

# **JOINT LEGISLATIVE BUDGET COMMITTEE**

**Thursday, January 29, 2026**

**1:35 p.m. or Upon Adjournment of JCCR**

**Senate Hearing Room 109**



STATE OF ARIZONA

## Joint Legislative Budget Committee

STATE  
SENATE

DAVID C. FARNSWORTH  
CHAIRMAN  
LELA ALSTON  
BRIAN FERNANDEZ  
MARK FINCHEM  
JOHN KAVANAGH  
LAUREN KUBY  
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MICHAEL WAY

**\*\* REVISED \*\***

JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, January 29, 2026

1:35 P.M. or immediately upon adjournment of JCCR  
Senate Appropriations, Room 109

### MEETING NOTICE

- Call to Order
- [Approval of Minutes of November 10, 2025.](#)
- EXECUTIVE SESSION
  - A. Attorney General - Consideration of Proposed Settlements under Rule 14.
  - B. Arizona Department of Administration - Risk Management Annual Report.
- 1. [JLBC Staff – Consider Approval of Index for Arizona Department of Administration – School Facilities Division Construction Costs.](#)
- 2. DEPARTMENT OF EDUCATION
  - A. [Review of Federal Monies Report.](#)
  - B. [Review of Career Technical Education District Annual Report.](#)
- 3. DEPARTMENT OF ECONOMIC SECURITY
  - A. [Review of FY 2026 Division of Developmental Disabilities Line Item Transfers.](#)
  - B. [Review of Annual Plan for the Arizona Training Program at Coolidge.](#)
- ➔ 4. [SECRETARY OF STATE - Review of FY 2026 Special Election Expenses Line Item Transfer of \\$650,000 to the Operating Budget for Temporary Cybersecurity Monitoring and Active Cybersecurity Management.](#)

The Chairman reserves the right to set the order of the agenda.

~~01/22/2026~~

01/26/2026

KP

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### MINUTES OF THE MEETING

#### JOINT LEGISLATIVE BUDGET COMMITTEE

November 10, 2025

The Chairman called the meeting to order at 3:22 p.m., Monday, November 10, 2025, in Senate Hearing Room 109. The following were present:

Members:	Senator Farnsworth, Vice-Chairman	Representative Livingston, Chairman
	Senator Angius (Temporary Member in place of Senator Finchem)	Representative Austin
	Senator Kavanagh	Representative Blattman
	Senator Kuby	Representative Gress
	Senator Werner	Representative Way
Absent:	Senator Alston	Representative Carbone
	Senator Fernandez	Representative Olson
	Senator Mesnard	Representative Stahl Hamilton
Excused:	Senator Finchem	

#### APPROVAL OF MINUTES

Senator Farnsworth moved that the Committee approve the minutes of March 20, 2025. The motion carried by voice vote.

Chairman Livingston announced that the following item was pulled from the consent agenda:

#### 6. ARIZONA BOARD OF REGENTS (ABOR) – Review of FY 2026 Tuition Revenues.

#### CONSENT AGENDA

The following items were considered without further discussion:

**1. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/AUTOMATION PROJECTS FUND (APF).**

- A. Review of ADOA Human Resources Information System (HRIS) Replacement.**
- B. Review of ADOA State Website Migrations.**
- D. Review of ADOA Business One-Stop.**
- E. Review of AHCCCS Medicaid Enterprise System (MES).**
- F. Review of Department of Real Estate's IT System Replacement.**
- G. Review of DOR Tax System Replacement.**

A.R.S. § 41-714 requires Joint Legislative Budget Committee review prior to any monies being expended from the APF. ADOA requested review to spend a total of \$32,795,700 from the APF on six projects as follows:

- \$5,941,700 for ADOA's Human Resources Information System (HRIS) Replacement,
- \$1,750,000 for ADOA State Website Migrations,
- \$1,700,000 for ADOA's Business One-Stop,
- \$1,800,000 for the Arizona Health Care Cost Containment System (AHCCCS) Medicaid Enterprise System (MES) Replacement,
- \$734,200 for the Department of Real Estate's IT System Replacement, and
- \$20,869,800 for the Department of Revenue's (DOR) Tax System Replacement.

The JLBC Staff provided options.

**2. ATTORNEY GENERAL (AG) – Review of Uncollectible Debts.**

A.R.S. § 35-150E requires that the AG's annual report on uncollectible debts owed to the state be reviewed by the Committee before the debt can be removed from the state accounting system. The AG requested review of the Attorney General's FY 2025 list of \$43,004,000 in uncollectible debt. The JLBC Staff provided options.

**3A. DEPARTMENT OF EDUCATION (ADE) – Review of Basic State Aid Recalculation.**

A.R.S. § 15-915B, requires the Superintendent of Public Instruction to reimburse school districts for K-12 "local share" taxes that they must refund to a taxpayer due to an Arizona Tax Court ruling that reduces the taxpayer's assessed property value for prior fiscal years. ADE requested the Committee review ADE's computation of \$36,300 for corrected Basic State Aid funding to Bonita Elementary School District due to a recent Tax Court judgment concerning property taxes paid in FY 2025 by Naturesweet Farms. The JLBC Staff provided options.

**3B. DEPARTMENT OF EDUCATION (ADE) – Review of K-12 Broadband Connectivity Projects.**

A.R.S. § 15-249.07 requires ADE to submit for Committee review its annual report on K-12 broadband connectivity construction projects. The JLBC Staff provided options.

**4. ARIZONA CRIMINAL JUSTICE COMMISSION (ACJC) – Review of Edward Byrne Memorial Justice Assistance Grant Federal Application.**

A.R.S. § 41-2403 requires ACJC to submit its federal application for the Edward Byrne Memorial Justice Assistance Grant (JAG) to the Committee for review 30 days prior to submission to the federal government. The JLBC Staff provided options and a potential provision:

- A. ACJC shall submit a preliminary proposal by May 15, 2026 if the federal guidelines have not yet been received for 2026.

**5. DEPARTMENT OF PUBLIC SAFETY (DPS) – Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount.**

Pursuant to A.R.S. § 41-1724G and A.R.S. § 41-1724H, DPS is required to submit to the Committee for review the FY 2026 expenditure plan for the GIITEM-Border Security and Law Enforcement Subaccount prior to expenditure. DPS requested review of the expenditure plan of \$1,796,400 of the \$2,396,400 FY 2026 appropriation to fund 3 existing programs: Detention Liaison Officers Program (\$420,000), Border County Officers Program (\$576,400), and Border Security and Law Enforcement Grants (\$800,000). The JLBC Staff provided options.

**EXECUTIVE SESSION**

**B. JLBC – Annual Performance Review Per Rule 7.**

This item was for information only and no Committee action was required.

Senator Farnsworth moved that the Committee give a favorable review of consent agenda items 1A, 1B, 1D, 1E, 1F, 1G, 2, 3A, 3B, 4, 5 with the JLBC Staff provisions and Executive Session Item B. The motion carried by voice vote.

**REGULAR AGENDA**

**1C. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/AUTOMATION PROJECT FUND (APF) – Review of ADOA A to Z Arizona State Services Access Portal.**

Mr. Destin Moss, JLBC Staff, stated that A.R.S. § 41-714 requires Joint Legislative Budget Committee review prior to any monies being expended from the APF. ADOA requested review to spend \$3,370,000 from the APF for ADOA's A to Z Arizona State Services Access Portal. The JLBC Staff provided options.

Mr. J.R. Sloan, Deputy Director and Chief Information Officer, ADOA, responded to member questions.

Senator Farnsworth moved that the Committee give a favorable review to spend \$3,370,000 from the APF for ADOA's A to Z Arizona State Services Access Portal. The motion carried by voice vote.

**6. ARIZONA BOARD OF REGENTS (ABOR) – Review of FY 2026 Tuition Revenues.**

Ms. Grace Timpany, JLBC Staff, stated an FY 2026 General Appropriations Act footnote requires ABOR to submit to the Joint Legislative Budget Committee for review an expenditure plan for all projected FY 2026 tuition and fee revenues by expenditure category. The JLBC Staff provided options.

Senator Farnsworth moved that the Committee give a favorable review of ABOR's 2026 plan. The motion carried by voice vote.

**EXECUTIVE SESSION**

Senator Farnsworth moved that the Committee go into Executive Session. The motion carried by voice vote.

At 3:56 p.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Farnsworth moved that the Committee reconvene into open session. The motion carried by voice vote.

At 4:39 p.m. the Committee reconvened into open session.

**A. Attorney General - Consideration of Proposed Settlements under Rule 14.**

Senator Farnsworth moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the cases of:

- *Brooke Edwards et al. v. State of Arizona*
- *David Morales et al. v. State of Arizona*

The motion carried by voice vote.

Without objection, the meeting adjourned at 4:39 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Representative David Livingston, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <https://www.azjlbc.gov/jlbc-meetings/>.







