JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, September 30, 2026

1:30 p.m.

Senate Hearing Room 109

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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JOINT LEGISLATIVE BUDGET COMMITTEE
Wednesday, September 30, 2026
1:30 P.M.
Senate Appropriations, Room 109
MEETING NOTICE

- Call to Order

- Approval of Minutes of May 6, 2026.

- EXECUTIVE SESSION
  Attorney General - Consideration of Proposed Settlements under Rule 14.

1. ARIZONA DEPARTMENT OF ADMINISTRATION
   A. Consider Approval of State Employee Travel Rate Adjustments.
   B. Review of Automation Project Fund Proposed Expenditures.

2. ATTORNEY GENERAL - Review of Coordinated Reentry Expenditure Plan.

3. ARIZONA CRIMINAL JUSTICE COMMISSION - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application.

4. ARIZONA DEPARTMENT OF EDUCATION
   A. Review of Basic State Aid Recalculation.
   B. Review of K-12 Broadband Connectivity Projects.

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

6. ARIZONA DEPARTMENT OF ADMINISTRATION - Update on Employee Health Insurance Trust Fund.

The Chairman reserves the right to set the order of the agenda.
09/22/2026
KP

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.

STATE OF ARIZONA

Joint Legislative Budget Committee

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PHOENIX, ARIZONA 85007

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

May 6, 2026

The Chairman called the meeting to order at 10:32 a.m., Wednesday, May 6, 2026, in Senate Hearing Room 109. The following were present:

Members:	Senator Farnsworth, Chairman	Representative Livingston, Vice-Chairman
	Senator Alston	Representative Austin
	Senator Fernandez	Representative Stahl Hamilton
	Senator Finchem	
	Senator Kavanagh	
	Senator Kuby	
	Senator Werner	
Absent:	Senator Mesnard	Representative Blattman
		Representative Carbone
		Representative Gress
		Representative Olson
		Representative Way

APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of March 5, 2026. 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 10:32 a.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 10:53 a.m. the Committee reconvened into open session.

ATTORNEY GENERAL - Consideration of Proposed Settlements under Rule 14.

Representative Livingston moved that the Committee approve the recommended settlement proposed by the Attorney General's office in the case of Valerie Yeager, et al. v. State of Arizona, et al. The motion carried by voice vote.

REGULAR AGENDA

1. ATTORNEY GENERAL – Review of Opioid Settlement Expenditure Plan.

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 44-1531.02(C) requires the Attorney General to submit an expenditure plan for review by the Joint Legislative Budget Committee before spending any monies from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. The FY 2026 budget appropriated $10,000,000 from the Remediation Subaccount from opioid-claims related revenues to distribute as grants of $2,000,000 each to Coconino, Mohave, Navajo, Pinal, and Yavapai counties to supplement existing coordinated reentry planning services programs in those counties. The JLBC Staff provided options.

Representative Livingston moved that the Committee give a favorable review of the expenditure plan, which distributed the $10,000,000 amount to each of the specified counties as required by the FY 2026 budget. The motion carried by voice vote.

2. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) – Consider Approval of Requested Transfer of Appropriations.

Mr. Ethan Scheider, JLBC Staff, stated A.R.S. § 35-173 requires Committee approval of any transfer of spending authority within ADOA. ADOA requested authorization to transfer $7,000,000 of Risk Management Revolving Fund monies out of its FY 2026 Risk Management Losses and Premiums line item. The JLBC Staff provided options.

Representative Livingston moved that the Committee approve ADOA's request to transfer $7,000,000 of Risk Management Revolving Fund monies from the Risk Management Losses and Premiums line item to the following line items in the following amounts:

- *$5,000,000 to the Workers' Compensation Losses and Premiums line item for increased workers' compensation program costs.*
- *$2,000,000 to the Risk Management Administrative Expenses line item to pay for higher-than-budgeted Attorney General risk management contracted legal costs.*

The motion carried by voice vote.

Without objection, the meeting adjourned at 11:01 a.m.

Respectfully submitted:

Kristy Paddack

Kristy Paddack, Secretary

Richard Stavneak

Richard Stavneak, Director

David C. Farnsworth

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/.

1A

STATE OF ARIZONA

Joint Legislative Budget Committee

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Ethan Scheider, Fiscal Analyst

SUBJECT: Arizona Department of Administration - Consider Approval of State Employee Travel Rate Adjustments

Request

A.R.S. § 38-624(B) and (C) require the Arizona Department of Administration (ADOA) to establish maximum reimbursement amounts for lodging, meal, and mileage expenses, taking into consideration the amounts established by the federal government. These reimbursements compensate state employees traveling on official state business. Statute requires Committee approval of any rate change.

ADOA proposes an increase to the maximum personal vehicle mileage, lodging, and meal reimbursement rates to align with new federal rates.

Under A.R.S. § 41-1104, legislator mileage reimbursement rates are already tied to the federal rate and would not be affected by the Committee's action.

Committee Options

The Committee has at least the following 2 options:

1. Approve the ADOA recommended maximum mileage, lodging and meal rates.

2. Approve some other adjustment or maintain the current travel reimbursement rates.

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

A. Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs.

Key Points

1) Statute requires JLBC to approve mileage, lodging and meal reimbursement rates for state employees.
2) ADOA would increase travel rates to the current federal standard as noted:
   - personal vehicle mileage reimbursement would increase from 67 cents to 76 cents. Under current law, the legislator mileage rate is already tied to the federal rate.
   - the standard lodging rates would increase by $3, or 2.7%. Non-standard rates would increase on average by $8.40, or 5.1%.
   - the meal and incidental per diem reimbursement rate would increase to the federal rates less $10. The state has had a longstanding policy of a $10 differential.
3) The lodging rate does not apply to conferences.
4) ADOA does not estimate the cost of its proposal. We estimate that the mileage rate increase will cost $415,000. We have insufficient information on meal and lodging spending.

Analysis

Mileage

Annually, the federal government hires a specialized transportation-consulting firm to study nationwide travel market conditions. Factors considered include the average costs of depreciation, maintenance, repairs, fuel, and insurance. Based on this study, the U.S. General Services Administration (GSA) establishes a mileage reimbursement rate, which is used for federal government employees and IRS tax purposes. The federal government updates the rates each year, most recently increasing the rate from 72.5 cents to 76 cents in July 2026.

ADOA proposes to match the federal rate and increase state employee mileage rates from 67 cents to 76 cents per mile. ADOA has not requested an increase to the current personal vehicle mileage reimbursement rate of 67 cents since it was approved by the Committee at its December 2024 meeting.

In FY 2026, the state reimbursed state employees a total of $3.1 million for mileage. JLBC Staff estimate that ADOA's proposed increase would have an annualized impact of roughly $415,000, of which approximately $121,000 would come from the General Fund.

The state's public universities also use ADOA mileage reimbursement rates. Increasing the state reimbursement rate may lead to increases in reimbursements paid by the state's public universities. In addition, A.R.S § 15-342 requires school districts to use the travel rates set by ADOA. We do not have sufficient data to estimate the impact of any rate changes to the universities or school districts.

Lodging

GSA also annually publishes a reimbursement schedule for room rentals based on lodging industry economic data, effective at the beginning of the federal fiscal year (FFY) (October). The federal schedule establishes a standard rate but specifies additional non-standard rates for many cities, with seasonal distinctions in some cases. Lodging is more expensive in non-standard areas than in standard areas, depending on the season. For example, the current federal rate in the District of Columbia (DC) in October is $287 while the rate in July is $192.

At its December 2024 meeting, the Committee approved adjustments to match the FFY 2025 rate. ADOA now recommends adopting the FFY 2027 federal lodging rate as the state's maximum lodging reimbursement rate. ADOA's request would change the standard rate from $110 to $113, which is an increase of $3, or 2.7%.

In addition, the request would change most of the non-standard rates. For non-standard locations, the average change is $8.40, or 5.12%.

ADOA does not have an estimated fiscal impact for their proposal.

<u>Lodging Waivers</u>
There are 2 mitigating factors in evaluating the state lodging rate: (1) The state rate does not apply to conference meeting and (2) the General Accounting Office (GAO) can waive the state rate for non-conference meetings.

<u>Meal per diem</u>
Per diem rates are used to reimburse meal expenses for in-state and out-of-state travel. The federal government conducts a nationwide study every 3 to 5 years to determine the average prices charged by restaurants in areas frequented by federal travelers. The FFY 2027 federal standard rate for the meal and incidental per diem of $68 has remained unchanged since FFY 2025. Additionally, the GSA removed one non-standard location from its listing of federal rates for FFY 2027. Otherwise, the non-standard meal and incidental per diem rates are similarly unchanged.

ADOA sets the state per diem rates to be $10 less than the federal reimbursement rates in every tier. At its December 2024 meeting, the Committee approved adjustments to match the FFY 2025 rate less $10. Actual per diem reimbursements are prorated depending on the length of travel and the meals (Breakfast, Lunch, and Dinner) consumed.

ES:kp

ARIZONA DEPARTMENT OF ADMINISTRATION

Katie Hobbs
Arizona Governor

Elizabeth Alvarado-Thorson
ADOA Director

September 14, 2026

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

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

Dear Senator Farnsworth and Representative Livingston,

Pursuant to A.R.S. §§ 38-623 and 38-624, the Arizona Department of Administration (ADOA) is required to establish maximum reimbursement amounts for lodging, meal expenses, and mileage for State travel based on federal guidelines. The Department requests favorable review from the Joint Legislative Budget Committee (JLBC) for proposed changes to State travel rates to align with the federal rates for mileage, lodging, and meals. If approved, ADOA will make the proposed changes effective on or after October 1, 2026.

The U.S. General Services Administration (GSA) annually updates the maximum reimbursement rates allowed for travel by federal government employees on October 1st each year. The GSA sets the rates at 95% of the Average Daily Rate, a customary measure in the lodging industry. Beyond the standard rate, the GSA also publishes non-standard rates as needed to accommodate variations due to geographic regions and seasonal fluctuations.

If changes are not adopted, the State's maximum lodging reimbursement rates will not align with the federal rates, which most lodging establishments establish as their governmental rates on October 1st. The State's current mileage reimbursement rate is at the 2024 federal rate, which is $0.67 per mile. Since then, the federal rate has increased three times and, as of July 1, 2026, is $0.76 per mile, $0.09 more than the State rate. The discrepancy between the federal rates and the state rates creates a burdensome administrative process for agencies and the General Accounting Office when requesting exceptions to policy, processing reimbursements, and booking travel for employees. The state achieves no cost savings by maintaining the lower rates and actually incurs additional costs for the exception process as agencies that are required to travel for mission-critical work continue to travel. Not adopting the current rates could also result in reimbursing some locations at a rate higher than the federal rate for locations where rates have dropped. The state also sees an increase in vehicle travel costs as employees request rental cars and the associated fuel cost for in-state travel to avoid the lower mileage reimbursement rate that has been maintained as gas prices have steadily increased.

The GSA adopts the standard mileage rates for privately owned vehicles established by the U.S. Internal Revenue Service (IRS). The IRS most recently published rate as of July 1, 2026, is $0.76 per mile. This rate is $0.09 more than the State's current rate. The IRS is expected to publish the next mileage rate change in December, which will be effective January 1, 2027. ADOA will return to the Committee to propose adopting the new rates after the updated rates are published if we find doing so is in the best interest of the State. At this time, ADOA proposes updating the State's mileage rate to align with the most recent rate of $0.76 per mile, which took effect on July 1, 2026.

