

# **JOINT LEGISLATIVE BUDGET COMMITTEE**

**Thursday, March 5, 2026**

**1:30 p.m.**

**Senate Hearing Room 109**



STATE OF ARIZONA

## Joint Legislative Budget Committee

STATE  
SENATE

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

(602) 926-5491

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### JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, March 5, 2026

1:30 P.M.

Senate Appropriations, Room 109

#### MEETING NOTICE

- Call to Order
- [Approval of Minutes of January 29, 2026.](#)
- 1. [SECRETARY OF STATE - Review of FY 2026 Special Election Expenses Line Item Transfer of \\$2,490,000 to the Operating Budget.](#)

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

02/27/2026

KP

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## MINUTES OF THE MEETING

### JOINT LEGISLATIVE BUDGET COMMITTEE

January 29, 2026

The Chairman called the meeting to order at 1:40 p.m., Thursday, January 29, 2026, in Senate Hearing Room 109. The following were present:

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

### APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of November 10, 2025. The motion carried by voice vote.

### EXECUTIVE SESSION

Representative Livingston moved that the Committee go into Executive Session. The motion carried by voice vote.

At 1:42 p.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Livingston moved that the Committee reconvene into open session. The motion carried by voice vote.

At 2:03 p.m. the Committee reconvened into open session.

**A. ATTORNEY GENERAL - Consideration of Proposed Settlements under Rule 14.**

*Representative Livingston moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the cases of:*

- *Veronica Chacon v. State of Arizona*
- *David and Karen Glaser v. State of Arizona*
- *Crystal Rose Metz and Dahlia Hegedus v. State of Arizona*

The motion carried by voice vote.

**B. ARIZONA DEPARTMENT OF ADMINISTRATION - Risk Management Annual Report.**

This item was for information only and no Committee action was required. The Committee received the Risk Management Annual Report pursuant to JLBC Rule 14. The Committee requests that future annual reports continue to include the following information:

- Status of open claims and lawsuits.
- Status of claims and lawsuits reported on the prior year annual report.
- Total number of claims and lawsuits filed with Risk Management during the prior fiscal year.
- Total settlement and judgment costs during the prior fiscal year.
- Number of liability settlements greater than the JLBC level and cost of each settlement.
- Number of liability cases taken to trial by Risk Management categorized by:
  - Number of verdicts for the state with detail of the associated judgment amounts.
  - Number of verdicts against the state with detail of the associated judgment amounts.
- Projected Risk Management Fund balance.
- Proposed changes to state insurance coverage, state statutes, and claim procedures.

**REGULAR AGENDA**

**1. JLBC STAFF – Consider Approval of Index for Arizona Department of Administration – School Facilities Division Construction Costs.**

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 41-5741(D)(3)(c) requires that the cost-per-square-foot factors used in Arizona Department of Administration (ADOA) School Facilities Division (SFD) new school construction financing be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee as necessary, but not less than once each year. The JLBC Staff provided options and the following potential 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.

*Representative Livingston moved that the Committee approve a 4.80% adjustment in the cost-per-square-foot factors, retroactive to December 10, 2025. The new revised per-square-foot dollar amounts apply to districts that were awarded new schools by SFD during the calendar year 2025. The revised rates are as follows:*

<u>Grade</u>	<u>\$ per square foot</u>
K-6	\$358.46
7-8	\$378.44
9-12	\$438.11

The motion carried by voice vote.

## **2A. DEPARTMENT OF EDUCATION (ADE) – Review of Federal Monies Report.**

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 15-1052 requires ADE to submit for review by the Joint Legislative Budget Committee its annual report on noncustodial and other federal monies received by the department. The JLBC Staff provided options.

*Representative Livingston moved that the Committee give a favorable review to ADE's FY 2026 Report of Federal Monies Received.* The motion carried by voice vote.

## **2B. DEPARTMENT OF EDUCATION (ADE) – Review of Career Technical Education District Annual Report.**

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 15-393.01 requires ADE to submit for review by the Joint Legislative Budget Committee its annual Career Technical Education District (CTED) report. The JLBC Staff provided options.

*Representative Livingston moved that the Committee give a favorable review to ADE's FY 2025 CTED Annual Report.* The motion carried by voice vote.

