

Summary

November 2025 General Fund revenue collections totaled \$1.09 billion, which represents a decline of (0.9)% below November 2024. This level of November revenue collections generated a monthly forecast loss of \$(152) million below the enacted budget revenue forecast.

The state's significant revenue loss during the month occurred in both tax and non-tax revenue categories.

In terms of the state's tax categories, the forecast losses were concentrated in the following categories:

- Individual Income Tax (IIT) declined by (7.8)% and was \$(54) million below forecast. This loss was due almost entirely to a decline in withholding collections. Because the drop in withholding revenue is inconsistent with current wage and salary growth, we do not believe the November results are related to the state's current economic performance. Instead, the November IIT loss may be related to the furlough of federal government workers during the recent shutdown – given the timing of withholding payments, the disruption in federal employee wages during October would begin to materialize in November collection data.
- Corporate Income Tax (CIT) was \$(49) million below forecast. CIT revenues during November can be particularly volatile – the month typically has a minimal amount of net CIT collections, consisting of tax deposits being effectively offset by refunds issued during the month. November 2025 saw the result of the CIT category turning net negative overall, with refunds exceeding tax payments and generating the significant forecast loss.

For the state's non-tax categories, that section of the forecast loss occurred mostly in Lottery General Fund profit distributions, which were \$(52) million below the enacted budget projections.

Lottery profits are distributed to various beneficiaries, with the remainder deposited in the General Fund. The beneficiaries receive their monies in real-time during a fiscal year, with the General Fund amount mostly being deposited the next year following a year-end accounting process.

Given that FY 2025 Lottery ticket sales declined by (8.2)% during the year, that lower-than-expected performance resulted in the General Fund deposit for FY 2026 being significantly below the enacted budget forecast.

Year-to-Date Results

Year-to-date through November, excluding Urban Revenue Sharing and one-time revenue adjustments, FY 2026 General Fund revenues are 2.9% above the prior year. With the November results, after 5 months of tracking against the enacted budget forecast, the state has generated a year-to-date forecast gain of \$184 million.

When comparing tax versus non-tax revenues, the underlying fundamentals appear stronger than the 2.9% year-to-date growth rate. Tax revenues are growing by 5.8% year-to-date while non-tax revenues have declined (40.2)% so far this fiscal year. The latter is primarily due to unique factors such as the loss of a one-time Medicaid reimbursement.

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November Revenues

Table 1			
General Fund Revenues (\$ in Millions)			
	FY 2026 Collections	Difference From Enacted Forecast	Difference From FY 2025
November	\$ 1,090.3	\$ (152.4)	\$ (9.7)
Year-to-Date	\$ 6,600.7	\$ 183.7	\$ 247.3

Sales Tax collections of \$698.3 million in November were 4.9% above the amount collected in November 2024 and \$6.0 million above the enacted budget forecast. Year to date through November, sales tax revenue is up by 3.4% compared to the same period in the prior year and is \$(13.3) million below forecast. Sales tax revenue collected in November reflects sales activity that occurred in October.

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

Table 2		
November Sales Tax Growth Rates Compared to Prior Year		
	November	YTD
Retail/Remote Seller ^{1/}	3.0%	4.9%
Contracting	(8.8)%	(2.6)%
Use Tax ^{2/}	123.6%	14.4%
Restaurant & Bar	4.1%	4.2%
Utilities	(0.8)%	0.4%

^{1/} Absent various corrections of previously filed tax returns in November 2024, Retail/Remote Seller growth would have been 4.1% in November 2025 and 5.1% YTD.

^{2/} Absent various corrections of previously filed tax returns in November 2024, Use Tax growth would have been 19.3% in November 2025 and 4.6% YTD.

As shown in Table 2 above, sales tax revenue from the Contracting Transaction Privilege Tax (TPT) classification declined by (8.8)% in November and is down by (2.6)% YTD. This is the largest percentage decline for the comparable 5-month period since 2015. Detailed industry data from the Department of Revenue (DOR) indicates that almost all of the revenue decline is attributable to Arizona's residential construction sector.

