Arizona Department of Administration

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 BASELINE
OPERATING BUDGET			
Full Time Equivalent Positions	539.1	548.1	548.1
Personal Services	29,660,500	31,951,900	31,951,900
Employee Related Expenditures	10,567,800	11,214,600	11,214,600
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	43,172,500
Equipment	266,800	2,115,800	1,788,300
OPERATING SUBTOTAL	**79,743,500**	**94,209,200**	**93,881,700** 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	10,967,300
Named Claimants	14,300	0	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	1,345,700
Information Technology Project Management and Oversight	1,560,500	1,674,600	1,674,600
Risk Management			
Cyber Risk Insurance	1,394,100	23,037,200	23,037,200 2/
Federal Transfer Payment	9,493,000	0	0 3/
Risk Management Administrative Expenses	10,436,700	10,870,700	10,870,700
Risk Management Losses and Premiums	46,468,200	54,414,800	54,414,800
Workers' Compensation Losses and Premiums	24,731,900	28,395,000	28,395,000
Support Services			
School District Health Insurance Actuarial Study	0	250,000	0
Employee Compensation Study	1,800,000	0	0
Government Transformation Office	1,979,900	2,074,700	2,074,700
State Surplus Property Sales Agency Proceeds	2,058,700	1,810,000	1,810,000
Other			
Fire Incident Management Fund Deposit	12,200,000	0	0
Health Care Interoperability Grants	3,000,000	0	0
Skull Valley School District Distribution	300,000	0	0
Navajo Nation Household Electrical Connections	0	1,000,000	0
AGENCY TOTAL	**214,054,000**	**239,602,600**	**236,968,100** 4/ 5/ 6/

FUND SOURCES			
General Fund	25,585,300	10,147,600	9,145,100
Other Appropriated Funds			
Air Quality Fund	400,200	929,900	929,900
Arizona Financial Information System Collections Fund	13,127,800	11,524,300	10,967,300
Automation Operations Fund	24,693,000	29,840,500	29,840,500 7/
Capital Outlay Stabilization Fund	16,365,900	21,137,300	21,137,300
Corrections Fund	487,800	629,400	629,400
Cyber Risk Insurance Fund	1,394,100	23,037,200	23,037,200
Federal Surplus Materials Revolving Fund	40,200	473,500	473,500
Information Technology Fund	2,023,500	3,956,500	3,956,500
Personnel Division Fund	12,898,500	14,046,200	13,796,200

Risk Management Revolving Fund	97,399,100	101,938,500	101,938,500
Special Employee Health Insurance Trust Fund	5,638,800	5,715,200	5,715,200
Special Services Revolving Fund	1,223,600	1,255,700	1,255,700
State Surplus Materials Revolving Fund	3,372,600	3,211,500	3,211,500 8/
State Web Portal Fund	7,863,500	9,354,700	8,854,700
Telecommunications Fund	1,540,100	2,404,600	2,079,600
SUBTOTAL - Other Appropriated Funds	188,468,700	229,455,000	227,823,000
SUBTOTAL - Appropriated Funds	**214,054,000**	**239,602,600**	**236,968,100**
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	1,527,438,600	1,595,712,200

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)

4/ 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)

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

6/ **NEW** On or before March 31, 2026, the department shall submit a report to the joint legislative budget committee and the governor’s office of strategic planning and budgeting on the amount valleywise health has agreed to send to the department for deposit to the General Fund in fiscal year 2025-2026. If there is any change in the amount that valleywise health has agreed to send to the department from fiscal year 2024-2025, the report shall include the reason for the change. (General Appropriations Act footnote)

7/ The appropriation from the automation operations fund established by section 41-711, Arizona Revised Statutes, is an estimate representing all monies, including balance forward, revenues and transfers during fiscal year 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 $29,840,500 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)

8/ All state surplus materials revolving fund monies received by the department of administration in excess of $3,048,900 in fiscal year 2024-2025 are appropriated to the department. Before spending state surplus materials revolving fund monies in excess of $3,211,500 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)