## **3A. DEPARTMENT OF ECONOMIC SECURITY (DES) – Review of FY 2026 Division of Developmental Disabilities Line Item Transfers.**

Mr. Brian Belakovsky, JLBC Staff, stated an FY 2026 General Appropriations Act footnote requires DES to submit a report for review by the Joint Legislative Budget Committee before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items. DES requested review of a line item transfer of \$3,306,300 general fund from the Home and Community Based Services – Medical special line item into the Case Management – State-Only special line item. The JLBC Staff provided options.

Mr. Wes Fletcher, Deputy Director of Operations, DES, responded to member questions.

Ms. Katherine Goldcamp, Fiscal Operations Manager, DES, responded to member questions.

*Representative Livingston moved that the Committee give a favorable review of a transfer for \$3,306,300 General Fund from the Home and Community Based Services – Medicaid line item to the Case Management – State-Only line item, with the following provisions:*

- A. *DES is required to submit formal letters of budget deficiency to the President of the Senate, Speaker of the House, and Chair and Vice-Chair of the Joint Legislative Budget Committee, pursuant to A.R.S. § 35-131(D).*
- B. *DES is required to report monthly to JLBC through June 2026 on a breakout of the DDD population by diagnosis.*

- C. *DES is required to review the findings of the Minnesota audits of DDD services and report back to JLBC within 30 days on its evaluation of whether those findings have been addressed in Arizona's DDD program.*

The motion carried by voice vote.

**3B. DEPARTMENT OF ECONOMIC SECURITY (DES) – Review of Annual Plan for the Arizona Training Program at Coolidge.**

Mr. Brian Belakovsky, JLBC Staff, stated A.R.S. § 36-570 requires DES to submit a report for review by the Joint Legislative Budget Committee on or before November 1 of each year on the department's plans for the Arizona Training Program at Coolidge (ATP-C) and associated group homes, including any plans to close the facilities. DES requested review of its plans 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. The JLBC Staff provided options.

*Representative Livingston moved that the Committee give a favorable review of the department's plans for ATP-C.* The motion carried by voice vote.

**4. SECRETARY OF STATE (SOS) – 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.**

Ms. Micaela Andrews, JLBC Staff, stated an FY 2026 General Appropriations Act footnote requires the Secretary of State to submit an expenditure plan to the Committee for review before transferring monies in or out of the Special Election Expenses line item. The JLBC Staff provided options.

Mr. Rex Bartlett, Senior Associate, Policy and Government Affairs, Molera Alvarez, responded to member questions.

Mr. Kuru Mathew, Chief Information Officer, SOS, responded to member questions.

Mr. Greg Ensell, Chief Deputy Assistant, SOS, responded to member questions.

*Representative Livingston moved that the Committee give a favorable review of SOS's proposed transfer of \$650,000 from the Special Election Expenses line item to the FY 2026 Operating Budget for temporary cybersecurity monitoring and active cybersecurity management.* The motion carried by voice vote.

Without objection, the meeting adjourned at 3:30 p.m.

Respectfully submitted:

*Kristy Paddack*

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Kristy Paddack, Secretary

*Richard Stavneak*

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Richard Stavneak, Director

*David R. Farnsworth*

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Senator David Farnsworth, 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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MICHAEL WAY

DATE: March 2, 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 \$2,490,000 to the Operating Budget

### Request

Pursuant to an FY 2026 General Appropriations Act footnote, the Secretary of State (SOS) is requesting review of a transfer of \$2,850,000 from the Special Election Expenses line item to the Operating Budget for 10 specified expenses.

This review does not include SOS' requested \$200,000 for voter registration database replacement planning. While the review does include physical security funding for the rest of the fiscal year, it does not include SOS' request to retroactively reimburse the department for physical security costs incurred prior to March (\$160,000).

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the \$2,490,000 proposal.
2. An unfavorable review of the \$2,490,000 proposal.

**Key Points**

1. A FY 2026 budget footnote requires Committee review of transfers in or out of the Special Election Expenses line item. The Chairman is proposing review of the transfer of \$2.5 million to the operating budget for 10 items.
  - \$500,000 is for state expenses for the 2026 primary and general election
  - \$240,000 is for physical security costs of the Secretary from March to June 2026
  - \$1,750,000 is for 5 SOS initiatives for counties, including funding payments to counties for their share of voter registration database costs.
2. The review does include \$200,000 for voter registration database planning and \$160,000 for retroactive reimbursement of physical security costs.

