution - Prescott Valley - Police Department [$450k]		0.5		
267	Treasurer - Local Distribution - Salt River Police Dept. - Community Policing		0.1		
268	Treasurer - Local Distribution - Scottsdale Adaptative Services Park/Recreational Facility		0.1		
269	Treasurer - Local Distribution - Sierra Vista - Infrastructure Funding		0.1		
270	Treasurer - Local Distribution - Sierra Vista - Spaceport/Part 433 FAA Reentry License		1.5		

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
271	Treasurer - Local Distribution - Snowflake - Flake Historical House Renovation ($350k)		0.4		
272	Treasurer - Local Distribution - Sun Corridor Boys and Girls Club ($200k)		0.2		
273	Treasurer - Local Distribution - Taylor - Child Development Center		1.5		
274	Treasurer - Local Distribution - Thunderbird Fire District ($100k)		0.1		
275	Treasurer - Local Distribution - City of Winslow		2.5		
276	Treasurer - Local Distribution - Yavapai County - Criminal Information Intelligence Center		2.0		
277	Treasurer - Local Distribution - Yavapai County - Sheriff's Office Satellite Communications Pilot Program		0.5		
278	Treasurer - Local Distribution - Yavapai County - Sheriff's Office [$950k]		1.0		
279	Treasurer - Local Distribution - Yavapai County - Southwest Yavapai County Public Safety Building		1.0		
280	Treasurer - Local Distribution - City of Yuma - Yuma Nonprofit Regional Hospital		3.0		
281	Treasurer - Local Distribution - Yuma County - Excess Waste Tire Cleanup (447k tires/$850k)		0.9		
282	Treasurer - Yuma County Recorder Operating Funding		1.0		
283	Univ. - ABOR - Washington Center ($150k)		0.2		
284	Univ. - ABOR - Promise Program One-Time Funding [Ongoing Base = $20 M]		16.3		
285	Univ. - ASU - Decision Theater for Creation of Pinal County Transportation Plan ($500k)		0.5		
286	Univ. - UA - Yuma Center of Excellence for Desert Agriculture [$1.35 M]		1.4		
287	Univ. - UA - Modular Extractive Metallurgy Facility [$850k]		0.9		
288	Univ. - UA - Geological Survey		0.5		
289	Univ. - UA - On-Farm Irrigation Efficiency Program		2.0		
290	Univ. - UA HSC - Medical Mission Scholarships [$50k]		0.1		
291	Univ. - UA HSC - Arizona REACH Program		0.5		
292	Veterans Services - State Home for Veterans Trust Fund Deposit - Operating Costs Shortfall	1.0			
293	Veterans Services - Veterans Mental Health Pilot Program		1.0		
294	WIFA - Local Distribution - Gila Valley Irrigation District		0.5		
295	WIFA - Local Distribution - Kingman Wells Project		WIFA Aug - $3.0 M		
296	WIFA - Local Distribution - Gilbert Wells Project		WIFA Aug - $5.0 M		
297	WIFA - Water Conservation Grant Fund Deposit [$250k]		0.3		
298	DWR - Colorado River Litigation (Create New Fund/$1 M New Deposit/Reallocate $2 M)		WIFA Aug - $1.0 M		
299	Capital - ADOA - Building Renewal [Plus $19 M Other Fund In JLBC Baseline]		1.6		
300	Capital - ADC - Yuma State Prison Fire Alarm Upgrades		8.5		
301	Capital - Parks - Verde River Headwaters State Park Improvements		0.5		
302	Capital - DPS - Replace Modular Office Buildings In Payson and Sanders		2.0		
303	Capital - DPS - Upgrade Electrical System at Phoenix Headquarters		11.2		
304	Capital - Tucson Veterans Home HVAC Replacement (Plus $3.5 M Federal Matching Funds)		2.4		
305	Capital - ADOT - NB SR 87 Add 2nd Right Turn Lane (Payson) - Design Costs [+ $1.5 M FY 24 Payson Roundabout $]		0.6		
306	Capital - ADOT - SR 70 Safety Improvements (On/Near San Carlos Apache Reservation)		1.4		
307	Capital - ADOT - SR 303/155th Ave Interchange Design (Surprise) [$900k Local Match]		3.5		
308	Capital - ADOT - SR 389 Traffic Control Systems (Colorado City)		1.5		
309	Capital - ADOT - Expand Use of FY 24 Patagonia McKeown Avenue Reconstruction Monies		Yes		
310	Capital - ADOT - Olga Road Pavement Preservation/Rehabilitation - Design Costs [$850k]		0.9		

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

		A	B	C	D
		FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
311	Capital - ADOT - Expand I-10 Between SR 85/Citrus Road		27.0		(2.0)
312	Capital - ADOT - SR 347/Riggs Road Overpass Construction Costs - Project Shortfall		41.4		
313	Capital - ADOT - SR 347 Intersection (Casa Blanca Rd/Cement Plant) - Shortfall		10.8		
314	Capital - ADOT - SR 347 Widening (Between I-10 and City of Maricopa) Design Costs - Shortfall		1.5		
315	Capital - ADOT - Remove FY 28 West Pinal Parkway East-West Corridor Design Funding [$ Not Returned From Clawback]		See FY 28		(9.2)
316	Capital - ADOT - Local Distribution - Bullhead City - Hancock Road Repaving [11/1/25 Distribution]		1.5		
317	Capital - ADOT - Local Distribution - Cottonwood - Main Street Preservation/Sidewalk Improvements [11/1/25 Distribution]		1.0		
318	Capital - ADOT - Local Distribution - Glendale - 75th Ave Reconstruction [11/1/25 Distribution]		3.0		
319	Capital - ADOT - Local Distribution - Kingman - Eastern Street Infrastructure [11/1/25 Distribution]		1.5		
320	Capital - ADOT - Local Distribution - Mohave County - Mountain View Road Improvements [11/1/25 Distribution]		1.0		
321	Capital - ADOT - Local Distribution - Prescott Regional Airport Fire Aircraft Ramp [11/1/25 Distribution]		3.5		
322	Capital - ADOT - Local Distribution - Prescott Regional Airport Maintenance and Operations [11/1/25 Distribution]		0.5		
323	Capital - ADOT - Local Distribution - Flagstaff - S Woody Mtn. Road Streetlight [11/1/25 Distribution]		1.9		
324	Capital - ADOT - Local Distribution - Yuma County - Somerton Ave Bridge [11/1/25 Distribution]		1.3		
325	Capital - ADOT - Local Distribution - City of Nogales - Frank Reed Road Improvements - [11/1/25 Distribution]		1.5		
326	Capital - ADOT - Local Distribution - City of Nogales - Industrial Park Road Improvements - [11/1/25 Distribution]		2.9		
327	Capital - ADOT - Local Distribution - City of Nogales - La Quinta Road Improvements - [11/1/25 Distribution]		1.8		
328	Other - One-Time 4% Correctional Officer Stipend (ADC/Private Prison COs/DJC)		21.4		
329	Other - One-Time State Employee Health Insurance Funding		194.9		
330	Other - One-Time Risk Management Charge		20.0		
331	Other - Statewide Fleet Charge Adjustments - FY 26 Operating One-Time		5.3		
332	Other - Statewide Fleet Charge Adjustments - Vehicle Replacement (Excludes DCS and DPS)		3.3		
333	Other - Named Claimants Supplemental ($293k) - Bill Enacted	0.3			
334	Other Adjustments	(0.1)	(0.9)	(0.1)	
335	**Subtotal - One-Time Changes to JLBC Baseline**	**$ 200.1**	**$ 924.5**	**$ (11.4)**	**$ (16.4)**
336	**Total One-Time Spending**	**$ 720.5**	**$ 1,039.3**	**$ 282.5**	**$ 320.8**
337	**Total Spending**	**$ 16,245.1**	**$ 17,571.2**	**$ 17,353.6**	**$ 17,998.0**
338	**Cash Balance**	**$ 1,092.1**	**$ 199.8**	**$ 32.6**	**$ 23.0**
339	**Ongoing Balance**	**$ 448.5**	**$ 53.7**	**$ 105.6**	**$ 310.6**

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
Operating Spending				
ADOA - Navajo Nation Household Electrical Connections	1,000,000			
ADOA - Fire Incident Management System Grants		2,291,600		
ADOA - Law Enforcement Records Management		2,708,500		
ADOA - Tribal Healthcare Investment		3,000,000		
ADOA - Healthcare Interoperability Grants		1,000,000		
ADOA - Erroneous Conviction Fund Deposit - Pilot Program		3,000,000		
ADOA/APF - DOR Integrated Tax System (Thru FY 29)	11,847,300		12,538,400	7,591,700
ADOA/APF - AHCCCS Mainframe Replacement Initiative	3,396,000	1,800,000		
ADOA/APF - Real Estate Software System Replacement		1,962,000		
ADOA/SFD - Building Renewal Grants	183,300,000	183,300,000		
ADOA/SFD - New Construction (FY 24 Authorization)	77,898,600			
ADOA/SFD - New Construction (FY 25 Authorization)	31,489,500	45,077,100		
ADOA/SFD - New Construction (FY 26 Authorization)		95,597,700	94,137,900	
ADOA/SFD - New Construction (FY 27 Authorization)			102,509,600	95,009,600
ADOA/SFD - New Construction (FY 28 Authorization)				68,135,500
ADOA/SFD - Building Renewal Grants Administrative Costs		750,000		
AHCCCS - Critical Access Hospitals Supplemental Pool	4,200,000	4,300,000		
AHCCCS - Case Management Provider Wage Increases	1,000,000			
AHCCCS - Enhanced FMAP Adjustments		(6,000,000)		
AHCCCS - Graduate Medical Education		4,000,000		
AHCCCS - Eligibility Income Verification Data Charge		2,220,000		
Arts Commission - Arts Trust Fund Deposit	2,000,000	2,000,000		
DCS - Children and Family Supports Contract	5,500,000			
DCS - Healthy Families	12,500,000			
DCS - Extended Foster Care Comprehensive Service Model		6,400,000		
DCS - Vehicle Replacement Funding		2,610,000		
DCS - IT System (Guardian) Maintenance		9,823,000		
DCS - Congregate Care Funding		19,359,500		
DCS - Group Home Training Resources (Prevent Human Trafficking)		100,000		
Commerce - Applied Research Centers		500,000		
Commerce - Office of Defense Innovation		300,000		
Commerce - State Rural Development Council		1,200,000		
Commerce - Romania Trade Office		125,000		
Commerce - Small Business Center Grants	500,000			
Comm Colleges - Eastern Arizona College		1,000,000		
Comm Colleges - MCCCD Wrestling Scholarships		250,000		
ADC - Private Prison Rate Increase	54,283,500	54,283,500	54,283,500	
ADC - One-Time Operating Funding		9,488,500		
ASDB - Supplemental Early Childhood Therapies		100,000		
OEO - Adult Workforce Diploma Program		2,000,000		
OEO - Dual Enrollment Incentive Program		1,500,000		
DES - Enhanced FMAP Adjustments		(8,400,000)		
DES - Backfill Prior Year DD Actuarial Loss		32,300,000		
DES - After School/Summer Child Care Grant Program		3,000,000		
DES - Child Care Network Funding	12,000,000			
DES - Child Care Assistance Program (Base Funding)		7,100,000		
DES - Child Care Assistance Program (Quality Rate/Waitlist Reduction)		37,800,000		
DES - Summer Food Benefit (SUN Bucks)		200,000		
DES - Eligibility Income Verification Data Charge		990,000		
DES - Increased IT Mainframe Operating Costs		4,010,000		
DES - Community Based Services for DD High-Cost Clients		14,800,000		
DES - Adult Protective Services - ARPA Federal Funds Backfill		3,700,000		
DES - Benefits Services Digital Portal Implementation		1,170,000		
DES - Coordinated Homelessness Services		15,500,000		
DES - Veteran Homelessness Strategic Plan		500,000		
DES - Veteran Homelessness Services Line Item		1,500,000		
DES - Produce Incentive Program (Double Up Food Bucks)		2,000,000		
DES - Education Workforce Innovation Program		500,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
DES - Civil Legal Aid		3,000,000		
DES - Area Agency on Aging (AAA) Housing Funding		5,000,000		
DES - Area Agency on Aging (AAA) Funding	2,000,000	2,000,000		
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		
ADE - Live Remote Instruction (Within College Credit Program)	100,000			
ADE - Flagstaff Unified Robotics Program	20,000	20,000		
ADE - Remove Co-Pays for School Meals	3,800,000	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	6,000,000		
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	37,000,000		
ADE - 3rd Year of Incremental Additional Assistance	29,000,000	29,000,000		
ADE - K-12 Mental Health Telehealth Pilot	2,000,000			
ADE - Low Income After School Program Grants	2,000,000			
ADE - Center for High School Success/9th Grade on Track	1,000,000	3,400,000		
ADE - Rural School Nurse Access Grant Fund		2,500,000		
ADE - Automated External Defibrillators (AEDs)		500,000		
ADE - Virtual School Assessments		400,000		
ADE - Apache Junction Unified School District Robotics Program		200,000		
ADE - Teacher Retention Study		100,000		
ADE - Continuing High School Workforce Training Funding		1,000,000		
DEMA - STORM Act Federal Matching Funds	200,000			
DEMA - Emergency Division - Additional Grant Support		500,000		
DEMA - Hazard Mitigation Assistance	462,900			
DEQ - Zero Emissions Heavy-Duty 8-Ton Pilot Program	1,000,000			
DEQ - WQARF Offset With Long-Term Water Augmentation Fund		(15,000,000)		
Forestry - Fire Suppression	5,000,000			
Gaming - Racing Purse Enhancement	4,000,000	1,000,000		
Gaming - Racetrack Capital Projects and Maintenance/Operations	1,500,000	1,000,000		
Gaming - Racing Regulation Fund Deposit		1,900,000		
Governor - Operating Funding		750,000		
DHS - Preceptor Grant Program for Graduate Students	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 - Dementia Awareness Campaign		750,000		
DHS - Ibogaine Clinical Research Grants		5,000,000		
DHS - Nurse Education at Community Colleges		1,500,000		
DHS - Arizona State Hospital - Operating Funding		1,807,900		
DHS - Arizona State Hospital - Sexually Violent Persons Funding		1,520,300		
DHS - Contract Facilitator (Rural Maternal Health Advisory Committee)		100,000		
DHS - International Medical School Collaboration		125,000		
DHS - Clinical Healthcare Training Program		100,000		
Historical Society - Flagstaff Pioneer Museum Re-Opening		1,079,100		
Prescott Historical Society - Territorial Governors Mansion Restoration		500,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
AZ Dept. of Homeland Security - Cybersecurity Programs	200,000			
AZ Dept. of Homeland Security - Cybersecurity Fed Match		107,800		
Housing - Housing Trust Fund Deposit	15,000,000			
Judiciary - Supreme Court - Juvenile Monetary Sanctions Funding Backfill	250,000	250,000		
Judiciary - Supreme Court - Digital Evidence Software	280,000			
Judiciary - Supreme Court - Child and Family Representation		600,000		
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 - Special Audit		5,300,000		
Legislature - House - Operating Funding		750,000		
Legislature - Senate - Operating Funding		750,000		
NRCB - Operating Funding		100,000		
NRCB - Restore Artificial Groundwater Recharge Facilities		250,000		
Nursing Board - Registered Nurse Anesthetist Clinical Rotation Program		500,000		
Parks - Arizona Trail Fund Deposit	100,000			
Parks - State Lake Improvement Fund Deposit		1,500,000		
Parks - Heritage Fund Deposit		1,000,000		
DPS - State Crime Lab Funding	200,000	200,000		
DPS - Shift DEMA Emergency Operations Center Capital Funding	(27,677,200)			
DPS - Repurpose Unused Border Security Fund Monies		(10,900,000)	(10,900,000)	
DPS - Local Border Support	4,000,000	5,000,000		
DPS - Vehicle Replacement		8,667,500		
DPS - Civil Air Patrol		106,000		
DPS - Recruitment Funding		150,000		
DPS - Sex Offender Management Board		400,000		
DPS - Yuma County - Family Advocacy Center		750,000		
DPS - Anti-Human Trafficking Fund Deposit		1,600,000		
DPS - One-Time ACTIC Funding Increase		1,500,000		
DOR - Prop 312 Property Tax Refunds Administrative Costs		500,000		
SOS - One-Time Operating Funding	1,000,000			
SOS - 2024 Primary/General Election Funding	3,900,000			
SOS - Congressional District 7 Special Election (2025)		8,000,000		
SOS - Address Confidentiality Program Fund Deposit		400,000		
Tourism - Southern AZ Sports, Tourism and Film Authority Funding		500,000		
ADOT - Spay and Neutering Fund Deposit		500,000		
Treasurer - Statewide Transportation Innovation Fund		2,000,000		
Treasurer - Advanced Air Mobility Fund Deposit		2,000,000		
Treasurer - Statewide Infrastructure Trust Fund		1,000,000		
Treasurer - Veteran Health Innovation Pilot Program		150,000		
Treasurer - Election Security Funding	6,000,000			
Treasurer - Local Distribution - Ak Chin Police Department		300,000		
Treasurer - Local Distribution - Arizona City Fire Department		100,000		
Treasurer - Local Distribution - Casa Grande Police Department		300,000		
Treasurer - Local Distribution - Casa Grande Fire Department		200,000		
Treasurer - Local Distribution - Coolidge Police Department		200,000		
Treasurer - Local Distribution - Coolidge Fire Department		200,000		
Treasurer - Local Distribution - Eloy Police Department		200,000		
Treasurer - Local Distribution - Eloy Fire Department		200,000		
Treasurer - Local Distribution - Florence Police Department		500,000		
Treasurer - Local Distribution - Florence Fire Department		270,000		
Treasurer - Local Distribution - Gila River Police Department		200,000		
Treasurer - Local Distribution - Gila River Fire Department		200,000		
Treasurer - Local Distribution - La Paz County Sheriff's Office		500,000		
Treasurer - Local Distribution - City of Maricopa Police Department		200,000		
Treasurer - Local Distribution - City of Maricopa Fire Department		200,000		
Treasurer - Local Distribution - Maricopa County Attorney		2,000,000		
Treasurer - Local Dist. - Paradise Valley Police Indoor Shooting Range		100,000		
Treasurer - Local Dist. - Phoenix Police Department Community Policing		100,000		
Treasurer - Local Distribution - Pinal County Sheriffs Office		400,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
Treasurer - Local Distribution - Pinal Veterans Center Funding		200,000		
Treasurer - Local Distribution - Pinal County Suicide Prevention Funding		300,000		
Treasurer - Local Distribution - Pinal County Illegal Dumping Signs		50,000		
Treasurer - Local Distribution - Pinal Alliance Reading Programs		25,000		
Treasurer - Local Distribution - Prescott Valley Police Department		450,000		
Treasurer - Local Distribution - Salt River Police Department		100,000		
Treasurer - Local Distribution - Scottsdale Adaptive Services Park		100,000		
Treasurer - Local Distribution - Sierra Vista Infrastructure Funding		100,000		
Treasurer - Local Dist. - Snowflake Flake Historical House Renovation		350,000		
Treasurer - Local Distribution - Sun Corridor Boys and Girls Club		200,000		
Treasurer - Local Distribution - Taylor Early Childhood Center		1,500,000		
Treasurer - Local Distribution - Thunderbird Fire District		100,000		
Treasurer - Local Distribution - City of Winslow		2,500,000		
Treasurer - Local Distribution - Yavapai Criminal Information Center		2,000,000		
Treasurer - Local Distribution - International Dark Sky Discovery Center		3,300,000		
Treasurer - Local Distribution - Yuma County Excess Waste Tire Cleanup		850,000		
Treasurer - Local Distribution - Maricopa Co. Recorder Operating Funding		4,100,000		
Treasurer - Local Dist. - Mohave County - Meadview/S Cove Launch Ramp		500,000		
Treasurer - Local Dist. - Mohave County - Horizon Six Community Fire Hydrants		500,000		
Treasurer - Local Dist. - Mohave County - Search and Rescue Training Costs		100,000		
Treasurer - Local Distribution - Mohave County - Sheriff's Office Funding		1,000,000		
Treasurer - Local Distribution - Peoria Parks Capital Improvements		300,000		
Treasurer - Local Distribution - Sierra Vista Spaceport		1,500,000		
Treasurer - Local Dist. - Yavapai Sheriff's Satellite Comm. Pilot Program		500,000		
Treasurer - Local Distribution - Yavapai County Sheriff's Office		950,000		
Treasurer - Local Dist. - Southwest Yavapai County Public Safety Building		1,000,000		
Treasurer - Local Distribution - Yuma County Nonprofit Regional Hospital		3,000,000		
Treasurer - Local Distribution - Yuma County Recorder Operating Funding		1,000,000		
Universities - ABOR - Washington Center		150,000		
Universities - ABOR - Promise Program		16,300,000		
Universities - ABOR - Teachers Academy Funding	1,000,000			
Universities - ASU - Operating Funding	21,200,000			
Universities - ASU - Decision Theater For Pinal County Transportation Plan		500,000		
Universities - NAU - Operating Funding	10,100,000			
Universities - UA - Operating Funding	14,700,000			
Universities - UA - Yuma Center for Excellence for Desert Agriculture		1,350,000		
Universities - UA - Geological Survey		500,000		
Universities - UA - Modular Extractive Metallurgy Facility		850,000		
Universities - UA - On-Farm Irrigation Efficiency Program		2,000,000		
Universities - UA HSC - Medical Mission Scholarships		50,000		
Universities - UA HSC - AZ REACH Program		500,000		
Veterans' Services - Veterans Center Funding	500,000			
Veterans' Services - Veterans Mental Health Pilot Program		1,000,000		
WIFA - Local Distribution - Gila Valley Irrigation District		500,000		
WIFA - Water Conservation Grant Fund Deposit		250,000		
Other - One-Time 4% Correctional Officer Stipend		21,384,700		
Other - Risk Management Adjustment		20,000,000		
Other - Statewide Fleet Adjustments (Made Ongoing In FY 26)	3,299,000			
Other - Statewide Fleet Charge - FY 26 Operating		5,331,500		
Other - Statewide Fleet Charge - Vehicle Replacement (Excludes DCS/DPS)		3,281,400		
Other - State Employee Health Insurance Funding	140,000,000	194,941,000		
Subtotal - Operating Spending	**$ 715,302,000**	**$ 1,003,033,600**	**$ 252,569,400**	**$ 170,736,800**
Hospital Assessment Savings	**$ (100,000,000)**	**$ (100,000,000)**		
Capital Outlay				
Capital ADOA - Building Renewal		1,600,000		
Capital - ADC - Yuma State Prison Fire Alarm Upgrades		8,500,000		
Capital - Parks - Verde River Headwaters Park Improvements		500,000		

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
Capital - DPS - Replace Modular Office Buildings in Payson and Sanders		2,000,000		
Capital - DPS - Upgrade Electrical Systems at Phoenix Headquarters		11,227,100		
Capital - Veterans' Services - Tucson Veterans Home HVAC Replacement		2,400,000		
Capital - Veterans' Services - Northwest AZ Veterans Home				25,000,000
Subtotal - Capital Outlay	**$ -**	**$ 26,227,100**	**$ -**	**$ 25,000,000**
FY 2025 One-Time Supplementals				
ADOA - Federal Repayment	15,000,000			
ADOA/Other Agencies - Named Claimants	292,400			
AHCCCS - Eligibility Verification Income Data Charge	1,832,000			
AHCCCS - Medicaid Formula Supplemental	12,000,000			
DES - Summer Food Benefit (SUN Bucks)	1,879,600			
DES - Eligibility Verification Income Data Charge	700,000			
ADE - K-12 Formula Supplemental	136,764,400			
ADE - Qasimyar State Aid Adjustments Supplemental	69,441,600			
SOS - Congressional District 7 Special Election (2025)	500,000			
Treasurer - Justice of the Peace Salary Adjustment Supplemental	310,000			
Veterans - Veterans Home Trust Fund Deposit	1,000,000			
Subtotal - FY 2025 One-Time Supplementals	**$ 239,720,000**	**$ -**	**$ -**	**$ -**
FY 2025 One-Time Ex-Appropriations				
AHCCCS - Medicaid Formula Ex-Appropriation	(76,351,600)			
AHCCCS - Enhanced FMAP Savings Ex-Appropriation	(29,700,000)			
ADC - Operating Budget	9,062,900			
ADC - Inmate Health Care Contracted Services	9,421,800			
ADC - Non-Contract Medication Ex-Appropriation	(37,000,000)			
DES - Enhanced FMAP Savings Ex-Appropriation	(9,900,000)			
Subtotal - FY 2025 One-Time Ex-Appropriations	**$ (134,466,900)**	**$ -**	**$ -**	**$ -**
Transportation Funding				
Capital - ADOT - SR 303/155th Ave Interchange Design (Surprise)		3,500,000		
Capital - ADOT - 75th Ave Reconstruction (Glendale)		3,000,000		
Capital - ADOT - Somerton Ave Bridge (Yuma County)		1,300,000		
Capital - ADOT - Olga Road Pavement Preservation - Design Costs		850,000		
Capital - ADOT - Northbound SR 87 Add Second Right Turn Lane (Payson)		600,000		
Capital - ADOT - SR 70 Safety Improvements		1,400,000		
Capital - ADOT - Local Distribution - Kingman - Eastern Street Infrastructure		1,500,000		
Capital - ADOT - Local Distribution - Bullhead City - Hancock Road Repaving		1,500,000		
Capital - ADOT - Local Distribution - Cottonwood - Main Street Preservation		1,000,000		
Capital - ADOT - Local Dist. - Mohave County - Mountain View Road Improvements		1,000,000		
Capital - ADOT - Local Dist. - Prescott Regional Airport Fire Aircraft Ramp		3,500,000		
Capital - ADOT - Local Dist. - Prescott Regional Airport Maintenance and Operations		500,000		
Capital - ADOT - Local Dist. - City of Nogales - Frank Reed Road Improvements		1,500,000		
Capital - ADOT - Local Dist. - City of Nogales - Industrial Park Road Improvements		2,900,000		
Capital - ADOT - Local Dist. - City of Nogales - La Quinta Road Improvements		1,800,000		
Capital - ADOT - Local Dist. - Flagstaff - S Woody Mtn. Road Streetlight		1,900,000		
Capital - ADOT - SR 389 Traffic Control Systems (Colorado City)		1,500,000		
Capital - ADOT - SR 347/Riggs Road Overpass Construction Costs		41,400,000		49,000,000
Capital - ADOT - SR 347 Intersection (Casa Blanca Rd/Cement Plant)		10,839,000		
Capital - ADOT - SR 347 Widening Design Costs		1,500,000		
Capital - ADOT - Expand I-10 Between SR 85/Citrus Road		27,000,000	30,000,000	76,000,000
Subtotal - Transportation Funding	**$ -**	**$ 109,989,000**	**$ 30,000,000**	**$ 125,000,000**
Total - One-Time Spending	**$ 720,555,100**	**$ 1,039,249,700**	**$ 282,569,400**	**$ 320,736,800**

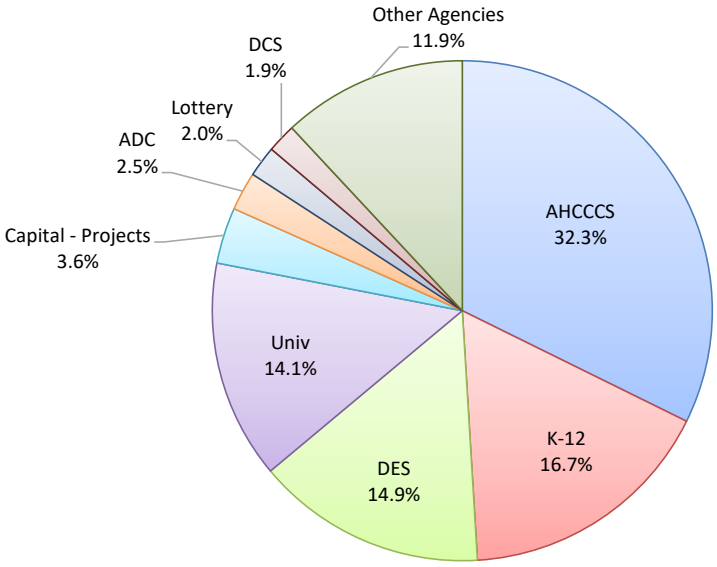
1/ The displayed amounts reflect one-time General Fund adjustments included in the FY 2026 enacted budget's multi-year spending plan. The Legislature makes the one-time classification as part of the 3-year spending plan. These items are not included in the individual agency amounts displayed in the General Fund Spending By Budget Units - Ongoing Funding chart.

Summary of One-Time General Fund Transfers

	FY 2025	FY 2026	FY 2027	FY 2028
Fund Transfers to General Fund				
ADC - Arizona Correctional Industries Revolving Fund	11,491,800			
Industrial Commission - Administrative Fund	1,800,000			
ADOT - State Highway Fund - Interest	17,200,000	15,500,000	9,700,000	600,000
ADOT - State Highway Fund - VLT Transfer - ECD Savings	2,000,000			
GRAND TOTAL	$ 32,491,800	$ 15,500,000	$ 9,700,000	$ 600,000

FY 2026 Total Spending - All Sources 1/

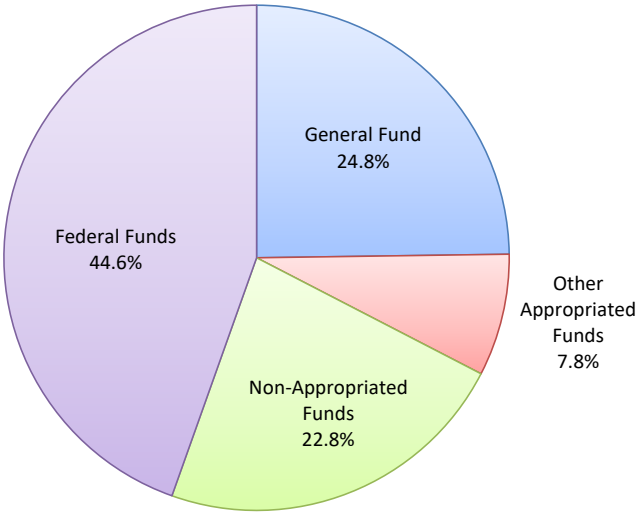
Budget Unit	Spending (Millions)
AHCCCS	$ 23,010.1
K-12 Education (ADE)	11,933.9
Economic Security	10,607.4
Universities	10,076.4
Capital - Projects	2,586.6
Corrections	1,774.2
Lottery	1,423.8
Child Safety	1,339.0
Other Agencies / Distributions	8,509.6
TOTAL	**$ 71,261.0**



1/ Does not include administrative adjustments and revertments.

FY 2026 Total Spending by Fund Source 1/

Fund Source	Spending (Millions)
General Fund	$ 17,654.2
Other Appropriated Funds	5,572.3
Non-Appropriated Funds	16,281.0
Federal Funds	31,753.5
TOTAL	**$ 71,261.0**



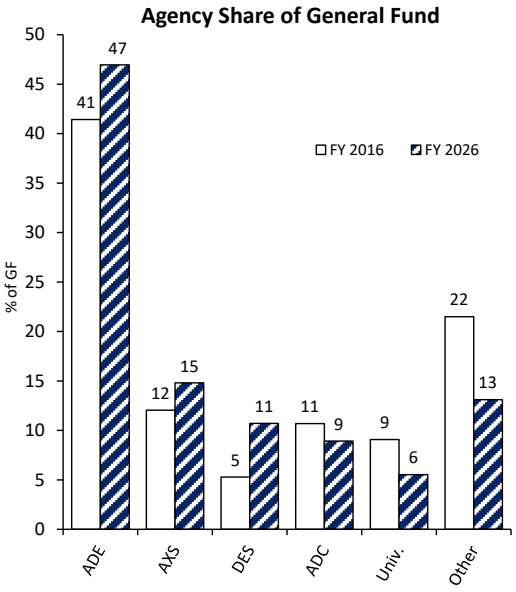
1/ Does not include administrative adjustments and revertments.

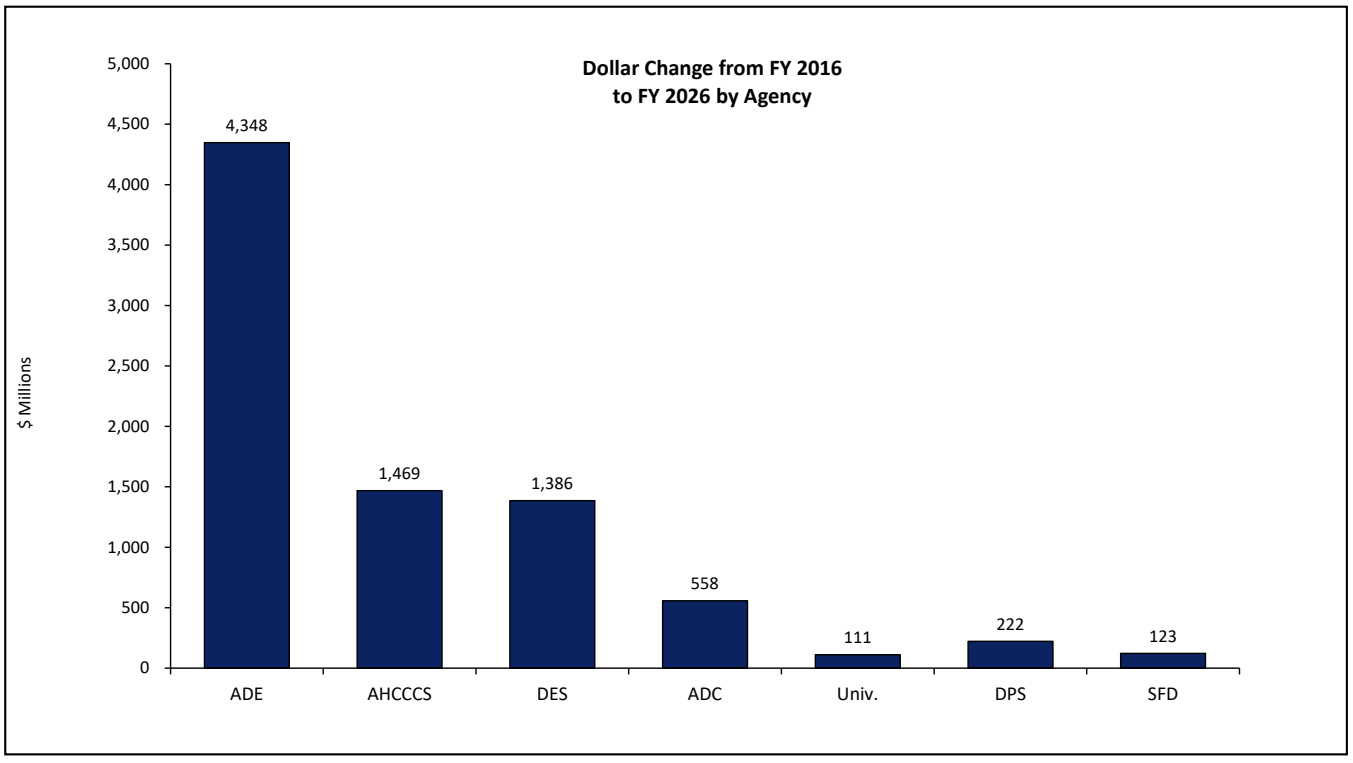
"THEN AND NOW" - FY 2016 vs. FY 2026 General Fund Spending

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

	FY 16 Actuals	FY 26 Approp.	$ Change FY 16-26	% Change FY 16-26
K-12 Education (ADE)	$ 3,939.9	$ 8,287.7	$ 4,347.8	110.4
AHCCCS	1,145.0	2,613.7	1,468.6	128.3
Economic Security	502.9	1,888.7	1,385.8	275.5
Corrections	1,016.6	1,574.1	557.5	54.8
Universities	863.2	974.6	111.4	12.9
Child Safety	399.2	488.8	89.6	22.4
School Facilities Division	230.4	353.0	122.6	53.2
Public Safety	91.5	313.7	222.2	243.0
Judiciary	105.8	173.9	68.1	64.3
Other	1,218.2	986.2	(232.0)	(19.0)
TOTAL	**$ 9,512.6**	**$ 17,654.2**	**$ 8,141.6**	**85.6%**

1/ Represents individual agency General Fund spending only. Excludes administrative adjustments and revertments.





"THEN AND NOW" - FY 2016 vs. FY 2026 General Fund Revenue and Ending Balances

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

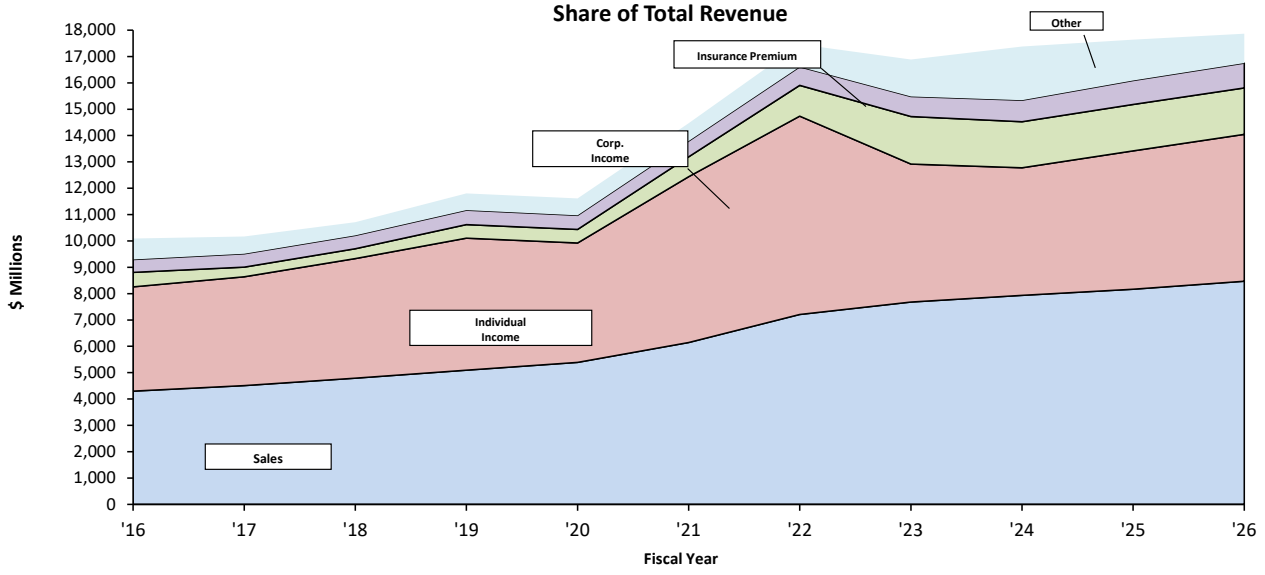
Fiscal Year	Revenue	Expenditures	Ending Balance	Ending Balance as a % of Revenue
2016	9,796.6	9,512.6	284.0	2.9%
2017	9,786.5	9,635.6	150.9	1.5%
2018	10,258.1	9,808.5	449.6	4.4%
2019	11,681.4	10,724.1	957.2	8.2%
2020	11,927.3	11,554.8	372.5	3.1%
2021	14,489.1	13,594.5	894.6	6.2%
2022	17,599.4	12,890.0	4,709.4	26.8%
2023	18,199.8	15,672.5	2,527.2	13.9%
2024	18,341.5	17,378.7	962.8	5.2%
2025	17,337.3	16,245.2	1,092.1	6.3%
2026	17,771.0	17,571.2	199.8	1.1%

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

Fiscal Year	Sales	Indiv. Income	Corp. Income	Ins. Premium	Other
2016	42.6%	39.2%	5.4%	4.9%	7.9%
2017	44.3%	40.6%	3.6%	5.0%	6.5%
2018	44.7%	42.4%	3.5%	4.8%	4.7%
2019	43.2%	42.4%	4.4%	4.7%	5.4%
2020	46.4%	39.0%	4.4%	4.6%	5.6%
2021	42.5%	43.5%	5.2%	4.2%	4.7%
2022	41.3%	43.1%	6.7%	4.1%	4.9%
2023 2/	45.5%	31.0%	10.7%	4.5%	8.3%
2024	45.7%	27.9%	10.0%	4.7%	11.7%
2025	46.3%	29.8%	10.0%	5.2%	8.8%
2026	47.4%	31.2%	9.8%	5.3%	6.2%

1/ Excludes balance forward from prior year, Budget Stabilization Fund transfers and withdrawals, and Urban Revenue Sharing distributions.
2/ Excludes TPT diversions.

General Fund Major Tax Sources as a Share of Total Revenue



BUDGET DETAIL

SUMMARY OF APPROPRIATED FUNDS BY AGENCY
Fiscal Years 2025 and 2026 1/

	Fiscal Year 2025			Fiscal Year 2026		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
BUDGET UNITS						
Accountancy, State Board of	$0	$2,258,100	$2,258,100	$0	$2,257,400	$2,257,400
Acupuncture Examiners, Board of	0	214,700	214,700	0	217,000	217,000
Administration, Arizona Department of	25,147,600	238,420,300	263,567,900	21,407,600	280,901,000	302,308,600
- Automation Projects Fund	15,243,300	29,694,000	44,937,300	3,762,000	16,898,700	20,660,700
- School Facilities Division	320,918,800	0	320,918,800	352,955,500	0	352,955,500
Administrative Hearings, Office of	970,000	0	970,000	985,200	0	985,200
African-American Affairs, Arizona Commission of	0	0	0	0	0	0
Agriculture, Arizona Department of	14,639,800	1,924,300	16,564,100	16,244,200	3,977,400	20,221,600
AHCCCS	2,577,512,100	455,300,200	3,032,812,300	2,613,652,600	621,178,500	3,234,831,100
Arts, Arizona Commission on the	2,000,000	0	2,000,000	2,000,000	0	2,000,000
Athletic Training, Board of	0	167,800	167,800	0	166,000	166,000
Attorney General - Department of Law	27,092,700	109,959,300	137,052,000	27,692,200	111,985,600	139,677,800
Barbering and Cosmetology Board	0	3,230,900	3,230,900	0	3,227,300	3,227,300
Behavioral Health Examiners, Board of	0	2,757,400	2,757,400	0	2,975,200	2,975,200
Charter Schools, State Board for	2,749,600	0	2,749,600	2,811,100	0	2,811,100
Child Safety, Department of	458,089,500	219,880,700	677,970,200	488,771,000	204,235,700	693,006,700
Chiropractic Examiners, State Board of	0	643,700	643,700	0	660,600	660,600
Commerce Authority, Arizona	13,550,000	0	13,550,000	15,175,000	0	15,175,000
Community Colleges, Arizona	96,082,700	0	96,082,700	103,868,300	0	103,868,300
Contractors, Registrar of	0	13,925,600	13,925,600	0	14,328,200	14,328,200
Corporation Commission	789,000	35,404,400	36,193,400	792,700	38,732,100	39,524,800
Corrections, State Department of	1,518,922,800	68,709,300	1,587,632,100	1,574,113,200	63,451,500	1,637,564,700
County Funding	10,650,700	0	10,650,700	10,650,700	0	10,650,700
Criminal Justice Commission, Arizona	4,600,000	7,318,800	11,918,800	4,600,000	9,961,100	14,561,100
Deaf and the Blind, Schools for the	25,291,300	35,138,900	60,430,200	25,645,100	33,259,500	58,904,600
Deaf and the Hard of Hearing, Commission for the	0	5,051,600	5,051,600	0	5,045,800	5,045,800
Dental Examiners, State Board of	0	2,129,800	2,129,800	0	2,150,900	2,150,900
Economic Opportunity, Office of	507,100	0	507,100	4,031,900	0	4,031,900
Economic Security, Department of	1,337,210,700	671,627,800	2,008,838,500	1,888,688,200	499,805,500	2,388,493,700
Education, State Board of	3,342,400	0	3,342,400	3,462,800	0	3,462,800
Education, Department of	7,882,875,800	370,120,000	8,252,995,800	8,287,685,600	87,507,600	8,375,193,200
Emergency and Military Affairs, Department of	16,225,400	2,176,000	18,401,400	16,692,900	5,620,900	22,313,800
Environmental Quality, Department of	16,000,000	98,366,000	114,366,000	0	128,029,600	128,029,600
Equal Opportunity, Governor's Office of	0	311,700	311,700	0	317,400	317,400
Equalization, State Board of	724,400	0	724,400	734,700	0	734,700
Executive Clemency, Board of	1,377,600	0	1,377,600	1,488,600	0	1,488,600
Exposition and State Fair Board, Arizona	0	23,698,700	23,698,700	0	19,762,800	19,762,800
Forestry and Fire Management, Arizona Department of	51,471,600	41,180,800	92,652,400	47,172,400	4,000,000	51,172,400
Game and Fish Department, Arizona	0	42,552,200	42,552,200	0	48,505,500	48,505,500
Gaming, Department of	11,704,500	23,444,000	35,148,500	10,104,500	23,783,500	33,888,000
Governor, Office of the	8,996,800	0	8,996,800	10,394,700	0	10,394,700
Governor's Office of Strategic Planning and Budgeting	2,852,500	0	2,852,500	2,854,500	0	2,854,500
Health Services, Department of	122,466,300	68,445,100	190,911,400	127,571,300	74,512,900	202,084,200
Historical Society, Arizona	2,978,700	0	2,978,700	4,113,500	0	4,113,500
Historical Society, Prescott	995,300	0	995,300	1,574,300	0	1,574,300
Homeland Security, AZ Department of	10,200,000	11,054,700	21,254,700	10,107,800	11,695,200	21,803,000
Homeopathic and Integrated Medicine Examiners, Board of	0	61,500	61,500	0	64,200	64,200
Housing, Arizona Department of	15,000,000	388,800	15,388,800	0	360,700	360,700
Industrial Commission of Arizona	84,700	22,138,000	22,222,700	90,100	23,213,100	23,303,200
Insurance and Financial Institutions, Department of	8,090,100	12,857,100	20,947,200	6,319,700	13,145,100	19,464,800
Judiciary			0			
Supreme Court	29,864,200	35,020,400	64,884,600	31,325,600	35,825,200	67,150,800
Court of Appeals	24,407,400	0	24,407,400	25,308,700	0	25,308,700
Superior Court	115,194,800	12,015,600	127,210,400	117,217,300	12,014,500	129,231,800
SUBTOTAL - Judiciary	169,466,400	47,036,000	216,502,400	173,851,600	47,839,700	221,691,300
Juvenile Corrections, Department of	29,978,900	13,597,700	43,576,600	31,083,600	13,597,800	44,681,400
Land Department, State	12,411,300	12,496,200	24,907,500	12,199,900	14,239,000	26,438,900
Legislature						
Auditor General	26,722,700	355,000	27,077,700	32,009,000	0	32,009,000
House of Representatives	21,565,600	0	21,565,600	22,545,300	0	22,545,300
Joint Legislative Budget Committee	3,055,800	0	3,055,800	3,071,000	0	3,071,000
Legislative Council	9,275,700	0	9,275,700	9,422,400	0	9,422,400
Ombudsman-Citizens Aide Office	1,578,400	0	1,578,400	1,608,900	0	1,608,900
Senate	18,000,200	0	18,000,200	18,814,300	0	18,814,300
SUBTOTAL - Legislature	28,854,300	0	28,854,300	29,845,600	0	87,470,900
Liquor Licenses and Control, Department of	0	9,026,800	9,026,800	0	6,551,000	6,551,000
Lottery Commission, Arizona State	0	187,408,000	187,408,000	0	195,451,600	195,451,600
Massage Therapy, Board of	0	607,700	607,700	0	601,200	601,200
Medical Board, Arizona	0	8,424,900	8,424,900	0	8,472,700	8,472,700
Mine Inspector, State	2,299,300	112,900	2,412,200	2,431,400	112,800	2,544,200
Natural Resource Conservation Board, State	0	0	0	739,400	260,600	1,000,000
Naturopathic Physicians Medical Board	0	220,000	220,000	0	271,800	271,800
Navigable Stream Adjudication Commission	140,500	200,000	340,500	143,900	200,000	343,900
Nursing, State Board of	0	7,016,600	7,016,600	500,000	7,094,200	7,594,200
Nursing Care Institution Administrators Board 2/	0	613,100	613,100	0	611,600	611,600
Occupational Therapy Examiners, Board of	0	306,700	306,700	0	298,000	298,000
Opticians, State Board of Dispensing	0	198,500	198,500	0	199,700	199,700
Optometry, State Board of	0	295,600	295,600	0	288,000	288,000
Osteopathic Examiners, Arizona Board of 3/	0	1,403,100	1,403,100	0	1,526,100	1,526,100
Parks Board, Arizona State	100,000	21,048,300	21,148,300	2,500,000	22,577,800	25,077,800
Personnel Board, State	0	363,700	363,700	0	369,900	369,900
Pharmacy, Arizona State Board of	0	3,568,600	3,568,600	0	3,804,000	3,804,000
Physical Therapy, Board of	0	596,000	596,000	0	624,400	624,400
Pioneers' Home, Arizona	0	8,492,100	8,492,100	0	9,160,800	9,160,800
Podiatry Examiners, State Board of	0	202,700	202,700	0	204,200	204,200
Power Authority, Arizona	0	0	0	0	0	0
Private Postsecondary Education, Board for	0	453,000	453,000	0	557,500	557,500
Psychologist Examiners, State Board of	0	644,800	644,800	0	872,600	872,600
Public Safety, Department of	264,461,100	80,263,000	344,724,100	313,660,800	91,955,200	405,616,000

	Fiscal Year 2025			Fiscal Year 2026		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Public Safety Personnel Retirement System	6,000,000	0	6,000,000	6,000,000	0	6,000,000
Real Estate Department, State	3,111,800	0	3,111,800	3,119,300	0	3,119,300
Residential Utility Consumer Office	0	1,606,500	1,606,500	0	1,951,200	1,951,200
Respiratory Care Examiners, Board of	0	426,700	426,700	0	420,500	420,500
Retirement System, Arizona State	0	28,863,400	28,863,400	0	28,966,100	28,966,100
Revenue, Department of	59,677,700	29,927,000	89,604,700	60,871,800	28,732,400	89,604,200
Secretary of State	23,493,900	2,304,200	25,798,100	22,857,100	2,604,900	25,462,000
Tax Appeals, State Board of	318,600	0	318,600	319,300	0	319,300
Technical Registration, State Board of	0	2,646,000	2,646,000	0	2,735,900	2,735,900
Tourism, Office of	8,325,000	0	8,325,000	8,702,700	0	8,702,700
Transportation, Department of	0	572,484,000	572,484,000	500,000	614,303,700	614,803,700
Treasurer, State	10,470,700	9,471,600	19,942,300	42,734,700	12,562,900	55,297,600
Tribal Relations, Governor's Office on	67,100	0	67,100	66,900	0	66,900
Universities			0			
Board of Regents	55,726,000	0	55,726,000	71,382,600	0	71,382,600
Arizona State University	408,638,200	856,998,800	1,265,637,000	412,671,200	856,998,800	1,269,670,000
Northern Arizona University	134,294,400	131,836,800	266,131,200	124,707,700	131,836,800	256,544,500
University of Arizona - Main Campus	295,913,700	368,549,100	664,462,800	289,867,500	368,549,100	658,416,600
University of Arizona - Health Sciences Center	75,428,400	61,522,800	136,951,200	75,978,400	61,522,800	137,501,200
SUBTOTAL - Universities	970,000,700	1,418,907,500	2,388,908,200	974,607,400	1,418,907,500	2,393,514,900
Veterans' Services, Department of	13,286,500	61,012,500	74,299,000	12,814,700	60,986,900	73,801,600
Veterinary Medical Examining Board	0	787,900	787,900	0	922,700	922,700
Water Infrastructure Finance Authority	0	0	0	750,000	8,000,000	8,750,000
Water Resources, Department of	24,618,200	2,018,300	26,636,500	25,077,500	3,767,300	28,844,800
OPERATING BUDGET SUBTOTAL	$16,285,779,900	$5,155,958,800	$21,441,738,700	$17,471,216,800	$4,968,537,700	$22,439,754,500
Unallocated '25 Health Insurance Adjustments	0	18,448,400	18,448,400	0	0	0
Unallocated '25 Rent and COP Adjustments	0	13,000	13,000	0	0	0
Unallocated '25 Fleet Rate Adjustments	0	171,400	171,400	0	0	0
Unallocated '25 Retirement Adjustments	0	392,500	392,500	0	0	0
Unallocated '26 Health Insurance Adjustments	0	0	0	152,100	4,123,600	4,275,700
Unallocated '26 Rent and COP Adjustments	0	0	0	0	3,700	3,700
Unallocated '26 AZ360 Adjustments	0	0	0	(3,900)	(8,400)	(12,300)
Unallocated '26 Risk Management Adjustments	0	0	0	400	5,611,300	5,611,700
Unallocated '26 Fleet Operating Adjustments	0	0	0	125,600	510,000	635,600
Unallocated '26 Fleet Replacement Adjustments	0	0	0	859,000	(1,373,600)	(514,600)
Unallocated '26 Retirement Adjustments	0	0	0	(18,300)	0	(18,300)
Unallocated '26 Salary Adjustments	0	0	0	156,800	1,225,200	1,382,000
Capital Outlay Projects	0	546,138,900	546,138,900	136,216,100	593,622,400	729,838,500
Capital Outlay - Phoenix Convention Center Debt Service	25,998,700	0	25,998,700	26,497,400	0	26,497,400
Capital Outlay - Rio Nuevo District Distribution	19,000,000	0	19,000,000	19,000,000	0	19,000,000
Administrative Adjustments	84,400,000	0	84,400,000	123,500,000	0	123,500,000
Revertments	(170,000,000)	0	(170,000,000)	(206,500,000)	0	(206,500,000)
GRAND TOTAL	$16,245,178,600	$5,721,123,000	$21,966,301,600	$17,571,202,000	$5,572,251,900	$23,143,453,900

1/ This table summarizes FY 2025 and FY 2026 appropriations from the 1st Regular Session of the 57th 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 2026	
	General Fund	Other Funds
ARIZONA DEPARTMENT OF ADMINISTRATION BUILDING SYSTEM		
Administration, Arizona Department of		
Building Renewal for ADOA System (excluding Corrections)	$1,600,000	$20,313,500
Corrections, State Department of		
Building Renewal for Corrections Facilities		$5,864,300
Replace Alarm and Suppression System at Yuma Prison	$8,500,000	
Subtotal - State Department of Corrections	$8,500,000	$5,864,300
Exposition and State Fair Board, Arizona		
Capital Improvements		$3,815,100
Game and Fish Department, Arizona		
Building Renewal		$1,815,700
Dam Maintenance		150,000
Hatchery Maintenance		400,000
Property Maintenance		300,000
Dam Repairs		6,850,000
Hatchery Repairs		4,700,000
Subtotal - Arizona Department of Game and Fish	0	$14,215,700
Health Services, Department of		
State Hospital Isolation Valve Installation		$160,000
State Hospital Anti-Ligature Renovations		695,000
State Hospital Perimeter Detection System Replacement		83,000
Subtotal - Department of Health Services	0	$938,000
Juvenile Corrections, Department of		
Fire Line Booster Pumps Replacement		$536,600
School Door and Lock Replacements		303,000
School Kitchen Air Unit Replacements		641,000
Subtotal - Department of Juvenile Corrections	0	$1,480,600
Lottery Commission, Arizona State		
Building Renewal		$218,200
Parks Board, Arizona State		
Capital Improvements		$3,633,300
Verde River State Park Construction	$500,000	
Subtotal - Arizona State Parks Board	$500,000	$3,633,300
Pioneers' Home, Arizona		
Capital Improvements		$470,400
Facility Window and Door Replacements		1,515,000
Subtotal - Arizona Pioneers' Home	$0	$1,985,400
Public Safety, Department of		
Office Building Replacements	$2,000,000	
Electrical System Upgrade at Headquarters	11,227,100	
Subtotal - Department of Public Safety	$13,227,100	$0
Veterans' Services, Department of		
Replace HVAC at Tucson Veterans' Home	$ 2,400,000	
SUBTOTAL - ADOA BUILDING SYSTEM	$26,227,100	$52,464,100
ARIZONA DEPARTMENT OF TRANSPORTATION BUILDING SYSTEM		
Arizona Department of Transportation		
Building Renewal		$23,385,300
Avondale Vehicle Repair Shop		6,951,000
Little Antelope and Grey Mountain Maintenance Offices		6,861,000

	FY 2026	
	General Fund	Other Funds
Airport Planning and Development		44,340,700
Grand Canyon Airport Renovation		850,300
Statewide Highway Construction		458,770,000
I-10 Widening, SR 85 to Citrus Road	27,000,000 2/	
Olga Frontage Road Repavement Design	850,000	
SR 70 Safety Improvements	1,400,000	
SR 87/SR 260 Turn Lane	2,129,800	
SR 347 Design, I-10 to Maricopa	1,500,000	
SR 303/155th Avenue Interchange Design	3,500,000	
SR 347/Riggs Road Overpass Construction	41,400,000 3/	
SR 347 Intersection Improvements	10,839,000	
SR 389 Traffic Control Systems	1,500,000	
SUBTOTAL - ADOT BUILDING SYSTEM	$90,118,800	$541,158,300
GRAND TOTAL - ALL APPROPRIATIONS	$116,345,900	$593,622,400

1/ This table summarizes all capital appropriations for FY 2026. Please refer to the agency sections for any changes to capital appropriations in FY 2025 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, Section 10, as amended by Laws 2025, Chapter 235, Section 4 advances appropriates $30,000,000 in FY 2027 and $76,000,000 in FY 2028 to widen I-10 from SR 85 to Citrus Road.

SUMMARY OF ADDITIONAL OPERATING AND STATUTORY APPROPRIATIONS 1/ 2/

GENERAL FUND

	FY 2025	FY 2026
Attorney General - Department of Law		
23-263 - Military Airport Planning; Appropriation	85,000	85,000
Charter Schools, State Board for		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	300	
Commerce Authority, Arizona		
43-409 - Arizona Commerce Authority Income Tax Withholding	10,500,000	10,500,000
Community Colleges		
42-5031.01 - Indian Tribal Postsecondary Educational Institutions	1,441,100	1,441,100
15-1469.01 - Rural County Allocation	6,109,000	6,989,000
Subtotal - Community Colleges	7,550,100	8,430,100
Corrections, State Department of		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	4,700	
Education, Department of		
Laws 2015, 1st Special Session, Ch. 1 (HB 2001) - Schools; Base Level; Appropriations	75,000,000	
Emergency and Military Affairs, Department of		
26-263 - Military Airport Planning; Appropriation	90,000	90,000
35-192 - Governor's Emergency Authority	4,000,000	4,000,000
Subtotal - Department of Emergency and Military Affairs	4,090,000	4,090,000
Environmental Quality, Department of		
49-282 - WQARF Priority Site Remediation	15,000,000	3/
Forestry and Fire Management, Arizona Department of		
37-1305 - Wildland Fire Emergency	3,000,000	3,000,000
Public Safety Personnel Retirement System		
38-810 - EORP Closure	5,000,000	5,000,000
Treasurer, State		
41-2308 - Special Sporting Event Marketing	1,500,000	1,500,000
Arizona State University		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	13,459,300	13,453,900
15-1671 - 2017 Capital Infrastructure Funding	13,300,700	13,566,700
Subtotal - Arizona State University	26,760,000	27,020,600
Northern Arizona University		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	4,885,500	4,884,500
15-1671 - 2017 Capital Infrastructure Funding	5,041,400	5,142,200
Subtotal - Northern Arizona University	9,926,900	10,026,700
University of Arizona - Main Campus		
15-1670 - 2003 Research Infrastructure Lease-Purchase Funding	14,247,300	14,248,400
15-1671 - 2017 Capital Infrastructure Funding	11,766,600	12,001,900
Subtotal - University of Arizona - Main Campus	26,013,900	26,250,300
Veterans' Services, Department of		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	287,400	
Water Infrastructure Finance Authority		
Laws 2022, Ch. 366 (SB 1740) - Water Infrastructure Financing; Supply; Augmentation	333,000,000	
Laws 2024, Ch. 209 (HB 2897) - General Appropriations Act; 2024-2025	(333,000,000)	
Subtotal - Water Infrastructure Finance Authority	0	
Other		
9-602 - Phoenix Convention Center Financing	25,998,700	26,497,400
42-5031 - Rio Nuevo Multi-Purpose Facility District	17,000,000	19,000,000
GENERAL FUND TOTAL	**227,717,000**	**141,400,100**

SUMMARY OF ADDITIONAL OPERATING AND STATUTORY APPROPRIATIONS 1/ 2/

OTHER FUNDS

	FY 2025	FY 2026
Administration, Arizona Department of		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	65,300	
Agriculture, Department of		
Laws 2025, Ch. 56 (SB 1009) - Nuclear Emergency Management; Appropriations; Assessment		347,100
Laws 2023, Ch. 114 (SB 1007) - Nuclear Emergency Management; Appropriations; Assessments	308,600	
Barbering and Cosmetology Board		
Laws 2024, Ch. 250 (HB 2168) Barbering; Cosmetology; Conforming Legislation	498,300	200,000
Deaf and the Hard of Hearing, Commission for the		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	3,800	
Economic Security, Department of		
Laws 2025, Ch. 93 (HB 2495) - Developmental disabilities; Appropriations; Waivers	109,200,300	
Laws 2025, Ch. 93 (HB 2495) - Developmental disabilities; Appropriations; Waivers	13,100,000	
Subtotal - Department of Economic Security	122,300,300	
Emergency and Military Affairs, Department of		
Laws 2025, Ch. 56 (SB 1009) - Nuclear Emergency Management; Appropriations; Assessment		2,320,900
Laws 2023, Ch. 114 (SB 1007) - Nuclear Emergency Management; Appropriations; Assessments	2,176,000	
Legislature - Auditor General		
Laws 2025, Ch. 93 (HB 2495) - Developmental disabilities; Appropriations; Waivers	335,000	
Transportation, Department of		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	9,100	
Veterans' Services, Department of		
Laws 2025, Ch. 59 (SB 1047) - Appropriations; Named Claimants	17,700	
OTHER FUNDS TOTAL	**125,714,100**	**2,868,000**

1/ All appropriations have been rounded to the nearest $100.

2/ Excludes most General Appropriations Act and Capital Outlay 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 (BRB) of each year transfers the $15,000,000 to WQARF, but does not permit any additional corporate income tax adjustment above that level. The FY 2026 Environment BRB suspends this transfer in FY 2026. The $15,000,000 is funded in FY 2026 from the Long-Term Water Augmentation Fund.

PREVIOUSLY ENACTED APPROPRIATIONS
FY 2026 and BEYOND 1/

GENERAL FUND

	FY 2026	FY 2027	FY 2028
Arizona Department of Administration - School Facilities Division			
Laws 2024, Ch. 209 - New School Facilities Fund	45,077,100	94,137,900	
Attorney General			
A.R.S. § 26-263 - Military Airport Planning	85,000	85,000	85,000
Commerce Authority, Arizona			
A.R.S. § 43-409 - Withholding Tax Revenues	10,500,000	10,500,000	10,500,000
Community Colleges			
A.R.S. § 42-5031.01 - Tribal Postsecondary Institutions 2/	1,441,100	1,441,100	1,441,100
A.R.S. § 15-1469.01 - Rural County Allocation 3/	6,989,000	6,989,000	6,989,000
Emergency and Military Affairs, Department of			
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
Environmental Quality, Department of			
A.R.S. § 49-282 - WQARF Priority Site Remediation 4/		15,000,000	15,000,000
Forestry and Fire Management, Department of			
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
Public Safety Personnel Retirement System			
Laws 2019, Ch. 263 - Prescott Fire Dept. Pension Liability	1,000,000		
A.R.S. § 38-810 - EORP Closure (through FY 2043)	5,000,000	5,000,000	5,000,000
Treasurer, State			
A.R.S. § 41-2308 - Special Sporting Event Marketing (through FY 2051)	1,500,000	1,500,000	1,500,000
Arizona State University			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase 5/	13,453,900	13,450,100	13,436,200
A.R.S. § 15-1671 - 2017 Capital Infrastructure ($1B Bonding) 6/	13,566,700	13,838,000	14,114,800
Northern Arizona University			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase 5/	4,884,500	4,884,300	4,894,000
A.R.S. § 15-1671 - 2017 Capital Infrastructure ($1B Bonding) 6/	5,142,200	5,245,000	5,349,900
University of Arizona			
A.R.S. § 15-1670 - 2003 Research Infrastructure Lease-Purchase 5/	14,248,400	14,251,300	14,254,100
A.R.S. § 15-1671 - 2017 Capital Infrastructure ($1B Bonding) 6/	12,001,900	12,241,900	12,486,700
Other			
A.R.S. § 9-602 - Phoenix Convention Center Financing 7/	26,497,400	26,997,100	27,495,100
A.R.S. § 42-5031 - Rio Nuevo Multi-Purpose Facility District 8/	19,000,000	19,000,000	19,000,000
GENERAL FUND TOTAL	**188,477,200**	**252,650,700**	**159,635,900**

PREVIOUSLY ENACTED APPROPRIATIONS
FY 2026 and BEYOND 1/

OTHER FUNDS

	FY 2026	FY 2027	FY 2028
Department of Agriculture			
Laws 2025, Ch. 56 - Nuclear Emergency Management Fund	347,100	352,900	
Barbering and Cosmetology Board			
Laws 2024, Ch. 250 - IT Development Costs	200,000		
Department of Emergency and Military Affairs			
Laws 2025, Ch. 56 - Nuclear Emergency Management Fund	2,320,900	2,408,500	
OTHER FUNDS TOTAL	**2,868,000**	**2,761,400**	-

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 $517,400 for the Tohono O'Odham Community College.

3/ Pursuant to A.R.S. § 15-1469.01, the JLBC Staff assumes an annual distribution of $6,989,000 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 (BRB) of each year transfers the $15,000,000 to WQARF, but does not permit any additional corporate income tax adjustment above that level. The FY 2026 Environment BRB suspends this transfer in FY 2026. The $15,000,000 is funded in FY 2026 from the Long-Term Water Augmentation Fund.

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 $19,000,000 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 2025 and 2026 1/

	Fiscal Year 2025			Fiscal Year 2026		
	Appropriated	Non-Appropriated		Appropriated	Non-Appropriated	
	General and Other Funds	Federal and Other Funds 2/	Total	General and Other Funds	Federal and Other Funds 2/	Total
BUDGET UNITS						
Accountancy, State Board of	$2,258,100	$0	$2,258,100	$2,257,400	$0	$2,257,400
Acupuncture Examiners, Board of	214,700	0	214,700	217,000	0	217,000
Administration, Arizona Department of	263,567,900	1,287,836,000	1,551,403,900	302,308,600	1,358,744,100	1,661,052,700
- Automation Projects Fund	44,937,300	0	44,937,300	20,660,700	0	20,660,700
- School Facilities Division	320,918,800	2,279,400	323,198,200	352,955,500	3,391,700	356,347,200
Administrative Hearings, Office of	970,000	1,145,000	2,115,000	985,200	1,145,000	2,130,200
Agriculture, Arizona Department of	16,564,100	38,153,200	54,717,300	20,221,600	38,153,200	58,374,800
AHCCCS	3,032,812,300	18,453,644,600	21,486,456,900	3,234,831,100	19,775,240,200	23,010,071,300
Arts, Arizona Commission on the	2,000,000	2,819,800	4,819,800	2,000,000	1,328,900	3,328,900
Athletic Training, Board of	167,800	0	167,800	166,000	0	166,000
Attorney General - Department of Law	137,052,000	95,618,200	232,670,200	139,677,800	83,195,400	222,873,200
Barbering and Cosmetology Board	3,230,900	0	3,230,900	3,227,300	0	3,227,300
Behavioral Health Examiners, Board of	2,757,400	0	2,757,400	2,975,200	0	2,975,200
Charter Schools, State Board for	2,749,600	0	2,749,600	2,811,100	0	2,811,100
Child Safety, Department of	677,970,200	642,627,900	1,320,598,100	693,006,700	646,023,900	1,339,030,600
Chiropractic Examiners, State Board of	643,700	0	643,700	660,600	0	660,600
Citizens Clean Elections Commission	0	13,066,500	13,066,500	0	13,066,500	13,066,500
Commerce Authority, Arizona	13,550,000	196,885,100	210,435,100	15,175,000	196,885,100	212,060,100
Community Colleges, Arizona	96,082,700	91,580,600	187,663,300	103,868,300	91,580,600	195,448,900
Constable Ethics Standards and Training Board	0	716,200	716,200	0	716,200	716,200
Contractors, Registrar of	13,925,600	9,592,500	23,518,100	14,328,200	6,892,500	21,220,700
Corporation Commission	36,193,400	3,315,800	39,509,200	39,524,800	3,315,800	42,840,600
Corrections, State Department of	1,587,632,100	140,275,700	1,727,907,800	1,637,564,700	136,589,000	1,774,153,700
County Funding	10,650,700	0	10,650,700	10,650,700	0	10,650,700
Criminal Justice Commission, Arizona	11,918,800	23,779,600	35,698,400	14,561,100	23,779,600	38,340,700
Deaf and the Blind, Schools for the	60,430,200	9,743,600	70,173,800	58,904,600	9,743,600	68,648,200
Deaf and the Hard of Hearing, Commission for the	5,051,600	0	5,051,600	5,045,800	0	5,045,800
Dental Examiners, State Board of	2,129,800	0	2,129,800	2,150,900	0	2,150,900
Early Childhood Development and Health Board, Arizona	0	153,962,200	153,962,200	0	137,871,000	137,871,000
Economic Opportunity, Office of	507,100	17,665,300	18,172,400	4,031,900	17,665,300	21,697,200
Economic Security, Department of	2,008,838,500	7,422,491,400	9,431,329,900	2,388,493,700	8,218,906,900	10,607,400,600
Education, State Board of	3,342,400	0	3,342,400	3,462,800	0	3,462,800
Education, Department of	8,252,995,800	3,506,695,800	11,759,691,600	8,375,193,200	3,558,732,900	11,933,926,100
Emergency and Military Affairs, Department of	18,401,400	187,451,900	205,853,300	22,313,800	187,451,900	209,765,700
Environmental Quality, Department of	114,366,000	104,574,400	218,940,400	128,029,600	104,574,400	232,604,000
Equal Opportunity, Governor's Office of	311,700	0	311,700	317,400	0	317,400
Equalization, State Board of	724,400	0	724,400	734,700	0	734,700
Executive Clemency, Board of	1,377,600	28,000	1,405,600	1,488,600	28,000	1,516,600
Exposition and State Fair Board, Arizona	23,698,700	0	23,698,700	19,762,800	0	19,762,800
Forestry and Fire Management, Arizona Department of	92,652,400	71,949,900	164,602,300	51,172,400	71,949,900	123,122,300
Game and Fish Department, Arizona	42,552,200	111,026,500	153,578,700	48,505,500	111,026,500	159,532,000
Gaming, Department of	35,148,500	3,715,000	38,863,500	33,888,000	3,715,000	37,603,000
Governor, Office of the	8,996,800	916,488,700	925,485,500	10,394,700	601,321,300	611,716,000
Governor's Office of Strategic Planning and Budgeting	2,852,500	0	2,852,500	2,854,500	0	2,854,500
Health Services, Department of	190,911,400	577,690,700	768,602,100	202,084,200	577,690,700	779,774,900
Historical Society, Arizona	2,978,700	1,557,100	4,535,800	4,113,500	1,557,100	5,670,600
Historical Society, Prescott	995,300	1,317,200	2,312,500	1,574,300	1,317,200	2,891,500
Homeland Security, Arizona Department of	21,254,700	32,855,600	54,110,300	21,803,000	32,855,600	54,658,600
Homeopathic and Integrated Medicine Examiners, Board of	61,500	0	61,500	64,200	0	64,200
Housing, Arizona Department of	15,388,800	185,035,900	200,424,700	360,700	185,035,900	185,396,600
Industrial Commission of Arizona	22,222,700	30,588,300	52,811,000	23,303,200	30,588,300	53,891,500
Insurance and Financial Institutions, Department of	20,947,200	16,098,700	37,045,900	19,464,800	17,976,800	37,441,600
Judiciary	0			0		
Supreme Court	64,884,600	31,811,800	96,696,400	67,150,800	31,811,800	98,962,600
Court of Appeals	24,407,400	0	24,407,400	25,308,700	0	25,308,700
Superior Court	127,210,400	8,861,800	136,072,200	129,231,800	8,861,800	138,093,600
SUBTOTAL - Judiciary	216,502,400	40,673,600	257,176,000	221,691,300	40,673,600	262,364,900
Juvenile Corrections, Department of	43,576,600	1,894,600	45,471,200	44,681,400	969,800	45,651,200
Land Department, State	24,907,500	558,500	25,466,000	26,438,900	558,500	26,997,400
Legislature	0			0		
Auditor General	27,077,700	1,289,200	28,366,900	32,009,000	1,289,200	33,298,200
House of Representatives	21,565,600	0	21,565,600	22,545,300	0	22,545,300
Joint Legislative Budget Committee	3,055,800	0	3,055,800	3,071,000	0	3,071,000
Legislative Council	9,275,700	57,800	9,333,500	9,422,400	57,800	9,480,200
Ombudsman-Citizens Aide Office	1,578,400	0	1,578,400	1,608,900	0	1,608,900
Senate	18,000,200	0	18,000,200	18,814,300	0	18,814,300
SUBTOTAL - Legislature	80,553,400	1,347,000	81,900,400	87,470,900	1,347,000	88,817,900
Liquor Licenses and Control, Department of	9,026,800	2,705,400	11,732,200	6,551,000	2,705,400	9,256,400
Lottery Commission, Arizona State	187,408,000	1,228,350,300	1,415,758,300	195,451,600	1,228,350,300	1,423,801,900
Massage Therapy, Board of	607,700	0	607,700	601,200	0	601,200
Medical Board, Arizona	8,424,900	0	8,424,900	8,472,700	0	8,472,700
Mine Inspector, State	2,412,200	554,600	2,966,800	2,544,200	554,600	3,098,800
Natural Resource Conservation Board, State	0	0	0	1,000,000	0	1,000,000
Naturopathic Physicians Medical Board	220,000	0	220,000	271,800	0	271,800
Navigable Stream Adjudication Commission	340,500	0	340,500	343,900	0	343,900
Nursing, State Board of	7,016,600	24,443,400	31,460,000	7,594,200	24,443,400	32,037,600
Nursing Care Institution Administrators Board 3/	613,100	0	613,100	611,600	0	611,600
Occupational Therapy Examiners, Board of	306,700	0	306,700	298,000	0	298,000
Opticians, State Board of Dispensing	198,500	0	198,500	199,700	0	199,700
Optometry, State Board of	295,600	0	295,600	288,000	0	288,000
Osteopathic Examiners, Arizona Board of 4/	1,403,100	0	1,403,100	1,526,100	0	1,526,100
Parks Board, Arizona State	21,148,300	23,611,400	44,759,700	25,077,800	23,611,400	48,689,200
Personnel Board, State	363,700	0	363,700	369,900	0	369,900
Pharmacy, Arizona State Board of	3,568,600	2,100,000	5,668,600	3,804,000	2,100,000	5,904,000

	Fiscal Year 2025			Fiscal Year 2026		
	Appropriated General and Other Funds	Non-Appropriated Federal and Other Funds 2/	Total	Appropriated General and Other Funds	Non-Appropriated Federal and Other Funds 2/	Total
Physical Therapy, Board of	596,000	0	596,000	624,400	0	624,400
Pioneers' Home, Arizona	8,492,100	10,700	8,502,800	9,160,800	10,700	9,171,500
Podiatry Examiners, State Board of	202,700	0	202,700	204,200	0	204,200
Power Authority, Arizona	0	20,927,700	20,927,700	0	20,927,700	20,927,700
Private Postsecondary Education, Board for	453,000	262,000	715,000	557,500	262,000	819,500
Psychologist Examiners, State Board of	644,800	0	644,800	872,600	0	872,600
Public Safety, Department of	344,724,100	152,531,900	497,256,000	405,616,000	141,954,200	547,570,200
Public Safety Personnel Retirement System	6,000,000	52,971,200	58,971,200	6,000,000	52,971,200	58,971,200
Real Estate Department, State	3,111,800	0	3,111,800	3,119,300	0	3,119,300
Residential Utility Consumer Office	1,606,500	0	1,606,500	1,951,200	0	1,951,200
Respiratory Care Examiners, Board of	426,700	0	426,700	420,500	0	420,500
Retirement System, Arizona State	28,863,400	297,141,500	326,004,900	28,966,100	297,141,500	326,107,600
Revenue, Department of	89,604,700	1,681,300	91,286,000	89,604,200	1,681,300	91,285,500
Secretary of State	25,798,100	6,964,900	32,763,000	25,462,000	6,964,900	32,426,900
Tax Appeals, State Board of	318,600	0	318,600	319,300	0	319,300
Technical Registration, State Board of	2,646,000	0	2,646,000	2,735,900	0	2,735,900
Tourism, Office of	8,325,000	50,401,300	58,726,300	8,702,700	50,401,300	59,104,000
Transportation, Department of	572,484,000	23,421,900	595,905,900	614,803,700	23,421,900	638,225,600
Treasurer, State	19,942,300	19,136,500	39,078,800	55,297,600	19,136,500	74,434,100
Tribal Relations, Governor's Office on	67,100	0	67,100	66,900	0	66,900
Universities	0			0		
Board of Regents	55,726,000	35,519,100	91,245,100	71,382,600	35,519,100	106,901,700
Arizona State University	1,265,637,000	3,634,444,500	4,900,081,500	1,269,670,000	3,734,099,400	5,003,769,400
Northern Arizona University	266,131,200	596,958,600	863,089,800	256,544,500	607,910,300	864,454,800
University of Arizona - Main Campus	664,462,800	2,453,704,500	3,118,167,300	658,416,600	2,503,684,600	3,162,101,200
University of Arizona - Health Sciences Center	136,951,200	693,640,200	830,591,400	137,501,200	801,713,500	939,214,700
SUBTOTAL - Universities	2,388,908,200	7,414,266,900	9,803,175,100	2,393,514,900	7,682,926,900	10,076,441,800
Veterans' Services, Department of	74,299,000	2,991,000	77,290,000	73,801,600	2,991,000	76,792,600
Veterinary Medical Examining Board	787,900	0	787,900	922,700	0	922,700
Water Infrastructure Finance Authority	0	277,330,700	277,330,700	8,750,000	277,330,700	286,080,700
Water Resources, Department of	26,636,500	25,691,400	52,327,900	28,844,800	24,316,400	53,161,200
OPERATING BUDGET SUBTOTAL	$21,441,738,700	$44,026,242,000	$65,467,980,700	$22,439,754,500	$46,177,808,200	$68,617,562,700
Unallocated '25 Health Insurance Adjustments	18,448,400	0	18,448,400	0	0	0
Unallocated '25 Rent and COP Adjustments	13,000	0	13,000	0	0	0
Unallocated '25 Fleet Rate Adjustments	171,400	0	171,400	0	0	0
Unallocated '25 Retirement Adjustments	392,500	0	392,500	0	0	0
Unallocated '26 Health Insurance Adjustments	0	0	0	4,275,700	0	4,275,700
Unallocated '26 Rent and COP Adjustments	0	0	0	3,700	0	3,700
Unallocated '26 AZ360 Adjustments	0	0	0	(12,300)	0	(12,300)
Unallocated '26 Risk Management Adjustments	0	0	0	5,611,700	0	5,611,700
Unallocated '26 Fleet Operating Adjustments	0	0	0	635,600	0	635,600
Unallocated '26 Fleet Replacement Adjustments	0	0	0	(514,600)	0	(514,600)
Unallocated '26 Retirement Adjustments	0	0	0	(18,300)	0	(18,300)
Unallocated '26 Salary Adjustments	0	0	0	1,382,000	0	1,382,000
Capital Outlay Projects	546,138,900	1,900,620,000	2,446,758,900	729,838,500	1,856,767,000	2,586,605,500
Capital Outlay - Phoenix Convention Center Debt Service	25,998,700	0	25,998,700	26,497,400	0	26,497,400
Capital Outlay - Rio Nuevo District Distribution	19,000,000	0	19,000,000	19,000,000	0	19,000,000
Administrative Adjustments	84,400,000	0	84,400,000	123,500,000	0	123,500,000
Revertments	(170,000,000)	0	(170,000,000)	(206,500,000)	0	(206,500,000)
GRAND TOTAL	$21,966,301,600	$45,926,862,000	$67,893,163,600	$23,143,453,900	$48,034,575,200	$71,178,029,100

1/ This table summarizes FY 2025 and FY 2026 appropriations from the 1st Regular Session of the 57th Legislature and all prior sessions.

2/ The amounts shown are generally based on estimates published in the JLBC Staff's *Baseline Book* (January 2025), 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 2025 and 2026 1/

BUDGET UNITS	Fiscal Year 2025 General Fund	Fiscal Year 2025 Other Fund	Fiscal Year 2025 Total	Fiscal Year 2026 General Fund	Fiscal Year 2026 Other Fund	Fiscal Year 2026 Total
Accountancy, State Board of	0.0	14.0	14.0	0.0	14.0	14.0
Acupuncture Board of Examiners	0.0	1.0	1.0	0.0	1.0	1.0
Administration, Arizona Department of	115.2	432.9	548.1	115.2	433.9	549.1
School Facilities Division	17.0	0.0	17.0	22.0	0.0	22.0
SUBTOTAL - Administration, Arizona Department of	132.2	432.9	565.1	137.2	433.9	571.1
Administrative Hearings, Office of	12.0	0.0	12.0	12.0	0.0	12.0
Agriculture, Arizona Department of	192.2	20.1	212.3	198.2	19.7	217.9
AHCCCS	401.0	873.5	1,274.5	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 2/	958.3	1,501.0	2,459.3	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	444.1	677.7
Barbering and Cosmetology Board	0.0	33.5	33.5	0.0	33.5	33.5
Behavioral Health Examiners, Board of	0.0	27.0	27.0	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 3/	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	6.0	6.0	0.0	6.0	6.0
Commerce Authority, Arizona	100.0	0.0	100.0	100.0	0.0	100.0
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	252.1	302.9
Corrections, State Department of	9,571.0	21.0	9,592.0	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 4/	1,144.9	3,466.9	4,611.8	1,214.6	3,513.2	4,727.8
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 5/	62.5	8.5	71.0	69.1	8.0	77.1
Environmental Quality, Department of	0.0	358.7	358.7	0.0	360.7	360.7
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	15.5	0.0	15.5
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	858.4	309.6	1,168.0	858.4	312.6	1,171.0
Historical Society, Arizona	50.9	0.0	50.9	54.9	0.0	54.9
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	26.0	26.0
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	249.6	250.6
Insurance and Financial Institutions, Department of	95.8	60.6	156.4	86.8	60.6	147.4
Judiciary						
Supreme Court	149.6	55.4	205.0	151.6	56.4	208.0
Court of Appeals	162.8	0.0	162.8	163.8	0.0	163.8
Superior Court	231.8	8.7	240.5	232.8	8.7	241.5
SUBTOTAL - Judiciary	544.2	64.1	608.3	548.2	65.1	613.3
Juvenile Corrections, Department of	478.5	260.0	738.5	478.5	260.0	738.5
Land Department, State	131.7	5.0	136.7	131.7	14.0	145.7
Legislature						
Auditor General	224.8	0.0	224.8	236.8	0.0	236.8
Joint Legislative Budget Committee	29.0	0.0	29.0	29.0	0.0	29.0
Legislative Council	56.0	0.0	56.0	63.0	0.0	63.0
Ombudsman-Citizens Aide Office	12.0	0.0	12.0	12.0	0.0	12.0
SUBTOTAL - Legislature	321.8	0.0	321.8	340.8	0.0	340.8

BUDGET UNITS	Fiscal Year 2025 General Fund	Fiscal Year 2025 Other Fund	Fiscal Year 2025 Total	Fiscal Year 2026 General Fund	Fiscal Year 2026 Other Fund	Fiscal Year 2026 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	63.5	63.5	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	63.0	63.0	0.0	64.0	64.0
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	2.0	2.0	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	169.0	169.0
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	26.4	26.4
Physical Therapy, Board of	0.0	4.0	4.0	0.0	4.5	4.5
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	5.5	5.5
Public Safety, Department of	891.7	1,276.0	2,167.7	902.7	1,276.0	2,178.7
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	14.5	14.5
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	2.0	146.1	144.1	0.0	144.1
Tax Appeals, State Board of	4.0	0.0	4.0	4.0	0.0	4.0
Technical Registration, State Board of	0.0	25.0	25.0	0.0	26.0	26.0
Tourism, Office of	31.0	0.0	31.0	31.0	0.0	31.0
Transportation, Department of	0.0	4,571.0	4,571.0	0.0	4,581.0	4,581.0
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	2,565.8	5,791.6	8,357.4	2,565.8	5,791.6	8,357.4
Northern Arizona University	1,132.6	1,266.4	2,399.0	1,132.6	1,266.4	2,399.0
University of Arizona - Main Campus	2,771.1	3,391.7	6,162.8	2,771.1	3,391.7	6,162.8
University of Arizona - Health Sciences Center	541.7	502.3	1,044.0	541.7	502.3	1,044.0
SUBTOTAL - Universities	7,042.1	10,952.0	17,994.1	7,042.1	10,952.0	17,994.1
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	8.0	8.0
Water Resources, Department of	198.0	6.0	204.0	204.0	6.0	210.0
TOTAL APPROPRIATED FUNDS	26,180.1	29,314.0	55,494.1	26,303.4	29,420.4	55,723.8

1/ Full-Time Equivalent (FTE) Positions shown for individual agencies include only those positions funded by appropriated funds. The number reflects the FTE Position ceiling and not the actual number of current employees. The detail for changes in FTE Positions that occurred between FY 2025 and FY 2026 can be found in the individual agency pages.

2/ Includes 1,488.5 FTE Positions in FY 2025 and FY 2026 in the Other Fund FTE Positions columns funded from the AHCCCS Fund Expenditure Authority.

3/ Includes 970.3 FTE Positions in FY 2025 and FY 2026 in the Other Fund FTE Positions columns funded from Expenditure Authority.

4/ Includes 2,427.8 FTE Positions in FY 2025 and 2,474.1 FTE Positions in FY 2026 in the Other Fund columns funded from the Long Term Care System Fund and Child Support Enforcement Expenditure Authority.

5/ The FY 2025 General Appropriations Act included a clerical error reducing FTE Positions by (3.6). These positions were added back in the FY 2026 budget.

6/ The FY 2025 General Appropriations Act originally appropriated 18,040.9 FTE Positions to the Universities for FY 2025. This FTE Position amount has been revised to 17,994.1 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.

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BUDGET UNITS

Arizona State Board of Accountancy

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	14.0	14.0	14.0
Personal Services	908,400	1,083,500	1,083,500
Employee Related Expenditures	334,400	430,000	428,600
Professional and Outside Services	364,200	435,500	435,500
Travel - In State	2,600	6,900	6,900
Travel - Out of State	4,000	12,000	12,000
Other Operating Expenditures	239,900	261,200	261,900
Equipment	17,100	29,000	29,000
AGENCY TOTAL	**1,870,600**	**2,258,100**	**2,257,400** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Accountancy Fund	1,870,600	2,258,100	2,257,400
SUBTOTAL - Other Appropriated Funds	1,870,600	2,258,100	2,257,400
SUBTOTAL - Appropriated Funds	**1,870,600**	**2,258,100**	**2,257,400**
TOTAL - ALL SOURCES	1,870,600	2,258,100	2,257,400

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

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $2,257,400 and 14 FTE Positions from the Board of Accountancy Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(700) from the Board of Accountancy Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Acupuncture Board of Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1.0	1.0	1.0
Personal Services	108,700	116,900	108,700
Employee Related Expenditures	56,900	61,300	74,500
Other Operating Expenditures	27,300	36,500	33,800
AGENCY TOTAL	**192,900**	**214,700**	**217,000** 1/2/
FUND SOURCES			
Other Appropriated Funds			
Acupuncture Board of Examiners Fund	192,900	214,700	217,000
SUBTOTAL - Other Appropriated Funds	192,900	214,700	217,000
SUBTOTAL - Appropriated Funds	**192,900**	**214,700**	**217,000**
TOTAL - ALL SOURCES	192,900	214,700	217,000

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

FOOTNOTES

1/ Of the amount appropriated in the lump sum appropriation, $42,818 may be used to pay outstanding costs of services provided by the department of administration-central services bureau in prior years. (General Appropriation Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $217,000 and 1 FTE Position from the Acupuncture Board of Examiners Fund in FY 2026 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(15,000) from the Acupuncture Board of Examiners Fund in FY 2026 for the removal of one-time supplemental funding associated with increased operating costs.

Statewide Adjustments

The budget includes an increase of $17,300 from the Acupuncture Board of Examiners Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

FY 2025 Supplemental

The FY 2026 budget includes an FY 2025 supplemental appropriation of $15,000 from the Acupuncture Board of Examiners Fund for operating costs. *(Please see the operating budget for further details).*

Arizona Department of Administration

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	539.1	548.1	549.1
Personal Services	29,660,500	31,951,900	31,951,900
Employee Related Expenditures	10,567,800	11,214,600	11,633,200
Professional and Outside Services	5,714,000	5,379,300	5,379,300
Travel - In State	338,500	347,200	347,200
Travel - Out of State	23,500	27,900	27,900
Other Operating Expenditures	33,172,400	43,172,500	46,344,900
Equipment	266,800	2,115,800	1,788,300
OPERATING SUBTOTAL	**79,743,500**	**94,209,200**	**97,472,700** 1/
SPECIAL LINE ITEMS			
Facilities Management			
Utilities	5,745,400	7,649,900	7,649,900
Financial Services			
Arizona Financial Information System	13,127,800	11,524,300	15,274,600
Named Claimants	14,300	65,300	0
Information Technology Services			
Critical Applications Catalogue	0	900,000	400,000
Cybersecurity Systems Administration	0	446,500	446,500
Digital Solutions Office	0	1,345,700	1,356,800
Information Technology Project Management and Oversight	1,560,500	1,674,600	1,791,000
Risk Management			
Cyber Risk Insurance	1,394,100	23,037,200	23,037,200 2/
Federal Transfer Payment	9,493,000	15,000,000 3/	0
Risk Management Administrative Expenses	10,436,700	10,870,700	14,770,700
Risk Management Losses and Premiums	46,468,200	63,314,800	93,864,300
Workers' Compensation Losses and Premiums	24,731,900	28,395,000	28,741,000
Support Services			
Employee Compensation Study	1,800,000	0	0
Erroneous Convictions Fund Deposit	0	0	3,000,000 4/
Government Transformation Office	1,979,900	2,074,700	2,093,800
State Employee Child Care Study	0	0	100,000
School District Health Insurance Actuarial Study	0	250,000	0
State Employee Professional Development Pilot Program	0	0	1,000,000
State Surplus Property Sales Agency Proceeds	2,058,700	1,810,000	1,810,000
Grants			
Fire Incident Management Grants	12,200,000	0	2,291,600 5/
Health Care Interoperability Grants	3,000,000	0	1,000,000 6/
Law Enforcement Records Management System	0	0	3,208,500 7/ 8/
School Safety Interoperability Fund Deposit	0	0	0 9/ 10/
Skull Valley School District Distribution	300,000	0	0
Tribal Health Care Investment	0	0	3,000,000 11/
Navajo Nation Household Electrical Connections	0	1,000,000 12/	0
AGENCY TOTAL	**214,054,000**	**263,567,900**	**302,308,600** 13/-16/
FUND SOURCES			
General Fund	25,585,300	25,147,600	21,407,600
Other Appropriated Funds			
Air Quality Fund	400,200	929,900	930,300
Arizona Financial Information System Collections Fund	13,127,800	11,524,300	12,134,200 17/
Automation Operations Fund	24,693,000	29,840,500	29,940,400 18/

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Capital Outlay Stabilization Fund	16,365,900	21,137,300	21,165,700
Corrections Fund	487,800	629,400	640,100
Cyber Risk Insurance Fund	1,394,100	23,037,200	23,037,200
Federal Surplus Materials Revolving Fund	40,200	473,500	473,600
Information Technology Fund	2,023,500	4,019,100	6,221,400
Peace Officer Training Equipment Fund	0	0	500,000
Personnel Division Fund	12,898,500	14,046,200	18,740,100
Risk Management Revolving Fund	97,399,100	110,841,200	145,740,800
Special Employee Health Insurance Trust Fund	5,638,800	5,715,200	5,746,100
Special Services Revolving Fund	1,223,600	1,255,700	1,302,800
State Surplus Materials Revolving Fund	3,372,600	3,211,500	3,216,200 19/
State Web Portal Fund	7,863,500	9,354,700	9,012,600
Telecommunications Fund	1,540,100	2,404,600	2,099,500
SUBTOTAL - Other Appropriated Funds	188,468,700	238,420,300	280,901,000
SUBTOTAL - Appropriated Funds	**214,054,000**	**263,567,900**	**302,308,600**
Other Non-Appropriated Funds	1,179,244,400	1,220,276,800	1,323,518,100
Federal Funds	18,846,400	67,559,200	35,226,000
TOTAL - ALL SOURCES	1,412,144,800	1,551,403,900	1,661,052,700

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/ On or before September 1, 2026, the department shall submit a report to the joint legislative budget committee on the results of projects implemented in fiscal year 2025-2026 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 Appropriations Act footnote)

2/ On or before November 1, 2026, 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)

3/ 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 Appropriations Act footnote – Section 99)

4/ The monies appropriated for the erroneous convictions fund deposit line item revert to the general fund if a bill authorizing compensation for individuals erroneously convicted of crimes does not become law in the fifty-seventh legislature, first regular session. (General Appropriations Act footnote) Laws 2025, Chapter 230 included the authorization to begin the program.

5/ The department shall distribute the $2,291,600 fire incident management grants line item in fiscal year 2025-2026 as follows:
1. $239,400 to Sun City fire district.
2. $333,200 to Queen Creek fire department.
3. $1,402,900 to Mesa fire department.
4. $316,100 to Tempe fire department.
(General Appropriations Act footnote)

6/ The amount appropriated for the health care interoperability grants line item in fiscal year 2025-2026 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2028. (General Appropriations Act Footnote)

7/ The amount appropriated in the law enforcement records management system line item in fiscal year 2025-2026 shall be distributed to the following entities to expand participation in the pilot program established by Laws 2024, chapter 209, section 127, paragraph 1:

1.	Phoenix police department	$343,000
2.	Mesa police department	$215,800
3.	Chandler police department	$111,700
4.	Scottsdale police department	$125,900
5.	Tempe police department	$189,700
6.	Paradise Valley police department	$51,800
7.	Arizona state university police department	$64,900
8.	Peoria police department	$83,900
9.	Buckeye police department	$65,900
10.	El Mirage police department	$55,000
11.	Tolleson police department	$50,700
12.	Goodyear police department	$69,200
13.	Surprise police department	$73,600
14.	Avondale police department	$72,500
15.	Department of public safety	$349,500
16.	Tucson police department	$233,600
17.	Oro Valley police department	$67,000
18.	Marana police department	$65,000
19.	Pima County sheriff's office	$171,800
20.	University of Arizona police department	$64,900
21.	Flagstaff police department	$82,500
22.	Coconino county sheriff's office	$47,800
23.	Northern Arizona university police department	$52,800
24.	Pinal county sheriff's office	$500,000

(General Appropriations Act footnote)

8/ The amount appropriated for a law enforcement records management system in fiscal year 2025-2026 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

9/ In fiscal year 2025-2026, the department of administration may use the monies in the school safety interoperability fund, in addition to any transfers made into the school safety interoperability fund pursuant to this section, for distribution to the sheriffs of the following counties in the following amounts to install and support the school safety projects authorized pursuant to section 41-1733, Arizona Revised Statutes:

1. $275,000 to Apache county.
2. $280,000 to Gila county.
3. $280,000 to Graham county.
4. $170,000 to Greenlee county.
5. $200,000 to La Paz county.
6. $525,000 to Mohave county.
7. $540,000 to Navajo county.
8. $350,000 to Santa Cruz county.
9. $600,000 to Yavapai county.

(General Appropriations Act footnote – Section 127C)

10/ Notwithstanding Laws 2022, chapter 313, section 5, the department of administration shall not distribute any monies from the school safety interoperability fund to the Coconino county sheriff. (General Appropriations Act footnote - Section 127B)

11/ The amount appropriated for a tribal health care investment in fiscal year 2025-2026 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

12/ The $1,000,000 appropriated to the department of administration for Navajo Nation electrical connections in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 130 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act Footnote)

13/ Within fifteen days of the last day of each quarter in fiscal year 2025-2026, 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 2025-2026. 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 – Section 136)

14/ The general accounting office of the department of administration shall account for the second $37,500,000 semi-annual payment due on June 30, 2025 from Maricopa county special health care district to the Arizona department of

administration pursuant to Arizona department of administration agreement number IGA-ADA-05232024-01 in state general fund revenues for fiscal year 2024-2025 in the annual financial report published for fiscal year 2024-2025 pursuant to section 35-131, subsection E, Arizona Revised Statutes. (General Appropriations Act footnote)

15/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

16/ On or before March 31, 2026, the department shall submit a report to the director of the joint legislative budget committee and the governor's office of strategic planning and budgeting on the amount that the Maricopa county special health care district has agreed to send to the department for deposit to the state general fund in fiscal year 2025-2026. If the amount that the district has agreed to send to the department for deposit in fiscal year 2025-2026 has changed from the amount the district sent to the department for deposit in fiscal year 2024-2025, the report shall include the reason for the change. (General Appropriations Act footnote)

17/ The department of administration may reallocate charges for the accounting system in fiscal year 2025-2026 among state agencies based on transactions within the accounting system. Any changes made during fiscal year 2025-2026 do not represent legislative concurrence to fund additional adjustments in future years. (General Appropriations Act footnote – Section 132)

18/ 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 2025-2026. 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 $29,940,400 in fiscal year 2025-2026, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

19/ All state surplus materials revolving fund monies received by the department of administration in excess of $3,216,200 in fiscal year 2024-2025 are appropriated to the department. Before spending state surplus materials revolving fund monies in excess of $3,216,200 in fiscal year 2025-2026, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $97,472,700 and 497.1 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$9,407,500
Air Quality Fund	930,300
Arizona Financial Information System Collections Fund	574,000
Automation Operations Fund	29,940,400
Capital Outlay Stabilization Fund (COSF)	13,515,800
Corrections Fund	640,100
Federal Surplus Materials Revolving Fund	473,600
Information Technology Fund	4,314,600
Personnel Division Fund	13,925,700
Risk Management Revolving Fund	8,364,800
Special Employee Health Insurance Trust Fund	5,746,100
Special Services Revolving Fund	1,302,800
State Surplus Materials Revolving Fund	1,406,200
State Web Portal Fund	4,831,300
Telecommunications Fund	2,099,500

Adjustments are as follows:

Arizona State Hospital Ombudsman Position

The budget includes a decrease of $(2,500) from the General Fund in FY 2026 to remove one-time funding for equipment costs related to the establishment of a new Ombudsman position to handle complaints and grievances concerning the Arizona State Hospital.

Capital Mall Fiber Network Upgrade

The budget includes a decrease of $(325,000) from the Telecommunications Fund in FY 2026 to remove funding for one-time equipment and installation costs related to upgrading lateral fibers and riser cabling on the Capitol Mall to improve network transmission rates.

Increased Audit Funding

The budget includes an increase of $574,000 from the Arizona Financial Information System Collections Fund in FY 2026 for internal staff to facilitate the completion of the Federal Single Audit and the Annual Comprehensive Financial Report.

Business One-Stop Operating Funding

The budget includes an increase of $2,114,300 from the Information Technology Fund in FY 2026 for the operation and maintenance of the Business One-Stop Portal.

Statewide Adjustments

The budget includes an increase of $902,700 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	262,400
Air Quality Fund	400

Automation Operations Fund	99,900
Capital Outlay Stabilization Fund (COSF)	28,400
Corrections Fund	10,700
Federal Surplus Materials Revolving Fund	100
Information Technology Fund	36,000
Personnel Division Fund	129,500
Risk Management Revolving Fund	106,800
Special Employee Health Insurance Trust Fund	30,900
Special Services Revolving Fund	47,100
State Surplus Materials Revolving Fund	4,700
State Web Portal Fund	125,900
Telecommunications Fund	19,900

(Please see the Agency Detail and Allocations section.)

Facilities Management

Utilities

The budget includes $7,649,900 from the Capital Outlay Stabilization Fund in FY 2026 for Utilities. This amount is unchanged from FY 2025.

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 $15,274,600 and 28 FTE Positions in FY 2026 for the Arizona Financial Information System (AFIS). This amount consists of:

Arizona Financial Information System Collections Fund	11,560,200
Personnel Division Fund	3,714,400

Adjustments are as follows:

AZ360 Operating Funding

The budget includes an increase of $1,802,600 from the Personnel Division Fund in FY 2026 for the operation and maintenance of the recently completed AZ360 system. AZ360 is the state's upgraded financial services and human resources platform, replacing AFIS and the state's legacy human resources system. The FY 2025 budget included one-time funding of $557,000 for operations and maintenance. In addition to the $1,802,600, the FY 2026 continued the $557,000 as ongoing funding.

AZ360 Transition Funding

The budget includes a one-time increase of $1,911,800 from the Personnel Division Fund in FY 2026 to fund the personnel assigned to the AZ360/Human Resource Information System (HRIS) Modernization project through the end of FY 2026.

Statewide Adjustments

The budget includes an increase of $35,900 from the AFIS Collections Fund in FY 2026 for statewide adjustments.

A General Appropriations Act footnote (Section 132) specifies that the department may reallocate charges for the accounting system in fiscal year 2025-2026 among state agencies based on transactions within the accounting system. The footnote states that any changes made during fiscal year 2025-2026 do not represent legislative concurrence to fund additional adjustments in future years.

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

Named Claimants

The budget includes no funding in FY 2026 for Named Claimants. Adjustments are as follows:

Eliminate One-Time Named Claimants Funding

The budget includes a decrease of $(65,289.30) from the department's funds in FY 2025 for the elimination of one-time funding of prior year unpaid claims. This amount consists of:

Information Technology Fund	(62,601.00)
Risk Management Revolving Fund	(2,688.30)

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 2025, Chapter 59 appropriated $388,469.97 in FY 2025 for prior year unpaid claims from all state agencies.

Information Technology Services

Critical Applications Catalogue

The budget includes $400,000 from the State Web Portal Fund in FY 2026 the Critical Applications Catalogue. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(500,000) from the State Web Portal Fund in FY 2026 to remove one-time funding for the development and operation of a critical applications catalogue.

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 2026 for Cybersecurity Systems Administration. This amount is unchanged from FY 2025.

This line item funds 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 $1,356,800 and 8 FTE Positions from the Information Technology Fund in FY 2026 for the Digital Solutions Office. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $11,100 from the Information Technology Fund in FY 2026 for statewide adjustments.

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 $1,791,000 and 16 FTE Positions in FY 2026 for IT Project Management and Oversight. This amount consists of:

Information Technology Fund	103,500
State Web Portal Fund	1,687,500

Adjustments are as follows:

Additional ASET Oversight Analyst
The budget includes an increase of $103,500 and 1 FTE Position from the Information Technology Fund in FY 2026 for an additional ASET oversight analyst.

Statewide Adjustments
The budget includes an increase of $12,900 from the State Web Portal Fund in FY 2026 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 2026 for Cyber Risk Insurance. This amount is unchanged from FY 2025.

This amount funds an insurance deductible in the event of a cyber security breach or incident, plus funding for 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 2026 for one-time payments to the federal government. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(15,000,000) from the General Fund in FY 2026 to eliminate FY 2025 payments to the federal government for disallowed costs and for fund transfers in FY 2024.

The FY 2026 General Appropriations Act (Section 99) included an FY 2025 supplemental appropriation of $15,000,000 from the General Fund for one-time payments to the federal government for disallowed costs and for fund transfers in FY 2024. In addition, the FY 2026 General Appropriations 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 2025 will be paid through a supplemental appropriation. The final appropriated amount will be determined once ADOA reaches agreement with the federal government. (*Please see the FY 2026 Federal Financial Participation Payment section in Other Issues for more information.)*

Risk Management Administrative Expenses

The budget includes $14,770,700 from the Risk Management Revolving Fund in FY 2026 for Risk Management Administrative Expenses. Adjustments are as follows:

Increased Risk Management Administrative Costs
The budget includes an increase of $3,900,000 from the Risk Management Revolving Fund in FY 2026 for anticipated higher costs for outside legal counsel.

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 $93,864,300 from the Risk Management Revolving Fund in FY 2026 for Risk Management Losses and Premiums. Adjustments are as follows:

Remove One-Time Supplemental Increase
The budget includes a decrease of $(8,900,000) from the Risk Management Revolving Fund in FY 2026 for the removal of an FY 2025 supplemental increase. *(Please see the FY 2025 Risk Management Losses and Premiums Increase in Other Issues for more information.)*

Risk Management Claims Adjustment
The budget includes an increase of $39,449,500 from the Risk Management Revolving Fund in FY 2026 for anticipated higher claims costs.

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

Workers' Compensation Losses and Premiums

The budget includes $28,741,000 from the Risk Management Revolving Fund in FY 2026 for Workers' Compensation Losses and Premiums. Adjustments are as follows:

Workers' Compensation Claims Adjustment
The budget includes an increase of $346,000 from the Risk Management Revolving Fund in FY 2026 for anticipated higher costs for workers' compensation claim payments.

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

Erroneous Convictions Fund Deposit

The budget includes $3,000,000 from the General Fund in FY 2026 for an Erroneous Convictions Fund Deposit. Adjustments are as follows:

One-Time Deposit
The budget includes a one-time increase of $3,000,000 from the General Fund in FY 2026 for deposit into the Erroneous Convictions Fund.

A General Appropriations Act footnote stated that the monies appropriated in the line item revert to the General Fund if a bill authorizing compensation for individuals erroneously convicted of crimes does not become law in the Fifty-Seventh Legislature, First Regular Session.

Laws 2025, Chapter 230 authorized compensation for erroneously convicted individuals and established the Erroneous Convictions Fund in ADOA. The passage of this law satisfies the requirement included in the General Appropriations Act footnote attached to this deposit.

Monies in the fund are used to award claims to individuals who were found to be erroneously convicted of a felony and subsequently incarcerated. Monies in the fund are continuously appropriated and exempt from lapsing.

Government Transformation Office

The budget includes $2,093,800 from the State Web Portal Fund in FY 2026 for the Government Transformation Office (GTO). Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $19,100 from the State Web Portal Fund in FY 2026 for statewide adjustments.

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

State Employee Child Care Study

The budget includes $100,000 from the Personnel Division Fund in FY 2026 for a State Employee Child Care Study. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $100,000 from the Personnel Division Fund in FY 2026 to conduct a study to analyze the options available to the state in providing child care to employees.

School District Health Insurance Actuarial Study

The budget includes no funding in FY 2026 for a School District Health Insurance Actuarial Study. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(250,000) from the Personnel Division Fund in FY 2026 to remove one-time funding for 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.

State Employee Professional Development Pilot Program

The budget includes $1,000,000 from the Personnel Division Fund in FY 2026 for a State Employee Professional Development Program. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $1,000,000 from the Personnel Division Fund in FY 2026 for a State Employee Professional Development Pilot Program that partners with state universities to provide job-training, skills and courses to state employees.

State Surplus Property Sales Agency Proceeds

The budget includes $1,810,000 from the State Surplus Materials Revolving Fund in FY 2026 for State Surplus Property Sales Agency Proceeds. This amount is unchanged from FY 2025.

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

Fire Incident Management Grants

The budget includes $2,291,600 from the General Fund in FY 2026 for Fire Incident Management Grants. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $2,291,600 from the General Fund in FY 2026 for ADOA to distribute grants to municipal fire departments and fire districts for fire incident management hardware and software. The budget includes a footnote specifying the distribution of the monies as follows:

1. $239,400 to Sun City fire district.
2. $333,200 to Queen Creek fire department.
3. $1,402,900 to Mesa fire department.
4. $316,100 to Tempe fire department.

The FY 2026 Environment Budget Reconciliation Bill (BRB) establishes a fire incident management grants program in ADOA with the purpose of providing grants for fire incident management hardware and software. Additionally, the BRB outlines certain system requirements and specifies that ADOA may not spend more than $250,000 from the appropriation to administer the grant program.

Health Care Interoperability Grants

The budget includes $1,000,000 from the General Fund in FY 2026 for Health Care Interoperability Grants. Adjustments are as follows:

One-Time Grants
The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for the distribution of health care interoperability grants. The appropriation is non-lapsing though FY 2028.

The FY 2026 Health Care BRB establishes a health care interoperability grant program in ADOA with the purpose of providing grants for an interoperable software technology solution to support rural hospitals, health care providers and trauma centers to reduce public and private health care costs and unnecessary transportation costs.

Law Enforcement Records Management System

The budget includes $3,208,000 in FY 2026 for a Law Enforcement Records Management System. This amount consists of:

General Fund	2,708,000
Peace Officer Training Equipment Fund	500,000

Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $3,208,000 in FY 2026 for a Law Enforcement Records Management System. This amount consists of:

General Fund	2,708,000
Peace Officer Training Equipment Fund	500,000

An FY 2026 General Appropriations Act footnote specifies that this funding shall be used to expand participation in the Pinal County records management system pilot program as established in the FY 2025 budget, to connect the records management and computer aided dispatch systems of law enforcement agencies. The footnote specifies allocations of the funding to 24 distinct law enforcement agencies. This funding is non-lapsing.

Tribal Health Care Investment

The budget includes $3,000,000 from the General Fund in FY 2026 for a Tribal Health Care Investment. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $3,000,000 from the General Fund in FY 2026 to award a one-time grant to an operator of a health care facility to construct an outpatient treatment center for the benefit of tribal members in need of dialysis services. This funding is non-lapsing.

The FY 2026 Health Care BRB outlined the requirements that a health care facility must meet to qualify for the grant.

Navajo Nation Household Electrical Connections

The budget includes no funding in FY 2026 for Navajo Nation Household Electrical Connections. Adjustments are as follows:

One-Time Distribution

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove a one-time distribution to the Navajo Nation to establish electrical connections for individuals without access to electricity.

An FY 2026 General Appropriation Act footnote makes the FY 2025 appropriation for Navajo Nation household electrical connections non-lapsing through FY 2026.

Other Issues

This section includes information on the following topics:

- FY 2025 Supplementals
- Statutory Changes
- Fund Transfers
- Automation Projects Fund Transfers
- School Safety Interoperability Funding
- Health Insurance Trust Fund
- Valleywise Transfer

FY 2025 Supplementals

Named Claimants

Laws 2025, Chapter 59 provides $388,469.97 in FY 2025 supplemental funding to various agencies for Named Claimants. This amount consists of:

	Claim Amount
General Fund	
Board for Charter Schools	$308.00
Department of Corrections	$4,744.67
Department of Veteran's Services	287,446.50
Other Appropriated Funds	
Arizona Department of Administration	
Information Technology Fund	62,601.00
Risk Management Revolving Fund	2,688.30
Commission for the Deaf and Hard of Hearing	
Telecommunication Fund for the Deaf	3,850.00
Department of Transportation	
State Highway Fund	9,091.49
Department of Veteran's Services	
State Homes for Veterans Trust Fund	17,740.01

FY 2025 Federal Financial Participation Payment

The budget includes an FY 2025 supplemental appropriation of $15,000,000 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and fund transfers in FY 2024. *(Please see the Federal Transfer Payment line item above for information.)*

FY 2025 Risk Management Losses and Premiums Increase

The budget includes an FY 2025 supplemental appropriation of $8,900,000 from the Risk Management Revolving Fund to backfill funding transferred to other line items as requested by the department. In lieu of a meeting of the Joint Legislative Budget Committee, the budget deemed the department's request to transfer $3,900,000 to the Risk Management Administrative Expenses line item and $5,000,000 to the Workers' Compensation Losses and Premiums line item approved. *(Please see the Risk Management Losses and Premiums line item above for information.)*

Statutory Changes

The State Budget Implementation BRB makes the following statutory change:

- As session law, require ADOA to consult with and accommodate policies of the budget units of the Legislative Branch in updating the statewide personnel and financial data management system and applications during FY 2026.

The Environment BRB makes the following statutory changes:

- As session law, extends the Fire Incident Management Fund until June 30, 2027.
- As session law, establishes the Fire Incident Management Grant Program in ADOA.

The Health Care BRB makes the following statutory changes:

- As session law, requires ADOA to award a one-time grant of $3.0 million for the construction of an outpatient treatment center for dialysis services that meets certain criteria.
- As session law, establishes the Health Care Interoperability Grant Program in FY 2026. Requires ADOA to award the grant by December 1, 2025, for interoperability software to support care coordination among certain health care providers. Includes a delayed repeal date of December 31, 2028. Requires ADOA, in coordination with AHCCCS, to provide a report including the allocation of grant funding and an analysis of the cost and time savings to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Health and Human Services Committees of the Senate and the House of Representatives and the directors of the JLBC and the Governor's Office of Strategic Planning and Budgeting on or before June 30 of each fiscal year.

Laws 2025, Chapter 230 makes the following statutory change:

- As permanent law, establishes the Erroneous Convictions Fund in ADOA.

Fund Transfers

The budget includes a transfer of $2,000,000 in FY 2026 from the Treasurer's Peace Officer Training Equipment Fund to the School Safety Interoperability Fund.

Automation Projects Fund Transfers

AZ360/HRIS Modernization Project Completion

The budget includes an FY 2026 transfer of $5,941,700 from the Information Technology Fund to the Automation Projects Fund to replace HRIS. *(Please see the Department of Administration - Automation Projects Fund narrative for details regarding this information technology project.)*

Hosted Website Migrations

The budget includes an FY 2026 transfer of $1,750,000 from the Information Technology Fund to the Automation Projects Fund to migrate state websites to a new software platform. *(Please see the Department of Administration - Automation Projects Fund narrative for details regarding this information technology project.)*

A to Z Arizona Portal

The budget includes an FY 2026 transfer of $3,370,000 from the State Web Portal Fund to the Automation Projects Fund to continue development of the A to Z Arizona web portal. *(Please see the Department of Administration - Automation Projects Fund narrative for details regarding this information technology project.)*

Payment Processing Security Upgrades

The budget includes an FY 2026 transfer of $375,000 from the State Web Portal Fund to the Automation Projects Fund to perform software and security upgrades for servers and applications on the state web portal. *(Please see the Department of Administration - Automation Projects Fund narrative for details regarding this information technology project.)*

School Safety Interoperability Funding

The budget authorizes the department to use the money in the School Safety Interoperability Fund in FY 2026 for distributions to the counties to install and support school safety interoperability projects. The budget specifies distributions to the sheriffs of the following counties in the following amounts:

1. $275,000 to Apache County.
2. $280,000 to Gila County.
3. $280,000 to Graham County.
4. $170,000 to Greenlee County.
5. $200,000 to La Paz County.
6. $525,000 to Mohave County.
7. $540,000 to Navajo County.
8. $350,000 to Santa Cruz County.
9. $600,000 to Yavapai County.

Additionally, the budget specifies that ADOA shall not distribute any money from the School Safety Interoperability Fund to the Coconino County Sherriff. *(Please see the FY 2023 Appropriations Report for more background on the School Safety Interoperability program.)*

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.

Along with employee contributions, HITF has been funded since FY 2018 with a combination of ongoing and one-time employer funding except for one year (FY 2022). The FY 2026 budget includes $423,243,000 of a one-time subsidy, including $194,941,000 from the General Fund and $228,302,000 from non-General Fund monies. The fund is expected to have a FY 2026 ending balance of $72,267,000.

Valleywise Transfer

ADOA and the Maricopa County Special Health Care District (Valleywise) entered into an intergovernmental agreement (IGA) for Valleywise to transfer $75,000,000 annually from FY 2025 through FY 2029 to ADOA for deposit to the General Fund. Half of this amount is due on March 30 of each year and the remainder is due on June 30 of each year.

The budget adds a footnote that would require ADOA to report to the JLBC and OSPB by March 31, 2026, on the amount Valleywise has agreed to send to the department for deposit to the General Fund in FY 2026. If there is any change in the amount that Valleywise has agreed to send to the department from FY 2025, the report shall include the reason for the change.

Relative to the payment that is due on June 30, 2025, a budget footnote requires the ADOA General Accounting Office to include the $37,500,000 in state General Fund revenues in the state's FY 2025 Annual Financial Report.

Arizona Department of Administration - Automation Projects Fund

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS [1/] [2/]			
ADOA A to Z Arizona State Services Access Portal	0	0	3,370,000
ADOA State Web Portal Software and Security Upgrades	0	0	375,000
ADOA State Website Migrations	0	0	1,750,000
ADOA K-12 School Financial Transparency Reporting Portal	93,200	0	0
ADOA HRIS Replacement	13,722,600	6,841,200	5,941,700
ADOA Business One-Stop Portal	4,332,800	0	1,700,000
Dept. of Agriculture IT Projects and Cloud Migration [3/]	0	0	0
AHCCCS Statewide HHIS Technology Projects	1,000,400 [4/]	0	0
AHCCCS Medicaid Enterprise System Modernization	0	3,396,000	1,800,000
Corporation Commission Online Records & Filing System	262,500 [5/]	0	0
DES Child Care Management System	371,200	0	0
ADE Education Learning and Accountability System	1,859,400	0	0
Judiciary Community Supervision Electronic Monitoring	0	0	0
Judiciary Probation Case Management System Replacement	2,371,600	0	0
DPS Concealed Weapons Tracking System	51,200 [6/]	0	0
Real Estate Department System Modernization	0	0	1,962,000
DOR Integrated Tax System Modernization	18,287,000 [7/]	19,456,800	0
SOS Electronic Record Storage Study	250,600	0	0
DWR Application Modernization and Integration	1,522,600	0	0
AGENCY TOTAL	**44,125,100**	**29,694,000**	**16,898,700** [8/] [9/]
FUND SOURCES			
Other Appropriated Funds			
Automation Projects Fund	0	1,320,000	0
Business One-Stop APF Subaccount	0	0	1,700,000
Corporation Commission APF Subaccount	262,500	0	0
Department of Administration APF Subaccount	4,426,000	0	5,495,000
Department of Economic Security APF Subaccount	371,200	0	0
Department of Education APF Subaccount	1,859,400	0	0
Department of Public Safety APF Subaccount	51,200	0	0
Department of Revenue APF Subaccount	18,287,000	19,456,800	0
Department of Water Resources APF Subaccount	1,522,600	0	0
Health and Human Services Information System (HHIS) APF Subaccount	1,000,400	0	0
Human Resources Information System APF Subaccount	13,722,600	5,521,200	5,941,700
Judiciary – Supreme Court APF Subaccount	2,371,600	0	0
Medicaid Enterprise System Modernization APF Subaccount	0	3,396,000	1,800,000
Real Estate Department APF Subaccount	0	0	1,962,000
Secretary of State APF Subaccount	250,600	0	0
SUBTOTAL - Other Appropriated Funds	44,125,100	29,694,000	16,898,700
SUBTOTAL - Appropriated Funds	**44,125,100**	**29,694,000**	**16,898,700** [10/]
TOTAL - ALL SOURCES	44,125,100	29,694,000	16,898,700

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

FOOTNOTES

1/ General Fund monies are transferred into the Automation Projects Fund to finance certain projects (Section 128 of the FY 2026 General Appropriations Act). See *Table 3* 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 2024 actual column also includes non-lapsing expenditures from prior year appropriations.

3/ The sum of $2,000,000 appropriated from the automation projects fund established by 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, 2027. (General Appropriations Act footnote)

4/ The sum of $6,700,000 appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of administration by Laws 2023, chapter 133, section 113, as amended by Laws 2024, chapter 209, section 11, for a new information technology platform to authenticate individuals applying for health and human service programs to prevent fraud, waste and abuse is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

5/ The amount of $7,000,000 appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to the corporation commission by Laws 2023, chapter 133, section 113, as amended by Laws 2024, chapter 209, section 11, to replace the corporation commission's online records and filing system is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

6/ The sum of $494,500 appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of public safety by Laws 2023, chapter 133, section 113, as amended by Laws 2024, chapter 209, section 11, to replace the concealed weapons tracking system is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

7/ The sum of $19,369,400 appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of revenue by Laws 2023, chapter 133, section 113, as amended by Laws 2024, chapter 209, section 11, to implement the integrated tax system modernization project is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

8/ The amounts appropriated pursuant to this section from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2025-2026 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

9/ Within thirty days after the last day of each calendar quarter, the department of administration shall submit to the joint legislative budget committee a quarterly report on implementing projects approved by the information technology authorization committee established by section 18-121, Arizona Revised Statutes, including the projects' expenditures to date, deliverables, timeline for completion and current status. (General Appropriations Act footnote)

10/ The transfers into the automation projects fund established by section 41-714, Arizona Revised Statutes, are not appropriations out of the automation projects fund. Only direct appropriations out of the automation projects fund are appropriations. (General Appropriations 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 A to Z Arizona State Services Access Portal

The budget includes $3,370,000 in FY 2026 for the A to Z Arizona State Services Access Portal. Adjustments are as follows:

One-Time Project Funding
The budget includes a one-time increase of $3,370,000 from the Department of Administration APF Subaccount in FY 2026 to continue development of the A to Z Arizona portal.

The FY 2026 appropriation was financed from the State Web Portal Fund.

The portal will serve as a central hub for the public to access all state services. The portal will offer full self-service to clients, expedite application vetting and processing, and reduce redundancies arising from the existence of multiple, independent client-facing portals. The portal will include additional data consolidation and identity verification features to reduce fraud.

ADOA State Web Portal Software and Security Upgrades

The budget includes $375,000 in FY 2026 for State Web Portal Software and Security Upgrades. Adjustments are as follows:

One-Time Project Funding
The budget includes a one-time increase of $375,000 from the Department of Administration APF Subaccount in FY 2026 for software and security upgrades to the State Web Portal.

The FY 2026 appropriation was financed from the State Web Portal Fund.

The State Web Portal hosts approximately 758,000 transactions per year among state, local, and municipal governments and members of the public. The upgrades to the portal will address security vulnerabilities in the current software to ensure future transactions can be completed safely and efficiently.

ADOA State Website Migrations

The budget includes $1,750,000 in FY 2026 for State Website Migrations. Adjustments are as follows:

One-Time Project Funding
The budget includes a one-time increase of $1,750,000 from the ADOA APF Subaccount in FY 2026 to migrate various state websites to a new software platform.

The FY 2026 appropriation was financed from the Information Technology Fund.

There are currently 185 state agency websites hosted using the ADOA Agency Platform service. The software underlying the current version of this service stopped receiving maintenance and security updates in January 2025, which means that websites need to be migrated to a new platform or be left open to security risks. As of January 2025, ADOA had already migrated most of the 185 websites to a new version of the platform. The FY 2026 budget includes additional funding to migrate approximately 50 remaining websites.

ADOA K-12 School Financial Transparency Reporting Portal

The budget includes no funding in FY 2026 for the K-12 School Financial Transparency Reporting Portal. This amount is unchanged from FY 2025.

The FY 2022 K-12 Budget Reconciliation Bill (BRB) included a provision requiring 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 General Appropriations Act included appropriations of $3,000,000 in FY 2022 and $1,500,000 in both FY 2023 and FY 2024 for the completion of the project, financed from the General Fund. The FY 2024 budget included an additional $2,000,000 for the project, also financed from the General Fund.

Human Resources Information System Subaccount

ADOA HRIS Replacement

The budget includes $5,941,700 from the HRIS APF Subaccount in FY 2026 for the HRIS Replacement project. Adjustments are as follows:

Remove One-Time Project Funding
The budget includes a decrease of $(6,841,200) in FY 2026 to eliminate one-time funding for the HRIS replacement project. This amount consists of:

	FY 2026
HRIS APF Subaccount	$(5,521,200)
Automation Projects Fund	(1,320,000)

One-Time Project Funding

The budget includes a one-time increase of $5,941,700 from the HRIS APF Subaccount in FY 2026 to continue the HRIS replacement project.

The FY 2026 appropriation is financed from the Information Technology Fund. (*Please see the FY 2025 Appropriations Report and FY 2026 JLBC Baseline for background information.)*

Business One-Stop Subaccount

ADOA Business One-Stop Portal

The budget includes $1,700,000 in FY 2026 for the Business One-Stop Portal. Adjustments are as follows:

One-Time Project Funding

The budget includes a one-time increase of $1,700,000 from the Business One-Stop APF Subaccount in FY 2026 for costs associated with the Business One-Stop portal.

The FY 2026 appropriation was financed from the Information Technology Fund. The prior appropriations were deposited into an ADOA APF subaccount. The FY 2026 appropriation was deposited into Business One-Stop APF subaccount.

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 Appropriations Act transferred $7,000,000 from the ADOA APF Subaccount to the General Fund in FY 2024 and extended the lapsing date of the remaining $2,114,300 through FY 2025 for maintenance and operations costs.

Since these monies lapsed, the FY 2026 budget appropriated $2,114,300 from the Information Technology Fund for ongoing support of the Business One-Stop Portal.

Department of Agriculture Subaccount

Agriculture IT Projects and Cloud Migration

The budget includes no funding in FY 2026 for IT projects and cloud migration at the Department of Agriculture. This amount is unchanged from FY 2025.

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 budget extended the lapsing date of the FY 2023 appropriation through FY 2026, and the FY 2026 budget further extends this lapsing date through FY 2027. In lieu of a meeting of the Joint Legislative Budget Committee, the budget also includes a provision deeming the department's expenditure plan for the remaining $1,700,000 of the FY 2023 appropriation as having been favorably reviewed by the Committee.

Health and Human Services Information System Subaccount

AHCCCS Statewide HHIS Technology Projects

The budget includes no funding in FY 2026 for Statewide HHIS Technology Projects. This amount is unchanged from FY 2025.

The FY 2024 budget appropriated $15,000,000 from the General Fund for Statewide HHIS Technology Projects. The appropriation was financed from the General Fund. The FY 2025 budget reduced the FY 2024 appropriation by $(1,800,000) and specified 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. The FY 2026 budget exempts this allocation from lapsing through FY 2026.
- $2,814,600 shall be used for the development of several modules associated with the Medicaid Enterprise System (MES) mainframe replacement. This project was deemed to have been favorably reviewed by JLBC in the FY 2025 budget 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 in the FY 2025 budget so as to prevent a delay in proceeding with the project. This funding was moved to its own subaccount. Please see the next section $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 $1,800,000 in FY 2026 for the MES Mainframe Modernization. Adjustments are as follows:

Remove One-Time Project Funding
The budget includes a decrease of $(3,396,000) from the MES Modernization Subaccount in FY 2026 to remove one-time funding for the MES Mainframe Modernization.

One-Time Project Funding
The budget includes a one-time increase of $1,800,000 from the MES Modernization Subaccount in FY 2026 to continue the MES Mainframe Modernization project.

The FY 2026 appropriation was financed from the General Fund.

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. The FY 2025 budget established a separate subaccount for this project and provided an additional appropriation of $3,396,000.

AHCCCS currently utilizes a mainframe-based application to support its core business operations. The mainframe-based Prepaid Medical Management Information System (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 2026 for an Online Records and Filing System Replacement project. This amount is unchanged from FY 2025.

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 vendor stopped maintaining the current system in FY 2024. The FY 2024 budget included $7,000,000 from the Corporation Commission APF Subaccount to implement and migrate to a new cloud-based system. The FY 2024 appropriation was financed by a transfer from the Securities Regulatory and Enforcement Fund. The FY 2026 budget exempts the FY 2024 appropriation from lapsing through FY 2026.

Department of Economic Security Subaccount

DES Child Care Management System

The budget includes no funding in FY 2026 for the Department of Economic Security (DES) Child Care Management System. This amount is unchanged from FY 2025. (*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 2026 for the Arizona Department of Education (ADE) Education Learning and Accountability System (ELAS). This amount is unchanged from FY 2025. (*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 2026 for the Statewide Community Supervision Electronic Monitoring System. This amount is unchanged from FY 2025.

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 budget included $2,500,000 from the Judiciary Supreme Court APF Subaccount to continue the project. 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 budget extended the lapsing date of the FY 2024 appropriation through FY 2027.

Judiciary Probation Case Management System

The budget includes no funding in FY 2026 to replace the Probation Case Management System. This amount is unchanged from FY 2025.

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. The FY 2024 budget included $3,270,000 from the Judiciary Supreme Court APF Subaccount to continue the project. The FY 2024 appropriation was financed from the General Fund. At its October 2023 meeting, the Committee gave a favorable review of the FY 2024 expenditure plan.

Department of Public Safety Subaccount

DPS Concealed Weapons Tracking System

The budget includes no funding in FY 2026 for upgrades to the Department of Public Safety (DPS) Concealed Weapons Tracking System. This amount is unchanged from FY 2025.

The FY 2022 budget included $550,000 from the DPS APF Subaccount to complete upgrades to the Concealed Weapons Tracking System. The FY 2024 budget included an additional $494,500 for the same purpose. The FY 2026 budget exempts the FY 2024 appropriation from lapsing through FY 2026.

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.)*

Real Estate Department Subaccount

Real Estate Department System Modernization

The budget includes $1,962,000 in FY 2026 to begin a new Real Estate Department System Modernization Project. Adjustments are as follows:

One-Time Project Funding

The budget includes a one-time increase of $1,962,000 from the Real Estate Department APF Subaccount to begin a new Real Estate Department System Modernization project.

The FY 2026 appropriation was financed from the General Fund.

The IT system currently used by the department was developed by a single employee who still maintains the system to this day, but who is set to retire before the end of FY 2026. The FY 2025 budget included a footnote allowing the department to use up to $400,000 of its operating appropriation to begin planning for the system's replacement. The FY 2026 appropriation is expected to sufficiently fund the entirety of the new IT system's development. After the project is completed, ongoing licensing costs and user fees are expected to be approximately $850,000 per year.

Department of Revenue Subaccount

DOR Integrated Tax System Modernization

The budget includes no funding in FY 2026 for the DOR's development of a new integrated tax system. Adjustments are as follows:

Shift FY 2026 Development Costs to FY 2029

The budget includes a decrease of $(19,456,800) from the DOR APF Subaccount in FY 2026 to shift this funding to FY 2029 due to delays in the development of the integrated tax system modernization project.

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*.

The FY 2025 3-year spending plan included $19,256,800 for the project in FY 2026. However, the project is currently behind schedule and is no longer expected to be complete by FY 2028. As a result of this delay, the FY 2026 budget includes no funding for the project in FY 2026 and instead shifts the amount previously allocated in FY 2026 to FY 2029. The FY 2026 budget also exempts the FY 2024 appropriation from lapsing through FY 2026. *Table 1* has been updated to reflect the new annual funding schedule.

Table 1
Integrated Tax System Annual Funding

	General Fund	Integrated Tax System Project Fund	Total
FY 2023	$9,632,700	$6,187,100	$15,819,800
FY 2024 1/	10,494,100	7,575,300	18,069,400
FY 2025	11,847,300	7,609,500	19,456,800
FY 2026	0	0	0
FY 2027	12,538,400	7,218,400	19,756,800
FY 2028	7,591,700	4,876,300	12,468,000
FY 2029 2/	11,725,500	7,531,300	19,256,800
Total	**$63,829,700**	**$40,997,900**	**$104,827,600**

1/ The FY 2024 budget transferred $11,794,100 from the General Fund to the DOR APF Subaccount for this project. The FY 2025 budget transferred $1,300,000 back to the General Fund and increased the FY 2027 General Fund allocation by $1,300,000.
2/ The amount displayed in the FY 2029 allocation was previously intended to be appropriated in FY 2026. This appropriation was shifted to a later year to accommodate project delays.

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. Given the lack of any General Fund contribution in FY 2026, the FY 2026 Revenue BRB suspends the local cost contribution as well.

(Please see the FY 2025 Appropriations Report for more historical background on this project.)

Secretary of State Subaccount

SOS Electronic Record Storage Study

The budget includes no funding in FY 2026 for an electronic record storage feasibility study. This amount is unchanged from FY 2025. (*Please see the FY 2025 Appropriations Report for additional background on the project.*)

Department of Water Resources Subaccount

DWR Application Modernization and Integration

The budget includes no funding in FY 2026 to update the Department of Water Resources' (DWR's) applications. This amount is unchanged from FY 2025.

The FY 2023 budget included $1,700,000 for DWR Application Modernization and Integration. The FY 2025 budget included a FY 2024 supplemental appropriation of $2,500,000 for the same purpose. Both appropriations were financed with transfers from the Water Resources Fund.

The modernized applications 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

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:

	Transfer Amount
Other Appropriated Funds	
Department of Administration	
Automation Projects Fund	$ 1,376,400

Table 3 2

Automation Projects Fund Transfers [1/]

($ in thousands)

	FY 2024 [2/]	FY 2025	FY 2026
Department of Administration Subaccount			
General Fund	3,500.0 [3/]		
Information Technology Fund			1,750.0
State Web Portal Fund			3,745.0
Business One-Stop Subaccount			
Information Technology Fund			1,700.0
HHIS Subaccount			
General Fund	15,000.0 [4/]		
Medicaid Enterprise System Modernization Subaccount			
General Fund		3,396.0	1,800.0
HRIS Subaccount			
General Fund	8,011.4		
Information Technology Fund			5,941.7
Other Agency Funds	12,636.4		
Personnel Division Fund	3,100.0 [5/]	2,421.2	
Corporation Commission			
Securities Regulatory and Enforcement Fund	7,000.0		
Judiciary -Supreme Court Subaccount			
General Fund	5,770.0		
Department of Public Safety Subaccount			
Concealed Weapons Permit Fund	494.5		
Real Estate Department Subaccount			
General Fund			1,962.0
Department of Revenue Subaccount			
General Fund	11,794.1 [6/]	11,847.3	
Integrated Tax System Project Fund	7,575.3	7,609.5	
Department of Water Resources			
Water Resources Fund	2,500.0 [7/]		
General Fund Subtotal	***44,075.5***	***15,243.3***	***3,762.0***
Other Appropriated Fund Subtotal	***33,306.2***	***10,030.7***	***13,136.7***
Total	***77,381.7***	***25,274.0***	***16,898.7***

1/ The purpose of this table is to show transfers into the APF. Displayed values have not been adjusted for transfers out of the APF.
2/ The FY 2024 column of numbers are transfers, not actuals, and therefore may not match the FY 2024 Actual column in the Budget table above.
3/ Laws 2024, Chapter 209, Section 133 transfers $(7,000,000) from the Department of Administration APF Subaccount to the General Fund in FY 2024.
4/ Laws 2024, Chapter 209, Section 11 transfers $(1,800,000) of this $15,000,000 from the HHIS APF Subaccount to the General Fund in FY 2024.
5/ 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.
6/ Laws 2024, Chapter 209, Section 133 transfers $(1,300,000) of this $11,794,100 from the Department of Revenue APF Subaccount to the General Fund in FY 2024.
7/ 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	17.0	17.0	22.0
Personal Services	1,070,500	1,151,300	1,151,300
Employee Related Expenditures	398,900	403,100	403,100
Professional and Outside Services	55,600	0	0
Travel - In State	10,500	8,000	8,000
Travel - Out of State	2,200	2,000	2,000
Other Operating Expenditures	72,900	60,300	60,300
OPERATING SUBTOTAL	**1,610,600**	**1,624,700**	**1,624,700**
SPECIAL LINE ITEMS			
New School Facilities (FY 2023 Authorizations)	26,365,000	0	0
New School Facilities (FY 2024 Authorizations)	116,089,400	77,898,600	0
New School Facilities (FY 2025 Authorizations)	0	31,489,500	45,077,100 1/
New School Facilities (FY 2026 Authorizations)	0	0	95,597,700 2/-5/
Chino Valley Unified School District	0	0	0 6/
Holbrook Unified School District	0	0	0 7/
St. David Unified School District	0	0	0 8/
Santa Cruz Valley New School	2,000,000	0	0
New School Facilities Debt Service	9,938,100	9,938,100	9,938,100 9/10/
Building Renewal Grants Deposit	199,967,900	199,967,900	199,967,900
Building Renewal Grants Administration	0	0	750,000 11/
School Facilities Inspections	172,200	0	0
AGENCY TOTAL	**356,143,200**	**320,918,800**	**352,955,500** 12/
FUND SOURCES			
General Fund	356,143,200	320,918,800	352,955,500
SUBTOTAL - Appropriated Funds	**356,143,200**	**320,918,800**	**352,955,500**
Other Non-Appropriated Funds	350,300	1,301,600	1,301,600
Federal Funds	26,500	977,800	2,090,100
TOTAL - ALL SOURCES	356,520,000	323,198,200	356,347,200

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

FOOTNOTES

1/ Laws 2024, Chapter 209, appropriated $45,077,100 from the General Fund in FY 2026 for the New School Facilities FY 2025 authorizations.

2/ Pursuant to section 41-5741, Arizona Revised Statutes, the amount appropriated for new school facilities shall be used only for facilities and land costs for school districts that received final approval from the division of school facilities on or before December 15, 2024. (General Appropriations Act footnote)

3/ After approving a distribution of funding for a land purchase, a land lease or the construction of a new school, the division of school facilities shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting the final amount of the distribution. (General Appropriations Act footnote)

4/ The division of school facilities may also use the unencumbered balance of $18,117,400 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, 2024 pursuant to section 41-5741, Arizona Revised Statutes. (General Appropriations Act footnote)

5/ The legislature intends that the appropriation to the division of school facilities in fiscal year 2026-2027 for new school facilities may include up to $10,000,000 for end of useful life projects that receive final approval from the division of school facilities on or before December 15, 2025 pursuant to section 41-5741, Arizona Revised Statutes. (General Appropriations Act footnote)

6/ On December 13, 2024, the School Facilities Oversight Board approved this project at a cost of $4,038,300. Pursuant to Footnote 4, this project may be funded from the unencumbered balance of $18,117,400 in the New School Facilities Fund.

7/ On December 13, 2024, the School Facilities Oversight Board approved this project at a cost of $2,281,500. Pursuant to Footnote 4, this project may be funded from the unencumbered balance of $18,117,400 in the New School Facilities Fund.

8/ On December 13, 2024, the School Facilities Oversight Board approved this project at a cost of $1,797,600. Pursuant to Footnote 4, this project may be funded from the unencumbered balance of $18,117,400 in the New School Facilities Fund.

9/ 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)

10/ 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 2025-2026 shall be deposited in or revert to the state general fund. (General Appropriation Act footnote)

11/ 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 Appropriations Act footnote)

12/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by division.

Operating Budget

The budget includes $1,624,700 and 17.0 FTE Positions from the General Fund in FY 2026 for the operating budget. This amount is unchanged from FY 2025.

New School Facilities

The budget includes $140,674,800 from the General Fund in FY 2026 for New School Facilities, which is an increase of $31,286,700 from FY 2025. The funding amount for New School Facilities includes the following:

- $45,077,100 for the remaining 50% of construction funding to complete 5 projects which were authorized to begin construction in FY 2025.
- $95,597,700 for projects authorized to begin construction in FY 2026, which includes $94,137,900 for the first 50% of construction costs for 3 projects, $2,161,400 for 100% of construction costs for 1 smaller project, $7,000,000 for a land purchase, $300,000 for a land donation credit, $1,998,400 for site conditions, and $(10,000,000) for savings from prior year project consolidations.

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 18, 2024 meeting, the JLBC approved a 3.88% adjustment in the cost per square foot. This inflation adjustment is based on a measure of construction costs since December 2023 when the Committee last adopted an adjustment. This adjustment applies to the FY 2026 projects approved by the division. *(See Table 1 for the current statutory funding amounts).*

Table 1

New School Facilities
Statutory Funding Guidelines – FY 2026 Awards 1/2/

Type of School	Per Student	Funding Per Square Foot
K-6	90	$342.04
7-8	100	$361.11
9-12 (<1,800 pupils)	134	$418.04
9-12 (≥1,800 pupils)	125	$418.04

1/ Increased by 5% for rural school districts.
2/ 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 2024 Authorization)

The budget includes no funding in FY 2026 for New School Facilities projects which were authorized to start construction in FY 2024. Adjustments are as follows:

New School Funding Completion

The budget includes a decrease of $(77,898,600) from the General Fund in FY 2026 for the completion of 7 projects:

- Agua Fria (9-12) – for a new high school including land
- 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.

New School Facilities (FY 2025 Authorization)

The budget includes $45,077,100 from the General Fund in FY 2026 for New School Facilities projects which were authorized to start construction in FY 2025. Adjustments are as follows:

Continue New School Construction Projects

The budget includes an increase of $18,741,700 from the General Fund in FY 2026 for New School Facilities projects. These school districts are projected to be at capacity in FY 2026 or before. The budget appropriates the remaining 50% of construction costs for each project in FY 2026. 100% of land costs for each project were funded in FY 2025. The projects are as follows:

- Maricopa (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 foot project.

This adjustment also includes the removal of one-time savings associated with the Agua Fria 9-12 project (which was funded in FY 2024) and the Douglas 9-12 project (which was funded in FY 2020). The savings from these projects' lower land costs were realized by reducing SFD's FY 2025 New School Facilities appropriation.

The FY 2025 General Appropriations Act appropriated the remaining $45,077,100 of funding in FY 2026 to fund the remaining 50% of construction costs for these projects. As a result, these monies do not appear in the FY 2026 General Appropriations Act.

Remove One-Time Prior Year Land Costs

The budget includes a decrease of $(160,400) from the General Fund in FY 2026 to remove one-time funding 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 included an increase of $160,400 to fully fund this cost.

Remove One-Time Site Condition Funding

The budget includes a decrease of $(4,650,400) from the General Fund in FY 2026 to remove one-time funding 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
Sahuarita 9-12 (FY 2025 School)	$906,500
Santa Cruz Valley (FY 2020 School)	$137,400
Valentine K-8 (FY 2025 School)	$1,335,000

Remove One-Time Unallocated Monies

The budget includes a decrease of $(343,300) in FY 2026 to remove one-time funding 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.

New School Facilities (FY 2026 Authorization)

The budget includes $95,597,700 from the General Fund in FY 2026 for New School Facilities projects which are authorized to start construction in FY 2026. Adjustments are as follows:

Begin New School Construction Projects

The budget includes an increase of $93,599,300 from the General Fund in FY 2026 for New School Facilities projects. These school districts are projected to be at capacity in FY 2027 or before. The budget appropriates 50% of construction costs and 100% of land costs for each project in FY 2026, with the exception of certain smaller projects which are typically funded in a single year. The projects are as follows:

- Laveen (K-8) – for a new elementary school including land.
- Nadaburg (K-8) – for a new elementary school including a land donation credit.
- Snowflake (7-8) – for a new middle school.
- Tolleson (9-12) – for a new high school.

Project estimates include land costs when SFD indicates land is required that 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.

The total FY 2026 cost for these projects is $103,599,300. These costs are funded from the FY 2026 appropriation of $93,599,300 as well as the unencumbered balance of $10,000,000 in the New School Facilities Fund that is available due to project consolidation efforts employed by school districts that have received New School Facilities monies in prior years.

One-Time Site Condition Funding

The budget includes an increase of $1,998,400 from the General Fund in FY 2026 for one-time funding related to the following projects approved by SFD:

Pima Unified 9-12 (FY 2023 School)	$1,955,000
Queen Creek 9-12 (FY 2025 School)	$43,400

Chino Valley Unified School District

The budget includes no funding in FY 2026 for construction in Chino Valley Unified School District. Adjustments are as follows:

Fund Additional Construction Project

The budget includes no new General Fund monies in FY 2026 for the Chino Valley Unified School District project. On August 7, 2024, SFD approved the retirement of 10,485 square feet from the Chino Valley High School building system. On December 13, 2024, SFD approved the construction of 9,200 square feet of new classroom space for Chino Valley High School at a cost of $4,038,300. Pursuant to a General Appropriations Act footnote, SFD may use the unencumbered balance of $18,117,400 in the New School Facilities Fund for this project.

Holbrook Unified School District

The budget includes no funding in FY 2026 for construction in Holbrook Unified School District. Adjustments are as follows:

Fund Additional Construction Project

The budget includes no new General Fund monies in FY 2026 for the Holbrook Unified School District project. On August 7, 2024, SFD approved the retirement of 30,828 square feet from the Hulet Elementary School building system. The school district transferred 1st through 5th grade students from Hulet Elementary to Park Elementary. On December 13, 2024, SFD approved the construction of 5,100 square feet of new physical education space for Park Elementary School at a cost of $2,281,500. Pursuant to a General Appropriations Act footnote, SFD may use the unencumbered balance of $18,117,400 in the New School Facilities Fund for this project.

St. David Unified School District

The budget includes no funding in FY 2026 for construction in St. David Unified School District. Adjustments are as follows:

Fund Additional Construction Project

The budget includes no new General Fund monies in FY 2026 for the St. David Unified School District project. On August 7, 2024, SFD approved the retirement of 5,214 square feet from the St. David High School building system. On December 13, 2024, SFD approved the construction of 4,300 square feet of new workshop space for St. David High School at a cost of $1,797,600. Pursuant to a General Appropriations Act footnote, SFD may use the unencumbered balance of $18,117,400 in the New School Facilities Fund for this project.

New School Facilities Debt Service

The budget includes $9,938,100 from the General Fund in FY 2026 for New School Facilities Debt Service. This amount is unchanged from FY 2025.

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 2026 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 2026 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 Deposit

The budget includes $199,967,900 from the General Fund in FY 2026 for Building Renewal Grants. This amount is unchanged from FY 2025.

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

Table 2

Building Renewal Appropriations
FY 2013 - FY 2026

Fiscal Year	Ongoing	One-Time	Total
2013	2,667,900	0	2,667,900
2014	16,667,900	0	16,667,900
2015	16,667,900	0	16,667,900
2016	16,667,900	15,000,000	31,667,900
2017	16,667,900	15,000,000	31,667,900
2018	16,667,900	27,167,900	43,835,800
2019	16,667,900	59,417,900	76,085,800
2020	16,667,900	90,790,900	107,458,800
2021	16,667,900	129,591,100	146,259,000
2022	16,667,900	183,949,100	200,617,000
2023	16,667,900	183,300,000	199,967,900
2024	16,667,900	183,300,000	199,967,900
2025	16,667,900	183,300,000	199,967,900
2026	16,667,900	183,300,000	199,967,900

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.

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.

Building Renewal Grants Administration

The budget includes $750,000 and 5 FTE Positions from the General Fund in FY 2026 for Building Renewal Grants Administration. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $750,000 and 5 FTE Positions from the General Fund for operating costs associated with the administration of the Building Renewal Grant program. These monies are 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 $(127,327,300) in FY 2027 below FY 2026 and decrease by $(35,957,000) in FY 2028 below FY 2027. 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 2027 for the schools which were authorized to begin construction in FY 2026; and 2) Conceptual approvals made by SFD as part of the agencies' long-term planning process.

In FY 2027, new school construction spending is projected to increase by $55,972,700. Projects are as follows:

- Buckeye Union (9-12) – for a new high school including land.
- Marana (9-12) – for a new high school.
- Queen Creek (K-6) – for a new elementary school.
- Somerton (K-6) – for a new elementary school.

In addition, FY 2028 new school construction spending is projected to decrease by $(33,502,400). Projects are as follows:

- Buckeye Elementary (K-8) – for a new elementary school.
- Maricopa (K-5) – for a new elementary school including a land donation credit.
- Maricopa (9-12) – for a high school addition.
- Nadaburg (9-12) – for a high school addition.

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 an estimated market value.

New construction projects assumed to start in FY 2027 and FY 2028 reflect SFD conceptual approvals as of December 2024.

Building Renewal Grant Funding

SFD Building Renewal Grant funding would decrease by $(183,300,000) in FY 2027 and remain unchanged for FY 2028. The enacted budget 3-year spending plan labeled the $183,300,000 of FY 2026 funding as one-time and discontinues it in FY 2027, which would return SFD Building Renewal Grant funding to the ongoing "base" level of $16,667,900.

New School Facilities Debt Service

SFD new school facilities debt service funding would decrease by $(2,454,600) in FY 2028 below FY 2027. This decrease represents the lower amount in the final year of SFD's debt service schedule for an FY 2010 lease-purchase agreement used to finance the costs of new school construction.

Agua Fria Land Lease

In FY 2024, the Agua Fria Union High School District signed a 75-year lease with the State Land Department for land for a new high school. The FY 2024 budget (as modified by the FY 2025 budget) appropriated sufficient monies to pay for this land lease cost. Under A.R.S. § 37-221, the monies paid to the Land Department for the lease are deposited back into the New School Facilities Fund. As such, the Baseline considered the initial annual lease payment of $1,776,300 a one-time FY 2024 cost since the monies would be reallocated back to the New School Facilities Fund for subsequent annual lease payments. Given this structure, the only future costs were associated with the incremental lease cost increase every 5 years, beginning in FY 2029.

In FY 2025, consistent with historical practice, SFD instead used $59,949,600 from the FY 2025 New School Facilities appropriation to pay down the full cost of the 75-year Agua Fria lease. The Land Department then "recycled" those monies back to the New School Facilities Fund in accordance with statute, making the amount again available to SFD. Because the lease was paid off early, the assumed incremental cost increase in FY 2029 will no longer occur.

As part of the lease payoff process, the initial $1,671,600 (the original $1,766,300 amount less non-refundable administrative fees) from the FY 2024 lease payment is no longer set-aside to be allocated to pay an ongoing lease cost. As a result, this amount is now a component of the New School Facilities Fund's unencumbered balance.

Table 3

Long-Term New School Facilities Funding [1/]

	Type	Sq. Ft	Rate	Student Capacity	FY 2025	FY 2026	FY 2027	FY 2028
FY 2024 Starts [1/]								
Agua Fria 9-12	New	125,000	377.80	1000	$ 23,613,000			
Liberty K-8	New	73,920	313.19	800	11,575,400			
Queen Creek K-6	Addition	18,330	309.11	229	2,832,950			
Queen Creek K-6	Addition	14,520	309.11	182	2,244,150			
Queen Creek K-6	New	90,000	309.11	1000	13,909,800			
Queen Creek 7-8	Addition	39,918	326.34	499	6,513,400			
Queen Creek 7-8	Addition	25,082	326.34	314	4,092,600			
Saddle Mountain 9-12	Addition	57,620	377.80	430	10,884,700			
Snowflake 9-12 (Rural)	New	11,256	396.69	84	2,232,600			
Subtotal - FY 2024 Starts					**$ 77,898,600**			
FY 2025 Starts								
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 [2/]	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 & Demo					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			
Subtotal - FY 2025 Starts					**$ 31,489,500**	**$ 45,077,100**		
FY 2026 Starts								
Laveen K-8	New	92,400	346.55	1,000		16,010,600	16,010,600	
Laveen Land	New	92,400	346.55	1,000		7,000,000		
Nadaburg K-8	New	73,920	346.55	800		12,808,500	12,808,500	
Nadaburg K-8 Land Donation	New	73,920	346.55	800		300,000		
Snowflake 7-8 (Rural)	New	5,700	379.17	57		2,161,400		
Tolleson 9-12	New	312,500	418.04	2,500		65,318,800	65,318,800	
Pima 9-12 Site Conditions						1,955,000		
Queen Creek 9-12 Site Conditions						43,400		
Prior Year Project Consolidation Savings						(10,000,000)		
Subtotal - FY 2026 Starts						**$ 95,597,700**	**$ 94,137,900**	
FY 2026 Additional Construction Projects								
Chino Valley Unified School District [3/]						-		
Holbrook Unified School District [3/]						-		
St. David Unified School District [3/]						-		
FY 2027 Starts								
Buckeye Union 9-12	New	300,000	418.04	2,400			62,706,000	62,706,000
Buckeye Union 9-12 Land	New	300,000	418.04	2,400			7,500,000	
Marana 9-12	New	62,500	418.04	500			13,063,800	13,063,800
Queen Creek K-6	New	67,500	342.04	750			11,543,900	11,543,900
Somerton K-6	New	45,000	342.04	500			7,695,900	7,695,900
Subtotal - FY 2027 Starts							**$ 102,509,600**	**$ 95,009,600**
FY 2028 Starts								
Buckeye Elementary K-8	New	87,780	346.55	950				15,210,100
Maricopa K-5	New	72,000	342.04	800				12,313,500
Maricopa K-5 Land Donation	New	72,000	342.04	800				480,000
Maricopa 9-12	Addition	125,000	418.04	1,000				26,127,500
Nadaburg 9-12	Addition	67,000	418.04	500				14,004,400
Subtotal - FY 2028 Starts								**$ 68,135,500**
Total					**$ 109,388,100**	**$ 140,674,800**	**$ 196,647,500**	**$ 163,145,100**

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

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

3/ Pursuant to a General Appropriations Act footnote, this project may be funded by unencumbered balances in the New School Facilities Fund in FY 2026.

Office of Administrative Hearings

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	12.0	12.0	12.0
Personal Services	622,600	621,600	621,600
Employee Related Expenditures	250,100	250,000	265,300
Other Operating Expenditures	117,300	98,400	98,300
AGENCY TOTAL	**990,000**	**970,000**	**985,200** 1/
FUND SOURCES			
General Fund	990,000	970,000	985,200
SUBTOTAL - Appropriated Funds	**990,000**	**970,000**	**985,200**
Other Non-Appropriated Funds	1,017,100	1,145,000	1,145,000
TOTAL - ALL SOURCES	2,007,100	2,115,000	2,130,200

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

Operating Budget

The budget includes $985,200 and 12 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $15,200 from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Arizona Department of Agriculture

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	212.8	212.3	217.9 1/
Personal Services	8,683,000	8,406,200	9,555,300
Employee Related Expenditures	3,523,700	3,591,500	3,872,400
Professional and Outside Services	743,400	313,300	313,300
Travel - In State	1,601,300	1,473,700	1,473,700
Travel - Out of State	53,200	84,200	84,200
Other Operating Expenditures	2,874,900	2,022,400	2,211,400
Equipment	179,500	117,000	117,000
OPERATING SUBTOTAL	**17,659,000**	**16,008,300**	**17,627,300**
SPECIAL LINE ITEMS			
Agriculture and Water Innovation Fund Deposit	0	0	2,000,000
Agricultural Consulting and Training	133,500	135,700	135,700
Agricultural Employment Relations Board	23,300	23,300	23,300
Animal Damage Control	65,000	65,000	65,000
Nuclear Emergency Management Program	309,000	308,600	347,100 2/3/
Red Imported Fire Ant Control	23,200	23,200	23,200
AGENCY TOTAL	**18,213,000**	**16,564,100**	**20,221,600** 4/5/
FUND SOURCES			
General Fund	16,320,700	14,639,800	16,244,200
Other Appropriated Funds			
Air Quality Fund	1,583,300	1,615,700	1,630,300
Long-Term Water Augmentation Fund	0	0	2,000,000
Nuclear Emergency Management Fund	309,000	308,600	347,100
SUBTOTAL - Other Appropriated Funds	1,892,300	1,924,300	3,977,400
SUBTOTAL - Appropriated Funds	**18,213,000**	**16,564,100**	**20,221,600**
Other Non-Appropriated Funds	19,545,000	30,023,100	30,023,100
Federal Funds	6,232,300	8,130,100	8,130,100
TOTAL - ALL SOURCES	43,990,300	54,717,300	58,374,800

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

FOOTNOTES

1/ Includes 2.44 OF FTE Positions funded from separate legislation in FY 2026.

2/ 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.

3/ Laws 2025, Chapter 56 as amended by Laws 2025, Chapter 238 appropriated $347,109 and 2.44 FTE Positions in FY 2026 and $352,877 and 2.44 FTE Positions in FY 2027 from the Nuclear Emergency Management Fund. Because this appropriation is in separate legislation, these amounts are not included in the General Appropriations Act.

4/ In addition to any other appropriations made in fiscal year 2025-2026, the Arizona department of agriculture may spend up to $250,000 from the commercial feed trust fund established by section 3-2607, Arizona Revised Statutes, in fiscal year 2025-2026 for expenses related to the avian influenza outbreak. (General Appropriations Act footnote)

5/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $17,627,300 and 215.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$15,997,000
Air Quality Fund	1,630,300

Adjustments are as follows:

Food Safety Scientist

The budget includes an increase of $127,000 and 1 FTE Position from the General Fund in FY 2026 for an additional food safety scientist position to support routine lab testing of meat, dairy, feed and fertilizer and specialized testing during disease outbreaks.