The GSA published new lodging and meal rates in early September to be effective on October 1st. ADOA proposes updating to align with the GSA rates to match the maximum lodging exactly, the meal and incidental rates less ten dollars, and the current mileage rate, which is consistent with historical requests, and, if approved, will be effective after approval and no sooner than October 1, 2026.

Thank you for your attention to this request. If you have any questions or need any additional information, please feel free to call me.

Sincerely,

Elizabeth Alvarado-Thorson
ADOA Director

cc: Richard Stavneak, Director, JLBC
Ethan Scheider, JLBC Analyst, JLBC
Ben Henderson, Director, OSPB
Rémy Gaudin, Budget Analyst, OSPB
Ashley DiMaggio Ruiz, State Comptroller, ADOA
Tyler Lopez, Chief Legislative Liaison, ADOA
Jacob Wingate, ADOA Chief Financial Officer, ADOA

1B

STATE OF ARIZONA

Joint Legislative Budget Committee

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Ethan Scheider, Fiscal Analyst

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of Proposed Expenditures

Request

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Automation Projects Fund (APF). The Arizona Department of Administration (ADOA) requests Committee review of 3 projects:

1) $375,000 for ADOA State Web Portal Software and Security Upgrades,

2) $150,000 for Arizona Medical Board Website Modernization, and

3) $12,143,200 for Arizona Health Care Cost Containment System (AHCCCS) Medicaid Enterprise System IT upgrades. The review excludes $796,800 for AI Call Center integration, pending receipt of further information from ADOA and AHCCCS.

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) ADOA is requesting review of APF funding from FY 2026 and FY 2027 totaling $13.5 million, consisting of:
2) $375,000 for ADOA State Web Portal Software and Security Upgrades.
3) $150,000 for an Arizona Medical Board Website Update.
4) $12.9 million for AHCCCS Medicaid Enterprise System IT upgrades, including:
    a. $8.5 million to continue a multi-year mainframe replacement project
    b. $3.6 million to continue eligibility system upgrades
    c. $796,800 for AI call center integration.
5) The review of APF funding excludes the $796,800 for AI call center integration, pending responses from ADOA/AHCCCS concerning the extent of AI utilization in call handling services.

Analysis

ADOA State Web Portal Software and Security Upgrades

The FY 2026 budget appropriated $375,000 from the ADOA APF Subaccount to ADOA to perform software and security upgrades for servers and applications on the state web portal. This portal is hosted and maintained by ADOA, and offers various applications for state agencies, boards and commissions. Its primary function is to serve as the statewide payment processing system. The FY 2026 appropriation was financed by a transfer from the State Web Portal Fund.

The upgrades are primarily to update applications used on the state web portal. The project will include implementing a new platform, migrating all relevant state web portal applications to the new system and retiring the existing platform. ADOA reports that the new platform will provide more secure authorization, user management, and self-registration functions for applications in the state web portal.

ADOA requests Committee review of the $375,000 FY 2026 appropriation to complete the security upgrades. ADOA estimates that the work will be completed by March 2027.

Arizona Medical Board Website Update

The FY 2027 budget appropriated $150,000 from the Arizona Medical Board APF Subaccount to ADOA to update the board's website. The FY 2027 appropriation was financed by a transfer from the Arizona Medical Board Fund. In addition to this funding, ADOA plans to utilize $11,400 of non-APF monies for a total project cost of $161,400.

The project will move the board's websites to a statewide platform used by other state agencies. ADOA reports that the new platform will allow staff to update the websites without IT assistance, standardize state branding, reduce security risks, and meet updated federal standards for Arizonans with disabilities.

ADOA requests Committee review of the $150,000 FY 2027 appropriation. ADOA estimates that the work will be completed by June 2027.

AHCCCS Medicaid Enterprise IT Upgrades

The FY 2027 budget appropriated $12.9 million from the Medicaid Enterprise System (MES) Modernization APF Subaccount to ADOA for AHCCCS IT upgrades. The FY 2027 appropriation was financed by a transfer from the

General Fund. We have asked ADOA for the dollar amount of federal matching funds and are waiting for a response.

ADOA is requesting that the $12.9 million FY 2027 appropriation be allocated to 3 projects within the scope of the broader AHCCCS MES project.

Mainframe Replacement
ADOA's request includes $8.5 million to continue the multi-year mainframe replacement project. AHCCCS currently utilizes a mainframe-based application, which was developed using a now-outdated coding standard, to support its core business operations. The primary objective of this project is to migrate the AHCCCS mainframe system to the cloud. This phase of the project involves reviewing and migrating legacy reports that currently run on the mainframe to this new cloud-based platform. ADOA estimates that the work will be completed by November 2028.

Eligibility System
ADOA's request includes $3.6 million to continue upgrading the eligibility system to allow for easier adaptation to changing eligibility requirements. AHCCCS has already begun updating the current Health-e-Arizona Plus (HEAplus) system, which is the portal used to apply for Medicaid benefits. The request will result in a more configurable system to respond to state and federal legislation changes. ADOA estimates that the work will be completed by October 2028.

AI Call Center
ADOA is requesting that $796,800 be used to support Artificial Intelligence (AI) call center integration. This AI call center integration project will focus on implementing an AI platform to produce call notes and call summarization and setting a foundation for future AI fraud identification capabilities. ADOA estimates that the work will be completed by October 2028. As noted above, the review excludes the AI Call Center integration pending further responses from the Executive concerning this project.

ES:kp

ARIZONA
DEPARTMENT OF ADMINISTRATION

Katie Hobbs
Arizona Governor

Elizabeth Alvarado-Thorson
ADOA Director

September 1, 2026

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

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

Dear Senator Farnsworth and Representative Livingston:

The Arizona Department of Administration (ADOA) is submitting this request for review of Automation Projects Fund (APF) expenditure plans for the following projects:

- **Arizona Department of Administration - ADOA**
  - Secure Account Services (SAS) Modernization (PIJ AD26007)
- **Arizona Medical Board - AMB**
  - Development of agency public facing websites (PIJ ME26002)
- **Arizona Health Care Cost Containment System - AHCCCS**
  - MES Mainframe Refactor (PIJ HC24014)
  - Eligibility System (PIJ HC26014)
  - AI Call Center (PIJ to be submitted HC27004)

Sincerely,

J.R. Sloan (Sep 1, 2026 15:13:34 PDT)
J.R. Sloan
State CIO

Enclosures
cc: Richard Stavneak, Director, JLBC Staff
Ben Henderson, Director, OSPB
Elizabeth Alvarado-Thorson, Director, ADOA
Geoff Paulsen, JLBC Staff
Destin Moss, JLBC Staff
Kyley Jensen, OSPB Staff
Rémy Gaudin, OSPB Staff
Jacob Wingate, Chief Financial Officer, ADOA
Haleh Farhad, Director of Strategic Oversight, ADOA

Favorable Review Request Summary				
Agency	**Project Name**	**APF Appropriation**	**Favorably Reviewed**	**Favorable Review Requested**
ADOA	Secure Account Services (SAS) Modernization	$375,000	$0	**$375,000**
AMB	Development of agency public facing websites	$150,000	$0	**$150,000**
AHCCCS	MES Mainframe Refactor (PIJ HC24014) Eligibility System (PIJ HC26014) AI Call Center (PIJ to be submitted HC27004)	$12,940,000	$0	**$12,940,000**

Agency:	Arizona Department of Administration - ADOA
Project:	Secure Account Services (SAS) Modernization
PIJ ID:	AD26007
This Ask Report Pertains To:	BFY26 Appropriation of $375,000 - Expires 6/30/27 Per: Laws 2025, First Regular Session, Chapter 233, Section 116, Subsection D

CURRENT REQUEST

The Arizona Department of Administration requests approval to proceed with modernization and security enhancements for the Secure Account Services web portal suite of applications.

FY	Appropriation Amount	Favorably Reviewed Amount	Current Request	Remaining To Be Approved
2025-2026	$375,000	$0	$375,000	$0

Project Description:

This project is to secure and modernize the Secure Account Services (SAS) suite of applications used by the Web Portal for user account provisioning and authentication. Modernizing SAS and migrating all in-scope web applications from legacy SAS authentication to the eAZ (Azure AD B2C) service and implementing a new "SAS" platform will provide authorization, user management, and self-registration in a secure and sustainable fashion for enterprise applications in the Web Portal. The objective is to reduce operational and security risk, standardize authentication, and decommission legacy SAS applications with minimal user impact.

Background:

ADOA-ASET provides hosting, maintenance and support for numerous Statewide enterprise applications and State agency specific applications through our Web Portal service. The Web Portal is a service that focuses on providing enterprise-wide applications and services that can solve problems faced by all state agencies. Through a unique funding model, the Web Portal underwrites the costs associated with developing, hosting, and maintaining enterprise applications and services. Nearly every state agency, board, or commission utilizes at least one service offered by the Web Portal.

The SAS applications serve 13,890 user accounts connecting to 14 agency applications. This suite of applications has reached the end of life and needs to be replaced. SAS and the connected applications are necessary for daily business operations. State agencies can't meet their mission requirements without these applications.

Method of Procurement (for initial requests):

Statement of Work issued to Kyndryl under the competitively awarded Statewide Contract for Digital Government and Enterprise Application Services (BPM005409).

Solution:

Modernizing SAS and migrating all in-scope web applications from legacy SAS authentication to the eAZ (Azure AD B2C) service and implementing a new "SAS" platform will allow us to:

- Retire the legacy SAS platform and standardize authentication on eAZ.
- Deliver "New SAS" for authorization, user management, and self-registration, built on Angular + Spring Boot and deployed on AWS EKS.
- Minimize disruption via a pilot-first rollout and measured waves.

Benefits:

Modernizing the SAS applications will ensure the agency will resolve 100% of outstanding security vulnerabilities associated with the legacy SAS application.

PROJECT GOALS / MILESTONES:

The Department's goal for this project is to secure and modernize the Secure Account Services (SAS) suite of applications used by the Web Portal for user account provisioning and authentication.

To accomplish this goal, the project will achieve the following milestones:

Description	***Start Date (Est.)***	***End Date (Est.)***	***Duration (weeks/ months)***
Initiation and Planning: Resource mobilization, detailed plan, access, requirements confirmation.	8/10/2026	8/31/2026	2 weeks
Architecture and Design: Target architecture, API/security design, migration plan.	9/1/2026	9/30/2026	1 month
Build New SAS: RBAC services, admin/self-reg UI, audit, CI/CD, EKS deploy.	10/1/2026	12/1/2026	2 months
EAz Integration: Register pilot in eAZ, integrate, test, UAT.	12/1/2026	12/31/2026	1 month
Web Portal Pilot App Integration and Cutover: Migration of a low volume Web Portal application; regression and performance tests.	12/28/2026	3/1/2027	2 months

PROJECT COST DETAIL:

Financial Category	*Dollar Amount*
Professional Services - Contracted vendor resources are expected to perform 100% of the development activity necessary for this project.	$375K
IV&V (If Applicable)	$0
Design - Design of the new cloud architecture	$0
Migration - Explanation	$0
Quality Management/Testing Explanation	$0
Hardware- Explanation	$0
Software Explanation	$0
License & Maintenance Fees- SaaS fees	$0
Total Cost for FY 2027	**$375K**

Agency:	**Arizona Medical Board**
Project:	Development of Agency Public Facing Website
PIJ ID:	ME26002
This Ask Report Pertains To:	BFY27 Appropriation of $150,000 - Expires 6/30/28 Per: Laws 2026, Second Regular Session, Chapter 126, Section 7

CURRENT REQUEST:
The Arizona Medical Board and the Regulatory Board of Physician Assistants are upgrading azmd.gov and azpa.gov to a modern Enterprise platform featuring a fluid, user-centric, and task-driven architecture.