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DATE: January 22, 2026

TO: Members of the Legislative Budget Committee

FROM: Gordon Robertson, Senior Fiscal Analyst

SUBJECT: JLBC Staff – Consider Approval of Index for Arizona Department of Administration – School Facilities Division Construction Costs

### Request

A.R.S. § 41-5741D3(c) requires that the cost-per-square-foot factors used in the Arizona Department of Administration (ADOA) School Facilities Division (SFD) new school construction formula “shall be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee (JLBC) as necessary but not less than once each year.”

### Committee Options

The Committee has at least the following options:

1. Approve a 4.80% adjustment in the cost-per-square-foot factors. The adjustment is based on the Rider Levett Bucknall (RLB) Phoenix construction cost index, which the Committee has used since 2013. (*See Table 1*)
2. A different adjustment factor. ADOA has not offered a recommended adjustment.

Under either option, the Committee may also consider the following provision:

- A. The cost-per-square foot factor adjustment approved by the Committee shall be applied retroactively to any new construction projects approved by the School Facilities Oversight Board at its December 10, 2025 meeting.

**Table 1**

#### Cost-Per-Square-Foot Amounts

	<u>K-6</u>	<u>7-8</u>	<u>9-12</u>
Current Cost-Per-Square Foot Amounts	\$ 342.04	361.11	418.04
Committee Option - Phoenix Construction Index 4.80%	358.46	378.44	438.11

### Key Points

- 1) JLBC is annually required to adjust SFD new construction cost-per-square-foot factors.
- 2) Based on a local Phoenix construction cost index, prices have increased by 4.80% in the last year.
- 3) The Committee has used this same index for the last 12 years.
- 4) Based on the most recent data from SFD, the adjustment would have no impact on FY 2027 new school construction costs, and would increase construction costs by \$5.9 million in FY 2028 and \$7.6 million in FY 2029.
- 5) If the Committee adopts Provision A above, this estimate would be applied retroactively to new school construction projects approved at the December 10, 2025 School Facilities Oversight Board meeting, as part of SFD's FY 2027 Capital Plan.

### Analysis

#### Background Information

Statute establishes funding amounts per-square-foot of space for new construction for grades K-6, 7-8, and 9-12. SFD may adjust the formula based on geographic or site conditions as defined in statute. Statute requires that the Committee adjust the cost-per-square-foot amounts at least once per year for construction market considerations.

Table 2 outlines the rate increases over the last 12 years. During 2013 – 2015, the Committee adopted a 0% adjustment, as the Great Recession caused construction costs to remain below the levels of November 2008 (which was the last Committee action before 2013).

Table 2	
Cost per Square Foot Rate Changes	
<u>Date Approved</u>	<u>Rate Increase</u>
<u>JLBC Approved Inflation Factor</u>	
December 2013	0.00%
December 2014	0.00%
December 2015	0.00%
December 2016	4.31%
December 2017	3.12%
December 2018	6.19%
December 2019	5.29%
December 2020	2.76%
December 2021	6.63%
December 2022	7.27%
December 2023	6.52%
December 2024	3.88%
<u>Legislative Rate Change</u>	
July 2021 - FY 2022 Budget	60.00%

Apart from the Committee's annual inflation adjustment, the FY 2022 budget increased the cost-per-square-foot factors by 60% to address longer term construction market changes in school building standards, design, and technology requirements. This 60% legislative rate change was applied to FY 2022 school awards and retroactively to schools that had not started construction.

#### Adjustment Options

The Committee has used the RLB Phoenix construction cost index methodology since 2013. Since the Committee last approved an adjustment in December 2024, the RLB index has increased by 4.80%.

The ADOA School Facilities Division has not offered a recommended adjustment.

Fiscal Impact

The most recent list of new construction awards from SFD is from the current capital planning cycle that started in December 2025. Based on the new construction projections from SFD's December 2025 meeting, the state would begin construction on 8 new projects during the upcoming 3-year budget planning cycle (FY 2027 – FY 2029).

For these new projects, a 4.80% construction funding increase would have no impact in FY 2027, as SFD did not approve any projects to begin construction in FY 2027.

The 4.80% formula adjustment would impact the cost of projects in SFD's long-term projections that are scheduled to begin construction in FY 2028 and FY 2029. This would result in cost increases of \$5.9 million in FY 2028 and \$7.6 million in FY 2029 million above the assumptions used in the enacted budget.

GR:kp





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DATE: January 22, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Gordon Robertson, Senior Fiscal Analyst

SUBJECT: Arizona Department of Education – Review of Federal Monies Report

### Request

The Arizona Department of Education (ADE) requests Committee review of its annual federal monies report, as required by A.R.S. § 15-1052.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

#### Key Points

- 1) ADE is required to report annually on the allocation of its federal funds for review by the Committee.
- 2) ADE reports a total of \$1.38 billion in federal funding for FY 2026:
  - \$1.35 billion *formula* (97.8%)
  - \$29.9 million *discretionary* (2.2%)

### Analysis

ADE reports that in FY 2026, the department received 27 federal grants totaling \$1.38 billion for the current fiscal year. The report lists each grant's Catalog of Federal Domestic Assistance (CFDA) number, awarding agency, title, whether it is a "discretionary, formula or reimbursement" grant, the award amount, the portion reserved for program administration, and the uses of the monies.

For the purposes of this report, ADE labels *formula* grants as monies that are allocated to school districts and charter schools on a per pupil or other pro rata basis prescribed in federal law. All other remaining monies are labeled as *discretionary* grants. ADE reports FY 2026 grant receipts from the following federal agencies: Bureau of Indian Education (BIE), Department of Health and Human Services (DHHS), U.S. Department of Agriculture (USDA), U.S. Department of Education (USDOE), and U.S. Department of Labor (USDOL).

The largest reported grants for FY 2026 are for the National School Lunch Program (\$374.3 million – formula), Title I (\$318.2 million – formula), Special Education Grants (\$249.6 million – formula), and the School Breakfast Program (\$166.2 million – formula). These 4 programs together account for \$1.11 billion (80.4%) of ADE's \$1.38 billion grant total for FY 2026.

*Table 1* sorts the reported data by type of grant to show their respective funding subtotals, which are as follows:

- \$1.35 billion *formula* (97.8%)
- \$29.9 million *discretionary* (2.2%)

Table 1

Federal Grants Received by ADE in FY 2026

<u>Program</u>	<u>Awarding Agency</u>	<u>Type <sup>1/</sup></u>	<u>FY 2025 Award</u>
National School Lunch Program	USDA	Formula	\$ 374,262,924
Title I Grants to Local Educational Agencies	USDOE	Formula	318,202,366
Special Education Grants to States	USDOE	Formula	249,608,658
School Breakfast Program	USDA	Formula	166,200,204
Child and Adult Care Food Program	USDA	Formula	66,691,339
Supporting Effective Instruction State Grants	USDOE	Formula	43,931,852
Career and Technical Education -- Basic Grants to States	USDOL	Formula	31,422,282
Student Support and Academic Enrichment Program	USDOE	Formula	23,077,837
Adult Education - Basic Grants to States	USDOL	Formula	16,197,635
English Language Acquisition State Grants	USDOE	Formula	15,515,599
Migrant Education State Grant Program	USDOE	Formula	9,490,387
Grants for State Assessments and Related Activities	USDOE	Formula	7,542,091
State Administrative Expenses for Child Nutrition	USDA	Formula	7,493,908
Summer Food Service Program for Children	USDA	Formula	7,114,986
Special Education Preschool Grants	USDOE	Formula	6,010,894
Rural Education	USDOE	Formula	2,857,872
Education for Homeless Children and Youth	USDOE	Formula	2,163,582
Indian Education Assistance to Schools	BIE	Formula	284,794
Summer Electronic Benefit Transfer Program for Children	USDA	Formula	179,185
Title I State Agency Program for Neglected and Delinquent Children and Youth	USDOE	Formula	169,539
Special Milk Program for Children	USDA	Formula	19,253
<b>Formula Subtotal</b>			<b>\$1,348,437,187</b>
Twenty-First Century Community Learning Centers	USDOE	Discretionary	\$ 22,114,069
Fresh Fruit and Vegetable Program	USDA	Discretionary	5,050,658
Substance Abuse and Mental Health Services Project of Regional and National Significance (Aware)	DHHS	Discretionary	1,800,000
Substance Abuse and Mental Health Services Project of Regional and National Significance (Brighter Futures)	DHHS	Discretionary	734,992
Head Start	DHHS	Discretionary	175,000
Migrant Education Coordination Program	USDOE	Discretionary	58,794
<b>Discretionary Subtotal</b>			<b>\$29,933,513</b>
<b>Grand Total</b>			<b>\$1,378,370,700</b>

<sup>1/</sup> As categorized by ADE, which uses the term *discretionary* for noncustodial monies

GR:kp



## ARIZONA DEPARTMENT OF EDUCATION

November 30, 2025

Director Stavneak  
Joint Legislative Budget Committee  
1716 West Adams Street  
Phoenix, AZ 85007

Dear Director Stavneak,

In compliance with A.R.S. § 15-1052, please see the attached FY26 federal monies report.