On the positive side, tax collected from the sale of food and drinks by restaurants and bars remains relatively strong with a YTD growth rate of 4.2%. This is the best performance for the same 5-month period since FY 2022 when this industry was gradually recovering from the impact of the pandemic.

After adjusting for technical corrections made in November of last year, the November 2025 sales tax growth is 2.8% and the year-to-date (YTD) growth rate is 3.0% (compared to the nominal or reported growth rate of 4.9% in November and 3.4% YTD).

Individual Income Tax (IIT) net revenue in November was \$398.2 million, a (7.8)% decline from the previous year and \$(53.9) million less than the enacted budget forecast. Withholding revenue was lower than anticipated, while refunds were higher. Year-to-date (YTD), IIT has increased 5.5% compared to the same period in FY 2025, for a forecast gain of \$82.5 million.

November withholding collections were \$404.2 million, (7.3)% less than last year and \$(51.7) million short of the forecast. We are uncertain as to why withholding revenues were so low in November. We are not aware of any problems with the processing or timing of withholding payments like there were earlier in the fiscal year. The federal government shutdown in October could have contributed to the decline as federal workers were furloughed or worked without pay. Total wages and salaries could also be trending downward, but we do not have sufficient data to know if this is the case. Due to the shutdown, the U.S. Bureau of Economic Analysis has not published updated wage and salary figures since September.

Year-to-date, withholding is 1.8% greater than the same period in FY 2025 and \$4.5 million more than forecasted.

Total (estimated plus final) tax payments in November were \$36.8 million, a 32.0% improvement from the prior year and \$8.6 million above the enacted budget forecast.



November is a minor month for payment collections, typically making up less than 2% of the fiscal year total. YTD, total payments are 17.0% more than the same period in FY 2025, and \$49.7 million higher than the forecast.

November refunds were \$42.8 million, an increase of 33.5% from November 2024. As with final payments, November is not a significant month for refunds, on average making up about 2% of the total for a given fiscal year. Since the enacted budget forecast assumed a lower refund level of \$31.9 million, the forecast loss was \$(10.9) million in November. Refunds are down (8.2)% YTD, for a forecast gain of \$28.2 million.

Table 3
Individual Income Tax Growth Rates
Compared to Prior Year

	<u>November</u>	<u>YTD</u>
Withholding	(7.3)%	1.8%
Estimated/Final Payments	32.0%	17.0%
Refunds	33.5%	(8.2)%

Corporate Income Tax (CIT) refunds in November were greater than gross corporate tax payments, generating a total net loss of \$(28.0) million. There was \$76.1 million in refunds compared to \$48.1 million in tax payments. Net CIT revenue is not usually negative, and this marks the second consecutive November that this has occurred. The enacted budget forecast assumed \$21.0 million in net collections, so the total forecast loss was \$(49.0) million. Year to date, CIT revenue is 18.8% higher than last year and \$126.0 million above the enacted budget forecast.

Insurance Premium Tax (IPT) revenue was \$600,700 in November. This was less than the \$1.1 million collected in November 2024. Since the enacted budget forecast assumed IPT revenue of \$1.1 million, there was a forecast loss of slightly more than \$(0.5) million in November. The amount of IPT collections in November (much like in October) tends to be small as neither installment payments by insurers nor estimated payments by AHCCCS contractors are due this month. YTD, IPT revenue is up by 12.8% and is \$25.8 million above forecast.

The amount of **Tobacco Tax** deposited into the General Fund in November was \$1.4 million, which is 20.2% above collections a year prior and roughly \$10,000 above the enacted forecast. Year to date, General Fund tobacco tax revenues total \$7.4 million, which is 5.1% above collections through November 2024 and \$(0.1) million below forecast.

Liquor Tax revenue deposited into the General Fund in November was \$4.3 million. This is 0.2% greater than the amount deposited in November 2024 and \$0.3 million above the enacted forecast. Year to date, General Fund deposits from liquor tax collections total \$18.5 million, a (1.4)% decrease from the same period in FY 2025 and \$(0.1) million below forecast.

