

House Engrossed
general appropriations; FY2026

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2962

AN ACT

AMENDING LAWS 2024, CHAPTER 209, SECTION 25; APPROPRIATING MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1	Be it enacted by the Legislature of the State of Arizona:	
2	Section 1. Laws 2024, chapter 209, section 25 is amended to read:	
3	Sec. 25. DEPARTMENT OF CHILD SAFETY	
4		<u>2024-25</u>
5	FTE positions	3,283.1
6	Operating lump sum appropriation	\$147,799,100 <ins>\$151,250,000</ins>
7		
8	Additional operating resources	
9	Attorney general legal services	27,894,900
10	Caseworkers	131,939,000 <ins>146,739,700</ins>
11		
12	Office of child welfare investigations	11,235,900 <ins>11,184,300</ins>
13		
14	Training resources	9,150,000
15	Out-of-home placements	
16	Congregate group care	103,682,000 <ins>122,482,000</ins>
17		
18	Extended foster care	19,887,200 <ins>22,079,200</ins>
19		
20	Foster home placement	42,547,300 <ins>40,447,300</ins>
21		
22	Foster home recruitment, study and supervision	32,753,600
23		
24	Kinship care	20,584,600 <ins>15,584,600</ins>
25		
26	Permanent placements	
27	Adoption services	287,221,600 <ins>281,648,400</ins>
28		
29	Permanent guardianship subsidy	16,805,600 <ins>17,186,800</ins>
30		
31	Support services	
32	DCS child care subsidy	61,675,400
33	In-home mitigation	34,488,100 <ins>42,559,200</ins>
34		
35	Out-of-home support services	122,710,800 <ins>103,339,700</ins>
36		
37	Preventive services	32,412,700
38	Comprehensive health plan	
39	Comprehensive health plan services	127,989,800 <ins>174,472,000</ins>
40		
41	Comprehensive health plan administration	28,642,700 <ins>25,563,300</ins>
42		
43		
44		
45		

1	Comprehensive health plan	
2	premium tax	3,196,600
3		3,581,300
4	Total appropriation and expenditure	
5	authority – department of	
6	child safety	\$1,262,616,900
7		\$1,322,004,400
8	Fund sources:	
9	State general fund	\$ 458,314,500
10	Federal child care and	
11	development fund block grant	40,516,000
12	Federal temporary assistance	
13	for needy families block	
14	grant	161,082,200
15		176,682,200
16	Child abuse prevention fund	1,459,300
17	Children and family services	
18	training program fund	208,000
19	Child safety expenditure authority	440,186,100
20	Child welfare licensing fee fund	1,021,700
21	Comprehensive health plan	
22	expenditure authority fund –	
23	expenditure authority	159,829,100
24		203,616,600

Additional operating resources

The department of child safety shall provide training to any new child safety FTE positions before assigning any client caseload duties to any of these employees.

The legislature intends that the department of child safety use its funding to achieve a one hundred percent investigation rate.

All expenditures made by the department of child safety for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in department of child safety line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure.

Out-of-home placements

The department of child safety may transfer up to ten percent of the total amount of federal temporary assistance for needy families block grant monies appropriated to the department of economic security and the department of child safety to the social services block grant. Before transferring federal temporary assistance for needy families block grant monies to the social services block grant, the department of child safety shall report the proposed amount of the transfer to the director of the joint legislative budget committee. This report may be in the form of an

1 expenditure plan that is submitted at the beginning of the fiscal year and
2 updated, if necessary, throughout the fiscal year.

3 The amount appropriated for kinship care shall be used for a stipend
4 of \$300 per month for a relative caretaker, including a grandparent, any
5 level of great-grandparent or any nongrandparent relative, or a caretaker
6 of fictive kinship, if a dependent child is placed in the care of a
7 relative caretaker or caretaker of fictive kinship pursuant to department
8 guidelines. The department shall provide the stipend on behalf of all
9 children placed with an unlicensed kinship foster care parent. The
10 unlicensed kinship foster care parent is not required to file an
11 application to receive the stipend. Before changing the eligibility for
12 the program or the amount of the stipend, the department shall submit a
13 report for review by the joint legislative budget committee detailing the
14 proposed changes.

15 On or before March 31, 2025, the department of child safety shall
16 report to the joint legislative budget committee the number of children
17 who are part of the kinship stipend program and reside with a nonrelative
18 caretaker of fictive kinship.

19 Support services

20 The preventive services line item appropriation includes \$264,400
21 from the state general fund to draw down \$1,322,000 in additional federal
22 monies associated with the community based child abuse prevention block
23 grant. If grant monies are no longer available, the appropriation is
24 reduced by the amounts of \$264,400 from the general fund and \$1,322,000
25 from child safety expenditure authority.

26 Departmentwide

27 The amount appropriated for any line item may not be transferred to
28 another line item or to the operating budget unless the transfer is
29 reviewed by the joint legislative budget committee, except that transfers
30 between any two line items relating to the comprehensive health plan are
31 not subject to review.

32 Child safety expenditure authority includes all department funding
33 sources excluding the state general fund, the federal child care and
34 development fund block grant, the federal temporary assistance for needy
35 families block grant, the child abuse prevention fund, the children and
36 family services training program fund and the comprehensive health plan
37 expenditure authority fund.

38 On or before December 1, 2024, the department of child safety shall
39 submit a report to the joint legislative budget committee on the
40 department's efforts to implement the family first prevention services act
41 of 2018. The report shall quantify the department's efforts in at least
42 the following areas, including any associated fiscal impacts:

43 1. Reducing the number of children placed for more than two weeks
44 in congregate care settings, excluding qualified residential treatment
45 programs, facilities for pregnant and parenting youth, supervised

1 independent living and specialized programs for victims of sex
2 trafficking.

3 2. Assisting congregate care providers in attaining status as
4 qualified residential treatment programs.

5 3. Identifying alternative placements, including therapeutic foster
6 homes, for children who would otherwise be placed in congregate care.

7 4. Expanding evidence-based, in-home parent skill-based programs
8 and mental health and substance abuse prevention and treatment services.

9 Benchmarks

10 For the purposes of this section:

11 1. "Backlog case":

12 (a) Means any nonactive case for which documentation has not been
13 entered in the child welfare automated system for at least sixty days and
14 for which services have not been authorized for at least sixty days and
15 any case that has had an investigation, has been referred to another unit
16 and has had no contact for at least sixty days.

17 (b) Includes any case for which the investigation has been open
18 without any documentation or contact for at least sixty days, any case
19 involving in-home services for which there has been no contact or services
20 authorized for at least sixty days and any case involving foster care in
21 which there has been no contact or any documentation entered in the child
22 welfare automated system for at least sixty days.

23 2. "Long-term case" means any case in which the child has been in
24 an out-of-home placement for at least eighteen months.

25 3. "Open report" means a report that is under investigation or
26 awaiting closure by a supervisor.

27 On or before February 28, 2025 and August 31, 2025, the department
28 of child safety shall present a report to the joint legislative budget
29 committee on the progress made during July 2024 through December 2024 and
30 January 2025 through June 2025, respectively, in meeting the caseload
31 standard and reducing the number of backlog and long-term cases. Each
32 report shall include the number of backlog cases, the number of open
33 reports, the number of long-term cases and the caseworker workload in
34 comparison to the previous six months. Each report shall provide the
35 number of backlog cases by disposition, including the number of backlog
36 cases in the investigation phase, the number of backlog cases associated
37 with out-of-home placements and the number of backlog cases associated
38 with in-home cases.

39 To determine the caseworker workload, the department shall report
40 the number of case-carrying caseworkers at each field office and the
41 number of investigations, in-home cases and long-term cases assigned to
42 each field office.

43 For backlog cases, the department's benchmark is 1,000 cases.

44 For open reports, the department's benchmark is fewer than 8,000
45 open reports.

1 For long-term cases, the department's benchmark is 3,323 cases.
 2 If the department of child safety has not submitted a required
 3 report within thirty days after the report is due, the director of the
 4 joint legislative budget committee shall inform the general accounting
 5 office of the department of administration, which shall withhold two
 6 percent of the department of child safety's operating lump sum semiannual
 7 budget allocation until the department of child safety submits the
 8 required report.