**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> United States 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. Of this amount, \$3,750,000 is available for transfer since the Committee previously reviewed a transfer of \$650,000 for cybersecurity costs at the January 29, 2026 meeting.

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 \$2,850,000 to the operating budget. The agenda is limited to transferring \$2,490,000 from the Special Election Expenses line to the Operating Budget. *See Table 1 below.*

<b>Table 1</b>	
<b>Secretary of State – Uses of Proposed Line Item Transfer</b>	
<b><u>2026 Election - State Expenses for Primary/General Election</u></b>	
1. Election Management System/Election Night Reporting System Programming	\$ 300,000
2. Ballot Measure Signature Validation (Initiatives Due July 2, 2026)	100,000
3. Primary Election Logic and Accuracy Testing (Begins on June 17, 2026)	50,000
4. Candidate Petition Signature Verification (Due April 6, 2026)	<u>50,000</u>
<b>Subtotal</b>	<b>\$ 500,000</b>
<b><u>SOS Expenses</u></b>	
5. Physical Security the Secretary of State (March '26 – June '26)	\$ 240,000
<b><u>SOS Initiatives for Counties</u></b>	
6. Fund County Share of FY 2026 Voter Registration Database Payments	\$ 1,000,000
7. Rural County Ballot Tracking and Verification	250,000
8. Additional County Election Workers	250,000
9. Security Exercises for Counties for Potential Scenarios	150,000
10. County Assistance Fund for IT and Operational Issues	<u>100,000</u>
<b>Subtotal</b>	<b>\$ 1,750,000</b>
<b>Total</b>	<b>\$ 2,490,000</b>

### 2026 Election – State Expenses for Primary/General Election

#### *Election Management System (EMS)/Election Night Reporting (ENR) System Programming*

The \$300,000 allocation pays for 8-10 weeks of contracted work to ready the EMS and ENR systems for the 2026 election cycle and to undertake redundancy testing, system hardening, and contingency planning for the current systems in preparation for the election.

#### *Statutory State Election Expenses*

Pursuant to statute, the SOS conducts certain activities like logic and accuracy testing, the review of signatures for ballot measures and the review of candidate petition signatures. The SOS has requested \$200,000 to facilitate activities that will occur during FY 2026 in preparation for the July 21, 2026 primary election and subsequent November 3, 2026 General Election.

### SOS Expenses

#### *Physical Security*

SOS contracts with a private vendor on state contract to provide personal security for the Secretary, and the base level of coverage entails a security officer covering the SOS at public events. The \$240,000 amount is intended to pay for coverage for the Secretary of State from March 2026 to June 2026. The SOS has paid for physical security costs out of its base budget prior to March.

### SOS 2026 Election Initiatives for Counties

#### *Fund County Share of FY 2026 Voter Registration Database Payments*

The state voter registration system, Access Voter Information Database (AVID), receives operational support from the state and counties. The SOS proposes transferring \$1,000,000 for the county share of FY 2026 AVID operating costs. In prior years, the county's share has been supplemented by prior allocations from American Rescue Plan Act (ARPA) monies, allocations of federal Help America Vote Act (HAVA) funds, and transfers of surplus General Fund election monies by the Committee.

#### *Rural County Ballot Tracking and Verification*

This \$250,000 allows for statewide deployment of applications to provide voters in rural jurisdictions with texts when their ballot is mailed, received, verified, counted, and to allow voters to cure signatures electronically.

#### *Additional County Workers*

SOS proposes posting trained election fellows in counties at a cost of \$250,000.

#### *Security Exercises for Counties*

SOS proposes using \$150,000 to develop scenarios for different potential risks (cyberattacks, misinformation, equipment failures, natural disasters) based on United States Election Assistance Commission guidance. The funding would facilitate exercises and travel for county staff to practice dealing with scenarios and assist county officials in implementing procedures for handling potential risks.

#### *County Assistance Fund*

SOS proposes using \$100,000 for a county assistance fund to support the information technology and election administration needs of counties during the 2026 election cycle.