The **Lottery Commission** reported that total ticket sales in November were \$125.7 million. This amount is \$18.5 million, or 17.2% higher than in November 2024.

Highway User Revenue Fund (HURF) collections of \$145.7 million in November were (0.8)% below the amount collected in November 2024 and \$(6.2) million below forecast. Year to date, HURF collections are \$739.3 million, 1.6% above the prior year and \$(12.5) million less than forecast.

In November, the state collected \$13.6 million in dedicated **Marijuana Excise Taxes**, which was (6.8)% below November 2024 collections. Monies from this excise tax are deposited into dedicated non-General Fund accounts. November's total combined amount of Medical and Recreational state Transaction Privilege Tax (TPT) revenue was \$5.2 million. Of this amount, the General Fund received \$3.8 million. (See *Table 4*).

Table 4
Marijuana State Tax Collections and Distributions
(\$ in Millions)*

	<u>November</u>	<u>YTD</u>
Marijuana Excise Tax	\$13.6	\$67.5
Medical Marijuana TPT	\$0.7	\$3.9
<u>Distribution:</u>		
General Fund	\$0.5	\$2.9
Counties	\$0.1	\$0.6
Cities	\$0.1	\$0.4
Recreational Marijuana TPT	\$4.5	\$21.0
<u>Distribution:</u>		
General Fund	\$3.3	\$15.5
Counties	\$0.7	\$3.4
Cities	\$0.4	\$2.1
Total State Marijuana Tax Collections	\$18.7	\$92.4