9 Sec. 2. Subject to applicable laws, the sums or sources of revenue
 10 set forth in this act are appropriated for the fiscal years indicated and
 11 only from the funding sources listed for the purposes and objects
 12 specified. If monies from funding sources in this act are unavailable, no
 13 other funding source may be used.

14 Sec. 3. ARIZONA STATE BOARD OF ACCOUNTANCY

	<u>2025-26</u>
16 FTE positions	14.0
17 Lump sum appropriation	\$ 2,258,100
18 Fund sources:	
19 Board of accountancy fund	\$ 2,258,100

20 Sec. 4. ACUPUNCTURE BOARD OF EXAMINERS

	<u>2025-26</u>
22 FTE positions	1.0
23 Lump sum appropriation	\$ 199,700
24 Fund sources:	
25 Acupuncture board of examiners	
26 fund	\$ 199,700

27 Sec. 5. DEPARTMENT OF ADMINISTRATION

	<u>2025-26</u>
29 FTE positions	548.1
30 Operating lump sum appropriation	\$ 93,881,700
31 Utilities	7,649,900
32 Arizona financial information	
33 system	10,967,300
34 Risk management administrative	
35 expenses	10,870,700
36 Risk management losses and	
37 premiums	54,414,800
38 Workers' compensation losses	
39 and premiums	28,395,000
40 Cyber risk insurance	23,037,200
41 Information technology project	
42 management and oversight	1,674,600
43 State surplus property sales	
44 agency proceeds	1,810,000
45 Digital solutions office	1,345,700

1	Critical applications catalogue	400,000
2	Cybersecurity systems	
3	administration	446,500
4	Government transformation office	<u>2,074,700</u>
5	Total appropriation – department of	
6	administration	\$236,968,100
7	Fund sources:	
8	State general fund	\$ 9,145,100
9	Air quality fund	929,900
10	Arizona financial information	
11	system collections fund	10,967,300
12	Automation operations fund	29,840,500
13	Capital outlay stabilization fund	21,137,300
14	Corrections fund	629,400
15	Cyber risk insurance fund	23,037,200
16	Federal surplus materials revolving	
17	fund	473,500
18	Information technology fund	3,956,500
19	Personnel division fund	13,796,200
20	Risk management revolving fund	101,938,500
21	Special employee health insurance	
22	trust fund	5,715,200
23	Special services revolving fund	1,255,700
24	State surplus materials revolving	
25	fund	3,211,500
26	State web portal fund	8,854,700
27	Telecommunications fund	2,079,600

The appropriation from the automation operations fund established by section 41-711, Arizona Revised Statutes, is an estimate representing all monies, including balance forward, revenues and transfers during fiscal year 2025-2026. These monies are appropriated to the department of administration for the purposes established in section 41-711, Arizona Revised Statutes. The appropriation is adjusted as necessary to reflect monies credited to the automation operations fund for automation operation center projects. Before spending any automation operations fund monies in excess of \$29,840,500 in fiscal year 2025-2026, the department shall report the intended use of the monies to the joint legislative budget committee.

On or before September 1, 2026, the department shall submit a report to the joint legislative budget committee on the results of projects implemented in fiscal year 2025-2026 for the state employee public transportation service reimbursements pursuant to section 41-710.01, Arizona Revised Statutes, in a vehicle emissions control area as defined in section 49-541, Arizona Revised Statutes, of a county with a population of more than four hundred thousand persons.

1 All state surplus materials revolving fund monies received by the
2 department of administration in excess of \$3,048,900 in fiscal year
3 2025-2026 are appropriated to the department. Before spending state
4 surplus materials revolving fund monies in excess of \$3,211,500 in fiscal
5 year 2025-2026, the department shall report the intended use of the monies
6 to the joint legislative budget committee.

7 On or before November 1, 2026, the department shall submit a report
8 to the director of the joint legislative budget committee on expenditures
9 made from the cyber risk insurance fund established by section 41-622,
10 Arizona Revised Statutes, from the prior year.

11 On or before March 31, 2026, the department shall submit a report to
12 the director of the joint legislative budget committee and the governor's
13 office of strategic planning and budgeting on the amount that the Maricopa
14 county special health care district has agreed to send to the department
15 for deposit in the state general fund in fiscal year 2025-2026. If the
16 amount that the district has agreed to send to the department for deposit
17 in fiscal year 2025-2026 has changed from the amount the district sent to
18 the department for deposit in fiscal year 2024-2025, the report shall
19 include the reason for the change.

20 Sec. 6. DEPARTMENT OF ADMINISTRATION, DIVISION OF SCHOOL FACILITIES

2025-26

22 FTE positions	17.0
23 Operating lump sum appropriation	\$ 1,624,700
24 New school facilities debt service	9,938,100
25 Building renewal grants deposit	199,967,900
26 New school facilities	<u>105,973,400</u>
27 Total appropriation – department of 28 administration, division 29 of school facilities	\$317,504,100
30 Fund sources:	
31 State general fund	\$317,504,100
32 Pursuant to section 35-142.01, Arizona Revised Statutes, any 33 reimbursement received by or allocated to the division of school 34 facilities under the federal qualified school construction bond program in 35 fiscal year 2025-2026 shall be deposited in or revert to the state general 36 fund.	

37 At least thirty days before any monies are transferred out of the
38 new school facilities debt service line item, the division of school
39 facilities shall report the proposed transfer to the director of the joint
40 legislative budget committee.

41 Pursuant to section 41-5741, Arizona Revised Statutes, the amount
42 appropriated for new school facilities shall be used only for facilities
43 and land costs for school districts that received final approval from the
44 division of school facilities on or before December 15, 2024.

After approving a distribution of funding for a land purchase, a land lease or the construction of a new school, the division of school facilities shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting the final amount of the distribution.

Sec. 7. OFFICE OF ADMINISTRATIVE HEARINGS

	<u>2025-26</u>
FTE positions	12.0
Lump sum appropriation	<u>\$ 970,000</u>

Fund sources:

State general fund	\$ 970,000
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Sec. 8. ARIZONA DEPARTMENT OF AGRICULTURE

	<u>2025-26</u>
FTE positions	209.4
Operating lump sum appropriation	\$ 16,008,300
Agricultural employment relations board	23,300
Animal damage control	65,000
Red imported fire ant control	23,200
Agricultural consulting and training	<u>135,700</u>

Total appropriation – Arizona department of agriculture

	\$ 16,255,500
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Fund sources:

State general fund	\$ 14,639,800
Air quality fund	1,615,700

Sec. 9. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

	<u>2025-26</u>
FTE positions	2,459.3
Operating lump sum appropriation	\$ 134,446,800
Administration	
AHCCCS data storage	19,605,800
DES eligibility	97,074,500
Proposition 204 – AHCCCS administration	15,625,100
Proposition 204 – DES eligibility	44,358,700
<u>Medicaid services</u>	
Traditional medicaid services	9,288,829,500
Proposition 204 services	7,450,961,800
Adult expansion services	798,727,300
Comprehensive health plan	178,650,800
KidsCare services	257,635,300
ALTCS services	2,457,084,800
Behavioral health services in schools	8,445,400

1	<u>Nonmedicaid behavioral health services</u>	
2	Crisis services	16,391,300
3	Nonmedicaid seriously mentally	
4	ill services	77,646,900
5	Supported housing	65,324,800
6	<u>Hospital payments</u>	
7	Disproportionate share payments	884,800
8	Disproportionate share payments –	
9	voluntary match	205,641,700
10	Critical access hospitals	16,454,300
11	Graduate medical education	528,558,300
12	Targeted investments program	<u>67,000,000</u>
13	<u>Total appropriation and expenditure</u>	
14	authority – Arizona health	
15	care cost containment system	\$21,729,347,900
16	<u>Fund sources:</u>	
17	State general fund	\$ 2,627,312,900
18	Budget neutrality compliance fund	5,112,300
19	Children's health insurance	
20	program fund	194,417,200
21	Prescription drug rebate	
22	fund – state	339,832,200
23	Seriously mentally ill	
24	housing trust fund	217,700
25	Substance abuse services fund	2,250,200
26	Tobacco products tax fund –	
27	emergency health services	
28	account	15,400,000
29	Tobacco tax and health care	
30	fund – medically needy account	57,545,600
31	Expenditure authority	18,487,259,800
32	<u>Operating budget</u>	
33	The amount appropriated for the DES eligibility line item shall be	
34	used for intergovernmental agreements with the department of economic	
35	security for eligibility determination and other functions. The state	
36	general fund share may be used for eligibility determination for other	
37	programs administered by the division of benefits and medical eligibility	
38	based on the results of the Arizona random moment sampling survey.	
39	The amounts included in the proposition 204 – AHCCCS administration,	
40	proposition 204 – DES eligibility and proposition 204 services line items	
41	include all available sources of funding consistent with section	
42	36-2901.01, subsection B, Arizona Revised Statutes.	
43	Before spending the monies for the replacement of the prepaid	
44	medicaid management information system, the Arizona strategic enterprise	
45	technology office shall submit, on behalf of the Arizona health care cost	

1 containment system, an expenditure plan for review by the joint
2 legislative budget committee. The report shall include the project cost,
3 deliverables, the timeline for completion and the method of procurement
4 that are consistent with the department's prior reports for its
5 appropriations from the automation projects fund.