FY 2026-2027 Appropriation	FY 2026-2027 Favorably Reviewed	FY 2026-2027 Current Request	FY 2026-2027 APF Remaining Balance
$150,000	$0	$150,000	$0

PROJECT DESCRIPTION:
This project replaces legacy technology with a modern Content Management System (CMS) on the state-managed Enterprise Platform. This empowers staff to update content directly, reducing IT reliance, lowering long-term operational costs, and standardizing sites with State branding and security guidelines.

Background:
To reduce costs and simplify maintenance, AZMD and AZPA partnered with 22nd Century Technologies to migrate legacy web applications to Drupal 9 on Agency Platform II. The project delivers a task-driven, accessible user experience that empowers staff to update content, aligns with state branding, and meets Web Content Accessibility Guidelines AG 2.2 Level A/AA compliance before the April 2027 Department Of Justice (DOJ) deadline.

Method of Procurement:
The agency selected **22nd Century Technologies, Inc. (TSCTI)** via a Request for Proposal (RFP) process under the State of Arizona's master contract for Digital Government and Enterprise Application Services (Master contract Number. **BPM005409**) and a supplemental contract (**CTR074301**). TSCTI was awarded the project after competing in a competitive RFP process among 14 qualified vendors.

Solution:
The proposed solution is to migrate and rebuild the Arizona Medical Board's public websites (azmd.gov and azpa.gov) onto the modern Drupal 9–based **Agency Platform II**, hosted in the ADOA-ASET State Managed Cloud (Pantheon) environment.

Benefits:

Service delivery: Staff can update content in real time without vendor assistance, providing faster access to current information for licensees and the public.

Cost avoidance: Adopting the shared Enterprise platform, used by 30+ state agencies, cuts legacy hosting and maintenance costs while providing free upgrades.

Consistency and trust: Standardized branding across 30+ state agencies ensures a uniform, reliable user experience with licensing boards.

Security and performance: Compliance with ADOA/ADOHS standards minimizes security risks for public-facing regulatory websites.

Accessibility and equity: Redesigned sites will resolve legacy deficiencies by meeting modern accessibility standards for Arizonans with disabilities.

Regulatory deadline risk: Lacking this investment, the agencies will miss the DOJ's April 2027 Americans Disability Act deadline, creating federal compliance issues and an inferior service.

PROJECT GOALS/MILESTONES:

The project aims to build user-friendly public websites that improve service and enable direct staff content management, lowering maintenance costs. The sites will align with Governor branding, state IT standards, and federal accessibility mandates.

To accomplish this goal, the project will achieve the following milestones:

Description	***Start Date (Est.)***	***End Date (Est.)***	***Duration (Day/weeks /months)***
Phase 1 - Discovery & Requirements: Validate project kickoff, define website personas and user details for both sites, and establish information architecture, taxonomy, and navigation. Conduct traffic analysis on the existing ASP.net/SQL site, and create an ETL plan for SQL migration.	9/15/2026	9/24/2026	2 Weeks
System Security Plan - Finalized before data migration	9/15/2026	10/18/2026	1 Month
Phase 2 Review: Design, content types, and configuration. Scope includes creating wireframes, configuring Drupal 9/Agency Alerts, establishing security roles, setting up Google Analytics, and validating taxonomy.	9/27/2026	10/21/2026	4 Weeks
Planning Phase - Payment 1	10/1/2026	10/21/2026	3 Weeks
Phase 3 Review – Content Migration, Features & Webforms: Full ETL content, webform/public records configuration, custom alerts, scheduled activation, video feed, navigation, user management, and file mapping.	10/24/2026	11/26/2026	1 month

Phase 4 Review – Agency Content Integration - final placeholder content - screen design and templates - landing page development - content accuracy - taxonomy audit - file mapping review	11/29/0206	12/23/2026	3 Weeks
Phase 5 Review – QA & Accessibility Readiness & UAT preparation - accessibility testing - Browser compatibility - unit testing - bug triage - finalize documentation - UAT test plan and scripts	12/26/2026	1/13/2027	1 Week
Execution Phase Payment 2	1/2/2027	1/16/2027	2 Weeks
UAT Kickoff - Execution - Daily Triage - Acceptance criteria - Validate UAT acceptance and readiness	1/16/2027	1/20/2027	15 Days
Phase 6 Review – Remediation & Re- Testing - Address all P1/P2 defects - Regression testing - Final Validation - Agency Sign-off	1/23/2027	2/5/2027	2 Weeks
Testing Phase - Payment 3	2/7/2027	2/21/2027	2 Weeks
Final Acceptance meeting - Deployment Readiness & Handoff Review	2/12/2027	2/12/2027	1 Days
Project - Go-Live	2/12/2027	2/15/2027	3 Days
Go-Live - Vendor Post Production 90 day Support Ending 5/10/2027 - All test - Development code removed	2/15/2027	5/16/2027	3 Months
Final Phase - Payment - final deliverables - lessons learned - Project Closeout	5/20/2027	5/31/2027	2 Weeks

PROJECT COST DETAIL: [APF]

Financial Category	***Dollar Amount***
Professional Services - Contracted vendor resources are expected to perform 100% of the development activity necessary for this project	$109,662
Quality Management/Testing Explanation	$40,338
Total Cost for FY [2027-2028]	**$150,000**

PROJECT COST DETAIL: [Non-APF]

Financial Category	***Dollar Amount***
Professional Services - Final Validation	$11,355
Total Cost for FY [2027-2028] - Non APF	$11,355
Grand Total Overall APF & Non APF Project [2027 - 2028]	**$161,355**

Agency:	Arizona Health Care Cost Containment System (AHCCCS)
Project:	MES Modernization – Vendor Support
PIJ ID's:	HC24014, HC26014 and HC27004
This Ask Report Pertains To:	BFY27 Appropriation of $12,940,000 - Expires 6/30/28 Per: Laws 2026, Second Regular Session, Chapter 126, Section 7

CURRENT REQUEST:

The Department of Administration on behalf of Arizona Health Care Cost Containment System (AHCCCS), is requesting favorable review of $12,940,000 appropriated from the Automation Projects Funds in FY 2027 to support activities critical to the MES Modernization Program that is currently in process, the AI Call Center Integration project, as well as the Eligibility System Replacement.

FY27-28 Appropriation	FY27-28 Favorably Reviewed	FY27-28 Current Request	FY27-28 APF Remaining Balance
$12,940,000	$0	$12,940,000	$0

**Federal expenditure authority corresponding to these funds will total $89,100,000 over FY 2027-FY 2028*

Project Description:

The MES Modernization Program includes updating the Medicaid claims processing system while also maintaining the Fraud, Waste and Abuse (FWA) claim pre-processing and a post-payment Program Integrity (PI) analytics module. Additionally, AHCCCS will expand upon their investment in ServiceNow to support Call Center activities. The MES Modernization project is the final phase in transitioning the Prepaid Medicaid Management Information System (PMMIS) to a new cloud-based platform and implementing modules in ServiceNow, which began in 2023 with the System Integration (SI) Platform project. The new system will enable AHCCCS to continue to comply with rules and cybersecurity requirements established by the Centers for Medicare and Medicaid Services (CMS) while significantly improving the system's fraud detection capabilities.

Upon approval of the Automation Projects Funds request, AHCCCS will present to the Information Technology Authorization Committee (ITAC) specific project fund allocation through the change request process.

Background:

AHCCCS serves over 2.4 million members and 109,000 providers with a Prepaid Medical Management Information System (PMMIS) that was designed and implemented over thirty (30) years ago. The homegrown system uses technology that is no longer taught in schools and is becoming impossible to find resources to support. AHCCCS must transition PMMIS to a new platform that follows the modernization modularity rules and cybersecurity requirements established by the Centers for Medicare and Medicaid Services. Further, the new system must be sustainable in the future with the technology necessary to provide flexibility, agility, scalability, and data security required by AHCCCS and its governing bodies.

Additionally, AHCCCS has begun a cost-effective modernization of the current Health-e-Arizona Plus (HEAplus) system based upon the principles of configurable rules and policies, reusable technology platform, and reusable standardized workflows and business processes.

Method of Procurement (for initial requests):

The procurement methodology to support the described work will be a combination of existing vendor activity utilizing the modification pool dollars that are part of the contract and procurement from existing contracts through NASPO or other state contracting mechanisms in place.

Solution:

To ensure that the Mainframe Refactor project is successfully implemented on time, additional support is required to ensure that legacy changes are implemented into the refactored code. AHCCCS must shift key resources that currently support the legacy system to focus on the Refactor project. This will ensure that as the new system goes live, they are paying claims appropriately, both to ensure new doors for fraud are not opened but also to ensure that providers continue to be paid timely for legitimate activity. AHCCCS will need additional support due to the increased workload.

The AHCCCS reporting team requires support to review and migrate the legacy reports that currently run on the mainframe, migrating the active reports to the data warehouse prior to the completion of the refactor project. Many of the reports support state and federal reporting requirements and will require rigorous testing. A governance framework will be established, to ensure that reports are properly documented, centrally located, and continuously evaluated for relevance and accuracy. Report design is focused on providing the user with more self-serve capabilities, allowing for quicker response to inquiries.

To support the AI Call Center Integration, AHCCCS is seeking to further invest in their expenditure on a successful ServiceNow implementation and integrate the call center with ServiceNow Artificial Intelligence (AI) to produce call notes and call summarization, to supplement the current process. All calls will continue to be recorded, and periodic audits will be performed to ensure that the call notes and summarization generated by ServiceNow AI is accurate. This will continue the ongoing optimization of Call Center functionality to better support the citizens of Arizona. An additional benefit of this enhancement will be in setting the foundation of analyzing patterns and comparing them with known fraud indicators, helping to identify potential fraud attempts in near real-time. Due to the complexity of integrating the systems and sensitivity of using artificial intelligence, AHCCCS is looking to have support from an experienced vendor.

The current eligibility system relies on outdated technology, hindering the ability to adapt and improve in response to changing eligibility requirements. A need exists for a replacement solution that promotes reusability and standardization and that provides flexibility and capacity to accommodate evolving eligibility needs. Moreover, use of a rules engine and other improved components will enhance reusability, improve productivity, and provide more cost-effective means to respond to program and benefit plan enhancements. AHCCCS is beginning a cost-effective modernization of the current

Benefits:

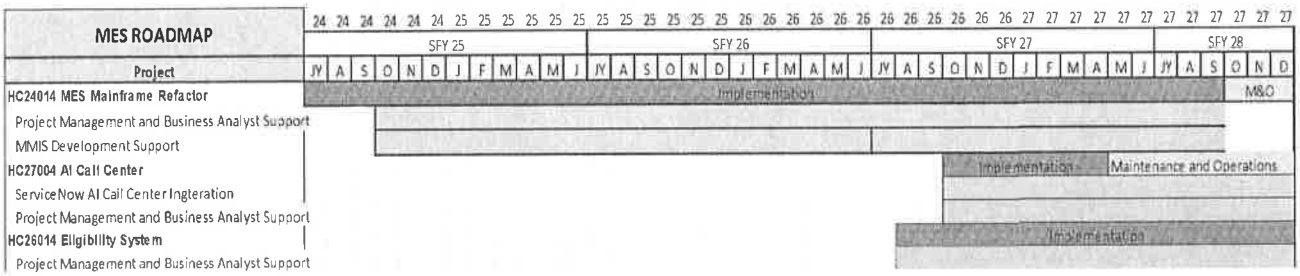
The investment in Professional Services and Vendor Implementers to supplement AHCCCS ISD staff will provide the right skill sets at the right time to ensure that the current work ISD developers perform on the legacy system are supported as ISD staff upskill and participate in the DDI projects underway, while also ensuring that the day-to-day business continues to operate at the level necessary to support the citizens of Arizona and address legislative requirements. This investment will ensure that the work underway will lead to successful outcomes and the ability to continue support on the new platform.