Please do not hesitate to contact my office with any questions.

Sincerely,

Art Harding  
Chief Operations Officer  
Arizona Department of Education

**Tom Horne, Superintendent of Public Instruction**

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**Arizona Department of Education**  
**Report of Federal Monies Received - FY26**

ASSISTANCE LISTING	AWARDING AGENCY	TITLE OF PROGRAM	Discretionary, Formula or Reimbursement?	Grant Award FY26	Amount Retained for Program Admin	How Administrative Funds Are Used
10.553	USDA	School Breakfast Program	Formula	\$ 166,200,204.00		
10.555	USDA	National School Lunch Program	Formula	\$ 374,262,924.00		
10.556	USDA	Special Milk Program for Children	Formula	\$ 19,253.00		
10.558	USDA	Child and Adult Care Food Program	Formula	\$ 66,691,339.00		
10.559	USDA	Summer Food Service Program for Children	Formula	\$ 7,114,986.00	\$ 996,098.04	No current FTEs, plus operating expenses
10.560	USDA	State Administrative Expenses for Child Nutrition	Formula	\$ 7,493,908.00	\$ 7,493,908.00	Funds 55.9 FTEs, plus operating expenses
10.582	USDA	Fresh Fruit and Vegetable Program	Discretionary	\$ 5,050,658.00		
10.646	USDA	Summer Electronic Benefit Transfer Program for Children	Formula	\$ 179,185.00	\$ 179,185.00	Funds 1.675 FTEs, plus operating expenses
84.002	USDOL	Adult Education - Basic Grants to States	Formula	\$ 16,197,635.00	\$ 2,070,000.00	Funds 13.85 FTEs, plus operating expenses
84.048	USDOL	Career and Technical Education - Basic Grants to States	Formula	\$ 31,422,282.00	\$ 3,217,557.02	Funds 25.10 FTEs, plus operating expenses
84.011	USDOE	Migrant Education State Grant Program	Formula	\$ 9,490,387.00	\$ 1,044,104.55	Funds 7.90 FTEs, plus operating expenses
84.013	USDOE	Title I State Agency Program for Neglected and Delinquent Children and Youth	Formula	\$ 169,539.00	\$ 1,695.39	No current FTEs, plus operating expenses
84.027	USDOE	Special Education Grants to States	Formula	\$ 249,608,658.00	\$ 26,947,398.00	Funds 103.35 FTEs, plus operating expenses
84.144	USDOE	Migrant Education Coordination Program	Discretionary	\$ 58,794.00		No current FTEs, plus operating expenses
84.173	USDOE	Special Education Preschool Grants	Formula	\$ 6,010,894.00	\$ 1,017,869.00	Funds 11 FTEs, plus operating expenses
84.287	USDOE	Twenty-First Century Community Learning Centers	Discretionary	\$ 22,114,069.00	\$ 1,547,984.83	Funds 13.10 FTEs, plus operating expenses
84.358	USDOE	Rural Education	Formula	\$ 2,857,872.00	\$ 142,893.60	No current FTEs, plus operating expenses
84.365	USDOE	English Language Acquisition State Grants	Formula	\$ 15,515,599.00	\$ 775,779.00	Funds 9.55 FTEs, plus operating expenses
84.367	USDOE	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Formula	\$ 43,931,851.98	\$ 3,448,650.38	Funds 26.175 FTEs, plus operating expenses
84.369	USDOE	Grants for State Assessments and Related Activities	Formula	\$ 7,542,091.00	\$ 7,541,091.00	Funds 18 FTEs, plus operating expenses
84.424	USDOE	Student Support and Academic Enrichment Program	Formula	\$ 23,077,837.00	\$ 1,153,891.85	Funds 15.4 FTEs, plus operating expenses
84.010	USDOE	Title I Grants to Local Educational Agencies	Formula	\$ 318,202,366.25	\$ 3,138,934.85	Funds 41.92 FTEs, plus operating expenses
84.196	USDOE	Education for Homeless Children and Youth	Formula	\$ 2,163,582.00	\$ 454,352.22	Funds 7 FTEs, plus operating expenses
93.600	DHHS	Head Start	Discretionary	\$ 175,000.00	\$ 93,000.00	Funds .25 FTEs, plus operating expenses
93.243	DHHS	Substance Abuse and Mental Health Services Project of Regional and National Significance (Aware)	Discretionary	\$ 1,800,000.00	\$ 612,000.00	Funds 2.5 FTEs, plus operating expenses
93.243	DHHS	Substance Abuse and Mental Health Services Project of Regional and National Significance (Brighter Future)	Discretionary	\$ 734,992.00	\$ 712,163.00	Funds 1.0 FTEs, plus operating expenses
15.130	BIE	Indian Education Assistance to Schools	Direct Payments for Specified Use	\$ 284,983.00	\$ 49,174.00	Funds 1.33 FTEs, plus operating expenses
				<b>\$ 1,378,370.889</b>	<b>\$ 62,637.730</b>	





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DATE: January 22, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Gordon Robertson, Senior Fiscal Analyst

SUBJECT: Arizona Department of Education - Review of Career Technical Education District Annual Report

### Request

The Arizona Department of Education (ADE) requests Committee review of its annual Career Technical Education District (CTED) report for FY 2025, as required by A.R.S. § 15-393.01.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

### Key Points

- 1) For FY 2025, 14 CTEDs with 114 member school districts reported Average Daily Membership (ADM) of 31,404.
- 2) CTEDs collectively reported \$244 million in expenditures including \$129 million (53%) for central campus sites and \$115 million (47%) for satellite sites.
- 3) An average of 37% of CTE seniors who took the first course of a CTED program during their high school years also took the second course (retention rate).
- 4) An average of 79% of those seniors passed the second course.

## Analysis

ADE's annual CTED report provides data on CTED enrollment, location, expenditures, retention rates, and pass rates. *Table 1* shows that CTEDs students collectively enrolled in 117,949 courses during the 2024-2025 school year. After accounting for pupils enrolling in more than one course, pupils who attended on a part-time basis, and exclusion of 9<sup>th</sup> graders, CTEDs served 31,404 Average Daily Membership (ADM) students.

*Table 1* indicates that CTEDs collectively reported \$244 million in total costs for FY 2025. That total included \$129 million (53%) for central campus costs and \$115 million (47%) for satellite costs.

*Table 1* also summarizes CTED retention and pass rate data. It shows that for the 2024-2025 school year an average of 37% of CTED seniors who took the first course in a CTED program during their high school years also took the second course during their high school years, as a measure of CTED retention rates. *Table 1* shows that 79% of those students enrolled in the second CTED course passed the course.

PM:kp

**Table 1**

### Summary of CTED 2024-2025 Report Data 1/

CTED	Students		Reported Costs (\$)			Retention Rate (%) <u>4/</u>	Pass Rate (%) <u>5/</u>
	Enrollment <u>2/</u>	ADM <u>3/</u>	Central Campus	Satellites	Total		
CAVIAT	1,679	418	657,800	3,021,600	3,679,400	43.2%	77.4%
CAVIT	3,918	982	4,199,200	2,405,600	6,604,800	55.4%	73.5%
CTD	3,422	845	519,800	-	519,800	34.6%	81.6%
CVIT	995	264	1,214,200	900,200	2,114,400	32.7%	78.0%
EVIT	32,634	10,034	68,279,400	38,475,100	106,754,500	35.8%	79.5%
GIFT	1,536	529	1,658,800	3,044,100	4,702,900	41.3%	77.2%
MICTED	1,645	548	4,317,900	1,463,500	5,781,400	43.4%	81.9%
NATIVE	2,570	594	1,321,800	2,067,500	3,389,300	49.8%	78.8%
NAVIT	3,512	994	3,041,800	3,837,300	6,879,100	40.4%	69.3%
Pima CTED	21,909	5,066	25,516,300	22,117,000	47,633,300	40.1%	67.8%
STEDY	5,773	1,357	2,858,300	5,866,500	8,724,800	22.9%	89.9%
VACTE	915	296	764,700	695,900	1,460,600	41.6%	85.2%
WAVE	3,130	785	2,242,300	2,492,900	4,735,200	31.7%	77.8%
West-MEC	<u>35,990</u>	<u>9,111</u>	<u>12,736,500</u>	<u>28,291,600</u>	<u>41,028,100</u>	<u>35.9%</u>	<u>86.7%</u>
<b>TOTALS</b>	<b>117,949</b>	<b>31,404</b>	<b>129,328,800</b>	<b>114,678,800</b>	<b>244,007,600</b>	<b>36.7%</b>	<b>79.3%</b>

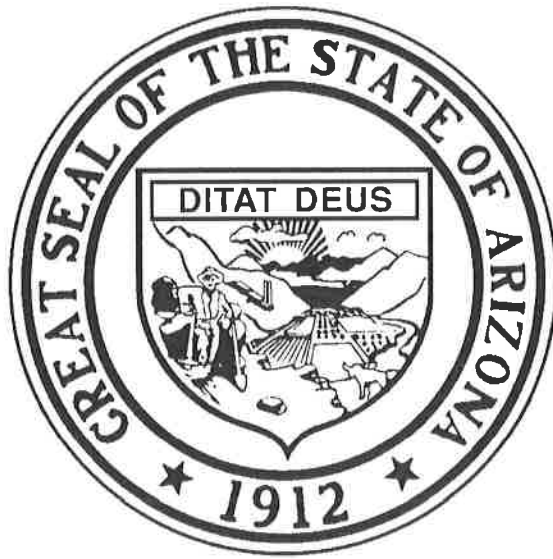
1/ Figures shown for each CTED are for its central campus(es) and satellite sites combined unless otherwise indicated.