6 Medical services and behavioral health services

7 Before making fee-for-service program or rate changes that pertain
8 to fee-for-service rate categories, the Arizona health care cost
9 containment system administration shall report its expenditure plan for
10 review by the joint legislative budget committee.

11 The Arizona health care cost containment system administration shall
12 report to the joint legislative budget committee on or before March 1,
13 2026 on preliminary actuarial estimates of the capitation rate changes for
14 the following fiscal year along with the reasons for the estimated
15 changes. For any actuarial estimates that include a range, the total
16 range from minimum to maximum may not be more than two percent. Before
17 implementing any changes in capitation rates, the administration shall
18 report its expenditure plan for review by the joint legislative budget
19 committee. Before the administration implements any change in policy
20 affecting the amount, sufficiency, duration and scope of health care
21 services and who may provide services, the administration shall prepare a
22 fiscal impact analysis on the potential effects of this change on the
23 following year's capitation rates. If the fiscal impact analysis
24 demonstrates that this change will result in additional state costs of
25 \$1,000,000 or more for any fiscal year, the administration shall submit
26 the policy change for review by the joint legislative budget committee.

27 The legislature intends that the percentage attributable to
28 administration and profit for the regional behavioral health authorities
29 be nine percent of the overall capitation rate.

30 The Arizona health care cost containment system administration shall
31 transfer up to \$1,200,000 from the traditional medicaid services line item
32 for fiscal year 2025-2026 to the attorney general for costs associated
33 with e-cigarette enforcement and tobacco settlement litigation.

34 The Arizona health care cost containment system administration shall
35 transfer \$836,000 from the traditional medicaid services line item for
36 fiscal year 2025-2026 to the department of revenue for enforcement costs
37 associated with the March 13, 2013 master settlement agreement with
38 tobacco companies.

39 The amount appropriated for the traditional medicaid services line
40 item includes \$4,098,200 from the state general fund and \$8,059,900 from
41 expenditure authority for inpatient payments to rural hospitals as defined
42 in section 36-2905.02, Arizona Revised Statutes.

43 Of the amount appropriated for the proposition 204 services line
44 item, \$100,000,000 shall be used from the hospital assessment fund
45 established by section 36-2901.09, Arizona Revised Statutes, to cover a

1 portion of the nonfederal share of the costs of services described in
2 section 36-2907, subsection F, Arizona Revised Statutes. This amount is
3 included in the expenditure authority fund source.

4 On or before June 30, 2026, the Arizona health care cost containment
5 system administration shall report to the joint legislative budget
6 committee on the progress in implementing the Arnold v. Sarn lawsuit
7 settlement. The report shall include, at a minimum, the administration's
8 progress toward meeting all criteria specified in the 2014 joint
9 stipulation, including the development and estimated cost of additional
10 behavioral health service capacity in Maricopa county for supported
11 housing services for one thousand two hundred class members, supported
12 employment services for seven hundred fifty class members, eight assertive
13 community treatment teams and consumer operated services for one thousand
14 five hundred class members. The administration shall also report by fund
15 source the amounts it plans to use to pay for expanded services.

16 Long-term care

17 Any federal monies that the Arizona health care cost containment
18 system administration passes through to the department of economic
19 security for use in long-term care for persons with developmental
20 disabilities do not count against the long-term care expenditure
21 authority.

22 Pursuant to section 11-292, subsection B, Arizona Revised Statutes,
23 the county portion of the fiscal year 2025-2026 nonfederal costs of
24 providing long-term care system services is \$409,537,600. This amount is
25 included in the expenditure authority fund source.

26 Any supplemental payments received in excess of \$93,066,100 for
27 nursing facilities that serve Arizona long-term care system medicaid
28 patients in fiscal year 2025-2026, including any federal matching monies,
29 by the Arizona health care cost containment system administration are
30 appropriated to the administration in fiscal year 2025-2026. Before
31 spending these increased monies, the administration shall notify the joint
32 legislative budget committee and the governor's office of strategic
33 planning and budgeting of the amount of monies that will be spent under
34 this provision. These payments are included in the expenditure authority
35 fund source.

36 Payments to hospitals

37 Any monies received for disproportionate share hospital payments
38 from political subdivisions of this state, tribal governments and any
39 university under the jurisdiction of the Arizona board of regents, and any
40 federal monies used to match those payments, in fiscal year 2025-2026 by
41 the Arizona health care cost containment system administration in excess
42 of \$155,153,000 are appropriated to the administration in fiscal year
43 2025-2026. Before spending these increased monies, the administration
44 shall notify the joint legislative budget committee and the governor's

1 office of strategic planning and budgeting of the amount of monies that
2 will be spent under this provision.

3 On or before March 31, 2026, the Arizona health care cost
4 containment system administration shall submit a report to the director of
5 the joint legislative budget committee and the governor's office of
6 strategic planning and budgeting on the amount of directed payments that
7 the Maricopa county special health care district will receive from the
8 safety net services initiative in fiscal year 2025-2026, disaggregated by
9 state match and by federal match.

10 The expenditure authority fund source includes voluntary payments
11 made from political subdivisions for payments to hospitals that operate a
12 graduate medical education program or treat low-income patients and for
13 payments to qualifying providers affiliated with teaching hospitals. The
14 political subdivision portions of the fiscal year 2025-2026 costs of
15 graduate medical education, disproportionate share payments – voluntary
16 match, traditional medicaid services, proposition 204 services and adult
17 expansion services line items are included in the expenditure authority
18 fund source.

19 Any monies for graduate medical education received in fiscal year
20 2025-2026, including any federal matching monies, by the Arizona health
21 care cost containment system administration in excess of \$528,558,300 are
22 appropriated to the administration in fiscal year 2025-2026. Before
23 spending these increased monies, the administration shall notify the joint
24 legislative budget committee and the governor's office of strategic
25 planning and budgeting of the amount of monies that will be spent under
26 this provision.

27 If any graduate medical education monies remain after the Arizona
28 health care cost containment system administration has funded all eligible
29 graduate medical education programs in counties with a population of less
30 than five hundred thousand persons, the administration may fund the costs
31 of graduate medical education programs operated by community health
32 centers and rural health clinics.

33 Notwithstanding section 36-2903.01, subsection G, paragraph 9,
34 subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for
35 graduate medical education includes \$5,000,000 from the state general fund
36 and \$9,384,300 from expenditure authority for the direct and indirect
37 costs of graduate medical education programs located in counties with a
38 population of less than five hundred thousand persons. The state general
39 fund amount may supplement, but not supplant, voluntary payments made from
40 political subdivisions for payments to hospitals that operate a graduate
41 medical education program. The administration shall prioritize
42 distribution to programs at hospitals in counties with a higher percentage
43 of persons residing in a health professional shortage area as defined in
44 42 Code of Federal Regulations part 5.

Notwithstanding section 36-2903.01, subsection G, paragraph 9, subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for graduate medical education includes \$4,000,000 from the state general fund and \$7,507,500 from expenditure authority for the direct and indirect costs of graduate medical education programs located in counties with a population of more than five hundred thousand persons. The state general fund amount may supplement, but not supplant, voluntary payments made from political subdivisions for payments to hospitals that operate a graduate medical education program.