The investment in improving the Call Center capabilities will allow the staff to handle the increased volume of calls that have occurred due to the fraud occurring in the behavioral health area, as well as handle the anticipated increase in volume as the Refactored MMIS comes online and other changes occurring as part of the modernization program. This anticipated increase in volume is based on typical members and provider behavior with modernization programs across all states and not anticipation of issues with the systems.

The investment in the replacement of the legacy HEAplus system will allow the agency to adjust to state and federal legislation changes more effectively, improve the efficiency of the workers, and improve the

capabilities for the citizens of Arizona.
AHCCCS continues to maximize on the value of prior investments already implemented, such as ServiceNow to further accelerate the Call Center capabilities and the System Integration Electronic Document Management System to reduce modifications required to PMMIS to support report access.

Integrated Timeline



PROJECT GOALS / MILESTONES:

Projects for the MES Modernization and new eligibility system are multiyear projects. The Eligibility system and AI Call Center Integration projects are new initiatives, and full milestone schedules are still being finalized.

Milestone / Task	Start Date	Finish Date	Duration
HC24014 MES Mainframe Refactor	7/1/26	10/30/28	28 months
HC26014 Eligibility System	8/3/2026	9/30/2028	26 months
HC27004 AI Call Center Integration	12/1/26	6/30/27	7 months

PROJECT COST DETAIL: [APF]

Financial Category	*Dollar Amount*
Professional Services – HC24014 - Refactor,	$6,486,468
IV&V – Refactor	$16,500
License & Maintenance Fees – Refactor	$2,014,121
Professional Services – HC26014 - Eligibility System	$3,378,616

IV&V – Eligibility System	$99,600
License & Maintenance Fees – Eligibility System	$147,915
Professional Services – HC27004 - AI Call Center Integration	$746,780
IV&V – AI Call Center Integration	$50,000
Total Costs	**$12,940,000**

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STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Jacob Cross Mayhew, Fiscal Analyst

SUBJECT: Attorney General - Review of Coordinated Reentry Expenditure Plan

Request

A.R.S. § 44-1531.02(C) requires the Attorney General (AG) to submit an expenditure plan for review by the Committee prior to spending any monies from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. The AG requests the Committee review its plan to spend $17,000,000 appropriated to the coordinated reentry planning services grants line item in the FY 2027 General Appropriations Act (GAA). Of the $17,000,000 appropriation, only $3,000,000 is subject to Committee review; however, the AG has submitted the entire $17,000,000 plan for review.

In terms of the $17,000,000, the budget requires the AG to 1) distribute $2,000,000 each to Coconino, Maricopa, Mohave, Navajo, Pima, Pinal, and Yavapai counties to support existing coordinated reentry programs, 2) distribute $2,000,000 to La Paz County to establish a program, and 3) distribute the remaining $1,000,000 as a grant to establish a statewide coordinated reentry planning services database. The AG's expenditure plan distributes the monies according to these statutory guidelines.

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

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

A. The AG shall report to the Committee the grant recipient and any sub-grantees selected to create the statewide coordinated reentry planning services database. The report shall also address the scope of work and the expected deliverables.

Key Points

1) The FY 2027 budget appropriated $17.0 million from various funds to the AG for coordinated reentry services grants to counties.
2) The program is intended to provide substance abuse and behavioral health services to county inmates before their release.
3) Of the $17.0 million, $3.0 million is from the Consumer Remediation Subaccount, which is subject to Committee review.
4) The Attorney General plan is consistent with the statutory distribution formula:
   a) $2.0 million each to Coconino, La Paz, Maricopa, Mohave, Navajo, Pima and Pinal, and Yavapai Counties. The La Paz program will be new.
   b) The remaining $1.0 million is allocated to a grant to establish a statewide coordinated reentry planning services database. A Committee provision would require the AG to provide information on database development.

Analysis

Background

Coordinated reentry planning services programs screen and assess individuals booked into a county jail and connect those individuals with behavioral health and substance use disorder treatment providers while they move through the criminal justice process. A.R.S. § 11-392(D) requires counties that receive monies to establish or maintain coordinated reentry programs to report annually, beginning December 1, 2027, on program demographics and outcomes.

The $17.0 million coordinated reentry planning services grants line item is funded from five sources, as detailed below in *Table 1*:

Table 1

Coordinated Reentry Planning Services Appropriation by Fund

Fund	Amount
General Fund	$8,400,000
Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund (Non-Opioid)	3,000,000
Drag Race Prevention Enforcement Fund	800,000
Driving Under the Influence Abatement Fund	1,800,000
Utility Regulation Revolving Fund	3,000,000
Total	**$17,000,000**

A.R.S. § 44-1531.02(C) establishes the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund, consisting primarily of settlement monies associated with consumer protection cases litigated by the AG. Statute requires the AG to submit an expenditure plan for Committee review before spending any monies from the Subaccount.

The Drag Race Prevention Enforcement Fund and the Driving Under the Influence Abatement Fund both consist of criminal fines and court surcharges, and are administered by the Governor's Office of Highway Safety for the prevention of unsafe driving behavior. The Utility Regulation Revolving Fund is administered by the Corporation Commission, and consists of assessments against public utilities used to fund the commission's oversight of public utilities.

The FY 2027 budget requires the AG to distribute $2.0 million of opioid settlement monies to each of Coconino, Maricopa, Mohave, Navajo, Pima, Pinal, and Yavapai counties to supplement costs associated with the operation of an existing coordinated reentry planning services program within each county. The budget additionally requires the AG to distribute $2.0 million to La Paz County to establish a coordinated reentry planning services program.

The AG is also required to distribute $1.0 million as a grant to establish a statewide coordinated reentry planning services database. The FY 2027 budget does not specify the recipient of the $1.0 million. The AG has stated that the stakeholders may want the funds distributed to the Arizona County Sheriffs Association. However, the AG's expenditure plan does not contain any details regarding the database. As a result, the Committee may consider adding the provision noted above in the "Committee Options" section, which would require the AG to report additional details on the recipient of the database grant.

JCM:kp

KRIS MAYES
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL

STATE OF ARIZONA

September 1, 2026

The Honorable David C. Farnsworth, Chair
Arizona State Senate
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

The Honorable David Livingston, Vice-Chair
Arizona House of Representatives
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Re: Expenditure Plan for $3 Million of Remediation Subaccount Funds

Dear Senator Farnsworth and Representative Livingston:

In accordance with A.R.S. 44-1531.02(C), the Arizona Attorney General's Office ("AGO") respectfully submits this Expenditure Plan for monies held in the remediation subaccount of the consumer restitution and remediation revolving fund ("Remediation Subaccount"). These settlements require the Attorney General, with the advice and consent of the Arizona Legislature, to direct how and when the funds are used, provided that such uses conform to the requirements of the settlement agreements. This Expenditure Plan is subject to a $17 million appropriation for FY2027 of which $3 million is from Remediation Subaccount and will be used in accordance with that appropriation.

The FY2027 appropriation provided $17 million to the AGO for the purposes of Coordinated Reentry Planning Services grants to each of 8 counties for a total of $2 million each. In addition another $1 million is to be distributed toward a grant to establish a statewide coordinated reentry database.

<u>Expenditure Plan</u>

Needs Assessment. In 2020, nearly 550,000 people returned to the community from state and federal prisons, while millions more cycled through local jails. During the first two weeks following release, mortality rates among formerly incarcerated people are more than 12 times higher than among the general public. Overdose was the leading cause of death of persons on probation or parole in Arizona in 2022. Ensuring access to substance use and mental health treatment services is critical to saving the lives of incarcerated individuals with opioid use disorder. Nearly half of those in state and federal prisons met the criteria for a substance use disorder in the year prior to admission.

Successful reintegration after incarceration requires facilitating access to housing, food security, health care, education, and employment – breaking down silos between agencies. Participants in correctional education were 43 percent less likely to return to prison compared to their peers who did not access educational programming. The same analysis found that vocational training within prisons increased participants' likelihood of obtaining employment by 28 percent upon release. Programs begin on the first day of an individual's sentence.

Grant Program.

Coordinated reentry planning services programs screen and assess individuals booked into a county jail and connect those individuals with behavioral health and substance use disorder treatment providers while they move through the criminal justice process.

The $17 million grant award plan for FY2027 will provide $2 million each to Coconino, Maricopa, Mohave, Navajo, Pima, Pinal and Yavapai counties to supplement costs associated with the operation of existing coordinated reentry planning services programs as defined in A.R.S. § 11-392. In addition, $2 million will be distributed to La Paz County to establish a coordinated reentry planning services program and the remaining $1 million will be distributed as a grant to establish a statewide coordinated reentry planning services database.

Thank you for your consideration.

Sincerely,

Nick Debus

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STATE OF ARIZONA

Joint Legislative Budget Committee

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Ethan Scheider, Fiscal Analyst

SUBJECT: Arizona Criminal Justice Commission - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application

Request

Pursuant to A.R.S. § 41-2403, the Arizona Criminal Justice Commission (ACJC) requests Committee review of the federal application for the FFY 2026 Edward Byrne Memorial Justice Assistance Grant (JAG) that is administered by the United States Department of Justice, Bureau of Justice Assistance.

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.

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

A. ACJC shall submit a preliminary proposal by May 15, 2027 if the federal guidelines have not yet been received for 2027.

Analysis

The Federal Edward Byrne Memorial JAG provides states, tribes, and local governments with funding to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, and drug treatment and enforcement.

Key Points

1) Pending federal approval of ACJC's grant application, Arizona will receive $4.2 million in federal "Byrne" Justice Assistance Grants (JAG) in federal fiscal year (FFY) 2026.
2) The federal government requires legislative review of the state's grant application.
3) A total of $3.8 million (90%) will be distributed to counties and state agencies; the other 10% will be retained by ACJC for administration costs.

ACJC is Arizona's designated state administering agency for the JAG program. As part of the application process, the federal Bureau of Justice Assistance requires the state agency to submit the application for review to the State Legislature, or an organization designated by the State Legislature, not less than 30 days before the submission of the grant. A.R.S. § 41-2403 tasks the JLBC with reviewing the application.

For Federal Fiscal Year (FFY) 2026, the state's JAG allocation is $4,237,600. *Table 1* shows the budget estimated by ACJC for the FFY 2026 JAG award.

Table 1

Proposed FFY 2026 JAG Spending

<u>**Expenditure Plan**</u>	
Drug Control Projects – Pass Through Grants	$ 3,813,900
Administration	423,800
Total Projects and Administration	**$4,237,600**

A total of 90% of JAG monies will be used for grants and 10% is for ACJC administration. Due to the standard lag in the federal government's disbursement of these funds, these FFY 2026 monies will not actually be available until FY 2029. ACJC will select the recipients of the FFY 2026 pass through grants in June 2028 and distributed for use in FY 2029. The JAG monies support the state's 2026-2031 Drug, Gang and Violent Crime Control State Strategy that prioritizes funding for efforts to curtail the flow of drugs, reduce violent crime and illicit drug use, and deter repeat offenders.

