

Summary

July 2025 General Fund revenues were \$1.26 billion, an amount which represents a decrease of (6.9)% below July 2024. Even with this year-over-year revenue decline, the state generated a forecast gain of \$51 million in July compared to the enacted budget revenue forecast.

This combination of a revenue decline and forecast gain is the result of 2 factors: 1) The state experienced a significant decline in non-tax revenues, however, that was expected as the state received a large one-time deposit of Medicaid Hospital Revenue in July 2024 that was not scheduled to reoccur this July; and 2) While the state saw mixed results in the main tax categories, Sales Tax and Individual Income Tax performed well enough to overcome the significant decline in Corporate Income Tax revenue.

Sales Tax

July Sales Tax collections (which represent June sales activity) grew by 5.7% during the month and generated a forecast gain of \$12 million compared to the enacted budget forecast. The 5.7% growth rate for the month represents a turnaround in the category's performance, as Sales Tax only experienced modest growth throughout most of FY 2025.

Most of the surprise growth in July Sales Tax collections came from better performance in the retail/remote seller and contracting subcategories, while revenue from restaurant/bar activity generally continued the moderate trends seen in prior months.

Individual Income Tax

Overall Individual Income Tax (IIT) collections were 6.2% above July 2024 and \$75 million above forecast for the month. This IIT forecast gain mostly occurred in withholding – collections had been expected to decline for technical timing reasons, however, withholding revenues actually increased thereby generating a substantial forecast gain. The state also saw gains related to payments and refunds, although it is difficult to draw any conclusions from this activity as July is a minor month for IIT payments and refunds.

Corporate Income Tax

During July, Corporate Income Tax (CIT) revenues declined by (63)% compared to the prior year. Given that the tax category reached a record level for July collections last year, CIT revenue was expected to decline and return to more normal levels this year. However, the decline seen this July was greater than expected, which resulted in a forecast loss of \$(35) million relative to the enacted budget projections.

Insurance Premium Tax

Insurance Premium Tax (IPT) collections grew by 15.6% during July compared to July 2024, which generated a \$9 million forecast gain. This July performance continues the strong growth the category saw during FY 2025 due to premium growth in various insurance types.

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## July Revenues

<b>Table 1</b>			
<b>General Fund Revenues (\$ in Millions)</b>			
	<b>FY 2026</b>	<b>Difference From</b>	<b>Difference</b>
	<b><u>Collections</u></b>	<b><u>Enacted Forecast</u></b>	<b><u>From FY 2025</u></b>
July	\$ 1,257.9	\$ 50.6	\$ (93.3)
Year-to-Date	\$ 1,257.9	\$ 50.6	\$ (93.3)

**Sales Tax** collections of \$706.5 million in July were 5.7% greater than the same month in the previous year and \$12.1 million above the enacted budget forecast. Sales tax revenue collected in July reflects sales activity that occurred in June.

Table 2 shows the July growth rate for the 5 major sales tax categories, which combined make up about 90% of total sales tax collections.

<b>Table 2</b>		
<b>July Sales Tax Growth Rates Compared to Prior Year</b>		
	<b><u>July</u></b>	<b><u>YTD</u></b>
Retail/Remote Seller	6.5%	6.5%
Contracting	9.1%	9.1%
Use Tax	10.4%	10.4%
Restaurant & Bar	2.9%	2.9%
Utilities	5.5%	5.5%

All the major sales tax categories with the exception of the Restaurant and Bar Classification performed better than expected in July. As an example, after several months of either weak growth or outright decline in sales tax revenue from construction activities, the Contracting Classification increased (year-over-year) by 9.1% in July, the largest percentage gain since October 2024.

The combined Retail/Remote Seller category grew by 6.5% in July, which is the best performance since October 2023. Sales tax revenue from Remote Sellers (out-of-state businesses with economic presence in Arizona) accounted for slightly more than one-third of this gain.

**Individual Income Tax (IIT)** net revenue was \$508.0 million in July, an increase of 6.2% from the prior year and \$75.2 million above the enacted budget forecast.

Withholding collections in July were \$497.2 million, 2.2% growth over last year and \$54.1 million greater than the enacted budget forecast. Since there is one fewer Monday in July 2025 compared to July 2024, the enacted budget assumed that withholding revenue would decline, year-over-year, by (9.0)% in July. (The reason for this is that the largest withholding deposits by far are typically made on Mondays.) Therefore, although actual withholding revenue only grew by 2.2% in July, it generated a significant revenue gain relative to the forecast.

Total (estimated plus final) tax payments in July were \$42.5 million, a 30.3% increase from the prior year and \$9.1 million above the forecast. Income tax payments in July typically make up approximately 3% of the fiscal year total.