* Amounts may not add to total due to rounding



Table 5

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

	Current Month					FY 2026 YTD (Five Months)				
	Actual November 2025	Change From				Actual November 2025	Change from			
		November 2024		Enacted Forecast			November 2024		Enacted Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
Taxes										
Sales and Use	\$698,342,101	\$32,580,252	4.9 %	\$5,959,722	0.9 %	\$3,443,653,073	\$113,882,885	3.4 %	(\$13,302,681)	(0.4) %
Income - Individual	398,154,754	(33,724,395)	(7.8)	(53,939,634)	(11.9)	2,419,297,772	125,855,697	5.5	82,453,108	3.5
- Corporate	(28,014,957)	2,707,883	--	(49,034,769)	--	629,243,475	99,628,304	18.8	126,033,943	25.0
Property	11,123,148	950,719	9.3	(747,308)	(6.3)	22,136,577	1,325,215	6.4	983,192	4.6
Luxury - Tobacco	1,391,164	233,894	20.2	10,657	0.8	7,351,734	355,524	5.1	(110,152)	(1.5)
- Liquor	4,304,962	10,636	0.2	339,308	8.6	18,522,079	(271,719)	(1.4)	(57,338)	(0.3)
Insurance Premium	600,691	(508,529)	(45.8)	(547,351)	(47.7)	281,040,564	31,841,534	12.8	25,797,205	10.1
Other Taxes	1,593,711	502,363	46.0	313,427	24.5	6,431,889	(359,582)	(5.3)	(176,024)	(2.7)
Sub-Total Taxes	\$1,087,495,573	\$2,752,822	0.3 %	(\$97,645,949)	(8.2) %	\$6,827,677,162	\$372,257,858	5.8 %	\$221,621,252	3.4 %
Other Revenue										
Lottery	71,703,255	14,049,193	24.4	(51,859,878)	(42.0)	114,039,355	(42,816,707)	(27.3)	(51,859,878)	(31.3)
Gaming	2,280,132	(1,305,690)	(36.4)	(1,639,071)	(41.8)	14,906,605	3,892,906	35.3	1,016,321	7.3
License, Fees and Permits	5,239,505	(233,682)	(4.3)	(230,569)	(4.2)	22,653,595	(2,291,379)	(9.2)	(1,966,204)	(8.0)
Interest	19,648,242	(5,403,341)	(21.6)	7,714,918	64.7	80,298,016	(21,515,778)	(21.1)	32,330,130	67.4
Sales and Services	1,986,050	309,287	18.4	150,788	8.2	10,681,136	1,304,764	13.9	397,442	3.9
Other Miscellaneous	393,318	(3,365,268)	(89.5)	(3,133,332)	(88.8)	8,367,110	(12,713,903)	(60.3)	(4,230,327)	(33.6)
Medicaid Hospital Revenue	0	0	--	0	--	0	(71,248,984)	--	0	--
Transfers and Reimbursements	379,970	(23,347,572)	(98.4)	(5,709,356)	(93.8)	1,838,632	(24,855,313)	(93.1)	(13,250,695)	(87.8)
Sub-Total Other Revenue	\$101,630,472	(\$19,297,073)	(16.0) %	(\$54,706,500)	(35.0) %	\$252,784,448	(\$170,244,394)	(40.2) %	(\$37,563,211)	(12.9) %
TOTAL BASE REVENUE	\$1,189,126,045	(\$16,544,250)	(1.4) %	(\$152,352,449)	(11.4) %	\$7,080,461,610	\$202,013,463	2.9 %	\$184,058,042	2.7 %
Other Adjustments										
Urban Revenue Sharing	(98,858,813)	6,829,335	(6.5)	(0)	0.0	(494,294,067)	34,146,677	(6.5)	(0)	0.0
One-Time Transfers	0	0	--	0	--	0	(3,472,950)	--	0	--
Income Tax Rebate	0	500	--	0	--	(750)	9,000	(92.3)	(750)	--
Other One-Time Revenue Adjustments	0	0	--	0	--	14,574,359	14,574,359	--	(325,641)	(2.2)
Sub-Total Other Adjustments	(98,858,813)	6,829,835	(6.5) %	(0)	0.0 %	(479,720,458)	45,257,086	(8.6) %	(326,391)	0.1 %
TOTAL GENERAL FUND REVENUE	\$1,090,267,232	(\$9,714,415)	(0.9) %	(\$152,352,449)	(12.3) %	\$6,600,741,152	\$247,270,549	3.9 %	\$183,731,651	2.9 %
Non-General Funds										
Highway User Revenue Fund	145,714,406	(1,125,745)	(0.8) %	(6,200,088)	(4.1) %	739,295,916	11,907,884	1.6 %	(12,534,348)	(1.7) %

Monthly Indicators

NATIONAL

The U.S. Bureau of Economic Analysis has not published a new estimate for U.S. **Real Gross Domestic Product** (GDP) since the federal government shutdown ended.

The Conference Board's **Consumer Confidence Index** fell (6.8) points to 88.7 in November. Nearly every category took a downturn compared to the previous month, with consumers reporting increased pessimism about the present and future economic situation. The only area that did not see a decline was inflation expectations, which remained unchanged from October. In general, this is the most worried consumers have been since April when many of the tariffs took effect. Over the last 12 months, the index has decreased by (21.4)%.

The **Leading Economic Index** (LEI), published by the Conference Board, was 98.3 in September. This is (0.3)% lower than the revised August level. Consumer sentiment, manufacturing new orders of consumer goods, and interest rates all contributed negatively to the index. These declines were partially offset by improvement in stock prices, overall credit, and the manufacturing of capital goods. According to the Conference Board's press release, "growth remains fragile and uneven as businesses adjust to tariff changes and softer consumer momentum."

The U.S. Bureau of Labor Statistics' **Consumer Price Index** (CPI) in November increased at a seasonally adjusted rate of 0.2% in the 2-month period since September. Due to the federal government shutdown, no survey data was collected in October. Food, shelter, and energy prices all increased during the 2-month period. Compared to the same month last year, consumer prices are up by 2.7% before seasonal adjustment. The Core CPI, which excludes food and energy, is up by 2.6%.

ARIZONA

Tourism

Phoenix Sky Harbor Airport Ridership rose to 4.6 million passengers in October, which is a 22.7% gain over the prior month and (0.5)% below October 2024's figure.