Operating Budget

The Baseline includes $93,881,700 and 497.1 FTE Positions in FY 2026 for the operating budget. These amounts consist of:

	FY 2026
General Fund	$9,145,100
Air Quality Fund	929,900
Automation Operations Fund	29,840,500
Capital Outlay Stabilization Fund (COSF)	13,487,400
Corrections Fund	629,400
Federal Surplus Materials Revolving Fund	473,500
Information Technology Fund	2,164,300
Personnel Division Fund	13,796,200
Risk Management Revolving Fund	8,258,000
Special Employee Health Insurance Trust Fund	5,715,200
Special Services Revolving Fund	1,255,700
State Surplus Materials Revolving Fund	1,401,500
State Web Portal Fund	4,705,400
Telecommunications Fund	2,079,600

Adjustments are as follows:

Arizona State Hospital Ombudsman Position
The Baseline 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 Baseline 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.

Facilities Management

Utilities

The Baseline 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 Baseline includes $10,967,300 and 28 FTE Positions from the Arizona Financial Information System Collections Fund in FY 2026 for the Arizona Financial Information System (AFIS). Adjustments are as follows:

Remove One-Time Funding
The Baseline includes a decrease of $(557,000) from the AFIS Collections Fund in FY 2026 to remove one-time funding for the operation and maintenance of the upgraded AFIS system.

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

Named Claimants

The Baseline includes no funding in FY 2026 for Named Claimants. This amount is unchanged from FY 2025.

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

Monies in this line item are not included in the General Appropriation Act. A separate legislative act usually makes this appropriation. Laws 2024, Chapter 81 appropriated $355,099.75 in FY 2024 for prior year unpaid claims from all state agencies.

Information Technology Services

Critical Applications Catalogue

The Baseline 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 Baseline 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 Baseline 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 Baseline includes $1,345,700 and 8 FTE Positions from the Information Technology Fund in FY 2026 for the Digital Solutions Office. These amounts are unchanged from FY 2025.

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 Baseline includes $1,674,600 and 15 FTE Positions from the State Web Portal Fund in FY 2026 for IT Project Management and Oversight. These amounts are unchanged from FY 2025.

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

Risk Management

Cyber Risk Insurance

The Baseline includes $23,037,200 from the Cyber Risk Insurance Fund in FY 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 Baseline includes no funding in FY 2026 for one-time payments to the federal government. This amount is unchanged from FY 2025.

The FY 2025 General Appropriations Act included an FY 2024 supplemental appropriation of $9,493,000 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and for fund transfers in FY 2023. In addition, the FY 2025 General 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 in FY 2026 through a supplemental appropriation. The final appropriated amount will be determined once ADOA reaches agreement with the federal government. (*Please see the FY 2025 Federal Financial Participation Payment section in Other Issues for more information.)*

Risk Management Administrative Expenses

The Baseline includes $10,870,700 from the Risk Management Revolving Fund in FY 2026 for Risk Management Administrative Expenses. This amount is unchanged from FY 2025.

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

Risk Management Losses and Premiums

The Baseline includes $54,414,800 from the Risk Management Revolving Fund in FY 2026 for Risk Management Losses and Premiums. This amount is unchanged from FY 2025.

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

Workers' Compensation Losses and Premiums

The Baseline includes $28,395,000 from the Risk Management Revolving Fund in FY 2026 for Workers' Compensation Losses and Premiums. This amount is unchanged from FY 2025.

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

Support Services

School District Health Insurance Actuarial Study

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

Remove One-Time Funding

The Baseline 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.

Government Transformation Office

The Baseline includes $2,074,700 from the State Web Portal Fund in FY 2026 for the Government Transformation Office (GTO). This amount is unchanged from FY 2025.

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

State Surplus Property Sales Agency Proceeds

The Baseline includes $1,810,000 from the State Surplus Materials Revolving Fund in FY 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.