July refunds were \$31.8 million, a decrease of (22.6)% compared to last year. Like tax payments, the refund level in July tends to represent about 3% of the fiscal year total. Since the enacted budget forecast assumed a higher refund level of \$43.8 million, the forecast gain for this category was \$12.0 million.

<b>Table 3</b>		
<b>Individual Income Tax Growth Rates Compared to Prior Year</b>		
	<b><u>July</u></b>	<b><u>YTD</u></b>
Withholding	2.2%	2.2%
Estimated/Final Payments	30.3%	30.3%
Refunds	(22.6)%	(22.6)%



Net **Corporate Income Tax (CIT)** collections in July were \$53.3 million, a year-over-year decline of (63.0)% and \$(34.7) million below the enacted budget forecast.

From FY 2020 to FY 2024, CIT collections in July ranged from a low of \$35 million to a high of \$81 million. The \$143.9 million collected in July of FY 2025 was a record for this month, as net collections in excess of \$100 million typically occur in the months of April, June, September and December when most corporations' estimated payments are due. The \$53.3 million collected in July of FY 2026 is a return to a more "normal" level for CIT revenue.

**Insurance Premium Tax (IPT)** revenue was \$80.6 million in July, an increase of 15.6% compared to the same month in the prior year. IPT revenue in July was \$9.3 million above the enacted budget forecast.

The amount of **Tobacco Tax** deposited into the General Fund in July was \$1.5 million, which is 20.1% greater than July 2024 collections and \$0.2 million above the enacted forecast.

**Liquor Tax** revenue deposited into the General Fund in July was \$2.4 million, which is (38.1)% below July 2024 collections and \$(1.4) million below the enacted forecast.

The **Lottery Commission** reported that total ticket sales in July were \$113.6 million. This amount is \$5.2 million, or 4.8% higher than in July 2024.

**Highway User Revenue Fund (HURF)** collections of \$147.8 million in July were 2.5% above the amount collected in July 2024 but \$(1.0) million below forecast.

The state collected \$14.0 million in dedicated **Marijuana Excise Taxes** in July 2025, which is 6.9% above July 2024 collections. Monies from this excise tax are deposited into dedicated non-General Fund accounts. General Fund TPT collections from marijuana (both medical and recreational) totaled \$4.0 million in July, which is (17.1)% below July 2024 collections. (*Table 4* details collections for July 2025).

**Table 4**

**Marijuana State Tax Collections and Distributions**  
(\$ in Millions)\*

	<u>July</u>	<u>YTD</u>
<b>Marijuana Excise Tax</b>	<b>\$14.0</b>	<b>\$14.0</b>
<b>Medical Marijuana TPT</b>	<b>\$0.9</b>	<b>\$0.9</b>
<u>Distribution:</u>		
General Fund	\$0.6	\$0.6
Counties	\$0.1	\$0.1
Cities	\$0.1	\$0.1
<b>Recreational Marijuana TPT</b>	<b>\$4.6</b>	<b>\$4.6</b>
<u>Distribution:</u>		
General Fund	\$3.4	\$3.4
Counties	\$0.7	\$0.7
Cities	\$0.5	\$0.5
<b>Total State Marijuana Tax Collections</b>	<b>\$19.5</b>	<b>\$19.5</b>