MA:kp



February 9, 2026

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

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

Dear Chairman Farnsworth and Vice-Chairman Livingston:

Pursuant to Laws 2025, Chapter 233, Section 83, the Secretary of State's Office (SOS) urgently requests that the Joint Legislative Budget Committee (JLBC) review, **as soon as possible**, the remaining components of the SOS's December 24, 2025 proposed fund transfer, reiterated on January 27, 2026, that were not taken up at the January 29, 2026 JLBC meeting. Delay in reviewing these remaining funds materially increases the risk of additional system failures and operational disruptions.

#### **Background and Urgency**

Thank you for JLBC's review on January 29, 2026, of the SOS request to transfer \$650,000 from the CD7 Special Election line item to support temporary cybersecurity monitoring and active management. That action addressed one discrete category of risk. However, the SOS now urgently requests that JLBC take up the remaining \$2,850,000 in CD7 line-item transfers immediately, because the consequences of further delay are no longer hypothetical.

**For clarification: These concerns do not reflect any known vulnerabilities in county voting equipment, ballot tabulation systems, or the statewide voter registration database.** Rather, they involve the SOS's internal election administration systems—including the Election Management System (EMS), Election Night Reporting system (ENR), Candidate Portal, E-Equal petition collection system and campaign finance system—which support candidates, election officials, and the public. All of these systems are increasingly at risk of technical failure due to age and the chronic underfunding that has prevented upgrades or system replacement.

**This urgency is underscored by the recent failure of the E-Qual candidate filing system February 6-8, 2026.** This system's failure was not the result of a cyber-attack, but it also was not an isolated or unforeseeable incident. Rather, it was the direct and predictable result of the age and need for replacement of the SOS's IT systems that support its election work. Due to the fragility of antiquated, legacy code architecture, these systems carry structural and operational risks and are susceptible to operational breakdown and further compromise by a cyber-attack.

**The recent JLBC decision not to review the remaining \$2,850,000 in CD7 line-item transfers at its January 29 meeting, including funding for EMS/ENR Programming and Resilience and Candidate Petition Signature Validation, adds to this concern as these are the funds that the SOS would use to address these specific system risks to the extent possible before the 2026 election, absent the funds or time to replace the system with newer, more robust and secure technology.**

### **E-Qual Outage**

The recent E-Qual outage was not an isolated technical anomaly or a new security vulnerability. It was the foreseeable result of operating critical SOS election-administration systems on outdated technology that is increasingly incompatible with modern cybersecurity protections. Following the June 2025 cyberattack on the SOS Candidate Portal, the SOS used funds provided by the Governor—and more recently, the cybersecurity funding approved by JLBC—to apply necessary security patches. However, these protections are being layered onto legacy systems built on antiquated platforms, creating fragility and increasing the risk that routine updates will trigger cascading failures across interconnected systems such as EMS, ENR, the Candidate Portal, and E-Qual.

The age of these systems make them highly susceptible both to operational breakdown and compromise by a future cyber-attack. Specifically, these systems have inadequate error-checking mechanisms and operate with the inherent limitations and insufficient guardrails of systems built in antiquated legacy code. The legacy system is designed in such a way that small errors or code changes cause cascading repercussions that require manual resolution due to its flawed underlying logic, the error-prone design of the older platform, and the system's outdated and unforgiving architecture.

On Friday, February 6, 2026, following the signing of HB2022 and the resulting change to the primary election date, internal updates to the E-Qual system triggered a failure in the system and temporary shutdown. SOS IT staff quickly identified and implemented an administrative change, restoring the site within hours. However, because of the age and design of the underlying systems, the code changes needed interacted unpredictably with existing security patches and legacy architecture, resulting in downstream errors that caused certain candidate files to become inaccessible and produced broader system instability the following day.

By Saturday, February 7, SOS staff identified the root cause within the system code and temporarily took E-Qual offline to prevent further disruption while comprehensive testing and repairs were completed. Fortunately, the E-Qual functionality was back online by February 8. The system failure, however, unfolded exactly as the SOS has warned it would: a minor change cascading into a broader outage because the technology cannot reliably support modern security requirements. Again, this incident does not reflect weaknesses in voter registration systems or county election equipment, which remain secure; it highlights the urgent need to modernize the internal SOS IT systems that support election administration and serve candidates. Without timely investment, similar disruptions are increasingly likely.