October 2025 **state park visitation** rose 36.7% from September's level, reaching a total of 224,491 for the month. This is (9.6)% below October 2024 levels.



Hotel occupancy was 67.6% in October, which is (3.0)% below that of October 2024.

Revenue per available room was \$113.45 in October, or (3.1)% below the October 2024 amount.

Employment

The Arizona employment and unemployment report for October 2025 is postponed due to the delay of services by the federal Bureau of Labor Statistics as a result of the federal government shutdown in October.

According to the latest employment report released by the Arizona Office of Economic Opportunity (OEO), the state gained 24,200 **nonfarm jobs** in September compared to August. In the 10-year period prior to the pandemic (2010-2019), Arizona experienced an average net gain of 28,700 jobs in September. Compared to the same month in 2024, the state gained 37,200 jobs in September 2025, an increase of 1.2%.

In September, the state's seasonally adjusted **unemployment rate** rose to 4.2% after spending six consecutive months at 4.1%. The U.S. seasonally adjusted unemployment rate increased from 4.3% in August to 4.4% in September.

OEO reported that a total of 2,614 **initial claims for unemployment insurance** were filed in Arizona in the week ending on December 6th. This represents a (15.5)% decrease in initial claims compared to a year ago.

According to OEO, there were a total of 19,780 **continued claims for unemployment insurance** in Arizona for the week ending on November 29th, which is (13.5)% lower than the comparable week in 2024.

State Agency Data

As of December 1, 2025, the total **AHCCCS caseload** was 1.80 million members. Total monthly enrollment decreased (1.0)% from November to December and decreased (10.8)% compared to a year ago.

Parent and child enrollment in the Traditional population decreased (0.9)% in December compared to November and decreased (10.0)% compared to a year ago. Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 763,212, a decrease of (1.2)% from November and (12.9)% lower than last year.

For December 2025, the Elderly, Physically Disabled and Developmental Disabilities Long-Term Care population increased by 0.2% over the prior month. At 74,842, this population is 3.9% higher than a year ago.

Based on information the **Department of Child Safety** provided for October 2025, reports of child maltreatment totaled 44,557 over the last 12 months, an increase of 4.1% from the comparable period in the prior year.

There were 8,362 children in out-of-home care as of October 2025, or (6.5)% fewer than in October 2024. Compared to the prior month, the number of out-of-home children increased by 0.7%.

At the time of publication, the Department of Economic Security (DES) had not yet released new November caseload data regarding the **TANF Cash Assistance** program and the **Supplemental Nutrition Assistance Program (SNAP)**.

The Arizona Department of Correction's **Inmate Population** was 35,273 as of October 31, 2025. This was a (0.1)% decrease since September 31, 2025 and a (0.7)% decrease since October 2024.