\* Amounts may not add to total due to rounding



Table 5

## General Fund Revenue: Change from Previous Year and Enacted Forecast July 2025

	Current Month					FY 2026 YTD (One Month)					
	Actual July 2025	Change From				Actual July 2025	Change from				
		July 2024		Enacted Forecast				July 2024		Enacted Forecast	
		Amount	Percent	Amount	Percent			Amount	Percent	Amount	Percent
<b><u>Taxes</u></b>											
Sales and Use	\$706,478,780	\$38,186,985	5.7 %	\$12,127,939	1.7 %	\$706,478,780	\$38,186,985	5.7 %	\$12,127,939	1.7 %	
Income - Individual	507,982,444	29,677,534	6.2	75,217,651	17.4	507,982,444	29,677,534	6.2	75,217,651	17.4	
- Corporate	53,303,690	(90,584,946)	(63.0)	(34,657,814)	(39.4)	53,303,690	(90,584,946)	(63.0)	(34,657,814)	(39.4)	
Property	645,529	244,466	61.0	(112,889)	(14.9)	645,529	244,466	61.0	(112,889)	(14.9)	
Luxury - Tobacco	1,451,941	242,656	20.1	174,036	13.6	1,451,941	242,656	20.1	174,036	13.6	
- Liquor	2,438,257	(1,499,141)	(38.1)	(1,356,572)	(35.7)	2,438,257	(1,499,141)	(38.1)	(1,356,572)	(35.7)	
Insurance Premium	80,568,124	10,855,592	15.6	9,252,204	13.0	80,568,124	10,855,592	15.6	9,252,204	13.0	
Other Taxes	1,113,526	(1,789,003)	(61.6)	(857,342)	(43.5)	1,113,526	(1,789,003)	(61.6)	(857,342)	(43.5)	
<b>Sub-Total Taxes</b>	<b>\$1,353,982,292</b>	<b>(\$14,665,857)</b>	<b>(1.1) %</b>	<b>\$59,787,213</b>	<b>4.6 %</b>	<b>\$1,353,982,292</b>	<b>(\$14,665,857)</b>	<b>(1.1) %</b>	<b>\$59,787,213</b>	<b>4.6 %</b>	
<b><u>Other Revenue</u></b>											
Lottery	0	0	--	0	--	0	0	--	0	--	
Gaming	0	0	--	(2,552,467)	(100.0)	0	0	--	(2,552,467)	--	
License, Fees and Permits	2,763,824	(1,124,253)	(28.9)	(924,411)	(25.1)	2,763,824	(1,124,253)	(28.9)	(924,411)	(25.1)	
Interest	10,130	68,590	--	(54,977)	(84.4)	10,130	68,590	(117.3)	(54,977)	(84.4)	
Sales and Services	1,455,478	148,605	11.4	(20,359)	(1.4)	1,455,478	148,605	11.4	(20,359)	(1.4)	
Other Miscellaneous	(1,857,525)	(12,921,079)	--	(3,786,343)	--	(1,857,525)	(12,921,079)	(116.8)	(3,786,343)	(196.3)	
Medicaid Hospital Revenue	0	(71,248,984)	(100.0)	0	--	0	(71,248,984)	--	0	--	
Transfers and Reimbursements	448,278	(440,103)	(49.5)	(1,801,722)	(80.1)	448,278	(440,103)	(49.5)	(1,801,722)	(80.1)	
<b>Sub-Total Other Revenue</b>	<b>\$2,820,184</b>	<b>(\$85,517,224)</b>	<b>(96.8) %</b>	<b>(\$9,140,280)</b>	<b>(76.4) %</b>	<b>\$2,820,184</b>	<b>(\$85,517,224)</b>	<b>(96.8) %</b>	<b>(\$9,140,280)</b>	<b>(76.4) %</b>	
<b>TOTAL BASE REVENUE</b>	<b>\$1,356,802,476</b>	<b>(\$100,183,081)</b>	<b>(6.9) %</b>	<b>\$50,646,933</b>	<b>3.9 %</b>	<b>\$1,356,802,476</b>	<b>(\$100,183,081)</b>	<b>(6.9) %</b>	<b>\$50,646,933</b>	<b>3.9 %</b>	
<b><u>Other Adjustments</u></b>											
Urban Revenue Sharing	(98,858,813)	6,829,335	(6.5)	0	0.0	(98,858,813)	6,829,335	(6.5)	0	0.0	
One-Time Transfers	0	0	--	0	--	0	0	--	0	--	
Income Tax Rebate	0	6,150	--	0	--	0	6,150	--	0	--	
<b>Sub-Total Other Adjustments</b>	<b>(98,858,813)</b>	<b>6,835,485</b>	<b>(6.5) %</b>	<b>0</b>	<b>0.0 %</b>	<b>(98,858,813)</b>	<b>6,835,485</b>	<b>(6.5) %</b>	<b>0</b>	<b>0.0 %</b>	
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$1,257,943,663</b>	<b>(\$93,347,595)</b>	<b>(6.9) %</b>	<b>\$50,646,933</b>	<b>4.2 %</b>	<b>\$1,257,943,663</b>	<b>(\$93,347,595)</b>	<b>(6.9) %</b>	<b>\$50,646,933</b>	<b>4.2 %</b>	
<b><u>Non-General Funds</u></b>											
Highway User Revenue Fund	147,797,813	3,652,218	2.5 %	(973,102)	(0.7) %	147,797,813	3,652,218	2.5 %	(973,102)	(0.7) %	

Monthly Indicators

NATIONAL

According to the Bureau of Economic Analysis' (BEA) advance estimate of U.S. real **Gross Domestic Product** (GDP), economic output increased at a seasonally adjusted annual rate of 3.0% in the 2<sup>nd</sup> quarter of 2025. This reversal from the (0.5)% 1<sup>st</sup> quarter decline is attributable to increased consumer spending and reduced imports, which act as a subtraction in the GDP calculation. These changes offset a decline in private inventory investment.

The **Consumer Confidence Index**, published by the Conference Board, rose to 97.2 in July, 2.0 points higher than the revised June figure. Consumers' views on the present situation grew worse but this was offset by cautious optimism regarding future expectations. Inflation concerns decreased while plans to make large purchases, such as homes or cars, deteriorated during the month. Overall, consumers continue to have mixed feelings as they "reassess what tariffs mean to their pocketbooks," according to the Conference Board's press release. Over the last 12 months, the index has decreased by (4.6)%.