Meat/Poultry Inspection Supervisor

The budget includes an increase of $164,300 and 1 FTE Position from the General Fund in FY 2026 to hire a new meat and poultry inspection supervisor. Of this amount, $45,000 is one-time.

Livestock Inspectors

The budget includes an increase of $383,000 and 2 FTE Positions from the General Fund in FY 2026 for 2 FTE livestock inspector positions. Of this amount, $170,000 is one-time.

State Veterinarian Office

The budget includes an increase of $444,000 and 2 FTE Positions from the General Fund in FY 2026 to hire 2 new staff at the state veterinarian's office. Of this amount, $166,100 is one-time.

Statewide Adjustments

The budget includes an increase of $500,700 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	486,100
Air Quality Fund	14,600

Of these amounts, $30,800 from the General Fund is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

An FY 2025 General Appropriations Act footnote specifies that $899,600 from the department's FY 2024 General Fund operating budget appropriation is exempt from lapsing through FY 2026, for the purpose of IT modernization.

Agriculture and Water Innovation Fund Deposit

The budget includes $2,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for an Agriculture and Water Innovation Fund deposit. Adjustments are as follows:

One-Time Fund Deposit

The budget includes a one-time increase of $2,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a one-time deposit to the new non-appropriated Agriculture and Water Innovation Fund.

The FY 2026 Environment Budget Reconciliation Bill (BRB) establishes this fund for a pilot program to award grants for the installation of agriculture water efficiency technology to farming entities or irrigation districts (on behalf of members) that meet the statutory qualifications. In addition to the deposit, the fund may also receive federal grants.

Agricultural Consulting and Training

The budget includes $135,700 from the General Fund in FY 2026 for the Agricultural Consulting and Training line item. This amount is unchanged from FY 2025.

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 2026 for the Agricultural Employment Relations Board line item. This amount is unchanged from FY 2025.

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 2026 for the Animal Damage Control line item. This amount is unchanged from FY 2025.

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.

Nuclear Emergency Management Program

The budget includes $347,100 and 2.44 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY 2026 for the Nuclear Emergency Management Program line item. Adjustments are as follows:

New NEMF Assessment

The budget includes an increase of $38,500 and a decrease of (0.44) FTE Positions from the NEMF in FY 2026 for a new NEMF assessment.

Laws 2025, Chapter 56 (as amended by Laws 2025, Chapter 238) appropriated $347,109 and 2.44 FTE Positions from NEMF in FY 2026 and $352,877 and 2.44 FTE Positions from NEMF in FY 2027. As a result, these monies do not appear in the General Appropriation Act. *(Please see Table 1 below 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.

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 2026 for the Red Imported Fire Ant Control line item. This amount is unchanged from FY 2025.

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

Other Issues

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, establish an Agriculture and

Table 1

Nuclear Emergency Management Fund

	FY 2025		FY 2026		FY 2027	
Agency	FTEs	Approp.	FTEs	Approp.	FTEs	Approp.
Emergency and Military Affairs 1/	8.50	$2,176,031	8.00	$2,320,882	8.00	$2,408,462
Agriculture	2.88	308,569	2.44	347,109	2.44	352,877
Total	**11.38**	**$2,484,600**	**10.44**	**$2,667,991**	**10.44**	**$2,761,339**

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

Water Innovation Fund along with a pilot program. Establish rules for administering both the fund and the program. Require the Department of Agriculture to submit an annual December 31 report to the Senate President, House Speaker, and Secretary of State concerning the pilot program and fund. Includes a repeal date of December 31, 2028. *(Please see the Agriculture and Water Innovation Fund Deposit line item for details regarding the fund.)*

- As session law, modify a technical addition error in Laws 2024, Chapter 56 that sets the biennial Nuclear Emergency Management assessment and the corresponding non-General Fund appropriations. *(Please see the Nuclear Emergency Management Program line item for additional information.)*

Information Technology Projects and Cloud Migration

The budget includes a footnote extending the $2,000,000 million FY 2023 appropriation for the Department of Agriculture's Information Technology (IT) projects and cloud migration from the end of FY 2026 to the end of FY 2027. (*Please see the Department of Administration - Automation Projects Fund narrative for details regarding the Department of Agriculture's IT projects.*)

Arizona Health Care Cost Containment System

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2,358.3	2,459.3	2,459.3
Personal Services	60,900,700	63,636,400	63,636,400
Employee Related Expenditures	33,431,600	34,938,900	37,705,600
Professional and Outside Services	10,457,700	11,698,200	13,073,200
Travel - In State	27,700	23,400	23,400
Travel - Out of State	57,400	56,100	56,100
Other Operating Expenditures	49,557,000	45,299,900	81,783,600
Equipment	1,138,200	984,900	984,900
OPERATING SUBTOTAL	**155,570,300**	**156,637,800**	**197,263,200** 1/2/
SPECIAL LINE ITEMS			
Administration			
AHCCCS Data Storage	16,877,400	19,325,800	19,605,800
DES Eligibility	116,083,200	98,906,500	99,294,500 3/
Proposition 204 - AHCCCS Administration	12,748,900	15,625,100	15,916,000 4/
Proposition 204 - DES Eligibility	45,763,300	44,358,700	44,358,700 4/
Medicaid Services 5/6/7/			
Traditional Medicaid Services	7,148,662,600	8,556,251,200	10,124,311,200 8/-13/
Proposition 204 Services	7,103,940,200	7,769,810,300	7,450,961,800 12/-14/
Adult Expansion Services	687,387,300	740,010,600	798,727,300 12/13/
Comprehensive Health Plan	151,588,400	177,233,200	178,650,800 12/
KidsCare Services	161,356,400	229,689,800	257,635,300
ALTCS Services	2,207,370,200	2,534,184,700	2,457,084,800 15/-17/
Behavioral Health Services in Schools	9,120,600	8,630,600	8,445,400
Non-Medicaid Behavioral Health Services			
Non-Medicaid Seriously Mentally Ill Services	76,644,300	77,646,900	77,646,900 18/
Case Management Provider Wage Increases	0	1,000,000	0
Supported Housing	5,305,100	65,324,800	65,324,800
Crisis Services	16,276,000	16,391,300	16,391,300
Secure Behavioral Health Residential Facilities	0	0	5,000,000 19/-21/
Hospital Payments			
Disproportionate Share Payments - Private Hospitals	19,583,900	5,087,100	884,800
DSH Payments - Voluntary Match	33,221,100	65,330,500	205,641,700 13/22/
Graduate Medical Education	406,203,300	469,246,600	540,065,700 13/23/-28/
Critical Access Hospitals	30,257,400	28,416,700	28,512,600
Targeted Investments Program	30,914,800	56,000,000	67,000,000
AGENCY TOTAL	**18,434,874,700**	**21,135,108,200**	**22,658,722,600** 29/-31/
FUND SOURCES			
General Fund	2,401,019,000	2,577,512,100	2,613,652,600
Other Appropriated Funds			
Budget Neutrality Compliance Fund	4,669,300	4,914,300	5,112,300
Children's Health Insurance Program Fund	128,657,800	174,041,000	194,444,800
IGA & ISA Fund	0	0	3,200,000
Prescription Drug Rebate Fund - State	164,907,400	189,832,200	341,207,900
Seriously Mentally Ill Housing Trust Fund	423,300	217,700	2,017,700
Substance Abuse Services Fund	2,250,200	2,250,200	2,250,200
Tobacco Products Tax Fund - Emergency Health Services Account	16,515,600	17,458,500	15,400,000
Tobacco Tax and Health Care Fund - Medically Needy Account	60,160,100	66,586,300	57,545,600

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SUBTOTAL - Other Appropriated Funds	377,583,700	455,300,200	621,178,500
SUBTOTAL - Appropriated Funds	**2,778,602,700**	**3,032,812,300**	**3,234,831,100**
Expenditure Authority Funds			
AHCCCS Fund	11,809,438,100	13,434,104,500	14,556,355,700
Arizona Tobacco Litigation Settlement Fund	88,272,600	102,000,000	102,000,000
Delivery System Reform Incentive Payment Fund	3,656,900	17,922,700	24,321,800
Health Care Investment Fund	529,190,200	911,052,600	1,073,199,200
Hospital Assessment Fund	546,269,700	694,319,800	622,867,900
Long Term Care System Fund	1,707,996,000	1,959,660,600	1,869,102,100
Nursing Facility Provider Assessment Fund	100,283,100	94,906,800	93,066,100
Political Subdivision Funds	227,965,900	242,411,000	441,383,700
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	33,944,500	36,662,900	32,340,000
SUBTOTAL - Expenditure Authority Funds	15,656,272,000	18,102,295,900	19,423,891,500
SUBTOTAL - Appropriated/Expenditure Authority Funds	**18,434,874,700**	**21,135,108,200**	**22,658,722,600**
Other Non-Appropriated Funds	151,730,300	165,318,300	165,318,300
Federal Funds	150,981,400	186,030,400	186,030,400
TOTAL - ALL SOURCES	18,737,586,400	21,486,456,900	23,010,071,300

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

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ Of the amount appropriated for the operating lump sum, $100,000 from the prescription drug rebate fund - state may be used for the administrative costs of granting one-year extensions for all managed care organizations with existing Arizona health care cost containment system administration complete care contracts and regional behavioral health agreements. (General Appropriations 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 Appropriations 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 Appropriations 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 Appropriations Act footnote)

6/ The Arizona health care cost containment system administration shall report to the joint legislative budget committee on or before March 1, 2026 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 Appropriations Act footnote)

7/ On or before March 31, 2026, the Arizona health care cost containment system administration shall submit a report to the director of the joint legislative budget committee and the governor's office of strategic planning and budgeting on the amount of directed payments that the Maricopa county special health care district will receive from the safety net services initiative in fiscal year 2025-2026, disaggregated by state match and by federal match. (General Appropriations Act footnote)

8/ 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 2025-2026 to the attorney general for costs associated with e-cigarette enforcement and tobacco settlement litigation. (General Appropriations Act footnote)

9/ The Arizona health care cost containment system administration shall transfer $836,000 from the traditional medicaid services line item for fiscal year 2025-2026 to the department of revenue for enforcement costs associated with the March 13, 2013 master settlement agreement with tobacco companies. (General Appropriations Act footnote)

10/ 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)

11/ Of the amount appropriated from the expenditure authority fund source, $4,244,300,000 is for hospital enhanced access leading to health improvements initiative payments in fiscal year 2025-2026. 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 Appropriations Act footnote)

12/ 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 Appropriations Act footnote)

13/ 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 2025-2026 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 Appropriations Act footnote)

14/ 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 Appropriations Act footnote)

15/ 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 Appropriations Act footnote)

16/ Pursuant to section 11-292, subsection B, Arizona Revised Statutes, the county portion of the fiscal year 2025-2026 nonfederal costs of providing long-term care system services is $409,537,600. This amount is included in the expenditure authority fund source. (General Appropriations Act footnote)

17/ Any supplemental payments received in excess of $93,066,100 for nursing facilities that serve Arizona long-term care system medicaid patients in fiscal year 2025-2026, including any federal matching monies, by the Arizona health care cost containment system administration are appropriated to the administration in fiscal year 2025-2026. 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 Appropriations Act footnote)

18/ On or before June 30, 2026, 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 Appropriations Act footnote)

19/ The Arizona health care cost containment system administration shall distribute the appropriated monies in the secure behavioral health residential facilities line item to secure behavioral health residential facilities that intend to apply for licensure with the department of health services pursuant to section 36-425.06, Arizona Revised Statutes, and that provide secure on-site supportive treatment to persons who are determined to be seriously mentally ill, who are chronically resistant to treatment and who are placed in the facility pursuant to a court order pursuant to section 36-

550.09, Arizona Revised Statutes, or who have been committed pursuant to a court order issued pursuant to section 13-4521, Arizona Revised Statutes. (General Appropriations Act footnote)

20/ On or before February 1, 2026, the Arizona health care cost containment system administration and the department of health services shall coordinate to produce an implementation plan that contains recommendations regarding secure behavioral health facilities for populations subject to section 36-425.06 or 13-4521, Arizona Revised Statutes, to the governor, the president of the senate and the speaker of the house of representatives and shall include analysis regarding:

1. A proposed fee schedule for secure behavioral health residential facilities, including possible enhancement rates and modifiers.
2. Utilization projections for medicaid eligible and non-title XIX members of the Arizona health care cost containment system, incorporating existing network analysis.
3. Potential impacts to capitation rates given utilization projections for medicaid eligible members of the Arizona health care cost containment system.
4. Whether utilization projections for medicaid eligible and non-title XIX members of the Arizona health care cost containment system will impact the state general fund or require reductions in other covered services.
5. A network adequacy evaluation and proposed mitigation of any network issues.
6. Whether the Arizona health care cost containment system will be required to submit a proposed 1115 waiver amendment to the centers for medicare and medicaid services, and any other considerations regarding maximizing matching federal monies.
7. Whether additional licensing statutes and regulations should be updated.
8. Proposed policies regarding secure behavioral health facilities for the Arizona health care cost containment system medical policy manual, including policies regarding discharge readiness indicators.
9. After coordinating with the Arizona office of the courts and other relevant stakeholders, proposed updates to any relevant court ordered treatment forms or proposed orders.
10. Analysis regarding whether providing covered services in secure behavioral health facilities would violate the laws of this state or federal law, including relevant precedent related to disability rights, including Olmstead v. L.C. and Arnold v. Sarn. (General Appropriations Act footnote)

21/ The Arizona health care cost containment system administration, in consultation with the department of administration, shall issue a request for proposals for the secure behavioral health residential facilities prescribed by this act on or before May 1, 2026. In determining the entity or entities that will receive monies appropriated by this act, the Arizona health care cost containment system administration shall:

1. Prioritize facilities that can open within twelve months after the effective date of this act.
2. Prioritize facilities that meet the geographic needs of this state.
3. Consider an entity's experience in operating behavioral health facilities.
4. Consider the benefits of selecting one entity or multiple entities to receive the monies appropriated by this act.
5. Award the contract or contracts to the best qualified bidder or bidders.

In order to receive an award, an entity must submit a bid that includes the entity's plan to either construct a new secure behavioral health residential facility, or retrofit an existing building to become a secure behavioral health residential facility, subject to prior approval from the Arizona health care cost containment system administration. (General Appropriations Act footnote)

22/ 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 2025-2026 by the Arizona health care cost containment system administration in excess of $155,153,000 are appropriated to the administration in fiscal year 2025-2026. 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 Appropriations Act footnote)

23/ Any monies for graduate medical education received in fiscal year 2025-2026, including any federal matching monies, by the Arizona health care cost containment system administration in excess of $528,558,300 are appropriated to the administration in fiscal year 2025-2026. 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 Appropriations Act footnote)

24/ 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 Appropriations Act footnote)

25/ Notwithstanding section 36-2903.01, subsection G, paragraph 9, subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for graduate medical education includes $7,200,000 from the state general fund and $13,513,400 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 Appropriations Act footnote)

26/ Notwithstanding section 36-2903.01, subsection G, paragraph 9, subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for graduate medical education includes $5,800,000 from the state general fund and $10,886,000 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 Appropriations Act footnote)

27/ 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, 2027. (General Appropriations Act footnote)

28/ Of the amount appropriated for the graduate medical education line item, $4,000,000 from the state general fund and $7,507,400 from expenditure authority are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

29/ 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 Appropriations Act footnote)

30/ On or before July 1, 2026, 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, 2025. (General Appropriations Act footnote)

31/ General Appropriations Act funds are appropriated as Operating Lump Sum with Special Line Items by Agency.

Summary

AHCCCS's FY 2026 General Fund spending increases by $36,140,500, or 1.4%, from FY 2025. This amount includes:

- $180,332,800 for formula adjustments, which includes an FY 2025 ex-appropriation backfill.
- $2,220,000 for one-time funding of eligibility income verification services.
- $(150,000,000) to shift Medicaid services costs to PDRF - State.
- $100,000 for coverage of traditional healing services.
- $274,200 for coverage of outpatient speech therapy and Cochlear implants.
- $4,000,000 for one-time graduate medical education funding.
- $100,000 to increase one-time funding for critical access hospital supplemental payments from $4,200,000 to $4,300,000.
- $(1,000,000) for removal of one-time case management provider wage increases.
- $(1,832,000) for removal of one-time supplemental funding for eligibility income verification.
- $1,945,500 for statewide adjustments.

Below is an overview of FY 2026 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 $314,265,300 in FY 2027 above FY 2026 and by $167,238,400 in FY 2028 above FY 2027. *(See the Other Issues section for more information.)*

Formula Adjustments

Formula adjustments represent changes that occur under current law, including caseload, capitation, and federal match rate revisions. The budget includes an increase of $180,332,800 from the General Fund in FY 2026 for the following AHCCCS formula adjustments. This amount includes:

- $123,569,200 for state match expenses associated with formula adjustments.
- $(37,288,000) for changes in General Fund offsets.
- $94,051,600 to backfill an FY 2025 ex-appropriation.

FY 2025 Base Adjustment

The budget includes a decrease of $(102,214,900) from state match and a Total Funds decrease of $(305,138,400) in FY 2026 for an FY 2025 base adjustment. The base adjustment is primarily associated with enrollment and capitation adjustments that occurred following the adoption of the enacted budget. Through June 2025, AHCCCS capitated enrollment was 1.58 million, or (190,000) below the enacted budget assumption of 1.77 million.

Table 1

AHCCCS State Match Spending Changes (in millions) 1/

State Match Formula Adjustments	
FY 2025 Rebase	(102)
FY 2026 Caseload Growth	(186)
FY 2026 Inflation Increase	351
FY 2026 Federal Medicaid Match Rate Change	61
State Match Costs Subtotal	*124*
Non-General Fund State Match Offsets	
Political Subdivisions Fund Increase	114
County Funds Increase 2/	10
Nursing Facility Provider Assessment Fund	(2)
Hospital Assessment Fund	(71)
Health Care Investment Fund	3
Tobacco Funds	(15)
General Fund Offsets Subtotal	*37*
Other Formula Adjustments	
Backfill FY 2025 General Fund Ex-Appropriation	94
Non-Formula Adjustments	
Prescription Drug Rebate Fund Shift	(150)
Eligibility Income Verification	2
Traditional Healing Services Coverage	<1
Outpatient Speech Therapy/Cochlear Implants	<1
Critical Access Hospital Payments	4
Graduate Medical Education Funding	4
Remove FY 2025 One-Time Funding	(7)
Statewide Adjustments	2
Non-Formula Subtotal	*(147)*
Total General Fund Spending Change	**$36**

1/ Numbers may not sum due to rounding.
2/ County funds for the acute care program are displayed within the AHCCCS Fund. County funds for ALTCS are displayed within the Long Term Care System Fund.

The FY 2025 base adjustment is the net result of the lower-than-budgeted caseloads, as well as the October 2024 and April 2025 capitation adjustments implemented by AHCCCS. In the October 2024 adjustment, members between the ages of 1 and 20 received the largest rate increase of any group, which has an outsized impact on General Fund formula costs. We estimate the capitation adjustments resulted in $55,575,200 of General Fund expenses above the enacted budget. Combined with the lower-than-budgeted caseloads, on net, the budget assumes that AHCCCS will end FY 2025 with an FY 2025 General Fund surplus of $(64,351,600).

Additionally, federal regulators announced in November 2024 that Arizona recently qualified for a one-time upward revision to its federal match rate. This further increases the FY 2025 General Fund surplus by an estimated $(29,700,000). Because the revision is one-time, its impact is excluded from the FY 2025 base adjustment amount and is discussed separately below. As a result of these factors, the FY 2026 budget includes a total $(94,051,600) General Fund FY 2025 ex-appropriation. *(See FY 2025 Ex-Appropriation in Other Issues for additional information.)* The budget backfills the General Fund ex-appropriation in FY 2026, which is displayed separately from formula adjustments within the Medicaid Services line items.

FY 2026 Caseload Adjustment

Formula adjustments reflect 1.2% enrollment growth in FY 2026. *Table 2* displays historical and forecasted member months across AHCCCS populations. The budget assumes each individual category will increase based on estimated population growth rates among children and adults, or approximately 1.2% as a weighted average across all populations.

We estimate, however, that the 1.2% enrollment growth nevertheless results in a significant amount of General Fund caseload savings. This is due to the annualization of caseload declines that have occurred throughout FY 2025, as discussed above. Overall, caseload declines are expected to decrease state match expenses by $(186,401,300) and Total Funds expenses by $(127,391,800) in FY 2026.

FY 2026 Inflation Adjustments

The budget assumes a 3.0% inflation adjustment for capitation, fee-for-service, and reinsurance effective October 1, 2025. This increase is based on several factors, including the medical care consumer price index and the growth certain categories experienced in the October 2024 capitation rate adjustment. The budget also annualizes the October 2024 and April 2025 capitation rate adjustments. Inflation adjustments increase AHCCCS state costs by $351,344,000 and Total Funds costs by $736,503,100 in FY 2026.

FY 2026 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 2026, the standard FMAP rates will be as follows:

- Traditional Medicaid rate will decrease to 64.48%, a (0.76) 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 75.14%, a (0.53) percentage point decrease.

Additionally, the budget includes an FY 2025 General Fund ex-appropriation of $(29,700,000) and a one-time

Table 2

AHCCCS Enrollment [1/]

Population	June 2024 (Actual)	June 2025 (Prior Est.)[2/]	June 2025 (Actual)	June 2026 (Forecast)	'25-'26 % Change
Traditional	1,075,839	1,051,118	1,004,550	1,014,001	0.9%
Prop 204 Childless Adults	506,129	513,136	396,300	400,251	1.0%
Other Prop 204	184,106	175,254	158,815	161,311	1.6%
Adult Expansion	76,801	72,608	61,219	61,830	1.0%
KidsCare	62,025	69,628	53,547	56,587	5.7%
CHP	8,705	9,802	7,364	7,397	0.4%
ALTCS - Elderly & Physically Disabled [3/]	28,345	30,455	28,518	29,002	1.7%
Emergency Services	132,594	129,547	123,808	124,973	0.9%
Total Enrollment	**2,074,544**	**2,051,548**	**1,834,121**	**1,855,352**	**1.2%**

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 2025 enacted budget.
3/ The ALTCS - Elderly and & Physically Disabled program is funded in AHCCCS. An additional 43,364 people received Medicaid services through the Department of Economic Security's ALTCS - Developmental Disabilities program as of June 2024.

decrease of $(6,000,000) from the General Fund in FY 2026 due to revisions to the state's FMAP.

In certain circumstances, the federal government can provide one-time upward adjustments in a state's FMAP if the state would otherwise experience a rapid decline in the match rate due to personal income growth. In December 2024, the federal government determined that Arizona qualified for such one-time adjustments for FY 2024 due to a (3.27)% decline in the state's regular match rate between FY 2023 and FY 2024. Arizona's one-time increase is approximately 1.2% for FY 2024 and FY 2025.

This results in the following match rates:

- 66.29% to 67.93% in FFY 2024.
- 64.89% to 65.65% in FFY 2025.

The budget assumes this adjustment generates $(262,550,000) of General Fund savings across the AHCCCS, DES, and DCS budgets. Of this amount, $(171,500,000) is within the AHCCCS budget. The $(171,500,000) consists of the adjustments described above, as well as approximately $(135,800,000) that would be realized through higher General Fund revenue via reconciliation payments associated with both FY 2025 and FY 2026.

In total, the budget includes an increase of $60,841,400 in state costs and a corresponding decrease of $(60,841,400) in federal match costs in FY 2026 as a result of these FMAP adjustments.

Non-General Fund State Match Items

The gross state match contribution from the FY 2025 base adjustment and FY 2026 caseload growth, inflation, and federal match rate changes is projected to increase by $123,569,200. The Non-General Fund state match is projected to increase by $37,288,000, resulting in a net General Fund change of $86,281,200.

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

- An increase of $113,780,900 in Political Subdivision Funds, mostly for the state match costs of a new directed payments program called the Safety Net Services Initiative (SNSI). *(Please see the Valleywise Directed Payments section for additional information.)* The increase in expenditure authority in FY 2026 for this program is displayed separately from formula adjustments among the Medicaid Services line items.
- An increase of $9,501,500 in County Funds, mostly for ALTCS. County Funds are displayed within the Budget Neutrality Compliance Fund, the AHCCCS Fund under the Traditional Medicaid Services line item, and the Long Term Care System Fund. *(Please see County Contributions in Other Issues for additional information.)*
- A decrease of $(71,451,900) from the Hospital Assessment Fund in FY 2026 for physical health costs of enrollees in the Proposition 204 and Adult Expansion programs. AHCCCS estimates that the average member will receive a lower share of physical health services and a higher share of behavioral health services in FY 2026 than in prior years. Combined with a decline in enrollment among the Proposition 204 population, this lowers Hospital Assessment Fund costs.
- A decrease of $(1,840,700) from the Nursing Facility Provider Assessment Fund within ALTCS.
- An increase of $2,720,300 from the Health Care Investment Fund, mostly within Traditional.
- A decrease of $(15,422,100) from lower tobacco tax revenues.

Hospital Assessment

Under A.R.S. § 36-2901.08 and A.R.S. § 36-2999.72, AHCCCS is required to establish, administer, and collect an assessment on hospitals. Below we provide more details on how the assessment is allocated, adjustments in the FY 2025 budget, and projections for the assessment in the FY 2026 budget.

Background

The amount of the levy for each hospital is computed based on its volume of inpatient and outpatient services. Monies collected from the assessment are allocated as follows:

- The Hospital Assessment Fund (HAF) receives assessment monies designated to cover the state match costs of the Proposition 204 and Adult Expansion populations not otherwise covered by voter-approved tobacco revenues and other state funds.
- The Health Care Investment Fund (HCIF) receives assessment monies designated to increase base reimbursement rates for services on AHCCCS' dental and physician fee schedules, and to make directed payments to hospitals (called the Hospital Enhanced Access Leading to Health Improvements Initiative, or "HEALTHII" payments) to supplement base reimbursement levels using federal Medicaid matching funds.

Under federal law, combined levies from the HAF and HCIF may not exceed 6% of hospital inpatient and outpatient service revenues.

FY 2025 Budget

The enacted FY 2025 budget included 2 changes that impacted the Hospital Assessment levy for Federal Fiscal Year (FFY) 2025:

- *One-Time Behavioral Health Shift*: Section 6 of the FY 2025 Health BRB (Laws 2024, Chapter 215) stipulates that, as session law, for FY 2025 and FY 2026, AHCCCS may increase the levy for the HAF to cover a portion of the behavioral health costs of the Proposition 204 and Adult Expansion populations. Under permanent law, behavioral health expenses for those populations would otherwise be covered by the General Fund. The enacted budget reduced AHCCCS' General Fund budget by $(100,000,000) to account for the shift. The 3-year spending plan associated with the enacted budget assumed this shift would end after FY 2026.
- *HCIF Hospital Payments Increase:* The enacted budget included total expenditure authority of $3,606,700,000 for HEALTHII payments to hospitals to offset the financial impact of the behavioral health shift. This figure was based on an estimate of $3,106,700,000 in HEALTHII payments to hospitals, plus $500,000,000 as a "buffer" to ensure AHCCCS could increase HEALTHII payments above the $3,106,700,000 level without a supplemental appropriation.

Based on the above policy changes, AHCCCS implemented a total FFY 2025 Hospital Assessment levy of $1,423,100,000. According to AHCCCS, the $1,423,100,000 represents 5.999% of combined hospital inpatient and outpatient service revenues (increase of 0.5% from 5.49% in FFY 2024) and consists of:

- $682,100,000 for deposit in the HAF.
- $741,000,000 for deposit in the HCIF.

Based on AHCCCS' modeling, these changes resulted in a net financial gain to Arizona hospitals of $457,200,000 in FFY 2025 compared with FFY 2024, as follows:

- Revenue gain of $557,200,000, primarily from increased federal revenues from HEALTHII payments, which were drawn down via an increase in the HCIF portion of the assessment.
- Revenue loss of $(100,000,000) from shift of Medicaid behavioral health expenses to the Hospital Assessment in FY 2025, as noted above.

FY 2026 Budget

Pursuant to the 3-year spending plan associated with the enacted FY 2025 budget, the enacted FY 2026 budget continues to cover $100,000,000 of behavioral health expenses for Proposition 204 and Adult Expansion combined in FY 2026.

In FY 2027, under the 3-year spending plan associated with the enacted budget, the behavioral health shift would expire, which would result in a $(100,000,000) decrease in the Hospital Assessment and a corresponding $100,000,000 increase to the General Fund for that year.

The budget includes an increase of $637,600,000 in FY 2026 from expenditure authority funds for AHCCCS to make its projected level of payments in FY 2026. The budgets also modifies a footnote to now specify that $4,244,300,000 of the agency's expenditure authority is for HEALTHII payments in FY 2026. AHCCCS is currently in the process of finalizing its FY 2026 levy.

Valleywise Directed Payments

In March 2024, AHCCCS received approval from the Centers for Medicare & Medicaid Services (CMS) to provide directed payments to the Valleywise system of public hospitals 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 includes an increase of $395,282,000 in FY 2026 from expenditure authority funds for AHCCCS to make its requested level of SNSI payments in FY 2026.

According to AHCCCS, these directed payments will reduce the level of Valleywise uncompensated care to $0. Prior budgets assumed that the federal funds portion of Disproportionate Share Hospital (DSH) payments to Valleywise would be available for deposit to the General Fund. *(Please see the Hospital Payments section for additional information.)* Because the SNSI program has reduced the level of uncompensated care at Valleywise, the associated federal DSH funds will no longer be available for deposit to the General Fund.

We estimate Valleywise experienced a net increase in revenue of $214,672,300 as a result of the SNSI program in FY 2024. This consists of $286,460,000 in total payments, reduced by the following amounts:

- $(61,856,200) from Valleywise to serve as the state match.
- $(5,729,200) in insurance premium tax payments to the state.
- $(4,202,300) in federal DSH payments Valleywise will no longer be eligible to receive.

The budget adds a footnote requiring that AHCCCS report to the JLBC and OSPB by March 31, 2026, on the amount of directed payments Valleywise will receive from the SNSI program in FY 2026, disaggregated by state match and by federal match.

Operating Budget

The budget includes $197,263,200 and 1,143.2 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$40,401,400
Children's Health Insurance Program (CHIP) Fund	5,489,200
Health Care Investment Fund	2,498,500
Prescription Drug Rebate Fund (PDRF) - State	2,038,900
Nursing Facility Provider Assessment Fund	453,400
Seriously Mentally Ill (SMI) Housing Trust Fund	217,700
AHCCCS Fund	146,164,100

Adjustments are as follows:

Shift Funding to AHCCCS Data Storage

The budget includes a decrease of $(280,000) from the CHIP Fund in FY 2026 to shift funding to the AHCCCS Data Storage line item for data costs related to the Children's Health Insurance Program.

One-Time External Legal Costs

The budget includes a one-time increase of $1,375,000 from PDRF - State in FY 2026 to fund projected external legal costs related to sober living home fraud.

One-Time MES Modernization Funding

The budget includes a one-time increase of $57,540,000 from the AHCCCS Fund in FY 2026 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 $1,800,000 was included in the Arizona Department of Administration – Automation Projects Fund. *(Please see ADOA – Automation Projects Fund narrative for additional information.)*

Remove One-Time MES Modernization Funding

The budget includes a decrease of $(21,911,000) from the AHCCCS Fund in FY 2026 to remove one-time funding 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 was included in the Arizona Department of Administration – Automation Projects Fund. *(Please see ADOA – Automation Projects Fund narrative for additional information.)*

Statewide Adjustments

The budget includes an increase of $3,901,400 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	1,878,600
CHIP Fund	27,600
Health Care Investment Fund	26,300
PDRF - State	700
AHCCCS Fund	1,968,200

(Please see the Agency Detail and Allocations section.)

Additionally, the budget adds a footnote specifying that $100,000 from the PDRF within the agency's operating budget may be used for the administrative costs of granting one-year extensions for all managed care organizations with existing AHCCCS acute care contracts.

Administration

AHCCCS Data Storage

The budget includes $19,605,800 in FY 2026 for AHCCCS Data Storage. This amount consists of:

General Fund	5,915,400
CHIP Fund	440,000
AHCCCS Fund	13,250,400

Adjustments are as follows:

Funding Shift

The budget includes an increase of $280,000 from the CHIP Fund in FY 2026 for data costs related to the Children's Health Insurance Program. The budget shifts this funding from the Operating Lump Sum for no net overall change to agency resources.

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 $99,294,500 and 885 FTE Positions in FY 2026 for DES Eligibility services. These amounts consist of:

General Fund	32,411,200
AHCCCS Fund	66,883,300

Adjustments are as follows:

One-Time Eligibility Income Verification Funding

The budget includes an increase of $2,220,000 from the General Fund in FY 2026 to backfill a loss in federal funding associated with eligibility income verification.

Remove FY 2025 Supplemental Eligibility Income Verification Funding

The budget includes a decrease of $(1,832,000) from the General Fund in FY 2026 to remove one-time supplemental funding to backfill a loss in federal funding associated with eligibility income verification. *(Please see Other Issues section for further details.)*

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

Proposition 204 - AHCCCS Administration

The budget includes $15,916,000 and 131 FTE Positions in FY 2026 for Proposition 204 - AHCCCS Administration costs. These amounts consist of:

General Fund	5,009,200
PDRF - State	60,900
AHCCCS Fund	10,845,900

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $290,900 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	66,900
AHCCCS Fund	224,000

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 2026 for Proposition 204 - DES Eligibility costs. These amounts consist of:

General Fund	15,609,900
Budget Neutrality Compliance Fund (BNCF)	5,112,300
AHCCCS Fund	23,636,500

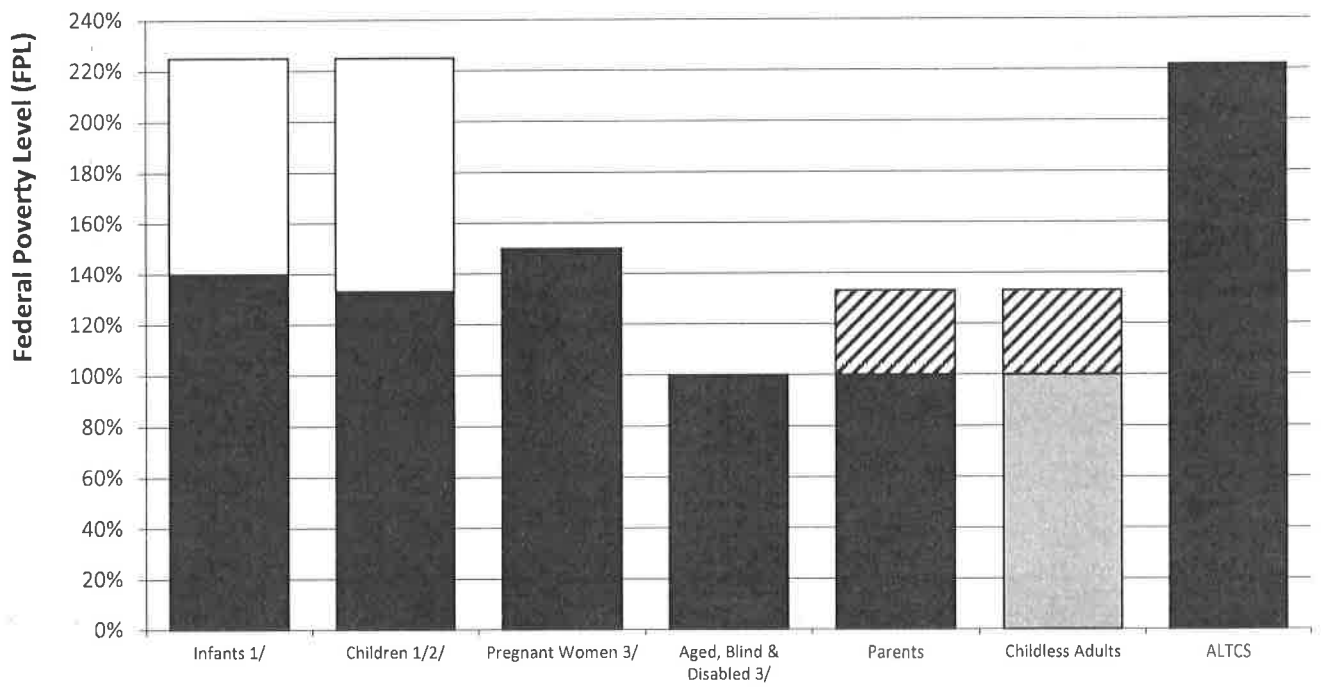
Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of $(198,000) from the General Fund and a corresponding increase of $198,000 from the BNCF in FY 2026 to reflect an increase of county contributions in FY 2026. This adjustment assumes an inflation adjustment of 2.39% and a state population adjustment of 1.64% 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

Chart 1



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 75.04% federal match in FFY 2026.
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.

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 2026. A description of program components can be found in the *Other Issues* section.

Traditional Medicaid Services

The budget includes $10,124,311,200 in FY 2026 for Traditional Medicaid Services. This amount consists of:

General Fund	1,768,585,600
Health Care Investment Fund	758,599,100
Political Subdivision Funds	122,755,400
PDRF - State	331,529,700
TTHCF - Medically Needy Account	57,545,600
Third Party Liability and Recovery Fund	194,700
PDRF - In Lieu of Federal Funds	572,638,300
AHCCCS Fund	6,512,462,800

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $446,695,000 in FY 2026 for formula adjustments. This amount consists of:

General Fund	89,863,500
Health Care Investment Fund	2,203,900
Political Subdivision Funds	6,744,500
TTHCF - Medically Needy Account	(9,040,700)
AHCCCS Fund	356,923,800

Backfill FY 2025 Ex-Appropriation

The budget includes an increase of $94,051,600 from the General Fund in FY 2026 to backfill funding that was ex-appropriated in FY 2025. *(See FY 2025 Ex-Appropriation in Other Issues for additional information.)*

New Valleywise Directed Payments Program

The budget includes an increase of $165,331,700 in FY 2026 for a new Valleywise directed payments program. This amount consists of:

Political Subdivision Funds	58,610,100
AHCCCS Fund	106,721,600

(Please see the Valleywise Directed Payments section for additional information.)

Prescription Drug Rebate Shift

The budget includes a decrease of $(150,000,000) from the General Fund and a corresponding increase of $150,000,000 from PDRF - State in FY 2026 to further offset the General Fund costs of the AHCCCS Medicaid program. The 3-year spending plan associated with the FY 2026 enacted budget assumes the offset will be reduced to $100,000,000 beginning in FY 2027.

Traditional Healing Services Coverage

The budget includes an increase of $222,957,900 in FY 2026 for coverage of traditional healing services. This amount consists of:

General Fund	100,000
AHCCCS Fund	222,857,900

These services encompass a variety of holistic practices used by different native tribes to promote health and wellbeing. These services are not normally federally reimbursed via Medicaid, but AHCCCS applied for and received approval from the federal government to cover these services when delivered at a Indian Health Service (IHS) or Tribal 638 facility. While IHS facility services typically receive 100% federal funding, the state is required to contribute a state match at the regular rate for non-tribal members that receive these services.

The FY 2026 Health Care Budget Reconciliation Bill (BRB) includes a provision that adds traditional healing services as an AHCCCS-covered benefit. The Health Care BRB also includes a provision that states the Legislature finds that the original 1115 waiver submission associated with traditional healing services was not subject to a requirement that 1115 waivers be authorized by the Legislature in the form of a statute prior to submission. This requirement was implemented by Laws 2025, Chapter 93, which was enacted after AHCCCS' original waiver submission for traditional healing services. The provision also states the Legislature finds that an 1115 waiver for traditional healing services subject to the requirement for legislative authorization would comply with this requirement under the statutory changes made by the FY 2026 Health Care BRB.

Outpatient Speech Therapy and Cochlear Implant Coverage

The budget includes an increase of $1,423,800 in FY 2026 for coverage of outpatient speech therapy and cochlear implants. This amount consists of:

General Fund	274,200
AHCCCS Fund	1,149,600

Speech therapy entails treatment for problems with language, speaking, or swallowing, including such services as lip reading, non-oral language training, and articulation training. A cochlear implant is a surgically implanted device used to treat hearing loss. Adults ages 21+ were previously excluded from coverage of outpatient speech therapy and cochlear implants. However, the FY 2026 Health Care BRB includes a provision that adds these services as AHCCCS-covered benefits for this population.

Additional Expenditure Authority for Hospital Directed Payments

The budget includes an increase of $637,600,000 in FY 2026 for additional expenditure authority for hospital directed payments. This amount consists of:

Health Care Investment Fund	159,400,000
AHCCCS Fund	478,200,000

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

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 $7,450,961,800 in FY 2026 for Proposition 204 Services. This amount consists of:

General Fund	99,518,700
Health Care Investment Fund	243,225,300
Hospital Assessment Fund	575,993,200
Political Subdivision Funds	47,775,100
Tobacco Litigation Settlement Fund	102,000,000
TPTF - Emergency Health Services Account	15,400,000
TPTF - Proposition 204 Protection Account	32,340,000
AHCCCS Fund	6,334,709,500

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of $(518,462,300) in FY 2026 for formula adjustments. This amount consists of:

General Fund	(15,492,800)
Health Care Investment Fund	419,100
Hospital Assessment Fund	(74,032,000)
Political Subdivision Funds	4,110,000
TPTF - Emergency Health Services Account	(2,058,500)
TPTF - Proposition 204 Protection Account	(4,322,900)
AHCCCS Fund	(427,085,200)

New Valleywise Directed Payments Program

The budget includes an increase of $199,613,800 in FY 2026 for a new Valleywise directed payments program. This amount consists of:

Political Subdivision Funds	29,718,500
AHCCCS Fund	169,895,300

(Please see the Valleywise Directed Payments 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 $798,727,300 in FY 2026 for Adult Expansion Services. This amount consists of:

General Fund	8,334,800
Health Care Investment Fund	19,866,000
Hospital Assessment Fund	46,874,700
Political Subdivision Funds	2,821,000
AHCCCS Fund	720,830,800

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $41,635,200 in FY 2026 for formula adjustments. This amount consists of:

General Fund	314,700
Health Care Investment Fund	132,100
Hospital Assessment Fund	2,580,100
Political Subdivision Funds	(24,500)
AHCCCS Fund	38,632,800

New Valleywise Directed Payments Program

The budget includes an increase of $17,081,500 in FY 2026 for a new Valleywise directed payments program. This amount consists of:

Political Subdivision Funds	1,708,200
AHCCCS Fund	15,373,300

(Please see the Valleywise Directed Payments 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 $178,650,800 in FY 2026 for the Comprehensive Health Plan (CHP). This amount consists of:

General Fund	56,176,700
Health Care Investment Fund	6,588,300
AHCCCS Fund	115,885,800

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $1,417,600 in FY 2026 for formula adjustments. This amount consists of:

General Fund	1,821,400
Health Care Investment Fund	(112,200)
AHCCCS Fund	(291,600)

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 $257,635,300 in FY 2026 for KidsCare Services. This amount consists of:

General Fund	54,381,900
Health Care Investment Fund	13,010,600
Political Subdivision Funds	1,727,200
CHIP Fund	188,515,600

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $25,721,000 in FY 2026 for formula adjustments. This amount consists of:

General Fund	6,599,400
Health Care Investment Fund	74,300
Political Subdivision Funds	343,700
CHIP Fund	18,703,600

New Valleywise Directed Payments Program

The budget includes an increase of $2,224,500 in FY 2026 for a new Valleywise directed payments program. This amount consists of:

Political Subdivision Funds	551,900
CHIP Fund	1,672,600

(Please see the Valleywise Directed Payments 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 the family's 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 $2,457,084,800 in FY 2026 for ALTCS Services. This amount consists of:

General Fund	403,711,900
Health Care Investment Fund	29,411,400
Political Subdivision Funds	18,246,300
PDRF - State	7,578,400
PDRF - In Lieu of Federal Funds	36,422,000
Nursing Facility Provider Assessment Fund	92,612,700
Long Term Care System Fund	1,869,102,100

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of $(88,130,400) in FY 2026 for formula adjustments. This amount consists of:

General Fund	3,277,700
Health Care Investment Fund	3,100
Political Subdivision Funds	9,131,500
Nursing Facility Provider Assessment Fund	(1,840,700)
Long Term Care System Fund	(98,702,000)

New Valleywise Directed Payments Program

The budget includes an increase of $11,030,500 in FY 2026 for a new Valleywise directed payments program. This amount consists of:

Political Subdivision Funds	2,887,000
Long Term Care System Fund	8,143,500

(Please see the Valleywise Directed Payments section for additional information.)

Background – ALTCS provides coverage for individuals up to 222% of the FPL, or $33,433 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 $11,295 per person.

Pursuant to A.R.S. § 11-292, counties and the state jointly cover the state match of the ALTCS program based on a statutory formula. The county monies are deposited in the Long Term Care System Fund along with federal funds. A General Appropriations Act footnote would continue to specify the county share of cost for the program, which the budget assumes will reach $409,537,600 in FY 2026.

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 2025, AHCCCS estimates that client contributions will pay for 3.8%, or $66,122,000, 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 $8,445,400 in FY 2026 for Behavioral Health Services in Schools. This amount consists of:

General Fund	3,000,000
AHCCCS Fund	5,445,400

Adjustments are as follows:

Formula Adjustments

The budget includes a decrease of $(185,200) from the AHCCCS Fund in FY 2026 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 2026 for Non-Medicaid Seriously Mentally Ill (SMI) Services. This amount is unchanged from FY 2025.

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 no funding in FY 2026 for Case Management Provider Wage Increases. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for distribution to entities that provide case management for persons with serious mental illness. The FY 2025 budget required 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
AHCCCS Fund	60,000,000

These amounts are unchanged from FY 2025.

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. AHCCCS administers its housing programs via 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.

This line item also supports the "Housing and Health Opportunities" (H2O) demonstration, which provides housing services for AHCCCS members who are homeless or at risk of homelessness. 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. The H2O waiver amendment, which received CMS approval in October 2022 and began October 1, 2024, is intended 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.

In addition to the $5,324,800 General Fund appropriation 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 $24,501,200 General Fund was spent for Supported Housing services from the Non-Medicaid Seriously Mentally Ill Services line item in FY 2024. These amounts are used to draw down federal funding for the H2O program. AHCCCS reports that the approved waiver would allow the agency to draw down

an estimated $68.9 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 2025, the additional state match is being funded from the Housing Trust Fund.

Crisis Services

The budget includes $16,391,300 in FY 2026 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 2025.

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

Secure Behavioral Health Residential Facilities

The budget includes $5,000,000 in FY 2026 for Secure Behavioral Health Residential Facilities. This amount consists of:

SMI Housing Trust Fund	1,800,000
IGA & ISA Fund	3,200,000

Adjustments are as follows:

One-Time Funding

The budget includes an increase of $5,000,000 in FY 2026 to fund new Secure Behavioral Health Residential Facility (SBHRF) construction or retrofitting of an existing building to become an SBHRF facility.

A budget footnote directs AHCCCS to distribute monies to SBHRFs that intend to apply for DHS licensure and that provide secure on-site supportive treatment to persons that are determined to be seriously mentally ill, chronically resistant to treatment, and either civilly committed or deemed dangerous and incompetent to stand trial. AHCCCS would be required to produce an implementation plan by February 1, 2026, containing recommendations and analysis regarding secure behavioral health facilities. AHCCCS would additionally be required to issue a request for proposals for SBHRF facilities by May 1, 2026. AHCCCS should give priority to facilities that can open within 12 months and meet the geographic needs of the state.

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 FY 2025 Federal Continuing Resolution delayed nationwide DSH payment reductions that were originally authorized by the federal Affordable Care Act (ACA) until October 1, 2025. 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 2026. The budget therefore assumes that Arizona's DSH allocation would be adjusted in FY 2026 through FY 2028 according to the regular federal formula, as outlined below.

Distribution

The FY 2025 enacted budget appropriated $4,202,300 of federal DSH funds associated with uncompensated care at Maricopa Integrated Health System (Valleywise) for distribution to Valleywise. Due to the availability of a new federal program, the DSH Valleywise payments are no longer being made, starting with FY 2024.

The budget assumes that in FY 2025, the General Fund will receive $18,693,800 via federal DSH funds associated with uncompensated care at the Arizona State Hospital (with adjustments in FY 2026 and in future years for changes in the federal match rate). The budget also eliminates the $4,202,300 appropriation of federal DSH funds for distribution to Valleywise in FY 2026. Finally, the budget modifies a provision of session law to no longer include Valleywise among the entities that receive DSH distributions.

Change in Uncompensated Care Payments

In FY 2026, the budget assumes that the state's total DSH payments will reach $235,001,400 due to federal adjustments for inflation. Of the $235,001,400 of eligible DSH funding in FY 2026, $224,847,300 is distributed according to the allocations described below and listed in *Table 3*. The remaining $10,154,100 of eligible funding represents existing expenditures used as part of the state

Table 3

Disproportionate Share Hospital Payments

Eligible Funding [1]	FY 2024 (Actual)	FY 2025 (Enacted)[3]	FY 2025 (Estimated)	FY 2026 (Estimated)
Valleywise - CPE [2]	$ 0	$ 92,291,200	$ 0	$ 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	163,429,900	65,330,500	197,948,100	205,641,700
Total Funding	**$ 192,789,600**	**$ 186,981,400**	**$ 227,307,800**	**$ 235,001,400**
General Fund				
Retain FF of CPE (via Valleywise)	$ 0	$ 55,685,500	$ 0	$ 0
Retain FF of CPE (via ASH)	18,876,000	18,477,400	18,693,800	18,320,800
Subtotal - General Fund	$ 18,876,000	$ 74,162,900	$ 18,693,800	$ 18,320,800
Other Entities				
Valleywise	$ 0	$ 4,202,300	$ 0	$ 0
Private Hospitals	884,800	884,800	884,800	884,800
Subtotal - Other Entities	884,800	5,087,100	884,800	884,800
Total DSH Distributions	**$ 19,760,800**	**$ 80,590,400**	**$ 19,578,600**	**$ 19,205,600**
Voluntary Match	**$ 163,429,900**	**$ 65,330,500**	**$ 197,948,100**	**$ 205,641,700**
Total Distributions	**$ 183,190,700**	**$ 145,920,900**	**$ 217,526,700**	**$ 224,847,300**

1/ Amounts include state and federal match funding.

2/ The FY 2025 budget continued 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 FY 2025 budget did 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. The budget incorporates these changes for FY 2025 and FY 2026.

match. *(See the Hospital Payments program summary on the JLBC website.)*

The $224,847,300 distribution in FY 2026 includes a $140,311,200 increase in funding for DSH voluntary match payments above the FY 2025 amount. The FY 2025 budget allowed up to $113,818,500 in DSH funding for Valleywise, but because Valleywise is no longer eligible, the $113,818,500 is now available for voluntary match payments.

Disproportionate Share Payments - Private Hospitals

The budget includes $884,800 in FY 2026 for Disproportionate Share Payments to private hospitals. This amount consists of:

General Fund	315,500
AHCCCS Fund	569,300

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $4,800 from the General Fund and a corresponding decrease of $(4,800) from the AHCCCS Fund in FY 2026 to reflect a change in the federal match rate.

Eliminate Valleywise Distribution

The budget includes a decrease of $(4,202,300) from the AHCCCS Fund in FY 2026 to eliminate the distribution of federal DSH funds to Valleywise. Accordingly, the budget deletes a footnote that specifies that $4,202,300 is distributed to Valleywise.

In FY 2024, there were 19 private hospitals that received DSH payments.

DSH Payments - Voluntary Match

The budget includes $205,641,700 in FY 2026 for DSH Payments - Voluntary Match. This amount consists of:

Political Subdivision Funds	73,331,800
AHCCCS Fund	132,309,900

Adjustments are as follows:

Increased Funding

The budget includes an increase of $140,311,200 in FY 2026 due to DSH formula adjustments. This amount consists of:

Political Subdivision Funds	51,119,400
AHCCCS Fund	89,191,800

The level of funding for voluntary match payments was previously determined by the amount remaining of Arizona's DSH allocation after distributions to the General Fund (via Valleywise and ASH) and private hospitals. The increase in funding for voluntary match payments in FY 2026 is primarily a result of Valleywise no longer being eligible to receive $113,818,500 in DSH funding.

Background – This line item provides DSH payments to hospitals with matching funds provided by political subdivisions. The Health Care BRB continues a provision that gives priority to eligible rural hospitals when allocating voluntary match DSH payments but deletes a provision that permits AHCCCS to include Valleywise in allocations of voluntary match DSH payments if Valleywise's CPE and matching Federal Funds exceed $113,818,500. (*Please see Table 3.*)

Graduate Medical Education

The budget includes $540,065,700 in FY 2026 for Graduate Medical Education (GME) expenditures. This amount consists of:

General Fund	13,000,000
Political Subdivision Funds	174,726,900
AHCCCS Fund	352,338,800

Adjustments are as follows:

Funding Adjustment

The budget includes an increase of $59,311,700 in FY 2026 for a GME funding adjustment. This amount consists of:

Political Subdivision Funds	34,072,400
AHCCCS Fund	25,239,300

The funding adjustment reflects AHCCCS' estimate of hospital participation in the program in FY 2026, as well as changes in the federal match rate.

One-Time HPSA Funding

The budget includes a one-time increase of $11,507,400 in FY 2026 to supplement GME payments to hospitals located in health professional shortage areas. This amount consists of:

General Fund	4,000,000
AHCCCS Fund	7,507,400

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 2025, 34 hospitals received a total of $459,719,900 for Graduate Medical Education.

The General Fund portion of the program supports GME payments to hospitals located in health professional shortage areas. The budget continues footnotes that instruct AHCCCS how to allocate monies for this program.

The budget also continues a footnote making monies appropriated for the GME program non-lapsing through the end of the following fiscal year (FY 2027), with the exception of the FY 2026 HPSA appropriation, which a separate footnote makes continuously non-lapsing.

Critical Access Hospitals

The budget includes $28,512,600 in FY 2026 for Critical Access Hospitals (CAH). This amount consists of:

General Fund	10,167,600
AHCCCS Fund	18,345,000

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $90,500 from the General Fund and a corresponding decrease of $(90,500) from the AHCCCS Fund in FY 2026 due to a change in the federal match.

FY 2026 Supplemental Pool Increase

The budget includes a one-time increase of $12,058,300 in FY 2026 for supplemental payments to Critical Access Hospitals. This amount consists of:

General Fund	4,300,000
AHCCCS Fund	7,758,300

Remove FY 2025 Supplemental Pool Increase

The budget includes a decrease of $(11,962,400) in FY 2026 to remove one-time supplemental payments to Critical Access Hospitals. This amount consists of:

General Fund	(4,200,000)
AHCCCS Fund	(7,762,400)

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 $67,000,000 in FY 2026 for the Targeted Investments (TI) Program. This amount consists of:

Delivery System Reform Incentive Payment (DSRIP) Fund	24,321,800
AHCCCS Fund	42,678,200

Adjustments are as follows:

Funding Adjustment

The budget includes an increase of $11,000,000 in FY 2026 for increased TI program payments. This amount consists of:

DSRIP Fund	6,399,100
AHCCCS Fund	4,600,900

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.

Other Issues

This section includes information on the following topics:

- FY 2025 Ex-Appropriation
- FY 2025 Supplemental
- Statutory Changes
- Long-Term Budget Impacts
- County Contributions
- Program Components
- Tobacco Master Settlement Agreement
- Tobacco Tax Allocations

FY 2025 Ex-Appropriation

The budget includes an FY 2025 ex-appropriation of $(94,051,600) to account for an estimated General Fund surplus. The $(94,051,600) surplus consists of:

- $(64,351,600) for lower-than-budgeted caseloads.
- $(29,700,000) for revisions to the state's FMAP.

(See Formula Adjustments for additional information.)

FY 2025 Supplemental

The FY 2026 budget includes an FY 2025 supplemental appropriation of $1,832,000 from the General Fund to backfill a loss in federal funding associated with eligibility income verification.

Prior to July 1, 2024, CMS provided free income verification services for the administration of Medicaid benefits. The supplemental represents increased contract costs associated with adding eligibility income verification services to an existing DES vendor contract.

Statutory Changes

The Health Care BRB makes the following statutory changes:

Rates and Services

- As session law, continues 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 permanent law, adds traditional healing services as AHCCCS-covered benefits.
- As permanent law, adds limited prerelease services as AHCCCS-covered benefits for incarcerated individuals up to 90 days prior to their release.
- As session law, states the Legislature finds that the 1115 waiver submissions associated with traditional healing services and limited prerelease services for incarcerated individuals were not subject to a requirement that 1115 waivers be authorized by the Legislature in the form of a statute prior to submission. Also states the Legislature finds that an 1115 waiver for traditional healing services coverage or limited prerelease services subject to the requirement for legislative authorization would comply with this requirement under the statutory changes made by this legislation.

- As session law, requires AHCCCS to offer a one-year extension of existing acute care contracts for all managed care organizations that would last through September 30, 2028.
- As permanent law, adds cochlear implants and outpatient speech therapy as AHCCCS-covered benefits for adults ages 21 and older.
- As session law, requires AHCCCS to report by January 31, 2026, on aggregate spending and aggregate utilization of mental health medications, including antipsychotics and antidepressants, during the contract year ending on September 30, 2024.

Counties

- As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations.
- As session law, sets the FY 2026 County Acute Care contribution at $42,814,200.
- As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2026, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act.
- As session law, sets the FY 2026 county Arizona Long Term Care System (ALTCS) contributions at $409,537,600.

Hospitals

- As session law, modifies the FY 2026 disproportionate share (DSH) distributions to continue to include the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center but eliminate the distribution to Valleywise, which is now receiving funding from a separate federal program.
- As session law, continues to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions.
- As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2026 according to county population size. Hospitals in rural counties (i.e. excluding Maricopa, Pima, and Pinal) have first priority; hospitals in Pinal County have second priority; and hospitals in Maricopa and Pima Counties have third priority.

Available Funding

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

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, AHCCCS's General Fund costs are projected to increase by $314,265,300 in FY 2027 above FY 2026 and by $167,238,400 in FY 2028 above FY 2027.

The FY 2027 estimate is based on:

- 1% caseload growth.
- 3.0% capitation growth.
- An estimated 64.11% FMAP in SFY 2027.
- 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.
- $50,000,000 to backfill funding from the PDRF used to offset General Fund costs in FY 2026.
- $6,000,000 to backfill funding for a one-time revision to state's FMAP.
- $(10,520,000) to remove FY 2026 one-time funding.

The FY 2028 estimate is based on:

- 1% caseload growth.
- 3.0% capitation growth.
- An estimated 64.03% FMAP in SFY 2028.
- Adjustments to non-General Fund state match offsets.

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.)*

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 2026, the average capitation rate is expected to be approximately $607 per member per month (or $7,300 annually). Of that amount,

Table 4

County Contributions

	FY 2025			FY 2026		
County	BNCF 1/	Acute 2/	ALTCS 3/	BNCF 1/	Acute 2/	ALTCS 3/
Apache	$162,000	$268,800	975,500	$168,500	$268,800	707,000
Cochise	302,100	2,214,800	973,400	314,300	2,214,800	7,510,100
Coconino	298,100	742,900	2,928,200	310,100	742,900	2,122,700
Gila	122,400	1,413,200	3,161,900	127,300	1,413,200	3,173,800
Graham	87,000	536,200	1,596,200	90,500	536,200	2,339,400
Greenlee	22,400	190,700	43,400	23,300	190,700	66,900
La Paz	46,300	212,100	990,200	48,200	212,100	828,800
Maricopa	0	15,145,900	269,359,200	0	14,783,900	275,201,600
Mohave	347,900	1,237,700	11,389,600	361,900	1,237,700	10,438,200
Navajo	228,000	310,800	4,037,000	237,200	310,800	2,926,600
Pima	2,072,300	14,951,800	62,975,600	2,155,700	14,951,800	63,729,700
Pinal	405,500	2,715,600	16,370,500	421,800	2,715,600	17,094,300
Santa Cruz	95,800	482,800	2,880,000	99,700	482,800	2,949,900
Yavapai	383,000	1,427,800	9,862,900	398,500	1,427,800	7,808,600
Yuma	341,500	1,325,100	12,328,500	355,300	1,325,100	12,640,000
Subtotal	**$4,914,300**	**$43,176,200**	**$399,872,100**	**$5,112,300**	**$42,814,200**	**$409,537,600**
Total			**$447,962,600**			**$457,464,100**

1/ Numbers may not add to total due to rounding.
2/ County contributions to the acute care program are displayed within the AHCCCS Fund under the Traditional Medicaid Services line item.
3/ County contributions to the ALTCS program are displayed within the Long Term Care System Fund.

an average of $161 is from state match and $446 from federal Medicaid and CHIP funds.

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 2026 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 $124,486,100 in transfers of tobacco tax collections in FY 2026. *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

	FY 2024	FY 2025
Medically Needy Account		
Funds Available		
Balance Forward	$ 0	$ (1,446,100)
Transfer In - Tobacco Tax and Health Care Fund	37,924,000	37,544,800
Transfer In - Tobacco Products Tax Fund	20,790,000	20,582,100
Total Funds Available	**$ 58,714,000**	**$ 56,680,800**
Allocations		
AHCCCS		
AHCCCS State Match Appropriation	$ 59,460,100	$ 65,886,300
Total AHCCCS Allocations	$ 59,460,100	$ 65,886,300
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*	**$ (1,446,100) ***	**$ (9,905,500) ***
AHCCCS Proposition 204 Protection Account		
Funds Available		
Balance Forward	$ 780,000	$ (824,500)
Transfer In - Tobacco Products Tax Fund	32,340,000	32,016,600
Total Funds Available	**$ 33,120,000**	**$ 31,192,100**
Allocations		
AHCCCS State Match Appropriation	$ 33,944,500	$ 36,662,900
Administrative Adjustments	0	0
Balance Forward	**$ (824,500) ***	**$ (5,470,800) ***
AHCCCS Emergency Health Services Account		
Funds Available		
Balance Forward	$ 723,000	$ (392,600)
Transfer In - Tobacco Products Tax Fund	15,400,000	15,246,000
Total Funds Available	**$ 16,123,000**	**$ 14,853,400**
Allocations		
AHCCCS State Match Appropriation	$ 16,515,600	$ 17,458,500
Administrative Adjustments	0	0
Balance Forward 1/	**$ (392,600) ***	**$ (2,605,100) ***
DHS Health Education Account		
Funds Available		
Balance Forward	$ 18,847,500	$ 22,005,500
Transfer In - Tobacco Tax and Health Care Fund	12,460,800	12,336,200
Transfer In - Tobacco Products Tax Fund	1,540,000	1,524,600
Smoke-Free Arizona Fund	303,700	300,700
Total Funds Available	**$ 33,152,000**	**$ 36,167,000**
Allocations		
Tobacco Education and Prevention Program	$ 9,733,900	$ 16,368,100
Leading Causes of Death - Prevention and Detection	1,412,600	2,232,000
Balance Forward	**$ 22,005,500**	**$ 17,566,900**
Health Research Account		
Funds Available		
Balance Forward	$ 9,788,700	$ 12,344,300
Transfer In - Tobacco Tax and Health Care Fund	2,708,800	2,681,700
Transfer In - Tobacco Products Tax Fund	3,850,000	3,811,500
Total Funds Available	**$ 16,347,500**	**$ 18,837,500**
Allocations		
Research Grants	4,003,200	12,487,700
Balance Forward	**$ 12,344,300**	**$ 6,349,800**

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

Arizona Commission on the Arts

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
Arts Trust Fund Deposit	5,000,000	2,000,000	2,000,000
AGENCY TOTAL	**5,000,000**	**2,000,000**	**2,000,000** 1/
FUND SOURCES			
General Fund	5,000,000	2,000,000	2,000,000
SUBTOTAL - Appropriated Funds	**5,000,000**	**2,000,000**	**2,000,000**
Other Non-Appropriated Funds	1,711,900	1,665,500	1,328,900 2/
Federal Funds	1,136,800	1,154,300	0
TOTAL - ALL SOURCES	7,848,700	4,819,800	3,328,900

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

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Special Line Item by Agency.

2/ Monies appropriated from the General Fund for deposit into the Arts Trust Fund pursuant to the FY 2026 General Appropriations 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 2026 for deposit into the non-appropriated Arts Trust Fund. Adjustments are as follows:

Remove One-Time FY 2025 Funding

The budget includes a decrease of $(2,000,000) from the General Fund in FY 2026 to remove one-time funding for the Arts Trust Fund.

One-Time FY 2026 Arts Trust Fund Deposit

The budget includes an increase of $2,000,000 from the General Fund in FY 2026 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1.5	1.5	1.5
Personal Services	80,200	75,400	75,400
Employee Related Expenditures	28,100	62,400	60,800
Travel - In State	200	1,200	1,200
Other Operating Expenditures	15,500	28,800	28,600
Equipment	200	0	0
AGENCY TOTAL	**124,200**	**167,800**	**166,000** 1/
FUND SOURCES			
Other Appropriated Funds			
Athletic Training Fund	124,200	167,800	166,000
SUBTOTAL - Other Appropriated Funds	124,200	167,800	166,000
SUBTOTAL - Appropriated Funds	**124,200**	**167,800**	**166,000**
TOTAL - ALL SOURCES	124,200	167,800	166,000

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

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $166,000 and 1.5 FTE Positions from the Athletic Training Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(1,800) from the Athletic Training Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Attorney General - Department of Law

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	671.7	671.7	677.7
Personal Services	33,965,800	37,221,200	37,388,800
Employee Related Expenditures	11,705,100	14,511,000	14,730,500
Professional and Outside Services	1,071,000	565,500	565,500
Travel - In State	190,900	249,800	249,800
Travel - Out of State	92,200	86,000	86,000
Other Operating Expenditures	10,490,400	11,134,300	11,981,100
Equipment	767,000	280,200	316,700
OPERATING SUBTOTAL	**58,282,400**	**64,048,000**	**65,318,400** 1/2/3/
SPECIAL LINE ITEMS			
Additional Operating Resources			
Capital Postconviction Prosecution	826,300	885,500	880,300
Criminal Division Major Fraud Unit	687,000	1,191,200	1,268,100
Southern Arizona Law Enforcement	1,555,000	1,682,500	1,717,300
State Grand Jury	178,500	195,300	194,400
Opioid-Related Distributions			
Opioid Abatement	11,000	0	0
Coordinated Reentry Planning Services Grants	0	0	10,000,000 4/5/
Transfer to ADC for Opioid Remediation/Allowable Settlement Uses	75,000,000	40,000,000	40,000,000 6/
Transfer to DEMA for Opioid Remediation/Allowable Settlement Uses	0	3,000,000	0
Transfer to DHS for Opioid Remediation/Allowable Settlement Uses	0	1,000,000	0
Veterans Substance Abuse Treatment Grants	0	5,000,000	0
Other Programs			
Child and Family Advocacy Centers	600,000	100,000	100,000 7/
Government Accountability and Special Litigation	1,095,300	1,293,200	1,467,300
Internet Crimes Against Children Enforcement	23,000	1,278,300	1,613,300 8/
Military Airport Planning	82,700	85,000	85,000 9/
Organized Retail Theft Task Force	546,900	1,575,700	1,645,200 10/
Risk Management Interagency Service Agreement	8,310,200	10,812,100	10,489,000
Tobacco Enforcement	89,300	877,500	877,000
Victims' Rights	2,335,800	4,027,700	4,022,500
AGENCY TOTAL	**149,623,400**	**137,052,000**	**139,677,800** 11/
FUND SOURCES			
General Fund	26,761,100	27,092,700	27,692,200
Other Appropriated Funds			
Antitrust Enforcement Revolving Fund	89,100	162,300	162,900
Attorney General Legal Services Cost Allocation Fund	1,784,700	2,343,200	2,338,900
Collection Enforcement Revolving Fund – Operating	7,144,600	7,339,500	7,372,100
Consumer Protection - Consumer Fraud Revolving Fund	10,504,100	14,886,000	16,909,400
Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund	75,011,000	49,000,000	50,000,000
Interagency Service Agreements Fund	15,651,800	18,246,300	17,635,600
Internet Crimes Against Children Enforcement Fund	21,900	900,000	900,000
Risk Management Revolving Fund	10,519,800	13,266,600	12,855,300
Victims' Rights Fund	2,135,300	3,815,400	3,811,400
SUBTOTAL - Other Appropriated Funds	122,862,300	109,959,300	111,985,600
SUBTOTAL - Appropriated Funds	**149,623,400**	**137,052,000**	**139,677,800**

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Other Non-Appropriated Funds	53,699,800	73,482,700	73,482,700
Federal Funds	9,178,500	22,135,500	9,712,700
TOTAL - ALL SOURCES	212,501,700	232,670,200	222,873,200

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/ 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 2025-2026. (General Appropriations Act footnote)

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 Appropriations Act footnote)

3/ Of the amount appropriated in the operating lump sum appropriation in fiscal year 2025-2026, $204,100 and 4 positions shall be used to expand the medicaid fraud control unit within the criminal division of the office of the attorney general.

4/ Of the amount appropriated in the coordinated reentry planning services grants line item, $2,000,000 shall be distributed to each of Coconino, Mohave, Navajo, Pinal and Yavapai counties in fiscal year 2025-2026 to supplement costs associated with the operation of an existing coordinated reentry planning services program. The coordinated reentry planning services grants line item includes $10,000,000 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.

5/ Before spending any monies in the coordinated reentry planning services grants line item, the attorney general shall complete the transfer of opioid claims-related monies to the state department of corrections as required pursuant to this act.

6/ A. In addition to any other appropriation made in fiscal year 2025-2026, 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 2025-2026 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 8, 2025, 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. If sufficient monies are not available on July 8, 2025 to complete the transfer of all monies appropriated in subsection A of this section, on or before July 8, 2025, the attorney general shall transfer such monies as are then held in the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, and not otherwise appropriated by the legislature. If a partial transfer is made pursuant to the preceding sentence, then within three business days of receipt of additional monies into the consumer remediation subaccount of the consumer restitution and remediation revolving fund established by section 44-1531.02, Arizona Revised Statutes, the attorney general shall transfer such monies to the state department of corrections opioid remediation fund established pursuant to section 35-142, Arizona Revised Statutes, and shall repeat such transfer process on receipt of additional monies until the entirety of the amount appropriated in subsection A of this section has been transferred.

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 in 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)

7/ 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 Appropriations Act footnote)
8/ 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, 2027. (General Appropriations Act footnote)
9/ 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 Appropriations Act.
10/ 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 Appropriations Act footnote)
11/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $65,318,400 and 517.5 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$24,400,900
Antitrust Enforcement Revolving Fund	162,900
Attorney General Legal Services Cost Allocation Fund (LSCAF)	2,338,900
Collection Enforcement Revolving Fund (CERF)	7,372,100
Consumer Protection - Consumer Fraud (CPCF) Revolving Fund	11,041,700
Interagency Service Agreements (ISA) Fund	17,635,600
Risk Management Revolving Fund	2,366,300

Adjustments are as follows:

Medicaid Fraud Control Unit Workloads

The budget includes an increase of $204,100 and 4 FTE Positions from the Consumer Protection – Consumer Fraud Revolving Fund in FY 2026 to expand the Medicaid Fraud Control Unit (MFCU) within the Attorney General's Criminal Division.

Background - MFCUs are authorized under federal law and receive a 3:1 federal match to investigate fraud in the state's Medicaid (AHCCCS) program, fraud in AHCCCS administration, and abuse, neglect, or financial exploitation occurring in Medicaid facilities or committed by Medicaid providers. Arizona's MFCU is operated as the Health Care Fraud and Abuse Section of the Attorney General's Criminal Division.

Statewide Adjustments

The budget includes an increase of $1,066,300 in FY 2026 for statewide adjustments. This amount consist of:

General Fund	$614,800
Antitrust Enforcement Revolving Fund	600
Attorney General Legal Services Cost Allocation Fund (LSCAF)	(4,300)
Collection Enforcement Revolving Fund (CERF)	32,600
Consumer Protection - Consumer Fraud (CPCF) Revolving Fund	1,121,500
Interagency Service Agreements (ISA) Fund	(610,700)
Risk Management Revolving Fund	(88,200)

Of this amount, $128,200 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

Additional Operating Resources

Capital Postconviction Prosecution

The budget includes $880,300 and 6 FTE Positions from the General Fund in FY 2026 for Capital Postconviction Prosecution. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(5,200) from the General Fund in FY 2026 for statewide adjustments.

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

Criminal Division Major Fraud Unit

The budget includes $1,268,100 and 7 FTE Positions from the CPCF Revolving Fund in FY 2026 for the Criminal Division Major Fraud Unit. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $76,900 from the CPCF Revolving Fund in FY 2026 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.

Southern Arizona Law Enforcement

The budget includes $1,717,300 and 16 FTE Positions in FY 2026 for Southern Arizona Law Enforcement. These amounts consist of:

General Fund	1,347,900
CPCF Revolving Fund	369,400

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $34,800 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	$(7,500)
CPCF Revolving Fund	42,300

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 $194,400 and 1.6 FTE Positions from the General Fund in FY 2026 for the State Grand Jury. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(900) from the General Fund in FY 2026 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.

Opioid-Related Distributions

Coordinated Reentry Planning Services Grants

The budget includes $10,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2026 for distributions to counties with existing coordinated reentry planning services programs. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $10,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2026 for Coordinated Reentry Planning Services Grants. A General Appropriations Act Footnote specifies that $2,000,000 shall be distributed to each of Coconino, Mohave, Navajo, Pinal, and Yavapai counties to supplement costs associated with the operation of existing coordinated reentry planning services programs as defined in A.R.S. § 11-392. These programs screen and assess individuals booked into a county jail and connect those individuals with behavioral health and substance use disorder treatment providers while they move through the criminal justice process.

A General Appropriation Act footnote requires the AG to complete the $40,000,000 transfer of monies to the Arizona Department of Corrections before spending any monies from the Coordinated Reentry Planning Services Grants appropriation (*please see Transfer to ADC for Opioid Remediation/Allowable Settlement Uses section below for additional information).* The FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) also amends permanent law to require any county that receives state monies for the operation of a coordinated reentry planning services program to annually report to JLBC and the Governor's Office of Strategic Planning and Budgeting on the outcomes of the coordinated reentry program and the populations served.

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.

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 in FY 2026 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. This amount is unchanged from FY 2025.

A General Appropriations 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.

A General Appropriations Act footnote requires the appropriation to be transferred to the ADC Opioid Remediation Fund by July 8, 2025. If the AG has insufficient monies for the transfer on July 8, the AG must transfer whatever balance is available, and then continue to transfer any new revenues to the ADC Opioid Remediation fund within 3 business days of those monies becoming available, until the full $40,000,000 transfer has been completed. These monies are non-lapsing.

Transfer to DEMA for Opioid Remediation/Allowable Settlement Uses

The budget includes no funding in FY 2026 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. An FY 2025 General Appropriation Act footnote made the FY 2025 appropriation non-lapsing. Adjustments are as follows:

Remove One Time Funding
The budget includes a decrease of $(3,000,000) from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2026 to remove one-time funding for a transfer to DEMA.

The FY 2026 budget appropriates monies to DEMA in FY 2026 from non-AG funds for purposes comparable to those funded by AG opioid claims-related monies in FY 2025. *(Please see the DEMA section for additional information.)*

Transfer to DHS for Opioid Remediation/Allowable Settlement Uses

The budget includes no funding in FY 2026 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. An FY 2025 General Appropriation Act footnote made the FY 2025 appropriation non-lapsing. Adjustments are as follows:

Remove One Time Funding
The budget includes a decrease of $(1,000,000) from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2026 to remove one-time funding for a transfer to DHS.

One-Time Veterans Substance Abuse Treatment Grants

The budget includes no funding in FY 2026 for veterans substance abuse treatment grants. Adjustments are as follows:

Remove One Time Funding
The budget includes a decrease of $(5,000,000) from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2026 to remove one-time funding for veterans substance abuse treatment grants.

An FY 2025 General Appropriations 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 did not submit an expenditure plan to JLBC for review for this line item; the monies are therefore expected to lapse.

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.

Other Programs

Child and Family Advocacy Centers

The budget includes $100,000 from the General Fund in FY 2026 for the Child and Family Advocacy Centers line item. This amount is unchanged from FY 2025.

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.

Government Accountability and Special Litigation

The budget includes $1,467,300 and 10 FTE Positions from the CPCF Revolving Fund in FY 2026 for the Government Accountability and Special Litigation (GASL) line item. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $174,100 from the CPCF Revolving Fund in FY 2026 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 $1,613,300 and 2 FTE Positions in FY 2026 for the Internet Crimes Against Children (ICAC) Enforcement line item. This amount consists of:

General Fund	378,300
ICAC Enforcement Fund	900,000
CPCF Revolving Fund	335,000

Adjustments are as follows:

ICAC Workload Increase

The budget includes an increase of $335,000 and 2 FTE Positions from the CPCF Revolving Fund in FY 2026 to increase capacity for the Arizona Internet Crimes Against Children Task Force (AZICAC).

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

An ongoing General Appropriations Act footnote makes the General Fund and ICAC Enforcement Fund amounts 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 2026 for Military Airport Planning. These amounts are unchanged from FY 2025.

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 Appropriations 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.

Organized Retail Theft Task Force

The budget includes $1,645,200 and 9 FTE Positions from the CPCF Revolving Fund in FY 2026 for the Organized Retail Theft Task Force line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $69,500 from the CPCF Revolving Fund in FY 2026 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 Appropriations 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 $10,489,000 and 93 FTE Positions from the Risk Management Revolving Fund in FY 2026 for the Risk Management Interagency Service Agreement. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(323,100) from the Risk Management Revolving Fund in FY 2026 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.

Tobacco Enforcement

The budget includes $877,000 and 6.6 FTE Positions in FY 2026 for Tobacco Enforcement. These amounts consist of:

General Fund	94,300
CPCF Revolving Fund	782,700

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(500) from the General Fund in FY 2026 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 $2,077,000 for the Attorney General to enforce the MSA in FY 2026.

Victims' Rights

The budget includes $4,022,500 and 8 FTE Positions in FY 2026 for Victims' Rights. These amounts consist of:

General Fund	211,100
Victims' Rights Fund	3,811,400

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(5,200) in FY 2026 for statewide adjustments. This amount consist of:

General Fund	$(1,200)
Victims' Rights Fund	(4,000)

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:

- Opioid Settlements
- Statutory Changes
- Attorney General Legal Services Cost Allocation Fund

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 counites. 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.

These settlement monies may 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.

Opioid settlement monies are deposited in the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. Beginning in FY 2024, all opioid settlement monies deposited in the Consumer Remediation Subaccount are subject to both JLBC review and legislative appropriation, pursuant to A.R.S. 44-1531.02C.

An FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) provision requires the AG to report annually on or before December 31 to JLBC and OSPB on the estimated total opioid revenues to be received by the state through the lifetime of all opioid settlements to which the state is party.

Since FY 2023, the Legislature has made the following appropriations of opioid settlement monies to the Attorney General:

- FY 2023: $5.0 million for grants to counties and medically underserved populations.
- FY 2024: $11.5 million for grants to counties with coordinated reentry programs; $500,000 to governmental child and family advocacy centers; and $75.0 million for transfer to ADC for opioid remediation expenses.
- FY 2025: $40.0 million for transfer to ADC for opioid remediation expenses; $5.0 million for Veterans Substance Abuse Treatment Grants; $3.0 million for transfer to DEMA for opioid remediation expenses; and $1.0 million for transfer to DHS for opioid remediation expenses.
- FY 2026: $40.0 million for transfer to ADC for opioid remediation expenses; $10.0 million for Coordinated Reentry Planning Services Grants.

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As permanent law, delay the prohibition on the use of the Anti-Racketeering Revolving Fund to pay for salaries and FTE Positions for two years, from after August 27, 2025 to after August 27, 2027.
- As permanent law, clarify that the use of Anti-Racketeering monies in the pass-through fund be used only for those purposes outlined in statute.
- As permanent law, allow up to $335,000 from the Consumer Protection – Consumer Fraud Revolving Fund to be used for the Internet Crimes Against Children Task Force.
- As permanent law, require the Attorney General to report annually on or before December 31 to the JLBC and OSPB on their projections for total opioid settlement revenues through the lifetime of all opioid settlements and to report on opioid spending.
- As permanent law, requires a recipient of coordinated reentry planning services program grant monies to report on various socioeconomic characteristics, risk factors, and recidivism rates of individuals receiving coordinated reentry screening. The report must be submitted to the President of the Senate, the Speaker of the House, Governor, OSPB, and JLBC by December 1, 2027.

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 Appropriations Act each year. See *Table 1* for a list of agencies and their corresponding FY 2026 Attorney General Legal Services charge. These charges do not necessarily represent the full cost for Attorney General legal services paid by an agency, which may also include costs associated with interagency service agreements between an agency and the Attorney General's office. These amounts are unchanged from FY 2025. *(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 2026 Attorney General Legal Services Charges

Agency	Charge
Arizona Department of Administration	$ 127,700
Office of Administrative Hearings	3,000
Arizona Commission on the Arts	3,100
Citizens Clean Elections Commission	2,700
State Department of Corrections	2,000
Arizona Criminal Justice Commission	8,700
Arizona State Schools for the Deaf and the Blind	100,200
Commission for the Deaf and the Hard of Hearing	4,100
Arizona Early Childhood Development and Health Board	47,100
Department of Education	132,000
Department of Emergency and Military Affairs	30,000
Department of Environmental Quality	135,600
Arizona Exposition and State Fair Board	20,900
Arizona Department of Forestry and Fire Management	13,400
Department of Gaming	37,300
Department of Health Services	173,800
Arizona Historical Society	700
Arizona Department of Housing	19,300
Department of Insurance and Financial Institutions	13,800
Department of Juvenile Corrections	9,400
State Land Department	2,100
Department of Liquor Licenses and Control	11,400
Arizona State Lottery Commission	24,800
Arizona State Parks Board	45,800
State Personnel Board	600
Arizona Pioneers' Home	12,100
Department of Public Safety	677,400
Arizona Board of Regents	1,800
Arizona State Retirement System	69,100
Department of Revenue	4,900
Department of State - Secretary of State	1,800
State Treasurer	9,200
Department of Veterans' Services	52,700
Total Legal Services Charges	**$ 1,798,500**

Barbering and Cosmetology Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	29.5	33.5	33.5
Personal Services	1,174,200	1,540,600	1,540,600
Employee Related Expenditures	493,500	739,500	735,300
Professional and Outside Services	87,600	123,700	123,700
Travel - In State	43,400	38,000	38,000
Travel - Out of State	3,100	9,500	9,500
Other Operating Expenditures	868,500	570,100	570,700
Equipment	143,200	9,500	9,500
OPERATING SUBTOTAL	**2,813,500**	**3,030,900**	**3,027,300**
SPECIAL LINE ITEMS			
IT Development	0	200,000	200,000 1/
AGENCY TOTAL	**2,813,500**	**3,230,900**	**3,227,300** 2/
FUND SOURCES			
Other Appropriated Funds			
Barbering and Cosmetology Fund	2,813,500	3,230,900	3,227,300
SUBTOTAL - Other Appropriated Funds	2,813,500	3,230,900	3,227,300
SUBTOTAL - Appropriated Funds	**2,813,500**	**3,230,900**	**3,227,300**
TOTAL - ALL SOURCES	2,813,500	3,230,900	3,227,300

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/ Laws 2024, Chapter 250 appropriated $200,000 from the Barbering and Cosmetology Fund in FY 2026 for information technology development. Because this appropriation is in separate legislation, it is not included in the General Appropriations Act. This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $3,027,300 and 33.5 FTE Positions from the Barbering and Cosmetology Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(3,600) from the Barbering and Cosmetology Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section)*

The board's FY 2026 operating appropriation includes ongoing funding of $298,300 and 4 FTE Positions from the Barbering and Cosmetology Fund for enforcement of the board's statutes. This continues funding and staffing at the same level as the FY 2025 appropriation for enforcement of the board's statute made in separate legislation, Laws 2024, Chapter 250. Because this appropriation was in separate legislation, it was not included in the FY 2025 General Appropriations Act.

IT Development

Laws 2024, Chapter 250 appropriates $200,000 from the Barbering and Cosmetology Fund in FY 2026 for one-time IT development costs.

Laws 2024, Chapter 250 appropriated $200,000 from Barbering and Cosmetology Fund for IT Development in FY 2025 and FY 2026. These one-time appropriations are exempt from lapsing. This is separate legislation; it is not included in the General Appropriations Act.

Board of Behavioral Health Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	20.0	27.0	27.0
Personal Services	1,308,600	1,509,400	1,509,400
Employee Related Expenditures	481,400	689,600	735,700
Professional and Outside Services	80,400	191,300	211,700
Travel - In State	9,300	20,000	20,000
Travel - Out of State	1,500	15,000	15,000
Other Operating Expenditures	193,200	256,400	444,000
Equipment	32,900	75,700	39,400
AGENCY TOTAL	**2,107,300**	**2,757,400**	**2,975,200** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Behavioral Health Examiners Fund	2,107,300	2,757,400	2,975,200
SUBTOTAL - Other Appropriated Funds	2,107,300	2,757,400	2,975,200
SUBTOTAL - Appropriated Funds	**2,107,300**	**2,757,400**	**2,975,200**
TOTAL - ALL SOURCES	2,107,300	2,757,400	2,975,200

AGENCY DESCRIPTION — The board certifies and regulates behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling. The board also licenses and regulates professionals engaged in the practice of psychotherapy.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $2,975,200 and 27 FTE Positions from the Board of Behavioral Health Examiners Fund in FY 2026 for the operating budget. Adjustments are as follows:

Remove One-Time Equipment Costs

The budget includes a decrease of $(36,300) from the Board of Behavioral Health Examiners Fund to remove one-time staffing equipment costs.

One-Time E-Licensing Transition Funding

The budget includes a one-time increase of $20,400 from the Board of Behavioral Health Examiners Fund in FY 2026 for the costs of an e-licensing transition consultant.

One-Time Office Space Reorganization

The budget includes a one-time increase of $187,900 from the Board of Behavioral Health Examiners Fund in FY 2026 for office space reorganization due to the addition of 7 FTE Positions in the FY 2025 budget.

Statewide Adjustments

The budget includes an increase of $45,800 from the Board of Behavioral Health Examiners Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

Auditor General Report

In September 2024, the Auditor General published a performance audit and sunset review of the Board of Behavioral Health Examiners including recommendations on the Board's investigation and resolution of complaints, and the appropriateness of its fees.

The report found that the Board did not address staffing needs in response to an increase in complaints, resulting in untimely complaint resolution. Additionally, the Board charged fees inconsistent with a statutory requirement to establish fees that approximate the cost of maintaining the Board.

The Auditor General made the following key recommendations:

- Develop a process to annually assess the Board's staffing levels and hire additional investigators, as necessary, to resolve complaints within 180 days.
- Establish fees that align with its operating costs as required by statute.

State Board for Charter Schools

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	25.0	25.0	25.0
Personal Services	1,381,900	1,480,500	1,480,500
Employee Related Expenditures	504,900	409,500	469,400
Professional and Outside Services	350,800	82,100	82,100
Travel - In State	9,800	10,000	10,000
Travel - Out of State	12,000	5,500	5,500
Other Operating Expenditures	245,600	237,100	238,700
Equipment	79,900	524,900	524,900
AGENCY TOTAL	**2,584,900**	**2,749,600**	**2,811,100** 1/
FUND SOURCES			
General Fund	2,584,900	2,749,600	2,811,100
SUBTOTAL - Appropriated Funds	**2,584,900**	**2,749,600**	**2,811,100**
Other Non-Appropriated Funds	43,500	0	0
TOTAL - ALL SOURCES	2,628,400	2,749,600	2,811,100

AGENCY DESCRIPTION — The board reviews and approves charter school applications, including renewal applications, and monitors the schools that it sponsors for compliance with provisions of their individual charters. It consists of the Superintendent of Public Instruction, 5 members of the general public, 2 members of the business community, a charter school teacher, a charter school operator, an alternative charter school operator, and 3 members of the Legislature who serve as advisory members. Currently the board oversees over 550 charter schools.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $2,811,100 and 25 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Named Claimants

The budget includes a decrease of $(300) from the General Fund in FY 2026 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 $61,800 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Department of Child Safety

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	3,283.1	3,283.1	3,283.1
Personal Services	73,031,700	82,555,200	82,555,200
Employee Related Expenditures	31,011,000	33,850,500	40,492,200
Professional and Outside Services	12,070,300	4,849,900	4,849,900
Travel - In State	520,100	414,800	414,800
Travel - Out of State	73,500	0	0
Other Operating Expenditures	32,609,600	26,966,600	50,045,300
Equipment	400,900	863,900	863,900
OPERATING SUBTOTAL	**14Mo9,717,100**	**149,500,900**	**179,221,300** 1/-6/
SPECIAL LINE ITEMS			
Additional Operating Resources			
Attorney General Legal Services	27,894,900	27,989,800	29,914,500 7/
Caseworkers	146,498,000	146,868,700	139,316,600 8/
Group Home Monitoring Training Program	0	0	100,000 9/10/
Office of Child Welfare Investigations	10,400,800	11,213,300	11,314,600
Training Resources	4,237,400	9,150,000	9,150,000
Vehicle Replacement	0	0	2,610,000
Out-of-Home Placements			
Congregate Care	105,623,000	122,482,000	116,892,500
Extended Foster Care	19,659,200	22,079,200	24,787,200
Extended Foster Care Service Model Fund Deposit	5,679,300	0	9,100,000
Foster Home Placement	34,713,900	40,447,300	40,547,300
Foster Home Recruitment, Study and Supervision	28,303,700	32,753,600	32,753,600
Kinship Care	16,214,200	15,584,600	15,184,600 11/12/
Permanent Placements			
Permanent Guardianship Subsidy	15,622,000	17,186,800	18,686,800
Adoption Services	268,556,500	281,648,400	282,440,400
Support Services			
DCS Childcare Subsidy	43,842,700	61,675,400	61,675,400
Preventive Services	20,404,200	32,412,700	28,412,700 13/14/
In-Home Mitigation	36,796,200	42,614,300	44,414,300
Out-of-Home Support Services	83,977,000	103,284,600	107,284,600
Comprehensive Health Plan			
Comprehensive Health Plan Administration	26,758,200	25,562,200	25,145,200
Comprehensive Health Plan Premium Tax	2,686,400	3,581,300	3,257,700
Comprehensive Health Plan Services	104,598,100	174,472,000	156,730,300
AGENCY TOTAL	**1,152,182,800**	**1,320,507,100**	**1,338,939,600** 3/15/16/
FUND SOURCES			
General Fund	479,963,700	458,089,500	488,771,000
Other Appropriated Funds			
Child Abuse Prevention Fund	0	1,459,300	1,459,300
Child Welfare Licensing Fee Fund	633,000	1,021,600	1,067,400
Children and Family Services Training Program Fund	0	207,500	207,500
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	161,082,200	176,676,300	160,985,500
SUBTOTAL - Other Appropriated Funds	202,231,200	219,880,700	204,235,700
SUBTOTAL - Appropriated Funds	**682,194,900**	**677,970,200**	**693,006,700**
Expenditure Authority Funds			

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Child Safety Expenditure Authority	335,945,200	438,921,400	460,799,700
Comprehensive Health Plan Fund	134,042,700	203,615,500	185,133,200
SUBTOTAL - Expenditure Authority Funds	469,987,900	642,536,900	645,932,900
FUND SOURCES			
SUBTOTAL - Appropriated/Expenditure Authority Funds	**1,152,182,800**	**1,320,507,100**	**1,338,939,600**
Other Non-Appropriated Funds	0	91,000	91,000
TOTAL - ALL SOURCES	1,152,182,800	1,320,598,100	1,339,030,600

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/ 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 Appropriations Act footnote)

2/ The legislature intends that the department of child safety use its funding to achieve a one hundred percent investigation rate. (General Appropriations Act footnote)

3/ 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 Appropriations Act footnote)

4/ 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 Appropriations Act footnote)

5/ For the purposes of this section:

1. "Backlog case":
   a) 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.
   b) 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.
2. "Long-term case" means any case in which the child has been in an out-of-home placement for at least eighteen months.
3. "Open report" means a report that is under investigation or awaiting closure by a supervisor.

On or before February 28, 2026 and August 31, 2026, the department of child safety shall present a report to the joint legislative budget committee on the progress made during July 2025 through December 2025 and January 2026 through June 2026, 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 Appropriations Act footnote)

6/ On or before December 1, 2025, 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 Appropriations Act footnote)

7/ 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 Appropriations Act footnote)

8/ On or before September 1, 2025, the department of child safety shall submit a report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on the actual operating expenses for the guardian case management system in fiscal year 2024-2025 and the proposed system operating expenses for the system in fiscal year 2025-2026. (General Appropriations Act Footnote)

9/ The department of child safety shall develop and maintain a webpage for a group home training program that each employee of each group home that is contracted with the department of child safety must annually complete. The webpage shall include:
1. At least one training program that is provided free of charge and that includes instruction on preventing human trafficking. The department of child safety may use a training program that is provided free of charge by the Arizona department of homeland security if such a training program is available.
2. Educational materials and resources related to prevent human trafficking. (General Appropriations Act footnote)

10/ The amount appropriated for the group home monitoring training program line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

11/ 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 Appropriations Act footnote)

12/ On or before March 31, 2026, 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 Appropriations Act footnote)

13/ 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 Appropriations Act footnote)

14/ The department shall notify the director of the joint legislative budget committee and the governor's office of strategic planning and budgeting if the nurturing parenting and family connections programs are favorably reviewed by the federal government and qualify for federal reimbursement. (General Appropriations Act footnote)

15/ 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 established by section 8-550.01, Arizona Revised Statutes, the children and family services training program fund established pursuant to section 8-503.01, Arizona Revised Statutes, and the comprehensive health

plan expenditure authority fund established pursuant to section 8-512.02, Arizona Revised Statutes. (General Appropriations Act footnote)

16/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $179,221,300 and 1,472.9 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$96,900,500
Child Safety Expenditure Authority	60,861,600
Federal TANF Block Grant	20,391,800
Child Welfare Licensing Fee Fund	1,067,400

Adjustments are as follows:

Federal Funds Backfill

The budget includes an increase of $1,949,000 in FY 2026 for an operating lump sum adjustment. This amount consists of:

General Fund	6,949,000
Federal TANF Block Grant	(5,000,000)

The General Fund adjustment includes $560,000 to backfill reduced federal IV-B funding that supports the Arizona Child Abuse Hotline, along with $1,389,000 to backfill expiring federal funding that supports the administrative expenses for the Nurturing Parenting and Family Connections programs. The remaining adjustments are associated with a funding realignment between line items.

One-Time Guardian IT Costs

The budget includes an increase of $15,972,300 in FY 2026 to support operational costs of Guardian, DCS' child safety information management system. This amount consists of:

General Fund	9,823,000
Child Safety Expenditure Authority	6,149,300

Remove FY 2025 Supplemental

The budget includes a decrease of $(2,920,000) in FY 2026 to remove one-time supplemental funding. This amount consists of:

General Fund	(6,920,000)
Child Safety Expenditure Authority	(1,000,000)
Federal TANF Block Grant	5,000,000

Statewide Adjustments

The budget includes an increase of $14,719,100 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	8,012,300
Child Safety Expenditure Authority	6,697,100
Federal TANF Block Grant	(36,100)
Child Welfare Licensing Fee Fund	45,800

(Please see the Agency Detail and Allocations section.)

Additional Operating Resources

Attorney General Legal Services

The budget includes $29,914,500 and 276.2 FTE Positions in FY 2026 for Attorney General Legal Services. These amounts consist of:

General Fund	22,066,600
Child Safety Expenditure Authority	7,847,900

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of 1,924,700 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	307,300
Child Safety Expenditure Authority	1,617,400

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 $139,316,600 and 1,406 FTE Positions in FY 2026 for caseworkers. These amounts consist of:

General Fund	66,082,600
Children and Family Services Training Program Fund	207,500
Federal TANF Block Grant	28,958,100

Child Safety Expenditure Authority	44,068,400

Adjustments are as follows:

Funding Realignment

The budget includes an increase of $2,000,000 in FY 2026 to realign fund sourcing between line items. This amount consists of:

General Fund	4,600,000
Child Safety Expenditure Authority	(4,600,000)
Federal TANF Block Grant	2,000,000

Remove FY 2025 Supplemental Funding Realignment

The budget includes a decrease of (14,680,000) in FY 2026 to remove a one-time funding realignment between line items. This amount consists of:

General Fund	(12,280,000)
Child Safety Expenditure Authority	(7,000,000)
Federal TANF Block Grant	4,600,000

Statewide Adjustments

The budget includes an increase of $5,127,900 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	468,100
Child Safety Expenditure Authority	4,714,500
Federal TANF Block Grant	(54,700)

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 May 2025, DCS had 1,257 filled case specialist positions.

Group Home Monitoring Training Program

The budget includes $100,000 from the General Fund in FY 2026 for a Group Home Monitoring Training Program. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for DCS to develop and maintain a webpage for a group home monitoring training program.

A budget footnote requires all group home employees contracted with DCS to complete the training program annually. The same footnote specifies that the training program should be free of charge and include instruction on preventing human trafficking. Monies in this line item are non-lapsing.

Office of Child Welfare Investigations

The budget includes $11,314,600 and 127 FTE Positions in FY 2026 for the Office of Child Welfare Investigations (OCWI). These amounts consist of:

General Fund	11,112,600
Child Safety Expenditure Authority	202,000

Funding Realignment

The budget includes an increase of $600,000 from the General Fund in FY 2026 to realign fund sourcing between line items.

Remove FY 2025 Supplemental Funding Realignment

The budget includes a decrease of $(600,000) from the General Fund in FY 2026 to remove a one-time funding realignment between line items.

Statewide Adjustments

The budget includes an increase of $101,300 from the General Fund in FY 2026 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 2026 for Training Resources. This amount consists of:

General Fund	150,000
Child Safety Expenditure Authority	9,000,000

These amounts are unchanged from FY 2025.

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 2025, the latest data available from the agency, DCS reports that 127 ASU/NAU social work students received

scholarships, including 39 Bachelors of Social Work (BSW) students and 88 Masters of Social Work (MSW) students.

Vehicle Replacement

The budget includes $2,610,000 from the General Fund in FY 2026 for Vehicle Replacement. Adjustments are as follows:

One-Time Funding
The budget includes an increase of $2,610,000 from the General Fund in FY 2026 for DCS to replace aging fleet vehicles.

A Transportation Budget Reconciliation Bill (BRB) provision requires DCS to participate in the state fleet. DCS' FY 2026 statewide adjustments include an additional $4,650,900 for a fleet operating adjustment.

Out-of-Home Placements

DCS places children in out-of-home care when the department determines in conjunction with the Juvenile Court that, after investigating a report of child abuse or neglect, no services or interventions can adequately ensure the child's health and safety in the home. *Table 1* shows out-of-home placements by setting each year.

Table 1

Out-of-Home Placements 1/

	June 2023	June 2024	May 2025
Kinship Care 2/	4,914	4,061	3,549
Foster Home	3,067	2,458	2,268
Congregate Care	1,845	1,538	1,551
Group Home	*1,288*	*908*	*919*
Emergency Shelter	*22*	*13*	*12*
Behavioral Health Placement	*535*	*617*	*620*
Independent Living	624	643	726
Other 3/	463	516	422
Total	**10,913**	**9,216**	**8,516** 4/

1/ Includes out-of-home children up through age 17 as well as children 18-21 in Extended Foster Care.
2/ Includes unlicensed relative and non-relative placements.
3/ Includes runaways, missing children, children with no identified placement, and trial home visits.
4/ Latest available data for placement types is from May 2025 and includes "preliminary data" reported by DCS.

Congregate Care

The budget includes $116,892,500 in FY 2026 for Congregate Group Care. This amount consists of:

General Fund	65,568,000
Federal TANF Block Grant	21,423,000
Child Safety Expenditure Authority	29,901,500

Adjustments are as follows:

Expenditure Authority Adjustment
The budget includes a decrease of $(10,000,000) from Child Safety Expenditure Authority in FY 2026 to realign funding between line items.

Congregate Care Federal Funding Backfill
The budget includes an increase of $23,210,500 from the General Fund in FY 2026 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. Of this amount, $19,300,000 is one-time.

Remove FY 2025 Supplemental Congregate Care Federal Funding Backfill
The budget includes a decrease of $(18,800,000) in FY 2026 to remove prior year 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. This amount consists of:

General Fund	(26,800,000)
Child Safety Expenditure Authority	8,000,000

Caseload – According to the latest available data from DCS, in FY 2025, an estimated monthly average of 1,475 clients received congregate care placements at an average monthly cost of $6,075 per placement. Assuming the same cost per placement in FY 2026, the total appropriation has the authority to support 1,603 congregate care placements.

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 $24,787,200 in FY 2026 for Extended Foster Care. This amount consists of:

General Fund	15,250,000
Child Safety Expenditure Authority	9,537,200

Adjustments are as follows:

Extended Foster Care Caseload

The budget includes an increase of $4,900,000 from the General Fund in FY 2026 to support a projected increase in caseloads. This amount consists of:

General Fund	3,900,000
Child Safety Expenditure Authority	1,000,000

Remove FY 2025 Supplemental Funding Realignment

The budget includes a decrease of $(2,192,000) from the General Fund in FY 2026 to remove a one-time funding realignment between line items.

Caseload – According to the latest available data from DCS, a monthly average of 889 individuals aged 18-21 remained voluntarily in DCS foster care at an average monthly cost of $1,951 in FY 2025.

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 $9,100,000 in FY 2026 for the Extended Foster Care Service Model Fund Deposit. This amount consists of:

General Fund	6,400,000
Child Safety Expenditure Authority	2,700,000

Adjustments are as follows:

One-Time Fund Deposit

The budget includes a one-time increase of $9,100,000 in FY 2026 for deposit into the non-appropriated Extended Foster Care Comprehensive Service Model Fund. This amount consists of:

General Fund	6,400,000
Child Safety Expenditure Authority	2,700,000

The Human Services BRB establishes the program and fund as permanent law.

Background – This line item funds an extended foster care comprehensive service model that provides support services and case management from contracted community providers to young adults 17.5-20 years of age in the Extended Foster Care program. The scope of work for the Extended Foster Care Comprehensive Service Model includes weekly engagements between "success coaches" and individuals in the program, life skills training, and mental and physical health and well-being, among other components.

The FY 2024 budget first funded the program as session law with 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 removed the remaining $(16,523,000) in FY 2025. The FY 2025 Human Services BRB would have repealed the fund on June 30, 2025.

Foster Home Placement

The budget includes $40,547,300 in FY 2026 for Foster Home Placement. This amount consists of:

General Fund	12,443,300
Federal TANF Block Grant	6,973,100
Child Safety Expenditure Authority	21,130,900

Adjustments are as follows:

Funding Realignment

The budget includes a decrease of $(2,000,000) from the General Fund in FY 2026 to realign fund sourcing between line items.

Remove FY 2025 Supplemental Funding Realignment

The budget includes an increase of $2,100,000 from the General Fund in FY 2026 to remove a one-time funding realignment between line items.

Caseload – According to the latest available data from DCS, in FY 2025, an estimated monthly average of 2,541 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 2,915 foster home placements in FY 2026.

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 2026 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 2025.

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.

Beginning in FY 2024, the department is also using this line item to cover the costs of a new Kinship Support Services (KSS) program to provide home visits, licensure assistance, and other supportive services to kinship caregivers. The enacted budget did not include adjustments to cover the cost of the KSS program. In FY 2025, the Executive allocated $31,700,000 from the State and Local Fiscal Recovery Fund (SLFRF) for this program. Obligated SLFRF monies must be expended by December 31, 2026. As of March 2025, DCS had not spent any of the SLFRF allocation for the KSS program.

Kinship Care

The budget includes $15,184,600 in FY 2026 for Kinship Care. This amount consists of:

General Fund	8,584,600
Federal TANF Block Grant	6,000,000

Adjustments are as follows:

Caseload Decline

The budget includes a decrease of $(5,400,000) from the General Fund in FY 2025 to reflect decreased caseloads and realign fund sourcing between line items. This amount consists of:

General Fund	(11,500,000)
Federal TANF Block Grant	6,100,000

Remove FY 2025 Supplemental Funding Realignment

The budget includes an increase of $5,000,000 in FY 2026 to remove a one-time funding realignment between line items to reflect decreased caseloads. This amount consists of:

General Fund	17,100,000
Federal TANF Block Grant	(12,100,000)

Caseload – In FY 2025, on average 4,121 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 4,218 kinship placements in FY 2026. DCS reports 3,549 children were placed in unlicensed kinship care in May 2025.

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 Appropriations 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 Appropriations Act footnote requires DCS to report to the Joint Legislative Budget Committee by March 31, 2026, 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 2023	June 2024	June 2025
Adoption	32,923	32,584	31,055
Permanent Guardianship	3,104	3,511	3,728
Total	**36,027**	**36,095**	**34,783**

Permanent Guardianship Subsidy

The budget includes $18,686,800 in FY 2026 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	11,743,800
Federal TANF Block Grant	6,943,000

Adjustments are as follows:

Caseload Growth

The budget includes an increase of $1,500,000 in FY 2026 to realign fund sourcing between line items and support increased permanent guardianship caseloads. This amount consists of:

General Fund	(3,500,000)
Federal TANF Block Grant	5,000,000

Remove FY 2025 Supplemental Funding Realignment

The budget includes an increase of $14,600,000 from the General Fund and a corresponding decrease of $(14,600,000) from the TANF Block Grant in FY 2026 to remove a one-time funding realignment between line items.

Caseload – According to the latest available data from DCS, in FY 2025, an estimated monthly average of 3,667 clients received permanent guardianship subsidies. At an average monthly cost of $386 and the current General Fund and TANF funding level, DCS can support 4,034 total placements in FY 2026.

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 $282,440,400 in FY 2026 for Adoption Services. This amount consists of:

General Fund	82,540,700
Federal TANF Block Grant	20,945,700
Child Safety Expenditure Authority	178,954,000

Adjustments are as follows:

Funding Realignment

The budget includes a decrease of $(4,400,000) in FY 2026 to realign fund sourcing between line items. This amount consists of:

General Fund	(2,900,000)
Federal TANF Block Grant	(1,500,000)

Remove FY 2025 Supplemental Funding Realignment

The budget includes an increase of $5,192,000 in FY 2026 to realign fund sources between line items. This amount consists of:

General Fund	3,692,000
Federal TANF Block Grant	1,500,000

Caseload – According to the latest available data from DCS, in FY 2025, an estimated monthly average of 32,700 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 $660 and the assumed federal reimbursement level, the total appropriation has the authority to support 35,662 adoption placement subsidies in FY 2026.

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 2024 for in-home mitigation and out-of-home support services by category.

DCS Childcare Subsidy

The budget includes $61,675,400 in FY 2026 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

These amounts are unchanged from FY 2025.

Caseload – According to the latest available data from DCS, in FY 2025, an estimated monthly average of 5,474 children received DCS childcare. At $836 monthly, and the assumed federal reimbursement level, the appropriation has the authority to support an average monthly caseload of 6,148 children in FY 2026.

Table 3

Support Services
FY 2025 Estimated Expenditures by Service Category 1/

Services	Amount
Nurturing Parenting Program	10,528,500
Supervised Visitation	27,200,000
Transportation	24,525,700
Family Connections	19,733,200
Preventive Services	26,014,500
Allowances	10,912,800
Counseling and Psychological Services	2,400,000
Substance Use Disorder Treatment	6,000,000
Independent Living Support	7,238,000
Lab Services	2,900,000
Other	11,900,000
Total	**$149,352,700** 2/

1/ Does not include substance use disorder services spending for Arizona Families F.I.R.S.T. (AFF) recipients who are eligible for AHCCCS.

2/ Latest available data is from May 2025 as reported by DCS. Numbers may not match the Special Line Item expenditures reported separately by the agency.

Background – This line item funds childcare for children in the DCS system. DES continues to administer the state's childcare program, so this funding is passed through to DES. Children who qualify for the DCS childcare subsidy are not subject to a time limit, copay, or waiting list. DCS childcare is provided for children in both licensed and unlicensed foster care. *(Please see the DES Childcare Subsidy line item for other childcare funding.)*

In-Home Mitigation

The budget includes $44,414,300 and 1 FTE Position in FY 2026 for In-Home Mitigation. These amounts consist of:

General Fund	13,283,500
Child Abuse Prevention Fund	1,459,300
Federal TANF Block Grant	23,670,500
Child Safety Expenditure Authority	6,001,000

Adjustments are as follows:

Funding Realignment
The budget includes an increase of $6,000,000 from the Federal TANF Block Grant in FY 2026 to realign fund sourcing between line items to reflect projected contracted vendor costs.

Remove FY 2025 Supplemental Funding Realignment
The budget includes an increase of $1,300,000 in FY 2026 to remove a one-time funding realignment between line items. This amount consists of:

General Fund	7,300,000
Federal TANF Block Grant	(6,000,000)

Remove One-Time Provider Rate Increases
The budget includes a decrease of $(5,500,000) from the General Fund in FY 2026 to remove one-time rate increases associated with the department's Nurturing Parenting Program and Family Connections contracts.

Background – This line item funds DCS's support services contract for children 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.

Out-of-Home Support Services

The budget includes $107,284,600 in FY 2026 for Out-of-Home Support Services. This amount consists of:

General Fund	46,618,100
Federal TANF Block Grant	25,080,300
Child Safety Expenditure Authority	35,586,200

Adjustments are as follows:

Funding Realignment
The budget includes a decrease of $(6,000,000) from the Federal TANF Block Grant in FY 2026 to realign fund sourcing between line items to reflect projected contracted vendor costs.

Remove FY 2025 Supplemental Funding Realignment
The budget includes an increase of $10,000,000 in FY 2026 to remove a one-time funding realignment between line items. This amount consists of:

General Fund	4,000,000
Federal TANF Block Grant	6,000,000

Background – This line item funds services for children in out-of-home care and their families, including supervised visitation, health care services, allowances, transportation, substance abuse treatment, and independent living services.

Preventive Services

The budget includes $28,412,700 in FY 2026 for Preventive Services. This amount consists of:

General Fund	264,400
Child Safety Expenditure Authority	28,148,300

Adjustments are as follows:

Restore Healthy Families Base Funding
The budget includes an increase of $7,000,000 from Child Safety Expenditure Authority in FY 2026 to restore base funding for the Healthy Families Arizona Program.

Remove Healthy Families Expansion Funding
The budget includes a decrease of $(11,000,000) from the General Fund in FY 2026 to remove General Fund monies for the Healthy Families Arizona Program.

The 2025 budget provided $11,000,000 from the General Fund for one-time funding of the Healthy Families program. The 2026 budget removes this funding and appropriates $7,000,000 from Expenditure Authority for a net funding decrease of $(4,000,000) for the Healthy Families program.

Background – This line item funds broad-based prevention programs to reduce the risk of involvement with DCS for at-risk families, including the Healthy Families program. The General Fund amount represents the state match to draw down federal CBCAP grant funding, which supports community-based efforts to prevent child abuse and neglect.

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 $(18,482,300) from the Comprehensive Health Plan Fund across the 3 CHP line items. The formula adjustments consist of 0.5% enrollment growth in FY 2026, 3.0% capitation growth, and prior year base adjustments as reflected in the AHCCCS budget.

Comprehensive Health Plan Administration

The budget includes $25,145,200 from the Comprehensive Health Plan Fund in FY 2026 for Comprehensive Health Plan Administration. Adjustments are as follows:

Formula Adjustments
The budget includes a decrease of $(3,568,800) from the Comprehensive Health Plan Fund in FY 2026 for CHP formula adjustments.

Remove FY 2025 Supplemental CHP SLI Funding Realignment
The budget includes an increase of $3,079,400 from the Comprehensive Health Plan Fund in FY 2026 to remove a one-time funding realignment between CHP line items.

Statewide Adjustments
The budget includes an increase of $72,400 from the Comprehensive Health Plan Fund in FY 2026 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 $3,257,700 from the Comprehensive Health Plan Fund in FY 2026 for Comprehensive Health Plan Premium Taxes. Adjustments are as follows:

Formula Adjustments
The budget includes an increase of $61,100 from the Comprehensive Health Plan Fund in FY 2026 for CHP formula adjustments.

Remove FY 2025 Supplemental CHP SLI Funding Realignment
The budget includes a decrease of $(384,700) from the Comprehensive Health Plan Fund in FY 2026 to remove a one-time funding realignment between CHP line items.

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 $156,730,300 from the Comprehensive Health Plan Fund in FY 2026 for

Table 4

FY 2025 Supplemental Adjustments/Funding Realignment

	FY 2025 Original Appropriation	GF Supplemental	TANF Supplemental	EA Supplemental	FY 2025 Revised Appropriation
Operating Budget	146,580,900	6,920,000	(5,000,000)	1,000,000	149,500,900
Caseworkers	132,188,700	12,280,000	(4,600,000)	7,000,000	146,868,700
Office of Child Welfare Investigations	10,613,300	600,000	-	-	11,213,300
Congregate Care	103,682,000	26,800,000	-	(8,000,000)	122,482,000
Extended Foster Care	19,887,200	2,192,000	-	-	22,079,200
Foster Home Placement	42,547,300	(2,100,000)	-	-	40,447,300
Kinship Care	20,584,600	(17,100,000)	12,100,000	-	15,584,600
Permanent Guardianship Subsidy	17,186,800	(14,600,000)	14,600,000	-	17,186,800
Adoption Services	286,840,400	(3,692,000)	(1,500,000)	-	281,648,400
In-Home Mitigation	43,914,300	(7,300,000)	6,000,000	-	42,614,300
Out-of-Home Support Services	113,284,600	(4,000,000)	(6,000,000)	-	103,284,600
CHP Administration	28,641,600	-	-	(3,079,400)	25,562,200
CHP Premium Tax	3,196,600	-	-	384,700	3,581,300
CHP Services	127,989,800	-	-	46,482,200	174,472,000
TOTAL	**$1,097,138,100**	-	**$15,600,000**	**$43,787,500**	**$1,156,525,600**

Comprehensive Health Plan Services. Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $6,560,900 from the Comprehensive Health Plan Fund in FY 2026 for CHP formula adjustments.

Capitation Adjustment

The budget includes an increase of $22,179,600 from the Comprehensive Health Plan Fund in FY 2026 for a technical adjustment to reflect projected pass-through payments from AHCCCS.

Remove FY 2025 Supplemental CHP SLI Funding Realignment

The budget includes a decrease of $(2,694,700) from the Comprehensive Health Plan Fund in FY 2026 to remove a one-time funding realignment between CHP line items.

Remove FY 2025 Supplemental Formula Adjustment

The budget includes a decrease of $(43,787,500) from the Comprehensive Health Plan Fund in FY 2026 to remove a supplemental adjustment for higher-than-budgeted capitation growth from AHCCCS in FY 2025.

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 2025 Supplementals
- Statutory Changes
- Long-Term Budget Impacts
- Auditor General Report
- Families First Prevention Services Act

FY 2025 Supplementals

The FY 2026 budget includes a net supplemental increase of $15,600,000 from the Federal TANF Block Grant to offset General Fund costs and realign fund sourcing between line items.

The FY 2026 budget also includes a supplemental increase of $43,787,500 from the Comprehensive Health Plan Fund for higher-than-budgeted capitation growth from AHCCCS.

Table 4 provides a complete delineation of supplemental fund shifts between line items. *(Please see individual line items for more detail.)*

Statutory Changes

The Human Services BRB makes the following statutory change:

- As permanent law, establish the Extended Foster Care Comprehensive Services Model program and fund.

Long-Term Budget Impacts

As part of the FY 2026 budget's 3-year spending plan, Department of Child Safety General Fund costs are projected to decrease by $(38,233,100) in FY 2027 below FY 2026. These estimates are based on:

- $(9,823,100) to remove one-time funding for Guardian operating costs.
- $(2,610,000) to remove one-time funding for vehicle replacement.
- $(100,000) to remove one-time funding for the Group Home Monitoring Training program.
- $(19,300,000) to remove a one-time federal funding backfill for congregate care.
- $(6,400,000) to remove a one-time deposit for the Extended Foster Care Comprehensive Service Model program.

Auditor General Report

Young Adult Program Audit

In July 2024, the Auditor General published an audit of DCS's implementation of its Young Adult Program, which provides support services and case management from contracted community providers, including weekly engagements between success coaches and participating young adults.

The Auditor General found that while DCS had begun implementing program requirements, the department needed to improve contractor monitoring, including whether contractors are hiring a sufficient number of coaches to provide services. The report also stated that DCS did not develop federally required transition plans for the majority of youths reviewed. Finally, the Auditor General observed that DCS has not developed a process to comprehensively evaluate the extent to which its Young Adult Program is helping foster youth obtain the necessary competencies to transition to adulthood. As a result, the Auditor General recommended the following:

- Develop an implementation plan for the success coaching program and that an adequate number of coaches are hired to provide services.
- Establish procedures for monitoring the success of contracted success coaches.
- Develop an action plan to ensure transition plans for youth.
- Create a comprehensive performance measurement system for its adult programming.

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 2025 General Appropriations Act footnote required DCS to report on its implementation of the legislation by December 1, 2024, including quantification of any fiscal impacts. The FY 2026 budget continues this footnote and requires DCS to provide an update by December 1, 2025.

As of May 2025, DCS reports 396 children were placed in Qualified Residential Treatment Programs, or an increase of 5.2% from July 2024.

State Board of Chiropractic Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	5.0	6.0	6.0
Personal Services	269,800	349,500	349,500
Employee Related Expenditures	114,700	152,300	164,700
Professional and Outside Services	47,100	33,000	33,000
Travel - In State	1,000	2,800	2,800
Travel - Out of State	1,400	12,000	12,000
Other Operating Expenditures	98,600	86,100	90,600
Equipment	5,700	8,000	8,000
AGENCY TOTAL	**538,300**	**643,700**	**660,600** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Chiropractic Examiners Fund	538,300	643,700	660,600
SUBTOTAL - Other Appropriated Funds	538,300	643,700	660,600
SUBTOTAL - Appropriated Funds	**538,300**	**643,700**	**660,600**
TOTAL - ALL SOURCES	538,300	643,700	660,600

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 Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $660,600 and 6 FTE Positions from the Board of Chiropractic Examiners Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $16,900 from the Board of Chiropractic Examiners Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Citizens Clean Elections Commission

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
FUND SOURCES			
Other Non-Appropriated Funds	5,578,300	13,066,500	13,066,500
TOTAL - ALL SOURCES	5,578,300	13,066,500	13,066,500

AGENCY DESCRIPTION — As authorized by a 1998 ballot initiative, the Citizens Clean Elections Commission provides full public funding to qualified candidates who agree to abide by the commission's guidelines. To qualify for funding, participating candidates must adhere to spending and contribution limits and gather $5 qualifying contributions from district constituents who are registered voters. Participating candidates also agree to attend required debates. The commission is not subject to legislative appropriation.

Other Issues

Clean Elections Fund Balance

Proposition 200 was approved in the 1998 General Election, creating the Clean Elections Fund. The fund, which helps finance participating candidate campaigns, receives revenue from a 10% surcharge on civil and criminal fines, qualifying contributions from participating candidates, and penalties paid by candidates. A maximum of 10% of the fund's revenues may be used to enforce the Citizens Clean Elections Act, and another 10% may be spent on voter education.

In FY 2024, the fund had revenues of $6,443,000, which combined with the fund's beginning balance results in total available funds of $33,378,800. This compared to spending of $5,578,300 in FY 2024. For FY 2025, the commission estimates annual fund revenue will be $5,095,000, compared to $13,066,500 in spending. Along with surpluses from prior years, the commission forecasted the fund will have a balance of $19,828,900 at the end of FY 2025.

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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	100.0	100.0	100.0 1/
Personal Services	5,969,500	6,060,500	6,060,500
Employee Related Expenditures	1,288,900	1,462,100	1,462,100
Professional and Outside Services	626,800	482,800	482,800
Travel - In State	69,600	94,600	94,600
Travel - Out of State	86,400	115,800	115,800
Other Operating Expenditures	5,386,000	1,740,700	1,740,700
Equipment	72,800	43,500	43,500
OPERATING SUBTOTAL	**13,500,000**	**10,000,000**	**10,000,000** 2/
SPECIAL LINE ITEMS			
Applied Research Centers	0	0	500,000 3/
Arizona Competes Fund Deposit	500,000	500,000	500,000 2/
Economic Development Marketing and Attraction	1,000,000	500,000	500,000
Economic Transition Resources	9,000,000	0	0
Office of Defense Innovation	0	0	300,000
Small Business Center Grants	0	500,000	0
State Rural Development Council	0	0	1,200,000
Water Infrastructure and Commerce Grant Fund Deposit	7,000,000	0	0
Wearable Technology Research	2,500,000	0	0
TRADE OFFICES			
Asia-Pacific Trade Office	750,000	0	0
Asia Trade Offices	750,000	750,000	750,000
Canada Trade Office	750,000	0	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
Romania Trade Office	0	0	125,000
Trade Office Funding	2,000,000	0	0
AGENCY TOTAL	**39,050,000**	**13,550,000**	**15,175,000** 4/5/
FUND SOURCES			
General Fund	39,050,000	13,550,000	15,175,000
SUBTOTAL - Appropriated Funds	**39,050,000**	**13,550,000**	**15,175,000**
Other Non-Appropriated Funds	8,859,300	9,727,200	9,727,200
Federal Funds	24,699,400	187,157,900	187,157,900
TOTAL - ALL SOURCES	72,608,700	210,435,100	212,060,100

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/ Laws 2024, Chapter 206 amended A.R.S. § 41-1502 to limit the ACA to 100 FTE positions funded from state monies. This FTE limitation became effective during FY 2025.

2/ 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 2025-2026 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 Appropriations Act footnote)

3/ The authority shall distribute the monies appropriated in the applied research centers line item to applied research centers located in this state that specialize in medical technology, including hardware or software components that monitor, enhance or improve the delivery of health care or human performance.
The authority shall distribute the monies appropriated in the applied research centers line item to any applied research center located in this state in increments of up to $250,000 within thirty days after the applied research center notifies the authority in writing that the applied research center has received a matching amount from sources other than this state.
For the purpose of distributing the monies appropriated in the applied research centers line item, the authority is exempt from the requirements of title 41, chapter 23, Arizona Revised Statutes.
An applied research center that receives a distribution from monies appropriated in the applied research centers line item:
1. Shall collaborate with universities, nonprofit business associations, health science research centers, institutes or other technology businesses that do business in this state.
2. May collaborate with community colleges and universities in this state to train the workforce on skills relevant to technologies described above.
For each fiscal year that an applied research center located in this state receives monies pursuant to this section, the applied research center shall submit an expenditure and performance report to the authority. On or before February 1 of each year, the authority shall transmit the reports to the joint legislative budget committee and the governor's office of strategic planning and budgeting.
The appropriation made in the applied research centers line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that any monies that remain unexpended and unencumbered on June 30, 2027 revert to the state general fund. (General Appropriations Act footnote)

4/ On or before December 1, 2025, the authority shall submit a report to the joint legislative budget committee on the location, activities and annual expenses of each trade office operated by the authority during the prior fiscal year. (General Appropriations Act footnote)

5/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget Deposit

The budget includes $10,000,000 and 100 FTE Positions from the General Fund in FY 2026 for the operating budget. These amounts are unchanged from FY 2025.

These monies are deposited into the non-appropriated Arizona Commerce Authority Fund to be used for the ACA's operating expenses. Laws 2024, Chapter 206 amended A.R.S. § 41-1502 to limit the ACA to 100 FTE positions funded from state monies. This FTE limitation became effective during FY 2025. The budget includes this 100 FTE limit in the FY 2026 General Appropriations Act.

Applied Research Centers

The budget includes $500,000 from the General Fund in FY 2026 for Applied Research Centers. Adjustments are as follows:

Establish Grant Program

The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for a grant program for Arizona applied research centers specializing in medical technology. A General Appropriations Act footnote outlines requirements for both the Authority and grantees to follow, including the technology to be researched and reporting requirements.

Arizona Competes Fund Deposit

The budget includes $500,000 from the General Fund in FY 2026 for deposit into the Arizona Competes Fund. This amount is unchanged from FY 2025.

In addition to this deposit, each year, 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.

Economic Development Marketing and Attraction

The budget includes $500,000 from the General Fund in FY 2026 for the Economic Development Marketing and Attraction line item. This amount is unchanged from FY 2025.

Monies in this line item fund marketing campaigns designed to attract industries such as advanced manufacturing to Arizona.

Office of Defense Innovation

The budget includes $300,000 from the General Fund in FY 2026 for the Office of Defense Innovation. Adjustments are as follows:

Establish Defense Innovation Office
The budget includes a one-time increase of $300,000 from the General Fund in FY 2026 to establish the Office of Defense Innovation.

The FY 2026 Commerce BRB establishes the Arizona Office of Defense Innovation and lists its duties. The office's purpose is to attract new defense industry firms into the state, expand the operations of existing Arizona firms, and collaborate with universities and research institutions in efforts such as developing new technologies and workforce development for the defense industry.

Small Business Center Grants

The budget includes no funding in FY 2026 for Small Business Center Grants. Adjustments are as follows:

Remove One-Time Grant Program Funding
The budget includes a decrease of $(500,000) from the General Fund in FY 2026 for the removal of one-time grant funding for business centers and entrepreneur support organizations that provide business training, business coaching, and technical assistance to underserved small business owners.

State Rural Development Council

The budget includes $1,200,000 from the General Fund in FY 2026 for the State Rural Development Council. Adjustments are as follows:

Establish Grant Program
The budget includes a one-time increase of $1,200,000 from the General Fund in FY 2026 for a grant to a federally designated rural development council that partners with nonprofit organizations, economic development organizations, tribal nations, rural municipalities, counties, and federal agencies across the state to help stimulate and develop Arizona's rural economy.

Trade Offices

Asia Trade Offices

The budget includes $750,000 from the General Fund in FY 2026 for the Asia Trade Offices line item. This amount is unchanged from FY 2025.

Currently, the ACA funds one trade office each in South Korea and Taiwan.

Frankfurt, Germany Trade Office

The budget includes $500,000 from the General Fund in FY 2026 for the Frankfurt, Germany Trade Office. This amount is unchanged from FY 2025.

Israel Trade Office

The budget includes $300,000 from the General Fund in FY 2026 for the Israel Trade Office. This amount is unchanged from FY 2025.

Mexico Trade Offices

The budget includes $500,000 from the General Fund in FY 2026 to operate trade offices in Mexico. This amount is unchanged from FY 2025.

Currently, the ACA funds trade offices in Mexico City, Guanajuato, and Chihuahua.

Romania Trade Office

The budget includes $125,000 from the General Fund in FY 2026 for the Romania Trade Office. Adjustments are as follows:

Establish New Trade Office
The budget includes a one-time increase of $125,000 from the General Fund in FY 2026 to set up and operate a new trade office in Romania.

Other Issues

Statutory Changes

The Commerce BRB makes the following statutory changes:

- As permanent law, establishes an Office of Defense Innovation within the Commerce Authority.

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Equalization Aid			
Equalization Aid - Cochise	9,759,600	10,575,800	11,812,600
Equalization Aid - Graham	19,912,000	21,132,400	22,496,500
Equalization Aid - Navajo	11,189,600	12,016,200	12,885,200
Equalization Aid - Yuma/La Paz	716,100	896,400	1,786,400
Subtotal – Equalization Aid	41,577,300	44,620,800	48,980,700
Operating Aid			
Operating Aid - Cochise	4,423,700	4,000,800	3,818,600
Operating Aid - Coconino	1,415,900	1,392,500	1,426,500
Operating Aid - Gila	151,400	149,700	158,700
Operating Aid - Graham	1,661,900	1,758,900	1,808,100
Operating Aid - Mohave	924,400	961,500	1,056,600
Operating Aid - Navajo	1,346,100	1,375,600	1,430,400
Operating Aid - Pima	2,000,000	0	0
Operating Aid - Pinal	1,090,900	1,032,900	1,082,900
Operating Aid - Santa Cruz	0	54,600	45,100
Operating Aid - Yavapai	373,000	371,300	555,900
Operating Aid - Yuma/La Paz	2,260,700	2,262,400	2,402,000
Subtotal – Operating Aid	15,648,000	13,360,200	13,784,800
STEM Aid			
STEM Aid - Cochise	954,700	833,400	1,021,100
STEM Aid - Coconino	309,500	300,700	314,300
STEM Aid - Gila	88,700	88,100	91,700
STEM Aid - Graham	409,700	446,300	465,900
STEM Aid - Maricopa	7,927,600	8,073,700	8,441,600
STEM Aid - Mohave	378,600	392,600	430,500
STEM Aid - Navajo	262,500	273,600	295,500
STEM Aid - Pima	1,769,000	1,768,900	1,855,600
STEM Aid - Pinal	656,700	634,800	654,800
STEM Aid - Santa Cruz	21,200	41,800	38,000
STEM Aid - Yavapai	637,200	636,600	710,200
STEM Aid - Yuma/La Paz	777,700	778,200	820,600
Subtotal – STEM Aid	14,193,100	14,268,700	15,139,800
Rural Aid			
Rural Aid - Cochise	5,769,700	2,999,100	2,703,600
Rural Aid - Coconino	1,520,600	892,800	901,800
Rural Aid - Gila	439,500	258,000	252,800
Rural Aid - Graham	1,917,800	1,239,300	1,244,500
Rural Aid - Mohave	1,866,800	1,149,000	1,202,500
Rural Aid - Navajo	1,322,400	815,000	852,600
Rural Aid - Pinal	3,110,400	1,794,100	1,807,400
Rural Aid - Santa Cruz	97,000	113,800	99,900
Rural Aid - Yavapai	3,084,400	1,833,600	1,955,300
Rural Aid - Yuma/La Paz	4,871,400	2,905,300	2,979,600
Subtotal – Rural Aid	24,000,000	14,000,000	14,000,000
Additional Rural Aid			
Rural County Allocation	5,722,300	6,109,000	6,989,000 [1/]
Rural County Reimbursement Subsidy	1,082,900	1,082,900	1,082,900 [2/]
Subtotal – Additional Rural Aid	6,805,200	7,191,900	8,071,900
Tribal Aid			
Tribal Community Colleges	517,400	1,441,100	1,441,100 [3/]
Dine College Capital Improvements	10,000,000	0	0
Dine College Remedial Education	1,000,000	1,000,000	1,000,000 [4/]

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
San Carlos Apache Community College Remedial Education	2,000,000	0	0
Tohono O'odham Community College Remedial Education	2,000,000	0	0
Subtotal – Tribal Aid	15,517,400	2,441,100	2,441,100
Other Aid			
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Arizona Western College CTE Workforce	15,000,000	0	0
Santa Cruz Provisional Community College Funding	200,000	0	0
Eastern Arizona College Expenses	0	0	1,000,000
Maricopa Wrestling Scholarships	0	0	250,000
Subtotal – Other Aid	15,400,000	200,000	1,450,000
AGENCY TOTAL	**133,141,000**	**96,082,700**	**103,868,300** 5/
FUND SOURCES			
General Fund	133,141,000	96,082,700	103,868,300
SUBTOTAL - Appropriated Funds	**133,141,000**	**96,082,700**	**103,868,300**
Other Non-Appropriated Funds	87,974,400	91,580,600	91,580,600
TOTAL - ALL SOURCES	221,115,400	187,663,300	195,448,900

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 2026, that amount is estimated to be $6,989,000. Because this appropriation is in permanent statute, it is not included in the General Appropriations 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 Appropriations 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 Appropriations Act.

4/ On or before October 15, 2026, 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 2025-2026 academic year. (General Appropriations Act footnote)

5/ General Appropriations Act funds are appropriated as District-by-District Special Line Items.

Equalization Aid

The budget includes $48,980,700 from the General Fund in FY 2026 for Equalization Aid. Adjustments are as follows:

Property Value Changes

The budget includes an increase of $4,359,900 from the General Fund in FY 2026 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in *Table 1*.

Table 1

FY 2026 Equalization Funding Changes

District	FY 2025	Year-over-Year Change	FY 2026
Cochise	$10,575,800	$1,236,800	11,812,600
Graham	21,132,400	1,364,100	22,496,500
Navajo	12,016,200	869,000	12,885,200
Yuma/La Paz	896,400	890,000	1,786,400
Total	**$44,620,800**	**$4,359,900**	**$48,980,700**

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 7.0% higher in TY 2024 than in the preceding year. Therefore, for the FY 2026 Equalization Aid formula calculation, the minimum assessed valuation increased 7.0% to approximately $1.98 billion. *(See Table 2 for the calculation of the growth rate.)*

Table 2

Equalization Growth Factor for Tax Years (TY) 2023-2024

District	TY 2023 Primary AV	TY 2024 Primary AV	TY 2023-2024 % Growth
Cochise*	$ 1,074,552,900	$ 1,114,080,000	3.7 %
Graham*	303,998,800	334,238,400	10.0 %
Navajo*	969,413,100	1,035,790,900	6.9 %
Yuma/La Paz*	1,781,073,400	1,845,925,300	3.6 %
Coconino	2,171,931,000	2,298,821,800	5.8 %
Mohave	2,427,679,000	2,569,180,300	5.8 %
Pinal	3,390,905,700	3,772,917,900	11.3 %
Yavapai	3,556,683,100	3,806,627,200	7.0 %
Total 1/	**$15,676,236,900**	**$16,777,581,800**	**7.0 %**
Minimum AV	**$1,846,507,600**	**$1,976,317,100**	**7.0 %**

1/ May not add to total due to rounding.

* These districts qualify to receive Equalization Aid under the state funding formula in FY 2026 since they fall below the minimum assessed value threshold of $1.98 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 ($1.98 billion in FY 2026), 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 $13,784,800 from the General Fund in FY 2026 for Operating State Aid. Adjustments are as follows:

Enrollment Changes

The budget includes an increase of $424,600 from the General Fund in FY 2026 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for an 889, or 3.6%, increase in Full Time Student Equivalent (FTSE) students in rural community colleges *(see Table 3)*. The 889 net FTSE increase consists of a 723 FTSE increase in non-dual enrollment students and a 166 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.

Table 3

Community College Enrollment

	FY 2023 FTSE	FY 2024 FTSE	Percentage Change
Rural Districts			
Cochise	5,244	4,899	(6.6)%
Coconino	1,561	1,634	4.7%
Gila	451	458	1.6%
Graham	2,167	2,255	4.1%
Mohave	2,009	2,179	8.5%
Navajo	1,425	1,545	8.4%
Pinal	3,137	3,275	4.4%
Santa Cruz	199	181	(9.0)%
Yavapai	3,206	3,543	10.5%
Yuma/La Paz	5,080	5,399	6.3%
Subtotal	*24,479*	*25,368*	*3.6%*
Urban Districts			
Maricopa	53,964	56,294	4.3%
Pima	11,568	12,147	5.0%
Total	**90,011**	**93,809**	**4.2%**

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 2026, the last actual FTSE data was from FY 2024.)* 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 $15,139,800 from the General Fund in FY 2026 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. Adjustments are as follows:

Enrollment Changes
The budget includes an increase of $871,100 from the General Fund in FY 2026 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 2024.

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 2026 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 2026 for Rural Aid. This amount is unchanged from FY 2025.

The budget year funding is allocated to the 10 rural community college districts based on each district's share of the last year's actual enrollment counts. The FY 2026 allocations are based on FY 2024 enrollment counts.

Additional Rural Aid

Rural County Allocation

The budget includes $6,989,000 from the General Fund in FY 2026 for Rural County Allocation. Adjustments are as follows:

Technical Adjustment
The budget includes an increase of $880,000 from the General Fund in FY 2026 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 by the community colleges 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 2025, the JLBC Staff reported that the General Fund would pay a total $6,989,000 in FY 2025, of which $2,702,500 would be withheld from the two unestablished counties

($2,172,600 for Apache and $529,900 for Greenlee). The net impact is further adjusted by the Rural County Reimbursement Subsidy line item below. After TPT revenue withholdings, the General Fund net cost is $4,286,500.

Monies for the Rural County Allocation are authorized by A.R.S. § 15-1469.01, and therefore do not appear in the General Appropriations Act.

Rural County Reimbursement Subsidy

The budget includes $1,082,900 from the General Fund in FY 2026 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2025.

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 Appropriations 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 2026 net costs are $1,473,300 to Apache and $146,300 to Greenlee.

Tribal Aid

Tribal Community Colleges

The budget includes $1,441,100 from the General Fund in FY 2026 for Tribal Community Colleges. This amount is unchanged from FY 2025.

The FY 2025 budget assumed tribal community colleges would receive $1,372,200 from the General Fund in FY 2024 and FY 2025 based on FY 2023 actual TPT distributions. This assumption included 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 assumed that $448,500 would be distributed to Tohono O'odham Community College.

Tohono O'odham Community College received a distribution of $517,400 in FY 2024. Diné College and Navajo Technical College, however, received no TPT distributions. The Navajo Nation reported negative FY 2024 TPT revenue of $(732,700). A negative amount is typically reported when large refund payments are made that exceed the overall level of gross TPT collections.

The budget adjusts the assumption upward to $1,441,100 in FY 2025 and FY 2026. This assumption is based on the most recent actual distribution for the Navajo Nation in FY 2023 ($923,700, comprised of $615,800 for Diné College and $307,900 for Navajo Technical College) and Tohono O'odham Community College in FY 2024 ($517,400).

As described below, each of these amounts will depend on actual FY 2026 TPT revenue collections and the FY 2026 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 2026 will depend on FY 2026 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriations 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 Remedial Education

The budget includes $1,000,000 from the General Fund in FY 2026 for Diné College Remedial Education. This amount is unchanged from FY 2025.

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 Appropriations 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 2025-2026 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2026.

Other Aid

Additional Gila Workforce Development Aid

The budget includes $200,000 from the General Fund in FY 2026 for Additional Gila Workforce Development Aid. This amount is unchanged from FY 2025.

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)*.

Eastern Arizona College Expenses

The budget includes $1,000,000 from the General Fund in FY 2026 for Eastern Arizona College (Graham County) expenses. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for expenses at Eastern Arizona College in Graham County.

Maricopa Wrestling Scholarships

The budget includes $250,000 from the General Fund in FY 2026 for Maricopa Wrestling Scholarships. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $250,000 from the General Fund in FY 2026 for Maricopa County Community College District wrestling scholarships.

Other Issues

Statutory Changes

The Higher Education BRB makes the following statutory changes:

- As session law, continue to suspend the Operating State Aid funding at levels specified in the General Appropriations Act, which effectively means suspending the formula in FY 2026 for only Maricopa and Pima Counties.
- As session law, continue to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriations Act, which effectively means suspending the inflation adjustment in FY 2026 for all community college districts.

Long Term Budget Impacts

As part of the budget 3-year spending plan, Community College General Fund costs are projected to increase by $4,326,000 in FY 2027 above FY 2026 and increase by $4,691,200 in FY 2028 above FY 2027. These estimates are based on:

Table 4

Total Estimated Community College Revenues – FY 2025 [1/]

District	State Aid [2/]	Tuition/Fees	Property Taxes	Grants	Other [3/]	FY 2025 Total [4/]	FY 2024 Total [5/]	% Change from FY 2024
Cochise	$17,575,700	$9,943,700	$27,232,600	$17,533,400	$1,692,900	$73,978,300	$83,870,700	(11.8)%
Coconino	2,285,300	6,866,000	15,792,900	9,844,200	1,423,600	36,212,000	31,993,900	13.2%
Gila [6/]	407,700	0	6,020,800	696,000	355,000	7,479,500	7,949,500	(5.9)%
Graham	24,130,600	8,226,000	8,225,300	14,624,800	13,410,100	68,616,800	65,689,900	4.5%
Maricopa	0	215,530,300	644,357,000	215,562,000	66,562,700	1,142,012,000	1,129,524,300	1.1%
Mohave	2,110,500	10,425,400	28,592,400	17,524,000	3,883,500	62,535,800	53,234,700	17.5%
Navajo	14,206,800	3,800,000	18,340,700	9,200,000	5,193,600	50,741,100	49,144,700	3.2%
Pima	0	43,941,000	141,019,000	97,439,000	13,954,000	296,353,000	246,783,600	20.1%
Pinal	2,827,000	8,636,600	68,395,500	20,811,400	11,863,000	112,533,500	103,917,200	8.3%
Santa Cruz [6/]	168,400	0	1,795,400	305,000	0	2,268,800	2,454,000	(7.5)%
Yavapai	2,204,900	14,111,000	56,931,900	18,275,700	10,098,300	101,621,800	93,504,900	8.7%
Yuma/La Paz	6,064,100	15,518,600	42,955,200	33,100,000	7,000,000	104,637,900	121,340,600	(13.8)%
Total	**$71,981,000**	**$336,998,600**	**$1,059,658,700**	**$454,915,500**	**$135,436,700**	**$2,058,990,500**	**$1,989,408,000**	**3.5%**

1/ The data in this table was provided by the Arizona Community College Coordinating Council.
2/ State Aid revenue includes Operating State Aid and Equalization Aid.
3/ Includes auxiliary programs, interest income, workforce development funds, and transfers.
4/ Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are estimated to be $2,337,620,300 for FY 2025.
5/ Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are $2,060,632,500 for FY 2024.
6/ 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.

- Flat enrollment growth (no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2027 and FY 2028).
- An increase of $4,326,000 for Equalization Aid in FY 2027 above FY 2026 and $4,691,200 in FY 2028 above FY 2027. These estimates assume total Net Assessed Value (NAV) growth of 6.5% in FY 2027 and 6.6% FY 2028.

Community College Revenue Sources

In addition to state General Fund monies, Arizona's community colleges receive revenues from a number of other sources, including student tuition and fees, local property taxes, grants, and other monies generated by the colleges. Of the total, the community colleges receive 3.4% of their revenues (excluding bond proceeds) from state aid.

For FY 2025, base operating revenues from all sources are estimated to be $2,058,990,500. *(See Table 4 for a summary of FY 2025 total revenue estimates.)*

Property taxes are the single largest revenue source for the community colleges, accounting for 51.5% 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 2024 property tax rates.)

Table 5

Community College Tax Rates – TY 2024

District	Primary Rate	Secondary Rate	Combined Rate	% Change Combined Rate from TY 2023
Cochise	$2.44	$0.00	$2.44	0.6%
Coconino	0.69	0.00	0.69	12.6%
Gila	0.90	0.00	0.90	(1.7)%
Graham	2.46	0.00	2.46	(5.4)%
Maricopa	1.05	0.06	1.10	(3.1)%
Mohave	1.11	0.00	1.11	(3.2)%
Navajo	1.77	0.00	1.77	1.2%
Pima	1.25	0.00	1.25	(2.1)%
Pinal	1.69	0.12	1.81	(5.6)%
Santa Cruz	0.41	0.00	0.41	(5.4)%
Yavapai	1.50	0.00	1.50	(1.0)%
Yuma/La Paz	2.04	0.29	2.33	(1.6)%

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 16.4% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2025 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is $2,900 if a full-time student attends for 30 hours a year. The FY 2025 amount represents an increase of 13.6% from FY 2024. *(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 28.7% 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 2025

District	Average Cost Per Credit Hour	Annual Cost 1/	% Change from FY 2024
Cochise	$95	$2,850	2.2%
Coconino	142	4,248	4.4%
Gila	98	2,940	0.0%
Graham	98	2,940	0.0%
Maricopa	97	2,910	0.0%
Mohave	91	2,730	12.3%
Navajo	91	2,730	0.0%
Pima	101	3,015	9.2%
Pinal	75	2,250	0.0%
Santa Cruz	50	1,508	9.3%
Yavapai	86	2,592	4.9%
Yuma/La Paz	97	2,910	3.2%
Weighted Average	**$97**	**$2,900**	**13.6%**

1/ Annual cost is for 30 hours a year, or 15 hours per semester.

Total Community College Expenditures

Table 7 shows total budgeted FY 2025 community college expenditures. In FY 2025, total budgeted expenditures are $2,334,978,100. As mentioned previously, base operating revenues for FY 2025 are $2,058,990,500, however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are $2,337,620,300. Of the total $2,334,978,100 in budgeted expenditures, $1,885,142,200, or 80.7%, of these expenditures are from the community colleges' General and Restricted Funds.

Table 7

Community Colleges - FY 2025 Budgeted Expenditures

General/Restricted Funds	Total	% of Total
Instruction	$546,646,300	23.4%
Public Service	31,685,800	1.4%
Academic Support	175,548,900	7.5%
Student Services	198,326,400	8.5%
Institutional Support	424,778,100	18.2%
Operation & Maintenance	135,841,700	5.8%
Scholarships & Grants	293,263,900	12.6%
Auxiliary Enterprises	25,000	0.0%
Contingency	79,026,000	3.4%
Subtotal [1/]	**$1,885,142,200**	**80.7%**
Auxiliary Enterprises Fund	$98,398,000	4.2%
Plant Fund	289,080,300	12.4%
Debt Service	62,357,700	2.7%
Total [1/]	**$2,334,978,100**	**100%**

1/ May not add to subtotal and total due to rounding.

This includes $546,646,300, or 23.4%, for instruction and $424,778,100, or 18.2%, for institutional support.

Expenditures for auxiliary enterprises, including revenue-generating retail and business services such as parking lots, bookstores, and food service, are $98,398,000 or 4.2% of the total. Plant Fund expenditures, which generally include capital costs, are $289,080,300, or 12.4% of the total. The remaining $62,357,700, or 2.7%, 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 2025 expenditure limits and the estimated expenditures reported by the districts. Of the 12 districts, 9 currently estimate that they will be at the limit in FY 2025. Santa Cruz Community College district is reporting estimated expenditures that exceed the expenditure limit by $2,900.

Table 8

Community College Expenditure Limits – FY 2025

District	Expenditure Limit	Estimated Expenditures
Cochise	$73,173,322	$55,300,562
Coconino	$16,741,573	$16,741,573
Gila*	$4,831,807	$4,831,807
Graham	$32,181,287	$32,181,287
Maricopa	$466,516,664	$466,516,664
Mohave	$26,429,139	$26,429,139
Navajo	$15,282,620	$15,282,620
Pima	$137,938,978	$137,938,978
Pinal	$47,302,104	$47,302,104
Santa Cruz*	$3,266,362	$3,269,239
Yavapai	$53,180,239	$53,180,239
Yuma/La Paz	$62,690,700	$58,078,224

* Indicates provisional community college district

A.R.S. § 41-1279.07 stipulates that a community college district that exceeds its expenditure limitation without authorization will have the following amount of operating state aid withheld, based on the percentage of the excess expenditure:

- If the excess expenditures are less than 5% of the limitation, the amount withheld is equal to the excess expenditures.
- If the excess expenditures are between 5% and 10% of the limitation or are less than 5% of the limitation and it is at least the second consecutive instance of excess expenditures, the amount withheld is equal to 3 times the excess expenditures.
- If the excess expenditures are equal to 10% or more of the limitation, the amount withheld is equal to 5 times the excess expenditures or one-third of the district's allocation of state aid, whichever is less.

Laws 2023, Chapter 184 modified the penalties for community college district expenditure limit exceedances for FY 2024 and FY 2025. This session law 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 $5,000.
- If the excess expenditures are between 5 and 10% of the limitation, the amount withheld is $15,000.
- If the excess expenditures are between 10 and 12% of the limit, the amount withheld is $20,000.

- If the excess expenditures are equal to or greater than 12% 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. For provisional districts, the maximum amount withheld cannot exceed 1% of the district budget.

Additionally, Maricopa County Proposition 486 was approved by voters in the November 2024 election, permanently adjusting the community college district's FY 1980 base expenditure limit upward by $52,841,800. Maricopa Community College district estimates that this adjustment will increase the FY 2026 expenditure limit to $902,317,300.

Constable Ethics Standards and Training Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 ESTIMATE
FUND SOURCES			
Other Non-Appropriated Funds	472,400	716,200	716,200
TOTAL - ALL SOURCES	472,400	716,200	716,200

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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	105.6	105.6	105.6
Personal Services	6,111,500	6,329,800	6,329,800
Employee Related Expenditures	2,321,900	2,531,800	2,628,000
Professional and Outside Services	236,000	267,900	267,900
Travel - In State	472,500	265,600	265,600
Travel - Out of State	8,000	5,500	5,500
Other Operating Expenditures	1,422,800	3,427,400	3,733,800
Equipment	6,300	80,000	80,000
OPERATING SUBTOTAL	**10,579,000**	**12,908,000**	**13,310,600** 1/
SPECIAL LINE ITEMS			
Office of Administrative Hearings Costs	353,700	1,017,600	1,017,600
AGENCY TOTAL	**10,932,700**	**13,925,600**	**14,328,200**
FUND SOURCES			
Other Appropriated Funds			
Registrar of Contractors Fund	10,932,700	13,925,600	14,328,200
SUBTOTAL - Other Appropriated Funds	10,932,700	13,925,600	14,328,200
SUBTOTAL - Appropriated Funds	**10,932,700**	**13,925,600**	**14,328,200**
Other Non-Appropriated Funds	6,713,000	9,592,500	6,892,500
TOTAL - ALL SOURCES	17,645,700	23,518,100	21,220,700

AGENCY DESCRIPTION — The agency licenses, regulates and conducts examinations of residential and commercial construction contractors.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $13,310,600 and 105.6 FTE Positions from the Registrar of Contractors Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $402,600 from the Registrar of Contractors Fund in FY 2026 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 2026 for Office of Administrative Hearings (OAH) Costs. This amount is unchanged from FY 2025.

Monies in this line item are transferred from the Registrar of Contractors to OAH for services provided by OAH.

Other Issues

Fund Transfers

The budget includes a transfer of $2,700,000 in FY 2026 from the Residential Contractors' Recovery Fund to the Registrar of Contractors Fund.

Corporation Commission

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	301.9	301.9	302.9
Personal Services	19,171,400	20,816,900	21,776,200
Employee Related Expenditures	7,046,800	8,139,900	8,504,100
Professional and Outside Services	1,506,600	1,245,200	1,445,200
Travel - In State	300,000	349,000	349,000
Travel - Out of State	169,300	182,000	182,000
Other Operating Expenditures	3,989,900	4,453,200	5,640,600
Equipment	394,400	209,900	209,900
OPERATING SUBTOTAL	**32,578,400**	**35,396,100**	**38,107,000**
SPECIAL LINE ITEMS			
Corporation Filings, Same-Day Service	196,900	417,300	417,800
Utilities Audits, Studies, Investigations & Hearings	0	380,000	1,000,000 1/
AGENCY TOTAL	**32,775,300**	**36,193,400**	**39,524,800** 2/
FUND SOURCES			
General Fund	798,900	789,000	792,700
Other Appropriated Funds			
Arizona Arts Trust Fund	57,700	60,000	57,200
Investment Management Regulatory and Enforcement Fund	1,305,700	1,329,700	1,370,400
Public Access Fund	8,154,100	8,121,600	8,235,100
Securities Regulatory and Enforcement Fund	6,827,300	7,345,800	7,489,600
Utility Regulation Revolving Fund	15,631,600	18,547,300	21,579,800
SUBTOTAL - Other Appropriated Funds	31,976,400	35,404,400	38,732,100
SUBTOTAL - Appropriated Funds	**32,775,300**	**36,193,400**	**39,524,800**
Other Non-Appropriated Funds	219,900	0	0
Federal Funds	1,211,500	3,315,800	3,315,800
TOTAL - ALL SOURCES	34,206,700	39,509,200	42,840,600

AGENCY DESCRIPTION — The Arizona Corporation Commission (ACC) was established by Article 15 of the Arizona Constitution and consists of 5 statewide elected Commissioners, each serving 4-year terms. The commission has 3 primary responsibilities. The Corporations Division provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers. The Utilities Division monitors approximately 500 public service corporations operating in Arizona and establishes public utility rates. Other functions of the commission include inspecting gas pipelines and railroad track.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $38,107,000 and 300.9 FTE Positions in FY 2026 for the operating budget.

These amounts consist of:

	FY 2026
General Fund	$792,700
Arizona Arts Trust Fund	57,200
Investment Management Regulatory and Enforcement Fund	1,370,400
Public Access Fund	7,817,300
Securities Regulatory and Enforcement Fund	7,489,600

Utility Regulation Revolving Fund	20,579,800

Adjustments are as follows:

Agencywide Salary Adjustments
The budget includes an increase of $950,000 from the Utility Regulation Revolving Fund in FY 2026 for agencywide salary increases.

Employee Training and Equipment
The budget includes an increase of $400,000 from the Utility Regulation Revolving Fund in FY 2026 to fund employee training and equipment purchases, including staff trainings, certifications, and subscription-based services.

Rate Case Reviews
The budget includes an increase of $200,000 and 1 FTE Position from the Utility Regulation Revolving Fund in FY 2026 for additional rate case reviews, which are expected to increase in volume due to recent changes to the Commission's operations.

Statewide Adjustments
The budget includes an increase of $1,160,900 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	$3,700
Arizona Arts Trust Fund	(2,800)
Investment Management Regulatory and Enforcement Fund	40,700
Public Access Fund	113,000
Securities Regulatory and Enforcement Fund	143,800
Utility Regulation Revolving Fund	862,500

Of this amount, $9,300 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

Corporation Filings, Same-Day Service

The budget includes $417,800 and 2 FTE Positions from the Public Access Fund in FY 2026 for Corporation Filings, Same-Day Service. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $500 from the Public Access Fund in FY 2026 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 $1,000,000 from the Utility Regulation Revolving Fund in FY 2026 for Utilities Audits, Studies, Investigations & Hearings. Adjustments are as follows:

Increase Ongoing Funding
The budget includes an increase of $620,000 from the Utility Regulation Revolving Fund in FY 2026 to fund increased operating costs for utilities audits, studies, investigations, and hearings.

Monies in this line item allow the commission to hire outside consultants to provide professional expertise and advice to the Utilities Program staff.

Arizona Department of Corrections

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	9,569.0	9,592.0	9,592.0
Personal Services	452,716,500	442,603,700	417,985,000
Employee Related Expenditures	158,103,100	258,766,600	248,460,400
Professional and Outside Services	12,974,300	10,869,200	10,869,200
Travel - In State	496,400	169,000	169,000
Travel - Out of State	244,000	48,300	48,300
Other Operating Expenditures	146,165,500	129,235,800	154,904,500
Equipment	1,844,600	16,768,300	16,768,300
OPERATING SUBTOTAL	**772,544,400**	**858,460,900**	**849,204,700** 1/2/3/
SPECIAL LINE ITEMS			
Overtime and Compensatory Time 4/	92,029,200	32,540,500	92,320,300 5/
Community Corrections	20,860,000	25,130,300	24,534,400
Private Prison Per Diem	269,454,500	273,716,800	273,126,400 6/7/
Inmate Health Care Contracted Services	315,559,500	376,978,900	380,978,900 8/9/
Substance Abuse Treatment	0	0	0
Inmate Dog Training	0 10/	0	0
Non-Contract Medication	4,131,500 11/12/	18,000,000 13/	15,000,000 14/
Injunction-Related IT Upgrades	683,500 15/	2,800,000	2,400,000 16/
Named Claimants	0	4,700	0
AGENCY TOTAL	**1,475,262,600**	**1,587,632,100**	**1,637,564,700** 17/-23/
FUND SOURCES			
General Fund	1,418,456,800	1,518,922,800	1,574,113,200
Other Appropriated Funds			
Alcohol Abuse Treatment Fund	28,000	555,800	555,800
Corrections Fund	31,312,500	31,312,500	35,787,600
Inmate Store Proceeds Fund	149,300	1,280,800	4,299,400
Penitentiary Land Fund	5,208,200	3,466,000	3,472,000 24/
Prison Construction and Operations Fund	14,106,800	12,576,100	12,500,100
State Charitable, Penal and Reformatory Institutions Land Fund	5,346,700	3,733,100	3,733,100 25/
State Education Fund for Correctional Education	112,300	736,400	703,200 26/
Transition Program Fund	542,000	15,048,600	2,400,300
SUBTOTAL - Other Appropriated Funds	56,805,800	68,709,300	63,451,500
SUBTOTAL - Appropriated Funds	**1,475,262,600**	**1,587,632,100**	**1,637,564,700**
Other Non-Appropriated Funds	126,987,800	131,520,900	130,539,600
Federal Funds	14,021,300	8,754,800	6,049,400
TOTAL - ALL SOURCES	1,616,271,700	1,727,907,800	1,774,153,700

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/ The FY 2025 budget transfers $75,000,000 in FY 2024 and $40,000,000 annually beginning 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 the Appropriated Funds displayed in this table.