**Those items left unreviewed by JLBC were explicitly requested to provide the resources needed to prevent, to the extent possible without replacement of the system, precisely this type of failure during compressed statutory deadlines. Their exclusion continues to leave known operational inadequacies unaddressed—and those inadequacies have already begun to materialize at the cost of voter and candidate convenience. It is my sincere concern that additional IT system failures will be the result if these funds are not allocated.**

#### **History of Funding Requests Related to the E-Qual Outage**

Since January 2023, the SOS has requested approximately \$17 million in cybersecurity and IT funding to modernize and stabilize critical internal election systems. With the exception of limited one-time funds and federal grants, those requests have not been funded. The cumulative effect of that underfunding is now manifesting.

Technical debt refers to the future costs and risks that accumulate when organizations delay necessary upgrades or improvements to their technology systems, often choosing short-term fixes over comprehensive solutions. Over time, this "debt" compounds, making systems more fragile, harder to maintain, and increasingly prone to failure. In this situation, the SOS is experiencing the effects of technical debt: years of postponed modernization and underfunding have left critical internal election administration systems outdated and susceptible, directly contributing to recent system breakdowns and operational disruptions.

For more than three years, the SOS has consistently warned that the SOS election infrastructure is operating on outdated code, insufficient staffing, and fragile dependencies that leave virtually no margin for error. The SOS internal IT systems are far past their prime and should be replaced. They are essentially frozen in time and have architectural limitations. Funding to address these risks has been formally requested in every SOS budget submission since the Secretary was sworn into office on January 2, 2023. Those warnings have gone unheeded.

The E-Qual outage is attributable to two specific and well-documented funding failures:

1. the Legislature’s refusal to fund modernization and resilience work for the EMS/ENR) platform—of which E-Qual is a component; and
2. the lack of funding for temporary staffing and operational support necessary to process candidate petitions and manage E-Qual during compressed statutory deadlines.

The SOS has explicitly requested funding for these exact needs since September 2024.

- In September 2024, the SOS requested the FY2026 budget include:
  - \$3 million to specifically modernize the EMS/ENR system, and
  - \$500,000 to support off-year election costs, including temporary staffing for candidate petition processing.
- In September 2025, following a cyberattack that exposed the very vulnerabilities the SOS had been warning about for years, the Office requested FY2026 supplemental appropriations of:
  - \$9.4 million to replace all election-related IT systems, including EMS/ENR, and
  - \$750,000 to support off-year election costs such as candidate petition staffing.
- On November 30, 2025, counties submitted final reimbursement requests for the CD7 Special Election. Of the \$8 million appropriated, approximately \$3.6 million was spent, leaving \$4.4 million available for other election-related priorities.
- On December 24, 2025, the SOS formally requested that JLBC review \$3.5 million in election-related spending from those unspent CD7 funds—explicitly to address the very risks that ultimately materialized—at its January meeting. That request included, among other items:
  - **1) EMS/ENR Programming and Resilience — \$300,000**  
E-Qual is a component of EMS/ENR. The EMS/ENR programming and resilience request would have funded 8–10 weeks of essential pre-election programming and targeted stability measures, including redundancy testing, system hardening, and contingency planning specifically intended to reduce the risk that routine updates or minor errors cascade into system-wide failures. Without those investments, the system remains fragile by design, leaving the state exposed to precisely the kind of disruption that occurred with the E-Qual outage—an avoidable breakdown that adequate funding was meant to prevent while longer-term modernization efforts remain unfunded.
  - **2) Candidate Petition Signature Validation — \$50,000**  
Statutory timelines dictate processing of candidate petitions and require rapid, technology-assisted review supported by trained temporary staff, supervisory

oversight, and administrative infrastructure. These statutory obligations cannot be absorbed within existing staffing levels.

- Throughout the month of January, SOS staff met with the majority of JLBC members requesting a review of its proposed spending including but not limited to EMS/ENR Programming and Resilience and Candidate Petition Signature Validation.
- On January 22, 2022, JLBC published the agenda for its January 29, 2026, meeting. The agenda did not include any items pertaining to the SOS.
- On January 26, 2026, the SOS formally requested that JLBC amend its agenda to include review of the \$3.5 million in election-related spending from those unspent CD7 funds. Later that day, JLBC posted a revised agenda that included a review of only one of the eleven items the SOS had requested be reviewed—specifically EXCLUDING EMS/ENR Programming and Resilience and Candidate Petition Signature Validation.
- On January 27, 2026, the SOS formally requested that JLBC amend its revised agenda to include a review of the ten remaining budget items not on the agenda, including EMS/ENR Programming and Resilience and Candidate Petition Signature Validation.
- On January 29, 2026, JLBC met and declined to review the ten remaining budget items not on the agenda, including EMS/ENR Programming and Resilience and Candidate Petition Signature Validation.