The Conference Board's **U.S. Leading Economic Index** (LEI) decreased by (0.3)% in June to a reading of 98.8. Stock prices continued to grow at a substantial rate, but low consumer confidence, reduced manufacturing new orders, and rising unemployment caused the index to decline for the 7<sup>th</sup> consecutive month. In the 6 months from December to June, the LEI declined (2.8)%, compared to the (1.3)% decrease in the previous 6-month period.

The U.S. Bureau of Labor Statistics' **Consumer Price Index (CPI)** in July increased at a seasonally adjusted rate of 0.2% from the previous month. Compared to the same month last year, consumer prices are up by 2.7% before seasonal adjustment. Rising shelter prices were the main cause of the overall CPI increase. Energy prices declined while food prices remained unchanged. The Core CPI, which excludes food and energy, is up by 3.1% from a year ago.

ARIZONA

Housing

In June, Arizona had a 12-month total of 38,637 **single-family building permits** issued. This represents a decrease of (1.0)% from the prior month's rolling total and a decrease of (6.2)% from the previous June's 12-month total.



Arizona's 12-month total of 15,279 **multi-family building permits** in June is (2.6)% below May's rolling total and (28.9)% below the 12-month period ending in June 2024.

The **median home price** in Maricopa County was \$470,000 in July, (1.1)% below the level in June and (0.6)% less than in July 2024's median sale price.

Tourism

**Phoenix Sky Harbor Airport Ridership** fell to 4.2 million passengers in June, which is (0.4)% below June 2024's figure. Ridership typically decreases significantly in June from the May figures.

Employment

According to the latest employment report released by the Arizona Office of Economic Opportunity (OEO), the state lost (18,600) **nonfarm jobs** in July compared to June. In the 10-year period prior to the pandemic (2010-2019), Arizona experienced an average net loss of (19,900) jobs in July. Compared to the same month in 2024, the state gained 34,300 jobs in July 2025, an increase of 1.1%.

The state's seasonally adjusted **unemployment rate** remained at 4.1% for the fifth consecutive month in July. The U.S. seasonally adjusted unemployment rate rose slightly from 4.1% in June to 4.2% in July.

OEO reported that a total of 3,514 **initial claims for unemployment insurance** were filed in Arizona in the week ending on July 26<sup>th</sup>. This represents a (9.6)% decrease in initial claims compared to a year ago.

According to OEO, there were a total of 33,986 **continued claims for unemployment insurance** in Arizona for the week ending on July 19<sup>th</sup>, which is 3.1% higher than last year.

State Agency Data

As of August 1, 2025, the total **AHCCCS caseload** was 1.9 million members. Total monthly enrollment decreased (1.6)% from July to August and decreased (11.2)% compared to a year ago.

Parent and child enrollment in the Traditional population decreased (1.7)% in August compared to July and decreased (7.7)% compared to a year ago. Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 794,983 – a decrease of (1.7)% from July and (16.5)% lower than last year.

For August 2025, the Elderly, Physically Disabled and Developmental Disabilities Long-Term Care population increased by 0.3% over the prior month. At 73,998, this population is 4.4% higher than a year ago.

Based on information the **Department of Child Safety** provided for June 2025, reports of child maltreatment totaled 43,829 over the last 12 months, an increase of 3.0% from the comparable period in the prior year.

There were 8,394 children in out-of-home care as of June 2025, or (9.0)% less than in June 2024. Compared to the prior month, the out-of-home children population decreased by (1.0)%.