2/ Of the amount appropriated in the operating lump sum, $417,985,000 is designated for personal services and $248,460,400 is designated for employee-related expenditures. The state department of corrections 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 Appropriations Act footnote, as adjusted for statewide allocations)

3/ After the state department of corrections 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 Appropriations Act footnote)

4/ Prior to FY 2025, Overtime and Compensatory Time costs were displayed in the operating budget. The FY 2024 amounts have been displayed as part of this new line item for comparability.

5/ The state department of corrections 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 Appropriations Act footnote)

6/ The state department of corrections 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 Appropriations Act footnote)

7/ 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 Appropriations Act footnote)

8/ 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 Appropriations Act footnote)

9/ On or before August 1, 2025 and February 1, 2026, 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 Appropriations Act footnote)

10/ The $650,000 appropriated to the state department of corrections by Laws 2023, chapter 133, section 23, in fiscal year 2023-2024 for inmate dog training is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. (General Appropriations Act footnote)

11/ 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 Appropriations Act).

12/ The department may use the amount appropriated by Laws 2023, chapter 133, section 23, as amended by Laws 2024, chapter 209, section 8, in fiscal year 2023-2024 for noncontract medication to pay for fiscal year 2023-2024 department operating expenses without seeking review by the joint legislative budget committee. (General Appropriations Act footnote)

13/ Of the amount appropriated by Laws 2024, chapter 209, section 31 for the noncontract medication line item, up to $9,500,000 may be used for the payment of obligations incurred in fiscal year 2023-2024 for the department's operating expenses. (General Appropriations Act footnote)

14/ The state department of corrections 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 Appropriations Act footnote)

15/ 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 Appropriations Act).

16/ 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 Appropriations Act footnote)

17/ Before placing any inmates in out-of-state provisional beds, the state department of corrections 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 Appropriations Act footnote)

18/ 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 Appropriations Act footnote)

19/ On or before November 1, 2025, 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, 2024 and June 30, 2025 and the projected capacity for June 30, 2026, 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. If the department develops a plan after the department's November 1, 2025 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 Appropriations Act footnote)

20/ On or before August 1, 2025, 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 2025-2026. (General Appropriations Act footnote)

21/ On or before December 15, 2025 and July 15, 2026, 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 Appropriations Act footnote)

22/ The department shall report actual fiscal year 2024-2025, estimated fiscal year 2025-2026 and requested fiscal year 2026-2027 expenditures as delineated in the prior year when the department submits its fiscal year 2026-2027 budget request pursuant to section 35-113, Arizona Revised Statutes. (General Appropriations 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 Appropriations 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 Appropriations Act footnote)

26/ Before spending any state education fund for correctional education monies in excess of $703,200, the state department of corrections shall report the intended use of the monies to the director of the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $849,204,700 and 9,408 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$832,118,200
Alcohol Abuse Treatment Fund	250,300
Corrections Fund	7,476,100
Inmate Store Proceeds Fund	4,299,400
Penitentiary Land Fund	692,800
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	703,200

Adjustments are as follows:

Funding Realignment

The budget includes an increase of $37,431,200 and 3 FTE Positions from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

Software Contract Increases

The budget includes an increase of $3,233,200 in FY 2026 for software contract increases. This amount consists of:

Corrections Fund	1,964,400
Inmate Store Proceeds Fund	1,268,800

One-Time ACIS Upgrades
The budget includes a one-time increase of $2,000,000 from the Corrections Fund in FY 2026 for upgrades to the Arizona Correctional Information System (ACIS).

Cloud-based Data Warehouse
The budget includes an increase of $510,700 from the Corrections Fund in FY 2026 to implement and maintain a cloud-based data storage warehouse. Of this amount, $165,900 is one-time.

One-Time Kitchen Equipment Replacement
The budget includes a one-time increase of $1,535,300 from the Inmate Store Proceeds Fund in FY 2026 to replace kitchen equipment.

One-Time Operating Funding
The budget includes a one-time increase of $9,488,500 and 23 FTE Positions from the General Fund in FY 2026 for department operating funding.

One-Time Correctional Officer Stipend
The budget includes a one-time increase of $17,075,300 from the General Fund in FY 2026 for a one-time stipend for correctional officers equal to 4% of their annual salary.

Statewide Adjustment
The budget includes an increase of $15,820,900 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	$15,633,600
Inmate Store Proceeds Fund	214,500
Penitentiary Land Fund	6,000
State Education Fund for Correctional Education	(33,200)

Of this amount, $231,200 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocation section.)*

Remove Department Administrative Shifts
The budget includes a decrease of $(5,295,400) from the General Fund in FY 2026 to reverse a shift made by the department in FY 2025. These FY 2025 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2025 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

Remove FY 2025 Supplemental Operating Increase
The budget includes a decrease of $(9,062,900) from the General Fund in FY 2026 to eliminate one-time FY 2025 supplemental funding for department operating costs.

Remove FY 2025 Supplemental COTA Food Contract Funding
The budget includes a decrease of $(76,000) from the Prison Construction and Operations Fund in FY 2026 for the elimination of one-time FY 2025 supplemental funding associated with the increased food contract costs at the Correctional Officer Training Academy (COTA).

Overtime Funding Shift
The budget includes a decrease of $(59,779,800) from the General Fund in FY 2026 to shift operating budget funding to the Overtime and Compensatory Time line item. ADC has historically shifted funding from regular personal services to overtime, due to the department's correctional officer vacancies generating savings in the agency's operating budget while also increasing the need for overtime to maintain adequate staffing levels.

In FY 2024, the budget included $15,540,500 of funding for ADC overtime expenses. After the agency processed line item transfers during FY 2024, ADC ultimately reported overtime spending of $92,029,200 in FY 2024.

The FY 2025 enacted budget retained the base level of $15,540,500 for ADC overtime funding. As of October 2024, ADC had processed a transfer with the General Accounting Office to shift $59,779,800 from the operating budget to the Overtime and Compensatory Time line item in FY 2025. To better align the budget with current ADC spending patterns, the budget includes this shift in FY 2026 by removing this amount from the ADC operating budget. *(Also see the Overtime and Compensatory Time line item below).*

Remove One-Time Injunction-Related Staffing
The budget includes a decrease of $(6,800,000) and (23) FTE Positions from the General Fund in FY 2026 to remove one-time staffing funding to address injunction-related requirements. This funding was added in FY 2025, but the 3-year budget plan did not continue it beyond FY 2025.

Remove One-Time Other Injunction Costs
The budget includes a decrease of $(2,688,900) from the General Fund in FY 2026 to remove one-time funding for injunction-related costs such as pest control and enhanced sanitation.

Remove One-Time Food Contract Increase
The budget includes a decrease of $(12,648,300) in

FY 2026 from the Transition Program Fund to remove one-time funding for the increased cost of the new food contract.

Overtime and Compensatory Time

The budget includes $92,320,300 from the General Fund in FY 2026 for Overtime and Compensatory Time. Adjustments are as follows:

Funding Realignment
The budget includes an increase of $17,000,000 from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

Overtime Funding Shift
The budget includes an increase of $59,779,800 from the General Fund in FY 2026 to shift operating budget funding to the Overtime and Compensatory Time line item. This aligns the budget with current ADC spending patterns. *(See the Operating Budget narrative above for more detail).*

Remove Department Administrative Shifts
The budget includes a decrease of $(15,000,000) from the General Fund in FY 2026 to reverse a shift made by the department in FY 2025. These FY 2025 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2025 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

Remove One-Time Shift Deemed Reviewed
The budget includes a decrease of $(2,000,000) from the General Fund in FY 2026 to reverse a funding shift requested by the Department for FY 2025. In lieu of a meeting of the Joint Legislative Budget Committee, the budget deemed this shift favorably reviewed by the Committee (see Section 135 of the General Appropriations Act).

Background – Beginning with the FY 2025 budget, this line item funds overtime and compensatory time primarily for correctional officers to make up for vacant positions. FY 2024 actual expenditures for overtime are displayed in this line item instead of the operating budget.

Community Corrections

The budget includes $24,534,400 and 184 FTE Positions in FY 2026 for Community Corrections. These amounts consist of:

General Fund	21,828,600
Alcohol Abuse Treatment Fund	305,500
Transition Program Fund	2,400,300

Adjustments are as follows:

Funding Realignment
The budget includes a decrease of $(3,950,000) from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information)*

Remove Department Administrative Shifts
The budget includes an increase of $3,150,000 from the General Fund in FY 2026 to reverse a shift made by the department in FY 2025. These FY 2025 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2025 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

Statewide Adjustment
The budget includes an increase of $204,100 from the General Fund in FY 2026 for statewide adjustments.

Background – Monies in this line item are used for several different community corrections programs as described below. In addition to the $24,534,400 in FY 2026 appropriated funds, ADC projects that they will utilize an additional $6,283,300 in non-appropriated funds for these activities in FY 2026.

As of June 30, 2025, ADC has responsibility for 5,419 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 2024 expenditures from the line item.

Table 1
FY 2024 Community Corrections Program Expenditures

	Approp.	Non-Approp.	Total
Comm. Supervision	$14,111,300	$10,390,200	$24,501,500
Transition Program	565,300	0	565,300
Maricopa Reentry	2,000,200	535,300	2,535,500
Pima Reentry	2,764,300	0	2,764,300
Mental Health Transition Program	797,500	0	797,500
Other/Overhead	621,400	0	621,400
Total	**$20,860,000**	**$10,925,500**	**$31,785,500**

Private Prison Per Diem

The budget includes $273,126,400 in FY 2026 for Private Prison Per Diem. This amount consists of:

General Fund	242,752,400
Corrections Fund	28,311,500
Penitentiary Land Fund	2,062,500

Adjustments are as follows:

Funding Realignment
The budget includes a decrease of $(6,357,600) from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

One-Time Correctional Officer Stipend
The budget includes a one-time increase of $3,767,200 from the General Fund in FY 2026 for a one-time stipend for correctional officers equal to 4% of their annual salary.

Remove One-Time Shift Deemed Reviewed
The budget includes an increase of $2,000,000 from the General Fund in FY 2026 to reverse a funding shift requested by the Department for FY 2025. In lieu of a meeting of the Joint Legislative Budget Committee, the budget deemed this shift favorably reviewed (Laws 2025, Chapter 233, Section 135).

Background – This line item funds payments to private prison contractors for housing and providing medical care to Arizona inmates in 11,168 total contracted beds. The amount appropriated assumes a certain number of vacancies that typically occur during the course of the year. 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.

Of the current funding level, the FY 2025 budget's 3-year spending plan labeled $55,283,500 ($54,283,500 from the General Fund and $1,000,000 from the Corrections Fund) as one-time and included that amount through FY 2027. As a result, the FY 2026 budget's long-term spending projections exclude this funding in FY 2028.

Inmate Health Care Contracted Services

The budget includes $380,978,900 in FY 2026 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	367,693,700
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:

Funding Realignment
The budget includes an increase of $13,421,800 from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

Remove FY 2025 Supplemental Funding Shift
The budget includes a decrease of $(9,421,800) from the General Fund in FY 2026 to eliminate one-time FY 2025 supplemental funding for inmate health care.

Background – The state contracts with a private company to provide health care to inmates in state-operated prisons. In May 2022 ADC awarded a new inmate health care contract that contract took effect in October 2022 and is for 5 years with a renewal option for an additional 5 years. *(Please see the Inmate Health Care Issues section in*

the FY 2025 Baseline ADC section for additional information.)

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).*

Substance Abuse Treatment

The budget includes no funding in FY 2026 for Substance Abuse Treatment. Adjustments are as follows:

Remove Department Administrative Shifts
The budget includes an increase of $3,945,400 from the General Fund in FY 2026 to reverse a shift made by the department in FY 2025. These FY 2025 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2025 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

Funding Realignment
The budget includes a decrease of $(3,945,400) from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

Prior to FY 2025, this line item provided ADC with specified funding for substance abuse treatment. This allocated funding for ADC programs to contract with private vendors to provide treatment. Beginning in FY 2025, ADC began funding substance abuse treatment from other sources in the department budget.

Non-Contract Medication

The budget includes $15,000,000 from the General Fund in FY 2026 for Non-Contract Medication. Adjustments are as follows:

Restore One-Time FY 2025 Ex-Appropriation
The budget includes an increase of $37,000,000 from the General Fund in FY 2026 to restore funding levels after the FY 2026 budget reduced the FY 2025 funding level.

Funding Realignment
The budget includes a decrease of $(40,000,000) from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

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 $2,400,000 from the General Fund in FY 2026 for Injunction-Related IT Upgrades. Adjustments are as follows:

Remove Department Administrative Shifts
The budget includes an increase of $13,200,000 from the General Fund in FY 2026 to reverse a shift made by the department in FY 2025. These FY 2025 shifts were made through an administrative process and were not enacted by legislation. However, the budget table reflects these shifts in FY 2025 to better display actual funding levels by line item. *(Please see Table 3 below for a full list of administrative shifts.)*

Funding Realignment
The budget includes a decrease of $(13,600,000) from the General Fund in FY 2026 to realign the department's funding. *(See the FY 2026 GF Realignment section in Other Issues for more information.)*

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 2026 for Named Claimants. Adjustments are as follows:

Removed One-Time Funding
The budget includes a decrease of $(4,744.67) from the General Fund in FY 2026 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 2026 GF Realignment
- FY 2025 Supplementals

- Statutory Changes
- Long-Term Budget Impacts
- Opioid Settlement Transfer
- Auditor General Report
- Transition Program
- Bed Capacity Issues
  - Inmate Growth Rate
  - Bed Capacity
  - Bed Surplus/Shortfall

FY 2026 GF Realignment

The FY 2026 budget shifts the department's ongoing General Fund appropriations between the operating budget and several line item appropriations to realign funding levels with the department's needs. The shifts resulted in no net increase to the department's appropriation. Compared to the original FY 2025 budget, the FY 2026 budget shifts by line item are as follows:

Operating Budget	37,431,200
Overtime and Compensatory Time	17,000,000
Community Corrections	(3,950,000)
Private Prison Per Diem	(6,357,600)
Inmate Health Care Contracted Services	13,421,800
Substance Abuse Treatment	(3,945,400)
Non-Contract Medication	(40,000,000)
Injunction-Related IT Upgrades	(13,600,000)

Some of these shifts were also incorporated as FY 2025 supplemental revisions as described below and *Table 3*.

FY 2025 Supplementals

The FY 2026 budget includes the following FY 2025 supplemental adjustments:

- $9,062,900 from the General Fund for additional operating funding.
- $9,421,800 from the General Fund for additional funding for the inmate health care contract.
- $(37,000,000) from the General Fund to reduce the Non-Contract Medication line item appropriation.
- $76,000 from the Prison Construction and Operations Fund for costs associated with the food contract at COTA.
- $4,744.67 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 permanent law, requires counties to first establish an intergovernmental agreement with ADC prior to filing a claim for reimbursement of certain expenses. Upon receipt, requires ADC to file the claim with ADOA.
- As permanent law, increase the Corrections Officer Retirement Plan (CORP) Tier 3 DC employer contribution rate by 0.5% (to 5.5%). States that the legislature intends to fully cover the cost of this increase for agencies and local governments on an ongoing basis with a $1 million appropriation beginning in FY 2027.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, ADC General Fund costs are projected to decrease by $(30,331,000) in FY 2027 below FY 2026 and $(54,283,500) in FY 2028 below FY 2027.

These amounts are based on:

- A decrease of $(20,842,500) in FY 2027 to remove one-time funding for a 4% correctional officer stipend.
- A decrease of $(9,488,500) in FY 2027 to remove one-time operating funding.
- A decrease of $(54,283,500) in FY 2028 to remove private prison funding labeled as one-time in the FY 2025 budget for replacements beds related to the closure of the Florence state prison and for contracted rates.

Opioid Settlement Transfer

The FY 2025 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 reduced the transfer of opioid settlement monies from the Attorney General to ADC from $75,000,000 to $40,000,000 beginning in FY 2025 and retains this funding on an ongoing basis.

The 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 continues an Attorney General 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.)*

Auditor General Report

In July 2024, the Auditor General published its annual performance audit evaluating whether ADC met various statutory requirements. In terms of budget implications, the Auditor General found that in some instances inmates were not released to the Transition Program as required by statute, and as a result some inmates were in custody longer than required.

The Auditor General also found that the department had data discrepancies related to inmate programming similar to those identified in previous audits, which the report noted could require IT system updates. The department agreed to all of the Auditor General's findings and is implementing the recommendations.

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 these monies are transferred. ADC has transferred money from the State DOC Revolving Fund to meet this requirement. In FY 2024, the program saved a total of 341,846 bed days. In that same year, the Transition Program Fund received revenue of $5,928,800 from all sources. Of this amount, $5,811,400 came from the statutory $17 transfer and the remainder came from non-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 2024 were on average $1.59 per inmate per day, or $542,000 total.

Bed Capacity Issues

Inmate Growth Rate

On June 30, 2025, the total inmate population was 35,551. This was an increase of 413 inmates from the June 30, 2024 population of 35,138. *Table 2* shows the year-end populations from FY 2020 to FY 2025.

Table 2

Year-End Population, FY 2020 - FY 2025

Year	Population
FY 2020	40,151
FY 2021	35,954
FY 2022	33,371
FY 2023	34,377
FY 2024	35,138
FY 2025	35,551

The decline in the ADC population from FY 2020 through FY 2022 was likely related to the pandemic.

Bed Capacity

In measuring ADC's ability to house its inmate population, there are 2 methods of defining bed capacity:

- "Rated" beds are permanent and were originally designed for housing prisoners. This amount was 38,593 public and private beds on June 30, 2024, a decrease of (560) beds since June 30, 2023. This reduction includes the elimination of (500) rated beds due to the closure of the Marana prison.
- 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 2024, the department decreased its total operating capacity by (560) beds, from 44,369 to 43,809.

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 1,792 as of June 30, 2024, an increase of 5 from June 30, 2023.

Bed Surplus/Shortfall

At the end of FY 2024, the department had a total rated bed surplus of 3,455. After adjusting for the 5,216 temporary beds in the overall ADC system, the rated bed surplus became an 8,671-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 3

	FY 2025 Revisions					
	FY 2025 Original Appropriation	GF Admin. Shift	GF Supplemental	GF Transfers	OF Supplemental	FY 2025 Revised Appropriation
Operating Budget	844,026,600	5,295,400	9,062,900	-	76,000	858,460,900
Overtime and Compensation Time	15,540,500	15,000,000	-	2,000,000	-	32,540,500
Community Corrections	28,280,300	(3,150,000)	-	-	-	25,130,300
Private Prison Per Diem	275,716,800	-	-	(2,000,000)	-	273,716,800
Inmate Health Care Contracted Services	367,557,100	-	9,421,800	-	-	376,978,900
Substance Abuse Treatment	3,945,400	(3,945,400)	-	-	-	0
Non-Contract Medication	55,000,000	-	(37,000,000)	-	-	18,000,000
Injunction-Related IT Upgrades	16,000,000	(13,200,000)	-	-	-	2,800,000
Named Claimants	-	-	-	-	4,700	4,700

Table 4

Fiscal Year-End Operating Capacity

State	FY 2024 Actual Rated	FY 2024 Actual Temp.	FY 2024 Actual Operating Capacity	FY 2025 Estimated Rated	FY 2025 Estimated Temp.	FY 2025 Estimated Operating Capacity	FY 2026 Estimate Rated	FY 2026 Estimate Temp.	FY 2026 Estimate Operating Capacity
Douglas	1,905	140	2,045	1,805	140	1,945	1,805	140	1,945
Eyman	4,493	2,211	6,704	4,493	2,139	6,632	4,493	2,139	6,632
Perryville	4,214	129	4,343	4,214	129	4,343	4,214	129	4,343
Phoenix	552	213	765	552	213	765	552	213	765
Lewis	5,104	879	5,983	4,960	879	5,839	4,960	879	5,839
Safford	1,703	160	1,863	1,703	160	1,863	1,703	160	1,863
Tucson	4,540	582	5,122	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
Subtotal	28,487	4,654	33,141	28,243	4,582	32,825	28,243	4,582	32,825
Private (Per Diem) [1/]									
Kingman ($62.69)	3,400	108	3,508	3,400	108	3,508	3,400	108	3,508
Phoenix West ($89.95)	400	-	400	400	-	400	400	-	400
Florence West ($74.50)	600	150	750	600	150	750	600	150	750
Florence II ($84.03)	1,000	280	1,280	1,000	280	1,280	1,000	280	1,280
Red Rock ($80.83)	2,000	24	2,024	2,000	24	2,024	2,000	24	2,024
La Palma ($88.62)	2,706	-	2,706	2,706	-	2,706	2,706	-	2,706
Subtotal	10,106	562	10,668	10,106	562	10,668	10,106	562	10,668
Total - All Beds [2/]	38,593	5,216	43,809	38,349	5,144	43,493	38,349	5,144	43,493
State Prison Population									
Male	22,212		22,212	22,600		22,600	22,900		22,900
Female	3,227		3,227	3,250		3,250	3,300		3,300
Subtotal	25,439		25,439	25,850		25,850	26,200		26,200
Private Prison Population									
Male	9,699		9,699	10,000		10,000	10,200		10,200
Total Population [3/4/]	35,138		35,138	35,850		35,850	36,400		36,400
Bed Surplus/(Shortfall)	3,455		8,671	2,499		7,643	1,949		7,093
Male	2,357		7,444	1,524		6,539	1,024		6,039
Female	1,098		1,227	975		1,104	925		1,054
Bed Surplus/(Shortfall) (% of Beds)	9%		20%	7%		18%	5%		16%

1/ The base rate for the private (per diem) bed rate for each facility is listed. ADC may be charged a lower rate due to amendments or contract provisions that grant lower rates for temporary beds or beds used over an occupancy threshold. Kingman, Florence West and Phoenix West are management only.

2/ Excludes special use beds totaling 1,792 as of June 30, 2024.

3/ The chart excludes prisoners awaiting transfer from county jail.

4/ The chart reflects the actual inmate population at the end of FY 2024 and assumes a 2.0% population growth in FY 2025 over FY 2024 and 1.5% growth in FY 2026 over FY 2025.

County Funding

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
Coordinated Reentry Planning Services	7,000,000	0	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
AGENCY TOTAL	**17,650,700**	**10,650,700**	**10,650,700**
FUND SOURCES			
General Fund	17,650,700	10,650,700	10,650,700
SUBTOTAL - Appropriated Funds	**17,650,700**	**10,650,700**	**10,650,700**
TOTAL - ALL SOURCES	17,650,700	10,650,700	10,650,700

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) distributes these monies to counties for maintenance of county services and to offset local cost sharing and Elected Officials Retirement Plan liabilities.

Coordinated Reentry Planning Services

The budget includes no funding in FY 2026 for Coordinated Reentry Planning Services. This amount is unchanged from FY 2025.

This line item provided 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**
Total	**10.0**	**7.0**	**7.0**	**24.0**

1/ Totals may not add due to rounding.

The budget appropriates $10,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund to the Attorney General in FY 2026 for distributions to counties with existing coordinated reentry planning services programs (*Please see the Attorney General – Department of Law agency narrative for further details*).

Elected Officials Retirement Plan Offset

The budget includes $3,000,000 from the General Fund in FY 2026 for the Elected Officials Retirement Plan (EORP) Offset. This amount is unchanged from FY 2025.

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.

Small County Assistance

The budget includes $7,650,650 from the General Fund in FY 2026 for Small County Assistance. This amount is unchanged from FY 2025.

This line item provides funding for counties with populations less than 900,000 according to the 2020 Decennial Census. With one exception, each qualifying county receives $550,050 *(see Table 2)*. Graham County receives $1,050,050.

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
Total	**$7,650,650**	**7,151,392**

Other Issues

Statutory Changes

The Local Government Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As session law, continue to allow counties with a population of less than 250,000 according to the 2020 Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2026, 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, 2025. *(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.

Table 3
County Expenditure Limits 1/

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	2024	78,064,579	77,803,566
Gila	2023	46,330,256	38,857,535
Graham	2024	19,635,884	19,304,190
Greenlee	2023	13,770,969	13,412,993
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	2024	56,271,193	51,668,019
Pima	2023	653,975,000	653,974,000
Pinal	2022	303,396,000	190,262,000
Santa Cruz	2021	25,203,200	25,203,200
Yavapai	2023	146,246,043	146,246,043
Yuma	2024	110,274,426	101,588,459

1/ Amounts based on individual county Comprehensive Annual Financial Reports (CAFR), which are typically completed after county audits are conducted. The listed Fiscal Year indicates the most recent available data.

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.

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, 1 reported using the flexibility in FY 2025:

- 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.

The following 7 counties indicated that they are not utilizing this provision: Cochise, Gila, Graham, Greenlee Mohave, Yavapai, and Yuma. The following 4 counties did not report their use of the flexibility provision: Apache, La Paz, Navajo, and Santa Cruz.

Table 4 shows the utilization of the county flexibility language in FY 2024 and FY 2025.

Table 4

County Flexibility Language Utilization

	FY 2024	FY 2025
Apache	$1,050,000	N/A
Coconino	1,250,000	1,250,000
La Paz	1,250,000	N/A
Total	**$3,550,000**	**$1,250,000**

Corrections Officer Retirement Plan Rate Increase

The FY 2026 Criminal Justice BRB increases the Corrections Officer Retirement Plan Tier 3 DC employer contribution rate by 0.5% (to 5.5%). The BRB further clarifies that the Legislature intends to fully cover the cost of this increase for agencies and local governments on an ongoing basis with a $1,000,000 appropriation beginning in FY 2027 (*Please see the Consolidated Retirement Report section for further details*).

Arizona Criminal Justice Commission

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	11.0	11.0	11.0
Personal Services	494,800	583,300	583,300
Employee Related Expenditures	165,700	225,000	229,400
Professional and Outside Services	119,100	330,000	330,000
Travel - In State	6,200	15,000	15,000
Travel - Out of State	20,500	34,000	34,000
Other Operating Expenditures	187,800	213,100	266,200
Equipment	11,900	15,000	15,000
OPERATING SUBTOTAL	**1,006,000**	**1,415,400**	**1,472,900**
SPECIAL LINE ITEMS			
Law Enforcement Crime Victim Notification Fund Deposit	10,000,000	0	2,594,800
Major Incident Regional Law Enforcement Task Force	600,000	600,000	600,000
State Aid to County Attorneys	648,600	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	2,204,700	6,229,700	6,219,700
AGENCY TOTAL	**17,159,300**	**11,918,800**	**14,561,100** 1/
FUND SOURCES			
General Fund	14,427,900	4,600,000	4,600,000
Other Appropriated Funds			
Criminal Justice Enhancement Fund	588,500	742,200	802,100
Drug and Gang Prevention Resource Center Fund	417,500	647,100	646,600
State Aid to County Attorneys Fund	648,600	973,700	973,700 2/
State Aid to Indigent Defense Fund	700,000	700,000	700,000
Victim Compensation and Assistance Fund	376,800	4,255,800	6,838,700 3/
SUBTOTAL - Other Appropriated Funds	2,731,400	7,318,800	9,961,100
SUBTOTAL - Appropriated Funds	**17,159,300**	**11,918,800**	**14,561,100**
Other Non-Appropriated Funds	3,445,700	4,338,700	4,338,700
Federal Funds	14,949,100	19,440,900	19,440,900
TOTAL - ALL SOURCES	35,554,100	35,698,400	38,340,700

AGENCY DESCRIPTION — The commission was created to enhance the effectiveness and coordination of the criminal justice system in Arizona. The commission may identify needed revisions in the system and make reports. It receives 3.52% of Criminal Justice Enhancement Fund (CJEF) monies.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

2/ All monies received by the Arizona criminal justice commission in excess of $973,700 in fiscal year 2025-2026 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 2025-2026, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee. (General Appropriations Act footnote)

3/ All victim compensation and assistance fund monies received by the Arizona criminal justice commission in excess of $6,838,700 in fiscal year 2025-2026 are appropriated to the crime victims program. Before spending any victim compensation and assistance fund monies in excess of $6,838,700 in fiscal year 2025-2026, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee. (General Appropriations Act Footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $1,472,900 and 11 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Criminal Justice Enhancement Fund (CJEF)	$802,100
Drug and Gang Prevention Resource Center Fund	646,600
Victim Compensation and Assistance Fund	24,200

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $57,500 in FY 2026 for statewide adjustments. This amount consists of:

CJEF	59,900
Drug and Gang Prevention Resource Center Fund	(500)
Victim Compensation and Assistance Fund	(1,900)

(Please see the Agency Detail and Allocations section.)

Law Enforcement Crime Victim Notification Fund Deposit

The budget includes $2,594,800 from the Victim Compensation and Assistance Fund in FY 2026 for the Law Enforcement Crime Victim Notification Fund Deposit line item. Adjustments are as follows:

One-Time Deposit

The budget includes a one-time increase of $2,594,800 from the Victim Compensation and Assistance Fund in FY 2026 for deposit into the Law Enforcement Crime Victim Notification Fund.

Laws 2022, Chapter 333 established the Law Enforcement Crime Victim Notification Fund and included two appropriated deposits into the fund: $3,800,000 General Fund and $1,400,000 from the Consumer Protection-Consumer Fraud Revolving Fund. The FY 2024 budget deposited an additional $10,000,000 General Fund into the Crime Victim Notification Fund.

Laws 2023, Chapter 154 moved the non-appropriated Law Enforcement Crime Victim Notification Fund from the State Treasurer to ACJC and requires ACJC to use monies in the fund to pay for law enforcement agencies that choose to use an automated crime victim notification system that meets certain requirements, such as automatically notifying a crime victim of investigation updates, and interfacing with a law enforcement agency's records.

Major Incident Regional Law Enforcement Task Force

The budget includes $600,000 from the General Fund in FY 2026 for the Major Incident Regional Law Enforcement Task Force. This amount is unchanged from FY 2025.

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.*)

State Aid to County Attorneys

The budget includes $973,700 from the State Aid to County Attorneys Fund in FY 2026 for State Aid to County Attorneys. This amount is unchanged from FY 2025.

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 2026 for State Aid to Indigent Defense. This amount is unchanged from FY 2025.

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 2026 for State Aid for Juvenile Dependency Proceedings Fund Deposit. This amount is unchanged from FY 2025.

The State Aid for Juvenile Dependency Proceedings Fund administered by ACJC consists 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. Prior to FY 2026, the distribution was based on 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.

The FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) amended the distribution formula for the State Aid for Juvenile Dependency Proceedings Fund. It is now based on the proportional share of juvenile dependency case filings for each county in the most recent year for which filings are available. Distributions to a county may not exceed $250,000. If a county distribution is projected to exceed $250,000, the formula requires ACJC to distribute monies in excess of the $250,000 to the remaining counties based on the proportional share of juvenile dependency case filings statewide for each county less the juvenile dependency case filings from the counties that have reached the maximum distribution in the fiscal year.

Victim Compensation and Assistance

The budget includes $6,219,700 in FY 2026 for Victim Compensation and Assistance. This amount consists of:

General Fund	2,000,000
Victim Compensation and Assistance Fund	4,219,700

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(10,000) from the Victim Compensation and Assistance Fund in FY 2024 for statewide adjustments.

This line item provides funding for 2 crime victim grant programs: the Victim Compensation Program and the Victim Assistance Program. Victim compensation monies are distributed to county compensation boards that award cash compensation to crime victims for specified expenses resulting from their victimization. Revenues for victim compensation grant monies come from 3 sources: a $9 penalty on criminal and civil violations, monies collected from a 10% assessment of a worker's gross compensation, and unclaimed victim restitution. Victim assistance monies are granted to local government and not-for-profit agencies on a competitive basis and are used for operating expenses related to their victim assistance programs. Revenues for victim assistance grants come from community supervision fees and interstate compact fees.

Other Issues

This section includes information on the following topics:

- Statutory Changes
- Criminal Justice Enhancement Fund
- Rural County Diversion Programs

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As permanent law, amend-A.R.S. § 41-2490(E) to change the distribution formula for the State Aid for Juvenile Dependency Proceedings (SAJDP) Fund. *(See the SAJDP Fund Deposit line item for the updated distribution formula.)*

Rural County Diversion Programs

The FY 2023 budget appropriated $10,000,000 from the General Fund for county attorney offices in counties with populations less than 900,000 according to the 2020 Decennial United States Census to establish and operate alternative prosecution and diversion programs based on evidence-based practices. The appropriation is exempt from lapsing.

Diversion is a pre-adjudication authority that county prosecutors can use to divert an individual from being charged with a crime through programs such as rehabilitation and counseling. Upon successful completion of a diversion program, charges are typically dismissed or not filed. Reentry programs differ in that they are for post-adjudication and include services for individuals who have already been charged and/or prosecuted of a crime. Services such as counseling and drug treatment provided through reentry programs are intended to aid an individual as they reenter society to not recidivate.

Budget footnotes required ACJC to adopt criteria for distributing grants, prohibited the monies from supplanting current county funding for such programs, and 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 programs in FY 2023.

In the initial report, ACJC reported that, 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	150,000
Total	**$10,000,000**

ACJC plans to update this report to evaluate outcomes after they have received data from the county programs.

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.

Table 1 shows the FY 2024 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)

Funds Transferred [1]	FY 2024 Transfers [2]	Statutory % of CJEF	Approp.
Attorney General			
AZ Prosecuting Attorneys Advisory Council (3)	$ 1,241,600	5.18	no
County Attorneys (6)	2,967,300	12.38	no
Arizona Criminal Justice Commission			
Operation Costs (9)	843,700	3.52	yes
Department of Public Safety			
Forensics Fund (1,10)	6,028,000	25.15	yes
State/Local Grants (5)	2,399,200	10.01	[3]
Department of Juvenile Corrections (2)	855,700	3.57	yes
State Treasurer			
County Sheriffs (8)	3,585,000	15.06	no
Supreme Court			
Case Processing (7)	2,058,900	8.59	yes
Juvenile Crime (4)	2,967,300	12.38	yes
Community Punishment Program (11)	997,100	4.16	yes
Total Funds Distributed [3]	$ 23,943,800		

1/ The numbers following the recipient agencies represent the paragraph numbers from A.R.S. § 41-2401D.

2/ The FY 2024 figures reflect amounts as reported by individual agencies to ACJC and may not correspond directly with agencies' statutory allocation. Financial information provided by agencies reflect when revenues from CJEF were recognized by the agency, not when the Treasurer's Office indicated the revenues were available to those agencies.

3/ 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
PROGRAM BUDGET			
Administration/Statewide	9,787,400	8,095,700	8,238,000
Phoenix Day School for the Deaf	11,445,600	12,506,800	12,290,600
Preschool/Outreach Programs	7,267,500	7,094,800	6,802,300
Regional Cooperatives	15,428,400	20,092,400	19,103,000
Tucson Campus	11,887,900	12,640,500	12,470,700
AGENCY TOTAL	**55,816,800**	**60,430,200**	**58,904,600**
OPERATING BUDGET			
Full Time Equivalent Positions	562.2	562.2	562.2
Personal Services	19,860,200	20,027,400	20,027,400
Employee Related Expenditures	7,925,600	6,648,300	6,686,800
Professional and Outside Services	5,625,800	5,277,200	5,109,200
Travel - In State	129,900	188,200	188,200
Travel - Out of State	28,400	37,600	37,600
Other Operating Expenditures	6,245,600	7,460,500	6,953,800
Equipment	206,300	329,600	329,600
OPERATING SUBTOTAL	**40,021,800**	**39,968,800**	**39,332,600**
SPECIAL LINE ITEMS			
Supplemental Early Childhood Therapies	0	0	100,000 1/
School Bus/Agency Vehicle Replacement	366,600	369,000	369,000
Cooperative Services	15,428,400	20,092,400	19,103,000 2/
AGENCY TOTAL	**55,816,800**	**60,430,200**	**58,904,600** 3/
FUND SOURCES			
General Fund	25,842,900	25,291,300	25,645,100
Other Appropriated Funds			
Cooperative Services Fund	15,428,400	20,092,400	19,103,000
Schools for the Deaf and the Blind Fund	14,545,500	14,878,500	14,156,500 4/
Telecommunication Fund for the Deaf	0	168,000	0
SUBTOTAL - Other Appropriated Funds	29,973,900	35,138,900	33,259,500
SUBTOTAL - Appropriated Funds	**55,816,800**	**60,430,200**	**58,904,600**
Other Non-Appropriated Funds	6,485,800	5,646,500	5,646,500
Federal Funds	5,444,700	4,097,100	4,097,100
TOTAL - ALL SOURCES	67,747,300	70,173,800	68,648,200

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 July 2025, ASDB served approximately 1,966 children: 319 students in the K-12 programs (127 in Tucson and 192 in Phoenix), 125 children in preschools, 562 infant/toddlers in regional areas, and 960 children through the 3 existing regional cooperatives.

FOOTNOTES

1/ The monies appropriated in the supplemental early childhood therapies line item in fiscal year 2025-2026 shall be spent to contract with multiple providers to provide supplemental early childhood listening and spoken language therapies, including parent coaching services, to eligible infants and toddlers from birth to three years of age and their families. Contractors chosen to provide the supplemental early childhood listening and spoken language therapies shall ensure

that the services will be provided by or overseen by a certified auditory verbal educator or therapist in a natural environment, a clinical setting, an educational setting or virtually.

2/ Before spending any cooperative services fund monies in excess of $19,103,000 in fiscal year 2025-2026, 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 Appropriations Act footnote, as adjusted for statewide allocations)

3/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

4/ Before spending any schools for the deaf and the blind fund monies in excess of $14,156,500 in fiscal year 2025-2026, 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 Appropriations Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $39,332,600 and 562.2 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$25,176,100
Schools for the Deaf and the Blind Fund	14,156,500

Adjustments are as follows:

Base Adjustment

The budget includes a decrease of $(589,600) from the ASDB Fund in FY 2026 for a base adjustment reflecting lower-than-anticipated revenues compared with the enacted budget. The FY 2025 enacted budget assumed the ASDB fund would receive total revenues of $14,878,500 from special education vouchers and state land trust endowment earnings. The FY 2026 budget assumes that actual revenues into the ASDB Fund in FY 2025 will be $14,288,900, or $(589,600) less than the appropriated amount. This estimate assumes that caseloads in ASDB's site-based programs would remain at the June 2024 level of 442.

Enrollment

The budget includes no net funding change from the Schools for the Deaf and the Blind (ASDB) Fund in FY 2026 for enrollment. The budget assumes that enrollment in ASDB site-based programs remains unchanged from FY 2025 and therefore includes no funding increase or decrease for enrollment changes for ASDB for FY 2026.

Inflation

The budget includes an increase of $267,400 from the ASDB Fund 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 2026, which will increase special education voucher funding into the ASDB Fund by an estimated $267,400 in FY 2026.

Endowment Earnings Decrease

The budget includes a decrease of $(413,500) from the ASDB Fund in FY 2026 for decreased land trust endowment revenues. This decrease represents the estimated impact to the ASDB fund of reverting the distribution rate from the land trust endowment from the previous 6.9% rate to 2.5% in accordance with the requirements of Proposition 123.

When combined with the 2025 base adjustment of $(589,600), the total ASDB Fund adjustment is $(735,700). As a result, the budget decreases the ASDB Fund appropriation in FY 2026 by $(735,700) to match forecasted revenues.

Remove One-Time Funding

The budget includes a decrease of $(168,000) from the Telecommunication Fund for the Deaf in FY 2026 to remove one-time funding for ASDB preschool disability student costs.

Statewide Adjustments

The budget Includes an increase of $267,500 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	$253,800
Schools for the Deaf and the Blind Fund	13,700

(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. This line item includes funding for contracted specialized education services for preschool children who are blind.

School Bus/Agency Vehicle Replacement

The budget includes $369,000 from the General Fund in FY 2026 for School Bus/Agency Vehicle Replacement. This amount is unchanged from FY 2025.

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).*

Supplemental Early Childhood Therapies

The budget includes $100,000 from the General Fund in FY 2026 for supplemental early childhood therapies. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $100,000 from the General Fund in FY 2026 for one-time funding for supplemental early childhood therapies. A General Appropriations Act footnote stipulates that monies in this line item be used for contracting with multiple providers to provide supplemental early childhood listening and spoken language therapies to eligible infants and toddlers.

Cooperative Services

The budget includes $19,103,000 from the Cooperative Services Fund in FY 2026 for Cooperative Services. Adjustments are as follows:

Base Adjustment

The budget includes a decrease of $(141,400) from the Cooperative Services Fund in FY 2026 for a base adjustment reflecting lower-than-anticipated revenues in comparison with the enacted budget. The FY 2025 enacted budget assumed the Cooperative Services Fund would receive total revenues of $20,092,400 in FY 2025 from special education vouchers, membership fees, and tuition. The FY 2026 budget assumes that actual revenues into the Cooperative Services Fund in FY 2025 will be $19,951,000, or $(141,400) less than the appropriated amount. Our estimate assumes that total enrollment in the ASDB regional cooperatives would remain unchanged from the June 2024 level of 554 in FY 2025.

Enrollment

The budget includes no net funding change from the Cooperative Services Fund in FY 2026 for enrollment. The budget assumes that enrollment of voucher students in regional cooperatives remains at the June 2024 level of 554, and therefore includes no funding increase or decrease for enrollment changes for ASDB's Cooperative Services Fund for FY 2026.

Revenue Decrease

The budget includes a decrease of $(820,000) from the Cooperative Services Fund in FY 2026 for estimated revenue adjustments, including:

- An increase of $315,300 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 2026, which will increase special education voucher funding into the Cooperative Services Fund by an estimated $315,300 in FY 2026.

- A decrease of $(1,135,300) 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 $(820,000), and when combined with the base adjustment of $(141,400), the total Cooperatives Service Fund adjustment is $(961,400). As a result, the budget decreases the Cooperative Services Fund appropriation in FY 2026 by $(961,400) to match forecasted revenues.

Statewide Adjustments

The budget Includes a decrease of $(28,000) in FY 2026 from the Cooperative Services Fund for statewide adjustments.

Background – Regional Cooperatives provide services for deaf and blind students who are being served in a variety of settings in their home school district instead of an ASDB site-based program. Enrollment in ASDB's regional cooperatives as of July 2025 was 960.

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 Appropriations Act footnote stipulates that ASDB submit a report to JLBC detailing the intended use of the monies.

Commission for the Deaf and the Hard of Hearing

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	21.0	21.0	21.0
Personal Services	1,459,800	2,310,000	2,310,000
Employee Related Expenditures	534,000	855,000	891,500
Professional and Outside Services	160,100	275,000	275,000
Travel - In State	5,000	8,000	8,000
Travel - Out of State	11,100	12,000	12,000
Other Operating Expenditures	984,500	1,199,600	1,199,300
OPERATING SUBTOTAL	**3,154,500**	**4,659,600**	**4,695,800** 1/
SPECIAL LINE ITEMS			
Aging Individuals Research	21,100	0	0
Support Services for the Deaf-Blind	191,200	192,000	350,000
Website Security Upgrades	0	200,000 2/	0
AGENCY TOTAL	**3,366,800**	**5,051,600**	**5,045,800**
FUND SOURCES			
Other Appropriated Funds			
Telecommunication Fund for the Deaf	3,366,800	5,051,600	5,045,800
SUBTOTAL - Other Appropriated Funds	3,366,800	5,051,600	5,045,800
SUBTOTAL - Appropriated Funds	**3,366,800**	**5,051,600**	**5,045,800**
TOTAL - ALL SOURCES	3,366,800	5,051,600	5,045,800

AGENCY DESCRIPTION — The agency acts as an information and referral resource for the deaf and the hard of hearing and provides educational materials to the general public; administers a statewide telephone access program, the Telecommunication Devices for the Deaf (TDD) Relay Program; and licenses interpreters for the deaf and the hard of hearing. The Commission is supported by the Telecommunication Fund for the Deaf, which derives monies from the Telecommunication Services Excise Tax.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

2/ The $200,000 appropriated to the commission for the deaf and the hard of hearing by Laws 2024, chapter 209, section 34 in fiscal year 2024-2025 for the website security upgrades is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

Operating Budget

The budget includes $4,695,800 and 21 FTE Positions from the Telecommunication Fund for the Deaf in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $40,000 from the Telecommunication Fund for the Deaf in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Named Claimants

The budget includes a decrease of $(3,850) from the Telecommunications Fund for the Deaf in FY 2026 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Support Services for the Deaf-Blind

The budget includes $350,000 from the Telecommunication Fund for the Deaf in FY 2026 for the Support Services for the Deaf-Blind line item. Adjustments are as follows:

Increase Support Services

The budget includes an increase of $158,000 from the Telecommunication Fund for the Deaf in FY 2026 to increase resources for the support services program.

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.

Website Security Upgrades

The budget includes no funding in FY 2026 for Website Security Upgrades. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(200,000) from the Telecommunication Fund for the Deaf in FY 2026 to remove one-time website security upgrades.

A footnote states that monies appropriated to the Website Security Upgrades line item in FY 2025 are non-lapsing through FY 2026.

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.

Other Issues

FY 2025 Supplementals

The FY 2026 budget includes an FY 2025 supplemental appropriation of $3,850 from the Telecommunications Fund for the Deaf for a one-time named claimants appropriation. *(Please see the Named Claimants policy issue for further details.)*

State Board of Dental Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	13.0	13.0	13.0
Personal Services	839,200	898,800	898,800
Employee Related Expenditures	339,900	369,000	400,100
Professional and Outside Services	448,400	512,400	512,400
Travel - In State	2,600	3,200	3,200
Travel - Out of State	5,400	5,500	5,500
Other Operating Expenditures	201,900	255,500	254,800
Equipment	44,500	76,100	76,100
OPERATING SUBTOTAL	**1,881,900**	**2,120,500**	**2,150,900**
SPECIAL LINE ITEMS			
Annual Leave Payout	0	9,300 1/	0
AGENCY TOTAL	**1,881,900**	**2,129,800**	**2,150,900 2/**
FUND SOURCES			
Other Appropriated Funds			
Dental Board Fund	1,881,900	2,129,800	2,150,900
SUBTOTAL - Other Appropriated Funds	1,881,900	2,129,800	2,150,900
SUBTOTAL - Appropriated Funds	**1,881,900**	**2,129,800**	**2,150,900**
TOTAL - ALL SOURCES	1,881,900	2,129,800	2,150,900

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. (FY 2025 General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $2,150,900 and 13 FTE Positions from the Dental Board Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $30,400 from the Dental Board Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Annual Leave Payout

The budget includes no funding in FY 2026 for an Annual Leave Payout. Adjustments are as follows:

Remove One-Time Payout

The budget includes a decrease of $(9,300) from the Dental Board Fund in FY 2026 to remove a one-time annual leave payout. The FY 2025 budget included a footnote making these monies non-lapsing.

Arizona Early Childhood Development and Health Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
FUND SOURCES			
Other Non-Appropriated Funds	129,730,200	137,871,000	137,871,000
Federal Funds	97,751,300	16,091,200	0
TOTAL - ALL SOURCES	227,481,500	153,962,200	137,871,000

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 2024, ECDHB spent $65,500,400 million on **Child Care Scholarships**, as displayed in *Table 1*, serving an average of 6,020 children monthly, up from 5,298 in FY 2023. In addition, ECDHB spent $42,400,000 of one-time federal COVID-19 relief funds for child care scholarships. The federal funding was fully spent as of June 2024.

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 97.5 filled FTE Positions from the $15,185,400 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 2024 ECDHB Fund Expenditures by Category [1/]
($ in Millions)

Expenditure Category	Amount	Percent
Child Care Scholarships	$65.5	30%
Family Support	28.0	13%
Health	12.0	5%
Administration	11.6	5%
Professional Development	4.0	2%
Community Awareness	3.6	2%
Research & Evaluation	3.0	1%
System Coordination	0.2	0%
Federal Funds [2/]	91.8	42%
Total	**$219.8**[3/]	**100%**

1/ Does not include federal grant expenditures.
2/ Includes $42.4 million of federal COVID-19 relief funds used for child care scholarships.
3/ Total does not sum due to rounding.

Office of Economic Opportunity

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	5.0	5.0	5.0
Personal Services	367,700	342,000	342,000
Employee Related Expenditures	127,700	128,500	135,200
Professional and Outside Services	0	16,700	16,700
Travel - In State	100	600	600
Travel - Out of State	2,800	3,100	3,100
Other Operating Expenditures	5,021,100	14,400	32,500
Equipment	200	1,800	1,800
OPERATING SUBTOTAL	**5,519,600**	**507,100**	**531,900** 1/
SPECIAL LINE ITEMS			
Adult Workforce Diploma Program Fund Deposit	0	0	2,000,000 2/
Dual Enrollment Student Development Program	0	0	1,500,000 3/
AGENCY TOTAL	**5,519,600**	**507,100**	**4,031,900**
FUND SOURCES			
General Fund	5,519,600	507,100	4,031,900
SUBTOTAL - Appropriated Funds	**5,519,600**	**507,100**	**4,031,900**
Other Non-Appropriated Funds	4,734,200	10,251,400	10,251,400
Federal Funds	6,155,300	7,413,900	7,413,900
TOTAL - ALL SOURCES	16,409,100	18,172,400	21,697,200

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. As part of its workforce development initiatives, OEO administers the Adult Workforce Diploma Program and the Dual Enrollment Student Development Program. Also established within OEO is the Arizona Finance Authority, which oversees the Greater Arizona Development Authority (GADA) in addition to being the state recipient of private activity bonding authority. Additionally, OEO oversees the Arizona Industrial Development Authority which is the sole state issuer of private activity bonds.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

2/ Any unexpended and unencumbered monies in the adult workforce diploma program fund established by section 15-217.02, Arizona Revised Statues, are transferred on or before June 30, 2025 to the adult workforce diploma program fund established by section 41-5421, Arizona Revised Statutes, as added in the fifty-seventh legislature, first regular session.

3/ The amount appropriated for the dual enrollment student development program line item in fiscal year 2025-2026 shall be distributed for dual enrollment programs at community colleges, with a priority to serve students who qualify for free and reduced-price lunch. The office of economic opportunity may retain up to three percent of the appropriated amount for administration. On or before December 31, 2025, the office of economic opportunity shall submit a report to the president of the senate, the speaker of the house of representatives and the governor that outlines the number of students enrolled in dual enrollment programs funded by the office of economic opportunity, the number of students enrolled by grade level, the number of credits earned and number of projected students that will be served in 2025.

Operating Budget

The budget includes $531,900 and 5 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $24,800 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Adult Workforce Diploma Program Fund Deposit

The budget includes $2,000,000 from the General Fund in FY 2026 for an Adult Workforce Diploma Program Fund Deposit. Adjustments are as follows:

One-Time Deposit
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2026 for a deposit into the Adult Workforce Diploma Program Fund.

The Adult Workforce Diploma Program and monies in the Adult Workforce Diploma Program Fund are for making payments to approved providers in the Adult Workforce Diploma Program of $1,000 per recipient that earns a high school diploma and lower awards for other specified program milestones. Program providers may offer services online, a campus-based program, or a blended format. OEO may retain up to 5% of the monies in the fund to administer the Adult Workforce Diploma Program.

The Adult Workforce Diploma Program and Adult Workforce Diploma Program Fund were established by Laws 2022, Chapter 317 and originally administered by the Department of Education (ADE). This legislation was set to be repealed after FY 2025. The FY 2026 K-12 Education Budget Reconciliation Bill (BRB) transfers the program to OEO and creates a new fund. A General Appropriations Act footnote requires all monies remaining in the original fund to be transferred to the new Adult Workforce Diploma Program Fund at the end of FY 2025.

Other adult education programs are administered by ADE, including the Continuing High School and Workforce Training Program and the Community College Adult Education Workforce Development Program. *(Please see the ADE section for more details.)*

Dual Enrollment Student Development Program

The budget includes $1,500,000 from the General Fund in FY 2026 for the Dual Enrollment Student Development Program. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 for the Dual Enrollment Student Development Program. This appropriation is non-lapsing.

A General Appropriations Act footnote requires these monies to be distributed by the Office of Economic Opportunity to community college dual enrollment programs, with a priority to serve students who qualify for free and reduced-price lunch. The Office of Economic Opportunity may retain up to 3% of the appropriated amount for administration. The Dual Enrollment Student Development program was originally established in ADE and received one-time funding in the FY 2024 budget.

Other Issues

Statutory Changes

The K-12 Education BRB makes the following statutory changes:

- As permanent law, establish the Adult Workforce Diploma Program Fund to be administered by the OEO. Allows OEO to use up to 5% of the monies in the fund to administer the Adult Workforce Diploma Program. The fund shall consist of legislative appropriations, gifts, grants, and other donations and is non-lapsing. Monies in the fund shall be used to make payments to approved providers in the Adult Workforce Diploma Program of $1,000 per recipient that earns a high school diploma and lower awards for other specified program milestones. OEO shall distributed the full award amounts on a first-come first-serve basis.
- As permanent law, require OEO to approve qualified program providers in the Adult Workforce Diploma Program by October 15 annually. Establishes reporting requirements for approved program providers and stipulates that OEO shall revoke an approved provider's authorization after 2 years if the provider that does not achieve a graduation rate of at least 50% or has an average cost per student that exceeds $7,000.
- As permanent law, require the State Board of Education (SBE), in cooperation with OEO, to adopt performance measures for the Adult Workforce Diploma Program, the Continuing High School and Adult Workforce Training Program, and the Community College Adult Education Workforce Development Program.

- As session law, require OEO to include in the list of approved program providers for the Adult Workforce Diploma Program any program provider that was included in the list for the former Adult Workforce Diploma Program under ADE and that was not removed from the list due to either low graduation rates or high average per-graduate costs.

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.

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4,533.8	4,611.8	4,727.8
Personal Services	174,342,300	161,484,600	171,052,000
Employee Related Expenditures	72,488,200	67,337,500	74,061,600
Professional and Outside Services	61,791,400	50,886,300	54,416,100
Travel - In State	346,000	306,300	327,200
Travel - Out of State	116,400	101,800	101,900
Other Operating Expenditures	53,183,100	50,156,800	66,839,800
Equipment	3,501,100	2,271,100	2,312,200
OPERATING SUBTOTAL	**365,768,500**	**332,544,400**	**369,110,800** 1/2/10/
SPECIAL LINE ITEMS			
Administration			
Attorney General Legal Services	10,306,000	12,810,300	13,099,900
Aging and Adult Services			
Adult Services	15,731,900	12,731,900	12,731,900 3/
Area Agencies on Aging Housing Assistance	1,827,300	0	5,000,000 4/
Civil Legal Aid	0	0	3,000,000 5/
Community and Emergency Services	3,724,000	3,724,000	3,724,000
Coordinated Homeless Services	2,522,600	2,522,600	19,022,600 6/
Coordinated Hunger Services	2,254,600	2,254,600	2,254,600
Homeless Veterans' Services	0	0	1,500,000 7/8/
Homeless Veterans Strategic Plan	0	0	500,000 9/
Navajo Nation Women's Services	0	500,000	0 10/
Pascua Yaqui Tribe Social Services Programs	0	1,000,000	0
Produce Incentive Program	804,500	0	2,000,000 11/
Globe-Miami Area Food Bank	250,000	0	0
Low-Income Food Services for Tribal Reservations	0	250,000	0
Cochise County Food Distribution	0	1,000,000	0
Pinal County Nutrition, Housing, and Rental Assistance	0	500,000	0
Domestic Violence Prevention	11,867,400	14,004,000	14,004,000 12/13/
Long-Term Care Ombudsman	1,000,000	1,000,000	1,000,000
Benefits and Medical Eligibility			
Summer Food Benefits	0	1,879,600	200,000
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	82,000	0	0
Navajo Nation Youth Programs	0	500,000	0 14/
Child Support Enforcement			
Child Support - Clerk of the Court and Family Law Services	8,539,700	8,539,700	8,539,700
Developmental Disabilities 15/-17			
Federal Match Funding			
DDD Premium Tax Payment	67,178,100	64,871,600	77,751,400
Case Management - Medicaid	109,578,300	142,110,000	143,682,600 18/
Home and Community Based Services - Medicaid	2,331,075,900	2,686,218,300	3,274,567,600
Institutional Services - Medicaid	61,721,200	51,584,800	54,984,500 19/
Physical and Behavioral Health Services - Medicaid	571,345,500	655,475,100	852,480,000
Medicare Clawback Payments	6,055,500	7,132,700	7,940,400
Targeted Case Management - Medicaid	21,757,600	19,487,800	22,823,200
State Match Transfer from AHCCCS	0 20/	1,232,188,900	1,555,157,300
State Only Funding			
Case Management - State-Only	6,335,600	6,383,200	6,446,100 18/

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Cost Effectiveness Study - Client Services	9,530,900	21,520,000	23,220,000 21/
Home and Community Based Services - State-Only	14,089,000	14,089,000	14,089,000
Arizona Early Intervention Program	14,119,000	16,119,000	16,119,000
State-Funded Long Term Care Services	43,534,700	44,389,800	45,230,700
Group Home Monitoring Program	1,200,000	1,200,000	1,200,000 22/
Graham County Rehabilitation Center	830,000	0	0
DD Job Training and Life Skills Services	0	1,000,000	0
DD Reconciliation Payment	0	0	32,300,000 23/
Employment and Rehabilitation Services			
Child Care Subsidy	179,080,200	320,580,200	297,787,900 24/25/
Education Workforce Innovation Initiative	0	0	500,000 26/
Independent Living Rehabilitation Services	806,200	1,289,400	1,289,400
JOBS	9,894,700	11,005,600	11,005,600
Out-of-School Time Grant Program Fund Deposit	0	0	3,000,000 27/
Rehabilitation Services	6,962,300	7,249,100	7,249,100
Workforce Innovation and Opportunity Act Services	85,537,400	85,824,200	85,824,200 28/
AGENCY TOTAL	**3,992,727,300**	**5,812,896,500**	**7,017,752,200** 29/-32/
FUND SOURCES			
General Fund	1,202,667,000	1,337,210,700	1,888,688,200
Other Appropriated Funds			
Child Support Enforcement Administration Fund	21,331,800	17,678,400	17,615,600 2/
Domestic Violence Services Fund	1,863,700	4,000,300	4,000,300 12/
Federal CCDF Block Grant	200,029,200	331,027,900	281,075,400
Federal TANF Block Grant	66,591,300	66,588,900	66,561,100
Long Term Care System Fund (Non-Federal Matched)	33,864,200	34,429,200	34,971,300
Prescription Drug Rebate Fund - State	0	122,300,300	0
Public Assistance Collections Fund	0	441,800	441,800
Special Administration Fund	4,637,900	4,654,600	4,645,400
Spinal and Head Injuries Trust Fund	1,615,500	2,390,200	2,385,400
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
Workforce Investment Act Grant	92,644,100	87,116,200	87,109,200 28/
SUBTOTAL - Other Appropriated Funds	422,577,700	671,627,800	499,805,500
SUBTOTAL - Appropriated Funds	**1,625,244,700**	**2,008,838,500**	**2,388,493,700**
Expenditure Authority Funds			
Child Support Enforcement Administration Fund	59,627,800	44,401,200	45,547,500
Health Care Investment Fund	0	43,247,300	36,148,000
Long Term Care System Fund (Federal Match)	2,307,854,800	3,716,409,500	4,547,563,000
SUBTOTAL - Expenditure Authority Funds	2,367,482,600	3,804,058,000	4,629,258,500
SUBTOTAL - Appropriated/Expenditure Authority Funds	**3,992,727,300**	**5,812,896,500**	**7,017,752,200**
Other Non-Appropriated Funds	320,445,300	327,919,800	348,856,800
Federal Funds	3,138,359,400	3,290,513,600	3,240,791,600
TOTAL - ALL SOURCES	7,451,532,000	9,431,329,900	10,607,400,600

AGENCY DESCRIPTION — The department provides an array of services for low-income households and others in need. Some of these services include: long-term care for individuals with developmental disabilities, support services for older adults, nutrition and cash assistance for families, and unemployment insurance benefits.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ All state shares of retained earnings, fees and federal incentives in excess of $17,615,600 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 Appropriations Act footnote, as adjusted for statewide allocations)

3/ Of the amount appropriated for the adult services line item, $2,000,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations (General Appropriations Act footnote) These monies are for Area Agencies on Aging Home and Community Based Services.

4/ The amount appropriated for the Area Agencies on Aging Housing Assistance line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

5/ Monies in the civil legal aid line item shall be distributed to nonprofit organizations for the provision of statewide general civil legal aid services consistent with the terms and restrictions of the legal services corporation as of federal fiscal year 2025. (General Appropriations Act footnote)

6/ Of the amount appropriated to the coordinated homeless services line item, the department of economic security shall allocate $9,000,000 as follows:

1. At least $4,000,000 for eviction prevention services and assistance to provide a portion of monthly housing and utility expenses or legal aid and resources for Arizonans facing eviction.
2. At least $4,000,000 for homeless response and operations to rehouse homeless youth and families.
3. At least $1,000,000 for referral network operations to connect homeless individuals and individuals experiencing other crises with available state resources. (General Appropriations Act footnote)

7/ The department of economic security shall use monies from the homeless veterans services line item in collaboration with the department of veterans' services to create a strategic plan to address veteran homelessness. (General Appropriations Act footnote)

8/ The department of economic security shall allocate the monies in the homeless veterans services line item as follows:

1. $750,000 to veterans treatment court to provide services to veterans who have substance use disorders or mental health conditions.
2. $750,000 for homeless prevention services to provide immediate assistance to homeless veterans through shelter connection and utility, rental and employment assistance. (General Appropriations Act footnote)

9/ The department of economic security shall use monies from the homeless veterans strategic plan line item in collaboration with the department of veterans' services to create a strategic plan to address veteran homelessness. (General Appropriations Act footnote)

10/ Monies appropriated by Laws 2024, chapter 209, section 130 to the department of economic security for distribution to the Navajo Nation for women's shelter and social services are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

11/ The amount appropriated for the Produce Incentive Program line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

12/ 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 Appropriations Act footnote)

13/ On or before December 15, 2025, 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 Appropriations Act footnote)

14/ Monies appropriated in Laws 2024, chapter 209, section 130 to the department of economic security for distribution to the Navajo Nation for youth programs are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

15/ The department of economic security 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 Appropriations Act footnote)

16/ 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 of economic security 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 Appropriations Act footnote)

17/ On or before March 1, 2026, the department of economic security shall provide to the governor, 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 report on the utilization of covered services under the developmental disabilities program by disability classification. The report shall include the total expenditures for each covered service by primary diagnosis in fiscal year 2024-2025. (General Appropriations Act footnote)

18/ 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 of economic security 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 Appropriations Act footnote)

19/ On or before September 1, 2026, 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 2025-2026 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, 2026, 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 2025-2026. (General Appropriations Act footnote)

20/ The department actually spent $982,064,500 in FY 2024 in the State Match Transfer from AHCCCS line item, but this spending is not displayed for technical reasons.

21/ On or before January 31, 2026, 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 Appropriations Act footnote)

22/ The amount appropriated for the group home monitoring program line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until December 31, 2027. (General Appropriations Act footnote)

23/ The amount appropriated for the DD reconciliation payment line item shall be used to process the reconciliation payment associated with an operating costs shortfall for the contract year ending on September 30, 2024. (General Appropriations Act footnote)

24/ On or before December 31, 2025 and June 30, 2026, the department of economic security shall submit a report to the joint legislative budget committee regarding federal child care monies. The report must include, at a minimum, the actual revenues delineated by fund source, the actual year to date expenditures by purpose and fund source and the beginning and ending balances for all fund sources for the preceding six months. The report shall also include projected annual revenues, expenditures and balances for the current year and the budget year. (General Appropriations Act footnote)

25/ 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 Appropriations Act footnote)

26/ The department of economic security shall distribute the monies in the education workforce innovation initiative line item to qualifying programs led by Arizona based organizations with supporting partnerships from a public university and a local education agency. A request for proposal shall be made public not later than September 1, 2025, and monies shall be distributed to grantees not later than October 15, 2025. Grantees that receive monies shall have a

demonstrated record of developing the leadership capacity of parents and caregivers in this state and shall have been in operation for at least four years. Qualifying programs shall meet the following requirements:
1. Focus on developing parents and caregivers as education professionals whose income falls at or below the federal poverty levels across urban and rural Arizona.
2. Provide participants with knowledge in the science of reading and the skill development to enter the education profession as literacy classroom aides or in paraprofessional roles.
3. Support the job placement of program participants with the partnered local education agency.
4. Provide continuing education and ongoing professional development to the parent educators once placed in professional education roles. (General Appropriations Act footnote)

27/ The amount appropriated for the out-of-school time program fund deposit line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

28/ All workforce investment act grant monies that are received by this state in excess of $87,109,200 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 $87,109,200 to the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

29/ On or after April 1, 2026, 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, 2026 and must be reimbursed in full as part of the closing process for fiscal year 2025-2026. The department shall notify the joint legislative budget committee of the reimbursement on or before September 1, 2026. The appropriation may not be used for additional programmatic expenditures. (General Appropriations Act footnote)

30/ 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 Appropriations Act footnote)

31/ 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 Appropriations Act footnote)

32/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Summary

The Department of Economic Security's (DES) FY 2026 General Fund spending increases by $551,477,500 or 41.2% above the FY 2025 appropriation. This amount includes:

- $433,956,900 for Division of Developmental Disabilities (DDD) formula adjustments, which includes an FY 2025 ex-appropriation backfill.
- $1,170,000 for one-time benefit services digital portal implementation funding.
- $4,010,000 for one-time information technology (IT) mainframe operating costs funding.
- $990,000 for a one-time income verification data charge backfill.
- $3,700,000 for a one-time Adult Protective Services (APS) federal backfill.
- $2,000,000 for one-time Area Agencies on Aging (AAA) funding.
- $5,000,000 for one-time AAA housing assistance.
- $3,000,000 for one-time civil legal aid.
- $15,500,000 one-time for the coordinated homeless services program.
- $1,000,000 for homeless youth assistance.
- $1,500,000 one-time for homeless veterans' services.
- $500,000 one-time for a homeless veterans' services strategic plan.
- $2,000,000 one-time for the produce incentive program.
- $200,000 for one-time summer food benefits administration funding.
- $14,800,000 one-time for home and community-based services for high-cost DD clients.
- $1,200,000 one-time for the group home monitoring program.

- $32,300,000 for a one-time DD reconciliation payment.
- $44,900,000 for one-time child care subsidy funding.
- $500,000 one-time for an education workforce initiative.
- $3,000,000 of one-time funding for an out-of-school time grant program.
- $(22,529,600) to remove FY 2025 one-time funding, which includes the removal of FY 2025 supplemental funding.
- $2,780,200 for statewide adjustments.

Operating Budget

The budget includes $369,110,800 and 2,454.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$173,928,600
Child Support Enforcement Administration Fund	14,024,000
Child Support Enforcement Administration Fund (EA)	29,027,100
Federal Temporary Assistance for Needy Families (TANF) Block Grant	21,629,800
Federal Child Care and Development Fund (CCDF) Block Grant	28,167,000
Long Term Care System Fund (EA)	96,907,500
Public Assistance Collections Fund	339,100
Special Administration Fund	2,208,600
Spinal and Head Injuries Trust Fund	605,200
Statewide Cost Allocation Plan Fund	1,000,000
Workforce Investment Act Grant	1,273,900

Adjustments are as follows:

DDD Formula Adjustments

The budget includes an increase of $18,454,600 in FY 2026 for standard formula adjustments within the DDD program. This amount consists of:

General Fund	7,522,300
Long Term Care System Fund (EA)	10,932,300

(Please see the Developmental Disabilities section for more information.)

Adult Protective Services ARPA Backfill

The budget includes a one-time increase of $3,700,000 and 44 FTE positions from the General Fund in FY 2026 to backfill federal funding in the Adult Protective Services (APS) program, which investigates complaints of abuse, neglect, and exploitation of vulnerable adults.

Benefit Services Digital Portal Implementation

The budget includes a one-time increase of $1,170,000 from the General Fund in FY 2026 for benefit services digital portal implementation. The funding is for the software licensing and data management costs of a digital portal that will help DES authenticate individuals applying for health and human service programs. The development costs of the project were funded in the FY 2025 budget.

Increased IT Mainframe Operating Costs

The budget includes a one-time increase of $4,010,000 from the General Fund in FY 2026 for increased IT mainframe operating costs. The department reports that as it has updated and migrated certain IT systems off its cloud based platform for legacy systems, the systems that remain lack the necessary funding to support the fixed subscription costs of the platform. This increase backfills the lost funding in FY 2026.

Income Verification Data Charge Federal Backfill

The budget includes a one-time increase of $990,000 from the General Fund in FY 2026 for an income verification data charge backfill. Beginning in FY 2025, the federal government began charging states for income verification services that it previously provided for free. Instead of paying for the federal service, the department amended an existing contract with a private vendor to perform these checks. The funding within the DES budget represents the added cost of the additional verifications for the Supplemental Nutrition Assistance Program (SNAP). *(See the DES Eligibility line item within the AHCCCS budget for funding associated with the Medicaid and CHIP programs.)*

Remove FY 2025 Data Charge Supplemental

The budget includes a decrease of $(700,000) from the General Fund in FY 2026 for the removal of one-time supplemental funding for income verification data charges. *(See FY 2025 Adjustments in Other Issues for additional information.)*

Child Care Operating Cost Increase

The budget includes a one-time increase of $15,272,800 from the Federal CCDF Block Grant in FY 2026 to align the budget's allocation of the Federal CCDF Block Grant with the department's planned expenditures. The funding represents administrative costs of operating the child care program including staffing, background checks, and other operating expenditures.

Remove Child Care Operating Shortfall Reallocation

The budget includes a decrease of $(9,500,000) from the Federal CCDF Block Grant in FY 2026 to remove one-time funding 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.

Statewide Adjustments
The budget includes an increase of $3,169,000 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	1,788,700
Child Support Enforcement Administration Fund	(29,300)
Child Support Enforcement Administration Fund (EA)	836,900
Federal TANF Block Grant	(27,600)
Federal CCDF Block Grant	(33,000)
Long Term Care System Fund (EA)	654,200
Special Administration Fund	(9,200)
Spinal and Head Injuries Trust Fund	(4,800)
Workforce Investment Act Grant	(6,900)

(Please see the Agency Detail and Allocations section.)

Administration

Attorney General Legal Services

The budget includes $13,099,900 and 157.9 FTE Positions in FY 2026 for Attorney General (AG) Legal Services. These amounts consist of:

General Fund	1,279,100
Child Support Enforcement Administration Fund	2,537,300
Child Support Enforcement Administration Fund (EA)	9,035,000
Federal TANF Block Grant	106,200
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	11,100

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $289,600 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	14,000
Child Support Enforcement Administration Fund	(33,500)
Child Support Enforcement Administration Fund (EA)	309,400
Federal TANF Block Grant	(200)
Workforce Investment Act Grant	(100)

Aging and Adult Services

Adult Services

The budget includes $12,731,900 from the General Fund in FY 2026 for Adult Services. Adjustments are as follows:

FY 2026 Area Agencies on Aging Increase
The budget includes an increase of $2,000,000 from the General Fund in FY 2026 for the Area Agencies on Aging (AAAs) for Home and Community Based Services. This amount is exempt from lapsing.

Remove FY 2025 Area Agencies on Aging Increase
The budget includes a decrease of $(2,000,000) from the General Fund in FY 2026 to remove one-time AAA funding.

This line item provides an array of support services to elderly persons via the Area Agencies on Aging (AAA), as shown in *Table 1*. In addition to appropriated monies in this line item, the department is also allocating an estimated $49,402,700 in federal grant monies to the AAAs in FY 2026, primarily from federal Older Americans Act and Social Services Block Grant (SSBG) monies for support services, congregate meals, and home-delivered meals. Including federal resources and prior-year carryforward, the department estimated that total allocations to the AAAs will reach $60,839,500 in FY 2026 as of March 2025. This estimate does not include the $2,000,000 increase included in the FY 2026 General Appropriations Act. Federal budget reductions may affect these estimates.

Table 1

Adult Services

Services	FY 2025
Adult Protective Contracted Services	$ 295,100
Independent Living Services	4,559,400
Older Americans Act State Match	2,601,300
State Ombudsman	814,100
Respite Care	462,000
Direct Care Worker Incentives	2,000,000
FY 2025 One-Time Provider Rate Increase	2,000,000
Total	**$12,731,900**

Area Agency on Aging Housing Assistance

The budget includes $5,000,000 from the General Fund in FY 2026 for Area Agencies on Aging (AAA Housing Assistance. Adjustments are as follows:

Housing Assistance
The budget includes a one-time increase of $5,000,000 from the General Fund in FY 2026 for AAA housing assistance. These monies are non-lapsing.

DES distributes these monies to the AAAs for housing services to persons aged 60 and older, including rental, mortgage, HOA and utility assistance, property tax, and home repair costs up to a cap of $4,000 per household. The FY 2024 General Appropriations Act previously appropriated $5,000,000 to this line item. As of July 2025, DES has expended $4,180,500 of the FY 2024 appropriation.

Civil Legal Aid

The budget includes $3,000,000 from the General Fund in FY 2026 for Civil Legal Aid. Adjustments are as follows:

Civil Legal Aid

The budget includes a one-time increase of 3,000,000 from the General Fund in FY 2026 for Civil Legal Aid. Civil Legal Aid provides legal services to assist low-income individuals with various legal issues.

A FY 2026 General Appropriations Act footnote requires these monies to be distributed to nonprofit organizations for the provision of statewide general civil legal aid services consistent with the terms and restrictions of the legal services corporation as of FY 2025.

Community and Emergency Services

The budget includes $3,724,000 from the Federal TANF Block Grant in FY 2026 for Community and Emergency Services. This amount is unchanged from FY 2025.

The department distributes the monies in this line item to 12 contracted community action agencies to implement the Short-Term Crisis Services program established by A.R.S. § 46-241.01. The program provides emergency shelter, rent or mortgage assistance, utility assistance, and special needs to maintain or secure employment for individuals experiencing a short-term crisis that will cause homelessness or the interruption of heating or cooling at the individual's residence. Eligibility is limited to individuals with incomes at or below 125% of the Federal Poverty Level (FPL) (150% if a person residing in the household has a disability).

In September 2024, the department also estimates it will allocate an additional $47,406,600 in federal grants through this line item in FY 2026 for services administered fully or partly by the Community Action Agencies, including the federal Low-Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant. Federal budget reductions may affect these estimates.

Coordinated Homeless Services

The budget includes $19,022,600 in FY 2026 for Coordinated Homeless Services programs. This amount consists of:

General Fund	17,373,100
Federal TANF Block Grant	1,649,500

Adjustments are as follows:

Coordinated Homeless Additional Funding

The budget includes a one-time increase of $15,500,000 for the coordinated homeless services program. A FY 2026 General Appropriations Act footnote requires DES to use at least $4,000,000 for eviction prevention services and assistance, $4,000,000 for homeless response and operations to rehouse homeless youth and families, and $1,000,000 for referral network operations to connect homeless individuals and individuals experiencing other crises with available state resources.

Homeless Youth General Fund Backfill

The budget includes an increase of $1,000,000 from the General Fund in FY 2026 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 more federal funds being available than expected, the FY 2024 and FY 2025 budgets each delayed the General Fund increase for 1 year until FY 2026.

This line item funds contracted emergency shelter services, rapid re-housing services, and prevention services for persons experiencing or at risk of experiencing homelessness.

Coordinated Hunger Services

The budget includes $2,254,600 in FY 2026 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 2025.

State and federal dollars are used to contract with regional food banks for the storage and distribution of

commodity foods purchased by the United States Department of Agriculture (USDA) via the Emergency Food Assistance Program (TEFAP) and the Commodity Senior Food Program. Income-eligible recipients receive food via monthly food packages or congregate meals prepared by food pantries or soup kitchens.

Homeless Veterans' Services

The budget includes $1,500,000 from the General Fund in FY 2026 for Homeless Veterans' Services. Adjustments are as follows:

Homeless Veterans' Services Funding
The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 for Homeless Veterans' Services. A FY 2026 General Appropriations Act footnote requires DES, in collaboration with the Department of Veterans' Services, to allocate $750,000 to veterans' treatment court to provide services to veterans who have substance use disorders or mental health conditions and $750,000 to provide immediate assistance to homeless veterans through shelter connection and utility, rental and employment assistance.

Homeless Veterans' Strategic Plan

The budget includes $500,000 from the General Fund in FY 2026 for a Homeless Veterans' Strategic Plan. Adjustments are as follows:

Homeless Veterans' Strategic Plan
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for a Homeless Veterans' Strategic plan. A FY 2026 General Appropriations Act footnote requires DES to use the monies in collaboration with the Department of Veterans' Services to create a strategic plan to address veteran homelessness.

Navajo Nation Women's Services

The budget includes no funding from the General Fund in FY 2026 for Navajo Nation Women's Services. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding for the Navajo Nation for women's shelter and social services.

A FY 2026 General Appropriations Act makes the FY 2025 appropriation non-lapsing until June 30, 2026.

Pascua Yaqui Tribe Social Services Programs

The budget includes no funding from the General Fund in FY 2026 for Pascua Yaqui Tribe Social Services Programs. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for the Pascua Yaqui tribal government for social services programs.

Produce Incentive Program

The budget includes $2,000,000 from the General Fund in FY 2026 for the Produce Incentive Program. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2024 for additional program funding. The Produce Incentive Program, also referred to as "Double Up Food Bucks," is part of Arizona's Supplemental Nutrition Assistance Program (SNAP) and provides a dollar-for-dollar match for SNAP enrollees when they purchase Arizona-grown fruits and vegetables. These monies are non-lapsing.

Low-Income Food Services for Tribal Reservations

The budget includes no funding from the General Fund in FY 2026 for low-income food services for tribal reservations. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(250,000) from the General Fund in FY 2026 to remove one-time funding for the distribution of food to low-income individuals living on tribal reservations.

Cochise County Food Distribution

The budget includes no funding from the General Fund in FY 2026 for Cochise County Food Distribution. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for nonprofit organizations located in Cochise County that provide food distribution services to low-income individuals.

Pinal County Nutrition, Housing, and Rental Assistance

The budget includes no funding from the General Fund in FY 2026 for Pinal County nutrition, housing, and rental assistance. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding 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 2026 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 2025.

In FY 2024, this line item, along with non-appropriated funds, served approximately 5,588 adults and children in emergency shelters, 344 adults and children in transitional housing, and 14,942 victims with mobile and community-based advocacy.

Long-Term Care Ombudsman

The budget includes $1,000,000 from the General Fund in FY 2026 for Long-Term Care Ombudsman services. This amount is unchanged from FY 2025.

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

Summer Food Benefits

The budget includes $200,000 from the General Fund in FY 2026 for summer food benefits. Adjustments are as follows:

New Funding

The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for summer food benefits. This funding is for a new federal program, also referred to as "SUN Bucks," which is a $120 benefit for families with school-aged children during the summer months when children lose access to free or reduced-price meals. While the benefit is 100% federally funded, the state is required to pay for 50% of the administrative costs of the program. This funding represents the FY 2026 costs of administering Summer 2025 benefits.

Remove FY 2025 Supplemental

The budget includes a decrease of $(1,879,600) from the General Fund in FY 2026 for the removal of one-time supplemental funding for summer food benefits. This funding represents the FY 2025 costs of administering Summer 2024 and Summer 2025 benefits. *(See FY 2025 Adjustments in Other Issues for additional information.)*

TANF Cash Benefits

The budget includes $22,736,400 from the Federal TANF Block Grant in FY 2026 for TANF Cash Benefits. This amount is unchanged from FY 2025.

The budgeted amount would be able to fund an average of 15,750 individuals at $100 per month. As of May 2025, the program serves 7,919 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 May 2025, the TANF Diversion program served 181 clients.

At May 2025 levels, the total cost would be $11,277,300, or $(11,459,100) below the budgeted amount.

Monies in this line item provide financial assistance on a temporary basis to dependent children in their own homes, or in the homes of responsible caretaker relatives. Financial eligibility is currently set at 36% of the 1992 Federal Poverty Level (FPL), or $5,022 for a family of 4. The current cumulative lifetime limit on regular TANF Cash Benefits is 24 months if the following conditions are met:

- The family includes at least 1 adult required to participate in the JOBS program.
- All adults who are required to participate in the JOBS program are in full compliance in the twelfth month of cash assistance and remain in compliance.

- All children required by state law to attend school maintain at least a 90% attendance record.

If any of these conditions are not met, the limit is 12 months.

The budget continues a provision requiring 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 2026 for Tribal Pass-Through Funding. This amount is unchanged from FY 2025.

Monies in this line item are passed through to Native American tribes operating their own TANF programs.

Navajo Nation Youth Programs

The budget includes no funding in FY 2026 for Navajo Nation youth programs. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding for Navajo Nation youth programs.

A FY 2026 General Appropriations Act footnote makes the FY 2025 appropriation non-lapsing until June 30, 2026.

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. Most of this funding, including the General Fund appropriation, is located within the agency's overall operating budget.

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 1/	5,268,700
Administration (Non-Appropriated)	3,115,600
Total	**$20,423,900**
Uses	
DCSE Administration (DES Operating)	$13,680,300
Attorney General Legal Services	2,573,700
Clerk of the Court and Family Law Services	1,054,300
Administration (Non-Appropriated)	3,115,600
Total	**$20,423,900**

1/ This line is the difference between appropriation authority and expected revenues.

Child Support - Clerk of the Court and Family Law Services

The budget includes $8,539,700 in FY 2026 for County Participation. This amount consists of:

CSEA Fund	1,054,300
CSEA Fund (EA)	7,485,400

These amounts are unchanged from FY 2025.

DES 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 56,509 clients, which includes 43,364 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*.

Table 3

Primary Disability of Clients Served 1/

Disability	Number	Percentage
Autism	20,437	36.2%
Intellectual Disability	15,981	28.3%
At Risk	13,924	24.6%
Cerebral Palsy	3,623	6.4%
Epilepsy	2,143	3.8%
Not Indicated	401	0.7%
Total	**56,509**	

1/ Numbers are based on the department's estimates of primary disabilities of DD clients, proportionally adjusted for the budget's overall caseload estimates.

Overall DDD Adjustments

The budget includes an increase of $433,956,900 from the General Fund in FY 2026 for DDD formula changes, which includes an FY 2025 ex-appropriation backfill. These adjustments are based on the following standard formula assumptions (changes are described in further detail below):

- 7.3% caseload growth in FY 2025 (above the 4.5% that was originally budgeted),
- 5.0% caseload growth in FY 2026,
- An 11.2% capitation rate increase in FY 2025 (above the 4.0% that was originally budgeted),
- A 12.9% mid-year capitation rate increase in FY 2025,
- A 3.0% capitation rate increase in FY 2026,
- And a reduction in Parents as Paid Caregivers (PPCG) utilization in FY 2026 due to enacted policy changes.

FY 2025 Supplemental/Parents as Paid Caregivers

Laws 2025, Chapter 93 included a supplemental appropriation of $109,200,300 from the Prescription Drug Rebate Fund - State and $403,000,000 from Long Term Care System Fund Expenditure Authority in FY 2025 for higher-than-budgeted DDD formula costs.

The projected full-year General Fund cost of the supplemental is $139,500,300 but has been reduced by $(30,300,000) to reflect the availability of ARPA funds through March 2025. The $139,500,300 is based on the following formula adjustments:

- FY 2025 enrollment growth of 7.3%. The enacted budget assumed growth of only 4.5%. The upward revision is based on higher-than-anticipated enrollment growth at the conclusion of FY 2024 and in the first half of FY 2025.
- FY 2025 capitation adjustment of 11.2%. The enacted budget assumed only a 4.0% increase above the original FY 2024 capitation rates.

A significant share of the capitation rate increase appears to be attributable to the Parents as Paid Caregivers (PPCG) program, a pandemic-era initiative to compensate parents of DD members who are age 17 or less for attendant care and habilitation services they provide to their own children. The program was designed to address the shortage of contracted providers during the pandemic.

The program was initially funded entirely by one-time federal monies for home and community-based services provided by the American Rescue Plan Act (ARPA). These monies were available to the state through March 31, 2025. Because the Federal Funds would soon expire, AHCCCS/DES applied for a federal waiver to continue PPCG as part of the standard LTC package. As such, the program would begin to operate under the regular federal/state match rate. On February 16, 2024, the federal government approved the request for ongoing operation of the program.

Prior to FY 2026, AHCCCS/DES could not separate PPCG spending from non-PPCG spending for habilitation and attendant care. However, Laws 2025, Chapter 93 requires the agencies to modify their billing systems to delineate when these services are provided by a parent or non-parent, enabling them to accurately track the total cost of PPCG. Laws 2025, Chapter 93 also requires the agencies to report to the Legislature on PPCG utilization at the end of each calendar quarter.

Base Adjustment

The budget includes an increase of $309,500,300 from the General Fund in FY 2026 for a base adjustment. The base adjustment annualizes the higher-than-anticipated enrollment growth discussed above, as well as what was effectively a 25.5% capitation rate increase compared to the original FY 2025 budget assumption of 4.0%. The 25.5% increase reflects the 11.2% discussed above, as well as an additional mid-year capitation rate adjustment of 12.9% discussed in more detail below.

In May 2025, AHCCCS/DES implemented a mid-year DDD capitation rate increase of 12.9% that was retroactive to April 1, 2025. Like the original 11.2% increase, this mid-year adjustment appears to be primarily due to higher participation in PPCG. For instance, the actuaries originally

Table 5

DDD ALTCS Capitation Growth

	FY 2025 Rate 1/	FY 2025 Rate 2/	FY 2026 Rate Est 3/
Administration 4/	255.8	255.8	263.5
Premium Tax	133.2	133.2	137.2
Case Management	244.0	244.0	251.3
HCBS 5/	4,722.2	5,481.4	5,645.8
Institutional Care 6/	93.7	93.7	96.5
Integrated Care 7/	1,212.9	1,313.4	1,352.8
Total	**6,661.8**	**7,521.5**	**7,747.1**

1/ Rate effective October 1, 2024 through March 31, 2025.
2/ Rate effective April 1, 2025 through September 30, 2025.
3/ These figures assume 3.0% growth across all service lines.
4/ The Administration line is allocated to the overall DES operating budget.
5/ HCBS line includes PMPM rates for HCBS and Risk Contingency.
6/ Institutional Care rate is net of client's share of cost.
7/ Integrated care funding is allocated to the Physical and Behavioral Health Services line item.

projected that utilization of attendant care and habilitation services would increase in FY 2025 by 11.0% and 19.0%, respectively, above FY 2024. For the mid-year adjustment, the actuaries now project that both services will increase by 34.6% based on an additional year's worth of encounter and financial data.

In addition to providing supplemental funding, Laws 2025, Chapter 93 also required AHCCCS and DES to implement the following changes to PPCG that could potentially impact utilization of attendant care and habilitation services:

- Implement the federally required 40-hour weekly limit on PPCG service hours starting July 1, 2025.
- Require parents to reside in Arizona for at least 6 months before enrolling in PPCG.
- Prohibit parents from billing for attendant care services while the minor child is not present, e.g. when the child is at school or receiving care in a clinical setting.
- Prohibit parents from billing for housekeeping, laundry, or meal preparation tasks that would ordinarily be performed by a parent of a minor child without a disability.
- Limit parents to claiming expenses for services provided between 6 a.m. and 10 p.m. unless there is an exception in the minor child's plan of care.
- Prohibit parents from being employed by multiple provider agencies.

Because the 12.9% mid-year adjustment is primarily associated with projected utilization increases, the budget assumes the rate adjustment is ongoing in nature and will continue in the FY 2026 rates but will be partially offset by reductions in utilization from the policy changes required by Laws 2025, Chapter 93.

Caseload Growth

The budget includes an increase of $53,119,500 from the General Fund in FY 2026 for DD caseload changes. Compared to June 2024, the budget assumes LTC caseloads will grow by 6.8% to 46,308 members in June 2025, by 5.0% to 48,623 members by June 2026, and by 5.0% in future years (these amounts includes children receiving PPCG services) Although year-over-year growth within the LTC program was as high as 6.7% in June 2024, it was below 4.0% as recently as June 2022. As a result, the 5.0% assumption is based on an average of caseload growth throughout FY 2022, FY 2023, and FY 2024.

Table 4 shows the number of clients by placement setting for DDD enrollees in June 2024 and June 2025 and the estimated growth in FY 2026.

Capitation Rate Adjustments

The budget includes an increase of $40,797,800 from the General Fund in FY 2026 for a 3.0% capitation rate increase beginning October 1, 2025, as well as to annualize the original FY 2025 capitation rate adjustment of 11.2%. The 3.0% growth assumption is based on several factors, including the medical care consumer price index. However, given that the final FY 2025 capitation rate increases significantly outpaced projections, the 3.0% growth assumption will need to be reevaluated as we receive information on actual FY 2026 costs.

Table 5 shows how the capitation payment is allocated by service category in FY 2025 after the 12.9% mid-year adjustment described above, as well as the budget's estimate of the FY 2026 allocation after a 3.0% adjustment.

FMAP Adjustment

The budget includes an increase of $27,932,800 from the General Fund in FY 2026 associated with adjustments to the state's Federal Medical Assistance Percentage (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 2026, the blended Medicaid FMAP for Arizona will decrease to 64.48%, down from 65.24% in FY 2025.

Disaster Recovery FMAP Adjustments

The budget includes an FY 2025 General Fund ex-appropriation of $(9,900,000) and a one-time decrease of $(8,400,000) from the General Fund in FY 2026 due to revisions to the state's FMAP.

In certain circumstances, the federal government can provide one-time upward adjustments in a state's FMAP if the state would otherwise experience a rapid decline in the match rate due to personal income growth. In December 2024, the federal government determined that Arizona qualified for such one-time adjustments for FY 2024 due to a (3.27)% decline in the state's regular match rate between FY 2023 and FY 2024. Arizona's one-time increase is approximately 1.2% for FY 2024 and FY 2025.

This results in the following match rates:

- 66.29% to 67.93% in FFY 2024.
- 64.89% to 65.65% in FFY 2025.

The budget assumes this adjustment generates $(262,550,000) of General Fund savings across the AHCCCS, DES, and DCS budgets. Of this amount, $(84,800,000) is within the DES budget. The $(84,800,000) consists of the adjustments described above, as well as approximately $(66,500,000) that would be realized through General Fund revenue via reconciliation payments associated with both FY 2025 and FY 2026.

Medicare Clawback

The budget includes an increase of $807,700 from the General Fund in FY 2026 for adjustments associated with Medicare Clawback Payments.

Room and Board

The budget includes an increase of $298,800 from the General Fund in FY 2026 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 $77,751,400 in FY 2026 for the DDD Premium Tax Payment. This amount consists of:

General Fund	27,619,200
Long Term Care System Fund (EA)	50,132,200

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $12,879,800 in FY 2026 for standard formula adjustments. This amount consists of:

General Fund	5,069,800
Long Term Care System Fund (EA)	7,810,000

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 $143,682,600 and 1,217.9 FTE Positions in FY 2026 for Case Management - Medicaid. These amounts consist of:

General Fund	51,124,300
Long Term Care System Fund (EA)	92,558,300

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $268,800 and 65 FTE Positions in FY 2026 for standard formula adjustments. These amounts consist of:

General Fund	1,191,200
Long Term Care System Fund (EA)	(922,400)

Statewide Adjustments

The budget includes an increase of $1,303,800 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	547,800
Long Term Care System Fund (EA)	756,000

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 65 FTE Position increase in FY 2026 is based on the 1:43 ratio. The budget also includes an adjustment to prior year increases that were calculated based on the 1:35 ratio but now retroactively fall under the 1:43 ratio.

Home and Community Based Services - Medicaid

The budget includes $3,274,567,600 and 221.2 FTE Positions in FY 2026 for Home and Community Based Services - Medicaid. These amounts consist of:

General Fund	1,147,629,800
Long Term Care System Fund (EA)	2,120,469,700
Health Care Investment Fund	6,468,100

Adjustments are as follows:

Formula Adjustments
The budget includes an increase of $981,208,800 in FY 2026 for standard formula adjustments. This amount consists of:

General Fund	359,249,100
Long Term Care System Fund (EA)	624,279,500
Health Care Investment Fund	(2,319,800)

Remove FY 2025 Supplemental
The budget includes a decrease of $(403,000,000) in FY 2026 for the removal of one-time supplemental formula funding in FY 2025. *(See FY 2025 Supplemental in Other Issues for additional information.)* This amount includes:

Prescription Drug Rebate Fund - State	(109,200,300)
Long Term Care System Fund (EA)	(293,799,700)

Backfill FY 2025 Ex-Appropriation
The budget includes an increase of $9,900,000 from the General Fund in FY 2026 to backfill funding that was ex-appropriated in FY 2025. *(See FY 2025 Ex-Appropriation in Other Issues for additional information.)*

Statewide Adjustments
The budget includes an increase of $240,500 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	96,100
Long Term Care System Fund (EA)	144,400

Additionally, the FY 2026 enacted budget adds a footnote requiring DES to submit to the Governor, the President of the Senate, the Speaker of the House, the chairpersons of the Senate and House Appropriations Committees, and the Director of the JLBC a report on the utilization of DD services in FY 2025 by disability classification by March 1, 2026.

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. Funding for the Parents as Paid Caregivers (PPCG) program is included within this line item. This line item also funds staff in state-operated group homes.

Institutional Services - Medicaid

The budget includes $54,984,500 and 383 FTE Positions in FY 2026 for Medicaid Institutional Services. These amounts consist of:

General Fund	19,554,100
Long Term Care System Fund (EA)	35,430,400

Adjustments are as follows:

Formula Adjustments
The budget includes an increase of $3,093,200 in FY 2026 for standard formula adjustments. This amount consists of:

General Fund	1,502,200
Long Term Care System Fund (EA)	1,591,000

Statewide Adjustments
The budget includes an increase of $306,500 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	131,100
Long Term Care System Fund (EA)	175,400

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 $852,480,000 and 77 FTE Positions in FY 2026 for Physical and Behavioral Health Services - Medicaid. These amounts consist of:

General Fund	240,595,100
Long Term Care System Fund (EA)	582,205,000
Health Care Investment Fund	29,679,900

Adjustments are as follows:

Formula Adjustments
The budget includes an increase of $105,353,400 in FY 2026 for standard formula adjustments. This amount consists of:

General Fund	47,153,000
Long Term Care System Fund (EA)	62,979,900
Health Care Investment Fund	(4,779,500)

Directed Payments Expenditure Authority
The budget includes an increase of $91,500,000 in FY 2026 from the Long Term Care System Fund (EA) for directed payments expenditure authority.

The department has historically used excess expenditure authority within its budget to fund various directed payments initiatives. These initiatives include: hospital directed payments, the Access to Professional Services

Initiative (APSI), the Pediatric Services Initiative (PSI), and the recently created Safety Net Services Initiative (SNSI). *(Please see the Valleywise Directed Payments discussion within the AHCCCS section for additional details on the SNSI program.)* However, the department is now requesting additional expenditure authority to fund these initiatives. The budget incorporates these increases.

Statewide Adjustments

The budget includes an increase of $151,500 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	54,600
Long Term Care System Fund (EA)	96,900

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 $7,940,400 from the General Fund in FY 2026 for Medicare Clawback Payments. Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $807,700 from the General Fund in FY 2026 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 $22,823,200 and 153.6 FTE Positions in FY 2026 for Targeted Case Management (TCM) - Medicaid. These amounts consist of:

General Fund	8,120,600
Long Term Care System Fund (EA)	14,702,600

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $3,133,500 and 7 FTE Positions in FY 2026 for standard formula adjustments. These amounts consist of:

General Fund	1,262,800
Long Term Care System Fund (EA)	1,870,700

Statewide Adjustments

The budget includes an increase of $201,900 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	85,000
Long Term Care System Fund (EA)	116,900

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 $1,555,157,300 from the Long Term Care System Fund Expenditure Authority in FY 2026 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 $432,168,700 from the Long Term Care System Fund Expenditure Authority in FY 2026 for a state match transfer from AHCCCS. The adjustment is to bring the total amount in line with the department's FY 2026 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 2026 statewide adjustments within DDD. This factor will be adjusted as part of the FY 2027 January Baseline.

Remove FY 2025 Supplemental

The budget includes a decrease of $(109,200,300) from the Long Term Care System Fund Expenditure Authority in FY 2026 for the removal of one-time supplemental formula funding in FY 2025. *(See FY 2025 Supplemental in Other Issues for additional information.)*

Background – 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 $6,446,100 and 60.8 FTE Positions from the General Fund in FY 2026 for Case Management - State-Only. These amounts are unchanged from FY 2025.

Statewide Adjustments
The budget includes an increase of $62,900 from the General Fund in FY 2026 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 $23,220,000 in FY 2026 for Cost-Effectiveness Study (CES) - Client Services. This amount consists of:

General Fund	22,000,000
Special Administration Fund	1,220,000

Adjustments are as follows:

Increased Costs
The budget includes a one-time increase of $14,800,000 from the General Fund in FY 2026 for increased CES costs. This increase is to address growth in the number of DD members whose costs exceed the institutional threshold.

Remove FY 2025 Supplemental
The budget includes a decrease of $(13,100,000) from the Prescription Drug Rebate Fund - State in FY 2026 for the removal of one-time supplemental CES funding in FY 2025. *(See FY 2025 Adjustments in Other Issues for additional information.)*

Additionally, the FY 2026 enacted budget modifies a footnote to state that on or before January 31, 2026 (previously November 30, 2025), the department is required to submit a report to the JLBC regarding expenditures from the CES line item in the previous fiscal year.

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 2024, an average of 263 individuals per month had costs of care that exceeded CES thresholds. The aggregate amount above the thresholds covered with state-only funds was $20,826,100, resulting in a $(12,406,100) shortfall. The department reports that it transferred $1,110,900 from the Special Administration Fund within the JOBS line item to partially cover the higher-than-budgeted CES costs but that there is $(11,295,200) of shortfall still outstanding.

Home and Community Based Services - State-Only

The budget includes $14,089,000 from the General Fund in FY 2026 for State-Only Home and Community Based Services. This amount is unchanged from FY 2025.

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 2026 for the Arizona Early Intervention Program (AzEIP). This amount is unchanged from FY 2025.

Background – AzEIP provides screening and intervention services for children age 0 to 3 with developmental delays or disabilities. DES receives a capped allotment of Federal Funds for the program through Part C of the Individuals with Disabilities Education Act (IDEA). IDEA Part C is expected to provide $12,535,400 for AzEIP services in FY 2026. As a result, the total AzEIP funding available is $28,654,400 in FY 2026.

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.

State-Funded Long Term Care Services

The budget includes $45,230,700 and 2 FTE Positions in FY 2026 for State-Funded Long Term Care Services. These amounts consist of:

General Fund	10,259,400
Long Term Care System Fund	34,971,300

Adjustments are as follows:

Formula Adjustments

The budget includes an increase of $841,200 in FY 2026 for standard caseload growth in ALTCS-eligible DD clients receiving residential services with room and board expenses. This amount consists of:

General Fund	298,800
Long Term Care System Fund	542,400

Statewide Adjustments

The budget includes a decrease of $(300) from the Long Term Care System Fund in FY 2026 for statewide adjustments.

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 2026 for the Group Home Monitoring Program. Adjustments are as follows:

Remove FY 2025 One-Time Funding

The budget includes a decrease of $(1,200,000) from the General Fund in FY 2026 to remove funding for the Group Home Monitoring Program. The 3-year spending plan associated with FY 2023 enacted budget included $1,200,000 of one-time funding for the program in FY 2023, FY 2024, and FY 2025. Prior to the FY 2026 enacted budget, this program was scheduled to no longer receive new appropriation authority after FY 2025. The FY 2025 enacted budget added a footnote that made the FY 2024 and FY 2025 appropriations for the Group Home Monitoring Program non-lapsing through FY 2026.

FY 2026 One-Time Funding

The budget includes a one-time increase of $1,200,000 from the General Fund in FY 2026 for the Group Home Monitoring Program. The FY 2026 enacted budget adds a footnote that makes the FY 2026 appropriation non-lapsing through December 31, 2027.

The FY 2026 Human Services BRB also makes various changes to the Group Home Monitoring Program such as requiring the use of a monitoring tool to assess whether DD clients with complex needs received the physical and behavioral health services specified in the client's person-centered service plan. The Human Services BRB makes the program subject to available appropriations and extends the program from December 31, 2026, to December 31, 2027.

Background – The DD Group Home Monitoring Program, originally authorized by Laws 2022, Chapter 316 and modified by Laws 2025, Chapter 241, is administered by the entity contracted by the department to operate the Protection and Advocacy System for Persons with Developmental Disabilities. The entity monitors group homes for those with complex needs, determining whether clients' needs from their person-centered service plans are being met and whether a behavior treatment plan is in place and has had a positive impact on the client. The entity is required to make monthly reports to the department that identify systemic issues and recommendations for improvement. The entity is also required to report to the Governor, the President of the Senate, and the Speaker of the House by January 15th each year on systemic issues and recommendations.

DD Job Training and Life Skills Services

The budget includes no funding in FY 2026 for DD Job Training and Life Skills Services. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for job training and life skills services for developmentally disabled individuals in areas outside Maricopa and Pima counties.

DD Reconciliation Payment

The budget includes $32,300,000 from the General Fund in FY 2026 for a DD Reconciliation Payment. Adjustments are as follows:

Operating Shortfall Funding

The budget includes a one-time increase of $32,300,000 from the General Fund in FY 2026 for operating shortfall funding. The budget adds a footnote specifying that the funding is for processing the reconciliation payment associated with the DD operating costs shortfall for the contract year ending on September 30, 2024.

According to a report from the state Auditor General, the DD shortfall at the end of the contract year totaled $(94,058,400), mostly reflecting expenditures that exceeded capitation payments from AHCCCS. However, under the terms of the contract between AHCCCS and

DES, DES is only required to cover the first 1% of its losses in a particular year. Any losses above 1% are covered by future monthly capitation payments. Because DD revenue from capitation payments totaled $3,222,141,200 in the most recent contract year, the budget includes a one-time increase of $32,300,000 to cover approximately 1% of this amount.

Employment and Rehabilitation Services

Child Care Subsidy

The budget includes $297,787,900 FY 2026 for child care subsidies. This amount consists of:

General Fund	44,900,000
Federal CCDF Block Grant	252,887,900

Adjustments are as follows:

Child Care Subsidy Funding

The budget includes a one-time increase of $110,707,700 in FY 2026 for child care subsidies. This amount consists of:

General Fund	44,900,000
Federal CCDF Block Grant	65,807,700

Remove One-Time Funding

The budget includes a decrease of ($133,500,000) in FY 2026 to remove one-time funding for child care subsidies. This amount consists of:

General Fund	(12,000,000)
Federal CCDF Block Grant	(121,500,000)

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.)*

Subsidy Rates – As of August 2024, the department has established rates that are at the 75th percentile of the department's 2022 market rate survey for children under age 1, and the 50th percentile of the 2022 market rate survey for ages 1 through 12. The department estimates that the average monthly reimbursement per child in FY 2025 was $752 at the current daily rates. Additionally, high quality providers that are rated with a 3-, 4-, or 5-star rating by First Things First's Quality First program are given a 50% increased rate. Including these quality incentives, the average monthly cost rises to $1,027 per child. These rates do not include changes resulting from the FY 2026 increase, which are described below.

Caseloads –According to the department, the estimated number of children receiving child care services in June 2025 was 23,456 (*see Table 6*) excluding ECDHB- and DCS-related child care. A.R.S. § 46-803K stipulates that the department shall establish a waiting list for prospective enrollees if necessary, in order to manage within appropriated resources. Effective August 2024, the department implemented a waiting list for new applicants, excluding children in families on TANF or transitioning from TANF or children in DCS custody. As of July 2025, there are 6,644 children on the waiting list.

Table 6
Child Care June 2025 Monthly Caseloads

Category	FY 25
TANF	517
Low-Income Working	21,547
Transitional Child Care	1,392
Total Served	**23,456**

The one-time funding increase assumes DES would implement the following adjustments to child care subsidies for FY 2026:

- Reduce the child care subsidy waitlist by (50)%. The Executive estimated this reduction would result in an average monthly population served of 25,400 for FY 2026. By comparison, as of June 2025, the total number of subsidy recipients was 23,456. In July 2025, the Executive estimated that the FY 2026 appropriation would provide child care for 900 children currently on the waitlist.
- Increase base provider rates to reflect the results of DES' 2024 child care provider market rate survey. The Executive intends to increase base rates to reach at least the 50th percentile from the survey for all age categories served, and estimates the adjustments would result in average base reimbursement rates of $806. We estimate the $806 represents a 7.2% increase above the average FY 2025 base reimbursement rate of $752.
- Reduce the quality bonus for child care facilities with a quality rating of 3 stars or higher from First Things First from 50% in FY 2025 to 20% in FY 2026. The Executive estimates approximately 71% of providers will be eligible for the quality bonus. Based on the Executive's reported figures, we estimate the total average monthly child care subsidy (combined base rate and quality bonus) would decline from an average of $1,027 in FY 2025 to $920 in FY 2026.

The FY 2026 General Appropriations Act includes a footnote requiring DES to report on all federal child care monies.

Education Workforce Innovation Initiative

The budget includes $500,000 in FY 2026 for the Education Workforce Innovation Initiative. Adjustments are as follows:

Education Workforce Innovation Initiative

The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for the education workforce innovation initiative. A FY 2026 General Appropriations Act footnote requires the department to distribute these monies to qualifying programs led by Arizona-based organizations with supporting partnerships from a public university and a local education agency. Qualifying programs are programs that focus on developing parents and caregivers whose income falls at or below the federal poverty levels as education professionals, including providing participants with knowledge and skills to enter the education profession, supporting job placement of program participants, and providing continuing education to the parent educators.

Grantees must have a demonstrated record of developing the leadership capacity of parents and caregivers in Arizona and have been operational for at least 4 years. DES is required to make a request for proposal public by September 1, 2025, and monies must be distributed to grantees no later than October 15, 2025.

Independent Living Rehabilitation Services

The budget includes $1,289,400 in FY 2026 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 2025.

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.

JOBS

The budget includes $11,005,600 in FY 2026 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 2025.

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.

Out-of-School Time Grant Program Fund Deposit

The budget includes $3,000,000 in FY 2026 for an Out-of-School Time Grant Program Fund Deposit. Adjustments are as follows:

Out-of-School Time Grant Fund Deposit

The budget includes a one-time increase of $3,000,000 from the General Fund in FY 2026 for deposit into the out-of-school time grant fund. These monies are non-lapsing until June 30, 2027.

The FY 2026 Human Services BRB establishes the out-of-school time grant program and fund to expand child care for children between the ages of 5 and 12 who require child care during periods of time when school instruction is not being conducted, and who come from households earning $150,000 or less a year.

Rehabilitation Services

The budget includes $7,249,100 in FY 2026 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 2025.

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.

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 2026 for the Workforce Innovation and Opportunity Act Services line item.

This amount is unchanged from FY 2025.

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.

Other Issues

This section includes information on the following topics:

- FY 2025 Supplemental
- FY 2025 Ex-Appropriation
- Statutory Changes
- Long-Term Budget Impacts
- Auditor General Report
- Federal TANF Block Grant

FY 2025 Supplemental

The FY 2026 budget includes the following FY 2025 supplementals:

- $109,200,300 from the Prescription Drug Rebate Fund - State and $403,000,000 from the Long Term System Fund (EA) for higher-than-budgeted DDD formula costs. *(Please see the Developmental Disabilities section for further details.)*
- $13,100,000 from the Prescription Drug Rebate Fund - State for increased CES costs. *(Please see the Cost-Effectiveness Study - Client Services line item for further details.)*
- $700,000 from the General Fund for income verification data charges. *(Please see the Operating Budget section for further details.)*
- $1,879,600 from the General Fund for summer food benefits. *(Please see the Summer Food Benefits line item for further details.)*

FY 2025 Ex-Appropriation

The budget includes a $(9,900,000) General Fund ex-appropriation in FY 2025 to account for a retroactive adjustment to the state's match rate. *(Please see the Developmental Disabilities section for further details.)*

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.
- As permanent law, establishes the Out-Of-School Time Program Fund and grant to provide child care for children who are five to twelve years of age, who require child care during periods of time when school instruction is not being conducted, and who come from households earning $150,000 or less a year. Requires DES to administer the grant, allocating at least 30% of grant monies to grantees in rural communities, and report various aspects of the program to the Governor, the President of the Senate and the Speaker of the House of Representatives on or before August 1 each year.
- As permanent law, makes various changes to the Developmental Disabilities Group Home Monitoring Program such as requiring the use of a monitoring tool to assess whether DD clients with complex needs received the physical and behavioral health services specified in the client's person-centered service plan. Makes the program subject to available appropriations and extends the program from December 31, 2026, to December 31, 2027.

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 $3,149,000 in FY 2027 above FY 2026 and $129,505,600 in FY 2028 above FY 2027.

The FY 2027 estimate is based on:

- 5.0% DDD caseload growth.
- 3.0% DDD capitation growth.
- An estimated 64.11% FMAP.
- $(127,870,000) to remove FY 2026 one-time funding.

The FY 2028 estimate is based on:

- 5.0% DDD caseload growth.
- 3.0% DDD capitation growth.
- An estimated 64.03% FMAP.

Federal TANF Block Grant

The budget appropriates $227,546,600 of the state's Federal TANF Block Grant monies in FY 2026. *Table 7* shows expected yearly revenues, expenditures, and fund balances across the 2 agencies that administer TANF funding.

Table 7

TANF Block Grant Spending

	FY 2024 Actual	FY 2025 Estimated	FY 2026 Estimated
Revenues			
Beginning Balance	$ 19,108,900	$ 16,111,900	$ 11,603,100
TANF Base Revenues	224,676,400	223,156,400	223,156,400
Total TANF Available	**$243,785,300**	**$239,268,300**	**$234,759,500**
Expenditures			
Department of Child Safety	$161,082,200	$161,076,300	$160,985,500
Department of Economic Security			
TANF Cash Benefits	$ 22,736,400	$ 22,736,400	$ 22,736,400
All Other TANF Expenditures	43,854,800	43,852,500	43,824,700
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	**$ 66,591,200**	**$ 66,588,900**	**$ 66,561,100**
TOTAL - STATEWIDE	**$ 227,673,400**	**$ 227,665,200**	**$ 227,546,600**
Ending Balance	**$ 16,111,900**	**$ 11,603,100**	**$ 7,212,900**

State Board of Education

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	23.0	23.0	23.0
Personal Services	1,461,900	2,001,200	2,001,200
Employee Related Expenditures	572,200	311,200	422,200
Professional and Outside Services	595,200	650,100	650,100
Travel - In State	12,500	35,500	35,500
Travel - Out of State	16,100	25,000	25,000
Other Operating Expenditures	277,000	56,400	56,400
Equipment	82,500	34,500	34,500
OPERATING SUBTOTAL	**3,017,400**	**3,113,900**	**3,224,900**
SPECIAL LINE ITEMS			
Arizona Empowerment Scholarship Account Appeals	227,800	228,500	237,900
AGENCY TOTAL	**3,245,200**	**3,342,400**	**3,462,800** 1/
FUND SOURCES			
General Fund	3,245,200	3,342,400	3,462,800
SUBTOTAL - Appropriated Funds	**3,245,200**	**3,342,400**	**3,462,800**
TOTAL - ALL SOURCES	3,245,200	3,342,400	3,462,800

AGENCY DESCRIPTION — The State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The board is composed of 11 members: the Superintendent of Public Instruction, the president of a state university or college, 4 lay members, a president or chancellor of a community college district, a charter school administrator, a high school district superintendent, a teacher, and a county school superintendent. The board members other than the Superintendent of Public Instruction are appointed by the Governor for 4-year terms.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $3,224,900 and 21 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $111,000 from the General Fund in FY 2026 for statewide adjustments.
(Please see Agency Detail and Allocations section.)

Arizona Empowerment Scholarship Account Appeals

The budget includes $237,900 and 2 FTE Positions from the General Fund in FY 2026 for Arizona Empowerment Scholarship Account (ESA) Appeals. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $9,400 from the General Fund in FY 2026 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.

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	232.9	232.9	232.9
Personal Services	6,394,000	7,542,800	7,542,800
Employee Related Expenditures	2,136,200	2,757,400	2,990,700
Professional and Outside Services	10,816,100	1,911,500	1,911,500
Travel - In State	17,600	16,000	16,000
Travel - Out of State	16,300	11,000	11,000
Other Operating Expenditures	4,052,500	3,121,600	3,110,400
Equipment	187,400	2,200	2,200
OPERATING SUBTOTAL	**23,620,100**	**15,362,500**	**15,584,600** 1/2/
SPECIAL LINE ITEMS			
Formula Programs			
Basic State Aid	7,184,026,500	7,494,754,000	7,623,574,500 3/-8/
Onetime Additional Assistance Supplement	0	29,000,000	29,000,000 9/
Onetime FRPL Weight Supplement	0	37,000,000	37,000,000 10/
Onetime State Aid Supplement	300,000,000	0	0
State Aid Supplement	75,000,000	75,000,000	75,000,000 11/
Special Education Fund	36,029,200	36,029,200	36,029,200
Other State Aid to Districts	41,800	0	0
Classroom Site Fund	1,010,776,400	1,053,335,300	1,105,372,400 12/
Instructional Improvement Fund	99,754,800	80,425,700	80,425,700 13/
Additional State Aid	416,032,000	526,653,100	531,585,000
Non-Formula Programs			
Accountability and Achievement Testing	16,442,200	18,444,800	16,850,300 14/-17/
Adult Education	21,769,300	16,903,200	4,912,100
Alternative Teacher Development Program	1,800,000	1,000,000	1,000,000
Apache Junction Robotics Program	0	0	200,000
Arizona English Language Learner Fund	4,960,400	4,960,400	4,960,400
Arizona Holocaust Education Center	0	7,000,000	0
Art Consumables	5,230,300	0	0
Automated External Defibrillator Grants	0	0	500,000 18/
Center for High School Success	665,700	1,000,000	0
College Credit by Examination Incentive Program	7,470,700	3,772,100	3,772,100
College Placement Exam Fee Waiver	1,211,900	1,265,800	1,265,800
Community College Adult Education Workforce Development Program	0	0	6,000,000 20/
Computer Science Professional Development Program	1,000,000	1,000,000	1,000,000
Continuing High School and Workforce Training Program	0	0	1,000,000 19/
CTED Certification Exam Fee Reimbursement	0	1,000,000	1,000,000
CTED Completion Grants	1,000,000	1,000,000	1,000,000 21/22/23/
CTED Soft Capital and Equipment	1,000,000	1,000,000	1,000,000 24/
Early Literacy	18,519,800	17,386,200	17,394,000
Education Learning and Accountability System	5,374,900	5,470,200	5,534,100
English Learner Administration	6,597,000	11,608,800	11,643,000 25/
Feminine Hygiene Products	1,782,500	0	0
Flagstaff Robotics Program	20,000	10,000	10,000
Geographic Literacy	100,000	100,000	100,000 26/
Gifted Assessments	438,900	850,000	850,000
Gila County Jail Education	9,000	0	0
Jobs for Arizona Graduates	500,000	500,000	500,000 27/
Juvenile Detention Centers	52,600	0	0
K-12 Mental Health Telehealth Pilot Program	0	2,000,000	0

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Live, Remote Instructional Courses	0	100,000	0
Low Income After School Program Grants	0	2,000,000	0
Ninth Grade On-Track Program	0	0	3,400,000
Nonprofit Education Initiatives	100,000	0	0
Nonprofit Low-Income Assistance	500,000	0	0
Office of Indian Education	44,100	0	0
Onetime School Meal Grants	0	3,800,000	3,800,000 28/
Rural Arizona School Nurse Access Program	0	0	2,500,000 29/30/
Phoenix Science Education Programs	2,500,000	0	0
Public School Campus Community Gardens	59,200	0	0
Public School Campus Trees	198,800	0	0
School Safety Program	60,402,500	82,010,200	82,036,100 31/32/
Show Low Robotics Program	0	10,000	10,000
State Block Grant for Vocational Education	11,750,600	11,798,200	11,861,900
Student Level Data Access	359,000	359,000	358,900
Teacher Retention Study	0	0	100,000 33/
Teacher Certification	1,657,200	2,403,600	2,416,700
Teacher Professional Development Pilot	2,999,700	0	0
Tribal College Dual Enrollment Program	178,900	325,000	325,000
Youth Summer Education Program	250,000	0	0
AGENCY TOTAL	**9,322,226,000**	**9,546,637,300**	**9,720,871,800** 34/-37/
FUND SOURCES			
General Fund	7,699,669,300	7,882,875,800	8,287,685,600
Other Appropriated Funds			
Department of Education Empowerment Scholarship Account Fund	359,000	359,000	358,900
Education Sales Tax - Accountability	7,000,000	7,000,000	7,000,000
Permanent State School Fund	342,797,300	357,889,000	72,263,000
Special Education Fund	0	2,000,000	5,000,000
Teacher Certification Fund	1,809,800	2,547,000	2,560,700
Tribal College Dual Enrollment Program Fund	178,900	325,000	325,000
SUBTOTAL - Other Appropriated Funds	352,145,000	370,120,000	87,507,600
SUBTOTAL - Appropriated Funds	**8,051,814,300**	**8,252,995,800**	**8,375,193,200**
Expenditure Authority Funds			
Classroom Site Fund	1,010,776,400	1,053,335,300	1,105,372,400
Education Sales Tax - Basic State Aid	150,380,500	150,380,500	150,380,500
Education Sales Tax - Character Education	200,000	200,000	200,000
Education Sales Tax - Failing Schools Tutoring Fund	1,500,000	1,500,000	1,500,000
Education Sales Tax - School Safety	7,800,000	7,800,000	7,800,000
Instructional Improvement Fund	99,754,800	80,425,700	80,425,700
SUBTOTAL - Expenditure Authority Funds	1,270,411,700	1,293,641,500	1,345,678,600
SUBTOTAL - Appropriated/Expenditure Authority Funds	**9,322,226,000**	**9,546,637,300**	**9,720,871,800**
Other Non-Appropriated Funds	27,390,300	18,363,400	18,363,400
Federal Funds	2,406,383,300	2,194,690,900	2,194,690,900
TOTAL - ALL SOURCES	11,755,999,600	11,759,691,600	11,933,926,100

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/ 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 Appropriations Act footnote)

2/ 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 Appropriations Act footnote)

3/ Laws 2024, Chapter 209 appropriated $800,727,700 from the General Fund for the K-12 rollover.

4/ 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 $72,263,000 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 2025-2026. (General Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ 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 Appropriations Act footnote)

7/ 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 Appropriations Act footnote)

8/ 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 Appropriations Act footnote, as modified by FY 2025 General Appropriations Act)

9/ The appropriated amount for onetime additional assistance includes $23,142,000 for a onetime district additional assistance supplement and $5,858,000 for a onetime charter additional assistance supplement. The department of education shall distribute the amount for a 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 2025-2026 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. The department of education shall distribute the amount for a 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 2025-2026. (General Appropriations Act footnote)

10/ 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. (General Appropriations Act footnote)

11/ The department of education shall allocate the appropriated amount for the state aid supplement to school districts and charter schools on a pro rata basis using the weighted student count for the school district or charter school for the fiscal year pursuant to section 15-943, paragraph 2, subdivision (a), Arizona Revised Statutes, and increase the budget limits pursuant to section 15-947, Arizona Revised Statutes, accordingly. The weighted student count for a school district that serves as the district of attendance for nonresident pupils shall be increased to include nonresident pupils who attend school in the school district. (General Appropriations Act footnote)

12/ 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 Appropriations Act footnote)

13/ 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 Appropriations Act footnote)

14/ 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 Appropriations Act footnote)

15/ 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 Appropriations Act footnote)

16/ The department of education may use the appropriated amount for accountability and achievement testing in fiscal year 2025-2026 for costs of the English language proficiency assessments required by section 15-756.05, Arizona Revised Statutes. (General Appropriations Act footnote)

17/ The appropriated amount for accountability and achievement testing includes a onetime increase of $400,000 for contracted third party vendor expenses associated with implementation of assessments in a virtual setting pursuant to section 15-808.01, Arizona Revised Statutes. (General Appropriations Act footnote)

18/ The amount appropriated for the automated external defibrillator grants line item shall be distributed to public schools in this state that provide instruction to students in any of grades nine through twelve and that sponsor an athletic team or sports program to purchase or maintain automated external defibrillators. In selecting grant recipients, the department of education shall prioritize schools in which fifty percent or more of the students are eligible for free or reduced-price lunches. The appropriated amount for automated external defibrillator grants is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

19/ The amount appropriated by Laws 2024, chapter 209, section 39 for a $4,000,000 onetime allocation to the continuing high school and workforce training program established by section 15-217.01, Arizona Revised Statutes, is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. The department of education shall spend any monies available pursuant to this section for the continuing high school and workforce training program. (General Appropriations Act footnote)

20/ Any unexpended or unencumbered monies in the community college adult education workforce development program fund established by section 15 217.03, Arizona Revised Statutes, are transferred on or before June 30, 2025 for deposit in the community college adult education workforce development program fund established by section 15-217.01, Arizona Revised Statutes, as added in the fifty seventh legislature, first regular session. (General Appropriations Act footnote)

21/ 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 Appropriations Act footnote)

22/ 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 Appropriations Act footnote)

23/ 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, 2027. (General Appropriations Act footnote)

24/ 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 Appropriations Act footnote)

25/ 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 Appropriations Act footnote)

26/ 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 Appropriations Act footnote)

27/ 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 Appropriations Act footnote)

28/ 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 Appropriations Act footnote)

29/ The department of education shall allocate at least $500,000 of the amount appropriated for the rural Arizona school nurse access program line item for grants to increase the salaries of school nurses in rural school districts and charter schools. The department may spend any remaining monies on grants to rural school districts and charter schools to hire new school nurses. (General Appropriations Act footnote)

30/ The amount appropriated for the rural Arizona school nurse access program line item is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote.)

31/ 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 Appropriations Act footnote)

32/ 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 Appropriations Act footnote)

33/ The amount appropriated for the teacher retention study line item in fiscal year 2025-2026 shall be used by the department of education to conduct and complete a comprehensive study to determine the retention rate of teachers in school districts and charter schools in this state, including aggregate data on the number of certified and noncertified teachers, teaching assignments, retention and turnover rates, longevity, vacant teaching positions and state board of education-approved teacher preparation programs. The department shall submit the results of the study to the governor, the president of the senate, the speaker of the house of representatives and the state board of education on or before December 31, 2025 and shall submit a copy to the secretary of state. The department shall develop and maintain a publicly accessible interactive dashboard on the department's website that contains the study results and recommendations. (General Appropriations Act footnote)

34/ After review by the joint legislative budget committee, in fiscal year 2025-2026, the department of education may use a portion of its fiscal year 2025-2026 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 2024-2025. (General Appropriations Act footnote)

35/ 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 Appropriations Act footnote)

36/ 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 Appropriations Act footnote)

37/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Summary

ADE's FY 2026 General Fund spending increases by $404,809,800, or 5.1%, above the final FY 2025 appropriation. The budget includes the following funding changes in FY 2026:

- A decrease of $(206,206,000) to remove funding for an FY 2025 supplemental appropriation.
- An increase of $150,767,700 for a Basic State Aid prior year rebase.
- An increase of $129,564,000 for additional Empowerment Scholarship Account (ESA) awards.
- A decrease of $(58,340,500) for public school enrollment adjustments.
- An increase of $166,693,900 for a 2.0% inflator.
- A decrease of $(53,658,600) for local property tax growth due to new construction.
- An increase of $285,626,000 to backfill reduced endowment earnings due to a decrease in the distribution rate of 6.9% to 2.5% under Proposition 123.
- Increased Homeowner's Rebate expenses of $4,931,900.
- No net change to continue a one-time FRPL Group B Weight supplement.
- No net change to continue a one-time supplement to the District Additional Assistance (DAA) and Charter Additional Assistance (CAA) formulas.
- No net change to continue funding for One-Time School Meal Grants.
- A one-time increase of $6,000,000 for a Community College Adult Education Workforce Development Program Fund Deposit.
- A one-time increase of $3,400,000 for a Ninth Grade On-Track Program.
- A one-time increase of $2,500,000 for a Rural Arizona School Nurse Access Program.
- A one-time increase of $1,000,000 for a Continuing High School and Workforce Training Program.
- A one-time increase of $500,000 for Automated External Defibrillator Grants.
- A one-time increase of $400,000 for the implementation of assessments in a virtual setting.
- A one-time increase of $200,000 for the Apache Junction Robotics Program.
- A one-time increase of $100,000 for a Teacher Retention Study.
- An increase of $431,400 for statewide adjustments.
- A decrease of $(29,100,000) to remove funding from FY 2025 designated as one-time.

As part of the budget's 3-year spending plan, ADE General Fund costs are projected to increase by $67,287,000 in FY 2027 compared with FY 2026 and increase by $306,002,300 in FY 2028 above FY 2027. *(See Other Issues for more information.)*

Operating Budget

The budget includes $15,584,600 and 107.9 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$13,740,600
Teacher Certification Fund	144,000
Education Sales Tax - Failing Schools Tutoring Fund	1,500,000
Education Sales Tax - Character Education	200,000

Statewide Adjustments

The budget includes an increase of $222,100 in FY 2026 for statewide adjustments. This amount consist of:

General Fund	$221,500
Teacher Certification Fund	600

(Please see the Agency Detail and Allocations section.)

Formula Programs

Basic State Aid

The budget includes $7,623,574,500 in FY 2026 for Basic State Aid. This amount consists of:

General Fund	7,400,931,000
Permanent State School Fund	72,263,000
Education Sales Tax - Basic State Aid	150,380,500

The $7,623,574,500 total does not include local property taxes that will help fund K-12 formula costs for FY 2026, as they are non-appropriated *(see Table 1)*.

Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(206,206,000) from the General Fund in FY 2026 to remove funding for an FY 2025 supplemental appropriation. *(Please see Other Issues – FY 2025 Supplementals for more information.)*

Prior Year Base Adjustment

The budget includes an increase of $150,767,700 from the General Fund in FY 2026 for a prior year base adjustment *(see Table 2)*. The increase includes the following changes:

Table 1
FY 2026 Basic State Aid Formula Summary (estimated)

Sources	
General Fund	$7,400,931,000
Permanent State School Fund	72,263,000
Education Sales Tax	150,380,500
Local Property Taxes 1/	2,693,338,800
Total	**$10,316,913,300**
Uses	
School District Equalization	7,197,151,500
Charter Equalization	2,113,838,900
Empowerment Scholarships	1,001,720,000
Other Formulas/Miscellaneous	4,202,900
Total	**$10,316,913,300**

1/ Non-appropriated, so excluded from appropriated totals.

- $84,479,100 for higher-than-budgeted expenses for district and charter formula expenses. The cost is primarily attributable to increased weighted student count growth in FY 2024 and FY 2025 associated with higher-cost pupils.
- $50,125,400 for higher-than-expected ESA enrollment. The enacted budget assumed the ESA program would have 82,452 enrollees in FY 2025. ADE reports actual awardees in FY 2025 reached 87,602, or 5,150 above the budget assumption.
- $16,163,200 for lower-than-expected local property taxes raised via the Qualifying Tax Rate (QTR) to cover the district share of the formula in FY 2025. The lower QTR revenues result in a dollar-for-dollar increase in the General Fund cost of the Basic State Aid formula.

All 3 of these prior year base adjustments are ongoing. There is also a one-time adjustment of $69,441,600 associated with the *Qasimyar v. Maricopa County* property tax litigation.

After including the *Qasimyar* funding and $(14,003,300) in Homeowner's Rebate savings (see below), ADE's General Fund supplemental for Basic State Aid was $206,206,000 in FY 2025. *(See Other Issues for additional information).*

Table 2
FY 2025 Basic State Aid Formula Base Adjustment (Estimate)

Sources	FY 2025 Enacted	FY 2025 Revised	Change
General Fund	$6,780,278,500	$6,931,046,200	$150,767,700
Permanent State School Fund	357,889,000	357,889,000	0
Education Sales Tax	150,380,500	150,380,500	0
Local Property Taxes	2,652,161,400	2,635,998,200	(16,163,200)
Total	**$9,940,709,400**	**$10,075,313,900**	**$134,604,500**
Uses			
School District Equalization	7,000,238,400	7,121,161,100	120,922,700
Charter Equalization	2,110,088,400	2,073,644,800	(36,443,600)
Empowerment Scholarships	822,030,600	872,156,000	50,125,400
Other Formulas/Miscellaneous	8,352,000	8,352,000	0
Total	**$9,940,709,400**	**$10,075,313,900**	**$134,604,500**

Public School Enrollment Decline

The budget includes a decrease of $(58,340,500) from the General Fund in FY 2026 for public school enrollment adjustments. The budget assumes there will be a public school enrollment decline of (0.8)% in FY 2026 compared with FY 2025, which would result in public school ADM of 1,068,904 in FY 2026, or a decrease of (9,028) in comparison with our revised June 2025 estimates (See *Table 3*).

The (0.8)% public school enrollment decline estimate is based on the following assumptions:

- The budget assumes there would be a (0.2)% reduction in base public school enrollment due to demographic trends.
- The budget assumes an additional (0.6)% decline would be associated with students shifting their enrollment from public schools to the ESA program. Through the 3rd quarter of FY 2025 ADE estimates that approximately 57% of students who newly enrolled in the Universal ESA program in FY 2025 were enrolled in a public school in the year preceding their switch to the ESA program. We assume the switcher rate for these students would continue to be 57% in FY 2026.

Empowerment Scholarship Account Growth

The budget includes an increase of $129,564,000 from the General Fund in FY 2026 for enrollment growth in the ESA program. The budget assumes an additional 10,303 enrollees would join the program for FY 2026. As a result, total ESA enrollment would increase to 97,905 in FY 2026. The budget assumes that 97,905 ESA enrollees would be eligible for total awards of $1,001,720,000 in FY 2026. In comparison to the original FY 2025 budget, the $1,001,720,000 represents an increase of $179,689,400. Due to the uncertainty of when the program will reach a more "steady state" of enrollment, all ESA projections remain highly speculative.

The budget's total K-12 enrollment change estimate (including both ESAs and public schools) for FY 2026 is an increase of 0.1%. Under the budget assumptions, total enrollment across ESAs and public schools would reach 1,166,809 in FY 2026 (See *Table 3*).

2.0% Inflation Adjustment

The budget includes an increase of $166,693,900 from the General Fund in FY 2026 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.

Table 3

K-12 Enrollment Summary

Fiscal Year	District	Charter	Public Subtotal	ESA	Grand Total	Change
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	863,144	222,964	1,086,108	76,427	1,162,535	1.0%
2025	854,074	223,858	1,077,932	87,602	1,165,534	0.3%
2026 est	844,368	224,536	1,068,904	97,905	1,166,809	0.1%
2027 est	828,584	223,468	1,052,052	105,150	1,157,202	(0.8)%
2028 est	818,025	224,378	1,042,403	112,395	1,154,798	(0.2)%

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 2024, the current estimated increase in the GDP price deflator is 2.39%. 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 $(53,658,600) from the General Fund in FY 2026 due to a 2.35% increase in statewide Net Assessed Value (NAV) from new construction. This will increase local property tax revenues from the K-12 "Qualifying Tax Rate" (QTR) by an estimated $53,658,600 in FY 2026. It also will decrease state costs by $(53,658,600), 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 2.08% in FY 2026, resulting in a net 4.43% NAV increase for new construction and existing property combined for FY 2026. The 2.08% NAV increase for existing property will not affect net QTR collections in FY 2026 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 $3.1212 (from $3.1860 currently) in FY 2026 to offset the 2.08% NAV increase for existing property *(see Table 4).*

Table 4

TNT Tax Rates

Tax Rate	FY 2025	FY 2026
Qualifying Tax Rate (QTR)		
• High School districts and elementary districts located within a high school district	$1.5930	$1.5606
• Unified districts and elementary districts not located within a high school district	$3.1860	$3.1212

Endowment Earnings Distribution Decrease

The budget includes an increase of $285,626,000 from the General Fund and a decrease of $(285,626,000) from the Permanent State School Fund in FY 2026 for reduced endowment earnings funding for Basic State Aid.

Proposition 123 raised the distribution rate from endowment earnings from the previous 2.5% rate in FY 2015 to 6.9%, or an increase of 4.4%, from FY 2016 through FY 2025. The initiative also required any monies from the 4.4% increment to be appropriated for Basic State Aid. The 4.4% increment generates $285,626,000 for Basic State Aid in FY 2025. *(see Table 5).*

Table 5

Estimated K-12 Endowment Earnings for Basic State Aid 1/

Source	FY 2025	FY 2026	Change
Original 2.5%	$72,263,000	$72,263,000	$0
Prop 123 4.4%	285,626,000	0	(285,626,000)
Total	**$357,889,000**	**$72,263,000**	**$(285,626,000)**

1/ These earnings also fund the Classroom Site Fund *(see Table 7).*

Beginning in FY 2026, under current law the 6.9% distribution rate will revert to the prior 2.5% rate, resulting in a decrease of $(285,626,000) for Basic State Aid from the elimination of the 4.4% increment. A.R.S. § 37-521 caps the amount of K-12 endowment earnings from the remaining 2.5% distribution 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. *(See Other Issues section on Endowment Earnings and Proposition 123 Background on JLBC website for more information).*

Rollover

The budget includes no net funding change to continue the ongoing $800,727,700 rollover amount in FY 2026. The FY 2026 General Appropriations Act advance appropriates $800,727,700 from the General Fund in FY 2027 to fund the $800,727,700 deferred obligation from FY 2026 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 2026 for a Onetime Additional Assistance Supplement. This amount is unchanged from FY 2025.

An FY 2026 General Appropriations Act footnote stipulates that the onetime supplement to District

Additional Assistance (DAA) and Charter Additional Assistance (CAA) continue to be distributed as follows:

- $23,142,000 for a DAA supplement. ADE is required to distribute the monies on a proportional basis based on the DAA funding that each district receives in FY 2026. Districts are authorized to budget the supplement for maintenance and operations or unrestricted capital.
- $5,858,000 for a CAA supplement. ADE is required to distribute the monies on a proportional basis based on the CAA each charter receives in FY 2026.

An FY 2025 General Appropriations Act footnote stipulates that the Legislature intends to increase the 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. The FY 2026 budget's 3-year spending plan includes the $29,000,000 for FY 2028.

Onetime FRPL Group B Weight Supplement

The budget includes $37,000,000 from the General Fund in FY 2026 for a Onetime FRPL Weight Supplement. This amount is unchanged from FY 2025.

An FY 2026 General Appropriations Act footnote continues to require that ADE distribute the $37,000,000 on a pro-rata basis to school districts and charter schools based on Free and Reduced Price Lunch (FRPL) counts and authorizes school districts to budget the monies for maintenance and operations or unrestricted capital.

An FY 2025 General Appropriations Act footnote 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. The FY 2026 budget's 3-year plan includes the $37,000,000 for FY 2028.

State Aid Supplement

The budget includes $75,000,000 from the General Fund in FY 2026 for State Aid Supplement funding. This amount is unchanged from FY 2025.

Laws 2015, 1st Special Session Chapter 1 appropriated $50,000,000 annually for FY 2016 through FY 2020 and $75,000,000 annually for FY 2021 through FY 2025 for State Aid Supplement funding. The monies are distributed to districts and charter schools based on 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 Appropriations Acts for those years, since they already were advance appropriated by Chapter 1.

Given that the 3-year spending plan associated with the enacted FY 2025 budget labeled the State Aid Supplement as ongoing, the $75,000,000 appropriation continues in FY 2026 and appears in the FY 2026 General Appropriations Act. The budget continues the prior footnote language from Laws 2015, 1st Special Session, Chapter 1 in the FY 2026 General Appropriations Act concerning the distribution of the appropriation.

The State Aid Supplement, in conjunction with Proposition 123, serves to provide additional funding for school districts and charter schools 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 2026 for the Special Education Fund Line Item. These amounts are unchanged from FY 2025.

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.

Classroom Site Fund

The budget includes $1,105,372,400 in FY 2026 from Classroom Site Fund (CSF) expenditure authority for the Classroom Site Fund. Adjustments are as follows:

Funding Increase

The budget includes an increase of $52,037,100 from CSF Expenditure Authority in FY 2026 for increased distributions from the Classroom Site Fund. The increase matches the FY 2026 funding level calculated by the JLBC Staff on March 30, 2025 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 Appropriations 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 2026 for the Instructional Improvement Fund. This amount is unchanged from FY 2025.

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.

Additional State Aid

The budget includes $531,585,000 from the General Fund in FY 2026 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 $(14,003,300) from the General Fund in FY 2026 to reflect lower-than-budgeted costs for Additional State Aid for FY 2025. The FY 2025 budget assumed that Additional State Aid would cost $526,653,100 for FY 2025 for the Homeowner's Rebate and 1% Cap combined. Based on ADE payment data, the actual combined cost, however, is $512,649,800. Starting point costs for Additional State Aid for FY 2026 therefore will be $(14,003,300) less than the FY 2025 appropriation.

Decrease Commercial Assessment Ratio

The budget includes an increase of $4,600,000 from the General Fund in FY 2026 for increased Additional State Aid Costs associated with a decrease in the assessment ratio for commercial property from 16.5% in FY 2025 to 16.0% in FY 2026. 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. The 3-year spending plan included $4,600,000 for this change in FY 2026.

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 $14,335,200 from the General Fund in FY 2026 for increased Additional State Aid costs associated with new home construction. The $14,335,200 estimate assumes that Class 3 properties (owner occupied homes) will account for 50% of statewide property tax growth from new construction in FY 2026.

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.

The Arizona Supreme Court ruled in July 2024 that the funding for K-12 desegregation program must be financed with secondary property taxes. The ruling confirmed the constitutionality of a policy enacted pursuant to the FY 2019 Revenue BRB (Laws 2018, Chapter 283) that re-

classified desegregation monies as secondary property tax levies, thereby excluding such levies from 1% cap funding calculations under the Additional State Aid program. Given that the Department of Revenue already implemented the requirements of Chapter 283 concerning desegregation monies, the Court ruling does not have a fiscal impact on Additional State Aid costs compared to current practice.

Non-Formula Programs

Accountability and Achievement Testing

The budget includes $16,850,300 and 24.4 FTE Positions in FY 2026 for Accountability and Achievement Testing. These amounts consist of:

General Fund	9,850,300
Education Sales Tax - Accountability	7,000,000

Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(2,000,000) from the Special Education Fund in FY 2026 to remove funding for an FY 2025 supplemental appropriation.

One-Time Virtual Assessments Funding

The budget includes a one-time increase of $400,000 from the General Fund in FY 2026 for virtual assessments funding. A General Appropriations Act footnote stipulates that ADE shall use the monies for contracted third party vendor expenses associated with implementation of assessments in a virtual setting pursuant to A.R.S. § 15-808.01.

Statewide Adjustments

The budget includes an increase of $5,500 from the General Fund in FY 2026 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 2026:

- 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 Appropriations Act footnote also permits ADE to use monies in the Accountability and Achievement Testing line item for AZELLA expenses.

Adult Education

The budget includes $4,912,100 and 4 FTE Positions from the General Fund in FY 2026 for Adult Education. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(12,000,000) from the General Fund in FY 2026 to remove one-time funding for adult education programs. An FY 2025 General Appropriations Act footnote required ADE to distribute $12,000,000 as follows:

- $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.

The Adult Workforce Development Program is now funded in the Office of Economic Opportunity, while the Continuing High School and Workforce Training Program and the Community College Adult Education Workforce Development Programs remain in ADE and are funded one-time in FY 2026 in separate line items.

Statewide Adjustments

The budget includes an increase of $8,900 from the General Fund in FY 2026 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.

Alternative Teacher Development Program

The budget includes $1,000,000 from the General Fund in FY 2026 for an Alternative Teacher Development Program. This amount is unchanged from FY 2025.

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.

Apache Junction Robotics Program

The budget includes $200,000 from the General Fund in FY 2026 for an Apache Junction Robotics Program. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $200,000 from the General Fund in FY 2026 for one-time funding for a robotics program in Apache Junction.

Arizona English Language Learner Fund

The budget includes $4,960,400 from the General Fund in FY 2026 for the Arizona English Language Learner Fund. This amount is unchanged from FY 2025.

Background – 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 $4,999,200 to public schools from the fund in FY 2024.

Arizona Holocaust Education Center

The budget includes no funding in FY 2026 for the Arizona Holocaust Education Center. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(7,000,000) from the General Fund in FY 2026 to remove one-time funding for a distribution to the Arizona Holocaust Education Center. An FY 2025 General Appropriations Act footnote stipulates that the distribution shall be used for the creation and operation of the center as a resource for fulling 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.

ADE reports that it signed a contract with a vendor on August 9, 2024 that would require the Arizona Holocaust Education Center to use the monies in this line item to provide access to the Center to public school students free of charge for a period of 10 years.

Automated External Defibrillator Grants

The budget includes $500,000 from the General Fund in FY 2026 for Automated External Defibrillator Grants. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $500,000 from the General Fund in FY 2026 for one-time funding for automated external defibrillator grants. A General Appropriations Act footnote stipulates that the monies be distributed to public high schools that sponsor an athletic team or sports program to purchase or maintain automated external defibrillators. It also requires ADE to prioritize the grants for schools in which 50% or more of the students are FRPL-eligible.

Background – A.R.S. § 15-120.07, as added by section 1 of the FY 2026 K-12 BRB, requires each public high school in Arizona that sponsors an athletic team or sports program to provide an automated external defibrillator (AED) at each school campus and school-sponsored athletic event beginning August 1, 2026.

Center for High School Success

The budget includes no funding in FY 2026 for a Center for High School Success. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for a Center for High School Success.

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.

On a related note, the budget includes funding for a new Ninth Grade On-Track Program in a separate line item.

College Credit by Examination Incentive Program

The budget includes $3,772,100 from the General Fund in FY 2026 for the College Credit by Examination Incentive Program (CCEIP). This amount is unchanged from FY 2025.

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 2025, ADE reports that districts and charter schools qualified for $3,590,000 in program awards. This amount includes $2,694,800 for awards for 27,767 exams passed in schools with less than 50% FRPL-eligibility ($97 per exam) and $895,200 for 6,149 exams passed in schools with 50% or more FRPL-eligibility ($145 per exam). Under the full statutory awards, the cost of the program would have been $11,097,200.

College Placement Exam Fee Waiver

The budget includes $1,265,800 from the General Fund in FY 2026 for a College Placement Exam Fee Waiver. This amount is unchanged from FY 2025.

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.

Community College Adult Education Workforce Development Program Fund Deposit

The budget includes $6,000,000 from the General Fund in FY 2026 for a deposit in the Community College Adult Education Workforce Development Program Fund. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $6,000,000 from the General Fund in FY 2026 for a one-time deposit in the Community College Adult Education Workforce Development Program Fund established in A.R.S. § 15-217.01.

Background – Section 3 of the FY 2026 K-12 BRB reestablishes, as permanent law, the Community College Adult Workforce Development program. The program had previously been eliminated in the FY 2025 K-12 BRB. The program provides funding to adults enrolled in a community college adult education program that provides academic skills development and literacy activities that lead to industry-recognized credentials and a community college certificate or diploma. Community college districts may receive up to $5,000 per participating full-time equivalent student (FTSE).

Computer Science Professional Development Program

The budget includes $1,000,000 from the General Fund in FY 2026 for a Computer Science Professional Development Program. This amount is unchanged from FY 2025.

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.

Continuing High School and Workforce Training Program

The budget includes $1,000,000 from the General Fund in FY 2026 for the Continuing High School and Workforce Training Program. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $1,000,000 from the General Fund in FY 2026 for one-time funding for the Continuing High School and Workforce Training Program established in A.R.S. § 15-217.02.

Background – Section 3 of the FY 2026 K-12 BRB reestablishes, as permanent law, the Continuing High School and Workforce Training Program. The program was previously eliminated in the FY 2025 K-12 BRB. The program provides alternative study services via a contracted nonprofit service provider that lead to the issuance of a high school diploma and industry-recognized credentials for adults. Participating pupils are funded at a

level of $7,700 per full-time student. Enrollment in the program for FY 2026 is capped at 130 pupils.

CTED Certification Exam Fee Reimbursement

The budget includes $1,000,000 from the General Fund in FY 2026 for CTED Certification Exam Fee Reimbursement. This amount is unchanged from FY 2025.

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 2026 for CTED Completion Grants. This amount is unchanged from FY 2025.

Background – A footnote in the General Appropriations 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. A footnote in the General Appropriations Act makes the program's appropriation non-lapsing through the end of the following fiscal year (FY 2027).

CTED Soft Capital and Equipment

The budget includes $1,000,000 from the General Fund in FY 2026 for CTED Soft Capital and Equipment. This amount is unchanged from FY 2025.

Background – The line item provides additional funding to small CTEDs for soft capital and equipment. A footnote in the General Appropriations 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.

Early Literacy

The budget includes $17,394,000 and 3 FTE Positions from the General Fund in FY 2026 for Early Literacy. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $7,800 from the General Fund in FY 2026 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 $5,534,100 and 24.2 FTE Positions from the General Fund in FY 2026 for the Education Learning and Accountability System (ELAS) line item. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $63,900 from the General Fund in FY 2026 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 $11,643,000 and 13.5 FTE Positions in FY 2026 for English Learner Administration. These amounts consist of:

General Fund	6,643,000
Special Education Fund	5,000,000

Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(5,000,000) from the General Fund in FY 2026 to remove one-time funding for increased costs of ADE's contract for the Arizona English Language Learner Assessment (AZELLA).

One-Time Funding
The budget includes an increase of $5,000,000 from the Special Education Fund in FY 2026 for increased costs of ADE's contract for the Arizona English Language Learner Assessment (AZELLA). The budget's 3-year plan continues this appropriation in FY 2027 and designates this funding as one-time in FY 2026 and FY 2027.

Statewide Adjustments
The budget includes an increase of $34,200 from the General Fund in FY 2026 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.)*

Flagstaff Robotics Program

The budget includes $10,000 from the General Fund in FY 2026 for the Flagstaff Robotics Program. This amount is unchanged from FY 2025.

Background – The 3-year spending plan associated with the enacted FY 2025 budget designated this funding as one-time in both FY 2025 and FY 2026.

Geographic Literacy

The budget includes $100,000 from the General Fund in FY 2026 for Geographic Literacy. This amount is unchanged from FY 2025.

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 2026 for Gifted Assessments. This amount is unchanged from FY 2025.

Background – Monies in this line item are used for a contract between ADE and a vendor to administer a gifted screening assessment that is available to all 2nd graders in Arizona public schools at no charge.

Jobs for Arizona Graduates

The budget includes $500,000 from the General Fund in FY 2026 for a Jobs for Arizona Graduates program. This amount is unchanged from FY 2025.

Background – 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 Arizona students with college and career readiness services as well as interventions for students at risk of dropping out of high school.

K-12 Mental Health Telehealth Pilot

The budget includes no funding in FY 2026 for a K-12 Mental Health Telehealth Pilot. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(2,000,000) from the General Fund in FY 2026 to remove one-time funding for a K-12 Mental Health Telehealth Pilot. A General Appropriations Act footnote requires that the program serve individuals outside Maricopa and Pima counties.

Live, Remote Instructional Courses

The budget includes no funding in FY 2026 for Live, Remote Instructional Courses. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(100,000) from the General Fund in FY 2026 to remove one-time funding for live, remote instructional courses.

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.

Low-Income After School Program Grants

The budget includes no funding in FY 2026 for Low-Income After School Program Grants. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(2,000,000) from the General Fund in FY 2026 to remove one-time funding for grants for entities that provide after school programs to low-income individuals.

Ninth Grade On-Track Program

The budget includes $3,400,000 from the General Fund in FY 2026 for the Ninth Grade On-Track Program. Adjustments are as follows:

One-Time Funding
The budget includes an increase of $3,400,000 from the General Fund in FY 2026 for one-time funding of the Ninth Grade On-Track Program.

Background – Section 4 of the FY 2026 K-12 BRB establishes, as permanent law, the Ninth Grade-On Track Program, which is provides grants to school districts and charter schools to expand programs that help ninth grade students complete sufficient credits to be on track to graduate in 4 years. Monies in this line item are to be deposited in the Ninth Grade On-Track Grant Program Fund to provide grants of up to $150 per 9th grade pupil for participating schools. Participation is capped at 22,650 pupils for FY 2026.

Onetime School Meal Grants

The budget includes $3,800,000 from the General Fund in FY 2026 for Onetime School Meal Grants. This amount is unchanged from FY 2025.

A General Appropriations Act footnote continues to stipulate 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.

Rural Arizona School Nurse Access Program

The budget includes $2,500,000 from the General Fund in FY 2026 for the Rural Arizona School Nurse Access Program. Adjustments are as follows:

One-Time Funding
The budget includes an increase of $2,500,000 from the General Fund in FY 2026 for one-time funding of a Rural Arizona School Nurse Access Program. A General Appropriations Act footnote requires ADE to expend at least $500,000 of the amount for salary increases for school nurses in rural school districts and charter schools. The remaining monies may be expended for grants to hire new school nurses. The appropriation for the program is non-lapsing.

School Safety Program

The budget includes $82,036,100 and 4 FTE Positions in FY 2026 for the School Safety program. These amounts consist of:

General Fund	74,236,100
Education Sales Tax - School Safety	7,800,000

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $25,900 from the General Fund in FY 2026 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. A General Appropriations Act Footnote directs ADE to prioritize grants for schools to hire SROs and JPOs, and allows ADE to use any remaining money from the appropriated amount to fund the costs of placing school counselors and social workers on school campuses.

Show Low Robotics Program

The budget includes $10,000 from the General Fund in FY 2026 for the Show Low Robotics Program. This amount is unchanged from FY 2025.

Background – The 3-year spending plan associated with the enacted FY 2025 budget designated this funding as one-time in both FY 2025 and FY 2026.

State Block Grant for Vocational Education

The budget includes $11,861,900 and 27 FTE Positions from the General Fund in FY 2026 for the State Block Grant for Vocational Education. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $63,700 from the General Fund in FY 2026 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 2025, the department will receive an estimated $34,315,900 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 $358,900 from the Department of Education Empowerment Scholarship Account Fund in FY 2026 for Student Level Data Access. Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(100) from the Department of Education Empowerment Scholarship Account Fund in FY 2026 for statewide adjustments.

Background – This line item provides funding for ADE's costs associated with providing student level data access pursuant to A.R.S. § 15-1043, which requires ADE to allow access to student level data for county school superintendents, the State Board of Education, and the State Board of Charter Schools.

Teacher Retention Study

The budget includes $100,000 from the General Fund in FY 2026 for a Teacher Retention Study. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for a retention study. A General Appropriations Act footnote requires ADE to use the monies for a comprehensive study that aggregates data on certified and noncertified teachers, teaching assignments, retention and turnover rates, longevity, vacant teaching positions, and teacher preparation programs. The department shall complete the study by December 31, 2025 and maintain a publicly accessible interactive dashboard on the department's website that contains the study results and recommendations.

Teacher Certification

The budget includes $2,416,700 and 22.9 FTE Positions from the Teacher Certification Fund in FY 2026 for Teacher Certification. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $13,100 from the Teacher Certification Fund in FY 2026 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.

Tribal College Dual Enrollment Program

The budget includes $325,000 from the Tribal College Dual Enrollment Program Fund in FY 2026 for the Tribal College Dual Enrollment Program. This amount is unchanged from FY 2025.

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.

Other Issues

This section includes information on the following topics:

General Issues
- FY 2025 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

FY 2025 Supplementals

The budget includes a supplemental appropriation of $206,206,000 from the General Fund in FY 2025 for ADE formula programs. This amount consists of:
- An increase of $69,441,600 for Basic State Aid due to prior year recalculations as a result of court-ordered property tax judgments in the *Qasimyar v. Maricopa County* litigation (*see FY 2025 Appropriations Report for more information.)*

In addition to the *Qasimyar* settlement, there is a net supplemental requirement of $136,764,400 for formula programs consisting of:
- An increase of $150,767,700 for a prior year base adjustment to Basic State Aid *(Please see Basic State Aid line item for additional information).*
- A decrease of $(14,003,300) due to lower-than-anticipated costs for the Homeowner's Rebate program in FY 2025.

The budget also includes a supplemental of $2,000,000 from the Special Education Fund in FY 2025 for statewide assessment expenses.

Statutory Changes

The K-12 Budget BRB makes the following statutory changes:

Formula Requirements
- As permanent law, increase 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 2026.

Other
- 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, 2025.
- As session law, continue stating that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General.
- As session law, extend the Early Education and Career Exploration Program Fund (established by Laws 2023, Chapter 142, Section 13 and amended by Laws 2024, Chapter 218, Section 18) until June 30, 2027.
- As permanent law, establish the Ninth Grade On-Track Program in the Department of Education to provide grants to high schools for assisting ninth grade students to earn sufficient credits to be on track for on-time graduation. Establishes a per student grant funding amount $150 per ninth grade pupil and caps total participation for the program at 22,650 pupils for FY 2026.
- As session law, authorize Mohawk Valley Elementary School District to levy the small school adjustment in FY 2026.
- As permanent law, establish the Continuing High School and Workforce Training Program within the State Board of Education to provide adults with alternative study services that lead to the issuance of a high school diploma and industry-recognized credentials. ADE shall administer the program. SBE shall authorize eligible service providers that have established a partnership with a school district or charter school that is not otherwise receiving Basic State Aid funding for participating adult students. Participating schools shall receive $7,700 per student.

Total participation is capped at 130 students in FY 2026 and 0 students beginning in FY 2027.

- As permanent law, require ADE to submit a report to the Governor, the President of the Senate, the Speaker of the House, and SBE by December 15, 2025, and each year thereafter evaluating the effectiveness of the Continuing High School and Workforce Training Program.
- As permanent law, establish the Community College Adult Education Workforce Development Program to be administered by ADE. The program shall provide adult learners with education programs and support services to adult learners that prepare adult learners for, or provide adult learners with access to, integrated education and training models. Support services may include transportation assistance, child care, college and career counseling, and job placement assistance.
- As permanent law, establish the Community College Adult Education Workforce Development Program Fund to be administered by ADE. Allows ADE to use up to 5% of the monies in the fund to administer the program. The fund shall consist of legislative appropriations, gifts, grants, and other donations and is non-lapsing. Monies in the fund shall be used to make payments to Community Colleges that offer a high school diploma and that provide workforce training leading to industry recognized credentials. Stipulates that payments shall be up to $5,000 per full-time program participant and may be distributed proportionally among program providers based on their number of enrolled adult students.
- As permanent law, require community colleges participating in the Community College Adult Education Workforce Development Program to submit a report by October 30 annually to ADE that details the number of participants, the completion rate and average progress toward a high school degree, the number of industry-recognized credentials and community college credits earned, and other specified information. ADE shall compile and submit the reports to the Governor, the Speaker of the House, the President of the Senate, and the Secretary of State by December 15 annually.
- As permanent law, allow a county school superintendent to offer high school equivalency preparation instruction through an accommodation school to students enrolled in 12th grade at that school. The county school superintendent must obtain written consent from the student's parent or the student themselves if emancipated before providing such instruction. Each student receiving high school equivalency preparation instruction must also be enrolled in a career and technical education course or program that leads to a certification, license, or credential.
- As session law, make the Adult Workforce Diploma Program, the Continuing High School and Workforce Training Program, the Community College Adult Education Workforce Development Program, as well as the reporting requirements included in A.R.S. § 15-217, retroactive to from and after June 30, 2025; the extended lapsing date of the Early Education and Career Exploration Program retroactive to from and after June 29, 2025; and the transfer of the ADE Adult Workforce Diploma Program provider list to OEO retroactive to from and after June 30, 2025.
- As session law, require public high schools with an athletic team or sports program to provide an automated external defibrillator (AED) at each school campus by the General Effective Date. As permanent law, require public high schools with an athletic team or sports program to provide an automated external defibrillator (AED) at each school campus beginning August 1, 2026. The AED must be in a location that complies with guidelines that are established by a nationally recognized organization that is focused on emergency cardiovascular care. A school district or charter school may accept gifts, grants, and donations for purchase and maintenance of AEDs.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, ADE General Fund costs are projected to increase $67,287,000 in FY 2027 compared with FY 2026 and increase by $306,002,300 in FY 2028 above FY 2027. These estimates are based on:

- Public school enrollment declines of (1.6)% in FY 2027 and (0.9)% in FY 2028.
- ESA enrollment growth of 7,245 in each of FY 2027 and FY 2028.
- GDP inflators of 2.2% for FY 2027 and FY 2028. Statute funds the lesser of 2% or the actual rate.
- New construction NAV growth of 2.1% for FY 2027 and 2.0% for FY 2028.
- An increase of $4,600,000 each of FY 2027 and FY 2028 for Homeowner's Rebate expenses associated with a reduction in the assessment ratio for commercial property by 0.5% each year pursuant to Laws 2022, Chapter 171.
- An increase of $825,000 in FY 2027 above FY 2026 for Homeowner's Rebate expenses associated with increasing the personal property tax emption for business and agricultural property from $270,000 to $500,000.
- A decrease of $(83,920,000) in FY 2027 to remove FY 2026 funding designated as one-time.