As a result, the SOS entered the 2026 election year operating critical systems on aging infrastructure, without sufficient redundancy, modernization, or staffing depth. When E-Qual failed, it did so exactly as the SOS had warned it would: need for a date change cascaded into downstream system failures, resulting in an outage because of the inadequacies of the legacy system architecture. This was a known risk that has been left unaddressed due to lack of funding needed to replace the system.

The Legislature's repeated refusal to fund these requests does not merely delay improvements—it preserved known weaknesses. The E-Qual outage is the direct and foreseeable outcome of that choice.

#### **Requested Items to Review**

As described in the SOS's December 24, 2025, submission and January 27, 2026, follow-up, the unfunded items include:

- **EMS/ENR Programming and Resilience — \$300,000**
- **Rural County Ballot Tracking and Verification — \$250,000**

- **Physical Security — \$400,000**
- **Reimbursement of County Recorders for FY2026 AVID Payments — \$1,000,000**
  
- **Primary Election Logic and Accuracy (L&A) Testing — \$50,000**
- **Candidate Petition Signature Validation — \$50,000**
- **Ballot Measure Initiative Signature Validation — \$100,000**
- **County Elections Tabletop Exercises — \$150,000**
- **Additional County Elections Workers — \$250,000**
- **County Assistance Fund (IT and Election Administration Assistance) — \$100,000**
  
- **Voter Registration Database Replacement Planning — \$200,000**

### **Closing**

Immediately reviewing the remaining \$2,850,000 of CD7 Special Election transfer requests will allow the SOS to take essential, time-limited steps to reduce documented cyber, operational, and security risks ahead of the 2026 elections. Additionally, it will also the SOS to reimburse counties for their FY2026 AVID costs, ensuring full funding of the administration of the state's voter registration system.

This transfer does not eliminate all risk, replace aging systems, or resolve the long-term funding challenges facing Arizona's election infrastructure. It does, however, materially reduce the likelihood that known and documented challenges result in preventable system failures during a high-turnout, high-threat election cycle.

The SOS has repeatedly identified these risks, proposed targeted solutions, and sought to use already-appropriated funds—at no cost to the General Fund—to mitigate them before statutory election timelines begin. The recent E-Equal system failure underscores that these risks are no longer theoretical. Delaying now carries tangible consequences for candidates, counties, voters, and public confidence.

The SOS views this request as an opportunity for the Legislature to be an active partner in protecting Arizona's elections. Without immediate review of the remaining CD7 transfer items, the SOS will be required to administer the 2026 elections with an internal IT system susceptible to operational failures that have already been identified, documented, and communicated—but not fully mitigated. For these reasons, the SOS respectfully urges JLBC to act without further delay so that Arizona does not enter the 2026 election cycle knowingly exposed to risk that could—and should—have been addressed.

Thank you for your continued consideration. 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) should you wish to discuss these concerns further.

Sincerely,

A handwritten signature in black ink, appearing to read "Adrian Fontes". The signature is stylized with a large initial "A" and a long, sweeping underline.

Adrian Fontes  
Arizona Secretary of State

cc:

Legislators

Legislative staff

Richard Stavneak, Director, JLBC

Ben Henderson, Director, OSPB

Attachments:

JLBC Transfer Request – FY26 CD7 Special Election – Response – 1-27-26

JLBC Transfer Request – FY26 CD7 Special Election – Follow-up – 1-26-26

JLBC Transfer Request – FY26 CD7 Special Election – 12-24-25

Follow-up Ltr. to Sec. Noem 2-5-26



January 27, 2026

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

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

Dear Chairman Farnsworth and Vice-Chairman Livingston:

Thank you for informing us that the Joint Legislative Budget Committee (JLBC) is willing to review the \$650,000 portion of the Secretary of State's (SOS) CD7 transfer request related to temporary cybersecurity monitoring and active management.