Other

Navajo Nation Household Electrical Connections

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

One-Time Distribution

The Baseline 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.

Other Issues

This section includes information on the following topics:

- FY 2025 Federal Financial Participation Payment
- Health Insurance Trust Fund
- Valleywise Transfer

FY 2025 Federal Financial Participation Payment

ADOA's FY 2026 budget request includes 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 fund transfers in FY 2024. This payment has historically been made from the Risk Management Revolving Fund.

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

Health Insurance Trust Fund

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

HITF has experienced financial issues for several years. Beyond the regular employer contributions, HITF has been subsidized since FY 2023 through one-time appropriations of General Fund and other monies to maintain a fund balance with a sufficient reserve for claims. Most recently, the FY 2025 budget included $140,000,000 from the General Fund (including a university tuition backfill) and $230,903,200 total funds for a one-time employer premium increase

ADOA implemented no changes to employee premiums, deductibles, copays, or plan structure for Plan Year 2025, with 2 exceptions: 1) a 32.0% increase for COBRA continuation coverage member premiums, and 2) a minor increase to the Health Savings Account (HSA) deductible to comply with federal HSA requirements.

At the end of FY 2024, the fund had a cash balance of $98,316,000. As a self-insured fund, the state assumes the direct risk for payment of claims and should therefore retain a sufficient balance to ensure claims can be paid in the event of fluctuations in cash flow or catastrophic expenses. One month's reserve would be approximately $90 million.

Table 1

Health Insurance Trust Fund ($ in M)

	FY 24 Actual
Beginning Balance	$128.7
Revenue	
Ongoing Premiums	866.8
One-time Employer Increase	120.4
Net Revenues	*$987.2*
Expenses	
Ongoing Medical Expenses	$1,011.4
Administration	6.2
Net Expenses	*$1,017.6*
Cash Balance	**$98.3**

Valleywise Transfer

In FY 2024, ADOA and the Valleywise system of public hospitals entered into an intergovernmental agreement (IGA) for Valleywise to transfer $71,249,000 to ADOA for deposit to the General Fund. The Baseline assumes the $71,249,000 amount will be deposited to the General Fund annually.

The Baseline 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.

SUMMARY OF FUNDS	**FY 2024 Actual**	**FY 2025 Estimate**
Air Quality Fund (ADA2226/A.R.S. § 49-551)		**Appropriated**
Source of Revenue: Annual air quality and emissions fees assessed on motor vehicle registrations, as well as legislative appropriations.		
Purpose of Fund: To pay the cost of air quality research, experiments, education, and programs conducted by or for the department.		
Funds Expended	400,200	929,900
Year-End Fund Balance	528,000	448,300
Arizona Financial Information System Collections Fund (ADA1234/A.R.S. § 41-740.01)		**Appropriated**
Source of Revenue: Revenues are collected from state agencies to recover pro rata costs of operating AFIS. Pro rata charges are determined by ADOA and allocated to each agency based on AFIS usage.		
Purpose of Fund: Supplements the cost of operating AFIS.		
Funds Expended	13,127,800	11,524,300
Year-End Fund Balance	3,835,500	3,510,600

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate

Automation Operations Fund (ADA4230/A.R.S. § 41-711) **Appropriated**

Source of Revenue: Charges to agencies and other political entities for information technology products and services. The fund has continuously appropriated sub-accounts for agreements made with other states and the Arizona Health Care Cost Containment System.

Purpose of Fund: To provide agencies and other political entities data processing and information technology consulting services and to maintain the integrity and security of state information.

Funds Expended	24,693,000	29,840,500
Year-End Fund Balance	11,026,100	4,757,700

Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01) **Appropriated**

Source of Revenue: Rental and tenant improvement charges to agencies occupying ADOA owned buildings.

Purpose of Fund: To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.