2/ Duplicated for students enrolled in 2 or more CTED courses.

3/ Is less than enrollment because most students attend CTEDs on a part-time basis and 9th Graders are included in CTED enrollment data but are excluded from their ADM data.

4/ The percentage of SY 2024-2025 seniors who enrolled in the first course of a CTED eligible program during their years in high school and also enrolled in the second course. Statewide average is computed by JLBC Staff by weighting CTED-reported retention rates based on enrollment.

5/ The percentage of SY 2024-2025 seniors who received a passing grade for the second course of a CTED eligible program during their years in high school. Statewide average is computed by JLBC Staff by weighting CTED-reported pass rates based on enrollment.



## **Career and Technical Education District (CTED) Annual Report for School Year 2024-2025**

Pursuant to Arizona Revised Statutes §15-393.01(C)

Submitted by the Arizona Department of Education Career  
and Technical Education Section

Kevin Imes  
Deputy Associate Superintendent & State CTE Director

Colette Chapman  
Associate Superintendent

### **Scope of the Report**

Arizona Revised Statutes (ARS) §15-393.01(C) requires that on or before December 31<sup>st</sup> of each year, the Career and Technical Education (CTE) division of the Department of Education (ADE) shall submit a Career & Technical Education District (CTED) annual report to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Secretary of State, and the Joint Legislative Budget Committee. The annual report shall include the following:

- 1) The average daily membership of each career and technical education district, including the average daily membership of each centralized campus, satellite campus and leased satellite campus as defined in §15-393.

- 2) The actual student count of each career and technical education district, including the student count of each centralized campus, satellite campus and leased centralized campus as defined in §15-393.
- 3) The programs and corresponding courses offered by each career technical education district, including the location of each program and course.
- 4) For each career technical education district based on program or course location:
  - a. The student enrollment of each program and corresponding course.
  - b. The percentage of students who enrolled in the second year of each program and corresponding course relative to the number of students in the same cohort who enrolled in the first year of each program and corresponding course.
  - c. The percentage of students who completed each program relative to the number of students in the same cohort who began the program.
- 5) The costs associated with each program offered by the career technical education district.
- 6) A listing of any programs or courses that were discontinued by review of the Career and Technical Education division pursuant to §15-393, subsection W.
- 7) A listing of any programs or courses that were continued by review of the Career and Technical Education division pursuant to §15-393, subsection W.
- 8) A listing of any programs or courses that were added by the Career and Technical Education division.
- 9) For applicable school districts, the required maintenance of effort and how monies were used to supplement and not supplant base year career and technical education courses, including expenditures related to personnel, equipment, and facilities.
- 10) For students who meet the requirements to receive funding pursuant to section 15-393, subsection X, students enrolled in an internship course and students enrolled in the year immediately following graduation, a separate listing of the following information for each district:
  - a. Average daily membership
  - b. The actual student count
  - c. Enrollment by course or program and persistence at each grade level towards completion of the program
  - d. The percentage of students who completed each program
  - e. The number of certifications and licenses earned by students delineated by those who attended a satellite program and those who attended a centralized campus
- 11) Any other data or information deemed necessary by the Department of Education.

## List of Career and Technical Education Districts (CTEDs) and Member Districts

CTDS	Entity Name
<b>110801000</b>	<b>Central Arizona Valley Institute of Technology</b>
110502000	Casa Grande Union High School District
110221000	Coolidge Unified District
110201000	Florence Unified School District
110220000	Maricopa Unified School District
110540000	Santa Cruz Valley Union High School District
<b>110802000</b>	<b>Cobre Valley Institute of Technology District</b>
040201000	Globe Unified District
040241000	Hayden-Winkelman Unified District
040240000	Miami Unified District
110203000	Ray Unified District
040220000	San Carlos Unified District
110215000	Superior Unified School District
<b>020801000</b>	<b>Cochise Technology District</b>
020209000	Benson Unified School District
020202000	Bisbee Unified District
020214000	Bowie Unified District
020227000	Douglas Unified District
120520000	Patagonia Union High School District
020218000	San Simon Unified District
020268000	Sierra Vista Unified District
020221000	St David Unified District
020201000	Tombstone Unified District

020522000	Valley Union High School District
020213000	Willcox Unified District
<b>030801000</b>	<b>Coconino Association for Vocation Industry and Technology</b>
030201000	Flagstaff Unified District
030206000	Fredonia-Moccasin Unified District
030204000	Grand Canyon Unified District
030208000	Page Unified District
030202000	Williams Unified District
<b>070801000</b>	<b>East Valley Institute of Technology</b>
078725000	American Leadership Academy, inc.
110243000	Apache Junction Unified District
078412000	Arizona Agribusiness & Equine Center, Inc. (AAEC - Mesa)
070293000	Cave Creek Unified District
070280000	Chandler Unified District #80
070298000	Fountain Hills Unified District
070241000	Gilbert Unified District
078258000	Heritage Academy Gateway, Inc.
070260000	Higley Unified School District
110244000	J O Combs Unified School District
070204000	Mesa Unified District
108796000	Portable Practical Educational Preparation, Inc. (PPEP, Inc.)
070295000	Queen Creek Unified District
078539000	San Tan Montessori School, Inc.
070248000	Scottsdale Unified District
070513000	Tempe Union High School District
<b>050802000</b>	<b>Gila Institute for Technology</b>
060202000	Duncan Unified District



050207000	Fort Thomas Unified District
060218000	Morenci Unified District
050206000	Pima Unified District
050201000	Safford Unified District
050204000	Thatcher Unified District
<b>130802000</b>	<b>Mountain Institute CTED</b>
130231000	Ash Fork Joint Unified District
130220000	Bagdad Unified District
130251000	Chino Valley Unified District
130222000	Humboldt Unified District
130243000	Mayer Unified School District
130201000	Prescott Unified District
130240000	Seligman Unified District
<b>090836000</b>	<b>Northeast Arizona Technological Institute of Vocational Education</b>
010224000	Chinle Unified District
010220000	Ganado Unified School District
090227000	Kayenta Unified School District # 27
090204000	Pinon Unified District
010227000	Red Mesa Unified District
010218000	Sanders Unified District
030215000	Tuba City Unified School District #15
010208000	Window Rock Unified District
<b>090835000</b>	<b>Northern Arizona Vocational Institute of Technology</b>
090232000	Blue Ridge Unified School District No. 32
090206000	Heber-Overgaard Unified District
090203000	Holbrook Unified District
090202000	Joseph City Unified District

040210000	Payson Unified District
010210000	Round Valley Unified District
090210000	Show Low Unified District
090205000	Snowflake Unified District
010201000	St Johns Unified District
090220000	Whiteriver Unified District
090201000	Winslow Unified District
<b>100811000</b>	<b>Pima County JTED</b>
100215000	Ajo Unified District
100210000	Amphitheater Unified District
100240000	Baboquivari Unified School District #40
100216000	Catalina Foothills Unified District
100208000	Flowing Wells Unified District
110208000	Mammoth-San Manuel Unified District
100206000	Marana Unified District
120201000	Nogales Unified District
100230000	Sahuarita Unified District
120235000	Santa Cruz Valley Unified District
100212000	Sunnyside Unified District
100213000	Tanque Verde Unified District
100201000	Tucson Unified District
100220000	Vail Unified District
<b>140801000</b>	<b>Southwest Technical Education District of Yuma</b>
140550000	Antelope Union High School District
140570000	Yuma Union High School District
<b>130801000</b>	<b>Valley Academy for Career and Technology Education</b>
130228000	Camp Verde Unified District

130406000	Cottonwood-Oak Creek Elementary District
130504000	Mingus Union High School District
130209000	Sedona-Oak Creek JUSD #9
<b>070802000</b>	<b>West-MEC - Western Maricopa Education Center</b>
070516000	Agua Fria Union High School District
070501000	Buckeye Union High School District
070297000	Deer Valley Unified District
070289000	Dysart Unified District
070224000	Gila Bend Unified District
070505000	Glendale Union High School District
070381000	Nadaburg Unified School District
070269000	Paradise Valley Unified District
078912000	Paragon Management, Inc.
070211000	Peoria Unified School District
078609000	Ridgeline Academy, Inc.
070290000	Saddle Mountain Unified School District
070514000	Tolleson Union High School District
070209000	Wickenburg Unified District
<b>080850000</b>	<b>Western Arizona Vocational District #50</b>
080502000	Colorado River Union High School District
080220000	Kingman Unified School District
080201000	Lake Havasu Unified District
088758000	Mohave Accelerated Learning Center
150227000	Parker Unified School District

## Section 1: Average Daily Membership & Student Count

*The average daily membership of each career and technical education district, including the average daily membership of each centralized campus, satellite campus and leased satellite campus as defined in §15-393.*

The average daily membership (ADM) and student count for each Career and Technical Education District (CTED) was provided by the Department's School Finance division which utilizes ADM to calculate school payments. ADM and student count for the 100<sup>th</sup> day of school was used for all CTEDs. Please note that students in the 9<sup>th</sup> grade do not generate CTED ADM and not included in that value in this report but may be enrolled in CTED programs (especially satellite programs) and are therefore included in the student count values in this report.