Monies appropriated for graduate medical education in this section are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027.

Of the amount appropriated from the expenditure authority fund source, \$3,606,700,000 is for hospital enhanced access leading to health improvements initiative payments in fiscal year 2025-2026. This amount includes monies from hospital assessments collected pursuant to section 36-2999.72, Arizona Revised Statutes, and any federal monies used to match those payments.

Other

On or before July 1, 2026, the Arizona health care cost containment system administration shall report to the director of the joint legislative budget committee the total amount of medicaid reconciliation payments and penalties received on or before that date since July 1, 2025.

The nonappropriated portion of the prescription drug rebate fund established by section 36-2930, Arizona Revised Statutes, is included in the federal portion of the expenditure authority fund source.

Sec. 10. BOARD OF ATHLETIC TRAINING

2025-26

FTE positions 1.5
Lump sum appropriation \$ 167,800

Fund sources:

Athletic training fund \$ 167,800

Sec. 11. ATTORNEY GENERAL – DEPARTMENT OF LAW

2025-26

FTE positions 671.7

Operating lump sum appropriation \$ 64,048,000

Capital postconviction prosecution 885,500

Child and family advocacy centers 100,000

Criminal division major fraud unit 1,191,200

Internet crimes against children

enforcement 1,278,300

Government accountability and

special litigation 1,293,200

Organized retail theft

task force 1,575,700

1	Risk management interagency	
2	service agreement	10,812,100
3	State grand jury	195,300
4	Southern Arizona law enforcement	1,682,500
5	Tobacco enforcement	877,500
6	Victims' rights	<u>4,027,700</u>
7	Total appropriation – attorney general –	
8	department of law	\$ 87,967,000
9	Fund sources:	
10	State general fund	\$ 27,007,700
11	Antitrust enforcement revolving	
12	fund	162,300
13	Attorney general legal services	
14	cost allocation fund	2,343,200
15	Collection enforcement revolving	
16	fund	7,339,500
17	Consumer protection-consumer	
18	fraud revolving fund	14,886,000
19	Interagency service agreements fund	18,246,300
20	Internet crimes against children	
21	enforcement fund	900,000
22	Risk management revolving fund	13,266,600
23	Victims' rights fund	3,815,400
24	All monies appropriated to the attorney general legal services line	
25	item in the department of child safety budget do not count toward the	
26	attorney general's interagency service agreements fund appropriation in	
27	fiscal year 2025-2026.	
28	Within ten days after receiving a complaint alleging a violation of	
29	section 15-511, Arizona Revised Statutes, the attorney general shall	
30	forward a copy of the complaint to the governor, the president of the	
31	senate and the speaker of the house of representatives.	
32	The amount appropriated for the child and family advocacy centers	
33	line item is allocated to the child and family advocacy center fund	
34	established by section 41-191.11, Arizona Revised Statutes.	
35	The \$900,000 appropriation from the internet crimes against children	
36	enforcement fund established by section 41-199, Arizona Revised Statutes,	
37	and the \$378,300 appropriation from the state general fund for the	
38	internet crimes against children enforcement line item are continuing	
39	appropriations and are exempt from the provisions of section 35-190,	
40	Arizona Revised Statutes, relating to lapsing of appropriations, until	
41	June 30, 2027.	
42	The \$1,575,700 appropriation for the organized retail theft task	
43	force line item shall be used for operational expenses of the organized	
44	retail task force and for hiring one attorney, one paralegal, two	
45	investigators and one support staff person within the office of the	

1 attorney general and four peace officers who are assigned to the task
 2 force to focus specifically on investigating and prosecuting organized
 3 retail crime.

4 Sec. 12. BARBERING AND COSMETOLOGY BOARD

5 2025-26

6 FTE positions	33.5
7 Lump sum appropriation	\$ 3,030,900

8 Fund sources:

9 Barbering and cosmetology fund	\$ 3,030,900
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10 Sec. 13. BOARD OF BEHAVIORAL HEALTH EXAMINERS

11 2025-26

12 FTE positions	27.0
13 Lump sum appropriation	\$ 2,721,100

14 Fund sources:

15 Board of behavioral health	
16 examiners fund	\$ 2,721,100

17 Sec. 14. STATE BOARD FOR CHARTER SCHOOLS

18 2025-26

19 FTE positions	25.0
20 Lump sum appropriation	\$ 2,749,300

21 Fund sources:

22 State general fund	\$ 2,749,300
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23 Sec. 15. DEPARTMENT OF CHILD SAFETY

24 2025-26

25 FTE positions	3,283.1
26 Operating lump sum appropriation	\$146,580,900

27 Additional operating resources

28 Attorney general legal services	27,989,800
29 Caseworkers	132,188,700

30 Office of child welfare	
31 investigations	10,613,300

32 Training resources	9,150,000
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33 Out-of-home placements

34 Congregate group care	103,682,000
35 Extended foster care	19,887,200

36 Foster home placement	42,547,300
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37 Foster home recruitment,	
38 study and supervision	32,753,600

39 Kinship care	20,584,600
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40 Permanent placements

41 Adoption services	286,840,400
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42 Permanent guardianship subsidy	17,186,800
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43 Support services

44 DCS child care subsidy	61,675,400
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45 In-home mitigation	38,414,300
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1	Out-of-home support services	113,284,600
2	Preventive services	21,412,700
3	<u>Comprehensive health plan</u>	
4	Comprehensive health plan	
5	services	134,550,700
6	Comprehensive health plan	
7	administration	25,072,800
8	Comprehensive health plan	
9	premium tax	<u>3,257,700</u>
10	Total appropriation and expenditure	
11	authority – department of	
12	child safety	\$1,247,672,800
13	Fund sources:	
14	State general fund	\$ 441,589,500
15	Federal child care and	
16	development fund block grant	40,516,000
17	Federal temporary assistance	
18	for needy families block	
19	grant	161,076,300
20	Child abuse prevention fund	1,459,300
21	Children and family services	
22	training program fund	207,500
23	Child safety expenditure authority	438,921,400
24	Child welfare licensing fee fund	1,021,600
25	Comprehensive health plan	
26	expenditure authority fund –	
27	expenditure authority	162,881,200
28	<u>Additional operating resources</u>	
29	The department of child safety shall provide training to any new	
30	child safety FTE positions before assigning any client caseload duties to	
31	any of these employees.	
32	The legislature intends that the department of child safety use its	
33	funding to achieve a one hundred percent investigation rate.	
34	All expenditures made by the department of child safety for attorney	
35	general legal services shall be funded only from the attorney general	
36	legal services line item. Monies in department of child safety line items	
37	intended for this purpose shall be transferred to the attorney general	
38	legal services line item before expenditure.	
39	On or before September 1, 2025, the department of child safety shall	
40	submit a report to the joint legislative budget committee and the	
41	governor's office of strategic planning and budgeting on the actual	
42	operating expenses for the guardian case management system in fiscal year	
43	2024-2025 and the proposed system operating expenses for the system in	
44	fiscal year 2025-2026.	

1 Out-of-home placements

2 The department of child safety may transfer up to ten percent of the
3 total amount of federal temporary assistance for needy families block
4 grant monies appropriated to the department of economic security and the
5 department of child safety to the social services block grant. Before
6 transferring federal temporary assistance for needy families block grant
7 monies to the social services block grant, the department of child safety
8 shall report the proposed amount of the transfer to the director of the
9 joint legislative budget committee. This report may be in the form of an
10 expenditure plan that is submitted at the beginning of the fiscal year and
11 updated, if necessary, throughout the fiscal year.

12 The amount appropriated for kinship care shall be used for a stipend
13 of \$300 per month for a relative caretaker, including a grandparent, any
14 level of great-grandparent or any non-grandparent relative, or a caretaker
15 of fictive kinship, if a dependent child is placed in the care of a
16 relative caretaker or caretaker of fictive kinship pursuant to department
17 guidelines. The department shall provide the stipend on behalf of all
18 children placed with an unlicensed kinship foster care parent. The
19 unlicensed kinship foster care parent is not required to file an
20 application to receive the stipend. Before changing the eligibility for
21 the program or the amount of the stipend, the department shall submit a
22 report for review by the joint legislative budget committee detailing the
23 proposed changes.