Funds Expended	16,365,900	21,137,300
Year-End Fund Balance	25,180,200	(4,457,700)

Capitol Mall Consolidation Fund (ADA3211/A.R.S. § 41-792.02) **Appropriated**

Source of Revenue: Monies appropriated by the Legislature.

Purpose of Fund: For repair and renovations of state-owned buildings. Monies in the fund for capital expenses are not displayed in the ADOA operating budget.

Funds Expended	0	0
Year-End Fund Balance	227,000	227,000

Certificate of Participation Fund (ADA5005/A.R.S. § 41-791.02) **Non-Appropriated**

Source of Revenue: Rental and tenant improvement charges to agencies occupying buildings under Certificate of Participation (COP) lease-purchase agreements.

Purpose of Fund: To make COP lease-purchase payments on buildings under such agreements.

Funds Expended	14,809,700	14,660,200
Year-End Fund Balance	4,942,900	4,897,700

Construction Insurance Fund (ADA4219/A.R.S. § 41-622) **Non-Appropriated**

Source of Revenue: Risk management charges to agencies for state construction projects. The construction and design insurance rate is set by ADOA and reviewed by the Joint Committee on Capital Review.

Purpose of Fund: To self-insure state construction projects against tort losses from design and construction defects.

Funds Expended	9,871,700	10,038,000
Year-End Fund Balance	9,900,200	5,246,300

Co-Op State Purchasing Agreement Fund (ADA4213/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Annual subscription fees paid by local governments for state purchasing records, fees paid by individuals for copies of public records, and fees paid by vendors participating in the State Contract Show.

Purpose of Fund: To operate the cooperative purchasing program and support its membership list.

Funds Expended	7,335,500	7,856,600
Year-End Fund Balance	4,682,400	5,477,700

Coronavirus State and Local Fiscal Recovery Fund (ADA2985/U.S. P.L. 117-2) **Federal Funds**

Source of Revenue: Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2).

Purpose of Fund: To provide emergency support to households, small businesses, nonprofits, workers performing essential work, and certain industries negatively impacted by the COVID-19 pandemic. To extend government services that received a reduction in revenue as a result of the COVID-19 pandemic. To make investments in water, sewer, and broadband infrastructure.

Funds Expended	18,228,400	65,508,700
Year-End Fund Balance	29,388,000	1,500,000

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate

Corrections Fund (ADA2088/A.R.S. § 41-1641) **Appropriated**

Source of Revenue: Luxury taxes on alcohol and tobacco products.

Purpose of Fund: To pay for construction, major maintenance, lease, purchase, renovation, or conversion of Arizona Department of Corrections (ADC) and Department of Juvenile Corrections (DJC) facilities. ADOA uses these monies to oversee construction projects benefiting ADC or DJC.

Funds Expended	487,800	629,400
Year-End Fund Balance	0	0

Cyber Risk Insurance Fund (ADA4217/A.R.S. § 41-622) **Appropriated**

Source of Revenue: The FY 2023 budget transferred $24,624,400 from the Risk Management Revolving Fund in FY 2023 into the Cyber Risk Insurance Fund for FY 2023 and FY 2024 costs. Beginning in FY 2025, revenues may include actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system.

Purpose of Fund: To pay claim costs and administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits for Cyber Security.

Funds Expended	1,394,100	23,037,200
Year-End Fund Balance	10,785,000	(13,895,200)

Emergency Telecommunication Services Revolving Fund (ADA2176/A.R.S. § 41-704) **Non-Appropriated**

Source of Revenue: The telecommunication services excise tax, currently 20¢ per wire or wireless account, levied on monthly telephone bills and remitted by telephone companies, as authorized by A.R.S. § 42-5252. In addition, a tax equal to 0.8% of the gross income derived from the retail sale of prepaid wireless telecommunication services, as authorized by A.R.S. § 42-5402.

Purpose of Fund: To aid the political subdivisions of the state in implementing and operating emergency telecommunication services (911); to purchase necessary equipment and consulting services (up to 5% of revenue); to pay monthly recurring costs for capital, maintenance, and operations; and to reimburse wireless carriers for the costs of compliance.