**Table 6**

MONTHLY INDICATORS				
<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
<b>Arizona</b>				
<u>Employment</u>				
- Seasonally Adjusted Unemployment Rate	July	4.1%	0.0%	0.7%
- Total Unemployment Rate (discouraged/underemployed)	2 <sup>nd</sup> Q 2025	7.9%	0.2%	0.7%
- Initial Unemployment Insurance Claims	Week Ending July 26	3,514	(5.6)%	(9.6)%
- Continued Unemployment Insurance Claims	Week Ending July 19	33,986	2.0%	3.1%
- Non-Farm Employment - Total	July	3,178,900	(0.6)%	1.1%
Manufacturing	July	191,300	(0.6)%	(1.5)%
Construction	July	223,900	(0.2)%	0.5%
- Average Hourly Earnings, Private Sector	July	\$34.79	0.3%	4.9%
<u>Building</u>				
- Building Permits (12 month rolling sum)				
Single-family	June	38,637	(1.0)%	(6.2)%
Multi-family		15,279	(2.6)%	(28.9)%
- Maricopa County/Other, Single-Family Home Sales (ARMLS)	July	5,073	(7.5)%	0.2%
- Maricopa County/Other, Single-Family Median Home Price (ARMLS)	July	\$470,000	(1.1)%	(0.6)%
<u>Tourism and Restaurants</u>				
- Phoenix Sky Harbor Air Passengers	June	4,205,687	(8.2)%	(0.4)%
- State Park Visitors	May	258,367	(12.7)%	(11.6)%
- Revenue Per Available Hotel Room	May	\$98.79	(21.0)%	(3.7)%
- Arizona Hotel Occupancy Rate	May	64.6%	(5.1)%	(2.6)%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	1 <sup>st</sup> Q 2025	\$506.6 billion	5.4%	4.5%
- Arizona Population (U.S. Census)	July 2024	7,582,384	N/A	1.5%
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	July 2024/Nov 2019	Positive/Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	August 1st	1,874,118	(1.6)%	(11.2)%
Traditional Acute Care		1,005,137	(1.7)%	(7.7)%
Other Acute Care		794,983	(1.7)%	(16.5)%
Long-Term Care – Elderly & DD		73,998	0.3%	4.4%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	June	43,829	0.8%	3.0%
DCS Out-of-Home Children	June	8,394	(1.0)%	(9.0)%
Filled Caseworkers (1406 Budgeted)	June	1,284	27	(3)
- ADC Inmate Growth	May	35,513	(0.1)%	1.0%
- Department of Economic Security				
- TANF Cash Assistance Recipients	June	7,466	(5.7)%	(29.6)%
- SNAP Recipients	June	909,869	(0.1)%	(4.5)%
<b>United States</b>				
- Gross Domestic Product (Chained 2017 dollars, SAAR)	2 <sup>nd</sup> Q, 2025 1 <sup>st</sup> Estimate)	\$23.7 trillion	3.0%	2.0%
- Consumer Confidence Index (1985 = 100)	July	97.2	2.1%	(4.6)%
- Leading Economic Index (2016 = 100)	June	98.8	(0.3)%	(4.0)%
- Consumer Price Index, (1982-84 = 100)	July	323.0	0.2%	2.7%



## Summary of Recent Agency Reports

**ADOA – School Facilities Division – Report on Building Renewal Grant Fund** – Pursuant to A.R.S. § 41-5731, the School Facilities Division (SFD) within the Arizona Department of Administration (ADOA) is required to submit an annual report on unobligated monies in the Building Renewal Grant Fund. ADOA-SFD reported that as of June 19, 2025, the unencumbered balance of the fund is approximately \$700,000. (Gordon Robertson)

**Arizona Health Care Cost Containment System – Report on Arnold v. Sarn** – Pursuant to an FY 2025 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) reported on its implementation of the *Arnold v. Sarn* joint agreement. The state had been a longstanding defendant in the *Arnold v. Sarn* litigation concerning the level of services provided to the Seriously Mentally Ill (SMI) population in Maricopa County. In January 2014, a joint agreement was filed with the court to terminate the lawsuit, and in February 2014, the agreement received court approval.

The agreement requires availability of certain behavioral health services for individuals with an SMI designation in Maricopa County ("class members"). These services include assertive community treatment teams (ACT), peer support services, supported employment, supportive housing, and crisis services. AHCCCS continues to comply with these service capacity requirements. AHCCCS estimates that the annual cost of providing *Arnold v. Sarn* services is \$59.8 million, including \$28.9 million from the General Fund. The General Fund amounts consists of:

- \$5.7 million for Assertive Community Treatment teams.
- \$1.4 million for Peer Support Services.
- \$833,100 for Supported Employment.
- \$20.9 million for Supported Housing, which consists of \$20.0 million for rental subsidies and \$930,200 for support services.

As of April 2025, these funds have provided supportive housing services for 3,879 members, peer support for 2,503 members, and supportive employment services for 1,613 members. These are in excess of the agreement criteria by 2,679, 1,003, and 863 members, respectively. Funds additionally support 24 ACT teams, 16 more than the agreement criteria. (Brian Belakovsky)

**Arizona Health Care Cost Containment System – Report on Community Health Center Graduate Medical Education Residency Positions** – Pursuant to A.R.S. § 36-2907.06, the Arizona Health Care Cost Containment System (AHCCCS) is required to submit an annual report documenting the number of new residency positions created by community health centers and rural health clinics with approved primary care graduate medical education programs as well as the amount of monies contributed.

According to AHCCCS, the Centers for Medicare and Medicaid Services (CMS) has not yet approved their requests for federal authorization of Medicaid funding. The agency reports it is continuing to work with CMS to obtain federal authorization.

Laws 2021, Chapter 81 required AHCCCS to create a separate graduate medical education program for qualifying community health centers and rural health clinics, with an intended start date of March 1, 2022. (Chandler Coiner)

**Arizona Health Care Cost Containment System – Report on On-Call Obstetrics and Gynecological Services** – Pursuant to an FY 2024 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) reported on the use of monies from the on-call obstetrics and gynecological services line item. The FY 2024 budget appropriated \$7.5 million on a one-time basis to maintain service availability in low-volume obstetric delivery areas and rural communities. The funding is intended to be spent across 3 years.