24 On or before March 31, 2026, the department of child safety shall
25 report to the joint legislative budget committee the number of children
26 who are part of the kinship stipend program and reside with a nonrelative
27 caretaker of fictive kinship.

28 Support services

29 The preventive services line item appropriation includes \$264,400
30 from the state general fund to draw down \$1,322,000 in additional federal
31 monies associated with the community based child abuse prevention block
32 grant. If grant monies are no longer available, the appropriation is
33 reduced by the amounts of \$264,400 from the general fund and \$1,322,000
34 from child safety expenditure authority.

35 Departmentwide

36 The amount appropriated for any line item may not be transferred to
37 another line item or to the operating budget unless the transfer is
38 reviewed by the joint legislative budget committee, except that transfers
39 between any two line items relating to the comprehensive health plan are
40 not subject to review.

41 Child safety expenditure authority includes all department funding
42 sources excluding the state general fund, the federal child care and
43 development fund block grant, the federal temporary assistance for needy
44 families block grant, the child abuse prevention fund established by
45 section 8-550.01, Arizona Revised Statutes, the children and family

1 services training program fund established pursuant to section 8-503.01,
2 Arizona Revised Statutes, and the comprehensive health plan expenditure
3 authority fund established pursuant to section 8-512.02, Arizona Revised
4 Statutes.

5 On or before December 1, 2025, the department of child safety shall
6 submit a report to the joint legislative budget committee on the
7 department's efforts to implement the family first prevention services act
8 of 2018 (P.L. 115-123). The report shall quantify the department's
9 efforts in at least the following areas, including any associated fiscal
10 impacts:

11 1. Reducing the number of children placed for more than two weeks
12 in congregate care settings, excluding qualified residential treatment
13 programs, facilities for pregnant and parenting youth, supervised
14 independent living and specialized programs for victims of sex
15 trafficking.

16 2. Assisting congregate care providers in attaining status as
17 qualified residential treatment programs.

18 3. Identifying alternative placements, including therapeutic foster
19 homes, for children who would otherwise be placed in congregate care.

20 4. Expanding evidence-based, in-home parent skill-based programs
21 and mental health and substance abuse prevention and treatment services.

22 Benchmarks

23 For the purposes of this section:

24 1. "Backlog case":

25 (a) Means any nonactive case for which documentation has not been
26 entered in the child welfare automated system for at least sixty days and
27 for which services have not been authorized for at least sixty days and
28 any case that has had an investigation, has been referred to another unit
29 and has had no contact for at least sixty days.

30 (b) Includes any case for which the investigation has been open
31 without any documentation or contact for at least sixty days, any case
32 involving in-home services for which there has been no contact or services
33 authorized for at least sixty days and any case involving foster care in
34 which there has been no contact or any documentation entered in the child
35 welfare automated system for at least sixty days.

36 2. "Long-term case" means any case in which the child has been in
37 an out-of-home placement for at least eighteen months.

38 3. "Open report" means a report that is under investigation or
39 awaiting closure by a supervisor.

40 On or before February 28, 2026 and August 31, 2026, the department
41 of child safety shall present a report to the joint legislative budget
42 committee on the progress made during July 2025 through December 2025 and
43 January 2026 through June 2026, respectively, in meeting the caseload
44 standard and reducing the number of backlog and long-term cases. Each
45 report shall include the number of backlog cases, the number of open

1 reports, the number of long-term cases and the caseworker workload in
2 comparison to the previous six months. Each report shall provide the
3 number of backlog cases by disposition, including the number of backlog
4 cases in the investigation phase, the number of backlog cases associated
5 with out-of-home placements and the number of backlog cases associated
6 with in-home cases.

7 To determine the caseworker workload, the department shall report
8 the number of case-carrying caseworkers at each field office and the
9 number of investigations, in-home cases and long-term cases assigned to
10 each field office.

11 For backlog cases, the department's benchmark is 1,000 cases.

12 For open reports, the department's benchmark is fewer than 8,000
13 open reports.

14 For long-term cases, the department's benchmark is 3,323 cases.

15 If the department of child safety has not submitted a required
16 report within thirty days after the report is due, the director of the
17 joint legislative budget committee shall inform the general accounting
18 office of the department of administration, which shall withhold two
19 percent of the department of child safety's operating lump sum semiannual
20 budget allocation until the department of child safety submits the
21 required report.

22 Sec. 16. STATE BOARD OF CHIROPRACTIC EXAMINERS

	<u>2025-26</u>
FTE positions	6.0
Lump sum appropriation	\$ 643,700

26 Fund sources:

Board of chiropractic examiners fund	\$ 643,700
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29 Sec. 17. ARIZONA COMMERCE AUTHORITY

	<u>2025-26</u>
FTE positions	100.0

Operating lump sum appropriation	\$ 10,000,000
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Arizona competes fund deposit	500,000
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Asia trade offices	750,000
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Economic development marketing and attraction	500,000
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Frankfurt, Germany trade office	500,000
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Israel trade office	300,000
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Mexico trade offices	<u>500,000</u>
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Total appropriation – Arizona commerce authority	\$ 13,050,000
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Fund sources:	
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State general fund	\$ 13,050,000
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Pursuant to section 43-409, Arizona Revised Statutes, of the amounts listed above, \$10,500,000 of the state general fund withholding tax revenues is allocated in fiscal year 2025-2026 to the Arizona commerce authority, of which \$10,000,000 is credited to the Arizona commerce authority fund established by section 41-1506, Arizona Revised Statutes, and \$500,000 is credited to the Arizona competes fund established by section 41-1545.01, Arizona Revised Statutes.

Sec. 18. ARIZONA COMMUNITY COLLEGES

2025-26Equalization aid

Cochise	\$ 11,812,600
Graham	22,496,500
Navajo	12,885,200
Yuma/La Paz	<u>1,786,400</u>
Total – equalization aid	\$ 48,980,700

Operating state aid

Cochise	\$ 3,818,600
Coconino	1,426,500
Gila	158,700
Graham	1,808,100
Mohave	1,056,600
Navajo	1,430,400
Pinal	1,082,900
Santa Cruz	45,100
Yavapai	555,900
Yuma/La Paz	<u>2,402,000</u>
Total – operating state aid	\$ 13,784,800

STEM and workforce programs state aid

Cochise	\$ 1,021,100
Coconino	314,300
Gila	91,700
Graham	465,900
Maricopa	8,441,600
Mohave	430,500
Navajo	295,500
Pima	1,855,600
Pinal	654,800
Santa Cruz	38,000
Yavapai	710,200
Yuma/La Paz	<u>820,600</u>
Total – STEM and workforce programs state aid	\$ 15,139,800

1	<u>Rural aid</u>	
2	Cochise	\$ 2,703,600
3	Coconino	901,800
4	Gila	252,800
5	Graham	1,244,500
6	Mohave	1,202,500
7	Navajo	852,600
8	Pinal	1,807,400
9	Santa Cruz	99,900
10	Yavapai	1,955,300
11	Yuma/La Paz	<u>2,979,600</u>
12	Total – rural aid	\$ 14,000,000
13	Rural county reimbursement subsidy	\$ 1,082,900
14	Additional Gila workforce	
15	development aid	200,000
16	Diné college remedial education	<u>1,000,000</u>
17	Total appropriation – Arizona community	
18	colleges	\$ 94,188,200
19	Fund sources:	
20	State general fund	\$ 94,188,200
21	Of the \$1,082,900 appropriated to the rural county reimbursement	
22	subsidy line item, Apache county receives \$699,300 and Greenlee county	
23	receives \$383,600.	
24	On or before October 15, 2026, the Diné college board of regents	
25	shall submit to the governor, the speaker of the house of representatives,	
26	the president of the senate, the secretary of state and the joint	
27	legislative budget committee a report that details the course completion	
28	rate for students who received remedial education during the 2025-2026	
29	academic year.	
30	Sec. 19. REGISTRAR OF CONTRACTORS	
31		<u>2025-26</u>
32	FTE positions	105.6
33	Operating lump sum appropriation	\$ 12,908,000
34	Office of administrative	
35	hearings costs	<u>1,017,600</u>
36	Total appropriation – registrar of	
37	contractors	\$ 13,925,600
38	Fund sources:	
39	Registrar of contractors fund	\$ 13,925,600
40	Sec. 20. CORPORATION COMMISSION	
41		<u>2025-26</u>
42	FTE positions	301.9
43	Operating lump sum appropriation	\$ 35,396,100
44	Corporation filings, same-day	
45	service	417,300