Funds Expended	19,775,900	21,266,100
Year-End Fund Balance	12,477,300	11,608,300

Employee Related Expenditures/Benefits Administration Fund (ITA3035/A.R.S. § 38-651.05) **Non-Appropriated**

Source of Revenue: State employer and state employee premium contributions for vision, flexible spending, disability, life, and accident insurance.

Purpose of Fund: To administer state employee benefit plans and pay non-health insurance premiums.

Funds Expended	40,455,000	41,644,400
Year-End Fund Balance	0	0

Federal Grant Fund (ADA2000/A.R.S. § 35-142) **Federal Funds**

Source of Revenue: Federal grants, including pass through grants from several agencies.

Purpose of Fund: To pay for security related equipment and programs, as well as to administer monies as sub-grantee for federal projects.

Funds Expended	618,000	2,050,500
Year-End Fund Balance	7,000	1,400

Federal Surplus Materials Revolving Fund (ADA4215/A.R.S. § 41-2606) **Appropriated**

Source of Revenue: Federal surplus property service and handling fees.

Purpose of Fund: To collect, store, and administer the sale of federal surplus property. Federal regulations concerning the disposition of federal surplus property cap the year-end balance of this fund at $50,000. When the fund exceeds this cap, the department must discount its service and handling charges for federal surplus materials transferred to agencies in the following fiscal year.

Funds Expended	40,200	473,500
Year-End Fund Balance	50,200	(353,300)

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate

Fire Incident Management Fund (ADA9998/Laws 2023, Chapter 138) **Non-Appropriated**

Source of Revenue: Monies appropriated by the Legislature.

Purpose of Fund: To provide grants to municipal fire departments and districts to purchase hardware and software. No more than $200,000 may be used for administrative costs. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations.

Funds Expended	0	0
Year-End Fund Balance	0	0

Governor's Emergency Education Relief Fund (ADA2980/U.S. P.L. 116-136) **Federal Funds**

Source of Revenue: Federal monies appropriated in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and the Consolidated Appropriations Act of 2021 (P.L. 116-260).

Purpose of Fund: To provide emergency support through grants to local educational agencies that the state educational agency deems have been most significantly impacted by coronavirus to support the ability of such local educational agencies to continue to provide educational services to their students and to support the ongoing functionality of the local educational agency.

Funds Expended	0	0
Year-End Fund Balance	0	0

IGA and ISA Fund (ADA2500/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Various intergovernmental and interagency service agreements.

Purpose of Fund: To execute various intergovernmental and interagency service agreements.

Funds Expended	58,039,400	20,350,100
Year-End Fund Balance	31,066,800	15,533,400

Information Technology Fund (ADA2152/A.R.S. § 18-401) **Appropriated**

Source of Revenue: A pro rata share of 0.61% of total payroll, charged to all budget units subject to oversight of information technology projects by ADOA's Arizona Strategic Enterprise Technology (ASET) Office or by the Information Technology Authorization Committee (ITAC).

Purpose of Fund: Provides personnel funding for statewide information technology planning, coordinating, oversight, and consulting. Additionally, monies from the IT Fund also support the operation of the Statewide Information Security and Privacy Office (SISPO) in the Arizona Department of Homeland Security. Balances reflect transfers into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)

Funds Expended	2,023,500	3,956,500
Year-End Fund Balance	9,882,400	11,097,600

Legislative, Executive, and Judicial Public Buildings Land Fund (ADA3127/A.R.S. § 37-525) **Appropriated**

Source of Revenue: State trust land lease revenues.

Purpose of Fund: To support state Legislative, Executive, and Judicial buildings. Monies appropriated for capital expenses are not displayed in the ADOA operating budget.