Table 6

MONTHLY INDICATORS				
Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
<u>Employment</u>				
- Seasonally Adjusted Unemployment Rate	September	4.2%	0.1%	0.4%
- Total Unemployment Rate (discouraged/underemployed)	3 rd Q 2025	8.0%	0.1%	0.8%
- Initial Unemployment Insurance Claims	Week Ending Dec 6	2,614	53.0%	(15.5)%
- Continued Unemployment Insurance Claims	Week Ending Nov 29	19,780	3.9%	(13.5)%
- Non-Farm Employment - Total	September	3,254,000	0.7%	1.2%
Manufacturing	September	192,300	0.1%	(0.5)%
Construction	September	225,600	(0.8)%	1.0%
- Average Hourly Earnings, Private Sector	September	\$35.17	0.7%	3.6%
<u>Building</u>				
- Building Permits (12 month rolling sum)				
Single-family	August	36,455	(3.0)%	(11.7)%
Multi-family		14,582	(7.9)%	(30.5)%
- Maricopa County/Other, Single-Family Home Sales (ARMLS)	August	4,904	(3.3)%	4.9%
- Maricopa County/Other, Single-Family Median Home Price (ARMLS)	August	\$472,723	0.6%	(0.5)%
<u>Tourism and Restaurants</u>				
- Phoenix Sky Harbor Air Passengers	October	4,554,733	22.7%	(0.5)%
- State Park Visitors	October	224,491	36.7%	(9.6)%
- Revenue Per Available Hotel Room	October	\$113.45	NA	(3.1)%
- Arizona Hotel Occupancy Rate	October	67.6%	NA	(3.0)%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	2 nd Q 2025	\$520.9 billion	7.7%	6.6%
- 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	December 1st	1,797,814	(1.0)%	(10.8)%
Traditional Acute Care		959,760	(0.9)%	(10.0)%
Other Acute Care		763,212	(1.2)%	(12.9)%
Long-Term Care – Elderly & DD		74,842	0.2%	3.9%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	October	44,557	0.2%	4.1%
DCS Out-of-Home Children	October	8,362	0.7%	(6.5)%
Filled Caseworkers (1406 Budgeted)	October	1,295	5	4
- ADC Inmate Growth	October	35,273	(0.1)%	(0.7)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	October	6,056	(9.1)%	(37.1)%
- SNAP Recipients	October	775,813	(9.3)%	(17.6)%
United States				
- Gross Domestic Product (Chained 2017 dollars, SAAR)	2 nd Q, 2025 3 rd Estimate)	\$23.8 trillion	3.8%	2.4%
- Consumer Confidence Index (1985 = 100)	November	88.7	(7.1)%	(21.4)%
- Leading Economic Index (2016 = 100)	September	98.3	(0.3)%	(3.4)%
- Consumer Price Index, (1982-84 = 100)	November	324.1	0.2%	2.7%

Summary of Recent Agency Reports

Arizona Department of Administration – Report on Delayed Delivery – Pursuant to A.R.S § 35-191, the Arizona Department of Administration (ADOA) submitted their report on administrative adjustments. A.R.S § 35-191 allows administrative adjustments for goods and services received after the end of the fiscal year if written documentation is provided by an agency and approved by ADOA. Statute requires ADOA to report any approvals for goods or services ordered in one fiscal year but received beyond August 31 of the following fiscal year. For FY 2025, ADOA granted approval to the following agencies for purchases made prior to the end of the fiscal year but received after August 31, 2025:

Table 7

**FY 2025 Administrative Adjustments
Approved after August 31, 2025**

<u>Agency</u>	<u>Amount</u>
Department of Administration	\$ 224,000
Department of Corrections	2,730,800
Department of Public Safety	7,979,000
Department of Revenue	200,000
TOTAL	\$11,133,800

The majority of the approvals were for information technology equipment, vehicles, and facilities equipment with long-lead times and delayed shipping. Of the \$11.1 million in approvals, \$9.8 million of goods and services have not yet been received by the agency. (Jordan Johnston)

Arizona Commerce Authority – FY 2025 Trade Office Report – Pursuant to an FY 2026 General Appropriation Act footnote, the Arizona Commerce Authority (ACA) submitted a report listing the locations, activities, and annual expenses of each trade office they operated during FY 2025. The authority operated seven offices in FY 2025, with two located in Mexico (Mexico City and Chihuahua) and one each based in Canada, Germany, Israel, South Korea, and Taiwan.

In terms of expenditures, ACA reported spending its full \$500,000 appropriation for the two Mexico offices they operate in Mexico City and Chihuahua and the full \$750,000 appropriation for their two Asia trade offices located in Taipei, Taiwan and Seoul, South Korea. In addition, ACA reported spending more monies than appropriated for the trade offices they operate in Frankfurt, Germany and Tel Aviv, Israel, with the Frankfurt office's spending reaching \$542,300 compared to its

\$500,000 appropriation and the Tel Aviv office expending \$410,900 after receiving a \$300,000 appropriation. The Authority used monies carried over from prior years to supplement spending at the Frankfurt and Tel Aviv offices beyond the annual appropriated funding levels. ACA also reported expenditures totaling \$450,000 in FY 2025 from the one-time non-lapsing Canada trade office appropriation of \$750,000 made in FY 2024.

