

<p style="text-align: center;">Border Security Fund Arizona Department of Emergency and Military Affairs Program Summary</p>

Program Overview

The Border Security Fund was established in by Laws 2021, Chapter 403, consisting of legislative appropriations, gifts, grants, and other donations. The Department of Emergency and Military Affairs (DEMA) administers the fund which may be appropriated for preventing human trafficking and entry of aliens who are unlawfully present, terrorists and instruments of terrorism, and illegal contraband into the United States. DEMA also administers the planning, designing, construction, and maintenance of the physical international border fence and administers grants to counties for prosecuting individuals who commit border-related crimes.

Program Funding

The FY 2023 budget diverted \$544.2 million from General Fund Transition Privilege Tax (TPT, also commonly known as sales tax) collections to the Border Security Fund. Of that amount, Laws 2022, Chapter 313, diverts \$209.2 million of TPT revenues in FY 2023 from the General Fund to the Border Security Fund to DEMA to administer various items that relate to non-border fence and border security technologies such as a new county jail facility in Cochise County, local and county law enforcement costs associated with prosecuting and imprisoning individuals with border related crimes, and one-time deputy sheriff compensation. The appropriations are non-lapsing and DEMA may transfer spending authority between programs and purposes with the review of the Joint Legislative Budget Committee (JLBC).

The remaining portion of the diverted TPT revenue was appropriated by Laws 2022, Chapter 334, which allocated \$335.0 million for physical border fence and technology to DEMA. The legislation also says DEMA will use existing infrastructure and fence materials for the construction of the physical border fence where feasible. U.S. Customs and Border Protection informed DEMA the ability to use border fencing materials previously acquired by the federal government is not available for the use of the state.

DEMA is required to submit a report to JLBC within 30 days of each calendar quarter until all monies from the \$544.2 million appropriation are fully expended. DEMA submitted the latest report on January 31, 2024, which accounts for the expenditures as of December 31, 2023. The next report will reflect expenditures as of March 31, 2024.

Expenditures

Border Fence and Border Security Technologies

As noted above, the FY 2023 provided \$335.0 million for border fence and border security technologies. Beginning in August 2022, 1,344 double-stacked shipping containers were installed in Yuma and Cochise counties along the federal border barrier costing \$100.0 million. Per a federal court agreement signed on December 21, 2022, between the State of Arizona and U.S. Department of Justice on behalf of the U.S. Departments of Agriculture and Interior, the shipping containers were removed at a cost of \$64.2 million. The final settlement agreement with the federal government required restitution of \$2.1 million which was paid on August 29, 2023. Additional containers were installed and removed in Nogales and Sierra Vista costing \$30.5 million, bringing the total costs of the barrier project to \$196.8 million.

The remaining funds have been allocated for grants to counties to deploy border security technologies that include cameras, sensors, software, and other types of equipment. DEMA established a Barrier Task Force consisting of representatives from all of Arizona's County Sheriff Offices to develop plans for border security and consider various models for implementation.

As of December 31, 2023, 36 applications have been received totaling \$136.0 million. Of those applications, 22 have been awarded, 2 are in the process of receiving grant agreements, 8 are under review, and 4 have been declared ineligible.

Cochise County Jail

Laws 2022, Chapter 313 allocated \$20.0 million in FY 2023 to Cochise County for the construction of a new county jail facility. The monies allocated are intended to fund up to twenty percent of the total jail facility construction cost, but not to exceed \$20.0 million. The monies will not be distributed until Cochise County has submitted to the Director of the JLBC, the Director of the Governor's Office of Strategic Planning and Budgeting, and the Director of the Department of Administration (ADOA) a report that the county has raised sufficient monies to fund the remainder of the project's budget. Any monies that remain unexpended and unencumbered on June 30, 2027, revert to the Border Security Fund.

As of December 31, 2023, this report has not been submitted and no monies have been spent or encumbered for the Cochise County Jail construction.

Local ICE Reimbursement

Laws 2022, Chapter 313 allocated \$15.0 million in FY 2023 to reimburse county or local law enforcement agencies costs incurred for participating in a program with the U.S. Immigration and Customs Enforcement (ICE). DEMA have met with representatives from Arizona's law enforcement community including the Yavapai County Sheriff, Pinal County Sheriff, and Mesa Police Department, among others, to identify all eligible law enforcement agencies around the state involved in the program and communicate the reimbursement opportunity to those law enforcement agencies.

At its January 2024 meeting, the JLBC favorably reviewed a transfer of \$7.4 million from local ICE reimbursement to local prosecution costs and asylum transportation.

As of December 31, 2023, no law enforcement organization has requested reimbursement for participating in the program.