Over the past three years, the SOS and JLBC have worked constructively together on budget line-item transfer requests. During that period, JLBC has provided positive reviews of each of the six JLBC review requests submitted by the SOS. We value that history of collaboration and JLBC's consistent, thoughtful oversight.

At the same time, the SOS must express extreme concern that limiting review to only this portion of the request leaves \$2.85 million in documented, time-sensitive election needs unfunded. As outlined in our December 24, 2025 submission and subsequent correspondence, the CD7 transfer request was structured as an integrated set of one-time, off-year investments necessary to ensure the security, operability, and credibility of Arizona's 2026 elections. Importantly, these investments would be funded using already-appropriated CD7 monies that would otherwise remain unspent and therefore do not require new appropriations or impact the state General Fund.

**Accordingly, the SOS respectfully requests that JLBC amend the agenda for its January 29, 2026 meeting to include review of the full \$3.5 million CD7 transfer request. In the alternative, if JLBC is unable to take up the full request on January 29, the SOS respectfully requests that JLBC commit to reviewing the remaining \$2.85 million portion of the request at a subsequent**

meeting no later than March 1, 2026, given statutory election timelines and the lead time required to implement these safeguards ahead of the 2026 election cycle.

Since January 2023, the SOS has requested approximately \$17 million in cybersecurity and IT funding to modernize and stabilize critical election systems. With the exception of limited one-time funds and federal grants, those requests have not been funded. This systemic underfunding significantly heightens the consequences of not authorizing the full \$3.5 million requested through the CD7 transfer.

In fact, the SOS has already taken significant cost-saving actions to operate within its constrained budget. Due to the loss of one-time flexible funding the SOS received in prior years, the SOS was forced in August 2025 to eliminate three senior positions after exhausting other cost-saving measures in an effort to maintain core services and reinvest in critical operational improvements. These reductions followed expense cuts, vacancy freezes, and internal reallocations, and they reflect difficult prioritization decisions rather than excess capacity.

This internal tightening underscores that the SOS cannot absorb the additional \$2.85 million in top election priorities within its existing budget without negatively impacting essential functions. As such, the remaining funding requested through the CD7 transfer is not discretionary but a necessary supplement to fulfill statutory obligations and prevent degradation of critical election services.

Without authorization to use the remaining \$2.85 million, the SOS will face unavoidable and material risks during the 2026 election cycle, including, but not limited to, the following:

- **EMS/ENR Programming and Resilience — \$300,000**

If funding is not provided, the State faces a high risk of failure or degradation of its Election Night Reporting (ENR) system. ENR is built on outdated code and operated by a single individual with the required technical and institutional knowledge. That individual is 71 years old, creating an unacceptable single point of failure. A system failure would require the SOS to manually compile results from more than three million ballots, dramatically increasing delays, error risk, and the spread of misinformation. The SOS has requested funding to replace ENR since 2024; this request represents a necessary stop-gap to responsibly administer the 2026 elections.

- **Rural County Ballot Tracking and Verification — \$250,000**

If funding is not provided, voters in Arizona's 13 rural counties will lack access to modern ballot-tracking and signature-curing tools. Without statewide deployment of BallotTrax and Text2Cure, voters will have limited visibility into whether their vote-by-mail ballots were received, verified, or counted, and many will be unable to cure signature issues electronically. County election offices—particularly in smaller jurisdictions—will face significantly increased administrative burdens, higher ballot-rejection rates, and reduced voter confidence.

- **Physical Security — \$400,000**

If funding is not provided, the Secretary of State will operate without adequate personal security despite a documented surge in credible threats against election officials. Violent threats against public servants—particularly in battleground states—have increased dramatically, and law enforcement has confirmed specific risks to the Secretary and his family. Recent attacks and credible threats targeting public officials nationally, including the assassination of Minnesota State Representative Melissa Hortman and Charlie Kirk, underscore the reality of this risk. JLBC approved comparable security funding in December 2024; denying it now would expose the Secretary and his family to unmitigated and unacceptable danger during the 2026 election cycle.

- **Reimbursement of County Recorders for FY2026 AVID Payments — \$1,000,000**

If funding is not provided, AVID will be unable to pay vendors and staff and may be forced to cease operations after March 1, 2026.

AVID operates under a cost-sharing model in which the State and Arizona's counties each pay 50 percent of operating costs. AVID's annual budget is \$2 million. The SOS was appropriated \$999,500 to cover the State's share of AVID FY26 operating costs. Those funds are exhausted.

