

At its **January 29, 2026** meeting, the Joint Legislative Budget Committee considered the following issues:

Executive Session

Attorney General – Consideration of Proposed Settlements Under Rule 14 – The Committee approved three settlements under Rule 14, which requires Committee approval of Risk Management settlements above \$250,000 pursuant to A.R.S. § 41-621 (O).

Department of Administration – Risk Management Annual Report – Pursuant to Committee Rule 14, Section 4(A), the Arizona Department of Administration (ADOA) submitted its annual Risk Management Report regarding the status of pending litigation, information on settlements and judgments, and projected fund balances. The Committee requested that future annual reports from ADOA continue to include specified information.

Regular Agenda

JLBC Staff – Consider Approval of Index for Arizona Department of Administration - School Facilities Division Construction Costs – A.R.S. § 41-5741(D)(3)(c) requires that the cost-per-square-foot factors used in the ADOA School Facilities Division (SFD) new school construction formula "shall be adjusted annually for construction market considerations based on an index identified or developed by the JLBC as necessary but not less than once each year".

The Committee approved a 4.80% adjustment in the cost-per-square-foot factors, also adopting a provision that applies the adjustment retroactively to the new construction projects approved at the School Facilities Oversight Board at its December 10, 2025 meeting. The revised rates are \$358.46 per square foot for grades K-6, \$378.44 for grades 7-8, and \$438.11 for high school.

Department of Education – Review of Federal Monies Report – A.R.S. § 15-1052 requires the Arizona Department of Education (ADE) to submit for review by the JLBC its annual report on noncustodial and other federal monies received by the department. ADE reported a total of \$1.38 billion in federal funding for FY 2026. The Committee gave a favorable review to ADE's report.

Department of Education - Review of Career Technical Education District Annual Report – A.R.S. § 15-393.01 requires ADE to submit for review by the JLBC its

annual Career Technical Education District (CTED) report. For FY 2025, 14 CTEDs reported Average Daily Membership (ADM) of 31,404. Additionally, the CTEDs collectively reported \$244 million in expenditures. The Committee gave a favorable review to ADE's report.

Department of Economic Security – Review of FY 2026 Division of Developmental Disabilities Line Item

Transfers – An FY 2026 General Appropriations Act footnote requires the Department of Economic Security (DES) to submit a report for review by the JLBC before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items. DES requested review of a line item transfer of \$3,306,300 General Fund from the-Home and Community Based Services - Medical line into the Case Management - State-Only line. The Committee gave a favorable review to this transfer, also adopting the following provisions:

- A. DES is required to submit formal letters of budget deficiency to the President of the Senate, Speaker of the House, and Chair and Vice-Chair of the JLBC, pursuant to A.R.S. § 35-131(D).
- B. DES is required to report monthly to JLBC through June 2026 on a breakout of the DDD population by diagnosis.
- C. DES is required to review the findings of the Minnesota audits of DDD services and report back to JLBC within 30 days on its evaluation of whether those findings have been addressed in Arizona's DDD program.

Department of Economic Security – Review of Annual Plan for the Arizona Training Program at Coolidge -

A.R.S. § 36-570 requires DES to submit a report for review by the JLBC on or before November 1 of each year on the department's plans for the Arizona Training Program at Coolidge (ATP-C) and associated group homes, including any plans to close the facilities. DES requested review of its plans to update the facilities at 20 Sandstone and to close 10 Sandstone upon the renovation, licensing and certification of 20 Sandstone as an intermediate care facility. The Committee gave a favorable review of the department's plans.

Secretary of State – Review of FY 2026 Special Election Expenses Line Item Transfer of \$650,000 to the

Operating Budget for Temporary Cybersecurity Monitoring and Active Cybersecurity Management – An FY 2026 General Appropriations Act footnote requires the Secretary of State (SOS) to submit an expenditure plan to the Committee for review before transferring monies in or out of the Special Election Expenses line

item. SOS requested review of a \$650,000 transfer from the Special Election Expenses line item to the operating budget for temporary cybersecurity monitoring and active cybersecurity management. The Committee gave a favorable review of the transfer.