- An increase of $66,000,000 in FY 2028 for ongoing increases to the FRPL Group B weight and Additional Assistance pursuant to Section 4 of the FY 2025 General Appropriations Act.

Endowment Earnings

In FY 2024, endowment earnings from state trust lands funded $491,602,000 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% (8.0 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 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 2025, public schools received an estimated $515,268,600 of expendable land trust monies from the State Land Department and State Treasurer combined. That total includes $67,355,000 from the Land Department and $447,913,600 from the State Treasurer. We estimate total FY 2026 earnings distributed would decrease to $242,333,500 as a result of the expiration of the 4.4% factor beginning in FY 2026. *(see Table 6).*

Table 6
Source of K-12 Endowment Earnings by Fiscal Year
($ in Millions)

Source	2024	2025	2026	2027	2028
Land Department	67.4	67.4	67.4	67.4	67.4
Treasurer	424.2	447.9	175.0	187.5	195.4
Total	**491.6**	**515.3**	**242.4**	**254.9**	**262.8**

Table 7 shows K-12 endowment earning uses. In FY 2026, the $242,333,500 of expendable earnings includes $72,263,000 for Basic State Aid and the remaining $170,070,500 would be deposited into the Classroom Site Fund (A.R.S. § 15-977) pursuant to A.R.S. § 37-521B4. The amount distributed for Basic State Aid is $72,263,000 in FY 2026 and each year thereafter due to 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 to Basic State Aid may not exceed $72,263,000.

Proposition 123 Triggers

Table 7
Use of K-12 Endowment Earnings by Fiscal Year
($ in Millions)

Source	2024	2025	2026	2027	2028
Basic State Aid	342.8	357.9	72.3	72.3	72.3
Classroom Site Fund	148.8	157.4	170.1	182.6	190.5
Total	**491.6**	**515.3**	**242.4**	**254.9**	**262.8**

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 2026, 48.0% in FY 2027, and 48.0% in FY 2028. *(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 55th Legislature, Second Regular Session, the Legislature authorized district expenditures of $1,154,029,000 above the AEL for FY 2022.
- For FY 2023, ADE reported that budgeted district expenditures exceed the AEL by $1,385,809,600. Pursuant to HCR 2001 in the 56th 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 56th 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 56th Legislature, Second Regular Session. ADE reported in October 2024 that district budgets would have exceeded the AEL for FY 2025 by $1,203,661,500 without the override authorized by HCR 2065.
- For FY 2026, the Legislature again pre-emptively authorized districts to exceed the AEL in FY 2026 pursuant to SCR 1041 adopted during the 57th Legislature, First Regular Session. During this same Legislative session, the Legislature also pre-emptively authorized districts to exceed the AEL in FY 2027 pursuant to SCR 1042.

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

Table 8

Education Sales Tax Monies
(FY 2026 Estimate)
($ in Millions)

EDUCATION SALES TAX REVENUES

Recipient	Amount	Comment
Universities	145.6	Receive 12% of monies remaining after Basic State Aid distribution is deducted.
Community Colleges	36.4	Receive 3% of monies after BSA distribution.
Tribal Colleges	1.5	Same formula as for community colleges.
DOR Tax System	0.8	
Income Tax Credit	25.0	For income tax credit authorized by A.R.S. § 43.1072.01.
Subtotal - Non-ADE Programs	**$209.3**	
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	901.6	Receives all monies remaining after other distributions are made.
Subtotal - ADE Programs	**$1,068.5**	
Total - Education Sales Tax	**$1,277.8**	

CLASSROOM SITE FUND REVENUES (ALL SOURCES)

Education Sales Tax (from above)	901.6
Prop 301/CSF - Land Trust	170.1
Prop 301/CSF - Carry-Forward	91.9
Total - Classroom Site Fund	**$1,163.5** 1/

1/ Total estimated disbursements reported for FY 2026 in JLBC's Classroom Site Fund memo from March 2025. Amounts may not add due to rounding.

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 2026. 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 $901,612,700 (70.6%) of the $1,277,833,300 of estimated collections for FY 2026.

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 2026 are $1,163,549,900.

Basic State Aid Formula Description

Basic State Aid funding is based on a statutory formula enacted in 1980 and substantially modified in 1985. This formula "equalizes" formula funding among school districts, enabling them all to spend approximately the same amount of formula money per pupil from state and local sources combined. (Non-formula funding, such as from bonds and overrides, is not equalized.) Districts with a very strong local property tax base can generate their entire formula funding entitlement from local property taxes alone. Most school districts, however, require "Basic State Aid" monies to receive full formula funding.

The equalization formula for school districts consists of 3 components: the Base Support Level (BSL), Transportation Support Level (TSL), and District Additional Assistance (DAA). BSL and DAA funding are computed by multiplying specific dollar amounts in statute by a school district's student count, adjusted for various weights. The TSL instead is computed by multiplying specific dollar amounts per route mile in statute by a district's pupil transportation route miles. The sum of the 3 formula components equals what is referred to as a school district's "equalization base," which is its total funding entitlement under the K-12 equalization funding formula. After a school district's equalization base is determined, its net assessed property value (NAV) is multiplied by the statutory "Qualifying Tax Rate" (QTR) (A.R.S. § 15-971B) to determine the portion of its formula funding that is assumed to come from QTR taxes. This amount is then subtracted from its equalization base.

If the district's combined QTR revenues exceed its equalization base, the district is not entitled to Basic State Aid. If, however, its "local share" funding does not exceed its equalization base, the district receives Basic State Aid

funding to make up the difference. The actual local property tax rate for schools may be lower than the QTR (such as if the QTR would raise more than the district's formula funding entitlement), or higher if the district can budget for items outside of its "Revenue Control Limit" (RCL) pursuant to A.R.S. § 15-910.

Basic State Aid is also provided to charter schools, which are schools that do not have geographic boundaries, operate under terms specified in a "charter," and are sponsored by an entity such as the State Board for Charter Schools. The equalization funding formula for charter schools does not include DAA or separate transportation funding and instead consists only of BSL and Charter Additional Assistance (CAA) funding. BSL funding for charter schools is determined under the same formula prescribed for traditional public schools in A.R.S. § 15-943. CAA funding amounts are established separately in A.R.S. § 15-185B4. Charter schools receive all their equalization funding through Basic State Aid, since they do not have authority to generate funding through local property taxes.

Department of Emergency and Military Affairs

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
PROGRAM BUDGET			
Administration	5,135,900	2,461,200	3,036,000
Emergency Management	9,098,900	9,276,400	9,587,200
Military Affairs	10,537,700	6,663,800	9,690,600
AGENCY TOTAL	**24,772,500**	**18,401,400**	**22,313,800**
OPERATING BUDGET			
Full Time Equivalent Positions	74.6	71.0	77.1 1/
Personal Services	2,071,400	3,107,800	3,107,800
Employee Related Expenditures	612,100	829,700	889,700
Professional and Outside Services	351,200	67,300	67,300
Travel - In State	177,100	193,300	193,300
Travel - Out of State	9,300	12,000	12,000
Other Operating Expenditures	4,380,100	1,188,000	1,735,600
Equipment	260,900	300	300
OPERATING SUBTOTAL	**7,862,100**	**5,398,400**	**6,006,000**
SPECIAL LINE ITEMS			
Emergency Management Matching Funds	1,519,600	1,544,900	1,563,600
Evacuation Protocols Awareness Campaign	0	0	300,000
Governor's Emergency Fund	4,000,000	4,000,000	4,000,000 2/
Hazard Mitigation Assistance	439,200	462,900	0
Hazard Mitigation Revolving Fund Deposit	200,000	200,000	0
Nuclear Emergency Management Program	2,079,800	2,176,000	2,320,900
Military Airport Planning	72,000	90,000	90,000 3/
Additional Grant Support Staff	0	0	500,000 4/
Border Security Fund Allocations 5/	6,672,200	0	0
Local Law Enforcement Fentanyl Interdiction	0	0	3,000,000
Federal Government Matching Repayment	619,100	0	0
National Guard Matching Funds	839,200	3,529,200	3,533,300 6/
National Guard Tuition Reimbursement	469,300	1,000,000	1,000,000 7/
AGENCY TOTAL	**24,772,500**	**18,401,400**	**22,313,800** 8/
FUND SOURCES			
General Fund	16,020,500	16,225,400	16,692,900
Other Appropriated Funds			
Border Security Fund	6,672,200	0	3,000,000
Long-Term Water Augmentation Fund	0		300,000
Nuclear Emergency Management Fund	2,079,800	2,176,000	2,320,900
SUBTOTAL - Other Appropriated Funds	8,752,000	2,176,000	5,620,900
SUBTOTAL - Appropriated Funds	**24,772,500**	**18,401,400**	**22,313,800**
Other Non-Appropriated Funds	41,132,800	58,180,800	58,180,800
Federal Funds	78,466,000	129,271,100	129,271,100
TOTAL - ALL SOURCES	144,371,300	205,853,300	209,765,700

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 9 FTE OF FTE Positions funded from separate legislation in FY 2026.

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 Appropriations 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 Appropriations Act.

4/ The amount appropriated for the additional grant support staff line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

5/ The amount appropriated by Laws 2022, chapter 313, section 110, subsection A, paragraph 1, as amended by Laws 2023, chapter 121, section 1 and Laws 2024, chapter 209, section 3, allocated to Cochise county to construct a new county jail facility is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2029. (General Appropriations Act footnote)

6/ 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 2025-2026 monies remaining unexpended and unencumbered on December 31, 2026 revert to the state general fund. (General Appropriations Act footnote)

7/ 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, 2026. (General Appropriations Act footnote)

8/ General Appropriations Act funds are appropriated as a Lump Sum by Program with Special Line Items by Agency.

Operating Budget

The budget includes $6,006,000 and 63.1 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

FTE Position Increase

The budget includes an increase of 3.6 FTE Positions in FY 2026 to correct a clerical error in the FY 2025 General Appropriations Act.

Statewide Adjustments

The budget includes an increase of $607,600 from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Emergency Services

Emergency Management Matching Funds

The budget includes $1,563,600 from the General Fund in FY 2026 for Emergency Management Matching Funds. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $18,700 from the General Fund in FY 2026 for statewide adjustments.

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.

Information on the amount DEMA received for this line item, and the associated matching amounts, is not yet available for FY 2024.

Evacuation Protocols Awareness Campaign

The budget includes $300,000 from the Long-Term Water Augmentation Fund in FY 2026 for an Evacuation Protocols Awareness Campaign. Adjustments are as follows:

One-Time Evacuation Protocols Awareness Campaign Funding

The budget includes a one-time increase of $300,000 from the Long-Term Water Augmentation Fund in FY 2026 for an Evacuation Protocols Awareness Campaign. This funding will help DEMA to develop and distribute outreach materials in support of the "Ready, Set, Go!" awareness campaign program. "Ready, Set, Go!" is a nationwide program aimed at helping communities prepare for and evacuate in case of a wildfire. All of Arizona's county sheriffs participate in the program.

Governor's Emergency Fund

The budget includes $4,000,000 from the General Fund in FY 2026 for the Governor's Emergency Fund. This amount is unchanged from FY 2025.

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 Appropriations Act.

Hazard Mitigation Assistance

The budget includes no funding and no FTE Positions in FY 2026 for the Hazard Mitigation Assistance line item. Adjustments are as follows:

Remove One-Time Hazard Mitigation Assistance Funding

The budget includes a decrease of $(462,900) and (2) FTE Positions from the General Fund in FY 2026 to eliminate one-time funding for hazard mitigation assistance. 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 provided funding for 2 FTE Positions to 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 no funding in FY 2026 for the Hazard Mitigation Revolving Fund Deposit line item. Adjustments are as follows:

Remove One-Time Hazard Mitigation Revolving Fund Deposit Funding

The budget includes a decrease of $(200,000) from the General Fund in FY 2026 to eliminate one-time funding for a deposit into the Hazard Mitigation Revolving Fund. The FY 2024 budget's 3-year spending plan included one-time funding of $200,000 through FY 2028. The FY 2026 budget eliminated this funding.

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 $2,320,900 and 8 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY 2026 for the Nuclear Emergency Management Program line item. Adjustments are as follows:

New NEMF Assessment

The budget includes an increase of $144,900 and a decrease of (0.5) FTE Positions from NEMF in FY 2026 for a new NEMF assessment.

Laws 2025, Chapter 56 (as amended by Laws 2025, Chapter 238) appropriated $2,320,900, and 8 FTE Positions from NEMF in FY 2026 and $2,408,500 and 8 FTE Positions from NEMF in FY 2027. As a result, these monies do not appear in the General Appropriation Act. (*Please see the Department of Agriculture narrative 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 2026 for Military Airport Planning. These amounts are unchanged from FY 2025.

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 Appropriations Act.

The Military Installation Fund currently has no ongoing revenue source.

Additional Grant Support Staff

The budget includes $500,000 and 5 FTE Positions from the General Fund in FY 2026 for the Additional Grant Support Staff line item. Adjustments are as follows:

One-Time Additional Grant Support Staff Funding

The budget includes a one-time increase of $500,000 and 5 FTE Positions from the General Fund in FY 2026 for additional grant support staff. These monies are exempt from lapsing through FY 2027.

This line item will provide temporary support to the Emergency Management Division by providing additional staff for grant application processing, administration, reporting, coordination, programmatic needs, and other related functions.

Military Affairs

Local Law Enforcement Fentanyl Interdiction

The budget includes $3,000,000 from the Border Security Fund in FY 2026 for Local Law Enforcement Fentanyl Interdiction. Adjustments are as follows:

One-Time Local Law Enforcement Fentanyl Interdiction Funding

The budget includes a one-time increase of $3,000,000 from the Border Security Fund in FY 2026 to support Local Law Enforcement Fentanyl Interdiction initiatives.

This funding will be used 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. The FY 2025 budget appropriated $3,000,000 to the Attorney General from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for a transfer to the DEMA Opioid Remediation Fund for the same purpose. *(See the Opioid Settlement Funds – Drug Interdiction section in the Other Issues section of the FY 2025 Appropriations Report for more information.)*

National Guard Matching Funds

The budget includes $3,533,300 from the General Fund in FY 2026 for the National Guard Matching Funds line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $4,100 from the General Fund in FY 2026 for statewide adjustments.

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 state matching requirement of between 5.5% and 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 2026 monies remaining unexpended and unencumbered on December 31, 2026 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. Information on the amount DEMA received for this line item, and the associated matching amounts, is not yet available for FY 2024.

National Guard Tuition Reimbursement

The budget includes $1,000,000 from the General Fund in FY 2026 for the National Guard Tuition Reimbursement line item. This amount is unchanged from FY 2025.

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, 2026.

Other Issues

Border Security Fund Allocations

Laws 2022, Chapter 321 diverted $209,205,000 of transaction privilege tax (TPT) revenues in FY 2023 from the General Fund to the Border Security Fund. The FY 2023 General Appropriations Act appropriated the $209,205,000 to DEMA and allocated the funding for various purposes. Additionally, $335,000,000 of transaction privilege tax (TPT) revenues was diverted from the General Fund to the Border Security Fund in FY 2023 for the installation of physical barriers and other security technologies at the border. These allocations have been modified on multiple occasions, but current allocation amounts can be seen in *Table 1*.

The FY 2026 General Appropriations Act includes a footnote exempting the $20,000,000 allocation for the Cochise County Jail from lapsing through FY 2029.

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 on the JLBC website for more information).*

In addition to the allocations displayed in *Table 1*, the FY 2026 budget appropriates the following amounts from the Border Security Fund:

- $3,000,000 to DEMA to support local law enforcement fentanyl interdiction efforts (*Please see the Local Law Enforcement Fentanyl Interdiction line item for further details*).
- $10,900,000 to the Department of Public Safety (DPS) to support various DPS border programs (*Please see the Department of Public Safety agency narrative for further details*).

Based on year-to-date expenditures, the existing statutory allocations will not be spent in their entirety which will provide sufficient capacity to fund the new appropriations. The budget does not formally modify the existing allocations or make any additional deposits into the fund.

Table 1

Border Security Fund Allocations

	Current Allocation
Laws 2022, Chapter 313 1/	
Cochise County Jail	$20,000,000
Local ICE Reimbursement	7,600,000
Antihuman Trafficking Grant Fund	10,000,000
Local Prosecution Costs	24,800,000
Arizona National Guard	20,000,000
Emergency Testing and Care	4,600,000
Asylum Transportation	23,000,000
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
Subtotal	**$209,205,000**
Laws 2022, Chapter 334	
Border Fence and Border Security Technologies	$335,000,000
Total	**$544,205,000**

1/ Some allocations have been modified and will not match the allocations seen in Laws 2022, Chapter 313. Please see the Border Security Fund program summary for more information.

Statutory Changes

The Criminal Justice Budget Reconciliation Bill (BRB) makes the following statutory changes:
changes:

- As permanent law, amend A.R.S. § 26-106 to make the Antihuman Trafficking Grant Fund be administered by DPS instead of DEMA (*Please see the Department of Public Safety agency narrative for further details*).

The Environment BRB makes the following statutory changes:

- As permanent law, eliminate the FY 2028 repeal of the Hazard Mitigation Revolving Fund.
- As permanent law, remove fiscal year references for the Hazard Mitigation Revolving Fund relative to the STORM Act.
- As session law, modify a technical addition error in Laws 2024, Chapter 56 that sets the biennial Nuclear Emergency Management assessment and the corresponding non-General Fund appropriations.

Department of Environmental Quality

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	355.7	358.7	360.7
Personal Services	24,172,800	26,880,900	26,197,700
Employee Related Expenditures	8,376,400	9,249,600	10,016,800
Professional and Outside Services	5,568,700	8,656,100	5,945,800
Travel - In State	867,900	946,300	946,300
Travel - Out of State	97,400	151,100	151,100
Other Operating Expenditures	17,641,400	21,518,200	27,782,000
Equipment	379,300	67,700	67,700
OPERATING SUBTOTAL	**57,103,900**	**67,469,900**	**71,107,400** 1/
SPECIAL LINE ITEMS			
Emissions Control Contractor Payment	23,540,500	28,894,500	28,894,500
Zero-Emission Heavy-Duty Eight Ton Pilot Program	0	1,000,000 2/	0
WQARF Priority Site Remediation	15,000,000	15,000,000 3/	0 4/
WQARF Deposit	0	0	15,000,000 5/
Iron King Mine - Humboldt Smelter Cleanup	0	0	2,000,000
Safe Drinking Water Program	1,768,000	2,001,600	2,027,700
Direct Potable Reuse of Treated Wastewater Program	1,139,500	0	0
Water Quality Fee Fund Deposit	9,500,000	0	9,000,000
PFAS Mitigation	466,100	0	0
AGENCY TOTAL	**108,518,000**	**114,366,000**	**128,029,600** 6/
FUND SOURCES			
General Fund	26,105,600	16,000,000	0
Other Appropriated Funds			
Air Quality Fund	5,170,500	9,207,200	7,820,300
Emergency Response Fund	131,300	132,800	132,800
Emissions Inspection Fund	28,246,900	33,012,700	33,105,500
Hazardous Waste Management Fund	1,712,400	1,960,100	2,689,300
Indirect Cost Fund	19,051,600	18,788,100	19,603,200 7/
Long-Term Water Augmentation Fund	0		26,000,000
Permit Administration Fund	5,194,500	7,333,900	7,165,200 8/
Recycling Fund	2,518,300	2,484,100	3,542,100
Safe Drinking Water Program Fund	1,768,000	2,001,600	2,027,700
Solid Waste Fee Fund	1,068,600	2,592,700	3,907,600
Water Quality Fee Fund	17,550,300	20,852,800	22,035,900
SUBTOTAL - Other Appropriated Funds	82,412,400	98,366,000	128,029,600
SUBTOTAL - Appropriated Funds	**108,518,000**	**114,366,000**	**128,029,600**
Other Non-Appropriated Funds	65,552,800	72,955,300	72,955,300
Federal Funds	25,629,600	31,619,100	31,619,100
TOTAL - ALL SOURCES	199,700,400	218,940,400	232,604,000

AGENCY DESCRIPTION — The Department of Environmental Quality (ADEQ) enforces air, water, and land quality standards. The department's Air Quality Division issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors the ambient air, and develops air quality improvement strategies. The Waste Programs Division implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the cleanup (remediation) of hazardous waste sites. The Water Quality Division regulates drinking water and wastewater systems, monitors waters of the state, and provides hydrologic analysis to support hazardous site remediation.

FOOTNOTES

1/ The operating lump sum appropriation includes $776,600 from the water quality fee fund established by section 49-210, Arizona Revised Statutes, to add two FTE positions to process an increase in permit applications resulting from revised aquifer water quality standards. The department of environmental quality may only spend these monies if matching amounts of aquifer protection permit program fees collected pursuant to section 49-241.02, Arizona Revised Statutes, are deposited in the water quality fee fund established by section 49-210, Arizona Revised Statutes, by the end of fiscal year 2025-2026. (General Appropriations Act footnote)

2/ The amount appropriated for a zero-emission heavy-duty eight ton pilot program in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 130 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

3/ 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 Appropriations Act, it is shown in FY 2025 and prior years as a General Fund expenditure. The Corporate Income Tax transfer was suspended for FY 2026.

4/ 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 2025-2026 report to the joint legislative budget committee on or before September 1, 2025. 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 2025-2026. In addition, the department and the WQARF advisory board shall prepare and submit to the joint legislative budget committee, on or before October 1, 2025, 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 2024-2025, indicate whether the current stage of remediation is anticipated to be completed in fiscal year 2025-2026 and indicate the anticipated stage of remediation at each listed site at the end of fiscal year 2025-2026, assuming fiscal year 2025-2026 funding levels. The department and the WQARF advisory board may include other relevant information about the listed sites in the table. (General Appropriations Act footnote)

5/ The FY 2026 budget deposits $15,000,000 from the Long-Term Water Augmentation Fund to WQARF Priority Site Remediation in lieu of the General Fund transfer in prior years.

6/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

7/ All monies in the department of environmental quality indirect cost fund established by section 49-115, Arizona Revised Statutes, including the beginning balance, that are in excess of $19,603,200 in fiscal year 2025-2026 are appropriated to the department. Before spending indirect cost fund monies in excess of $19,603,200 in fiscal year 2025-2026, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

8/ All permit administration fund monies received by the department of environmental quality in excess of $7,165,200 in fiscal year 2025-2026 are appropriated to the department. Before spending permit administration fund monies in excess of $7,165,200 in fiscal year 2025-2026, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $71,107,400 and 360.7 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Air Quality Fund	$7,820,300
Emergency Response Fund	132,800
Emissions Inspection Fund	4,211,000
Hazardous Waste Management Fund	2,689,300
Indirect Cost Fund	19,603,200
Permit Administration Fund	7,165,200
Recycling Fund	3,542,100
Solid Waste Fee Fund	3,907,600
Water Quality Fee Fund	22,035,900

Adjustments are as follows:

One-Time Air Quality Support

The budget includes an increase of $1,170,100 from the Air Quality Fund in FY 2026 for one-time funding of air quality initiatives, including a state match for a Diesel Emissions Reduction Act grant and additional support for federal Clean Air Act requirements.

Recycling Grant Funding
The budget includes an increase of $2,773,100 from the Recycling Fund in FY 2026 to provide recycling grants in FY 2026.

Solid Waste Program Rightsizing
The budget includes an increase of $484,200 in FY 2026 to utilize existing solid waste fee revenue and shift solid waste program expenses from the Recycling Fund to the Solid Waste Fee Fund. These amounts consist of:

Recycling Fund	$(815,800)
Solid Waste Fee Fund	$1,300,000

Hazardous Waste Program Support
The budget includes an increase of $717,500 from the Hazardous Waste Management Fund in FY 2026 to align the appropriation with program costs related to inspections, permit reviews, and compliance assistance.

Aquifer Facility Permit Funding
The budget includes an increase of $776,600 and 2 FTE Positions from the Water Quality Fee Fund in FY 2026 for increased administrative costs associated with revised aquifer water quality standards. A budget footnote stipulates that ADEQ may only spend these monies if matching amounts of aquifer protection permit program fees collected pursuant to A.R.S. § 49-241.02 are deposited into the fund by the end of FY 2026.

Remove One-Time Voluntary Vehicle Repair Program Support
The budget includes a decrease of $(2,900,000) from the Air Quality Fund in FY 2026 to remove one-time funding for a deposit into the non-appropriated Voluntary Vehicle Repair and Retrofit Program Fund.

Remove One-Time Solid Waste Program Backfill
The budget includes a decrease of $(950,000) from the Recycling Fund in FY 2026 to remove one-time funding to address a funding shortfall in the solid waste program.

Statewide Adjustments
The budget includes an increase of $1,566,000 in FY 2026 for statewide adjustments. This amount consists of:

Air Quality Fund	$343,000
Emissions Inspection Fund	92,800
Hazardous Waste Management Fund	11,700
Indirect Cost Fund	815,100
Permit Administration Fund	(168,700)
Recycling Fund	50,700
Solid Waste Fee Fund	14,900
Water Quality Fee Fund	406,500

(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 2026 for Emissions Control Contractor Payment. This amount is unchanged from FY 2025.

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.

The Environment Budget Reconciliation Bill (BRB) includes a provision requiring ADEQ to maintain emission inspection fees in FY 2026 for Area A at the June 30, 2025, Area A fee level. A FY 2025 Environment BRB provision required ADEQ in FY 2025 to reduce emissions inspection fees for Area A such that total Area A collections are reduced by 5% of the level of FY 2024 Area A fee collections. Area A refers to the Phoenix Metropolitan Area and includes Maricopa County as well as portions of Pinal and Yavapai Counties.

As of June 30, 2025, both Phoenix Metropolitan Area and Tucson Metropolitan area vehicle owners pay $16.15 for the onboard diagnostic test (previously $17.00 in the Phoenix area and $12.25 in the Tucson area.)

Zero-Emission Heavy-Duty Eight-Ton Pilot Program

The budget includes no funding in FY 2026 for a Zero-Emission Heavy-Duty Eight-Ton Pilot Program. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for ADEQ to implement a pilot program to replace diesel heavy duty trucks with zero-emission vehicles.

A General Appropriations Act footnote makes the FY 2025 appropriation non-lapsing through June 30, 2026.

WQARF Priority Site Remediation

The budget includes no funding in FY 2026 for Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation. Adjustments are as follows:

One-Time Funding Shift
The budget includes a decrease of $(15,000,000) from the General Fund in FY 2026 and a corresponding increase of

$15,000,000 from the Long-Term Water Augmentation Fund for a one-time fund shift. (*For information on the deposit, please see the WQARF Deposit line item.*)

A.R.S. § 49-282 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 FY 2026 Environment BRB suspends A.R.S. § 49-282 to eliminate the use of General Fund for WQARF in FY 2026.

In FY 2024, the WQARF program received $15,000,000 from the General Fund and $2,116,600 from fee revenues pursuant to A.R.S. § 49-288 for a total of $17,116,600.

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.

WQARF Deposit

The budget includes $15,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a WQARF deposit. Adjustments are as follows:

One-Time Funding Shift
The budget includes a one-time increase of $15,000,000 from the Long-Term Water Augmentation Fund in FY 2026 and a corresponding decrease of $(15,000,000) from the General Fund for a one-time fund shift. (*Please see the WQARF Priority Site Remediation line item for more information.*)

Iron King Mine – Humboldt Smelter Cleanup

The budget includes $2,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for Iron King Mine – Humboldt Smelter Cleanup. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $2,000,000 from the Long-Term Water Augmentation Fund in FY 2026 to fund the first installment of the state's share of cleanup for the Iron King Mine and Humboldt Smelter Superfund site.

ADEQ signed a Superfund State Contract with the federal Environmental Protection Agency (EPA) in 2023 to begin cleanup of the site, with the state responsible for 10% of total cleanup costs, or $8.3 million. Per the contract, the state is required to pay at least $2 million every 12 months. The EPA first listed the former Iron King Mine and Humboldt Smelter site on the Superfund National Priorities List in 2008.

Safe Drinking Water Program

The budget includes $2,001,600 from the Safe Drinking Water Program Fund in FY 2026 for the Safe Drinking Water Program. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $26,100 from the Safe Drinking Water Program Fund in FY 2026 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 2026 for the Direct Potable Reuse of Treated Wastewater Program line item. This amount is unchanged from FY 2025.

The Advanced Water Purification program (formerly 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 BRB required this to be done by December 31, 2024. The Advanced Water Purification rule took effect March 4, 2025. (*Please see the Water Quality Fee Fund section in Other Issues for additional information.)*

Water Quality Fee Fund Deposit

The budget includes $9,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a Water Quality Fee Fund Deposit. Adjustments are as follows:

One-Time Funding
The budget includes an increase of $9,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a one-time deposit into the Water Quality Fee Fund (WQFF) to address a funding shortfall.

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 made a one-time transfer of $7,200,000 from the Air Quality Fund to the WQFF to address a funding shortfall. (*Please see the Water Quality Fee Fund section in Other Issues for additional information.)*

In FY 2023 and FY 2024, we appropriated 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 2026 for PFAS Mitigation. This amount is unchanged from FY 2025.

The FY 2024 appropriation of $5,000,000 for PFAS Mitigation is non-lapsing. An FY 2024 budget footnote required ADEQ to submit a report documenting its progress expending monies from the PFAS Mitigation line item to the JLBC by July 31, 2024. ADEQ reported allocating $2,469,000 for mitigation projects; $1,131,000 for PFAS sampling to identify and monitor sites; $1,000,000 for hydrogeologic studies to support rural water providers; and $400,000 for other expenses, including preparing materials for water professionals about PFAS detection and mitigation and additional sampling of systems with significant PFAS contamination. In FY 2024, the department expended $454,300 of the appropriation.

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
- Long-Term Budget Impacts
- Underground Storage Tank Program Report
- Water Quality Fee Fund

Statutory Changes

The Environment BRB makes the following statutory changes:

- As session law, continue to allow the department to utilize up to $6,531,000 from the Underground Storage Tank (UST) Revolving Fund in FY 2026 for department administrative expenses and for sewage remediation.
- As session law, eliminate the use of General Fund monies for WQARF in FY 2026.
- As session law, maintain emission inspection fees in FY 2026 for Area A at the June 30, 2025, Area A fee level. The FY 2025 Environment BRB required 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.

The State Budget Implementation BRB makes the following statutory change:

- As permanent law, exempt ADEQ from new law prohibiting any person from serving in the capacity as a state officer or employee if that person's compensation for performing official state duties is funded in whole or in part by private monies.

Long-Term Budget Impacts

As part of the FY 2026 budget's 3-year spending plan, DEQ's General Fund costs are projected to increase by $15,000,000 in FY 2027 above FY 2026.

The FY 2027 estimate is based on $15,000,000 to restore statutory funding for WQARF priority site remediation.

Underground Storage Tank Program Report

Laws 2024, Chapter 77 requires ADEQ submit an annual report on the underground storage tank approval process to the Joint Legislative Budget Committee, Senate President, and Speaker of the House of Representatives starting on September 1, 2025.

Water Quality Fee Fund

The Water Quality Fee Fund supports water quality regulatory programs. The FY 2026 operating budget includes $22,035,900 from the Water Quality Fee Fund. The increase of $1,183,100 over the FY 2025 appropriation of $20,852,800 includes an increase of $776,600 for 2 FTE positions to support additional workload due to new water quality standards and $406,500 for statewide adjustments.

ADEQ revised the fees effective August 4, 2023, pursuant to Laws 2022, Chapter 204. FY 2025 is the first entire year for this fee schedule. Additional rulemaking revised the aquifer water quality standards and aquifer protection permit program effective August 2025. *(Please see Operating Budget for additional information.)* ADEQ also developed fees for an Advanced Water Purification (AWP) program that will be deposited into the Water Quality Fee Fund. The rule for the AWP program became effective March 2025. *(Please see Direct Potable Reuse of Treated Wastewater Program line item for additional information.)*

The fund has received a series of one time-deposits to support water quality programs:

- $6,400,000 from the General Fund in FY 2023
- $9,500,000 from the General Fund in FY 2024
- $7,200,000 from the Air Quality Fund in FY 2025
- $9,000,000 from the Long-Term Water Augmentation Fund in FY 2026.

(For additional information, please see the Water Quality Fee Fund Deposit line item or the ADEQ narrative in the FY 2026 Baseline.)

Governor's Office of Equal Opportunity

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	5.0	5.0	5.0
Personal Services	206,300	202,900	202,900
Employee Related Expenditures	59,400	79,300	85,000
Professional and Outside Services	18,300	1,200	1,200
Other Operating Expenditures	25,400	26,800	26,800
Equipment	1,100	1,500	1,500
AGENCY TOTAL	**310,500**	**311,700**	**317,400** 1/
FUND SOURCES			
Other Appropriated Funds			
Personnel Division Fund	310,500	311,700	317,400
SUBTOTAL - Other Appropriated Funds	310,500	311,700	317,400
SUBTOTAL - Appropriated Funds	**310,500**	**311,700**	**317,400**
TOTAL - ALL SOURCES	310,500	311,700	317,400

AGENCY DESCRIPTION — The agency monitors equal opportunity plans submitted annually by each state agency and assists agencies in equal employment opportunity training and evaluation.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $317,400 and 5 FTE Positions from the Personnel Division Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $5,700 from the Personnel Division Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Equalization

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	7.0	7.0	7.0
Personal Services	267,900	301,400	301,400
Employee Related Expenditures	96,800	122,600	131,700
Professional and Outside Services	1,600	35,000	35,000
Travel - In State	10,900	16,000	16,000
Travel - Out of State	300	5,000	5,000
Other Operating Expenditures	231,100	229,400	230,600
Equipment	4,500	15,000	15,000
AGENCY TOTAL	**613,100**	**724,400**	**734,700** 1/
FUND SOURCES			
General Fund	613,100	724,400	734,700
SUBTOTAL - Appropriated Funds	**613,100**	**724,400**	**734,700**
TOTAL - ALL SOURCES	613,100	724,400	734,700

AGENCY DESCRIPTION — The State Board of Equalization hears property tax appeals for Maricopa and Pima Counties. The board consists of 41 seats, of which 21 are appointed by the Governor and 20 are appointed by the Board of Supervisors of each county. Property tax appeals in other counties continue to be heard by the respective County Boards of Equalization. The board also hears appeals of centrally-valued properties and equalization orders by the Department of Revenue.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $734,700 and 7 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $10,300 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Board of Executive Clemency

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	14.5	14.5	15.5
Personal Services	741,300	764,300	839,300
Employee Related Expenditures	211,500	285,500	315,800
Professional and Outside Services	1,900	51,900	51,900
Travel - In State	400	13,600	13,600
Other Operating Expenditures	342,400	252,300	252,000
Equipment	49,100	10,000	16,000
AGENCY TOTAL	**1,346,600**	**1,377,600**	**1,488,600** 1/2/
FUND SOURCES			
General Fund	1,346,600	1,377,600	1,488,600
SUBTOTAL - Appropriated Funds	**1,346,600**	**1,377,600**	**1,488,600**
Other Non-Appropriated Funds	21,600	28,000	28,000
TOTAL - ALL SOURCES	1,368,200	1,405,600	1,516,600

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, 2025, 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 2024-2025. (General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $1,488,600 and 15.5 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Additional Case Analyst

The budget includes an increase of $111,400 and 1 FTE Position from the General Fund in FY 2026 for a case analyst position to reduce the board's case processing times. Of this amount, $6,000 is one-time for equipment.

Statewide Adjustments

The budget includes a decrease of $(400) from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Caseload Data

Pursuant to a footnote in the FY 2024 General Appropriation Act, the board submitted a report on its FY 2024 caseload. The board conducted 3,099 case hearings in FY 2024, as described below:

- Phases 1 and 2 Commutation (210): 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 (14): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (15): 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 (0): The board can make a recommendation to the Governor to delay or temporarily suspend the carrying out of an inmate's punishment.
- Parole (315): 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 (1,903): These hearings are conducted when an offender has violated the terms of community supervision.
- Probable Cause (631): 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 (11): These hearings were not categorized by the board.

Other Issues

Auditor General Report

In September 2024, the Auditor General published a performance audit and sunset review of the Board of Executive Clemency.

The adoption of a structured decision-making process for making parole and renovation decisions was the one recommendation with budget implications. A structured decision model is an evidence-based risk assessment tool that would determine whether an offender is likely to recidivate. The Auditor General expected that adopting such a model would require additional staff.

The 2014 performance audit included a similar recommendation. In 2018, the board worked with the National Institute of Corrections to assess the board's readiness to adopt a structured decision-making model. The assessment suggested that the board add professional and administrative staff to support the model and undergo training on the evidence-based practices and risk assessment tools used by the Arizona Department of Corrections. Since this assessment, the board has expressed an interest in alternative avenues to improve decision-making and has not asked for additional funding for staff nor undergone training.

In response to the 2024 performance audit, the board's current plan is to seek out training on structured decision-making and focus on identifying more flexible models that do not require additional staffing.

Pursuant to A.R.S. § 41-3025.13, the board was scheduled to sunset at the end of FY 2025. Laws 2025, Chapter 249 continues the Board of Executive Clemency until June 30, 2030.

Arizona Exposition and State Fair Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	184.0	184.0	184.0
Personal Services	3,304,300	5,653,500	5,653,500
Employee Related Expenditures	1,019,100	1,576,300	1,575,600
Professional and Outside Services	135,500	3,844,700	3,844,700
Travel - In State	1,158,800	10,700	10,700
Travel - Out of State	20,800	15,000	15,000
Other Operating Expenditures	11,131,500	12,545,500	8,610,300
Equipment	46,600	53,000	53,000
AGENCY TOTAL	**16,816,600**	**23,698,700** 1/	**19,762,800** 2/3/
FUND SOURCES			
Other Appropriated Funds			
Arizona Exposition and State Fair Fund	16,816,600	23,698,700	19,762,800
SUBTOTAL - Other Appropriated Funds	16,816,600	23,698,700	19,762,800
SUBTOTAL - Appropriated Funds	**16,816,600**	**23,698,700**	**19,762,800**
TOTAL - ALL SOURCES	16,816,600	23,698,700	19,762,800

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/ Notwithstanding section 35-190, Arizona Revised Statutes, the $3,771,400 appropriated to the Arizona exposition and state fair board by Laws 2024, chapter 209, section 45 in fiscal year 2024-2025 for enhanced state fair operations is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

2/ Of the monies appropriated in the Arizona exposition and state fair board lump sum appropriation, $2,000,000 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 Appropriations Act footnote)

3/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $19,762,800 and 184 FTE Positions from the Arizona Exposition and State Fair Fund in FY 2026 for the operating budget. Adjustments are as follows:

Remove One-Time Enhanced State Fair Operations

The budget includes a decrease of $(3,771,400) from the Arizona Exposition and State Fair Fund in FY 2026 for removal of one-time FY 2025 funding for enhanced state fair operations. An FY 2026 budget footnote extends the use of this appropriation through June 30, 2026. If used for capital projects, the Board is to submit a report for review by the Joint Committee on Capital Review (JCCR) per an FY 2025 budget footnote.

Statewide Adjustments

The budget includes a decrease of $(164,500) from the Arizona Exposition and State Fair Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

An FY 2026 budget footnote specifies that $2,000,000 of the Board's lump sum appropriation is for enhanced state fair operations and requires the Board submit a report for review by the JCCR if used for capital projects. *(For additional funding for capital projects, please see the Capital Outlay – Arizona Exposition and State Fair Board section.)*

Arizona Department of Forestry and Fire Management

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	235.5	235.5	235.5
Personal Services	2,457,000	2,100,000	2,403,300
Employee Related Expenditures	880,800	825,000	911,100
Professional and Outside Services	38,000	75,000	75,000
Travel - In State	3,068,300	300,000	300,000
Travel - Out of State	16,800	50,000	50,000
Other Operating Expenditures	608,700	2,238,500	2,163,900
Equipment	59,800	350,000	350,000
OPERATING SUBTOTAL	**7,129,400**	**5,938,500**	**6,253,300**
SPECIAL LINE ITEMS			
Environmental County Grants	250,000	250,000	250,000
Federal Debt Repayment	0	11,180,800 1/	0
Fire District Grants	4,329,000	0	0
Fire Suppression	3,200,000	38,200,000 2/	3,200,000 3/
Hazardous Vegetation Removal	3,005,400	3,039,300	3,039,300 4/
Inmate Firefighting Crews	844,900	876,600	902,700
Post-Release Firefighting Crews	1,093,000	1,292,700	1,332,700
Nonnative Vegetation Species Eradication	1,000,000	1,000,000	1,000,000 5/
Northern Arizona Wildland Fire Training Facility	0	0	4,000,000
State Fire Marshal	1,773,100	1,805,300	1,844,400
State Fire School	289,000	289,600	291,700
US Forest Service Land Thinning	915,700	1,669,300	1,703,400
Wildfire Mitigation	12,855,400	27,110,300	27,354,900 6/
AGENCY TOTAL	**36,684,900**	**92,652,400**	**51,172,400** 7/8/
FUND SOURCES			
General Fund	36,684,900	51,471,600	47,172,400
Other Appropriated Funds			
Long-Term Water Augmentation Fund	0	41,180,800	4,000,000
SUBTOTAL - Other Appropriated Funds	0	41,180,800	4,000,000
SUBTOTAL - Appropriated Funds	**36,684,900**	**92,652,400**	**51,172,400**
Other Non-Appropriated Funds	69,796,300	71,949,900	71,949,900
TOTAL - ALL SOURCES	106,481,200	164,602,300	123,122,300

AGENCY DESCRIPTION — The Arizona Department of Forestry and Fire Management (DFFM) is responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities (22 million acres total). The department includes the Office of the State Fire Marshal, which enforces the state fire codes and provides training and education for fire personnel and the general public.

FOOTNOTES

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

2/ A. In addition to any other appropriations made in fiscal year 2024-2025, the sum of $30,000,000 is appropriated from the long-term water augmentation fund established by section 49-1302, Arizona Revised Statutes, in fiscal year 2024-2025 to the Arizona department of forestry and fire management for wildfire suppression. The department may spend the monies for:

1. Fire suppression and pre-positioning of fire suppression equipment and staff.
2. Capital expenditures and equipment associated with fire suppression and pre-positioning activities for fire suppression.

3. Mitigation projects to address postfire flooding and other damage that may occur as a result of fires 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.
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 an emergency declared pursuant to section 35-192, Arizona Revised Statutes, or a federal declaration of emergency or major disaster.
B. The appropriation made in subsection A of this section shall be used to supplement and not supplant any monies allocated by the federal government for this purpose. The department shall seek federal reimbursement as appropriate for expenditures made from this appropriation. Any reimbursements shall be credited to this appropriation.
C. Before spending any monies from the appropriation made in subsection A of this section on capital projects, the department shall submit its expenditure plans for review by the joint committee on capital review.
D. Not later than fifteen days after the end of each month, the department shall report to the president of the senate, the speaker of the house of representatives and the joint legislative budget committee on expenditures from and reimbursements to the appropriation made in subsection A of this section for the prior month. Each report shall include, at a minimum, information regarding the total expenditures and reimbursements for each paragraph listed in subsection A of this section and the amount of monies remaining in the appropriation.
E. 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) The total resources for this line are $38,200,000 after accounting for the $8,200,000 appropriation from the original FY 2025 budget.

3/ 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 Appropriations Act.

4/ 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, 2027. (General Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ 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, 2028. (General Appropriations Act footnote)

7/ Notwithstanding section 35-190, Arizona Revised Statutes, the $65,000,000 appropriated to the Arizona department of forestry and fire management by Laws 2022, chapter 313, section 38 in fiscal year 2022-2023 for wildfire emergency response is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2028. (General Appropriations Act footnote)

8/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $6,253,300 and 43 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $314,800 from the General Fund in FY 2026 for statewide adjustments. Of this amount, $303,300 is for a 15% salary increase for firefighters. *(Please see the Agency Detail and Allocations section.)*

Environmental County Grants

The budget includes $250,000 from the General Fund in FY 2026 for Environmental County Grants. This amount is unchanged from FY 2025.

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 included forest restoration, endangered species habitat protection, watershed restoration, and natural resource planning. DFFM must approve any project prior to expenditure of the monies.

Federal Debt Repayment

The budget includes no funding in FY 2026 for Federal Debt Repayment. Adjustments are as follows:

Remove One-Time Supplemental Funding
The budget includes a decrease of $(11,180,800) from the Long-Term Water Augmentation Fund in FY 2026 for removal of one-time supplemental funding for federal debt repayment.

In the FY 2026 General Appropriations Act, the Legislature appropriated $11,180,800 one-time from the Long-Term Water Augmentation Fund as an FY 2025 supplemental. The Legislature stipulated that the monies must be used to repay debts incurred to the federal government in the course of wildfire suppression activities and made the monies non-lapsing.

Fire Suppression

The budget includes $3,200,000 from the General Fund in FY 2026 for Fire Suppression. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(35,000,000) in FY 2026 for removal of one-time fire suppression funding. This amount consists of:

General Fund	$(5,000,000)
Long-Term Water Augmentation Fund	(30,000,000)

In the FY 2026 General Appropriations Act, the Legislature appropriated $30,000,000 one-time from the Long-Term Water Augmentation Fund for fire suppression as an FY 2025 supplemental and made the monies non-lapsing.

Monies in this line item are used for fire suppression on state trust land and rural private land. A.R.S. § 37-1305 provides an annual appropriation of up to $3,000,000 from the General Fund for fire suppression. Because this authorization is in permanent statute, only $200,000 of the appropriated amount is included in the General Appropriations 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 2026 for a Hazardous Vegetation Removal program. This amount is unchanged from FY 2025.

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 $902,700 and 13 FTE Positions from the General Fund in FY 2026 for Inmate Firefighting Crews. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $26,100 from the General Fund in FY 2026 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 $1,332,700 and 20 FTE Positions from the General Fund in FY 2026 for Post-Release Firefighting Crews. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $40,000 from the General Fund in FY 2026 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 2026 for the Nonnative Vegetation Species Eradication line item. This amount is unchanged from FY 2025.

The FY 2020 General Appropriations 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 Appropriations Act, these appropriations will not appear in subsequent General Appropriations 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.

Northern Arizona Wildland Fire Training Facility

The budget includes $4,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a Northern Arizona Wildland Fire Training Facility. Adjustments are as follows:

Establish New Facility
The budget includes a one-time increase of $4,000,000 from the Long-Term Water Augmentation Fund in FY 2026 to establish a new wildfire suppression training facility near Flagstaff.

Monies in this line item fund the construction of a new operational base for the Flagstaff Fire Department's Wildfire Management Division and provide wildfire suppression training for local and regional firefighters. In addition to the state-level appropriation, the City of Flagstaff has allocated $650,000 to design the facility.

State Fire Marshal

The budget includes $1,844,400 and 19.5 FTE Positions from the General Fund in FY 2026 for the State Fire Marshal. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $39,100 from the General Fund in FY 2026 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 $291,700 and 1 FTE Position from the General Fund in FY 2026 for the State Fire School. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $2,100 from the General Fund in FY 2026 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 $91,700 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 $1,703,400 and 17 FTE Positions from the General Fund in FY 2026 for the US Forest Service Land Thinning line item. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $34,100 from the General Fund in FY 2026 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 Mitigation

The budget includes $27,354,900 and 122 FTE Positions from the General Fund in FY 2026 for the Wildfire Mitigation line item. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $244,600 from the General Fund in FY 2026 for statewide adjustments.

Monies in this line item are to be used for personnel, operating costs, equipment, and contracted services to mitigate future fires. The FY 2026 appropriation is non-lapsing through June 30, 2028. In FY 2025, DFFM expended a total of $16,413,200 from this line item as follows:

- $7,158,000 for 122 DFFM staff to oversee the work of 10 crews of 72 inmates working to remove hazardous vegetation.
- $832,300 for inmate crews and corrections staff.
- $3,888,100 for Department of Transportation program costs, general operating costs, and other equipment and maintenance.
- $2,486,600 for contracted personnel to support wildfire mitigation efforts.
- $2,048,200 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

FY 2025 Supplementals

The FY 2026 budget includes the following FY 2025 supplemental appropriations:

- $11,180,000 from the Long-Term Water Augmentation Fund to repay debts owed to the federal government for wildfire suppression activities. *(Please see the Federal Debt Repayment line item for further details.)*
- $30,000,000 from the Long-Term Water Augmentation Fund to increase the department's fire suppression appropriation. *(Please see the Fire Suppression line item for further details).*

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, amends A.R.S. §37-1311(M) to specify that fees charged to public power and electric utilities for the approval of wildfire mitigation plans shall be deposited into the Cooperative Forestry Fund.

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 21, 2025, DFFM reports using $13,812,890 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.)*

Arizona Game and Fish Department

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	273.5	273.5	273.5
Personal Services	17,147,200	19,591,500	19,810,800
Employee Related Expenditures	6,354,800	7,205,800	7,495,900
Professional and Outside Services	1,763,800	1,838,300	1,838,300
Travel - In State	225,000	227,100	227,100
Travel - Out of State	113,900	101,200	101,200
Other Operating Expenditures	10,584,200	9,907,000	15,100,900
Equipment	803,200	623,300	623,300
OPERATING SUBTOTAL	**36,992,100**	**39,494,200**	**45,197,500**
SPECIAL LINE ITEMS			
Livestock Loss Compensation	0	0	250,000
Pittman-Robertson/Dingell-Johnson Act	3,058,000	3,058,000	3,058,000
AGENCY TOTAL	**40,050,100**	**42,552,200**	**48,505,500** 1/
FUND SOURCES			
Other Appropriated Funds			
Capital Improvement Fund	814,200	1,001,200	1,001,200
Game and Fish Fund	34,927,900	36,079,800	41,781,900
Game, Non-Game, Fish and Endangered Species Fund	315,000	391,700	646,100
Watercraft Licensing Fund	3,993,000	5,063,300	5,060,100
Wildlife Endowment Fund	0	16,200	16,200
SUBTOTAL - Other Appropriated Funds	40,050,100	42,552,200	48,505,500
SUBTOTAL - Appropriated Funds	**40,050,100**	**42,552,200**	**48,505,500**
Other Non-Appropriated Funds	40,399,600	48,518,100	48,518,100
Federal Funds	59,006,000	62,508,400	62,508,400
TOTAL - ALL SOURCES	139,455,700	153,578,700	159,532,000

AGENCY DESCRIPTION — The Arizona Game and Fish Department (AGFD) manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development. A 5-member commission appointed by the Governor oversees department operations.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $45,197,500 and 273.5 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Capital Improvement Fund	$1,001,200
Game and Fish Fund	38,723,900
Game, Non-Game, Fish and Endangered Species Fund	396,100
Watercraft Licensing Fund	5,060,100
Wildlife Endowment Fund	16,200

Adjustments are as follows:

Wildlife Habitat Enhancement

The budget includes an increase of $2,300,000 from the Game and Fish Fund in FY 2026 to pay for costs associated with maintaining suitable habitats for various wildlife.

Wildlife Surveys and Relocations

The budget includes an increase of $600,000 from the Game and Fish Fund in FY 2026 to conduct censuses of Arizona species and to relocate wildlife as agency needs require.

Federally Listed Endangered Species Surveys
The budget includes an increase of $300,000 from the Game and Fish Fund in FY 2026 to fulfill federal requirements for surveying species on the federally endangered or in-need species lists.

Wildlife Area Operations/Property Management
The budget includes an increase of $1,200,000 from the Game and Fish Fund in FY 2026 to cover operations and property maintenance costs at the Department's wildlife areas.

Dams/Hatcheries Operations and Maintenance
The budget includes an increase of $600,000 from the Game and Fish Fund in FY 2026 to fund operating and maintenance costs at the Department's dams and hatcheries. The budget also includes $550,000 in capital appropriations for dam and hatchery capital maintenance *(please see the Capital Outlay – Arizona Game and Fish Department section)*.

Annual Outdoor Expo
The budget includes an increase of $200,000 from the Game and Fish Fund in FY 2026 for operating costs associated with the Department's annual Outdoor Expo.

Statewide Adjustments
The budget includes an increase of $503,300 in FY 2026 for statewide adjustments. This amount consists of:

Game and Fish Fund	$502,100
Game, Non-Game, Fish and Endangered Species Fund	4,400
Watercraft Licensing Fund	(3,200)

Of these amounts, $219,300 from the Game and Fish Fund is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

Livestock Loss Compensation

The budget includes $250,000 from the Game, Non-Game, Fish and Endangered Species Fund in FY 2026 for livestock loss compensation. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $250,000 from the Game, Non-Game, Fish and Endangered Species Fund in FY 2026 to fund the activities of the Livestock Loss Board, which compensates livestock owners who have suffered losses in this state due to wolf depredation.

Pittman-Robertson/Dingell-Johnson Act

The budget includes $3,058,000 from the Game and Fish Fund in FY 2026 for the Pittman-Robertson/Dingell-Johnson Act. This amount is unchanged from FY 2025.

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

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, increases the fund balance cap for the Game and Fish Publications Revolving Fund from $80,000 to $250,000.

Department of Gaming

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	155.8	155.8	155.8
Personal Services	4,781,500	5,483,000	5,483,000
Employee Related Expenditures	1,744,600	2,083,600	2,083,600
Professional and Outside Services	486,200	1,765,100	1,765,100
Travel – In State	222,700	285,300	285,300
Travel – Out of State	61,800	72,100	72,100
Other Operating Expenditures	3,162,500	3,906,000	3,906,000
Equipment	87,100	145,000	145,000
OPERATING SUBTOTAL	**10,546,400**	**13,740,100**	**13,740,100**
SPECIAL LINE ITEMS			
Arizona Breeders' Award	250,000	250,000	250,000
Casino Operations Certification	1,179,500	2,330,300	2,345,900
Contract Veterinarian	67,000	175,000	175,000 1/
County Fairs Livestock and Agriculture Promotion	6,029,500	6,029,500	6,029,500 2/
Division of Racing	1,989,500	2,448,500	2,772,400
Event Wagering Application Fee Refund	600,000	0	0
Horseracing Integrity and Safety Act Assessment	355,100	1,355,100	1,355,100 3/
Problem Gambling	2,718,600	3,320,000	3,320,000
Racetrack Capital Projects and Maintenance and Operation Funding	1,000,000	1,500,000	1,000,000 4/
Racing Purse Enhancement	5,000,000	4,000,000	1,000,000 5/
Racing Regulation Fund Deposit	0	0	1,900,000 6/
AGENCY TOTAL	**29,735,600**	**35,148,500**	**33,888,000** 7/8/
FUND SOURCES			
General Fund	13,051,600	11,704,500	10,104,500
Other Appropriated Funds			
Arizona Benefits Fund	12,814,900	16,610,000	16,610,000
Fantasy Sports Contest Fund	150,100	150,100	150,100
Racing Regulation Fund	2,134,700	3,948,400	3,977,800
Racing Regulation Fund - Unarmed Combat Subaccount	104,800	105,200	399,700
State Lottery Fund	300,000	300,000	300,000
Tribal-State Compact Fund	1,179,500	2,330,300	2,345,900
SUBTOTAL - Other Appropriated Funds	16,684,000	23,444,000	23,783,500
SUBTOTAL - Appropriated Funds	**29,735,600**	**35,148,500**	**33,888,000**
Other Non-Appropriated Funds	3,832,800	3,715,000	3,715,000
TOTAL - ALL SOURCES	33,568,400	38,863,500	37,603,000

AGENCY DESCRIPTION — The Department of Gaming regulates tribal gaming activities as authorized by the Arizona Tribal-State Gaming Compacts. The agency is also responsible for certifying casino employees and vendors working with casinos. The department also regulates non-tribal gaming activities including the Division of Racing, fantasy sports contests, and event wagering.

FOOTNOTES

1/ On or before the final day of each quarter of fiscal year 2025-2026, 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 Appropriations Act footnote)

2/ 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 Appropriations Act footnote)

3/ The amount appropriated to the horseracing integrity and safety act assessment line item shall be used by the department during fiscal year 2025-2026 to pay the calendar year 2025 assessment levied by the horseracing integrity and safety authority. (General Appropriations Act footnote)

4/ The amount appropriated for the racetrack capital projects and maintenance and operation funding line item shall be distributed to commercial live racing permittees for capital projects and track maintenance and operations, including costs associated with the compliance costs associated with the horseracing integrity and safety act of 2020 (P.L. 116-260; 134 Stat. 3252; 15 United States Code sections 3051 through 3060). From the amount appropriated in the racetrack capital projects and maintenance and operations funding line item, the department of gaming shall allocate $1,000,000 to a commercial live racing permittee located in Maricopa county.

5/ The amount appropriated for 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 and shall be used to promote racing and enhance the general purse structure for eligible horse races held in this state.

6/ On or before December 31, 2025, the department of gaming shall submit a report to the joint legislative budget committee detailing the division of racing's workload, regulatory and budgetary changes since fiscal year 2016-2017. The report shall detail the changes in the number of regulated tracks and the changes in the number of live races, and to the extent the number of regulated tracks and live races has declined, how the department has adjusted its staffing in response. In addition, the report shall detail the department's budgetary changes since fiscal year 2016-2017, including the impact of the horseracing integrity and safety act of 2020.

7/ On or before August 1, 2025, 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 2025-2026. The report shall include the projected line item detail and the number of filled full-time equivalent positions. (General Appropriations Act footnote)

8/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Administrative Expenses

The budget includes $13,740,100 in FY 2026 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 2025, Gaming had the authority to spend $13,740,100 for administrative expenses. This mostly consisted of $13,590,000 from the FY 2025 Arizona Benefits Fund Operating appropriation in the enacted budget. This 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 2026, 9% of tribal gaming revenues are forecasted to be $15,731,800, based on the department's projection of state tribal contribution revenue of $174,798,200. However, the budget continues to appropriate $13,590,100 from the Arizona Benefits Fund to cover the department's administrative expenses. *(See Other Issues – Tribal Gaming Revenues section for additional details.)*

Since FY 2024, the state has allocated the fixed $13,590,000 amount from the Arizona Benefits Fund for the department's operating appropriation. This policy is due to the department's calculation process for the distribution of Arizona Benefits Fund monies to statutory beneficiaries. Under statute, after deducting monies spent for department expenses (Operating Budget and Problem Gambling), all remaining monies are distributed to beneficiaries according to a specified formula.

The department's current process is to base those beneficiary calculations on distributing all remaining monies after the appropriated department funding levels, instead of distributing all monies after actual department spending amounts. This distinction has an impact on the beneficiary calculations because the department has typically underspent its appropriation by significant margins.

Therefore recent budgets have maintained the fixed operating allocations in order to better align the department's appropriations with actual spending patterns – as the 9% administrative calculation would generate an even larger operating allocation that is not fully utilized by the department, resulting in additional monies that are both: 1) Not spent by the department for operating costs; and 2) Not distributed to beneficiaries.

In addition, for FY 2026 the budget continues to appropriate $150,100 from the Fantasy Sports Contest Fund. This amount is sufficient for the department to expend all revenues from the 10% administrative set-aside from Fantasy Sports Contest collections, as estimated under the budget revenue forecast.

Problem Gambling

The budget includes $3,320,000 in FY 2026 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 2025, Gaming had the authority to spend $3,020,000, based on the FY 2025 Arizona Benefits Fund Problem Gaming appropriation in the enacted budget. This amount was selected based on the department's spending patterns and is not derived from the 2% calculation.

In FY 2026, 2% of tribal gaming revenues are forecasted to be $3,496,000, 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.

Since FY 2024, the state has allocated the fixed $3,020,000 amount from the Arizona Benefits Fund for the department's Problem Gambling appropriation. This policy is due to the department's calculation process for the distribution of Arizona Benefits Fund monies to statutory beneficiaries. *(See the Administrative Expenses section above 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.

Under the enacted budget revenue forecast for event wagering collections, Gaming is estimated to have the authority to spend $4,414,500 in FY 2025 and $4,745,600 in FY 2026 from the Event Wagering Fund. *(See Other Issues – Event Wagering/Fantasy Sports Forecast section for additional details.)*

The budget includes a General Appropriations Act footnote requiring the department to report on administrative spending from the Event Wagering Fund by August 1, 2025.

Operating Budget

The budget includes $13,740,100 and 82.3 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Arizona Benefits Fund	$13,590,000
Fantasy Sports Contest Fund	150,100

These amounts are unchanged from FY 2025.

Arizona Breeders' Award

The budget includes $250,000 from the Racing Regulation Fund in FY 2026 for the Arizona Breeders' Award. This amount is unchanged from FY 2025.

This line item funds awards to the breeder of every winning horse foaled in the state. In FY 2026, this line item will fund awards equal to 25% of the purse won by the horse.

Casino Operations Certification

The budget includes $2,345,900 and 28 FTE Positions from the Tribal-State Compact Fund in FY 2026 for Casino Operations Certification. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $15,600 from the Tribal-State Compact Fund in FY 2026 for statewide adjustments. Of this amount, $3,900 is for a 5% salary increase for AZPOST-certified staff. *(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 2026 for a Contract Veterinarian. This amount is unchanged from FY 2025.

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 Appropriations 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 2026 for County Fairs Livestock and Agriculture Promotion. This amount is unchanged from FY 2025.

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 $2,772,400 and 40.5 FTE Positions in FY 2026 for operating costs associated with the Division of Racing. These amounts consist of:

Racing Regulation Fund	2,372,700
Racing Regulation Fund - Unarmed Combat Subaccount	399,700

Adjustments are as follows:

Increase Ongoing Funding

The budget includes an increase of $294,800 from the Racing Regulation Fund- Unarmed Combat Subaccount to adjust the fund's appropriation to cover the ongoing costs of the Division of Boxing and Mixed Martial Arts within the current level of fee revenue.

Statewide Adjustments

The budget includes a one-time increase of $29,100 in FY 2026 for statewide adjustments. This amount consists of:

Racing Regulation Fund	29,400
Racing Regulation Fund - Unarmed Combat Subaccount	(300)

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-September 30 and 0.85% from October 1-April 30 each year. However, long-standing session law overrides those rates and sets the RWA at 0.5% for FY 2026. 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 $399,700 from the Racing Regulation Fund - Unarmed Combat Subaccount in FY 2026 as part of the Division of Racing line item to provide funding for the Division of Boxing and Mixed Martial Arts.

Horseracing Integrity and Safety Act Assessment

The budget includes $1,355,100 from the Racing Regulation Fund in FY 2026 for the Horseracing Integrity and Safety Act (HISA) Assessment line item. This amount is unchanged from FY 2025.

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. The budget includes a General Appropriations Act footnote that instructs the department to use these monies to directly pay the calendar 2025 assessment levied by the Horseracing Integrity and Safety Authority.

Problem Gambling

The budget includes $3,320,000 and 5 FTE Positions in FY 2026 for Problem Gambling. These amounts consist of:

Arizona Benefits Fund	3,020,000
State Lottery Fund	300,000

These amounts are unchanged from FY 2025.

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 $1,000,000 from the General Fund in FY 2026 for the Racetrack Capital Projects and Maintenance and Operation Funding 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 2026 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 $1,000,000 from the General Fund in FY 2026 for Racetrack Capital Projects and Maintenance and Operation Funding.

Monies in this line item are 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 Appropriations Act footnote.

Racing Purse Enhancement

The budget includes $1,000,000 from the General Fund in FY 2026 for the Racing Purse Enhancement line item. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(4,000,000) from the General Fund in FY 2026 to remove one-time funding for Racing Purse Enhancement.

Increase One-Time Funding
The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for Racing Purse Enhancement.

Monies in this line item are used to enhance racing purses and promote the sport for eligible races held in Arizona. A General Appropriations Act footnote directs the monies to be distributed to a nonprofit horsemen's organization that has represented horsemen in racing meetings since 1988.

Racing Regulation Fund Deposit

The budget includes $1,900,000 from the General Fund in FY 2026 for the Racing Regulation Fund Deposit line item. Adjustments are as follows:

Increase One-Time Funding
The budget includes a one-time increase of $1,900,000 from the General Fund in FY 2026 for a deposit into the Racing Regulation Fund.

The Racing Regulation Fund is the primary funding source for the Division of Racing *(see Division of Racing section above for more details).* Over the past several fiscal years, annual expenditures from the fund have exceeded annual revenues. The one-time FY 2026 deposit into the fund is intended to give the fund sufficient resources to allow the Division of Racing to utilize the full authorized appropriation amount.

A General Appropriations Act footnote requires the department to submit a report to the Joint Legislative Budget Committee by December 31, 2025 on the Division of Racing's workload, regulatory, and budgetary changes since FY 2017. This report is intended to analyze changes in the Racing Regulation Fund's revenue and spending patterns given the general decline in racing activity in the state in recent years.

Other Issues

Statutory Changes

The Amusement Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2026 only.
- As session law, the Department of Gaming may continue to allow a first-time starter horse to race in 2025 and 2026 as long as the horse has gate approval and at least 2 timed workouts. "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. One of the timed workouts shall be an out-of-the-gate workout that is conducted within 60 days of the race.
- As permanent law, allow the department to retain boxing/MMA licensing fees in the unarmed combat subaccount of the Racing Regulation Fund for the use of the boxing commission.

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 July 2025, there are 16 tribes operating a total of 26 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 2028. For both activities, the estimates are based on license fees along with privilege fees that are assessed on operator "net win". The projections are as follows:

- FY 2024 (actual) – $36.5 million
- FY 2025 – $40.7 million
- FY 2026 – $43.8 million
- FY 2027 – $58.1 million
- FY 2028 – $73.8 million

The budget forecast assumes that state gaming revenue will increase 11.6% in FY 2025, 7.5% in FY 2026, 32.8% in FY 2027, and 27.0% FY 2028. Event wagering revenue is the primary driver of these collections, making up nearly 98% of the total.

The higher forecasted growth in FY 2025 reflects continued growth in total betting activity, with total wagers expected to increase by 8.0%. However, gaming revenue is expected to increase by 11.6% in FY 2025 due to technical timing issues with the deposit of monies during FY 2024, as a portion of those FY 2024 collections will ultimately deposited in FY 2025.

For FY 2026, total betting activity is expected to increase by 7.5%, which would also result in 7.5% gaming revenue growth in FY 2026.

The significant forecasted growth in FY 2027 and FY 2028 is due to the elimination of the event wagering "free bets" deduction in January 2027. Under current law, event wagering operators can deduct promotional credits, or "free bets", from their taxable earnings. In FY 2024, operators deducted $222.2 million from their taxable revenue, and the budget forecast assumes this deduction will grow in FY 2025, FY 2026 and partially through FY 2027.

Beginning January 1, 2027, which is halfway through FY 2027, operators will no longer be allowed to deduct "free bets". This will substantially increase the taxable net earnings, to which the event wagering privilege fee will be applied. The budget forecast assumes total wagering activity will increase by 5.0% in FY 2027 and FY 2028, but gaming revenue will increase by 32.8% and 27.0%, respectively, due to the elimination of the free bet deduction.

Tribal Gaming Revenues

In FY 2024, state tribal gaming revenues were $158,072,400. The budget assumes that state tribal gaming revenues will increase to a level of $166,526,900 in FY 2025 and $174,798,200 in FY 2026. These revenue estimates are from the department's FY 2026 budget request. *(See Table 1 for more info.)*

Table 1

Tribal Gaming Distributions Pursuant to Proposition 202 [1/]

Recipient	Proposition 202 Formula	FY 2024 Actuals [1/]	FY 2025 Projected [1/]	FY 2026 Projected
State Government Distribution	88% of total	$ 158,072,400	$166,526,900 [2/]	$174,798,200 [2/]
Local Government Distribution [3/]	12% of total	21,019,100	22,708,200	23,836,100
Total	**100% of total**	**$179,091,500**	**$189,235,100**	**$198,634,300**
Allocation of State Government's Share				
Department of Gaming				
Department of Gaming Regulation	$8 million, or 9%, whichever is greater	$ 13,590,000 [4/]	$ 13,590,000 [4/]	$ 13,590,000 [4/]
Department of Gaming Problem Gambling	2%	3,020,000 [5/]	3,020,000 [5/]	3,020,000 [5/]
Subtotal-Department of Gaming		**$16,610,000**	**$16,610,000**	**$16,610,000**
Other Distributions				
Instructional Improvement Fund (Department of Education)	56% of remainder	79,561,300	83,953,400	88,585,300
Trauma and Emergency Services Fund (Arizona Health Care Cost Containment System)	28% of remainder	39,391,700	41,976,700	44,292,700
Arizona Wildlife Conservation Fund	8% of remainder	11,254,700	11,993,400	12,655,100
Tourism Fund	8% of remainder	11,254,700	11,993,400	12,655,100
Subtotal-Other Distributions		**$141,462,400**	**$149,916,900**	**$158,188,200**
Total		**$158,072,400**	**$166,526,900**	**$174,798,200**

1/ The numbers displayed herein represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts.

2/ Based on ADG projections, the budget projects a 5.3% increase in FY 2025 and 5.0% in FY 2026 for tribal contributions to the Arizona Benefits Fund. The budget forecast reflects the revenue projections included in the ADG budget request.

3/ Local distributions may not proportionally match state distributions due to timing issues associated with different fiscal years.

4/ 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 and FY 2025 appropriations were $13,590,000 (an amount not calculated based on the 9% limit) and the FY 2026 budget continues that amount. The department can only expend at the actual 9% level or the expenditure authority level, whichever is lower.

5/ 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 and FY 2025 appropriations were $3,020,000 (an amount not calculated based on the 2% limit) and the FY 2026 budget has continued 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	9,849,400	7,496,800	8,894,700 1/2/
SPECIAL LINE ITEMS			
Foster Youth Education Success Fund Deposit	1,500,000	1,500,000	1,500,000
Missing and Murdered Indigenous People Task Force	454,600	0	0
AGENCY TOTAL	**11,804,000**	**8,996,800**	**10,394,700** 3/
FUND SOURCES			
General Fund	11,804,000	8,996,800	10,394,700
SUBTOTAL - Appropriated Funds	**11,804,000**	**8,996,800**	**10,394,700**
Other Non-Appropriated Funds	7,176,300	11,802,100	11,726,300
Federal Funds	509,230,800	904,686,600	589,595,000
TOTAL - ALL SOURCES	528,211,100	925,485,500	611,716,000

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 Appropriations Act footnote)

2/ Included in the lump sum appropriation of $8,894,700 for fiscal year 2025-2026 is $10,000 for the purchase of mementos and items for visiting officials. (General Appropriations Act footnote, as adjusted for statewide allocations)

3/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $8,894,700 from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $750,000 from the General Fund in FY 2026 for one-time operating expenses.

Statewide Adjustments

The budget includes an increase of $647,900 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Foster Youth Education Success Fund Deposit

The budget includes $1,500,000 from the General Fund in FY 2026 for the Foster Youth Education Success Fund Deposit. This amount is unchanged from FY 2025.

The Foster Youth Education Success Program was established to improve the educational outcomes of children in Arizona's foster care system.

Governor's Office of Strategic Planning and Budgeting

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	22.0	22.0	22.0
Personal Services	2,266,400	1,747,500	1,747,500
Employee Related Expenditures	725,100	498,500	500,100
Professional and Outside Services	150,800	121,200	121,200
Travel - In State	1,200	800	800
Travel - Out of State	10,600	6,900	6,900
Other Operating Expenditures	202,700	473,400	473,800
Equipment	26,900	4,200	4,200
AGENCY TOTAL	**3,383,700**	**2,852,500**	**2,854,500** 1/2/
FUND SOURCES			
General Fund	3,383,700	2,852,500	2,854,500
SUBTOTAL - Appropriated Funds	**3,383,700**	**2,852,500**	**2,854,500**
TOTAL - ALL SOURCES	3,383,700	2,852,500	2,854,500

AGENCY DESCRIPTION — The Governor's Office of Strategic Planning and Budgeting advises the Governor in the preparation of the Executive budget and provides the Executive Branch a central resource for the compilation, analysis, and investigation of state fiscal matters. It facilitates a strategic planning process and assists agencies in preparation and execution of their budgets.

FOOTNOTES

1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $2,854,500 and 22 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $2,000 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1,149.0	1,168.0	1,171.0
Personal Services	26,863,300	29,768,300	29,081,300
Employee Related Expenditures	10,173,400	12,109,100	12,489,700
Professional and Outside Services	1,880,000	2,826,100	2,826,100
Travel - In State	490,800	727,900	727,900
Travel - Out of State	109,100	131,800	131,800
Other Operating Expenditures	15,627,900	19,484,600	20,820,200
Equipment	339,400	311,500	311,500
OPERATING SUBTOTAL	**55,483,900**	**65,359,300**	**66,388,500** [1/]
SPECIAL LINE ITEMS			
Arizona State Hospital			
Arizona State Hospital-Operating	78,431,400	81,637,800	81,763,100 [2/]
Arizona State Hospital-Restoration to Competency	793,800	900,000	900,000
Arizona State Hospital-Sexually Violent Persons	12,798,700	11,330,900	12,980,200
Public Health			
Adult Cystic Fibrosis Care	105,200	105,200	105,200
AIDS Reporting and Surveillance	893,600	1,000,000	1,000,000
Alzheimer's Disease Research	4,125,000	4,125,000	4,125,000 [3/]
Biomedical Research Support	1,500,600	2,000,000	2,000,000 [4/]
Breast and Cervical Cancer and Bone Density Screening	820,100	1,369,400	1,369,400
Counseling Services for Parents of Deceased Children	0	500,000 [5/]	0
County Tuberculosis Provider Care and Control	274,600	590,700	590,700
Dementia Awareness Campaign	243,300	0	750,000 [6/7/]
Dementia Services Program and Alzheimer's Disease State Plan	157,800	0	0
Fentanyl Testing Strips and Mass Spectrometers	203,300	0	0
Funeral Services Regulation	394,600	459,400	460,600
Health Care Directives Registry	0	0	2,000,000 [8/]
Health Crisis Review Centers and Wraparound Services	5,000,000	0	0
Heat Mitigation in Southern Arizona	0	500,000	0
Ibogaine Clinical Research Grants	0	0	5,000,000 [9/10/]
Nonrenal Disease Management	167,000	198,000	198,000 [11/]
Nursing Care Special Projects	44,200	200,000	200,000
Poison Control Centers Funding	485,500	990,000	990,000
Preventative Health Services for Low-Income, Underserved Women	0	500,000 [12/]	0
Psilocybin Research	212,300	0	0
Renal Dental Care and Nutrition Supplements	150,000	300,000	300,000
Renal Transplant Drugs	137,300	183,000	183,000
Senior Health Promotion in Santa Cruz County	0	1,000,000 [13/]	0
Southern Arizona Counseling and Community Service Grants	0	1,000,000 [14/]	0
Trauma Recovery Center Fund Deposit	7,000,000	0	0
Family Health			
Advisory Committee on Maternal Mental Health Technical Assistance	0	0	100,000
Folic Acid Program	258,200	400,000	400,000
High Risk Perinatal Services	2,142,500	2,343,400	2,343,400
Newborn Screening Program	11,407,200	12,419,300	15,212,100
Nurse-Family Partnership Programs	0	0	0
Medical Provider Support			
Accelerated Nursing Programs	0	0	0

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Behavioral Health Care Provider Loan Repayment Program	107,800	1,000,000	1,000,000
Clinical Healthcare Training Program	0	0	100,000 15/
Collaborative Care Uptake Fund Deposit	1,000,000	0	0
International Medical School Collaboration	0	0	125,000 16/
Arizona Nurse Education Investment Pilot Program	15,000,000	0	1,500,000
Preceptor Grant Program for Graduate Students	118,600	500,000	0
AGENCY TOTAL	**199,456,500**	**190,911,400**	**202,084,200** 17/18/
FUND SOURCES			
General Fund	146,977,000	122,466,300	127,571,300
Other Appropriated Funds			
Arizona State Hospital Fund	3,039,600	3,395,700	3,395,700
ASH Land Earnings Fund	621,700	3,978,200	1,596,600
Child Fatality Review Fund	170,000	196,500	196,500
Disease Control Research Fund	893,600	1,000,000	1,000,000
Emergency Medical Services Operating Fund	3,445,900	4,260,700	4,278,400
Environmental Laboratory Licensure Revolving Fund	823,000	1,008,400	1,013,100
Federal Child Care and Development Fund Block Grant	977,200	1,011,300	1,286,500
Health Services Licensing Fund	15,821,300	19,599,900	23,391,400
Health Services Lottery Monies Fund	0		2,000,000
Indirect Cost Fund	12,129,600	13,323,700	13,822,200
Newborn Screening Program Fund	11,797,000	12,838,700	15,631,200
Nursing Care Institution Resident Protection Revolving Fund	44,200	238,200	238,200
Tobacco Tax and Health Care Fund - Health Research Account	0	3,000,000	2,000,000
Tobacco Tax and Health Care Fund - Medically Needy Account	408,200	700,000	700,000
Vital Records Electronic Systems Fund	2,308,200	3,893,800	3,963,100
SUBTOTAL - Other Appropriated Funds	52,479,500	68,445,100	74,512,900
SUBTOTAL - Appropriated Funds	**199,456,500**	**190,911,400**	**202,084,200**
Other Non-Appropriated Funds	74,785,900	97,415,300	97,415,300
Federal Funds	504,518,300	480,275,400	480,275,400
TOTAL - ALL SOURCES	778,760,700	768,602,100	779,774,900

AGENCY DESCRIPTION — The Department of Health Services (DHS) is responsible for the provision of most public health programs not administered by AHCCCS, the Arizona State Hospital (ASH), emergency medical services, state laboratory support, vital records maintenance, disease control, epidemiological monitoring, and radiation regulation.

FOOTNOTES

1/ 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, 2026, 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 2025-2026. (General Appropriations Act footnote)

2/ 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 Appropriations Act footnote)

3/ 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 Appropriations Act footnote)

4/ 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, 2027. (General Appropriations Act footnote)

5/ The amount appropriated for counseling services for parents whose children have died as a result of violence in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 130 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

6/ The department of health services shall distribute the monies appropriated for fiscal year 2025-2026 for the dementia awareness campaign line item to a nonprofit organization to implement a public education campaign to increase awareness of Alzheimer's disease and dementia in rural and underserved urban areas in this state. The nonprofit organization that receives monies pursuant to this subsection must do all of the following:

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.

On or before November 1, 2026, the department of health services shall submit a report regarding the impact of the public awareness campaign to the governor, the president of the senate and the speaker of the house of representatives. The department shall submit a copy of the report to the secretary of state. (General Appropriations Act footnote)

7/ The amount appropriated for the dementia awareness campaign line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

8/ On or before December 31, 2025 and June 30, 2026, the department of health services shall submit to the governor, the speaker of the house of representatives and president of the senate a report that includes the following information:

1. An overview of the operations and technological capabilities of the health care directives registry.
2. The total number of individual accounts.
3. The number of individual accounts created in the preceding six months.
4. The total number of document uploads.
5. The total number of document uploads in the preceding six months.
6. The total subscriber organizations using the health care directives registry.
7. A description of the subscriber organizations using the health care directives registry in the preceding six months.
8. The total number of active health care directives registry users.
9. The total number of participant searches.
10. The average time to process documents.
11. An overview of the past growth in the health care directives registry year over year.

The department shall provide a copy of the health care directives registry reports to the secretary of state. (General Appropriations Act footnote)

9/ The department of health services shall use the monies appropriated for the ibogaine clinical research grants line item to award a grant to conduct a certified clinical research study on the use of ibogaine for the treatment of neurological diseases. The department may award a grant only to an entity that satisfies all of the following:

1. Has a history of proven research and treatment of neurological diseases.
2. Has a neurosurgery program with the requisite clinical and research facilities and that is staffed by professionals having expertise in the most challenging neurological and neurosurgical conditions.

3. Has the ability to facilitate pioneering research and innovation in diagnosis and treatment of neurological conditions. (General Appropriations Act footnote)

10/ The appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

11/ 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 Appropriations Act footnote)

12/ The amount appropriated for preventative health services for low-income and underserved women and their families in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 130 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

13/ The amount appropriated for senior health promotion and coordination in Santa Cruz county in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 130 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

14/ The amount appropriated for counseling and community services in southern Arizona in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 130 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

15/ The amount appropriated for the clinical health care training program line item in fiscal year 2025-2026 shall be used by the department of health services for a onetime grant program to a public or private university to operate a clinical health care training program that both provides health care services to the working poor and provides hands-on learning experiences for students of this state. At a minimum, the program shall incorporate medical students, physician assistant students, nursing students, physical therapy students and pharmacy students. (General Appropriations Act footnote)

16/ The amount appropriated for the international medical school collaboration line item in fiscal year 2025-2026 shall be used by the department of health services for a onetime grant program to a public or private medical school in this state to establish a collaboration with an international medical school and provide international hands-on learning opportunities for students from this state. (General Appropriations Act footnote)

17/ 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 Appropriations Act footnote)

18/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $66,388,500 and 409.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$18,440,600
Child Fatality Review Fund	196,500
Emergency Medical Services (EMS) Operating Fund	4,278,400
Environmental Laboratory Licensure Revolving Fund	1,013,100
Federal Child Care and Development Fund (CCDF) Block Grant	1,286,500
Health Services Licensing Fund	22,930,800
DHS Indirect Cost Fund	13,822,200
Newborn Screening Program Fund	419,100
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,963,100

Adjustments are as follows:

Licensing Division Support

The budget includes an increase of $3,933,300 in FY 2026 to fund healthcare facilities licensing operations and shift licensing costs from the General Fund. This amount consists of:

General Fund	(1,635,400)
Health Services Licensing Fund	5,568,700

Childcare Coaching Staff

The budget includes an increase of $159,800 and 3 FTE Positions from the Health Services Licensing Fund in FY 2026 to hire coaching staff to increase the number of licensed childcare providers.

Remove One-Time Licensing Database Upgrades

The budget includes a decrease of $(900,000) from the General Fund in FY 2026 to remove one-time funding associated with upgrades to the AZ Care Check portal, a searchable licensing history database.

Remove One-Time Licensing Staff Costs
The budget includes a decrease of $(1,202,400) from the General Fund in FY 2026 to remove one-time funding to hire 15 additional licensing compliance officers. The 3-year budget plan associated with the FY 2025 budget assumed this item would be funded with other fee revenues after FY 2025.

Remove One-Time Administrative Staff Costs
The budget includes a decrease of $(5,400) from the Indirect Cost Fund in FY 2026 to remove one-time costs associated with hiring additional administrative staff.

Remove One-Time Childcare Licensing Supplemental
The budget includes a decrease of $(1,992,000) from the Health Services Licensing Fund in FY 2026 to remove one-time FY 2025 supplemental funding to backfill a loss in federal funding for childcare licensing. *(Please see Other Issues section for further details.)*

Statewide Adjustments
The budget includes an increase of $1,035,900 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	111,600
Emergency Medical Services (EMS) Operating Fund	17,700
Environmental Laboratory Licensure Revolving Fund	4,700
Federal Child Care and Development Fund (CCDF) Block Grant	275,200
Health Services Licensing Fund	53,800
DHS Indirect Cost Fund	503,900
Newborn Screening Program Fund	(300)
Vital Records Electronic Systems Fund	69,300

(Please see the Agency Detail and Allocations section.)

Arizona State Hospital

ASH - Operating

The budget includes $81,763,100 and 616.5 FTE Positions in FY 2026 for the ASH operating budget. These amounts consist of:

General Fund	77,920,800
ASH Fund	2,245,700
ASH Land Earnings Fund	1,596,600

Adjustments are as follows:

One-Time Facility Improvements
The budget includes a one-time increase of $946,600 from the ASH Land Earnings Fund in FY 2026 for technology-related facility improvement projects at ASH, including replacement of patch cabling, the public-address system, key card system, and fire control system.

One-Time Operating Support
The budget includes a one-time increase of $1,807,900 from the General Fund in FY 2026 for ASH operating costs.

Remove One-Time Supplemental Funding
The budget includes a decrease of $(3,328,200) from the ASH Land Earnings Fund in FY 2026 to remove one-time FY 2025 supplemental funding associated with an ASH operating shortfall. *(Please see Other Issues section for further details.)*

Statewide Adjustments
The budget includes an increase of $699,000 from the General Fund in FY 2026 for statewide adjustments.

Background – This line item funds inpatient psychiatric hospitalization services for adult SMI residents. ASH residents that are subject to court-ordered treatment are treated in ASH's civil hospital, and residents charged with or serving a sentence for committing a crime are treated in ASH's forensic hospital. In FY 2024, ASH had an average daily census of 113 patients in its civil commitment unit, 118 patients in its forensic unit, and 95 Sexually Violent Persons (SVPs), for a total of 326 patients.

ASH - Restoration to Competency

The budget includes $900,000 from the ASH Fund in FY 2026 for ASH - Restoration to Competency. This amount is unchanged from FY 2025.

Background – This line item funds direct costs associated with the Restoration to Competency (RTC) 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 2024, there was an average daily census of 2 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 $12,980,200 and 112.5 FTE Positions from the General Fund in FY 2026 for ASH - Sexually Violent Persons. These amounts consist of:

General Fund	12,730,200
ASH Fund	250,000

Adjustments are as follows:

One-Time Rehabilitation Funding

The budget includes a one-time increase of $1,520,300 from the General Fund in FY 2026 to support operating costs for ASH's SVP program.

Statewide Adjustments

The budget includes an increase of $129,000 from the General Fund in FY 2026 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 2024, ASH had an average daily census of 95 SVPs.

Public Health

Adult Cystic Fibrosis Care

The budget includes $105,200 from the General Fund in FY 2026 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2025.

In FY 2024, this line item provided contracted care and treatment services through Phoenix Children's Hospital for 58 individuals with cystic fibrosis.

AIDS Reporting and Surveillance

The budget includes $1,000,000 from the Disease Control Research Fund in FY 2026 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2025.

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 4,269 clients in FY 2024.

Alzheimer's Disease Research

The budget includes $4,125,000 from the General Fund in FY 2026 for Alzheimer's Disease Research. Adjustments are as follows:

Remove One-Time Funding Shift

The budget includes an increase of $1,000,000 from the General Fund and a corresponding decrease of $(1,000,000) from the Tobacco Tax and Health Care Fund - Health Research Account in FY 2026 to remove 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 2026 for Biomedical Research Support. This amount is unchanged from FY 2025.

The FY 2025 budget shifted funding for this line item from the General Fund to the Tobacco Tax and Health Care Fund - Health Research Account on a one-time basis. The 3-year spending plan associated with the enacted FY 2025 budget assumed 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 has historically distributed 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 2026 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2025.

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 no funding in FY 2026 for Counseling Services for Parents of Deceased Children. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding for DHS to distribute to nonprofit organizations that provide counseling services for parents whose children have died as a result of violence.

A General Appropriations Act footnote makes the FY 2025 appropriation non-lapsing through June 30, 2026.

County Tuberculosis Provider Care and Control

The budget includes $590,700 from the General Fund in FY 2026 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2025.

This line item provides reimbursement to hospitals and physicians for the care of hospitalized tuberculosis patients and for assistance to all county health departments for local tuberculosis control programs.

Dementia Awareness Campaign

The budget includes $750,000 from the General Fund in FY 2026 for a Dementia Awareness Campaign. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $750,000 from the General Fund in FY 2026 to fund a dementia awareness campaign for rural and underserved urban areas in Arizona.

A General Appropriations Act footnote instructs DHS to distribute the monies to a nonprofit organization that has expertise in dementia and provides care for individuals affected by Alzheimer's disease and other forms of dementia. The recipient organization must also have experience in marketing and public awareness campaigns and host a toll-free 24-hour hotline to provide dementia support and education. DHS is required to report on the impact of the public education campaign to the Governor, the President of the Senate, and the Speaker of the House of Representatives on or before November 1, 2026.

A footnote makes these monies non-lapsing through June 30, 2027.

Dementia Services Program and Alzheimer's Disease State Plan

The budget includes no funding and 2 FTE Positions from the General Fund in FY 2026 for a Dementia Services Program and Alzheimer's Disease State Plan. These amounts are unchanged from FY 2025.

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 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 Appropriations 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.

Funeral Services Regulation

The budget includes $460,600 and 4 FTE Positions from the Health Services Licensing Fund in FY 2026 for Funeral Services Regulation. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $1,200 from the Health Services Licensing Fund in FY 2026 for statewide adjustments.

Background – In 2023, the State Board of Funeral Directors and Embalmers was terminated, and its powers and duties were transferred to DHS beginning March 31, 2023. The funding in this line item is used to license, register, and regulate embalmers, prearranged funeral salespersons, crematories, and funeral homes.

Health Care Directives Registry

The budget includes $2,000,000 from the Health Services Lottery Monies Fund in FY 2026 for the Health Care Directives Registry. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $2,000,000 from the Health Services Lottery Monies Fund in FY 2026 to support operations of the state's healthcare directives registry.

Statute requires DHS to designate a health information exchange organization to operate a health care directives registry, subject to the availability of monies. Health care directives are documents drafted to address an individual's future health care decisions, such as living wills and healthcare power of attorney forms.

A General Appropriations Act footnote requires DHS to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on or before December 31, 2025, and June 30, 2026, detailing health care directives registry operations.

Heat Mitigation in Southern Arizona

The budget includes no funding in FY 2026 for Heat Mitigation in Southern Arizona. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding for heat mitigation programs in southern Arizona.

Ibogaine Clinical Research Grants

The budget includes $5,000,000 from the General Fund in FY 2026 for Ibogaine Clinical Research Grants. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $5,000,000 from the General Fund in FY 2026 for ibogaine clinical research grants.

A General Appropriations Act footnote instructs DHS to award a grant for a clinical research study on the use of ibogaine, a plant-based psychoactive compound, for the treatment of neurological diseases. The recipient entity must have a history of research and treatment of neurological diseases, have a neurosurgery program with the requisite facilities and staffing, and be able to facilitate research and innovation in diagnosis and treatment of neurological conditions.

A General Appropriations Act footnote makes these monies non-lapsing.

Nonrenal Disease Management

The budget includes $198,000 from the General Fund in FY 2026 for Nonrenal Disease Management. This amount is unchanged from FY 2025.

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 2026 for special projects related to long-term care facilities. This amount is unchanged from FY 2025.

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 2026 for Poison Control Centers. This amount is unchanged from FY 2025.

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 2025. 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 each the University of Arizona (UA) Poison Control Information Center and a poison and drug information center in Maricopa County. 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 2025.

Preventative Health Services for Low-Income, Underserved Women

The budget includes no funding in FY 2026 for Preventative Health Services for Low-Income, Underserved Women. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding for DHS to distribute to a nonprofit organization that provides preventative health care services to low-income and underserved women and their families.

A General Appropriations Act footnote makes the FY 2025 appropriation non-lapsing through June 30, 2026.

Renal Dental Care and Nutrition Supplements

The budget includes $300,000 from the TTHCF - Medically Needy Account in FY 2026 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2025.

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 2026 for Renal Transplant Drugs. This amount is unchanged from FY 2025.

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 2024, 68 people received anti-rejection medication assistance.

Senior Health Promotion in Santa Cruz County

The budget includes no funding in FY 2026 for Senior Health Promotion in Santa Cruz County. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for the promotion and coordination of senior health in Santa Cruz County.

A General Appropriations Act footnote makes the FY 2025 appropriation non-lapsing through June 30, 2026.

Southern Arizona Counseling and Community Service Grants

The budget includes no funding in FY 2026 for Southern Arizona Counseling and Community Service Grants. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove one-time funding for DHS to distribute to nonprofit organizations that provide counseling and community services in southern Arizona.

A General Appropriations Act footnote makes the FY 2025 appropriation non-lapsing through June 30, 2026.

Trauma Recovery Center Fund Deposit

The budget includes no funding and 1.5 FTE Positions from the General Fund in FY 2026 for a Trauma Recovery Center Fund Deposit. These amounts are unchanged from FY 2025.

The FY 2024 budget appropriated $7,000,000 from the General Fund on a one-time basis for deposit into the Trauma Recovery Center Fund. An FY 2024 General Appropriations 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

Advisory Committee on Maternal Mental Health Technical Assistance

The budget includes $100,000 from the General Fund in FY 2026 for Advisory Committee on Maternal Mental Health Technical Assistance. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 to provide technical assistance to an advisory committee on maternal mental health, established by Laws 2025, Chapter 201.

The committee is required to develop recommendations to enhance maternal health in rural hospitals and communities; develop recommendations to enhance access to evidence-based postpartum depression screening and referrals; and submit a report of its findings on or before December 31, 2026, to the Governor, President of the Senate, and Speaker of the House.

The committee is repealed after June 30, 2027.

Folic Acid Program

The budget includes $400,000 from the TTHCF - Medically Needy Account in FY 2026 for the Folic Acid Program. This amount is unchanged from FY 2025.

This line item provides funding for the distribution of folic acid to women of childbearing age to help prevent birth defects. In FY 2024, 24,066 women received folic acid education and multivitamins.

High Risk Perinatal Services

The budget includes $2,343,400 from the General Fund in FY 2026 for High Risk Perinatal Services. This amount is unchanged from FY 2025.

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 $15,212,100 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2026 for the Newborn Screening Program. Adjustments are as follows:

Newborn Screening Program Expansion
The budget includes an increase of $2,769,600 from the Newborn Screening Program Fund in FY 2026 to add MPS II, GAMT, and Krabbe Disease to the newborn screening panel.

Statewide Adjustments
The budget includes an increase of $23,200 from the Newborn Screening Program Fund in FY 2026 for statewide adjustments.

Background – This line item funds the centralized testing of all newborns in the state for a standard set of 64 disorders. In FY 2024, the program provided screening for 82,652 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.

In addition to testing for all congenital disorders included on the federal Recommended Uniform Screening Panel, an FY 2026 Health Care BRB provision requires DHS to add Duchenne Muscular Dystrophy to the newborn screening panel.

Nurse-Family Partnership Programs

The budget includes no funding in FY 2026 for Nurse-Family Partnership Programs. This amount is unchanged from FY 2025.

The FY 2024 budget appropriated $2,500,000 from the General Fund on a one-time basis to fund nurse-family partnership programs. An FY 2025 General Appropriations Act footnote made 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 2026 for Accelerated Nursing Programs. This amount is unchanged from FY 2025.

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 was to 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 was 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 $44,000,0000 appropriation: $5.6 million to ASU for 104 scholarships; $5.9 million to Creighton University for 80 scholarships; $16.0 million to Grand Canyon University for 300 scholarships; $6.4 million to NAU for 240 scholarships; and $9.2 million to UA for 158 scholarships.

The FY 2023 Health Care BRB also stipulated that scholarship recipients agree to practice nursing in Arizona for at least 4 years after graduation from an accelerated nursing program. DHS is required to compile information from each institution and submit an annual report to JLBC and OSPB on October 1 of each year through 2030. The report will include data on the number of students receiving scholarships, the number of nurses who are currently completing the 4-year service commitment, and the number of students who have reimbursed the institution for not completing the service requirement. By the end of FY 2024, 831 students had received scholarships.

An FY 2025 General Appropriations Act footnote made these monies non-lapsing through FY 2025.

Behavioral Health Care Provider Loan Repayment Program

The budget includes $1,000,000 from the General Fund in FY 2026 for the Behavioral Health Care Provider Loan Repayment Program. This amount is unchanged from FY 2025.

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 Appropriations Act footnote made the FY 2023 appropriation for this line item non-lapsing through FY 2025.

Clinical Health Training Program

The budget includes $100,000 from the General Fund in FY 2026 for a Clinical Health Training Program. Adjustments are as follows:

One-Time Program Funding

The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for a grant to a public or private university to operate a clinical health training program.

A General Appropriations Act footnote states that the program should provide health care services to the working poor and provides hand-on learning experiences for Arizona students. The program is required to incorporate, at a minimum, medical students, physician assistant students, nursing students, physical therapy students, and pharmacy students.

International Medical School Collaboration

The budget includes $125,000 from the General Fund in FY 2026 for International Medical School Collaboration. Adjustments are as follows:

One-Time Program Funding

The budget includes a one-time increase of $125,000 from the General Fund in FY 2026 for a grant to a public or private medical school in Arizona to establish a collaboration with an international medical school.

A General Appropriations Act footnote states that the collaboration with the international medical school should provide international hands-on learning opportunities for Arizona students.

Arizona Nurse Education Investment Pilot Program

The budget includes $1,500,000 from the General Fund in FY 2026 for the Arizona Nurse Education Investment Pilot Program. Adjustments are as follows:

One-Time Program Funding

The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 to expand the capacity of nursing education programs at community colleges in Arizona.

The 3-year spending plan associated with the enacted FY 2023 budget included $15,000,000 from the General Fund for the pilot program in FY 2023, FY 2024, and FY 2025. The FY 2025 budget eliminated the final year of funding.

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, with DHS allocating these monies to the Arizona Board of Regents (ABOR) and community college districts based on the number of nursing students graduating in FY 2022. 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 Health Care BRB extends the repeal date of the program from January 1, 2027 to June 30, 2027, to reflect an additional year of funding in FY 2026. The BRB also removes ABOR as a recipient of Nurse Education Investment Program funding and directs the FY 2026 appropriation to community colleges.

Any monies remaining in the fund at the end of FY 2027 will revert to the General Fund.

Preceptor Grant Program for Graduate Students

The budget includes no funding in FY 2026 for a Preceptor Grant Program for Graduate Students. Adjustments are as follows:

Eliminate Funding

The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time funding for the Preceptor Grant Program.

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 FY 2025 budget included a footnote making these monies non-lapsing through FY 2026. Any monies remaining unspent at the end of FY 2026 will revert to the General Fund.

Other Issues

This section includes information on the following topics:

- FY 2025 Supplementals
- Statutory Changes
- Long-Term Budget Impacts

FY 2025 Supplementals

The FY 2026 budget includes an FY 2025 supplemental appropriation of $1,992,000 from the Health Services Licensing Fund to backfill expiring federal funding that previously subsidized childcare licensing expenses.

The FY 2026 budget also includes an FY 2025 supplemental appropriation of $3,328,200 from the ASH Land Earnings Fund for an operating shortfall at the Arizona State Hospital. The shortfall is primarily due to increased spending costs related to registry and permanent staffing, as well as external medical services.

Statutory Changes

The Health Care BRB makes the following statutory changes:

- As permanent law, adds Duchenne muscular dystrophy to the state's newborn screening panel.
- As permanent law, extends the repeal date of the Nurse Education Investment Pilot Program Fund by 6 months from January 1, 2027, to June 30, 2027, and revise to reflect an additional year of appropriation in FY 2026.
- As session law, removes the Arizona Board of Regents from the stated organizations that receive Nurse Investment Program funding.
- As session law, extends the Collaborative Care Uptake Fund (established by Laws 2023, Chapter 139, Section 4 and amended by Laws 2024, Chapter 215, Section 10) until June 30, 2027.
- As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations.
- As permanent law, repeals A.R.S. § 36-145 requiring DHS to submit a grant application under Title X for funding to provide family planning services.

Long-Term Budget Impacts

As part of the FY 2026 budget's 3-year spending plan, DHS's General Fund costs are projected to decrease by $(8,903,200) in FY 2027 below FY 2026.
The FY 2027 estimate is based on:

- $2,000,000 to restore funding for biomedical research support.
- $(1,807,900) to remove one-time ASH operating funding.
- $(1,520,300) to remove one-time ASH SVP program support.
- $(750,000) to remove one-time dementia awareness campaign funding.
- $(5,000,000) to remove one-time funding for ibogaine clinical research grants.
- $(100,000) to remove one-time technical assistance for the Advisory Committee on Maternal Mental Health.
- $(100,000) to remove one-time grant funding for a clinical health training program.
- $(125,000) to remove one-time grant funding for an international medical school collaboration.
- $(1,500,000) to remove one-time funding for the Arizona Nurse Education Investment Pilot Program.

Arizona Historical Society

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	50.9	50.9	54.9
Personal Services	1,427,400	1,296,700	1,296,700
Employee Related Expenditures	580,100	605,700	642,400
Professional and Outside Services	1,300	800	800
Travel - In State	9,500	5,300	5,300
Travel - Out of State	1,600	1,800	1,800
Other Operating Expenditures	397,000	434,300	447,900
Equipment	2,700	0	0
OPERATING SUBTOTAL	**2,419,600**	**2,344,600**	**2,394,900**
SPECIAL LINE ITEMS			
Flagstaff Pioneer Museum	0	0	1,079,100 1/
Field Services and Grants	65,400	66,200	66,900
Papago Park Museum	559,200	567,900	572,600
AGENCY TOTAL	**3,044,200**	**2,978,700**	**4,113,500** 2/
FUND SOURCES			
General Fund	3,044,200	2,978,700	4,113,500
SUBTOTAL - Appropriated Funds	**3,044,200**	**2,978,700**	**4,113,500**
Other Non-Appropriated Funds	732,700	1,527,100	1,527,100
Federal Funds	0	30,000	30,000
TOTAL - ALL SOURCES	3,776,900	4,535,800	5,670,600

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 Flagstaff, Tucson, and Tempe (Papago Park).

FOOTNOTES

1/ The amount appropriated for the Flagstaff pioneer museum line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2028. (General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $2,394,900 and 40.4 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $50,300 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Field Services and Grants

The budget includes $66,900 and 0.5 FTE Positions from the General Fund in FY 2026 for Field Services and Grants. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $700 from the General Fund in FY 2026 for statewide adjustments.

Flagstaff Pioneer Museum

The budget includes $1,079,100 and 4 FTE Positions from the General Fund in FY 2026 for the re-opening of the Flagstaff Pioneer Museum. Adjustments are as follows:

One-Time Support for Reopening Museum

The budget includes an increase of $1,079,100 from the General Fund and 4 FTE Positions in FY 2026 for one-time support for the reopening of the Pioneer Museum in Flagstaff. A FY 2026 budget footnote allows the agency to use these funds until June 30, 2028.

The Museum has not been open on a regular basis since 2020. The Pioneer Museum is located at the former County Hospital in Coconino County and houses artifacts of Northern Arizona's history.

Papago Park Museum

The budget includes $572,600 and 10 FTE Positions from the General Fund in FY 2026 for the Papago Park Museum. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $4,700 from the General Fund in FY 2026 for statewide adjustments.

This line item funds the operation and maintenance of the Papago Park Museum (Tempe).

Prescott Historical Society of Arizona

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	13.0	13.0	13.0
Personal Services	533,600	619,800	619,800
Employee Related Expenditures	199,600	270,800	265,300
Other Operating Expenditures	239,200	104,700	189,200
OPERATING SUBTOTAL	**972,400**	**995,300**	**1,074,300**
SPECIAL LINE ITEMS			
Territorial Governor's Mansion Restoration	0	0	500,000 1/
AGENCY TOTAL	**972,400**	**995,300**	**1,574,300 2/**
FUND SOURCES			
General Fund	972,400	995,300	1,574,300
SUBTOTAL - Appropriated Funds	**972,400**	**995,300**	**1,574,300**
Other Non-Appropriated Funds	1,017,100	1,317,200	1,317,200
TOTAL - ALL SOURCES	1,989,500	2,312,500	2,891,500

AGENCY DESCRIPTION — The Prescott Historical Society preserves and maintains the Old Governor's Mansion, together with the other buildings and properties of the Sharlot Hall Museum located in Prescott. The Society is responsible for acquiring, preserving, and publicly exhibiting archival and museum objects pertaining to the history, geological, and anthropological life of Arizona and the West.

FOOTNOTES

1/ 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 Appropriations Acts footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $1,074,300 and 13 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $79,000 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Territorial Governor's Mansion Restoration

The budget includes $500,000 from the General Fund in FY 2026 for the Territorial Governor's Mansion Restoration line item.

Adjustments are as follows:

Territorial Governor's Mansion Restoration

The budget includes an increase of $500,000 from the General Fund in FY 2026 for Territorial Governor's Mansion restoration efforts. Per a FY 2026 budget footnote, these monies are non-lapsing.

The Territorial Governor's Mansion is a log cabin built in 1864. The state purchased the building in 1917 and the building has been used as part of the Sharlot Hall Museum (Prescott Historical Society) since 1928. Restoration entails replacing deteriorating chinking and daubing. These are the materials that constitute the fill between logs.

Arizona Department of Homeland Security

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	20.0	20.0	26.0
OPERATING SUBTOTAL	**0**	**0**	**0**
SPECIAL LINE ITEMS			
Cybersecurity Programs	0	200,000	0
Federal Cybersecurity Grant Matching Monies	0	0	107,800 1/
Multi-factor Authentication	0	0	550,000
Arizona State Nonprofit Security Grant Program Fund Deposit	5,000,000	0	0
Statewide Information Security and Privacy Operations and Controls	9,421,100	11,054,700	11,145,200
Antihuman Trafficking Grant Fund Deposit	10,000,000	0	0
Statewide Cybersecurity Grants	9,622,800	10,000,000	10,000,000 2/
AGENCY TOTAL	**34,043,900**	**21,254,700**	**21,803,000** 3/
FUND SOURCES			
General Fund	24,622,800	10,200,000	10,107,800
Other Appropriated Funds			
Information Technology Fund	9,421,100	11,054,700	11,695,200
SUBTOTAL - Other Appropriated Funds	9,421,100	11,054,700	11,695,200
SUBTOTAL - Appropriated Funds	**34,043,900**	**21,254,700**	**21,803,000**
Federal Funds	32,840,500	32,855,600	32,855,600
TOTAL - ALL SOURCES	66,884,400	54,110,300	54,658,600

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. Additionally, the department is responsible for Statewide Information Security and Privacy Operations and Controls.

FOOTNOTES

1/ The amount appropriated for the federal cybersecurity grant matching monies line item is exempt from section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2028. (General Appropriations Act footnote)

2/ Of the amount appropriated for statewide cybersecurity grants, the Arizona department of homeland security may spend up to $500,000 for grant administration. (General Appropriations Act footnote)

3/ General Appropriations Act funds are appropriated as a Lump Sum with Special Line Items by Agency.

Cybersecurity Programs

The budget includes no funding in FY 2026 for cybersecurity programs. Adjustments are as follows:

Remove One-Time Cybersecurity Funding

The budget includes a decrease of $(200,000) from the General Fund in FY 2026 to remove one-time cybersecurity programs funding.

Federal Cybersecurity Grant Matching Monies

The budget includes $107,800 from the General Fund in FY 2026 for federal cybersecurity grant matching monies. Adjustments are as follows:

One-Time Federal Grant Match

The budget includes a one-time increase of $107,800 from the General Fund in FY 2026 for a federal cybersecurity grant match.

As part of the federal Infrastructure Investment and Jobs Act, the U.S. Department of Homeland Security created the State and Local Cybersecurity Grant Program (SLCGP). The goal of SLCGP is to assist state, local, and tribal governments with managing and reducing systemic cybersecurity risks. This line item provides the necessary state matching monies to draw down approximately $5,000,000 in federal SLCGP funding.

To receive monies under the SLCGP, a state must 1) establish a "Cybersecurity Planning Committee" that can organize statewide cybersecurity efforts and 2) develop a cybersecurity plan that addresses the entire jurisdiction and incorporates cybersecurity best practices. Federal grant requirements stipulate that the department must pass through at least 80% of the grant funding to local governments, with at least 25% of the 80% benefiting rural areas with populations of 50,000 or less.

Monies appropriated in this line item are exempt from lapsing through FY 2028.

Multi-factor Authentication

The budget includes $550,000 from the Information Technology (IT) Fund in FY 2026 for multi-factor authentication technologies. Adjustments are as follows:

One-Time Multi-factor Authentication Funding
The budget includes a one-time increase of $550,000 from the IT Fund in FY 2026 for multi-factor authentication technologies.

Arizona State Nonprofit Security Grant Program Fund Deposit

The budget includes no funding in FY 2026 for an Arizona State Nonprofit Security Grant Program Fund Deposit. This amount is unchanged from FY 2025.

The FY 2024 Criminal Justice Budget Reconciliation Bill (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 2024 budget included a one-time deposit of $5,000,000 from the General Fund into the fund. The FY 2025 Criminal Justice BRB limited 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.

As of June 30, 2025, the department had distributed $1,614,100, from this allocation. These monies are exempt from lapsing.

Statewide Information Security and Privacy Operations and Controls

The budget includes $11,145,200 and 26 FTE Positions from the Information Technology (IT) Fund in FY 2026 for Statewide Information Security and Privacy Operations and Controls. Adjustments are as follows:

Additional FTE Positions
The budget includes an increase of 6 FTE Positions from the IT Fund in FY 2026. Of the 6 new FTE Positions, 4 will provide cybersecurity support for state agencies and 2 will perform assessments of contracted cyber programs.

Statewide Adjustments
The budget includes an increase of $90,500 from the IT Fund in FY 2026 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 2026 for an Antihuman Trafficking Grant Fund Deposit. This amount is unchanged from FY 2025.

The FY 2024 Criminal Justice 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. The department did not have adequate FTE positions to manage the grant program, so the monies were ultimately transferred to the Department of Public Safety (DPS) to award and administer grants. The FY 2023 budget created a comparable fund within the Department of Emergency and Military Affairs (DEMA). DEMA had received a separate deposit of $10,000,000 in FY 2023 for the same purpose.

As of June 30, 2025, DPS had an unencumbered balance of $1,761,200 and the DEMA fund had a balance of $6,679,500.

The FY 2026 Criminal Justice BRB transferred the DEMA fund to DPS. The FY 2026 budget also added another $1,500,000 to the fund. *(See the DPS narrative for additional information.)*

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.

Statewide Cybersecurity Grants

The budget includes $10,000,000 from the General Fund in FY 2026 for statewide cybersecurity grants. This amount is unchanged from FY 2025.

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.

Board of Homeopathic and Integrated Medicine Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1.0	1.0	1.0
Personal Services	22,000	22,000	22,000
Employee Related Expenditures	11,900	11,900	14,700
Professional and Outside Services	0	2,500	2,500
Other Operating Expenditures	25,100	25,100	25,000
AGENCY TOTAL	**59,000**	**61,500**	**64,200** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Homeopathic and Integrated Medicine Examiners' Fund	59,000	61,500	64,200
SUBTOTAL - Other Appropriated Funds	59,000	61,500	64,200
SUBTOTAL - Appropriated Funds	**59,000**	**61,500**	**64,200**
TOTAL - ALL SOURCES	59,000	61,500	64,200

AGENCY DESCRIPTION — The board licenses and regulates medical physicians who practice homeopathic and integrated medicine, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $64,200 and 1 FTE Position from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $2,700 from the Board of Homeopathic and Integrated Medicine Examiners' Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Department of Housing

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	3.0	3.0	3.0
Personal Services	234,100	309,300	286,900
Employee Related Expenditures	88,800	69,100	64,100
Professional and Outside Services	6,300	0	0
Travel - In State	5,300	0	0
Other Operating Expenditures	32,700	10,400	9,700
Equipment	3,900	0	0
OPERATING SUBTOTAL	**371,100**	**388,800**	**360,700**
SPECIAL LINE ITEMS			
Homeless Shelter and Services Fund Deposit	40,000,000	0	0
Housing Trust Fund Deposit	150,000,000	15,000,000	0
Military Transitional Housing Fund Deposit	1,900,000 1/	0	0
Mobile Home Relocation Fund Deposit	5,000,000	0	0
AGENCY TOTAL	**197,271,100**	**15,388,800**	**360,700 2/**
FUND SOURCES			
General Fund	196,900,000	15,000,000	0
Other Appropriated Funds			
Housing Trust Fund	371,100	388,800	360,700
SUBTOTAL - Other Appropriated Funds	371,100	388,800	360,700
SUBTOTAL - Appropriated Funds	**197,271,100**	**15,388,800**	**360,700**
Other Non-Appropriated Funds	13,244,000	18,720,400	18,720,400
Federal Funds	205,215,900	166,315,500	166,315,500
TOTAL - ALL SOURCES	415,731,000	200,424,700	185,396,600

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

1/ The department of housing shall use the monies deposited in the military transitional housing fund pursuant to Laws 2023, chapter 133, section 49 for supportive services and transitional unit rehabilitation for veterans.

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $360,700 and 3 FTE Positions from the Housing Trust Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(28,100) from the Housing Trust Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Homeless Shelter and Services Fund Deposit

The budget includes no funding in FY 2026 for a Homeless Shelter and Services Fund deposit. These amounts are unchanged from FY 2025.

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 budget appropriated $40,000,000 from the General Fund for deposit in the fund.

The FY 2026 Human Services Budget Reconciliation Bill (BRB) extends the Homeless Shelter and Services Fund through FY 2027.

Housing Trust Fund Deposit

The budget includes no funding from the General Fund in FY 2026 for a Housing Trust Fund deposit. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(15,000,000) from the General Fund in FY 2026 for the elimination of 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.

Other Issues

Statutory Changes

The FY 2026 Human Services BRB makes the following statutory changes:

- As session law, extend the Homeless Shelter Services Fund (established by Laws 2023, Chapter 141, Section 3 and amended by Laws 2024, Chapter 217, Section 2) until June 30, 2027.
- As permanent law, expands the allowable uses of the Military Transitional Housing Fund to include veterans.
- As permanent law, continues the Arizona Department of Housing through July 1, 2027. Requires the department to do the following:
  - Submit various reports to the Governor, the President of the Senate, and the Speaker of the House of Representatives regarding the use of Housing Trust Fund monies and outcome-based metrics on department-funded projects;
  - Adopt policies as a condition of funding for grantees and establish secure wire transfer protocols; and
  - Award Housing Trust Fund monies in a set order of priority and submit all programs established by the fund to the JLBC for review.

Auditor General Report

In October 2024, the Auditor General published an audit on oversight of selected housing programs and a sunset review of DOH.

Oversight of Selected Housing Programs

The report found that the Department did not provide adequate oversight of affordable housing projects, including not conducting required monitoring reviews, site inspections, and risk assessments. Additionally, the Department approved and paid grantee requests without verifying that expenses were for allowable purposes. The report recommended that DOH should implement a written plan for providing program oversight and recover monies paid to grantees for unallowable expenses. The Department agreed with the audit recommendations.

Sunset Review

The report found that the Department lacked a comprehensive process to track and evaluate program performance, failed to develop wire transfer policies to prevent fraud, lacked processes for identifying regulatory activity costs, and did not assign responsibility to manufactured home licensees to repair home defects within 120 days. The Auditor General made the following key recommendations:

- Develop and implement policies to measure program performance, establishing specific goals to assess and report on program outcomes.
- Develop and implement procedures that require use of a secure method to verify wire transfers.
- Identify costs of manufactured housing and building regulatory activities to align fees with these costs.
- Assign responsibility to resolve consumer-manufactured home complaints within 120 days.

DOH did not agree to 4 of the 12 recommendations related to reporting outcomes to the Legislature, complaint handling, and manufactured housing and building fee setting.

Independent Correctional Oversight Office

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	0.0	0.0	0.0
Operating Budget	0	0	0
AGENCY TOTAL	**0**	**0**	**0**
FUND SOURCES			
Corrections Oversight Fund	0	0	0
SUBTOTAL - Other Non-Appropriated Funds	**0**	**0**	**0**
TOTAL - ALL SOURCES	0	0	0

AGENCY DESCRIPTION — The Independent Correctional Oversight Office (ICOO) monitors the conditions of confinement and assesses the Arizona Department of Corrections' (ADC) compliance with any applicable federal and state rules, policies and best practices that relate to inmate health, safety, welfare, and rehabilitation.

The budget includes no funding and no FTE Positions for the Independent Correctional Oversight Office (ICOO) in FY 2026.

Laws 2025, Chapter 258 established ICOO with a director and outlining several ICOO responsibilities related to ADC, including:

- Monitoring the conditions of confinement at ADC facilities.
- Providing information to inmates and their families about inmate rights.
- Promoting public awareness about inmate rights and responsibilities.
- Creating a secure telephone hotline and online form for ADC employees, contractors, and inmates to make complaints.
- Setting office priorities, participating in ADC related issues at the Legislature, and establishing a statewide reporting system for complaints against ADC.
- Inspecting each correctional facility at least once every 2 years.
- Gathering stakeholder input and setting quarterly stakeholder meetings.
- Submitting an annual report to the Governor and Legislature regarding the office's operations, findings, and key indicators about inmate wellbeing.
- Investigating at its discretion complaints concerning the treatment of inmates.

Chapter 258 also establishes the non-appropriated Corrections Oversight Fund. The fund does not have its own revenue source, but can receive legislative appropriations, donations, federal monies, and private grants in order to carry out the office's duties.

Independent Redistricting Commission

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Personal Services	234,000	0	0
Employee Related Expenditures	66,000	0	0
Professional and Outside Services	134,900	0	0
Travel - In State	(1,600)	0	0
Other Operating Expenditures	285,800	0	0
AGENCY TOTAL	**719,100** 1/2/	**0**	**0**
FUND SOURCES			
General Fund	719,100	0	0
SUBTOTAL - Appropriated Funds	**719,100**	**0**	**0**
TOTAL - ALL SOURCES	719,100	0	0

AGENCY DESCRIPTION — Proposition 106, approved by voters in November 2000, established the Independent Redistricting Commission (IRC). The commission consists of 5 members, 4 of which are selected by the House and Senate majority and minority leadership. These 4 members then select the final member, who cannot be affiliated with either of the 2 major political parties. The commission is charged with redrawing the boundaries for Arizona's legislative and congressional districts based on the 10-year census.

FOOTNOTES

1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (FY 2022 General Appropriations Act footnote)

2/ 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. (FY 2025 General Appropriations Act footnote)

Operating Budget

The budget includes no funding in FY 2026 for the operating budget. This amount is unchanged from FY 2025.

The budget includes no new funding for the Independent Redistricting Commission (IRC) in FY 2026 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 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.

Table 1
CY 2020 Redistricting Cycle Appropriations

Fiscal Year	Appropriation
FY 2021 (Laws 2020, Ch. 58)	$ 500,000
FY 2022 (Laws 2021, Ch. 408)	7,900,000
Subtotal	**$8,400,000**

A FY 2025 General Appropriations Act footnote required monies remaining in the appropriation made in Laws 2021, Chapter 408 as of June 30, 2024 revert to the General Fund. Through June 2025, the Commission has expended $8,386,300 of the $8,400,000 in funding for the CY 2020 redistricting cycle.

Industrial Commission of Arizona

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	236.6	236.6	250.6
Personal Services	10,031,400	10,315,100	10,898,500
Employee Related Expenditures	3,661,000	3,862,900	4,162,100
Professional and Outside Services	1,269,100	1,367,400	1,367,400
Travel - In State	214,000	197,000	197,000
Travel - Out of State	35,900	42,200	42,200
Other Operating Expenditures	4,937,100	6,134,800	6,300,000
Equipment	349,600	218,600	245,900
OPERATING SUBTOTAL	**20,498,100**	**22,138,000**	**23,213,100**
SPECIAL LINE ITEMS			
Municipal Firefighter Reimbursement Administration	75,100	84,700	90,100 1/
AGENCY TOTAL	**20,573,200**	**22,222,700**	**23,303,200** 2/
FUND SOURCES			
General Fund	75,100	84,700	90,100
Other Appropriated Funds			
Administrative Fund	20,498,100	22,138,000	23,213,100
SUBTOTAL - Other Appropriated Funds	20,498,100	22,138,000	23,213,100
SUBTOTAL - Appropriated Funds	**20,573,200**	**22,222,700**	**23,303,200**
Other Non-Appropriated Funds	21,867,400	24,146,000	24,146,000
Federal Funds	20,897,400	6,442,300	6,442,300
TOTAL - ALL SOURCES	63,338,000	52,811,000	53,891,500

AGENCY DESCRIPTION — The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, and providing workers' compensation coverage for claimants of uninsured and self-insured employers.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $23,213,100 and 249.6 FTE Positions from the Administrative Fund in FY 2026 for the operating budget. Adjustments are as follows:

Fraud Unit Staffing

The budget includes an increase of $747,800 and 10 FTE Positions from the Administrative Fund in FY 2026 to staff the Industrial Commission Fraud Unit, as established by Laws 2023, Chapter 191. The Fraud Unit was established in statute for the purpose of investigating fraudulent activities, statements, or representations made in connection with workers' compensation claims.

Additional Claims Staff

The budget includes an increase of $228,900 and 4 FTE Positions from the Administrative Fund in FY 2026 for additional claims processing staff related to changes in employee claim filings for unpaid wages. Laws 2025, Chapter 38 increases the claim limit for unpaid wages against an employer from $5,000 to $12,000.

Statewide Adjustments

The budget includes an increase of $98,400 from the Administrative Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Municipal Firefighter Reimbursement Administration

The budget includes $90,100 and 1 FTE Position from the General Fund in FY 2026 for the Municipal Firefighter Reimbursement Administration line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $5,400 from the General Fund in FY 2026 for statewide adjustments.

A.R.S. § 23-1702 and § 23-1703 require the Industrial Commission to assess an annual fee on cities and towns and to proportionally distribute the revenue based on the actual amount paid by municipalities for the cost of cancer-related treatments for firefighters and fire investigators.

Department of Insurance and Financial Institutions

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	155.4	156.4	147.4
Personal Services	7,382,100	7,629,200	7,669,000
Employee Related Expenditures	2,708,000	3,033,000	3,233,000
Professional and Outside Services	198,100	323,800	323,800
Travel - In State	112,000	125,100	125,100
Travel - Out of State	71,800	41,000	41,000
Other Operating Expenditures	1,107,900	1,316,400	1,384,300
Equipment	103,400	0	0
OPERATING SUBTOTAL	**11,683,300**	**12,468,500**	**12,776,200**
SPECIAL LINE ITEMS			
Insurance Fraud Unit	1,772,500	1,878,100	0 1/
Reimbursable Programs	0	50,000	50,000 2/
Local Grants	1,388,600	1,388,900	1,388,900 3/
Arizona Vehicle Theft Task Force	4,521,200	4,452,600	4,452,600 4/
ATA Operating Budget	496,400	709,100	797,100
AGENCY TOTAL	**19,862,000**	**20,947,200**	**19,464,800** 5/6/
FUND SOURCES			
General Fund	8,131,600	8,090,100	6,319,700
Other Appropriated Funds			
Automobile Theft Authority Fund	6,501,200	6,749,300	6,837,300
Financial Services Fund	5,178,900	6,057,500	6,257,500
Revolving Fund	50,300	50,300	50,300
SUBTOTAL - Other Appropriated Funds	11,730,400	12,857,100	13,145,100
SUBTOTAL - Appropriated Funds	**19,862,000**	**20,947,200**	**19,464,800**
Other Non-Appropriated Funds	15,525,500	16,098,700	17,976,800
Federal Funds	29,300	0	0
TOTAL - ALL SOURCES	35,416,800	37,045,900	37,441,600

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

1/ The department levies an assessment on all licensed insurers to operate the Insurance Fraud Unit. In previous years, this assessment was deposited into the General Fund prior to being appropriated to the Fraud Unit. Beginning in FY 2026, revenues from this assessment will instead be deposited into the non-appropriated Fraud Unit Assessment Fund and the Fraud Unit will no longer receive appropriations from the General Fund.

2/ 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 Appropriations Act footnote)

3/ 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 Appropriations Act footnote)

4/ 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 Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $12,776,200 and 141.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$6,319,700
Financial Services Fund	6,257,500
Automobile Theft Authority (ATA) Fund	148,700
Department Revolving Fund	50,300

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $307,700 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	107,700
Financial Services Fund	200,000

Of this amount, $39,800 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocation section.)*

Insurance Fraud Unit

The budget includes no funding in FY 2026 for the Insurance Fraud Unit. Adjustments are as follows:

Insurance Fraud Unit Budget Shift

The budget includes a decrease of $(1,878,100) and (9) FTE Positions from the General Fund in FY 2026 as an insurance fraud unit budget shift. The FY 2025 budget established a new Fraud Unit Assessment Fund which will fund the insurance fraud unit beginning in FY 2026.

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.

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 2026 for Reimbursable Programs. This amount is unchanged from FY 2025.

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 2026 for Local Grants. This amount is unchanged from FY 2025.

This line item provides funding for the 4 categories of local grants that the department 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 2026 for the Arizona Vehicle Theft Task Force. This amount is unchanged from FY 2025.

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 $797,100 and 6 FTE Positions from the ATA Fund in FY 2026 for the Automobile Theft Authority Operating Budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $88,000 from the ATA Fund in FY 2026 for statewide adjustments. Of this amount, $100,000 is for a 5% salary increase for AZPOST-certified staff.

Monies in this line item cover the operating expenditures of the Automobile Theft Authority, which works to combat auto theft-related crime.

Other Issues

Auditor General Report

In September 2024, the Auditor General published a Performance Audit and Sunset Review covering DIFI's disciplinary actions against licensees, management of ATA grants, and compliance with conflict-of-interest and other statutory requirements. The Auditor General made the following recommendations:

- The department should work with the Legislature to enact statutory changes to allow excess monies in the Fraud Unit Assessment Fund to be placed in a non-lapsing fund rather than reverting to the State's General Fund.

- The department should work with the Legislature to enact statutory changes to increase the Insurance Fraud Unit assessment fee.

With regard to the first recommendation, statute had previously required that the department deposit all revenues from the Fraud Unit Assessment into the General Fund for appropriation to the Fraud Unit. However, Laws 2024, Chapter 212 amended statute such that, beginning in FY 2026, all revenues from the Fraud Unit Assessment will be deposited in a new Fraud Unit Assessment Fund. This fund is non-lapsing and monies do not revert to the General Fund. The new fund structure should sufficiently address the Auditor General's concerns.

The second recommendation has not been addressed, and statute continues to limit Fraud Unit assessment fee collections to $1,050 per insurer.

Judiciary - Court of Appeals

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
PROGRAM BUDGET			
Division I	16,209,600	16,018,300	16,662,200
Division II	8,498,200	8,389,100	8,646,500
AGENCY TOTAL	**24,707,800**	**24,407,400**	**25,308,700**
OPERATING BUDGET			
Full Time Equivalent Positions	162.8	162.8	163.8 1/
Personal Services	14,785,700	15,297,800	15,646,900
Employee Related Expenditures	7,255,600	7,425,300	7,965,600
Professional and Outside Services	197,000	101,800	101,800
Travel - In State	222,400	228,600	228,600
Travel - Out of State	18,800	6,800	6,800
Other Operating Expenditures	2,228,300	1,344,100	1,346,000
Equipment	0	3,000	13,000
AGENCY TOTAL	**24,707,800**	**24,407,400**	**25,308,700** 2/
FUND SOURCES			
General Fund	24,707,800	24,407,400	25,308,700
SUBTOTAL - Appropriated Funds	**24,707,800**	**24,407,400**	**25,308,700**
TOTAL - ALL SOURCES	24,707,800	24,407,400	25,308,700

AGENCY DESCRIPTION — The Court of Appeals has jurisdiction in all proceedings appealable from the Superior Court except criminal death penalty cases, which are automatically appealed to the Supreme Court. Division I also has statewide responsibility for reviewing appeals from the Arizona Corporation Commission, Industrial Commission, the Department of Economic Security unemployment compensation rulings, and the Arizona Tax Court. Division I convenes in Phoenix and encompasses the counties of Apache, Coconino, La Paz, Maricopa, Mohave, Navajo, Yavapai, and Yuma. Division II convenes in Tucson and encompasses the counties of Cochise, Gila, Graham, Greenlee, Pima, Pinal, and Santa Cruz.

FOOTNOTES

1/ Of the 163.8 FTE positions for fiscal year 2025-2026, 112.3 FTE positions are for division one and 51.5 FTE positions are for division two. (General Appropriations Act footnote)

2/ General Appropriation Act funds are appropriated as an Operating Lump Sum by Subprogram.

Operating Budget

The budget includes $25,308,700 and 163.8 FTE Positions from the General Fund in FY 2026 for the operating budget. These amounts include $16,662,200 and 112.3 FTE Positions for Division I and $8,646,500 and 51.5 FTE Positions for Division II. Adjustments are as follows:

Judicial Salary Increase

The budget includes an increase of $504,300 from the General Fund in FY 2026 for the second year of a 2-year phase-in of a pay increase for Court of Appeals judges. The FY 2025 General Appropriations Act increases the Court of Appeals judge's salary from $190,000 to $200,000 on January 1, 2025 and to $210,000 on January 1, 2026.

The FY 2025 budget's 3-year spending plan includes an additional $252,200 in FY 2027 for full implementation.

Human Resource Position

The budget includes an increase of $93,700 and 1 FTE Position from the General Fund in FY 2026 for a human resource position to address growing workload associated with personnel management. Of this amount, $10,000 is one-time.

Statewide Adjustments

The budget includes an increase of $303,300 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.*

Judiciary - Superior Court

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	240.5	240.5	241.5 1/
Personal Services	2,830,600	2,757,300	2,757,300
Employee Related Expenditures	897,700	960,600	996,300
Professional and Outside Services	66,700	0	0
Travel - In State	24,300	16,400	16,400
Travel - Out of State	16,700	0	0
Other Operating Expenditures	1,617,300	1,640,900	1,538,000
OPERATING SUBTOTAL	**5,453,300**	**5,375,200**	**5,308,000** 2/
SPECIAL LINE ITEMS			
Judges Compensation			
Judges Compensation	29,591,600	30,399,800	32,468,500 3/
Administrative Costs			
Centralized Service Payments	4,302,800	4,667,000	4,687,600 4/
Probation Programs			
Adult Standard Probation	21,086,800	22,297,500	22,297,500 5/
Adult Intensive Probation	11,868,600	13,150,200	13,150,200 5/
Community Punishment	1,462,400	2,310,300	2,310,300 5/
Interstate Compact	466,800	513,700	513,700 5/
Drug Court	1,096,400	1,096,400	1,096,400
Juvenile Standard Probation	3,631,800	3,781,800	3,781,800 5/
Juvenile Intensive Probation	6,087,200	6,087,200	6,087,200 5/
Juvenile Treatment Services	20,803,000	20,803,000	20,803,000 5/6/
Juvenile Family Counseling	500,000	500,000	500,000
Juvenile Diversion Consequences	9,088,500	9,088,500	9,088,500 5/6/
Juvenile Crime Reduction	1,332,900	3,313,700	3,313,000 5/
Probation Incentive Payments	1,000,000	1,000,000	1,000,000
Probation Salary Increase Backfill	6,749,200	0	0
Other Programs	511,100	511,100	511,100
Special Water Master			
General Adjudication Personnel and Support Fund Deposit	2,000,000	2,000,000	2,000,000
Court-Ordered Removals	315,000	315,000	315,000
AGENCY TOTAL	**127,347,400**	**127,210,400**	**129,231,800** 7/-10/
FUND SOURCES			
General Fund	120,578,200	115,194,800	117,217,300
Other Appropriated Funds			
Criminal Justice Enhancement Fund	3,345,200	5,496,000	5,494,900
Drug Treatment and Education Fund	500,200	504,200	504,200
Judicial Collection Enhancement Fund	2,923,800	6,015,400	6,015,400
SUBTOTAL - Other Appropriated Funds	6,769,200	12,015,600	12,014,500
SUBTOTAL - Appropriated Funds	**127,347,400**	**127,210,400**	**129,231,800**
Other Non-Appropriated Funds	6,830,700	6,817,200	6,817,200
Federal Funds	1,922,100	2,044,600	2,044,600
TOTAL - ALL SOURCES	136,100,200	136,072,200	138,093,600

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 241.5 FTE positions, 183 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 Appropriations Act footnote)

2/ 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 Appropriations Act footnote)

3/ 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 Appropriations Act footnote)

4/ 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 Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ Monies appropriated to juvenile treatment services and juvenile diversion consequences line items shall be deposited in the juvenile probation services fund established by section 8-322, Arizona Revised Statutes. (General Appropriations Act footnote)

7/ 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 Appropriations Act footnote)

8/ On or before November 1, 2025, 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 2024-2025 actual, fiscal year 2025-2026 estimated and fiscal year 2026-2027 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 Appropriations Act footnote)

9/ On or before November 1, 2025, 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, 2024. 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 Appropriations Act footnote)

10/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $5,308,000 and 55.5 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$4,918,800
Criminal Justice Enhancement Fund (CJEF)	371,800
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 $(67,200) in FY 2026 for statewide adjustments. This amount consists of:

General Fund	(66,800)
CJEF	(400)

(Please see the Agency Detail and Allocations section.)

Background – These monies represent the administrative costs incurred by the Administrative Office of the Courts (AOC) while overseeing the various line items of the Superior Court budget.

Judges Compensation

Judges Compensation

The budget includes $32,468,500 and 183 FTE Positions from the General Fund in FY 2026 for Judges Compensation. Adjustments are as follows:

New Mohave County Judge

The budget includes an increase of $191,800 and 1 FTE Position from the General Fund in FY 2026 for a Superior Court judge position as required by A.R.S. § 12-121 as described below.

Judicial Salary Increase

The budget includes an increase of $1,639,200 from the General Fund in FY 2026 for the second year of a 2-year phase-in of a pay increase for Superior Court judges. The FY 2025 General Appropriations 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 FY 2025 budget's 3-year spending plan includes an additional $819,600 in FY 2027 for full implementation.

Statewide Adjustments

The budget includes an increase of $237,700 from the General Fund in FY 2026 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 benefit 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 $4,687,600 in FY 2026 for Centralized Service Payments. This amount consists of:

General Fund	4,237,700
JCEF	449,900

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $20,600 from the General Fund in FY 2026 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 Appropriations 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 2026 for Adult Standard Probation. This amount consists of:

General Fund	18,523,400
JCEF	3,774,100

These amounts are unchanged from FY 2025.

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 2026 for Adult Intensive Probation. This amount consists of:

General Fund	11,615,000
JCEF	1,535,200

These amounts are unchanged from FY 2025.

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 2026 for Community Punishment. This amount consists of:

CJEF	1,810,100
Drug Treatment and Education Fund	500,200

These amounts are unchanged from FY 2025.

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 2026 for Interstate Compact. This amount consists of:

General Fund	420,900
JCEF	92,800

These amounts are unchanged from FY 2025.

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 August 2024, AOC reported 184 active probationers under supervision under the Interstate Compact line item.

Drug Court

The budget includes $1,096,400 from the General Fund in FY 2026 for Drug Court programs. This amount is unchanged from FY 2025.

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 2026 for Juvenile Standard Probation. This amount consists of:

General Fund	3,631,800
JCEF	150,000

These amounts are unchanged from FY 2025.

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 2026 for Juvenile Intensive Probation. This amount is unchanged from FY 2025.

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 2026 for Juvenile Treatment Services. This amount is unchanged from FY 2025.

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 2026 for Juvenile Family Counseling. This amount is unchanged from FY 2025.

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 2026 for Juvenile Diversion Consequences. This amount is unchanged from FY 2025.

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 6,907 juveniles diverted from formal court proceedings in FY 2024. Monies in this line item are distributed to all counties.

Juvenile Crime Reduction

The budget includes $3,313,000 from CJEF in FY 2026 for Juvenile Crime Reduction. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(700) from CJEF in FY 2026 for statewide adjustments.

Background – This line item provides funding for the design and implementation of community-based strategies for reducing juvenile crime. Strategies include prevention, early intervention, effective intermediate sanctions, and rehabilitation. Through a grant process, AOC distributes monies in this line item to approximately 25 public and private entities.

Probation Incentive Payments

The budget includes $1,000,000 from the General Fund in FY 2026 for probation incentive payments. This amount is unchanged from FY 2025.

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.

Other Programs

Special Water Master

The budget includes $511,100 and 3 FTE Positions from the General Fund in FY 2026 for the Special Water Master line item. These amounts are unchanged from FY 2025.

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 2024, 881 water rights claims were filed by individuals, communities, governments, and companies. The Special Water Master conducts hearings for each claimant and makes recommendations to a Superior Court judge.

Pursuant to statute, the costs of the Water Master are funded from claimant fees. If claimant fees are insufficient, statute requires the state General Fund to pay for these expenses in a line item within the Superior Court budget. *(Please see Table 1 for more information.)*

Table 1

Special Water Master Funding

	FY 2024 Actual	FY 2025 Estimated[1/]	FY 2026 Estimated[1/]
Gila River			
Beginning Balance	$236,200	$318,800	$378,800
Revenues [2/]	453,700	460,000	460,000
Expenditures	371,100	400,000	400,000
Ending Balance	**$318,800**	**$378,800**	**$438,800**
Little Colorado River			
Beginning Balance	$191,200	$205,600	$217,300
Revenues [2/]	79,900	81,700	81,700
Expenditures	65,500	70,000	70,000
Ending Balance	**$205,600**	**$217,300**	**$229,000**

1/ As reported by the Administrative Office of the Courts and adjusted by the JLBC.
2/ Includes annual General Fund appropriation plus filing fees and interest.

General Adjudication Personnel and Support Fund Deposit

The budget includes $2,000,000 from the General Fund in FY 2026 for a General Adjudication Personnel and Support Fund Deposit. This amount is unchanged from FY 2025.

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 2026 for Court-Ordered Removals. This amount is unchanged from FY 2025.

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

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 5.7% from June 2023 to June 2024. The JLBC Staff estimates total FY 2025 and 2026 caseloads of 20,480 and 21,075 from all categories, respectively. This would represent an increase of 2.8% in FY 2025 and 2.9% in FY 2026 (*Please see Table 2*

Table 2

End of Year Non-Maricopa Probation Caseloads [1/]

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate
Probation Category					
Adult Standard [2/]	16,607	16,474	17,671	18,200	18,800
Adult Intensive	1,181	1,260	1,174	1,215	1,225
Juvenile Standard	821	945	913	900	890
Juvenile Intensive	186	169	168	165	160
Total Caseload	**18,795**	**18,848**	**19,926**	**20,480**	**21,075**

1/ Numbers represent June probation caseloads. FY 2025 and FY 2026 represent JLBC Staff estimates.
2/ Does not include Interstate Compact participants.

Judiciary - Supreme Court

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	203.0	205.0	208.0
Personal Services	8,838,300	8,610,300	8,686,000
Employee Related Expenditures	3,882,800	4,072,500	4,645,700
Professional and Outside Services	120,200	671,800	671,800
Travel - In State	228,500	204,200	204,200
Travel - Out of State	53,500	38,600	38,600
Other Operating Expenditures	4,261,000	4,546,500	5,064,800
Equipment	9,300	0	0
OPERATING SUBTOTAL	**17,393,600**	**18,143,900**	**19,311,100** 1/
SPECIAL LINE ITEMS			
Child and Family Representation Pilot Program	0	0	600,000 2/
State Aid	4,330,000	5,955,500	5,962,100
County Reimbursements	187,900	187,900	187,900 3/
Automation	17,637,900	24,927,800	25,114,100 4/5/
Arizona Trial and Digital Evidence Fund Deposit	1,620,000	1,620,000	1,620,000
Digital Evidence Software	280,000	280,000	0
State Foster Care Review Board	3,419,200	3,570,200	3,680,500
Court Appointed Special Advocate and Vulnerable Persons	5,030,800	6,594,400	6,840,800
Model Court	658,800	660,800	660,800
Domestic Relations	685,900	701,000	726,700
Judicial Nominations and Performance Review	590,500	620,600	641,900
Commission on Judicial Conduct	602,100	620,800	802,800
Juvenile Monetary Sanctions Funding Backfill	250,000	250,000	250,000
Courthouse Security	686,900	751,700	752,100
AGENCY TOTAL	**53,373,600**	**64,884,600**	**67,150,800** 6/
FUND SOURCES			
General Fund	28,795,000	29,864,200	31,325,600
Other Appropriated Funds			
Confidential Intermediary and Fiduciary Fund	479,200	690,600	702,400
Court Appointed Special Advocate and Vulnerable Persons Fund	5,208,400	6,793,700	7,048,600
Criminal Justice Enhancement Fund	3,999,500	4,765,200	4,779,700
Defensive Driving School Fund	2,575,400	4,521,000	4,498,500
Judicial Collection Enhancement Fund	10,621,300	15,303,000	15,849,400
State Aid to the Courts Fund	1,694,800	2,946,900	2,946,600
SUBTOTAL - Other Appropriated Funds	24,578,600	35,020,400	35,825,200
SUBTOTAL - Appropriated Funds	**53,373,600**	**64,884,600**	**67,150,800**
Other Non-Appropriated Funds	26,217,100	31,811,800	31,811,800
TOTAL - ALL SOURCES	79,590,700	96,696,400	98,962,600

AGENCY DESCRIPTION — The Supreme Court consists of 7 Supreme Court Justices, judicial support staff and the Administrative Office of the Courts (AOC). The Supreme Court, as the state's highest court, has the responsibility to review appeals and to provide rules of procedure for all the courts in Arizona. Under the direction of the Chief Justice, the AOC provides administrative supervision over the Arizona court system.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations 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 Appropriations Act footnote)
4/ On or before September 1, 2025, 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 Appropriations 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 Appropriations Act footnote)
6/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $19,311,100 and 109.7 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$14,498,000
Confidential Intermediary and Fiduciary Fund	702,400
Criminal Justice Enhancement Fund (CJEF)	12,200
Defensive Driving School Fund	902,500
Judicial Collection Enhancement Fund (JCEF)	3,196,000

Adjustments are as follows:

Judicial Salary Increase

The budget includes an increase of $126,100 from the General Fund in FY 2026 for the second year of a 2-year phase-in of a pay increase for Supreme Court justices. The FY 2025 General Appropriations Act increased 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 increased 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 FY 2025 budget's 3-year spending plan includes an additional $63,000 in FY 2027 for full implementation.

Increased Filing Fee Revenues

The budget includes an increase of $500,000 from JCEF in FY 2026 for information technology projects. Because the court recently increased filing fees to keep up with inflation, additional resources are available.

Statewide Adjustments

The budget includes an increase of $541,100 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	518,400
Confidential Intermediary and Fiduciary Fund	11,800
CJEF	4,900
Defensive Driving School Fund	(7,300)
JCEF	13,300

(Please see the Agency Detail and Allocations section.)

Child and Family Representation Pilot Program

The budget includes $600,000 and 1 FTE Positions from the General Fund in FY 2026 for the Child and Family Representation Program. Adjustments are as follows:

3-Year Pilot Program

The budget includes a one-time increase of $600,000 and 1 FTE Position from the General Fund in FY 2026 for the 3-year Child and Family Representation Pilot Program.

The FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2025, Chapter 237) establishes the 3-year program in the AOC to improve legal representation by attorneys appointed to represent juveniles, parents and guardians during juvenile court proceedings. The FY 2026 appropriation is non-lapsing.

State Aid

The budget includes $5,962,100 and 3.3 FTE Positions in FY 2026 for State Aid. These amounts consist of:

CJEF	3,015,500
State Aid to the Courts Fund	2,946,600

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $6,600 in FY 2026 for statewide adjustments. This amount consists of:

CJEF	6,900
State Aid to the Courts Fund	(300)

The State Aid line item provides state aid to counties for the payment of judges pro tempore salaries, and for projects designed to improve the processing of criminal cases in the Superior Court and Justice Courts.

County Reimbursements

The budget includes $187,900 from the General Fund in FY 2026 for County Reimbursements. This amount is unchanged from FY 2025.

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 Appropriations 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 $25,114,100 and 15 FTE Positions in FY 2026 for Automation. These amounts consist of:

General Fund	7,657,000
Court Appointed Special Advocate and Vulnerable Persons Fund (CASAVP)	207,800
CJEF	1,752,000
Defensive Driving School Fund	3,596,000
JCEF	11,901,300

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $186,300 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	157,600
Court Appointed Special Advocate and Vulnerable Persons Fund (CASAVP)	8,500
CJEF	2,700
Defensive Driving School Fund	(15,200)
JCEF	32,700

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 Appropriations 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 2026 for the Arizona Trial and Digital Evidence Fund Deposit line item. This amount is unchanged from FY 2025.

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 no funding in FY 2026 for the Digital Evidence Software line item. Adjustments are as follows:

Remove One-Time Digital Evidence Software Funding

The budget includes a decrease of $(280,000) from the General Fund in FY 2026 to eliminate one-time funding for digital evidence software. The FY 2024 budget's 3-year spending plan originally included one-time funding for this project in FY 2024 and 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 $3,680,500 and 40 FTE Positions from the General Fund in FY 2026 for the State Foster Care Review Board. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $110,300 from the General Fund in FY 2026 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 $6,840,800 and 23.5 FTE Positions from the CASAVP Fund in FY 2026 for Court Appointed Special Advocate (CASA) and Vulnerable Persons. Adjustments are as follows:

Remove One-time Vulnerable Persons Program Funding

The budget includes a decrease of $(171,100) from the CASAVP Fund in FY 2026 to remove one-time funding associated with the Vulnerable Persons Program.

Additional Fiduciary Investigator

The budget includes an increase of $349,900 and 1 FTE Position from the CASAVP Fund in FY 2026 for an investigator to resolve complaints against fiduciaries.

Statewide Adjustments

The budget includes an increase of $67,600 from the CASAVP Fund in FY 2026 for statewide adjustments.

The FY 2025 General Appropriations Act changed 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 2026 for Model Court. These amounts are unchanged from FY 2025.

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 $726,700 and 4.9 FTE Positions from the General Fund in FY 2026 for Domestic Relations. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $25,700 from the General Fund in FY 2026 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 $641,900 and 4.6 FTE Positions from the General Fund in FY 2026 for Judicial Nominations and Performance Review. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $21,300 from the General Fund in FY 2026 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 $802,800 and 5 FTE Positions from the General Fund in FY 2026 for the Commission on Judicial Conduct. Adjustments are as follows:

Additional Judicial Misconduct Investigator

The budget includes an increase of $145,000 and 1 FTE Position from the General Fund in FY 2026 for an attorney to investigate and resolve complaints against judges. There is currently a backlog of judicial misconduct complaints, and this position will help clear the backlog.

Statewide Adjustments

The budget includes an increase of $37,000 from the General Fund in FY 2026 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 2026 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 2026 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 Appropriations Act footnote specified 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 $752,100 from JCEF in FY 2026 for Courthouse Security. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $400 from JCEF in FY 2026 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

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As session law, establishes the Child and Family Representation Program as a pilot program for 3 years (through FY 2028) to improve the legal representation of children, parents and guardians in juvenile court proceedings. Among other provisions, the bill requires the program to report to the President of the Senate, the Speaker of the House of Representatives and the Governor's Office of Strategic Planning and Budgeting by June 30 of each year on the measures taken to assess and document the effectiveness of counsel. *(See line item for further details.)*

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.

Department of Juvenile Corrections

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	738.5	738.5	738.5
Personal Services	24,263,900	27,732,000	28,282,200
Employee Related Expenditures	8,191,300	9,456,600	9,624,600
Professional and Outside Services	1,008,400	1,246,300	1,246,300
Travel - In State	687,400	644,200	644,200
Travel - Out of State	72,200	14,800	14,800
Other Operating Expenditures	7,425,200	4,461,400	4,848,000
Equipment	675,900	21,300	21,300
AGENCY TOTAL	**42,324,300**	**43,576,600**	**44,681,400** 1/2/3/
FUND SOURCES			
General Fund	29,998,500	29,978,900	31,083,600
Other Appropriated Funds			
Criminal Justice Enhancement Fund	523,200	528,900	528,000
Department of Juvenile Corrections Local Cost Sharing Fund	6,724,000	6,724,000	6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	3,700,000	4,881,100	4,854,400
State Education Fund for Committed Youth	1,378,600	1,463,700	1,491,400
SUBTOTAL - Other Appropriated Funds	12,325,800	13,597,700	13,597,800
SUBTOTAL - Appropriated Funds	**42,324,300**	**43,576,600**	**44,681,400**
Other Non-Appropriated Funds	135,100	271,100	271,100
Federal Funds	756,300	1,623,500	698,700
TOTAL - ALL SOURCES	43,215,700	45,471,200	45,651,200

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 Appropriations Act footnote)

2/ The director of the state department of corrections and the director of the department of juvenile corrections shall award a onetime stipend payment to an employee who is employed by the agency from and after July 4, 2025. The payment shall be equal to four percent of the employee's annual salary level and the amount shall be distributed evenly throughout each pay period in fiscal year 2025–2026. (General Appropriations Act footnote)

3/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $44,681,400 and 738.5 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$31,083,600
Criminal Justice Enhancement Fund (CJEF)	528,000
Department of Juvenile Corrections Local Cost Sharing Fund	6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	4,854,400
State Education Fund for Committed Youth	1,491,400

Adjustments are as follows:

One-Time Correctional Officer Stipend

The budget includes a one-time increase of $542,200 from the General Fund in FY 2026 for a one-time stipend for correctional officers equal to 4% of their annual salary.

Statewide Adjustments

The budget includes an increase of $562,600 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	562,500
CJEF	(900)
State Charitable, Penal and Reformatory Institutions Land Fund	(26,700)
State Education Fund for Committed Youth	27,700

Of this amount, $8,000 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

The FY 2025 and FY 2026 budgets include a decrease of $(900,000) from the General Fund and a corresponding increase of $800,000 from the Land Trust Fund and $100,000 from the CJEF for a temporary shift in operating costs. The FY 2026 budget's 3-year plan restores the General Fund appropriation in FY 2027.

Other Issues

This section includes information on the following topics:

- Statutory Changes
- Long-Term Budget Impacts
- Population Counts

Statutory Changes

The Criminal Justice Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, eliminates the requirement that the department annually assess a committed youth confinement cost sharing fee to Maricopa County starting in FY 2029. That fee is currently $6,724,000. The 3-year budget plan assumes that amount will continue to be paid in FY 2027 and FY 2028. The bill also deletes the DJC Local Cost Sharing Fund starting in FY 2029. *(Please see the FY 2023 Appropriations Report for the history of this fund.)*

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the department's General Fund costs would increase by:

- $900,000 in FY 2027 and beyond. The FY 2025 3-year plan reduced the DJC operating budget by $900,000 one-time in FY 2025 and FY 2026 and replaced those monies with $800,000 from the State Charitable, Penal and Reformatory Institutions Land Fund and $100,000 from the Criminal Justice Enhancement Fund. *(Please see the operating budget for further details.)*
- $6,724,000 in FY 2029 to reflect the elimination of the DJC Local Cost Sharing Fund. *(Please see the Statutory Changes section for further details).*

Population Counts

Table 1 lists the DJC population by category since FY 2021. From FY 2021 to FY 2025, the housed population decreased from 182 to 158, or (13.2)% while the parole population has decreased from 130 to 120, or (7.7)%.

The average DJC housed population has increased from an average population of 141 in FY 2024 to 158 in FY 2025, an increase of 12.1%. The DJC parole population has increased from an average of 102 in FY 2024 to 120 in FY 2025, an increase of 17.6%.

Table 1

DJC Census

	FY 2021 Average Population	FY 2022 Average Population	FY 2023 Average Population	FY 2024 Average Population	FY 2025 Average Population
Housed Population					
Adobe Mountain	182	144	133	141	158
Parole Population					
Parole	62	45	31	25	30
Interstate Compact (Inside Arizona) 1/	68	70	84	76	90
Parole Population	130	115	114	102	120
Total DJC Population	**312**	**259**	**247**	**243**	**278**

1/ The Interstate Compact is an agreement between states to supervise parolees in each other's state. "Inside Arizona" means parolees from other states living in Arizona and "Outside Arizona" means Arizona parolees living in other states.

State Land Department

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	131.7	136.7	145.7
Personal Services	7,560,300	7,969,400	7,969,400
Employee Related Expenditures	2,800,200	3,130,200	3,247,100
Professional and Outside Services	2,995,200	3,300,000	3,300,000
Travel - In State	218,900	20,000	20,000
Travel - Out of State	18,400	10,500	10,500
Other Operating Expenditures	2,516,400	3,305,900	5,314,000
Equipment	128,300	0	0
OPERATING SUBTOTAL	**16,237,700**	**17,736,000**	**19,861,000**
SPECIAL LINE ITEMS			
CAP User Fees	1,493,300	1,521,500	1,577,900 1/
Due Diligence Program	626,200	5,000,000	5,000,000
Natural Resource Conservation Districts	569,400	650,000	0
AGENCY TOTAL	**18,926,600**	**24,907,500**	**26,438,900** 2/
FUND SOURCES			
General Fund	12,372,200	12,411,300	12,199,900
Other Appropriated Funds			
Due Diligence Fund	626,200	5,000,000	5,000,000
Environmental Special Plate Fund	180,000	260,600	0
Off-Highway Vehicle Recreation Fund	0	177,600	177,600
Trust Land Management Fund	5,748,200	7,058,000	9,061,400
SUBTOTAL - Other Appropriated Funds	6,554,400	12,496,200	14,239,000
SUBTOTAL - Appropriated Funds	**18,926,600**	**24,907,500**	**26,438,900**
Other Non-Appropriated Funds	713,600	558,500	558,500
TOTAL - ALL SOURCES	19,640,200	25,466,000	26,997,400

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 $1,577,900 for CAP user fees in fiscal year 2025-2026. For fiscal year 2025-2026, 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 Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $19,861,000 and 145.7 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$10,622,000
Off-Highway Vehicle Recreation Fund	177,600
Trust Land Management Fund	9,061,400

Adjustments are as follows:

Trust Land Management Workload

The budget includes an increase of $2,000,000 and 9 FTE Positions from the Trust Land Management Fund in FY 2026 for increased workloads associated with the management of state trust lands. The appropriation

includes monies for both FTE Positions and additional contracted work to support the management of state trust lands.

Statewide Adjustments
The budget includes an increase of $125,000 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	121,600
Trust Land Management Fund	3,400

(Please see the Agency Detail and Allocations section.)

CAP User Fees

The budget includes $1,577,900 from the General Fund in FY 2026 for Central Arizona Project (CAP) User Fees. Adjustments are as follows:

CAP Rate Adjustment
The budget includes an increase of $56,400 from the General Fund in FY 2026 for revised CAP water allocations. Based on action by the CAP Board in June 2025, the department will be billed for "capital charges" of $56 per acre foot on 28,176 acre feet of water in FY 2026 for a total charge of $1,577,900 in FY 2026.

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. Since FY 2024, the department's total allocation has been 28,176 acre-feet.

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 Appropriations Act footnote.)*

Due Diligence Program

The budget includes $5,000,000 from the Due Diligence Fund in FY 2026 for the Due Diligence Program. This amount is unchanged from FY 2025.

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 no funding in FY 2026 for Natural Resource Conservation Districts (NRCDs).

Adjustments are as follows:

Shift NRCD Funding to NRC Board
The budget includes a decrease of $(650,000) in FY 2026 to shift all funding from the Natural Resource Conservation Districts line item to the new Natural Resource Conservation (NRC) Board, established by Laws 2024, Chapter 258.

This amount consists of:

General Fund	(389,400)
Environmental Special Plate Fund	(260,600)

Laws 2024, Chapter 258 establishes a new state agency, the NRC Board, and transfers the authority over the NRCDs, including grants to the districts and the administration of the Environmental Special Plate Fund, from the State Land Department to the NRC Board as of January 1, 2025. *(Please see the Natural Resource Conservation Board section for more information.)*

Other Issues

This section includes information on the following topics:

- Statutory Changes
- Proposition 123

Statutory Changes

The Environment Budget Reconciliation Bill (BRB) makes the following statutory change:

- As permanent law, allow (rather than require) the State Land Commissioner to contract with a third-party reviewer to review any application submitted to the department if the commissioner determines that the department will not be able to take action within 60 working days after the application has been submitted. Requires the department to submit a report on application processing timelines by February 1, 2026.

The Management of State Properties BRB makes the following statutory change:

- As session law, amends the coordinate parcel references described in Laws 2025, Chapter 35, Section 1 relating to the transfer of land from the State Land Department to the city of Bullhead City.

Proposition 123

As approved by voters at the May 2016 election, Proposition 123 implements the October 2015 Special Session legislation (Laws 2015, 1st Special Session, Chapters 1 and 2 and HCR 2001) to increase the annual distribution rate from the State Land Trust Permanent Fund from 2.5% to 6.9% from FY 2016 through FY 2025.