For FY2026, counties adopted their budgets in reliance on explicit commitments made by members of the Senate Majority during the FY26 budget negotiations that excess funding in CD7 line item—already included in the SOS's FY2026 budget—would be made available to reimburse counties dollar-for-dollar for their approximately \$1 million share of AVID costs.

The SOS lacks statutory authority to compel counties to pay their AVID invoices, and prior experience demonstrates that some counties are unable or unwilling to do so. Without additional funding, the SOS will lack the resources necessary to operate AVID unless every county pays its invoice in full and on time—an outcome that cannot be assured. Any disruption in AVID operations would directly jeopardize Arizona's statewide voter registration system and the accuracy and integrity of voter registration records statewide.

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

If funding is not provided, the SOS will be unable to meet its statutory obligation under A.R.S. § 16-449 to conduct Logic and Accuracy testing of every voting system used in the 2026 primary election. Recent changes to the primary election timeline require these tests to occur in FY2026 and necessitate rapid statewide travel to all 15 counties. Without funding, voting systems may not be timely certified, jeopardizing the lawful conduct of the primary election.

- **Candidate Petition Signature Validation — \$50,000**

If funding is not provided, the SOS will be unable to timely validate candidate petition signatures for the 2026 election cycle. The compressed statutory review window requires temporary staffing, specialized tools, and supervisory oversight that cannot be absorbed by existing staff. Without

funding, delays and errors are likely, jeopardizing ballot candidate petition processing and preparation and increasing litigation risk.

• **Ballot Measure Initiative Signature Validation — \$100,000**

If funding is not provided, the SOS will be unable to meet statutory deadlines for validating initiative petition signatures submitted by July 2, 2026. This non-discretionary process requires specialized systems and a trained temporary workforce. Without funding, certification delays, elevated error rates, and litigation risk are likely, undermining public confidence in the initiative process.

• **County Elections Tabletop Exercises — \$150,000**

If funding is not provided, counties will enter the 2026 election cycle without the opportunity to rehearse coordinated responses to cyber incidents, bomb threats, equipment failures, or other high-impact disruptions. Given the loss of 176 years of county election leadership experience statewide, the absence of tabletop exercises will result in slower incident response, inconsistent decision-making, and greater public confusion during crises.

• **Additional County Elections Workers — \$250,000**

If funding is not provided, counties already facing staffing shortages will enter the 2026 election cycle without sufficient surge capacity to manage peak workloads. Processing delays, higher error rates, and staff burnout will increase, threatening the accuracy and sustainability of election operations statewide.

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

If funding is not provided, counties—particularly rural jurisdictions experiencing high turnover and limited IT capacity—will lack access to the technical and administrative support necessary to stabilize election operations during the 2026 cycle. The County Assistance Fund enables the SOS to deploy targeted IT support, on-site election administration assistance, and rapid-response “tiger teams” to address urgent issues and prevent operational bottlenecks. In 2024, these interventions were critical to mitigating security threats, workforce attrition, and system failures. Without this funding, counties will face increased risk of delays, inconsistent compliance, and preventable disruptions to voter registration and ballot processing.

While JLBC’s willingness to review the cybersecurity portion of the request is appreciated, review of that single component does not address the broader set of documented operational, voter-facing, and safety risks that remain unresolved. Consistent with JLBC’s prior positive review of each of the SOS’s transfer requests over the past three years, the SOS respectfully urges reconsideration of the decision not to review the full CD7 transfer request.

**Given statutory election timelines and the lead time required to implement these safeguards, timely review of the remaining \$2.85 million—either through amendment of the January 29 agenda or at a subsequent meeting no later than March 1, 2026—is essential to allow the**

**Legislature and the SOS to continue working together, as they have in the past, to mitigate known risks using funds already appropriated for election-related purposes.**

Thank you for your continued consideration. 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) should you wish to discuss these concerns further.

Sincerely,

A handwritten signature in black ink, appearing to read "Adrian Fontes". The signature is stylized with a large, looped "A" and "F".

Adrian Fontes  
Arizona Secretary of State

cc:

Legislative Leadership

JLBC Members

Richard Stavneak, Director, JLBC

Micaela Andrews, Assistant Director, JLBC

Ben Henderson, Director, OSPB