Funds Expended	0	0
Year-End Fund Balance	5,628,600	6,563,600

Payroll Administration Fund (ADA9200/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Collects and pays out all monies associated with the statewide payroll functions. Fund 9200 incorporates several payroll funds (ADA9220, ADA9230, NAU9202, UAA9203, and ASU9221). Fund 9230 collects a one-time $50 charge for setting up a garnishment, which is granted by the court, a $5 employee fee for each non-exempt statement that is generated per payday, and a $1 administrative fee for child and spousal support orders.

Purpose of Fund: Generally, revenues and expenditures are not used for normal payroll activities. The only balance that accumulates in this fund is for Unemployment Tax. For Fund 9230, monies are used for administrative costs related to garnishments and child support.

Funds Expended	(61,000)	67,100
Year-End Fund Balance	8,700	29,400

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate

Personnel Division Fund (ADA1107/A.R.S. § 41-750) **Appropriated**

Source of Revenue: A 0.83% (permanent law) charge on the total payroll of each agency within the ADOA personnel system.

Purpose of Fund: To operate the ADOA Human Resources Division.

Funds Expended	12,898,500	14,046,200
Year-End Fund Balance	2,577,500	2,347,500

Retiree Accumulated Sick Leave Fund (ADA3200/A.R.S. § 38-616) **Non-Appropriated**

Source of Revenue: A 0.40% charge on the total benefit-eligible payroll of each agency within the ADOA personnel system. By statute, the rate may not exceed 0.55% and is set by ADOA with Joint Legislative Budget Committee review.

Purpose of Fund: To compensate eligible retiring state employees for accumulated sick leave, to pay insurance premiums, and to administer the program. Payments are calculated as a percentage, tiered according to accrual level of hourly salary. Payments to an individual shall not exceed $30,000.

Funds Expended	16,052,300	15,785,500
Year-End Fund Balance	17,823,800	22,828,300

Risk Management Revolving Fund (ADA4216/A.R.S. § 41-622) **Appropriated**

Source of Revenue: Actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system, as well as recoveries by the state through litigation.

Purpose of Fund: To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits.

Funds Expended	97,399,100	101,938,500
Year-End Fund Balance	56,449,100	32,767,500

School Safety Interoperability Fund (ADA3076/A.R.S. § 41-1733) **Non-Appropriated**

Source of Revenue: Legislative appropriations.

Purpose of Fund: To fund school safety pilot programs which enable the deployment of a secure, multimedia data communications system to a user base consisting of public safety agencies and public schools. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations. The FY 2023 Automation Budget Reconciliation Bill (BRB) transferred this fund from the State Treasurer to ADOA in FY 2023.

Funds Expended	0	0
Year-End Fund Balance	2,600,000	260,000

Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654) **Appropriated**

Source of Revenue: Employer and employee medical and dental insurance contributions.

Purpose of Fund: To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. Only administrative expenditures from this fund are subject to legislative appropriation. Please see the Non-Appropriated portion of the fund for additional information.

Funds Expended	5,638,800	5,715,200
Year-End Fund Balance	98,448,400	86,554,800

Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654) **Non-Appropriated**

Source of Revenue: Employer and employee medical and dental insurance contributions.

Purpose of Fund: To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. The Non-Appropriated expenditures reflect the state's self-insured health care claims costs. Please see the Appropriated portion of the fund for additional information.

Funds Expended	1,011,237,900	1,086,787,600
Year-End Fund Balance	98,448,400	86,554,800

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate

Special Events Fund (ADA2503/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Set-up fees for special events on state property.
Purpose of Fund: To set up special events on state property.

Funds Expended	4,000	0
Year-End Fund Balance	0	0

Special Services Revolving Fund (ADA4208/A.R.S. § 35-193.02) **Appropriated**

Source of Revenue: Payments by agencies using administrative services offered by ADOA.
Purpose of Fund: Appropriated monies are collected from 11 small regulatory boards residing in the State Boards' Office to provide centralized administrative services. Please see the Non-Appropriated portion of the fund for additional information.