ACA also reported on the activities of each trade office. In general, the reported activities of each office included numerous trade shows along with other events such as government trade missions and direct industry meetings. (Nate Belcher)

Department of Education – Reports on Empowerment Scholarship Accounts – Pursuant to A.R.S. § 15-2406, the Arizona Department of Education (ADE) reported data for the first quarter of FY 2026 on the Empowerment Scholarship Account (ESA) program:

- There were 93,993 total enrollees in the program, including 68,187 universal ESA enrollees.
- Of the students grades 1-12 newly entering the universal ESA program, 5,653, or 56.5%, were enrolled in a public school immediately preceding their enrollment in the ESA program. The percentage for FY 2025 was 57.3%.
- 8% of ESA students were kindergartners or preschoolers with disabilities, 69% were in grades 1-8, and 23% were in grades 9-12.
- There were 238 ESA students who were English Language Learners and 17,909 students with disabilities.
- ESA enrollees incurred \$205.6 million of expenses in the first quarter of FY 2026, including \$103.7 million for private school tuition, \$30.6 million for tutoring and teaching services, \$17.6 million for curriculum, \$13.0 million for tuition or fees for online learning programs, and \$40.7 million for all other expenses.

The report also delineates all ESA awards by formula allocation and by zip code.

Pursuant to A.R.S. § 15-2403H, ADE is separately required to provide a report estimating total current year ESA costs on or before September 1 and November 1 each year. In ADE's November 2025 submission, the department reported it will cost an estimated \$1.059 billion to fund ESAs in FY 2026. ADE's analysis assumes that enrollment in the program will reach a peak of 101,654 students before the end of FY 2026. (Gordon Robertson)



Department of Education – Override Report – Pursuant to A.R.S. § 15-249.04, the Arizona Department of Education (ADE) has reported FY 2026 data on school district budget overrides. Overrides permit school districts to generate and spend additional monies from local property taxes if approved by voters.

The ADE report for FY 2026 indicates that 88 districts have Maintenance and Operation (M&O) overrides pursuant to A.R.S. § 15-481, 26 have "District Additional Assistance" overrides pursuant to A.R.S. § 15-481, and 1 district has a Special Program override pursuant to A.R.S. § 15-482. Districts are budgeting \$803.5 million for overrides in FY 2026, including \$687.9 million for M&O overrides, \$114.3 million for District Additional Assistance Overrides, and \$1.2 million for Special Program overrides. (Gordon Robertson)

Department of Education – Report on Teacher Salaries – Pursuant to A.R.S. § 15-189.05C and 15-903I, the Arizona Department of Education (ADE) recently submitted a report on changes in average teacher salaries reported by individual school districts and charter schools for FY 2026. ADE's reported average changes are not weighted by the size of the district or charter. ADE's reported average changes are not weighted by the size of the district or charter.

ADE indicates that school districts reported an average teacher salary of \$59,193 in FY 2026 (a 0.06% increase above FY 2025), and charter schools reported an average teacher salary of \$54,479 (a 0.61% increase above FY 2025). The reported statewide average teacher salary for districts and charters combined was \$56,182, an increase of 0.51% above FY 2025. The cumulative total increase in teacher salaries since FY 2022 was 10.49% among school districts, 12.97% among charters, and 12.15% statewide. (Gordon Robertson)

Board of Executive Clemency – Report on FY 2025 Caseload – Pursuant to a footnote in the FY 2026 General Appropriation Act, the board is required to submit a report on its FY 2025 caseload by November 1, 2025.

The board conducted 2,096 case hearings in FY 2025, as described below:

Phases 1 and 2 Commutation (275): After reviewing an inmate's request to have their sentence commuted, the board can decide to deny the request or allow the request to move to a Phase 2 Commutation hearing.

Pardon (15): The board may recommend that the Governor pardon an offender.