Background

The Byrne JAG monies are combined with monies in the Drug and Gang Enforcement Fund, established under A.R.S. § 41-2402, to make up the state's Drug, Gang, and Violent Crime Control Grant (DGVCC Grant). There is a match requirement of 25% for DGVCC Grant recipients. Since FFY 2026 grant recipients will not be determined for another 2 years, ACJC's submission does not provide details on which entities will receive these funds. To provide a perspective on how ACJC typically distributes the grants, Table 2 lists the recipients of funding in FY 2027.

Table 2

Drug, Gang, & Violent Crime Control Grant Awarded in April 2026 – Distributed in FY 2027

Award Recipient Agency	Federal Byrne JAG	FY 27 Fund Sources State Drug & Gang Enforcement Fund	FY 27 Total Grant Awards 1/
Apprehension			
Apache County Sheriff's Office	$ 79,000	$ 62,000	$ 141,000
City of Buckeye	28,500	22,400	51,000
Cochise County Sheriff's Office	65,400	51,400	116,800
Flagstaff Police Department	126,800	99,600	226,500
Gila County Sheriff's Office	118,800	136,500	255,300
Graham County Sheriff's Office	11,300	8,900	20,200
Kingman Police Department	176,500	82,500	259,000
La Paz County Sheriff's Office	65,700	51,600	117,400
Navajo County Sheriff's Office	111,500	87,600	199,200
Pinal County Sheriff's Office	70,800	55,600	126,400
Salt River Pima Maricopa Police Department	31,100	24,400	55,500
Tucson Police Department	442,400	79,700	522,100
Yavapai County Sheriff's Office	152,400	119,800	272,200
Yuma County Sheriff's Office	77,900	61,200	139,100
Subtotal 1/	**$ 1,558,200**	**$ 943,400**	**$ 2,501,600**
Prosecution			
AG's Office - Medicaid Fraud	$ 0	$ 101,500	$ 101,500
Apache County Attorney	48,000	37,700	85,700
Cochise County Attorney	65,300	51,300	116,700
Coconino County Attorney	60,100	47,200	107,400
Gila County Attorney	41,000	32,200	73,300
Graham County Attorney	52,500	41,200	93,700
Greenlee County Attorney	20,500	16,100	36,600
La Paz County Attorney	43,800	34,400	78,300
Maricopa County Attorney	702,000	105,100	807,100
Mohave County Attorney	74,400	58,500	132,900
Navajo County Attorney	58,300	45,800	104,200
Pima County Attorney	153,200	120,400	273,600
Pinal County Attorney	82,800	65,100	147,900
Tucson City Attorney	116,400	91,400	207,800
Yavapai County Attorney	61,400	48,200	109,600
Yuma County Attorney	113,700	89,300	203,000
Subtotal 1/	**$ 1,693,400**	**$ 985,600**	**$ 2,679,000**
Prosecution - Forfeitures			
Attorney General's Office	$ 371,200	$ 113,100	$ 484,300
Subtotal	**$ 371,200**	**$ 113,100**	**$ 484,300**
Forensic Support			
Department of Public Safety	$ 251,100	$ 37,600	$ 288,700
Tucson Police Dept. - Forensics	30,400	23,900	54,200
Subtotal 1/	**$ 281,500**	**$ 61,400**	**$ 342,900**
Drug Adjudication/Corrections			
Administrative Office of the Courts	$ -	$ 1,005,400	$ 1,005,400
Subtotal	**$ -**	**$ 1,005,400**	**$ 1,005,400**
Total 1/	**$ 3,904,300**	**$ 3,108,900**	**$ 7,013,100**

1/ Total may not add due to rounding.

ES:kp

Arizona Criminal Justice Commission

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August 26, 2026

The Honorable David Farnsworth, Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1716 West Adams Street
Phoenix, AZ 85007

Dear Chairman Farnsworth:

Pursuant to Laws 2018, Chapter 278, Section 5, the Arizona Criminal Justice Commission (ACJC) is submitting the 2026 Draft Byrne Justice Assistance Grant (Byrne JAG) to the Joint Legislative Budget Committee (JLBC) for review. Chapter 278 requires ACJC to submit a copy of the application to JLBC for review before submission to the federal government.

ACJC is the state administering agency (SAA) for the Byrne Justice Assistance Grant. Byrne JAG, authorized under 42 USC § 3751(a), is a formula grant that the State must apply for each year and is the leading source of federal justice funding to state and local jurisdictions. Byrne JAG awards may be used for nine purposes: (1) law enforcement, (2) prosecution and courts, (3) prevention and education, (4) corrections and community corrections, (5) drug treatment, (6) planning, evaluation, and technology improvement, and (7) crime victim and witness program (8)mental health and related law enforcement and corrections programs (9) Implementation of state crisis intervention court proceedings and related programs or initiatives.

The ACJC uses a mix of federal funding from Byrne JAG and state funding from the Drug Enforcement Fund to cover grant costs of various state, county, and municipal drug control programs. Arizona has utilized Byrne JAG funding to implement multi-jurisdictional task forces (MJTFs), including a tandem prosecutor component and forensic drug analysis support, to enhance downstream drug enforcement and monitoring activities. This downstream impact has led to funding probation-based drug monitoring programs and other probation-related services, drug courts, and indigent defense services for drug offenders.

The JAG allocation formula is based primarily on each state's share of the nation's violent crime and population data. For Arizona, the estimated amount of the federal fiscal year (FFY) 2026 grant is $4,237,625. The following table summarizes the budget plan for the FFY 2026 Byrne JAG application.

Summary of 2026 Draft Byrne JAG Budget Plan	
FFY 2026 Grant Award (estimated)	$4,237,625
Proposed Expenditure Plan:	
Drug Control Projects 1/	$3,813,862
Administration Expense Allotment 2/	$423,763
Total: Projects and Administration	$4,237,625

1/ These funds will be used as part of the state FY 2029 Drug Control Grant.
2/ The Byrne grant program allows up to 10 percent of a JAG award to be used for costs to administer the award.

Arizona first began receiving the Byrne JAG funding in March 1988. Byrne JAG is the cornerstone of the federal crime-fighting program. It supports the federal government's crucial role in a federal-state-local partnership that enables communities to target resources to their most pressing local needs. Each year, ACJC produces a comprehensive report on the projects funded, the amounts allocated to each project, and the activity reported using Byrne JAG funding in the Enhanced Drug and Gang Enforcement (EDGE) Report. The following bullet points show some of the Byrne JAG grant's critical activities from the most recent EDGE report (FY 2026).

- 34 criminal justice projects funded
- 2,675 Drug-related arrests by funded task forces
- Over $42 million in illicit drugs seized by funded task forces
- 381 weapons seized by funded task forces
- 7,281 drug prosecutions reported by prosecution projects
- 5,519 drug convictions reported by prosecution projects
- 5,448 drug sentences reported by prosecution projects

These funds are critical to reducing illicit drug use throughout Arizona. If you have any questions, please contact Siyeni Yitbarek, ACJC Drug, Gang and Violent Crime Control Program Manager, at 602-364-1163 or syitbarek@azcjc.gov.

Sincerely,

Anthony Vidale

Anthony Vidale,
Executive Director

Abstract

The Arizona Criminal Justice Commission is a statutorily authorized entity mandated to carry out various coordinating, monitoring, and reporting functions regarding the administration and management of criminal justice programs in Arizona. As the state-administering agency for the Byrne/JAG program, the Commission distributes these funds via competitive grants to state, tribal, county, and local government agencies to support the Drug, Gang, and Violent Crime Control (DGVCC) program. The *2026-2031 Drug, Gang, and Violent Crime Control State Strategy* is the Commission's primary decision-making tool for allocating funds and guiding project activity for the DGVCC program.

The project's goals, in accordance with the Strategy, are to curtail the flow of illicit drugs, drug proceeds, and instruments used to perpetuate violence across Arizona, reduce violent crime and illicit drug use, and deter repeat offenders in Arizona. In response to drug, gang, and violent crime in Arizona, the following seven purpose areas have been identified as potential funding areas for the 2026-2031 time period:

- Apprehension
- Prosecution
- Forensic Support Services
- Adjudication and Sentencing
- Corrections and Community Corrections
- Substance Abuse Treatment for Corrections-Involved Individuals
- Prevention and Education

Arizona Criminal Justice Commission
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- Mental health and related law enforcement and corrections programs
- Implementation of state crisis intervention court proceedings and related programs or initiatives

In addition to the nine purpose areas, a list of strategic principles has been developed based on a thorough analysis of the DGVCC program's strengths, weaknesses, opportunities, and challenges. The Commission's criteria for establishing funding priorities are the seven purpose areas and strategic principles. The top ten project identifiers associated with proposed project activities include the following: Task Forces, Prosecution, Asset Forfeiture, Forensic Science, Adjudication, Gangs, Drugs, Fraud, Drug Courts, and Policing.

Arizona Criminal Justice Commission
1110 W. Washington, Suite 230
Phoenix, Arizona 85007

4A

4A

STATE OF ARIZONA

Joint Legislative Budget Committee

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Emmalyn Meyer, Fiscal Analyst

SUBJECT: Arizona Department of Education – Review of Basic State Aid Recalculation

Request

Pursuant to A.R.S. § 15-915B, the Arizona Department of Education (ADE) requests Committee review of its recalculation of Basic State Aid for Antelope Union High School District, Mohawk Valley Elementary School District, and Hyder Elementary School District, whose property values were affected by recent Arizona Tax Court decisions pertaining to San Diego Gas & Electric.

Committee Options

The committee has at least the 2 following options:

1. A favorable review of the request.

2. An unfavorable review of the request.

Key Points

1) Subject to JLBC review, statute allows school districts to have their K-12 Basic State Aid funding recalculated if court rulings change property values in their district.
2) An adjustment to the full cash value of San Diego Gas & Electric's taxable property resulted in lower property values for three school districts from FY 2021-2025.
3) ADE has computed additional Basic State Aid funding of $127,700 across three districts from the General Fund to account for the lower property values in FY 2021-2025. The department would cover the cost with its Basic State Aid appropriation.

Analysis

A.R.S. § 15-915B permits school districts to request a recalculation of their Basic State Aid payments from ADE, including from prior years, if a court judgment, decision by a county board of equalization, decision by the State Board of Equalization, or the correction of a property tax error results in a Net Assessed Value for property in the district that is different from what ADE used to calculate state aid payments to the districts. Such recalculations are subject to JLBC review. The recalculation does not include any adjustment for district taxes that are outside the Basic State Aid formula (e.g. bonds, overrides, adjacent ways, locally-funded transportation, etc.), nor does it account for interest costs associated with refunds.

San Diego Gas & Electric (SDG&E) owns and operates an interstate electric transmission line running from the Palo Verde Generating Station in Maricopa County through Yuma County and into California. In 2021, SDG&E filed a complaint in the tax court regarding its tax year 2020 full cash value, as determined by the Arizona Department of Revenue. In June 2025, the Arizona Supreme Court ruled in favor of SDG&E, resulting in a reduction of the valuation of SDG&E's property in tax years 2020-2024. This final judgment reduced property values from FY 2021-2025 for Antelope Union High School District, Mohawk Valley Elementary School District, and Hyder Elementary School District.

ADE's recalculation for the San Diego Gas & Electric tax court judgment will result in additional Basic State Aid payments of $71,416.24 for Antelope Union High School District, $30,096.75 for Mohawk Valley Elementary School District, and $26,158.70 for Hyder Elementary School District for FY 2021-2025.