Funds Expended	1,223,600	1,255,700
Year-End Fund Balance	161,400	(288,700)

Special Services Revolving Fund (ADA4208/A.R.S. § 35-193) **Non-Appropriated**

Source of Revenue: Payments by agencies using administrative services offered by ADOA.
Purpose of Fund: Non-Appropriated expenditures reflect various centralized printing, copying, and repair services offered by ADOA. Please see the Appropriated portion of the fund for additional information.

Funds Expended	1,255,300	1,320,100
Year-End Fund Balance	161,400	(288,700)

State Employee Travel Reduction Fund (ADA2261/A.R.S. § 41-101.03) **Non-Appropriated**

Source of Revenue: Grants by the Maricopa Association of Governments, the State Travel Reduction Planning Office, and the Arizona Department of Environmental Quality.
Purpose of Fund: To operate and administer a ride-sharing program for the transportation of state employees between home and work.

Funds Expended	440,500	472,600
Year-End Fund Balance	407,800	514,000

State Surplus Materials Revolving Fund (ADA4214/A.R.S. § 41-2606) **Appropriated**

Source of Revenue: State surplus property sales revenues.
Purpose of Fund: To collect, store, and administer the sale of state surplus property. The majority of revenues are returned to donor agencies. The department retains a service and handling fee.

Funds Expended	3,372,600	3,211,500
Year-End Fund Balance	1,685,200	979,400

State Web Portal Fund (ADA2531/A.R.S. § 18-421) **Appropriated**

Source of Revenue: Grants, donations, and web portal revenues, including any fees collected from the sale of certain types of motor vehicle records to commercial customers, less revenues deposited into the Highway User Revenue Fund, as stipulated in A.R.S. § 18-421.
Purpose of Fund: To maintain and upgrade the state's common web portal, including enhancement of existing products and the development of new applications. Monies received from private grants or donations, as well as federal grants, are non-appropriated.

Funds Expended	7,863,500	9,354,700
Year-End Fund Balance	5,286,600	5,314,300

Statewide Donations Fund (ADA2025/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Employee donations and other miscellaneous deposits.
Purpose of Fund: Employee donations are used to recognize outstanding employees.

Funds Expended	2,200	2,500
Year-End Fund Balance	4,000	7,000

SUMMARY OF FUNDS	FY 2024 Actual	FY 2025 Estimate

Telecommunications Fund (ADA4231/A.R.S. § 41-713) **Appropriated**

Source of Revenue: Administrative surcharges on telecommunications services for agencies and other political entities.

Purpose of Fund: To operate the Telecommunications Program Office, which manages and oversees statewide contracts for telecommunications products and services. The state's contractors operate and equip telecommunications voice, data, video, and graphics systems, allowing the collection, storage, interchange, retrieval, and transmission of information.

Funds Expended	1,540,100	2,404,600
Year-End Fund Balance	1,198,100	337,500

Traffic and Parking Control Fund (ADA2453/A.R.S. § 41-796) **Non-Appropriated**

Source of Revenue: Penalties and fees collected for traffic and parking violations on state property.

Purpose of Fund: To post signs, markings, and notices for the regulation of vehicles on state property, as well as to maintain state parking lots and structures.

Funds Expended	0	0
Year-End Fund Balance	2,500	2,500

Transparency Website Fund (ADA2955/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Charges to local governments that utilize the state's transparency website, Arizona OpenBooks.

Purpose of Fund: To maintain the transparency website for public use.

Funds Expended	26,000	26,000
Year-End Fund Balance	37,900	37,900

VW Diesel Emissions Environment Mitigation Trust Fund (ADA3917/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Monies deposited from the National Volkswagen Lawsuit Settlement. Arizona will receive approximately $57.0 million over 10 years in settlement monies to support eligible air pollution mitigation activities.

Purpose of Fund: To support eligible air pollution mitigation activities.

Funds Expended	0	0
Year-End Fund Balance	191,700	191,700