1	Utilities audits, studies,	
2	investigations and hearings	<u>380,000*</u>
3	Total appropriation – corporation commission	\$ 36,193,400
4	Fund sources:	
5	State general fund	\$ 789,000
6	Arizona arts trust fund	60,000
7	Investment management regulatory	
8	and enforcement fund	1,329,700
9	Public access fund	8,121,600
10	Securities regulatory and	
11	enforcement fund	7,345,800
12	Utility regulation revolving fund	18,547,300
13	Sec. 21. STATE DEPARTMENT OF CORRECTIONS	
14		<u>2025-26</u>
15	FTE positions	9,569.0
16	Operating lump sum appropriation	\$ 762,109,600
17	Overtime and compensatory time	75,320,300
18	Private prison per diem	275,716,800
19	Community corrections	28,280,300
20	Inmate health care contracted	
21	services	367,557,100
22	Substance abuse treatment	3,945,400
23	Noncontract medication	55,000,000
24	Injunction-related IT upgrades	<u>16,000,000</u>
25	Total appropriation – state department	
26	of corrections	\$1,583,929,500
27	Fund sources:	
28	State general fund	\$1,527,944,500
29	State education fund for	
30	correctional education	736,400
31	Alcohol abuse treatment fund	555,800
32	Penitentiary land fund	3,466,000
33	State charitable, penal and	
34	reformatory institutions	
35	land fund	3,733,100
36	Corrections fund	31,312,500
37	Transition program fund	2,400,300
38	Prison construction and	
39	operations fund	12,500,100
40	Inmate store proceeds fund	1,280,800

1 Of the amount appropriated in the operating lump sum, \$401,635,800
2 is designated for personal services and \$233,154,700 is designated for
3 employee-related expenditures. The state department of corrections shall
4 submit an expenditure plan for review by the joint legislative budget
5 committee before spending these monies other than for personal services or
6 employee-related expenditures.

7 After the state department of corrections submits an expenditure
8 plan to the joint legislative budget committee, the department may
9 transfer personal services and employee-related expenditures savings from
10 the operating budget to the private prison per diem line item for private
11 prison staff stipends. The amount of any private prison staff stipend may
12 not exceed the amount given to department staff. The expenditure plan is
13 not subject to review by the joint legislative budget committee.

14 The state department of corrections shall submit an expenditure plan
15 for review by the joint legislative budget committee before spending
16 monies appropriated for the overtime and compensatory timeline item other
17 than for personal services or employee-related expenditures.

18 Private prison vendors that contract with this state may use staff
19 vacancy savings to pay for overtime costs without incurring a penalty or
20 staffing offset.

21 Before placing any inmates in out-of-state provisional beds, the
22 state department of corrections shall place inmates in all available
23 prison beds in facilities that are located in this state and that house
24 Arizona inmates, unless the out-of-state provisional beds are of a
25 comparable security level and price.

26 The state department of corrections shall forward to the president
27 of the senate, the speaker of the house of representatives, the
28 chairpersons of the senate and house of representatives appropriations
29 committees and the director of the joint legislative budget committee a
30 monthly report comparing department expenditures for the month and
31 year-to-date as compared to prior-year expenditures on or before the
32 thirtieth of the following month. The report shall be in the same format
33 as the prior fiscal year and include an estimate of potential shortfalls,
34 potential surpluses that may be available to offset these shortfalls and a
35 plan, if necessary, for eliminating any shortfall without a supplemental
36 appropriation. The report shall include the number of filled and vacant
37 correctional officer and medical staff positions departmentwide and by
38 prison complex.

39 On or before November 1, 2025, the state department of corrections
40 shall provide a report on bed capacity to the joint legislative budget
41 committee. The report shall reflect the bed capacity for each security
42 classification by gender at each state-run and private institution,
43 divided by rated and total beds. The report shall include bed capacity
44 data for June 30, 2024 and June 30, 2025 and the projected capacity for
45 June 30, 2026, as well as the reasons for any change within that time

1 period. Within the total bed count, the department shall provide the
2 number of temporary and special use beds. The report shall also address
3 the department's rationale for eliminating any permanent beds rather than
4 reducing the level of temporary beds. The report shall also include any
5 plans to vacate beds but not permanently remove the beds from the bed
6 count. If the department develops a plan after the department's November
7 1, 2025 report to open or close one hundred or more state-operated or
8 private prison rated beds, the department shall submit a plan detailing
9 the proposed bed changes for review by the joint legislative budget
10 committee before implementing these changes.

11 One hundred percent of land earnings and interest from the
12 penitentiary land fund shall be distributed to the state department of
13 corrections in compliance with the enabling act and the Constitution of
14 Arizona to be used to support state penal institutions.

15 On or before December 15, 2025 and July 15, 2026, the state
16 department of corrections shall submit a report to the joint legislative
17 budget committee on the progress made in meeting the staffing needs for
18 correctional officers. Each report shall include the number of filled
19 correctional officer positions, the number of vacant correctional officer
20 positions, the number of people in training, the number of separations and
21 the number of hours of overtime worked year-to-date. The report shall
22 detail these amounts both departmentwide and by prison complex.

23 Twenty-five percent of land earnings and interest from the state
24 charitable, penal and reformatory institutions land fund shall be
25 distributed to the state department of corrections in compliance with the
26 enabling act and the Constitution of Arizona to be used to support state
27 penal institutions.

28 Before spending any state education fund for correctional education
29 monies in excess of \$736,400, the state department of corrections shall
30 report the intended use of the monies to the director of the joint
31 legislative budget committee.

32 Before implementing any changes in contracted rates for inmate
33 health care contracted services, the state department of corrections shall
34 submit its expenditure plan for review by the joint legislative budget
35 committee.

36 On or before August 1, 2025 and February 1, 2026, the state
37 department of corrections shall submit a report to the joint legislative
38 budget committee on the status of all inmate health care performance
39 measures that are tracked by the department for contract monitoring
40 purposes. Each report must include:

- 41 1. The total number of performance measures, by facility, for which
42 the department is not in substantial compliance.
- 43 2. An explanation for each instance of noncompliance.
- 44 3. The department's plan to comply with the performance measures.

1 On or before August 1, 2025, the state department of corrections
2 shall transfer to the public safety personnel retirement system via the
3 department of administration its estimated required annual contribution to
4 the corrections officer retirement plan for fiscal year 2025-2026.

5 The department shall report actual fiscal year 2024-2025, estimated
6 fiscal year 2025-2026 and requested fiscal year 2026-2027 expenditures as
7 delineated in the prior year when the department submits its fiscal year
8 2026-2027 budget request pursuant to section 35-113, Arizona Revised
9 Statutes.

10 The state department of corrections shall use the amount
11 appropriated in the private prison per diem line item to pay private
12 prison contractors for housing and providing medical care to Arizona
13 inmates. Before spending these monies for any other purpose, the
14 department shall submit an expenditure plan for review by the joint
15 legislative budget committee.

16 The amount appropriated in the injunction-related IT upgrades line
17 item shall be used to address information technology improvements as
18 required by the court in the Jensen v. Thornell inmate health care
19 litigation.

20 The state department of corrections shall use the amount
21 appropriated in the noncontract medication line item to purchase
22 medications to treat hepatitis C and for medication-assisted treatment for
23 substance use disorder. Before spending these monies for any other
24 purpose, the department shall submit an expenditure plan for review by the
25 joint legislative budget committee.