EM:kp

Dateland Elementary
HYDER SCHOOL DISTRICT #16
1300 S. AVE 64E • P.O. BOX 3001
DATELAND, ARIZONA 85333
(928) 454-2242 • FAX (928) 454-2217

DEBORAH STEWART, SUPERINTENDENT
ANNIE KILLMAN, BUSINESS SERVICES

June 4, 2026

To: Arizona Department of Education Finance Team

Re: Recalculation of State Aid

Initial Request Date: February 24, 2026, via Keith Kenny, Receiver for Antelope Union High School

Current Date: June 4, 2026

LEA: Hyder Elementary School District #16, Entity ID 4502, CTDS 140416101

Points of Contact: Deborah Stewart and Annie Killman

Titles: Superintendent and Business Manager

Phone Numbers: (928) 454-2242

Emails: dstewart@datelandschool.org, akillman@datelandschool.org

Fiscal Year(s): FY2021 – FY 2025

Dear Mr. Young,

I am writing to request the recalculation of Hyder Elementary School District's state aid for the prior FYs 2021 through 2025 due to a change in assessed valuation that occurred as a result of a court judgment in accordance with section 42-16213 pursuant to ARS 15-915.B. As you are aware, San Diego Gas and Electric (SDGE) sued the Arizona Department of Revenue, Maricopa County, and Yuma County for over taxation. SDGE received a court judgment for over taxation resulting from overstated full cash value and assessed value in tax years (TY) 2020 through 2024 (School FYs 2021 through 2025).

I have attached the following documents for your consideration:

1. An email from Steven Seale, Yuma County Assessor, that was forwarded to Mr. Deiana, AUHS Superintendent, by Sara Perius, Yuma County Treasurer's Office, that contains the following documents:

Dateland Elementary
HYDER SCHOOL DISTRICT #16
1300 S. AVE 64E • P.O. BOX 3001
DATELAND, ARIZONA 85333
(928) 454-2242 • FAX (928) 454-2217

DEBORAH STEWART, SUPERINTENDENT
ANNIE KILLMAN, BUSINESS SERVICES

a. An Excel document "54-675 SD Gas & Electric Tax Roll Corrections Form 690 TY20-24_Yuma (1) with Rounding Per Judgement."

b. An Excel document "65-675 SD Gas & Electric Tax Roll Correction Form 690 TY 20 Yuma – Final."

c. Four Stipulated Judgments regarding tax years 2020 through 2024.

2. Email from Sara Perius to Elizabeth Velenzuela, Yuma County Superintendent's Office, regarding Judgement and treasurer's assessments against taxing authorities for tax refund.

3. PDF of tax refunds assessed against each taxing authority by year.

I have attached these documents to assist you with the recalculation. I have also included Xin Liu from your office, who performed the recalculations of state aid in FY 2025 related to the multiple-year Aqua Caliente Tax Judgment.

Based on these updated assessments, we respectfully request a recalculation of Hyder Elementary School District's state aid for FYs 2021 through 2025.

Thank you for your assistance. Please do not hesitate to contact us if you have any questions or require additional information.

Sincerely,

Deborah Stewart

Deborah Stewart
Superintendent

The remaining school districts submitted comparable letters.

4B

STATE OF ARIZONA

Joint Legislative Budget Committee

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Emmalyn Meyer, Fiscal Analyst

SUBJECT: Arizona Department of Education - Review of K-12 Broadband Connectivity Projects

Request

Pursuant to A.R.S. § 15-249.07, the Arizona Department of Education (ADE) requests Committee review of its annual report on K-12 broadband connectivity construction projects.

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) Since FY 2018, the Legislature has appropriated $13.5 million in state matching funds to ADE Broadband Connectivity Projects.
2) State monies for K-12 Broadband can draw down federal E-rate monies with a match rate up to 90%.
3) We estimate that to date, ADE has expended approximately $10.4 million in state matching funds for Broadband Connectivity Projects for schools and libraries, plus approximately $500,000 for administrative costs, which leaves $2.6 million available.

Analysis

Background

The federal E-Rate program provides federal matching funds for services to support broadband connectivity to schools and libraries as equipment and services needed for broadband connectivity within schools and libraries. Overseen by the Federal Communications Commission (FCC), the program is administered by the Universal Service Administrative Company (USAC), and provides federal matching funds (i.e. a "discount rate") ranging from 20% to 90% for broadband projects depending on the percentage of students within the school that are eligible for free or reduced-price lunches (FRPL).

The FCC authorizes a dollar-for-dollar increase in federal matching funds up to a maximum of 10% above the base matching rates for broadband projects receiving funding from the state and that meet the FCC's long-term connectivity targets (currently equal to 1 Mbps of bandwidth per student). For example, a school qualifying for a base discount rate of 80% for a broadband project (an urban or rural school with a FRPL-eligible population of more than 50%, but less than 74%) would receive a final match rate of 90% if the state provided matching funds equal to 10% of the cost of the project.

The FY 2018 budget included a one-time appropriation of $3,000,000 from the Automation Projects Fund for state matching funds to be allocated to broadband projects certified by ADE and the USAC for federal E-Rate funding. The $3,000,000, in combination with $8,000,000 collected by the Arizona Corporation Commission (ACC) via a one-time surcharge on Arizona consumers' phone bills authorized in March 2017, provided $11,000,000 of state funding for total anticipated school and library broadband projects of $130,000,000 Total Funds. The enacted FY 2024 budget, as revised during the 2024 session, provided an additional $2,500,000, resulting in a total of $13,500,000 of state funding.

Each year, ADE opens applications on July 1, and funding begins on June 1 of the following year. Through FY 2026, ADE has approved 102 projects at a cost of $131,246,800 Total Funds. ADE has also approved 5 projects for funding in FY 2027. Of these 5 projects, ADE has only reported funding and student count data for 1 project, serving 641 students at a cost of $197,600 Total Funds. *Table 1* summarizes project data by fiscal year.

The 107 total projects are serving or will serve upon completion approximately 314,000 students statewide. This total cost of these projects includes $119,258,700 (91%) from E-rate funding, $10,394,600 (8%) from the state match, and $1,497,400 (1%) from local funding. Local funding is only required from participating schools with a discount rate of less than 80% (less than 50% FRPL eligibility).

Table 1

K-12 Broadband Construction Project Summary 1/

Fiscal Year	Students Served	ADE-Certified Projects 2/	E-Rate Portion	State Portion	School Portion 3/
2018	63,200	$ 13,605,700	$ 12,410,400	$ 1,043,700	$ 149,800
2019	62,200	58,888,700	53,326,200	4,608,400	954,200
2020	8,200	23,011,700	20,822,900	2,186,000	2,800
2021	16,700	7,461,300	7,013,900	409,900	21,600
2022	39,100	9,803,300	8,915,900	793,700	15,500
2023	24,200	7,326,600	6,735,700	590,900	-
2024	1,900	1,243,000	1,131,100	111,900	-
2025	28,700	4,257,500	3,933,900	238,000	85,600
2026	69,300	5,451,400	4,781,000	402,300	267,900
2027	641	197,600	187,700	9,900	-
Cumulative	314,000	$ 131,246,800	$ 119,258,700	$ 10,394,600	$ 1,497,400
% of Total		100%	91%	8%	1%

1/ Numbers may not add properly due to rounding.
2/ Represents dollar value of projects certified by ADE, including completed projects and projects in-process and waiting USAC approval.
3/ Schools with less than an 80% discount rate (less than 50% FRPL-eligible) must fund part of their own project costs.

EM:jbu

ARIZONA DEPARTMENT OF
EDUCATION

June 30, 2025

The Honorable David Livingston
Chairman, Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, AZ 85007

Dear Representative Livingston,

In compliance with A.R.S. § 15-249.07, please see the Arizona Broadband for Education Initiative report.

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

Sincerely,

Art Harding
Chief Operations Officer
Arizona Department of Education

ARIZONA BROADBAND FOR EDUCATION INITIATIVE

2026 Q2 Update

The Arizona Broadband for Education Initiative is a partnership between the Governor's Office of Education, the Arizona Department of Education, the Arizona Corporation Commission, and the nonprofit organization EducationSuperhighway. The program's goal is to ensure that every public K-12 instructional building in the state is connected via high-speed and reliable broadband connections to enable digital learning in the classroom.

One major component of the Initiative includes supporting schools and libraries as they take advantage of the federal Schools and Libraries (E-rate) Program. The E-rate program provides discounts of up to 90% of the monthly cost of telecommunications services to keep students and library patrons connected to high-speed broadband. It is administered by the Universal Service Administrative Company (USAC), designated by the Federal Communications Commission (FCC).

The E-rate Modernization Order, adopted by the FCC in July 2014, allows states to establish "matching funds" that may contribute up to ten percent in funding to subsidize the cost of Category 1 "special construction" projects. If a state provides eligible schools and libraries with funding for special construction charges for high-speed broadband that meets the FCC's long-term connectivity targets, the E-rate Program will increase an applicant's discount rate for these charges up to an additional ten percent to match the state funding on a one-to-one dollar basis. The combination of E-rate and state match funding can cover up to 100% of an applicant's out-of-pocket cost for the infrastructure necessary to supply high-speed internet.

In March 2017, the Arizona Corporation Commission updated the Arizona Universal Service Fund (AUSF) rules to provide $8M in funding for "Special Construction" projects in Arizona. Used in combination with the E-rate program, this funding will result in approximately $150M in new construction projects within the state. In April 2017 the Arizona State Legislature approved an additional $3M for "Special Construction" projects.

May 2023 the Arizona Legislature approved $2.5M in additional funding to bring the total investment in our schools and libraries to $13.5M.

To date, we have completed/in process **$131.1M** in broadband projects, **$10.4M** expended/allocated from state funds, providing high-speed internet access via internet services providers and wide area networks.

Total funding remaining based on available state funds balance as of **06/30/2026** is **$2,280,182.64.**