**Link:** [View ADM and student count by CTED location](#)

Career and Technical Education District	100th Day Average Daily Membership	100th Day Student Headcount
Central Arizona Valley Institute of Technology	982.1801	3,918
Cobre Valley Institute of Technology District	263.6639	995
Cochise Technology District	844.9197	3,422
Coconino Association for Vocation Industry and Technology	417.5369	1,679
East Valley Institute of Technology	10,034.2193	32,634
Gila Institute for Technology	529.4940	1,536
Mountain Institute CTED	547.6374	1,645
Northeast Arizona Technological Institute of Vocational Education	593.8680	2,570
Northern Arizona Vocational Institute of Technology	993.9654	3,512
Pima County JTED	5,065.5120	21,909
Southwest Technical Education District of Yuma	1,357.2139	5,773
Valley Academy for Career and Technical Education	295.6869	915

Western Arizona Vocational Education District	784.9273	3,130
West-MEC - Western Maricopa Education Center	9,110.8308	35,990

## Section 2: Program Enrollment and Completion

*The programs and corresponding courses offered by each career technical education district, including the location of each program and course.*

*For each career technical education district based on program or course location:*

- The student enrollment of each program and corresponding course.*
- The percentage of students who enrolled in the second year of each program and corresponding course relative to the number of students in the same cohort who enrolled in the first year of each program and corresponding course.*
- The percentage of students who completed each program relative to the number of students in the same cohort who began the program.*

ADE-CTE gathers student enrollment data for all CTE programs through the CTE Data Portal, an online data collection and reporting application. This data includes student enrollment in all programs and corresponding courses including credits earned by students. Since both school districts and CTEDs report enrollment data for the same group of students (CTED central/leased central/community college campus students), ADE-CTE can compare the two datasets to verify accuracy and completeness.

Program persistence (element 4b) is calculated as the total number of unduplicated students who enrolled in more than one course (i.e., the second course) within the specific program divided by the total number of unduplicated students who enrolled in at least one course (i.e., the first course) within the specific program. Program completion (element 4c) is calculated as the total number of unduplicated students who completed (passed) all required courses within a specific program divided by the total number of unduplicated students that enrolled in at least one course within the specific program. For FY 2025, program persistence and completion are calculated using students in expected graduation cohort 2024-2025.

View program offerings by CTED:

CAVIAT

CAVIT

CTD

CVIT

EVIT

GIFT

MICTED

NATIVE

NAVIT

PCJTED

STEDY

VACTE

WAVE

West-MEC

View program enrollment data by CTED:

[CAVIAT](#)

[GIFT](#)

[STEDY](#)

[CAVIT](#)

[MICTED](#)

[VACTE](#)

[CTD](#)

[NATIVE](#)

[WAVE](#)

[CVIT](#)

[NAVIT](#)

[West-MEC](#)

[EVIT](#)

[PCJTED](#)

View program persistence and completion data by CTED:

[CAVIAT](#)

[GIFT](#)

[STEDY](#)

[CAVIT](#)

[MICTED](#)

[VACTE](#)

[CTD](#)

[NATIVE](#)

[WAVE](#)

[CVIT](#)

[NAVIT](#)

[West-MEC](#)

[EVIT](#)

[PCJTED](#)

### Section 3: Program Costs

*The costs associated with each program offered by the career technical education district.*

The ADE-CTE annual CTED Report utilizes data gathered from the previous school year for analysis. Expenditures in support of career and technical education programs are reported from all funding sources rather than simply CTED funding. The cost reporting spreadsheet utilized for this report was reviewed in conjunction with the Arizona Office of the Auditor General (AOAG) to efficiently gather all required data. The Program 300 codes in the Chart of Accounts listed in the Uniform System of Financial Records for Arizona School Districts (USFR) has been identified for use in tracking local expenditures related to career and technical education programs. This reflects the second year these program codes to have been mandatory for use in tracking expenditures.

CTED member districts typically receive state and federal grants, as well as other local funding (such as local tax levy revenues, State Aid, State Vocational Block Grant funding, Carl D. Perkins funding, tax credit contributions, gifts of equipment/supplies and other secondary sources). It is important to note that, apart from the East Valley Institute of Technology (EVIT), CTEDs do not apply for federal Carl D. Perkins grant funds. Historically, teacher salaries and benefits have been the strongest indicator of total program costs, followed by the equipment/supplies utilized to implement career and technical education programs. The ADE-CTE will continue to work with the AOAG should any modifications become necessary to gather appropriate program cost information for future reports.

View Cost Reporting Summaries by CTED:

<u>CAVIAT</u>	<u>GIFT</u>	<u>STEDY</u>
<u>CAVIT</u>	<u>MICTED</u>	<u>VACTE</u>
<u>CTD</u>	<u>NATIVE</u>	<u>WAVE</u>
<u>CVIT</u>	<u>NAVIT</u>	<u>West-MEC</u>
<u>EVIT</u>	<u>PCJTED</u>	

### Section 4: Program and Course Listings

#### 4a – Discontinued Programs & Courses

*A listing of any programs or courses that were discontinued by review of the Career and Technical Education division pursuant to §15-393, subsection W.*

The following programs were found non-compliant pursuant to §15-393, subsection W and were discontinued as CTED-eligible programs pending remediation:

Program Name	Program Number
Electronics Drafting	15130500

The CTE Program Services unit provides technical assistance to programs found to be non-compliant.

#### **4b – Continued Programs and Courses**

*A listing of any programs or courses that were continued by review of the Career and Technical Education division pursuant to §15-393, subsection W.*

All programs and courses except for those listed above were continued for FY 2025.

View statewide continued courses: [Continued Courses in FY 2025](#)

To view continued courses for each CTED, please see section 2 of this report.

For more information, please see:

- [FY 2025 Approved Programs List](#)
- [FY 2025 Coherent Sequence](#)

#### **4c – Added Programs & Courses**

*A listing of any programs or courses that were added by the Career and Technical Education division.*

Three new programs were added to the statewide approved program list in FY 2025:

View statewide added courses: [Added Courses in FY 2025](#)



## **Section 6: Maintenance of Effort & Supplement Not Supplant**

*For applicable school districts, the required maintenance of effort and how monies were used to supplement and not supplant base year career and technical education courses, including expenditures related to personnel, equipment, and facilities.*

Districts must demonstrate that funds were used to supplement and not supplant the amount used during the “base year” with regards to their CTED funding. The report specifically requires the inclusion of common expenditure types for career and technical education courses, which cover staffing, equipment, and facilities.

This data, provided by the School Finance division of the Department, provides a summary of the “Work Sheet for Determining the Appearance of Supplanting with CTED Monies” submitted by each CTED as part of their Annual Financial Report (AFR).

Link: [View supplement, not supplant spreadsheet](#)

## Section 7 – In-demand Funding

*For students who meet the requirements to receive funding pursuant to section 15-393, subsection X, students enrolled in an internship course and students enrolled in the year immediately following graduation, a separate listing of the following information for each district:*

- 1) *Average daily membership*
- 2) *The actual student count*
- 3) *Enrollment by course or program and persistence at each grade level towards completion of the program*
- 4) *The percentage of students who completed each program*
- 5) *The number of certifications and licenses earned by students delineated by those who attended a satellite program and those who attended a centralized campus*

Students in the ninth grade and in the year immediately following graduation that are enrolled in regionally identified in-demand programs may qualify for ADM funding. For students in the ninth grade, funding is retroactively generated if the student remains enrolled in a CTE program on the fortieth day of their eleventh-grade school year. For students in the year following graduation, students qualify for funding if enrolled in a regional in-demand program.

The Arizona Department of Education is developing reporting methods to capture the reporting requirements of this section.