For CY 2024, the second year of the program, AHCCCS reported 4 community health centers (CHCs) received a total of \$2.5 million from the program: Canyonlands Community Health Centers, Mariposa Community Health Center, Little Colorado Health Clinic, and Regional Center for Border Health (San Luis). In aggregate, the 4 participating hospitals reported 912 deliveries during on-call hours and 1,479 non-delivery visits. (Chandler Coiner)

**AHCCCS/DES – Quarterly Report on the Parents as Paid Caregivers Program** – Pursuant to A.R.S. § 36-2970.01, the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Economic Security (DES) submitted the first of ongoing quarterly reports detailing the utilization of attendant care and habilitation services under the Parents as Paid Caregivers (PPCG) program.





The agencies estimate that 7,200 children within the Developmental Disabilities (DD) program and 6,850 of their parents participated in PPCG for at least one week between January 2023 and February 2025. Additionally, the agencies estimate that 214 children with physical disabilities and 225 of their parents participated in PPCG for at least some duration between October 2024 and May 2025. To enable more accurate and clearer reporting to meet statutory requirements, AHCCCS is implementing changes to its Electronic Visit Verification (EVV) system, which is used by approved caregivers to report service hours under the program. AHCCCS anticipates that the updated system will be able to report complete live-in caregiver data starting with the fourth quarter of Calendar Year 2025. Both agencies plan to include the following information in future reports:

- The annual growth in the number of parents and members enrolled in the program,
- The number of emergency department visits and inpatient hospitalizations in the calendar quarter,
- The approved annual hours delineated by primary diagnosis, and
- How long a member who receives care under the PPCG Program has been enrolled in the Arizona Long Term Care System (ALTCs) (Brian Belakovsky).

**Attorney General – Quarterly Report on Internet Crimes Against Children Enforcement Fund Expenditures –**

Pursuant to A.R.S. § 41-199, the Attorney General (AG) submitted its quarterly report on expenditures from the Internet Crimes Against Children (ICAC) Enforcement Fund and progress made towards ICAC goals.

The ICAC Enforcement Fund receives an annual deposit of \$900,000 in revenues from lottery games that are sold from instant ticket lottery vending machines in age-restricted areas. Monies in the fund are utilized to support the ICAC Task Force, which is housed within the Phoenix Police Department and works with federal, state, and local law enforcement to investigate technology-facilitated sexual exploitation of children.

Through the fourth quarter of FY 2025, the AG received \$900,000 for deposit into the ICAC Enforcement Fund. A total of \$937,900 was expended from the fund balance through the fourth quarter of FY 2025 to help pay for the operating costs of the ICAC Task Force. As of June 30, 2025, the ICAC Enforcement Fund had an unencumbered fund balance of \$210,700. (Gordon Robertson)

**Attorney General – Quarterly Report on Child and Family Advocacy Center Fund Expenditures –** Pursuant to A.R.S. § 41-191.11, the Attorney General (AG) submitted its quarterly report on expenditures from the Child and Family Advocacy Center Fund (CFAF), which funds nonprofit and government entities that serve victims of child abuse or investigate and prosecute their abusers. Through the fourth quarter of FY 2025, the AG received its full \$100,000 FY 2025 appropriation to the fund. A total of \$727,600 was expended from the fund (including prior year funds) through the fourth quarter of FY 2025. As of June 30, 2025, the CFAF had an unencumbered balance of \$12,300. (Gordon Robertson)

**Attorney General – Quarterly Reports on Legal**

**Settlements –** The Attorney General (AG) submitted its statutorily-required quarterly reports on the receipts to and disbursements from the Consumer Protection – Consumer Fraud (CPCF) Revolving Fund, the Antitrust Enforcement Revolving Fund, and the Consumer Restitution and Remediation Revolving Fund (including its 2 subaccounts), as well as deposits made to the General Fund and receipts and deposits of opioid claims-related litigation monies.

In the fourth quarter of FY 2025, the AG deposited a total of \$21.4 million into various consumer accounts. Of that amount, \$3.1 million was deposited in the CPCF Revolving Fund, \$200,400 was deposited into the Consumer Restitution Subaccount, \$18.2 million was deposited into the Consumer Remediation Subaccount, of which \$17.4 million was opioid claims-related revenue, and \$10,000 was deposited into the General Fund. The AG made no deposits into the Antitrust Enforcement Revolving Fund.

**Deposits to the Antitrust Enforcement Revolving Fund**

The AG deposited no monies into the appropriated Antitrust Enforcement Revolving Fund, which may be used for antitrust enforcement expenses, excluding attorney compensation. As of June 30, 2025, the fund had an unencumbered balance of \$824,800.