Antihuman Trafficking Grant Fund

Laws 2022, Chapter 313 allocated \$10.0 million in FY 2023 for a deposit into the Anti-Human Trafficking Grant Fund. DEMA distributes the monies from the fund to programs to reduce human trafficking or improve identification of and services to trafficking victims. Of this amount, \$2.0 million is distributed to the DPS Arizona Counter Terrorism Information Center for anti-human trafficking operations. The remaining \$8.0 million is distributed in award grants to city, town, and county law enforcement agencies, in the amount of no more than \$500,000 per agency, for programs that reduce human trafficking.

Applicants may be eligible for these awards for any of the following: 1) Provide training to law enforcement agencies, prosecutorial agencies, and the public on preventing and identifying human trafficking, or to provide personnel financial resources to attend locally or nationally accredited training. 2) Allow for full or partial funding of new or existing staff positions that would allow for the investigation, prosecution, program coordination, or direct service provision for identified victims. 3) Purchasing of new equipment, software, or program licenses to aid in the investigation, prosecution, service provision or data collection and analysis of human trafficking. 4) Provide services to victims of human trafficking. This can include, but is not limited to, increasing support for forensic interviewing, developing victim-centered, trauma-informed support for victims, and victim advocates.

As of December 31, 2023, 22 applications have been received requesting \$9.5 million. Of those applications, 14 applicants have received awards/agreements to proceed with projects, 6 applicants are in the process of receiving their final award approval, and two applicants will not be funded due to eligibility requirements. Including the DPS distribution, the fund has spent or encumbered \$9.6 million.

Local Prosecution Costs

Laws 2022, Chapter 313 allocated \$30.0 million in FY 2023 to local governments for costs associated with prosecuting and imprisoning individuals charged with drug trafficking, human smuggling, illegal immigration, and other border-related crimes. At its December 2022 meeting, the JLBC favorably reviewed a transfer of \$10.0 million from the local prosecution allocation to the Arizona National Guard for a southern border deployment. This transfer resulted in \$20.0 million being available for the Arizona National Guard (see below for more information) and \$20.0 million available for local government prosecution.

At its January 2024 meeting, the JLBC favorably reviewed an increase of \$4.8 million to local prosecution's allocation to cover \$4.3 million for pending recipients of DPS's local border support program. This increase brings the total FY 2024 allocation to \$24.8 million.

The DPS local border support program is not part of the Border Security Fund, but instead is funded from a FY 2024 General Fund appropriation. DPS had more applications than could be funded with its \$12.2 million appropriation.

The remaining \$500,000 of the \$4.8 million would be a reserve to fund any additional applications.

As of December 31, 2023, 21 applications have been received requesting a total of \$20.0 million. Of those applications, 16 applicants have received award approval, 2 applicants are in the process of receiving their final award approval, 2 applicants are being forwarded to the review panel, and 1 application has been returned for revisions.

Arizona National Guard

As described in the prior allocation, \$20.0 million is available to the Arizona National Guard. The Guard may use these to support DPS and local law enforcement agencies relating to violations of the laws in the southern Arizona border region. The Arizona National Guard had approximately 90 soldiers and airmen on state active duty orders in support of the Southern Arizona Law Enforcement (SALE) mission in Cochise, Maricopa, Pinal, Santa Cruz, and Yuma Counties as of December 30, 2023. The SALE mission originally concluded on June 30, 2023, but was reactivated in December 2023 due to an influx of migrant encounters at the southern border and the temporary closure of the Lukeville Port of Entry.

As of December 31, 2023, the Arizona National Guard has spent or encumbered \$13.6 million.

Emergency Testing and Care

Laws 2022, Chapter 313 allocated \$10.0 million in FY 2023 for emergency health care and testing for immigrants along the southern Arizona border. DEMA is working with the Arizona Department of Health Services (DHS) to disburse funds that can target emergency healthcare and testing to migrants via county health departments and the University of Arizona.

At its January 2024 meeting, the JLBC favorably reviewed a transfer of \$5.4 million out of emergency testing and care to local prosecution costs and asylum transportation, leaving \$4.6 million for this allocation.

As of December 31, 2023, DEMA reports that DHS has spent or encumbered \$4.6 million for contracts with Maricopa County, Pima County, Santa Cruz County, Yuma County, and the University of Arizona.

Asylum Transportation

Laws 2022, Chapter 313 allocated \$15.0 million in FY 2023 for transportation of individuals who entered Arizona seeking asylum to other states in the United States, including the cost of meals, onboard staffing, and support. DEMA is supporting local Non-Governmental Organizations (NGO) located in southern communities to transport migrants referred to them by U.S. Customs and Border Protection to Washington, D.C., to a location near their intended travel destination. Migrants are connected with another NGO at the location to coordinate last-mile travel arrangements.

At its January 2024 meeting, the JLBC favorably reviewed a transfer of \$8.0 million from other allocations (local ICE reimbursement and emergency testing and care) to increase total funding to \$23.0 million.