CTED	ADM	Student Count
Central Arizona Valley Institute of Technology	72.75	291
Cobre Valley Institute of Technology	9.5	38
Cochise Technology District	46.75	187
Coconino Association for Vocation Industry and Technology	27.5	110
East Valley Institute of Technology	543.75	2175
Gila Institute for Technology	8.5	34
Mountain Institute CTED	32.75	131
Northeast Arizona Technological Institute of Vocational Education	0.75	3
Northern Arizona Vocational Institute of Technology	0.5	2
Pima County JTED	183.25	733
Southwest Technical Education District of Yuma	32.75	131
Valley Academy for Career and Technical Education	16	64
Western Arizona Vocational District	97.25	389
West-MEC Western Maricopa Education Center	1000.5	4002

**Credentials/Certificates Earned by Eligible Students Enrolled in a Regionally In-demand Program in the Ninth Grade and in the Year Immediately Following Graduation**

<b>CTED</b>	<b>Central</b>	<b>Satellite</b>
Cobre Valley Institute of Technology	19	0
Cochise Technology District	4	0
East Valley Institute of Technology	149	0
Gila Institute for Technology	6	0
Mountain Institute CTED	29	0
Pima County JTED	13	0
Valley Academy for Career and Technology Education	3	0
Western Arizona Vocational District	102	0
West-MEC Western Maricopa Education Center	33	0

Arizona Department of Education | FY 2025 CTED ANNUAL REPORT

**Section 7: Summary of CTE Annual Report Data FY 2024-2025**

Per the request of the Joint Legislative Budget Committee, a summary table of report data is provided here.

	Students		Reported Costs			Completion	
CTED Name (1)	Enrollment (2)	ADM (3)	Central/Leased Campus	Satellites	Total	Retention (4)	Completion Rate (5)
CAVIAT	3,918	982.1801	\$657,832.56	\$3,021,614.64	\$3,679,447.20	70.32%	64.03%
CAVIT	995	263.6639	\$4,199,204.18	\$2,405,635.03	\$6,604,839.21	73.46%	66.67%
CTD	3,422	844.9197	\$519,801.39	\$9,182,599.63	\$9,702,401.02	63.47%	57.69%
CVIT	1,679	417.5369	\$1,214,171.80	\$900,171.06	\$2,114,342.86	68.27%	54.67%
EVIT	32,634	10,034.2193	\$68,279,421.30	\$38,475,050.17	\$112,159,120.34	69.18%	61.44%
GIFT	1,536	529.4940	\$1,658,790.90	\$3,044,095.64	\$4,730,198.83	56.58%	50.51%
MICTED	1,645	547.6374	\$4,317,938.00	\$1,463,457.00	\$5,781,395.00	57.76%	53.27%
NATIVE	2,570	593.8680	\$1,321,766.69	\$2,067,494.76	\$4,515,431.00	74.45%	62.41%
NAVIT	3,512	993.9654	\$3,041,781.24	\$3,837,345.17	\$6,879,126.41	83.33%	72.58%
Pima JTED	21,909	5,065.5120	\$24,712,312.44	\$22,116,997.08	\$46,829,309.52	69.91%	60.46%
STEDY	5,773	1,357.2139	\$2,858,349.73	\$5,866,536.65	\$8,724,886.38	63.85%	60.00%
VACTE	915	295.6869	\$764,714.52	\$695,916.23	\$1,460,630.75	74.52%	69.25%
WAVE	3,130	784.9273	\$2,242,302.52	\$2,492,919.50	\$4,735,222.02	58.11%	48.93%
West-MEC	35,990	9,110.8308	\$12,736,520.54	\$28,291,560.45	\$43,357,357.75	67.08%	63.38%

**Summary Table Notes**

- (1) Figures shown for each CTED are for its central campus(es) and satellite campuses combined unless otherwise indicated.
- (2) Unduplicated student headcount as of the 100<sup>th</sup> day of school.
- (3) ADM as of the 100<sup>th</sup> day of school. ADM is less than enrollment because more students attend CTEDs on a part-time basis and 9<sup>th</sup> grade students are included in the CTED enrollment but are excluded from their ADM data.
- (4) The percentage of SY 2024-2025 seniors who enrolled in the first course of a CTED eligible program and who also enrolled in the second or higher course of the same program.
- (5) The percentage of SY 2024-2025 seniors who enrolled in a course beyond the first course of a program and also completed the program.





STATE OF ARIZONA

## Joint Legislative Budget Committee

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**DATE:** January 22, 2026

**TO:** Members of the Joint Legislative Budget Committee

**FROM:** Brian Belakovsky, Fiscal Analyst

**SUBJECT:** Department of Economic Security - Review of FY 2026 Division of Developmental Disabilities Line Item Transfers

### Request

Pursuant to an FY 2026 General Appropriation Act footnote, the Department of Economic Security (DES) requests review of a line item transfer of \$3,306,300 General Fund from the Home and Community Based Services (HCBS) - Medicaid special line item into the Case Management - State-Only special line item.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

### Key Points

- 1) DES proposes making a \$3.3 million General Fund transfer from the Home and Community-Based Services (HCBS) - Medicaid line item into the Case Management State-Only line item.
- 2) The transfer would align DDD appropriations with actual expenses incurred by DES as a result of growing state-only DDD membership.

### Analysis

The FY 2026 budget continued a footnote requiring Committee review of any funding being transferred in or out of the DDD Administration line and the Case Management lines to provide oversight if the department proposes to change line item funding levels.

DES' proposed \$3.3 million transfer is intended align DDD appropriations with actual expenses in the state-only program. The department reports that increased need for the Case Management - State-Only funding stems from growth in membership above prior funding expectations. For example, in June 2025, there were 7,284 DDD clients receiving case management state-only services, a 41.7% increase from 2 years prior. The Case Management - State-Only line item funds services for individuals with a developmental disability who are not financially eligible and do not meet the medical requirements to qualify for the full long-term care package of benefits.

The FY 2026 budget appropriated \$6.4 million to the Case Management - State-Only line item. The \$3.3 million transfer therefore represents a 51.3% increase in funding for this population relative to the budgeted amount.

BB:kp



Katie Hobbs  
Governor



Michael Wisehart  
Director

January 14, 2026

The Honorable David C. Farnsworth  
Chairman, Joint Legislative Budget Committee  
Arizona Senate  
1700 W Washington Street  
Phoenix, Arizona 85007

The Honorable David Livingston  
Vice Chairman, Joint Legislative Budget Committee  
Arizona House of Representatives  
1700 W Washington Street  
Phoenix, Arizona 85007

Dear Senator Farnsworth and Representative Livingston,

The Arizona Department of Economic Security (DES/Department) requests to be placed on the agenda of the next Joint Legislative Budget Committee meeting for the review of line item transfers for the Division of Developmental Disabilities (DDD), as required by Laws 2025, Chapter 233, Section 29. Justification for the transfer is outlined below.

**FY 2026 General Fund Transfer Request**

Special Line Item	Fiscal Year	Fund Source	Transfer Amount
Home & Community-Based Services - Medicaid	2026	GF	(\$3,306,300)
Case Management - State-Only	2026	GF	\$3,306,300

The Department requests to transfer General Fund from the Home & Community Based Services - Medicaid Special Line Item (SLI) into the Case Management - State-Only SLI. DDD has seen growth in State-Only membership, which has resulted in a shortfall in the Case Management - State-Only SLI. This transfer will ensure proper authority distribution for these lines in FY 2026 and allow DDD to fund Case Management - State-Only expenses properly.

If you have any questions, please contact Kathy Ber, Director of Public Affairs, at (602) 542-4669 or [kber@azdes.gov](mailto:kber@azdes.gov).

Sincerely,

A handwritten signature in dark ink, appearing to read "MW", written over a light blue horizontal line.

Michael Wisehart  
Director

cc: Richard Stavneak, Director, Joint Legislative Budget Committee  
Ben Henderson, Director, Office of Strategic Planning and Budgeting





STATE OF ARIZONA

## Joint Legislative Budget Committee

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MICHAEL WAY

DATE: January 22, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Brian Belakovsky, Fiscal Analyst

SUBJECT: Department of Economic Security – Review of Annual Plan for the Arizona Training Program at Coolidge (ATPC)

### Request

A.R.S. § 36-570 requires Committee review of Department of Economic Security plans for ATPC and associated group homes, including updates on the timetable of facility closures, the transition of residents to new facilities, and the identification of fiscal impacts. DES is requesting review of its plan to update the facilities at 20 Sandstone and to close 10 Sandstone upon the renovation, licensing, and certification of 20 Sandstone as an Intermediate Care Facility (ICF).

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

### Key Points

- 1) DES does not currently have plans to close ATPC.
- 2) DES plans to renovate and bring up to code the electrical wiring system at one currently vacant building called 20 Sandstone.
- 3) Following the renovations and licensure of 20 Sandstone, DES intends to close 10 Sandstone, leaving the total capacity on campus unchanged.

## **Analysis**

ATPC is a state-run, 24-hour residential facility for persons with a severe or profound cognitive disability. ATPC consists of several intermediate care facilities (ICFs), which provide institutional services to clients. DES reports that ATPC had an enrollment of 48 in June 2025, a decrease of (3) from a year prior. DES has not effectively added any new clients to ATPC since 1979.