26 Sec. 22. ARIZONA CRIMINAL JUSTICE COMMISSION

	<u>2025-26</u>
28 FTE positions	11.0
29 Operating lump sum appropriation	\$ 1,415,400
30 Major incident regional law	
31 enforcement task force	600,000
32 State aid to county attorneys	973,700
33 State aid to indigent defense	700,000
34 State aid for juvenile dependency	
35 proceedings fund deposit	2,000,000
36 Victim compensation and assistance	<u>6,229,700</u>
37 Total appropriation – Arizona criminal	
38 justice commission	\$ 11,918,800
39 Fund sources:	
40 State general fund	\$ 4,600,000
41 Criminal justice enhancement fund	742,200
42 Resource center fund	647,100
43 State aid to county attorneys fund	973,700

1 State aid to indigent defense fund 700,000
 2 Victim compensation and assistance
 3 fund 4,225,800

4 All victim compensation and assistance fund monies received by the
 5 Arizona criminal justice commission in excess of \$4,225,800 in fiscal year
 6 2025-2026 are appropriated to the crime victims program. Before spending
 7 any victim compensation and assistance fund monies in excess of \$4,225,800
 8 in fiscal year 2025-2026, the Arizona criminal justice commission shall
 9 report the intended use of the monies to the joint legislative budget
 10 committee.

11 All monies received by the Arizona criminal justice commission in
 12 excess of \$973,700 in fiscal year 2025-2026 from the state aid to county
 13 attorneys fund established by section 11-539, Arizona Revised Statutes,
 14 are appropriated to the state aid to county attorneys program. Before
 15 spending any state aid to county attorneys fund monies in excess of
 16 \$973,700 in fiscal year 2025-2026, the Arizona criminal justice commission
 17 shall report the intended use of the monies to the joint legislative
 18 budget committee.

19 Sec. 23. ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND

	<u>2025-26</u>
21 FTE positions	562.2
22 Administration/statewide	\$ 7,726,700
23 Phoenix day school for the deaf	12,203,100
24 Tucson campus	12,354,100
25 Preschool/outreach programs	6,949,200
26 School bus/agency vehicle	
27 replacement	369,000
28 Cooperative services	<u>19,131,000</u>
29 Total appropriation – Arizona state schools	
30 for the deaf and the blind	\$ 58,733,100

31 Fund sources:

32 State general fund	\$ 25,291,300
33 Schools for the deaf and	
34 the blind fund	14,142,800
35 Cooperative services fund	19,131,000
36 Telecommunication fund	
37 for the deaf	168,000

38 Before spending any schools for the deaf and the blind fund monies
 39 in excess of \$14,142,800 in fiscal year 2025-2026, the Arizona state
 40 schools for the deaf and the blind shall report to the joint legislative
 41 budget committee the intended use of the monies.

42 Before spending any cooperative services fund monies in excess of
 43 \$19,131,000 in fiscal year 2025-2026, the Arizona state schools for the
 44 deaf and the blind shall report to the joint legislative budget committee
 45 the intended use of the monies.

1	Sec. 24. COMMISSION FOR THE DEAF AND THE HARD OF HEARING	
2		<u>2025-26</u>
3	FTE positions	21.0
4	Operating lump sum appropriation	\$ 4,655,800
5	Support services for the	
6	deaf-blind	<u>192,000</u>
7	Total appropriation – commission for the	
8	deaf and the hard of hearing	\$ 4,847,800
9	Fund sources:	
10	Telecommunication fund for	
11	the deaf	\$ 4,847,800
12	Sec. 25. STATE BOARD OF DENTAL EXAMINERS	
13		<u>2025-26</u>
14	FTE positions	13.0
15	Lump sum appropriation	\$ 2,120,500
16	Total appropriation – state board of	
17	dental examiners	\$ 2,120,500
18	Fund sources:	
19	Dental board fund	\$ 2,120,500
20	Sec. 26. OFFICE OF ECONOMIC OPPORTUNITY	
21		<u>2025-26</u>
22	FTE positions	5.0
23	Lump sum appropriation	<u>\$ 507.100</u>
24	Fund sources:	
25	State general fund	\$ 507,100
26	Sec. 27. DEPARTMENT OF ECONOMIC SECURITY	
27		<u>2025-26</u>
28	FTE positions	4,683.8
29	Operating lump sum appropriation	\$340,799,000
30	<u>Administration</u>	
31	Attorney general legal services	12,810,300
32	<u>Aging and adult services</u>	
33	Adult services	10,731,900
34	Community and emergency services	3,724,000
35	Coordinated homeless services	3,522,600
36	Coordinated hunger services	2,254,600
37	Domestic violence prevention	14,004,000
38	Long-term care ombudsman	1,000,000
39	<u>Benefits and medical eligibility</u>	
40	Temporary assistance for needy	
41	families – cash benefits	22,736,400
42	Tribal pass-through funding	4,680,300

1	<u>Child support enforcement</u>	
2	Child support -	
3	clerk of the court and	
4	family law services	8,539,700
5	<u>Developmental disabilities</u>	
6	DDD premium tax payment	77,751,400
7	Case management – medicaid	142,378,800
8	Home and community based	
9	services – medicaid	3,234,327,100
10	Institutional services –	
11	medicaid	54,678,000
12	Physical and behavioral	
13	health services – medicaid	852,328,500
14	Medicare clawback payments	7,940,400
15	Targeted case management – medicaid	22,621,300
16	State match transfer from AHCCCS	1,545,157,300
17	Case management – state-only	6,383,200
18	Home and community based	
19	services – state-only	14,089,000
20	Cost effectiveness study – client	
21	services	23,220,000
22	Arizona early intervention program	16,119,000
23	State-funded long-term care	
24	services	45,231,000
25	DD reconciliation payment	32,300,000
26	<u>Employment and rehabilitation services</u>	
27	JOBS	11,005,600
28	Child care subsidy	187,080,200
29	Independent living rehabilitation	
30	services	1,289,400
31	Rehabilitation services	7,249,100
32	Workforce innovation	
33	and opportunity act	
34	services	<u>85,824,200</u>
35	Total appropriation and expenditure	
36	authority – department of	
37	economic security	\$6,791,776,300
38	Fund sources:	
39	State general fund	\$1,786,738,000
40	Federal child care and	
41	development fund block grant	200,027,900
42	Federal temporary assistance for	
43	needy families block grant	66,588,900
44	Long-term care system fund	34,971,600

1	Public assistance collections	
2	fund	441,800
3	Special administration fund	4,654,600
4	Spinal and head injuries trust	
5	fund	2,390,200
6	Statewide cost allocation plan	
7	fund	1,000,000
8	Child support enforcement	
9	administration fund	17,678,400
10	Domestic violence services fund	4,000,300
11	Workforce investment act grant	87,116,200
12	Child support enforcement	
13	administration fund	
14	expenditure authority	44,401,200
15	Developmental disabilities	
16	medicaid expenditure	
17	authority	4,505,619,200
18	Health care investment fund	
19	expenditure authority	36,148,000
20	<u>Aging and adult services</u>	
21	All domestic violence services fund monies in excess of \$4,000,300	
22	received by the department of economic security are appropriated for the	
23	domestic violence prevention line item. Before spending these increased	
24	monies, the department shall report the intended use of monies in excess	
25	of \$4,000,300 to the joint legislative budget committee.	
26	On or before December 15, 2025, the department of economic security	
27	shall report to the joint legislative budget committee the amount of state	
28	and federal monies available statewide for domestic violence prevention	
29	funding. The report shall include, at a minimum, the amount of monies	
30	available and the state fiscal agent receiving those monies.	
31	<u>Benefits and medical eligibility</u>	
32	The operating lump sum appropriation may be spent on Arizona health	
33	care cost containment system eligibility determinations based on the	
34	results of the Arizona random moment sampling survey.	
35	<u>Child support enforcement</u>	
36	All state shares of retained earnings, fees and federal incentives	
37	in excess of \$17,678,400 received by the division of child support	
38	enforcement are appropriated for operating expenditures. New FTE	
39	positions are authorized with the increased funding. Before spending	
40	these increased monies, the department of economic security shall report	
41	the intended use of the monies to the joint legislative budget committee.	
42	<u>Developmental disabilities</u>	
43	On or before September 1, 2026, the department of economic security	
44	shall report to the president of the senate, the speaker of the house of	
45	representatives, the chairpersons of the senate and house of	

1 representatives appropriations committees and the director of the joint
2 legislative budget committee any new placement into a state-owned ICF-IID
3 or the Arizona training program at the Coolidge campus in fiscal year
4 2025-2026 and the reason for this placement, rather than a placement into
5 a privately run facility for persons with developmental disabilities, was
6 deemed as the most appropriate placement. The department shall also
7 report if no new placements were made. On or before September 1, 2026,
8 the department shall also report to the director of the joint legislative
9 budget committee the total costs associated with the Arizona training
10 program at Coolidge in fiscal year 2025-2026.