Proposition 123 provided $285,626,000 in incremental funds to K-12 schools in FY 2025. The 4.4% incremental increase expired at the end of FY 2025, so under current law no incremental funds are currently scheduled to be distributed in FY 2026. In the 2026 legislative session, discussion is expected to continue about extending Proposition 123 in some manner. *(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 increased distributions to other public institutions. For the other distributions, *Table 1* outlines the following for each beneficiary fund: 1) Final FY 2025 fund revenue (at the prior 6.9% distribution rate); 2) FY 2025 ending balance (at the end of Proposition 123's higher distribution); 3) Projected FY 2026 fund revenue (at the lower current 2.5% distribution rate); and 4) The enacted budget's FY 2026 appropriation.

Table 1

State Land Trust: Non-K12 Beneficiaries' Revenues, Balances, and Appropriation Authority

Beneficiary/Fund	FY 2025 Total Revenue 1/	FY 2025 Ending Balance	FY 2026 Total Revenue 2/	FY 2026 Appropriation
Universities 3/				
Military Institute	$ 118,200		$ 72,500	
Normal Schools ASU/NAU	1,134,800		816,400	
A & M Colleges	2,261,600		1,682,100	
School of Mines	1,377,900		601,100	
University Fund	5,705,700		5,852,600	
U of A Land - 1881	8,937,900		4,612,000	
Subtotal	**$ 19,536,100**		**$13,636,700**	
Schools for the Deaf and the Blind 4/	$ 804,100		$ 392,800	
Dept. of Health Services – State Hospital	$ 1,224,400	$ 4,698,600	3,454,400	$ 1,596,600
Legislative, Executive, & Judicial Buildings 5/	$ 939,600	$ 6,563,600	507,400	$ 3,120,500
Dept. of Corrections				
Penitentiaries	$ 3,629,400	$ 1,511,200	$ 2,782,600	$ 3,472,000
State Charitable (25%)	3,743,700	1,037,700	1,684,100	3,733,100
Subtotal	**$ 7,373,100**	**$ 2,548,900**	**$ 4,466,700**	**$ 7,205,100**
Pioneers' Home				
Miners' Hospital	$ 4,809,100	$ 20,141,300	$ 2,961,200	$ 2,897,000
State Charitable (50%)	7,487,300	$ 19,961,800	3,368,200	6,263,800
Subtotal	**$ 12,296,400**	**$ 40,103,100**	**$ 6,329,400**	**$ 9,160,800**
Dept. of Juvenile Corrections (State Charitable 25%)	$ 3,743,700	$ 1,252,300	$ 1,684,100	$ 4,854,400
Non-K-12 Beneficiaries Total	**$45,917,400**		**$30,471,500**	

1/ Includes actual Treasurer's distributions and lease revenues. The FY 2025 revenues reflect the final year of the higher 6.9% distribution formula implemented by Proposition 123.

2/ Includes both Treasurer's distributions and lease revenues for FY 2026. The Treasurer's distributions are known numbers based on reverting back to the 2.5% distribution formula. Projected FY 2026 lease revenues reflect actual FY 2025 amounts.

3/ University land trust funds are non-appropriated. As a result, budget appropriations and balance amounts are not included. *(Please see ABOR section for more information.)* An FY 2026 budget footnote allocates 100% of the Universities School of Mines Land Fund revenue to the University of Arizona School of Mining and Mineral Resources.

4/ Arizona State Schools for the Deaf and the Blind (ASDB) land trust monies are appropriated as part of the Schools for the Deaf and the Blind Fund, which also receives revenues from the Arizona Department of Education. The FY 2026 General Appropriations Act allows monies in this fund to be expended in excess of the appropriated amount. As a result, budget appropriations and balance amounts are not included.

5/ The expenditure for the Legislative, Executive, and Judicial Buildings land trust monies requires a legislative appropriation. A.R.S § 35-142 requires land fund monies to be expended only as authorized, regulated, and controlled by the General Appropriations 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	224.8	224.8	236.8
Personal Services	13,764,000	17,314,000	17,314,000
Employee Related Expenditures	4,388,300	6,679,800	6,664,500
Professional and Outside Services	1,894,100	1,381,500	1,381,500
Travel - In State	85,200	112,800	112,800
Travel - Out of State	9,500	5,500	5,500
Other Operating Expenditures	1,531,100	1,194,100	6,495,700
Equipment	298,800	35,000	35,000
OPERATING SUBTOTAL	**21,971,000**	**26,722,700**	**32,009,000**
SPECIAL LINE ITEMS			
Parents as Paid Caregivers Program Special Audit	0	355,000 1/	0
AGENCY TOTAL	**21,971,000**	**27,077,700**	**32,009,000** 2/3/4/
FUND SOURCES			
General Fund	21,971,000	26,722,700	32,009,000
Other Appropriated Funds			
Prescription Drug Rebate Fund	0	355,000	0
SUBTOTAL - Other Appropriated Funds	0	355,000	0
SUBTOTAL - Appropriated Funds	**21,971,000**	**27,077,700**	**32,009,000**
Other Non-Appropriated Funds	1,784,900	1,289,200	1,289,200
TOTAL - ALL SOURCES	23,755,900	28,366,900	33,298,200

AGENCY DESCRIPTION — The Auditor General (AG) provides an independent financial, performance, and compliance audit capability in support of legislative oversight and public accountability of funds administered by the state and certain local governments.

FOOTNOTES

1/ Laws 2025, Chapter 93 appropriated $355,000 from the Prescription Drug Rebate Fund for a special audit of the Parents as Paid Caregivers Program. This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

2/ 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 Appropriations Act footnote)

3/ 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 Appropriations Acts footnote)

4/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $32,009,700 and 236.8 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $5,300,000 and 12 FTE Positions from the General Fund in FY 2026 for the Auditor General to conduct special audits and procedural reviews of county treasurers' offices per Laws 2025, Chapter 250.

Statewide Adjustments

The budget includes a decrease of $(13,700) from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Parents as Paid Caregivers Program Special Audit

The budget includes no funding in FY 2026 for the Parents as Paid Caregivers Program Special Audit line item. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(355,000) from the Prescription Drug Rebate Fund for removing one-time funding for a special audit of the Parents as Paid Caregivers Program from a FY 2025 supplemental appropriated in Laws 2025, Chapter 93 (effective on April 24, 2025).

Requirements of this audit include: 1) review of the Department of Economic Security's implementation of the assessment tool added by Laws 2025, Chapter 93; 2) comparison of the program to best practices of other states; 3) and a report of findings to the Senate President and the Speaker of the House of Representatives by August 1, 2026. (*For additional details on Laws 2025, Ch. 93, please see the Department of Economic Security narrative*).

Other Issues

FY 2025 Supplementals

Laws 2025, Chapter 93 included an FY 2025 supplemental appropriation of $355,000 from the Prescription Drug Rebate Fund for a special audit of Parents as Paid Caregivers Program. *(Please see the Parents as Paid Caregivers Program Special Audit line item for further details.)*

Legislature - House of Representatives

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	24,900,700	21,565,600	22,545,300
AGENCY TOTAL	**24,900,700**	**21,565,600**	**22,545,300** 1/2/3/
FUND SOURCES			
General Fund	24,900,700	21,565,600	22,545,300
SUBTOTAL - Appropriated Funds	**24,900,700**	**21,565,600**	**22,545,300**
TOTAL - ALL SOURCES	24,900,700	21,565,600	22,545,300

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 Appropriations Act footnote)

2/ Included in the lump sum appropriation of $22,545,300 for fiscal year 2025-2026 is $5,000 for the purchase of mementos and items for visiting officials. (General Appropriations Act footnote, as adjusted for statewide allocations)

3/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $22,545,300 from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $750,000 from the General Fund in FY 2026 for one-time operating expenses.

Statewide Adjustments

The budget includes an increase of $229,700 from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Legislature - Joint Legislative Budget Committee

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	29.0	29.0	29.0
Personal Services	2,093,600	2,088,400	2,088,400
Employee Related Expenditures	642,300	824,900	840,600
Professional and Outside Services	91,200	90,000	90,000
Travel - In State	200	500	500
Travel - Out of State	1,300	0	0
Other Operating Expenditures	136,100	50,000	49,500
Equipment	0	2,000	2,000
AGENCY TOTAL	**2,964,700**	**3,055,800**	**3,071,000** 1/2/
FUND SOURCES			
General Fund	2,964,700	3,055,800	3,071,000
SUBTOTAL - Appropriated Funds	**2,964,700**	**3,055,800**	**3,071,000**
TOTAL - ALL SOURCES	2,964,700	3,055,800	3,071,000

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 Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $3,071,000 and 29 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $15,200 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Legislature - Legislative Council

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	56.0	56.0	63.0
Personal Services	5,122,100	5,500,100	5,500,100
Employee Related Expenditures	1,726,200	1,860,100	2,003,000
Professional and Outside Services	11,200	350,100	350,100
Travel - In State	400	3,000	3,000
Travel - Out of State	100	1,700	1,700
Other Operating Expenditures	2,988,100	1,560,700	1,564,500
AGENCY TOTAL	**9,848,100**	**9,275,700**	**9,422,400** 1/2/
FUND SOURCES			
General Fund	9,848,100	9,275,700	9,422,400
SUBTOTAL - Appropriated Funds	**9,848,100**	**9,275,700**	**9,422,400**
Other Non-Appropriated Funds	42,800	57,800	57,800
TOTAL - ALL SOURCES	9,890,900	9,333,500	9,480,200

AGENCY DESCRIPTION — The Legislative Council, a staff agency of the Legislative Department, provides bill drafting and research services, continuing code revision and manages the operation and renovation of certain legislative buildings and grounds. The council is also responsible for the development, operation, and maintenance of the legislative computer system.

FOOTNOTES

1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $9,422,400 and 63 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

New FTE Positions

The budget includes an increase of 7 FTE Positions from the General Fund in FY 2026 for museum and security staff.

Statewide Adjustments

The budget includes an increase of $146,700 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Legislature - Ombudsman-Citizens Aide Office

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	12.0	12.0	12.0
Personal Services	895,400	972,000	972,000
Employee Related Expenditures	325,900	354,000	384,600
Professional and Outside Services	34,500	69,000	69,000
Travel - In State	100	300	300
Travel - Out of State	3,600	5,500	5,500
Other Operating Expenditures	158,100	163,000	162,900
Equipment	8,400	14,600	14,600
AGENCY TOTAL	**1,426,000**	**1,578,400**	**1,608,900** 1/2/3/4/
FUND SOURCES			
General Fund	1,426,000	1,578,400	1,608,900
SUBTOTAL - Appropriated Funds	**1,426,000**	**1,578,400**	**1,608,900**
TOTAL - ALL SOURCES	1,426,000	1,578,400	1,608,900

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 Appropriations Act footnote)

2/ The legislature intends that the ombudsman-citizens aide prioritize investigating and processing complaints relating to the department of child safety. (General Appropriations 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 Appropriations Act footnote)

4/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $1,608,900 and 12 FTE Positions from the General Fund in FY 2026. These amounts are unchanged from 2025. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $30,500 from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Legislature - Senate

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	16,173,300	18,000,200	18,814,300
AGENCY TOTAL	**16,173,300**	**18,000,200**	**18,814,300** 1/2/3/
FUND SOURCES			
General Fund	16,173,300	18,000,200	18,814,300
SUBTOTAL - Appropriated Funds	**16,173,300**	**18,000,200**	**18,814,300**
TOTAL - ALL SOURCES	16,173,300	18,000,200	18,814,300

AGENCY DESCRIPTION — The Senate is made up of 30 members elected from each of the legislative districts. The officers and employees of the Senate consist of the President of the Senate, a Secretary of the Senate, and other employees as the Senate directs.

FOOTNOTES

1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

2/ Included in the lump sum appropriation of $18,814,300 for fiscal year 2025-2026 is $5,000 for the purchase of mementos and items for visiting officials. (General Appropriations Act footnote, as adjusted for statewide allocations)

3/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $18,814,300 from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Funding

The budget includes an increase of $750,000 from the General Fund in FY 2026 for one-time operating expenses.

Statewide Adjustments

The budget includes an increase of $64,100 from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Department of Liquor Licenses and Control

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	58.2	58.2	58.2
Personal Services	2,798,800	2,913,800	2,934,100
Employee Related Expenditures	1,033,300	1,603,500	1,696,500
Professional and Outside Services	184,400	187,500	187,500
Travel - In State	265,700	317,500	317,500
Travel - Out of State	16,200	55,000	55,000
Other Operating Expenditures	1,041,600	1,007,900	1,318,800
Equipment	212,100	41,600	41,600
OPERATING SUBTOTAL	**5,552,100**	**6,126,800**	**6,551,000** 1/
SPECIAL LINE ITEMS			
Records Management System Modernization	0	2,900,000 2/	0
AGENCY TOTAL	**5,552,100**	**9,026,800**	**6,551,000**
FUND SOURCES			
Other Appropriated Funds			
Liquor Licenses Fund	5,552,100	9,026,800	6,551,000
SUBTOTAL - Other Appropriated Funds	5,552,100	9,026,800	6,551,000
SUBTOTAL - Appropriated Funds	**5,552,100**	**9,026,800**	**6,551,000**
Other Non-Appropriated Funds	1,117,300	1,817,400	1,817,400
Federal Funds	739,200	888,000	888,000
TOTAL - ALL SOURCES	7,408,600	11,732,200	9,256,400

AGENCY DESCRIPTION — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

2/ The amount appropriated for records management system modernization is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

Operating Budget

The budget includes $6,551,000 and 58.2 FTE Positions from the Liquor Licenses Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Operations Funding

The budget includes a one-time increase of $100,000 from the Liquor Licenses Fund in FY 2026 for increased agency operations funding.

Statewide Adjustments

The budget includes an increase of $324,200 from the Liquor Licenses Fund in FY 2026 for statewide adjustments. Of this amount, $20,300 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

Records Management System Modernization

The budget includes no funding in FY 2026 for records management system modernization. Adjustments are as follows:

Remove One-Time Appropriation

The budget includes a decrease of $(2,900,000) from the Liquor Licenses Fund in FY 2026 for the removal of one-time FY 2025 supplemental funding to modernize the department's records management system. The monies in the FY 2025 supplemental appropriation do not lapse until June 30, 2026.

Other Issues

FY 2025 Supplemental

The FY 2026 budget includes an FY 2025 supplemental appropriation of $2,900,000 from the Liquor Licenses Fund to modernize the Department's records management system. *(Please see the Records Management System Modernization section for further details.)*

Statutory Changes

The Amusements Budget Reconciliation Bill makes the following statutory changes:

- As session law, permits a distributor licensee to sponsor and advertise concerts next to a multipurpose facility through December 31, 2027.

Arizona State Lottery Commission

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	98.8	98.8	98.8
Personal Services	4,708,600	5,218,300	5,218,300
Employee Related Expenditures	1,743,700	2,368,700	2,351,400
Professional and Outside Services	538,300	386,800	386,800
Travel - In State	(91,200)	271,600	271,600
Travel - Out of State	45,900	16,800	16,800
Other Operating Expenditures	2,177,000	1,933,700	1,909,000
Equipment	57,300	0	0
OPERATING SUBTOTAL	**9,179,600**	**10,195,900**	**10,153,900**
SPECIAL LINE ITEMS			
Advertising	13,841,100	15,500,000	15,500,000
Charitable Commissions 1/	1,687,100	1,729,200	1,815,700 2/
Instant Tickets 1/	27,345,600	38,708,200	40,643,600 3/
On-Line Vendor Fees 1/	20,105,900	16,902,000	17,747,100 4/
Retailer Commissions 1/	100,684,200	104,372,700	109,591,300 5/
AGENCY TOTAL	**172,843,500**	**187,408,000**	**195,451,600** 6/
FUND SOURCES			
Other Appropriated Funds			
State Lottery Fund	172,843,500	187,408,000	195,451,600
SUBTOTAL - Other Appropriated Funds	172,843,500	187,408,000	195,451,600
SUBTOTAL - Appropriated Funds	**172,843,500**	**187,408,000**	**195,451,600**
Other Non-Appropriated Funds	1,013,051,800	1,228,350,300	1,228,350,300
TOTAL - ALL SOURCES	1,185,895,300	1,415,758,300	1,423,801,900

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 $1,815,700 in fiscal year 2025-2026. (General Appropriations 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 $40,643,600 in fiscal year 2025-2026. (General Appropriations Act footnote)

4/ An amount equal to a percentage of total ticket sales as determined by contract is appropriated to pay online vendor fees. This amount is currently estimated to be $17,747,100, or 1.079 percent of total ticket sales, in fiscal year 2025-2026. (General Appropriations 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 $109,591,300, in fiscal year 2025-2026. (General Appropriations Act footnote)

6/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $10,153,900 and 98.8 FTE Positions from the State Lottery Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(42,000) from the State Lottery Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations sections.)*

Advertising

The budget includes $15,500,000 from the State Lottery Fund in FY 2026 for Advertising. This amount is unchanged from FY 2025.

Monies in this line item are used to promote and market Lottery games.

Charitable Commissions

The budget includes $1,815,700 from the State Lottery Fund in FY 2026 for Charitable Commissions. Adjustments are as follows:

Tab Ticket Increase
The budget includes an increase of $86,500 from the State Lottery Fund in FY 2026 to realign spending with projected revenues.

Monies in this line item are used to compensate charities for selling lottery 'Tab Tickets.' Tab Tickets are games sold exclusively by charitable organizations, who receive a 20% commission for selling the games. The displayed amount is derived by applying the approved percentage, 20%, to the forecasted Tab Ticket sales. A.R.S. § 5-555 also allows the department to collect up to 35% of total Tab Ticket sales (which includes the 20% commission) for their operating budget, with the remainder distributed as prizes.

Instant Tickets

The budget includes $40,643,600 from the State Lottery Fund in FY 2026 for Instant Tickets. Adjustments are as follows:

Instant Ticket Sales Increase
The budget includes an increase of $1,935,400 from the State Lottery Fund in FY 2026 for Instant Tickets due to higher projected sales.

Monies in this line item are used to pay for instant ticket printing and distribution costs. The amount displayed is derived by applying the approved spending percentage of 3.6% to the forecasted sales total.

On-Line Vendor Fees

The budget includes $17,747,100 from the State Lottery Fund in FY 2026 for On-Line Vendor Fees. Adjustments are as follows:

One-Line Sales Increase
The budget includes an increase of $845,100 from the State Lottery Fund in FY 2026 to realign spending with projected revenues.

Monies in this line item are used to pay the vendor that operates the on-line game computer system. Prior to FY 2025, Lottery's contract with on-line vendors stipulated that vendors receive 4.256% of on-line ticket sales. Beginning in FY 2025, a renegotiated contract grants on-line vendors 1.079% of total lottery sales each fiscal year. The budget reflects the percentage agreed to in the new contracts.

Retailer Commissions

The budget includes $109,591,300 from the State Lottery Fund in FY 2026 for Retailer Commissions. Adjustments are as follows:

Retailer Commissions Increase
The budget includes an increase of $5,218,600 from the State Lottery Fund in FY 2026 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 Appropriations 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 Higher Education Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, amend A.R. S. § 15-1682.03 to increase the cap on allowed SPEED bonds from $800,000,000 to $1,125,000,000, and specify that 50% of the bonding increase be made available in FY 2026 and 50% in FY 2027; requires JCCR approval for all new bonding projects.

Lottery Forecast and Distributions

The budget assumes a 2.5% increase in overall Lottery ticket sales in FY 2025, followed by a 5.0% increase in FY 2026. For FY 2025 and FY 2026, the budget assumes Lottery ticket sales of $1,566,447,000 and $1,644,769,400, respectively.

The FY 2025 forecasted sales and Special Line Items expenditures are revised from the amounts included as part of the *FY 2025 Appropriations Report* due to an updated FY 2025 sales forecast. These revised amounts are estimates based on the current sales forecast and the line-item percentages included in the FY 2025 General Appropriations Act footnotes, with the exception of the newly contracted percentage for on-line vendors. The final FY 2025 expenditures will be determined by the actual Lottery ticket sales during FY 2025.

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 2024 and the JLBC Staff projected distributions for FY 2025 and FY 2026. 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 $11,368,800 in both FY 2025 and FY 2026.

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 2025 and FY 2026 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 2025 and FY 2026, 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 $26,049,200 in FY 2025 and $26,707,400 in FY 2026. 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 2025 and FY 2026.

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 2025 and FY 2026.

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 2025 and FY 2026, the General Fund is estimated to receive its entire allocation of $15,490,000.

Arizona Competes Fund

Statute capped 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 2025 and FY 2026.

University Capital Improvement (UCI) Fund

This fund serves as the source for up to 80% of the annual debt service associated with $1,125,000,000 of University Capital construction Stimulus Plan for Economic and Educational Development (SPEED) bonds. This fund received $36,739,500 in FY 2024. Based on ABOR data which includes current and planned SPEED bond issuances, the UCI Fund is expected to require $42,911,300 in FY 2025 and $42,902,600 in FY 2026 to make the expected 80% level of debt service payments. *(For additional information on SPEED Bonds for universities, please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

The FY 2026 Higher Education BRB (Laws 2025, Chapter 240) increased the cap on allowed SPEED bonds from $800,000,000 to $1,125,000,000, with 50% of this increase made available in FY 2026 and the remaining 50% in FY 2027. The enacted budget assumes this will increase the debt service payments to the UCI Fund by $8,100,000 million in FY 2027 and $16,200,000 in FY 2028. The actual impact will depend on how quickly the available bonds are purchased.

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 2025 and FY 2026), 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 2025 distributions to the General Fund consist of the FY 2025 General Fund Part 1 and Part 2 plus the delayed prior year Part 3 profit transfer from FY 2024. With 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 $117,654,100, total FY 2025 distributions to the General Fund were $217,294,100.

Total FY 2026 distributions to the General Fund are forecast to be $223,203,100, which includes: a FY 2026 Part 1 transfer of $84,150,000, a Part 2 FY 2026 transfer of $15,490,000, and a FY 2025 Part 3 delayed transfer of $123,563,100. (*See Table 1 for more information).*

Table 1

Forecast of Lottery Revenue Distribution
($ in Millions) 1/

Sales	FY 2024	FY 2025	FY 2026
Instant Sales	$1,049.0	$1,075.2	$1,129.0
On-Line Sales	479.2	491.2	515.8
Total Sales	$1,528.2	$1,566.4	$1,644.8
Less:			
Operating Budget	$ 172.8	$ 187.4	$ 195.5
Gaming Distribution	0.3	0.3	0.3
ICACEF/VREF Sales Transfer 2/	0.9	0.8	0.9
Prizes 3/	1,048.9	1,061.6	1,116.0
Net Profit 4/ 5/	**$305.3**	**$316.3**	**$332.1**
Profit Transfers 6/			
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	25.4	26.0	26.7
Homeless Shelters	1.0	1.0	1.0
General Fund - Part 2	15.5	15.5	15.5
Arizona Commerce Authority	3.5	1.8 7/	1.8
University Capital	36.7	42.9	42.9
Deferred General Fund - Part 3	117.7	123.5	138.6
Total Transfers	**$305.3**	**$316.3**	**$332.1**
General Fund			
Delayed Prior Year Transfer 6/	122.6	117.7	123.5
General Fund - Part 1	84.2	84.2	84.2
General Fund - Part 2	15.5	15.5	15.5
Total General Fund 8/	**$222.2**	**$217.3**	**$223.2**

1/ Totals may not sum due to rounding.

2/ A.R.S. § 5-554H allows the commission to sell tab tickets from vending machine in age-restricted areas. Profits from these sales are distributed to the Internet Crimes Against Children Enforcement Fund (ICACEF) and the Victims' Rights Enforcement Fund (VREF), respectively. The ICACEF Fund receives up to $900,000 and the VREF receives up to $100,000. If net profits from age-restricted tab tickets are less than $1.0 million, then the difference will be paid to ICACEF and VREF from unclaimed prize monies in the State Lottery Fund. We estimate $831,300 will be distributed in FY 2025 and $872,800 in FY 2026, respectively. *(See Footnote 4.)*

3/ Prizes are estimated by subtracting net profit, operating budget expenditures, the Department of Gaming transfer, and the ICACEF/VREF sales transfer from total Lottery sales.

4/ To derive the profit transfer amounts, the historical rate of return for each game was applied to the current budget forecast. The estimated total profit margin is 20.26% in both FY 2025 and FY 2026.

5/ In addition to these listed transfers, the following monies are distributed:
- 30% of unclaimed prizes to the Court Appointed Special Advocates program.
- 15% of unclaimed prizes, not to exceed $325,000 to the Tribal College Dual Enrollment Program Fund

6/ Due to the timing of Lottery profit transfers, the General Fund - Part 3 transfer actually occurs in the succeeding fiscal year. As such, the General Fund total reflects deposits that actually occur within the fiscal year, whereas the Net Profit and Total Transfers lines reflect figures reported by the Lottery that are derived from ticket sales that occur during the fiscal year.

7/ Laws 2024, Chapter 210 decreased the Arizona Competes Fund distribution to $1,750,000 for FY 2025-FY 2027. In FY 2028, the distribution will become $3,500,000 again.

8/ Under the forecast, total General Fund revenue in FY 2027 would be $230.3 million. This amount includes $138.6 million from the General Fund - Part 3 transfer deferred from FY 2026, $84.2 million for the FY 2027 General Fund - Part 1 and $15.5 million for the FY 2027 General Fund - Part 2 less $8.1 million for the first step of the SPEED bond increase. Total General Fund revenue in FY 2028 would be $240.0 million. This amount includes $148.4 million from the General Fund- Part 3 transfer deferred from FY 2027, $84.2 million for the FY 2028 General Fund- Part 1 and $15.5 million from the General Fund- Part 2 less $8.1 million for the second step of the SPEED bond increase.

Board of Massage Therapy

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	5.0	5.0	5.0
Personal Services	272,700	258,000	258,000
Employee Related Expenditures	100,400	145,400	142,900
Professional and Outside Services	17,200	111,000	111,000
Travel - In State	0	1,500	1,500
Travel - Out of State	1,300	0	0
Other Operating Expenditures	105,700	91,800	87,800
Equipment	14,000	0	0
AGENCY TOTAL	**511,300**	**607,700**	**601,200** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Massage Therapy Fund	511,300	607,700	601,200
SUBTOTAL - Other Appropriated Funds	511,300	607,700	601,200
SUBTOTAL - Appropriated Funds	**511,300**	**607,700**	**601,200**
TOTAL - ALL SOURCES	511,300	607,700	601,200

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 Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $601,200 and 5 FTE Positions from the Board of Massage Therapy Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(6,500) from the Board of Massage Therapy Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Medical Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	61.5	63.5	63.5
Personal Services	3,471,300	3,794,800	3,794,800
Employee Related Expenditures	1,235,600	1,533,400	1,584,400
Professional and Outside Services	1,714,100	1,305,000	1,305,000
Travel - In State	18,100	13,000	13,000
Travel - Out of State	11,900	13,000	13,000
Other Operating Expenditures	1,327,500	1,544,700	1,541,500
Equipment	190,000	55,400	55,400
OPERATING SUBTOTAL	**7,968,500**	**8,259,300**	**8,307,100**
SPECIAL LINE ITEMS			
Employee Performance Incentive Program	150,200	165,600	165,600
AGENCY TOTAL	**8,118,700**	**8,424,900**	**8,472,700** 1/
FUND SOURCES			
Other Appropriated Funds			
Arizona Medical Board Fund	8,118,700	8,424,900	8,472,700
SUBTOTAL - Other Appropriated Funds	8,118,700	8,424,900	8,472,700
SUBTOTAL - Appropriated Funds	**8,118,700**	**8,424,900**	**8,472,700**
TOTAL - ALL SOURCES	8,118,700	8,424,900	8,472,700

AGENCY DESCRIPTION — The Arizona Medical Board licenses, regulates and conducts examinations of medical doctors and physician assistants.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $8,307,100 and 63.5 FTE Positions from the Arizona Medical Board Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $47,800 from the Arizona Medical Board Fund in FY 2026 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 2026 for the Employee Performance Incentive Program. This amount is unchanged from FY 2025.

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 Appropriations 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.

State Mine Inspector

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	22.0	22.0	22.0
Personal Services	595,200	802,700	802,700
Employee Related Expenditures	272,200	300,000	326,100
Professional and Outside Services	33,200	12,000	12,000
Travel - In State	126,200	121,200	121,200
Travel - Out of State	0	8,700	8,700
Other Operating Expenditures	181,400	209,000	301,700
Equipment	35,900	15,000	15,000
OPERATING SUBTOTAL	**1,244,100**	**1,468,600**	**1,587,400**
SPECIAL LINE ITEMS			
Abandoned Mines	685,800	830,700	844,000
Aggregate Mining Land Reclamation	62,500	112,900	112,800 1/
AGENCY TOTAL	**1,992,400**	**2,412,200**	**2,544,200** 2/
FUND SOURCES			
General Fund	1,929,900	2,299,300	2,431,400
Other Appropriated Funds			
Aggregate Mining Reclamation Fund	62,500	112,900	112,800
SUBTOTAL - Other Appropriated Funds	62,500	112,900	112,800
SUBTOTAL - Appropriated Funds	**1,992,400**	**2,412,200**	**2,544,200**
Federal Funds	511,800	554,600	554,600
TOTAL - ALL SOURCES	2,504,200	2,966,800	3,098,800

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/ All aggregate mining reclamation fund monies received by the state mine inspector in excess of $112,800 in fiscal year 2025-2026 are appropriated to the aggregate mining land reclamation line item. Before spending any aggregate mining reclamation fund monies in excess of $112,800 in fiscal year 2025-2026, 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 Appropriations Act footnote, as adjusted for statewide allocations)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $1,587,400 and 16 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $118,800 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

The FY 2024 operating budget included a one-time, non-lapsing $300,000 appropriation from the General Fund for additional operating expenses. As of June 30, 2025, there are no expenditures reported from this appropriation.

Abandoned Mines

The budget includes $844,000 and 6 FTE Positions from the General Fund in FY 2026 for the Abandoned Mines line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $13,300 from the General Fund in FY 2026 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 $112,800 from the Aggregate Mining Reclamation Fund in FY 2026 for the Aggregate Mining Land Reclamation line item. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(100) from the Aggregate Mining Reclamation Fund in FY 2026 for statewide adjustments.

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.

State Natural Resource Conservation Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Lump Sum Appropriation	0	0	100,000
OPERATING SUBTOTAL	**0**	**0**	**100,000**
SPECIAL LINE ITEMS			
Groundwater Recharge Facilities	0	0	250,000 1/2/
Natural Resource Conservation District Fund Deposit	0	0	650,000 3/
AGENCY TOTAL	**0**	**0**	**1,000,000**
FUND SOURCES			
General Fund	0	0	739,400
Other Appropriated Funds			
Environmental Special Plate Fund	0	0	260,600
SUBTOTAL - Other Appropriated Funds	0	0	260,600
SUBTOTAL - Appropriated Funds	**0**	**0**	**1,000,000**
TOTAL - ALL SOURCES	0	0	1,000,000

AGENCY DESCRIPTION — The Board coordinates the state's 32 Natural Resource Conservation Districts (NRCDs) and 26 NRCD Education Centers by facilitating information sharing between district supervisors, providing consultation services, and requiring each district to file annual audits. The Board also coordinates federal assistance for the districts and provides grants to each NRCD and each Soil and Water Conservation District.

FOOTNOTES

1/ The state natural resource conservation board shall use the amount appropriated for the groundwater recharge facilities line item in fiscal year 2025-2026 to clean and restore groundwater recharge facilities that provide flood control benefits and that are located in a groundwater basin that has been designated as a subsequent active management area pursuant to title 45, chapter 2, article 2, Arizona Revised Statutes. (General Appropriations Act footnote)

2/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

3/ Of the amount appropriated for deposit in the natural resource conservation district fund established by section 41-6014, Arizona Revised Statutes, in fiscal year 2025-2026, $30,000 shall be used to provide grants to natural resource conservation districts environmental education centers. (General Appropriations Act footnote)

Operating Budget

The budget includes $100,000 from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Operating Funding

The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for operating costs.

Groundwater Recharge Facilities

The budget includes $250,000 from the General Fund in FY 2026 for groundwater recharge facilities. An FY 2026 General Appropriations Act footnote makes this appropriation non-lapsing. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $250,000 from the General Fund in FY 2026 to clean and restore groundwater recharge facilities that provide flood control benefits and that are located in a groundwater basin that has been designated as a Subsequent Active Management Area.

Natural Resource Conservation District Fund Deposit

The budget includes $650,000 in FY 2026 for a deposit in the Natural Resource Conservation District (NRCD) Fund. This amount consists of:

General Fund	389,400
Environmental Special Plate Fund	260,600

Adjustments are as follows:

Transfer NRCD Grant Funding

The budget includes an increase of $650,000 in FY 2026 to transfer funding for NRCD Grants from the State Land Department to the Natural Resource Conservation (NRC) Board for a deposit in the NRCD Fund. This amount consists of:

General Fund	389,400
Environmental Special Plate Fund	260,600

Background – The NRC Board was established by Laws 2024, Chapter 258. Chapter 258 transfers the authority over the NRCDs, including grants to the districts and the administration of the Environmental Special Plate Fund, from the State Land Department to the NRC Board as of January 1, 2025. Chapter 258 also establishes the NRCD Fund, from which the NRC Board must distribute grants to the NRCDs and Tribal Soil and Water Conservation Districts (TSWCDs). These grants fund natural resource research, activities, and staff at the state's 32 NRCDs and 10 TSWCDs. The NRC Board may also use up to 10% of the monies in the fund for administrative expenses.

NRCDs and TSWCDs are established to provide local conservation assistance and education and to coordinate the receipt of federal grants. A.R.S. § 41-6012 requires the board to include in its budget request up to $40,000 for each NRCD and each Tribal Soil and Water Conservation District (TSWCD), and $60,000 for each NRCD education center for a 2-year period.

The Land Department distributed the FY 2025 appropriation of $650,000 for grants to the 32 NRCDs prior to January 1, 2025. As a result, the NRC Board received no funding in FY 2025. *(Please see the State Land Department section for more information.)*

The budget continues a prior Land Department General Appropriations Act footnote that requires $30,000 of the total appropriation for NRCDs to be used to provide grants to NRCD environmental education centers. The $30,000 is divided among the 26 education centers sponsored or cosponsored by the 32 NRCDs. Districts that sponsor an education center also receive $5,000 each year from the Environmental Special Plate Fund, per A.R.S. § 41-6013.

After the foregoing amounts related to education centers are distributed, the remainder of the appropriation is distributed as grants to the 32 NRCDs and 10 TSWCDs. When this program was previously administered by the Land Department, the department was not required to distribute grants to the 10 TSWCDs.

The NRC Board has discretion to use this annual funding for administrative expenses (up to 10% limit), as grants to NRCDs (including education centers), and as grants to TSWCDs. To the extent that either administrative expenses or grants to TSWCDs decrease the available monies from the annual funding, some NRCDs may receive less grant money from the NRC Board in FY 2026 than they did from the State Land Department in FY 2025 under the state's prior policy.

Naturopathic Physicians Medical Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2.0	2.0	2.0
Personal Services	89,200	89,200	89,200
Employee Related Expenditures	35,900	48,200	50,300
Professional and Outside Services	6,800	12,000	12,000
Other Operating Expenditures	53,100	69,900	119,600
Equipment	400	700	700
AGENCY TOTAL	**185,400**	**220,000**	**271,800** 1/
FUND SOURCES			
Other Appropriated Funds			
Naturopathic Physicians Medical Board Fund	185,400	220,000	271,800
SUBTOTAL - Other Appropriated Funds	185,400	220,000	271,800
SUBTOTAL - Appropriated Funds	**185,400**	**220,000**	**271,800**
TOTAL - ALL SOURCES	185,400	220,000	271,800

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 Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $271,800 and 2 FTE Positions from the Naturopathic Physicians Medical Board Fund in FY 2026 for the operating budget. Adjustments are as follows:

One-Time Digitization Projects

The budget includes a one-time increase of $50,000 from the Naturopathic Physicians Medical Board Fund in FY 2026 for digitization projects.

Statewide Adjustments

The budget includes an increase of $1,800 from the Naturopathic Physicians Medical Board Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Navigable Stream Adjudication Commission

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2.0	2.0	2.0
Personal Services	81,500	80,900	80,900
Employee Related Expenditures	37,900	42,200	45,600
Professional and Outside Services	0	200,000	200,000
Other Operating Expenditures	37,700	17,400	17,400
AGENCY TOTAL	**157,100**	**340,500**	**343,900** 1/
FUND SOURCES			
General Fund	137,100	140,500	143,900
Other Appropriated Funds			
Arizona Water Banking Fund	20,000	200,000	200,000
SUBTOTAL - Other Appropriated Funds	20,000	200,000	200,000
SUBTOTAL - Appropriated Funds	**157,100**	**340,500**	**343,900**
TOTAL - ALL SOURCES	157,100	340,500	343,900

AGENCY DESCRIPTION — The Arizona Navigable Stream Adjudication Commission (ANSAC) is a 5-member body charged with determining the ownership of watercourses in the state by establishing whether the watercourses were navigable at the time of statehood. If navigable, title to the watercourse belongs to the state based on a series of court rulings. If non-navigable, the title to the watercourse belongs to the current title holder.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $343,900 and 2 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$143,900
Arizona Water Banking Fund	200,000

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $3,400 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

Statutory Changes

The Environment Budget Reconciliation Bill makes the following statutory changes:

- As session law, continues to allow use of the 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 July 2025, 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.

State Board of Nursing

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	55.0	63.0	64.0
Personal Services	3,589,000	4,354,700	4,354,700
Employee Related Expenditures	1,269,700	1,392,100	1,497,900
Professional and Outside Services	170,800	204,200	204,200
Travel - In State	5,300	6,400	6,400
Travel - Out of State	2,200	4,600	4,600
Other Operating Expenditures	556,300	503,400	466,200
Equipment	2,000	3,200	3,200
OPERATING SUBTOTAL	**5,595,300**	**6,468,600**	**6,537,200**
SPECIAL LINE ITEMS			
Certified Nursing Assistant Credentialing Program	534,800	548,000	557,000
Student Registered Nurse Anesthetist Clinical Rotation Program	0	0	500,000
AGENCY TOTAL	**6,130,100**	**7,016,600**	**7,594,200** 1/
FUND SOURCES			
General Fund	0		500,000
Other Appropriated Funds			
Board of Nursing Fund	6,130,100	7,016,600	7,094,200
SUBTOTAL - Other Appropriated Funds	6,130,100	7,016,600	7,094,200
SUBTOTAL - Appropriated Funds	**6,130,100**	**7,016,600**	**7,594,200**
Other Non-Appropriated Funds	4,685,400	24,028,700	24,028,700
Federal Funds	414,700	414,700	414,700
TOTAL - ALL SOURCES	11,230,200	31,460,000	32,037,600

AGENCY DESCRIPTION — The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $6,537,200 and 64 FTE Positions from the Board of Nursing Fund in FY 2026 for the operating budget. Adjustments are as follows:

Add 1 Licensing FTE Position

The budget includes an increase of 1 FTE Position in FY 2026 to help process provisional licenses and certificates resulting from Laws 2025, Chapter 223. There is no associated change in the budget for Personal Services or Employee Related Expenditures as a result of this FTE change.

Remove One-Time Funding

The budget includes a decrease of $(33,800) from the Board of Nursing Fund in FY 2026 to remove one-time funding for staff onboarding expenses.

Statewide Adjustments

The budget includes an increase of $102,400 from the Board of Nursing Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Certified Nursing Assistant Credentialing Program

The budget includes $557,000 from the Board of Nursing Fund in FY 2026 for the Certified Nursing Assistant (CNA)

Credentialing Program line item. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $9,000 from the Board of Nursing Fund in FY 2026 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 $500,000 from the General Fund in FY 2026 for the Student Registered Nurse Anesthetist Clinical Rotation Program line item. Adjustments are as follows:

One-Time Program Funding

The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for grants to health care institutions to expand or develop clinical training placements for nurse anesthetist students.

The FY 2024 budget included a one-time increase of $450,000 from the General Fund for the Student Registered Nurse Anesthetist Clinical Rotation Program. An FY 2025 General Appropriations Act footnote made this funding non-lapsing until June 30, 2025, to allow for the complete disbursement of all remaining grant monies.

The Health Budget Reconciliation Bill (BRB) continues this program in session law.

Other Issues

Statutory Changes

The Health Care BRB makes the following statutory changes:

- As session law, establish the Student Registered Nurse Anesthetist Clinical Rotation Program within the Board of Nursing. The board will establish an application process to award grants to health care institutions to expand the capacity of preceptor training programs for nurse anesthetist students. Preference will be given to expand or develop clinical rotations in obstetrics, pediatrics, cardiovascular, thoracic, and neurological care.

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. As of July 2025, the Board had spent $4,551,200 of the allocated funding in FY 2024 and another $22,905,000 in FY 2025.

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. At the time of this writing, the Nursing Board has approved grants at 59 healthcare sites and is currently reviewing 40 applications.

Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	7.0	7.0	7.0
Personal Services	360,000	328,200	328,200
Employee Related Expenditures	117,000	176,900	175,300
Professional and Outside Services	10,600	15,100	15,100
Travel - In State	5,100	5,000	5,000
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	83,000	72,400	72,500
Equipment	10,600	13,500	13,500
AGENCY TOTAL	**586,300**	**613,100**	**611,600** 1/
FUND SOURCES			
Other Appropriated Funds			
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund	586,300	613,100	611,600
SUBTOTAL - Other Appropriated Funds	586,300	613,100	611,600
SUBTOTAL - Appropriated Funds	**586,300**	**613,100**	**611,600**
TOTAL - ALL SOURCES	586,300	613,100	611,600

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 Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $611,600 and 7 FTE Positions from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(1,500) from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Board of Occupational Therapy Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1.5	2.0	2.0
Personal Services	124,200	153,000	153,000
Employee Related Expenditures	39,600	81,400	78,100
Professional and Outside Services	3,600	0	0
Travel - In State	0	1,300	1,300
Travel - Out of State	1,300	0	0
Other Operating Expenditures	56,400	65,000	63,600
Equipment	600	6,000	2,000
AGENCY TOTAL	**225,700**	**306,700**	**298,000** 1/
FUND SOURCES			
Other Appropriated Funds			
Occupational Therapy Fund	225,700	306,700	298,000
SUBTOTAL - Other Appropriated Funds	225,700	306,700	298,000
SUBTOTAL - Appropriated Funds	**225,700**	**306,700**	**298,000**
TOTAL - ALL SOURCES	225,700	306,700	298,000

AGENCY DESCRIPTION - The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints and holds hearings to enforce standards of practice.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $298,000 and 2 FTE Positions from the Occupational Therapy Fund in FY 2026 for the operating budget. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(4,000) from the Occupational Therapy Fund in FY 2026 to remove funding for one-time equipment purchases.

Statewide Adjustments

The budget includes a decrease of $(4,700) from the Occupational Therapy Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Dispensing Opticians

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1.0	1.0	1.0
Personal Services	96,500	102,000	102,000
Employee Related Expenditures	29,800	32,000	33,300
Travel - In State	1,500	8,500	8,500
Other Operating Expenditures	40,200	56,000	55,900
Equipment	3,200	0	0
AGENCY TOTAL	**171,200**	**198,500**	**199,700** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Dispensing Opticians Fund	171,200	198,500	199,700
SUBTOTAL - Other Appropriated Funds	171,200	198,500	199,700
SUBTOTAL - Appropriated Funds	**171,200**	**198,500**	**199,700**
TOTAL - ALL SOURCES	171,200	198,500	199,700

AGENCY DESCRIPTION — The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eyeglasses. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $199,700 and 1 FTE Position from the Board of Dispensing Opticians Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $1,200 from the Board of Dispensing Opticians Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Optometry

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2.0	2.0	2.0
Personal Services	168,000	170,000	170,000
Employee Related Expenditures	58,100	59,600	52,300
Professional and Outside Services	11,300	14,000	14,000
Other Operating Expenditures	50,200	52,000	51,700
Equipment	1,600	0	0
AGENCY TOTAL	**289,200**	**295,600**	**288,000** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Optometry Fund	289,200	295,600	288,000
SUBTOTAL - Other Appropriated Funds	289,200	295,600	288,000
SUBTOTAL - Appropriated Funds	**289,200**	**295,600**	**288,000**
TOTAL - ALL SOURCES	289,200	295,600	288,000

AGENCY DESCRIPTION — The board licenses and regulates optometrists and issues certificates authorizing the use of diagnostic pharmaceutical agents. An optometrist examines eyes, measures vision, and prescribes corrective lenses and treatments which do not require a licensed physician. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $288,000 and 2 FTE Positions from the Board of Optometry Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(7,600) from the Board of Optometry Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Board of Osteopathic Examiners in Medicine and Surgery

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	10.0	10.0	10.0
Personal Services	617,800	622,200	645,200
Employee Related Expenditures	210,800	296,300	307,300
Professional and Outside Services	121,000	171,900	239,900
Travel - In State	8,800	2,500	2,500
Travel - Out of State	11,600	5,500	5,500
Other Operating Expenditures	144,800	304,700	325,700
Equipment	17,000	0	0
AGENCY TOTAL	**1,131,800**	**1,403,100**	**1,526,100** 1/
FUND SOURCES			
Other Appropriated Funds			
Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund	1,131,800	1,403,100	1,526,100
SUBTOTAL - Other Appropriated Funds	1,131,800	1,403,100	1,526,100
SUBTOTAL - Appropriated Funds	**1,131,800**	**1,403,100**	**1,526,100**
TOTAL - ALL SOURCES	1,131,800	1,403,100	1,526,100

AGENCY DESCRIPTION — The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the interrelationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemical-based treatment.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $1,526,100 and 10 FTE Positions from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2026 for the operating budget. Adjustments are as follows:

Salary Parity Adjustment

The budget includes an increase of $23,000 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2026 to increase select salaries for parity with comparable boards.

Outside Medical Expert Rates Increases

The budget includes an increase of $68,000 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2026 for increasing the payment rates for outside medical consultants.

Statewide Adjustments

The budget includes an increase of $32,000 from the Arizona Board of Osteopathic Examiners in Medicine and Surgery Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

Auditor General Report

In September 2024, the Auditor General published a sunset review of the Board of Osteopathic Examiners in Medicine and Surgery. The report stated that the board did not resolve complaints in a timely manner and made suggestions for procedures the board could adopt to improve the time to resolution. Of the complaints resolved in FY 2023, 60% of complaints were resolved in over 180 days. The report's findings also indicated that the board did not consistently suspend licenses when necessary or verify applicants met all initial license requirements. In addition to recommendations for improvements to the complaint and licensing processes, the Auditor General indicated that the board should determine with legal counsel if they have the statutory authority to conduct continuing education audits and

develop a plan to restore audits to ensure that licensees have met continuing education requirements.

The Auditor General made the following key recommendations with budget implications:

- Investigate and resolve complaints within 180 days which may require hiring new licensing and investigative staff.
- Ensure that the Board's database can produce complaint status reports, potentially requiring a third-party vendor to complete updates.

Laws 2025, Chapter 249 continues the Arizona Board of Osteopathic Examiners in Medicine and Surgery until July 1, 2031.

Arizona State Parks Board

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	167.0	167.0	169.0
Personal Services	7,221,400	7,239,600	7,278,600
Employee Related Expenditures	2,997,100	3,038,900	3,328,300
Professional and Outside Services	74,100	28,300	28,300
Travel - In State	12,700	14,500	14,500
Travel - Out of State	300	0	0
Other Operating Expenditures	7,730,700	6,169,000	7,775,200
Equipment	298,900	35,000	35,000
OPERATING SUBTOTAL	**18,335,200**	**16,525,300**	**18,459,900** 1/
SPECIAL LINE ITEMS			
Arizona State Parks Heritage Fund Deposit	6,000,000	0	1,000,000 2/
Arizona Trail Fund Deposit	500,000	100,000	0
Kartchner Caverns State Park	2,442,200	2,509,900	2,587,700
State Lake Improvement Fund Deposit	5,200,000	0	1,500,000
State Parks Store	1,008,200	1,513,100	1,530,200
Veterans Memorial Park Feasibility Study	0	500,000	0
Veterans Memorial Park Purchase	0	0	0 3/
AGENCY TOTAL	**33,485,600**	**21,148,300**	**25,077,800** 4/5/6/
FUND SOURCES			
General Fund	11,700,000	100,000	2,500,000
Other Appropriated Funds			
Off-Highway Vehicle Recreation Fund	16,700	16,700	16,700
State Park Store Fund	1,008,200	1,513,100	1,530,200
State Parks Revenue Fund	20,760,700	19,518,500	21,030,900
SUBTOTAL - Other Appropriated Funds	21,785,600	21,048,300	22,577,800
SUBTOTAL - Appropriated Funds	**33,485,600**	**21,148,300**	**25,077,800**
Other Non-Appropriated Funds	8,766,300	14,787,800	14,787,800
Federal Funds	974,200	8,823,600	8,823,600
TOTAL - ALL SOURCES	43,226,100	44,759,700	48,689,200

AGENCY DESCRIPTION — The Arizona State Parks Board (ASPB) is responsible for managing the state parks system, which includes recreational parks, historical parks, and natural areas. The Parks Board consists of 7 members appointed by the Governor. Major functions of the Parks Board, through its staff, include the maintenance and development of existing parks, new parks acquisitions, statewide recreational planning, and historic preservation.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ The Arizona state parks board may not spend any monies appropriated in the heritage fund deposit line item to purchase property. (General Appropriations Act footnote)

3/ The $10,000,000 appropriated to the Arizona state parks board by Laws 2023, chapter 199, section 6 in fiscal year 2023-2024 to purchase, design and construct the Arizona veterans memorial state park is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

4/ If the Arizona state parks board receives land and water conservation grant funding for capital projects included in fiscal year 2025-2026 budget legislation, the board shall report its revised expenditure plans to the joint committee on capital review and the governor's office of strategic planning and budgeting. (General Appropriations Act footnote)

5/ If federal historic preservation fund grant monies are unavailable to the state historic preservation office in federal fiscal year 2025-2026, the Arizona state parks board may spend up to $865,000 of the monies in the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, to pay for the state historic preservation office's operating expenses. Before spending any monies from the state parks revenue fund on state historic preservation office operating expenses, the Arizona state parks board shall report its expenditure plan to the joint legislative budget committee. (General Appropriations Act footnote)

6/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $18,459,900 and 133.2 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
State Parks Revenue Fund (SPRF)	$18,443,200
Off-Highway Vehicle Recreation Fund	16,700

Adjustments are as follows:

Expand Family Campout Program

The budget includes an increase of $448,200 and 2 FTE Positions from SPRF in FY 2026 to expand the existing Family Campout Program, which teaches basic camping skills to families with little to no camping experience. Of this amount, $231,000 is one-time funding to purchase camping supplies and vehicles.

ARPA Broadband Project Costs

The budget includes an increase of $242,100 from SPRF in FY 2026 to cover ongoing operations and maintenance costs associated with broadband internet projects funded by federal American Rescue Plan Act (ARPA) monies.

ARPA Water Project Costs

The budget includes an increase of $541,000 from SPRF in FY 2026 to cover ongoing operations and maintenance costs associated with water-related projects funded by federal ARPA monies.

Statewide Adjustments

The budget includes an increase of $703,300 from SPRF in FY 2026 for statewide adjustments. Of this amount, $39,000 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

Arizona State Parks Heritage Fund Deposit

The budget includes $1,000,000 from the General Fund in FY 2026 for the Arizona State Parks Heritage Fund Deposit line item. Adjustments are as follows:

One-Time Deposit

The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for a deposit into the Arizona State Parks Heritage Fund.

Pursuant to a General Appropriation Act footnote, monies in this line item may not be used to purchase property.

Arizona Trail Fund Deposit

The budget includes no funding in FY 2026 for the Arizona Trail Fund Deposit line item. Adjustments are as follows:

Remove One-Time FY 2025 Deposit

The budget includes a one-time decrease of $(100,000) from the General Fund in FY 2026 for removal of one-time funding 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.

This project was funded on a one-time basis in FY 2022 through FY 2025 at varying levels.

Kartchner Caverns State Park

The budget includes $2,587,700 and 35.8 FTE Positions from SPRF in FY 2026 for Kartchner Caverns State Park. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $77,800 from SPRF in FY 2026 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 $1,500,000 from the General Fund in FY 2026 for the State Lake Improvement Fund Deposit line item. Adjustments are as follows:

One-Time Deposit
The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 for a deposit into the State Lake Improvement Fund.

Monies in the State Lake Improvement Fund are used to fund projects at boating sites, including launching ramps, parking areas, lake improvement and construction, campgrounds, and acquisition of property to provide access to boating sites.

State Parks Store

The budget includes $1,530,200 from the State Park Store Fund in FY 2026 for the State Parks Store line item. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $17,100 from the State Parks Store Fund in FY 2026 for statewide adjustments.

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 no funding in FY 2026 for a Veterans Memorial Park Feasibility Study. Adjustments are as follows:

Remove One-Time Funding
The budget includes a decrease of $(500,000) from SPRF in FY 2026 to remove funding for a feasibility study on establishing a Veterans Memorial Park.

The FY 2024 budget included $10,000,000 from SPRF to purchase land for a new Arizona Veterans Memorial Park. Monies in this line item fund a study to evaluate the feasibility of constructing various proposed facilities on the land purchased with the FY 2024 appropriation.

Veterans Memorial Park Purchase

The budget includes no funding in FY 2026 for a Veterans Memorial Park Purchase. This amount is unchanged from FY 2025.

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 park and requires ASPB to receive approval from the Joint Committee on Capital Review for the design and construction of the park.

The FY 2026 budget extended the lapsing date of the $10,000,000 appropriation to June 30, 2027.

Other Issues

State Parks Operations

As of July 2025, 30 state parks and natural areas are open to the public. Twenty-six 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2.0	2.0	2.0
Personal Services	119,800	137,500	137,500
Employee Related Expenditures	47,600	53,200	53,800
Professional and Outside Services	71,100	100,000	100,000
Travel - In State	1,100	1,000	1,000
Other Operating Expenditures	59,300	70,000	75,600
Equipment	33,400	2,000	2,000
AGENCY TOTAL	**332,300**	**363,700**	**369,900** 1/
FUND SOURCES			
Other Appropriated Funds			
Personnel Board Subaccount of the Personnel Division Fund	332,300	363,700	369,900
SUBTOTAL - Other Appropriated Funds	332,300	363,700	369,900
SUBTOTAL - Appropriated Funds	**332,300**	**363,700**	**369,900**
TOTAL - ALL SOURCES	332,300	363,700	369,900

AGENCY DESCRIPTION — The State Personnel Board hears appeals for covered state employees in the State Personnel System who have been dismissed, involuntarily demoted, or suspended for more than 80 hours. The board may recommend modifying or reversing the agency decision, but the agency makes the final determination. The board also hears "whistleblower" complaints concerning reprisals against employees or former employees who disclose information to a public body. If the Personnel Board finds a reprisal occurred, the employee who committed the reprisal shall be ordered by the board to pay a civil penalty of up to $5,000, and the board shall rescind the personnel action and order all lost pay and benefits be restored to the "whistleblower."

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $369,900 and 2 FTE Positions from the Personnel Board Subaccount of the Personnel Division Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $6,200 from the Personnel Board Subaccount of the Personnel Division Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona State Board of Pharmacy

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	25.4	25.4	26.4
Personal Services	1,915,400	1,936,900	2,084,200
Employee Related Expenditures	665,600	788,400	893,300
Professional and Outside Services	169,300	157,000	157,000
Travel - In State	145,500	65,200	65,200
Travel - Out of State	9,500	4,200	4,200
Other Operating Expenditures	301,700	469,000	516,800
Equipment	94,900	33,300	33,300
OPERATING SUBTOTAL	**3,301,900**	**3,454,000**	**3,754,000** 1/
SPECIAL LINE ITEMS			
Annual Leave Payout	0	64,600	0
Prescriber Report Card	50,000	50,000	50,000
AGENCY TOTAL	**3,351,900**	**3,568,600**	**3,804,000** 2/
FUND SOURCES			
Other Appropriated Funds			
Arizona State Board of Pharmacy Fund	3,351,900	3,568,600	3,804,000
SUBTOTAL - Other Appropriated Funds	3,351,900	3,568,600	3,804,000
SUBTOTAL - Appropriated Funds	**3,351,900**	**3,568,600**	**3,804,000**
Other Non-Appropriated Funds	2,114,700	2,100,000	2,100,000
TOTAL - ALL SOURCES	5,466,600	5,668,600	5,904,000

AGENCY DESCRIPTION — The board licenses, regulates, and conducts examinations of pharmacists and issues permits to distributors of approved medications. The board also educates pharmacists and the general public on the proper distribution and use of these medications.

FOOTNOTES

1/ Of the monies appropriated to the Arizona state board of pharmacy pursuant to Laws 2022, chapter 313, section 71 and by Laws 2024, chapter 209, section 78, $190,500 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026, for the purposes of e-licensing system upgrades. (General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $3,754,000 and 26.4 FTE Positions from the Arizona State Board of Pharmacy Fund in FY 2026 for the operating budget. Adjustments are as follows:

Field Compliance Investigator

The budget includes an increase of $207,200 and 1 FTE from the Arizona State Board of Pharmacy Fund in FY 2026 for a field compliance investigator to complete inspections and complaint investigations within 180 days. Of this amount, $60,100 is one-time.

Statewide Adjustments

The budget includes an increase of $92,800 from the Arizona State Board of Pharmacy Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

An FY 2026 budget footnote extends the use of $190,500 from the board's FY 2023 appropriation until June 30, 2026, for the purpose of e-licensing system upgrades. A prior FY 2025 budget footnote (Laws 2024, Chapter 209) extended the use of these monies until June 30, 2025.

Prescriber Report Card

The budget includes $50,000 from the Arizona State Board of Pharmacy Fund in FY 2026 for the Prescriber Report Card program. This amount is unchanged from FY 2025.

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 no funding from the Arizona State Board of Pharmacy Fund in FY 2026 for an Annual Leave Payout. Adjustments are as follows:

Remove One-Time Leave Payout

The budget includes a decrease of $(64,600) from the Arizona State Board of Pharmacy Fund in FY 2026 for the elimination of a one-time annual leave payout.

The FY 2025 appropriation of $64,600 for the annual leave payout is non-lapsing.

Board of Physical Therapy

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4.0	4.0	4.5
Personal Services	240,700	220,800	235,600
Employee Related Expenditures	88,500	124,500	138,700
Professional and Outside Services	63,300	68,600	68,600
Travel - Out of State	0	2,100	2,100
Other Operating Expenditures	77,500	175,000	174,400
Equipment	2,400	5,000	5,000
AGENCY TOTAL	**472,400**	**596,000**	**624,400** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Physical Therapy Fund	472,400	596,000	624,400
SUBTOTAL - Other Appropriated Funds	472,400	596,000	624,400
SUBTOTAL - Appropriated Funds	**472,400**	**596,000**	**624,400**
TOTAL - ALL SOURCES	472,400	596,000	624,400

AGENCY DESCRIPTION — The board licenses and regulates physical therapists. A physical therapist treats patients by exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $624,400 and 4.5 FTE Positions from the Board of Physical Therapy Fund in FY 2026 for the operating budget. Adjustments are as follows:

Increase FTE for Licensing

The budget includes an increase of $23,200 and 0.5 FTE Position from the Board of Physical Therapy Fund in FY 2026 to account for an increased licensing workload.

Statewide Adjustments

The budget includes an increase of $5,200 from the Board of Physical Therapy Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Pioneers' Home

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	107.3	107.3	107.3
Personal Services	4,660,200	4,660,200	5,217,300
Employee Related Expenditures	1,766,800	1,797,100	1,766,000
Professional and Outside Services	36,800	60,000	60,000
Travel - In State	62,200	40,000	40,000
Other Operating Expenditures	1,385,100	1,889,200	2,031,900
Equipment	45,600	45,600	45,600
AGENCY TOTAL	**7,956,700**	**8,492,100**	**9,160,800** 1/2/
FUND SOURCES			
Other Appropriated Funds			
Miners' Hospital for Miners with Disabilities Land Fund	1,884,600	2,363,700	2,897,000
State Charitable Fund	6,072,100	6,128,400	6,263,800
SUBTOTAL - Other Appropriated Funds	7,956,700	8,492,100	9,160,800
SUBTOTAL - Appropriated Funds	**7,956,700**	**8,492,100**	**9,160,800**
Other Non-Appropriated Funds	20,700	10,700	10,700
TOTAL - ALL SOURCES	7,977,400	8,502,800	9,171,500

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 Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $9,160,800 and 107.3 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Miners' Hospital for Miners with Disabilities Land Fund	$2,897,000
State Charitable Fund	6,263,800

Adjustments are as follows:

Salary Increases

The budget includes an increase of $557,100 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2026 to increase agencywide staff salaries by 10%.

Statewide Adjustments

The budget includes an increase of $111,600 in FY 2026 for statewide adjustments. This amount consists of:

Miners' Hospital for Miners with Disabilities Land Fund	$(23,800)
State Charitable Fund	135,400

(Please see the Agency Detail and Allocations section.)

State Board of Podiatry Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1.0	1.0	1.0
Personal Services	109,700	95,400	95,400
Employee Related Expenditures	32,700	37,300	39,000
Professional and Outside Services	5,000	5,500	5,500
Travel - In State	900	2,200	2,200
Travel - Out of State	0	1,500	1,500
Other Operating Expenditures	21,300	60,800	60,600
Equipment	100	0	0
AGENCY TOTAL	**169,700**	**202,700**	**204,200** 1/2/
FUND SOURCES			
Other Appropriated Funds			
Podiatry Fund	169,700	202,700	204,200
SUBTOTAL - Other Appropriated Funds	169,700	202,700	204,200
SUBTOTAL - Appropriated Funds	**169,700**	**202,700**	**204,200**
TOTAL - ALL SOURCES	169,700	202,700	204,200

AGENCY DESCRIPTION — The board licenses and regulates Doctors of Podiatric Medicine. A podiatrist must take specialized training, serve an internship and pass a qualifying examination prior to licensure to diagnose and treat foot ailments. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ Of the amount appropriated in the lump sum appropriation, $9,200 may be used to pay outstanding costs of services provided by the department of administration-central services bureau in prior years. (General Appropriation Act footnote)

2/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $204,200 and 1 FTE Position from the Podiatry Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $1,500 from the Podiatry Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Arizona Power Authority

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
Resource Planning and Needs Assessment	1,000,000	0	0
AGENCY TOTAL	**1,000,000**	**0**	**0**
FUND SOURCES			
General Fund	1,000,000	0	0
SUBTOTAL - Appropriated Funds	**1,000,000**	**0**	**0**
Other Non-Appropriated Funds	19,276,700	20,927,700	20,927,700
TOTAL - ALL SOURCES	20,276,700	20,927,700	20,927,700

AGENCY DESCRIPTION — The Arizona Power Authority (APA) manages Arizona's allocation of hydroelectric power from Hoover Dam for the benefit of the state. Within the scope of that management, APA cooperates with federal, state, and non-governmental agencies to address regulatory and environmental matters that impact electric and water uses of the Colorado River. In addition, the APA serves as an informational resource for its customers on electricity utilization.

State Board for Private Postsecondary Education

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4.0	4.0	4.0
Personal Services	267,200	248,000	248,000
Employee Related Expenditures	109,500	82,000	88,400
Professional and Outside Services	20,600	28,000	28,000
Travel - In State	0	1,000	1,000
Travel - Out of State	6,000	6,000	6,000
Other Operating Expenditures	35,100	48,000	146,100
Equipment	1,700	40,000	40,000
AGENCY TOTAL	**440,100**	**453,000**	**557,500** 1/
FUND SOURCES			
Other Appropriated Funds			
Board for Private Postsecondary Education Fund	440,100	453,000	557,500
SUBTOTAL - Other Appropriated Funds	440,100	453,000	557,500
SUBTOTAL - Appropriated Funds	**440,100**	**453,000**	**557,500**
Other Non-Appropriated Funds	263,100	262,000	262,000
TOTAL - ALL SOURCES	703,200	715,000	819,500

AGENCY DESCRIPTION — The board licenses and regulates private postsecondary institutions throughout the state. The board processes license applications, determines compliance, investigates complaints and violations, and takes disciplinary action on all private postsecondary institutions that offer vocational and/or degree programs. However, the board does not have jurisdiction over cosmetology, barber, real estate, or professional driving schools. In addition to regulatory duties, the board administers the Student Tuition Recovery Fund, which provides restitution to students financially injured by private postsecondary institutional closures.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $557,500 and 4 FTE Positions from the Board for Private Postsecondary Education Fund in FY 2026 for the operating budget. Adjustments are as follows:

Record Digitization Project

The budget includes an increase of $100,000 from the Board for Private Postsecondary Education Fund in FY 2026 to begin a 5-year record digitization project. The project is expected to cost $100,000 each year beginning in FY 2026 and ending in FY 2030.

Statewide Adjustments

The budget includes an increase of $4,500 from the Board for Private Postsecondary Education Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Psychologist Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4.5	4.5	5.5
Personal Services	335,500	323,800	457,100
Employee Related Expenditures	150,000	150,100	233,000
Professional and Outside Services	58,600	66,500	72,200
Travel - In State	100	500	500
Travel - Out of State	12,200	7,200	7,800
Other Operating Expenditures	73,000	77,500	81,200
Equipment	0	19,200	20,800
AGENCY TOTAL	**629,400**	**644,800**	**872,600** 1/
FUND SOURCES			
Other Appropriated Funds			
Behavior Analyst Licensing & Regulation Account	106,900	216,100	396,400
Board of Psychologist Examiners Fund	522,500	428,700	476,200
SUBTOTAL - Other Appropriated Funds	629,400	644,800	872,600
SUBTOTAL - Appropriated Funds	**629,400**	**644,800**	**872,600**
TOTAL - ALL SOURCES	629,400	644,800	872,600

AGENCY DESCRIPTION — The board licenses and regulates psychologists and behavior analysts. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $872,600 and 5.5 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Behavior Analyst Licensing & Regulation Account	$396,400
Board of Psychologist Examiners Fund	476,200

Adjustments are as follows:

Increase FTE for Investigator Workload

The budget includes an increase of $150,000 and 1 FTE Position from the Behavior Analyst Licensing & Regulation Account in FY 2026 to address an increase in behavior analyst complaints.

Salary Increase for Parity

The budget includes an increase of $35,600 in FY 2026 to promote parity salary among agency leadership. This amount consists of:

Behavior Analyst Licensing & Regulation Account	17,800
Board of Psychologist Examiners Fund	17,800

Operating Expenditures Adjustment

The budget includes an increase of $25,000 in FY 2026 to align the appropriation with the board's expenses. This amount consists of:

Behavior Analyst Licensing & Regulation Account	6,500
Board of Psychologist Examiners Fund	18,500

Statewide Adjustments

The budget includes an increase of $17,200 in FY 2026 for statewide adjustments. This amount consists of:

Behavior Analyst Licensing & Regulation Account	6,000
Board of Psychologist Examiners Fund	11,200

(Please see the Agency Detail and Allocations section.)

The FY 2026 budget includes the Board of Psychologist Examiners Fund and the Behavior Analyst Licensing and Regulation Account, as 2 separate funds. In prior years, the Behavior analyst sub-account was included within and appropriated from the Board of Psychologist Examiners Fund.

Department of Public Safety

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2,105.7	2,167.7	2,178.7
Personal Services	139,696,400	149,895,200	155,729,600
Employee Related Expenditures	55,298,200	59,044,400	64,454,800
Professional and Outside Services	4,694,200	4,875,900	4,875,900
Travel - In State	473,900	492,600	492,600
Travel - Out of State	531,000	554,200	554,200
Other Operating Expenditures	57,599,700	49,954,000	56,054,300
Equipment	12,006,200	11,896,400	11,896,400
OPERATING SUBTOTAL	**270,299,600**	**276,712,700**	**294,057,800**
SPECIAL LINE ITEMS			
ACTIC	1,444,400	2,132,700	3,632,700 1/
Anti-Human Trafficking Grant Fund Deposit	0	0	1,600,000
AZPOST	6,081,900	6,100,000	6,100,000
Border Drug Interdiction	14,971,700	1,970,500 2/	18,103,200
Civil Air Patrol Infrastructure	4,938,900	0	0
Civil Air Patrol Maintenance and Operations	150,000	144,000	250,000 3/
DPS Crime Lab Assistance	400,000	200,000	200,000
Fentanyl Prosecution, Diversion and Testing Fund Deposit	3,000,000 4/	0	0
GIITEM	22,089,000	24,749,000	26,014,800 5/6/
GIITEM Subaccount	1,726,700	2,396,400	2,396,400
Land Mobile Radio Expansion and Upgrades	9,926,800	0	0
Law Enforcement Retention Initiatives	0	0	0
Local Border Support	10,425,200	5,000,000 7/	18,232,900 8/9/10/
Major Incident Division	7,600,500	15,500,000	16,197,700
Motor Vehicle Fuel	6,098,000	5,454,600	5,454,600
One-Time Vehicle Replacement	3,489,700	0	8,667,500 11/
Pharmaceutical Diversion and Drug Theft Task Force	668,400	704,200	668,400
Public Safety Equipment	1,695,300	3,660,000	2,890,000
Real-Time Crime Centers	4,100,000	0	0
Sex Offender Management Board Administration	0	0	400,000 12/
Yuma County Family Advocacy Center Distribution	0	0	750,000 13/
AGENCY TOTAL	**369,106,100**	**344,724,100**	**405,616,000** 14/15/16/
FUND SOURCES			
General Fund	300,712,800	264,461,100	313,660,800
Other Appropriated Funds			
Arizona Highway Patrol Fund	27,071,900	27,028,500	27,976,400
Border Security Fund	0	0	10,900,000
Concealed Weapons Permit Fund	2,955,100	3,388,400	3,393,900
Criminal Justice Enhancement Fund	2,941,900	3,049,900	2,964,300
DPS Forensics Fund	19,276,200	23,198,800	22,512,400
Fingerprint Clearance Card Fund	1,376,900	2,036,100	2,046,400
Gang and Immigration Intelligence Team Enforcement Mission Border Security and Law Enforcement Subaccount	1,726,700	2,396,400	2,396,400
Motor Vehicle Liability Insurance Enforcement Fund	729,400	1,003,300	968,300
Motorcycle Safety Fund	124,000	198,900	198,900
Parity Compensation Fund	3,022,200	3,156,800	4,549,000
Public Safety Equipment Fund	1,699,300	3,664,000	2,894,000

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Risk Management Revolving Fund	1,102,500	1,141,900	1,155,200
State Highway Fund	6,367,200	10,000,000	10,000,000
SUBTOTAL - Other Appropriated Funds	68,393,300	80,263,000	91,955,200
SUBTOTAL - Appropriated Funds	**369,106,100**	**344,724,100**	**405,616,000**
Other Non-Appropriated Funds	50,914,100	82,099,200	79,762,400
Federal Funds	51,419,800	70,432,700	62,191,800
TOTAL - ALL SOURCES	471,440,000	497,256,000	547,570,200

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/ Of the amount appropriated for the ACITC line item, $1,500,000 shall be used on anti-human trafficking efforts. (General Appropriations Act footnote)

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/ Of the amount appropriated for civil air patrol maintenance and operations, the department shall expend $2,500 on dues to the national association for search and rescue. (General Appropriations Act footnote)

4/ Laws 2025, Chapter 237, Section 13 extends the Fentanyl Prosecution, Diversion and Testing Fund through the end of FY 2027.

5/ Of the $26,014,800 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 Appropriations Act footnote, as adjusted for statewide allocations)

6/ Of the $26,014,800 appropriated to the GIITEM line item, $14,160,900 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 Appropriations Act footnote, as adjusted for statewide allocations)

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 $18,232,900 appropriated for the local border support line item shall be used to fund local law enforcement officer positions for border drug interdiction to deter and apprehend any individuals who are charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. The monies shall also be used for grants to cities, towns and counties for costs associated with prosecuting and detaining individuals who are charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. The department may fund all capital-related equipment. (General Appropriations Act footnote)

9/ On or before September 1, 2025, 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 Appropriations Act footnote)

10/ Of the amount appropriated for the local border support line item, $5,000,000 from the state General Fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)
11/ The appropriation in fiscal year 2025-2026 for onetime vehicle replacement is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)
12/ The appropriation in fiscal year 2025-2026 for sex offender management board administration is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)
13/ The $750,000 appropriation for the Yuma county family advocacy center distribution shall be allocated to an advocacy center in Yuma county that has provided support for domestic violence, sexual assault, child abuse and elderly abuse for at least twenty-five years. The funding is intended to backfill federal funding cuts to the victims of crime act of 1984 (P.L. 98-473; 98 Stat.2170). (General Appropriations Act footnote)
14/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
15/ Any monies remaining in the department of public safety joint account on June 30, 2026 revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated. (General Appropriations Act footnote)
16/ Of the amount appropriated in the total appropriation for the department of public safety, $185,463,700 is designated for personal services and $75,463,100 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 Appropriations Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $294,057,800 and 1,887.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$220,395,800
Arizona Highway Patrol Fund	26,003,900
Concealed Weapons Permit Fund	3,393,900
Criminal Justice Enhancement Fund (CJEF)	2,830,000
DPS Forensics Fund	22,512,400
Fingerprint Clearance Card Fund	2,046,400
Motor Vehicle Liability Insurance Enforcement Fund	968,300
Motorcycle Safety Fund	198,900
Parity Compensation Fund	4,549,000
Public Safety Equipment Fund	4,000
Risk Management Revolving Fund	1,155,200
State Highway Fund	10,000,000

Adjustments are as follows:

Microwave Backbone Northern Loop Funding
The budget includes an increase of $1,490,000 from the Arizona Highway Patrol Fund in FY 2026 for an inflationary increase in costs to upgrade the microwave backbone northern loop. The department received $48,200,000 in FY 2022 to upgrade the northern loop of the microwave backbone statewide communication system. This funding will cover increased lease and utility costs of the project. Of this amount, $1,300,000 is one-time for increased construction materials and labor for construction of the new radio towers.

One-Time Aircraft Maintenance Funding
The budget includes a one-time increase of $693,000 from the Arizona Highway Patrol Fund in FY 2026 for aircraft maintenance funding. The funding will be used to cover increased maintenance costs including a turbine overhaul, oil cooler overhaul, bleed valve overhaul, and inspections of DPS aircraft.

One-Time Recruitment Funding
The budget includes a one-time increase of $150,000 from the General Fund in FY 2026 for recruitment funding. This new funding will be used for advertising, events, travel, and other expenses associated with the department's recruitment efforts.

Uniform Allowance Funding
The budget includes an increase of $1,171,400 in FY 2026 for uniform allowance funding. This amount consists of:

Arizona Highway Patrol Fund	585,700
Parity Compensation Fund	585,700

The funding will be used to cover the inflationary increase in costs to maintain uniforms for sworn officers, roadside motorist assistants, detention transport officers, and telecommunication technicians.

911 Call Taker FTE Positions
The budget includes an increase of $788,200 and 9 FTE Positions from the General Fund in FY 2026 for 911 call

takers. The funding will double the number of DPS 911 call takers from 9 to 18 employees. The new positions are intended to enable the department to properly respond to the number of 911 calls received.

Statewide Adjustments

The budget includes an increase of $13,052,500 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	14,780,200
Arizona Highway Patrol Fund	(1,756,300)
Concealed Weapons Permit Fund	5,500
Criminal Justice Enhancement Fund (CJEF)	(85,600)
DPS Forensics Fund	(686,400)
Fingerprint Clearance Card Fund	10,300
Motor Vehicle Liability Insurance Enforcement Fund	(35,000)
Parity Compensation Fund	806,500
Risk Management Revolving Fund	13,300

Of this amount, $7,976,000 is for a 5% salary increase for AZPOST-certified staff and dispatchers.

(Please see the Agency Detail and Allocations section.)

ACTIC

The budget includes $3,632,700 from the General Fund in FY 2026 for the operation of the Arizona Counter Terrorism Information Center (ACTIC). Adjustments are as follows:

One-Time ACTIC Increase

The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 for additional ACTIC funding. A budget footnote states that the $1,500,000 shall be used by the department on anti-human trafficking efforts.

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.

Anti-Human Trafficking Grant Fund Deposit

The budget includes $1,600,000 from the General Fund in FY 2026 for the Anti-Human Trafficking Grant Fund Deposit. Adjustments are as follows:

One-Time Anti-Human Trafficking Grant Fund Deposit

The budget includes a one-time increase of $1,600,000 from the General Fund in FY 2026 for a deposit into the Anti-Human Trafficking Grant Fund.

The FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) transfers the administration of the Anti-Human Trafficking Grant Fund from DEMA to DPS. The line item provides additional one-time revenues into the fund to be granted out to local entities for anti-human trafficking efforts. *(Please see the Department of Homeland Security agency section for more detail.)*

In addition to these monies, the department received $1,500,000 one-time from the General Fund in FY 2026 in the ACTIC line item for anti-human trafficking efforts.

AZPOST

The budget includes $6,100,000 and 31 FTE Positions from the General Fund in FY 2026 for the Arizona Peace Officer Standards and Training Board (AZPOST). These amounts are unchanged from FY 2025.

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 $18,103,200 and 58.5 FTE Positions from the General Fund in FY 2026 for Border Drug Interdiction. Adjustments are as follows:

One-Time Border Security Fund Budget Shift

The budget includes a one-time increase of $10,900,000 from the Border Security Fund and a corresponding decrease of $(10,900,000) from the General Fund in FY 2026 for a Border Security Fund budget shift. The FY 2026 budget continues this shift in FY 2027. The fund shift is intended to provide General Fund savings in FY 2026 and FY 2027. The budget's 3-year spending plan restores the General Fund amount in FY 2028.

Restore General Fund for Border Drug Interdiction

The budget includes an increase of $15,444,300 from the General Fund in FY 2026 to restore DPS' direct appropriation. The FY 2025 budget reduced the General

Fund appropriation and replaced those monies with a one-time allocation from the Border Security Fund. The FY 2025 budget's 3-year spending plan restores this General Fund amount in FY 2026.

Statewide Adjustments
The budget includes an increase of $688,400 from the General Fund in FY 2026 for statewide adjustments. Of this amount, $157,300 is for a 5% salary increase for AZPOST-certified staff.

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 Maintenance and Operations

The budget includes $250,000 from the General Fund in FY 2026 for funding of the Civil Air Patrol (CAP) Maintenance and Operations. Adjustments are as follows:

One-Time Civil Air Patrol Maintenance Increase
The budget includes a one-time increase of $106,000 from the General Fund in FY 2026 for additional civil air patrol maintenance and operations funding.

A footnote states that of the amount appropriated in this line item, $2,500 shall be used on dues to the national association of search and rescue. 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 2026 for DPS Crime Lab Assistance. This amount is unchanged from FY 2025.

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 2026 for the Fentanyl Prosecution, Diversion and Testing Fund Deposit. This amount is unchanged from FY 2025.

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 2026 Criminal Justice BRB extends the fund until June 30, 2027. The FY 2024 budget deposited $3,000,000 into the fund from the General Fund. The department reports expenditures of $592,600 from the new fund in FY 2024.

GIITEM

The budget includes $26,014,800 and 136.8 FTE Positions in FY 2026 for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). These amounts consist of:

General Fund	25,646,800
Arizona Highway Patrol Fund	368,000

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $1,265,800 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	1,294,500
Arizona Highway Patrol Fund	(28,700)

Of this amount, $364,100 is for a 5% salary increase for AZPOST-certified staff.

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) $14,160,900 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 enforcement efforts, 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 $703,400 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 2026 for the GIITEM Subaccount, to be used for equipment and supplies for border security. This amount is unchanged from FY 2025.

The GIITEM Border Security and Law Enforcement Subaccount receives $4 of a $13 criminal fee. These revenues are estimated to total $1,797,500 in FY 2026. 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 2025 GIITEM Subaccount expenditure plan. The plan includes $420,000 for detention liaison officers, $576,400 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.

Law Enforcement Retention Initiatives

The budget includes no funding in FY 2026 for Law Enforcement Retention Initiatives. This amount is unchanged from FY 2025.

This line item provided $2,000,000 of funding in the FY 2024 budget 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 $18,232,900 from the General Fund in FY 2026 for the costs of Local Border Support. Adjustments are as follows:

One-Time Local Border Support Funding
The budget includes a one-time increase of $5,000,000 from the General Fund in FY 2026 for additional Local Border Support funding.

Restore General Fund for Local Border Support
The budget includes an increase of $12,232,900 from the General Fund in FY 2026 to restore DPS' direct appropriation. The FY 2025 budget reduced the General Fund appropriation and replaced those monies with a one-time allocation from the Border Security Fund in FY 2025. The FY 2025 budget's 3-year spending plan restores this General Fund amount in FY 2026.

Remove One-Time Local Border Support Funding
The budget includes a decrease of $(4,000,000) from the General Fund in FY 2026 to remove one-time additional Local Border Support funding.

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 $16,197,700 and 60 FTE Positions from the General Fund in FY 2026 for the Major Incident Division (MID). Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $697,700 from the General Fund in FY 2026 for statewide adjustments. Of this amount, $159,400 is for a 5% salary increase for AZPOST-certified staff.

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.

Motor Vehicle Fuel

The budget includes $5,454,600 in FY 2026 for Motor Vehicle Fuel. This amount consists of:

General Fund	4,384,200
Arizona Highway Patrol Fund	936,100
CJEF	134,300

This amount is unchanged from FY 2025.

The Motor Vehicle Fuel line item centralizes monies appropriated to DPS for motor vehicle fuel.

One-Time Vehicle Replacement

The budget includes $8,667,500 from the General Fund in FY 2026 for the One-Time Vehicle Replacement line item. Adjustments are as follows:

One-Time Vehicle Replacement Funding
The budget includes a one-time increase of $8,667,500 from the General Fund in FY 2026 to replace vehicles. This funding is expected to replace at least 102 vehicles. The department intends to purchase 43 Highway Patrol vehicles and 59 vehicles other department functions.

The FY 2026 appropriation is exempt from lapsing through FY 2027.

Pharmaceutical Diversion and Drug Theft Task Force

The budget includes $668,400 and 3 FTE Positions from the Arizona Highway Patrol Fund in FY 2026 for the Pharmaceutical Diversion and Drug Theft Task Force. Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(35,800) from the Arizona Highway Patrol Fund in FY 2026 for statewide adjustments.

While the total statewide adjustment results in a net 0decrease, this amount includes an increase of $92,700 for a 5% salary increase for AZPOST-certified staff.

This line item funds a task force to combat the abuse and trafficking of prescription drugs and inappropriate prescriber behavior.

Public Safety Equipment

The budget includes $2,890,000 from the Public Safety Equipment Fund in FY 2026 for sworn officers. Adjustments are as follows:

Remove One-Time Rifle Replacement Phase 1
The budget includes a decrease of $(770,000) from the Public Safety Equipment Fund in FY 2026 to remove one-time funding to replace rifles for DPS Troopers.

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.

Sex Offender Management Board Administration

The budget includes $400,000 and 2 FTE Positions from the General Fund in FY 2026 for the Sex Offender

Management Board Administration line item. Adjustments are as follows:

One-Time Board Administration Funding
The budget includes a one-time increase of $400,000 and 2 FTE Positions from the General Fund in FY 2026 to administer the Sex Offender Management Board.

This line item provides funding for the department to administer the Sex Offender Management Board. The board is charged with developing and prescribing standard procedures for evaluating, monitoring and treating sex offenders in the criminal justice system. The appropriation is exempt from lapsing through FY 2027.

Yuma County Family Advocacy Center Distribution

The budget includes $750,000 from the General Fund in FY 2026 for the Yuma County Family Advocacy Center Distribution line item. Adjustments are as follows:

One-Time Yuma County Advocacy Center Distribution
The budget includes an increase of $750,000 from the General Fund in FY 2026 to distribute to Yuma County for a family advocacy center.

This line item includes a footnote stating the monies shall be allocated to an advocacy center in Yuma County that has provided support for domestic violence, sexual assault, child abuse and elderly abuse for at least twenty-five years. The funding is intended to backfill federal funding cuts to the victims of crime act of 1984 (P.L. 98-473; 98 Stat.2170).

Other Issues

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As permanent law, amends A.R.S. § 26-106 to make the Antihuman Trafficking Grant Fund be administered by DPS instead of DEMA.
- As session law, extends the Fentanyl Prosecution, Diversion and Testing Fund (established by Laws 2023, Chapter 137, Section 4 and amended by Laws 2024, Chapter 213, Section 8) until June 30, 2027.
- As permanent law, places the Sex Offender Management Board under the administration of DPS and modifies the appointing process of the board members. Sunsets the board on January 1, 2031.

Long-Term Budget Impacts

As part of the FY 2026 budget's 3-year spending plan, the Department of Public Safety's General Fund costs are projected to decrease by $(18,173,500) in FY 2027 below FY 2026 and increase by $10,900,000 in FY 2028 above FY 2027. These estimates are based on the removal of one-time funding in FY 2027 and a shift from the Border Security Fund to the General Fund in the Border Drug Interdiction line item in FY 2028. *(Please see the Border Drug Interdiction line item for further details.)*

Public Safety Personnel Retirement System

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
EORP Fund Deposit (Statutory Appropriation)	5,000,000	5,000,000	5,000,000 1/
Prescott Fire Employer Group Deposit	1,000,000	1,000,000	1,000,000 2/
AGENCY TOTAL	**6,000,000**	**6,000,000**	**6,000,000**
FUND SOURCES			
General Fund	6,000,000	6,000,000	6,000,000
SUBTOTAL - Appropriated Funds	**6,000,000**	**6,000,000**	**6,000,000**
Other Non-Appropriated Funds	49,555,300	52,971,200	52,971,200
TOTAL - ALL SOURCES	55,555,300	58,971,200	58,971,200

AGENCY DESCRIPTION — The Public Safety Personnel Retirement System (PSPRS) provides retirement, survivors, health, and disability benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters. In addition, PSPRS staff administers the Correctional Officers Retirement Plan (CORP) and the Elected Officials Retirement Plan (EORP), which provide the same benefits to specified populations at the state and local level. PSPRS is not subject to appropriation. The EORP was closed to new enrollees as of January 1, 2014, at which time newly-elected officials are to be enrolled in the Elected Officials Defined Contribution Retirement System (EODC System).

FOOTNOTES

1/ This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

2/ The FY 2020 General Appropriations Act appropriated $1,000,000 from the state General Fund in each of FY 2020, FY 2021, FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026 to the Public Safety Personnel Retirement System to be deposited in the employer account of the Prescott Fire Department Group to offset increased pension liability.

EORP Fund Deposit (Statutory Appropriation)

The budget includes $5,000,000 from the General Fund in FY 2026 as part of the closure of the Elected Officials' Retirement Plan (EORP). This amount is unchanged from FY 2025. *(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 are not included in the General Appropriations Act.

Prescott Fire Employer Group Deposit

The budget includes $1,000,000 from the General Fund in FY 2026 for deposit into the employer account of the Prescott Fire Department group. This amount is unchanged from FY 2025.

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 are not included in the General Appropriations 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	37.0	37.0	37.0
Personal Services	1,709,900	1,782,200	1,782,200
Employee Related Expenditures	574,700	763,000	770,900
Professional and Outside Services	181,500	210,000	210,000
Travel - In State	1,400	10,000	10,000
Travel - Out of State	12,200	30,000	30,000
Other Operating Expenditures	383,400	241,600	241,200
Equipment	45,900	75,000	75,000
AGENCY TOTAL	**2,909,000**	**3,111,800**	**3,119,300** 1/
FUND SOURCES			
General Fund	2,909,000	3,111,800	3,119,300
SUBTOTAL - Appropriated Funds	**2,909,000**	**3,111,800**	**3,119,300**
Other Non-Appropriated Funds	21,900	0	0
TOTAL - ALL SOURCES	2,930,900	3,111,800	3,119,300

AGENCY DESCRIPTION — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools. The department collects various filing and licensing fees, which are deposited into the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $3,119,300 and 37 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $7,500 from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Residential Utility Consumer Office

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	12.0	12.0	14.5
Personal Services	0	926,300	1,257,000
Employee Related Expenditures	283,100	335,600	347,600
Travel - In State	1,100	8,600	8,600
Travel - Out of State	13,600	7,000	7,000
Other Operating Expenditures	622,800	184,000	186,000
Equipment	5,800	0	0
OPERATING SUBTOTAL	**926,400**	**1,461,500**	**1,806,200**
SPECIAL LINE ITEMS			
Professional Witnesses	11,400	145,000	145,000 1/
AGENCY TOTAL	**937,800**	**1,606,500**	**1,951,200** 2/
FUND SOURCES			
Other Appropriated Funds			
Residential Utility Consumer Office Revolving Fund	937,800	1,606,500	1,951,200
SUBTOTAL - Other Appropriated Funds	937,800	1,606,500	1,951,200
SUBTOTAL - Appropriated Funds	**937,800**	**1,606,500**	**1,951,200**
TOTAL - ALL SOURCES	937,800	1,606,500	1,951,200

AGENCY DESCRIPTION — The Residential Utility Consumer Office (RUCO) serves as an advocate for residential customers of public utilities in rate hearings held before the Arizona Corporation Commission. Through its technical staff and expert consultants, RUCO analyzes utility company data to determine appropriate positions to take and present on behalf of residential ratepayers. The RUCO Director is appointed by the Governor.

FOOTNOTES

1/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriations Act footnote)

2/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $1,806,200 and 14.5 FTE Positions from the RUCO Revolving Fund in FY 2026 for the operating budget. Adjustments are as follows:

Increased Rate Case Staffing

The budget includes an increase of $330,700 and 2.5 FTE Positions from the RUCO Revolving Fund in FY 2026 to hire new staff for additional rate cases expected to result from recent Corporation Commission policy changes.

Statewide Adjustments

The budget includes an increase of $14,000 from the RUCO Revolving Fund in FY 2026 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 2026 for Professional Witnesses. This amount is unchanged from FY 2025.

Monies in this line item are used to fund expert witness testimony at utility rate hearings.

Board of Respiratory Care Examiners

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4.0	4.0	4.0
Personal Services	172,700	197,400	197,400
Employee Related Expenditures	70,600	87,500	89,400
Professional and Outside Services	2,000	6,500	6,500
Travel - In State	400	1,500	1,500
Travel - Out of State	0	2,000	2,000
Other Operating Expenditures	87,800	131,800	123,700
Equipment	6,700	0	0
AGENCY TOTAL	**340,200**	**426,700**	**420,500** 1/
FUND SOURCES			
Other Appropriated Funds			
Board of Respiratory Care Examiners Fund	340,200	426,700	420,500
SUBTOTAL - Other Appropriated Funds	340,200	426,700	420,500
SUBTOTAL - Appropriated Funds	**340,200**	**426,700**	**420,500**
TOTAL - ALL SOURCES	340,200	426,700	420,500

AGENCY DESCRIPTION — The board licenses and regulates respiratory care practitioners. A respiratory therapist performs inhalation therapy and respiratory therapy, which includes administering pharmacological, diagnostic, and therapeutic agents, as directed by a physician.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $420,500 and 4 FTE Positions from the Board of Respiratory Care Examiners Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(6,200) from the Board of Respiratory Care Examiners Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Other Issues

Auditor General Report

In September 2024, the Auditor General published a sunset review of the Arizona Board of Respiratory Care Examiners. The report found that the board did not issue licenses within the established 105-day time frame or resolve complaints within 180 days. The report's 32 recommendations covered numerous areas.

The report made the following recommendations with potential budget implications:

- Comply with A.R.S. § 41-1077 which requires the Board to take 2 actions if applications are not processed within 105 days. The Board must pay a 2.5% penalty of the total application fee to the General Fund and refund any applicable fees to successful applicants. The Auditor General recommends that the Board review whether any Calendar 2022-2024 applications exceeded the 105-day limit.
- Complete implementation of its new database with the capability to generate management reports for monitoring licensing timeliness and complaint resolution. The board may require additional support from a third-party vendor to complete the updates.

Laws 2025, Chapter 249 continues the Board of Respiratory Care Examiners until July 1, 2031.

Arizona State Retirement System

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	240.9	240.9	240.9
Personal Services	13,601,400	14,379,700	14,379,700
Employee Related Expenditures	5,174,600	5,968,200	6,091,400
Professional and Outside Services	4,150,800	4,169,300	4,169,300
Travel - In State	2,900	30,000	30,000
Travel - Out of State	18,300	49,000	49,000
Other Operating Expenditures	3,713,500	3,877,700	3,857,200
Equipment	210,700	389,500	389,500
AGENCY TOTAL	**26,872,200**	**28,863,400**	**28,966,100** 1/
FUND SOURCES			
Other Appropriated Funds			
Arizona State Retirement System Administration Account	25,542,200	27,063,400	27,166,100
Long-Term Disability Trust Fund Administration Account	1,330,000	1,800,000	1,800,000
SUBTOTAL - Other Appropriated Funds	26,872,200	28,863,400	28,966,100
SUBTOTAL - Appropriated Funds	**26,872,200**	**28,863,400**	**28,966,100**
Other Non-Appropriated Funds	515,568,900	297,141,500	297,141,500
TOTAL - ALL SOURCES	542,441,100	326,004,900	326,107,600

AGENCY DESCRIPTION — The Arizona State Retirement System (ASRS) provides retirement, survivors, health and disability benefits to employees of most public employers in Arizona, including public schools, most local and county governments, and the State of Arizona. Funding for the agency is appropriated except for investment management and consulting fees, rent, actuarial consulting fees, legal counsel costs, retiree payroll and health insurance program administration.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $28,966,100 and 240.9 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Arizona State Retirement System Administration Account	$27,166,100
Long-Term Disability (LTD) Trust Fund Administration Account	1,800,000

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $102,700 from the Arizona State Retirement System Administration Account in FY 2026 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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	892.8	892.8	892.8
Personal Services	31,095,400	31,750,000	31,754,800
Employee Related Expenditures	12,260,600	13,337,800	14,052,700
Professional and Outside Services	8,468,300	12,427,400	12,427,400
Travel - In State	143,600	171,200	171,200
Travel - Out of State	34,300	62,400	62,400
Other Operating Expenditures	17,147,400	17,150,400	15,836,200
Equipment	844,700	83,000	83,000
OPERATING SUBTOTAL	**69,994,300**	**74,982,200**	**74,387,700** 1/
SPECIAL LINE ITEMS			
Proposition 312 - Property Tax Refund Administration Costs	0	0	500,000 2/
BRITS Operational Support	7,331,400	7,959,800	8,005,200
E-Commerce Compliance and Outreach	831,600	961,900	981,200
Tax Fraud Prevention	3,099,400	3,163,800	3,170,800 3/4/
TPT Simplification	917,800	1,063,100	1,085,400
Unclaimed Property Administration and Audit	1,835,000	1,473,900	1,473,900 5/6/
AGENCY TOTAL	**84,009,500**	**89,604,700**	**89,604,200** 7/8/
FUND SOURCES			
General Fund	59,358,100	59,677,700	60,871,800
Other Appropriated Funds			
Department of Revenue Administrative Fund	23,256,000	27,101,900	27,077,000
Liability Setoff Program Revolving Fund	746,400	2,094,800	939,100
Tobacco Tax and Health Care Fund	649,000	730,300	716,300
SUBTOTAL - Other Appropriated Funds	24,651,400	29,927,000	28,732,400
SUBTOTAL - Appropriated Funds	**84,009,500**	**89,604,700**	**89,604,200**
Other Non-Appropriated Funds	1,876,400	1,681,300	1,681,300
TOTAL - ALL SOURCES	85,885,900	91,286,000	91,285,500

AGENCY DESCRIPTION — The Department of Revenue (DOR) administers and enforces the collection of individual and corporate income, sales, withholding, luxury, recreational marijuana and estate taxes. The department administers state property tax laws through the 15 county assessors.

FOOTNOTES

1/ The operating lump sum appropriation includes $2,000,000 and 25 FTE positions for additional audit and collections staff. (General Appropriations Act footnote)

2/ The amount appropriated for the Proposition 312 – property tax refund administration costs line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2027.

3/ The department may not transfer any monies to or from the tax fraud prevention line item without prior review by the joint legislative budget committee. (General Appropriations Act footnote)

4/ On or before November 1, 2025, the department shall report the results of private fraud prevention investigation services during fiscal year 2024-2025 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 2024-2025. (General Appropriations Act footnote)

5/ If the total value of properties retained by unclaimed property contract auditors exceeds $1,473,900, the excess amount is transferred from the state general fund to the department of revenue administrative fund established by section 42-1116.01, Arizona Revised Statutes, and is appropriated to the department for contract auditor fees. (General Appropriations Act footnote)

6/ If the department of revenue incurs legal expenses to protect the unclaimed property program from legal challenges, the amount of unclaimed property legal expenses 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 unclaimed property legal expenses. The department may not transfer more than $1,500,000 from the general fund in fiscal year 2025-2026 for unclaimed property legal expenses. (General Appropriations Act footnote)

7/ The department of revenue shall report the department's general fund revenue enforcement goals for fiscal year 2025-2026 to the joint legislative budget committee on or before September 30, 2025. On or before September 30, 2026, 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 2025-2026. 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 2024-2025 and fiscal year 2025-2026, 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 2024-2025. (General Appropriations Act footnote)

8/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $74,387,700 and 820.8 FTE Positions in FY 2026 for the operating budget. This amount consists of:

	FY 2026
General Fund	$50,220,500
DOR Administrative Fund	22,511,800
Liability Setoff Program Revolving Fund	939,100
Tobacco Tax and Health Care Fund	716,300

Adjustments are as follows:

Remove One-Time Spending for IT Infrastructure

The budget includes a decrease of $(1,200,000) from the Liability Setoff Program Revolving Fund in FY 2026 for the elimination of one-time funding for IT infrastructure to address federal taxation and security standards.

Statewide Adjustments

The budget includes an increase of $605,500 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	600,100
DOR Administrative Fund	(24,900)
Liability Setoff Program Revolving Fund	44,300
Tobacco Tax and Health Care Fund	(14,000)

Of this amount, $4,800 is for a 5% salary increase for AZPOST-certified staff. *(Please see the Agency Detail and Allocations section.)*

Proposition 312 – Property Tax Refund Administration Costs

The budget includes $500,000 from the General Fund in FY 2026 for the Proposition 312 – Property Tax Refund Administration Costs. Adjustments are as follows:

Tax Refund Administrative Costs

The budget includes an increase of $500,000 from the General Fund in FY 2026 for one-time initial costs of administering property tax refunds under Proposition 312. This appropriation is exempt from lapsing until June 30, 2027.

Proposition 312 allows a property owner once per tax year to apply for a refund of primary property taxes as reimbursement of documented, reasonable expenses incurred to mitigate the effects of certain public nuisances.

Property owners are required to apply to the Department of Revenue under the refund process established by Proposition 312.

Business Reengineering/Integrated Tax System (BRITS) Operational Support

The budget includes $8,005,200 and 51 FTE Positions in FY 2026 for operational support of BRITS. This amount consists of:

General Fund	4,913,900
DOR Administrative Fund	3,091,300

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $45,400 from the General Fund in FY 2026 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. The FY 2026 budget assumes additional funding in FY 2027, FY 2028 and FY 2029. *(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 $981,200 from the General Fund in FY 2026 for E-Commerce Compliance and Outreach (ECCO) administrative costs. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $19,300 from the General Fund in FY 2026 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 $3,170,800 from the General Fund in FY 2026 for Tax Fraud Prevention. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $7,000 from the General Fund in FY 2026 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 $101,061,574 million being paid to filers of fraudulent returns in Individual Income Tax returns in FY 2024.

TPT Simplification

The budget includes $1,085,400 and 19 FTE Positions from the General Fund in FY 2026 for TPT Simplification responsibilities. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $22,300 from the General Fund in FY 2026 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 2026 for Unclaimed Property Administration and Audit. These amounts are unchanged from FY 2025.

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.

The FY 2026 budget also includes a new footnote allowing the Department of Revenue to transfer up to $1,500,000 from the General Fund to the Department of Revenue Administration Fund for incurred legal expenses regarding the unclaimed property program. This is in addition to a continuing footnote that appropriates the total value of properties retained by unclaimed contractors over $1,473,900, for contract auditor fees.

Other Issues

This section includes information on the following topics:

- Statutory Changes
- Long-Term Budget Impacts
- Integrated Tax System

Statutory Changes

The Revenue Budget Reconciliation Bill makes the following statutory changes:

- As session law, suspend the local cost contribution for the DOR Integrated Tax System Project in FY 2026. *(See the Integrated Tax System section below for more information.)*

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 2027 and FY 2028 for the development costs of a new integrated tax system. The FY 2026 budget does not allocate funding in FY 2026 and assumes the final year of costs will be FY 2029. *(See the Integrated Tax System section below 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. Of this total amount, $40,997,900 is assessed to certain state government funds, local governments, and other taxing authorities to recover a portion of costs for the system. The long-term spending plan for the tax system assumed the 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. The non-General Fund sources (which total 39.11% of the project budget) are deposited into the Integrated Tax System Project Fund. (Please see *Table 1* below*)*.

Since monies are available from prior year appropriations to pay for development costs in FY 2026, the FY 2026 budget includes no funding or transfers for the project in FY 2026. The FY 2026 budget shifted the FY 2026 costs of $19.3 million to FY 2029 as shown in *Table 1*. A provision in the Revenue Budget Reconciliation Bill suspended the requirement that local governments be charged an assessment for the Integrated Tax System Project Fund costs in FY 2026.

Table 1
Integrated Tax System Annual Funding

	General Fund	Integrated Tax System Project Fund	Total
FY 2023	$9,632,700	$6,187,100	$15,819,800
FY 2024 1/	10,494,100	7,575,300	18,069,400
FY 2025	11,847,300	7,609,500	19,456,800
FY 2026	0	0	0
FY 2027	12,538,400	7,218,400	19,756,800
FY 2028	7,591,700	4,876,300	12,468,000
FY 2029	11,725,500	7,531,300	19,256,800
Total	**$63,829,700**	**$40,997,900**	**$104,827,600**

1/ The FY 2024 budget transferred $11,794,100 from the General Fund to the DOR APF Subaccount for this project. The FY 2025 budget transferred $1,300,000 back to the General Fund and increased the FY 2027 General Fund allocation by $1,300,000.

For FY 2027, the budget will include a transfer of $12,538,400 from the General Fund and a transfer of $7,218,400 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 $19,756,800 will be appropriated from the Automation Projects Fund for the fourth year of funding in FY 2027.

For the non-General Fund costs, budget legislation in FY 2027 will continue to specify 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.

The total local government amount will equal 34.06% of the FY 2027 project costs. Each local government type (for example, all counties share of the local government amount) 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 tax categories used to calculate the assessments.)* 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.

Table 2
State and Locally-Collected Tax Categories Used for Allocation of DOR Tax System Charges

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 (Thru 12/31/25)
Maricopa County Road Tax	42-6105.01 (Eff. 1/1/26)
Pima County Road Tax	42-6106
County Road Tax	42-6107
County Hotel Tax	42-6108/41-6108.01
County Jail Excise Tax	42-6109/42-6109.01
County – Electricity Use Tax	42-6110
County Capital Projects Tax	42-6111
County Judgment Bonds Tax	42-6112
Urban Revenue Sharing	43-206

The FY 2027 budget will also include legislative intent regarding the amounts charged to the 16% recreational marijuana excise tax (0.92% of annual project costs) and the 0.6% education sales tax (4.13% of annual project costs), with those amounts being deposited into the Integrated Tax System Project Fund in FY 2027.

Combined, the FY 2027 amounts charged to local governments along with the marijuana excise tax and education sales tax charges will total the $7,218,400 amount displayed in *Table 1.*

Department of State - Secretary of State

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	144.1	146.1	144.1
Personal Services	7,133,600	6,877,100	6,877,100
Employee Related Expenditures	2,546,500	2,838,800	2,866,200
Professional and Outside Services	2,242,300	1,422,600	1,701,900
Travel - In State	190,800	5,500	5,500
Travel - Out of State	55,300	36,000	36,000
Other Operating Expenditures	4,002,500	4,233,900	3,524,800
Equipment	282,200	133,300	133,300
OPERATING SUBTOTAL	**16,453,200**	**15,547,200**	**15,144,800** 1/-5/
SPECIAL LINE ITEMS			
Access Voter Information Database	483,500	483,500	999,500 6/ 7/
Address Confidentiality Program Fund Deposit	0	0	400,000 8/
Election Services	100,000	7,900,000	0
Electronic Records Repository	70,000	520,000 9/	70,300
Help America Vote Act Projects 10/	503,400	0	0
Library Grants-in-Aid	530,000	651,400	651,400 11/
Presidential Preference Election	5,298,800	0	0
Special Election Expenses	0	500,000 12/ 13/	8,000,000 14/ -19/
Statewide Radio Reading Service for the Blind	97,000	97,000	97,000
Uniform State Laws Commission	81,100	99,000	99,000
AGENCY TOTAL	**23,617,000**	**25,798,100**	**25,462,000** 20/
FUND SOURCES			
General Fund	21,232,500	23,493,900	22,857,100
Other Appropriated Funds			
Election Systems Improvement Fund	986,900	483,500	999,500
Records Services Fund	1,397,600	1,820,700	1,605,400
SUBTOTAL - Other Appropriated Funds	2,384,500	2,304,200	2,604,900
SUBTOTAL - Appropriated Funds	**23,617,000**	**25,798,100**	**25,462,000**
Other Non-Appropriated Funds	2,165,400	1,516,400	1,516,400
Federal Funds	5,542,600	5,448,500	5,448,500
TOTAL - ALL SOURCES	31,325,000	32,763,000	32,426,900

AGENCY DESCRIPTION — The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for recordings and filings under the Uniform Commercial Code (U.C.C.); coordinating statewide elections; receiving campaign filings; registering trade names, trademarks and limited partnerships; appointing notaries public; and certifying certain telemarketing and charitable solicitation organizations, and provides administrative support for the Commission on Uniform State Laws. In addition, the department is the archival authority and designated repository for historical records and documents of state and local governments, as well as a designated federal document regional repository.

FOOTNOTES

1/ Included in the operating lump sum appropriation of $15,144,800 for fiscal year 2025-2026 is $5,000 for the purchase of mementos and items for visiting officials. (General Appropriations Act footnote, as adjusted for statewide allocations)

2/ The operating lump sum appropriation includes $100,000 for additional support for the talking book library. (General Appropriations Act footnote)

3/ The operating lump sum appropriation includes $250,000 for additional support for the address confidentiality program. (General Appropriations Act footnote)

4/ 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 Appropriations Act footnote.)

5/ Included in the operating lump sum appropriation of $15,144,800 for fiscal year 2025-2026 is $1,605,400 from the records services fund established by section 41-151.12, Arizona Revised Statutes. This appropriation may be used for the payment of obligations incurred in fiscal year 2024-2025. (General Appropriations Act footnote, as adjusted for statewide allocations)

6/ 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 Appropriations Act footnote)

7/ On or before November 1, 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 reporting the actual expenditures for the prior fiscal year for the access voter information database. The report shall, at a minimum, include:

1. The actual expenditures for the operation and maintenance of the database.
2. Any expenditures for updates to the database due to statutory changes.
3. The purpose of the expenditures.
4. All funding sources used to support the database. (General Appropriations Act footnote)

8/ Monies for the address confidentiality program fund deposit may not be transferred to another line item. (General Appropriations Act footnote)

9/ Of the amount appropriated to the secretary of state for the electronic records repository line item in fiscal year 2024-2025 pursuant to Laws 2024, chapter 209, section 90, $450,000 from the record services fund is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

10/ The appropriation of $5,352,200 to the secretary of state for the county allocation of the 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 the lapsing of appropriations, until June 30, 2026. The monies that remain unexpended and unencumbered on June 30, 2026 revert to the fund from which the monies were appropriated. (General Appropriations Act footnote)

11/ This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriations Act footnote)

12/ In addition to any other appropriations made in fiscal year 2024-2025, the sum of $500,000 is appropriated from the state general fund in fiscal year 2024-2025 to the secretary of state for the direct costs of the secretary of state related to the special primary and special general elections to fill the vacancy in the United States house of representatives for Arizona's congressional district 7. (General Appropriations Act footnote – Section 110)

13/ This appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all monies remaining unexpended and unencumbered on June 30, 2026 revert to the state general fund. (General Appropriations Act footnote – Section 110)

14/ Monies in the special election expenses line item shall be used for the purpose of reimbursing expenses incurred by Cochise, Maricopa, Pima, Pinal, Santa Cruz and Yuma counties for the administration of the special primary and special general elections to fill the vacancy in the United States house of representatives for Arizona's congressional district 7.

15/ The secretary of state shall use monies in the special election expenses line item to reimburse a county for the additional cost of printing and mailing ballots and other election materials, compensation paid to election board and tally board officers serving during the special elections and other costs of administering the special elections. The secretary of state may advance a portion of the estimated expenses to the county. (General Appropriations Act footnote)

16/ The clerk of the board of supervisors shall submit to the secretary of state for approval itemized claims, together with documentation, verified by the clerk, for expenses incurred or to be incurred by the county recorder and the county elections department. The clerk of the board of supervisors shall submit the verified claims to the secretary of state on or before November 30, 2025. (General Appropriations Act footnote)

17/ On approval of a claim by the secretary of state, the secretary of state shall submit the claim to the department of administration for payment to the county from the monies appropriated in the special election expenses line item. Reimbursement of expenses incurred by a county for the administration of the special elections may not exceed:

1. Cochise county	$ 139,500
2. Maricopa county	$ 906,900

3. Pima county $5,347,700
4. Pinal county $ 66,100
5. Santa Cruz county $ 240,600
6. Yuma county $ 349,200

(General Appropriations Act footnote)

18/ On or before March 1, 2026, the secretary of state shall submit a report to the joint legislative budget committee and the governor's office of strategic planning and budgeting regarding reimbursements made from the special election expenses line item. (General Appropriations Act footnote)

19/ Before transferring any monies in or out of the special election expenses line item, the secretary of state shall submit a report for review by the joint legislative budget committee. (General Appropriations Act footnote)

20/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $15,144,800 and 143.1 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$13,539,400
Record Services Fund	1,605,400

Adjustments are as follows:

Increase Record Services Funding

The budget includes an increase of $279,300 from the Record Services Fund in FY 2026 to align the appropriation with the costs of operating record services management program.

Remove One-Time Operating Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 to remove funding for one-time operating expenses.

Statewide Adjustments

The budget includes an increase of $318,300 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	362,900
Record Services Fund	(44,600)

(Please see the Agency Detail and Allocations section.)

FY 2026 budget footnotes continue to specify that the Secretary of State (SOS) allocate the following amounts from the operating lump sum in FY 2026 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 specifying 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; and 3) SOS is either a nominal party or defending the constitutionality of a law or referendum enacted by the legislature.

Access Voter Information Database

The budget includes $999,500 from the Election Systems Improvement Fund in FY 2026 for the Access Voter Information Database (AVID) line item. Adjustments are as follows:

Operational Expense Adjustment

The budget includes an increase of $516,000 from the Election Systems Improvement Fund in FY 2026 for an increase to state costs for operating AVID.

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. The FY 2026 budget adds a footnote requiring a report from the SOS to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB) by November 1, 2025 detailing the actual expenditures for the prior fiscal year on AVID. (*For additional AVID spending, please see the Election Services line item.*)

Address Confidentiality Program Fund Deposit

The budget includes $400,000 from General Fund in FY 2026 for the Address Confidentiality Program Fund Deposit line item. Adjustments are as follows:

One-Time Fund Deposit
The budget includes an increase of $400,000 from the General Fund in FY 2026 for a one-time deposit to the Address Confidentiality Program (ACP) Fund.

Monies in this line item are for a deposit to the ACP Fund. The ACP Fund's statutory source of revenue is $47.50 from a $50 surcharge imposed on all persons convicted of domestic violence, stalking, or certain sexual offenses. This fund supports a program for persons who have been subjected to domestic violence offenses, sexual offenses, or stalking. Participants in the ACP program receive a substitute address that becomes the participant's lawful address of record and the program forwards mail to the participants free of charge. An FY 2026 budget footnote specifies that monies for this line item may not be transferred to another line item.

Election Services

The budget includes no funding in FY 2026 for the Election Services line item. Adjustments are as follows:

Remove 2024 Primary/General Election Funding
The budget includes a decrease of $(7,900,000) from the General Fund in FY 2026 to remove funding for the Primary Election on July 30, 2024 and the General Election on November 5, 2024. A FY 2025 budget footnote required SOS to report on the expenditures from the Election Services line item by January 31, 2025 and to delineate by type of expense.

There are no traditional state primary or general elections scheduled between July 2025 and June 2026, which results in the budget including no funding for the Election Services line item in FY 2026. A Special Election is currently occurring in Arizona's 7th Congressional District to fill a vacancy in the U.S. House of Representatives. (*For more information, please see the Special Election Expenses line item.*)

The FY 2025 budget's total funding for the 2024 Primary Election and 2024 General Election was $8,000,000. This amount is comprised of the $7,900,000 in FY 2025 for the traditional state primary and general election costs and a FY 2024 supplemental for $100,000 from the General Fund for logic and accuracy testing in June for the primary election in July. This supplemental is displayed in the FY 2024 column for the Election Services line item.

The SOS reported spending of $7,120,200 for the 2024 Primary/General Election expenses. Pursuant to a FY 2025 budget footnote, $739,900 was transferred to the FY 2025 operating budget for the following purposes:

- The Joint Legislative Budget Committee gave a favorable review of a transfer of $338,100 from the Election Services line item to the agency's operating budget at the December 18, 2024 meeting.
- The FY 2026 General Appropriations Act deemed reviewed by JLBC the following additional transfers from this line item totaling $401,800 to the operating budget: 1) $72,200 for additional AVID operating costs in FY 2025; 2) $89,700 for additional AVID development costs in FY 2025; 3) $212,397 for AVID hosting costs in FY 2023; and $27,487 for AVID hosting costs in FY 2022.

Of the $7,900,000 appropriation for FY 2025 expenses, following the allocations described above, $39,900 of remaining funds went unused.

Background – This line item is intended only to cover variable traditional state primary and general election costs in an election year. In years with state election costs, a standard 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 SOS to: 1) reimburse counties for the costs of printing, labeling, and postage for sample ballots; 2) pay the cost of any recount of votes for state offices; 3) reimburse the County Recorder for the costs of certifying petition and referendum signatures; 4) print and mail a publicity pamphlet to every household with a registered voter for any initiative or referendum; 5) review and process initiative and referendum signatures; and 6) process challenges to candidate eligibility.

Electronic Records Repository

The budget includes $70,300 and 1 FTE Positions from the General Fund in FY 2026 for the Electronic Record Repository line item. Adjustments are as follows:

Remove One-Time Electronic Records Funding
The budget includes a decrease of $(450,000) and (2) FTE Positions from the Record Services Fund in FY 2026 to remove 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. A FY 2026 General Appropriations Act footnote extends the use of the FY 2025 one-time appropriation of $450,000 from the Record Services Fund until June 30, 2026.

Statewide Adjustments

The budget includes an increase of $300 from the General Fund in FY 2026 for statewide adjustments.

When the Election Records Repository Program is fully operational, SOS plans to charge agencies to cover SOS operating costs and for the cost of digital storage. The Electronic Records Repository Fund 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.

Library Grants-in-Aid

The budget includes $651,400 from the General Fund in FY 2026 for Library Grants-in-Aid. This amount is unchanged from FY 2025.

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.

Special Election Expenses

The budget includes $8,000,000 from the General Fund in FY 2026 for the Special Election Expenses line item. Adjustments are as follows:

One-Time Special Election County Support

The budget includes an increase of $8,000,000 from the General Fund for the purpose of reimbursing expenses incurred by Cochise, Maricopa, Pima, Pinal, Santa Cruz, and Yuma counties for the administration of the special primary and special general elections for Arizona's 7th Congressional District. The special primary election was held on July 15, 2025 and the special general election is scheduled for September 23, 2025.

Remove FY 2025 Special Election Supplemental

The budget includes a decrease of $(500,000) from the General Fund for the direct costs of the SOS related to the special primary and special general elections for Arizona's 7th Congressional District. A FY 2026 budget footnote extends the lapse date for this one-time FY 2025 supplemental for the special election until June 30, 2026. This supplemental is displayed in the FY 2025 column for the Special Election Expenses line item.

Monies in this line item in FY 2026 are for reimbursing county costs of the special election occurring in FY 2026 to fill the vacant Arizona's 7th Congressional District seat in the United States House of Representatives.

The FY 2026 budget includes a total of $8,500,000 from the General Fund for costs related to the special election. This is comprised of a FY 2025 supplemental of $500,000 from the General Fund for SOS direct costs for the special election and $8,000,000 from the General Fund in FY 2026 for county special election expenses. An FY 2026 budget footnote requires the SOS to submit a report for review by the JLBC before transferring monies in or out of the Special Election Expenses line item. A separate footnote requires the SOS to report on the reimbursements by March 1, 2026. Additional FY 2026 budget footnotes specify county use of the monies, the reimbursement process, and the maximum amount each county may be reimbursed:

Cochise County	$ 139,500
Maricopa County	$ 906,900
Pima County	$ 5,347,700
Pinal County	$ 66,100
Santa Cruz County	$ 240,600
Yuma County	$ 349,200

Statewide Radio Reading Service for the Blind

The budget includes $97,000 from the General Fund in FY 2026 for Statewide Radio Reading Service for the Blind. This amount is unchanged from FY 2025.

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 2026 for costs associated with the state's participation in the Uniform State Laws Commission. This amount is unchanged from FY 2025.

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 2025 Supplemental

- Long-Term Budget Impacts
- Help America Vote Act Funding

FY 2025 Supplemental

The FY 2026 budget includes an FY 2025 supplemental appropriation of $500,000 from the General Fund for the direct costs of the SOS related to the special primary and special general elections to fill the vacancy in the U.S. House of Representatives for Arizona's 7th Congressional District. (*Please see the Special Election Expenses line item for further details.)*

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, SOS's General Fund costs are projected to decrease by $(4,400,000) in FY 2027 below FY 2026 and remain unchanged in FY 2028. In FY 2027, funding for the Election Services line item would be restored to a base of $4,000,000 for the 2026 Primary and General elections while $(8,000,000) for the special election expenses and $(400,000) for the one-time deposit to the Address Confidentiality Program Fund would be removed.

For FY 2028, while the state's Election Services funding amount would be zero (due to there being no scheduled Primary or General elections), the $4,000,000 amount would instead be used to fund the 2028 Presidential Preference Election line item, for that election held in spring 2028.

Help America Vote Act Funding

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. Federal HAVA monies are deposited in the Election Systems Improvement Fund and require legislative appropriation.

HAVA Projects Appropriation

The FY 2024 budget included a non-lapsing appropriation that 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. As of June 30, 2026, $1,890,700 has been spent on the approved projects.

HAVA County Allocation Appropriation

The FY 2026 budget extends the availability of a FY 2021 appropriation of $5,352,200 of HAVA funding until the end of FY 2026. These monies were to be distributed to counties for election systems improvements. The legislature previously extended the availability of these monies in FY 2023, FY 2024, and FY 2025. As of June 30, 2025, an estimated $281,000 remains available from the original county appropriation.

State Board of Tax Appeals

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4.0	4.0	4.0
Personal Services	173,800	186,600	186,600
Employee Related Expenditures	64,000	72,900	73,200
Travel - In State	0	400	400
Other Operating Expenditures	49,000	58,600	59,000
Equipment	0	100	100
AGENCY TOTAL	**286,800**	**318,600**	**319,300** 1/
FUND SOURCES			
General Fund	286,800	318,600	319,300
SUBTOTAL - Appropriated Funds	**286,800**	**318,600**	**319,300**
TOTAL - ALL SOURCES	286,800	318,600	319,300

AGENCY DESCRIPTION — The board consists of 3 members appointed by the Governor. The board provides an independent appeals process for taxpayers with disputes relating to income, sales, use, estate, and luxury tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $319,300 and 4 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $700 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

State Board of Technical Registration

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	25.0	25.0	26.0
Personal Services	1,316,600	1,227,200	1,287,600
Employee Related Expenditures	485,100	621,800	652,800
Professional and Outside Services	175,500	191,600	191,600
Travel - In State	3,300	5,000	5,000
Travel - Out of State	25,600	17,200	17,200
Other Operating Expenditures	426,800	415,500	414,000
Equipment	22,200	167,700	167,700
AGENCY TOTAL	**2,455,100**	**2,646,000**	**2,735,900** 1/
FUND SOURCES			
Other Appropriated Funds			
Technical Registration Fund	2,455,100	2,646,000	2,735,900
SUBTOTAL - Other Appropriated Funds	2,455,100	2,646,000	2,735,900
SUBTOTAL - Appropriated Funds	**2,455,100**	**2,646,000**	**2,735,900**
Other Non-Appropriated Funds	11,300	0	0
TOTAL - ALL SOURCES	2,466,400	2,646,000	2,735,900

AGENCY DESCRIPTION — The agency licenses, investigates, and conducts examinations of architects, engineers, geologists, home inspectors, land surveyors, and landscape architects.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $2,735,900 and 26.0 FTE Positions from the Technical Registration Fund in FY 2026 for the operating budget. Adjustments are as follows:

Additional Investigator Position

The budget includes an increase of $91,000 and 1.0 FTE Position from the Technical Registration Fund in FY 2026 for an additional investigator position to reduce case resolution time to less than 180 days.

Statewide Adjustments

The budget includes a decrease of $(1,100) from the Technical Registration Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Office of Tourism

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	31.0	31.0	31.0
Personal Services	2,093,900	2,093,900	2,093,900
Employee Related Expenditures	668,400	724,000	601,700
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	2,599,600	2,173,800	2,173,800
Equipment	30,500	30,500	30,500
OPERATING SUBTOTAL	**7,776,200**	**7,406,000**	**7,283,700**
SPECIAL LINE ITEMS			
Arizona Promotion	1,000,000	819,000	819,000
Southern AZ Sports, Tourism and Film Authority	0	0	500,000
Wine Promotion	100,000	100,000	100,000
AGENCY TOTAL	**8,876,200**	**8,325,000**	**8,702,700** 1/
FUND SOURCES			
General Fund	8,876,200	8,325,000	8,702,700
SUBTOTAL - Appropriated Funds	**8,876,200**	**8,325,000**	**8,702,700**
Other Non-Appropriated Funds	30,198,300	41,766,800	41,766,800
Federal Funds	7,296,200	8,634,500	8,634,500
TOTAL - ALL SOURCES	46,370,700	58,726,300	59,104,000

AGENCY DESCRIPTION — The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions, and operating a visitors' center. The agency receives a transfer from the Arizona Sports and Tourism Authority (AZSTA), a portion of tribal gaming contributions, and General Fund appropriations to the Tourism Fund.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $7,283,700 and 31 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(122,300) from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona Promotion

The budget includes $819,000 from the General Fund in FY 2026 for Arizona Promotion. This amount is unchanged from FY 2025.

Monies in this line item are used to fund the marketing, advertisement, and promotion of the tourism industry and tourism efforts in the state.

Southern Arizona Sports, Tourism and Film Authority

The budget includes $500,000 from the General Fund in FY 2026 for the Southern Arizona Sports, Tourism and Film Authority line item. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for the administration of the Southern Arizona Sports, Tourism and Film Authority, which consists of Greenlee, Graham, Cochise, Santa Cruz, Pima, and Pinal Counties. The authority has the power to issue revenue bonds to finance projects which promote

sports, tourism, and film activity in the member counties. Pursuant to A.R.S. § 5-1409, within 3 months after the end of each fiscal year, the authority must report to the Joint Legislative Budget Committee on its activities from the previous fiscal year.

Wine Promotion

The budget includes $100,000 from the General Fund in FY 2026 for Wine Promotion. This amount is unchanged from FY 2025.

Monies in this line item fund the marketing and promotion of the Arizona wine industry.

Other Issues

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 2023, AOT's overall funding totaled $33,034,100. In FY 2024, AOT's funding level increased by 10.5% to $36,513,400, and the agency projects overall FY 2025 funding to be $32,149,500, representing a (12.0)% year-over-year decrease. AOT projects overall funding to reach $33,444,900 in FY 2026, a 4.0% increase over projected FY 2025 funding. *(See Table 1 below for additional details on agency revenue.)*

Table 1

Office of Tourism Revenues 1/

Sources of Funding	Fund	FY 2024	FY 2025	FY 2026
General Fund Appropriation				
• General Fund appropriation to be used to administer the Office of Tourism and promote tourism	General Fund	$8,876,200	$8,325,000	$8,702,700
Sports and Tourism Authority				
• Partial allocation of 1% of bed tax and 3.25% car rental tax (Prop. 302 - 2000)	Tourism Fund	11,749,800	12,337,300 2/	12,954,100 2/
Tribal Gaming				
• 8% of state's share of gaming proceeds, after distribution to Department of Gaming (Prop. 202 - 2002)	Tourism Fund	15,887,400	11,487,200 2/	11,788,100 2/
Total		**$36,513,400**	**$32,149,500**	**$33,444,900**

1/ The numbers displayed represent revenues to the agency and may not correspond directly to the agencies' actual expenditure or appropriation amounts.

2/ The Sports and Tourism Authority amounts and the Tribal Gaming amounts for FY 2025 and FY 2026 are estimates provided by the Office of Tourism in September 2024.

Department of Transportation

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4,554.0	4,571.0	4,581.0
Personal Services	133,998,500	140,000,300	140,726,200
Employee Related Expenditures	56,393,600	66,774,200	70,233,300
Professional and Outside Services	10,128,200	10,649,500	14,289,300
Travel - In State	785,800	764,200	764,200
Travel - Out of State	239,500	228,900	228,900
Other Operating Expenditures	34,195,300	34,723,700	42,450,600
Equipment	4,289,600	2,827,500	2,541,600
OPERATING SUBTOTAL	**240,030,500**	**255,968,300**	**271,234,100** 1/
SPECIAL LINE ITEMS			
ADOT Fleet Vehicles and Heavy Equipment Maintenance	22,687,000	26,522,700	26,814,600
ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency	0	1,000,000	1,000,000
ADOT Fleet Vehicle and Heavy Equipment Replacement	19,854,800	22,400,000	22,400,000 2/
Attorney General Legal Services	3,940,400	3,623,700	3,940,400 3/
Authorized Third Parties	2,002,900	2,264,400	2,252,700
Construction Management System Replacement	0	1,885,000	6,272,000
Driver Safety and Livestock Control	799,600	800,000	800,000
Highway Damage Recovery Account	6,423,900	7,999,300	7,999,000
Highway Maintenance	143,304,200	165,300,900	182,913,000 4/5/
One-Time Fleet Fuel Inflation Funding	2,337,900	3,297,900	0
Preventive Surface Treatments	21,589,400	36,142,000	36,142,000 6/
Radio Lifecycle Replacement	1,207,200	1,656,100	1,656,100
Spaying and Neutering of Animals Fund Deposit	550,000	0	500,000
State Fleet Operations	23,090,700	29,146,900	32,421,400
State Fleet Vehicle Replacement	13,967,100	11,370,000	15,351,600
Statewide Litter Removal	2,842,600	3,106,800	3,106,800
AGENCY TOTAL	**504,628,200**	**572,484,000**	**614,803,700** 7/-11/
FUND SOURCES			
General Fund	550,000	0	500,000
Other Appropriated Funds			
Air Quality Fund	706,800	1,078,300	1,094,000
Department Fleet Operations Fund	22,687,000	27,522,700	27,814,600
Highway Damage Recovery Account	6,423,900	7,999,300	7,999,000
Highway User Revenue Fund	779,600	951,500	841,900
Ignition Interlock Device Fund	324,400	365,600	380,600
Motor Vehicle Liability Insurance Enforcement Fund	1,539,100	1,615,600	1,654,500
State Aviation Fund	2,153,900	2,289,300	2,586,200
State Fleet Operations Fund	23,090,700	29,146,900	32,421,400
State Highway Fund	430,778,500	488,498,400	522,476,100
State Vehicle Replacement Fund	13,967,100	11,370,000	15,351,600
Vehicle Inspection and Certificate of Title Enforcement Fund	1,627,200	1,646,400	1,683,800
SUBTOTAL - Other Appropriated Funds	504,078,200	572,484,000	614,303,700
SUBTOTAL - Appropriated Funds	**504,628,200**	**572,484,000**	**614,803,700**
Other Non-Appropriated Funds	29,068,400	23,421,900	23,421,900
Federal Funds	25,349,600	0	0
TOTAL - ALL SOURCES	559,046,200	595,905,900	638,225,600

AGENCY DESCRIPTION - The Department of Transportation has jurisdiction over state roads, state airports, and the registration of motor vehicles and aircraft.

FOOTNOTES

1/ The amount appropriated in the operating lump sum includes a $2,000,000 reduction below fiscal year 2023-2024 level from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2025-2026 from the department's enforcement and compliance division. (General Appropriations Act footnote)

2/ Expenditures made by the department of transportation for ADOT fleet vehicle and heavy equipment replacement shall be funded only from the ADOT fleet vehicle and heavy equipment replacement line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the ADOT fleet vehicle and heavy equipment replacement line item before expenditure. (General Appropriations Act footnote)

3/ All expenditures made by the department of transportation for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure. (General Appropriations Act footnote)

4/ Of the total amount appropriated, $182,913,000 in fiscal year 2025-2026 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, 2026. (General Appropriations Act footnote, as adjusted for statewide allocations)

5/ In accordance with section 35-142.01, Arizona Revised Statutes, reimbursements for monies expended from the highway maintenance line item may not be credited to the account out of which the expenditure was incurred. The department shall deposit all reimbursements for monies expended from the highway maintenance line item in the highway damage recovery account established by section 28-6994, Arizona Revised Statutes. (General Appropriations Act footnote)

6/ The amount appropriated to the preventive surface treatments line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2026. (General Appropriations Act footnote)

7/ Of the total amount appropriated, the department of transportation shall pay $21,233,800 in fiscal year 2025-2026 from all funds to the department of administration for its risk management payment. (General Appropriations Act footnote)

8/ The department of transportation shall submit an annual report to the joint legislative budget committee on progress in improving motor vehicle division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on or before July 31, 2026 for fiscal year 2025-2026. (General Appropriations Act footnote)

9/ On or before February 1, 2026, 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 2025-2026, 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 Appropriations Act footnote)

10/ On or before August 1, 2025, 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 Appropriations Act footnote)

11/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $271,234,100 and 3,419 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
Air Quality Fund	$1,094,000
Highway User Revenue Fund	612,200
Ignition Interlock Device Fund	380,600
Motor Vehicle Liability Insurance Enforcement Fund	1,549,500
State Aviation Fund	2,586,200
State Highway Fund	263,420,800
Vehicle Inspection and Certificate of Title Enforcement Fund	1,590,800

Adjustments are as follows:

ADOT Fleet Fuel Inflation

The budget includes an increase of $523,600 from the State Highway Fund in FY 2026 for an inflationary increase for department fleet fuel costs. The increased funding will cover unleaded fuel prices of at $3.20 a gallon and diesel fuel prices at $3.50 a gallon.

Advanced Air Mobility Administration Funding

The budget includes an increase of $222,600 and 2.0 FTE Positions from the State Aviation Fund in FY 2026 for advanced air mobility administration funding. The funding is intended to fulfill the provisions of Laws 2025, Chapter 185.

Chapter 185 requires the department, in consultation with stakeholders, to develop or update the statewide aviation plan to include advanced air mobility infrastructure (electric-powered aircraft technologies). In addition, the department is required to designate a person with expertise in electric-powered aircraft technologies to serve as a resource to local jurisdictions.

Driver License Production Funding

The budget includes an increase of $38,600 from the State Highway Fund in FY 2026 for increased driver license production funding. Due to population growth and higher production costs, the department expects increased costs associated with driver license production.

License Plate Production Funding

The budget includes an increase of $308,600 from the State Highway Fund in FY 2026 for increased license plate production funding. Due to population growth and higher production costs, the department expects increased costs associated with license plate production.

Named Claimants

The budget includes a decrease of $(9,100) from the State Highway Fund in FY 2026 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Building System Management Upgrade Funding

The budget includes an increase of $316,000 from the State Highway Fund in FY 2026 to upgrade the department's construction management system. The funding covers the second phase of a 3-phase project. The new system will be used by the department to manage highway construction projects. Of this amount, $238,000 is one-time to upgrade the system to the newest version.

One-Time Maintenance Management System

The budget includes an increase of $3,222,500 from the State Highway Fund in FY 2026 for one-time funding to replace the department's maintenance management system. This funding covers the first phase of a 3-phase project intend to replace the IT system utilized by the department to track roadway maintenance projects.

Remove One-Time FY 2025 MVD Security System Funding

The budget includes a decrease of $(724,900) from the State Highway Fund in FY 2026 to remove one-time funding 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.

One-Time FY 2026 MVD Security System

The budget includes an increase of $789,100 from the State Highway Fund in FY 2026 for one-time funding to replace the security systems at 9 MVD offices throughout the state. The funding covers the fourth phase of a 5-phase project intended to replace the security systems at all 42 offices.

Remove One-Time FY 2025 Passenger Rail Service Operating Funding

The budget includes a decrease of $(200,000) from the Air Quality Fund in FY 2026 to remove one-time funding for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

One-Time FY 2026 Passenger Rail Service Operating Funding

The budget includes an increase of $200,000 from the Air Quality Fund in FY 2026 for one-time funding for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

Software Contract Funding

The budget includes an increase of $1,713,500 from the State Highway Fund in FY 2026 for increased costs with the renewal of existing software contracts. These software application contracts are utilized for transportation project monitoring, mapping, licensing, project management, data analysis, cloud storage and management, document organization, and cybersecurity.

Technical Budget Shift

The budget includes a decrease of $(230,100) from the State Highway Fund in FY 2026 as a technical budget shift. The FY 2024 budget included salary adjustments for approximately 978 positions within the department. The department requested that the monies allocated between the operating budget, Attorney General Legal Services line item, Authorized Third Parties line item, and Highway Maintenance line items be shifted to better reflect where the positions are funded.

The budget also includes a corresponding increase of $316,700 in the Attorney General Legal Services line item, a decrease of $(1,800) in the Authorized Third Parties line item, and a decrease of $(84,800) in the Highway Maintenance line item.

Statewide Adjustments

The budget includes an increase of $9,095,400 in FY 2026 for statewide adjustments. This amount consists of:

Air Quality Fund	15,700
Highway User Revenue Fund	(74,000)
Ignition Interlock Device Fund	15,000
Motor Vehicle Liability Insurance Enforcement Fund	38,600
State Aviation Fund	74,300
State Highway Fund	8,988,200
Vehicle Inspection and Certificate of Title Enforcement Fund	37,600

Of this amount, $682,200 is for a 5% salary increase for AZPOST-certified staff and a 15% salary increase for firefighters. *(Please see the Agency Detail and Allocations section.)*

ADOT Fleet Vehicles and Heavy Equipment Maintenance

The budget includes $26,814,600 and 200 FTE Positions from the Department Fleet Operations Fund in FY 2026 for Vehicles and Heavy Equipment Maintenance. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $291,900 from the Department Fleet Operations Fund in FY 2026 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 2026 for Vehicles and Heavy Equipment Maintenance Contingency. This amount is unchanged from FY 2025.

This line item funds the 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 2026 for Vehicle and Heavy Equipment Replacement. This amount is unchanged from FY 2025.

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 Appropriations Act footnote requires vehicle and heavy equipment replacement to be funded only from this line item.

Attorney General Legal Services

The budget includes $3,940,400 from the State Highway Fund in FY 2026 for Attorney General Legal Services. Adjustments are as follows:

Technical Budget Shift

The budget includes an increase of $316,700 from the State Highway Fund in FY 2026 as a technical budget shift. The FY 2024 budget included salary adjustments for approximately 978 positions within the department. The department requested that the monies allocated between the operating budget, Attorney General Legal Services line item, Authorized Third Parties line item, and Highway Maintenance line items be shifted to better reflect where the positions are funded.

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 $2,252,700 and 20 FTE Positions in FY 2026 for Authorized Third Parties. These amounts consist of:

Highway User Revenue Fund	229,700
Motor Vehicle Liability Insurance Enforcement Fund	105,000
State Highway Fund	1,825,000
Vehicle Inspection and Certificate of Title Enforcement Fund	93,000

Adjustments are as follows:

Technical Budget Shift

The budget includes a decrease of $(1,800) from the State Highway Fund in FY 2026 as a technical budget shift. The FY 2024 budget included salary adjustments for

approximately 978 positions within the department. The department requested that the monies allocated between the operating budget, Attorney General Legal Services line item, Authorized Third Parties line item, and Highway Maintenance line items be shifted to better reflect where the positions are funded.

Statewide Adjustments
The budget includes a decrease of $(9,900) in FY 2026 for statewide adjustments. This amount consists of:

Highway User Revenue Fund	(35,600)
Motor Vehicle Liability Insurance Enforcement Fund	300
State Highway Fund	25,600
Vehicle Inspection and Certificate of Title Enforcement Fund	(200)

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 2024, ATPs retained $28,673,000 in fees that otherwise would have been deposited to the Highway User Revenue Fund (HURF) and $41,343,000 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 $6,272,000 from the State Highway Fund in FY 2026 for Construction Management System Replacement. Adjustments are as follows:

One-Time FY 2026 Construction Management System Replacement Funding
The budget includes an increase of $6,272,000 from the State Highway Fund in FY 2026 for one-time funding for construction management system replacement. The funding covers the second phase of a 4-phase project intended to replace the department's construction management IT system.

Remove One-Time FY 2025 Construction Management System Replacement Funding
The budget includes a decrease of $(1,885,000) from the State Highway Fund in FY 2026 to remove one-time funding for construction management system replacement. The funding covered 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 2026 for Driver Safety and Livestock Control. This amount is unchanged from FY 2025.

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 $7,999,000 from the Highway Damage Recovery Account in FY 2026 for the Highway Damage Recovery Account. Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(300) from the Highway Damage Recovery Account in FY 2026 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 $182,913,000 and 932 FTE Positions from the State Highway Fund in FY 2026 for Highway Maintenance. Adjustments are as follows:

Highway Maintenance Additional Lane Miles
The budget includes an increase of $797,400 from the State Highway Fund in FY 2026 for maintenance of new lane miles across the state. This funding will cover the cost of 38 new lane miles added in FY 2025.

Highway Maintenance Backlog Funding
The budget includes an increase of $15,793,300 from the State Highway Fund in FY 2026 to address the backlog of maintenance of highway lane miles in fair or poor condition. As of 2023, 29% of Arizona roadways were rated in good condition, 64% in fair condition, and 7% in poor condition.

Remove One-Time FY 2025 I-17 Flex Lane Maintenance Costs
The budget includes a decrease of $(517,500) from the State Highway Fund in FY 2026 to remove one-time funding for maintenance of new flex lane miles along Interstate 17 from Anthem to Sunset Point.

One-Time FY 2026 I-17 Flex Lane Maintenance Cost
The budget includes a one-time increase of $813,600 from the State Highway Fund in FY 2026 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 late 2025 and this funding will cover the cost of a third party to maintain the new lane miles.

Remove One-Time FY 2025 South Mountain Loop 202 Maintenance Costs
The budget includes a decrease of $(509,300) from the State Highway Fund in FY 2026 to remove a one-time performance bond payment for maintenance of new lane miles for the South Mountain Loop 202 freeway that was opened in December 2019.

South Mountain Loop 202 Maintenance Costs
The budget includes an increase of $106,900 from the State Highway Fund in FY 2026 for maintenance of new lane miles for the new South Mountain Loop 202 freeway that was opened in December 2019. This ongoing funding covers the full cost of maintenance by adjusting for inflation.

Technical Budget Shift
The budget includes a decrease of $(84,800) from the State Highway Fund in FY 2026 as a technical budget shift. The FY 2024 budget included salary adjustments for approximately 978 positions within the department. The department requested that the monies allocated between the operating budget, Attorney General Legal Services line item, Authorized Third Parties line item, and Highway Maintenance line items be shifted to better reflect where the positions are funded.

Statewide Adjustments
The budget includes a decrease of $1,212,500 from the State Highway Fund in FY 2026 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 $182,913,000 included for Highway Maintenance, the Proposition 479 Maricopa County half-cent sales tax makes another $15,845,400 available in FY 2026 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 no funding in FY 2026 for One-Time Fleet Fuel Inflation Funding. Adjustments are as follows:

Remove One-Time FY 2024 Inflation Funding
The budget includes a decrease of $(3,297,900) from the State Highway Fund in FY 2026 to remove one-time funding for inflationary cost increases in fuel.

Preventive Surface Treatments

The budget includes $36,142,000 from the State Highway Fund in FY 2026 for Preventive Surface Treatments. This amount is unchanged from FY 2025.

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 2026 for Radio Lifecycle Replacement. This amount is unchanged from FY 2025.

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 $500,000 from the General Fund in FY 2026 for Spaying and Neutering of Animals Fund Deposit. Adjustments are as follows:

One-Time Spaying and Neutering of Animals Fund Deposit

The budget includes an increase of $500,000 from the General Fund in FY 2026 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 $32,421,400 and 10 FTE Positions from the State Fleet Operations Fund in FY 2026 for State Fleet Operations. Adjustments are as follows:

DCS State Fleet Operations Adjustment

The budget includes an increase of $5,979,400 from the State Fleet Operations Fund in FY 2026 for the maintenance of vehicles within the Department of Child Services (DCS). The FY 2026 budget adds DCS to the state fleet and includes additional funding from the agency for state fleet onboarding costs.

FY 2026 State Fleet Maintenance Adjustment

The budget includes an increase of $3,575,700 and 8 FTE Positions from the State Fleet Operations Fund in FY 2026 for state fleet maintenance costs to expend the increased maintenance charges to agencies within the state fleet and handle the increased workload of 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.

Remove One-Time FY 2025 State Fleet Maintenance Adjustment

The budget includes a decrease of $(6,273,900) from the State Fleet Operations Fund in FY 2026 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.

Remove One-Time State Fleet Maintenance Personnel Costs

The budget includes a decrease of $(5,200) from the State Fleet Operations Fund in FY 2026 to remove one-time costs associated with new positions to assist with the maintenance of the state fleet.

Statewide Adjustments

The budget includes a decrease of $(1,500) from the State Fleet Operations Fund in FY 2026 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 $15,351,600 from the State Vehicle Replacement Fund in FY 2026 for State Fleet Vehicle Replacement. Adjustments are as follows:

One-Time DCS Vehicle Replacement Adjustment

The budget includes an increase of $2,610,000 from the State Vehicle Replacement Fund in FY 2026 for one-time funding to replace 100 vehicles at the Department of Child Services (DCS). The FY 2026 budget adds DCS to the state fleet and includes additional funding from the agency for state fleet onboarding costs.

One-Time State Fleet Vehicle Replacement Adjustment

The budget includes an increase of $5,491,600 from the State Vehicle Replacement Fund in FY 2026 for one-time funding for state fleet vehicle replacement costs. This funding is intended to replace 180 vehicles across 26 agencies in the state fleet. In addition, the funding will be utilized to replace 21 vehicles ordered in 2025 that have not yet been received. In addition, the department will use the funding to purchase 4 new vehicles for the following agencies: Department of Agriculture (1), State Parks (1), and the Attorney General (2).

Remove One-Time State Fleet Vehicle Replacement Adjustment

The budget includes a decrease of $(4,120,000) from the State Vehicle Replacement Fund in FY 2026 to remove one-time funding for state fleet vehicle replacement costs. This amount reflects what the department received in FY 2024 to replace 206 vehicles 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 budget.

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 2026 for Statewide Litter Removal. This amount is unchanged from FY 2025.

The line item funds a monthly litter removal service on select interstate highways and routes outside of Maricopa County that currently do not receive regular litter removal services. Maricopa County currently has a dedicated funding stream of revenue from the half-cent sales tax for litter removal services.

Other Issues

FY 2025 Supplemental

The FY 2026 budget includes an FY 2025 supplemental appropriation of $9,091.49 from the State Highway Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

State Treasurer

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	38.4	38.4	38.4
Personal Services	2,895,300	2,941,000	2,941,000
Employee Related Expenditures	986,300	1,088,200	1,132,200
Professional and Outside Services	147,800	174,000	174,000
Travel - In State	5,700	6,200	6,200
Travel - Out of State	10,100	10,600	10,600
Other Operating Expenditures	386,600	406,600	407,100
Equipment	48,100	50,500	50,500
OPERATING SUBTOTAL	**4,479,900**	**4,677,100**	**4,721,600**
SPECIAL LINE ITEMS			
Advanced Air Mobility Fund Deposit	0	0	2,000,000 1/
County Recorder Voter Registration Accuracy Review	3,000,000	0	0
Secure Ballot Paper	0	6,000,000	0
Justice of the Peace Salaries	2,455,500	2,628,200	2,797,200
Law Enforcement/Boating Safety Fund Grants	0 2/	2,183,800	2,183,800
Special Sporting Event	1,500,000	1,500,000	1,500,000 3/
Statewide Infrastructure Trust Fund Deposit	0	0	1,000,000 1/
Statewide Transportation Innovation Fund Deposit	0	0	2,000,000 1/4/
Veterans' Health Innovations Pilot Program	0	0	150,000 5/
FY 2026 Budget - Section 118 Local Distributions 6/			
Ak-Chin Indian Community Police Department	0	0	300,000
Arizona City Fire District	0	0	100,000
Prescott Valley Police Department	0	0	450,000
Casa Grande Police Department	0	0	300,000
Casa Grande Fire Department	0	0	200,000
Coolidge Police Department	0	0	200,000
Coolidge Fire Department	0	0	200,000
Eloy Police Department	0	0	200,000
Eloy Fire District	0	0	200,000
Florence Police Department	0	0	500,000
Florence Fire Department	0	0	270,000
Gila River Police Department	0	0	200,000
Gila River Fire Department	0	0	200,000
Maricopa County Attorney's Office	0	0	2,000,000
City of Maricopa Police Department	0	0	200,000
City of Maricopa Fire and Medical Department	0	0	200,000
Mohave County South Cove Launch Ramp	0	0	500,000
Mohave County Horizon Six Firefighting Infrastructure	0	0	500,000
Pinal County Sheriff's Office	0	0	400,000
Pinal County Dumping Prohibition Signs	0	0	50,000
City of Sierra Vista Infrastructure	0	0	100,000
City of Sierra Vista Part 433 Reentry License	0	0	1,500,000
Mohave County Sheriff Search and Rescue Training	0	0	100,000
Paradise Valley Indoor Police Shooting Range	0	0	100,000
Phoenix Police Department Community Policing	0	0	100,000
Salt River Police Department Community Policing	0	0	100,000
Scottsdale Adaptive Services Park	0	0	100,000
Snowflake James Flake Historical House Restoration	0	0	350,000
Thunderbird Fire District	0	0	100,000
Yavapai County Sheriff Criminal Information Intelligence Analysis Center	0	0	2,000,000 7/

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
Yuma County Waste Tire Disposal	0	0	850,000
Mohave County Sheriff's Office	0	0	1,000,000
La Paz County Sheriff's Office	0	0	500,000
Yavapai County Sheriff's Office	0	0	950,000
Yavapai County Sheriff's Office – Satellite Communications	0	0	500,000
Yavapai County - New Public Safety Facility	0	0	1,000,000
Yuma County Recorder	0	0	1,000,000
City of Yuma Nonprofit Regional Hospital	0	0	3,000,000 [8/]
City of Peoria Park Improvements	0	0	300,000
City of Winslow	0	0	2,500,000
City of Bullhead Water Transmission Line	0	0	1,000,000
Maricopa County Recorder	0	0	4,100,000 [9/]
FY 2026 Budget - Section 119 Nonprofit Organization Distributions [6/]			
International Dark Sky Discovery Center	0	0	3,300,000 [10/]
Pinal County - Nonprofit After-School Recreation Center	0	0	200,000 [11/]
Pinal County - Nonprofit Suicide Prevention Center	0	0	300,000 [12/]
Pinal County - Reading Program	0	0	25,000 [13/]
Pinal County - Nonprofit Veterans' Services Organization	0	0	200,000 [14/]
Town of Taylor - Nonprofit Child Development Center	0	0	1,500,000 [15/]
FY 2024 Budget - Section 116 Local Distributions [16/]			
Chandler Police Department Support	2,000,000	0	0
City Police Department Pepper Ball Pilot Program	750,000	0	0
Copper Canyon Fire and Medical District	750,000	0	0
County Property Owner Notification Systems	63,100	0	0
County Sheriffs Search and Rescue Equipment	2,437,500	0	0
Flagstaff Post-Fire Mitigation	8,987,000	0	0
Glassford Dells Regional Park Development	3,500,000	0	0
Glendale Veterans Community Project	3,214,500 [17/]	0	0
Hayden and Wickenburg Police Departments	3,000,000	0	0
Kearny Public Building Remediation	500,000	0	0
La Paz County Public Safety	860,000	0	0
Mohave County Sheriff Substations	9,000,000	0	0
Mohave County Sheriff Vehicles	500,000	0	0
Peoria Police Department Helicopter	3,500,000	0	0
Peoria Police Department Mobile Command Center	1,500,000	0	0
Snowflake Sewer Lift Station	750,000	0	0
State Route 30 Utility Relocation	10,050,000	0	0
Vernon Fire District	1,000,000	0	0
Wickenburg Fire Station	1,400,000	0	0
Section 117 Firearm Training Simulators			
Firearm Training Simulators	1,368,000	0	0
FY 2024 Budget - Section 118 Nonprofit Organization Distributions [16/]			
International Dark Sky Discovery Center	10,000,000	0	0
Nonprofit Volunteer Rodeo Organization	0 [18/]	0	0
Northern Arizona Observatory	5,600,000	0	0
FY 2025 Budget - Section 227 Peace Office Training Equipment Fund Distributions [19/]			
Pinal County Record Management System	0	600,000	0
Pepperball and Pepperball Weapons	0	1,441,200	0
Maricopa County Attorney Office Simulator	0	312,000	0
Yavapai County Sheriff Office Simulations	0	600,000	0
AGENCY TOTAL	**82,165,500**	**19,942,300**	**50,297,600** [20/21/]

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
FUND SOURCES			
General Fund	76,660,200	10,470,700	42,734,700
Other Appropriated Funds			
Law Enforcement and Boating Safety Fund	0	2,183,800	2,183,800
Long-Term Water Augmentation Fund	0		1,000,000
Peace Officer Training Equipment Fund	1,368,000	2,953,200	0
State Treasurer's Operating Fund	4,137,300	4,334,600	4,379,100
SUBTOTAL - Other Appropriated Funds	5,505,300	9,471,600	7,562,900
SUBTOTAL - Appropriated Funds	**82,165,500**	**19,942,300**	**50,297,600**
Other Non-Appropriated Funds	19,832,900	19,136,500	19,136,500
TOTAL - ALL SOURCES	101,998,400	39,078,800	69,434,100

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/ The monies in the statewide infrastructure trust fund deposit line item, the advanced air mobility fund deposit line item and the statewide transportation innovation fund deposit line item are appropriated from the respective funds to the state treasurer for the purposes provided in sections 28-7011, 28-8604, and 28-9571, Arizona Revised Statutes, respectively (General Appropriations Act footnote).

2/ The Treasurer reported no expenditures from this line item in FY 2024, which is consistent with the Annual Financial Report published by the Arizona Department of Administration. However, separate reports from the Treasurer's office indicate that $1,723,500 was disbursed from this line item in FY 2024.

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 Appropriations Act.

4/ Of the amount appropriated for the statewide transportation innovation fund deposit line item, $1,000,000 shall be allocated for projects east of Power Road in Maricopa county and Pinal county (General Appropriations Act footnote).

5/ The amount appropriated for the veterans' health innovations pilot program line item shall be allocated to the entity described in section 41-177, subsection E, Arizona Revised Statutes, to conduct a pilot program with an emphasis on innovations that improve veterans' health that satisfy the requirements of section 41-177, subsections E and F, Arizona Revised Statutes (General Appropriations Act footnote).

6/ This section number is from the FY 2026 General Appropriations Act.

7/ Monies in this line item shall be used by the Yavapai County Sheriff's Office to operate a criminal information intelligence analysis coordination center that is responsible for collecting, analyzing, synthesizing, and disseminating real-time, actionable information and that is designed to interdict human trafficking and controlled substance trafficking conducted by international criminal cartels (General Appropriations Act footnote).

8/ The City of Yuma shall distribute monies appropriated in this line item to a nonprofit regional hospital located in the city of Yuma that supports at least four hundred beds (General Appropriations Act footnote).

9/ Monies in this line item shall be distributed to the Maricopa county recorder for election-related operations. For fiscal year 2025-2026, the Maricopa county board of supervisors shall not in any way reduce the funding to the Maricopa county recorder's office below the amount of the adopted fiscal year budget for the Maricopa county recorder's office. The Maricopa county recorder's office shall submit quarterly expenditure summaries to the joint legislative budget committee detailing the use of the monies appropriated by this subsection. The monies appropriated in this subsection are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2028 (General Appropriations Act footnote).

10/ Monies in this line item shall be distributed to a nonprofit organization that is designated as an international dark sky discovery center and that is focused on dark sky preservation in this state. The nonprofit organization shall use these monies for the public purpose of providing educational programming to Arizona students and shall offer its capabilities to university students for research purposes. The state treasurer shall completely distribute these monies to the nonprofit organization on or before July 15, 2025 (General Appropriations Act footnote).

11/ Monies in this line item shall be distributed to a nonprofit organization located in Pinal county that provides after-school recreational and educational programming to students in Pinal county (General Appropriations Act footnote).
12/ Monies in this line item shall be distributed to a nonprofit organization located in Pinal county that provides suicide prevention services to the residents of Pinal county (General Appropriations Act footnote).
13/ Monies in this line item shall be distributed to a nonprofit organization that promotes economic development in Pinal county to support a reading program for residents of Pinal county (General Appropriations Act footnote).
14/ Monies in this line item shall be distributed to a nonprofit organization that is located in Pinal county, that provides services to veterans in Pinal county with an in-person facility and a mobile outreach center and has previously received a grant from the department of veterans' services (General Appropriations Act footnote).
15/ Monies in this line item shall be distributed to a child development center located in the town of Taylor that supports long-term education and workforce needs (General Appropriations Act footnote).
16/ This section number is from the FY 2024 General Appropriations Act.
17/ The FY 2024 budget appropriated $3,214,500 for this line item. The FY 2025 budget subsequently ex-appropriated $800,000 as a reduction to the original FY 2024 appropriation, but this reduction was not reflected in final FY 2024 expenditures.
18/ The state treasurer shall distribute the monies appropriated pursuant to Laws 2023, chapter 133, section 118, paragraph 2 to the city of Prescott to improve and refurbish the rodeo grounds owned by the city. The monies shall be promptly spent to promote use of the rodeo grounds, including landscaping, hardscaping, drainage and the replacement, improvement and increased capacity of aging water and sewer infrastructure, for upgrades to the main arena sound system and bleacher seating, for construction of new restroom facilities to accommodate large crowds during events and for other site improvements that support the economic and tourism activity generated by the year-round use of the rodeo grounds for rodeo, equine, and related events. (General Appropriations Act footnote)
19/ This section number is from the FY 2025 General Appropriations Act.
20/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
21/ On or before June 30, 2026, 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 Appropriations Act footnote).

Operating Budget

The budget includes $4,721,600 and 38.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$342,500
State Treasurer's Operating Fund	4,379,100

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $44,500 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Advanced Air Mobility Fund Deposit

The budget includes $2,000,000 from the General Fund in FY 2026 for deposit into the Advanced Air Mobility Fund. Adjustments are as follows:

One-Time Deposit
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2026 for deposit into the Advanced Air Mobility Fund.

The FY 2026 Transportation Budget Reconciliation Bill (BRB) established a new appropriated Advanced Air Mobility Fund. Monies in the fund will be used to purchase advanced air mobility vehicles capable of carrying passengers or cargo to demonstrate the utility of such vehicles. Monies in the fund may also be used to construct vertiports, which are commonly defined as areas designated for the takeoff and landing of these vehicles. The budget includes a footnote appropriating the deposited monies from the fund to the State Treasurer for the fund's aforementioned purpose.

Secure Ballot Paper

The budget includes no funding in FY 2026 for Secure Ballot Paper. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(6,000,000) from the General Fund in FY 2026 to remove one-time funding for a distribution to county recorders for the purchase of secure ballot paper.