Absolute Discharge (11): The board can discharge a person from imprisonment or parole supervision prior to the sentence expiration date or prior to the expiration of parole.

Modification (0): The board can recommend to the Governor that an inmate's sentence be modified or commuted.

Reprieve (0): The board can make a recommendation to the Governor to delay or temporarily suspend the carrying out of an inmate's punishment.

Parole (281): These hearings only apply to offenders sentenced prior to 1994. The board may place these offenders on parole or deny their application for parole and return them to the Department of Corrections. Pursuant to A.R.S. § 13-717 and recent court decisions, parole is also available for certain offenders sentenced after 1994.

Revocation (1,513): These hearings are conducted when an offender has violated the terms of community supervision.

Other (1): All other Cases.

In addition to these case hearings, a Board hearing officer held 622 Probable Cause hearings. These hearings can be requested by an inmate prior to revocation proceedings to determine if there is probable cause to believe that the defendant violated the terms of community supervision. (Ethan Scheider)

Arizona Board of Regents – Report on the Arizona Promise Program – Pursuant to an FY 2025 General Appropriations Act footnote, the Arizona Board of Regents (ABOR) submitted a report detailing the total number of Pell eligible students, the number of students receiving promise scholarships, the average promise scholarship award amount, the average grade point average (GPA) of recipients, the programs of study in which recipients are enrolled, and a geographic representation of recipients.

The promise program covers Arizona public university tuition and fees for Arizona residents graduating high school with a 2.5 GPA or higher and qualifying for a federal Pell grant. In FY 2025, the total number of Pell eligible students was 67,370 at ASU, 9,223 at NAU, and 14,832 at UA for a total of 91,425 students. Of those, 12,964 (19%) ASU students, 4,322 (47%) NAU students, and 5,602 (38%) of UA students 22,888 received promise program scholarships.



If a student qualifies, the promise scholarship is applied after all other aid, scholarships and grants are used. The average award amount in FY 2025 was \$9,129 at ASU, \$10,618 at NAU, and \$8,653 at UA for a systemwide average of \$9,294. Across all three universities, 9,086 or 70% of students receiving promise program scholarships graduated with a high school GPA between 3.00 and 3.90.

ABOR reports promise program students in FY 2025 were enrolled in 34 different program classifications with the majority of students in Business, STEM, or Healthcare related programs. In terms of geographical representation, 62% of recipients graduated from Maricopa County, 14% from Pima County, 14% from other Arizona counties and 10% from private or unknown high schools. (Grace Timpany)

Arizona Board of Regents/Arizona Community Colleges - Report on Articulation – Pursuant to A.R.S. § 15-1824, the Arizona Board of Regents (ABOR) and the community colleges are required to submit an annual report by December 15 of their progress on both articulation and meeting statewide postsecondary education needs.

Progress in implementing the transfer model and support systems in the 2024-2025 academic year include:

- 7,163 community college students transferred to the public university system.
- 51% of new transfer students from Arizona community colleges entered the university system with 60 or more credits.
- 1,262 Arizona community college courses have direct equivalencies at all 3 Arizona public universities.
- 140 new university freshmen received an Associate degree and 142 students received an Arizona General Education Curriculum (AGEC) from an Arizona Community College prior to entry.
- 43,532 students were registered in dual enrollment courses at 372 Arizona high schools.

(Grace Timpany)

Universities – Report on University Research Infrastructure Income – Pursuant to A.R.S. § 15-1670, Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA) are required to submit an annual report on the amount of the previous year's income from licensure and royalty payments and the sale or transfer of intellectual property developed by the university.

The universities transfer 20% of cumulative net income exceeding \$1.0 million to the Arizona Financial Aid Trust (AFAT).

For FY 2025, ASU and NAU reported no gross royalties, and UA reported \$12.1 million in gross royalties. UA had \$4.6 million in cumulative net income exceeding \$1.0 million. Pursuant to A.R.S. § 15-1670, UA will deposit \$927,118 into the AFAT. (Grace Timpany)