The electrical improvements at 20 Sandstone referenced in the department's report are one of several building renewal and capital proposals the department has for the campus. In its FY 2027 capital improvement plan, DES requested \$1.5 million for building renewal projects at ATPC and \$3.2 million for capital projects.

Katie Hobbs  
Governor



Michael Wisehart  
Director

October 30, 2025

The Honorable David Livingston  
Chairman, Joint Legislative Budget Committee  
Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007

The Honorable David C. Farnsworth  
Vice-Chairman, Joint Legislative Budget Committee  
Arizona Senate  
1700 West Washington Street  
Phoenix, Arizona 85007

Dear Representative Livingston and Senator Farnsworth:

The Arizona Department of Economic Security is submitting its annual update on the plans for the Arizona Training Program at Coolidge (ATPC) within the Division of Developmental Disabilities (DDD), pursuant to Arizona Revised Statutes § 36-570. At this time, DDD does not have plans to close ATPC.

#### Background Summary

Over the past year, DDD has continued to improve the clinical care, infrastructure, and overall service provision to ATPC members. These improvements reflect a commitment to helping ATPC members live self-directed, healthy, and meaningful lives.

DDD has worked with the Arizona Health Care Cost Containment System since December 2022 to comply with the federal Home and Community-Based Services rules issued by the Centers for Medicare and Medicaid Services.

#### Future Planning

The Intermediate Care Facilities (ICFs) at ATPC are currently undergoing renovations to bring the electrical wiring up to code. ATPC currently has five licensed and certified ICFs: 10 Sandstone, 40 Sandstone, 50 Sandstone, 40 Oasis, and 50 Oasis. The five licensed and certified ICFs are needed to accommodate the residents during the renovations. The plan is to vacate buildings as the renovations are completed to bring the ICFs into compliance with the electrical code. Twenty Sandstone is the final building needing these improvements.

The Honorable David Livingston  
The Honorable David C. Farnsworth  
Page 2

Upon 20 Sandstone's renovation, licensing, and certification, 10 Sandstone will be closed. There will be five licensed and certified ICFs upon completion of the aforementioned projects. When there is a change to the census at ATPC, the State Operated Residential Services Executive Leadership Team meets to review the current staffing level, resident needs, and if there is a possibility of consolidating ICFs.

When a staff position is vacated at ATPC, the administrator reviews the current needs and determines if that position is still necessary to meet the needs of the facility or residents. All positions are reviewed by the Deputy Assistant Director for State Operated Residential Services before posting for recruitment.

If you have any questions, please contact Kathy Ber, Director of Public Affairs, at (602) 542-4669 or [kber@azdes.gov](mailto:kber@azdes.gov).

Sincerely,



Michael Wisehart  
Director

cc: Members of the Joint Legislative Budget Committee  
Ben Henderson, Director, Governor's Office of Strategic Planning and Budgeting  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Holly Henley, Director, Arizona State Library, Archives and Public Records





STATE OF ARIZONA

## Joint Legislative Budget Committee

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MICHAEL WAY

DATE: January 26, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Micaela Andrews, Assistant Director

SUBJECT: Secretary of State - Review of FY 2026 Special Election Expenses Line Item Transfer of \$650,000 to the Operating Budget for Temporary Cybersecurity Monitoring and Active Cybersecurity Management

### Request

Pursuant to an FY 2026 General Appropriations Act footnote, the Secretary of State is requesting review of a transfer of \$650,000 from the Special Election Expenses line item to the Operating Budget for temporary cybersecurity monitoring and active cybersecurity management.

SOS also requested review of additional transfers totaling \$2,850,000, which included funding items related to: the state's voter registration database, election system programming, physical security, and various standard expenses for the 2026 primary/general elections. Those requested transfers are not on the agenda.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the \$650,000 request.
2. An unfavorable review of the \$650,000 request.

### Key Points

1. SOS reports a \$4.4 million surplus from the FY 2026 appropriation for the Special Election Expenses line item, which funded the special election for the vacancy in Arizona's 7<sup>th</sup> Congressional District.
2. A FY 2026 budget footnote requires Committee review of transfers in or out of the line item.
3. SOS proposes transferring \$650,000 to the SOS's operating budget for cybersecurity funding for contracted workers and monitoring tools.



## Analysis

The FY 2026 budget appropriated \$8,000,000 to the FY 2026 Special Election Expenses line item to pay for the costs of the special primary election and general election held in 2025 to fill Arizona's vacant 7<sup>th</sup> Congressional District seat. The SOS reports a surplus of \$4,400,000 in the FY 2026 Special Election Expenses line item after reimbursing counties for allowable expenses.

Pursuant to a FY 2026 budget footnote requiring Committee review of the transfer of monies in or out of the Special Election Expenses line item, the SOS requests the transfer of \$650,000 to the SOS's operating budget for cybersecurity funding for contracted workers and monitoring/cybersecurity tools.

Using American Rescue Plan Act (ARPA) monies, the SOS contracted with an independent cybersecurity firm to review SOS's systems and identify risk issues. The \$650,000 proposed transfer will be used for contracted cybersecurity professionals and monitoring tools to protect the state's election infrastructure and mitigate risks identified in the system review. SOS plans to utilize these monies to support the state throughout the 2026 election cycle.

MA:kp

December 24, 2025



The Honorable David Livingston, Chairman  
Joint Legislative Budget Committee  
Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007

The Honorable David C. Farnsworth, Vice-Chairman  
Joint Legislative Budget Committee  
Arizona State Senate  
1700 West Washington Street  
Phoenix, Arizona 85007

Dear Chairman Livingston and Vice-Chairman Farnsworth:

Pursuant to Laws 2025, Chapter 233, Section 83, the Secretary of State's Office (SOS) respectfully requests that the Joint Legislative Budget Committee (JLBC) review at its next meeting the proposal outlined below to transfer \$3,500,000 from the CD7 Special Election line item to the Operating Lump Sum (OLS) in the SOS's FY2026 budget.

### **Background and Urgency**

The Legislature appropriated funding to the CD7 Special Election line item to support costs associated with conducting the congressional vacancy election. Those statutory responsibilities have now been fulfilled, leaving a remaining balance of approximately \$4,400,000 that may be repurposed, subject to JLBC review.

The SOS requests transfer of these monies to the OLS for two purposes:

1. To reimburse counties for their share of FY2026 Arizona Voter Information Database (AVID) payments; and
2. To support the statewide 2026 Election Year Readiness and County Support Funding Plan.

This request is driven by an urgent and well-documented reality: Arizona's election infrastructure is operating in a materially elevated cyber and operational risk environment, and the risks exposed during the 2025 cyber incident cannot be mitigated through existing base funding. That incident—while successfully contained—confirmed what the SOS has

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Phoenix, AZ 85007-2808  
[www.azsos.gov](http://www.azsos.gov)

consistently warned: Arizona's election systems rely on aging, highly customized platforms that are increasingly targeted by sophisticated domestic and foreign actors.

Absent near-term intervention, the SOS cannot responsibly certify that it has the tools, staffing, or defensive posture necessary to manage the 2026 election cycle without an unacceptably high level of risk. This transfer represents an opportunity for the Legislature to meaningfully reduce that risk.

It is critical to note, however, that this transfer does not "solve" Arizona's cyber and IT vulnerabilities. Rather, it provides the SOS with the ability to meaningfully *lessen* risk during the 2026 election cycle while longer-term modernization solutions remain unfunded or incomplete.

Below is a detailed description of the twelve components of this \$3,500,000 one-time funding request.

### **FY2026 County AVID Payments**

#### **Reimburse Counties for FY2026 AVID Payments - \$1,000,000**

In its FY2026 budget request, the SOS requested \$1,000,000 to reimburse counties for their pro-rated share of operating AVID. As in prior years, the SOS will reimburse counties dollar-for-dollar for these costs. Without reimbursement, counties—particularly rural counties—would be forced to divert scarce local resources from other critical election administration functions, compounding statewide operational risk.

### **2026 Election Year Readiness and County Support Funding Request**

#### **1. Temporary Cybersecurity Monitoring and Active Management — \$650,000**

Arizona's election systems are operating in an elevated and demonstrable cyber-risk environment. In 2025, the SOS successfully contained a cyber incident that confirmed long-standing concerns regarding the vulnerability of legacy election applications. In response, the SOS used federal American Rescue Plan Act (ARPA) funds provided by Governor Hobbs to engage an independent, external cybersecurity firm to conduct comprehensive code review, penetration testing, and security assessments of the SOS's most critical election systems.

Initial findings from that independent review identified nearly 100 critical security vulnerabilities and more than 400 high- and medium-risk issues across the SOS's four most essential applications. These findings were not theoretical; they represent real, actionable vulnerabilities that could be exploited during an election cycle. While ARPA funds enabled

the identification of these risks, the remaining ARPA balance is insufficient to remediate or meaningfully mitigate them.