Laws 2022, Chapter 313, Section 130 appropriated $5,000,000 from the General Fund in FY 2024 and $6,000,000 from the General Fund in FY 2025 to the Treasurer to distribute these monies on a proportional basis to county recorders that purchase ballot paper that uses specific security features, including watermarks or unique ballot identifiers, or both. Monies in this line item are exempt from lapsing.

Justice of the Peace Salaries

The budget includes $2,797,200 from the General Fund in FY 2026 for Justice of the Peace (JP) salaries. Adjustments are as follows:

Remove FY 2025 Supplemental

The budget includes a decrease of $(310,000) from the General Fund in FY 2026 to remove the FY 2025 supplemental appropriation.

Statutory Funding Requirement

The budget includes an increase of $479,000 from the General Fund in FY 2026 to align the appropriation to the anticipated funding need.

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.
The FY 2025 General Appropriations Act increased Superior Court judge's salaries from $180,000 to $190,000 on January 1, 2025 and to $200,000 on January 1, 2026. The budget, however, did not adjust the appropriation for Justice of the Peace salaries proportionally, resulting in a projected FY 2025 shortfall. The budget includes a one-time supplemental appropriation of $310,000 to address this shortfall in FY 2025. As noted above, the budget also includes an ongoing increase of $479,000 in FY 2026 to annualize that amount and account for the January 1, 2026 increase.

Law Enforcement/Boating Safety Fund Grants

The budget includes $2,183,800 from the Law Enforcement and Boating Safety Fund (LEBSF) in FY 2026 for the administration of the Law Enforcement/Boating Safety Fund grants. This amount is unchanged from FY 2025.

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 2024 and year-to-date FY 2025 allocations are included in *Table 1*.

Table 1

Allocation of LEBSF Grants

County	FY 2024	FY 2025 Thru May 30th
Apache	$ 23,600	$ 26,300
Coconino	244,900	273,100
Gila	171,500	191,200
La Paz	281,100	313,500
Maricopa	225,600	251,600
Mohave	551,000	614,400
Navajo	11,400	12,700
Yuma	214,400	239,100
Total 1/	**$1,723,500**	**$1,921,900**

1/ Amounts may not add to total due to rounding

Special Sporting Event

The budget includes $1,500,000 from the General Fund in FY 2026 for Special Sporting Event funding. This amount is unchanged from FY 2025.

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 Appropriations 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.)*

Statewide Infrastructure Trust Fund Deposit

The budget includes $1,000,000 from the General Fund in FY 2026 for deposit into the Statewide Infrastructure Trust Fund. Adjustments are as follows:

One-Time Deposit
The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for deposit into the Statewide Infrastructure Trust Fund.

The FY 2026 Transportation BRB established a new appropriated Statewide Infrastructure Trust Fund. Monies in the fund will be used to finance projects that construct or improve federal or state highways. All expenditures from the fund are subject to review by the Joint Committee on Capital Review. The budget includes a footnote appropriating the deposited monies from the fund to the State Treasurer for the fund's aforementioned purpose.

Statewide Transportation Innovation Fund Deposit

The budget includes $2,000,000 from the General Fund in FY 2026 for deposit into the Statewide Transportation Innovation Fund. Adjustments are as follows:

One-Time Deposit
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2026 for deposit into the Statewide Transportation Innovation Fund.

The FY 2026 Transportation BRB established a new appropriated Statewide Transportation Innovation Fund. Monies in the fund will be used to administer the Statewide Transportation Innovation Program established pursuant to A.R.S. § 28-9572. The budget includes a footnote appropriating the deposited monies from the fund to the State Treasurer for the fund's aforementioned purpose.

Veteran's Health Innovations Pilot Program

The budget includes $150,000 from the General Fund in FY 2026 for a Veterans' Health Innovations Pilot Program. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $150,000 from the General Fund in FY 2026 for a Veterans' Health Innovations Pilot Program.

Monies in this line item will be allocated to a nonprofit charitable organization to conduct a pilot program with an emphasis on innovations that improve veterans' health. The monies will be allocated in accordance with A.R.S. § 41-177 subsection E, which establishes the guidelines for distributions from the Arizona Health Innovation Trust Fund.

FY 2026 Budget - Section 118 Local Distributions

Section 118 of the FY 2026 General Appropriations Act includes the following distributions by the Treasurer:

Ak-Chin Indian Community Police Department

The budget includes $300,000 from the General Fund in FY 2026 for the Ak-Chin Indian Community Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $300,000 from the General Fund in FY 2026 for distribution to the Ak-Chin Indian Community Police Department (*Item 1 of Section 118, subsection A*).

Arizona City Fire District

The budget includes $100,000 from the General Fund in FY 2026 for the Arizona City Fire District. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the Arizona City Fire District (*Item 2 of Section 118, subsection A*).

Prescott Valley Police Department

The budget includes $450,000 from the General Fund in FY 2026 for the Prescott Valley Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $450,000 from the General Fund in FY 2026 for distribution to the Prescott Valley Police Department (*Item 3 of Section 118, subsection A*).

Casa Grande Police Department

The budget includes $300,000 from the General Fund in FY 2026 for the Casa Grande Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $300,000 from the General Fund in FY 2026 for distribution to the Casa Grande Police Department (*Item 4 of Section 118, subsection A*).

Casa Grande Fire Department

The budget includes $200,000 from the General Fund in FY 2026 for the Casa Grande Fire Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Casa Grande Fire Department (*Item 5 of Section 118, subsection A*)

Coolidge Police Department

The budget includes $200,000 from the General Fund in FY 2026 for the Coolidge Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Coolidge Police Department (*Item 6 of Section 118, subsection A*).

Coolidge Fire Department

The budget includes $200,000 from the General Fund in FY 2026 for the Coolidge Fire Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Coolidge Fire Department (*Item 7 of Section 118, subsection A*).

Eloy Police Department

The budget includes $200,000 from the General Fund in FY 2026 for the Eloy Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Eloy Police Department (*Item 8 of Section 118, subsection A*).

Eloy Fire District

The budget includes $200,000 from the General Fund in FY 2026 for the Eloy Fire District. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Eloy Fire District (*Item 9 of Section 118, subsection A*).

Florence Police Department

The budget includes $500,000 from the General Fund in FY 2026 for the Florence Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for distribution to the Florence Police Department (*Item 10 of Section 118, subsection A*).

Florence Fire Department

The budget includes $270,000 from the General Fund in FY 2026 for the Florence Fire Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $270,000 from the General Fund in FY 2026 for distribution to the Florence Fire Department (*Item 11 of Section 118, subsection A*).

Gila River Police Department

The budget includes $200,000 from the General Fund in FY 2026 for the Gila River Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Gila River Police Department (*Item 12 of Section 118, subsection A*).

Gila River Fire Department

The budget includes $200,000 from the General Fund in FY 2026 for the Gila River Fire Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the Gila River Fire Department (*Item 13 of Section 118, subsection A*).

Maricopa County Attorney's Office

The budget includes $2,000,000 from the General Fund in FY 2026 for sexual assault investigator training and anti-human trafficking activities at the Maricopa County Attorney's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2026 for distribution to the Maricopa County Attorney's Office (*Item 14 of Section 118, subsection A*).

City of Maricopa Police Department

The budget includes $200,000 from the General Fund in FY 2026 for the City of Maricopa Police Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the City of Maricopa Police Department (*Item 15 of Section 118, subsection A*).

City of Maricopa Fire and Medical Department

The budget includes $200,000 from the General Fund in FY 2026 for the City of Maricopa Fire and Medical Department. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to the City of Maricopa Fire and Medical Department (*Item 16 of Section 118, subsection A*)

Mohave County South Cove Launch Ramp

The budget includes $500,000 from the General Fund in FY 2026 for the Mohave County South Cove Launch Ramp. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for distribution to Mohave County to purchase a mobile launch ramp for the south cove at Lake Mead recreational area (*Item 17 of Section 118, subsection A*).

Mohave County Horizon Six Firefighting Infrastructure

The budget includes $500,000 from the General Fund in FY 2026 for the firefighting infrastructure in the Mohave County Horizon Six Improvement District. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for distribution to Mohave County for firefighting infrastructure in the Horizon Six Improvement District (*Item 18 of Section 118, subsection A*).

Pinal County Sheriff's Office

The budget includes $400,000 from the General Fund in FY 2026 for the Pinal County Sheriff's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $400,000 from the General Fund in FY 2026 for distribution to the Pinal County Sheriff's Office (*Item 19 of Section 118, subsection A*).

Pinal County Dumping Prohibition Signs

The budget includes $50,000 from the General Fund in FY 2026 for illegal dumping prohibition signage in Pinal County. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $50,000 from the General Fund in FY 2026 for distribution to Pinal County for dumping prohibition signs (*Item 20 of Section 118, subsection A*).

City of Sierra Vista Infrastructure

The budget includes $100,000 from the General Fund in FY 2026 for infrastructure in the City of Sierra Vista. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the City of Sierra Vista for infrastructure improvements (*Item 21 of Section 118, subsection A*).

City of Sierra Vista Part 433 Reentry License

The budget includes $1,500,000 from the General Fund in FY 2026 to help the City of Sierra Vista obtain a Part 433 Reentry License from the Federal Aviation Administration. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 for distribution to City of Sierra Vista to obtain a Part 433 Reentry License (*Item 22 of Section 118, subsection A*).

Mohave County Sheriff Search and Rescue Training

The budget includes $100,000 from the General Fund in FY 2026 for search and rescue training at the Mohave County Sheriff's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to Mohave County Sheriff's Office for search and rescue training (*Item 23 of Section 118, subsection A*).

Paradise Valley Indoor Police Shooting Range

The budget includes $100,000 from the General Fund in FY 2026 for the for the development of an indoor police shooting range in the town of Paradise Valley. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the Town of Paradise Valley for an indoor police shooting range (*Item 24 of Section 118, subsection A*).

Phoenix Police Department Community Policing

The budget includes $100,000 from the General Fund in FY 2026 for Phoenix Police Department Community Policing. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the Phoenix Police Department for community policing (*Item 25 of Section 118, subsection A*).

Salt River Police Department Community Policing

The budget includes $100,000 from the General Fund in FY 2026 for Salt River Police Department Community Policing. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the Salt River Police Department for community policing (*Item 26 of Section 118, subsection A*).

Scottsdale Adaptive Services Park

The budget includes $100,000 from the General Fund in FY 2026 for the Scottsdale Adaptive Services Park. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the City of Scottsdale for an adaptive services park or adaptive services recreational facility (*Item 27 of Section 118, subsection A*).

Snowflake James Flake Historical House Restoration

The budget includes $350,000 from the General Fund in FY 2026 for the renovation of the James Flake Historical House in the city of Snowflake. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $350,000 from the General Fund in FY 2026 for distribution to the City of Snowflake to restore the James M. Flake house historical site (*Item 28 of Section 118, subsection A*).

Thunderbird Fire District

The budget includes $100,000 from the General Fund in FY 2026 for the Thunderbird Fire District. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $100,000 from the General Fund in FY 2026 for distribution to the Thunderbird Fire District (*Item 29 of Section 118, subsection A*).

Yavapai County Sheriff Criminal Information Intelligence Analysis Center

The budget includes $2,000,000 from the General Fund in FY 2026 for the Yavapai County Sheriff Criminal Information Intelligence Analysis Center. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2026 for distribution to the Yavapai County Sheriff's Office to operate a criminal

information intelligence analysis coordination center that is responsible for collecting, analyzing, synthesizing, and disseminating real-time, actionable information and that is designed to interdict human trafficking and controlled substance trafficking conducted by international criminal cartels. (*Item 30 of Section 118, subsection A*).

Yuma County Waste Tire Disposal

The budget includes $850,000 from the General Fund in FY 2026 for the disposal of waste tires in Yuma County. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $850,000 from the General Fund in FY 2026 for distribution to Yuma County for the disposal of waste tires (*Item 31 of Section 118, subsection A*).

Mohave County Sheriff's Office

The budget includes $1,000,000 from the General Fund in FY 2026 for the Mohave County Sheriff's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for distribution to the Mohave County Sheriff's Office (*Item 32 of Section 118, subsection A*).

La Paz County Sheriff's Office

The budget includes $500,000 from the General Fund in FY 2026 for the La Paz County Sheriff's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for distribution to the La Paz County Sheriff's Office (*Item 33 of Section 118, subsection A*).

Yavapai County Sheriff's Office

The budget includes $950,000 from the General Fund in FY 2026 for the Yavapai County Sheriff's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $950,000 from the General Fund in FY 2026 for distribution to the Yavapai County Sheriff's Office (*Item 34 of Section 118, subsection A*).

Yavapai County Sheriff's Office - Satellite Communications

The budget includes $500,000 from the General Fund in FY 2026 for a satellite communications pilot program at the Yavapai County Sheriff's Office. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for distribution to Yavapai County for a satellite communications pilot program (*Item 35 of Section 118, subsection A*).

Yavapai County - New Public Safety Facility

The budget includes $1,000,000 from the General Fund in FY 2026 for the construction of a new public safety facility in southwest Yavapai County. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for distribution to Yavapai County for the construction a public safety facility (*Item 36 of Section 118, subsection A*).

Yuma County Recorder

The budget includes $1,000,000 from the General Fund in FY 2026 for the Yuma County Recorder. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $1,000,000 from the General Fund in FY 2026 for distribution to the Yuma County Recorder (*Item 37 of Section 118, subsection A*).

City of Yuma Nonprofit Regional Hospital

The budget includes $3,000,000 from the General Fund in FY 2026 for a nonprofit regional hospital in the City of Yuma. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $3,000,000 from the General Fund in FY 2026 for distribution to City of Yuma for further distribution to a nonprofit regional hospital located in the city that supports at least 400 beds (*Item 38 of Section 118, subsection A*).

City of Peoria Park Improvements

The budget includes $300,000 from the General Fund in FY 2026 for the capital improvements to parks located in the City of Peoria. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $300,000 from the General Fund in FY 2026 for distribution to the City of Peoria for park improvements (*Item 39 of Section 118, subsection A*).

City of Winslow

The budget includes $2,500,000 from the General Fund in FY 2026 for the City of Winslow. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $2,500,000 from the General Fund in FY 2026 for distribution to the City of Winslow (*Item 40 of Section 118, subsection A*).

City of Bullhead Water Transmission Line

The budget includes $1,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a water transmission line in the City of Bullhead. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $1,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for distribution to the City of Bullhead for a new water transmission line (*Section 118, subsection B*).

Maricopa County Recorder

The budget includes $4,100,000 from the General Fund in FY 2026 for the Maricopa County Recorder. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $4,100,000 from the General Fund in FY 2026 for distribution to Maricopa County Recorder (*Section 118, subsection C*).

The budget includes a footnote prohibiting Maricopa County from reducing the Maricopa County Recorder's operating budget. This appropriation is exempt from lapsing through FY 2028.

FY 2026 Budget - Section 119 Nonprofit Organization Distributions

Section 119 of the FY 2026 General Appropriations Act includes the following distributions by the Treasurer:

International Dark Sky Discovery Center

The budget includes $3,300,000 from the General Fund in FY 2026 for an International Dark Sky Discovery Center. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $3,300,000 from the General Fund in FY 2026 for distribution to a nonprofit organization that is designated as an international dark sky discovery center and that is focused on dark sky preservation in this state. The nonprofit organization shall use these monies for the public purpose of providing educational programming to Arizona students and shall offer its capabilities to university students for research purposes. (*Item 1 of Section 119*). These monies are in addition to the $10,000,000 appropriated for this purpose in Section 118 of the FY 2025 General Appropriations Act.

The budget includes a footnote requiring the state treasurer to completely distribute these monies to the nonprofit organization on or before July 15, 2025.

Pinal County - Nonprofit After-School Recreation Center

The budget includes $200,000 from the General Fund in FY 2026 for distribution to a nonprofit organization located in Pinal County that provides after-school recreational and educational programming to students in Pinal County. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to a nonprofit organization located in Pinal County that provides after-school recreational and educational programming to students in Pinal County (*Item 2 of Section 119*).

Pinal County - Nonprofit Suicide Prevention Center

The budget includes $300,000 from the General Fund in FY 2026 for distribution to a nonprofit organization located in Pinal county that provides suicide prevention services to the residents of Pinal county. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $300,000 from the General Fund in FY 2026 for distribution to a nonprofit organization located in Pinal county that provides suicide prevention services to the residents of Pinal county (*Item 3 of Section 119*).

Pinal County - Reading Program

The budget includes $25,000 from the General Fund in FY 2026 for distribution to a nonprofit organization that promotes economic development in Pinal county to support a reading program for residents of Pinal county. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $25,000 from the General Fund in FY 2026 for distribution to a nonprofit organization that promotes economic development in Pinal county to support a reading program for residents of Pinal county (*Item 4 of Section 119*).

Pinal County - Nonprofit Veterans' Services Organization

The budget includes $200,000 from the General Fund in FY 2026 for distribution to a nonprofit organization located in Pinal county that provides services to veterans in Pinal county. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $200,000 from the General Fund in FY 2026 for distribution to a nonprofit organization located in Pinal county that provides services to veterans in Pinal county (*Item 5 of Section 119*).

Town of Taylor - Nonprofit Child Development Center

The budget includes $1,500,000 from the General Fund in FY 2026 for distribution to a child development center located in the town of Taylor that supports long-term education and workforce needs. Adjustments are as follows:

One-Time Distribution
The budget includes a one-time increase of $1,500,000 from the General Fund in FY 2026 for distribution to a child development center located in the town of Taylor that supports long-term education and workforce needs (*Item 6 of Section 119*).

FY 2025 Budget - Section 127 Peace Officer Training Equipment Fund Distributions

Section 127 of the FY 2025 General Appropriations Act includes the following distributions by the Treasurer:

Pinal County Record Management System

The budget includes no funding in FY 2026 for the Pinal County Record Management System. Adjustments are as follows:

Remove One-Time Distribution
The budget includes a decrease of $(600,000) from the Peace Officer Training Equipment Fund in FY 2026 to remove funding for a one-time 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 no funding in FY 2026 for pepperball and pepperball weapons. Adjustments are as follows:

Remove One-Time Distribution
The budget includes a decrease of $(1,441,200) from the Peace Officer Training Equipment Fund in FY 2026 to remove funding for a one-time distribution to 15 public safety organizations for pepperball and pepperball weapons.

The FY 2025 budget distributed the $1,441,200 appropriation 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 Downtown District	122,200
Nogales Police Department	112,800
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	76,300
Total	**$1,441,200**

Maricopa County Attorney Office Training Simulator

The budget includes no funding in FY 2026 for the Maricopa County Attorney's Office Training Simulator. Adjustments are as follows:

Remove One-Time Distribution
The budget includes a decrease of $(312,000) from the Peace Officer Training Equipment Fund in FY 2026 to remove funding for a one-time 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 no funding in FY 2026 for the Yavapai County Sheriff Office Simulations. Adjustments are as follows:

Remove One-Time Distribution

The budget includes a decrease of $(600,000) from the Peace Officer Training Equipment Fund in FY 2026 to remove funding for a one-time 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

FY 2024 Revision

The FY 2024 budget (Laws 2023, chapter 133, section 118, paragraph 2) appropriated $15,300,000 to the Treasurer to distribute to a nonprofit volunteer organization that operates a rodeo at the Yavapai county fairgrounds.

The FY 2026 budget (Laws 2025, chapter 233, section 121) requires the Treasurer to redirect that $15,300,000 appropriation to the City of Prescott to improve and refurbish the rodeo grounds owned by the city. The monies shall be promptly spent to promote use of the rodeo grounds, including landscaping, hardscaping, drainage and the replacement, improvement and increased capacity of aging water and sewer infrastructure, for upgrades to the main arena sound system and bleacher seating, for construction of new restroom facilities to accommodate large crowds during events and for other site improvements that support the economic and tourism activity generated by the year-round use of the rodeo grounds for rodeo, equine, and related events.

FY 2025 Supplemental

The budget includes an FY 2025 supplemental appropriation of $310,000 from the General Fund to address a shortfall in the Justice of the Peace Salaries line item appropriation. (*Please see the Justice of the Peace Salaries line item for more information).*

Statutory Changes

The Transportation BRB makes the following statutory changes:

- As permanent law, establish the Advanced Air Mobility Fund to be administered by the State Treasurer and subject to legislative appropriation. The fund shall be used for the purchase of advanced air mobility vehicles used for transit, testing and development. Requires JCCR review prior to expenditure.
- As permanent law, establish the Statewide Transportation Innovation Fund to be administered by the State Treasurer and subject to legislative appropriation. The fund shall be used to establish a grant program for transportation innovation projects. All grant applications must be provided to the chairs of the House and Senate Transportation Committees.
- As permanent law, establish the Statewide Infrastructure Trust Fund to be administered by the State Treasurer and subject to legislative appropriation. The fund shall be used to fund future transportation projects in the state. Require JCCR review prior to expenditure.

Fund Transfers

The budget includes a transfer of $2,000,000 in FY 2026 from the Treasurer's Peace Officer Training Equipment Fund to the School Safety Interoperability Fund.

Governor's Office on Tribal Relations

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	3.0	3.0	3.0
Personal Services	39,900	35,000	35,000
Employee Related Expenditures	14,100	15,800	15,600
Professional and Outside Services	700	0	0
Travel - In State	2,700	500	500
Other Operating Expenditures	11,400	13,800	13,800
Equipment	0	2,000	2,000
AGENCY TOTAL	**68,800**	**67,100**	**66,900** 1/
FUND SOURCES			
General Fund	68,800	67,100	66,900
SUBTOTAL - Appropriated Funds	**68,800**	**67,100**	**66,900**
TOTAL - ALL SOURCES	68,800	67,100	66,900

AGENCY DESCRIPTION — The agency assists and supports tribal nations and communities and enhances government-to-government relations between the 22 tribal nations in this state.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $66,900 and 3 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of $(200) from the General Fund in FY 2026 for statewide adjustments.
(Please see the Agency Detail and Allocations section.)

Arizona Board of Regents

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	30.9	30.9	30.9
Personal Services	1,308,200	1,456,700	1,456,700
Employee Related Expenditures	326,900	489,500	492,000
Professional and Outside Services	258,800	0	0
Other Operating Expenditures	1,269,800	1,138,300	1,342,400
Equipment	1,900	0	0
OPERATING SUBTOTAL	**3,165,600**	**3,084,500**	**3,291,100**
SPECIAL LINE ITEMS			
Adaptive Athletics	160,000	160,000	160,000 1/
Leveraging Education Assistance Partnership Program	1,220,800	1,220,800	1,220,800 2/
Museum of Democracy Presidential Project	2,000,000	0	0
Primary Care Residency Programs	5,000,000	0	0
Arizona Promise Program	40,000,000	20,000,000	36,300,000 3/
Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund Deposit	2,000,000	0	0
Spouses of Military Veterans Tuition Scholarships	10,000,000	10,000,000	10,000,000 4/
Arizona Teachers Academy	30,000,000	16,000,000	15,000,000
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
Washington D.C. Internships	300,000	300,000	450,000 5/
Western Interstate Commission Office	153,000	153,000	153,000
WICHE Student Subsidies	4,078,000	4,078,000	4,078,000
AGENCY TOTAL	**98,807,100**	**55,726,000**	**71,382,600** 6/7/
FUND SOURCES			
General Fund	98,807,100	55,726,000	71,382,600
SUBTOTAL - Appropriated Funds	**98,807,100**	**55,726,000**	**71,382,600**
Other Non-Appropriated Funds	32,335,700	35,244,100	35,244,100
Federal Funds	2,957,200	275,000	275,000
TOTAL - ALL SOURCES	134,100,000	91,245,100	106,901,700

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 Appropriations Act footnote)

2/ 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 2025-2026. (General Appropriations Act footnote)

3/ On or before October 1, 2026, 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 2025-2026:
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 Appropriations Act footnote)

4/ On or before October 1, 2026, 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 2025-2026:
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 Appropriations Act footnote)

5/ 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 and short-term programs in their areas of interest. (General Appropriations Act footnote)

6/ 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 Appropriations Act footnote)

7/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $3,291,100 and 30.9 FTE Positions from the General Fund in FY 2026 for the operating budget. These amounts are unchanged from FY 2025.

Statewide Adjustments

The budget includes an increase of $206,600 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Adaptive Athletics

The budget includes $160,000 from the General Fund in FY 2026 for Adaptive Athletics. This amount is unchanged from FY 2025.

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.

Leveraging Education Assistance Partnership Program

The budget includes $1,220,800 from the General Fund in FY 2026 for the Leveraging Education Assistance Partnership (LEAP) Program. This amount is unchanged from FY 2025.

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).

Arizona Promise Program

The budget includes $36,300,000 from the General Fund in FY 2026 for the Arizona Promise Program. Adjustments are as follows:

One-Time Program Funding

The budget includes a one-time increase of $16,300,000 from the General Fund in FY 2026 to increase funding for the Arizona Promise Program.

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 2025-2026 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 2024, this program served 9,200 students, and the average award amount was $4,096.

The FY 2025 Higher Education BRB established 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 of Military Veterans Tuition Scholarships

The budget includes $10,000,000 from the General Fund in FY 2026 for Spouses of Military Veterans Tuition Scholarships. This amount is unchanged from FY 2025.

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.

In FY 2024, this program served 184 students, and the average award amount was $3,408.

If sufficient monies are available, A.R.S. § 15-1808(B) requires ABOR to distribute surplus scholarship monies to the universities for costs associated with tuition waivers for children and spouses of veterans, peace officers, and firefighters in Arizona who suffered a post-traumatic stress injury and died by suicide. After surplus monies are used pursuant section 15-1808(B), the FY 2026 Higher Education BRB requires that any monies remaining in the fund on June 30 of each year be distributed as follows:

- $500,000 or the amount of remaining monies, whichever is less, in the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund. Following this deposit.
- Any remaining monies are deposited to the following funds: 60% in the Arizona Promise Program Fund, 30% in the Teacher's Academy Fund and 10% in the Community College Promise Program Fund.

The FY 2026 Higher Education BRB also allows the Treasurer to invest and divest monies in the fund.

Arizona Teachers Academy

The budget includes $15,000,000 from the General Fund in FY 2026 for the Arizona Teachers Academy. Adjustments are as follows:

Remove FY 2025 One-Time Funding

The budget includes a decrease of $(1,000,000) from the General Fund in FY 2026 for the elimination of one-time Arizona Teachers Academy scholarship 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 2024, 3,497 students were enrolled in the academy, of which 1,132 attended ASU, 1,234 attended NAU, 406 attend UA, 494 were community college postbaccalaureate students, and 231 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 2026 for the Arizona Teachers Incentive Program (ATIP). This amount is unchanged from FY 2025.

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 2026 for the Arizona Teacher Student Loan Program (ATSLP). This amount is unchanged from FY 2025.

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 2026 for the Arizona Transfer Articulation Support System (ATASS). This amount is unchanged from FY 2025.

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 $450,000 from the General Fund in FY 2026 for Washington, D.C. internships and short-term programs. Adjustments are as follows:

One-Time Washington D.C. Internships

The budget includes a one-time increase of $150,000 from the General Fund in FY 2026 for Washington D.C. internship and short-term program scholarships.

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 2026 for the Western Interstate Commission Office. This amount is unchanged from FY 2025.

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 2026 for WICHE student subsidies. This amount is unchanged from FY 2025.

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, amend A.R.S. § 15-1682.03 to increase the cap on allowed SPEED bonds from $800 million to $1,125 million, and specify that 50% of the bonding increase be made available in FY 2026 and 50% in FY 2027; requires JCCR approval for all new bonding projects.
- As permanent law, establish the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund, which was previously established in session law and scheduled to expire on June 30, 2025. The newly established permanent law fund would require recipients of a scholarship from the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund to be an Arizona resident at the time of applying and continues to be a resident while receiving the scholarship, physically present in the state during each semester receiving a scholarship. Requires the law enforcement officer to be an Arizona resident and actively employed by a law enforcement organization in in the state.
- As permanent law, allow monies in the Arizona Veterinary Loan Assistance Fund and the Spouses of Military Veterans Tuition Scholarship Fund to be invested and earn interest.
- If there are any unexpended and unencumbered monies remaining in the Spouses of Military Veterans Tuition as of June 30 of each year, requires ABOR to deposit $500,000, or the amount of remaining monies, whichever is less, in the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund. Following this deposit, any remaining monies will be deposited to the following funds: 60% in the Arizona Promise Program Fund, 30% in the Teacher's Academy Fund, and 10% in the Community College Promise Program Fund.
- As permanent law, amends A.R.S. 15-1626 to require that the Arizona Board of Regents to submit a report by November 1 of each year to the JLBC for review that addresses the amount of monies retained from the universities to supplement their operating budget, the Board's current-year expenditure plan for monies retained from the universities, and an accounting of how the board spent the monies retained from the universities in the prior fiscal year.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, university wide General Fund costs are projected to decrease by $(21,587,000) in FY 2027 below FY 2026 and increase by $625,100 in FY 2028 above FY 2027. These estimates are based on:

- A decrease of $(16,300,000) to remove one-time Arizona Promise Program funding.
- A decrease of $(150,000) to remove one-time Washington, D.C. Internship funding.
- A decrease of $(500,000) to remove one-time ASU funding for Decision Theater – Pinal County Transportation.
- A decrease of $(1,350,000) to remove one-time UA funding for the Yuma Center for Excellence for Desert Agriculture.
- A decrease of $(850,000) to remove one-time UA funding for an Extractive Modular Metallurgy Facility.
- A decrease of $(500,000) to remove one-time UA funding for the Arizona Geological Survey.
- A decrease of $(2,000,000) to remove one-time UA funding for a deposit to the On-Farm Irrigation Fund.
- A decrease of $(500,000) to remove one-time UA funding for AZ REACH.
- A decrease of $(50,000) to remove one-time UA funding for Medical Mission Scholarships.
- Decreases of $(1,100) and $(1,400) in FY 2027 and FY 2028, respectively, to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*

- Increases of $614,100 and $626,500 in FY 2027 and FY 2028, respectively, to increase the universities' annual Capital Infrastructure Funding appropriation. *(Please see the 2017 University Infrastructure Funding narrative for more information.)*

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 $115-$122 in FY 2025 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 2026 budget continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2026. The budget also maintains each university's FY 2026 allocation of General Fund AFAT appropriations at their FY 2025 level, which appears in the individual university budgets.

Based on student fees contributed to AFAT in FY 2024 (the most recent year of data available), the state's match would have been $53,897,100, or an increase of $43,855,900 over the $10,041,200 appropriation in FY 2026.

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 2024, AFAT disbursed $33,851,300. This is the most recent year of data available. *(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 2024 tuition revenue report projected FY 2025 gross tuition and fees to be $4.5 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 2024, the universities projected $1.2 billion in tuition waivers and awards in FY 2025, for a total net tuition of $3.2 billion. Please see the September 26, 2024 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 2026 is $10.08 billion, including $974.6 million from the General Fund and $3.2 billion of net tuition/fee collections. *Table 2* summarizes the FY 2026 expenditure authority amounts for the Arizona University System.

Financial Aid

The Arizona University System distributed $3.48 billion in financial aid in FY 2024 (the most recent year of data available). Of the total financial aid distributions, the federal government financed $1.33 billion, and university institutional sources provided $1.50 billion. *(Please see Table 3 for details.)*

Enrollment

Between fall 2023 and fall 2024, university enrollment increased from 211,096 FTE to 221,564, or 5.0%, as displayed in *Table 4*. ASU enrollment increased by 5.1%, NAU enrollment increased by 3.4% and UA increased by 5.4%.

Table 1

University Research Infrastructure Appropriations 1/

Fiscal Year	ASU	NAU	UA	Total
2026	13,453,900	4,884,500	14,248,400	32,586,800
2027	13,450,100	4,884,300	14,251,300	32,585,700
2028	13,436,200	4,894,000	14,254,100	32,584,300
2029	13,430,800	4,888,400	14,251,500	32,570,700
2030	13,423,500	4,892,000	14,252,500	32,568,000
2031	13,428,800	4,889,300	14,255,800	32,573,900

1/ Research infrastructure General Fund appropriations as specified in A.R.S. § 15-1670, as amended by the FY 2017 Higher Education BRB.

Table 2

FY 2026 Summary of Spending Authority

	Appropriated Funds		Non-Appropriated Funds		
	General Fund	Collections Fund 1/	Federal Funds	Other Funds 1/	Total 2/
ABOR	$ 71,382,600	$ 0	$ 275,000	$ 35,244,100	$ 106,901,700
ASU	412,671,200	856,998,800	616,080,100	3,118,019,300	5,003,769,400
NAU	124,707,700	131,836,800	161,603,900	446,306,400	864,454,800
UA-Main	289,867,500	368,549,100	319,599,500	2,184,085,100	3,162,101,200
UA-Health Sciences	75,978,400	61,522,800	383,982,400	417,731,100	939,214,700
Total	**$974,607,400**	**$1,418,907,500**	**$1,481,540,900**	**$6,201,386,000**	**$10,076,441,800**

1/ Expenditures of non-appropriated funds include transfers of funds to non-operating accounts for capital and debt service expenses. The total expenditures of gross non-appropriated tuition are estimated to be $3,033,612,000 based on FY 2025 amounts. This amount excludes FY 2026 enrollment growth and tuition rate changes.

2/ Total university wide funding includes gross tuition revenues.

Table 3

FY 2024 Financial Aid Distribution by Source
($ in Thousands)

	Federal	State 1/	Institutional	Private/Other	Total
Grants	$430,307.5	$109,718.5	$1,193,153.7	$386,400.4	$2,119,580.1
Loans	887,890.7	84.3	61.1	157,460.0	1,045,496.1
Employment	11,056.6	0.0	308,217.5	0.0	319,274.1
Total	**$1,329,254.8**	**$109,802.8**	**$1,501,432.3**	**$543,860.4**	**$3,484,350.3**

1/ 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 1/

	Fall 2023	Fall 2024	Fall 2023 to Fall 2024
ASU-Tempe	60,549	61,088	0.9%
ASU-Downtown Phoenix	11,701	11,483	(1.9)%
ASU-East	5,972	6,175	3.4%
ASU-West	5,246	5,764	9.9%
ASU-Online 2/	46,577	51,763	11.1%
ASU-Other	923	1,374	48.9%
Subtotal	*130,968*	*137,647*	*5.1%*
NAU-Flagstaff	21,573	21,658	0.4%
NAU-Online 2/	2,492	2,564	2.9%
NAU-Other	3,269	4,031	23.3%
Subtotal	*27,334*	*28,253*	*3.4%*
UA-Tucson	42,811	44,782	4.6%
UA-PHX Biomedical	1,608	1,669	3.8%
UA-Online 2/	6,010	6,535	8.7%
UA-Other	2,365	2,678	13.2%
Subtotal	*52,794*	*55,664*	*5.4%*
Total	**211,096**	**221,564**	**5.0%**

1/ FTE counts as reported by ABOR and the universities include both graduate and undergraduate students.
2/ Online enrollment represents students enrolled in online-only programs.

Arizona State University

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	8,362.5	8,357.4	8,357.4
Personal Services	656,546,600	649,845,200	649,845,200
Employee Related Expenditures	189,307,200	205,971,400	226,572,300
Professional and Outside Services	96,746,900	57,232,600	57,232,600
Travel - In State	120,800	115,600	115,600
Travel - Out of State	1,971,100	653,900	653,900
Other Operating Expenditures	102,077,600	176,080,000	156,901,500
Equipment	27,786,000	4,885,900	4,885,900
OPERATING SUBTOTAL	**1,074,556,200**	**1,094,784,600**	**1,096,207,000** 1/
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	13,468,200	13,459,300	13,453,900 2/
2017 Capital Infrastructure Funding	13,039,900	13,300,700	13,566,700 3/
Arizona Financial Aid Trust	5,985,800	5,985,800	5,985,800
Biomedical Informatics	3,378,500	3,758,100	3,828,100
Collegiate Women's Wrestling Program	500,000	0	0
Decision Theater - Pinal County Transportation	0	0	500,000
Downtown Phoenix Campus	126,738,700	134,098,500	135,878,500
Eastern Europe Cultural Collaborative	250,000	250,000	250,000 4/
AGENCY TOTAL	**1,237,917,300**	**1,265,637,000**	**1,269,670,000** 5/6/7/
FUND SOURCES			
General Fund	411,201,900	408,638,200	412,671,200 8/9/10/
Other Appropriated Funds			
University Collections Fund	826,715,400	856,998,800	856,998,800 11/
SUBTOTAL - Other Appropriated Funds	826,715,400	856,998,800	856,998,800
SUBTOTAL - Appropriated Funds	**1,237,917,300**	**1,265,637,000**	**1,269,670,000**
Other Non-Appropriated Funds	2,822,995,500	3,018,364,400	3,118,019,300
Federal Funds	626,978,200	616,080,100	616,080,100
TOTAL - ALL SOURCES	4,687,891,000	4,900,081,500	5,003,769,400

AGENCY DESCRIPTION — Established in 1885, Arizona State University (ASU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR).

FOOTNOTES

1/ 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, 2025, 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 2025-2026 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 Laws 2024, Chapter 209, Section 129. (General Appropriations Act footnote)

2/ A.R.S. § 15-1670 appropriates $13,453,900 to ASU from the General Fund in FY 2026 to finance lease-purchase payments for research infrastructure projects.

3/ A.R.S. § 15-1671 appropriates $13,566,700 to ASU from the General Fund in FY 2026 for capital infrastructure projects.

4/ 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 Appropriations Act footnote)

5/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriations Act footnote)

6/ 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 Appropriations Act footnote)

7/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

8/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriations Act footnote)

9/ The state general fund appropriation may not be used for alumni association funding. (General Appropriations Act footnote)

10/ The FY 2026 General Fund budget is $412,671,200. This amount includes $361,178,200 in ASU's individual section of the FY 2026 General Appropriations Act, $13,453,900 in A.R.S. § 15-1670 lease-purchase appropriations, $13,566,700 in A.R.S. § 15-1671 capital infrastructure appropriations, and $24,472,400 for statewide adjustments.

11/ Any unencumbered balances remaining in the university collections fund on June 30, 2025 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 Appropriations Act footnote)

Operating Budget

The budget includes $1,096,207,000 and 7,206.8 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$323,839,300
University Collections Fund	772,367,700

Adjustments are as follows:

Remove One-Time Operating Funding

The budget includes a decrease of $(21,200,000) from the General Fund in FY 2026 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 with no funding in FY 2026 and beyond.

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.)*

Statewide Adjustments

The budget includes an increase of $22,622,400 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

2003 Research Infrastructure Lease-Purchase Payment

The budget includes $13,453,900 from the General Fund in FY 2026 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment

The budget includes a decrease of $(5,400) from the General Fund in FY 2026 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008

through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2026 General Appropriations 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 $13,566,700 from the General Fund in FY 2026 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment
The budget includes an increase of $266,000 from the General Fund in FY 2026 for a 2.0% increase in capital infrastructure funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2026 General Appropriations 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 2026, from the second quarter of CY 2023 to the second quarter of CY 2024). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

Arizona Financial Aid Trust

The budget includes $5,985,800 from the General Fund in FY 2026 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2025. *(Please see the ABOR section for more information.)*

Biomedical Informatics

The budget includes $3,828,100 and 24.3 FTE Positions in FY 2026 for the Biomedical Informatics line item. These amounts consist of:

General Fund	1,982,100
University Collections Fund	1,846,000

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $70,000 from the General Fund in FY 2026 for statewide adjustments.

This multidisciplinary department incorporates computer science, biology, and engineering to organize and analyze medical data.

Decision Theater – Pinal County Transportation

The budget includes $500,000 from the General Fund in FY 2026 for Decision Theater – Pinal County Transportation. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for the Decision Theater to support Pinal County transportation.

Downtown Phoenix Campus

The budget includes $135,878,500 and 1,126.3 FTE Positions in FY 2026 for programs headquartered at the Downtown Phoenix Campus. These amounts consist of:

General Fund	53,093,400
University Collections Fund	82,785,100

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $1,780,000 from the General Fund in FY 2026 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 2026 for the Eastern Europe Cultural Collaborative. This amount is unchanged from FY 2025.

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 2026 General Fund budget is $412,671,200. Of this amount:

- $361,178,200 is included in ASU's individual section of the FY 2026 General Appropriations Act.
- $13,453,900 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- $13,566,700 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- $24,472,400 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 $(232,500) in FY 2027 below FY 2026 and increase by $262,900 in FY 2028 above FY 2027. These estimates are based on:

- Decrease of $(500,000) in FY 2027 to remove one-time funding for Decision Theater – Pinal County Transportation.
- Decreases of $(3,800) in FY 2027 and $(13,900) in FY 2028 to adjust for university debt service costs.
- Increases of $271,300 in FY 2027 and $276,800 in FY 2028 to increase the university's annual Capital Infrastructure Funding appropriation.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2025 General Appropriations Act appropriated $854,407,100 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 Appropriations 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 2025 to the Joint Legislative Budget Committee in June 2024, and ASU incorporated the adjusted FY 2025 amounts as part of their FY 2026 budget submission. Accordingly, the estimated FY 2025 amount has been adjusted by $2,591,700 to $856,998,800.

The FY 2025 FTE Position count has also been adjusted. The FY 2025 General Appropriations Act originally appropriated 8,285.7 FTE Positions in FY 2025 for ASU. The General Fund accounted for 2,567.7 FTE Positions and the University Collections Fund accounted for the remaining 5,718 FTE Positions. The estimated number of FY 2025 FTE Positions has been adjusted by 71.7 to 8,357.4. The General Fund accounts for 2,565.8 FTE Positions and the University Collections Fund accounts for the remaining 5,791.6 FTE Positions.

Northern Arizona University

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2,456.1	2,399.0	2,399.0
Personal Services	169,601,600	164,668,200	164,668,200
Employee Related Expenditures	51,642,200	49,010,500	48,384,900
Professional and Outside Services	13,996,400	13,307,700	13,307,700
Travel - In State	231,500	381,400	381,400
Travel - Out of State	331,000	10,400	10,400
Other Operating Expenditures	16,452,600	18,219,600	9,164,000
Equipment	2,041,100	899,400	899,400
OPERATING SUBTOTAL	**254,296,400**	**246,497,200**	**236,816,000** 1/
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	5,302,900	4,885,500	4,884,500 2/
2017 Capital Infrastructure Funding	4,942,500	5,041,400	5,142,200 3/
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 4/
NAU - Yuma	3,084,600	3,088,400	3,083,100
Teacher Training	2,292,700	2,292,700	2,292,700 5/
AGENCY TOTAL	**274,245,100**	**266,131,200**	**256,544,500** 6/ 7/
FUND SOURCES			
General Fund	138,925,500	134,294,400	124,707,700 8/ 9/ 10/
Other Appropriated Funds			
University Collections Fund	135,319,600	131,836,800	131,836,800 11/
SUBTOTAL - Other Appropriated Funds	135,319,600	131,836,800	131,836,800
SUBTOTAL - Appropriated Funds	**274,245,100**	**266,131,200**	**256,544,500**
Other Non-Appropriated Funds	441,643,400	436,776,900	446,306,400
Federal Funds	158,595,700	160,181,700	161,603,900
TOTAL - ALL SOURCES	874,484,200	863,089,800	864,454,800

AGENCY DESCRIPTION — Established in 1899, Northern Arizona University (NAU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). The university's primary focus is undergraduate residential education.

FOOTNOTES

1/ 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, 2025, 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 2025-2026 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 Laws 2024, Chapter 209, Section 129. (General Appropriations Act footnote)

2/ A.R.S. § 15-1670 appropriates $4,884,500 to NAU from the General Fund in FY 2026 to finance lease-purchase payments for research infrastructure projects.

3/ A.R.S. § 15-1671 appropriates $5,142,200 to NAU from the General Fund in FY 2026 for capital infrastructure projects.

4/ 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, 2026. 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 Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriations Act footnote)

7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

8/ The state general fund appropriation may not be used for alumni association funding. (General Appropriations Act footnote)

9/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriations Act footnote)

10/ The FY 2026 General Fund budget is $124,707,700. This amount includes $114,267,500 in NAU's individual section of the FY 2026 General Appropriations Act, $4,884,500 in A.R.S. § 15-1670 lease-purchase appropriations, $5,142,200 in A.R.S. § 15-1671 capital infrastructure appropriations, and $413,500 for statewide adjustments.

11/ Any unencumbered balances remaining in the university collections fund on June 30, 2025 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 Appropriations Act footnote)

Operating Budget

The budget includes $236,816,000 and 2,367.8 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$104,979,200
University Collections Fund	131,836,800

Adjustments are as follows:

Remove One-Time Operating Funding

The budget includes a decrease of $(10,100,000) from the General Fund in FY 2026 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. The FY 2025 amount remained at $10,100,000 with no funding in FY 2026 and beyond

Statewide Adjustments
The budget includes an increase of $418,800 from the General Fund in FY 2026 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.)*

2003 Research Infrastructure Lease-Purchase Payment

The budget includes $4,884,500 from the General Fund in FY 2026 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment
The budget includes a decrease of $(1,000) from the General Fund in FY 2026 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 2026 General Appropriations 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 $5,142,200 from the General Fund in FY 2026 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment
The budget includes an increase of $100,800 from the General Fund in FY 2026 for a 2.0% increase in capital infrastructure funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2026 General Appropriations 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 2026, from the second quarter of CY 2023 to the second quarter of CY 2024). *(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 2026 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2025. *(Please see the ABOR section for more information.)*

Biomedical Research Funding

The budget includes $3,000,000 from the General Fund in FY 2026 for the Biomedical Research Funding line item. This amount is unchanged from FY 2025.

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 $3,083,100 and 31.2 FTE Positions from the General Fund in FY 2026 for NAU-Yuma. Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(5,300) from the General Fund in FY 2026 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 2026 for Teacher Training. This amount is unchanged from FY 2025.

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 2026 General Fund budget is $124,707,700. Of this amount:

- $114,267,500 is included in NAU's individual section of the FY 2026 General Appropriations Act.
- $4,884,500 is appropriated in A.,R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- $5,142,200 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- $413,500 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 increase by $102,600 in FY 2027 above FY 2026 and increase by $114,600 in FY 2028 above FY 2027.

These estimates are based on:

- A decrease of $(200) in FY 2027 and an increase of $9,700 in FY 2028 to adjust for university debt service costs.
- Increases of $102,800 in FY 2027 and $104,900 in FY 2028 to increase the university's annual Capital Infrastructure Funding appropriation.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2025 General Appropriations Act appropriated $135,319,600 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 Appropriations 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 2025 to the Joint Legislative Budget Committee in June 2024, and NAU incorporated the adjusted FY 2025 amounts as part of their FY 2026 budget submission. Accordingly, the estimated FY 2025 amount has been adjusted downward by $(3,482,800) to $131,836,800.

The FY 2025 FTE Position count has also been adjusted. The FY 2025 General Appropriations Act originally appropriated 2,480.4 FTE Positions in FY 2025 for NAU. The General Fund accounted for 1,175.8 FTE Positions and the University Collections Fund accounted for the remaining 1,304.6 Positions. The estimated number of FY 2025 FTE Positions has been adjusted downward by (81.4) to 2,399. The General Fund accounts for 1,132.6 FTE Positions and the University Collections Fund accounts for the remaining 1,266.4 FTE Positions.

University of Arizona - Main Campus

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	6,076.7	6,162.8	6,162.8
Personal Services	385,935,700	334,716,900	334,716,900
Employee Related Expenditures	128,883,500	107,770,100	107,777,200
Professional and Outside Services	24,746,700	24,725,300	24,725,300
Travel - In State	274,200	263,800	263,800
Travel - Out of State	1,167,700	643,000	643,000
Other Operating Expenditures	52,058,400	67,904,900	57,824,700
Equipment	3,773,900	1,022,100	1,022,100
OPERATING SUBTOTAL	**596,840,100**	**537,046,100**	**526,973,000** 1/2/
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	14,255,300	14,247,300	14,248,400 3/
2017 Capital Infrastructure Funding	11,535,900	11,766,600	12,001,900 4/
Agriculture	57,200,500	44,176,800	44,434,400
Arizona Cooperative Extension	15,890,900	15,287,100	15,345,700
Arizona Financial Aid Trust	2,729,400	2,729,400	2,729,400
Arizona Geological Survey	1,148,500	1,208,200	1,717,800 5/
College of Veterinary Medicine	23,530,000	23,936,300	24,002,500 6/
Extractive Modular Metallurgy Facility	0	0	850,000
Kazakhstan Studies Program	250,000	250,000	250,000 7/
Mining, Mineral and Natural Resources Educational Museum	430,300	432,100	439,300
Natural Resource Users Law and Policy Center	1,522,400	1,571,800	1,589,800 8/
On-Farm Irrigation Efficiency Fund Deposit	15,200,000	0	2,000,000 9/
School of Mining	4,084,000	4,170,200	4,187,000 10/
Sierra Vista Campus	4,760,200	5,056,700	5,041,200
Space Analog for the Moon and Mars	1,500,000	0	0
Veterinary Diagnostic Laboratory	2,500,000	2,584,200	2,606,200
AGENCY TOTAL	**753,377,500**	**664,462,800**	**658,416,600** 11/12/
FUND SOURCES			
General Fund	302,897,200	295,913,700	289,867,500 13/14/15/
Other Appropriated Funds			
University Collections Fund	450,480,300	368,549,100	368,549,100 16/
SUBTOTAL - Other Appropriated Funds	450,480,300	368,549,100	368,549,100
SUBTOTAL - Appropriated Funds	**753,377,500**	**664,462,800**	**658,416,600**
Other Non-Appropriated Funds	2,156,245,600	2,140,371,700	2,184,085,100
Federal Funds	320,914,500	313,332,800	319,599,500
TOTAL - ALL SOURCES	3,230,537,600	3,118,167,300	3,162,101,200

AGENCY DESCRIPTION — Established in 1885, The University of Arizona (UA) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). Upon its establishment, UA received the federal land grant for Arizona, allowing the creation of agricultural and mining programs that continue today.

FOOTNOTES

1/ 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, 2025, 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 2025-2026 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 Laws 2024, Chapter 209, Section 129. (General Appropriations Act footnote)

2/ Of the amount appropriated for the university of Arizona main campus operating lump sum, $1,350,000 shall be used for the Yuma center of excellence for desert agriculture. (General Appropriations Act footnote)

3/ A.R.S. § 15-1670 appropriates $14,248,400 to UA-Main from the General Fund in FY 2026 to finance lease-purchase payments for research infrastructure projects.

4/ A.R.S. § 15-1671 appropriates $12,001,900 to UA-Main from the General Fund in FY 2026 for capital infrastructure projects.

5/ 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 Appropriations Act footnote)

6/ 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 Appropriations Act footnote)

7/ 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 Appropriations Act footnote)

8/ 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 Appropriations Act footnote)

9/ The university of Arizona shall use the monies appropriated for the on-farm irrigation efficiency fund deposit line item in fiscal year 2025-2026 for growers in the Gila Valley irrigation district. (General Appropriations Act footnote)

10/ 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 Appropriations Act footnote)

11/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriations Act footnote)

12/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

13/ The state general fund appropriation may not be used for alumni association funding. (General Appropriations Act footnote)

14/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriations Act footnote)

15/ The FY 2026 General Fund budget is $289,867,500. This amount includes $259,899,800 in UA - Main's individual section of the FY 2026 General Appropriations Act, $14,248,400 in A.R.S. § 15-1670 lease-purchase appropriations, $12,001,900 in A.R.S. § 15-1671 capital infrastructure appropriations, and $3,717,400 for statewide adjustments.

16/ Any unencumbered balances remaining in the university collections fund on June 30, 2025 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 Appropriations Act footnote)

Operating Budget

The budget includes $526,973,000 and 4,705.3 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$190,386,700
University Collections Fund	336,586,300

Adjustments are as follows:

Remove One-Time Operating Funding

The budget includes a decrease of $(14,700,000) from the General Fund in FY 2026 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 with no funding in FY 2026 and beyond.

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.)*

One-Time Funding

The budget includes a one-time increase of $1,350,000 from the General Fund in FY 2026 for the Yuma Center of Excellence for Desert Agriculture, which provides funding for research on issues related to the desert agriculture industry.

Statewide Adjustments

The budget includes an increase of $3,276,900 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

2003 Research Infrastructure Lease-Purchase Payment

The budget includes $14,248,400 from the General Fund in FY 2026 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment

The budget includes an increase of $1,100 from the General Fund in FY 2026 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2026 General Appropriations 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 $12,001,900 from the General Fund in FY 2026 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment

The budget includes an increase of $235,300 from the General Fund in FY 2026 for a 2.0% increase in Capital Infrastructure Funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2026 General Appropriations 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 2026, from the second quarter of CY 2023 to the second quarter of CY 2024). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

Agriculture

The budget includes $44,434,400 and 767.9 FTE Positions in FY 2026 for the Agriculture Programs. These amounts consist of:

General Fund	30,250,500
University Collections Fund	14,183,900

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $257,600 from the General Fund in FY 2026 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 $15,345,700 and 249.9 FTE Positions from the General Fund in FY 2026 for the Arizona Cooperative Extension. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $58,600 from the General Fund in FY 2026 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 2026 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2025. *(Please see the ABOR section for more information).*

Arizona Geological Survey

The budget includes $1,717,800 and 20.9 FTE Positions from the General Fund in FY 2026 for the Arizona Geological Survey. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for additional Arizona Geological Survey costs.

Statewide Adjustments
The budget includes an increase of $9,600 from the General Fund in FY 2026 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 $24,002,500 and 269.7 FTE Positions in FY 2026 for the College of Veterinary Medicine. These amounts consist of:

General Fund	8,400,200
University Collections Fund	15,602,300

Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $66,200 from the General Fund in FY 2026 for statewide adjustments.

Extractive Modular Metallurgy Facility

The budget includes $850,000 from the General Fund in FY 2026 for the Extractive Modular Metallurgy Facility. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $850,000 from the General Fund in FY 2026 for Extractive Modular Metallurgy Facility, which is part of UA's School of Mining Engineering and Mineral Resources. Extractive metallurgy is the practice of removing valuable metals from an ore and refining the extracted raw materials into purer form.

Kazakhstan Studies Program

The budget includes $250,000 and 2.8 FTE Positions from the General Fund in FY 2026 for the Kazakhstan Studies Program. This amount is unchanged from FY 2025.

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 $439,300 and 3 FTE Positions from the General Fund in FY 2026 for the Mining, Mineral, and Natural Resources Educational Museum. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $7,200 from the General Fund in FY 2026 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 $1,589,800 and 23.6 FTE Positions from the General Fund in FY 2026 for the Natural Resource Users Law and Policy Center. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $18,000 from the General Fund in FY 2026 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 $2,000,000 from the General Fund in FY 2026 for the On-farm Irrigation Efficiency Fund Deposit line item. Adjustments are as follows:

One-Time Funding
The budget includes a one-time increase of $2,000,000 from the General Fund in FY 2026 for deposit to the On-Farm Irrigation Efficiency Fund.

The On-farm irrigation Efficiency Program provides grants and data collection for irrigation efficiency systems to reduce on-farm use of groundwater, surface water, mainstream Colorado River water, or water delivered through the Central Arizona Project while minimizing or eliminating the use of flood irrigation or fallowing to reduce on-farm use. A General Appropriations Act footnote requires funding to be used for growers in the Gila Valley irrigation district.

School of Mining

The budget includes $4,187,000 and 57.2 FTE Positions from the General Fund in FY 2026 for the School of Mining. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $16,800 from the General Fund in FY 2026 for statewide adjustments.

This line item provides operating funding for the UA School of Mining.

A General Appropriations 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 $5,041,200 and 47.1 FTE Positions in FY 2026 for the Sierra Vista Campus. These amounts consist of:

General Fund	2,864,600
University Collections Fund	2,176,600

Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(15,500) from the General Fund in FY 2026 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.

Veterinary Diagnostic Laboratory

The budget includes $2,606,200 and 15.4 FTE Positions from the General Fund in FY 2026 for the Veterinary Diagnostic Laboratory. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $22,000 from the General Fund in FY 2026 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 2026 General Fund budget is $289,867,500. Of this amount:

- $259,899,800 is included in UA - Main's individual section of the FY 2026 General Appropriations Act.

- $14,248,400 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment. $12,001,900 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- $3,717,400 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 $(4,457,100) in FY 2027 below FY 2026 and increase by $247,600 in FY 2028 above FY 2027.

These estimates are based on:

- A decrease of $(1,350,000) to remove one-time funding for the Yuma Center for Excellence for Desert Agriculture.
- A decrease of $(850,000) to remove one-time funding for an Extractive Modular Metallurgy Facility.
- A decrease of $(500,000) to remove one-time funding for the Arizona Geological Survey.
- A decrease of $(2,000,000) to remove a one-time deposit to the On-Farm Irrigation Fund deposit.
- Increases of $2,900 in FY 2027 and $2,800 in FY 2028 to adjust for university debt service costs.
- Increases of $240,000 in FY 2027 and $244,800 in FY 2028 to increase the university's annual Capital Infrastructure Funding.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2025 General Appropriations Act appropriated $347,232,700 from the University Collections Fund to UA - Main. The Collections Fund for UA - Main represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriations 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 2025 to the Joint Legislative Budget Committee in June 2024, and UA incorporated the adjusted FY 2025 amounts as part of their FY 2026 budget submission. Accordingly, the estimated FY 2025 amount has been adjusted upward by $21,316,400 to $368,549,100.

The FY 2025 FTE Position count has also been adjusted. The FY 2025 General Appropriations Act originally appropriated 6,089 FTE Positions in FY 2025 for UA - Main. The General Fund accounted for 2,839.6 FTE Positions and the University Collections Fund accounted for the remaining 3,249.4 FTE Positions. The estimated number of FY 2025 FTE Positions has been adjusted by 73.8 to 6,162.8. The General Fund accounts for 2,771.1 FTE Positions and the University Collections Fund accounts for the remaining 3,391.7 FTE Positions.

University of Arizona - Health Sciences Center

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	1,149.6	1,044.0	1,044.0
Personal Services	53,579,500	53,598,800	53,598,800
Employee Related Expenditures	17,349,800	17,056,100	17,056,100
Professional and Outside Services	4,724,500	9,296,100	9,296,100
Travel - In State	56,400	31,200	31,200
Travel - Out of State	162,500	120,100	120,100
Other Operating Expenditures	5,558,300	7,253,800	7,253,800
Equipment	351,600	0	0
OPERATING SUBTOTAL	**81,782,600**	**87,356,100**	**87,356,100** 1/
SPECIAL LINE ITEMS			
AZ REACH	500,000	0	500,000 2/
Board of Medical Student Loans	2,000,000	0	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	1,000,000	0	0
Liver Research Institute	440,400	440,400	440,400
Medical Mission Scholarships	0	0	50,000
Phoenix Medical Campus	33,631,000	38,544,100	38,544,100
Telemedicine Network	1,670,000	1,670,000	1,670,000
AGENCY TOTAL	**129,964,600**	**136,951,200**	**137,501,200** 3/4/
FUND SOURCES			
General Fund	80,397,700	75,428,400	75,978,400 5/6/
Other Appropriated Funds			
University Collections Fund	49,566,900	61,522,800	61,522,800 7/
SUBTOTAL - Other Appropriated Funds	49,566,900	61,522,800	61,522,800
SUBTOTAL - Appropriated Funds	**129,964,600**	**136,951,200**	**137,501,200**
Other Non-Appropriated Funds	374,864,000	409,550,400	417,731,100
Federal Funds	226,899,000	284,089,800	383,982,400
TOTAL - ALL SOURCES	731,727,600	830,591,400	939,214,700

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/ 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 Appropriations Act footnote)

2/ The amount appropriated for the AZ REACH line item shall be used to provide medical care transfer services for hospitals with less than twenty beds. (General Appropriations 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 Appropriations Act footnote)

4/ General Appropriations 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 Appropriations Act footnote)

6/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriations Act footnote)

7/ Any unencumbered balances remaining in the university collections fund on June 30, 2025 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 Appropriations Act footnote)

Operating Budget

The budget includes $87,356,100 and 730.4 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$41,107,600
University Collections Fund	46,248,500

These amounts are unchanged from FY 2025.

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the UA-HSC Other Issues Section and ABOR for more information.)*

AZ REACH

The budget includes $500,000 from the General Fund in FY 2026 for the AZ REACH program. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $500,000 from the General Fund in FY 2026 for the AZ REACH program, which coordinates acute medical care transfers in Arizona hospitals. A General Appropriations Act footnote requires funding to be used to provide transfer services for hospitals with less than twenty beds.

Clinical Rural Rotation

The budget includes $353,600 and 4.2 FTE Positions from the General Fund in FY 2026 for the Clinical Rural Rotation program. These amounts are unchanged from FY 2025.

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 2026 for Clinical Teaching Support. This amount is unchanged from FY 2025.

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.

Liver Research Institute

The budget includes $440,400 and 6.2 FTE Positions from the General Fund in FY 2026 for the Liver Research Institute. These amounts are unchanged from FY 2025.

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.

Medical Mission Scholarships

The budget includes $50,000 from the General Fund in FY 2026 for the AZ REACH program. Adjustments are as follows:

One-Time Funding

The budget includes a one-time increase of $50,000 from the General Fund in FY 2026 for medical mission scholarships.

Phoenix Medical Campus

The budget includes $38,544,100 and 291.7 FTE Positions in FY 2026 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	23,269,800
University Collections Fund	15,274,300

These amounts are unchanged from FY 2025.

In addition to the monies appropriated in this line item, a General Appropriations 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 11.5 FTE Positions from the General Fund in FY 2026 for the Telemedicine Network. These amounts are unchanged from FY 2025.

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 2025 General Appropriations Act appropriated $69,546,500 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 Appropriations 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 2025 to the Joint Legislative Budget Committee in June 2024, and UA incorporated the adjusted FY 2025 amounts as part of their FY 2026 budget submission. Accordingly, the estimated FY 2025 amount has been adjusted by $(8,023,700) to $61,522,800.

The FY 2025 FTE Position count has also been adjusted. The FY 2025 General Appropriations Act originally appropriated 1,154.9 FTE Positions in FY 2025 for the UA - HSC. The General Fund accounted for 570.5 FTE Positions and the University Collections Fund accounted for the remaining 584.4 FTE Positions. The estimated number of FY 2025 FTE Positions has been adjusted by (110.9) to 1,044. The General Fund accounts for 541.7 FTE Positions and the University Collections Fund accounts for the remaining 502.3 FTE Positions.

Department of Veterans' Services

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	792.3	792.3	792.3
Personal Services	1,641,000	1,600,000	1,600,000
Employee Related Expenditures	576,000	600,000	658,600
Professional and Outside Services	(30,000)	60,000	60,000
Travel - In State	195,000	100,000	100,000
Travel - Out of State	8,000	0	0
Other Operating Expenditures	643,000	829,100	660,200
Equipment	30,000	20,000	20,000
OPERATING SUBTOTAL	**3,063,000**	**3,209,100**	**3,098,800**
SPECIAL LINE ITEMS			
Arizona State Veterans' Cemeteries	967,000	970,300	989,800
Arizona State Veterans' Homes	44,194,000	61,012,500	60,986,900
Gila County Veterans Retreat	3,000,000	0	0
Homeless Veterans' Reintegration Program	1,175,000	0	0
State Homes for Veterans Trust Fund Deposit	0	1,000,000	0
Tribal Connectivity Project	122,000	0	0
Veterans' Benefit Counseling	3,332,000	3,713,100	3,787,600
Rural Tribal Nations Veteran Benefit Counseling	1,429,000	2,217,900	2,262,400 1/
Veterans Center Funding	0	500,000 2/	0
Veterans' Mental Health Pilot Program	0	0	1,000,000 3/4/
Veterans' Support Services	725,000	1,226,100	1,226,100 5/
Veterans' Trauma Treatment Services	0	450,000	450,000 6/
Veterans' Suicide Prevention Training Pilot Program	0	0	0
AGENCY TOTAL	**58,007,000**	**74,299,000**	**73,801,600** 7/
FUND SOURCES			
General Fund	13,813,000	13,286,500	12,814,700
Other Appropriated Funds			
State Homes for Veterans Trust Fund	44,194,000	61,012,500	60,986,900
SUBTOTAL - Other Appropriated Funds	44,194,000	61,012,500	60,986,900
SUBTOTAL - Appropriated Funds	**58,007,000**	**74,299,000**	**73,801,600**
Other Non-Appropriated Funds	4,195,500	2,790,100	2,790,100
Federal Funds	5,700,000	200,900	200,900
TOTAL - ALL SOURCES	67,902,500	77,290,000	76,792,600

AGENCY DESCRIPTION — The agency supervises and operates skilled nursing homes for Arizona veterans, assists veterans in developing and filing claims for federal entitlements, and operates several veterans' memorial cemeteries across the state.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ The amount appropriated in Laws 2024, chapter 209, section 130 to the department of veterans' services to distribute to a veterans center that provides referral services for employment and job training, housing and utility assistance in fiscal year 2024-2025 is exempt from the provisions of section 35-190, Arizona Revised Statutes, related to lapsing of appropriations, until June 30, 2026. (General Appropriations Act footnote)

3/ The amount appropriated for the veterans' mental health pilot program line item shall be used for grants to nonprofit organizations that deliver evidence-based, trauma-informed, clinical care, physical fitness and strength conditioning

training from a certified strength and conditioning specialist, mindful movement classes, nutritional guidance from a registered dietician, wellness, education, peer outreach, programming for Native American veterans and clinician training for the benefit of active duty service members, veterans of all eras and discharge status and their families who are impacted by mental and behavioral health issues, including any of the following:

1. Post-traumatic stress injuries.
2. Traumatic brain injuries.
3. Depression.
4. Anxiety.
5. Substance use disorder.
6. Suicidal ideation.

The nonprofit organizations shall administer these services in partnership with qualified hospital systems within this state and state universities, regardless of the dates the veterans or active duty service members served in the military or were discharged or separated from service. (General Appropriations Act footnote)

4/ This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act footnote)

5/ 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)

6/ 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 Appropriations Act footnote)

7/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $3,098,800 and 46.8 FTE Positions from the General Fund in FY 2026 for the operating budget. Adjustments are as follows:

Named Claimants

The budget includes a decrease of $(286,446.50) from the General Fund in FY 2026 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 $177,100 from the General Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Arizona State Veterans' Cemeteries

The budget includes $989,800 and 12.5 FTE Positions from the General Fund in FY 2026 for the Arizona State Veterans' Cemeteries. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $19,500 from the General Fund in FY 2026 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 used these monies to build 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 $60,986,900 and 644 FTE Positions from the State Homes for Veterans Trust Fund in FY 2026 for the Arizona State Veterans' Homes. Adjustments are as follows:

Named Claimants
The budget includes a decrease of $(17,740.01) from the State Homes for Veterans Trust Fund in FY 2026 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

Statewide Adjustments
The budget includes a decrease of $(7,900) from the State Homes for Veterans Trust Fund in FY 2026 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 73 residents per day in June 2025. The Tucson Veterans' Home has a 120-bed capacity serving an average of 115 residents per day in June 2025.

A third home in Yuma opened in October 2022 and currently serves 43 individuals. After experiencing several delays, a fourth home in Flagstaff opened in November 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 has 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.)*

State Homes for Veterans Trust Fund Deposit

The budget includes no funding in FY 2026 for the State Homes for Veterans Trust Fund Deposit. Adjustments are as follows:

Remove One-Time Supplemental Funding
The budget includes a decrease of $(1,000,000) from the State Homes for Veterans Trust Fund in FY 2026 for the removal of one-time supplemental funding associated with an operating cost shortfall.

Veterans' Benefit Counseling

The budget includes $3,787,600 and 69 FTE Positions from the General Fund in FY 2026 for Veterans' Benefit Counseling. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $74,500 from the General Fund in FY 2026 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 $2,262,400 and 20 FTE Positions from the General Fund in FY 2026 for Rural Tribal Nations Veteran Benefit Counseling. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $44,500 from the General Fund in FY 2026 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 no funding in FY 2026 for Veterans Center Funding. Adjustments are as follows:

Remove One-Time Veterans Center Funding
The budget includes a decrease of $(500,000) from the General Fund in FY 2026 to remove one-time veterans center funding. The FY 2025 budget required the department to distribute the funds to a veterans center that provides referral services for employment and job training, housing, and utility assistance.

An FY 2026 General Appropriations Act footnote extends the lapsing date of the $500,000 FY 2025 appropriation from June 30, 2025, to June 30, 2026.

Veterans' Mental Health Pilot Program

The budget includes $1,000,000 from the General Fund in FY 2026 for the Veterans' Mental Health 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 2026 for a mental health pilot program. The budget requires monies in this line item to be used to with the purpose of delivering evidence-based, trauma-informed, clinical care, physical fitness and strength conditioning training to veterans and their families impacted by mental and behavioral health issues. The department is required to make grants to nonprofit organizations that provide specified services for veterans and their families.

An FY 2026 General Appropriations Act footnote makes this appropriation non-lapsing.

Veterans' Support Services

The budget includes $1,226,100 from the General Fund in FY 2026 for Veterans' Support Services. This amount is unchanged from FY 2025.

Funding for this line item shall be distributed to a nonprofit veterans' services organization that provides support services, including suicide prevention, to Arizona's military and veteran population. The department may spend up to $76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. The program currently includes a 24/7 hotline, career navigation services, and resource mapping. Prior to spending the appropriation, the department is required to submit an expenditure report to JLBC that includes the status of non-state matching grant monies.

Veterans' Trauma Treatment Services

The budget includes $450,000 from the General Fund in FY 2026 for Veterans' Trauma Treatment Services. This amount is unchanged from FY 2025.

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 2026 for the Veteran Suicide Prevention Training Pilot Program. This amount is unchanged from FY 2025.

The FY 2024 budget included $600,000 from the General Fund for the pilot program. The 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.

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. As of July 2025, the department had spent $300,000 of the allocated funding.

Other Issues

FY 2025 Supplementals

The FY 2026 budget includes the following FY 2025 supplemental appropriations:

- $286,446.50 from the General Fund for prior year unpaid claims. *(Please the Operating Budget for further details.)*
- $17,740.01 from the State Homes for Veterans Trust Fund for prior year unpaid claims. *(Please see the Arizona State Veterans' Homes line item for further details.)*
- $1,000,000 from the General Fund for deposit to the State Homes for Veterans Trust Fund for an operating cost shortfall. *(Please see the State Homes for Veterans Trust Fund Deposit line item for further details.)*

Statutory Changes

The Human Services Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, allow 15% of the Veterans Donations Fund revenues to be transferred to the State Home for Veterans Trust Fund at the beginning of each year.

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 state funding represents 35% of the cost of the facility while federal matching funds would pay for the remainder. To be eligible for federal funds, the state would need to finalize its site selection. The monies were appropriated as non-lapsing.

However, the department did not select a site or begin construction of the home. As a result, the FY 2025 budget delayed the northwestern home funding until FY 2028. Laws 2024, Chapter 211, Section 6 did 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 budget's 3-year spending plan incorporates this increase.

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 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	7.0	7.0	8.0
Personal Services	395,500	456,500	535,100
Employee Related Expenditures	152,800	155,000	210,100
Professional and Outside Services	31,600	33,000	33,000
Travel - In State	16,400	17,000	17,000
Other Operating Expenditures	118,300	125,200	126,300
Equipment	17,100	1,200	1,200
AGENCY TOTAL	**731,700**	**787,900**	**922,700** 1/
FUND SOURCES			
Other Appropriated Funds			
Veterinary Medical Examining Board Fund	731,700	787,900	922,700
SUBTOTAL - Other Appropriated Funds	731,700	787,900	922,700
SUBTOTAL - Appropriated Funds	**731,700**	**787,900**	**922,700**
TOTAL - ALL SOURCES	731,700	787,900	922,700

AGENCY DESCRIPTION — The board licenses and regulates veterinarians, veterinary technicians, and veterinary premises. This agency is one of several housed within the Arizona Department of Administration Central Services Bureau.

FOOTNOTES

1/ General Appropriations Act funds are appropriated as a Lump Sum by Agency.

Operating Budget

The budget includes $922,700 and 8 FTE Positions from the Veterinary Medical Examining Board Fund in FY 2026 for the operating budget. Adjustments are as follows:

Medical Investigator

The budget includes an increase of $109,700 and 1 FTE from the Veterinary Medical Examining Board Fund in FY 2026 to hire an additional medical investigator to address an increase in complaint cases.

Statewide Adjustments

The budget includes an increase of $25,100 from the Veterinary Medical Examining Board Fund in FY 2026 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Water Infrastructure Finance Authority

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
Gila Valley Irrigation District Project	0	0	500,000
Gilbert Wells Project	27,800,000	0	5,000,000
Kingman Water Well Drilling and Rehabilitation	0	0	3,000,000
Water Conservation Fund Grant Deposit	0	0	250,000
Long-Term Water Augmentation Fund Deposit	189,200,000	0	0
Glendale Irrigation and Xeriscaping	810,000	0	0
Little Colorado River Levee	20,000,000	0	0
Mohave Wash Recharge Basin	3,400,000	0	0
Peoria Wells Project	10,000,000	0	0
Water Projects Assistance Grants	3,000,000	0	0
AGENCY TOTAL	**254,210,000**	**0**	**8,750,000** 1/
FUND SOURCES			
General Fund	254,210,000	0	750,000
Other Appropriated Funds			
Long-Term Water Augmentation Fund	0	0	8,000,000
SUBTOTAL - Other Appropriated Funds	0		8,000,000
SUBTOTAL - Appropriated Funds	**254,210,000**	**0**	**8,750,000**
Other Non-Appropriated Funds	70,723,900	196,027,700	196,027,700
Federal Funds	52,699,200	81,303,000	81,303,000
TOTAL - ALL SOURCES	377,633,100	277,330,700	286,080,700

AGENCY DESCRIPTION — The Water Infrastructure Finance Authority (WIFA) finances the construction, rehabilitation, and/or improvement of drinking water, waste water, reclamation, and other water quality facilities/projects from federal funds. The WIFA board also authorizes grants and issues bonds to support water supply development, conservation, and long-term water augmentation projects with state funds. WIFA staff support the statutory Federal Water Programs Committee, Water Supply Development Committee and the Long-Term Water Augmentation Committee. Operational costs are paid by the agency's non-appropriated and federal funds.

FOOTNOTES

1/ General Appropriations Act funds are appropriated by Special Line Items by Agency.

Gila Valley Irrigation District Project

The budget includes $500,000 from the General Fund in FY 2026 for the Gila Valley Irrigation District Project line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of $500,000 from the General Fund in FY 2026 for a one-time allocation to the Gila Valley Irrigation District for water projects.

Gilbert Wells Project

The budget includes $5,000,000 in FY 2026 for the Gilbert Wells Project line item. Adjustments are as follows:

One-Time Water Projects Funding

The budget includes an increase of $5,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a one-time allocation to the Town of Gilbert to support the rehabilitation and drilling of water wells.

A FY 2024 appropriation provided $27,800,000 from the General Fund for a similar purpose.

Kingman Water Well Drilling and Rehabilitation

The budget includes $3,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for the Kingman Water Well Drilling and Rehabilitation line item. Adjustments are as follows:

One-Time Water Projects Funding
The budget includes an increase of $3,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a one-time allocation to the City of Kingman for well drilling and rehabilitation.

Water Conservation Grant Fund Deposit

The budget includes $250,000 for a Water Conservation Grant Fund (WCGF) Deposit. Adjustments are as follows:

One-Time Deposit
The budget includes an increase of $250,000 from the General Fund in FY 2026 for a one-time deposit to the WCGF.

This line item is to provide additional support for the WCGF. Laws 2022, Chapter 366 established the WCGF to provide grants for water conservation. Eligible entities (cities/counties, public water systems, tribal communities, and other entities specified in statute) 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 and other initiatives specified in statute. Chapter 366 did not make a deposit into this fund. The fund has been allocated $200,000,000 of federal funds for this purpose. As of June 2024, WIFA has awarded the initial $200,000,000. WIFA received an additional $14,100,000 of federal funds for projects that can be completed by June 30, 2026.

Other Issues

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 has received monies from legislative appropriations including $40,000,000 from the General Fund from an FY 2021 supplemental and $151,500,000 transferred to the fund from the former Drought Mitigation Revolving Fund (DMRF) by Laws 2022, Chapter 366. These monies were from a previous legislative appropriation to the DMRF from the General Fund. After accounting for the FY 2025 budget's transfer of $59,700,000 from the fund in FY 2024 and FY 2025 expenditures, the fund has a balance in July 2025 of $157,650,400. WIFA reports approving $43,613,400 in grants and $11,452,700 in loans from the fund as of May 2025.

Long-Term Water Augmentation Fund

Laws 2022, Chapter 366 established the Long-Term Water Augmentation Fund (LTWAF). 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.

WIFA prepared a solicitation for qualified teams to develop project proposals during FY 2025 and is now reviewing submissions. WIFA is also developing a stakeholder group of potential offtakers (entities that will purchase the water from an augmentation project).

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. Laws 2022, Chapter 366 requires 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.

With subsequent legislation amending Laws 2022, Chapter 366, the state's deposits totaled $445,200,000. These deposit changes were as follows:

- The FY 2024 budget reduced the FY 2024 appropriation to $189,200,000.
- The FY 2025 budget transferred $78,000,000 in FY 2024 from previously deposited LTWAF amounts.
- The FY 2025 budget repealed an advance appropriation of $333,000,000 from the General Fund in FY 2025 that was scheduled to be the third year of funding to the LTWAF.

In addition to these changes, the FY 2025 budget transferred $19,300,000 from earned interest to the General Fund. *(For additional background, please see the WIFA narrative in the FY 2024 and FY 2025 Appropriations Report.)*

As of June 2025, the fund's balance was $461,986,000 due to additional interest being accrued by the fund.

The FY 2026 budget included additional appropriations from the LTWAF in FY 2025 and FY 2026 further reducing available resources by $(84,221,900). These monies were allocated for 13 projects (the 2 LTWAF funded projects in the WIFA budget and 11 additional projects appropriated to other agencies).

The $84,221,900 in LTWAF funding is displayed in *Table 1.*

In summary, the year-end FY 2026 LTWAF cash balance is projected to be $374,764,100. Starting with the June 2025 balance of $461,986,000 the available resources were further reduced by:

- $84,221,900 of appropriations from the FY 2026 budget
- $3,000,000 for FY 2026 WIFA operating expenses as projected by the agency

Table 1

Summary of Long-Term Water Augmentation Fund Appropriations

	FY 2025	FY 2026	Total
Water Infrastructure Finance Authority (WIFA)			
Gilbert Wells Project		5,000,000	**5,000,000**
Kingman Water Well Drilling and Rehabilitation		3,000,000	**3,000,000**
Dept. of Environmental Quality (DEQ)			
Water Quality Assurance Revolving Fund (WQARF) Deposit		15,000,000	**15,000,000**
Water Quality Fee Fund Deposit		9,000,000	**9,000,000**
Iron King Mine/Humboldt Smelter Cleanup		2,000,000	**2,000,000**
Dept. of Forestry and Fire Management (DFFM)			
Wildfire Suppression Funding	30,000,000		**30,000,000**
Federal Wildfire Expenses Repayment	11,180,800		**11,180,800**
Northern AZ Wildland Fire Training Facility		4,000,000	**4,000,000**
Department of Water Resources (DWR)			
Colorado River Litigation Fund Fund Deposit		1,000,000	**1,000,000**
Water Protection Funding (6 FTE - Ongoing)		741,100	**741,100**
Other Agencies			
Agriculture - Agriculture and Water Innovation Fund Deposit		2,000,000	**2,000,000**
DEMA - Evacuation Protocols Awareness Campaign		300,000	**300,000**
Treasurer - Bullhead New City Water Transmission Line		1,000,000	**1,000,000**
Total	**$41,180,800**	**$43,041,100**	**$84,221,900**

Department of Water Resources

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	179.0	204.0	210.0
Personal Services	8,505,500	8,833,400	8,833,400
Employee Related Expenditures	2,957,700	3,419,900	4,173,700
Professional and Outside Services	412,100	202,200	413,900
Travel - In State	94,200	87,500	87,500
Travel - Out of State	95,400	52,900	52,900
Other Operating Expenditures	3,237,600	2,551,100	2,580,100
Equipment	111,900	101,800	101,800
OPERATING SUBTOTAL	**15,414,400**	**15,248,800**	**16,243,300**
SPECIAL LINE ITEMS			
Adjudication Support	1,889,400	1,914,400	1,957,900 1/
Assured and Adequate Water Supply Administration	2,361,300	2,531,200	2,591,200 2/
Automated Groundwater Monitoring	404,100	421,100	427,000
Arizona Water Protection Fund Deposit	1,250,000	750,000	750,000
Brackish Groundwater Study	90,400	0	0
Colorado River Legal Expenses	394,700	500,000	500,000 3/4/
Colorado River Litigation Fund Deposit	0	0	1,000,000 5/
Conservation and Drought Program	427,700	433,500	443,300
Rural Water Studies	1,271,800	1,296,000	1,317,700 6/
Santa Rosa Canal Groundwater Delivery	2,995,100	0	0
Statewide Water Resources Planning	205,000	0	0
Water Supply and Demand Assessment	3,248,900	3,541,500	3,614,400
AGENCY TOTAL	**29,952,800**	**26,636,500**	**28,844,800** 7/
FUND SOURCES			
General Fund	28,106,500	24,618,200	25,077,500
Other Appropriated Funds			
Assured and Adequate Water Supply Administration Fund	231,600	291,800	301,300
Long-Term Water Augmentation Fund	0	0	1,741,100
Water Resources Fund	1,614,700	1,726,500	1,724,900
SUBTOTAL - Other Appropriated Funds	1,846,300	2,018,300	3,767,300
SUBTOTAL - Appropriated Funds	**29,952,800**	**26,636,500**	**28,844,800**
Other Non-Appropriated Funds	7,225,400	13,185,500	11,810,500
Federal Funds	14,669,800	12,505,900	12,505,900
TOTAL - ALL SOURCES	51,848,000	52,327,900	53,161,200

AGENCY DESCRIPTION — The Department of Water Resources administers and enforces Arizona's groundwater and surface water law, as well as legally representing the state's water rights. The department also participates in surveying water level and quality and planning flood control.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ 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 Appropriations Act footnote)

3/ 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 Appropriations Act footnote)

4/ 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 Appropriations Act footnote)

5/ The following unexpended and unencumbered amounts from the following sources are transferred in fiscal year 2025-2026 to the Colorado River litigation fund established by section 45-119, Arizona Revised Statutes:
1. The amount appropriated in the Lower Colorado River litigation expenses line item appropriation by Laws 2015, chapter 8, section 110.
2. The amount appropriated in the Lower Colorado River litigation expenses line item appropriation by Laws 2016, chapter 117, section 109.
3. The amount appropriated in the Colorado River legal expenses line item appropriation by Laws 2020, chapter 58, section 96.
4. The amount appropriated in the Colorado River legal expenses line item appropriation by Laws 2021, chapter 408, section 98. (General Appropriations Act footnote - Section 125)

6/ 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 Appropriations Act footnote)

7/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes $16,243,300 and 111 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$14,277,300
Water Resources Fund	1,224,900
Long-Term Water Augmentation Fund	741,100

Adjustments are as follows:

Additional Water Staffing

The budget includes an increase of $741,100 and 6 FTE Positions from the Long-Term Water Augmentation Fund (LTWAF) in FY 2026 for additional technical and legal support to protect Arizona's groundwater and the state's Colorado River water rights. The 3-year budget spending plan continues this support from the LTWAF in FY 2027 and FY 2028 on an ongoing basis.

Statewide Adjustments

The budget includes an increase of $253,400 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	255,000
Water Resources Fund	(1,600)

(Please see the Agency Detail and Allocations section.)

Adjudication Support

The budget includes $1,957,900 and 21 FTE Positions from the General Fund in FY 2026 for Adjudication Support.

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $43,500 from the General Fund in FY 2026 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 $2,591,200 and 25 FTE Positions in FY 2026 for Assured and Adequate Water Supply (AAWS) Administration. These amounts consist of:

General Fund	2,289,900
AAWS Administration Fund	301,300

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $60,000 in FY 2026 for statewide adjustments. This amount consists of:

General Fund	50,500
AAWS Administration Fund	9,500

Within the state's 7 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 7 AMAs, which cover the following general regions: Douglas, Prescott, Phoenix, Pinal, Tucson, Santa Cruz, and Willcox.

New developers outside the 7 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 $427,000 and 3 FTE Positions from the General Fund in FY 2026 for Automated Groundwater Monitoring. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $5,900 from the General Fund in FY 2026 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 2026 for the Arizona Water Protection Fund Deposit line item. This amount is unchanged from FY 2025.

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. The FY 2025 budget reduced the annual deposit from the General Fund to the Arizona Water Protection Fund from $1,250,000 to $750,000.

Brackish Groundwater Study

The budget includes $500,000 from the Water Resources Fund in FY 2026 for Colorado River Legal Expenses. This amount is unchanged from FY 2025.

The budget includes no funding in FY 2026 for a Brackish Groundwater Study. This amount is unchanged from FY 2025.

The FY 2024 budget allocated $100,000 from the General Fund and directed DWR to review and update studies on the availability of brackish groundwater in this state. The monies in this line item are non-lapsing.

Colorado River Legal Expenses

The budget includes $500,000 from the Water Resources Fund in FY 2026 for Colorado River Legal Expenses. This amount is unchanged from FY 2025.

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. The FY 2026 budget transfers prior year unexpended and unencumbered appropriations totaling $1.9 million to the new Colorado River Litigation Fund. *(See the Colorado River Litigation Fund Deposit line item below).*

Colorado River Litigation Fund Deposit

The budget includes $1,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for the Colorado River Litigation Fund Deposit line item. Adjustments are as follows:

One- Time Deposit

The budget includes an increase of $1,000,000 from the Long-Term Water Augmentation Fund in FY 2026 for a one-time deposit to a new Colorado River Litigation Fund.

The FY 2026 Environment Budget Reconciliation Bill establishes a non-appropriated Colorado River Litigation Fund to be used by DWR for the sole purpose of participating in litigation defending the state's apportionment.

Section 125 of the FY 2026 General Appropriations Act transfers prior year unexpended and unencumbered appropriations for Colorado River Legal Expenses and Lower Colorado River Litigation Expenses to the new fund, which included remaining monies from the FY 2016, FY 2017, FY 2021 and FY 2022 appropriations. The remaining monies transferred are estimated to total $1,965,000. Of this amount, $965,000 was from the General Fund and $1,000,000 from the Water Resources Fund. With these resources, the fund will have $2,965,000 in available monies.

Conservation and Drought Program

The budget includes $443,300 and 5 FTE Positions from the General Fund in FY 2026 for the Conservation and Drought Program. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $9,800 from the General Fund in FY 2026 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 $1,317,700 and 11 FTE Positions from the General Fund in FY 2026 for Rural Water Studies. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $21,700 from the General Fund in FY 2026 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 2026 for the Santa Rosa Canal Groundwater Delivery line item. This amount is unchanged from FY 2025.

The FY 2024 budget allocated $25,000,000 from the General Fund 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 2026 for statewide water resources planning. This amount is unchanged from FY 2025.

The FY 2024 budget included $5,000,000 from the General Fund for additional support for statewide water resources planning. The monies in this line item are non-lapsing.

Water Supply and Demand Assessment

The budget includes $3,614,400 and 34 FTE Positions from the General Fund in FY 2026 for the Water Supply and Demand Assessment line item. Adjustments are as follows:

Statewide Adjustments
The budget includes an increase of $72,900 from the General Fund in FY 2026 for statewide adjustments.

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.

DWR completed studies in 2023 for the following groundwater basins: Douglas AMA, Willcox, San Bernardino Valley, Butler Valley, McMullen Valley, Harquahala INA, and Tiger Wash. For 2024, DWR conducted studies for the following basins: Agua Fria, Big Sandy, Cienega Creek, Donnelly Wash, Gila Bend, Lower San Pedro, Prescott AMA, Ranegras Plain, Santa Cruz AMA, San Rafael, Tonto Creek, Upper Hassayampa, Upper San Pedro, and Verde River.

Other Issues

Statutory Changes

The Environment BRB makes the following statutory changes:

- As permanent law, establish the Colorado River Litigation Fund and specify that the monies be used for the sole purpose of participating in litigation regarding the state's apportionment.
- 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 2026.

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.

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.

These agreements expire in 2026. Before the end of 2026, the US Department of Interior will develop new guidelines in consultation with the states and water users. Consultation and negotiations are currently occurring.

CAPITAL OUTLAY

Capital Outlay

Summary

	FY 2026 APPROVED
BUILDING RENEWAL	
ADOA Building System	29,811,700
ADOT Building System	23,385,300
ABOR Building System	0
SUBTOTAL	**53,197,000**
INDIVIDUAL PROJECTS	
ADOA Building System	48,879,500
ADOT Building System	629,291,800
ABOR Building System	0
SUBTOTAL	**678,171,300**
LOCAL ASSISTANCE	
Phoenix Convention Center	26,497,400 1/
Rio Nuevo District	19,000,000 2/
SUBTOTAL	**45,497,400**
TOTALS	
ADOA Building System	78,691,200
ADOT Building System	652,677,100
ABOR Building System	0
Other Funding (Lease-Purchase/Local Assistance)	45,497,400
TOTAL - ALL PROJECTS	**776,865,700 3/**
FUND SOURCES	
General Fund	183,243,300
Other Appropriated Funds	
Capital Outlay Stabilization Fund	16,800,000
Department of Corrections Building Renewal Fund	5,864,300
Criminal Justice Enhancement Fund	1,361,900
Arizona Exposition and State Fair Fund	3,815,100
Game and Fish Fund	13,365,700
Game and Fish Capital Improvement Fund	850,000
Arizona State Hospital Land Fund	938,000
Department of Juvenile Corrections Local Cost Sharing Fund	118,700
Legislative, Executive and Judicial Public Buildings Land Fund	3,120,500
State Lottery Fund	218,200
State Parks Revenue Fund	3,633,300
Miners' Hospital for Miners with Disabilities Land Fund	1,985,400
Telecommunication Fund for the Deaf	393,000
State Aviation Fund	45,585,900
State Highway Fund	495,572,400
SUBTOTAL - Other Appropriated Funds	593,622,400
SUBTOTAL - Appropriated Funds	**776,865,700**
Other Non-Appropriated Funds	759,347,000
Federal Funds	1,097,420,000
TOTAL - ALL SOURCES	**2,633,632,700**

DESCRIPTION — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a lease-purchase payment for the state's capital assets, which includes buildings, state parks, prisons, highways, and other facilities. For the purposes of capital management and planning, the state is divided into 3 building systems: the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System,

and the Arizona Board of Regents (ABOR) Building System. In addition, the state makes annual payments for the 2010 Leaseback agreement which was used for operating financing, along with local distributions for the Phoenix Convention Center and the Rio Nuevo District. Capital appropriations are typically made through the Capital Outlay Bill but may be made through other bills as well.

FOOTNOTES

1/ This amount was appropriated or allocated by the FY 2026 General Appropriation Act (Laws 2025, Chapter 233, Section 123).
2/ This amount was appropriated or allocated by the FY 2026 General Appropriation Act (Laws 2025, Chapter 233, Section 124)
3/ Unless otherwise noted, amounts were appropriated by the FY 2026 Capital Outlay Bill (Laws 2025, Chapter 235).

The following amounts are one-time appropriations:

Summary

The budget includes a total of $776,865,700 from Appropriated Funds in FY 2026. Of the total, $183,243,300 is from the General Fund and $593,622,400 is from Other Appropriated Funds. The budget consists of 3 main categories: 1) Building Renewal, 2) Individual Projects, and 3) Local Assistance.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on the support of a formula determined by the Joint Committee on Capital Review. The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are administered by ADOA (or individual agencies within the ADOA Building System that have their own funding source for building renewal), ADOT, and ABOR.

The budget includes total funding of $53,197,000 in FY 2026 for Building Renewal, which consists of $1,600,000 from the General Fund and $51,597,000 from Other Appropriated Funds. These amounts include:

	FY 2026
Arizona Department of Administration	$21,913,500
Capital Outlay Stabilization Fund, Legislative, Executive and Judicial Public Buildings Land Fund, Telecommunication Fund for the Deaf and General Fund @ 37.4% (excludes ADC, Game and Fish, Lottery buildings)	
Department of Corrections	
ADC Building Renewal Fund @ 14.4%	5,864,300
Game and Fish Department	
Game and Fish Fund @ 100%	1,815,700
State Lottery Commission	
State Lottery Fund @ 100%	218,200
Subtotal - ADOA	$29,811,700
Arizona Department of Transportation	
State Highway Fund @ 100%	$22,990,400
State Aviation Fund @ 100%	394,900
Subtotal - ADOT	$23,385,300

(See the individual building systems' section for more information.)

Individual Projects

The budget includes total funding of $678,171,300 in FY 2026 for individual capital projects, which consists of $136,145,900 General Fund and $542,025,400 from Other Appropriated Funds.

(See the individual building systems' sections for more information.)

Local Assistance

The budget includes $45,497,400 from the General Fund in FY 2026 for the state's share of the long-term financing for the Phoenix Convention Center and the Rio Nuevo Multipurpose Facilities District. *(See the Local Assistance section for more information.)*

Capital Outlay - Arizona Department of Administration

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Building Renewal	21,913,500 1/2/
AGENCY TOTAL	**21,913,500**
FUND SOURCES	
General Fund	1,600,000
Other Appropriated Funds	
Capital Outlay Stabilization Fund	16,800,000
Legislative, Executive, and Judicial Public Buildings Land Fund	3,120,500
Telecommunication Fund for the Deaf	393,000 3/
SUBTOTAL - Other Appropriated Funds	20,313,500
SUBTOTAL - Appropriated Funds	**21,913,500**
TOTAL - ALL SOURCES	21,913,500 4/5/6/

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 2025-2026 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 Appropriations 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 2025-2026 for building projects related to retrofitting facilities for space consolidation initiatives. (Capital Outlay Appropriations Act footnote)

3/ The monies appropriated from the telecommunication fund for the deaf index number SD1700 as established pursuant to section 35-142, Arizona Revised Statutes, shall be used solely for building renewal at the Arizona state schools for the deaf and the blind. (Capital Outlay Appropriations 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 Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Building Renewal

The budget includes $21,913,500 in FY 2026 for building renewal. This amount consists of:

	FY 2026
General Fund	$1,600,000
Capital Outlay Stabilization Fund (COSF)	16,800,000
Legislative, Executive, and Judicial Public Buildings Land Fund	3,120,500
Telecommunication Fund for the Deaf	393,000

These monies are to be used for major repair and maintenance of ADOA-owned buildings. This amount funds 37.4% of the ADOA building renewal formula. In FY 2026, 100% of the formula would be $58,666,600. This formula value has been adjusted to exclude building renewal funding for the Arizona State Parks Board and Arizona Pioneers' Home, as these agencies received direct building renewal appropriations (capital improvements) in the FY 2026 Capital Outlay Bill.

The budget stipulates that the $393,000 appropriated for building renewal from the Telecommunication Fund for the Deaf shall be used solely for building renewal at the Arizona state schools for the deaf and the blind.

The FY 2025 budget appropriated $19,000,000 from COSF to ADOA for building renewal. The FY 2025 funding level represented 32.4% of the ADOA formula. The FY 2025 budget also included a separate appropriation of $1,916,500 to shift the cost of capital-related staff from the Capital Outlay Bill to the General Appropriations Act.

Other Issues

Rent Adjustments

In FY 2026, state building rent payments total $32,682,200 which is estimated to be paid from the following fund sources: $20,148,600 from the General Fund, $9,558,200 from Other Appropriated Funds, and $2,975,400 from Non-Appropriated Funds.

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, 2025).*

SUMMARY OF RENT CHARGES OF STATE-OWNED SPACE 1/ 2/3/

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Acupuncture Board of Examiners												
1740 W Adams	-	12,900	-	12,900	-	12,800	-	12,800	-	(100)	-	(100)
Administration, AZ Department of												
1400 W Washington	-	340,600	-	340,600	-	360,400	-	360,400	-	19,800	-	19,800
1802 W Jackson	-	24,300	60,400	84,700	-	24,300	60,400	84,700	-	-	-	-
1840 W Jackson	-	95,600	-	95,600	-	95,600	-	95,600	-	-	-	-
1700 W Washington	-	157,800	-	157,800	-	157,900	-	157,900	-	100	-	100
1740 W Adams	-	33,300	-	33,300	-	16,200	-	16,200	-	(17,100)	-	(17,100)
1919 W Jefferson	-	274,600	-	274,600	-	257,300	-	257,300	-	(17,300)	-	(17,300)
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	-	35,800	-	35,800	-	35,800	-	35,800	-	-	-	-
402 W Congress, Tucson	-	77,300	-	77,300	-	77,300	-	77,300	-	-	-	-
416 W Congress, Tucson	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Subtotal - AZ Dept of Administration	-	1,106,200	60,400	1,166,600	-	1,091,700	60,400	1,152,100	-	(14,500)	-	(14,500)
Administrative Hearings, Office of												
1740 W Adams	86,300	-	109,900	196,200	86,300	-	109,800	196,100	-	-	(100)	(100)
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	192,800	62,700	226,500	482,000	192,800	62,700	226,500	482,000	-	-	-	-
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	833,700	1,198,100	570,600	2,602,400	833,700	1,198,100	570,600	2,602,400	-	-	-	-
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)
1688 W Adams	-	-	-	-	518,100	-	-	518,100	518,100	-	-	518,100
Subtotal - Department of Child Safety	291,300	-	-	291,300	518,100	-	-	518,100	226,800	-	-	226,800
Chiropractic Examiners, State Board of												
1740 W Adams	-	25,800	-	25,800	-	30,100	-	30,100	-	4,300	-	4,300
Contractors, Registrar of												
1700 W Washington	-	373,500	19,700	393,200	-	373,500	19,700	393,200	-	-	-	-
Corporation Commission												
1200 W Washington	-	721,600	-	721,600	-	721,600	-	721,600	-	-	-	-
1300 W Washington	-	993,800	-	993,800	-	993,800	-	993,800	-	-	-	-
400 W Congress, Tucson	3,600	52,600	3,600	59,800	3,100	45,400	3,100	51,600	(500)	(7,200)	(500)	(8,200)

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Subtotal - Corporation Commission	3,600	1,768,000	3,600	1,775,200	3,100	1,760,800	3,100	1,767,000	(500)	(7,200)	(500)	(8,200)
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	-	-	-	-
801 E Jefferson	-	-	-	-	1,374,400	-	-	1,374,400	1,374,400	-	-	1,374,400
Subtotal - State Dept of Corrections	1,725,800	-	-	1,725,800	3,100,200	-	-	3,100,200	1,374,400	-	-	1,374,400
Dental Examiners, State Board of												
1740 W Adams	-	56,100	-	56,100	-	56,000	-	56,000	-	(100)	-	(100)
Economic Opportunity, Arizona Office of												
1400 W Washington	-	87,100	-	87,100	-	94,800	-	94,800	-	7,700	-	7,700
Economic Security, Department of												
1400 W Washington	117,200	234,300	117,200	468,700	117,400	234,600	117,400	469,400	200	300	200	700
1700 W Washington	-	-	-	-	-	-	-	-	-	-	-	-
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	351,700	79,200	64,400	495,300	206,900	46,500	37,900	291,300
Subtotal - Department of Economic Security	2,470,300	1,316,400	1,094,400	4,881,100	2,677,400	1,363,200	1,132,500	5,173,100	207,100	46,800	38,100	292,000
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	100,800	-	-	100,800	100,800	-	-	100,800	-	-	-	-
Emergency and Military Affairs, Department of												
400 W Congress St	8,000	-	-	8,000	8,000	-	-	8,000	-	-	-	-
Environmental Quality, Department of												
400 W Congress, Tucson	-	162,000	-	162,000	-	162,000	-	162,000	-	-	-	-
416 W Congress, Tucson	-	7,200	-	7,200	-	7,200	-	7,200	-	-	-	-
Subtotal - Dept. of Environmental Quality	-	169,200	-	169,200	-	169,200	-	169,200	-	-	-	-
Equalization, State Board of												
400 W Congress, Tucson	27,100	-	-	27,100	27,100	-	-	27,100	-	-	-	-
416 W Congress, Tucson	2,000	-	-	2,000	2,000	-	-	2,000	-	-	-	-
Subtotal - Board of Equalization	29,100	-	-	29,100	29,100	-	-	29,100	-	-	-	-
Fingerprinting, Board of												
1740 W Adams	-	-	33,500	33,500	-	-	42,800	42,800	-	-	9,300	9,300
Gaming, Department of												
1919 W Jefferson	-	-	-	-	-	39,800	-	39,800	-	39,800	-	39,800
400 W Congress, Tucson	-	4,300	-	4,300	-	12,500	-	12,500	-	8,200	-	8,200
Subtotal - Department of Gaming	-	4,300	-	4,300	-	52,300	-	52,300	-	48,000	-	48,000
Governor, Office of the												
1700 W Washington	1,086,100	-	-	1,086,100	1,086,100	-	-	1,086,100	-	-	-	-
1700 W Washington (Commission of African American Affairs)	-	-	-	-	-	-	-	-	-	-	-	-
1700 W Washington (Office of Highway Safety)	-	-	84,300	84,300	-	-	84,300	84,300	-	-	-	-
400 W Congress, Tucson	41,000	-	-	41,000	41,000	-	-	41,000	-	-	-	-
Subtotal - Office of the Governor	1,127,100	-	84,300	1,211,400	1,127,100	-	84,300	1,211,400	-	-	-	-
Gov's Ofc of Strategic Planning & Budgeting												
1700 W Washington	181,600	-	-	181,600	181,600	-	-	181,600	-	-	-	-
Health Services, Department of [4/]												
1740 W Adams	24,200	-	-	24,200	13,300	-	-	13,300	(10,900)	-	-	(10,900)
250 N 17th Ave	1,287,200	-	-	1,287,200	1,287,200	-	-	1,287,200	-	-	-	-

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
400 W Congress, Tucson	157,300	-	-	157,300	157,300	-	-	157,300	-	-	-	-
402 W Congress, Tucson	4,500	-	-	4,500	4,500	-	-	4,500	-	-	-	-
Subtotal - Department of Health Services	1,473,200	-	-	1,473,200	1,462,300	-	-	1,462,300	(10,900)	-	-	(10,900)
Homeland Security, AZ Dept of												
1700 W Washington	-	-	-	-	-	-	-	-	-	-	-	-
Homeopathic & Integrated Medicine Examiners, Board of												
1740 W Adams	-	3,800	-	3,800	-	3,700	-	3,700	-	(100)	-	(100)
Judiciary - Court of Appeals												
400 W Congress, Tucson	720,500	-	-	720,500	720,500	-	-	720,500	-	-	-	-
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	4,644,900	-	-	4,644,900	4,644,900	-	-	4,644,900	-	-	-	-
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	-	24,800	-	24,800	-	(3,900)	-	(3,900)
Medical Board, AZ												
1740 W Adams	-	212,300	-	212,300	-	212,200	-	212,200	-	(100)	-	(100)
Mine Inspector, State								-				
1700 W Washington	121,000	-	-	121,000	121,000	-	-	121,000	-	-	-	-
Naturopathic Physicians Medical Board												
1740 W Adams	-	10,900	-	10,900	-	10,800	-	10,800	-	(100)	-	(100)
Navigable Stream Adjudication Commission, AZ												
1700 W Washington	13,600	-	-	13,600	13,600	-	-	13,600	-	-	-	-
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	-	19,100	-	19,100	-	6,200	-	6,200
Opticians, State Board of Dispensing												
1740 W Adams	-	12,000	-	12,000	-	11,900	-	11,900	-	(100)	-	(100)
Optometry, State Board of												
1740 W Adams	-	13,800	-	13,800	-	13,700	-	13,700	-	(100)	-	(100)
Osteopathic Examiners in Medicine and Surgery, AZ Board of												
1740 W Adams	-	39,600	-	39,600	-	61,500	-	61,500	-	21,900	-	21,900
Personnel Board												
1740 W Adams	-	12,800	-	12,800	-	23,600	-	23,600	-	10,800	-	10,800
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	-	5,600	-	5,600	-	(5,300)	-	(5,300)
Private Postsecondary Education, State Board for												
1740 W Adams	-	10,300	2,700	13,000	-	8,700	2,300	11,000	-	(1,600)	(400)	(2,000)
Psychologist Examiners, State Board of												
1740 W Adams	-	22,300	-	22,300	-	19,600	-	19,600	-	(2,700)	-	(2,700)

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Public Safety, Department of												
14 N 18th Avenue	-	42,400	-	42,400	-	42,400	-	42,400	-	-	-	-
1700 W Washington	67,000	17,500	18,500	103,000	67,000	17,600	18,400	103,000	-	100	(100)	-
1740 W Adams St	-	-	-		-	-	-		-	-	-	-
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	81,800	63,700	22,600	168,100	81,800	63,800	22,500	168,100	-	100	(100)	-
Respiratory Care Examiners, Board of												
1740 W Adams	-	17,400	-	17,400	-	9,700	-	9,700	-	(7,700)	-	(7,700)
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	499,000	-	-	499,000	499,000	-	-	499,000	-	-	-	-
400 W Congress, Tucson	25,600	-	-	25,600	25,600	-	-	25,600	-	-	-	-
1901 W Madison (Polly Rosenbaum Building)	2,139,600	-	-	2,139,600	2,139,600	-	-	2,139,600	-	-	-	-
1030 N 32nd St	-	-	-	-	325,800	-	-	325,800	325,800	-	-	325,800
Subtotal - Secretary of State - Dept of State	2,664,200	-	-	2,664,200	2,990,000	-	-	2,990,000	325,800	-	-	325,800
Treasurer, State												
1700 W Washington	-	196,000	-	196,000	-	196,000	-	196,000	-	-	-	-
Tribal Relations, Governor's Office on												
1700 W Washington	46,200	-	-	46,200	46,200	-	-	46,200	-	-	-	-
University - Board of Regents												
1740 W Adams	-	-	13,800	13,800	-	-	11,800	11,800	-	-	(2,000)	(2,000)
Veterans' Services, Department of												
1688 W Adams	-	-	-	-	119,500	-	-	119,500	119,500	-	-	119,500
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	18,593,600	9,456,000	3,618,300	31,667,900	20,148,600	9,558,200	2,975,400	32,682,200	1,555,000	102,200	(642,900)	1,014,300

1/ Reflects rental charges to agencies of state-owned buildings as of July 2025. Laws 2025, Chapter 244, Section 2 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. On or before June 30 of each year, the department shall submit a report to the Joint Legislative Budget Committee detailing all rent exemptions for the prior year.

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 Deparment of Health Services.

Capital Outlay - Arizona Department of Corrections

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Building Renewal	5,864,300 1/2/
Yuma State Prison Fire Alarm Upgrades	8,500,000
AGENCY TOTAL	**14,364,300**
FUND SOURCES	
General Fund	8,500,000
Other Appropriated Funds	
Department of Corrections Building Renewal Fund	5,864,300
SUBTOTAL - Other Appropriated Funds	5,864,300
SUBTOTAL - Appropriated Funds	**14,364,300**
TOTAL - ALL SOURCES	14,364,300 3/4/

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 2025-2026 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 Appropriations 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 Appropriations 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 Appropriations Act footnote)

4/ Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Building Renewal

The budget includes $5,864,300 from the Department of Corrections Building Renewal Fund in FY 2026 for major repair and maintenance of ADC-owned buildings.

The ADOA building renewal formula amount for ADC in FY 2026 is $40,851,800. The budget funding represents 14.4% of the formula amount.

Yuma State Prison Fire Alarm Upgrades

The budget includes $8,500,000 from the General Fund in FY 2026 to upgrade the fire alarm systems at the Yuma prison.

This funding is intended to complete the replacement of fire alarm systems at all 9 state-operated prison facilities.

Capital Outlay - Arizona Exposition and State Fair Board

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Capital Improvements	3,815,100
AGENCY TOTAL	**3,815,100**
FUND SOURCES	
Other Appropriated Funds	
Arizona Exposition and State Fair Fund	3,815,100
SUBTOTAL - Other Appropriated Funds	3,815,100
SUBTOTAL - Appropriated Funds	**3,815,100**
TOTAL - ALL SOURCES	3,815,100 1/

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/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Capital Improvements

The budget includes $3,815,100 from the Arizona Exposition and State Fair Fund in FY 2026 for capital improvements. This amount funds 100% of the Board's formula funding for capital improvements.

Capital Outlay - Arizona Game and Fish Department

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Building Renewal	1,815,700 1/
Dam Maintenance	150,000
Dam Repairs	6,850,000
Hatchery Maintenance	400,000
Hatchery Repairs	4,700,000
Property Maintenance	300,000
AGENCY TOTAL	**14,215,700**
FUND SOURCES	
Other Appropriated Funds	
Capital Improvement Fund	850,000
Game and Fish Fund	13,365,700
SUBTOTAL - Other Appropriated Funds	14,215,700
SUBTOTAL - Appropriated Funds	**14,215,700**
TOTAL - ALL SOURCES	14,215,700 2/3/

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 2025-2026 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 Appropriations 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 Appropriations Act footnote)

3/ Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

Building Renewal

The budget includes $1,815,700 from the Game and Fish Fund in FY 2026 for building renewal. This amount funds 100% of the building renewal formula for major repair and maintenance of AGFD-owned buildings.

The FY 2025 appropriation of $1,795,000 from the Game and Fish Fund also represented 100% of the agency's building renewal formula.

Dam Maintenance

The budget includes $150,000 from the Capital Improvement Fund in FY 2026 for dam maintenance.

The department owns and operates 38 dams throughout the state and uses these funds for vegetation removal, flood warning system maintenance, dam safety regulation compliance, structural repairs and other non-major repairs.

Dam Repairs

The budget includes $6,850,000 from the Game and Fish Fund in FY 2026 for dam repairs.

The department plans to use these funds for major repairs to the Black Canyon Lake and Fool Hollow Lake dams. This represents the state's share of the project costs; the department expects FEMA to allocate an additional $11,550,000 to complete these repairs, for total project costs of $18,400,000.

Hatchery Maintenance

The budget includes $400,000 from the Capital Improvement Fund in FY 2026 for hatchery maintenance.

The department owns 6 fish hatcheries throughout the state, all of which are in Northern Arizona and supply the state's rivers, streams and lakes with their recreational fish population. The department uses these funds for regular hatchery facility upgrades and repairs.

Hatchery Repairs

The budget includes $4,700,000 from the Game and Fish Fund in FY 2026 for hatchery repairs.

The department plans to use these funds for major renovations to 6 hatcheries located across the state, including life support facility upgrades, water efficiency projects, and other infrastructure replacements.

Property Maintenance

The budget includes $300,000 from the Capital Improvement Fund in FY 2026 for property maintenance.

The department owns 60 properties throughout the state. This funding will be used to supplement the department's building renewal funding for more extensive maintenance projects.

Capital Outlay - Arizona Department of Health Services

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
State Hospital Anti-Ligature Renovations	695,000
State Hospital Isolation Valve Installation	160,000
State Hospital Perimeter Detection System Replacement	83,000
AGENCY TOTAL	**938,000** 1/2/
FUND SOURCES	
Other Appropriated Funds	
ASH Land Earnings Fund	938,000
SUBTOTAL - Other Appropriated Funds	938,000
SUBTOTAL - Appropriated Funds	**938,000**
TOTAL - ALL SOURCES	938,000

AGENCY DESCRIPTION — The Department of Health Services (DHS) is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

State Hospital Anti-Ligature Renovations

The budget includes $695,000 from the ASH Land Earnings Fund in FY 2026 for anti-ligature renovations at the state hospital to comply with licensing requirements. These renovations would remove or minimize the risk of self-inflicted injuries by the patients.

State Hospital Isolation Valve Installation

The budget includes $160,000 from the ASH Land Earnings Fund in FY 2026 to replace 4 water isolation valves at the state hospital.

State Hospital Perimeter Detection System Replacement

The budget includes $83,000 from the ASH Land Earnings Fund in FY 2026 to replace the perimeter detection system at the state hospital.

Capital Outlay - Arizona Department of Juvenile Corrections

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Fire Line Booster Pumps Replacement	536,600
School Door and Lock Replacements	303,000
School Kitchen Air Unit Replacements	641,000
AGENCY TOTAL	**1,480,600** 1/
FUND SOURCES	
Other Appropriated Funds	
Criminal Justice Enhancement Fund	1,361,900
Department of Juvenile Corrections Local Cost Sharing Fund	118,700
SUBTOTAL - Other Appropriated Funds	1,480,600
SUBTOTAL - Appropriated Funds	**1,480,600**
TOTAL - ALL SOURCES	1,480,600 2/

AGENCY DESCRIPTION — The Department of Juvenile Corrections (DJC) is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

1/ 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 Appropriations Act footnote)

2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Fire Line Booster Pumps Replacement

The budget includes $536,600 from the Criminal Justice Enhancement Fund (CJEF) in FY 2026 to replace 2 fire pumps and 2 fire pump controllers at the Adobe Mountain School.

School Door and Locks Replacements

The budget includes $303,000 in FY 2026 to replace door and locking systems at the Adobe Mountain School. This amount consists of:

	FY 2026
Criminal Justice Enhancement Fund	$184,300
Department of Juvenile Corrections Local Cost Sharing Fund	118,700

School Kitchen Air Unit Replacements

The budget includes $641,000 from CJEF in FY 2026 to replace an air unit in the kitchen of the Adobe Mountain School.

Capital Outlay - Arizona State Lottery Commission

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Building Renewal	218,200
AGENCY TOTAL	**218,200** 1/2/
FUND SOURCES	
Other Appropriated Funds	
State Lottery Fund	218,200
SUBTOTAL - Other Appropriated Funds	218,200
SUBTOTAL - Appropriated Funds	**218,200**
TOTAL - ALL SOURCES	218,200 3/

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 2025-2026 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 Appropriations 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 Appropriations Act footnote)

3/ Capital Outlay Appropriations 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 2026 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 2025 appropriation of $218,200 from the State Lottery Fund also represented 100% of the Lottery building renewal formula.

Capital Outlay - Arizona State Parks Board

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Capital Improvements	3,633,300
Verde River State Park Construction	500,000
AGENCY TOTAL	**4,133,300** 1/
FUND SOURCES	
General Fund	500,000
Other Appropriated Funds	
State Parks Revenue Fund	3,633,300
SUBTOTAL - Other Appropriated Funds	3,633,300
SUBTOTAL - Appropriated Funds	**4,133,300**
TOTAL - ALL SOURCES	4,133,300

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/ Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

Capital Improvements

The budget includes $3,633,300 from the State Parks Revenue Fund in FY 2026 for capital improvements. This amount funds 100% of the board's formula funding for capital improvements.

The FY 2025 appropriation of $3,022,000 from the State Parks Revenue Fund also represented 100% of the board's formula funding.

Verde River State Park Construction

The budget includes $500,000 from the General Fund in FY 2026 for Verde River State Park construction.

The FY 2024 Capital Outlay Bill included $7,000,000 from the General Fund to establish a park at the headwaters of the Verde River. In its December 2023 meeting, the Joint Committee on Capital Review gave a favorable review of the Board's plan to use $6,000,000 of the appropriation to purchase the land and $1,000,000 to begin construction. In March 2024, the board closed the purchase of the site. In a required follow-up report, the board indicated that the remaining $1,000,000 would likely be spent for fencing/signage, cultural investigations, water table/flood plain analysis, and other preparatory sitework.

Prior Year Adjustments

The budget includes an ex-appropriation of $(23,201,933) from the State Parks Revenue Fund (SPRF), including $(4,084,600) for projects appropriated in FY 2023 and $(19,117,333) for projects appropriated in FY 2025. This reflects the cancellation of 10 projects from the Board's FY 2023-FY 2025 capital projects 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. Of the total $58,778,733 in total project costs, $38,237,100 was funded by General Fund monies diverted from Transaction Privilege Tax (TPT) revenues deposited to SPRF and $20,541,633 was funded by pre-existing SPRF monies. In July 2022, Joint Committee on Capital Review (JCCR) favorably reviewed all projects listed in *Table 1*.

The FY 2025 Capital Outlay Bill subsequently transferred $38,237,100 from SPRF to the General Fund, which represents a reversal of the amount of TPT revenues diverted to SPRF in the FY 2023 budget. A footnote required ASPB to submit a report to JCCR detailing their reallocation plan for the projects listed in *Table 1* after transferring the $38,237,100 of SPRF revenues back to the General Fund.

ASPB reported that they plan to cancel FY 2023 and FY 2025 projects totaling $23,201,933 and fund the remaining projects over a longer time span as SPRF monies become available. Please reference *Table 1* for a list of cancelled and continued projects.

The enacted ex-appropriations reflect the cancellation of projects as reported by ASPB. Laws 2024, Chapter 211, Section 14 stipulates that the remaining $36,112,400 in appropriation authority can only be used for projects which were favorably reviewed by JCCR as of the 2024 General Effective Date, limiting ASPB to funding projects the Committee approved in July 2022. Any new capital projects funded by SPRF monies would require Legislative approval.

Table 1

FY 2023 – FY 2025 Parks Capital Projects 1/

	FY 2023	FY 2024	FY 2025
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
Smartphone Application	~~535,600~~	0	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~~
Total 2/	**$16,968,600**	**$19,143,800**	**$0**

1/ Strikethrough represents projects cancelled by ASPB in their August 28, 2024 submission to JCCR and ex-appropriated in the budget. For multiple-year projects, only the cancelled funding years are struck through.

2/ Totals reflect the amount of funding retained in each fiscal year after subtracting funding for ex-appropriated projects.

Capital Outlay - Arizona Pioneers' Home

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Capital Improvements	470,400
Window and Door Replacements	1,515,000
AGENCY TOTAL	**1,985,400** 1/2/
FUND SOURCES	
Other Appropriated Funds	
Miners' Hospital for Miners with Disabilities Land Fund	1,985,400
SUBTOTAL - Other Appropriated Funds	1,985,400
SUBTOTAL - Appropriated Funds	**1,985,400**
TOTAL - ALL SOURCES	1,985,400

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

1/ 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)

2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

Capital Improvements

The budget includes $470,400 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2026 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 2025 appropriation of $465,000 from the Miners' Hospital for Miners with Disabilities Land Fund also represented 100% of the agency's building renewal formula.

Window and Door Replacements

The budget includes $1,515,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2026 for window and door replacements. This appropriation will support the replacement of most of the Homes' doors and windows to address weather damage.

Capital Outlay - Arizona Department of Public Safety

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Electrical System Upgrade	11,227,100
Office Building Replacements	2,000,000
AGENCY TOTAL	**13,227,100** 1/
FUND SOURCES	
General Fund	13,227,100
SUBTOTAL - Appropriated Funds	**13,227,100**
TOTAL - ALL SOURCES	13,227,100 2/

AGENCY DESCRIPTION - The Department of Public Safety (DPS) is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

1/ 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)

2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Electrical System Upgrade

The budget includes $11,227,100 in FY 2026 from the General Fund to upgrade the department's electrical system at their headquarters located in Phoenix.

The funding will be utilized to upgrade the electrical wiring and equipment at the DPS Headquarters that was deemed out of code and in a critical state by a third-party engineering inspection.

Office Building Replacements

The budget includes $2,000,000 in FY 2026 from the General Fund to replace department office buildings located in Payson and Sanders.

The current office buildings are over 60 years old and no longer compliant with the Americans with Disabilities Act (ADA). The buildings in Payson and Sanders will be replaced with new 1,440 square foot offices that are ADA compliant and have sufficient space to meet the department's needs.

Capital Outlay - Arizona Department of Transportation

	FY 2026 APPROVED
ADOT FACILITIES	
Building Renewal	23,385,300 1/
Avondale Vehicle Repair Shop	6,951,000
Little Antelope and Gray Mountain Maintenance Offices	6,861,000
FY 2022 Vehicle Fueling Facilities Lapsing Extension	0 2/
INDIVIDUAL PROJECTS	
Airport Planning and Development	
Airport Planning and Development	44,340,700 3/4/5/
Grand Canyon Airport Renovation	850,300 6/
ADOT Highway and Road Projects	
Controlled Access Highways	141,314,000 5/7/-10/
Debt Service	118,773,000 5/7/-10/
Statewide Highway Construction	198,683,000 5/7/-10/
I-10 Widening, SR 85 to Citrus Road	27,000,000
Olga Frontage Road Repavement Design	850,000
SR 70 Safety Improvements	1,400,000
SR 87/SR 260 Turn Lane	2,129,800
SR 347 Design, I-10 to Maricopa	1,500,000
SR 303/155th Avenue Interchange Design	3,500,000 11/
SR 347/Riggs Road Overpass Construction	41,400,000
SR 347 Intersection Improvements	10,839,000
SR 389 Traffic Control Systems	1,500,000
Distributions to Local Governments	
Bullhead City, Hancock Road Improvements	1,500,000 12/
Cottonwood, Main Street Preservation	1,000,000 13/
Flagstaff, Traffic Light Signal Design	1,900,000 14/
Glendale, 75th Avenue Reconstruction	3,000,000 15/
Kingman, Eastern Street Improvements	1,500,000 16/
Mohave County, Mountain View Road Improvements	1,000,000 17/
Nogales, Frank Reed Road Improvements	1,500,000 18/
Nogales, Industrial Park Road Improvements	2,900,000 19/
Nogales, La Quinta Road Improvements	1,800,000 20/
Patagonia, McKeown Avenue Improvements	0 21/
Prescott Regional Airport, Infrastructure	3,500,000 22/
Prescott Regional Airport, Maintenance	500,000 23/
Yuma County, Bridge Replacement	1,300,000 24/
AGENCY TOTAL	**652,677,100** 25/26/
FUND SOURCES	
General Fund	111,518,800
Other Appropriated Funds	
State Aviation Fund	45,585,900
State Highway Fund	495,572,400
SUBTOTAL - Other Appropriated Funds	541,158,300
SUBTOTAL - Appropriated Funds	**652,677,100**
Other Non-Appropriated Funds	759,347,000
Federal Funds	1,097,420,000
TOTAL - ALL SOURCES	2,509,444,100

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

1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2025-2026 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 appropriation of $1,800,000 to the department of transportation for replacing vehicle fueling facilities in Flagstaff, Holbrook and Kingman made by Laws 2021, Chapter 406, Section 31 in fiscal year 2021-2022 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (Capital Outlay Appropriation Act footnote)

3/ The sum of $44,340,700 is appropriated from the state aviation fund established by section 28-8202, Arizona Revised Statutes, in fiscal year 2025-2026 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 2025-2026 for the purposes provided in this subsection. (Capital Outlay Appropriations Act footnote)

4/ On or before December 31, 2025, 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 Appropriations Act footnote)

5/ Notwithstanding section 41-1252, Arizona Revised Statutes, the appropriation made in this section is not subject to review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote)

6/ The monies appropriated to the department of transportation to renovate the Grand Canyon airport terminal revert to the state aviation fund established by section 28-8202, Arizona Revised Statutes, on June 30, 2026 if the department does not receive a federal aviation administration grant for the project. (Capital Outlay Appropriation Act footnote)

7/ The sum of $458,770,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2025-2026 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 Appropriations Act footnote)

8/ On or before November 1, 2025, 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 Appropriations Act footnote)

9/ On or before November 1, 2025, the department of transportation shall report the department's estimated outstanding debt principal balance at the end of fiscal year 2026-2027 and the estimated debt service payment amount for each of fiscal years 2026-2027, 2027-2028, 2028-2029 and 2029-2030 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 2024-2025 appropriations report. (Capital Outlay Appropriations Act footnote)

10/ On or before November 1, 2025, the department of transportation shall report capital outlay information for fiscal years 2024-2025, 2025-2026 and 2026-2027 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 three, four and seven, as found in the fiscal year 2024-2025 appropriations report. (Capital Outlay Appropriations Act footnote)

11/ The legislature intends that a local government or council of government entity contribute $900,000 in matching monies to the project described in this paragraph. The department may not expend any monies appropriated in this paragraph until the department can confirm the matching commitment to the project. (Capital Outlay Appropriation Act footnote)

12/ The department of transportation shall submit an intergovernmental agreement to the city of Bullhead City for Hancock Road improvements on or before September 15, 2025. If the city of Bullhead City agrees to the intergovernmental agreement, the monies appropriated in this paragraph for Hancock Road improvements shall be distributed to the city of Bullhead City on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

13/ The department of transportation shall submit an intergovernmental agreement to the City of Cottonwood for Main Street preservation and sidewalk improvements on or before September 15, 2025. If the City of Cottonwood agrees to the intergovernmental agreement, the monies appropriated in this paragraph for Main Street preservation and sidewalk improvements shall be distributed to the City of Cottonwood on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

14/ The department of transportation shall submit an intergovernmental agreement to the City of Flagstaff to design and construct a traffic light signal at the intersection of Woody Mountain Road and US Route 66 on or before September 15, 2025. If the City of Flagstaff agrees to the intergovernmental agreement, the monies appropriated in this paragraph to design and construct a traffic light signal at the intersection of Woody Mountain Road and US Route 66 shall be distributed to the City of Flagstaff on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

15/ The department of transportation shall submit an intergovernmental agreement to the City of Glendale for the 75th Avenue reconstruction project on or before September 15, 2025. If the City of Glendale agrees to the intergovernmental agreement, the monies appropriated in this paragraph for the 75th Avenue reconstruction project shall be distributed to the City of Glendale on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

16/ The department of transportation shall submit an intergovernmental agreement to the City of Kingman for the Eastern Street infrastructure improvements project on or before September 15, 2025. If the City of Kingman agrees to the intergovernmental agreement, the monies appropriated in this paragraph for the Eastern Street infrastructure improvements project shall be distributed to the City of Kingman on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

17/ The department of transportation shall submit an intergovernmental agreement to Mohave County for Mountain View Road improvements on or before September 15, 2025. If Mohave County agrees to the intergovernmental agreement, the monies appropriated in this paragraph for Mountain View Road improvements shall be distributed to Mohave County on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

18/ The department of transportation shall submit an intergovernmental agreement to the City of Nogales for improvements to Frank Reed Road on or before September 15, 2025. If the City of Nogales agrees to the intergovernmental agreement, the monies appropriated in this paragraph for improvements to Frank Reed Road shall be distributed to the City of Nogales on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

19/ The department of transportation shall submit an intergovernmental agreement to the City of Nogales for improvements to Industrial Park Road on or before September 15, 2025. If the City of Nogales agrees to the intergovernmental agreement, the monies appropriated in this paragraph for improvements to Industrial Park Road shall be distributed to the City of Nogales on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

20/ The department of transportation shall submit an intergovernmental agreement to the City of Nogales for improvements to La Quinta Road on or before September 15, 2025. If the City of Nogales agrees to the intergovernmental agreement, the monies appropriated in this paragraph for improvements to La Quinta Road shall be distributed to the City of Nogales on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

21/ In addition to the use prescribed in Laws 2023, Chapter 135, Section 10, Subsection A, Paragraph 10, as amended by Laws 2024, Chapter 211, Section 1, the town of Patagonia may use monies distributed to the town by the department of transportation to reconstruct McKeown Avenue between Third Avenue West and State Route 82 (Capital Outlay Appropriation Act footnote)

22/ The department of transportation shall submit an intergovernmental agreement to the Prescott regional airport for infrastructure supporting firefighting aircraft on or before September 15, 2025. If the Prescott regional airport agrees to the intergovernmental agreement, the monies appropriated in this paragraph for infrastructure supporting firefighting aircraft shall be distributed to the Prescott regional airport on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

23/ The department of transportation shall submit an intergovernmental agreement to the Prescott regional airport for maintenance and operations on or before September 15, 2025. If the Prescott regional airport agrees to the intergovernmental agreement, the monies appropriated in this paragraph for maintenance and operations shall be distributed to the Prescott regional airport on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

24/ The department of transportation shall submit an intergovernmental agreement to Yuma County for the bridge replacement project on Somerton Avenue between West County 10th Street and West County 11th Street on or before September 15, 2025. If Yuma County agrees to the intergovernmental agreement, the monies appropriated in this paragraph for the bridge replacement project on Somerton Avenue between West County 10th Street and West County 11th Street shall be distributed to Yuma County on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

25/ 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)

26/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

Unless otherwise specified, funding for capital projects in appropriated by Laws 2025, Chapter 235 (FY 2026 Capital Outlay Bill).

ADOT Facilities

Building Renewal

The budget includes $23,385,300 in FY 2026 for Building Renewal within ADOT's Building System. This amount consists of $22,990,400 from the State Highway Fund (SHF) and $394,900 from the State Aviation Fund (SAF). The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings. The amounts represent 100% funding of the FY 2026 highway building renewal formula and 100% funding of the FY 2026 aviation building renewal formula. The FY 2025 budget appropriated $22,082,800 from the SHF and $457,300 from the SAF, which represented 100% funding of the FY 2025 highway building renewal formula and 100% funding of the FY 2025 aviation building renewal formula.

Avondale Vehicle Repair Shop Improvements

The budget includes $6,951,000 from the SHF in FY 2026 for improvements to the vehicle repair shop in Avondale. The funding will be used to construct a new 10,000 square foot shop facility on existing property with six vehicle service stations capable of maintaining 265 vehicles and heavy equipment.

Little Antelope and Gray Mountain Maintenance Facilities

The budget includes $6,861,000 from the SHF in FY 2026 for the construction of new maintenance facilities in Little Antelope and Gray Mountain. Both facilities were constructed over 35 years ago and their size cannot adequately support current operational needs. The funding would construct 2 new 3,500 square foot modular buildings (one at each location) to provide support for highway maintenance staff. Each building will include 1,000 square feet of space dedicated specifically to DPS personnel.

Airport Planning and Development

Airport Planning and Development

The budget includes $44,340,700 from the SAF in FY 2026 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 2025-2029 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 2025 budget included $25,550,000 for this purpose.

Grand Canyon Airport Renovation

The budget includes $850,300 from the SAF in FY 2026 to provide the 5% state match portion (federal grant would provide $16,200,000) for renovating and expanding the Grand Canyon National Airport terminal. The renovation includes adding a new airline gate and accommodations sized for a 737-class aircraft. The funding includes a footnote which reverts the funding back to the SAF on June 30, 2026 if the department does not receive a federal grant for the project.

ADOT Highway and Road Projects

Controlled Access Highways

The budget includes an estimated urban freeway controlled access funding level of $141,314,000 from SHF in FY 2026. 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 $118,773,000 from SHF in FY 2026 for the appropriated portion of the debt service on bonds. ADOT has approximately $903,150,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2026 debt service payments. *(Please see Table 5 for more information on debt service.)*

Statewide Highway Construction

The budget includes $198,683,000 from SHF in FY 2026 for new highway construction. Only a small portion of the state's total $2,125,900,000 highway construction funding is appropriated. Other monies available for highway construction include beginning balances and bond revenues from SHF, Federal Funds, the Maricopa Regional Area Road Fund (MRARF), and HURF for controlled access roads. *(See the Total Highway Construction Funding discussion and Table 5 in Other Issues for additional information.)* A footnote in the FY 2026 budget appropriates any additional monies in SHF above the appropriation to ADOT for highway construction.

Expenditure of highway construction funding is determined by the State Transportation Board, which approves a 5-Year Program developed by ADOT.

Highway construction monies represent the amount that is available for the discretionary SHF to fund the State Transportation Board's 5-Year Program after all other allocations have been made. *(Please see the Summary of Highway Construction section and Table 6 for more information.)*

Table 1 shows the allocation of the highway construction budget prior to any ADOT operating and capital issues and statewide adjustments made during the budget process, which would reduce the level of available highway construction funding.

As noted in the HURF distribution table *(please see Table 6)*, an additional amount of $695,207,000 from the balances of the MAG and PAG 12.6% and 2.6% subaccounts will also be available in FY 2026.

Table 1

State Highway Fund
FY 2026 Highway Construction & Debt Service

	Capital Outlay Bill
Controlled Access	$141,314,000
Debt Service	118,773,000
Highway Construction	198,683,000
Total	**$458,770,000**

I-10 Widening, SR 85 to Citrus Road

The budget includes $27,000,000 from the General Fund in FY 2026 to design and construct additional vehicle lanes, separated by a lighted median, on Interstate 10 between State Route 85 and Citrus Road. The project also includes advance appropriations of $30,000,000 in FY 2027 and $76,000,000 in FY 2028 from the FY 2025 Capital Outlay Bill (as amended by the FY 2026 Capital Outlay Bill). Across FY 2026 – FY 2028, the total General Fund contribution to the project is $133,000,000. In addition to this funding, the City of Buckeye has committed $3,000,000 to the project and MAG has committed $10,000,000 to the project.

Olga Frontage Road Repavement Design

The budget includes $850,000 from the General Fund in FY 2026 to design the repavement of Olga Frontage Road between mile post 366 and mile post 379.

SR 70 Safety Improvements

The budget includes $1,400,000 from the General Fund in FY 2026 to construct safety improvements along State Route 70 from mile post 255 to mile post 301 near the San Carlos Apache reservation.

SR 87/SR 260 Turn Lane

The budget includes $2,129,800 from the General Fund in FY 2026 to design an additional right-hand turn lane on northbound State Route 87 and State Route 260 near Payson. Of the $2,129,800, $1,529,800 was redirected from a FY 2024 project distribution to Payson for a roundabout construction and improvements at the intersection of Longhorn Road and McLane Road.

SR 347 Design, I-10 to Maricopa

The budget includes $1,500,000 from the General Fund in FY 2026 to design a project to widen lanes along State Route 347 between Interstate 10 and the city of Maricopa.

SR 303/155th Avenue Interchange Design

The budget includes $3,500,000 from the General Fund in FY 2026 to design a traffic interchange and connecting arterial roadways at State Route 303 and 155th Avenue. The project includes a legislative intent footnote that a local government or council of government entity contribute $900,000 in matching funding to the project. ADOT may not expend any the monies until the matching commitment has been confirmed.

SR 347/Riggs Road Overpass Construction

The budget includes $41,400,000 from the General Fund in FY 2026 for right-of-way acquisition, utility relocation, natural resource recovery and construction of an overpass at Riggs Road and State Route 347. The project also includes an advance appropriation of $49,000,000 in FY 2028 from the FY 2025 Capital Outlay Bill for total overall project funding of $90,400,000.

SR 347 Safety Intersection Improvements
The budget includes $10,839,000 from the General Fund in FY 2026 to improve the intersection on State Route 347 at Casa Blanca Road and Cement Plant Access Road. The project also received $18,000,000 from the General Fund in FY 2024. The additional funding in FY 2026 is intended to cover a funding shortfall. Total project funding will now be $28,839,000.

SR 389 Traffic Control Systems
The budget includes $1,500,000 from the General Fund in FY 2026 to install traffic control systems along State Route 389 near Colorado City.

Distributions to Local Governments

The distributions to local governments below include footnote language requiring ADOT to submit an intergovernmental agreement to the local entity for the project on or before September 15, 2025. If the local entity agrees to the intergovernmental agreement, ADOT is required to distribute the monies to the local entity on or before November 1, 2025.

Bullhead City, Hancock Road Improvements
The budget includes $1,500,000 from the General Fund in FY 2026 to distribute to Bullhead City for improvements to Hancock Road.

Cottonwood, Main Street Preservation
The budget includes $1,000,000 from the General Fund in FY 2026 to distribute to the City of Cottonwood for Main Street preservation and sidewalk improvements.

Flagstaff, Traffic Light Signal Design
The budget includes $1,900,000 from the General Fund in FY 2026 to distribute to the City of Flagstaff to design and construct a traffic light signal at the intersection of Woody Mountain Road and US Route 66.

Glendale, 75th Avenue Reconstruction
The budget includes $3,000,000 from the General Fund in FY 2026 to distribute to the City of Glendale for the 75th Avenue reconstruction project.

Kingman, Eastern Street Improvements
The budget includes $1,500,000 from the General Fund in FY 2026 to distribute to the City of Kingman for Eastern Street infrastructure improvements.

Mohave County, Mountain View Road Improvements
The budget includes $1,000,000 from the General Fund in FY 2026 to distribute to Mohave County for Mountain View Road improvements.

Nogales, Frank Reed Road Improvements
The budget includes $1,500,000 from the General Fund in FY 2026 to distribute to the City of Nogales for improvements to Frank Reed Road.

Nogales, Industrial Park Road Improvements
The budget includes $2,900,000 from the General Fund in FY 2026 to distribute to the City of Nogales for improvements to Industrial Park Road.

Nogales, La Quinta Road Improvements
The budget includes $1,800,000 from the General Fund in FY 2026 to distribute to the City of Nogales for improvements to La Quinta Road.

Prescott Regional Airport, Infrastructure
The budget includes $3,500,000 from the General Fund in FY 2026 to distribute to the Prescott regional airport for infrastructure supporting firefighting aircraft.

Prescott Regional Airport, Maintenance
The budget includes $500,000 from the General Fund in FY 2026 to distribute to the Prescott regional airport for maintenance and operations.

Yuma County, Bridge Replacement
The budget includes $1,300,000 from the General Fund in FY 2026 to distribute to Yuma County for the bridge replacement project on Somerton Avenue between West County 10th Street and West County 11th Street.

Other Issues

Summary of Non-Appropriated Capital Funds

Table 2 provides a summary of non-appropriated capital expenditures. Non-appropriated capital expenditures are expected to grow from $1,546,185,000 in FY 2024 to $1,900,620,000 in FY 2025 and $1,856,767,000 in FY 2026.

Further background information regarding the funds is contained in the ADOT Summary of Funds in the ADOT operating section of the *FY 2026 Baseline Book*. The ADOT operating budget section does not include the non-appropriated capital expenditures as those only appear in *Table 2*.

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 21, 2024 includes monies from SHF, Federal Funds, MRARF, SHF for controlled access roads, and bond revenues. The highway construction program adopted by

the State Transportation Board totals $1,802,758,000 for FY 2026. *(Please see Table 3 for additional details.)*

Table 2

Non-Appropriated Capital Fund Expenditures
($ in Thousands)

	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate
Aviation Federal Funds	$2,386	$9,963	$20,017
Highway Federal Grants	1,092,516	1,075,485	1,077,403
Subtotal - Federal Funds	**$1,094,902**	**$1,085,448**	**$1,097,420**
Bond Proceeds	$59,976	$3,032	$11,915
Economic Strength Project Fund	1,000	1,000	1,000
Local Agency Deposits Fund	13,170	8,739	8,508
Maricopa Regional Area Road Fund	377,137	802,401	737,924
Subtotal - Other Non-Appropriated Funds	**$451,283**	**$815,172**	**$759,347**
Total	**$1,546,185**	**$1,900,620**	**$1,856,767**

Table 3

State Highway Fund
Highway Construction Projects Beginning in FY 2026
($ in Thousands)

	FY 2026 1/
Construction	$162,094
Urban Controlled Access 2/	747,345
Pavement Preservation Maintenance	666,363
Other 3/	226,956
Total	**$1,802,758**

1/ Data from ADOT's *2025-2029 5-Year Transportation Facilities Construction Program,* representing the total cost of multi-year projects beginning in FY 2026.
2/ Includes expenditures from SHF for controlled access, PAG, and MRARF.
3/ Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. The FY 2026 budget includes $458,770,000 for highway construction, including $198,683,000 of net SHF monies for statewide highway construction.

Table 6 summarizes expenditures for highway construction that are planned in the future and currently underway from FY 2024 through FY 2026 on a cash flow basis, as provided by ADOT. *Table 3*, 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 2026 by category of construction. *Table 6* also includes monies from the Local Agency Deposits Fund, while *Table 3* does not.

For FY 2024, *Table 6* shows that total cash highway construction expenditures were $1,216,600,000 while $604,400,000 was spent on debt service. In FY 2025, total estimated cash highway construction expenditures are $1,835,300,000 with total debt service of $294,700,000. In FY 2026, total estimated cash highway construction expenditures are $1,977,100,000 with total debt service of $148,800,000.

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 $143,304,200 in FY 2024, $165,300,900 in FY 2025, and $164,274,100 in FY 2026. Of the $148,800,000 total FY 2026 debt service amount in *Table 7*, only $118,773,000 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 4* explains the formula distribution of HURF monies between state and local governments. *Table 7* presents the overall HURF distribution for FY 2024 through FY 2026. The line in *Table 7* showing net SHF Available for Statewide Highway Construction, which totals $198,683,000 for FY 2026, 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 2024 HURF collections of $1,801,131,000 were 3.0% above FY 2023 collections. As of June 2025, FY 2025 HURF year-to-date collections were 2.0% higher than the prior year collections.

VLT is the largest source of HURF collections, accounting for 32.7% of HURF revenue in FY 2024, a percentage which has been increasing in recent years. From FY 2020 to FY 2024, the gas tax share of total collections has decreased by (4.5)% while VLT's share has increased by 0.7%.

The gas tax comprises the second largest source of HURF collections at 30.3%.

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 4 breaks down the distribution of HURF monies between cities, counties, controlled access, and the SHF.

Table 4

Percentage Distribution of HURF Monies

Cities	30.5%
Counties	19.0%
Controlled Access 1/	7.7%
State Highway Fund 1/	42.8%
Total	**100.0%**

1/ A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of SHF monies set aside for controlled access highways (15.2% of 50.5% = 7.7% displayed in the table above). The controlled access monies are divided: 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Long-Term Budget Impacts

FY 2028 I-10 Widening, SR 85 to Citrus Road

The FY 2026 Capital Outlay Bill includes a decrease of $(2,000,000) from the General Fund in FY 2028 to design and construct additional vehicles lanes, separated by a lighted median, on Interstate 10 between State Route 85 and Citrus Road. This reduces the advance appropriation for the project from $78,000,000 to $76,000,000 in FY 2028.

FY 2028 Pinal County, West Pinal Parkway East-West Corridor Design

The FY 2026 Capital Outlay Bill removes the advance appropriation of $9,240,000 from the General Fund in FY 2028 to distribute to Pinal County for engineering and design of the West Pinal Parkway East-West Corridor.

Pinal County originally received $9,240,000 for this project in the FY 2024 budget. In the FY 2025 budget, in order to provide short-term General Fund savings, the FY 2024 funding was removed and the monies were instead advance appropriated in FY 2028. Pinal County has not responded to requests from ADOT to return the FY 2024 monies. As a result, the FY 2026 budget removes the FY 2028 advance appropriation for the West Pinal Parkway East-West Corridor design.

FY 2024 and Prior Year Individual Project Reductions

The FY 2026 Capital Outlay Bill includes two prior year transportation project reductions to address changes in project costs and legislative priorities. *Table 5* displays the 2 projects that received reductions: US 191 pavement rehabilitation (Armory Road to East Safford) and Payson roundabout construction.

The US 191 pavement rehabilitation project has been completed and the reduction reflects surplus funding removed from the project. The funding for the Payson roundabout construction has been removed entirely and the budget instead redirects those monies to design an additional right-hand turn lane on northbound State Route 87 and State Route 260 near Payson.

Table 5

FY 2026 Capital Outlay Bill Transportation Project Reductions

	Original Appropriation	Change	Revised Total
Project Reductions			
FY 23 SHF - US 191 Pavement Rehabilitation (Armory Road to East Safford)	$ 18,981,000	$ (2,500,000)	$ 16,481,000
FY 24 GF - Payson, Roundabout Construction	1,529,800	(1,529,800)	0

Table 6

Highway Construction and Debt Service Expenditures by Fund Source
($ in Millions)

Sources	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate	
State Highway Fund (SHF)				
HURF - Statewide Debt Service	$ 410.1	$ 102.6	$ 106.9	
HURF - MAG Debt Service	23.7	21.9	11.8	
MAG/PAG 15.2% Controlled Access - Construction	4.4	18.3	28.2	
Net SHF Funds Available for Statewide Highway	(92.6)	177.9	198.7	
Total State Highway Fund	**$ 345.6**	**$ 320.7**	**$ 345.6**	
Federal Aid				
Total Federal Aid Highway Construction Expenditures	**$ 1,092.5**	**$ 1,075.5**	**$ 1,077.4**	
Maricopa Regional Area Road Fund				
Highway Construction Expenditures	$ 169.2	$ 581.9	$ 682.5	
MRARF Debt Service	140.5	140.2	0	
Total Maricopa Regional Area Road Fund Highway	**$ 309.7**	**$ 722.1**	**$ 682.5**	
Bond Proceeds				
HURF - Highway Construction Expenditures	$ 60.0	$ 3.0	$ 11.9	
MRARF - Highway Construction Expenditures	0	0	0	
GAN - Highway Construction Expenditures	0	0	0	
Total Bond Proceeds Highway Construction Expenditures	**$ 60.0**	**$ 3.0**	**$ 11.9**	
Local Agency Deposits Fund				
Total Local Agency Deposits Fund Debt Service	-	-	-	
Total Local Agency Deposits Fund Cash Highway Constr.	13.2	8.7	8.5	
Total Local Agency Deposits Fund Highway Construction	**$ 13.2**	**$ 8.7**	**$ 8.5**	
Total Highway Construction Expenditures	**$ 1,821.0**	**$ 2,130.0**	**$ 2,125.9**	
Total Debt Service				
SHF	$ 433.8	$ 124.5	$ 118.8	
Federal Aid	30.0	30.0	30.0	
MRARF	140.6	140.2	0	1/
Total Debt Service	**$ 604.4**	**$ 294.7**	**$ 148.8**	2/
Total Cash Highway Construction Expenditures				
SHF	$ (88.3)	$ 196.2	$ 226.9	
Federal Aid	1,062.6	1,045.5	1,047.3	
MRARF	169.1	581.9	682.5	
Bond Proceeds	60.0	3.0	11.9	
Local Agency Deposits Fund	13.2	8.7	8.5	
Total Cash Highway Construction Expenditures	**$ 1,216.6**	**$ 1,835.3**	**$ 1,977.1**	
Total Highway Construction Expenditures	**$ 1,821.0**	**$ 2,130.0**	**$ 2,125.9**	

1/ MRARF debt service assumes all debt incurred as a result of Prop 400 collections will be paid off by FY 2026. MAG's current Transportation Improvement Plan (TIP) does not include Prop 479 figures (half-cent sales tax extension) passed by Arizona voters in November 2024. As of this writing, ADOT is awaiting a new TIP in order to estimate MRARF debt service in FY 2026 and beyond.

2/ Information provided by the department. Includes $118,772,579 for HURF bonds ($106,943,470 for statewide program and $11,829,108 MAG program); $29,970,500 for Grant Anticipation Notes; and $0 for MRARF bonds.

Table 7

Highway User Revenue Fund (HURF) Distribution
($ in Thousands)

		FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate
Total HURF Collections Before Authorized Third-Party (ATP) Expenses		**$1,829,804**	**$1,881,859**	**$1,912,140**
Less:	ServiceArizona ATP Fee Retention	6,667	6,857	6,967
	Brick and Mortar ATP Fee Retention	7,381	7,591	7,714
	ServiceArizona ATP Credit Card Fee Reimbursements	12,372	12,724	12,929
	Brick and Mortar ATP Credit Card Fee Reimbursements	1,985	2,041	2,074
	ServiceArizona ATP Check Reimbursement	268	275	280
Total HURF Collections		**$1,801,131**	**$1,852,371**	**$1,882,176**
Less:	Economic Strength Fund 1/	1,000	1,000	1,000
	ADOT - MVD Registration Compliance Program	781	952	952
	State Lake Improvement Fund/Off-Highway Vehicle Recreation Fund	11,725	11,941	12,105
Net HURF Collections		**$1,787,625**	**$1,838,478**	**$1,868,119**
Less:	Cities 2/	545,226	560,736	569,777
	Counties 2/	339,649	349,311	354,943
	VLT Transfer to Parity Compensation Fund 3/	4,393	4,633	4,806
	VLT Transfer to General Fund (5-Year VLT) 4/	3,599	3,700	3,800
	VLT Transfer to General Fund (Abandoned Vehicle) 5/	4,947	5,000	5,100
	VLT Transfer to General Fund (ADOT Operating Budget) 6/	0	2,000	2,000
	Controlled Access 7/	135,251	138,791	141,314
Net SHF (Discretionary)		**$ 754,560**	**$ 774,307**	**$ 786,379**
Plus:	Other Income 8/	110,429	116,387	104,925
Less:	Operating Budget	430,779	488,489	522,476
	Dept of Public Safety Transfer from Highway Fund	6,273	10,000	10,000
	Capital Outlay	20,100	9,088	13,812
	Building Renewal	21,978	22,083	22,990
	ServiceArizona ATP VLT Retention 9/	23,739	24,811	25,739
	Brick and Mortar ATP VLT Retention 9/	17,604	18,399	19,087
	HURF Exchange Program 10/	3,309	15,384	15,384
	Debt Service 11/	433,772	124,543	118,773
Net SHF Available for Statewide Highway Construction (5-Year Plan) 12/13/		**$ (92,565)**	**$ 177,897**	**$ 143,043**
SHF Adjustments				
Plus:	Controlled Access SHF Beginning Balance	517,685	644,367	695,207
	STAN Account Beginning Balance	0	0	0
Total SHF Available for Statewide Highway Construction		**$ 425,120**	**$ 822,264**	**$ 838,250**

1/ Provides monies for economic strength highway projects recommended by the Arizona Commerce Authority and approved by the State Transportation Board.
2/ A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.
3/ A.R.S § 28-5808A transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.
4/ A.R.S § 28-5808E transfers the SHF share of the HURF VLT to the state General Fund that is generated from the difference between a 2-year registration and a 5-year registration.
5/ A.R.S § 28-5808D also transfers the SHF share of the HURF VLT to the state General Fund that is equal to 90% of the fees collected under A.R.S. § 28-4802A and 60% of the fees collected under A.R.S. § 28-4802B to the state General Fund.
6/ This VLT transfer to the state General Fund reflects savings generated from the department's operating budget as a result of an ongoing decrease in the Enforcement and Compliance Division (ECD). The FY 2025 budget reduced ADOT's ECD budget by $2,000,000, beginning in FY 2025.
7/ 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.
8/ 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.
9/ Statutory payments to third parties from VLT collected by third parties. Non-VLT fees to ATPs are listed at the top of the chart.
10/ Local entities can exchange federal aid monies for State Highway Fund monies.
11/ Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.
12/ Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.
13/ 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 2026 APPROVED
BUILDING RENEWAL	
Arizona Board of Regents	0
TOTAL - ALL PROJECTS	**0** 1/ 2/
FUND SOURCES	
General Fund	0
SUBTOTAL - Appropriated Funds	**0**
TOTAL - ALL SOURCES	**0**

AGENCY 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 $32,586,800 to the universities from the General Fund in FY 2026 to finance lease-purchase payments for research infrastructure projects.

2/ A.R.S. § 15-1671 appropriates $30,710,800 to the universities from the General Fund in FY 2026 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 2026, ABOR reports funding 100% of the building renewal formula would be $257,646,000. 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 2026, the universities' outstanding principal balances for bonds and lease-purchase agreements will total $4,215,708,800 of which $4,030,836,000 is for outstanding bonds and $184,872,800 is for lease-purchase projects. This debt would be held by the 3 universities as follows:

ASU (all campuses)	$2,708,883,000
NAU	345,085,000
UA (all campuses)	1,161,740,800
Total	**$4,215,708,800**

ABOR estimates that the universities' total debt service payments for bonds and lease-purchase agreements in FY 2026 will be $406,116,600. The debt service payments made by each of the universities would be as follows:

ASU (all campuses)	$236,062,900
NAU	39,896,500
UA (all campuses)	130,157,200
Total	**$406,116,600**

In addition to university system revenues being allocated for FY 2026 debt service payments, $41,924,300 would be paid by Lottery monies, $32,586,800 would be paid by the General Fund for 2003 research infrastructure projects, and $19,465,100 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 $4,030,836,000 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 certain maximum to pay for building renewal projects and new facilities.

The FY 2026 Higher Education BRB increases the maximum amount of bond transactions from $800,000,000 $1,125,000,000. Of the $325,000,000 increase, $162,500,000 becomes available FY 2026 and $162,500,000 in FY 2027. ABOR is required to allocate at

least 25% and no more than 45% of the additional bonding authority to each university. These newly authorized amounts have not yet been issued and are not in the $4,030,836,000 figure cited above.

Debt service payments for SPEED bonds will total $52,560,800 in FY 2026, of which 80% will be paid by Lottery monies and 20% with university system revenues.

2017 Capital Infrastructure Appropriations

Another component of the $4,030,836,000 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 2026 budget assumes a 2.0% increase from FY 2025, resulting in an FY 2026 General Fund appropriation of $30,710,800. If the universities utilized the full appropriation for debt service, this amount would support $61,421,600 in debt service payments.

Since FY 2019, however, the universities have not fully used their debt service capacity and have used a portion of their appropriation to fund projects with cash. As a result, the appropriation does not equate to the annual debt service payments. Debt service payments are projected to total $38,930,200 in FY 2026, 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 2029. 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: 5.0% (5.4% with SPEED) in FY 2026
- NAU: 4.4% (5.8% with SPEED) in FY 2026
- UA: 4.3% (5.1% with SPEED) in FY 2026

These ratios incorporate the debt service impact of planned construction projects. The universities estimate that they have the capacity to issue $4,100,700,000 in additional debt beyond the planned projects based on these debt service ratios.

Capital Outlay - Department of Veterans' Services

	FY 2026 APPROVED
SPECIAL LINE ITEMS	
Tucson Veterans Home HVAC Replacement	2,400,000 1/
Northwestern Arizona Veterans' Home	0 2/
AGENCY TOTAL	**2,400,000** 3/
FUND SOURCES	
General Fund	2,400,000
SUBTOTAL - Appropriated Funds	**2,400,000**
TOTAL - ALL SOURCES	2,400,000

AGENCY DESCRIPTION — The Department of Veterans' Services is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

1/ The monies appropriated to the department of veterans' services to replace the HVAC at the Tucson veterans' home revert to the state general fund on June 30, 2026 if the department is not awarded a federal grant for the project. The department may apply for federal grant monies for the HVAC replacement project prior to review by the joint committee on capital review. (Capital Outlay Appropriations Act footnote)

2/ Laws 2024, Chapter 211 appropriated $25,000,000 from the General Fund in FY 2028 for the Northwestern Arizona Veterans' Home.

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 Appropriations Act footnote)

Tucson Veterans' Home HVAC Replacement

The budget includes $2,400,000 from the General Fund in FY 2026 for the replacement of the HVAC system in the Tucson Veterans' Home.

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 state funding represents 35% of the cost of the facility while federal matching funds would pay for the remainder. To be eligible for federal funds, the state would need to finalize its site selection. The monies were appropriated as non-lapsing.

However, the department did not select a site or begin construction of the home. As a result, the FY 2025 budget delayed the northwestern home funding until FY 2028. Laws 2024, Chapter 211, Section 6 did 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 Baseline's 3-year spending plan incorporates this increase.

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.

Long-Term Financing Summary

The state's long-term financing consists of 2 different types of transactions.

Lease-Purchase Facilities

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the Universities have entered into lease-purchase agreements for the acquisition and construction of state facilities. The 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 2026, the outstanding balance of lease-purchase agreements is expected to be $534.9 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 2026, the outstanding balance of bond financing is expected to be $4.93 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, 2025 debt report would typically provide debt information on the prior fiscal year (FY 2024). To provide a more updated display of the state's current outstanding debt, the January 31, 2025 report included information from *Table 1,* which shows debt payments and year-end balances for the enacted budget fiscal year (FY 2026).