ARIZONA DEPARTMENT OF EDUCATION

FundingYear	Applicant Name	DiscountPercentage	StudentCount	Total Filed	Erate Portion	State Portion	SchoolPortion	Status
2017	Agua Fria UHSD	60%	7649	$749,000.00	$524,300.00	$74,900.00	$149,800.00	Complete
2017	Apache County Consortium	85%	4062	$8,379,313.67	$7,750,865.14	$628,448.53	$0.00	Complete
2017	Arizona Call A Teen Center	90%	261	$61,917.00	$58,821.15	$3,095.85	$0.00	Complete
2017	Bicentennial UHS (Salome HS)	90%	113	$25,303.25	$24,038.09	$1,265.16	$0.00	Complete
2017	Combs Unified School District	80%	4634	$360,000.00	$324,000.00	$36,000.00	$0.00	Complete
2017	Payson Unif School Dist 10	80%	2843	$159,000.00	$143,100.00	$15,900.00	$0.00	Complete
2017	Santa Cruz Valley HS #35	90%	395	$874,320.00	$830,604.00	$43,716.00	$0.00	Complete
2017	Somerton School District	90%	2973	$236,000.00	$224,200.00	$11,800.00	$0.00	Complete
2017	Stanfield School District 24	90%	529	$950,000.00	$902,500.00	$47,500.00	$0.00	Complete
2017	Tombstone USD	90%	970	$500.00	$475.00	$25.00	$0.00	Complete
2017	Vail School District	60%	12752	$2,000.00	$0.00	$200.00	$0.00	Complete
2017	Yavapai County EducationTechnology	80%	26000	$1,808,320.00	$1,627,488.00	$180,832.00	$0.00	Complete
2018	Antelope Union High School	90%	230	$471,778.85	$448,189.91	$23,588.94	$0.00	Complete
2018	Apache County Consortium	85%	0	$1,391,054.00	$1,286,724.95	$104,329.05	$0.00	Complete
2018	Cedar Hills - Hackberry	90%	123	$160,000.00	$152,000.00	$8,000.00	$0.00	Complete
2018	Cochise Elementary SD	80%	87	$153,300.00	$138,000.00	$15,300.00	$0.00	Complete
2018	Cottonwood - Oak Creek	80%	2079	$240,559.81	$216,503.82	$24,055.99	$0.00	Complete
2018	Cupertino PLA	90%	5	$13,317.59	$12,651.71	$665.88	$0.00	Complete
2018	Discovery Plus Academy	80%	119	$14,518.29	$11,614.63	$1,451.83	$1,451.83	Complete
2018	Ganado Unified District 20	90%	1513	$472,042.64	$448,440.51	$23,602.13	$0.00	Complete
2018	Globe USD	80%	1668	$585,716.00	$527,144.40	$58,571.60	$0.00	Complete
2018	Grand Canyon USD	80%	283	$5,660,200.37	$5,094,180.34	$566,020.03	$0.00	Complete
2018	Holbrook USD	90%	2066	$82,432.53	$78,310.90	$4,121.63	$0.00	Complete
2018	Lake Havasu USD	80%	5508	$842,004.00	$757,803.60	$84,200.40	$0.00	Complete
2018	LaPaz County	90%	0	$3,974,976.00	$3,776,227.20	$198,748.80	$0.00	Complete
2018	Laveen ESD	90%	6831	$900,000.00	$855,000.00	$45,000.00	$0.00	Complete
2018	Littleton School District	90%	387	$629,000.00	$597,550.00	$31,450.00	$0.00	Complete
2018	Maricopa Unified	80%	6536	$1,850,000.00	$1,665,000.00	$185,000.00	$0.00	Complete
2018	Mohawk Valley Elementary	90%	1141	$365,771.56	$347,482.98	$18,288.58	$0.00	Complete
2018	Nogales USD	90%	8500	$947,000.00	$899,650.00	$47,350.00	$0.00	Complete
2018	Pinal County Consortium	85%	0	$33,779,395.00	$31,245,940.37	$2,533,454.63	$0.00	Complete
2018	Pinal County Schools	80%	0	$75,012.00	$67,510.80	$7,501.20	$0.00	Complete
2018	PPEP, Inc	90%	800	$7,500.00	$7,125.00	$375.00	$0.00	Complete
2018	Prescott USD	60%	4003	$101,180.10	$69,262.06	$10,118.01	$21,780.03	Complete
2018	Saddle Mountain SD	80%	1764	$1,149,000.00	$1,034,100.00	$114,900.00	$0.00	Complete
2018	Show Low School District	80%	2324	$199,548.40	$179,593.56	$19,954.84	$0.00	Complete
2018	Snowflake School District	70%	2542	$217,800.00	$174,240.00	$21,780.00	$21,780.00	Complete
2018	Tombstone Library	80%	0	$25,000.00	$22,500.00	$2,500.00	$0.00	Complete
2018	Tombstone USD	80%	742	$4,000.00	$3,600.00	$400.00	$0.00	Complete
2018	Vail District	60%	12860	$4,545,792.00	$3,182,054.40	$454,579.20	$909,158.40	Complete
2018	Yavapai ASD #99	80%		$30,828.34	$27,741.50	$3,082.84	$0.00	Complete
2019	Desert Star Academy	90%	500	$28,447.00	$27,024.65	$1,422.35	$0.00	Complete
2019	Gila County Consortium	83%	6800	$19,490,128.46	$17,541,115.61	$1,949,012.85	$0.00	Complete
2019	Heber-Overgaard USD 6	80%	520	$1,000,342.46	$900,308.20	$100,034.26	$0.00	Complete
2019	JO Combs	70%		$27,801.00	$22,240.80	$2,780.10	$2,780.10	Complete
2019	Little Singer School	90%	150	$777,660.01	$738,777.01	$38,883.00	$0.00	Complete
2019	Navajo County Consortium	80%	0	$537,405.00	$537,405.00	$0.00	$0.00	Complete
2019	Orme School	80%	140	$727,448.11	$654,703.30	$72,744.81	$0.00	Complete
2019	Shonto Prep	90%		$71,438.62	$67,866.69	$3,571.93	$0.00	Complete

FundingYear	Applicant Name	DiscountPercentage	StudentCount	Total Filed	Erate Portion	State Portion	SchoolPortion	Status
2019	Yucca School	90%	50	$351,049.00	$333,496.55	$17,552.45	$0.00	Complete
2020	Buckeye Elementary	80%	5614	$360,000.00	$324,000.00	$36,000.00	$0.00	Complete
2020	Douglas Unified School District	90%	4225	$266,500.00	$253,175.00	$13,325.00	$0.00	Complete
2020	Gila Bend USD	90%	478	$8,543.50	$8,116.33	$427.18	$0.00	Complete
2020	Hunters Point	90%	145	$10,703.89	$10,168.70	$535.19	$0.00	Complete
2020	Liberty School District	70%	3899	$216,000.00	$172,800.00	$21,600.00	$21,600.00	Complete
2020	Navajo Nation	90%	0	$4,788,550.59	$4,549,123.06	$239,427.53	$0.00	Complete
2020	Paloma Elementary	90%	123	$1,651,035.00	$1,568,483.25	$82,551.75	$0.00	Complete
2020	Saddle Mountain SchoolDistrict	80%	2179	$160,000.00	$128,000.00	$16,000.00	$0.00	Complete
2021	Beaver Creek	80%	275	$1,500,000.00	$1,350,000.00	$150,000.00	$0.00	Complete
2021	Buckeye ESD	80%	5455	$125,860.00	$113,274.00	$12,586.00	$0.00	Complete
2021	Liberty School District	70%	4531	$38,045.00	$30,434.00	$3,804.50	$3,804.50	Complete
2021	Maricopa Unified	80%	7992	$203,499.00	$183,149.10	$20,349.90	$0.00	Complete
2021	Navajo Nation (5 sites)	90%	0	$861,116.16	$818,060.35	$43,055.81	$0.00	Complete
~~2021~~	~~Navajo Nation (9 sites)~~	~~90%~~	~~0~~	~~11348412.14~~	~~10780991.53~~	~~567420.61~~	~~$0.00~~	Cancelled
2021	Patagonia School District	90%	160	$720,050.00	$684,047.50	$36,002.50	$0.00	Complete
~~2021~~	~~Pinon Community School~~	~~90%~~	~~42~~	~~61374~~	~~58305.3~~	~~3068.7~~	$0.00	Cancelled
2021	Sentinel School District	90%	42	$155,250.00	$147,487.50	$7,762.50	$0.00	Complete
2021	Snowflake USD	70%	0	$116,600.00	$93,280.00	$11,660.00	$11,660.00	Complete
2021	Somerton District	90%	0	$468,279.67	$444,865.69	$23,413.98	$0.00	Complete
2021	Sonoita / Elgin	60%	122	$782,015.00	$547,373.20	$156,403.00	$0.00	Complete
2021	Theodore Roosevelt School	90%	140	$3,091,499.60	$2,936,924.62	$154,574.98	$0.00	Complete
2021	Yuma ESD	80%	9012	$27,524.13	$24,771.72	$2,752.41	$0.00	Complete
2021	Yuma UHSD - San Luis	80%	11348	$1,188,567.00	$1,069,710.30	$118,856.70	$0.00	Complete
2021	Yuma UHSD - Somerton	80%	0	$525,000.00	$472,500.00	$52,500.00	$0.00	Complete
2022	Florence Unified	80%	9493	$944,650.00	$850,185.00	$94,465.00	$0.00	Complete
2022	Littleton ESD	84%	6321	$249,642.00	$237,159.90	$12,482.10	$0.00	Complete
2022	Murphy ESD	90%	1400	$625,227.00	$593,966.00	$31,261.00	$0.00	Complete
2022	Pinal County Consortium	90%	355	$4,402,157.00	$4,005,962.87	$396,194.13	$0.00	Complete
2022	Santa Cruz HS #35	90%	3441	$1,080,000.00	$1,026,000.00	$54,000.00	$0.00	Complete
2022	Solomon District	80%	200	$16,000.00	$14,400.00	$1,600.00	$0.00	Complete
2022	Safford USD	80%	2940	$8,880.74	$7,992.67	$888.07	$0.00	Complete
2023	Pinal CC (Canyon State,Imagine Supei	90%	1894	$1,242,994.00	$1,131,124.54	$111,869.46	$0.00	Complete
2024	Altar Valley District	90%	517	$195,103.22	$185,348.06	$9,755.16	$0.00	In Process
2024	Cibecue Library	90%	2272	$930,000.00	$883,500.00	$46,500.00	$0.00	Complete
2024	Flowing Wells	90%	5093	$1,740,707.00	$1,653,671.65	$87,035.35	$0.00	In Process
2024	Kingman Academy of Learning	50%	1471	$205,112.00	$123,067.20	$20,511.20	$61,533.60	Complete
2024	Native American ChristianSchool	90%	27	$794,026.00	$754,324.70	$39,701.30	$0.00	Complete
2024	Pima USD	70%	1142	$23,600.00	$18,880.00	$2,360.00	$2,360.00	Complete
2024	Pinon Community School	90%	42	$95,406.00	$90,635.70	$4,770.30	$0.00	Complete
2024	Snowflake USD	80%	2962	$112,010.00	$100,809.00	$11,201.00	$0.00	Complete
2024	Vail District	60%	14015	$108,584.00	$76,008.80	$10,858.40	$21,709.60	Complete
2024	Willcox	80%	1124	$52,954.96	$47,659.46	$5,295.50	$0.00	Complete
2025	Winslow USD	80%	2142	$395,000.00	$355,500.00	$39,500.00	$0.00	In Process
2025	Agua Fria High School	60%	8557	$401,621.00	$281,134.70	$40,162.10	$80,324.20	Complete
2025	Mammoth - San Manuel USD	90%	501	$153,052.00	$145,399.40	$7,652.60	$0.00	In Process
2025	Maricopa USD	80%	10054	$316,400.00	$284,760.00	$31,640.00	$0.00	In Process
2025	Cartwright Elementary School	90%	13117	$1,094,000.00	$1,039,300.00	$54,700.00	$0.00	Complete
2025	Kingman USD	90%	7003	$740,000.00	$703,000.00	$37,000.00	$0.00	Complete
2025	Laveen Elementary School District	90%	8331	$519,950.00	$493,952.50	$25,998.00	-$0.50	In Process
2025	Liberty Elementary School District	80%	4685	$107,513.00	$96,761.70	$10,751.00	$0.30	In Process
2025	Pinal County SOESA	80%	4492	$436,780.00	$393,102.00	$43,678.00	$0.00	In Process
2025	Agua Fria High School District	60%	8557	$938,236.00	$656,765.20	$93,823.60	$187,647.20	In Process
2025	Camp Verde USD	90%	1658	$287,000.00	$272,650.00	$14,350.00	$0.00	In Process
2025	Rough Rock Community District	90%	188	$61,799.00	$58,709.05	$3,090.00	$0.00	Complete
2026	Williams Unified School District #2	90%	641	$197,587.00	$187,707.65	$9,879.35	$0.00	Intent
2026	Norther Arizona Academy for Career Development							Intent
2026	Hunters Point Boarding School							Intent
2026	Nazlini Community School							Intent
2026	Show Low USD							Intent
			313,328	$131,049,164.52	$119,070,868.25	$10,384,757.07	$1,497,389.28	

Funding for this initiative made possible by:
- o Arizona Governor's Office
- o Arizona Corporation Commission
- o Arizona Legislature
- o Arizona Department of Education

For questions regarding the "Arizona Broadband for Education Initiative", contact:

ARIZONA DEPARTMENT OF EDUCATION

Elizabeth Neeley

Elizabeth Neeley
Chief Information Officer
Arizona Department of Education
Broadband@azed.gov

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STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

HOUSE OF
REPRESENTATIVES

DATE: September 23, 2026

TO: Members of the Joint Legislative Budget Committee

FROM: Emmalyn Meyer, Fiscal Analyst

SUBJECT: Department of Public Safety - Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount

Request

Pursuant to A.R.S. § 41-1724G and A.R.S. § 41-1724H, the Arizona Department of Public Safety (DPS) is required to submit for Committee review the entire FY 2027 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expending any monies. The Subaccount is funded primarily from a $4.00 surcharge on criminal violations.