This funding will allow the SOS to deploy continuous, 24/7 cybersecurity monitoring, active threat detection, and rapid incident-response capabilities throughout the 2026 election cycle. Specifically, these funds will support contracted cybersecurity professionals, enterprise-grade monitoring tools, real-time threat intelligence, and active management of known vulnerabilities during periods of heightened risk.

It is critical to emphasize that this funding does not modernize or replace Arizona's election systems. Rather, it provides the SOS with the minimum necessary tools to reduce the likelihood that known vulnerabilities result in preventable failures, service disruptions, or loss of public confidence in 2026. Without this funding, the SOS cannot reasonably assert that it has taken all practicable steps to protect election infrastructure during a period when threats are known, documented, and increasing.

## **2. EMS/ENR Programming and Resilience — \$300,000**

Arizona's Election Management System and Election Night Reporting (EMS/ENR) platform is among the most visible and operationally critical components of the election ecosystem. The system is built on legacy architecture and requires extensive, highly specialized programming prior to each election. Only one individual currently possesses the institutional and technical knowledge necessary to configure the system, creating a documented and unacceptable single point of failure.

The risks associated with this fragility are compounded by the cybersecurity findings described above. A failure of EMS/ENR—whether due to cyber intrusion, system instability, or loss of key personnel—would force the state to revert to manual reporting processes, significantly increasing the likelihood of delays, errors, misinformation, and erosion of public trust during election night.

This funding supports 8–10 weeks of required EMS/ENR programming for the 2026 election cycle, as well as targeted resilience measures, including redundancy testing, system hardening, and contingency planning. These investments are necessary to stabilize the system through the 2026 elections while longer-term replacement efforts remain unfunded or incomplete.

As with cybersecurity funding, this request does not resolve the underlying structural weaknesses of EMS/ENR. It is a stop-gap measure designed to reduce known operational and security risks long enough to administer the 2026 elections responsibly. Without this funding, the SOS would be knowingly entering the next statewide election cycle with a system that is both fragile and inadequately protected.

### **3. Primary Election Logic and Accuracy (L&A) Testing — \$50,000**

Under A.R.S. § 16-449, the SOS is required to conduct Logic and Accuracy testing of every voting system deployed in statewide elections. L&A testing is an integral part of conducting a successful election as it ensures a rigorous evaluation of voting equipment, the viability of technology, and thorough analysis of any discovered discrepancies.

Due to statutory changes shifting the 2026 primary election timeline, these tests now occur in FY2026 and require statewide travel—frequently via DPS aircraft or charter flights—to ensure all 15 counties receive timely certification.

Funding supports personnel, travel, testing equipment, and logistics necessary to meet statutory obligations and verify equipment accuracy before early voting begins.

### **4. Ballot Measure Initiative Signature Validation — \$100,000**

Initiative committees must submit petition signatures to the Secretary of State by July 2, 2026, triggering a statutorily mandated validation process that must be completed within compressed timelines. Signature verification requires a combination of automated validation tools and a trained temporary workforce capable of processing hundreds of thousands of signatures while maintaining strict accuracy and quality-control standards.

Historically, the Secretary of State receives funding for signature validation in odd-numbered fiscal years aligned with election years. However, due to statutory filing deadlines, initiative signature validation costs are incurred in even-numbered fiscal years, and the SOS's FY2026 budget includes no funding for this non-discretionary responsibility. As a result, the SOS currently lacks the resources necessary to meet statutory timelines.

This funding will support temporary staffing, training, licensing, quality-assurance processes, workspace, and operational infrastructure required to conduct timely and accurate validation. Absent this funding, the SOS faces a substantial risk of delayed certification, increased error rates, and litigation, all of which would undermine election administration and public confidence.

### **5. Candidate Petition Signature Validation — \$50,000**

Candidate petitions are due April 6, 2026, and require rapid, technology-assisted and manual review to determine ballot eligibility. Funding supports temporary reviewers, supervisory oversight, required software, and administrative support needed to complete validation quickly and accurately. Timely validation is essential to ballot preparation and election administration and cannot be absorbed within existing staffing resources. Currently, the SOS's FY2026 budget contains no funding for this purpose.

## **6. Rural County Vote Tracking and Verification (BallotTrax and Text2Cure) — \$250,000**

Rural counties often lack the resources necessary to provide modern voter-facing tools such as ballot tracking and communications about signature curing. These counties disproportionately experience higher ballot-rejection rates and greater administrative burdens.

Funding enables the statewide deployment of BallotTrax and Text2Cure for rural jurisdictions, allowing voters to receive real-time notifications when their ballot is mailed, received, verified, or counted, and to cure signature issues electronically. These tools enhance voter confidence, improve transparency, reduce strain on smaller county election teams, and ensure more ballots are counted and counted quickly.

## **7. County Elections Tabletop Exercises (TTXs) — \$150,000**

The SOS will conduct statewide and regional tabletop exercises (TTXs) designed to strengthen county preparedness for a range of election-related contingencies—including cyberattacks, misinformation events, equipment failures, natural disasters, and other disruptions. The TTXs will guide election officials through the most challenging election scenarios. Participants will rehearse best practices using real-world situations and face tasks that will require them to take appropriate steps to mitigate both passive and active security events.

Consistent with U.S. Election Assistance Commission recommendations, these exercises promote coordination among county officials, law enforcement, IT teams, emergency managers, and SOS personnel. Funding supports scenario development, facilitation, travel, materials, and after-action assessments that help counties refine procedures and improve operational readiness.

## **8. County Assistance Fund (IT and Election Administration Assistance) — \$100,000**

Many counties—particularly rural ones—continue to experience high turnover and lack sufficient internal IT and election administration capacity. This flexible fund allows the SOS to deploy targeted technical support, troubleshoot urgent operational challenges, provide on-site administrative assistance, and field rapid-response teams (“tiger teams”) to stabilize county operations. This support is critical for ensuring uniform statewide compliance with election law and preventing bottlenecks that can delay ballot processing or voter registration updates.

## **9. Additional County Elections Workers — \$250,000**

To support counties with limited staffing, the SOS proposes placing trained election fellows in county recorders and election offices during the 2026 cycle. Additional workers will assist with voter registration processing, early ballot verification, ballot adjudication,

election worker training support, and other essential tasks. This funding covers salaries, training, and deployment expenses. Additional workers will provide significant operational relief during peak workload periods, reduce reliance on overextended permanent staff, and improve accuracy and timeliness in election operations.

#### **10. Physical Security — \$400,000**

Threats against the Secretary, other election officials, and election facilities have increased markedly in recent years, with several threats deemed credible by law enforcement. Recent studies by nonpartisan research groups such as Public Service Alliance and Princeton University's Bridging Divides Initiative, have shown that violent threats against public servants, particularly in battleground states, have risen nearly 40-fold in the last decade.

During the 2026 election cycle, personnel will frequently travel statewide and engage in public- and county-facing duties that elevate security risks. Funding will support protective personnel, facility hardening, secure travel protocols, and equipment necessary to ensure the safety of the Secretary, SOS staff, and state property. Without these resources, staff would face unmitigated and unacceptable risks.

#### **11. Voter Registration Database Replacement Planning — \$200,000**

Pursuant to State Procurement Office regulations, Arizona's statewide voter registration database (AVID) cannot be extended beyond its 2028 contractual limit. AVID not only houses the names and registration information of every registered voter in Arizona, it is also seamlessly and quickly accessible to voter registration officials and county election offices. Replacing a statewide system of this scale will require multi-year planning, technical scoping, stakeholder engagement, and procurement preparation. Funding will allow the SOS to begin this work in FY2026 by developing system requirements, preparing a Request for Information (RFI), coordinating with counties on functionality needs, and initiating the procurement framework for a 2029 implementation. Without early planning, the state risks a gap in compliance with federal voter registration requirements.

#### **Conclusion**

Transferring \$3,500,000 from the CD7 Special Election line item to the OLS will allow the SOS to reimburse counties for FY2026 AVID costs and take essential, time-limited steps to reduce cyber, operational, and security risks ahead of the 2026 elections.

This transfer does not eliminate risk. It does not replace aging systems, permanently solve cybersecurity gaps, or obviate the need for sustained investment. It does, however, materially reduce the likelihood that known vulnerabilities result in preventable failures during a high-turnout, high-threat election cycle.

The SOS views this request as an opportunity for the Legislature to be an active partner in protecting Arizona's elections. Without this action, the SOS will be forced to administer the 2026 elections with risks that have already been identified, documented, and communicated—but not fully mitigated.

The SOS is confident it can expend or encumber these funds within FY2026.

Thank you for your time and consideration of this request. Should you have any questions, please do not hesitate to contact Greg Ensell, Chief Deputy Assistant Secretary of State, at (480) 244-5130 or [gensell@azsos.gov](mailto:gensell@azsos.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Adrian Pontes', with a stylized flourish at the end.

**Adrian Pontes**  
Arizona Secretary of State

cc:

JLBC Members

Richard Stavneak, Director, JLBC

Micaela Andrews, Assistant Director, JLBC

Ben Henderson, Director, OSPB