Table 1

Lease-Purchase and Bonding Summary

Lease-Purchase Summary	Overall Balance 1/	GF Balance 1/	Overall FY 26 Payment 2/	FY 26 GF Payment 2/	Retirement FY
ADOA Building System					
2013 A Issuance					
PLTO Refinance - DHS Building	$ 6,170,000	$ 3,702,000	$ 4,362,000	$ 2,617,200	FY 29
2015 A Issuance					
PLTO Refinance - Capitol Mall	$ 8,590,000	$ 3,716,000	$ 10,559,600	$ 4,568,000	FY 28
Subtotal - ADOA	$ 14,760,000	$ 7,418,000	$ 14,921,600	$ 7,185,200	
ADOA - School Facilities Division					
Federal Bonds	$ 10,057,800	$ 10,057,800	$ 9,938,100 3/	$ 9,938,100 3/	FY 28
ABOR Building System					
Arizona State University	$ 91,942,000	$ 62,055,000	$ 20,323,000	$ 13,453,900	FY 39
Northern Arizona University	$ 20,695,000	$ 20,695,000	$ 4,668,400	$ 4,884,500	FY 31
University of Arizona	$ 72,235,800	$ 60,350,000	$ 21,158,300	$ 14,248,400	FY 72
Subtotal - ABOR	$ 184,872,800	$ 143,100,000	$ 46,149,700	$ 32,586,800	
Phoenix Convention Center 4/	$ 325,220,000	$ 325,220,000	$ 26,497,400	$ 26,497,400	FY 44
TOTAL - Lease-Purchase	*$ 534,910,600*	*$ 485,795,800*	*$ 97,506,800*	*$ 76,207,500*	
Bonding Summary					
Department of Transportation 5/	$ 903,150,000	$ -	$ 148,743,079	$ -	FY 14 - 38
ABOR Building System					
Arizona State University	$ 2,052,049,000	$ -	$ 174,613,300	$ -	FY 55
Northern Arizona University	$ 243,685,000	$ -	$ 27,407,600	$ -	FY 44
University of Arizona	$ 668,180,000	$ -	$ 68,445,200	$ -	FY 48
University Lottery Bond (SPEED)	$ 510,330,000 6/	$ -	$ 53,472,900	$ -	FY 48
University Infrastructure (2017) 7/	$ 555,780,000	$ 277,890,000	$ 38,930,200	$ 19,465,100	FY 44
Subtotal - ABOR	$ 4,030,024,000	$ 277,890,000	$ 362,869,200	$ 19,465,100	
TOTAL - Bonding	*$ 4,933,174,000*	*$ 277,890,000*	*$ 511,612,279*	*$ 19,465,100*	
TOTAL - Lease-Purchase & Bonding	**$ 5,468,084,600**	**$ 763,685,800**	**$ 609,119,079**	**$ 95,672,600**	

1/ Represents principal balances as of June 30, 2026. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.

2/ Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 26 GF Payment" column.

3/ This type of financing originally entitled the state to a federal interest rate subsidy of 4.86% (out of the 6% due on the bonds), shortly after each payment. Taking into account prior federal budget reductions, in FY 2026 this subsidy is expected to be $3,729,900 of the $9,938,100 payment.

4/ The Convention Center debt service will eventually increase over a number of years to a maximum of $30.0 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.

5/ Includes $833,360,000 for Highway User Revenue Fund bonds and $69,790,000 for Grant Anticipation Notes.

6/ Represents outstanding balance as of the end of FY 2026 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. These amounts exclude any debt that will be incurred as a result of the additional $325,000,000 University Lottery bonding authority added by the FY 2026 enacted budget. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)

7/ The universities will receive $30,710,800 from the General Fund in FY 2026 for the 2017 Capital Infrastructure Funding program. The General Fund is expected to pay $19,465,100 in FY 2026 for debt service.

LEASE-PURCHASE APPROPRIATIONS 1/
Department of Administration Building System

	Fiscal Year 2025 - Appropriations Report				Fiscal Year 2026 - Appropriations Report				Difference FY 2026 - FY 2025			
BUDGET UNITS	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Arizona Department of Administration Buildings												
Accountancy, State Board of		$125,700		$125,700		$127,100		$127,100	-	1,400	-	1,400
Administration, Arizona Department of	$247,100	636,700	$66,500	950,300	$249,900	644,000	$67,300	961,200	2,800	7,300	800	10,900
Deaf and the Hard of Hearing, Commission for the		241,300		241,300		244,100		244,100	-	2,800	-	2,800
Education, Department of	406,100	112,800	609,200	1,128,100	410,800	114,100	616,200	1,141,100	4,700	1,300	7,000	13,000
Equalization, State Board of	98,400			98,400	99,500			99,500	1,100	-	-	1,100
Gaming, Department of		419,800		419,800		424,700		424,700	-	4,900	-	4,900
Insurance & Financial Institutions, Department of	359,900	68,500		428,400	364,000	69,300		433,300	4,100	800	-	4,900
Juvenile Corrections, Department of	297,400			297,400	300,800			300,800	3,400	-	-	3,400
Real Estate Department, State	195,300			195,300	197,500			197,500	2,200	-	-	2,200
Tax Appeals, State Board of	37,800			37,800	38,300			38,300	500	-	-	500
Subtotal - ADOA Building	$1,642,000	$1,604,800	$675,700	$3,922,500	$1,660,800	$1,623,300	$683,500	$3,967,600	$18,800	$18,500	$7,800	$45,100
Department of Environmental Quality Building												
Agriculture, Department of	$402,300		$356,800	$759,100	$406,900		$360,900	$767,800	4,600	-	4,100	8,700
Citizens Clean Elections Commission			74,400	74,400			75,200	75,200	-	-	800	800
Criminal Justice Commission, Arizona		$13,000	204,300	217,300		$13,200	206,600	219,800	-	200	2,300	2,500
Environmental Quality, Department of		1,989,400		1,989,400		2,012,200		2,012,200	-	22,800	-	22,800
Forestry and Fire Management, AZ Department of	236,200		35,300	271,500	238,900		35,700	274,600	2,700	-	400	3,100
Housing, AZ Department of	34,700	11,500	184,900	231,100	35,100	11,600	187,000	233,800	400	100	2,100	2,700
Independent Redistricting Commission	40,100			40,100	40,600			40,600	500	-	-	500
State Land Department	882,000			882,000	892,100			892,100	10,100	-	-	10,100
Arizona State Parks Board			321,800	321,800			325,500	325,500	-	-	3,700	3,700
Pharmacy, Arizona State Board of		135,400		135,400		136,900		136,900	-	1,500	-	1,500
Residential Utility Consumer Office		116,300		116,300		117,600		117,600	-	1,300	-	1,300
Technical Registration, State Board of		200,000		200,000		202,300		202,300	-	2,300	-	2,300
Tourism, Office of	196,200			196,200	198,500			198,500	2,300	-	-	2,300
Water Resources, Department of	1,082,600			1,082,600	1,095,100			1,095,100	12,500	-	-	12,500
Subtotal - ADEQ Building	$2,874,100	$2,465,600	$1,177,500	$6,517,200	$2,907,200	$2,493,800	$1,190,900	$6,592,000	$33,100	$28,200	$13,400	$74,800
Health Services, Department of												
Health Services Building - Refinance	$2,529,400	$1,686,200		$4,215,600	$2,617,200	$1,744,800		$4,362,000	87,800	58,600	-	146,400
Health Lab - Refinance				-				-	$0	$0	$0	$0
Subtotal - Department of Health Services	$2,529,400	$1,686,200	$0	$4,215,600	$2,617,200	$1,744,800	$0	$4,362,000	$87,800	$58,600	$0	$146,400
GRAND TOTAL	$7,045,500	$5,756,600	$1,853,200	$14,655,300	$7,185,200	$5,861,900	$1,874,400	$14,921,600	$139,700	$105,300	$21,200	$266,300

1/ Pursuant to A.R.S. § 41-792.01, state agencies occupying buildings being lease-purchased by the Arizona Department of Administration (ADOA) shall pay the higher of the billed amount reported [herein] by the Joint Legislative Budget Committee Staff or the pro rata share of the lease-purchase based on actual occupancy.

Capital Outlay - Local Assistance

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
Phoenix Convention Center	25,498,600	25,998,700	26,497,400 1/
Rio Nuevo District	18,767,800	19,000,000	19,000,000 2/
AGENCY TOTAL	**44,266,400**	**44,998,700**	**45,497,400** 3/
FUND SOURCES			
General Fund	44,266,400	44,998,700	45,497,400
SUBTOTAL - Appropriated Funds	**44,266,400**	**44,998,700**	**45,497,400**
TOTAL - ALL SOURCES	44,266,400	44,998,700	45,497,400

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

1/ Pursuant to section 9-602, Arizona Revised Statutes, $26,497,400 of state general fund revenue is allocated in fiscal year 2025-2026 to the Arizona convention center development fund established by section 9-601, Arizona Revised Statutes. (General Appropriations Act footnote)

2/ Pursuant to section 42-5031, Arizona Revised Statutes, a portion of the state transaction privilege tax revenues will be distributed to a multipurpose facility district. The Rio Nuevo multipurpose facility district is estimated to receive $19,000,000 in fiscal year 2025-2026. The actual amount of the distribution will be made pursuant to section 42-5031, Arizona Revised Statutes. (General Appropriations Act footnote)

3/ General Appropriations Act funds are appropriated as a Lump Sum by Project by Fund.

Phoenix Convention Center

The budget includes $26,497,400 from the General Fund in FY 2026 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 $498,700 from the General Fund in FY 2026 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

Fiscal Year	Debt Service	Fiscal Year	Debt Service
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 $28,965,100 through CY 2023 (*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[1/]	Project Revenue[2/]	Debt Service	Annual Net Revenues[3/]	Cumulative Net Revenues
2023	$42.3	$25.5	$16.8	$29.0
2022	21.5	25.0	(3.5)	12.2
2021	5.7	24.5	(18.8)	15.7
2020	6.0	24.0	(18.0)	34.5
2019	24.6	23.5	1.1	52.5
2018	23.5	23.0	0.5	51.4
2017	19.0	22.5	(3.5)	50.9
2016	20.6	20.4	0.2	54.4
2015	24.5	20.4	4.1	54.2
2014	15.0	20.4	(5.4)	50.1
2013	9.1	20.4	(11.3)	55.5
2012	13.6	5.6	8.0	66.8
2011	15.4	0.0	15.4	58.8
2010	14.7	10.0	4.7	43.4
2009	17.3	5.0	12.3	38.7
2004-2008	26.4	0.0	26.4	26.4

1/ Statute requires the Auditor General study to include estimates by calendar year but specifies the state's debt service obligation by fiscal year. Debt service payments for fiscal years are listed in the calendar year they were made.

2/ The Auditor General report published in June 2025 amended previous revenue estimates for CY 2015, CY 2019, CY 2020, CY 2021, and CY 2022. This table has been updated to reflect the revised prior-year estimates.

3/ Represents gross revenue less debt service for each fiscal year.

Source: Auditor General report, *Phoenix Convention Center – Economic and Fiscal Impact Analysis Update (June 2025)*

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 scenario assumes the facility would become functionally obsolete and generate minimal revenues by 2021.

Rio Nuevo District

The budget includes $19,000,000 from the General Fund in FY 2026 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 2025.

The FY 2025 General Appropriations Act displayed the projected Rio Nuevo distribution as $17,000,000 in FY 2025. This amount was a continuation of the assumed Rio Nuevo distribution of $17,000,000 in FY 2024, which was based on the actual distribution of $17,113,500 in FY 2023.

Subsequent to the passage of the FY 2025 budget, actual FY 2024 information became available, and the FY 2024 actual distribution was $18,767,800. Given that data, the FY 2026 Baseline subsequently revised both the FY 2025 and FY 2026 Rio Nuevo distribution estimates to $19,000,000. The enacted budget adopted this $19,000,000 estimate for both years.

While the General Appropriations Act each year displays a projected distribution amount for informational 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 2024	$18,767,800
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	5,081,200
Total	**$258,335,700**

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 2024 regarding 4 projects that have been approved by the District. The board agreed to spend a total of $6.5 million on these projects. At its November 2024 meeting, the Committee gave a favorable review of this report.

ECONOMIC AND REVENUE FORECAST

GENERAL FUND REVENUE

Summary of General Fund Forecast

The enacted FY 2026 budget assumes total General Fund revenues of $17.77 billion. This amount is an increase of 2.5% compared to enacted FY 2025 General Fund revenues.

Net ongoing revenue, which excludes the beginning balance, one-time revenues, and Urban Revenue Sharing is projected to increase by 3.1% in FY 2026, to a total of $17.77 billion under the June 2025 enacted budget forecast.

General Fund Revenue Forecast

FY 2025

The original FY 2025 budget enacted in June 2024 was based on total General Fund revenues of $16.28 billion. Net ongoing revenue was projected to be $16.88 billion in FY 2026. As a result of higher revenue collections than projected during the first half of FY 2025, the January 2025 Baseline forecast raised the original FY 2025 total General Fund revenue forecast to $16.99 billion while the net ongoing revenue forecast, which as noted above excludes the beginning balance, one-time revenues, and Urban Revenue Sharing, was increased to $17.27 billion. (The starting point for developing the January Baseline forecast is the 4-sector consensus process, which is described below.) This means that compared to the June 2024 enacted budget forecast, the January Baseline increased available resources by $715 million, of which $389 million was attributable to ongoing revenue while the remaining $326 million was due to a higher-than-expected FY 2024 ending balance carried into FY 2025.

As a result of lower-than-projected revenue collections during the first few months of calendar year 2025, the Legislature in its 2025 Regular Session revisions to the FY 2025 budget adopted a forecast, in terms of net ongoing revenue, which was $(21.4) million below the January Baseline forecast.

As discussed in more detail in the *Enacted Budget Legislation* section, the budget adopted by the Legislature in the 2025 Regular Session also included other revenue changes and adjustments that provided a net total of $343 million in available resources over and above the amount included under the January Baseline. (Of the $343 million net increase in revenue, $367.3 million was from one-time financing sources, described in more detail in the *One-Time Financing* section. The remaining difference of $(24.3) million was mostly attributable to the $(21.4) million forecast revision discussed above.

FY 2026

The enacted FY 2026 budget forecasts total General Fund revenues of $17.77 billion, a 2.5% increase from FY 2025. Excluding the beginning balance, one-time revenue adjustments, and Urban Revenue Sharing, ongoing revenues are also projected to be $17.77 billion, an increase of 3.1% above FY 2025. (The reason that total and ongoing General Fund revenues are essentially the same is that the sum of the beginning balance and one-time revenue adjustments is almost exactly offset by the amount of Urban Revenue Sharing.)

Table 1 below summarizes the changing revenue picture in FY 2025 to FY 2028 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
FY 2025	
January Baseline 1/	2.7%
June Enacted Budget 1/2/	2.6%
FY 2026	
January Baseline 1/	3.4%
June Enacted Budget 1/,2/	3.1%
FY 2027	
January Baseline 1/	4.4%
June Enacted Budget 1/,2/	3.9%
FY 2028	
January Baseline 1/	4.7%
June Enacted Budget 1/,2/	4.5%

1/ Includes impact of tax legislation enacted prior to the 2025 Regular Session.
2/ Includes impact of tax legislation enacted during the 2025 Regular Session. For more details, see *Table 3*.

Table 2 provides an overview of ongoing and total revenue growth for FY 2025 and FY 2026.

Long-Term Projections

The enacted budget also incorporates revenue planning estimates for FY 2027 and FY 2028, which are shown in *Table 5*. The ongoing revenue growth rates included in the FY 2027 and FY 2028 revenue planning estimates under the June adopted budget are 3.9% in FY 2027 and 4.5% in FY 2028.

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 more cautious 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.

Table 2

FY 2025 and FY 2026 General Fund Revenue ($ in Millions)

	FY 2025	%	FY 2026	%
Ongoing Revenue 1/	$17,241.4	2.6%	$17,771.9	3.1%
Urban Revenue Sharing	(1,268.3)		(1,186.3)	
One-Time Financing Sources:				
Balance Forward	962.8		1,092.1	
One-Time Revenue Forecast Adjustment	166.5		0.0	
Enhanced FMAP One-Time Revenue Adjustment	131.1		62.9	
Other One-Time Revenue Adjustments	71.2		14.9	
Fund Transfers	32.5		15.5	
Subtotal	1,364.1		1,185.4	
Total Revenue 2/	**$17,337.3**	**(5.5)%**	**$17,771.0**	**2.5%**

1/ 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.
2/ Totals may not add 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 2025 Regular Session with an ongoing revenue impact through FY 2028. (See *Table 3* for a complete list of all statutory changes affecting ongoing revenue collections through FY 2028.) For more details on previously enacted tax legislation, see page 436 in the FY 2025 Appropriations Report.

Enacted Budget Legislation

1) University Lottery Revenue SPEED Bonds – Pursuant to A.R.S. § 5-522 and § 15-1682.03, the Arizona Board of Regents (ABOR) is authorized to enter into bond transactions up to a maximum of $800 million to pay for building renewal projects and new facilities. The debt service payment for (Stimulus Plan for Economic and Educational Development) SPEED bonds is partly financed with lottery monies from the Arizona State Lottery Commission. Laws 2025, Chapter 240 (Higher Education BRB) increases the cap on allowed SPEED bonds from $800 million to $1.125 billion. The higher debt service payments resulting from Chapter 240 will have the effect of reducing the distribution of Lottery revenues to the General Fund by $(8.1) million in FY 2027 and $(16.2) million in FY 2028. (For more details on the distribution of lottery revenues, see agency information for the Arizona State Lottery Commission.)

2) 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 2026 General Appropriations Act (Laws 2025, Chapter 233) includes a FY 2025 supplemental appropriation of $2.9 million from the Liquor Licenses Fund to modernize the Department of Liquor Licenses and Control's records system. (The appropriation is non-lapsing through FY 2026.) Since this supplemental appropriation has the effect of decreasing the Liquor Licenses Fund excess balance by $(2.9) million in FY 2025, the amount transferred from that fund to the General Fund is reduced by $(2.9) million in FY 2025. The cost of operating and maintaining the new records system will require an ongoing appropriation from the Liquor Licenses Fund of $0.6 million in FY 2027 and FY 2028, which will have the effect of reducing General Fund revenue by $(0.6) million in FY 2027 and FY 2028.

3) TPT Exemption for Wastewater Pipes – Laws 2025, Chapter 247 (Tax Omnibus) expands an existing Transaction Privilege Tax (TPT) and Use Tax exemption for pipes that are at least 4 inches in diameter and used to transport oil, natural gas, and water to also include pipes used to transport wastewater. This provision is estimated to reduce General Fund revenue by $(94,000) annually, beginning in FY 2026.

4) Income Tax Subtraction for Adoption Expenses – Laws 2025, Chapter 247 (Tax Omnibus) increases the amount of the individual income tax subtraction for unreimbursed adoption expenses from $3,000 for all taxpayers regardless of filing status to $5,000 for single and head of household filers and $10,000 for married couples filing jointly, beginning in TY 2026. This provision is estimated to reduce General Fund revenue by $(40,000) annually, beginning in FY 2027.

5) Public School Extracurricular Tax Credit Extension – Laws 2025, Chapter 247 (Tax Omnibus) extends, until June 30, 2029, the use of Public School Extracurricular Activity Fees Tax Credit contributions for the following authorized purposes: 1) the acquisition of certain capital items, 2) community school meal programs, 3) student consumable health care supplies, and 4) playground equipment and shade structures for playground equipment. This provision is not expected to have any General Fund revenue impact.

6) Property Tax Exemption for Disabled Veterans – Laws 2025, Chapter 247 (Tax Omnibus) provides a full property tax exemption for homes owned by disabled veterans with a service-connected disability rating of 100%. Chapter 247 removes the property assessment limit to qualify for the exemption for disabled veterans with a disability rating that is 100% or less. Since the state does not levy a property tax, there is no General Fund revenue impact. In addition, after accounting for the state's Truth-in-Taxation provisions for Basic State Aid, this provision in Chapter 247 is not expected to have a General Fund K-12 funding formula cost.

7) Increase of Business Personal Property Exemption – Laws 2025, Chapter 247 (Tax Omnibus) increases the maximum exemption for personal property used in a trade or business or for agricultural purposes from $207,366 to $500,000 in full cash value effective from January 1, 2026. Since the state does not levy a property tax, there is no General Fund revenue impact. However, after accounting for the state's Truth-in-Taxation provisions for Basic State Aid, this provision in Chapter 247 is estimated have a General Fund K-12 funding formula cost of $825,000, beginning in FY 2027.

8) Redirect State Revenue to Maricopa County Stadium District – Laws 2025, Chapter 251 creates a funding mechanism for reconstructing, repairing, maintaining, or improving the Major League Baseball facility that is the home of the Arizona Diamondbacks and is owned and operated by the Maricopa County Stadium District. To help fund these costs, Chapter 251 diverts state TPT generated from business activities or events at the facility to the County Stadium District Fund. (The revenue diversion is from the total amount of state TPT collected, including the portion of state TPT that would otherwise be shared with cities and counties.) Additionally, Chapter 251 requires that 82% of income taxes collected from professional baseball athletes at the stadium be deposited in the County Stadium District Fund. Chapter 251 is estimated to reduce General Fund revenues by $(6.2) million in FY 2026, and by $(11.8) million in FY 2027 and FY 2028. In addition to the redirection of state revenues, Chapter 251 also redirects 2.0% of the Phoenix municipal sales tax as well as the Maricopa County's transportation excise tax of 0.5% to the County Stadium District Fund.

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. The amount distributed to cities and towns is 18% of net income tax collections from 2 years prior.

Due to a reduction in income tax revenues between FY 2023 and FY 2024, total URS distributions will decrease from $1.27 billion in FY 2025 to $1.19 billion in FY 2026. *(Please see Table 4.)* This URS decrease will result in General Fund revenue gain of $82 million in FY 2026 relative to FY 2025.

One-Time Financing

As shown in *Table 4 and 5*, the budget adopted in June 2025 includes the following one-time financing sources:

FY 2025

Fund Transfers

The original FY 2025 budget provided for a total of $32.2 million in one-time transfers from various state funds to the General Fund in FY 2025. However, due to the delay of a fund transfer in the amount of $1.8 million that was originally scheduled to occur at the end of FY 2024, but ended up being transferred in FY 2025, the total FY 2025 fund transfer was later revised to $34.0 million (as reflected in the January Baseline). Under the June 2025 enacted budget for FY 2025, this amount was reduced by $(1.5) million, to a total of $32.5 million. (The original budget enacted in June 2024 assumed that the amount of interest earnings transferred from the State Highway Fund to the General Fund would be $18.7 million in FY 2025. The actual amount of interest earnings transferred to the General Fund was $(1.5) million less, or $17.2 million.)

One-Time Revenue Forecast Adjustment

Historically, final income tax payments submitted by individuals in April of each year make up approximately half of the fiscal-year total for this revenue category. Because April tax payments are closely tied to the performance of the stock market and associated capital gains, the level of final payments can change significantly from one year to the next. To provide some perspective, following the 69% surge in taxable capital gains in TY 2021, capital gains declined by (21)% in TY 2022, followed by another large decrease of (22)% in TY 2023. Based on currently available tax-return data from DOR, capital gains for TY 2024 appear to be on track for a year-over-year increase of about 60%, which is significantly higher than anticipated. To reflect this unexpected surge in April payments, the enacted budget includes a one-time revenue forecast adjustment of $166.5 million in FY 2025.

Enhanced FMAP One-Time Revenue Adjustment

The Federal Medical Assistance Percentage (FMAP) is the share of state Medicaid benefit costs paid by the federal government. The FMAP is calculated based on a 3-year average of state per capita personal income compared to the national average. To receive an increase in the FMAP, a state must experience a decline in its share of U.S. average per capita income compared to the prior year calculation.

Apart from the regular FMAP calculation described above, there is also a provision under the Affordable Care Act (ACA) that provides for a "disaster recovery FMAP adjustment" if a state experiences at least a 3-percentage point decline in its FMAP following a major statewide disaster (such as the COVID pandemic). According to the federal government, Arizona has met the conditions to qualify for this enhanced FMAP adjustment, and as a result, the General Fund will receive a one-time revenue deposit of $131.1 million in FY 2025.

Other One-Time Revenue Adjustments

Based on an intergovernmental agreement (IGA) with the Arizona Department of Administration, Valleywise Health was scheduled to deposit $71.2 million in the General Fund in FY 2024. However, this deposit did not occur and was instead delayed until the early part of FY 2025. For this reason, the delayed General Fund deposit associated with Valleywise Health represents a one-time revenue gain of $71.2 million in FY 2025. The IGA requires Valleywise to deposit $75.0 million annually to the General Fund from FY 2025 through FY 2029. The budget forecast accounts for the receipt of these revenues.

Balance Forward

The FY 2024 General Fund ending balance carried into FY 2025 was $962.8 million.

FY 2026

Fund Transfers

The adopted budget includes fund transfers to the General Fund of $15.5 million in FY 2026.

Enhanced FMAP One-Time Revenue Adjustment

The one-time General Fund revenue deposit associated with the Affordable Care Act (ACA) disaster recovery FMAP adjustment is expected to be $62.9 million in FY 2026. (See discussion above for more details on the enhanced FMAP adjustment.)

Marana Prison Sale Proceeds

The sale of the state-owned Marana Prison to the private prison operator Management and Training Corporation is estimated to result in a one-time General Fund revenue deposit of $15.0 million in FY 2026.

One-Time Operations Funding

The enacted budget includes a one-time increase of $100,000 from the Liquor Licenses Fund in FY 2026 for increased operations funding for the Department of Liquor Licenses and Control. Under A.R.S. § 4-120, this will have the effect of reducing the amount of monies transferred from the Liquor Licenses Fund to the General Fund by $(100,000) in FY 2026.

Balance Forward

The FY 2025 General Fund ending balance carried into FY 2026 is projected to be $1.09 billion.

FY 2027

Fund Transfers

The adopted budget includes fund transfers to the General Fund of $9.7 million in FY 2027 associated with State Highway Fund interest.

Balance Forward

The FY 2026 General Fund ending balance carried into FY 2027 is projected to be $199.8 million.

FY 2028

Fund Transfers

The adopted budget includes fund transfers to the General Fund of $600,000 in FY 2028 associated with State Highway Fund interest.

Balance Forward

The FY 2027 General Fund ending balance carried into FY 2028 is projected to be $32.6 million.

Table 3

Budget Legislation with Ongoing General Fund Revenue Impact in FY 2025 through FY 2028
($ in Millions)

Legislation / Description of Provision	FY 2025	FY 2026	FY 2027	FY 2028
(1) Laws 2025, Ch. 240 Increases the cap on University SPEED bonds from $800 M to $1.125 B	--	--	(8.1)	(16.2)
(2) Laws 2025, Ch. 233 Reduces Liquor Licenses Fund transfer to General Fund	(2.9)	--	(0.6)	(0.6)
(3) Laws 2025, Ch. 247 Expands existing TPT exemption to include wastewater pipes	--	(0.1)	(0.1)	(0.1)
(4) Laws 2025, Ch. 247 Increases income tax subtraction for qualified adoption expenses	--	--	(0.1)	(0.1)
(5) Laws 2025, Ch. 247 Extends the public school extracurricular tax credit for specified purposes until June 30, 2029	--	--	--	--
(6) Laws 2025, Ch. 247 Provides full property tax exemption for 100% disabled veterans	--	--	1/	1/
(7) Laws 2025, Ch. 247 Increases the business personal property exemption to $500,000	--	--	2/	2/
(8) Laws 2025, Ch. 251 Diverts TPT and income tax to fund Major League Baseball Facility	--	(6.2)	(11.8)	(11.8)
Total – 2025 Enacted Legislation 3/	**$(2.9)**	**$(6.3)**	**$(20.7)**	**$(28.8)**

1/ Since the state does not levy a property tax, there is no General Fund revenue impact. However, after accounting for the state's Truth-in-Taxation provisions for Basic State Aid, this provision in Chapter 247 is not expected to have a General Fund K-12 funding formula cost.

2/ Since the state does not levy a property tax, there is no General Fund revenue impact. However, after accounting for the state's Truth-in-Taxation provisions for Basic State Aid, this provision in Chapter 247 is estimated have a General Fund K-12 funding formula cost of $825,000, beginning in FY 2027.

3/ Totals may not add due to rounding

Table 4

GENERAL FUND REVENUE - FY 2024 - FY 2026

FORECAST REVENUE GROWTH

($ in Thousands)

	ACTUAL FY 2024	% CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	$ CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	$ CHANGE PRIOR YR
Sales and Use	7,933,914.2	3.3%	8,167,898.0	2.9%	233,983.8	8,470,645.1	3.7%	302,747.1
Income - Individual	4,845,765.9	-7.5%	5,249,233.7	8.3%	403,467.8	5,575,991.3	6.2%	326,757.6
- Corporate	1,744,821.7	-3.4%	1,759,690.9	0.9%	14,869.2	1,757,857.0	-0.1%	(1,834.0)
Property	25,995.0	17.1%	38,287.0	47.3%	12,292.0	37,721.3	-1.5%	(565.7)
Luxury - Tobacco	19,541.4	2.5%	18,128.5	-7.2%	(1,413.0)	17,947.2	-1.0%	(181.3)
- Liquor	44,919.1	-3.6%	46,333.1	3.1%	1,413.9	48,974.2	5.7%	2,641.1
Insurance Premium	820,435.1	7.8%	908,967.7	10.8%	88,532.6	946,420.2	4.1%	37,452.5
Other Taxes	17,196.5	-6.3%	19,721.0	14.7%	2,524.5	20,746.5	5.2%	1,025.5
Subtotal - Taxes	15,452,588.9	-0.9%	16,208,259.9	4.9%	755,671.0	16,876,302.6	4.1%	668,042.8
Other Non-Tax Revenues:								
Lottery	222,285.2	26.4%	217,294.1	-2.2%	(4,991.1)	223,203.1	2.7%	5,909.1
Gaming Revenue	36,477.3	-26.1%	40,711.5	11.6%	4,234.2	43,764.8	7.5%	3,053.4
Licenses, Fees and Permits	52,664.5	24.9%	52,240.2	-0.8%	(424.3)	54,800.0	4.9%	2,559.8
Interest	371,165.8	1.2%	270,000.0	-27.3%	(101,165.8)	155,000.0	-42.6%	(115,000.0)
Sales and Services	30,757.0	-7.2%	29,361.8	-4.5%	(1,395.2)	30,712.5	4.6%	1,350.6
Other Miscellaneous	226,979.6	27.1%	253,654.1	11.8%	26,674.4	244,890.0	-3.5%	(8,764.1)
Transfers and Reimbursements	328,017.4	18.7%	76,192.1	-76.8%	(251,825.2)	49,919.9	-34.5%	(26,272.2)
Medicaid Hospital Revenue	90,125.0	-8.2%	93,693.8	4.0%	3,568.8	93,320.8	-0.4%	(373.0)
Subtotal - Other Non-Tax	1,358,471.8	11.3%	1,033,147.6	-23.9%	(325,324.2)	895,511.1	-13.3%	(137,536.4)
Net Ongoing Revenue	**16,811,060.7**	**0.0%**	**17,241,407.4**	**2.6%**	**430,346.7**	**17,771,913.8**	**3.1%**	**530,506.3**
Urban Revenue Sharing (URS)	(1,564,819.8)	N/A	(1,268,257.8)	N/A	296,562.0	(1,186,305.8)	N/A	81,952.0
Net Ongoing Revenue w/ URS	**15,246,240.9**	**-2.9%**	**15,973,149.6**	**4.8%**	**726,908.7**	**16,585,508.0**	**3.8%**	**612,458.3**
One-Time Financing Sources:								
Fund Transfers	841,564.7	N/A	32,491.8	-96.1%	(809,072.9)	15,500.0	-52.3%	(16,991.8)
One-Time Income Tax Rebate	(273,550.1)	N/A	0.0	N/A	273,550.1	0.0	N/A	0.0
One-Time Revenue Forecast Adjustment	0.0	N/A	166,500.0	N/A	166,500.0	0.0	-100.0%	(166,500.0)
Enhanced FMAP One-Time Rev. Adjustment	0.0	N/A	131,100.0	N/A	131,100.0	62,900.0	-52.0%	(68,200.0)
Other One-Time Revenue Adjustments	0.0	N/A	71,200.0	N/A	71,200.0	14,900.0	-79.1%	(56,300.0)
Subtotal - One-Time Financing Sources	568,014.6	N/A	401,291.8	-29.4%	(166,722.8)	93,300.0	-76.8%	(307,991.8)
Subtotal - Revenues	**15,814,255.5**	**17.2%**	**16,374,441.4**	**3.5%**	**560,185.9**	**16,678,308.0**	**1.9%**	**304,466.5**
Balance Forward	2,527,233.0	-46.3%	962,823.0	-61.9%	(1,564,410.0)	1,092,085.8	13.4%	129,262.8
Total - Resources	**18,341,488.5**	**0.8%**	**17,337,264.4**	**-5.5%**	**(1,004,224.1)**	**17,770,393.8**	**2.5%**	**433,729.3**

Table 5

GENERAL FUND REVENUE - FY 2027 - FY 2028

FORECAST REVENUE GROWTH

($ in Thousands)

	FORECAST FY 2027	% CHANGE PRIOR YR	$ CHANGE PRIOR YR	FORECAST FY 2028	% CHANGE PRIOR YR	$ CHANGE PRIOR YR
Sales and Use	8,830,532.6	4.2%	359,887.5	9,247,303.4	4.7%	416,770.8
Income - Individual	5,817,286.8	4.3%	241,295.6	6,087,151.5	4.6%	269,864.6
- Corporate	1,818,570.2	3.5%	60,713.2	1,897,596.0	4.3%	79,025.8
Property	37,250.0	-1.2%	(471.3)	37,713.3	1.2%	463.3
Luxury - Tobacco	17,767.7	-1.0%	(179.5)	17,590.0	-1.0%	(177.7)
Insurance Premium	51,765.7	5.7%	2,791.5	54,604.0	5.5%	2,838.3
	987,744.4	4.4%	41,324.2	1,034,163.8	4.7%	46,419.5
Other Taxes	21,866.8	5.4%	1,120.3	22,741.4	4.0%	874.7
Subtotal - Taxes	17,582,784.3	4.2%	706,481.6	18,398,863.4	4.6%	816,079.2
Other Non-Tax Revenues:						
Lottery	230,282.7	3.2%	7,079.6	240,014.1	4.2%	9,731.4
Gaming Revenue	58,106.2	32.8%	14,341.4	73,772.4	27.0%	15,666.1
Licenses, Fees and Permits	57,266.0	4.5%	2,466.0	59,556.6	4.0%	2,290.6
Interest	100,000.0	-35.5%	(55,000.0)	92,000.0	-8.0%	(8,000.0)
Sales and Services	32,094.5	4.5%	1,382.1	33,378.3	4.0%	1,283.8
Other Miscellaneous	264,125.5	7.9%	19,235.5	266,114.5	0.8%	1,989.0
Transfers and Reimbursements	50,478.4	1.1%	558.5	51,056.5	1.1%	578.1
Medicaid Hospital Revenue	93,232.5	-0.1%	(88.3)	93,232.5	0.0%	0.0
Subtotal - Other Non-Tax	885,585.8	-1.1%	(10,025.3)	909,124.9	2.7%	23,539.0
Net Ongoing Revenue	**18,468,370.1**	**3.9%**	**696,456.3**	**19,307,988.3**	**4.5%**	**839,618.2**
Urban Revenue Sharing (URS)	(1,291,576.4)	N/A	(105,270.7)	(1,320,092.7)	N/A	(28,516.3)
Net Ongoing Revenue w/ URS	**17,176,793.7**	**3.6%**	**591,185.6**	**17,987,895.6**	**4.7%**	**811,101.9**
One-Time Financing Sources:						
Fund Transfers	9,700.0	-37.4%	(5,800.0)	600.0	-93.8%	(9,100.0)
One-Time Income Tax Rebate	0.0	N/A	0.0	0.0	N/A	0.0
One-Time Revenue Forecast Adjustment	0.0	N/A	0.0	0.0	N/A	0.0
Enhanced FMAP One-Time Rev. Adjustment	0.0	-100.0%	(62,900.0)	0.0	N/A	0.0
Other One-Time Revenue Adjustments	0.0	-100.0%	(14,900.0)	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	9,700.0	-89.6%	(83,600.0)	600.0	-93.8%	(9,100.0)
Subtotal - Revenues	**17,186,493.7**	**3.0%**	**507,585.6**	**17,988,495.6**	**4.7%**	**802,001.9**
Balance Forward	199,791.8	-81.7%	(892,294.0)	32,555.6	-83.7%	(167,236.2)
Total - Resources	**17,386,285.5**	**-2.2%**	**(384,708.4)**	**18,021,051.2**	**3.7%**	**634,765.7**

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.
- The BSF's total balance cannot be larger than 10% of the current year's General Fund revenues, excluding the beginning balance.
- Laws 2025, Chapter 246, the Budget Implementation Budget Reconciliation Bill (BRB), continues to notwithstand the requirements for any deposit to or withdrawals from the BSF through FY 2028. Chapter 246 also notwithstands the 10% BSF cap for FY 2026.
- 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 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 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 2024. Chapter 133 required 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 was reimbursed to the BSF in the early part of FY 2025.

FY 2025

Based on the EEC estimate of May 29, 2025, Arizona real adjusted personal income increased by 3.19% in CY 2024, with a trend growth rate of 3.96%. Since the annual growth rate of 3.19% was (0.77)% below the trend growth rate but above the 2.0% floor, the formula recommended no BSF deposit or withdrawal in FY 2025. (*For more details, see Table 1.*)

In FY 2025, the State Forester withdrew $(15.4) million from the BSF for the advance payment of wildfire suppression claims and repaid $8.8 million to the BSF for outstanding claims.

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. A total of $(25.0) million was withdrawn from the BSF at the end of FY 2025, and this amount is required to be reimbursed to the BSF in the early part of FY 2026.

FY 2026

The University of Arizona's Economic and Business Research Center (EBR) currently projects that Arizona real adjusted personal income will increase by 1.17% in CY 2025. Since this is (2.38)% below the estimated trend growth rate of 3.55%, the BSF formula is projected to recommend a BSF withdrawal of $(384.1) million in FY 2026.

Laws 2025, Chapter 233 authorizes DES to use up to $25.0 million from the BSF to provide funding for reimbursement grants in FY 2026. Chapter 233 requires the BSF to be fully reimbursed by September 1, 2026.

The enacted FY 2026 budget did not include a deposit to or withdrawal from the BSF.

Statutory Changes

The Budget Implementation BRB (Laws 2025, Chapter 246), as session law, continues to notwithstand the requirements for 1) any deposit to or withdrawals from the Budget Stabilization Fund through FY 2028 and 2) a 10% BSF cap for FY 2026.

Table 1

Budget Stabilization Fund [1/]
($ in Thousands)

General Fund Revenues	Actual FY 2024	Estimate FY 2025	Estimate FY 2026
Adjusted Revenues	$15,813,491.7	$16,139,649.6	$16,585,608.0
Statutory Limit of Revenues	10.0%	10.0%	10.0%
Maximum Balance [2/]	1,581,349.2	1,613,965.0	1,658,560.8
Arizona Personal Income in Prior CY			
Real Adjusted Annual Income Growth	3.23%	3.19%	1.17%
7-Year Average Income Growth	3.89%	3.96%	3.55%
Annual Difference	(0.66)%	(0.77)%	(2.38)%
BSF Transactions			
Beginning BSF Balance	1,424,381.2	1,485,992.1	1,545,367.3
BSF Formula Recommendation	0.0	0.0	(384,123.7)
Actual Transfer In			
State Forester Claims [3/]	10,116.6	8,791.5	0.0
DES Reimbursement Grants [4/5/6/]	25,000.0	25,000.0	25,000.0
SUBTOTAL	35,116.6	33,791.5	25,000.0
Actual Transfer Out			
State Forester Claims [3/]	(15,012.6)	(15,420.3)	0.0
DES Reimbursement Grants [5/6/7/]	(25,000.0)	(25,000.0)	0.0
SUBTOTAL	(40,012.6)	(40,420.3)	0.0
Balance	1,419,485.2	1,479,363.3	1,570,367.3
Interest Earnings & Equity Gains/Losses [8/]	66,506.9	66,004.0	55,000.0
Ending BSF Balance	$1,485,992.1	$1,545,367.3	$1,625,367.3
Percent of Revenues [2/]	9.40%	9.57%	9.80%

1/ BSF history prior to FY 2024 can be found on the JLBC website.

2/ Laws 2025, Chapter 246 is notwithstanding the 10% BSF cap for FY 2026. The notwithstanding of the 10% BSF cap for FY 2025 was authorized by Laws 2024, Chapter 223.

3/ 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.

4/ 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.

5/ Laws 2023, Chapter 133 authorized DES to use up to $25 million from the BSF to provide funding for reimbursement grants in FY 2024. Chapter 133 required 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 was reimbursed to the BSF in the early part of FY 2025.

6/ 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. A total of $(25) million was withdrawn from the BSF in FY 2025 and this amount must be reimbursed to the BSF in the early part of FY 2026.

7/ Laws 2025, Chapter 233 authorizes DES to use up to $25 million from the BSF to provide funding for reimbursement grants in FY 2026. Chapter 233 requires the BSF to be fully reimbursed by September 1, 2026.

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 2026 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 2026 is $192.9 million and the Total State Funds cost is $660.8 million. *(Please see Table 1 for the total costs.)*

Employer contribution rates 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 2026 is estimated to be $111.7 million and the Total State Funds cost is $499.1 million.

At its November 2024 meeting, the ASRS Board of Trustees decreased the pension contribution rate to 11.86% of Personal Services in FY 2026. The FY 2025 rate was 12.12%. The Board decreased the employer contribution rate for disability insurance from 0.15% to 0.14%, for a total overall employer contribution rate of 12.00% (compared to 12.27% last year) *(Please see Table 2 for historical ASRS contribution rates.)*

Table 1

Arizona Public Retirement FY 2026 System Employer Cost

	FY 2026 Total Cost 1/		
	General Fund	All Other Funds 2/	Total
Arizona State Retirement System	$ 111,708,200	$ 387,439,900	$ 499,148,100
Public Safety Personnel Retirement System	16,286,900	9,209,100	25,496,000
Corrections Officer Retirement Plan	30,220,600	654,400	30,875,000
Elected Officials' Retirement Plan/ Defined Contribution Retirement System	19,081,800	330,500	19,412,300
University Optional Retirement Plan	15,583,800	70,245,300	85,829,100
Grand Total	**$ 192,881,300**	**$ 467,879,200**	**$ 660,760,500**

1/ Represents the JLBC estimate of the total cost of the system and does not reflect any FY 2026 change in Personal Services costs. In instances where salary data is limited, 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)

Fiscal Year	Rate	Fiscal Year	Rate
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	FY 2026	12.00

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 2026 is estimated to be $16.3 million and the Total State Funds cost is $25.5 million.

In aggregate, the FY 2026 Tier 1 and Tier 2 PSPRS employer contribution rate is 45.79%, or (0.46)% lower than in FY 2025 *(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 $30.2 million in FY 2026 and the Total State Funds cost is $30.9 million.

In aggregate, the FY 2026 Tier 1 and Tier 2 CORP employer contribution rate is 14.38%, or (2.06)% lower than in FY 2025 *(see Table 3)*.

EORP and EODCRS

The General Fund cost associated with EORP and the EODCRS in FY 2026 is estimated to be $19.1 million and the Total State Funds cost is $19.4 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 2026 EORP employer contribution rate is 70.70%, or 0.26% higher than in FY 2025 *(see Table 3)*.

Table 3

Reasons for Change in the Employer Contribution Rate 1/
(Consolidated Valuation)

	PSPRS	CORP	EORP
FY 2025 Contribution Rate	46.25%	16.44%	70.44%
Asset (Gain)/Loss	0.04%	(0.04%)	(0.04%)
Payroll	(2.15%)	(0.51%)	(8.73%)
Liability Experience	1.60%	0.27%	0.85%
Additional Contribution	(1.39%)	(1.49%)	-
Assumption Changes	0.76%	0.13%	12.05%
Other	0.68%	(0.42%)	(3.87%)
FY 2026 Contribution Rate	**45.79%**	**14.38%**	**70.70%**
Net Change	**(0.46%)**	**(2.06%)**	**0.26%**

1/ Represents aggregate information for PSPRS and CORP Tiers 1 and 2. These 2 systems consist of separate employer groups. Each group has its own actuarial status. As a result, the contribution rates may vary for each employer group.

The EORP employer contribution rate of 70.70% consists of 17.09% for the normal cost of the member accruing additional service and 53.61% to amortize the unfunded EORP liability. For EODCRS members, the total employer contribution rate is 59.75%, which consists of a 6.0% contribution rate deposited into the individual employees' retirement investment account, 0.14% for disability coverage and the same 53.61% contribution rate allocated to amortize the unfunded EORP liability.

UORP

The General Fund cost associated with UORP in FY 2026 is estimated to be $15.6 million and the Total State Funds cost is $85.8 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 2026.

2025 Session Legislation

The retirement systems were affected by legislation relating to the following issues in the 2025 Regular Session:

Divestment of Public Funds from China

Laws 2025, Chapter 156 requires all publicly managed funds (including the investments of all state retirement systems) to divest from the People's Republic of China, including companies owned or controlled by China, within one year, or sooner if financially prudent.

PSPRS Part-Time Employment

Laws 2025, Chapter 183 allows a PSPRS employer group to opt into a program whereby a PSPRS employee affected by certain events—such as a child being born or major illness in the family—may choose to work part-time for up to 6 years over the lifetime of their employment with a PSPRS employer. Because the part-time PSPRS employee would only accrue credited service each year in a partial amount that is proportional to their part-time work, the policy is not expected to have an actuarial impact on the PSPRS system.

CORP Tier 3 Employer Contribution Rate Increase

For most Tier 3 CORP employees (those hired after 7/1/2018), the employer contribution rate consists of the following: 1) A fixed 5% deposited into the employee's defined contribution retirement account; 2) Actuarial rates associated with disability and post-retirement health coverage; and 3) An actuarial rate associated with paying down the Tier 1/Tier 2 unfunded liabilities.

The FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) increases the fixed employer contribution rate for the CORP Tier 3 Defined Contribution plan from 5.0% to 5.5% beginning in FY 2027. The BRB states that the Legislature intends to fully cover the cost of this increase for both state agencies and local governments beginning in FY 2027, as the enacted budget's 3-year spending plan included a $1,000,000 ongoing General Fund appropriation for these increased employer costs.

Funded Status

As of June 30, 2024, there were 727,733 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:

- 76.6% for ASRS (excluding the disability program);
- 70.2% for PSPRS;
- 89.4% for CORP; and
- 44.4% for EORP

Table 4

PSPRS/CORP State Employer Group Retirement Rates

Retirement System	Employer				Employee	
	FY 2025		FY 2026		FY 2026	
	Tier 1 and 2	*Tier 3 1/*	*Tier 1 and 2*	*Tier 3 1/*	*Tiers 1 and 2*	*Tier 3 1/*
Public Safety Personnel Ret. System						
Liquor License Investigators	10.63%	10.30%	9.22%	9.48%	7.65%	8.89%
Department of Public Safety 2/	20.51%	15.90%	21.20%	16.03%	2.65%	3.91%
Northern Arizona University Police	10.75%	9.68%	10.33%	8.69%	7.65%	8.69%
University of Arizona Police	15.51%	12.58%	19.01%	15.84%	7.65%	8.69%
Arizona State University Police	14.33%	9.21%	16.75%	11.90%	7.65%	8.69%
Game and Fish Department	9.88%	8.89%	9.98%	8.69%	7.65%	8.69%
Attorney General Investigators	7.56%	8.89%	7.52%	8.69%	7.65%	8.69%
DEMA Firefighters	12.19%	9.34%	13.02%	9.65%	7.65%	8.69%
Parks Police	2.84%	8.89%	2.91%	9.11%	7.65%	8.69%
Corrections Officer Ret. Plan						
Corrections Officer - ADC	6.94%	8.37%	6.66%	7.98%	7.65%	7.63%
Corrections Officer - DJC	6.00%	6.23%	6.00%	6.34%	7.65%	7.63%
DPS Dispatchers 3/	8.23%	N/A	8.42%	N/A	7.65%	N/A
DPS Detention	10.84%	10.42%	6.00%	6.00%	7.65%	7.63%
Probation Officers	39.39%	42.39%	37.71%	40.90%	8.41%	7.63%

1/ FY 2025 and 2026 rates for Tier 3 for PSPRS are based on Defined Benefit Plan and for CORP are based on Defined Contribution Plan.

2/ The displayed rates reflect that 5% of the DPS member contribution is paid by the state.

3/ Dispatchers hired after November 24, 2009 are ASRS members.

Table 5

Arizona Public Retirement System Valuation Data as of June 30, 2024

	ASRS		PSPRS		CORP		EORP	
Membership								
	FY 2025	**FY 2026**	**FY 2025**	**FY 2026**	**FY 2025**	**FY 2026**	**FY 2025**	**FY 2026**
Active (working and contributing)	219,830	224,989	18,425	18,748	7,974	7,312	296	285
State Active Members	*N/A*	*N/A*	*1,304*	*1,266*	*4,456*	*3,942*	*N/A*	*N/A*
Other Active Members	*N/A*	*N/A*	*17,121*	*17,482*	*3,518*	*3,370*	*N/A*	*N/A*
Inactive	256,590	259,127	3,081	3,289	3,781	3,858	176	167
Retired Members, Disabled and Survivor Beneficiaries	176,444	182,520	15,963	16,533	7,030	7,321	1,321	1,315
Deferred Retirement Option Plan	N/A	N/A	2,227	2,269	N/A	N/A	N/A	N/A
Total	**652,864**	**666,636**	**39,696**	**40,839**	**18,785**	**18,491**	**1,793**	**1,767**
Funding Status (dollar values in millions) 1/								
	June 30, 2023	**June 30, 2024**	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**	**June 30, 2024**
Market Value of Assets	*$49,779*	*$53,360*	*$14,965*	*$16,755*	*$4,235*	*$4,674*	*$421*	*$465*
Total Actuarial Liability	*$65,961*	*$69,631*	*$22,527*	*$23,868*	*$5,034*	*$5,226*	*$1,035*	*$1,047*
Unfunded Actuarial Liability 2/	$16,181	$16,272	$7,562	$7,113	$799	$553	$614	$582
Funded Status 2/	75.5%	76.6%	66.4%	70.2%	84.1%	89.4%	40.7%	44.4%

N/A = Not Available

1/ Represents aggregate information for PSPRS and CORP. These 2 systems consist of separate employer groups. Each group has its own actuarial status. As a result, the funded status may vary for each employer group.

2/ Calculated on market, not actuarial, value of assets. ASRS funded status data excludes long-term disability program.

Table 6

State Retirement Plan Summary

	PSPRS			CORP			EORP			ASRS
	Tier 1	Tier 2	Tier 3/DC	Tier 1	Tier 2	Tier 3/DC 1/	Tier 1	Tier 2	DC Plan	DB Plan
Hire Date	Before 1/1/12	1/1/12 thru 7/1/17	After 7/1/17	Before 1/1/12	1/1/12 thru 7/1/18	After 7/1/18	Before 1/1/12	1/1/12 thru 1/1/14	After 1/1/14	Present
Normal Retirement Age	None	52.5	55; 52.5 with reduced pension	25 years of Service with no age or; years of Service and Age must equal 80	52.5	Not Applicable	None	62	Not Applicable	Years of Service and Age must equal 80
Minimum Years of Service	20 years; 15 years if aged 62 or older	15 years	15 years		25 years		20 years	10 years		
Multiplier	50%+ <20 years: 4.00% 20 to <25 years: 2.00% 25+ years: 2.50%	62.5%+ <25 years: 4.00% 25+ years: 2.50% May use Tier 3 multiplier if better	15 to <17 years: 1.50% 17 to <19 years: 1.75% 19 to <22 years: 2.00% 22 to <25 years: 2.25% 25+ years: 2.50%	50%+ 20+ years: 2.50% If 80 point rule is used for hires prior to 8/9/2001: Average Salary X years of service X 2.5%	62.5%+ 25+ years: 2.50% (Max 7 years) If less than 25 years: Avg. Salary X Yrs of srvc X 2.5%		4% of average salary x years of service	3% of average salary x years of service		<20 years: 2.10% 20 to <25 years: 2.15% 25 to <30 years: 2.20% 30+ years: 2.30%
PBI or COLA	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%	COLA eligible after 7 years or age 60; COLA dependent on plan funded status	COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%		COLA based on Phoenix CPI, not to exceed 2%	COLA based on Phoenix CPI, not to exceed 2%		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%	8.72% DC: 10.74%	7.98%	7.98%	7.63%	7.00%	7.00%	8.14%	12.00%
Aggregate Employer Rate	45.79%	45.79%	DB 40.26% (Normal+Legacy Costs) DC:10.74%+Legacy Costs	14.38%	14.38%	5.63% + Legacy Cost	70.70%	70.70%	59.75% (6.00% to employer account)	12.00%

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 2026 General Appropriation Act provides direction regarding several general provisions.

General Provisions

Statewide Adjustments — In addition to the individual agency sections, Section 132 of the FY 2026 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 132 are as follows:

- Employer Health Insurance Contribution One-time Reduction: $(140,000,000) General Fund and $(41,551,600) Other Appropriated Funds for a reduction in the employer contribution rates for employee health insurance. This amount backs out the FY 2025 one-time premium adjustment. *(Please see Health Insurance discussion below for more details.)*
- Employer Health Insurance Contribution One-time Increase: $194,941,000 General Fund and $50,000,000 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.)*
- State Fleet Rate One-Time Operations Adjustment: $5,331,500 General Fund and $500,000 Other Appropriated Funds for one-time adjustments to agencies for operating charges for the state motor pool fleet in ADOT.
- State Fleet Rate One-time Replacement Adjustment: $3,281,400 General Fund and $2,700,000 Other Appropriated Funds for one-time rate adjustments for replacement costs in the state motor pool fleet in ADOT.
- Retirement Adjustments: $(3,152,900) General Fund and $(2,907,900) Other Appropriated Funds for retirement contribution rate adjustments. *(Please see State Retirement Systems below for more details.)*
- Agency Rent Adjustments: $1,650,700 General Fund and $65,000 Other Appropriated Funds for adjustments associated with relocation to and within state-owned and lease-purchase buildings. *(Please see Building Payments below for more details.)*
- Agency Risk Management Charge Adjustments: $20,000,000 General Fund and $11,500,000 Other Appropriated Funds for adjustments to agency budgets to pay one-time increased risk management charges.
- Agency Salary Increase Adjustment: $4,956,000 General Fund and $7,000,000 Other Appropriated Funds for selected salary increases.
- Accounting System Charge Adjustments: $(200,300) General Fund and $(276,700) Other Appropriated Funds for adjustments to agency charges for the state accounting system (AZ360). *(Please see the Arizona Department of Administration (ADOA) narrative for more details on AFIS charges.)*

Federal Funds — Section 137 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 137 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 2026.

In addition, Section 8 of the Budget Implementation Budget Reconciliation Bill (Laws 2025, Chapter 246) 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 136 requires the Arizona Department of Administration to reports the year-to-date expenditures and encumbrances for all agency operating and capital appropriations in FY 2026 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 138 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.

Border Security Federal Reimbursement – Section 139 states that if a budget unit receives federal monies in FY 2026 as reimbursement for expenditures made by the state for border security, the budget unit shall promptly deposit the monies in the General Fund. Section 139 directs the director of any budget unit that receives reimbursement to notify the JLBC, OSPB and the state comptroller in writing of the deposits.

FTE Position Reporting — Section 140 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 2026 report by October 1, 2026 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 141 continues to state that by October 1, 2025 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, 2025.

Transfer Authority — Section 142 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 143 continues to require the Executive Branch to provide to the JLBC a preliminary estimate of the FY 2025 General Fund ending balance by September 15, 2025. Based on this information, JLBC Staff shall report to JLBC by October 15, 2025 as to whether FY 2026's revenues and ending balance are expected to change by more than $50,000,000 from the budgeted projections. Section 143 states the revenues are forecasted to be $17,337,200,000 for FY 2025 and $17,777,100,000 for FY 2026. As a result of technical re-estimates, these figures are now $17,337,264,400 for FY 2025 and $17,770,993,800 for FY 2026.

Section 143 also provides revenue and expenditure estimates for FY 2027 and FY 2028 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 2027 and FY 2028 estimates.)*

Expenditure Authority — Section 145 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 146 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 2025 are shown in *Table 1* on the following page.

Table 1

Health Insurance
State Employee and Employer Monthly Contributions 1/
PY 2025

	State Employee Contribution	Employer Contribution
Triple Option Plan		
Employee	$ 56.70	$ 802.79
Employee Plus One Adult	154.90	1,653.23
Employee Plus One Child	124.15	1,075.23
Family	263.49	1,871.98
Health Spending Account (HSA) Option		
Employee	22.00	542.10 2/
Employee Plus One Adult	66.00	1,123.55 2/
Employee Plus One Child	56.10	734.46 2/
Family	122.10	1,251.77 2/

1/ PY 2025 employer rates are effective July 2024 to June 2025. PY employee rates are effective from January 2025 to December 2025.
2/ Includes deposit of $60 into Single Employee account and $120 into all other Employee accounts.

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.)

Employer Contribution Rates — *Table 3* provides a list of budgeted state employer contribution rates for state employee benefits during FY 2026. 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.

Table 2

Dental Insurance
State Employee and Employer Monthly Contributions
PY 2025

	State Employee Contribution	Employer Contribution
DHMO		
Employee	$3.56	$4.96
Employee + 1 Adult	7.12	9.92
Employee + 1 Child	6.67	9.92
Family	11.84	13.70
PPO		
Employee	30.98	4.96
Employee + 1 Adult	65.72	9.92
Employee + 1 Child	50.57	9.92
Family	104.56	13.70

Life Insurance - $7.28 per employee per year, unchanged from the prior year 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 2026.

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 0.14% of Personal Services for disability insurance, compared to 0.15% in FY 2025. The employee rate is also 0.14%.

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.

Information Technology Planning - 0.61% of Personal Services for each agency, unchanged from FY 2025. 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 2025 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.)*

Table 3

FY 2026 Employer Contribution Rates

Category	Rate
Life Insurance (per FTE Position)	$7.28
Unemployment Insurance	0.00%
Personnel Division Pro Rata	0.86%
Disability (ASRS)	0.14%
Disability (PSPRS Defined Benefit)	1.96%
Disability (PSPRS Defined Contribution)	1.54%
Disability (CORP Defined Benefit)	0.32%
Disability (CORP Defined Contribution)	0.43%
Disability (Elected Officials' Defined Contribution)	0.14%
Information Technology Planning and Security	0.61%
Retiree Accumulated Sick Leave	0.40%
Workers' Compensation	Varies
Federal Insurance Contributions Act (FICA)	
Social Security (salary max $160,200)	6.20%
Medicare (no salary cap)	1.45%
Retirement System	1/

1/ See the Consolidated Retirement Report section for contribution rates.

Federal Insurance Contributions Act (FICA) – Effective January 1, 2025, Social Security taxes are paid at a rate of 6.20% up to $176,100 of an employee's salary, an increase from the previous maximum of $168,600. The rate is unchanged from FY 2025.

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 2025. 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 2026 rates as determined by the state's retirement systems have changed from the FY 2025 rates. *(Please see the Consolidated Retirement Report for more details on retirement contribution rates, enrollment and funded status, and litigation impacts.)*

Other Operating Expenditures

The following expenses are funded within the Other Operating Expenditures line item, which can be found in the budget table for each individual agency.

Risk Management — Individual agency budgets' Other Operating Expenditures include funding to pay the Risk Management charges billed to agencies by the ADOA Risk Management Program. The billings vary by individual agency and have changed from the budgeted FY 2025 rates. FY 2026 rates are primarily based on ADOA's actuarial assessment of each agency's risk and include one-time increases as included in the FY 2026 budget. *(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 133 outlines $1,798,500 in charges to selected state agencies for Attorney General services, unchanged from the FY 2025 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 $123,500,000 in FY 2026 for FY 2025 obligations. Agencies are permitted to make "administrative adjustments" for expenditures obligated in FY 2025 but for which the state was unbilled until FY 2026. An agency's administrative adjustments cannot exceed its prior year revertment, or unused appropriation authority.

The enacted FY 2026 budget assumed FY 2025 administrative adjustments of $84,400,000.

Revertments — The budget assumes that state agencies will revert $(206,500,000) of FY 2026 appropriations back to the General Fund because the agencies will not spend their entire appropriation. In comparison, the enacted FY 2026 budget assumed FY 2025 revertments of $(170,000,000).

Budget Format — The format governs how an agency's appropriation appears in the General Appropriation Act. A less detailed format provides an agency with more discretion in implementing the budget. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funds. Among the choices are the following:

Lump Sum - The appropriation for each fiscal year consists of a single dollar amount, thereby allowing the agency to shift funds among line items without further 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. 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 2016
(Shown in Nominal Dollars)

	General Fund							Other Appropriated Funds	
	General Salary Adjustments				Additional Increases for Selected Classes			All Salary Adjustments	
Fiscal Year	Dollars Appropriated	Effective Date	Annual Cost	% Salary Adjustment	Dollars Appropriated	Effective Date	Annual Cost	Dollars Appropriated	Annual Cost
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 1/2/	$1,041,700	$1,041,700 3/
FY 2018	$0	NA	$0	0.00%	$97,700	January 1	$195,300 4/	$1,201,400	$1,201,400 5/
FY 2019	$0	NA	$0	0.00%	$223,500	January 1	$0 6/	$0	$0
FY 2020	$0	NA	$0	0.00%	$69,735,100	July 1	$69,735,100 7/	$2,291,600	$2,291,600 7/
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 8/	$12,375,300	$12,375,300 9/
FY 2023	$126,365,000 10/	July 9	$126,365,000	10.00% 10/	$86,051,800	Varies	$89,190,500 11/	$62,572,600	$62,572,600 12/
FY 2024	$0	NA	$0	0.00%	$1,136,100	January 1	$2,272,200 13/	$8,967,500	$8,967,500 14/
FY 2025	$0	NA	$0	0.00%	$1,134,900	January 1	$4,539,300 15/	$0	$0
FY 2026	$0	NA	$0	0.00%	$4,956,000	July 1	$4,956,000 16/	$8,565,700	$8,565,700 16/

1/ Funds a 3.0% pay increase for all sworn officers and civilian staff within the DPS Highway Patrol Division, effective July 1, 2016.

2/ 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.

3/ Funds the OF cost of FY 2017 DPS salary increases and a salary increase for Wildlife Rangers in the Game and Fish Department.

4/ 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.

5/ Funds a 3.0% pay increase for non-Highway Patrol civilian staff in DPS.

6/ 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.

7/ 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.

8/ 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.

9/ Funds the OF cost of salary incresases for select employees in the Parks Board, ADOT, Board of Dispensing Opticians, and Game and Fish Department.

10/ Funds General Fund cost of a 10% salary increase for all state employees excluding the Universities, judges, and elected officials.

11/ 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.

12/ 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.

13/ Funds the cost to increase Superior Court judges salaries to $180,000 effective January 1, 2024.

14/ 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.

15/ 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.

16/ Funds a 5% salary increase for all AZPOST-certified positions , a 5% salary increase for dispatchers at DPS, a 15% salary increase for firefighters, and a 10% salary increase for all staff at the Pioneers Home. Also funds unspecified salary increases at the Corporation Commission, Osteopathic Examiners Board and the Pyschologist Examiners Board.

SALARY ADJUSTMENTS FOR ELECTED OFFICIALS

	Jan. 1, 2023 1/	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 Approriations Report for elected officials salary adjustments prior to January 1, 2023.

AGENCY DETAIL AND ALLOCATIONS

DETAILED LIST OF GENERAL FUND CHANGES BY AGENCY

		FY 2025 GF JLBC Baseline	FY 2025 Changes	FY 2025 GF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 GF Enacted Budget
	OPERATING SPENDING CHANGES						
1	**DOA - Arizona Department of Administration**	10,147,600		25,147,600			21,407,600
2	DOA - Statewide Adjustments					262,400	
3	DOA - Remove One-Time Navajo Nation Household Electrical Connections				(1,000,000)		
4	DOA - Remove One-Time ASH Ombudsman Equipment				(2,500)		
5	DOA - Healthcare Interoperability Grants					1,000,000	
6	DOA - Fire Incident Management Grants					2,291,600	
7	DOA - Records Mgmt System/Real-Time Data Sharing (Law Enforcement)					2,708,500	
8	DOA - Tribal Healthcare Investment					3,000,000	
9	DOA - Erroneous Convictions Fund (Pilot)					3,000,000	
10	DOA - Federal Financial Repayment		15,000,000		(15,000,000)		
11	**APF - Automation Projects Fund/ADOA**	15,243,300		15,243,300			3,762,000
12	APF - One-Time AHCCCS IT Mainframe Replacement				(3,396,000)	1,800,000	
13	APF - Adjust DOR Integrated Tax System - Delay to FY 29				(121,800)	(11,725,500)	
14	APF - Real Estate System Modernization					1,962,000	
15	**SFD - School Facilities Division/ADOA**	320,918,800		320,918,800			352,955,500
16	SFD - One-Time Building Renewal Funding				(183,300,000)	183,300,000	
17	SFD - Remove New School Construction Projects (FY 24 Starts)				(77,898,600)		
18	SFD - Continue New School Construction Projects (FY 25 Starts)				13,587,600	(375,700)	
19	SFD - Begin New School Construction Projects (FY 26 Starts)				105,973,400		
20	SFD - Offset FY 26 New Construction With Existing SFD Fund Balance					(10,000,000)	
21	SFD - Building Renewal - Administrative Costs					750,000	
22	**OAH - Office of Administrative Hearings**	970,000		970,000			985,200
23	OAH - Statewide Adjustments					15,200	
24	**AGR - Department of Agriculture**	14,639,800		14,639,800			16,244,200
25	AGR - Statewide Adjustments					486,100	
26	AGR - Meat/Poultry Inspection Supervisor (1 FTE)					164,300	
27	AGR - Food Safety Scientist (1 FTE)					127,000	
28	AGR - Livestock Inspectors (2 FTE)					383,000	
29	AGR - State Veterinarian Office (2 FTE)					444,000	
30	**AXS - AHCCCS**	2,669,731,700		2,577,512,100			2,613,652,600
31	AXS - Statewide Adjustments					1,945,500	
32	AXS - Formula Adjustments				118,781,200	41,800,000	
33	AXS - Caseload Adjustment (Lower than Expected Enrollment)					(68,300,000)	
34	AXS - Enhanced FMAP Savings					(6,000,000)	
35	AXS - One-Time Critical Access Hospital Supplemental Pool				(4,200,000)	4,300,000	
36	AXS - Remove One-Time Case Management Provider Wage Increases				(1,000,000)		
37	AXS - Eligibility Income Verification Charge - Backfill Federal Fund Loss					2,220,000	
38	AXS - Traditional Healing Services					100,000	
39	AXS - Graduate Medical Education					4,000,000	
40	AXS - Speech Therapy/Cochlear Implant Coverage					274,200	
41	AXS - Ongoing Prescription Drug Rebate Fund Shift					(150,000,000)	
42	AXS - FY 2025 Formula Adjustments		(64,351,600)		64,351,600		
43	AXS - FY 2025 Federal Match Savings		(29,700,000)		29,700,000		
44	AXS - Federal Backfill for Income Verification		1,832,000		(1,832,000)		
45	**ART - Arizona Commission on the Arts**	2,000,000		2,000,000			2,000,000
46	ART - One-Time Arts Trust Fund Deposit				(2,000,000)	2,000,000	
47	**ATT - Attorney General**	27,092,700		27,092,700			27,692,200
48	ATT - Statewide Adjustments					599,500	
49	**CHA - State Board for Charter Schools**	2,749,300		2,749,600			2,811,100
50	CHA - Statewide Adjustments					61,800	
51	CHA - Named Claimants (Laws 2025, Ch. 59)		300		(300)		
52	**DCS - Department of Child Safety**	458,089,500		458,089,500			488,771,000
53	DCS - Statewide Adjustments					8,889,000	
54	DCS - Remove One-Time Children and Family Supports Contract Increase				(5,500,000)		
55	DCS - Remove One-Time Healthy Families Expansion				(12,500,000)		
56	DCS - Preventative Services Technical Correction				1,500,000		
57	DCS - Operating Lump Sum		6,900,000		(6,900,000)	6,949,000	
58	DCS - Caseworker Line Item		12,300,000		(12,300,000)	4,600,000	
59	DCS - Office of Child Welfare Investigation Line Item		600,000		(600,000)	600,000	
60	DCS - Congregate Care Line Item		26,800,000		(26,800,000)	23,210,500	
61	DCS - Adoption Services Line Item		(4,100,000)		4,100,000	(2,900,000)	
62	DCS - Permanent Guardianship Line Item		(14,200,000)		14,200,000	(3,500,000)	
63	DCS - Kinship Care Line Item		(17,100,000)		17,100,000	(11,500,000)	
64	DCS - Foster Home Placement Line Item		(2,100,000)		2,100,000	(2,000,000)	
65	DCS - Extended Foster Care Line Item		2,200,000		(2,200,000)	3,900,000	
66	DCS - Extended Foster Comprehensive Service Model					6,400,000	
67	DCS - Vehicle Replacement Funding					2,610,000	
68	DCS - Group Home Training to Prevent Child Trafficking/Internet Crimes					100,000	
69	DCS - IT System (Guardian) Maintenance - Operating Budget					9,823,000	
70	DCS - Out-of-Home Support		(10,300,000)		10,300,000		
71	DCS - In-Home Mitigation		(1,000,000)		1,000,000		
72	**ACA - Arizona Commerce Authority**	13,550,000		13,550,000			15,175,000

		FY 2025 GF JLBC Baseline	FY 2025 Changes	FY 2025 GF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 GF Enacted Budget
73	ACA - Remove One-Time Small Business Center Grants				(500,000)		
74	ACA - Applied Research Centers					500,000	
75	ACA - State Rural Development Council					1,200,000	
76	ACA - Romania Trade Office					125,000	
77	ACA - Office of Defense Innovation					300,000	
78	**CCO - Arizona Community Colleges**	96,082,700		96,082,700			103,868,300
79	CCO - Formula Adjustments				5,655,600		
80	CCO - Out of County Reimbursement Adjustment					880,000	
81	CCO - Eastern Arizona College (Graham County) Expenses					1,000,000	
82	CCO - Maricopa County Wrestling Scholarships					250,000	
83	**COR - Corporation Commission**	789,000		789,000			792,700
84	COR - Statewide Adjustments					3,700	
85	**ADC - Department of Corrections**	1,537,433,400		1,518,922,800			1,574,113,200
86	ADC - Statewide Adjustments					15,837,700	
87	ADC - Remove One-Time Injunction-Related Costs				(9,488,900)		
88	ADC - Operating Lump Sum		9,062,900		(9,062,900)	37,431,200	
89	ADC - Overtime and Compensatory Time					17,000,000	
90	ADC - Community Corrections					(3,950,000)	
91	ADC - Private Prison Per Diem					(6,357,600)	
92	ADC - Inmate Health Care Contracted Services		9,421,800		(9,421,800)	13,421,800	
93	ADC - Substance Abuse Treatment					(3,945,400)	
94	ADC - Non-Contract Medication		(37,000,000)		37,000,000	(40,000,000)	
95	ADC - Injunction-Related IT Projects					(13,600,000)	
96	ADC - One-Time Operating Funding					9,488,500	
97	ADC - Correctional Officer Stipend					20,842,500	
98	ADC -Named Claimants (Laws 2025, Ch. 59)		4,700		(4,700)		
99	**CF - County Funding**	10,650,700		10,650,700			10,650,700
100	**JUS - Arizona Criminal Justice Commission**	4,600,000		4,600,000			4,600,000
101	**SDB - Arizona State Schools for the Deaf and the Blind**	25,291,300		25,291,300			25,645,100
102	SDB - Statewide Adjustments					253,800	
103	SDB - Supplemental Childhood Therapies					100,000	
104	**OEC - Office of Economic Opportunity**	507,100		507,100			4,031,900
105	OEC - Statewide Adjustments					24,800	
106	OEC - Dual Enrollment Incentive Program					1,500,000	
107	OEC - Adult Workforce Diploma Program					2,000,000	
108	**DES - Department of Economic Security**	1,344,531,100		1,337,210,700			1,888,688,200
109	DES - Statewide Adjustments					2,780,200	
110	DES - Formula Adjustments				262,456,900	170,000,000	
111	DES - Formula Adjustments - Backfill Prior Year DD Actuarial Loss					32,300,000	
112	DES - Enhanced FMAP Savings					(8,400,000)	
113	DES - Remove One-Time Area Agencies on Aging Funding				(2,000,000)	7,000,000	
114	DES - Remove One-Time Low-Income Food Services for Tribal Reservations				(250,000)		
115	DES - Remove One-Time Navajo Nation Women's Services				(500,000)		
116	DES - Remove One-Time Navajo Nation Tribal Youth Programs				(500,000)		
117	DES - Remove One-Time Nutrition/Housing/Rent Programs (Pinal County)				(500,000)		
118	DES - Remove One-Time Pascua Yaqui Tribe Social Services Programs				(1,000,000)		
119	DES - Remove One-Time Low-Income Food Distribution (Cochise County)				(1,000,000)		
120	DES - Remove One-Time DD Job Training/Life Skills (Rural Counties)				(1,000,000)		
121	DES - Remove One-Time DD Group Home Monitoring				(1,200,000)	1,200,000	
122	DES - Remove One-Time Child Care Network Funding				(12,000,000)		
123	DES - Homeless Youth Assistance Backfill				1,000,000		
124	DES - After School and Summer Child Care Grant Program					3,000,000	
125	DES - Child Care Assistance Program (Base Funding)					7,100,000	
126	DES - Child Care Assistance Program (20% Quality Rate/50% Waitlist)					37,800,000	
127	DES - $120 Summer Food Benefit Administration (SUN Bucks)		1,879,600		(1,879,600)	200,000	
128	DES - Eligibility Income Verification Data Charge		700,000		(700,000)	990,000	
129	DES - Mainframe as a Service Contract Increase					4,010,000	
130	DES - Community Based Services for High-Cost DD Clients					14,800,000	
131	DES - Adult Protective Services - Backfill ARPA Federal Funds (44 FTEs)					3,700,000	
132	DES - Benefit Services Digital Portal Implementation					1,170,000	
133	DES - Coordinated Homelessness Services					15,500,000	
134	DES - Veteran Homelessness Strategic Plan					500,000	
135	DES - Veteran Homelessness Services					1,500,000	
136	DES - Civil Legal Aid					3,000,000	
137	DES - Produce Incentive Program (Double Up Food Bucks)					2,000,000	
138	DES - Education Workforce Innovation Initiative					500,000	
139	DES - FY 2025 Federal Match Savings		(9,900,000)		9,900,000		
140	**BOE - State Board of Education**	3,342,400		3,342,400			3,462,800
141	BOE - Statewide Adjustments					120,400	
142	**ADE - Arizona Department of Education**	7,676,669,800		7,882,875,800			8,287,685,600
143	ADE - Statewide Adjustments					431,400	
144	ADE - Formula Adjustments				595,538,800	33,573,800	
145	ADE - Truth in Taxation Savings					(3,528,200)	
146	ADE - One-Time Increase FRPL Group B Weight (Ongoing in FY 28)				(37,000,000)	37,000,000	
147	ADE - One-Time Increase DAA/CAA Per Pupil Funding (Ongoing in FY 28)				(29,000,000)	29,000,000	
148	ADE - Remove One-Time Live Remote Instruction				(100,000)		

		FY 2025 GF JLBC Baseline	FY 2025 Changes	FY 2025 GF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 GF Enacted Budget
149	ADE - Remove One-Time Center for High School Success				(1,000,000)		
150	ADE - One-Time School Meal Co-Pay				(3,800,000)	3,800,000	
151	ADE - Remove One-Time Continuing High School and Workforce Training				(4,000,000)		
152	ADE - Remove One-Time Comm College Adult Education				(4,000,000)		
153	ADE - Remove One-Time Adult Workforce Diploma Funding				(4,000,000)		
154	ADE - Remove One-Time English Language Learner Achievement Testing				(5,000,000)		
155	ADE - Remove One-Time Arizona Holocaust Education Center				(7,000,000)		
156	ADE - Remove One-Time K-12 Mental Health Telehealth Pilot				(2,000,000)		
157	ADE - Remove One-Time Low Income After School Programs				(2,000,000)		
158	ADE - 9th Grade On Track Program					3,400,000	
159	ADE - AEDs for Public High School Athletic Events					500,000	
160	ADE - Virtual School Assessments					400,000	
161	ADE - Apache Junction Unified School District Robotics Program					200,000	
162	ADE - Comm College Adult Education Workforce Program					6,000,000	
163	ADE - Rural School Nurse Access Grant Fund					2,500,000	
164	ADE - Teacher Retention Study					100,000	
165	ADE - Adult Education Skills Center					1,000,000	
166	ADE - FY 2025 Formula Adjustments		136,764,400		(136,764,400)		
167	ADE - Qasimyar State Aid Adjustments		69,441,600		(69,441,600)		
168	**EMA - Department of Emergency & Military Affairs**	16,225,400		16,225,400			16,692,900
169	EMA - Statewide Adjustments					630,400	
170	EMA - Remove One-Time Hazard Mitigation Assistance				(462,900)		
171	EMA - Remove Enacted STORM Act State Match					(200,000)	
172	EMA - Emergency Division Grant Support (5 FTE)					500,000	
173	**DEQ - Department of Environmental Quality**	16,000,000		16,000,000			0
174	DEQ - Remove One-Time Zero Emissions Heavy-Duty 8-Ton Pilot Program				(1,000,000)		
175	EMA - Offset Base $15M WQARF Funding With WIFA Water Aug. Fund					(15,000,000)	
176	**EQU - State Board of Equalization**	724,400		724,400			734,700
177	EQU - Statewide Adjustments					10,300	
178	**EXE - Board of Executive Clemency**	1,377,600		1,377,600			1,488,600
179	EXE - Statewide Adjustments					(400)	
180	EXE - Case Analyst (1 FTE)					111,400	
181	**FOR - Department of Forestry and Fire Management**	51,471,600		51,471,600			47,172,400
182	FOR - Statewide Adjustments					700,800	
183	FOR - Remove One-Time Fire Suppression Funding				(5,000,000)		
184	**GAM - Department of Gaming**	11,704,500		11,704,500			10,104,500
185	GAM - One-Time Racing Purse Enhancement Funding				(4,000,000)	1,000,000	
186	GAM - One-Time Racetrack Capital and Maint./Operations				(1,500,000)	1,000,000	
187	GAM - Racing Regulation Fund Deposit					1,900,000	
188	**GOV - Office of the Governor**	8,996,800		8,996,800			10,394,700
189	GOV - Statewide Adjustments					647,900	
190	GOV - One-Time Funding					750,000	
191	**OSP - Gov's Office of Strategic Planning & Budgeting**	2,852,500		2,852,500			2,854,500
192	OSP - Statewide Adjustments					2,000	
193	**DHS - Department of Health Services**	122,466,300		122,466,300			127,571,300
194	DHS - Statewide Adjustments					939,600	
195	DHS - Remove One-Time Preceptor Grant Program for Graduate Students				(500,000)		
196	DHS - Remove One-Time Funding Licensing Staff Costs				(1,202,400)		
197	DHS - Remove One-Time Women's Preventive Health Services				(500,000)		
198	DHS - Remove One-Time Services for Parents of Deceased Children				(500,000)		
199	DHS - Remove One-Time Heat Mitigation in Southern Arizona				(500,000)		
200	DHS - Remove One-Time Southern AZ Counseling/Community Service Grants				(1,000,000)		
201	DHS - Remove One-Time Senior Health Promotion (Santa Cruz County)				(1,000,000)		
202	DHS - Remove One-Time AZ Care Check Portal Funding				(900,000)		
203	DHS - Remove One-Time Alzheimer's Research Shift to Health Care Fund				1,000,000		
204	DHS - Nurse Education Investment Program (Comm Colleges)					1,500,000	
205	DHS - Shift Health Facilities Licensing Costs from General Fund (31 FTEs)					(1,635,400)	
206	DHS - ASH Operating Shortfall					1,807,900	
207	DHS - ASH Sexually Violent Persons Program					1,520,300	
208	DHS - Dementia Awareness Campaign					750,000	
209	DHS - Ibogaine Clinical Research Grants					5,000,000	
210	DHS - Contract Facilitator - Rural Maternal Health Advisory Comm.					100,000	
211	DHS - International Medical School Collaboration					125,000	
212	DHS - Clinical Healthcare Training Program					100,000	
213	**AZH - Arizona Historical Society**	2,978,700		2,978,700			4,113,500
214	AZH - Statewide Adjustments					55,700	
215	AZH - Flagstaff Pioneer Museum Re-Opening (4 FTEs)					1,079,100	
216	**PAZ - Prescott Historical Society**	995,300		995,300			1,574,300
217	PAZ - Statewide Adjustments					79,000	
218	PAZ - Territorial Governor Mansion Remodeling					500,000	
219	**HOM - Department of Homeland Security**	10,200,000		10,200,000			10,107,800
220	HOM - Remove One-Time Cybersecurity Programs				(200,000)		
221	HOM - Federal Cybersecurity Grant State Match					107,800	

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222	DOH - Department of Housing	15,000,000		15,000,000			0
223	DOH - Remove One-Time Housing Trust Fund Deposit				(15,000,000)		
224	ICA - Industrial Commission	84,700		84,700			90,100
225	ICA - Statewide Adjustments					5,400	
226	DIF - Department of Insurance and Financial Institutions	8,090,100		8,090,100			6,319,700
227	DIF - Lump Sum Reduction					107,700	
228	DIF - Insurance Fraud Unit Budget Shift to Non-Appropriated Funds				(1,878,100)		
229	SPA - Judiciary - Supreme Court	29,864,200		29,864,200			31,325,600
230	SPA - Statewide Adjustments					870,300	
231	SPA - Remove One-Time Digital Evidence Software Funding				(280,000)		
232	SPA - Judicial Salary Increase (2nd of 3rd Phase)				126,100		
233	SPA - Complaints Investigator - Comm. on Judicial Conduct (1 FTE)					145,000	
234	SPA - Child and Family Representation Program (1 FTE)					600,000	
235	COA - Judiciary - Court of Appeals	24,407,400		24,407,400			25,308,700
236	COA - Statewide Adjustments					303,300	
237	COA - Judicial Salary Increase (2nd of 3rd Phase)				504,300		
238	COA - Human Resources Staff (1 FTE)					93,700	
239	SUP - Judiciary - Superior Court	115,194,800		115,194,800			117,217,300
240	SUP - Statewide Adjustments					191,500	
241	SUP - Judicial Salary Increase (2nd of 3rd Phase)				1,639,200		
242	SUP - New Mohave County Judge					191,800	
243	DJC - Department of Juvenile Corrections	29,978,900		29,978,900			31,083,600
244	DJC - Statewide Adjustments					562,500	
245	DJC - Correctional Officer Stipend					542,200	
246	LAN - State Land Department	12,411,300		12,411,300			12,199,900
247	LAN - Statewide Adjustments					121,600	
248	LAN - CAP Rate Adjustment				56,400		
249	LAN - Transfer Funding to Natural Resource Conservation Board				(389,400)		
250	Legislature						
251	AUD - Auditor General	26,722,700		26,722,700			32,009,000
252	AUD - Statewide Adjustments					(13,700)	
253	AUD - Special Audits (12 FTE)					5,300,000	
254	HOU - House of Representatives	21,565,600		21,565,600			22,545,300
255	HOU - Statewide Adjustments					229,700	
256	HOU - One-Time Funding					750,000	
257	JLBC - Joint Legislative Budget Committee	3,055,800		3,055,800			3,071,000
258	JLBC - Statewide Adjustments					15,200	
259	LEG - Legislative Council	9,275,700		9,275,700			9,422,400
260	LEG - Statewide Adjustments					146,700	
261	LEG - Add 7 FTE Positions					Yes	
262	LEG - Ombudsman-Citizens Aide Office	1,578,400		1,578,400			1,608,900
263	LEG - Statewide Adjustments					30,500	
264	SEN - Senate	18,000,200		18,000,200			18,814,300
265	SEN - Statewide Adjustments					64,100	
266	SEN - One-Time Funding					750,000	
267	MIN - State Mine Inspector	2,299,300		2,299,300			2,431,400
268	MIN - Statewide Adjustments					132,100	
269	NRB - State Natural Resource Conservation Board	0		0			739,400
270	NRB - Transfer Funding from State Land Department				389,400		
271	NRB - Operating Costs					100,000	
272	NRB - Groundwater Recharge Facilities					250,000	
		0					
273	NAV - Arizona Navigable Steam Adjudication Comm.	140,500		140,500			143,900
274	NAV - Statewide Adjustments					3,400	
275	NUR - State Board of Nursing	0		0			500,000
276	NUR - Certified Registered Nurse Anesthetist Preceptor Grant					500,000	
277	SPB - Arizona State Parks Board	100,000		100,000			2,500,000
278	SPB - Remove One-Time Arizona Trail Fund Deposit				(100,000)		
279	SPB - Heritage Fund Deposit					1,000,000	
280	SPB - State Lake Improvement Fund Deposit					1,500,000	
281	DPS - Department of Public Safety	264,461,100		264,461,100			313,660,800
282	DPS - Statewide Adjustments					17,460,800	
283	DPS - Remove One-Time Local Border Support Funding				(4,000,000)		
284	DPS - Remove One-Time Shift of Border Funding to Border Security Fund				27,677,200		
285	DPS - Local Border Support Funding					5,000,000	
286	DPS - Replacement Vehicles					8,667,500	
287	DPS - 911 Dispatch Call Takers (9 FTEs)					788,200	

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288	DPS - Recruitment Funding					150,000	
289	DPS - Sex Offender Management Board (2 FTEs)					400,000	
290	DPS - Yuma County Family Advocacy Center					750,000	
291	DPS - Anti-Human Trafficking Fund Deposit					1,600,000	
292	DPS - One-Time ACTIC Funding Increase					1,500,000	
293	DPS - Repurpose Unused Border Security Fund Monies					(10,900,000)	
294	DPS - Civil Air Patrol Maintenance and Operations					106,000	
295	**PSP - Public Safety Personnel Retirement System**	6,000,000		6,000,000			6,000,000
296	**REA - State Real Estate Department**	3,111,800		3,111,800			3,119,300
297	REA - Statewide Adjustments					7,500	
298	**REV - Department of Revenue**	59,677,700		59,677,700			60,871,800
299	REV - Statewide Adjustments					694,100	
300	REV - Prop 312 Property Tax Refund One-Time Admin Costs					500,000	
301	**SOS - Secretary of State**	22,993,900		23,493,900			22,857,100
302	SOS - Statewide Adjustments					363,200	
303	SOS - Remove One-Time Operating Funding				(1,000,000)		
304	SOS - Remove One-Time Primary/General Election Funding				(7,900,000)		
305	SOS - Address Confidentiality Program Fund Deposit					400,000	
306	SOS - CD7 Special Election Expenses		500,000		(500,000)	8,000,000	
307	**TAX - State Board of Tax Appeals**	318,600		318,600			319,300
308	TAX - Statewide Adjustments					700	
309	**TOU - Office of Tourism**	8,325,000		8,325,000			8,702,700
310	TOU - Statewide Adjustments					(122,300)	
311	TOU - Southern AZ Sports, Tourism and Film Authority					500,000	
312	**DOT - Department of Transportation**	0		0			500,000
313	DOT - Spaying and Neutering Fund Deposit					500,000	
314	**TRE - State Treasurer**	10,160,700		10,470,700			42,734,700
315	TRE - Remove One-Time Election Security Funding				(6,000,000)		
316	TRE - Justice of the Peace Salary Adjustment		310,000		(38,600)	207,600	
317	TRE - Local Dist.- Ak-Chin Police Department					300,000	
318	TRE - Local Dist. - AZ City Fire District					100,000	
319	TRE - Local Dist. - Casa Grande Police Department					300,000	
320	TRE - Local Dist. - Casa Grande Fire Department					200,000	
321	TRE - Local Dist. - Coolidge Police Department					200,000	
322	TRE - Local Dist. - Coolidge Fire Department					200,000	
323	TRE - Local Dist. - Eloy Police Department					200,000	
324	TRE - Local Dist. - Eloy Fire Department					200,000	
325	TRE - Local Dist. - Florence Police Department					500,000	
326	TRE - Local Dist. - Florence Fire Department					270,000	
327	TRE - Local Dist. - Gila River Police Department					200,000	
328	TRE - Local Dist. - Gila River Fire Department					200,000	
329	TRE - Local Dist. - International Dark Sky Discovery Center					3,300,000	
330	TRE - Local Dist. - La Paz County Sheriff					500,000	
331	TRE - Local Dist. - City of Maricopa Police Department					200,000	
332	TRE - Local Dist. - City of Maricopa Fire Department					200,000	
333	TRE - Local Dist. - Maricopa Co. - Anti-Human Trafficking/ Sexual Assault					2,000,000	
334	TRE - Local Dist. - Maricopa Co. Recorder Operating Funding					4,100,000	
335	TRE - Local Dist. - Mohave County Meadview/S Cove Launch Ramp					500,000	
336	TRE - Local Dist. - Mohave County - Horizon Six Community Fire Hydrants					500,000	
337	TRE - Local Dist. - Mohave County Search & Rescue Training					100,000	
338	TRE - Local Dist. - Mohave County Sheriff					1,000,000	
339	TRE - Local Dist. - Paradise Valley Indoor Shooting Range Design					100,000	
340	TRE - Local Dist. - City of Peoria Parks Infrastructure					300,000	
341	TRE - Local Dist. - Phoenix Police Community Policing					100,000	
342	TRE - Local Dist. - Pinal County Sheriff's Office					400,000	
343	TRE - Local Dist. - Pinal County Veterans Center					200,000	
344	TRE - Local Dist. - Pinal County Suicide Prevention					300,000	
345	TRE - Local Dist. - Pinal County Signs for Prohibited Legal Dumping					50,000	
346	TRE - Local Dist. - Pinal County Alliance Reading Program					25,000	
347	TRE - Local Dist. - Prescott Valley Police Department					450,000	
348	TRE - Local Dist. - Shift Nonprofit Volunteer Rodeo Funding to Prescott					Yes	
349	TRE - Local Dist. - Salt River Police Community Policing					100,000	
350	TRE - Local Dist. - Scottsdale Adaptive Services Park/Rec. Facility					100,000	
351	TRE - Local Dist. - Sierra Vista Infrastructure Funding					100,000	
352	TRE - Local Dist. - Sierra Vista Spaceport/Part 433 Reentry License					1,500,000	
353	TRE - Local Dist. - Snowflake - Flake Historical House Renovation					350,000	
354	TRE - Local Dist. - Sun Corridor Boys & Girls Club					200,000	
355	TRE - Local Dist. - City of Taylor Child Development Center					1,500,000	
356	TRE - Local Dist. - Thunderbird Fire District					100,000	
357	TRE - Local Dist. - Yavapai County Criminal Info. Intelligence Center					2,000,000	
358	TRE - Local Dist. - Yavapai County Sheriff's Office					950,000	
359	TRE - Local Dist. - Yavapai County Satellite Communications Pilot					500,000	
360	TRE - Local Dist. - Southwest Yavapai County Public Safety Building					1,000,000	
361	TRE - Local Dist. - Yuma County Excess Waste Tire Cleanup					850,000	
362	TRE - Local Dist. - Yuma County Recorder Operating					1,000,000	
363	TRE - Local Dist. - Yuma Co. - Nonprofit Regional Hospital					3,000,000	
364	TRE - Local Dist. - City of Winslow					2,500,000	
365	TRE - Statewide Transportation Innovation Fund Deposit					2,000,000	

		FY 2025 GF JLBC Baseline	FY 2025 Changes	FY 2025 GF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 GF Enacted Budget
366	TRE - Advanced Air Mobility Fund Deposit					2,000,000	
367	TRE - Statewide Infrastructure Trust Fund Deposit					1,000,000	
368	TRE - Veterans Health Innovation Pilot					150,000	
369	**OTR - Governor's Office on Tribal Relations**	67,100		67,100			66,900
370	OTR - Statewide Adjustments					(200)	
371	**UNI - Universities**						
372	**UNI - Arizona Board of Regents**	55,726,000		55,726,000			71,382,600
373	UNI - Statewide Adjustments					206,600	
374	UNI - Remove One-Time Arizona Teachers Academy Funding				(1,000,000)		
375	UNI - Arizona Promise Program					16,300,000	
376	UNI - Washington D.C. Internships					150,000	
377	**UNI - ASU**	408,638,200		408,638,200			412,671,200
378	UNI - Statewide Adjustments					24,472,400	
379	UNI - Lease-Purchase Adjustment				(5,400)		
380	UNI - Inflation Adjustment (2017 Capital Infrastructure)				266,000		
381	UNI - Remove One-Time Operating Funding				(21,200,000)		
382	UNI - Decision Theater - Pinal County Transportation Plan					500,000	
383	**UNI - Northern Arizona University**	134,294,400		134,294,400			124,707,700
384	UNI - Statewide Adjustments					413,500	
385	UNI - Lease-Purchase Adjustment				(1,000)		
386	UNI - Inflation Adjustment (2017 Capital Infrastructure)				100,800		
387	UNI - Remove One-Time Operating Funding				(10,100,000)		
388	**UNI - UA - Main Campus**	295,913,700		295,913,700			289,867,500
389	UNI - Statewide Adjustments					3,717,400	
390	UNI - Lease-Purchase Adjustment				1,100		
391	UNI - Inflation Adjustment (2017 Capital Infrastructure)				235,300		
392	UNI - Remove One-Time Operating Funding				(14,700,000)		
393	UNI - Yuma Center for Excellence for Desert Agriculture					1,350,000	
394	UNI - Extractive Modular Metallurgy Facility (Design)					850,000	
395	UNI - Geological Survey					500,000	
396	UNI - On-Farm Irrigation Fund Deposit					2,000,000	
397	**UNI - UA - Health Sciences Center**	75,428,400		75,428,400			75,978,400
398	UNI - AZ REACH					500,000	
399	UNI - Medical Mission Scholarships					50,000	
400	**VSC - Department of Veterans' Services**	11,999,100		13,286,500			12,814,700
401	VSC - Statewide Adjustments					315,600	
402	VSC - Remove One-Time Veterans Center Funding				(500,000)		
403	VSC - Named Claimants (Laws 2025, Ch. 59)		287,400		(287,400)		
404	VSC - Mental Health Pilot Program					1,000,000	
405	VSC - Veterans Home Trust Fund Deposit		1,000,000		(1,000,000)		
406	**WIF - Water Infrastructure Finance Authority**	0		0			750,000
407	WIF - Water Conservation Fund Deposit					250,000	
408	WIF - Gila Valley Irrigation District					500,000	
409	**WAT - Department of Water Resources**	24,618,200		24,618,200			25,077,500
410	WAT - Statewide Adjustments					459,300	
411	**OTH - Other**						
412	OTH - Phoenix Convention Center Debt Service	25,998,700		25,998,700	498,700		26,497,400
413	OTH - Rio Nuevo District	19,000,000		19,000,000			19,000,000
414	OTH - Remove One-Time FY 2025 State Fleet Adjustments	0		0	(3,299,000)	3,299,000	0
415	OTH - Unallocated FY 2026 Health Insurance Adjustments	0		0		152,100	152,100
416	OTH - Unallocated FY 2026 AZ360 Adjustments	0		0		(3,900)	(3,900)
417	OTH - Unallocated FY 2026 Risk Management Adjustments	0		0		400	400
418	OTH - Unallocated FY 2026 Fleet Operating Adjustments	0		0		125,600	125,600
419	OTH - Unallocated FY 2026 Fleet Replacement Adjustments	0		0		859,000	859,000
420	OTH - Unallocated FY 2026 Retirement Adjustments	0		0		(18,300)	(18,300)
421	OTH - Unallocated FY 2026 Law Enforcement Salary Adjustments	0		0		156,800	156,800
422	OTH - Administrative Adjustments	130,000,000	(39,300,000)	84,400,000	55,600,000	(16,500,000)	123,500,000
423	OTH - Revertments	(170,000,000)		(170,000,000)	(20,000,000)	(16,500,000)	(206,500,000)
424	**TOTAL - OPERATING SPENDING CHANGES**	**16,185,525,500**	**65,953,100**	**16,245,178,600**	**542,230,300**	**647,577,000**	**17,434,985,900**
425	**CAPITAL SPENDING**						
426	**Building Renewal**						
427	Arizona Department of Administration	0		0		1,600,000	1,600,000
428	**New Projects**						
429	ADC - Yuma Fire Alarm System Replacement	0		0		8,500,000	8,500,000
430	Parks - Verde Rive Headwaters State Park Costs	0		0		500,000	500,000
431	DPS - Office Replacements (Payson and Sanders)	0		0		2,000,000	2,000,000
432	DPS - Phoenix Headquarters Electrical Upgrade	0		0		11,227,100	11,227,100
433	ADOT - SR 347/Riggs Rd Overpass Construction - Shortfall	0		0		41,400,000	41,400,000
434	ADOT - SR 347 Intersection (Casa Blanca Rd/Cement Plant Rd) - Shortfall	0		0		10,839,000	10,839,000
435	ADOT - SR 347 Widening (I-10 to Maricopa) - Shortfall	0		0		1,500,000	1,500,000
436	ADOT - NB SR 87 Second Right Turn Lane - Design (Payson)	0		0		600,000	600,000
437	ADOT - Repurpose $1.5M Payson Roundabout $ for Turn Lane Design	0		0		Yes	0
438	ADOT - Glendale 75th Ave Reconstruction	0		0		3,000,000	3,000,000
439	ADOT - SR 70 Safety Improvements (San Carlos Apache Reservation)	0		0		1,400,000	1,400,000

		FY 2025 GF JLBC Baseline	FY 2025 Changes	FY 2025 GF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 GF Enacted Budget
440	ADOT - SR 303/155th Ave Interchange Design (Surprise)	0		0		3,500,000	3,500,000
441	ADOT - Olga Rd Pavement Preservation/Rehab - Design (Bowie/San Simon)	0		0		850,000	850,000
442	ADOT - I-10 (SR 85 to Citrus Rd) - Shift to FY 26	0		0		27,000,000	27,000,000
443	ADOT - SR 389 Traffic Control Systems (Colorado City)	0		0		1,500,000	1,500,000
444	ADOT - Local Dist. - Yuma Co. Somerton Ave Bridge Replacement	0		0		1,300,000	1,300,000
445	ADOT - Expand Use of FY 24 Patagonia McKeown Ave Monies	0		0		Yes	0
446	ADOT - Local Dist. - Bullhead City Hancock Road Repaving	0		0		1,500,000	1,500,000
447	ADOT - Local Dist. - Cottonwood Main St Preservation/Sidewalks	0		0		1,000,000	1,000,000
448	ADOT - Local Dist. - Flagstaff Woody Mountain Rd Streetlight	0		0		1,900,000	1,900,000
449	ADOT - Local Dist. - Kingman Eastern St Infrastructure	0		0		1,500,000	1,500,000
450	ADOT - Local Dist. - Mohave Co. Mountain View Rd Improvements	0		0		1,000,000	1,000,000
451	ADOT - Local Dist. - Nogales Frank Reed Rd Improvements	0		0		1,500,000	1,500,000
452	ADOT - Local Dist. - Nogales Industrial Park Rs Improvements	0		0		2,900,000	2,900,000
453	ADOT - Local Dist. - Nogales La Quinta Rd Improvements	0		0		1,800,000	1,800,000
454	ADOT - Local Dist. - Prescott Reg. Airport Fire Aircraft Ramp	0		0		3,500,000	3,500,000
455	ADOT - Local Dist. - Prescott Reg. Airport Maint. & Operations	0		0		500,000	500,000
456	Veterans' Services - Tucson Veterans' Home HVAC Replacement	0		0		2,400,000	2,400,000
457	**TOTAL - CAPITAL SPENDING**	0	0	0	0	136,216,100	136,216,100
458	**TOTAL - ALL SPENDING**	16,185,525,500	65,953,100	16,245,178,600	542,230,300	783,793,100	17,571,202,000
459	**REVENUE CHANGES**						
460	**Ongoing Revenue**						
461	REV - Ongoing Revenue (Including Urban Revenue Sharing)	15,997,449,600	(24,300,000)	15,973,149,600	664,358,400	(76,200,000)	16,585,608,000
462	**One-Time Revenue**						
463	REV - Beginning Balance	962,823,000		962,823,000	(59,161,700)	188,424,500	1,092,085,800
464	REV - One-Time Revenue Forecast Adjustment	0	166,500,000	166,500,000			0
465	REV - Enhanced FMAP One-Time Revenue Adjustments	0	131,100,000	131,100,000		62,900,000	62,900,000
466	REV - Other One-Time Revenue Adjustments	0	71,200,000	71,200,000		14,900,000	14,900,000
467	REV - One-Time Fund Transfers to GF	33,991,800	(1,500,000)	32,491,800	(16,991,800)	(1,500,000)	15,500,000
468	**TOTAL - REVENUE CHANGES**	16,994,264,400	343,000,000	17,337,264,400	588,204,900	188,524,500	17,770,993,800
469	**ENDING BALANCE**	808,738,900	277,046,900	1,092,085,800	45,974,600	(595,268,600)	199,791,800

1/ This column displays an agency's FY 2026 Baseline funding compared to the final enacted FY 2025 General Fund spending amount displayed in "FY 2025 GF Revised".

DETAILED LIST OF OTHER FUND CHANGES BY AGENCY

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
	OPERATING SPENDING CHANGES						
1	**SBA - State Board of Accountancy**	2,258,100		2,258,100			2,257,400
2	SBA - Statewide Adjustments					(700)	
3	**ACU - Acupuncture Board of Examiners**	199,700		214,700			217,000
4	ACU - Statewide Adjustments					17,300	
5	ACU - Operating Costs		15,000		(15,000)		
6	**DOA - Arizona Department of Administration**	229,455,000		238,420,300			280,901,000
7	DOA - Statewide Adjustments					719,300	
8	DOA - Remove One-Time School District Actuarial Study to Expand HITF				(250,000)		
9	DOA - Remove One-Time Critical Applications Catalogue				(500,000)		
10	DOA - Remove One-Time Capitol Mall Fiber Network Upgrades				(325,000)		
11	DOA - AFIS Operations/Maintenance Funding				(557,000)	557,000	
12	DOA - State FTE Professional Dev. - Partner with State Univ. (1-time)					1,000,000	
13	DOA - State Employee Child Care Study (1-time)					100,000	
14	DOA - State Personnel IT System Software Transition (1-time)					1,911,800	
15	DOA - New State Personnel IT System Ongoing Costs					1,802,600	
16	DOA - Comp. Annual Financial Report/Single Audit					574,000	
17	DOA - Add 1 FTE for State IT Oversight					103,500	
18	DOA - Projected Increase in Risk Management Claims					43,695,500	
19	DOA - Business One-Stop - Ongoing Support					2,114,300	
20	DOA - Records Mgmt System/Real-Time Data Sharing (Law Enforcement)					500,000	
21	**DOA - Risk Management Claims Adjustments**		8,900,000		(8,900,000)		
22	DOA - Named Claimants (Laws 2025, Ch. 59)		65,300		(65,300)		
23	**APF - Automation Projects Fund/ADOA**	29,694,000		29,694,000			16,898,700
24	APF - ADOA State Personnel IT System - Ongoing Costs				(6,841,200)	5,941,700	
25	APF - ADOA Move More Agencies to State Web Portal Platform					1,750,000	
26	APF - ADOA A to Z Single Access to State Services Multi-year Replacement					3,370,000	
27	APF - AHCCCS IT Mainframe Multi-year Replacement				(3,396,000)	1,800,000	
28	APF - ADOR IT Tax System Multi-year Replacement - Delay to FY 29				(200,000)	(19,256,800)	
29	APF - ADOA State Web Portal Software and Security Upgrades					375,000	
30	APF - Real Estate IT Software Update					1,962,000	
31	APF - ADOA Business One-Stop					1,700,000	
32	**AGR - Department of Agriculture**	1,924,300		1,924,300			3,977,400
33	AGR - Statewide Adjustments					14,600	
34	AGR - Nuclear Emergency Mgmt Fund Changes (Laws 2025, Ch. 56)				38,500		
35	AGR - Agriculture Water and Innovation Fund Deposit (WIFA Aug. Fund)					2,000,000	
36	**AXS - AHCCCS**	455,300,200		455,300,200			621,178,500
37	AXS - Statewide Adjustments					28,300	
38	AXS - Formula Adjustments				9,475,000		
39	AXS - Contracted 1-Time Legal Costs for Sober Living Homes (PDRF)					1,375,000	
40	AXS - Secure Behavioral Health Residential Facilities					5,000,000	
41	AXS - Ongoing Prescription Drug Rebate Fund Shift to GF					150,000,000	
42	**BAT - Board of Athletic Training**	167,800		167,800			166,000
43	BAT - Statewide Adjustments					(1,800)	
44	**ATT - Attorney General**	109,959,300		109,959,300			111,985,600
45	ATT - Statewide Adjustments					487,200	
46	ATT - Remove One-Time Veterans Substance Abuse Treatment Grants				(5,000,000)		
47	ATT - Remove One-Time Opioid Remediation - Fentanyl Interdiction (DEMA)				(3,000,000)		
48	ATT - Remove One-Time Opioid Remediation - Overdose Medication (DHS)				(1,000,000)		
49	ATT - Medicaid Fraud Control Unit (4 FTEs/Vehicles) (CPCF)					204,100	
50	ATT - Internet Crimes Against Children Task Force (2 FTEs) (CPCF)					335,000	
51	ATT - Opioid Remediation - Coordinated Re-Entry					10,000,000	
52	**BCB - Barbering and Cosmetology Board**	3,230,900		3,230,900			3,227,300
53	BCB - Statewide Adjustments					(3,600)	
54	**BHE - Board of Behavioral Health Examiners**	2,757,400		2,757,400			2,975,200
55	BHE - Statewide Adjustments					45,800	
56	BHE - Remove One-Time Licensing/Investigations FTE Costs				(36,300)		
57	BHE - E-Licensing 1-Time Transition Consultant					20,400	
58	BHE - Office Space 1-Time Reorganization Due to 7 New FTEs					187,900	
59	**DCS - Department of Child Safety**	204,280,700		219,880,700			204,235,700
60	DCS - Statewide Adjustments					(45,000)	
61	DCS - Operating Lump Sum		(5,000,000)		5,000,000	(5,000,000)	
62	DCS - Caseworker Line Item		(4,600,000)		4,600,000	(4,600,000)	
63	DCS - Adoption Services Line Item		(1,500,000)		1,500,000	(1,500,000)	
64	DCS - Permanent Guardianship Line Item		14,600,000		(14,600,000)	5,000,000	
65	DCS - Kinship Care Line Item		12,100,000		(12,100,000)	6,100,000	
66	DCS - Out of Home Support Line Item		(9,059,300)		9,059,300	(6,000,000)	
67	DCS - In-Home Mitigation Line Item		9,059,300		(9,059,300)	6,000,000	
68	**BCE - State Board of Chiropractic Examiners**	643,700		643,700			660,600
69	BCE - Statewide Adjustments					16,900	
70	**ROC - Registrar of Contractors**	13,925,600		13,925,600			14,328,200
71	ROC - Statewide Adjustments					402,600	
72	**COR - Corporation Commission**	35,404,400		35,404,400			38,732,100

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
73	COR - Statewide Adjustments					1,157,700	
74	COR - Agencywide Salary Adjustments					950,000	
75	COR - Employee Training & Equipment					400,000	
76	COR - Utilities Audits and Studies					620,000	
77	COR - Rate Case Reviews (1 FTE)					200,000	
78	**ADC - Department of Corrections**	68,633,300		68,709,300			63,451,500
79	ADC - Statewide Adjustments					187,300	
80	ADC - Remove One-Time Food Contract Increase				(12,648,300)		
81	ADC - Software Contract Increase (Corrections Fund/Inmate Store Fund)					3,233,200	
82	ADC - Correctional Information System Improvements (Corrections Fund)					2,000,000	
83	ADC - New Cloud and Data Warehouse Systems (Corrections Fund)					510,700	
84	ADC - Kitchen Equipment Replacement (1-Time)					1,535,300	
85	ADC - FY 2025 Food Service Contract Increase		76,000		(76,000)		
86	**JUS - Arizona Criminal Justice Commission**	7,318,800		7,318,800			9,961,100
87	JUS - Statewide Adjustments					47,500	
88	JUS - Law Enforcement Crime Victim Notification Fund					2,594,800	
89	**SDB - AZ State Schools for the Deaf and the Blind**	33,138,900		33,138,900			33,259,500
90	SDB - Statewide Adjustments					(14,300)	
91	SDB - Adjustments for Less Revenue and Base Level Increases				(1,697,100)		
92	SDB - Remove Preschool Disability Costs Added in FY 25					(168,000)	
93	**HEA - Comm for the Deaf & the Hard of Hearing**	5,047,800		5,051,600			5,045,800
94	HEA - Statewide Adjustments					40,000	
95	HEA - Remove One-Time Website Security Upgrades				(200,000)		
96	HEA - Support Services Program Increase					158,000	
97	HEA - Named Claimants (Laws 2025, Ch. 59)		3,800		(3,800)		
98	**DEN - Board of Dental Examiners**	2,129,800		2,129,800			2,150,900
99	DEN - Statewide Adjustments					30,400	
100	DEN - Remove One-Time Annual Leave Payout				(9,300)		
101	**DES - Department of Economic Security**	549,327,500		671,627,800			499,805,500
102	DES - Salary Adjustments					(144,900)	
103	DES - Formula Adjustments - Room/Board for New ALTCS Caseload (LTCSF)				542,400		
104	DES - Remove One-Time Child Care Assistance Program Funding (CCDF)				(131,000,000)		
105	DES - Child Care to Maintain Services (CCDF)					81,080,500	
106	DES - DD Medicaid Program Expenses (Laws 2025, Ch. 93)		109,200,300		(109,200,300)		
107	DES - Cost Effectiveness Study - Client Services (Laws 2025, Ch. 93)		13,100,000		(13,100,000)		
108	**ADE - Arizona Department of Education**	368,120,000		370,120,000			87,507,600
109	ADE - Statewide Adjustments					13,600	
110	ADE - Endowment Earnings Reduction				(285,626,000)		
111	ADE - Assessment Contract Increase					5,000,000	
112	ADE - Operating Costs		2,000,000		(2,000,000)		
113	**EMA - Department of Emergency & Military Affairs**	2,176,000		2,176,000			5,620,900
114	EMA - Nuclear Emergency Mgmt Fund Changes (Laws 2025, Ch. 56)				144,900		
115	EMA - Assist Local Law Enforcement Fentanyl Interdiction					3,000,000	
116	EMA - Evacuation Protocols Awareness Campaign (WIFA Aug. Fund)					300,000	
117	**DEQ - Department of Environmental Quality**	98,366,000		98,366,000			128,029,600
118	DEQ - Statewide Adjustments					1,592,100	
119	DEQ - Remove One-Time Voluntary Vehicle Repair/Retrofit Funding				(2,900,000)		
120	DEQ - Solid Waste Adjustments				(950,000)	484,200	
121	DEQ - Hazardous Waste Program Increase					717,500	
122	DEQ - 1-Time Clean Air State Plan/Diesel State Match/Air Emission Data					1,170,100	
123	DEQ - Continue Recycling Grants As Ongoing					2,773,100	
124	DEQ - Aquifer Facility Permits (2 FTEs)					776,600	
125	DEQ - Offset WQARF Funding With WIFA Water Aug. Fund					15,000,000	
126	DEQ - Water Quality Feed Fund Deposit (WIFA Water Aug. Fund)					9,000,000	
127	DEQ - Iron King Mine/Humboldt Smelter Cleanup (WIFA Water Aug. Fund)					2,000,000	
128	**OEO - Governor's Office of Equal Opportunity**	311,700		311,700			317,400
129	OEO - Statewide Adjustments					5,700	
130	**COL - Arizona Exposition and State Fair Board**	23,698,700		23,698,700			19,762,800
131	COL - Statewide Adjustments					(164,500)	
132	COL - Remove One-Time Enhanced Operations Funding				(3,771,400)		
133	**FOR - Department of Forestry and Fire Management**	0		41,180,800			4,000,000
134	FOR - Northern AZ Wildland Fire Training Facility (WIFA Water Aug)					4,000,000	
135	FOR - Fire Suppression Federal Repayment		11,180,800		(11,180,800)		
136	FOR - Wildfire Suppression Funding		30,000,000		(30,000,000)		
137	**FIS - Arizona Game and Fish Department**	42,552,200		42,552,200			48,505,500
138	FIS - Statewide Adjustments					503,300	
139	FIS - Wildlife Habitat Enhancement Costs					2,300,000	
140	FIS - Wildlife & Big Game Surveys and Relocation of Wildlife					600,000	
141	FIS - Federally Listed Endangered/In Need Species Surveys					300,000	
142	FIS - Wildlife Area Operations and Property Management					1,200,000	
143	FIS - Hatcheries and Dams Operations and Maintenance					600,000	
144	FIS - Annual Outdoor Expo Costs					200,000	
145	FIS - Livestock Loss Board (Wolf Depredation)					250,000	
146	**GAM - Department of Gaming**	23,444,000		23,444,000			23,783,500

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
147	GAM - Statewide Adjustments					44,700	
148	GAM - Boxing Program Costs (Unarmed Combat Subaccount)					294,800	
149	**DHS - Department of Health Services**	63,124,900		68,445,100			74,512,900
150	DHS - Statewide Adjustments					948,700	
151	DHS - Remove One-Time FTE Costs				(5,400)		
152	DHS - Remove One-Time Alzheimer's Research Shift to Hlth Research Fund				(1,000,000)		
153	DHS - Childcare Training (3 FTEs)					159,800	
154	DHS - Add MPS II, GAMT, and Krabbe to Newborn Screening Panel					2,769,600	
155	DHS - Shift Health Facilities Licensing Costs from GF					1,635,400	
156	DHS - Health Facilities Licensing Customer Support/Community Outreach					3,933,300	
157	DHS - ASH Technology Improvements					946,600	
158	DHS - Health Care Directives Registry					2,000,000	
159	DHS - Backfill Loss of Federal $ for Child Care Licensing		1,992,000		(1,992,000)		
160	DHS - ASH Shortfall - Registry/Permanent Staff		3,328,200		(3,328,200)		
161	**HLS - Arizona Department of Homeland Security**	11,054,700		11,054,700			11,695,200
162	HLS - Statewide Adjustments					90,500	
163	HLS - Cybersecurity Support for State Agencies (4 FTEs)					Yes	
164	HLS - Assessments of Contracted Cyber Programs (2 FTEs)					Yes	
165	HLS - Multi-factor Authentication (1-Time)					550,000	
166	**HOM - Board of Homeopathic & Integrated Medicine Examiners**	61,500		61,500			64,200
167	HOM - Statewide Adjustments					2,700	
168	**DOH - Department of Housing**	388,800		388,800			360,700
169	DOH - Statewide Adjustments					(28,100)	
170	**IND - Industrial Commission**	22,138,000		22,138,000			23,213,100
171	IND - Statewide Adjustments					98,400	
172	IND - Staff Fraud Unit (10 FTEs) Originally Authorized in 2023					747,800	
173	IND - 4 FTEs for Laws 2025, Ch. 38 (Increased Unpaid Wages Cap)					228,900	
174	**DIF - Department of Insurance and Financial Institutions**	12,857,100		12,857,100			13,145,100
175	DIF - Statewide Adjustments					288,000	
176	**SPA - Judiciary - Supreme Court**	35,020,400		35,020,400			35,825,200
177	SPA - Statewide Adjustments					126,000	
178	SPA - Remove One-Time CASA Volunteer Ads/Salary Funding				(171,100)		
179	SPA - Investigate Complaints Against Fiduciaries (1 FTE)					349,900	
180	SPA - Increased Filing Fee Revenues (JCEF)					500,000	
181	**SUP - Judiciary - Superior Court**	12,015,600		12,015,600			12,014,500
182	SUP - Statewide Adjustments					(1,100)	
183	**DJC - Department of Juvenile Corrections**	13,597,700		13,597,700			13,597,800
184	DJC - Statewide Adjustments					100	
185	**LAN - State Land Department**	12,496,200		12,496,200			14,239,000
186	LAN - Statewide Adjustments					3,400	
187	LAN - Transfer Funding to New Natural Resource Conservation Board				(260,600)		
188	LAN - Trust Land Management (9 FTEs)					2,000,000	
189	**Legislature**						
190	**LEG - Auditor General**	0		355,000			0
191	LEG - DES PPCG Special Audit (Laws 2025, Ch. 93)		355,000		(355,000)		
192							
192	**LIQ - Department of Liquor Licenses & Control**	6,126,800		9,026,800			6,551,000
193	LIQ - Statewide Adjustments					324,200	
194	LIQ - Operating Expenses					100,000	
195	LIQ - Record Management System		2,900,000		(2,900,000)		
196	**LOT - Arizona State Lottery Commission**	187,408,000		187,408,000			195,451,600
197	LOT - Statewide Adjustments					(42,000)	
198	LOT - Tab Tickets				86,500		
199	LOT - Instant Ticket Sales				1,935,400		
200	LOT - On-Line Vendor Fees				845,100		
201	LOT - Retailer Commissions				5,218,600		
202	**BMT - Board of Massage Therapy**	607,700		607,700			601,200
203	BMT - Statewide Adjustments					(6,500)	
204	**MED - Arizona Medical Board**	8,424,900		8,424,900			8,472,700
205	MED - Statewide Adjustments					47,800	
206	**MIN - State Mine Inspector**	112,900		112,900			112,800
207	MIN - Statewide Adjustments					(100)	
208	**NRB - State Natural Resource Conservation Board**	0		0			260,600
209	NRB - Transfer Funding from State Land Department				260,600		
210	**NAT - Naturopathic Physicians Medical Board**	220,000		220,000			271,800
211	NAT - Statewide Adjustments					1,800	
212	NAT - One-Time Record Digitization/IT Costs					50,000	
213	**NAV - Navigable Stream Adjudication Commission**	200,000		200,000			200,000
214	**NUR - State Board of Nursing**	7,016,600		7,016,600			7,094,200

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
215	NUR - Statewide Adjustments					111,400	
216	NUR - Remove One-Time APRN Investigator FTE Costs				(12,700)		
217	NUR - Remove One-Time Senior Investigator FTE Costs				(21,100)		
218	NUR - Add 1 FTE Position					Yes	
219	**NCI - Nursing Care Inst. Administrators Board**	613,100		613,100			611,600
220	NCI - Salary Adjustments					(1,500)	
221	**OCC - Board of Occupational Therapy Examiners**	306,700		306,700			298,000
222	OCC - Statewide Adjustments					(4,700)	
223	OCC - Remove One-Time Investigator FTE Costs				(4,000)		
224	**DIS - State Board of Dispensing Opticians**	198,500		198,500			199,700
225	DIS - Statewide Adjustments					1,200	
226	**OPT - State Board of Optometry**	295,600		295,600			288,000
227	OPT - Statewide Adjustments					(7,600)	
228	**OST - AZ Board of Osteopathic Examiners in Medicine/Surgery**	1,403,100		1,403,100			1,526,100
229	OST - Statewide Adjustments					32,000	
230	OST - Salary Parity Increases With Comparable 85/15 Boards					23,000	
231	OST - Outside Medical Expert Rate Increases					68,000	
232	**SPB - Arizona State Parks Board**	21,048,300		21,048,300			22,577,800
233	SPB - Statewide Adjustments					798,200	
234	SPB - Remove One-Time Veterans Memorial State Park Feasibility Study				(500,000)		
235	SPB - Expand Family Campout Program (2 FTEs)					448,200	
236	SPB - Pay Operating Costs of ARPA-Funded Water-Related Capital Projects					541,000	
237	SPB - Pay Operating Costs of ARPA-Funded Broadband Installation Projects					242,100	
238	**PER - Personnel Board**	363,700		363,700			369,900
239	PER - Statewide Adjustments					6,200	
240	**PHA - Arizona State Board of Pharmacy**	3,568,600		3,568,600			3,804,000
241	PHA - Statewide Adjustments					92,800	
242	PHA - Remove One-Time Annual Leave Payout				(64,600)		
243	PHA - Complete Investigations in 180 Days (1 FTE)					207,200	
244	**PHY - Board of Physical Therapy Examiners**	596,000		596,000			624,400
245	PHY - Statewide Adjustments					5,200	
246	PHY - Licensing Workload (0.5 FTE)					23,200	
247	**PIO - Arizona Pioneers' Home**	8,492,100		8,492,100			9,160,800
248	PIO - Statewide Adjustments					111,600	
249	PIO - Pay Increases					557,100	
250	**POD - State Board of Podiatry Examiners**	202,700		202,700			204,200
251	POD - Statewide Adjustments					1,500	
252	**PRI - State Board for Private Postsecondary Education**	453,000		453,000			557,500
253	PRI - Statewide Adjustments					4,500	
254	PRI - Record Digitization Ongoing Project (First Year of 5 Year Project)					100,000	
255	**PSY - State Board of Psychologist Examiners**	644,800		644,800			872,600
256	PSY - Statewide Adjustments					17,200	
257	PSY - Behavior Analyst Investigator (1 FTE)					150,000	
258	PSY - Parity Salary Adjustment for Agency Leadership					35,600	
259	PSY - Increased Operating Expenses					25,000	
260	**DPS - Department of Public Safety**	80,263,000		80,263,000			91,955,200
261	DPS - Statewide Adjustments					(1,792,200)	
262	DPS - Remove One-Time Rifle Replacement				(770,000)		
263	DPS - 1-Time Aircraft Maintenance Costs (HPF)					693,000	
264	DPS - Uniform $-Raise Sworn Officers from $1k to $1.9k (HPF/Parity Fund)					1,171,400	
265	DPS - Convert North Loop Comm Network to Digital (HPF)					1,490,000	
266	DPS - Repurpose Unused Border Security Fund Monies					10,900,000	
267	**RUC - Residential Utility Consumer Office**	1,606,500		1,606,500			1,951,200
268	RUC - Statewide Adjustments					14,000	
269	RUC - Workload Due to New Corp Comm Formula Rate Policy (2.5 FTEs)					330,700	
270	**RES - Board of Respiratory Care Examiners**	426,700		426,700			420,500
271	RES - Statewide Adjustments					(6,200)	
272	**RET - Arizona State Retirement System**	28,863,400		28,863,400			28,966,100
273	RET - Statewide Adjustments					102,700	
274	**REV - Department of Revenue**	29,927,000		29,927,000			28,732,400
275	REV - Statewide Adjustments					5,400	
276	REV - Remove One-Time IT Infrastructure for Cybersecurity/IRS Issues				(1,200,000)		
277	**SOS - Secretary of State**	2,304,200		2,304,200			2,604,900
278	SOS - Statewide Adjustments					(44,600)	
279	SOS - Remove One-Time Electronic Records Repository Program				(450,000)		
280	SOS - Increased Records Storage Fees					279,300	
281	SOS - AVID Database Costs					516,000	
282	**TEC - State Board of Technical Registration**	2,646,000		2,646,000			2,735,900

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
283	TEC - Statewide Adjustments					(1,100)	
284	TEC - Investigator to Reduce Case Resolution Time to <180 Days (1 FTE)					91,000	
285	**DOT - Department of Transportation**	572,474,900		572,484,000			614,303,700
286	DOT - Statewide Adjustments					10,588,100	
287	DOT - One-Time MVD Security Systems (SHF)				(724,900)	789,100	
288	DOT - One-Time Passenger Rail Planning (Air Quality)				(200,000)	200,000	
289	DOT - ADOT Fleet Fuel Inflation Adjustment ($3.20 per Gallon) (SHF)				(3,297,900)	523,600	
290	DOT - One-Time Construction Mgmt System Replacement (SHF)				(1,885,000)	6,272,000	
291	DOT - South Mountain Highway Maintenance (SHF)				(509,300)	106,900	
292	DOT - One-Time I-17 Flex Lane Highway Maintenance (SHF)				(517,500)	813,600	
293	DOT - Technical Shift for FY 24 Salary Increase in SLIs (SHF)				Yes		
294	DOT - Maintenance Management System Replacement Phase 1 (SHF)					3,222,500	
295	DOT - Software Contract increases (SHF)					1,713,500	
296	DOT - Building Management System Upgrade (SHF)					316,000	
297	DOT - Highway Maintenance Backlog (SHF)					15,793,300	
298	DOT - Highway Maintenance - 38 New Lane Miles (SHF)					797,400	
299	DOT - Remove One-Time State Fleet Operating Costs				(5,200)		
300	DOT - State Fleet Adjustments				(6,273,900)	3,575,700	
301	DOT - One-Time State Vehicle Replacement Funding (200 in FY 26)				(4,120,000)	5,491,600	
302	DOT - Add DCS to State Fleet (8 FTES) & Replace 100 Vehicles					8,589,400	
303	DOT - License Plate Production 4% Increase (SHF)					308,600	
304	DOT - Driver's License/ID Card Production Costs (SHF)					38,600	
305	DOT - Administer Advanced Air Mobility (2 FTEs) (Laws 2025, Ch. 185)					222,600	
306	DOT - Named Claimants (Laws 2025, Ch. 59)		9,100		(9,100)		
307	**TRE - State Treasurer**	9,471,600		9,471,600			12,562,900
308	TRE - Statewide Adjustments					44,500	
309	TRE - Remove One-Time Peace Officer Training Equipment Fund Allocation				(2,953,200)		
310	TRE - Statewide Transportation Innovation Fund Deposit					2,000,000	
311	TRE - Advanced Air Mobility Fund Deposit					2,000,000	
312	TRE - Statewide Infrastructure Trust Fund Deposit					1,000,000	
313	TRE - Local Dist. - Bullhead City - Main Water Line Transmission					1,000,000	
314	**UNI - Universities**						
315	**UNI - ASU**	856,998,800		856,998,800			856,998,800
316	**UNI - Northern Arizona University**	131,836,800		131,836,800			131,836,800
317	**UNI - UA - Main Campus**	368,549,100		368,549,100			368,549,100
318	**UNI - UA - Health Sciences Center**	61,522,800		61,522,800			61,522,800
319	**VSC - Department of Veterans' Services**	60,994,800		61,012,500			60,986,900
320	VSC - Statewide Adjustments					(7,900)	
321	VSC - Named Claimants (Laws 2025, Ch. 59)		17,700		(17,700)		
322	**VME - Veterinary Medical Examining Board**	787,900		787,900			922,700
323	VME - Statewide Adjustments					25,100	
324	VME - Medical Investigator to Address Additional Complaints (1 FTE)					109,700	
325	**WIF - Water Infrastructure Finance Authority**	0		0			8,000,000
326	WIF - Local Dist. - Kingman Well Drilling (WIFA Water Aug. Fund)					3,000,000	
327	WIF - Local Dist. - Gilbert Wells Project (WIFA Water Aug. Fund)					5,000,000	
	WAT - Department of Water Resources	2,018,300		2,018,300			3,767,300
329	WAT - Statewide Adjustments					7,900	
330	WAT - Shift Prior Appropriation to Colorado River Litigation Fund					Yes	
331	WAT - Colorado River Legal Defense (WIFA Water Aug)					1,000,000	
332	WAT - Water Protection Funding (6 FTEs) (WIFA Water Aug)					741,100	
333	**OTH - Other**						
334	OTH - Unallocated FY 2025 Health Insurance Adjustments	18,448,400		18,448,400	(18,448,400)		0
335	OTH - Unallocated FY 2025 Fleet Adjustments	171,400		171,400	(171,400)		0
336	OTH - Unallocated FY 2025 Rent and COP Adjustments	13,000		13,000	(13,000)		0
337	OTH - Unallocated FY 2025 Retirement Adjustments	392,500		392,500	(392,500)		0
338	OTH - Unallocated FY 2026 Health Insurance Adjustments	0		0		4,123,600	4,123,600
339	OTH - Unallocated FY 2026 AZ360 Adjustments	0		0		(8,400)	(8,400)
340	OTH - Unallocated FY 2026 Rent and COP Adjustments	0		0		3,700	3,700
341	OTH - Unallocated FY 2026 Risk Management Adjustments	0		0		5,611,300	5,611,300
342	OTH - Unallocated FY 2026 Fleet Operating Adjustments	0		0		510,000	510,000
343	OTH - Unallocated FY 2026 Retirement Adjustments	0		0		(1,373,600)	(1,373,600)
344	OTH - Unallocated FY 2026 Law Enforcement Salary Adjustments	0		0		1,225,200	1,225,200
345	**TOTAL - OPERATING SPENDING CHANGES**	**$4,976,240,900**	**$198,743,200**	**$5,174,984,100**	**($684,075,500)**	**$487,720,900**	**$4,978,629,500**
346	**CAPITAL SPENDING CHANGES**						
347	**Building Renewal**						
348	Arizona Department of Administration	19,000,000		19,000,000		1,313,500	20,313,500
349	Arizona Exposition and State Fair Board	0		0		3,815,100	3,815,100
350	Arizona Department of Corrections	8,557,000		8,557,000	(2,692,700)		5,864,300
351	Game & Fish Department	1,795,000		1,795,000	20,700		1,815,700
352	Arizona Lottery Commission	218,200		218,200			218,200
353	State Parks Board	3,022,000		3,022,000	(3,022,000)	3,633,300	3,633,300
354	Pioneers' Home	465,000		465,000	(465,000)	470,400	470,400
355	Arizona Department of Transportation	22,540,100		22,540,100		845,200	23,385,300
356	**New Projects**						

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
357	Game & Fish - Dam Maintenance	0		0		150,000	150,000
358	Game & Fish - Hatchery Maintenance	0		0		400,000	400,000
359	Game & Fish - Property Maintenance	0		0		300,000	300,000
360	Game & Fish - State Match - Black Canyon/Fool Hollow Lakes Dam Repairs	0		0		6,850,000	6,850,000
361	Game & Fish - Hatchery Repairs at 6 Facilities	0		0		4,700,000	4,700,000
362	DHS - ASH Above Ground Isolation Valve Installation	0		0		160,000	160,000
363	DHS - ASH Anti-Ligature Renovations	0		0		695,000	695,000
364	DHS - ASH Perimeter Detection System	0		0		83,000	83,000
365	DJC - Fire Line Booster Pumps Replacement	0		0		536,600	536,600
366	DJC - Adobe Mountain School Door and Lock Replacements	0		0		303,000	303,000
367	DJC - Adobe Mountain School Kitchen Air Unit	0		0		641,000	641,000
368	Parks - Statewide Campground Improvements	4,100,000		4,100,000	(4,100,000)		0
369	Parks - Statewide Solar Shade Structures	2,233,300		2,233,300	(2,233,300)		0
370	Parks - Statewide Water Conservation Projects	1,339,000		1,339,000	(1,339,000)		0
371	Parks - Yuma Territorial Prison State Historic Park	5,945,000		5,945,000	(5,945,000)		0
372	Parks - Red Rock Historic Building Renovations	4,000,000		4,000,000	(4,000,000)		0
373	Parks - San Rafeal Historic Building Renovation	1,500,000		1,500,000	(1,500,000)		0
374	Parks - Ex-Appropriate Unfunded/Cancelled FY 2025 Parks Projects	(19,117,300)		(19,117,300)	19,117,300		0
375	Parks - Cancelled Dead Horse Amphitheater (FY 2023 Ex-Appropriation)	(210,000)		(210,000)	210,000		0
376	Parks - Cancelled Construction Svcs Relocation (FY 2023 Ex-Appropriation)	(2,000,000)		(2,000,000)	2,000,000		0
377	Parks - Cancelled Water Conservation (FY 2023 Ex-Appropriation)	(1,339,000)		(1,339,000)	1,339,000		0
378	Parks - Cancelled Smartphone App (FY 2023 Ex-Appropriation)	0	(535,600)	(535,600)	535,600		0
379	Pioneers' Home - Replace All Windows/Doors	0		0		1,515,000	1,515,000
380	ADOT - Airport Planning	25,550,000		25,550,000	18,790,700		44,340,700
381	ADOT - Controlled Access	137,319,000		137,319,000	3,995,000		141,314,000
382	ADOT - Debt Service	128,482,000		128,482,000	(9,709,000)		118,773,000
383	ADOT - Statewide Highway Construction	196,687,000		196,687,000	1,996,000		198,683,000
384	ADOT - Vehicle Fueling Stations Shortfall (10 Stations) (SHF)	9,088,200		9,088,200	(9,088,200)		0
385	ADOT - Avondale Vehicle Repair Shop Improvements (SHF)	0		0		6,951,000	6,951,000
386	ADOT - Maint. Offices (Little Antelope/Gray Mountain) (SHF)	0		0		6,861,000	6,861,000
387	ADOT - Grand Canyon Airport Terminal Renovation - State Match	0		0		850,300	850,300
388	ADOT - US 191 Pavement Rehab (Armory Rd/East Safford) - FY 23 Surplus	0	(2,500,000)	(2,500,000)	2,500,000		0
389	**TOTAL - CAPITAL SPENDING CHANGES**	**$549,174,500**	**($3,035,600)**	**$546,138,900**	**6,410,100**	**$41,073,400**	**$593,622,400**
390	**TOTAL - OPERATING & CAPITAL SPENDING**	**$5,525,415,400**	**$195,707,600**	**$5,721,123,000**	**(677,665,400)**	**$528,794,300**	**$5,572,251,900**
391	**FUND TRANSFERS**						
392	APF/DOA - Automation Projects Fund - All For IT Projects						
393	APF/DOA - ADOR IT Tax System (Local) - Delay to FY 29	7,609,500		7,609,500	(78,200)	(7,531,300)	0
394	APF/DOA - ADOA State Personnel System Replacement (IT Fund)	2,421,200		2,421,200	(2,421,200)	5,941,700	5,941,700
395	APF/DOA - ADOA A to Z Single Access to State Services (Web Portal Fund)	0		0		3,370,000	3,370,000
396	APF/DOA - ADOA Move State Agencies to State Web Portal (IT Fund)	0		0		1,750,000	1,750,000
397	APF/DOA - ADOA State Web Portal Software and Security (Web Portal Fund)	0		0		375,000	375,000
398	APF/DOA - Business One-Stop (IT Fund)	0		0	0	1,700,000	1,700,000
399	Other Fund Transfers						
400	OTH - ROC Recovery Fund to ROC Operating Fund	0		0		2,700,000	2,700,000
401	OTH - Peace Office Training Equip. Fund to School Safety Interop. Fund	0		0		2,000,000	2,000,000
402	OTH - Water Quality Fee Fund from Air Quality Fund	7,200,000		7,200,000	(7,200,000)		0
403	OTH - Correctional Industries Revolving Fund	11,491,800		11,491,800	(11,491,800)		0
404	OTH - ICA Administration Fund to General Fund	0	1,800,000	1,800,000	(1,800,000)		0
405	OTH - State Highway Fund - Interest to General Fund	18,700,000	(1,500,000)	17,200,000	(2,200,000)	500,000	15,500,000
406	OTH - State Highway Fund - VLT Transfer (ECD) to General Fund	2,000,000		2,000,000		(2,000,000)	0
407	**TOTAL - FUND TRANSFERS**	**$49,422,500**	**$300,000**	**$49,722,500**	**($25,191,200)**	**$8,805,400**	**$33,336,700**
408	**EXPENDITURE AUTHORITY CHANGES**						
409	**AXS - AHCCCS 3/**	18,102,295,900		18,102,295,900			19,421,699,300
410	AXS - Statewide Adjustments					26,300	
411	AXS - Formula Adjustments				25,230,200		
412	AXS - Valleywise - Shift from Dispro Share Program to Directed Payments				389,407,100		
413	AXS - Remove One-Time Critical Access Supplemental Pool				(7,762,400)		
414	AXS - IT Mainframe Replacement Funding				(21,911,000)	57,540,000	
415	AXS - Speech Therapy/Cochlear Implant Coverage					1,149,600	
416	AXS - Traditional Healing Services					222,857,900	
417	AXS - Graduate Medical Education					7,507,400	
418	AXS - Hospital Expenditure Authority Adjustment					637,600,000	
419	AXS - Critical Access Hospitals					7,758,300	
420	**DCS - Department of Child Safety**	598,749,400		642,536,900			645,932,900
421	DCS - Statewide Adjustments					13,101,400	
422	DCS - Formula Adjustments				3,053,200		
423	DCS - Extended Foster Care Comprehensive Service Model					2,700,000	
424	DCS - Comprehensive Health Plan Service Line Item		43,787,500		(43,787,500)	22,179,600	
425	DCS - Preventive Services Line Item					7,000,000	
426	DCS - Caseworker Line Item		7,100,000		(7,100,000)	2,000,000	
427	DCS - Congregate Care Line Item		(8,000,000)		8,000,000	(10,000,000)	
428	DCS - Extended Foster Care Line Item					1,000,000	
429	DCS - IT System (Guardian) Maintenance - Operating Budget					6,149,300	
430	DCS - Operating Lump Sum		1,500,000		(1,500,000)		
431	DCS - Child Welfare Investigations		(600,000)		600,000		
432	**DES - Department of Economic Security**	3,401,058,000		3,804,058,000			4,629,258,500
433	DES - Statewide Adjustments					3,090,100	
434	DES - Formula Adjustments				382,441,700	319,000,000	
435	DES - Administrative Pass-Through Adjustment				262,168,700	170,000,000	
436	DES - Directed Payments				91,500,000		
437	DES - DD Medicaid Program Expenses (Laws 2025, Ch. 93)		403,000,000		(403,000,000)		

		FY 2025 OF JLBC Baseline	FY 2025 Changes	FY 2025 OF Revised	FY 26 Baseline 1/ Above FY 25	FY 2026 Changes	FY 2026 OF Enacted Budget
438	**ADE - Arizona Department of Education**	1,293,641,500		1,293,641,500			1,345,678,600
439	ADE - Classroom Site Fund Recalculation					52,037,100	
440	**TOTAL - EXPENDITURE AUTHORITY CHANGES**	**$23,729,363,800**	**$113,168,500**	**$23,842,532,300**	**$677,340,000**	**$1,522,697,000**	**$26,042,569,300**

1/ This column displays an agency's FY 2026 Baseline funding compared to the final enacted FY 2025 Other Fund spending amount displayed in "FY 2025 OF Revised".

GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
EXPENDITURES				
Operating Budget				
-- Department of Administration	$8,681,400	$8,694,700	$8,694,700	$8,694,700
-- ADOA - School Facilities Division	28,170,500	28,170,500	28,170,500	25,715,900
-- Office of Administrative Hearings	926,900	925,100	925,100	925,100
-- Arizona Department of Agriculture	13,797,500	15,268,000	14,887,000	14,887,000
-- AHCCCS	2,762,740,500	2,705,237,300	2,924,022,600	3,091,261,000
-- Attorney General	26,007,800	26,106,100	26,106,100	26,106,100
-- State Board for Charter Schools	2,701,600	2,697,700	2,697,700	2,697,700
-- Department of Child Safety	439,187,400	440,512,900	440,512,900	440,512,900
-- Commerce Authority	13,050,000	13,050,000	13,050,000	13,050,000
-- Community Colleges	96,082,700	102,618,300	106,944,300	111,635,500
-- Corporation Commission	741,300	739,600	739,600	739,600
-- Department of Corrections	1,442,593,500	1,431,778,200	1,431,778,200	1,431,778,200
-- 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	23,801,400	24,066,800	24,066,800	24,066,800
-- Office of Economic Opportunity	489,600	495,400	495,400	495,400
-- Department of Economic Security	1,320,831,300	1,754,345,900	1,885,364,900	2,014,870,500
-- State Board of Education	3,322,600	3,317,200	3,317,200	3,317,200
-- Department of Education	7,577,275,400	8,202,861,100	8,354,068,100	8,660,070,400
-- Dept. of Emergency & Military Affairs	15,571,800	15,379,000	15,379,000	15,379,000
-- Department of Environmental Quality	15,000,000	15,000,000	15,000,000	15,000,000
-- State Board of Equalization	711,500	711,800	711,800	711,800
-- Board of Executive Clemency	1,348,200	1,457,300	1,457,300	1,457,300
-- Dept. of Forestry and Fire Management	43,865,400	46,407,900	46,407,900	46,407,900
-- Department of Gaming	6,204,500	6,204,500	6,204,500	6,204,500
-- Office of the Governor	8,834,800	9,300,800	9,300,800	9,300,800
-- Gov's Ofc of Strategic Planning and Budgeting	2,770,300	2,766,000	2,766,000	2,766,000
-- Department of Health Services	116,812,700	114,352,300	114,352,300	114,352,300
-- Arizona Historical Society	2,839,700	2,849,700	2,849,700	2,849,700
-- Prescott Historical Society	945,500	943,800	943,800	943,800
-- Arizona Dept. of Homeland Security	10,000,000	10,000,000	10,000,000	10,000,000
-- Industrial Commission	84,700	84,500	84,500	84,500
-- Dept. of Insurance and Financial Institutions	7,799,300	5,988,300	5,988,300	5,988,300
-- Judiciary	167,117,800	170,076,300	171,215,500	171,215,500
-- Department of Juvenile Corrections	29,149,000	29,309,100	29,309,100	29,309,100
-- State Land Department	11,929,500	11,594,800	11,594,800	11,594,800
-- Legislature				
Auditor General	25,869,000	25,822,200	25,822,200	25,822,200
House of Representatives	20,799,700	20,772,900	20,772,900	20,772,900

GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Estimate	FY 2028 Estimate
Joint Legislative Budget Committee	2,968,800	2,963,200	2,963,200	2,963,200
Legislative Council	9,073,900	9,058,700	9,058,700	9,058,700
Ombudsman	1,543,000	1,540,300	1,540,300	1,540,300
Senate	17,461,100	17,439,500	17,439,500	17,439,500
SUBTOTAL - Legislature	$77,715,500	$77,596,800	$77,596,800	$77,596,800
-- State Mine Inspector	2,232,300	2,248,500	2,248,500	2,248,500
-- State Natural Resource Conservation Board		389,400	389,400	389,400
-- Navigable Stream Adjudication Commission	133,600	133,400	133,400	133,400
-- Department of Public Safety	285,516,600	290,644,200	290,644,200	290,644,200
-- Public Safety Personnel Retirement System	6,000,000	6,000,000	5,000,000	5,000,000
-- State Real Estate Department	3,011,700	3,003,700	3,003,700	3,003,700
-- Department of Revenue	57,266,100	57,240,800	57,240,800	57,240,800
-- Secretary of State	17,663,500	13,971,600	17,971,600	17,971,600
-- Tax Appeals, State Board of	305,700	305,600	305,600	305,600
-- Office of Tourism	8,208,400	8,202,700	8,202,700	8,202,700
-- State Treasurer	4,160,700	4,639,700	4,639,700	4,639,700
-- Governor's Office on Tribal Relations	64,600	64,500	64,500	64,500
-- Universities	851,075,700	850,931,800	851,544,800	852,169,900
-- Department of Veterans' Services	11,211,800	11,395,300	11,395,300	11,395,300
-- Department of Water Resources	24,021,800	23,990,700	23,990,700	23,990,700
-- Phoenix Convention Center Payment	25,998,700	26,497,400	26,997,100	27,495,100
-- Rio Nuevo District	19,000,000	19,000,000	19,000,000	19,000,000
-- Unallocated FY 26 Statewide AZ360 Adjustment		(3,900)	(3,900)	(3,900)
-- Unallocated FY 26 Statewide Retirement Adjustment		(18,300)	(18,300)	(18,300)
-- CORP DC Retirement Increase			1,000,000	1,000,000
-- Unallocated FY 26 Salary Adjustments		156,800	156,800	156,800
Total - Operating Budget	$15,610,223,500	$16,614,952,300	$17,126,160,500	$17,732,266,500
-- Hospital Assessment Savings	(100,000,000)	(100,000,000)		
-- Capital Outlay		26,227,100		25,000,000
-- FY 25 One-Time Supplementals	239,720,000			
-- FY 25 One-Time Ex-Appropriations	(134,466,900)			
-- Transportation Funding		109,989,000	30,000,000	125,000,000
-- Operating One-Time Spending	715,302,000	1,003,033,600	252,569,400	170,736,800
-- Administrative Adjustments	84,400,000	123,500,000	145,000,000	145,000,000
-- Revertments	(170,000,000)	(206,500,000)	(200,000,000)	(200,000,000)
Total Spending	$16,245,178,600	$17,571,202,000	$17,353,729,900	$17,998,003,300

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 chart.