**Deposits to the CPCF Revolving Fund**

The AG deposited \$3.1 million into the appropriated CPCF Revolving Fund, which may be used for consumer fraud education and investigation, costs associated with the Tobacco Master Settlement Agreement, or any other purpose permitted by statute. This amount resulted from: a deposit of \$650,000 from a settlement with Sunrun Inc. resolving allegations that Sunrun engaged in deceptive advertising while selling solar energy systems; a deposit of \$300,000 from a settlement with Family Dollar Stores, LLC resolving allegations that Family Dollar engaged in deceptive advertising; a deposit of \$324,000 from a



settlement with Johnson & Johnson for additional restitution in lieu of outside counsel fees relating to the opioid settlement litigation; a deposit of \$1.6 million as a transfer of residual balances from the Consumer Restitution Subaccount of the Consumer Restitution and Remediation Revolving Fund; and \$222,800 from various small legal settlements. As of June 30, 2025, the fund had an unencumbered balance of \$30.0 million.

#### Deposits to the Consumer Restitution Subaccount

The AG deposited \$200,400 into the non-appropriated Consumer Restitution Subaccount to compensate specific entities for economic loss resulting from consumer fraud. This amount resulted from various small legal settlements and interest income. As of June 30, 2025, the fund had an unencumbered balance of \$11.4 million.

#### Non-Opioid Deposits to the Consumer Remediation Subaccount

The AG deposited \$758,200 of non-opioid related revenues into the partially-appropriated Consumer Remediation Subaccount, which is used to rectify violations of consumer protection laws. This amount results from a deposit of \$571,200 from a settlement with McKinsey & Co. resolving allegations of deceptive practices related to the sale of opioids, as well as interest income derived from non-opioid balances in the fund. While the McKinsey settlement does resolve claims related to opioids, because the settlement predates the state's One Arizona Memorandum of Understanding—which governs the use of opioid settlement monies—the AG does not consider the monies to be "opioid claims-related." As of June 30, 2025, the Remediation Subaccount had an unencumbered balance of \$36.6 million, of which \$13.8 million is non-opioid related.

#### Opioid Claims-Related Deposits to the Consumer Remediation Subaccount

The AG deposited \$17.4 million of opioid revenues into the partially-appropriated Consumer Remediation Subaccount. This amount resulted from interest income derived from opioid balances in the fund as well as deposits of \$9.0 million from a settlement with Johnson & Johnson, \$5.5 million from a settlement with The Kroger Co., and \$2.7 million from a settlement with Walgreen Company, all resolving allegations of deceptive practices related to the sale of opioids. The AG made no expenditures from the opioid balances within the Remediation Subaccount during the fourth quarter of FY 2025. As of June 30, 2025, the Remediation Subaccount had an unencumbered balance of \$36.6 million, of which \$22.8 million is related to opioid claims.

#### Deposits to the General Fund

The AG deposited \$10,000 into the General Fund in the fourth quarter of FY 2025 for the collection of various fines, forfeitures, and penalties. (Gordon Robertson)

#### Department of Economic Security – Report on Arizona Training Program at Coolidge (ATP-C) Campus Total Costs –

An FY 2025 General Appropriation Act footnote requires the Department of Economic Security (DES) to report on total costs associated with the ATP-C for FY 2025. DES reported \$22.4 million in total costs. This is a (5.5)% decrease from the \$23.7 million spent in FY 2024. The total number of ATP-C clients decreased from 51 in FY 2024 to 48 in FY 2025. Due to the closure of the remaining State Operated Group Homes (SOGH) at ATP-C in FY 2023, the residents of the SOGHs have transferred to several of the on-campus Intermediate Care Facilities (ICF). (Brian Belakovsky)

#### Arizona Department of Gaming – Report on Equine Deaths, Equine Injuries, and Pre-Race Inspections –

Pursuant to an FY 2025 General Appropriation Act footnote, the Department of Gaming (ADG) is required to report each quarter on the number of horses that died or were injured as a result of a horse race and the commercial live racing facility where each incident occurred. In addition, the department is required to report on the number of pre-race horse inspections performed by a veterinarian employed by or contracted with the state. The department provided a report for the 4<sup>th</sup> quarter of FY 2025.

The department reported 1 horse fatality and 41 horse injuries during the 4<sup>th</sup> quarter of FY 2025. These all occurred at Turf Paradise as it was the only live racing facility open during this time. The department also reported that, of the 1,271 pre-race examinations during the 4<sup>th</sup> quarter, 1,046 were performed by department staff directly and 225 were completed by track veterinarians unobserved by the department. (Benjamin Newcomb)

**Arizona Department of Gaming – Report on Event Wagering Fund Expenditures** – Pursuant to an FY 2026 General Appropriations Act footnote, the Department of Gaming (ADG) is required to report on the expected amount and purpose of expenditures from the Event Wagering Fund for FY 2026. The Event Wagering Fund receives revenues from event wagering license fees and privilege fees that are assessed on operator "net win". Of these revenues, 90% are deposited into the General Fund and 10% are retained in the fund for ADG administrative expenses.