Since the beginning of the mission on July 1, 2022, through December 31, 2023, DEMA has spent \$12.5 million for the transportation of migrants. Of that amount, \$10.0 million was used for 234 interstate buses to transport 10,466 migrants and \$2.5 million for 1,216 buses to transport 64,414 migrants within the state.

Deputy Sheriff Compensation

Laws 2022, Chapter 313 allocated \$53.4 million in FY 2023 to distribute to ADOA for deputy sheriff compensation. Of this amount, \$48.3 million is allocated to counties for a \$10,000 one-time payment to line-level deputies and detention officers employed by each county sheriff's office as of May 1, 2022. County Sheriff Offices have informed ADOA that as of September 30, 2022, a total of 4,673 employees are eligible for the one-time payment of \$10,000. Additionally, \$5.1 million is allocated to counties for a \$5,000 one-time payment to line-level deputies and detention officers hired after May 1, 2022.

As of June 30, 2023, DEMA has transferred the entire allocation to ADOA to fund the quarterly payments for those employed prior to May 1, 2022. Rather than quarterly distributions, Arizona Laws 2023, Chapter 121 amended the program to require ADOA to distribute all remaining one-time employee payments by October 30, 2023. The remaining unencumbered funds will be used by counties for additional funding for \$5,000 payments to newly hired officers.

ADOA has distributed a total of \$52.3 million as of December 31, 2023, for both recruitment and retention payments.

State Guard – Chain of Command

Laws 2022, Chapter 313 allocated \$800,000 in FY 2023 to establish a chain of command with the Arizona State Guard. Laws 2022, Chapter 222 authorized new supervisory positions in the State Guard, that would be funded by this allocation.

As of December 31, 2023, DEMA has encumbered or spent \$0 of the State Guard – Chain of Command allocation.

Emergency Operations Center

Laws 2022, Chapter 313 allocated \$30.0 million in FY 2023 for the construction costs of a new State Emergency Operations Center (SEOC). The SEOC is located at Papago Park Military Reservation in Phoenix where DEMA coordinates the State response for emergencies from the facility. Prior to expending the monies, DEMA is required to submit the scope, purpose, and estimated cost of the project to the Joint Committee on Capital Review (JCCR) for review. In December 2022, JCCR gave a favorable review to \$2.0 million of the \$30.0 million allocated from the Border Security Fund for the renovation and expansion of the SEOC. The \$2.0 million will be used to cover the architectural design costs for the SEOC renovation and expansion project and the remaining \$28.0 million will be reviewed at a later date.

As of December 31, 2023, the SEOC has encumbered \$2.3 million with \$27.7 million remaining.

Coordinated Response Center

Laws 2022, Chapter 313 allocated \$15.0 million in FY 2023 to the DPS for the construction costs of a Southern Border Coordinated Response Center. Prior to any expending of the monies, DPS is required to submit the scope, purpose, and estimated cost of the project to JCCR for review. In December 2022, the JCCR gave a favorable review to DEMA's plan to purchase and renovate a facility located in Tucson to be used as the Southern Border Coordinated Response Center. Once the building's purchase has been finalized, DPS will begin designing the renovations. The building's purchase price is \$8.2 million. The balance of the funding, \$6.8 million, will be used for the renovations.

As of December 31, 2023, all \$15.0 million has been expended or encumbered by DPS for the Coordinated Response Center.

Table 1		
Border Security Fund		
	<u>Allocations</u>	<u>Spending/Encumbrance Through December</u>
Border Fence and Border Security Technologies	\$ 335,000,000	\$ 330,721,100
Cochise County Jail	20,000,000	0
Local ICE Reimbursement ^{2/}	7,600,000	0
Antihuman Trafficking Grant Fund	10,000,000	9,481,500
Local Prosecution Costs ^{1/ 2/}	24,800,000	20,000,000
Arizona National Guard ^{1/}	20,000,000	13,567,100
Emergency Testing and Care ^{2/}	4,600,000	4,600,000
Asylum Transportation ^{2/}	23,000,000	14,222,600
Deputy Sheriff Compensation	53,405,000	52,345,000
State Guard – Chain of Command	800,000	0
Emergency Operations Center	30,000,000	2,295,800
Coordinated Response Center	<u>15,000,000</u>	<u>15,000,000</u>
Total	\$544,205,000	\$462,233,100
^{1/} At the December 2022 JLBC meeting, the Committee approved a transfer of \$10,000,000 from the local prosecution cost allocation to the Arizona National Guard allocation. ^{2/} At the January 2023 JLBC meeting, the Committee approved the following reallocations: 1) increase local prosecution by \$4,800,000; 2) increase asylum transportation by \$8,000,000; 3) decrease local ICE reimbursement by \$(7,400,000); and 4) decrease emergency care and testing by \$(5,400,000)		

Prepared by Mitch Wenzel, Fiscal Analyst