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Enacted	FY 2028 Enacted
Operating				
Acupuncture Board - Operating Costs (Supplemental)	15,000			
ADOA - School District Actuarial Study to Expand HITF	250,000			
ADOA - Critical Applications Catalogue	500,000			
ADOA - Capitol Mall Fiber Upgrades	325,000			
ADOA - Risk Management Claim Adj. (Supplemental)	8,900,000			
ADOA - Named Claimants (Laws 2025, Ch. 59)	65,300			
ADOA - State Personnel IT System Software Transition		1,911,800		
ADOA - Records Mgmt System/Real-Time Data Sharing		500,000		
ADOA - State Employee Child Care Study		100,000		
ADOA - State FTE Professional Devolpment/Univ. Partnership		1,000,000		
APF - ADOA Personnel System Replacement	6,841,200	5,941,700		
APF - DOR Integrated Tax System	19,456,800			
APF - AHCCCS IT Mainframe Replacement	3,396,000	1,800,000		
APF - ADOA Move More Agencies to State Web Portal Platform		1,750,000		
APF - ADOA A to Z Single Access to State Services Replacement		3,370,000		
APF - ADOA State Web Portal Software and Security Upgrades		375,000		
APF - Real Estate IT Software Update		1,962,000		
APF - ADOA Business One-Stop		1,700,000		
Agriculture - Nuclear Emergency Management	308,600	347,100	352,900	
Agriculture - Water and Innovation Fund Deposit		2,000,000		
AHCCCS - Contracted Legal Costs for Sober Living Homes		1,375,000		
AHCCCS - Secure Behavioral Health Residential Facilities		5,000,000		
AHCCCS - Prescription Drug Rebate Fund Offset		50,000,000		
Attorney General - Veterans Substance Abuse Treatment Grants	5,000,000			
Attorney General - Opioid Remediation (DEMA)	3,000,000			
Attorney General - Opioid Remediation (DHS)	1,000,000			
Attorney General - Opioid Remediation - Coordinated Re-Entry		10,000,000		
Barbering/Cosmetology - IT Development (Laws 2024, Ch. 250)	200,000	200,000		
Behavioral Health Examiners - Increased Licensing Workload	36,300			
Behavioral Health Examiners - E-Licensing Transition Consultant		20,400		
Behavioral Health Examiners - Office Space Reorganization		187,900		
ADC - Food Contract Increase	12,648,300			
ADC - Food Contract Increase (Supplemental)	76,000			
ADC - Correctional Information System Improvements		2,000,000		
ADC - New Cloud and Data Warehouse Systems		165,900		
ADC - Kitchen Equipment Replacement		1,535,300		
ACJC - Law Enforcement Crime Victim Notification Fund		2,594,800		
Deaf & Hard of Hearing - Website Security Upgrades	200,000			
Deaf & Hard of Hearing - Named Claimants (Laws 2025, Ch. 59)	3,800			
Dental Examiners - Annual Leave Payout	9,300			
DES - Child Care Assistance	131,000,000			
DES - DD Medicaid Program Expenses (Laws 2025, Ch. 93)	109,200,300			
DES - Cost Effectiveness Study Client Services (Laws 2025, Ch. 93)	13,100,000			
DES - Child Care to Maintain Services		81,080,500		
ADE - Operating Costs (Supplementl)	2,000,000			
ADE - Assessment Contract Increase		5,000,000	5,000,000	
DEMA - Nuclear Emergency Management Fund	2,176,000	2,320,900	2,408,500	
DEMA - Assist Local Law Enforcement Fentanyl Interdiction		3,000,000		
DEMA - Evacuation Protocols Awareness Campaign		300,000		
DEQ - Voluntary Vehicle Repair/Retrofit Program Fund	2,900,000			
DEQ - Solid Waste Program Shortfall	950,000			
DEQ - Clean Air State Plan/Diesel State Match/Air Emission Data		1,170,100		
DEQ - Offset WQARF Funding With WIFA Water Aug. Fund		15,000,000		
DEQ - Water Quality Feed Fund Deposit		9,000,000		
DEQ - Iron King Mine/Humboldt Smelter Cleanup		2,000,000		
Forestry - Fire Suppression Federal Repayment (Supplemental)	11,180,800			
Forestry - Wildfire Suppression Funding (Supplemental)	30,000,000			
Forestry - Northern AZ Wildland Fire Training Facility		4,000,000		
Game and Fish - Livestock Loss Board (Wold Depredation)		250,000		
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			
DHS - Backfill Loss of Federal $ for Child Care Licensing	1,992,000			
DHS - ASH Shortfall - Registry/Permanent Staff	3,328,200			

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Enacted	FY 2028 Enacted
DHS - ASH Technology Improvements		946,600		
DHS - Health Care Directives Registry		2,000,000		
Homeland Security - Multi-factor Authentication		550,000		
Exposition and State Fair Board - Enhanced Operations	3,771,400			
Judiciary - Supreme Court - CASA Volunteer Ads/Salaries	171,100			
DJC - Operating Budget Shift to Land Trust Fund	800,000	800,000		
DJC - Operating Budget Shift to CJEF	100,000	100,000		
Leg - Auditor General - PPCG Special Audit (Laws 2025, Ch. 93)	355,000			
Liquor - Record Management System (Supplemental)	2,900,000			
Liquor - Operating Funding		100,000		
Naturopathic Board - One-Time Record Digitization/IT Costs		50,000		
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			
Parks - Veterans Memorial State Park Feasibility Study	500,000			
Parks - Family Campout Program Expenses		231,000		
Pharmacy - Annual Leave Payout	64,600			
Pharmacy - Complete Investigations in 180 Days (FTE Costs)		60,100		
Private Postsecondary - Record Digitization Project (FY26-30)		100,000	100,000	100,000
DPS - Rifle Replacement	770,000			
DPS - Aircraft Maintenance Costs		693,000		
DPS - Convert North Loop Comm Network to Digital		1,300,000		
DPS - Repurpose Unused Border Security Fund Monies		10,900,000	10,900,000	
DOR - IT Infrastructure for Cybersecurity and IRS Issues	1,200,000			
SOS - Electronic Records Repository Program	450,000			
ADOT - Named Claimants (Laws 2025, Ch. 59)	9,100			
ADOT - One-Time Vehicle Purchases	4,120,000	8,101,600		
ADOT - MVD Security Modernization	724,900	789,100		
ADOT - Passenger Rail Service Costs	200,000	200,000		
ADOT - ADOT Fleet Fuel Inflation Adjustment	3,297,900			
ADOT - State Fleet Operating Adjustments	6,273,900			
ADOT - State Fleet Operations Costs	5,200			
ADOT - Construction Management System Replacement	1,885,000	6,272,000		
ADOT - South Mountain Highway Maintenance	509,300			
ADOT - I-17 Flex Lane Highway Maintenance	517,500	813,600		
ADOT - Maintenance Management System Replacement		3,222,500		
ADOT - Building Management System Upgrade		238,000		
State Treasurer - Peace Officer Training Equip Fund Allocation	2,953,200			
State Treasurer - Statewide Transp. Innovation Fund Deposit		2,000,000		
State Treasurer - Advanced Air Mobility Fund Deposit		2,000,000		
State Treasurer - Statewide Infrastructure Trust Fund Deposit		1,000,000		
State Treasurer - Bullhead City - Main Water Line Transmission		1,000,000		
WIFA - Kingman Well Drilling		3,000,000		
WIFA - Gilbert Wells Project		5,000,000		
DWR - Colorado River Legal Defense		1,000,000		
Veterans - Named Claimants (Laws 2025, Ch. 59)	17,700			
Subtotal - Operating Funding	**404,697,900**	**273,425,900**	**18,761,400**	**100,000**
Capital Outlay				
ADOA - Building Renewal	19,000,000	20,313,500		
State Fair - Building Renewal		3,815,100		
ADC - Building Renewal	8,557,000	5,864,300		
Game and Fish - Building Renewal	1,795,000	1,815,700		
Lottery - Building Renewal	218,200	218,200		
Parks - Building Renewal	3,022,000	3,633,300		
Pioneers' Home - Building Renewal	465,000	470,400		
ADOT - Building Renewal	22,540,100	23,835,300		
Game and Fish - Dam Maintenance		150,000		
Game and Fish - Hatchery Maintenance		400,000		
Game and Fish - Property Maintenance		300,000		
Game and Fish - Black Canyon/Fool Hollow Lakes Dam Repairs		6,850,000		
Game and Fish - Hatchery Repairs at 6 Facilities		4,700,000		
DHS - ASH Above Ground Isolation Valve Installation		160,000		
DHS - ASH Anti-Ligature Renovations		695,000		
DHS - ASH Perimeter Detection System		83,000		

SUMMARY OF ONE-TIME OTHER FUND ADJUSTMENTS

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Enacted	FY 2028 Enacted
DJC - Fire Line Booster Pumps Replacement		536,600		
DJC - Adobe Mountain School Door and Lock Replacements		303,000		
DJC - Adobe Mountain School Kitchen Air Unit		641,000		
Parks - Statewide Campground Improvements	4,100,000			
Parks - Statewide Solar Shade Structures	2,233,300			
Parks - Statewide Water Conservation Projects	1,339,000			
Parks - Yuma Territorial Prison Historic Renovations	5,945,000			
Parks - Red Rock Historic Building Renovations	4,000,000			
Parks - San Rafael Historic Building Renovations	1,500,000			
Parks - Unfunded/Cancelled FY 2025 Projects	(19,117,300)			
Parks - Unfunded/Cancelled FY 2023 Projects	(4,144,600)			
Pioneers' Home - Replace All Windows/Doors		1,515,000		
ADOT - Airport Planning	25,550,000	44,340,700		
ADOT - Controlled Access	137,319,000	141,314,000		
ADOT - Debt Service	128,482,000	118,773,000		
ADOT - Statewide Highway Construction	196,687,000	198,683,000		
ADOT - Vehicle Fueling Stations Shortfall	9,088,200			
ADOT - Avondale Vehicle Repair Shop Improvements		6,951,000		
ADOT - Maint. Offices (Little Antelope/Gray Mountain)		6,861,000		
ADOT - Grand Canyon Airport Terminal Renovation		850,300		
Subtotal - Capital Outlay	**548,578,900**	**594,072,400**	-	-
Total - One-Time Spending	**953,276,800**	**867,498,300**	**18,761,400**	**100,000**

CROSSWALK OF FY 2026 GENERAL APPROPRIATIONS ACT TO APPROPRIATIONS REPORT TOTALS
GENERAL FUND 1/

	GF General Appropriation Act - Individual Agency 2/	GF HITF Reduction 3/	GF HITF Increase 3/	GF Fleet Operating Adjustment 3/	GF Fleet Replacement Adjustment 3/	GF Retirement Adjustment 3/	GF Rent/COP Adjustment 3/	GF Risk Management Adjustment 3/	GF AZ360 Adjustment 3/	GF Selected Staff Salary Adjustment 3/	GF Total Statewide Adjustments	GF FY 2026 Additional Appropriations 4/	GF Prior Year/ Statutory Appropriations 5/	GF FY 2026 Approps Report Total
Budget Units														
Administration, Arizona Department of	21,145,200	(495,200)	698,100	4,800		(23,900)	9,400	70,100	(900)		262,400			21,407,600
Administration, Arizona Department of Automation Projects Fund	3,762,000										-			3,762,000
Administration, Arizona Department of - School Facilities Division	307,878,400										-		45,077,100	352,955,500
Administrative Hearings, Office of	970,000	(43,100)	60,100			(1,700)	(100)				15,200			985,200
Agriculture, Arizona Department of	15,758,100	(505,000)	791,400	190,700		(20,800)	6,600	(5,900)	(1,700)	30,800	486,100			16,244,200
AHCCCS	2,611,707,100	(1,837,400)	2,707,900	67,500	1,096,100	(63,900)		23,800	(48,500)		1,945,500			2,613,652,600
Arts, Arizona Commission on the	2,000,000										-			2,000,000
Attorney General - Department of Law	27,007,700	(946,800)	860,600	205,500	520,000	(43,000)			(1,500)	4,700	599,500		85,000	27,692,200
Charter Schools, State Board for	2,749,300	(47,700)	111,600			(4,000)	100	1,800			61,800			2,811,100
Child Safety, Department of	479,882,000	(902,100)	2,518,600	4,068,100		(222,100)	226,800	3,378,900	(179,200)		8,889,000			488,771,000
Commerce Authority, Arizona	15,175,000										-			15,175,000
Community Colleges, Arizona 1/	95,438,200										-		8,430,100	103,868,300
Corporation Commission	789,000	(47,700)	53,100			(1,400)	(200)		(100)		3,700			792,700
Corrections, State Department of	1,558,275,500	(40,556,400)	49,610,200			(1,494,700)		8,110,300	(62,900)	231,200	15,837,700			1,574,113,200
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	25,391,300	(1,196,900)	1,254,700	223,600		(29,400)			1,800		253,800			25,645,100
Economic Opportunity, Office of	4,007,100	(17,500)	25,100			(900)	6,500	11,400	200		24,800			4,031,900
Economic Security, Department of	1,885,908,000	(3,749,800)	6,470,900			(356,500)	284,800	1,400	125,000	4,400	2,780,200			1,888,688,200
Education, State Board of	3,342,400	(19,800)	145,600			(5,400)	200		(200)		120,400			3,462,800
Education, Department of	7,486,526,500	(448,300)	926,100	(20,000)		(35,500)	13,000	(1,600)	(2,300)		431,400		800,727,700	8,287,685,600
Emergency and Military Affairs, Department of	11,972,500	(168,500)	263,500	326,500	436,300	(12,200)		(212,400)	(2,800)		630,400		4,090,000	16,692,900
Equalization, State Board of	724,400	(12,900)	22,800			(800)	1,100	100			10,300			734,700
Executive Clemency, Board of	1,489,000	(29,400)	31,400			(2,100)		(100)	(200)		(400)			1,488,600
Forestry and Fire Management, Arizona Department of	42,471,600	(340,900)	842,200	(77,700)		(29,200)	2,500		600	303,300	700,800		4,000,000	47,172,400
Gaming, Department of	10,104,500										-			10,104,500
Governor, Office of the	9,746,800	(162,000)	353,800	1,100		(15,700)	481,500	(11,000)	200		647,900			10,394,700
Governor's Office of Strategic Planning and Budgeting	2,852,500	(82,200)	88,500			(4,700)	400				2,000			2,854,500
Health Services, Department of	126,631,700	(3,355,800)	4,496,000	122,500		(152,100)	135,400	(302,700)	(3,700)		939,600			127,571,300
Historical Society, Arizona	4,057,800	(122,600)	168,200	(1,900)		(3,500)		18,400	(2,900)		55,700			4,113,500
Historical Society, Prescott	1,495,300	(49,800)	46,000			(1,700)		84,500			79,000			1,574,300
Homeland Security, Department of	10,107,800	-									-			10,107,800
Industrial Commission of AZ	84,700	-	5,600			(100)			(100)		5,400			90,100
Insurance and Financial Institutions, Department of	6,212,000	(252,600)	340,300	(8,400)		(12,600)	3,800	(500)	(2,100)	39,800	107,700			6,319,700
Judiciary											-			
Supreme Court	30,455,300	(1,240,800)	2,126,000			(23,300)		10,100	(1,700)		870,300			31,325,600
Court of Appeals	25,005,400	(577,800)	890,100			(10,900)		2,000	(100)		303,300			25,308,700
Superior Court	117,025,800					294,400		(102,900)			191,500			117,217,300
SUBTOTAL - Judiciary	172,486,500	(1,818,600)	3,016,100	-	-	260,200	-	(90,800)	(1,800)	-	1,365,100	-	-	173,851,600
Juvenile Corrections, Department of	30,521,100	(1,568,200)	1,739,000	25,600	370,000	(9,800)	3,400	(2,300)	(3,200)	8,000	562,500			31,083,600
Land Department, State	12,078,300	(481,800)	620,000			(20,300)	18,600	(14,900)			121,600			12,199,900
Legislature														
Auditor General	32,022,700	(853,700)	885,100			(46,700)		1,700	(100)		(13,700)			32,009,000
House of Representatives	22,315,600	(765,900)	1,026,600			(26,300)		(4,200)	(500)		229,700			22,545,300
Joint Legislative Budget Committee	3,055,800	(87,000)	108,300			(5,600)		(500)			15,200			3,071,000
Legislative Council	9,275,700	(201,800)	359,600			(14,900)		4,100	(300)		146,700			9,422,400
Ombudsmen-Citizens Aide Office	1,578,400	(35,400)	68,600			(2,600)			(100)		30,500			1,608,900
Senate	18,750,200	(539,100)	703,100			(20,900)		(78,300)	(700)		64,100			18,814,300
SUBTOTAL - Legislature	86,998,400	(2,482,900)	3,151,300	-	-	(117,000)	-	(77,200)	(1,700)	-	472,500	-	-	87,470,900
Mine Inspector, State	2,299,300	(47,700)	90,100	91,500		(3,000)	300	1,300	(400)		132,100			2,431,400
Natural Resource Conservation Board, State	739,400										-			739,400
Navigable Stream Adjudication Commission	140,500	(6,900)	10,500			(200)					3,400			143,900
Nursing, State Board of	500,000										-			500,000
Parks Board, Arizona State	2,500,000										-			2,500,000
Public Safety, Department of	296,200,000	(2,421,700)	12,962,700			182,300	200	2,580,400	(18,900)	4,175,800	17,460,800			313,660,800
Public Safety Personnel Retirement System	-	-									-		6,000,000	6,000,000
Real Estate Department, State	3,111,800	(105,200)	117,900	(2,300)		(4,800)	2,200		(300)		7,500			3,119,300
Revenue, Department of	60,177,700	(2,387,100)	3,251,100	(2,000)		(66,100)		(118,100)	15,100	1,200	694,100			60,871,800
Secretary of State	22,493,900	(430,400)	499,600			(17,800)	326,900	(14,100)	(1,000)		363,200			22,857,100
Tax Appeals, State Board of	318,600	(12,900)	13,700			(500)	400				700			319,300
Tourism, Office of	8,825,000	(116,600)	-			(5,700)					(122,300)			8,702,700
Transportation, Department of	500,000	-									-			500,000
Treasurer, State	41,234,700										-		1,500,000	42,734,700
Tribal Relations, Governor's Office on	67,100	(2,500)	2,400			(100)	100		(100)		(200)			66,900
Universities											-			
Board of Regents	71,176,000	(59,100)	65,500			(3,900)	(2,000)	206,400	(300)		206,600			71,382,600
Arizona State University	361,178,200	(31,428,600)	54,290,400			(410,900)		2,021,500			24,472,400		27,020,600	412,671,200
Northern Arizona University	114,267,500	(1,597,100)	1,076,500			(110,300)		1,044,400			413,500		10,026,700	124,707,700
University of Arizona - Main Campus	259,899,800	(38,840,200)	39,501,100			(213,300)		3,269,800			3,717,400		26,250,300	289,867,500
University of Arizona - Health Sciences Center	75,978,400										-			75,978,400
SUBTOTAL - Universities	882,499,900	(71,925,000)	94,933,500	-	-	(738,400)	(2,000)	6,542,100	(300)	-	28,809,900	-	63,297,600	974,607,400
Veterans' Services, Department of	12,499,100	(205,700)	418,600	(9,200)		(15,800)	119,500	10,000	(1,800)		315,600			12,814,700
Water Infrastructure Finance Authority	750,000										-			750,000
Water Resources, Department of	24,618,200	(596,400)	1,070,100			(39,700)	9,300	16,700	(700)		459,300			25,077,500
OPERATING BUDGET TOTAL	16,430,140,000	(140,000,000)	194,788,900	5,205,900	2,422,400	(3,134,600)	1,650,700	19,999,600	(196,400)	4,799,200	85,535,700	-	933,207,500	17,471,216,800
Remove One-Time Health Insurance Adjustments	(140,000,000)	140,000,000									140,000,000			-
FY 2026 Unallocated Health Insurance Adjustments	194,941,000		(194,788,900)								(194,788,900)			152,100
FY 2026 Unallocated Fleet Operating Adjustments	5,331,500			(5,205,900)							(5,205,900)			125,600
FY 2026 Unallocated Fleet Replacement Adjustments	3,281,400				(2,422,400)						(2,422,400)			859,000
FY 2026 Unallocated Retirement Adjustments	(3,152,900)					3,134,600					3,134,600			(18,300)
FY 2026 Unallocated Rent and COP Adjustments	1,650,700						(1,650,700)				(1,650,700)			-
FY 2026 Unallocated Risk Management Adjustments	20,000,000							(19,999,600)			(19,999,600)			400
FY 2026 Unallocated AZ360 Adjustments	(200,300)								196,400		196,400			(3,900)

	GF General Appropriation Act - Individual Agency 2/	GF HITF Reduction 3/	GF HITF Increase 3/	GF Fleet Operating Adjustment 3/	GF Fleet Replacement Adjustment 3/	GF Retirement Adjustment 3/	GF Rent/COP Adjustment 3/	GF Risk Management Adjustment 3/	GF AZ360 Adjustment 3/	GF Selected Staff Salary Adjustment 3/	GF Total Statewide Adjustments	GF FY 2026 Additional Appropriations 4/	GF Prior Year/ Statutory Appropriations 5/	GF FY 2026 Approps Report Total
FY 2026 Unallocated Salary Adjustments	4,956,000									(4,799,200)	(4,799,200)			156,800
Capital Outlay - Phoenix Convention Center Debt Service	26,497,400										-			26,497,400
Capital Outlay - Rio Nuevo District 3/	19,000,000										-			19,000,000
Capital Outlay	136,216,100										-			136,216,100
Administrative Adjustments	123,500,000										-			123,500,000
Revertments	(206,500,000)										-			(206,500,000)
GRAND TOTAL	16,615,660,900	-	-	-	-	-	-	-	-	-	-	-	933,207,500	17,571,202,000

1/ This chart provides a crosswalk between an agency's appropriation in the FY 2026 General Appropriations Act (Laws 2025, Chapter 233) and the individual agency amount as it appears in the FY 2026 Appropriations Report.
2/ Represents individual agency section of the FY 2026 General Appropriations Act and other direct appropriations in the General Appropriations Act.
3/ Section 132 of the FY 2026 General Appropriations Act appropriates statewide adjustments from the General Fund.
4/ Appropriations separate from the FY 2026 General Appropriation Act. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.
5/ Represents ongoing statutory appropriations or appropriations. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

CROSSWALK OF FY 2026 GENERAL APPROPRIATIONS 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 Fleet Operating Adjustment 3/	OF Fleet Replacement Adjustment 3/	OF Retirement Adjustment 3/	OF Rent/COP Adjustment 3/	OF Risk Management Adjustment 3/	OF AZ360 Adjustment 3/	OF Selected Staff Salary Adjustment 3/	OF Total Statewide Adjustments	OF FY 2026 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2026 Approps Report Total
Accountancy, State Board of														
Board of Accountancy Fund	2,258,100	(73,700)	75,200			(2,900)	1,400	(400)	(300)		(700)			2,257,400
Acupuncture Board of Examiners														
Acupuncture Board of Examiners Fund	199,700	(800)	18,600			(300)	(100)		(100)		17,300			217,000
Administration, Arizona Department of														
Air Quality Fund	929,900			400							400			930,300
Arizona Financial Information System Collections Fund	12,098,300	(147,400)	165,700			(6,900)		24,600	(100)		35,900			12,134,200
Automation Operations Fund	29,840,500	(219,900)	277,000	16,800		(10,600)		47,800	(11,200)		99,900			29,940,400
Capital Outlay Stabilization Fund	21,137,300	(315,300)	274,800	7,200		(12,000)	300	78,400	(5,000)		28,400			21,165,700
Corrections Fund	629,400	(9,800)	19,000			(1,000)		2,500			10,700			640,100
Cyber Risk Management Fund	23,037,200										-			23,037,200
Federal Surplus Materials Revolving Fund	473,500	(2,900)	2,400	700		(100)					100			473,600
Information Technology Fund	6,174,300	(34,600)	76,100	200		(4,100)		9,600	(100)		47,100			6,221,400
Peace Officer Training Equipment Fund	500,000										-			500,000
Personnel Division Fund	18,610,600	(305,500)	371,400	7,500		(16,300)		72,900	(500)		129,500			18,740,100
Risk Management Revolving Fund	145,634,000	(196,200)	276,100	4,800		(9,200)		37,100	(5,800)		106,800			145,740,800
Special Employee Health Insurance Trust Fund	5,715,200	(138,300)	157,800	3,300		(8,800)		29,600	(12,700)		30,900			5,746,100
Special Services Revolving Fund	1,255,700	(39,400)	81,800				(9,800)	14,900	(400)		47,100			1,302,800
State Surplus Materials Revolving Fund	3,211,500	(35,000)	51,700			(1,100)	(17,300)	6,600	(200)		4,700			3,216,200
State Web Portal Fund	8,854,700	(120,400)	171,200	3,300	89,000	(7,900)		23,000	(300)		157,900			9,012,600
Telecommunications Fund	2,079,600	(51,800)	66,100	1,000		(2,500)		7,200	(100)		19,900			2,099,500
Total - Arizona Department of Administration	280,181,700	(1,616,500)	1,991,100	45,200	89,000	(80,500)	(26,800)	354,200	(36,400)	-	719,300	-	-	280,901,000
Administration, Arizona Department of - Automation Projects Fund														
Automation Projects Fund	16,898,700										-			16,898,700
Agriculture, Arizona Department of														
Air Quality Fund	1,615,700	(82,200)	99,600			(2,100)		(600)	(100)		14,600			1,630,300
Long-Term Water Augmentation Fund	2,000,000										-			2,000,000
Nuclear Emergency Management Fund											-	347,100		347,100
Total - Arizona Department of Agriculture	3,615,700	(82,200)	99,600	-	-	(2,100)	-	(600)	(100)	-	14,600	347,100	-	3,977,400
AHCCCS														
Budget Neutrality Compliance Fund	5,112,300										-			5,112,300
Children's Health Insurance Program Fund	194,417,200	(54,100)	88,700			(2,800)		1,100	(5,300)		27,600			194,444,800
IGA and ISA Fund	3,200,000										-			3,200,000
Prescription Drug Rebate Fund - State	341,207,200	(1,500)	2,300			(100)					700			341,207,900
Seriously Mentally Ill Housing Trust Fund	2,017,700										-			2,017,700
Substance Abuse Services Fund	2,250,200										-			2,250,200
Tobacco Products Tax Fund - Emergency Health Services Account	15,400,000										-			15,400,000
Tobacco Tax and Health Care Fund - Medically Needy Account	57,545,600										-			57,545,600
Total - AHCCCS	621,150,200	(55,600)	91,000	-	-	(2,900)	-	1,100	(5,300)	-	28,300	-	-	621,178,500
Athletic Training, Board of														
Athletic Training Fund	167,800	(6,900)	5,500			(200)			(200)		(1,800)			166,000
Attorney General - Department of Law														
Antitrust Enforcement Revolving Fund	162,300	(4,600)	5,400			(200)					600			162,900
Attorney General Legal Services Cost Allocation Fund	2,343,200	(82,200)	81,600			(3,600)			(100)		(4,300)			2,338,900
Collection Enforcement Revolving Fund	7,339,500	(317,800)	338,700			(10,000)			(2,500)	24,200	32,600			7,372,100
Consumer Protection-Consumer Fraud Rev. Fund	15,425,100	(174,100)	1,579,200			(19,200)			(900)	99,300	1,484,300			16,909,400
Consumer Restitution and Remediation Revolving Fund - Consumer Remediation Subaccount	50,000,000										-			50,000,000
Interagency Service Agreements Fund	18,246,300	(580,700)	-			(28,400)			(1,600)		(610,700)			17,635,600
Internet Crimes Against Children Enforcement Fund	900,000	-									-			900,000
Risk Management Revolving Fund	13,266,600	(389,000)	-			(22,000)			(300)		(411,300)			12,855,300
Victims' Rights Fund	3,815,400	(8,500)	4,900			(200)			(200)		(4,000)			3,811,400
Total - Attorney General - Department of Law	111,498,400	(1,556,900)	2,009,800	-	-	(83,600)	-	-	(5,600)	123,500	487,200	-	-	111,985,600
Barbering and Cosmetology Board														
Barbering and Cosmetology Fund	3,030,900	(121,600)	121,600			(4,200)		1,600	(1,000)		(3,600)	200,000		3,227,300
Behavioral Health Examiners, Board of														
Board of Behavioral Health Examiners Fund	2,929,400	(59,500)	109,700			(4,100)		300	(600)		45,800			2,975,200
Child Safety, Department of														
Child Abuse Prevention Fund	1,459,300										-			1,459,300
Child Welfare Licensing Fee Fund	1,021,600	-	47,800			(2,000)					45,800			1,067,400
Children and Family Services Training Program Fund	207,500										-			207,500
Federal Child Care and Development Fund Block Grant	40,516,000										-			40,516,000
Federal Temporary Assistance for Needy Families Block Grant	161,076,300					(90,800)					(90,800)			160,985,500
Total - Department of Child Safety	204,280,700	-	47,800	-	-	(92,800)	-	-	-	-	(45,000)	-	-	204,235,700
Chiropractic Examiners, State Board of														
Board of Chiropractic Examiners Fund	643,700	(16,000)	29,300			(900)	4,300		200		16,900			660,600
Contractors, Registrar of														
Registrar of Contractors Fund	13,925,600	(426,900)	540,200	34,500	393,900	(17,100)	(119,000)	(1,600)	(1,400)		402,600			14,328,200
Corporation Commission														
Arizona Arts Trust Fund	60,000	(5,400)	2,700			(100)					(2,800)			57,200
Investment Management Regulatory and Enforcement Fund	1,329,700	(37,300)	80,800			(2,500)	(300)				40,700			1,370,400
Public Access Fund	8,121,600	(263,600)	344,300			(12,800)	(1,800)	47,600	(200)		113,500			8,235,100
Securities Regulatory and Enforcement Fund	7,345,800	(218,200)	294,000			(10,800)	(1,700)	71,400	(200)	9,300	143,800			7,489,600
Utility Regulation Revolving Fund	20,717,300	(514,500)	731,000	(26,500)	452,200	(26,900)	(4,200)	251,800	(400)		862,500			21,579,800
Total - Corporation Commission	37,574,400	(1,039,000)	1,452,800	(26,500)	452,200	(53,100)	(8,000)	370,800	(800)	9,300	1,157,700	-	-	38,732,100
Corrections, State Department of														
Alcohol Abuse Treatment Fund	555,800										-			555,800
Corrections Fund	35,787,600										-			35,787,600
Inmate Store Proceeds Fund	4,084,900	(7,700)	228,200						(6,000)		214,500			4,299,400
Penitentiary Land Fund	3,466,000	(13,100)	19,900			(700)			(100)		6,000			3,472,000
Prison Construction and Operations Fund	12,500,100										-			12,500,100

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Increase 3/	OF Fleet Operating Adjustment 3/	OF Fleet Replacement Adjustment 3/	OF Retirement Adjustment 3/	OF Rent/COP Adjustment 3/	OF Risk Management Adjustment 3/	OF AZ360 Adjustment 3/	OF Selected Staff Salary Adjustment 3/	OF Total Statewide Adjustments	OF FY 2026 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2026 Approps Report Total
State Charitable, Penal and Reformatory														
Institutions Land Fund	3,733,100										-			3,733,100
State Education Fund for Correctional														
Education	736,400	(31,700)	100			(1,600)					(33,200)			703,200
Transition Program Fund	2,400,300										-			2,400,300
Total - State Department of Corrections	63,264,200	(52,500)	248,200	-	-	(2,300)	-	-	(6,100)	-	187,300	-	-	63,451,500
Criminal Justice Commission, Arizona														
Criminal Justice Enhancement Fund	742,200	(19,800)	26,900		50,000	(1,000)	4,400	(500)	(100)		59,900			802,100
Drug and Gang Prevention Resource Center Fund	647,100					(500)					(500)			646,600
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	6,850,600	(16,000)	5,400			(600)		(500)	(200)		(11,900)			6,838,700
Total - Arizona Criminal Justice Commission	9,913,600	(35,800)	32,300	-	50,000	(2,100)	4,400	(1,000)	(300)	-	47,500	-	-	9,961,100
Deaf and the Blind, Arizona Schools for the														
Cooperative Services Fund	19,131,000	(981,200)	948,700					3,900	600		(28,000)			19,103,000
Schools for the Deaf and the Blind Fund	14,142,800	(625,500)	660,200			(24,600)		3,200	400		13,700			14,156,500
Total - Arizona State Schools for the Deaf and the Blind	33,273,800	(1,606,700)	1,608,900	-	-	(24,600)	-	7,100	1,000	-	(14,300)	-	-	33,259,500
Deaf and the Hard of Hearing, Comm. for the														
Telecommunication Fund for the Deaf	5,005,800	(67,500)	110,200			(6,200)	2,800	1,300	(600)		40,000			5,045,800
Dental Examiners, State Board of														
Dental Board Fund	2,120,500	(51,000)	84,600			(2,500)		(100)	(600)		30,400			2,150,900
Economic Security, Department of														
Child Support Enforcement Administration														
Fund	17,678,400					(62,800)					(62,800)			17,615,600
Domestic Violence Services Fund	4,000,300										-			4,000,300
Federal Child Care and Development Fund														
Block Grant	281,108,400					(33,000)					(33,000)			281,075,400
Federal Temporary Assistance for Needy														
Families Block Grant	66,588,900					(27,800)					(27,800)			66,561,100
Long Term Care System Fund	34,971,600					(300)					(300)			34,971,300
Public Assistance Collections Fund	441,800										-			441,800
Special Administration Fund	4,654,600	(38,700)	26,900			(3,400)			6,000		(9,200)			4,645,400
Spinal and Head Injuries Trust Fund	2,390,200	(22,700)	10,100			(600)			8,400		(4,800)			2,385,400
Statewide Cost Allocation Plan Fund	1,000,000										-			1,000,000
Workforce Investment Act Grant	87,116,200					(7,000)					(7,000)			87,109,200
Total - Department of Economic Security	499,950,400	(61,400)	37,000	-	-	(134,900)	-	-	14,400	-	(144,900)	-	-	499,805,500
Education, Department of														
Department of Education Empowerment														
Scholarship Account Fund	359,000					(100)					(100)			358,900
Education Sales Tax - Accountability	7,000,000										-			7,000,000
Permanent State School Fund	72,263,000										-			72,263,000
Special Education Fund	5,000,000										-			5,000,000
Teacher Certification Fund	2,547,000	(86,800)	103,400			(2,600)		(100)	(200)		13,700			2,560,700
Tribal College Dual Enrollment Program Fund	325,000										-			325,000
Total - Department of Education	87,494,000	(86,800)	103,400	-	-	(2,700)	-	(100)	(200)	-	13,600	-	-	87,507,600
Emergency and Military Affairs, Department of														
Nuclear Emergency Management Fund	-	-									-	2,320,900		2,320,900
Border Security Fund	3,000,000										-			3,000,000
Long-Term Water Augmentation Fund	300,000										-			300,000
Total - Department of Emergency and Military Affairs	3,300,000	-	-	-	-	-	-	-	-	-	-	2,320,900	-	5,620,900
Environmental Quality, Department of														
Air Quality Fund	7,477,300	-	352,600			(7,800)			(1,800)		343,000			7,820,300
Emergency Response Fund	132,800										-			132,800
Emissions Inspection Fund	33,012,700	(43,100)	140,500			(3,800)			(800)		92,800			33,105,500
Hazardous Waste Management Fund	2,677,600	(43,500)	57,800			(2,600)					11,700			2,689,300
Indirect Cost Fund	18,788,100	(428,900)	697,900	125,600	524,700	(24,300)	(26,700)	(51,400)	(1,800)		815,100			19,603,200
Long-Term Water Augmentation Fund	26,000,000										-			26,000,000
Permit Administration Fund	7,333,900	(161,800)	-			(6,900)					(168,700)			7,165,200
Recycling Fund	3,491,400	(38,500)	92,500			(3,300)					50,700			3,542,100
Safe Drinking Water Program Fund	2,001,600	(42,500)	71,800			(2,600)			(600)		26,100			2,027,700
Solid Waste Fee Fund	3,892,700	(32,300)	49,300			(1,700)			(400)		14,900			3,907,600
Water Quality Fee Fund	21,629,400	(42,500)	473,700			(22,200)			(2,500)		406,500			22,035,900
Total - Department of Environmental Quality	126,437,500	(833,100)	1,936,100	125,600	524,700	(75,200)	(26,700)	(51,400)	(7,900)	-	1,592,100	-	-	128,029,600
Equal Opportunity, Governor's Office of														
Personnel Division Fund	311,700	(4,600)	10,800			(500)					5,700			317,400
Exposition and State Fair Board, Arizona														
Arizona Exposition and State Fair Fund	19,927,300	(151,800)	166,400	(151,700)		(15,300)		(11,200)	(900)		(164,500)			19,762,800
Forestry and Fire Management, Arizona Department of														
Long-Term Water Augmentation Fund	4,000,000										-			4,000,000
Game and Fish Department, Arizona											-			
Capital Improvement Fund	1,001,200										-			1,001,200
Game and Fish Fund	41,279,800	(1,092,000)	1,407,800			(28,300)			(4,700)	219,300	502,100			41,781,900
Game, Nongame, Fish and Endangered														
Species Fund	641,700	(6,000)	11,000			(500)			(100)		4,400			646,100
Watercraft Licensing Fund	5,063,300	(120,100)	121,500			(3,300)			(1,300)		(3,200)			5,060,100
Wildlife Endowment Fund	16,200										-			16,200
Total - Arizona Game and Fish Department	48,002,200	(1,218,100)	1,540,300	-	-	(32,100)	-	-	(6,100)	219,300	503,300	-	-	48,505,500
Gaming, Department of														
Arizona Benefits Fund	16,610,000	-									-			16,610,000
Fantasy Sports Contest Fund	150,100										-			150,100
Racing Regulation Fund	3,948,400	(55,400)	74,500			(2,500)	13,500	(300)	(400)		29,400			3,977,800
Racing Regulation Fund - Unarmed Combat														
Subaccount	400,000					(300)					(300)			399,700
State Lottery Fund	300,000										-			300,000
Tribal-State Compact Fund	2,330,300	(87,500)	63,800			(3,700)	39,300		(200)	3,900	15,600			2,345,900
Total - Department of Gaming	23,738,800	(142,900)	138,300	-	-	(6,500)	52,800	(300)	(600)	3,900	44,700	-	-	23,783,500
Health Services, Department of														
Arizona State Hospital Fund	3,395,700										-			3,395,700
ASH Land Earnings Fund	1,596,600										-			1,596,600
Child Fatality Review Fund	196,500										-			196,500
Disease Control Research Fund	1,000,000										-			1,000,000
Emergency Medical Services Operating Fund	4,260,700	(148,900)	172,200			(5,500)			(100)		17,700			4,278,400
Environmental Laboratory Licensure														
Revolving Fund	1,008,400	(34,200)	40,000			(1,000)			(100)		4,700			1,013,100

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Increase 3/	OF Fleet Operating Adjustment 3/	OF Fleet Replacement Adjustment 3/	OF Retirement Adjustment 3/	OF Rent/COP Adjustment 3/	OF Risk Management Adjustment 3/	OF AZ360 Adjustment 3/	OF Selected Staff Salary Adjustment 3/	OF Total Statewide Adjustments	OF FY 2026 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2026 Approps Report Total
Federal Child Care and Development Fund														
Block Grant	1,011,300	(51,000)	331,400			(1,500)		(3,500)	(200)		275,200			1,286,500
Health Services Licensing Fund	23,336,400	(616,200)	715,800			(22,100)		(20,500)	(2,000)		55,000			23,391,400
Health Services Lottery Monies Fund	2,000,000										-			2,000,000
Indirect Cost Fund	13,318,300	(332,800)	475,900		313,700	(17,400)	146,300	(81,200)	(600)		503,900			13,822,200
Newborn Screening Program Fund	15,608,300	(104,100)	133,800			(6,500)			(300)		22,900			15,631,200
Nursing Care Institution Resident Protection Revolving Fund	238,200										-			238,200
Tobacco Tax and Health Care Fund - Health Research Account	2,000,000										-			2,000,000
Tobacco Tax and Health Care Fund - Medically Needy Account	700,000										-			700,000
Vital Records Electronic Systems Fund	3,893,800	(68,300)	146,200			(5,300)		(3,200)	(100)		69,300			3,963,100
Total - Department of Health Services	73,564,200	(1,355,500)	2,015,300	-	313,700	(59,300)	146,300	(108,400)	(3,400)	-	948,700	-	-	74,512,900
Homeland Security, Arizona Department of Information Technology Fund	11,604,700	(36,200)	127,000			(6,500)	1,500	4,600	100		90,500			11,695,200
Homeopathic and Integrated Medicine Examiners, Board of Board of Homeopathic and Integrated Medicine Examiners' Fund	61,500	(800)	3,700			(100)			(100)		2,700			64,200
Housing, Department of Housing Trust Fund	388,800	(15,400)	48,600	(12,000)		(800)			(48,500)		(28,100)			360,700
Industrial Commission of Arizona Administrative Fund	23,114,700	(719,600)	813,800	35,300		(27,900)		(1,200)	(2,000)		98,400			23,213,100
Insurance and Financial Institutions, Department of Automobile Theft Authority Fund	6,749,300	(21,900)	10,600			(600)			(100)	100,000	88,000			6,837,300
Financial Services Fund	6,057,500	(201,400)	336,800		76,000	(10,500)		(400)	(500)		200,000			6,257,500
Department Revolving Fund	50,300										-			50,300
Total - Department of Insurance and Financial Institutions	12,857,100	(223,300)	347,400	-	76,000	(11,100)	-	(400)	(600)	100,000	288,000	-	-	13,145,100
Judiciary - Supreme Court											-			
Confidential Intermediary and Fiduciary Fund	690,600	(16,700)	29,300			(700)			(100)		11,800			702,400
Court Appointed Special Advocate and Vulnerable Persons Fund	6,972,500	(37,300)	115,300			(1,800)			(100)		76,100			7,048,600
Criminal Justice Enhancement Fund	4,765,200	(154,300)	169,500			(5,600)		5,100	(200)		14,500			4,779,700
Defensive Driving School Fund	4,521,000	(120,100)	101,400			(3,700)			(100)		(22,500)			4,498,500
Judicial Collection Enhancement Fund	15,803,000	(397,500)	455,300			(17,800)		7,100	(700)		46,400			15,849,400
State Aid to the Courts Fund	2,946,900	(1,500)	1,300			(100)					(300)			2,946,600
Total - Judiciary - Supreme Court	35,699,200	(727,400)	872,100	-	-	(29,700)	-	12,200	(1,200)	-	126,000	-	-	35,825,200
Judiciary - Superior Court														
Criminal Justice Enhancement Fund	5,496,000					(1,100)					(1,100)			5,494,900
Drug Treatment and Education Fund	504,200										-			504,200
Judicial Collection Enhancement Fund	6,015,400										-			6,015,400
Total - Judiciary - Superior Court	12,015,600	-	-	-	-	(1,100)	-	-	-	-	(1,100)	-	-	12,014,500
SUBTOTAL - Judiciary	47,714,800	(727,400)	872,100	-	-	(30,800)	-	12,200	(1,200)	-	124,900	-	-	47,839,700
Juvenile Corrections, Department of Criminal Justice Enhancement Fund	528,900					(900)					(900)			528,000
Department of Juvenile Corrections Local Cost Sharing Fund	6,724,000										-			6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	4,881,100	(19,800)	-					(6,800)	(100)		(26,700)			4,854,400
State Education Fund for Committed Youth	1,463,700	(62,300)	83,600			6,400					27,700			1,491,400
Total - Department of Juvenile Corrections	13,597,700	(82,100)	83,600	-	-	5,500	-	(6,800)	(100)	-	100	-	-	13,597,800
Land Department, State														
Due Diligence Fund	5,000,000										-			5,000,000
Off-Highway Vehicle Recreation Fund	177,600										-			177,600
Trust Land Management Fund	9,058,000			3,100	1,300	(1,000)					3,400			9,061,400
Total - State Land Department	14,235,600	-	-	3,100	1,300	(1,000)	-	-	-	-	3,400	-	-	14,239,000
Liquor Licenses and Control, Department of Liquor Licenses Fund	6,226,800	(120,800)	232,700	84,800	140,600	(18,900)		(14,400)	(100)	20,300	324,200			6,551,000
Lottery Commission, Arizona State State Lottery Fund	25,695,900	(382,100)	378,900	(24,600)		(14,100)		100	(200)		(42,000)	169,797,700		195,451,600
Massage Therapy, Board of Board of Massage Therapy Fund	607,700	(24,400)	22,600			(700)	(3,900)	100	(200)		(6,500)			601,200
Medical Board, Arizona Arizona Medical Board Fund	8,424,900	(211,300)	272,900			(10,600)	(100)	(2,000)	(1,100)		47,800			8,472,700
Mine Inspector, State Aggregate Mining Reclamation Fund	112,900								(100)		(100)			112,800
Natural Resource Conservation Board, State Environmental Special Plate Fund	260,600										-			260,600
Naturopathic Physicians Medical Board Naturopathic Physicians Medical Board Fund	270,000	(6,900)	9,200			(200)	(100)		(200)		1,800			271,800
Navigable Stream Adjudication Commission Arizona Water Banking Fund	200,000										-			200,000
Nursing, State Board of Board of Nursing Fund	6,982,800	(210,500)	338,000			(12,700)	(100)	(2,100)	(1,200)		111,400			7,094,200
Nursing Care Institution Administrators Board Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund	613,100	(23,700)	23,000			(900)		300	(200)		(1,500)			611,600
Occupational Therapy Examiners, Board of Occupational Therapy Fund	302,700	(10,600)	7,700			(400)	(1,100)		(300)		(4,700)			298,000
Opticians, State Board of Dispensing Board of Dispensing Opticians Fund	198,500	(2,900)	4,500			(300)	(100)				1,200			199,700
Optometry, State Board of Board of Optometry Fund	295,600	(16,000)	9,200			(500)	(100)		(200)		(7,600)			288,000
Osteopathic Examiner in Medicine and Surgery, Arizona Board of Board of Osteopathic Examiners in Medicine and Surgery Fund	1,494,100	(28,900)	41,600			(1,700)	21,900	300	(1,200)		32,000			1,526,100
Parks Board, Arizona State Off-Highway Vehicle Recreation Fund	16,700										-			16,700
State Parks Store Fund	1,513,100	-	18,300			(300)			(900)		17,100			1,530,200
State Parks Revenue Fund	20,249,800	(522,200)	910,500	(130,300)	510,000	(21,100)	9,400	(3,200)	(11,000)	39,000	781,100			21,030,900
Total - Arizona State Parks Board	21,779,600	(522,200)	928,800	(130,300)	510,000	(21,400)	9,400	(3,200)	(11,900)	39,000	798,200	-	-	22,577,800
Personnel Board, State														

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Increase 3/	OF Fleet Operating Adjustment 3/	OF Fleet Replacement Adjustment 3/	OF Retirement Adjustment 3/	OF Rent/COP Adjustment 3/	OF Risk Management Adjustment 3/	OF AZ360 Adjustment 3/	OF Selected Staff Salary Adjustment 3/	OF Total Statewide Adjustments	OF FY 2026 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2026 Approps Report Total
Personnel Board Subaccount of the														
Personnel Division Fund	363,700	(6,900)	7,900			(400)	5,600				6,200			369,900
Pharmacy, Arizona State Board of														
Arizona State Board of Pharmacy Fund	3,711,200	(86,800)	137,200	6,000	39,700	(5,400)	2,700	300	(900)		92,800			3,804,000
Physical Therapy, Board of														
Board of Physical Therapy Fund	619,200	(15,200)	21,600			(600)		(300)	(300)		5,200			624,400
Pioneers' Home, Arizona														
Miners' Hospital for Miners with Disabilities Land Fund	2,920,800	(159,500)	15,200		108,900	(900)		12,400	100		(23,800)			2,897,000
State Charitable Fund	6,128,400	(267,400)	393,200	21,300		(11,700)					135,400			6,263,800
Total - Arizona Pioneers' Home	9,049,200	(426,900)	408,400	21,300	108,900	(12,600)	-	12,400	100	-	111,600	-	-	9,160,800
Podiatry Examiners, State Board of														
Podiatry Fund	202,700	(2,500)	4,500			(300)	(100)		(100)		1,500			204,200
Private Postsecondary Education, Board for														
Board for Private Postsecondary Education Fund	553,000	(15,200)	22,300			(700)	(2,000)	100			4,500			557,500
Psychologist Examiners, State Board of														
Behavior Analyst Licensing and Regulation Account	390,400	-	6,400			(400)					6,000			396,400
Board of Psychologist Examiners Fund	465,000	(19,800)	34,500			(500)	(2,700)	(100)	(200)		11,200			476,200
Total - State Board of Psychologist Examiners	855,400	(19,800)	40,900	-	-	(900)	(2,700)	(100)	(200)	-	17,200	-	-	872,600
Public Safety, Department of														
Arizona Highway Patrol Fund	29,797,200	(5,755,200)	193,200			65,500		27,000	(200)	3,648,900	(1,820,800)			27,976,400
Border security fund	10,900,000										-			10,900,000
Concealed Weapons Permit Fund	3,388,400	(83,500)	86,200			(4,700)		7,600	(100)		5,500			3,393,900
Criminal Justice Enhancement Fund	3,049,900	(82,200)	-			(3,400)					(85,600)			2,964,300
DPS Forensics Fund	23,198,800	(652,000)	-			(34,300)			(100)		(686,400)			22,512,400
Fingerprint Clearance Card Fund	2,036,100	-	700							9,600	10,300			2,046,400
GIITEM Border Security and Law Enforcement Subaccount	2,396,400										-			2,396,400
Motor Vehicle Liability Insurance Enforcement Fund	1,003,300	(37,300)	-			2,300					(35,000)			968,300
Motorcycle Safety Fund	198,900										-			198,900
Parity Compensation Fund	3,742,500	(117,600)	-			8,900				915,200	806,500			4,549,000
Public Safety Equipment Fund	2,894,000										-			2,894,000
Risk Management Revolving Fund	1,141,900	(60,200)	68,000			5,500					13,300			1,155,200
State Highway Fund	10,000,000										-			10,000,000
Total - Department of Public Safety	93,747,400	(6,788,000)	348,100	-	-	39,800	-	34,600	(400)	4,573,700	(1,792,200)	-	-	91,955,200
Residential Utility Consumer Office														
Residential Utility Consumer Office Revolving Fund	1,937,200	(41,900)	56,400			(2,500)	2,300	(400)	100		14,000			1,951,200
Respiratory Care Examiners, Board of														
Board of Respiratory Care Examiners Fund	426,700	(16,700)	19,100			(500)	(7,700)		(400)		(6,200)			420,500
Retirement System, Arizona State														
Long-Term Disability Trust Fund Administration Account	1,800,000										-			1,800,000
Arizona State Retirement System Administration Account	27,063,400	(1,076,800)	1,238,800			(38,800)		(19,800)	(700)		102,700			27,166,100
Total - Arizona State Retirement System	28,863,400	(1,076,800)	1,238,800	-	-	(38,800)	-	(19,800)	(700)	-	102,700	-	-	28,966,100
Revenue, Department of														
Department of Revenue Administrative Fund	27,101,900					(30,200)			5,300		(24,900)			27,077,000
Liability Setoff Program Revolving Fund	894,800	(26,600)	71,600			(1,300)			600		44,300			939,100
Tobacco Tax and Health Care Fund	730,300	(17,500)	-			(700)			600	3,600	(14,000)			716,300
Total - Department of Revenue	28,727,000	(44,100)	71,600	-	-	(32,200)	-	-	6,500	3,600	5,400	-	-	28,732,400
Secretary of State														
Election Systems Improvement Fund	999,500										-			999,500
Records Services Fund	1,650,000	(29,200)	6,100	(20,700)		(600)			(200)		(44,600)			1,605,400
Total - Secretary of State	2,649,500	(29,200)	6,100	(20,700)	-	(600)	-	-	(200)	-	(44,600)	-	-	2,604,900
Technical Registration, State Board of														
Technical Registration Fund	2,737,000	(104,100)	107,800			(3,300)	4,000	(5,300)	(200)		(1,100)			2,735,900
Transportation, Department of														
Air Quality Fund	1,078,300	(2,500)	19,600			(1,300)			(100)		15,700			1,094,000
Department Fleet Operations Fund	27,522,700	(876,200)	1,202,100			(29,400)			(4,600)		291,900			27,814,600
Highway Damage Recovery Account	7,999,300								(300)		(300)			7,999,000
Highway User Revenue Fund	951,500	(182,400)	54,500			(1,400)			(200)	19,900	(109,600)			841,900
Ignition Interlock Device Fund	365,600	(14,400)	30,000			(600)					15,000			380,600
Motor Vehicle Liability Insurance Enforcement Fund	1,615,600	(93,500)	102,000			(2,600)			(100)	33,100	38,900			1,654,500
State Aviation Fund	2,511,900	(71,600)	114,000			(3,100)			(700)	35,700	74,300			2,586,200
State Fleet Operations Fund	32,422,900					(300)			(1,200)		(1,500)			32,421,400
State Highway Fund	512,249,800	(16,077,600)	21,119,000			(502,400)		5,252,500	(118,400)	553,200	10,226,300			522,476,100
State Vehicle Replacement Fund	15,351,600										-			15,351,600
Vehicle Inspection and Certificate of Title Enforcement Fund	1,646,400					(2,900)				40,300	37,400			1,683,800
Total - Department of Transportation	603,715,600	(17,318,200)	22,641,200	-	-	(544,000)	-	5,252,500	(125,600)	682,200	10,588,100	-	-	614,303,700
Treasurer, State														
Law Enforcement and Boating Safety Fund	2,183,800										-			2,183,800
Long-Term Water Augmentation Fund	1,000,000										-			1,000,000
Statewide Transportation Innovation Fund	2,000,000										-			2,000,000
Advanced Air Mobility Fund	2,000,000										-			2,000,000
Statewide Infrastructure Trust Fund	1,000,000										-			1,000,000
State Treasurer's Operating Fund	4,334,600	(129,100)	180,600			(7,500)	500				44,500			4,379,100
Total - State Treasurer	12,518,400	(129,100)	180,600	-	-	(7,500)	500	-	-	-	44,500	-	-	12,562,900
Universities														
Arizona State University														
University Collections Fund 1/	856,998,800										-			856,998,800
Northern Arizona University														
University Collections Fund 1/	131,836,800										-			131,836,800
University of Arizona - Main Campus														
University Collections Fund 1/	368,549,100										-			368,549,100
University of Arizona - Health Sciences Center														
University Collections Fund 1/	61,522,800										-			61,522,800
Total - Universities	1,418,907,500	-	-	-	-	-	-	-	-	-	-	-	-	1,418,907,500
Veterans' Services, Department of														
State Homes for Veterans' Trust Fund	60,994,800	(1,330,400)	1,326,600			(56,400)		65,600	(13,300)		(7,900)			60,986,900
Veterinary Medical Examining Board														

	OF General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Increase 3/	OF Fleet Operating Adjustment 3/	OF Fleet Replacement Adjustment 3/	OF Retirement Adjustment 3/	OF Rent/COP Adjustment 3/	OF Risk Management Adjustment 3/	OF AZ360 Adjustment 3/	OF Selected Staff Salary Adjustment 3/	OF Total Statewide Adjustments	OF FY 2026 Additional Appropriations 4/	OF Prior Year/ Statutory Appropriations 5/	OF FY 2026 Approps Report Total
Veterinary Medical Examining Board Fund	897,600	(11,400)	37,900			(1,200)		300	(500)		25,100			922,700
Water Infrastructure Finance Authority														
Long-Term Water Augmentation Fund	8,000,000										-			8,000,000
Water Resources, Department of														
Assured and Adequate Water Supply Admin Fund	291,800	-	10,100			(600)					9,500			301,300
Long-Term Water Augmentation Fund	1,741,100										-			1,741,100
Water Resources Fund	1,726,500					(1,600)					(1,600)			1,724,900
Total - Department of Water Resources	3,759,400	-	10,100	-	-	(2,200)	-	-	-	-	7,900	-	-	3,767,300
OPERATING BUDGET TOTAL	4,778,935,000	(41,551,600)	45,876,400	(10,000)	2,700,000	(1,534,300)	61,300	5,888,700	(268,300)	5,774,800	16,937,000	172,665,700	-	4,968,537,700
Remove One-Time FY 2025 Health Insurance Adjustments	(41,551,600)	41,551,600									41,551,600			-
FY 2026 Unallocated Health Insurance Adjustments	50,000,000		(45,876,400)								(45,876,400)			4,123,600
FY 2026 Unallocated Fleet Operating Adjustments	500,000			10,000							10,000			510,000
FY 2026Unallocated Fleet Replacement Adjustments	2,700,000				(2,700,000)						(2,700,000)			-
FY 2026 Unallocated Retirement Adjustments	(2,907,900)					1,534,300					1,534,300			(1,373,600)
FY 2026 Unallocated Rent and COP Adjustments	65,000						(61,300)				(61,300)			3,700
FY 2026 Unallocated Risk Management Adjustments	11,500,000							(5,888,700)			(5,888,700)			5,611,300
FY 2026 Unallocated AZ360 Adjustments	(276,700)								268,300		268,300			(8,400)
FY 2026 Unallocated Salary Adjustments	7,000,000									(5,774,800)	(5,774,800)			1,225,200
Capital Outlay - Building Renewal/Projects	593,622,400										-			593,622,400
GRAND TOTAL	5,399,586,200	-	-	-	-	-	-	-	-	-	-	172,665,700	-	5,572,251,900

CROSSWALK OF FY 2026 GENERAL APPROPRIATIONS ACT TO APPROPRIATIONS REPORT TOTALS
EXPENDITURE AUTHORITY 1/

	General Appropriation Act - Individual Agency 2/	OF HITF Reduction 3/	OF HITF Increase 3/	OF Fleet Operating Adjustment 3/	OF Fleet Replacement Adjustment 3/	OF Retirement Adjustment 3/	OF Rent/COP Adjustment 3/	OF Risk Management Adjustment 3/	OF AZ360 Adjustment 3/	OF Selected Staff Salary Adjustment 3/	EA Total Statewide Adjustments	EA FY 2026 Additional Appropriations 4/	EA Prior Year/ Statutory Appropriations 5/	EA FY 2026 Approps Report Total
Budget Units														
AHCCCS														
AHCCCS Fund	14,554,163,500	(2,258,900)	4,451,100								2,192,200			14,556,355,700
Arizona Tobacco Litigation Settlement Fund	102,000,000										-			102,000,000
Delivery System Reform Incentive Payment Fund	24,321,800										-			24,321,800
Health Care Investment Fund	1,073,172,900	-	26,300								26,300			1,073,199,200
Hospital Assessment Fund	622,867,900										-			622,867,900
Long Term Care System Fund	1,869,102,100													1,869,102,100
Nursing Care Facility Provider Assessment Fund	93,066,100										-			93,066,100
Political Subdivision Funds	441,383,700										-			441,383,700
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	32,340,000										-			32,340,000
Total - AHCCCS	19,421,673,000	(2,258,900)	4,477,400	-	-	-	-	-	-	-	2,218,500	-	-	19,423,891,500
Child Safety, Department of	-													
Child Safety Expenditure Authority	447,770,700	-	12,446,200	582,800							13,029,000			460,799,700
Comprehensive Health Plan Fund	185,060,800	-	72,400								72,400			185,133,200
Total - Department of Child Safety	632,831,500	-	12,518,600	582,800	-	-	-	-	-	-	13,101,400	-	-	645,932,900
Economic Security, Department of	-													
Child Support Enforcement Administration Fund	44,401,200	(1,410,900)	2,557,200								1,146,300			45,547,500
Health Care Investment Fund	36,148,000										-			36,148,000
Long Term Care System Fund (Federal Match)	4,545,619,200	(1,251,600)	3,195,400								1,943,800			4,547,563,000
Total - Department of Economic Security	4,626,168,400	(2,662,500)	5,752,600	-	-	-	-	-	-	-	3,090,100	-	-	4,629,258,500
Education, Department of	-													
Classroom Site Fund	1,105,372,400										-			1,105,372,400
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	1,345,678,600	-	-	-	-	-	-	-	-	-	-	-	-	1,345,678,600
GRAND TOTAL	26,026,351,500	(4,921,400)	22,748,600	582,800	-	-	-	-	-	-	18,410,000	-	-	26,044,761,500

1/ This chart provides a crosswalk between an agency's appropriation in the FY 2026 General Appropriations Act (Laws 2025, Chapter 233) and the individual agency amount as it appears in the FY 2026 Appropriations Report.
2/ Represents individual agency section of the FY 2026 General Appropriations Act and other direct appropriations in the General Appropriations Act.
3/ Section 132 of the FY 2026 General Appropriations Act appropriates statewide adjustments from Other Funds.
4/ Appropriations separate from the FY 2026 General Appropriation Act. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.
5/ Represents ongoing statutory appropriations or appropriations. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

SUMMARY OF RISK MANAGEMENT CHARGES 1/

Agency	FY 2026 Charge
Accountancy, Arizona State Board of	$7,700
Acupuncture Board of Examiners	1,000
Administration, Arizona Department of (ADOA)	1,131,700
Administrative Hearings, Office of	3,700
Agriculture, Arizona Department of	133,700
AHCCCS	737,000
Arts, Arizona Commission on the	3,600
Athletic Training, Board of	1,000
Attorney General - Department of Law	601,000
Barbering and Cosmetology Board	9,300
Behavioral Health Examiners, Board of	5,600
Charter Schools, State Board for	6,900
Child Safety, Department of	10,105,800
Chiropractic Examiners, State Board of	1,000
Citizens Clean Election Commission	6,400
Commerce Authority, Arizona	29,600
Constable Ethics Standards and Training Board	1,000
Contractors, Registrar of	35,500
Corporation Commission	416,400
Corrections, State Department of	13,965,100
Criminal Justice Commission, Arizona	8,700
Deaf and the Blind, Arizona State Schools for the	425,900
Deaf and the Hard of Hearing, Commission for the	6,700
Dental Examiners, State Board of	3,100
Early Childhood Development and Health Board, Arizona	52,400
Economic Opportunity, Office of	11,400
Economic Security, Department of	2,531,200
Education, Board of	1,000
Education, Department of	175,200
Emergency and Military Affairs, Department of	787,800
Environmental Quality, Department of	197,800
Equal Opportunity, Governor's Office of	1,000
Equalization, State Board of	1,200
Executive Clemency, Board of	4,400
Exposition and State Fair Board, Arizona	191,900
Fingerprinting, Board of	0
Forestry and Fire Management, Arizona Department of	73,900
Game and Fish Department, Arizona	932,700
Gaming, Department of	54,900
Governor, Office of the	110,400
Governor's Office of Strategic Planning and Budgeting	1,000
Health Services, Department of	1,318,000
Highway Safety, Governor's Office	0
Historical Society, Arizona	71,600
Historical Society of Arizona, Prescott	100,300
Homeland Security, Arizona Department of	11,700
Homeopathic and Integrated Medical Examiners, Board of	1,000
Housing, Arizona Department of	22,500
Independent Redistricting Commission,	1,000
Industrial Commission of Arizona	103,000
Insurance and Financial Institutions, Department of	42,300
Judiciary - Court of Appeals	43,300
Judiciary - Superior Court	1,814,400
Judiciary - Supreme Court	192,000
Juvenile Corrections, Department of	228,100
Land Department, State	65,800
Legislature - Legislative Council	44,400

Legislature - Auditor General	71,800
Legislature - House of Representatives	179,900
Legislature - Joint Legislative Budget Committee	8,900
Legislature - Senate	106,600
Liquor Licenses and Control, Department of	59,200
Lottery Commission, Arizona State	36,000
Massage Therapy, Board of	1,500
Medical Board, Arizona	14,000
Mine Inspector, State	6,500
Naturopathic Physicians Medical Board	1,000
Navigable Stream Adjudication Commission, Arizona	1,000
Nursing, State Board of	14,900
Nursing Care Institution of Administrators and Assisted Living Facility Managers, Board of Examiners of	2,300
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	2,900
Park Board, Arizona State	274,900
Personnel Board, State	1,000
Pharmacy, Arizona State Board of	8,400
Physical Therapy, Board of	2,400
Pioneers' Home, Arizona	118,700
Podiatry Examiners, State Board of	1,000
Power Authority, Arizona	12,700
Private Postsecondary Education, State Board for	1,600
Psychologist Examiners, State Board of	1,300
Public Safety, Department of	7,156,100
Public Safety Personnel Retirement System	168,600
Real Estate Department, State	11,100
Residential Utility Consumer Office	2,600
Respiratory Care Examiners, Board of	1,200
Retirement System, Arizona State	177,400
Revenue, Department of	271,300
Secretary of State, Department of State	71,900
Tax Appeals, State Board of	1,000
Technical Registration, State Board of	7,600
Tourism, Office of	9,800
Transportation, Department of 2/	21,233,800
Treasurer, State	9,800
Tribal Relations, Governor's Office on	1,000
Universities - Arizona State University	13,250,000
Universities - Northern Arizona University	4,373,500
Universities - Regents, Arizona Board of	966,300
Universities - University of Arizona	12,020,700
Veterans' Services, Department of	759,700
Veterinary Medical Examining Board, Arizona State	2,300
Water Resources, Department of	71,200
Other Agencies	0
Boyce-Thompson Arboretum	7,100
Central Arizona Water Conservation District	1,000
GRAND TOTAL	98,341,500

1/ Total charges reflect expected charges calcualted by the Joint Legislative Budget Committee with the Arizona Department of Transportation (ADOT).

2/ A General Appropriation Act footnote requires ADOT to pay Risk Management charges of $21,233,800.

BUDGET RECONCILIATION BILLS
AND MAJOR FOOTNOTE CHANGES

FY 2026 BUDGET RECONCILIATION BILLS (BRBs) AND MAJOR FOOTNOTE CHANGES *

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*Chapter numbers refer to Laws 2025, 1st Regular Session.

FY 2026 BUDGET RECONCILIATION BILL PROVISIONS

AMUSEMENTS - Chapter 234 (SB 1736)

Department of Gaming

1. As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2026 only. AMUS 4
2. As session law, the Department of Gaming may continue to allow a first-time starter horse to race in 2025 and 2026 as long as the horse has gate approval and at least 2 timed workouts. "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. One of the timed workouts shall be an out-of-the-gate workout that is conducted within 60 days of the race. AMUS 5
3. As permanent law, allow the ADG to retain boxing/MMA licensing fees in the unarmed subaccount of the Racing Regulation Fund for the use of the boxing commission. AMUS 1,2,3

Department of Liquor Licenses and Control

4. As session law, permits a distributor licensee to sponsor and advertise concerts next to a multipurpose facility through December 31, 2027. AMUS 6

STATE BUDGET IMPLEMENTATION - Chapter 246 (SB 1748)

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 8
6. As session law, continues to notwithstand the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund (BSF) through FY 2028. Also, notwithstands the 10% BSF cap for FY 2026. BI 9
7. As permanent law, prohibits any person from serving in the capacity as a state officer or employee if that person's compensation for performing official state duties is funded in whole or in part by private monies. Exempts personnel at the Department of Public Safety, the Department of Environmental Quality or any public university. Defines "private monies." BI 1

Department of Administration

8. As session law, require ADOA to consult with and accommodate policies of the budget units of the Legislative Branch in updating the statewide personnel and financial data management system and applications during FY 2026. BI 7

Governor's Office

9. As permanent law, rename the "Commission of African American Affairs" to "Office of African American Affairs." BI 2,3,4,5,6

COMMERCE - Chapter 236 (SB 1738)

Arizona Commerce Authority

10. As permanent law, establishes an Office of Defense Innovation within the Commerce Authority. COMM 1

Office of Economic Opportunity

11. As session law, extend the Microbusiness Loan Fund (established by Laws 2023, Chapter 136, Section 4 and amended by Laws 2024, Chapter 212, Section 6) until June 30, 2027. COMM 2,3

CRIMINAL JUSTICE - Chapter 237 (SB 1739)

Arizona Attorney General

12. As permanent law, delay the prohibition from using Anti-Racketeering monies to fund FTE from after August 27, 2025, to after August 27, 2027. CJ 2, 17
13. As permanent law, clarify that the use of Anti-Racketeering monies in the pass-through fund be used only for those purposes outlined in statute. CJ 2,17
14. As permanent law, allow up to $335,000 from the Consumer Protection Consumer Fraud Revolving Fund to be used for the Internet Crimes Against Children Task Force. CJ 11
15. As permanent law, require the Attorney General to report annually on or before December 31 to the JLBC and OSPB on their projections for total opioid settlement revenues through the lifetime of all opioid settlements and to report on opioid spending. CJ 12
16. As permanent law, requires a recipient of coordinated reentry planning services program grant monies to report on various socioeconomic characteristics, risk factors, and recidivism rates of individuals receiving coordinated reentry screening. The report shall be submitted to the President of the Senate, the Speaker of the House, Governor, OSPB and JLBC by December 1, 2027. CJ 1

Arizona Department of Corrections

17. As permanent law, require counties to first establish an intergovernmental agreement with ADC prior to filing a claim for reimbursement of certain expenses. Upon receipt, require ADC to file the claim with ADOA. CJ 4
18. As permanent law, increase the Corrections Officer Retirement Plan (CORP) Tier 3 DC employer contribution rate by 0.5% (to 5.5%) beginning in FY 2027. States that the legislature intends to fully cover the cost of this increase for agencies and local governments on an ongoing basis with a $1 million appropriation beginning in FY 2027. CJ 5, 15, 16

Arizona Criminal Justice Commission

19. As permanent law, amend A.R.S. § 41-2409(E) to change the distribution formula for the State Aid to Juvenile Dependency Proceedings Fund. CJ 7

Department of Emergency and Military Affairs

20. As permanent law, amend A.R.S. § 26-106 to make the Antihuman Trafficking Grant Fund be administered by DPS instead of DEMA. CJ 6

Judiciary

21. As session law, establish the Child and Family Representation Program as a pilot program for 3 years (through FY 2028). CJ 14

Department of Juvenile Corrections

22. As permanent law, eliminate the committed youth confinement cost sharing fee and repeal the Local Cost Sharing Fund after June 30, 2028. CJ 8

Department of Public Safety

23. As session law, extend the Fentanyl Prosecution, Diversion and Testing Fund (established by Laws 2023, Chapter 137, Section 4 and amended by Laws 2024, Chapter 213, Section 8) until June 30, 2027. CJ 13, 17
24. As permanent law, place the Sex Offender Management Board under the administration of DPS and modifies the appointing process of the board members. Sunsets the board on January 1, 2031. CJ 3,9,10

ENVIRONMENT - Chapter 238 (SB 1740)

Arizona Department of Administration

25. As session law, extend the Fire Incident Management Fund (established by Laws 2023, Chapter 138, Section 3 and amended by Laws 2024, Chapter 214, Section 5) until June 30, 2027. ENV 10,21
26. As session law, establishes the Fire Incident Management Grant Program in ADOA. ENV 13,14,21

Arizona Department of Agriculture

27. As permanent law, establishes both a fund and a pilot program with the name Agriculture and Water Innovation, with the Department of Agriculture administering both. Establishes rules for administering both the fund and the program. Requires the Department of Agriculture to submit an annual December 31 report to the Senate President, House Speaker, and Secretary of State concerning the pilot program and fund. Includes a delayed repeal date of December 31, 2028. ENV 1,2

Department of Emergency and Military Affairs

28. As permanent law, eliminate the FY 2028 repeal of the Hazard Mitigation Revolving Fund. ENV 9
29. As permanent law, remove fiscal year references for the Hazard Mitigation Revolving Fund relative to the STORM Act. ENV 4
30. As session law, modify a technical addition error in Laws 2024, Chapter 56 that sets the biennial Nuclear Emergency Management assessment and the corresponding non-General Fund appropriations. ENV 11,12

Department of Environmental Quality

31. As session law, continues to allow the department to utilize up to $6,531,000 from the Underground Storage Tank Fund in FY 2026 for department administrative expenses and for sewage remediation. ENV 15
32. As session law, eliminate the use of General Fund monies for WQARF in FY 2026. ENV 18
33. As session law, maintain emission inspection fees in FY 2026 for Area A at the June 30, 2025, Area A fee level. The FY 2025 Environment BRB required 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 ENV 19

Department of Forestry and Fire Management

34. As permanent law, amend A.R.S. § 37-1311 (M) to specify that fees charged to public power and electric utilities for the approval of wildfire mitigation plans be deposited in the Cooperative Forestry Fund. ENV 7

Arizona Game and Fish Department

35. As permanent law, increase the fund balance cap for the Game and Fish Publication Revolving Fund from $80,000 to $250,000. ENV 3

Arizona State Land Department

36. As permanent law, allow (rather than require) the State Land Commissioner to contract with a third-party reviewer to review any application submitted to the department if the commissioner determines that the department will not be able to take action within 60 working days after the application has been submitted. Requires the department to submit a report on application processing timelines by February 1, 2026. ENV 5,6,20

Arizona Navigable Stream Adjudication Commission

37. As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations. ENV 16

Department of Water Resources

38. 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 2026. ENV 17

39. As permanent law, establish the Colorado River Litigation Fund and specify that the monies be used for the sole purpose of participating in litigation regarding the state's apportionment. ENV 8

HEALTH CARE - Chapter 239 (SB 1741)

Arizona Department of Administration

40. As session law, requires the department to award a one-time grant of $3.0 million for the construction of an outpatient treatment center for dialysis services that meets certain criteria. HLTH 10

41. As session law, continues the Health Care Interoperability Grant Program in FY 2026 through FY 2028. Requires ADOA to award the grant by December 1, 2025, for interoperability software to support care coordination among certain health care providers. Includes a repeal date of December 31, 2028. Requires ADOA to report on the allocation of grant funding and the cost and time savings to the Governor, Speaker of the House, President of the Senate, Chairpersons of the House and Senate Health Committees, JLBC and OSPB by June 30 of each fiscal year. HLTH 11

AHCCCS

Rates and Services

42. As session law, continues 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. HLTH 20

43. As permanent law, adds traditional healing services as AHCCCS-covered benefits. HLTH 4,5,6,23

44. As permanent law, adds limited prerelease services as AHCCCS-covered benefits for incarcerated individuals up to 90 days prior to their release. HLTH 4,7,23

45. As session law, states the Legislature finds that the 1115 waiver submissions associated with traditional healing services and limited prerelease services for incarcerated individuals were not subject to a requirement that 1115 waivers be authorized by the Legislature in the form of a statute prior to submission. Also states the Legislature finds that an 1115 waiver for traditional healing services coverage or limited prerelease services subject to the requirement for legislative authorization would comply with this requirement under the statutory changes made by this legislation. HLTH 23

46. As session law, requires AHCCCS to offer a one-year extension of existing acute care contracts for all managed care organizations that would last through September 30, 2028. HLTH 22

47. As permanent law, adds cochlear implants and outpatient speech therapy as AHCCCS-covered benefits for adults ages 21 and older. HLTH 4

48. As session law, requires AHCCCS to report by January 31, 2026, on aggregate spending and aggregate utilization of mental health medications, including antipsychotics and antidepressants, during the contract year ending on September 30, 2024. HLTH 17

Counties

49. As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations. HLTH 18

50. As session law, sets the FY 2026 County Acute Care contribution at $42,814,200. HLTH 15

51. As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2026, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act. HLTH 14

52. As session law, sets the FY 2026 county Arizona Long Term Care System (ALTCS) contributions at $409,537,600. HLTH 12

Hospitals

53. As session law, modifies the FY 2026 disproportionate share (DSH) distributions to continue to include the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma HLTH 13

Regional Medical Center but eliminate the distribution to Valleywise which is now receiving funding from a separate federal program.

54. As session law, continues to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions. HLTH 13

55. As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2026 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 13

Available Funding

56. As session law, continues to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation. HLTH 24

Department of Health Services

57. As permanent law, adds Duchenne muscular dystrophy to the state's newborn screening panel. HLTH 2,26

58. As permanent law, extends the repeal date of the Nurse Education Investment Pilot Program Fund by 6 months from January 1, 2027, to June 30, 2027, and revise to reflect an additional year of appropriation in FY 2026. HLTH 3,8

59. As session law, extends the Collaborative Care Uptake Fund (established by Laws 2023, Chapter 139, Section 4 and amended by Laws 2024, Chapter 215, Section 10) until June 30, 2027. HLTH 9,25

60. As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations. HLTH 19

61. As session law, removes the Arizona Board of Regents from the stated organizations that receive Nurse Investment Program funding. HLTH 21

62. As permanent law, repeals A.R.S. § 36-145 requiring DHS to submit a grant application under Title X for funding to provide family planning services. HLTH 1

Board of Nursing

63. As session law, establishes the Student Registered Nurse Anesthetist Clinical Rotation Program within the Board of Nursing. The board will establish an application process to award grants to health care institutions to expand the capacity of preceptor training programs for nurse anesthetist students. Preference will be given to expand or develop clinical rotations in obstetrics, pediatrics, cardiovascular, thoracic, and neurological care. HLTH 16

HIGHER EDUCATION - Chapter 240 (SB 1742)

Arizona Community Colleges

64. 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 2026 for only Maricopa and Pima Counties. HEd 10

65. 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 2026 for all community college districts. HEd 9

Universities

66. 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 8

67. As permanent law, amend A.R.S. § 15-1682.03 to increase the cap on allowed SPEED bonds from $800 million to $1,125 million, and specify that 50% of the bonding increase be made available in FY 2026 and 50% in FY 2027; requires JCCR approval for all new bonding projects. HEd 4

68. As permanent law, establish the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund, which was previously established in session law and scheduled to expire on June 30, 2025. The newly established permanent law fund would require recipients of a scholarship from the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund to be an Arizona HEd 7,11

resident at the time of applying and continues to be a resident while receiving the scholarship, physically present in the state during each semester receiving a scholarship. Requires the law enforcement officer to be an Arizona resident and actively employed by a law enforcement organization in in the state.

69. Allow monies in the Arizona Veterinary Loan Assistance Fund and the Spouses of Military Veterans Tuition Scholarship Fund to be invested and earn interest. HEd 2,6,11

70. As permanent law, require that $500,000 or the amount of remaining monies in the Spouses of Military Veterans Tuition Scholarship Fund at the end of each fiscal year be deposited into the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund. Following this deposit, remaining monies in the fund will revert to the following funds according to the following percentages: The Arizona Promise Program Fund (60%), the Teacher's Academy Fund (30%), and the Community College Promise Program Fund (10%). HEd 3,5,6,7,11

71. As permanent law, amends A.R.S. 15-1626 to require that the Arizona Board of Regents to annually submit to the JLBC for review the amount of monies retained from the Universities to supplement their operating budget, the Board's current-year expenditure plan for monies retained from the Universities, and an accounting of how the Board spent the monies retained from the Universities in the prior fiscal year. HEd 1

HUMAN SERVICES - Chapter 241 (SB 1743)

Department of Child Safety

72. As permanent law, establish the Extended Foster Care Comprehensive Services Model program and fund. HS 1

Department of Economic Security

73. 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 16

74. As permanent law, establishes the Out-Of-School Time Program Fund and grant to provide child care for children who are five to twelve years of age, who require child care during periods of time when school instruction is not being conducted, and who come from households earning $150,000 or less a year. Requires DES to administer the grant, allocating at least 30% of grant monies to grantees in rural communities, and report various aspects of the program on or before August 1 each year to the Governor, the President of the Senate and the Speaker of the House of Representatives. HS 6

75. As permanent law, makes various changes to the Developmental Disabilities Group Home Monitoring Program such as requiring the use of a monitoring tool to assess whether DD clients with complex needs received the physical and behavioral health services specified in the client's person-centered service plan. Makes the program subject to available appropriations and extends the program from December 31, 2026, to December 31, 2027. HS 2,3,13

Department of Housing

76. As session law, extend the Homeless Shelter Services Fund (established by Laws 2023, Chapter 141, Section 3 and amended by Laws 2024, Chapter 217, Section 2) until June 30, 2027. HS 14

77. As permanent law, expands the allowable uses of the Military Transitional Housing Fund to include veterans. HS 11

78. As permanent law, continues the Arizona Department of Housing through July 1, 2027. Requires the department to do the following: HS 7,8,9,10,12, 15,17,18,19

- Submit various reports to the Governor, the President of the Senate, and the Speaker of the House of Representatives regrading the use of Housing Trust Fund monies and outcome-based metrics on department-funded projects;
- Adopt policies as a condition of funding for grantees and establish secure wire transfer protocols; and

- Award Housing Trust Fund monies in a set order of priority and submit all programs established by the fund to the JLBC for review.

Department of Veterans Services

79. As permanent law, allow 15% of the Veterans Donations Fund revenues to be transferred to the State Home for Veterans Trust Fund at the beginning of each year. HS 4,5

K-12 EDUCATION - Chapter 242 (SB 1744)

Office of Economic Opportunity

80. As permanent law, establishes the Adult Workforce Diploma Program within the Office of Economic Opportunity (OEO) to individuals 21 years or older to earn a high school diploma and employment skills. Providers may furnish services in a campus-based, online, or blended format. K12 9

81. As permanent law, require OEO to approve qualified program providers in the Adult Workforce Diploma Program by October 15 annually. Establishes reporting requirements for approved program providers and stipulates that OEO shall revoke an approved provider's authorization after 2 years if the provider does not achieve a graduation rate of at least 50% or has an average cost per student that exceeds $7,000. K12 9

82. As permanent law, require the State Board of Education (SBE), in cooperation with OEO, to adopt performance measures for the Adult Workforce Diploma Program, the Continuing High School and Adult Workforce Training Program, and the Community College Adult Education Workforce Development Program. K12 3

83. As session law, require OEO to include in the list of approved program providers for the Adult Workforce Diploma Program any program provider that was included in the list for the former Adult Workforce Diploma Program under ADE and that was not removed from the list due to either low graduation rates or high average per-graduate costs. K12 14

Department of Education

Formula Requirements

84. 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 2,6,7

85. 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 2026. K12 8

Other

86. As session law, continue to notwithstand A.R.S. 15-241 to allow ADE to expend monies in FY 2026 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, 2025. K12 12

87. 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 15

88. As session law, extend the Early Education and Career Exploration Program Fund (established by Laws 2023, Chapter 142, Section 13 and amended by Laws 2024, Chapter 218, Section 18) until June 30, 2027. K12 10

89. As permanent law, establish the Ninth Grade On-Track Program in the Department of Education to provide grants to high schools for assisting ninth grade students to earn sufficient credits to be on track for on-time graduation. Establishes a per student grant funding amount $150 per ninth grade pupil and caps total participation for the program at 22,650 pupils for FY 2026. K12 4

90. As session law, authorize Mohawk Valley Elementary School District to levy the small school adjustment in FY 2026. K12 11

91. As permanent law, establish the Continuing High School and Workforce Training Program within the State Board of Education to provide adults with alternative study services that lead to the issuance of K12 3

a high school diploma and industry-recognized credentials. ADE shall administer the program. SBE shall authorize eligible service providers that have established a partnership with a school district or charter school that is not otherwise receiving Basic State Aid funding for participating adult students. Participating schools shall receive $7,700 per student. Total participation is capped at 130 students in FY 2026 and 0 students beginning in FY 2027.

92. As permanent law, require ADE to submit a report to the Governor, the President of the Senate, the Speaker of the House, and SBE by December 15, 2025, and each year thereafter evaluating the effectiveness of the Continuing High School and Workforce Training Program. K12 3

93. As permanent law, establish the Community College Adult Education Workforce Development Program to be administered by ADE. The program shall provide adult learners with education programs and support services to adult learners that prepare adult learners for, or provide adult learners with access to, integrated education and training models. Support services may include transportation assistance, child care, college and career counseling, and job placement assistance. K12 3

94. As permanent law, establish the Community College Adult Education Workforce Development Program Fund to be administered by ADE. Allows ADE to use up to 5% of the monies in the fund to administer the Community College Adult Education Workforce Development Program. The fund shall consist of legislative appropriations, gifts, grants, and other donations and is non-lapsing. Monies in the fund shall be used to make payments to Community Colleges that offer a high school diploma and that provide workforce training leading to industry recognized credentials. Stipulates that payments shall be up to $5,000 per full-time program participant and may be distributed proportionally among program providers based on their number of enrolled adult students. K12 3

95. As permanent law, require community colleges participating in the Community College Adult Education Workforce Development Program to submit a report by October 30 annually to ADE that details the number of participants, the completion rate and average progress toward a high school degree, the number of industry-recognized credentials and community college credits earned, and other specified information. ADE shall compile and submit the reports to the Governor, the Speaker of the House, the President of the Senate, and the Secretary of State by December 15 annually. K12 3

96. As permanent law, allow a county school superintendent to offer high school equivalency preparation instruction through an accommodation school to students enrolled in 12th grade at that school. The county school superintendent must obtain written consent from the student's parent or the student themselves if emancipated before providing such instruction. Each student receiving high school equivalency preparation instruction must also be enrolled in a career and technical education course or program that leads to a certification, license, or credential. K12 5

97. As session law, make the Adult Workforce Diploma Program, the Continuing High School and Workforce Training Program, the Community College Adult Education Workforce Development Program, as well as the reporting requirements included in A.R.S. § 15-217, retroactive to from and after June 30, 2025; the extended lapsing date of the Early Education and Career Exploration Program retroactive to from and after June 29, 2025; and the transfer of the ADE Adult Workforce Diploma Program provider list to OEO retroactive to from and after June 30, 2025. K12 16

98. As session law, require public high schools with an athletic team or sports program to provide an automated external defibrillator (AED) at each school campus by the General Effective Date. K12 13

99. As permanent law, require public high schools with an athletic team or sports program to provide an automated external defibrillator (AED) at each school campus beginning August 1, 2026. The AED must be in a location that complies with guidelines that are established by a nationally recognized organization that is focused on emergency cardiovascular care. A school district or charter school may accept gifts, grants, and donations for purchase and maintenance of AEDs. K12 1

LOCAL GOVERNMENT - Chapter 243 (SB 1745)

Counties and Cities & Towns

100. 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 2026, up to $1,250,000 of county revenue for each county. The Baseline would continue to require LG 1

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, 2025.

101. As session law, allow Gila County to operate veterans' facilities pursuant to a FY 2024 appropriation. LG 2

MANAGEMENT OF STATE PROPERTIES - Chapter 244 (SB 1746)

Statewide

102. As session law, continues to set the FY 2026 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 2

103. As permanent law, amend A.R.S. 41-792.01 to remove the requirement that ADOA report each proposed rent exemption to the Joint Legislative Budget Committee staff before approval, and instead require an annual report on June 30. MSB 1

Land Department

104. As session law, amends the coordinate parcel references described in Laws 2025, Chapter 35, Section 1 relating to the transfer of land from the State Land Department to the city of Bullhead City. MSB 3

REVENUE - Chapter 245 (SB 1747)

Department of Revenue

105. As session law, suspend local cost contribution for the DOR Integrated Tax System Project in FY 2026. REV 1

TAX OMNIBUS - Chapter 247 (SB 1749)

Department of Revenue

106. As permanent law, increase the maximum exemption for personal property used in a trade or business or for agricultural purposes from $207,366 to $500,000 in full cash value, beginning in FY 2027. TAX 4,8

107. As permanent law, amend A.R.S. § 43-1089.01 to extend the public school extracurricular tax credit for specified purposes until June 30, 2029. TAX 6,9

108. As permanent law, increase the amount of the individual income tax subtraction for unreimbursed adoption expenses from $3,000 for all taxpayers regardless of filing status to $5,000 for single and head of household filers and $10,000 for married couples filing jointly, beginning in TY 2026. TAX 5

109. As permanent law, provides full property tax exemption for homes owned by disabled veterans with a service-connected disability rating of 100%. Removes the property assessment limit to qualify for the exemption for disabled veterans with a disability rating that is 100% or less. TAX 3

110. As permanent law, expands existing TPT and Use Tax exemption for pipes that are at least 4 inches in diameter and used to transport oil, natural gas, and water to also include pipes used to transport wastewater. TAX 1,2,7

TRANSPORTATION - Chapter 248 (SB 1750)

Department of Child Safety

111. As permanent law, require DCS to participate in the State Fleet. TR 1

State Treasurer

112. As permanent law, establish the Advanced Air Mobility Fund to be administered by the State Treasurer and subject to legislative appropriation. The fund shall be used for the purchase of advanced air mobility vehicles used for transit, testing and development. Require JCCR review prior to expenditure. TR 3

113. As permanent law, establish the Statewide Transportation Innovation Fund to be administered by the State Treasurer and subject to legislative appropriation. The fund shall be used to establish a TR 4

grant program for transportation innovation projects. All grant applications must be provided to the chairs of the House and Senate Transportation Committees.

114. As permanent law, establish the Statewide Infrastructure Trust Fund to be administered by the State Treasurer and subject to legislative appropriation. The fund shall be used to fund future transportation projects in the state. Require JCCR review prior to expenditure. TR 2

FY 2026 GENERAL APPROPRIATION ACT PROVISIONS – CHAPTER 233 (SB 1735)/CAPITAL OUTLAY – CHAPTER 235 (SB 1737)

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.

		Section
Department of Education		
1.	As session law, continue deferral of $800,727,700 of Basic State Aid payments for FY 2026 until FY 2027. Continue to exempt districts with less than 4,000 students from the deferral. Appropriate $800,727,700 in FY 2027 for these deferred Basic State Aid payments. Allow ADE to make the rollover payment no later than July 12, 2026.	131
2.	As session law, continue to require school districts to include in the FY 2026 revenue estimates that they use for computing their FY 2026 tax rates the rollover monies that they will receive for FY 2026 in July 2026.	131
Revenues		
3.	As session law, continue to specify revenue and expenditure estimates for FY 2025, FY 2026, FY 2027, and FY 2028.	143
4.	As session law, continue to require the Executive Branch to provide JLBC preliminary estimates of FY 2025 ending balances by September 15, 2025. Require the Joint Legislative Budget Committee (JLBC) Staff to report to JLBC by October 15, 2025 as to whether FY 2026 revenues and ending balance are expected to change by more than $50,000,000 from budgeted projections.	143
Statewide		
5.	As session law, continue to state legislative intent that all budget units receiving appropriations continue to report actual, estimated and requested expenditures in a format similar to prior years.	138
6.	As session law, continue to require ADOA to compile a report on Full-Time Equivalent (FTE) Position usage in FY 2026 in all agencies and provide it to the Director by October 1, 2026. The Universities are exempt from the report but are required to report separately.	140
7.	As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2025 on the number of filled appropriated and non-appropriated FTE Positions by fund source as of September 1, 2025.	141
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.	142
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. – The Governor's Office would report on the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund. – The Superintendent of Public Instruction would report on the Elementary and Secondary School Emergency Relief Fund. – The Arizona Board of Regents (ABOR) and each community college district would report on the Higher Education Emergency Relief Fund. 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 2026.	137
General		
10.	As session law, continue to define "*" as designating an appropriation exempt from lapsing.	144
11.	As session law, continue to define "expenditure authority" as continuously appropriated monies included in individual line items of appropriations.	145
	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.	146

FY 2026 MAJOR FOOTNOTE CHANGES – CHAPTER 233 (SB 1735)

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.

		Section
Acupuncture Examiners		
1.	Adds footnote permitting the board to use up to $42,818 of their FY 2026 appropriation for unpaid Central Services Bureau (CSB) bills from prior years.	6
Arizona Department of Administration		
2.	Adds footnote requiring the department to submit a report on or before March 31, 2026, to JLBC and OSPB on the amount that Valleywise Health has agreed to send the department for deposit to the General Fund in FY 2026, including the reason for any change in amount from the prior year, if applicable. States that the $37.5 million Valleywise annual payment due on June 30, 2025 shall be accounted for in state General Fund revenues in FY 2025 in the FY 2025 Annual Financial Report.	7
3.	Adds footnote making the $3.0 million FY 2026 appropriation for Tribal Healthcare Investment non-lapsing.	7
4.	Adds footnote extending the $1.0 million FY 2025 appropriation for Navajo Nations Household Electrical Connections from the end of FY 2025 to the end of FY 2026.	7
5.	Adds footnote making the $1.0 million FY 2026 appropriation for Health Care Interoperability Grants non-lapsing through June 30, 2028.	7
6.	Adds footnote allocating monies from the Fire Incident Management Grants line item to municipal fire departments and fire districts.	7
7.	Adds footnote allocating monies from the Law Enforcement Records Management System line item to local police departments for a records management system real-time data sharing program. Makes the appropriation non-lapsing.	7
8.	Adds footnote stating the monies appropriated for deposit into the erroneous convictions fund revert to the General Fund if a bill authorizing compensation for individuals erroneously convicted of crimes does not become law in the fifty-seventh legislature, first regular session.	7
9.	Adds footnote distributing $3.2 million from the School Safety Interoperability Fund to counties to install and support the school safety projects.	127
10.	Adds footnote stating that the charges for the AZ360 Financial System may continue to be reallocated amongst state agencies based on transactions within the accounting system, but the charges do not represent legislative concurrence with any funding changes.	132
Arizona Department of Administration – Automation Projects Fund		
11.	Adds footnote extending the $2.0 million FY 2023 appropriation for the Department of Agriculture's IT projects and cloud migration from the end of FY 2026 to the end of FY 2027.	116
12.	Adds footnote extending the $494,500 FY 2024 appropriation for the Department of Public Safety's concealed weapons permit tracking system project from the end of FY 2025 to the end of FY 2026.	116
13.	Adds footnote extending the $6.7 million FY 2024 appropriation for the Health and Human Services IT projects from the end of FY 2025 to the end of FY 2026.	116
14.	Adds footnote extending the $19.4 million FY 2024 appropriation for the Integrated Tax System Modernization project from the end of FY 2025 to the end of FY 2026.	116
15.	Adds footnote extending the $7.0 million FY 2024 appropriation for the Corporation Commission's online records and filling system project from the end of FY 2025 to the end of FY 2026.	116
Arizona Department of Administration – School Facilities Division		
16.	Adds footnote allowing the use of the unencumbered balance of $18.1 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, 2024.	8
17.	Adds footnote making the $750,000 FY 2026 appropriation for Building Renewal Grant Administration non-lapsing.	8

18. Adds footnote with intent language stating the appropriation to SFD in FY 2027 for new school facilities may include up to $10.0 million for end of useful life projects that receive final approval from the SFD by December 15, 2025. 8

Department of Agriculture

19. Adds footnote stating the department may spend up to $250,000 from the Commercial Feed Trust Fund in FY 2026 for expenses related to the Avian Influenza outbreak. 10

AHCCCS

20. Replace existing footnote language specifying Valleywise Health share of Disproportionate Share Hospital (DSH) payments since they will no longer participate in DSH. Adds language requiring AHCCCS to report by March 31, 2026, on the amount of directed payments that Valleywise will receive from the new Safety Net Services Initiative. 11
21. Adds footnote making the $4.0 million FY 2026 General Fund appropriation and $7.5 million from Expenditure Authority for the Graduate Medical Education line item non-lapsing. 11
22. Adds footnote specifying that $100,000 from the Prescription Drug Rebate Fund within the agency's operating budget may be used for the administrative costs of granting one-year extensions for all managed care organizations with existing AHCCCS acute care contracts. 11
23. Adds footnote directing AHCCCS how to distribute the $5 million FY 2026 appropriation for the Secure Behavioral Health Residential Facilities line item. Requires AHCCCS to distribute monies for secure behavioral health residential facilities that intend to apply for licensure with DHS and provide secure on-site supportive treatment to persons that are determined to be seriously mentally ill, chronically resistant to treatment, and placed in a facility by court order. Requires AHCCCS to produce a report by February 1, 2026, containing recommendations and analysis regarding secure behavioral health facilities. Requires AHCCCS to issue a request for proposals for facilities by May 1, 2026. Allows for new facility construction or retrofitting of an existing building. 11
24. Modifies footnote to state that $4.2 billion of the amount appropriated from expenditure authority is for directed payments to hospitals in FY 2026. 11

Attorney General

25. Adds a footnote requiring the $204,100 from Consumer Protection Consumer Fraud Revolving Fund and 4.0 FTE Positions appropriated to the operating lump sum in FY 2026 shall be used to expand the Medicaid Fraud Control Unit within the Criminal Division. 13
26. Adds footnote requiring the $10.0 million FY 2026 appropriation for Coordinated Reentry Planning Services to be distributed as follows: $2.0 million to each of Coconino, Mohave, Navajo, Pinal, and Yavapai counties. Specifies that monies in this line item come from opioid claims-related monies deposited in the Remediation Subaccount. 13
27. Adds footnote prohibiting the Attorney General from transferring any opioid-claims related monies in the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund to the county coordinated reentry programs until the Attorney General has first transferred the appropriated $40 million to the Arizona Department of Corrections. 13

Department of Child Safety

28. Adds footnote requiring the department to notify JLBC and OSPB once the Nurturing Parenting and Family Connections Programs are favorably reviewed by the federal government and qualifies for federal reimbursement. 17
29. Adds footnote requiring DCS to develop and maintain a webpage for group home training programs that includes at least one training program with instruction on preventing human trafficking as well as educational materials related to human trafficking prevention. Requires employees of DCS-contracted group homes to annually complete the training program. Makes the $100,000 FY 2026 appropriation for a group home monitoring training program non-lapsing. 17

Arizona Commerce Authority

30. Adds footnote stating the $500,000 FY 2026 appropriation for Applied Research Centers is to be distributed to centers located in the state that specialize in medical technology, including components that monitor health care and human performance. Requires ACA to distribute the 19

monies in increments of $250,000 and outlines requirements for recipients of the funding. Makes the appropriation non-lapsing through FY 2027.

31. Adds footnote requiring the department to report to JLBC on or before December 1, 2025 on the location, activities, and annual expenses of each trade office operated by ACA. 19

Department of Corrections

32. Adds footnote making the FY 2024 appropriation for Inmate Dog Training non-lapsing. 23
33. Adds footnote allowing the department to utilize up to $9.5 million of funding appropriated in FY 2025 to the non-contract medication line item to pay for FY 2024 obligations. 23
34. Adds footnote allowing ADC to use the monies appropriated for noncontract medication in FY 2024 (via an FY 2025 budget supplemental) on department operating expenses without requiring JLBC review. 23
35. Adds footnote awarding a one-time correctional officer stipend to the department in FY 2026. Requires that the award be made to persons employed from and after July 4, 2025 and that the amount shall equal 4% of the employee's annual salary. 120
36. Continues footnote specifying that the operating lump sum includes $40.0 million in FY 2026 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. 130

Arizona Schools for the Deaf and Blind

37. Adds footnote requiring the monies appropriated in the supplemental early childhood therapies line item to be spent on contracting to provide supplemental early childhood listening and spoken language therapies to eligible infants and toddlers ages birth to three. Requires contractors to ensure that the provided therapies are administered by or overseen by a certified educator or therapist in a natural environment, a clinical setting, an educational setting, or virtually. 25

Commission for the Deaf and the Hard of Hearing

38. Adds footnote extending the $200,000 FY 2025 appropriation for Website Security Upgrade from the end of FY 2025 to the end of FY 2026. 26

Office of Economic Opportunity

39. Adds footnote making the FY 2026 $1.5 million appropriation for the Dual Enrollment Student Development Program line item non-lapsing. 28
40. Adds footnote requiring OEO to use the monies appropriated for the Dual Enrollment Student Development Program to pay community colleges, with a priority to serve free and reduced price lunch students. Allows OEO to retain 3% for administrative costs. Requires a report by December 31, 2025 on participation in the program. 28
41. Adds footnote stating that unexpended monies in the Adult Workforce Diploma Program Fund established by A.R.S. § 15-217.02 are to be transferred to a new Adult Workforce Diploma Program Fund established by A.R.S. § 41-5421, as added by the K-12 Education BRB, by June 30, 2025. 28

Department of Economic Security

42. Modifies footnote requiring DES to submit a report on coronavirus relief-related child care development block grant monies to require a biannual report regarding balances, revenues, and expenditures in the current year and budget year for all federal child care monies. 29
43. Adds footnote extending the $500,000 FY 2025 appropriation for Navajo Nation Women's Services from the end of FY 2025 to the end of FY 2026. 29
44. Adds footnote extending the $500,000 FY 2025 appropriation for Navajo Nation Youth Programs from the end of FY 2025 to the end of FY 2026. 29
45. Adds footnote stating that the $32.3 million FY 2026 appropriation for the DD Reconciliation Payment line item is for processing the reconciliation payment associated with the DD operating costs shortfall for the contract year ending on September 30, 2024. 29

46. Adds footnote requiring DES to allocate money from the coordinated homeless service line item as follows: 29
    - At least $4,000,000 for eviction prevention services and assistance to provide a portion of monthly housing and utility expenses or legal aid and resources for Arizonans facing eviction.
    - At least $4,000,000 for homelessness response and operations to rehouse homeless youth and families.
    - At least $1,000,000 for referral network operations to connect homeless individuals and individuals experiencing other crises with available state resources.
47. Adds footnote requiring DES to use monies from the Veterans Strategic Plan line item in collaboration with the Department of Veterans' Services to create a strategic plan to address veteran homelessness. 29
48. Adds footnote requiring DES to allocate $750,000 of the Homeless Veterans Services line item to veterans treatment court to provide support for veterans who have substance use disorders or mental health conditions, and $750,000 to homelessness prevention services and immediate assistance to homeless veterans through shelter connection, utility assistance, rental assistance, and employment assistance. 29
49. Adds footnote stating that DES shall collaborate with the Department of Veterans' Services on the Homeless Veterans Services line item. 29
50. Modifies footnote stating that on or before January 31, 2026 (instead of November 30, 2025), the department shall submit a report to JLBC regarding expenditures from the Cost Effectiveness Study Client Services line item in the previous fiscal year. 29
51. Adds footnote making the $3.0 million appropriation for the Out-of-School Time Grant Program non-lapsing through the end of FY 2027. 29
52. Adds footnote making the $5.0 million appropriation for Area Agencies on Aging Housing Assistance non-lapsing. 29
53. Adds footnote making $2.0 million of the Adult Services line item non-lapsing. 29
54. Adds footnote requiring monies in the Civil Legal Aid line item to be distributed to nonprofit organizations for the provision of statewide general civil legal aid services consistent with the terms of the Legal Services Corporation as of federal fiscal year 2025. 29
55. Adds footnote making the $2.0 million appropriation for the Produce Incentive Program line item non-lapsing. 29
56. Adds footnote requiring the department to distribute monies in the Education Workforce Innovation Initiative line item to qualifying programs led by Arizona-based organizations with supporting partnerships from a state public university and a Local Education Agency. Sets requirements to qualify and requires the department to make a request for proposal public by September 1, 2025, and distribute funds by October 15, 2025. 29
57. Adds footnote making the $1.2 million appropriation for the Group Home Monitoring Program line item non-lapsing through December 31, 2027. 29
58. Adds footnote requiring DES to submit a report on utilization of DD services by disability classification by March 1, 2026. 29

Department of Education

59. Adds footnote requiring ADE to allocate the amount appropriated for a State Aid Supplement on a pro rata basis to districts and charters using a school's weighted student count, and to increase each school's budget limit accordingly. This footnote continues previous footnote language in effect for FY 2016 through FY 2025 related to the distribution of the Proposition 123 State Aid Supplement pursuant to Laws 2015, 1st Special Session, Chapter 1. 31
60. Adds footnote requiring ADE to allocate $5.9 million for one-time Charter Additional Assistance (CAA) in fiscal year 2026 and specifies that the monies be distributed on a proportional basis based on CAA formula allocations for each charter school in FY 2026. 31
61. Adds footnote requiring ADE to allocate $23.1 million for a one-time District Additional Assistance (DAA) supplement in fiscal year 2026 and specifies that the monies be distributed on a proportional basis based on DAA formula allocations for each school district in FY 2026 and authorizes districts to allocate the monies for maintenance and operations or capital. 31

62. Adds footnote requiring ADE to allocate $37.0 million for a one-time Free and Reduced Price Lunch (FRPL) Group B weight supplement on a pro-rata basis using weighted FRPL counts for FY 2026 and authorizes school districts to use the monies for maintenance and operations or capital. 31

63. 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. 31

64. Adds footnote stipulating that the accountability and achievement testing line item includes a onetime $400,000 increase for contracted third party vendor expenses associated with implementation of assessments in a virtual setting pursuant to A.R.S. § 15-808.01. 31

65. Adds footnote transferring any unexpended and unencumbered monies in the Community College Adult Education Workforce Development Program Fund to ADE for deposit in the newly established Community College Adult Education Workforce Development Program Fund as added by the FY 2026 K-12 Education BRB. 31

66. Adds footnote making the $4.0 million FY 2025 appropriation for the Continuing High School Workforce Training Program non-lapsing. Authorizes ADE to use the monies for a continuing high school and workforce training program. 31

67. Adds footnote requiring ADE to allocate at least $500,000 of the $2.5 million FY 2026 appropriation for the Rural Arizona School Nurse Access Program for grants to increase the salaries of school nurses in rural school districts and charter schools. Allows ADE to spend the remaining monies on grants to rural districts and charter schools to hire new school nurses. 31

68. Adds footnote making the $2.5 million FY 2026 appropriation for the Rural Arizona School Nurse Access Program non-lapsing. 31

69. Adds footnote requiring ADE to conduct a study on teacher retention in school districts and charter school. Specifies data to be included in the study. Requires ADE to provide the report to the Governor, President of the Senate, and the Speaker of the House by December 31, 2025 and to maintain the results and recommendations on an interactive dashboard on the department's website. 31

70. Adds footnote requiring ADE to distribute the $500,000 for automated external defibrillator grants to public high schools with an athletic team or sports program for grants for the purchase or maintenance of automated external defibrillators. Requires ADE to prioritize schools with free and reduced-price lunch eligibility of 50% or more and makes the appropriation non-lapsing until June 30, 2027. 31

Department of Emergency and Military Affairs

71. Adds footnote extending the lapsing of the FY 2023 $20,000,000 allocation from the Border Security Fund to Cochise County to construct a new county jail facility from June 30, 2027 to June 30, 2029. 32

72. Adds footnote making the $500,000 FY 2026 appropriation for the Emergency Division – Additional Grant Support Staff non-lapsing through FY 2027. 32

Department of Environmental Quality

73. Adds footnote extending the $1.0 million FY 2025 appropriation for the Zero-Emission Heavy-Duty Eight-Ton Pilot Program from the end of FY 2025 to the end of FY 2026. 33

74. Adds footnote stating the operating lump sum includes $776,600 from the Water Quality Fee Fund to add 2 FTE Positions to process an increase in permit applications resulting from revised aquifer water quality standards. Requires the department to only spend these monies as matching amounts of aquifer protection permit program fees collected and deposited in the Water Quality Fee Fund as of the end of the fiscal year. 33

Exposition and State Fair

75. Adds footnote extending the $3.8 million FY 2025 appropriation for enhanced state Fair operations from the end of FY 2025 to the end of FY 2026. 37

Department of Forestry and Fire Management

76. Adds footnote making the $27.1 million FY 2026 appropriation for the Wildfire Mitigation line item non-lapsing through FY 2028. 38
77. Adds footnote making the $65.0 million FY 2023 appropriation for the Wildfire Emergency Response line item non-lapsing through FY 2028. 38
78. Adds footnote making the $11.2 million FY 2025 supplemental appropriation for fire expenses repayment non-lapsing. 104
79. Adds footnote imposing restrictions on the use of monies from the $30 million FY 2025 appropriation to DFFM for wildfire suppression. Requires DFFM to seek prior JCCR review of all capital spending from the appropriation. Requires DFFM to report monthly on expenditures and reimbursements from the appropriation. Makes the appropriation non-lapsing. 105

Department of Gaming

80. 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. 40
81. Adds footnote requiring the department to submit a report to JLBC on or before December 31, 2025 detailing the racing division's workload, regulatory and budgetary changes since FY 2017. 40
82. Adds footnote stating the racing purse enhancement funding is to be distributed to a recognized nonprofit horsemen's organization in the state. 40

Department of Health Services

83. Adds footnote requiring the department to submit a report on or before December 31, 2025 and June 30, 2026 to the Governor, Speaker of the House and President of the Senate providing information related to health care directives registry operations. 43
84. Adds footnote directing DHS how to award $5.0 million for ibogaine clinical research grants in FY 2026. Makes the appropriation non-lapsing. 43
85. Adds footnote extending the $500,000 FY 2025 appropriation for Preventative Health Services for Low Income/Underserved Women from the end of FY 2025 to the end of FY 2026.. 43
86. Adds footnote extending the $500,000 FY 2025 appropriation for Counseling Services for Parents of Deceased Children from the end of FY 2025 to the end of FY 2026. 43
87. Adds footnote extending the $1.0 million FY 2025 appropriation for Southern Arizona Counseling and Community Service Grants from the end of FY 2025 to the end of FY 2026. 43
88. Adds footnote extending the $1.0 million FY 2025 appropriation for Senior Health Promotion and Coordination (Santa Cruz County) from the end of FY 2025 to the end of FY 2026. 43
89. Adds footnote directing the department to allocate the $750,000 FY 2026 appropriation for a dementia awareness campaign to a nonprofit organization that meets outlined requirements. Requires the department to submit a report by November 1, 2026 to the Governor, President of the Senate, and Speaker of the House regarding the impact of the public awareness campaign. Makes the appropriation non-lapsing through FY 2027. 43
90. Adds footnote stating that $125,000 is appropriated to DHS for the International Medical School Collaboration line item for a one-time grant program to a public or private medical school in Arizona to collaborate with an international medical school and provide international hands-on learning opportunities for students from Arizona. 43
91. Adds footnote stating that $100,000 is appropriated to DHS for the Clinical Health Care Training Program line item for a one-time grant program to a public or private university to operate a clinical healthcare training program that both provides healthcare services to working poor and provides hands-on learning experiences for students. 43

Arizona Historical Society

92. Adds footnote specifying that the $1.1 million appropriation for the Flagstaff Pioneer museum is non-lapsing through FY 2028. 44

Historical Society - Prescott

93. Adds footnote making the appropriation for the Territorial Governor's mansion non-lapsing. 45

Department of Homeland Security

94. Adds footnote making the FY 2026 admin match for federal cybersecurity grant non-lapsing through FY 2028. 46

Department of Housing

95. Adds footnote requiring the department of housing to use monies in the military transitional housing fund for supportive services and transitional unit rehabilitation for veterans. 48

Judiciary

96. Adds footnote making the $600,000 FY 2026 appropriation for the Child and Family Representation Pilot Program line item non-lapsing. 51

Department of Liquor Licenses and Control

97. Adds footnote extending the lapsing date of the FY 2025 record management system modernization project through FY 2026. 109

Lottery Commission

98. Modifies footnote stating an amount appropriated to pay online vendor fees shall be equal to a percentage of total ticket sales rather than actual online game sales. The amount appropriated for these fees in FY 2026 is $17,747,100, or 1.079% of total lottery ticket sales. In prior years, the amount was equal to 4.256% of online ticket sales. 56

Natural Resource Conservation Board

99. Adds footnote stating that the $250,000 appropriated in FY 2026 for Groundwater Recharge Facilities shall be used to clean and restore artificial groundwater recharge facilities that are located in a groundwater basin that has been designated as a subsequent active management area and provide flood control benefits. 60

100. Adds footnote making the $250,000 FY 2026 appropriation for Groundwater Recharge Facilities non-lapsing. 60

State Parks Board

101. Adds footnote requiring the board to notify JCCR and OSPB of revised expenditure plans should the board receive any Land and Water Conservation Fund grant funding for capital projects included in the FY 2026 budget. 69

102. Adds footnote stating that monies in the Heritage Fund deposit line item may not be used to purchase property. 69

103. Adds footnote stating $865,000 from the State Parks Revenue Fund is designated for the state historic preservation office's operating expenses if Federal Historic Preservation Fund grant monies are unavailable to the state historic preservation office in FY 2026. 69

104. Adds footnote making the $10.0 million appropriated in FY 2024 for the Arizona Veterans Memorial state park non-lapsing through FY 2027. 69

Arizona State Board of Pharmacy

105. Adds footnote extending the $190,500 appropriation for e-licensing from the end of FY 2025 to the end of FY 2026. 71

Arizona State Board of Podiatry Examiners

106. Adds footnote permitting the board to use up to $9,200 of their FY 2026 appropriation for unpaid Central Services Bureau (CSB) bills from prior years. 74

Department of Public Safety

107. Adds footnote making the $8.7 million FY 2026 appropriation for one-time vehicle replacement non-lapsing through FY 2027. 77

108. Adds footnote making the $5.0 million one-time FY 2026 appropriation for Local Border Support non-lapsing. 77

109. Adds footnote requiring the Civil Air Patrol to expend $2,500 of its annual appropriation on dues to the National Association for Search and Rescue. 77
110. Adds footnote stating that $750,000 is appropriated from the General Fund in FY 2026 to Yuma County for a family advocacy center in the county that has provided support for domestic violence, sexual assault, child abuse, and elderly abuse for at least 25 years. 77
111. Adds footnote stating of the amount appropriated in the ACTIC line item in FY 2026, $1.5 million is to be used on anti-human trafficking efforts. 77
112. Adds footnote stating that the monies appropriated in the Sex Offender Management Board Administration line item are non-lapsing through FY 2027. 77

Department of Revenue

113. Adds footnote allowing DOR to incur legal expenses regarding the unclaimed property program. DOR may transfer up to $1.5 million in FY 2026 from the General Fund to the Department of Revenue Administrative Fund for any such unclaimed property legal expenses. This is in addition to a current continuing footnote that appropriates the total of value of properties retained by unclaimed property contractors over $1,473,900, for contract auditor fees. 82
114. Adds footnote specifying the amount appropriated in the Proposition 312 – Property Tax Refunds Administration Costs line item in FY 2026 is non-lapsing through the end of FY 2027. 82

Secretary of State

115. Adds footnote extending the $5.4 million FY 2020 Help America Vote Act (HAVA) appropriation for counties from the end of FY 2025 to the end of FY 2026. 83
116. Adds footnote requiring a report by November 1, 2025 to JLBC and OSPB detailing the actual expenditures for the prior fiscal year on the Access Voter Information Database (AVID). 83
117. Adds footnote stating monies for the address confidentiality program fund deposit may not be transferred to another line item. 83
118. Adds footnote extending the FY 2025 appropriation of $450,000 from the Records Services Fund for electronic records repository program funding from the end of FY 2025 to the end of FY 2026. 83
119. Adds footnotes for a FY 2026 appropriation of $8.0 million from the General Fund for reimbursing the counties of Cochise, Maricopa, Pima, Pinal, Santa Cruz, and Yuma for incurred election costs of the special primary and general elections to fill the vacancy in Congressional District 7. Footnotes specify: 1) the process for a county to make a claim and receive a reimbursement (or some monies as an advance); 2) the maximum amount each county can be reimbursed; 3) November 30, 2025 is the deadline for claims to be submitted by the respective county clerks; 4) the Secretary of State is to report on the reimbursement of funds by March 1, 2026. 83
120. Adds footnote for a FY 2025 supplemental of $500,000 from the General Fund for direct costs of the Secretary of State elated to the special primary and general elections to fill the vacancy in Congressional District 7 specifying the monies lapse at the end of FY 2026. 110

Arizona Department of Transportation

121. Continues footnote stating that the operating lump sum includes a $2 million reduction from the State Highway Fund from the department's Enforcement and Compliance Division (ECD). 87

State Treasurer

122. Adds footnote stating that of the $2 million General Fund deposit into the Statewide Transportation Innovation Fund, $1 million shall be allocated for projects east of Power Road in Maricopa County and Pinal County. 88
123. Adds footnote requiring that the monies appropriated for a veterans' health innovations pilot program be distributed in a manner consistent with the provisions of A.R.S. § 41-177, which establishes guidelines for distributions from the Arizona Health Innovation Trust Fund, for the purposes of conducting a pilot program with an emphasis on innovations that improve veterans' health. 88
124. Adds footnote transferring $2.0 million from the Peace Officer Training Equipment Fund to the ADOA School Safety Interoperability Fund. 127
125. Adds footnote directing the Treasurer to distribute $3.0 million to the City of Yuma for a nonprofit regional hospital located in the city that supports at least 400 beds. 118

126. Adds footnote directing $4.1 million to the Maricopa County Recorder's office. For FY 2026, states the Maricopa County Board of Supervisors shall not reduce funding to the Maricopa County Recorder's office below the amount adopted in the budget for the Maricopa County Recorder's office. States the Maricopa County Recorder's office shall submit a quarterly expenditure summary report to JLBC. 118
127. Adds footnote distributing $2.0 million to the Yavapai County Sheriff's Office to operate a criminal information intelligence analysis coordination center to collect, analyze, synthesize, and disseminate real-time information and is designed to interdict human trafficking and controlled substance trafficking conducted by international cartels. 118
128. Adds footnote requiring that the appropriation to the State Treasurer for distribution to an International Dark Sky Discover Center be completely distributed before July 15, 2025. Directs the nonprofit organization to use the monies for the public purpose of providing educational programming to Arizona students and offer its capabilities to university students for research purposes. 119
129. Adds footnote redirecting the $15.3 million FY 2024 appropriation to the City of Prescott to improve and refurbish the rodeo grounds owned by the city. States the monies shall be promptly spent to promote use of the rodeo grounds, including landscaping, hardscaping, drainage and the replacement, improvement and increased capacity of aging water and sewer infrastructure, for upgrades to the main arena sound system and bleacher seating, for construction of new restroom facilities to accommodate large crowds during events and for other site improvements that support the economic and tourism activity generated by the use of the rodeo grounds for events. 121

Universities

130. Modifies footnote to require third-party organizations hosting Washington D.C. internships must have dedicated staff for short-term programs. 90
131. Adds footnote stating that the operating lump sum increase includes $1,350,000 for the Yuma center of excellence for desert agriculture. 93
132. Adds footnote requiring the University of Arizona to use monies in the AZ REACH line item to provide medical care transfer services for hospitals with less than 20 beds. 93
133. Adds footnote requiring the University of Arizona to use monies in the On-Farm Irrigation Efficiency Fund Deposit line item for growers in the Gila Valley irrigation district. 93

Department of Veterans' Services

134. Adds footnote extending the $500,000 FY 2025 appropriation for Veterans Resource Center funding from the end of FY 2025 to the end of FY 2026. 94
135. Adds footnote specifying that the $1.0 million appropriation for the Veterans' Mental Health Pilot Program line item is for the department to make grants to nonprofit organizations that provide specified services for veterans and their families with certain mental and behavioral health issues. Makes the appropriation non-lapsing. 94

Department of Water Resources

136. Adds footnote specifying that remaining monies from the appropriations made for the FY 2016 Lower Colorado River Litigation Expenses line item, FY 2017 Lower Colorado River Litigation Expenses line item, FY 2021 Colorado River Legal Expenses line item, and FY 2022 Colorado River Legal Expenses line item are transferred to the new Colorado River Litigation Fund. 125

Statewide

137. Adds footnote that would deem the following projects to have been favorably reviewed by the Joint Legislative Budget Committee (JLBC): 135
    - Retroactive to April 1, 2025, a 6% capitation rate adjustment across AHCCCS programs and a 12.9% capitation rate adjustment for the Developmental Disabilities program within DES.
    - $1.7 million from the Automation Projects Fund to the Arizona Department of Agriculture to develop a new IT system.
    - The transfer of $2.0 million from the Private Prison Per Diem line item in ADC's FY 2025 budget to the Overtime and Compensatory Time line item.

- The transfer of $3.2 million from the GF appropriation in the Home and Community Based Services – Medicaid line item in DES's FY 2024 budget to the Case Management – State-Only line item.
- The transfer of the following amounts from expenditure authority in the following line items to the Home and Community Based Services – Medicaid line item in DES's FY 2024 budget:
  - $8.2 million from the Targeted Case Management – Medicaid line item.
  - $14.7 million from the Case Management – Medicaid line item.
  - $30.7 million from the operating lump sum.
- The transfer of the following amounts from the Elections Services line item in the Secretary of State's FY 2025 budget for the following purposes:
  - $72,200 of additional access voter information database operating costs in FY 2025.
  - $89,700 of additional access voter information database development costs in FY 2025.
  - $212,400 for access voter information database hosting costs incurred in FY 2023.
  - $27,500 for access voter information database hosting costs incurred in FY 2022.
- The recalculation of basic state aid for the following school districts in FY 2025 for the recalculation of district assessed valuation pursuant to A.R.S. § 15-915(B):
  - $435,400 for Hyder Elementary School District.
  - $789,200 for Antelope Union Highway School District.
  - $360,700 for Southwest Technical Education District of Yuma
  - $109,300 for Bonita Elementary School District.
- The plan submitted by ADOA relating to the planned contribution strategy for each state employee health plan.

138. Adds footnote that would deem the following items to have been approved by the Joint Legislative Budget Committee (JLBC): 135
- The following state liability claim settlement proposals submitted pursuant to A.R.S. § 41-621(O):
  - The Notice of Claim of Parker Terry, filed June 14, 2024.
  - Jennifer Power, et al. v. Tuccino, King, Gallardo, et al., United States District Court No. 2:19-cv-01546-DLR and Jennifer Power, et al. v. State of Arizona, et al., Maricopa County Superior Court No. CV2018-008861, settled jointly.
- The transfer of the following amounts from the Losses & Premiums line item in ADOA's FY 2025 budget to the following lines for the following purposes:
  - $3.9 million to the Administrative Services line item for costs incurred by the AG for external legal services.
  - $5.0 million to the Workers' Compensation line item for increased workers' compensation program costs.

139. Adds footnote stating that any Border Security monies subject to reimbursement in whole or in part from federal monies shall be deposited into the state General Fund. The directors of budget units that receive reimbursements shall notify JLBC, OSPB and the state comptroller in writing. 139

140. Adds footnote amending the FY 2025 State Highway Fund transfer from interest income earned to the General Fund from $18.7 million to $17.2 million. 3

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Department of Administration

141. Adds footnote stating that the $393,000 appropriation from the Telecommunications Fund for the Deaf may be used only for building renewal at ASDB. 7

142. Continues footnote to allow ADOA to use up to 5.0% of the amount appropriated in the Capital Outlay Bill for project management expenses. 15

Arizona Department of Transportation

143. Adds footnote reverting the $850,300 FY 2026 appropriation for the Grand Canyon Airport terminal renovation project to the State Aviation Fund if a federal aviation administration grant is not awarded for the project by June 30, 2026. 8

144. Adds footnote requiring the department to submit an IGA with Flagstaff by September 15, 2025. If the agreement has been signed, requires the distribution to Flagstaff for the traffic light signal at the intersection of Woody Mountain Road and US Route 66 to be made by November 1, 2025. 9
145. Adds footnote requiring the department to submit an IGA with Bullhead City by September 15, 2025. If the agreement has been signed, requires the distribution to Bullhead City for Hancock Road repaving to be made by November 1, 2025. 9
146. Adds footnote requiring the department to submit an IGA with Mohave County by September 15, 2025. If the agreement has been signed, requires the distribution to Mohave County for Mountain View Road improvements to be made by November 1, 2025. 9
147. Adds footnote requiring the department to submit an IGA with Prescott Regional Airport by September 15, 2025. If the agreement has been signed, requires the distribution to Prescott Regional Airport for infrastructure supporting firefighting aircraft to be made by November 1, 2025. 9
148. Adds footnote requiring the department to submit an IGA with Prescott Regional Airport by September 15, 2025. If the agreement has been signed, requires the distribution to Prescott Regional Airport for maintenance and operations to be made by November 1, 2025. 9
149. Adds footnotes requiring the department to submit an IGA with Yuma County by September 15, 2025. If the agreement has been signed, requires the distribution to Yuma County for the Somerton Avenue bridge project to be made by November 1, 2025. 9
150. Adds footnote requiring the department to submit an IGA with Kingman by September 15, 2025. If the agreement has been signed, requires the distribution to Kingman for the Eastern Street infrastructure improvements project to be made by November 1, 2025. 9
151. Adds footnote requiring the department to submit an IGA with Nogales by September 15, 2025. If the agreement has been signed, requires the distribution to Nogales for the Frank Reed Road improvements project to be made by November 1, 2025. 9
152. Adds footnote requiring the department to submit an IGA with Nogales by September 15, 2025. If the agreement has been signed, requires the distribution to Nogales for the Industrial Park Road improvements project to be made by November 1, 2025. 9
153. Adds footnote requiring the department to submit an IGA with Nogales by September 15, 2025. If the agreement has been signed, requires the distribution to Nogales for the La Quinta Road improvements project to be made by November 1, 2025. 9
154. Adds footnote requiring the department to submit an IGA with Cottonwood by September 15, 2025. If the agreement has been signed, requires the distribution to Cottonwood for Main Street preservation and sidewalk improvements to be made by November 1, 2025. 9
155. Adds footnote requiring the department to submit an IGA with Glendale by September 15, 2025. If the agreement has been signed, requires the distribution to Glendale for the 75th Avenue reconstruction project to be made by November 1, 2025. 9
156. Adds footnote with intent language stating that a local government or council of government entity contribute $900,000 to a project to design a new traffic interchange at SR 303 and 155th Ave. Prohibits the department from expending any monies for the project until the matching commitment has been confirmed. 9
157. Adds footnote allowing the town of Patagonia to use the monies distributed to the town in FY 2024 to reconstruct McKeown Avenue between Third Avenue West and State Route 82. 10
158. Adds footnote extending the $1.8 million FY 2022 appropriation for vehicle fueling facilities from the end of FY 2025 to the end of FY 2027. 14

Department of Veterans' Services

159. Adds footnote reverting the $2.4 million FY 2026 appropriation for the Tucson Veteran's home HVAC replacement project to the General Fund if a federal grant is not awarded for the project by June 30, 2026. The department may apply for federal grant monies for the HVAC replacement project prior to review by JCCR. 8

Statewide

160. Adds footnote that would deem the following projects to have been favorably reviewed by the Joint Committee on Capital Review (JCCR): 13
    - $1.2 million for 2 FY 2025 State Fair capital projects.

- $2.5 million for 5 FY 2025 Game and Fish capital and building renewal projects.
- $1.4 million for an ADOT transfer between 2 prior year budget projects ($500,000 from a project for an interchange design at SR 303 and I-17 and $909,700 from a project to construct a screen wall along Loop 101 near 16th Street) to fund a prior year budget project shortfall to construct a roundabout at the intersection of SR 69 and SR 169 in Prescott Valley.

FY 2025
GENERAL FUND ADJUSTMENTS

FY 2025 GENERAL FUND ADJUSTMENTS

	FY 2024 Actual	FY 2025 Original 1/	Baseline Adjustments 2/	FY 2025 JLBC Baseline	Session Changes 3/	FY 2025 Enacted
REVENUES						
Ongoing Revenues	$16,811,060,700	$16,840,297,000	$425,408,200	$17,265,705,200	($21,397,800)	$17,244,307,400
Newly Enacted Revenue Adjustments		35,948,400	(35,948,400)		(2,900,000)	(2,900,000)
Urban Revenue Sharing	(1,564,819,800)	(1,268,255,600)		(1,268,255,600)	(2,200)	(1,268,257,800)
Net Ongoing Revenues	$15,246,240,900	$15,607,989,800	$389,459,800	$15,997,449,600	($24,300,000)	$15,973,149,600
One-Time Revenues						
Balance Forward	2,527,233,000	638,927,600	323,895,400	962,823,000		962,823,000
One-Time Revenue Forecast Adjustment					166,500,000	166,500,000
Enhanced FMAP One-Time Revenue Adjustments					131,100,000	131,100,000
Other One-Time Revenue Adjustments					71,200,000	71,200,000
One-Time Income Tax Rebate	(273,550,100)					
Fund Transfers	841,564,700	32,191,800	1,800,000	33,991,800	(1,500,000)	32,491,800
Subtotal One-Time Revenues	$3,095,247,600	$671,119,400	$325,695,400	$996,814,800	$367,300,000	$1,364,114,800
Total Revenues	$18,341,488,500	$16,279,109,200	$715,155,200	$16,994,264,400	$343,000,000	$17,337,264,400
EXPENDITURES						
Ongoing Operating Appropriations	$14,908,100,200	$15,608,154,600	$2,068,900	$15,610,223,500		$15,610,223,500
Administrative Adjustments		130,000,000		130,000,000	(45,600,000)	84,400,000
Revertments		(170,000,000)		(170,000,000)		(170,000,000)
Subtotal Ongoing Expenditures	$14,908,100,200	$15,568,154,600	$2,068,900	$15,570,223,500	($45,600,000)	$15,524,623,500
One-Time Expenditures						
Capital Outlay	84,044,300					
Transportation Funding	535,031,600					
FY 24 One-Time Supplementals/Ex-Approp.	12,913,600					
FY 25 One-Time Supplementals			240,429,200	240,429,200	(709,200)	239,720,000
FY 25 One-Time Ex-Appropriations			(335,351,600)	(335,351,600)	200,884,700	(134,466,900)
Prior Year Ex-Appropriations	(175,443,000)					
Operating One-Time Spending	1,824,818,800	715,302,000		715,302,000		715,302,000
Water Supply Funding	189,200,000					
Hospital Assessment Savings		(100,000,000)		(100,000,000)		(100,000,000)
Subtotal One-Time Expenditures	$2,470,565,300	$615,302,000	($94,922,400)	$520,379,600	$200,175,500	$720,555,100
Total Expenditures	$17,378,665,500	$16,183,456,600	($92,853,500)	$16,090,603,100	$154,575,500	$16,245,178,600
Ending Balance	$962,823,000	$95,652,600	$808,008,700	$903,661,300	$188,424,500	$1,092,085,800
Ongoing Balance	$338,140,700	$39,835,200	$387,390,900	$427,226,100	$21,300,000	$448,526,100

1/ Reflects FY 2025 Budget as published in the *FY 2025 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 2025 First Regular Session.

FY 2025 GENERAL FUND ADJUSTMENTS

FY 2025 Budget Revisions — The preceding chart illustrates the changes to the FY 2025 budget from the August 2024 publication of the *FY 2025 Appropriations Report* (which included changes through the 56th Legislature, Second Regular Session) to the current estimate in this *FY 2026 Appropriations Report*. The chart includes the changes from the passage of bills in the First Regular Session of the 57th Legislature addressing the FY 2025 budget.

Original Budget Estimate — When the *FY 2025 Appropriations Report* was published in August 2024, the FY 2025 budget was anticipated to have a $96 million balance.

Mid-Year Balance — As estimated in the January 2025 JLBC Baseline, higher-than-expected revenues together with other changes led to the state's projected FY 2025 $96 million ending balance increasing to a projected balance of $904 million. The components of this $808 million increase in the fund balance compared to the August 2024 figures were as follows:

	($ in M)
• Increased FY 2024 Carry-Forward	324
• Increase in Net FY 2025 Ongoing Revenues	389
• Fund Transfers Technical Adjustment	2
• Decreased FY 2025 Expenditures	93
Total	**$808**

The original FY 2025 budget assumed an FY 2024 carry-forward balance of $639 million. Subsequent to the publication of the *FY 2025 Appropriations Report*, the state's final FY 2024 ending balance was significantly higher than this estimate as final FY 2024 revenues were stronger than anticipated. As a result, the FY 2024 ending balance was $963 million, or $324 million above the original estimate.

The enacted FY 2025 budget assumed ongoing FY 2025 revenues (excluding Urban Revenue Sharing) would increase by 3.0% compared to FY 2024. While the subsequent JLBC Baseline reduced this FY 2025 revenue growth rate slightly to 2.7%, applying this new forecast to the much higher final FY 2024 revenue base ultimately resulted in net FY 2025 ongoing revenues being significantly higher than originally projected, with an FY 2025 ongoing revenue forecast that was $389 million above the original budget projections.

The enacted FY 2025 budget assumed $32 million of fund transfers from certain dedicated agency accounts to the General Fund. Based on the technical processing of certain transfers for FY 2024, approximately $2 million of scheduled transfers were delayed and ultimately shifted into FY 2025.

Finally, the January 2025 JLBC Baseline assumed that spending would be $(93) million less than the enacted budget. This was primarily the result of offsetting factors: 1) Higher costs in formula programs such as ADE Basic State Aid (including the impact of the *Qasimyar* property tax litigation) and the state's Developmentally Disabled program in DES; and 2) Lower Medicaid spending due to declining AHCCCS caseloads and savings from the disaster recovery adjustment to the state's federal Medicaid match rate.

2025 Legislative Session — Laws 2025, Chapter 233, the General Appropriations Act, and other budget bills were signed by the Governor on June 27, 2025. The bills made spending changes totaling $155 million to the FY 2025 budget. The FY 2025 budget changes were as follows:

	($ in M)
• Shift FMAP Reduction to Revenue Scoring	220
• Increased K-12 Formula Supplemental	42
• Net ADC Ex-appropriation	(19)
• Shift DES DD Supplemental to Other Funds	(76)
• Administrative Adjustment Estimates	(46)
• All Other Changes	34
Total	**$155**

In addition, the revised FY 2025 budget assumed $343 million of increased revenues, which includes: 1) $145.1 million for revenue performance higher than assumed in the Baseline, based primarily on the April FAC forecast along with a one-time adjustment for revenue gains during the spring tax filing season; 2) A loss of $(4.4) million for additional revenue adjustments, related to tax law changes and fund transfers; 3) $131.1 million of additional revenue associated with scoring the savings from the disaster recovery adjustment to the state's federal Medicaid match rate; and 4) $71.2 million due to the delayed FY 2024 General Fund deposit associated with Valleywise Health instead occurring in FY 2025.

As noted above, the JLBC Baseline projected an FY 2025 ending balance of $904 million. The $343 million of additional revenues, combined with the $155 million post-Baseline net spending increase, results in the FY 2025 budget as passed in June having an estimated FY 2025 ending balance of $1.09 billion.

FY 2025 GENERAL FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	GF FY 2025 Approp Report August 2024	GF FY 2025 Enacted Changes 2/	GF FY 2025 Additional Approps 3/	GF FY 2025 Approps Report Updated Total
Budget Units				
Administration, Arizona Department of	10,147,600	15,000,000		25,147,600
Administration, Arizona Department of Automation Projects Fund	15,243,300			15,243,300
Administration, Arizona Department of - School Facilities Division	320,918,800			320,918,800
Administrative Hearings, Office of	970,000			970,000
Agriculture, Arizona Department of	14,639,800			14,639,800
AHCCCS	2,669,731,700	(92,219,600)		2,577,512,100
Arts, Arizona Commission on the	2,000,000			2,000,000
Attorney General - Department of Law	27,092,700			27,092,700
Charter Schools, State Board for	2,749,300		300	2,749,600
Child Safety, Department of	458,089,500			458,089,500
Commerce Authority, Arizona	13,550,000			13,550,000
Community Colleges, Arizona 1/	96,013,800	68,900		96,082,700
Corporation Commission	789,000			789,000
Corrections, State Department of	1,537,433,400	(18,515,300)	4,700	1,518,922,800
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	25,291,300			25,291,300
Economic Opportunity, Office of	507,100			507,100
Economic Security, Department of	1,344,531,100	(7,320,400)		1,337,210,700
Education, State Board of	3,342,400			3,342,400
Education, Department of	7,676,669,800	206,206,000		7,882,875,800
Emergency and Military Affairs, Department of	16,225,400			16,225,400
Environmental Quality, Department of	16,000,000			16,000,000
Equalization, State Board of	724,400			724,400
Executive Clemency, Board of	1,377,600			1,377,600
Forestry and Fire Management, Arizona Department of	51,471,600			51,471,600
Gaming, Department of	11,704,500			11,704,500
Governor, Office of the	8,996,800			8,996,800
Governor's Office of Strategic Planning and Budgeting	2,852,500			2,852,500
Health Services, Department of	122,466,300			122,466,300
Historical Society, Arizona	2,978,700			2,978,700
Historical Society, Prescott	995,300			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

	GF FY 2025 Approp Report August 2024	GF FY 2025 Enacted Changes 2/	GF FY 2025 Additional Approps 3/	GF FY 2025 Approps Report Updated Total
Insurance and Financial Institutions, Department of	8,090,100			8,090,100
Judiciary				
Supreme Court	29,864,200			29,864,200
Court of Appeals	24,407,400			24,407,400
Superior Court	115,194,800			115,194,800
SUBTOTAL - Judiciary	169,466,400	-	-	169,466,400
Juvenile Corrections, Department of	29,978,900			29,978,900
Land Department, State	12,411,300			12,411,300
Legislature				
Auditor General	26,722,700			26,722,700
House of Representatives	21,565,600			21,565,600
Joint Legislative Budget Committee	3,055,800			3,055,800
Legislative Council	9,275,700			9,275,700
Ombudsmen-Citizens Aide Office	1,578,400			1,578,400
Senate	18,000,200			18,000,200
SUBTOTAL - Legislature	80,198,400	-	-	80,198,400
Mine Inspector, State	2,299,300			2,299,300
Navigable Stream Adjudication Commission	140,500			140,500
Parks Board, Arizona State	100,000			100,000
Public Safety, Department of	264,461,100			264,461,100
Public Safety Personnel Retirement System	6,000,000			6,000,000
Real Estate Department, State	3,111,800			3,111,800
Revenue, Department of	59,677,700			59,677,700
Secretary of State	22,993,900	500,000		23,493,900
Tax Appeals, State Board of	318,600			318,600
Tourism, Office of	8,325,000			8,325,000
Treasurer, State	10,160,700	310,000		10,470,700
Tribal Relations, Governor's Office on	67,100			67,100
Universities				
Board of Regents	55,726,000			55,726,000
Arizona State University	408,638,200			408,638,200
Northern Arizona University	134,294,400			134,294,400
University of Arizona - Main Campus	295,913,700			295,913,700
University of Arizona - Health Sciences Center	75,428,400			75,428,400
SUBTOTAL - Universities	970,000,700	-	-	970,000,700
Veterans' Services, Department of	11,999,100	1,000,000	287,400	13,286,500
Water Resources, Department of	24,618,200			24,618,200
OPERATING BUDGET TOTAL	16,180,457,900	105,029,600	292,400	16,285,779,900
Capital Outlay - Phoenix Convention Center Debt Service	25,998,700			25,998,700
Capital Outlay - Rio Nuevo District 3/	17,000,000	2,000,000		19,000,000

	GF FY 2025 Approp Report August 2024	GF FY 2025 Enacted Changes 2/	GF FY 2025 Additional Approps 3/	GF FY 2025 Approps Report Updated Total
Administrative Adjustments	130,000,000	(45,600,000)		84,400,000
Revertments	(170,000,000)			(170,000,000)
GRAND TOTAL	16,183,456,600	61,429,600	292,400	16,245,178,600

1/ This chart provides a crosswalk between an agency's original appropriation in the FY 2025 Appropriations Report and its final FY 2025 appropriation.

2/ Represents FY 2025 changes enacted by the FY 2026 General Appropriations Act. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

3/ Represents FY 2025 changes enacted by separate from the FY 2026 General Appropriations Act. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

FY 2025 OTHER FUND CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

Budget Units	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Accountancy, State Board of				
Board of Accountancy Fund	2,258,100			2,258,100
Acupuncture Board of Examiners				
Acupuncture Board of Examiners Fund	199,700	15,000		214,700
Administration, Arizona Department of				
Air Quality Fund	929,900			929,900
Arizona Financial Information System Collections Fund	11,524,300			11,524,300
Automation Operations Fund	29,840,500			29,840,500
Capital Outlay Stabilization Fund	21,137,300			21,137,300
Corrections Fund	629,400			629,400
Cyber Risk Management Fund	23,037,200			23,037,200
Federal Surplus Materials Revolving Fund	473,500			473,500
Information Technology Fund	3,956,500		62,600	4,019,100
Personnel Division Fund	14,046,200			14,046,200
Risk Management Revolving Fund	101,938,500	8,900,000	2,700	110,841,200
Special Employee Health Insurance Trust Fund	5,715,200			5,715,200
Special Services Revolving Fund	1,255,700			1,255,700
State Surplus Materials Revolving Fund	3,211,500			3,211,500
State Web Portal Fund	9,354,700			9,354,700
Telecommunications Fund	2,404,600			2,404,600
Total - Arizona Department of Administration	229,455,000	8,900,000	65,300	238,420,300
Administration, Arizona Department of - Automation Projects Fund				
Automation Projects Fund	29,694,000			29,694,000
Agriculture, Arizona Department of				
Air Quality Fund	1,615,700			1,615,700
Nuclear Emergency Management Fund	308,600			308,600
Total - Arizona Department of Agriculture	1,924,300	-	-	1,924,300
AHCCCS				
Budget Neutrality Compliance Fund	4,914,300			4,914,300
Children's Health Insurance Program Fund	174,041,000			174,041,000
Prescription Drug Rebate Fund - State	189,832,200			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 -				

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Medically Needy Account	66,586,300			66,586,300
Total - AHCCCS	455,300,200	-	-	455,300,200
Athletic Training, Board of				
Athletic Training Fund	167,800			167,800
Attorney General - Department of Law				
Antitrust Enforcement Revolving Fund	162,300			162,300
Attorney General Legal Services Cost Allocation Fund	2,343,200			2,343,200
Collection Enforcement Revolving Fund	7,339,500			7,339,500
Consumer Protection-Consumer Fraud Rev. Fund	14,886,000			14,886,000
Consumer Restitution and Remediation Revolving Fund - Consumer Remediation Subaccount	49,000,000			49,000,000
Interagency Service Agreements Fund	18,246,300			18,246,300
Internet Crimes Against Children Enforcement Fund	900,000			900,000
Risk Management Revolving Fund	13,266,600			13,266,600
Victims' Rights Fund	3,815,400			3,815,400
Total - Attorney General - Department of Law	109,959,300	-	-	109,959,300
Barbering and Cosmetology Board				
Barbering and Cosmetology Fund	3,230,900			3,230,900
Behavioral Health Examiners, Board of				
Board of Behavioral Health Examiners Fund	2,757,400			2,757,400
Child Safety, Department of				
Child Abuse Prevention Fund	1,459,300			1,459,300
Child Welfare Licensing Fee Fund	1,021,600			1,021,600
Children and Family Services Training Program Fund	207,500			207,500
Federal Child Care and Development Fund Block Grant	40,516,000			40,516,000
Federal Temporary Assistance for Needy Families Block Grant	161,076,300	15,600,000		176,676,300
Total - Department of Child Safety	204,280,700	15,600,000	-	219,880,700
Chiropractic Examiners, State Board of				
Board of Chiropractic Examiners Fund	643,700			643,700
Contractors, Registrar of				
Registrar of Contractors Fund	13,925,600			13,925,600
Corporation Commission				
Arizona Arts Trust Fund	60,000			60,000
Investment Management Regulatory and Enforcement Fund	1,329,700			1,329,700
Public Access Fund	8,121,600			8,121,600
Securities Regulatory and Enforcement Fund	7,345,800			7,345,800
Utility Regulation Revolving Fund	18,547,300			18,547,300

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Total - Corporation Commission	35,404,400	-	-	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	1,280,800			1,280,800
Penitentiary Land Fund	3,466,000			3,466,000
Prison Construction and Operations Fund	12,500,100	76,000		12,576,100
State Charitable, Penal and Reformatory Institutions Land Fund	3,733,100			3,733,100
State Education Fund for Correctional Education	736,400			736,400
Transition Program Fund	15,048,600			15,048,600
Total - State Department of Corrections	68,633,300	76,000	-	68,709,300
Criminal Justice Commission, Arizona				
Criminal Justice Enhancement Fund	742,200			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	4,255,800			4,255,800
Total - Arizona Criminal Justice Commission	7,318,800	-	-	7,318,800
Deaf and the Blind, Arizona Schools for the				
Cooperative Services Fund	20,092,400			20,092,400
Schools for the Deaf and the Blind Fund	14,878,500			14,878,500
Telecommunication Fund for the Deaf	168,000			168,000
Total - Arizona State Schools for the Deaf and the Blind	35,138,900	-	-	35,138,900
Deaf and the Hard of Hearing, Comm. for the				
Telecommunication Fund for the Deaf	5,047,800		3,800	5,051,600
Dental Examiners, State Board of				
Dental Board Fund	2,129,800			2,129,800
Economic Security, Department of				
Child Support Enforcement Administration Fund	17,678,400			17,678,400
Domestic Violence Services Fund	4,000,300			4,000,300
Federal Child Care and Development Fund Block Grant	331,027,900			331,027,900
Federal Temporary Assistance for Needy Families Block Grant	66,588,900			66,588,900
Long Term Care System Fund	34,429,200			34,429,200
Prescription Drug Rebate Fund	-		122,300,300	122,300,300
Public Assistance Collections Fund	441,800			441,800
Special Administration Fund	4,654,600			4,654,600

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Spinal and Head Injuries Trust Fund	2,390,200			2,390,200
Statewide Cost Allocation Plan Fund	1,000,000			1,000,000
Workforce Investment Act Grant	87,116,200			87,116,200
Total - Department of Economic Security	549,327,500	-	122,300,300	671,627,800
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
Special Education Fund	-	2,000,000		2,000,000
Teacher Certification Fund	2,547,000			2,547,000
Tribal College Dual Enrollment Program Fund	325,000			325,000
Total - Department of Education	368,120,000	2,000,000	-	370,120,000
Emergency and Military Affairs, Department of				
Nuclear Emergency Management Fund	2,176,000			2,176,000
Environmental Quality, Department of				
Air Quality Fund	9,207,200			9,207,200
Emergency Response Fund	132,800			132,800
Emissions Inspection Fund	33,012,700			33,012,700
Hazardous Waste Management Fund	1,960,100			1,960,100
Indirect Cost Fund	18,788,100			18,788,100
Permit Administration Fund	7,333,900			7,333,900
Recycling Fund	2,484,100			2,484,100
Safe Drinking Water Program Fund	2,001,600			2,001,600
Solid Waste Fee Fund	2,592,700			2,592,700
Water Quality Fee Fund	20,852,800			20,852,800
Total - Department of Environmental Quality	98,366,000	-	-	98,366,000
Equal Opportunity, Governor's Office of				
Personnel Division Fund	311,700			311,700
Exposition and State Fair Board, Arizona				
Arizona Exposition and State Fair Fund	23,698,700			23,698,700
Forestry and Fire Management, Arizona Department of				
Long-Term Water Augmentation Fund	-	41,180,800		41,180,800
Game and Fish Department, Arizona				
Capital Improvement Fund	1,001,200			1,001,200
Game and Fish Fund	36,079,800			36,079,800
Game, Nongame, Fish and Endangered Species Fund	391,700			391,700
Watercraft Licensing Fund	5,063,300			5,063,300
Wildlife Endowment Fund	16,200			16,200
Total - Arizona Game and Fish Department	42,552,200	-	-	42,552,200

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Gaming, Department of				
Arizona Benefits Fund	16,610,000			16,610,000
Fantasy Sports Contest Fund	150,100			150,100
Racing Regulation Fund	3,948,400			3,948,400
Racing Regulation Fund - Unarmed Combat Subaccount	105,200			105,200
State Lottery Fund	300,000			300,000
Tribal-State Compact Fund	2,330,300			2,330,300
Total - Department of Gaming	23,444,000	-	-	23,444,000
Health Services, Department of				
Arizona State Hospital Fund	3,395,700			3,395,700
ASH Land Earnings Fund	650,000	3,328,200		3,978,200
Child Fatality Review Fund	196,500			196,500
Disease Control Research Fund	1,000,000			1,000,000
Emergency Medical Services Operating Fund	4,260,700			4,260,700
Environmental Laboratory Licensure Revolving Fund	1,008,400			1,008,400
Federal Child Care and Development Fund Block Grant	1,011,300			1,011,300
Health Services Licensing Fund	17,607,900	1,992,000		19,599,900
Health Services Lottery Monies Fund				
Indirect Cost Fund	13,323,700			13,323,700
Newborn Screening Program Fund	12,838,700			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	3,893,800			3,893,800
Total - Department of Health Services	63,124,900	5,320,200	-	68,445,100
Homeland Security, Arizona Department of				
Information Technology Fund	11,054,700			11,054,700
Homeopathic and Integrated Medicine Examiners, Board of				
Board of Homeopathic and Integrated Medicine Examiners' Fund	61,500			61,500
Housing, Department of				
Housing Trust Fund	388,800			388,800
Industrial Commission of Arizona				
Administrative Fund	22,138,000			22,138,000
Insurance and Financial Institutions, Department of				

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Automobile Theft Authority Fund	6,749,300			6,749,300
Financial Services Fund	6,057,500			6,057,500
Department Revolving Fund	50,300			50,300
Total - Department of Insurance and Financial Institutions	12,857,100	-	-	12,857,100
Judiciary - Supreme Court				
Confidential Intermediary and Fiduciary Fund	690,600			690,600
Court Appointed Special Advocate and Vulnerable Persons Fund	6,793,700			6,793,700
Criminal Justice Enhancement Fund	4,765,200			4,765,200
Defensive Driving School Fund	4,521,000			4,521,000
Judicial Collection Enhancement Fund	15,303,000			15,303,000
State Aid to the Courts Fund	2,946,900			2,946,900
Total - Judiciary - Supreme Court	35,020,400	-	-	35,020,400
Judiciary - Superior Court				
Criminal Justice Enhancement Fund	5,496,000			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	12,015,600	-	-	12,015,600
SUBTOTAL - Judiciary	47,036,000	-	-	47,036,000
Juvenile Corrections, Department of				
Criminal Justice Enhancement Fund	528,900			528,900
Department of Juvenile Corrections Local Cost Sharing Fund	6,724,000			6,724,000
State Charitable, Penal and Reformatory Institutions Land Fund	4,881,100			4,881,100
State Education Fund for Committed Youth	1,463,700			1,463,700
Total - Department of Juvenile Corrections	13,597,700	-	-	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	7,058,000			7,058,000
Total - State Land Department	12,496,200	-	-	12,496,200
Legislature - Auditor General				
Prescription Drug Rebate Fund - State	-		355,000	355,000
Liquor Licenses and Control, Department of				
Liquor Licenses Fund	6,126,800	2,900,000		9,026,800
Lottery Commission, Arizona State				
State Lottery Fund	201,696,500	(14,288,500)		187,408,000
Massage Therapy, Board of				

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Board of Massage Therapy Fund	607,700			607,700
Medical Board, Arizona				
Arizona Medical Board Fund	8,424,900			8,424,900
Mine Inspector, State				
Aggregate Mining Reclamation Fund	112,900			112,900
Naturopathic Physicians Medical Board				
Naturopathic Physicians Medical Board Fund	220,000			220,000
Navigable Stream Adjudication Commission				
Arizona Water Banking Fund	200,000			200,000
Nursing, State Board of				
Board of Nursing Fund	7,016,600			7,016,600
Nursing Care Institution Administrators Board				
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund	613,100			613,100
Occupational Therapy Examiners, Board of				
Occupational Therapy Fund	306,700			306,700
Opticians, State Board of Dispensing				
Board of Dispensing Opticians Fund	198,500			198,500
Optometry, State Board of				
Board of Optometry Fund	295,600			295,600
Osteopathic Examiner in Medicine and Surgery, Arizona Board of				
Board of Osteopathic Examiners in Medicine and Surgery Fund	1,403,100			1,403,100
Parks Board, Arizona State				
Off-Highway Vehicle Recreation Fund	16,700			16,700
State Parks Store Fund	1,513,100			1,513,100
State Parks Revenue Fund	19,518,500			19,518,500
Total - Arizona State Parks Board	21,048,300	-	-	21,048,300
Personnel Board, State				
Personnel Board Subaccount of the Personnel Division Fund	363,700			363,700
Pharmacy, Arizona State Board of				
Arizona State Board of Pharmacy Fund	3,568,600			3,568,600
Physical Therapy, Board of				
Board of Physical Therapy Fund	596,000			596,000
Pioneers' Home, Arizona				
Miners' Hospital for Miners with Disabilities Land Fund	2,363,700			2,363,700
State Charitable Fund	6,128,400			6,128,400
Total - Arizona Pioneers' Home	8,492,100	-	-	8,492,100
Podiatry Examiners, State Board of				

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Podiatry Fund	202,700			202,700
Private Postsecondary Education, Board for				
Board for Private Postsecondary Education Fund	453,000			453,000
Psychologist Examiners, State Board of				
Behavior Analyst Licensing and Regulation Account	216,100			216,100
Board of Psychologist Examiners Fund	428,700			428,700
Total - State Board of Psychologist Examiners	644,800	-	-	644,800
Public Safety, Department of				
Arizona Highway Patrol Fund	27,028,500			27,028,500
Border security fund				
Concealed Weapons Permit Fund	3,388,400			3,388,400
Criminal Justice Enhancement Fund	3,049,900			3,049,900
DPS Forensics Fund	23,198,800			23,198,800
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	1,003,300			1,003,300
Motorcycle Safety Fund	198,900			198,900
Parity Compensation Fund	3,156,800			3,156,800
Public Safety Equipment Fund	3,664,000			3,664,000
Risk Management Revolving Fund	1,141,900			1,141,900
State Highway Fund	10,000,000			10,000,000
Total - Department of Public Safety	80,263,000	-	-	80,263,000
Residential Utility Consumer Office				
Residential Utility Consumer Office Revolving Fund	1,606,500			1,606,500
Respiratory Care Examiners, Board of				
Board of Respiratory Care Examiners Fund	426,700			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	27,063,400			27,063,400
Total - Arizona State Retirement System	28,863,400	-	-	28,863,400
Revenue, Department of				
Department of Revenue Administrative Fund	27,101,900			27,101,900
Liability Setoff Program Revolving Fund	2,094,800			2,094,800
Tobacco Tax and Health Care Fund	730,300			730,300
Total - Department of Revenue	29,927,000	-	-	29,927,000

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Secretary of State				
Election Systems Improvement Fund	483,500			483,500
Records Services Fund	1,820,700			1,820,700
Total - Secretary of State	2,304,200	-	-	2,304,200
Technical Registration, State Board of				
Technical Registration Fund	2,646,000			2,646,000
Transportation, Department of				
Air Quality Fund	1,078,300			1,078,300
Department Fleet Operations Fund	27,522,700			27,522,700
Highway Damage Recovery Account	7,999,300			7,999,300
Highway User Revenue Fund	951,500			951,500
Ignition Interlock Device Fund	365,600			365,600
Motor Vehicle Liability Insurance Enforcement Fund	1,615,600			1,615,600
State Aviation Fund	2,289,300			2,289,300
State Fleet Operations Fund	29,146,900			29,146,900
State Highway Fund	488,489,300		9,100	488,498,400
State Vehicle Replacement Fund	11,370,000			11,370,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,646,400			1,646,400
Total - Department of Transportation	572,474,900	-	9,100	572,484,000
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	4,334,600			4,334,600
Total - State Treasurer	9,471,600	-	-	9,471,600
Universities				
Arizona State University				
University Collections Fund 1/	854,407,100	2,591,700		856,998,800
Northern Arizona University				
University Collections Fund 1/	135,319,600	(3,482,800)		131,836,800
University of Arizona - Main Campus				
University Collections Fund 1/	347,232,700	21,316,400		368,549,100
University of Arizona - Health Sciences Center				
University Collections Fund 1/	69,546,500	(8,023,700)		61,522,800
Total - Universities	1,406,505,900	12,401,600	-	1,418,907,500
Veterans' Services, Department of				
State Homes for Veterans' Trust Fund	60,994,800		17,700	61,012,500
Veterinary Medical Examining Board				
Veterinary Medical Examining Board Fund	787,900			787,900
Water Resources, Department of				

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Assured and Adequate Water Supply Admin Fund	291,800			291,800
Water Resources Fund	1,726,500			1,726,500
Total - Department of Water Resources	2,018,300	-	-	2,018,300
OPERATING BUDGET TOTAL	4,959,102,500	74,105,100	122,751,200	5,155,958,800
Prior Year Appropriation Adjustments		(2,500,000)		(2,500,000)
Unallocated FY 2025 Health Insurance Adjustments	18,448,400			18,448,400
Unallocated FY 2025 Fleet Rate Adjustments	171,400			171,400
Unallocated FY 2025 Rent and COP Adjustments	13,000			13,000
Unallocated FY 2025 Retirement Adjustments	392,500			392,500
Capital Outlay - Building Renewal/Projects	571,840,800	(23,201,900)		548,638,900
GRAND TOTAL	5,549,968,600	48,403,200	122,751,200	5,721,123,000

FY 2025 EXPENDITURE AUTHORITY CROSSWALK - ORIGINAL TO FINAL ESTIMATES 1/

	EA FY 2025 Approps Report August 2024	EA FY 2025 Enacted Changes 2/	EA FY 2025 Additional Approps 3/	EA FY 2025 Approps Report Updated Total
Budget Units				
AHCCCS				
AHCCCS Fund	-	13,434,104,500		13,434,104,500
Arizona Tobacco Litigation Settlement Fund	102,000,000			102,000,000
Delivery System Reform Incentive Payment Fund	17,922,700			17,922,700
Health Care Investment Fund	911,052,600			911,052,600
Hospital Assessment Fund	694,319,800			694,319,800
Long Term Care System Fund		1,959,660,600		1,959,660,600
Nursing Care Facility Provider Assessment Fund	32,989,600	61,917,200		94,906,800
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	2,646,613,600	15,455,682,300	-	18,102,295,900
Child Safety, Department of				
Child Safety Expenditure Authority	438,921,400	-		438,921,400

	OF FY 2025 Approps Report August 2024	OF FY 2025 Enacted Changes 2/	OF FY 2025 Additional Approps 3/	OF FY 2025 Approps Report Updated Total
Comprehensive Health Plan Fund	159,828,000	43,787,500		203,615,500
Total - Department of Child Safety	598,749,400	43,787,500	-	642,536,900
Economic Security, Department of				
Child Support Enforcement Administration Fund	44,401,200			44,401,200
Health Care Investment Fund	43,247,300			43,247,300
Long Term Care System Fund (Federal Match)	3,313,409,500		403,000,000	3,716,409,500
Total - Department of Economic Security	3,401,058,000	-	403,000,000	3,804,058,000
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
GRAND TOTAL	7,940,062,500	15,499,469,800	403,000,000	23,842,532,300

1/ This chart provides a crosswalk between an agency's original appropriation in the FY 2025 Appropriations Report and its final FY 2025 appropriation.
2/ Represents FY 2025 changes enacted by the FY 2026 General Appropriations Act. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.
3/ Represents FY 2025 changes enacted by separate from the FY 2026 General Appropriations Act. Individual bill detail appears in the "Budget Detail" section. See individual agency narrative for detail.

JLBC STAFF AND AGENCY DIRECTORY

APPROPRIATIONS COMMITTEE MEMBERS
Fifty-seventh Legislature
First Regular Session

SENATE	HOUSE
John Kavanagh, Chairman	David Livingston, Chairman
David Farnsworth, Vice-Chairman	Matt Gress, Vice-Chairman
Lela Alston	Lorena Austin
Hildy Angius	Walt Blackman
Denise "Mitzi" Epstein	Seth Blattman
Brian Fernandez	Lupe Diaz
Mark Finchem	Nancy Gutierrez
Lauren Kuby	Chris Lopez
Vince Leach	Quang Nguyen
Carine Werner	Justin Olson
	Tony Rivero
	Mariana Sandoval
	Stephanie Stahl Hamilton
	Stacy Travers
	Kevin Volk
	Michael Way
	Jeff Weninger
	Julie Willoughby

STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE

- Director ..... Richard Stavneak
- Deputy Directors ..... Jack Brown
  ..... Patrick Moran
- Chief Economist ..... Hans Olofsson
- Assistant Directors ..... Benjamin Beutler
  ..... Morgan Dorcheus
  ..... Micaela Larkin Andrews
  ..... Geoffrey Paulsen
- Principal Fiscal Analyst ..... Jordan Johnston
- Senior Fiscal Analysts ..... Nate Belcher
  ..... Chandler Coiner
  ..... Maggie Rocker
- Senior Economist ..... Ben Newcomb
- Fiscal Analysts ..... Brian Belakovsky
  ..... Gordon Robertson
  ..... Grace Timpany
  ..... Ethan Scheider
- Assistant Fiscal Analysts ..... Destin Moss
- Senior Administrative Assistant/JLBC Clerk ..... Kristy Paddack
- Administrative Assistant/JCCR Clerk ..... Jennifer Burns

JOINT LEGISLATIVE BUDGET COMMITTE

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 as of July 2025:

Senator David C. Farnsworth
Vice-Chairman
Senator Lela Alston
Senator Brian Fernandez
Senator Mark Finchem
Senator John Kavanagh
Senator Lauren Kuby
Senator J.D. Mesnard
Senator Carine Werner

Representative David Livingston
Chairman
Representative Lorena Austin
Representative Seth Blattman
Representative Neal Carter
Representative Michael Carbone
Representative Matt Gress
Representative Justin Olson
Representative Stephanie Stahl Hamilton
Representative Michael Way

The objectives and major products of the staff of the JLBC are:

- Analysis and recommendations for the state budget, which is presented in January of each year.
- Technical, analytical, and preparatory support in the development of appropriations bills considered by the Legislature.
- Periodic economic and state revenue forecasts.
- Preparation of fiscal notes on legislation and ballot propositions that have a fiscal impact on the state or any of its political subdivisions.
- An annual *Appropriations Report*, which is published shortly after the budget is completed and provides detail on the budget along with an explanation of legislative intent.
- Support to the JLBC with respect to recommendations on business items placed on the committee's agenda such as transfers of appropriations pursuant to A.R.S. § 35-173.
- Support to the Joint Committee on Capital Review (JCCR) with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects.
- Analyze the state tax structure, tax burdens on individuals and businesses and tax incentives for businesses pursuant to A.R.S. § 41-1272A4.

Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007
Phone: (602) 926-5491
Email: jlbcwebmaster@azleg.gov
Website: https://www.azjlbc.gov

JOINT COMMITTEE ON CAPITAL REVIEW

The Joint Committee on Capital Review (JCCR) was first established on April 11, 1986 pursuant to Laws 1986, Chapter 85. The primary powers and duties of the Joint Committee on Capital Review relate to ascertaining facts and making recommendations to the Legislature regarding state expenditures for land, buildings and improvements. This portion of the state budget is known as "capital outlay." The following members serve on the Committee as of July 2025:

Senator David C. Farnsworth
Chairman
Senator Lela Alston
Senator Mark Finchem
Senator John Kavanagh
Senator Lauren Kuby
Senator Priya Sundareshan
Senator Carine Werner

Representative David Livingston
Vice-Chairman
Representative Michael Carbone
Representative Oscar De Los Santos
Representative Matt Gress
Representative Stephanie Stahl-Hamilton
Representative Stacey Travers
Representative Michael Way

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 2025 Regular Session

Accountancy, Arizona State Board of ..... Destin Moss
Acupuncture Board of Examiners ..... Grace Timpany
Administration, Arizona Department of ..... Ethan Scheider
ADOA - Automation Projects Fund ..... Destin Moss
ADOA - Health Insurance Trust Fund ..... Chandler Coiner
ADOA - School Facilities Division ..... Gordon Robertson
Administrative Hearings, Office of ..... Destin Moss
Agriculture, Arizona Department of ..... Nate Belcher
AHCCCS ..... Maggie Rocker/ Chandler Coiner
Arts, Arizona Commission on the ..... Ethan Scheider
Athletic Training, Board of ..... Destin Moss
Attorney General - Department of Law ..... Gordon Robertson
Auditor General ..... Micaela Larkin Andrews
Barbering and Cosmetology Board ..... Ethan Scheider
Behavioral Health Examiners, Board of ..... Grace Timpany
Charter Schools, State Board for ..... Ethan Scheider
Child Safety, Department of ..... Maggie Rocker
Chiropractic Examiners, State Board of ..... Destin Moss
Citizens Clean Elections Commission ..... Micaela Larkin Andrews
Commerce Authority, Arizona ..... Nate Belcher
Community Colleges, Arizona ..... Ethan Scheider
Constable Ethics Standards and Training Board ..... Destin Moss
Contractors, Registrar of ..... Ethan Scheider
Corporation Commission ..... Nate Belcher
Corrections, State Department of ..... Geoff Paulsen
County Funding ..... Destin Moss
Criminal Justice Commission, AZ ..... Benjamin Beutler
Deaf and the Blind, AZ State Schools for the ..... Ethan Scheider
Deaf and the Hard of Hearing, Commission for the ..... Benjamin Beutler
Dental Examiners, State Board of ..... Benjamin Beutler
Early Childhood Development & Health Board, AZ ..... Grace Timpany
Economic Opportunity, Office of ..... Ben Newcomb
Economic Security, Department of ..... Chandler Coiner/ Grace Timpany
Education, State Board of ..... Gordon Robertson
Education, Department of ..... Patrick Moran/ Gordon Robertson
Emergency and Military Affairs, Department of ..... Destin Moss
Environmental Quality, Department of ..... Maggie Rocker
Equal Opportunity, Governor's Office of ..... Ethan Scheider
Equalization, State Board of ..... Ethan Scheider
Executive Clemency, Board of ..... Benjamin Beutler
Exposition & State Fair Board, AZ ..... Nate Belcher
Forestry and Fire Management, AZ Department of ..... Nate Belcher
Game and Fish Department, Arizona ..... Nate Belcher
Gaming, Department of ..... Ben Newcomb
Governor, Office of the ..... Morgan Dorcheus
Governor's Office of Strategic Planning. & Budgeting ..... Morgan Dorcheus
Health Services, Department of ..... Maggie Rocker
Historical Society, Arizona ..... Micaela Larkin Andrews
Historical Society of AZ, Prescott ..... Micaela Larkin Andrews
Homeland Security, AZ Department of ..... Destin Moss
Homeopathic and Integrated Medicine Exmrs, Bd. of ..... Destin Moss
House of Representatives ..... Morgan Dorcheus
Housing, AZ Department of ..... Grace Timpany
Independent Correctional Oversight Office ..... Benjamin Beutler
Independent Redistricting Commission ..... Micaela Larkin Andrews
Industrial Commission of Arizona ..... Ethan Scheider
Insurance and Financial Institutions, Department of ..... Destin Moss
Joint Legislative Budget Committee ..... Morgan Dorcheus
Judiciary ..... Benjamin Beutler
Juvenile Corrections, Department of ..... Benjamin Beutler
Land Department, State ..... Gordon Robertson
Legislative Council ..... Morgan Dorcheus
Liquor Licenses & Control, Department of ..... Nate Belcher
Lottery Commission, Arizona State ..... Ben Newcomb
Massage Therapy, Board of ..... Destin Moss
Medical Board, Arizona ..... Ethan Scheider
Mine Inspector, State ..... Nate Belcher
Natural Resource Conservation Board, State ..... Gordon Robertson
Naturopathic Physicians Medical Board ..... Destin Moss
Navigable Stream Adjudication Commission, AZ ..... Nate Belcher
Nursing, State Board of ..... Destin Moss
Nursing Care Institution Administrators and Assisted Living Facility Managers, Board of Examiners of ..... Grace Timpany
Occupational Therapy Examiners, Board of ..... Destin Moss
Ombudsman-Citizens Aide Office ..... Micaela Larkin Andrews
Opticians, State Board of Dispensing ..... Ethan Scheider
Optometry, State Board of ..... Ethan Scheider
Osteopathic Examiners in Medicine and Surgery AZ Bd of ..... Grace Timpany
Parks Board, Arizona State ..... Nate Belcher
Personnel Board, State ..... Ethan Scheider
Pharmacy, AZ State Board of ..... Grace Timpany
Physical Therapy, Board of ..... Destin Moss
Pioneers' Home, Arizona ..... Destin Moss
Podiatry Examiners, State Board of ..... Grace Timpany
Power Authority, Arizona ..... Destin Moss
Private Postsecondary Education, State Bd. For ..... Destin Moss
Psychologist Examiners, State Board of ..... Grace Timpany
Public Safety, Department of ..... Jordan Johnston
Public Safety Personnel Retirement System ..... Gordon Robertson
Real Estate Department, State ..... Destin Moss
Residential Utility Consumer Office ..... Nate Belcher
Respiratory Care Examiners, Board of ..... Grace Timpany
Retirement System, Arizona State ..... Gordon Robertson
Revenue, Department of ..... Micaela Larkin Andrews
Secretary of State, Department of State ..... Micaela Larkin Andrews
Senate ..... Morgan Dorcheus
Tax Appeals, State Board of ..... Nate Belcher
Technical Registration, State Board of ..... Ethan Scheider
Tourism, Office of ..... Nate Belcher
Transportation, Department of ..... Jordan Johnston
Treasurer, State ..... Destin Moss
Tribal Relations, Governor's Office on ..... Ethan Scheider
Universities
- Regents, Arizona Board of ..... Grace Timpany
- Arizona State University ..... Grace Timpany
- Northern Arizona University ..... Ethan Scheider
- University of Arizona - Main Campus ..... Grace Timpany
- University of Arizona - Health Sciences Center ..... Grace Timpany

Veterans' Services, Department of ..... Chandler Coiner
Veterinary Medical Examining Board, AZ. State ..... Grace Timpany
Water Infrastructure Finance Authority ..... Micaela Larkin Andrews
Water Resources, Department of ..... Micaela Larkin Andrews

Other Assignments

Economic and Revenue Forecast ..... Hans Olofsson
Fiscal Note Manager ..... Morgan Dorcheus