The department projects the fund will spend a total of \$4.0 million on administrative expenses. Of this amount, \$2.5 million would pay for salaries and employee benefits, \$1.1 million for other operating expenditures, and the remaining \$0.4 million would go to various costs including travel, capital expenses, and professional services. The fund would pay for 20.6 full-time equivalent (FTE) positions in total, which includes 15.7 FTEs directly involved in the regulation of event wagering and 4.9 FTEs for administrative support. (Ben Newcomb)

**Department of Public Safety – Annual Report on Concealed Weapon Permits** – Pursuant to A.R.S. § 13-3112(V), the Department of Public Safety (DPS) reported on the number of concealed weapon permits issued in the prior fiscal year, including the number of outstanding permit applications and the average turnaround time. In FY 2025, DPS issued a total of 91,222 permits. The number of outstanding permit applications is currently 8,871. In addition, DPS reports that the average turnaround time for issuing permits is 180 days for individuals with a criminal history and 1 day for individuals without a criminal history. (Jordan Johnston)

**Arizona Department of Transportation – Annual Report on ServiceArizona Retained Fees** – Pursuant to an FY 2026 General Appropriation Act footnote, the Arizona Department of Transportation (ADOT) reported on the state's share of fees retained by the ServiceArizona vendor in the prior fiscal year.

As an authorized third party, the vendor for ServiceArizona (the state's vehicle registration renewal website) retains a portion of each transaction it completes, including those for the vehicle license tax, registration fees and title fees, among others. The vendor for ServiceArizona keeps roughly half of its retained fees as compensation. The other half of the retained fees belong to the state and are treated as non-appropriated monies by ADOT. The state's share is retained and managed by the ServiceArizona vendor, which disburses funds directly to vendors on behalf of the state, as directed by ADOT.

In FY 2025, the state's share of the retained fees totaled \$22.2 million. The vendor spent \$19.0 million in FY 2025 on behalf of ADOT. The largest portion of these monies (\$9.5 million) were spent on enhancements and maintenance of the Motor Vehicle Modernization (MvM) automation project, which updated the Motor Vehicle Department (MVD) computer system. The MvM project was completed on June 30, 2020.

The system provides MVD customer service representatives with a suite of new applications for motor vehicle transactions. In addition, residents of Arizona can use the MVD customer portal (AZ MVD Now) which offers a variety of online services; the AZ MVD Now project has previously received enhancements funded by ServiceArizona fees.

The department anticipates continued enhancements to the MvM system in FY 2026. Additional projects planned in FY 2026 include modernization of MVD's quality assurance system for field offices, back office functions, authorized third parties (ATP), continuation of the project to improve customer relationship management for ATP's, and continued work on ADOT's mobile driver license and digital wallet program (enables customers to have driver licenses on their smartphones). ADOT is also planning efforts to automate certain mail-in vehicle transactions.

Besides funding for MvM enhancements and maintenance, the remaining \$9.5 million was spent as follows:

- \$6.0 million for operations and production support.
- \$2.7 million for MvM extensions and new technologies.
- \$566,800 for ADOT MvM strategic initiatives.
- \$193,600 for contract administration.

(Jordan Johnston)

**Arizona Board of Regents – Report on University Retention and Graduation Rates** – Pursuant to A.R.S. § 15-1626, the Arizona Board of Regents (ABOR) is required to submit an annual report on retention and graduation rates at each university campus.

ABOR reports retention and graduation rates which track the outcomes of first-time, full-time, degree-seeking students after 1 year for retention rates and after 6 years for graduation rates. The FY 2026 ABOR report also includes the four-year graduation rate for community college and transfer students.

- Fall 2025 retention rates reflect the percentage of first-time, full-time, degree-seeking students who initially enrolled in fall 2024 and who re-enrolled in the same university in fall 2025.
  - Arizona State University (ASU) 86.6%; Northern Arizona University (NAU) 75.6%; and the University of Arizona (UA) 83.0%.



- Six-year graduation rates reflect the percentage of first-time, full-time, degree-seeking students who received their degree within 6 years of their initial fall enrollment at the same university. The report shows the percentage of students who enrolled in fall 2017 who graduated from the same university within 6 years (by spring 2024).
  - ASU 70.1%; NAU 61.3%; UA 67.5%.
- The four-year transfer rate reflects the number of Arizona community college students who transfer to a university and then graduate within four years. The report shows the percentage of students who enrolled in fall 2019 and who graduated by spring 2024.
  - ASU 72.8%; NAU 71.1%; UA 66.6%

(Grace Timpany)