DPS has submitted for review its proposal to distribute $1,796,400 of the $2,430,700 FY 2027 appropriation from the Subaccount to continue 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).

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) DPS is requesting review of $1.8 million of its $2.4 million GIITEM Subaccount appropriation.
2) DPS proposes continuing to fund 3 existing programs:
   - Detention Liaison Officers Program ($420,000), 3 jurisdictions
   - Border County Officers Program ($576,400), 4 jurisdictions
   - Border Security and Law Enforcement Grants ($800,000), 5 jurisdictions
3) DPS indicates the participation of the agencies is subject to change based on the jurisdictions' willingness to meet the requirements of the program.

Analysis

Pursuant to A.R.S. § 12-116.04, the GIITEM Border Security and Law Enforcement Subaccount receives revenues from a $4.00 criminal fee assessed on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.

The subaccount monies are distributed by DPS to county sheriffs and other local law enforcement agencies to fund border security programs, personnel, and equipment. The proposed DPS expenditure plan would allocate $1,796,400 from the FY 2027 GIITEM Border Security and Law Enforcement Subaccount appropriation to 3 existing programs:

<u>Detention Liaison Officers Program</u> - $420,000 to fund detention and correctional officers that serve within jails and state prisons to gather intelligence from inmates about illegal activities along the border. This is the same amount reviewed by the Committee in FY 2026. The FY 2027 plan proposes to fund detention officers in Cochise (1 position) and Pima (2 positions) Counties and correctional officers/investigators in the Department of Corrections (4 positions), the same 3 entities in the FY 2026 plan reviewed by the Committee.

Recipients of the funding pay 25% of the payroll costs of the positions. Because the Detention Liaison Officers Program is dependent on local governments or state agencies providing the 25% match, the department has indicated it may shift funding between recipients as circumstances dictate.

<u>Border County Officers Program</u> - $576,400 to hire county sheriff deputies and municipal police officers that work as part of the GIITEM Task Force's Border District investigating border-related crimes such as drug trafficking and human smuggling. This is the same amount reviewed by the Committee in FY 2026. The FY 2027 plan proposes to fund officers and deputies in the Coolidge (1 position), Marana (1 position), and Oro Valley (1 position) Police Departments, as well as the Cochise County Sheriff's Office (3 positions). The Oro Valley Police Department, which was not part of the reviewed FY 2026 plan, decided to participate in the program in FY 2026 and will continue participation in FY 2027. Recipients of the funding pay 25% of the payroll costs of the positions.

<u>Border Security and Law Enforcement Grants</u> - The department conferred with the Arizona Sheriff's Association to determine how the Border Security and Law Enforcement Grants will be distributed. DPS has allocated $800,000 for this program. This total allocation amount is unchanged from FY 2026. The FY 2027 plan proposes to fund officers in the Cochise County Sheriff's Office, Graham County Sheriff's Office, Greenlee County Sheriff's Office, La Paz County Sheriff's Office, and the Yuma County Sheriff's Office, which were the same recipients in the FY 2026 plan reviewed by the Committee.

Table 1 below provides the full FY 2026 expenditure plan reviewed by the Committee and the proposed FY 2027 plan. The department has stated that the participation of the agencies is subject to change based on the jurisdictions' willingness to meet the requirements of the program.

Table 1

DPS Expenditure Plan – GIITEM Subaccount

	FY 2026 Reviewed Allocation	FY 2026 Projected Allocation 1/	FY 2027 Proposed Allocation 2/
Detention Liaison Officers Program 3/			
Cochise County Sheriff's Office	$ 60,000	$ 60,000	$ 60,000
Pima County Sheriff's Office	120,000	120,000	120,000
Department of Corrections	240,000	240,000	240,000
Subtotal	**$420,000**	**$420,000**	**$420,000**
Border County Officers Program 3/			
Cochise County Sheriff's Office	$ 320,134	$ 288,100	$ 288,100
Coolidge Police Department	128,133	96,100	96,100
Oro Valley Police Department	-	96,100	96,100
Marana Police Department	128,133	96,100	96,100
Subtotal	**$576,400**	**$576,400**	**$576,400**
Border Security and Law Enforcement Grants			
Cochise County Sheriff's Office	$ 250,000	$ 250,000	$ 250,000
Graham County Sheriff's Office	100,000	100,000	100,000
Greenlee County Sheriff's Office	100,000	100,000	100,000
La Paz County Sheriff's Office	100,000	100,000	100,000
Yuma County Sheriff's Office	250,000	250,000	250,000
Subtotal	**$800,000**	**$800,000**	**$800,000**
Total	**$1,796,400**	**$1,796,400**	**$1,796,400**

1/ Represents year-to-date actual expenditures and estimates through September 1, 2026.
2/ Represents estimated new proposed FY 2027 allocation from the subaccount.
3/ The department stated they are unable to estimate precise allocations by agency in FY 2026 and FY 2027 due to variations in assignment of personnel. As such, the displayed allocations reflect prorated shares of the overall funding.

EM:kp

ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-2000

"Courteous Vigilance"

KATIE HOBBS
Governor

JEFFREY GLOVER
Director

September 1, 2026

Senator David C. Farnsworth, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007

Dear Senator Farnsworth:

Pursuant to A.R.S. § 41-1724(H), the Department of Public Safety is submitting its FY 2027 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount (Subaccount) to the Joint Legislative Budget Committee for review.

The FY 2027 General Appropriations Act appropriates $2,430,700 from the Subaccount to DPS. Pursuant to A.R.S. § 41-1724, "...monies in the subaccount shall be used for law enforcement purposes related to border security, including border personnel". The monies may also be used for "...safety equipment that is worn or used by a peace officer who is employed by a county sheriff."

DPS intends to continue funding the existing programs that have previously been given a favorable review by the JLBC. The Department's overall FY 2027 expenditure plan is as follows:

Detention Liaison Officer Program	$ 420,000
Border County Officers	576,400
Border Security and Law Enforcement Grants	800,000 [1/]
TOTAL	**$1,796,400**

[1/] Proposed to be funded from GIITEM Fund appropriations to DPS.

Detention Liaison Officer Program

The Detention Liaison Officer (DLO) Program provides funding for detention and correctional officers in southern Arizona jails and prisons. The concept of the program is to utilize these specially trained officers to glean as much intelligence as possible from detainees and inmates about activities related to border crimes. Information gathered by these officers is fed into DPS-managed databases (e.g., GangNet) and shared among law enforcement agencies throughout the State.

The program currently funds a total of six detention/correctional officers with Cochise (1), and Pima (2) counties in southern Arizona prisons operated by the Department of Corrections, Rehabilitation, and Reentry (3). At any given time, the agencies participating in the DLO Program may shift based on jurisdictions' ability and willingness to participate and on program budget constraints. DLO Program planned FY 2027 expenditure is $420,000, and adjustments may occur between the DLO Program and the Border County Officer Program based on participation levels.

Local agencies pay 25% of the payroll costs of their positions. The DLO Program was first reviewed by the JLBC in August 2007.

Border County Officers

The Border County Officers Program provides funding for county sheriff deputies and municipal police officers who work as part of the GIITEM Task Force's Southern District. The district investigates border crimes and disrupts criminal organizations involved in drug trafficking, human smuggling, and other border-related crimes.

The program currently funds two officer and deputy positions with the Coolidge (1) and the Marana (1), Police Departments. As referenced in the DLO Program discussion, DPS wishes to retain the ability to move modest amounts of money between the DLO and Border County Officer Programs, as circumstances dictate.

At any given time, the agencies participating in the program may shift based on jurisdictions' ability and willingness to participate and on program budget constraints. DPS has allocated $538,100 for the program in FY 2024. Local agencies pay 25% of the payroll costs of their positions. The Border County Officers Program was first reviewed by JLBC in August 2007.

Border Security and Law Enforcement Grants

DPS conferred with the Arizona Sheriffs' Association (ASA) on the distribution of the Border Security and Law Enforcement Grants. We have contacted the ASA about the FY 2027 distribution plan. DPS proposes the following expenditure plan that aligns with historical allocations of monies as follows:

County Sheriff	FY26 Allocations	FY27 Plan
Apache	$0	0
Cochise	250,000	250,000
Coconino	0	0
Gila	0	0
Graham	100,000	100,000
Greenlee	100,000	100,000
La Paz	100,000	100,000
Maricopa	0	0
Mohave	0	0
Navajo	0	0
Pima	0	0
Pinal	0	0
Santa Cruz	0	0
Yavapai	0	0
Yuma	250,000	250,000
TOTAL	**$800,000**	**$800,000**

Grant recipient agencies may use the funding for any purpose consistent with statute. As required by statute, to receive the funding, recipient agencies must certify each fiscal year to the DPS Director that the agency is complying with A.R.S. §11-1051 to the fullest extent of the law.

If you have any questions, please contact Mike Dodd, DPS Budget Officer, at 602-223-2463 or mdodd@azdps.gov.

Sincerely,

Jeffrey Glover, Colonel
Director

C: Representative David Livingston, Vice-Chairman
Ben Henderson, OSPB Director
Richard Stavneak, JLBC Director

Detention Liaison Officers	FY 2026 Estimated [1/]	FY 2027 Estimated [1/]
Cochise County SO	$ 60,000	$ 60,000
Pima County SO (2 officers)	120,000	120,000
Department of Corrections (4 officers)	240,000	240,000
Subtotal - DLO	**$ 420,000**	**$ 420,000**
Border County Officers		
Oro Valley PD	$ 96,100	$ 96,100
Marana PD	96,100	96,100
Cochise County SO (3 deputies)	288,100	288,100
Coolidge PD	96,100	96,100
Subtotal - BCO	**$ 576,400**	**$ 576,400**
Border Security and Law Enforcement Grants		
Cochise SO	$ 250,000.00	$ 250,000.00
Graham SO	100,000.00	100,000.00
Greenlee SO	100,000.00	100,000.00
La Paz SO	100,000.00	100,000.00
Santa Cruz SO	-	-
Yuma SO	250,000.00	250,000.00
Subtotal - Grants	**$ 800,000**	**$ 800,000**
TOTAL	**$ 1,796,400**	**$ 1,796,400**

[1/] FY 2026 and FY 2027 Estimates for the DLO and Border County Officer programs are based on prorated shares of the overall program funding. Due to variations in assignment of personnel, it is not possible to estimate precise amounts by agency.

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MATERIALS WILL BE DISTRIBUTED AT A LATER DATE