11 The department of economic security shall report to the joint
12 legislative budget committee on or before March 1 of each year on
13 preliminary actuarial estimates of the capitation rate changes for the
14 following fiscal year along with the reasons for the estimated
15 changes. For any actuarial estimates that include a range, the total
16 range from minimum to maximum may not be more than two percent. Before
17 implementing any changes in capitation rates for the long-term care
18 system, the department shall submit a report for review by the joint
19 legislative budget committee. Before the department implements any change
20 in policy affecting the amount, sufficiency, duration and scope of health
21 care services and who may provide services, the department shall prepare a
22 fiscal impact analysis on the potential effects of this change on the
23 following year's capitation rates. If the fiscal impact analysis
24 demonstrates that this change will result in additional state costs of
25 \$500,000 or more for any fiscal year, the department shall submit the
26 policy change for review by the joint legislative budget committee.

27 Before implementing developmental disabilities or long-term care
28 statewide provider rate adjustments that are not already specifically
29 authorized by the legislature, court mandates or changes to federal law,
30 the department of economic security shall submit a report for review by
31 the joint legislative budget committee that includes, at a minimum, the
32 estimated cost of the provider rate adjustment and the ongoing source of
33 funding for the adjustment, if applicable.

34 Before transferring any monies in or out of the case management –
35 medicaid and case management – state-only and developmental disabilities
36 administration line items and before transferring any monies in or out of
37 the operating lump sum item related to the developmental disabilities
38 program and its administration, the department of economic security shall
39 submit a report for review by the joint legislative budget committee,
40 except that transfers from the state match transfer from AHCCCS line item
41 into those line items do not require a report for review.

42 On or before November 30, 2025, the department of economic security
43 shall submit a report to the joint legislative budget committee regarding
44 expenditures from the cost effectiveness study - client services line item
45 in the previous fiscal year. The report shall include the number of

1 clients and total amounts spent from the line item in each setting type
2 along with expenditures for those clients in other line items. The report
3 shall also include cost effectiveness spending in other line items.

4 The amount appropriated for the DD reconciliation payment line item
5 shall be used to process the reconciliation payment associated with an
6 operating costs shortfall for the contract year ending on September 30,
7 2024.

8 Employment and rehabilitation services

9 On or before December 31, 2025 and June 30, 2026, the department of
10 economic security shall submit a report to the joint legislative budget
11 committee regarding federal child care monies. The report must include,
12 at a minimum, the actual revenues delineated by fund source, the actual
13 year-to-date expenditures by purpose and fund source and the beginning and
14 ending balances for all fund sources for the preceding six months. The
15 report shall also include projected annual revenues, expenditures and
16 balances for the current year and the budget year.

17 The department of economic security shall forward to the joint
18 legislative budget committee a monthly report listing data on the child
19 care population served. The report must include, at a minimum, in each
20 program the number of unduplicated children enrolled in child care within
21 the department of economic security and the department of child safety by
22 program and the average amount paid per child plus quality-related
23 spending.

24 All workforce investment act grant monies that are received by this
25 state in excess of \$87,116,600 are appropriated to the workforce
26 innovation and opportunity act services line item. Before spending these
27 increased monies, the department of economic security shall report the
28 intended use of monies in excess of \$87,116,600 to the joint legislative
29 budget committee.

30 Departmentwide

31 The above appropriations are in addition to monies granted to this
32 state by the federal government for the same purposes but are deemed to
33 include the sums deposited in the state treasury to the credit of the
34 department of economic security pursuant to section 42-5029, Arizona
35 Revised Statutes.

36 The department of economic security shall forward to the president
37 of the senate, the speaker of the house of representatives, the
38 chairpersons of the senate and house of representatives appropriations
39 committees and the director of the joint legislative budget committee a
40 monthly report comparing total expenditures for the month and year-to-date
41 as compared to prior year totals on or before the thirtieth of the
42 following month. The report shall include an estimate of potential
43 shortfalls in entitlement programs and potential federal and other monies,
44 such as the statewide assessment for indirect costs, and any projected
45 surplus in state-supported programs that may be available to offset these

1 shortfalls and a plan, if necessary, for eliminating any shortfall without
 2 a supplemental appropriation.

3 Sec. 28. STATE BOARD OF EDUCATION

	<u>2025-26</u>
5 FTE positions	23.0
6 Operating lump sum appropriation	\$ 3,113,900
7 Arizona empowerment scholarship	
8 account appeals	<u>228,500</u>
9 Total appropriation –	
10 state board of education	\$ 3,342,400
11 Fund sources:	
12 State general fund	\$ 3,342,400

13 Sec. 29. SUPERINTENDENT OF PUBLIC INSTRUCTION

	<u>2025-26</u>
15 FTE positions	232.9
16 Operating lump sum appropriation	\$ 15,362,500
17 <u>Formula programs</u>	
18 Basic state aid	6,793,977,300
19 State aid supplement	75,000,000
20 Special education fund	36,029,200
21 Classroom site fund	1,053,335,300
22 Instructional improvement fund	80,425,700

23 Property tax relief

24 Additional state aid	530,408,900
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25 Non-formula programs

26 Accountability and achievement	
27 testing	16,444,800
28 Adult education	4,903,200
29 Alternative teacher development	
30 program	1,000,000
31 Arizona English language	
32 learner fund	4,960,400
33 CTED certification exam fee	
34 reimbursement	1,000,000
35 CTED completion grants	1,000,000
36 CTED soft capital and equipment	1,000,000
37 College credit by examination	
38 incentive program	3,772,100
39 College placement exam fee waiver	1,265,800
40 Computer science professional	
41 development program	1,000,000
42 Early literacy	17,386,200
43 Education learning and	
44 accountability system	5,470,200
45 English learner administration	6,608,800

1	Flagstaff robotics program	10,000
2	Geographic literacy	100,000
3	Gifted assessments	850,000
4	Jobs for Arizona graduates	500,000
5	School safety program	82,010,200
6	Show Low robotics program	10,000
7	State block grant for vocational education	11,798,200
8	Student level data access	359,000
9	Teacher certification	2,403,600
10	Tribal college dual enrollment program	<u>325,000</u>
11	Total appropriation and expenditure authority – superintendent of public instruction	\$8,748,716,400
12	Fund sources:	
13	State general fund	\$7,372,580,900
14	Education sales tax fund	7,000,000
15	Permanent state school fund	72,263,000
16	Teacher certification fund	2,547,000
17	Tribal college dual enrollment program fund	325,000
18	Department of education empowerment scholarship account fund	359,000
19	Expenditure authority	1,293,641,500
20	<u>Operating lump sum</u>	
21	Any monies available to the department of education pursuant to section 42-5029.02, subsection A, paragraph 8, Arizona Revised Statutes, for the failing schools tutoring fund established by section 15-241, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 8, Arizona Revised Statutes.	
22	Any monies available to the department of education pursuant to section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes, for character education matching grants pursuant to section 15-154.01, Arizona Revised Statutes, in excess of the expenditure authority amounts are allocated for the purposes of section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes.	
23	<u>Basic state aid</u>	
24	The appropriation for basic state aid provides basic state support to school districts for maintenance and operations funding as provided by section 15-973, Arizona Revised Statutes, and includes an estimated \$72,263,000 in expendable income derived from the permanent state school fund and from state trust lands pursuant to section 37-521, subsection B, Arizona Revised Statutes, for fiscal year 2025-2026.	

1 Monies derived from the permanent state school fund and any other
2 non-state general fund revenue source that is dedicated to fund basic
3 state aid shall be spent, whenever possible, before spending state general
4 fund monies.

5 Except as required by section 37-521, Arizona Revised Statutes, all
6 monies received during the fiscal year from national forests, interest
7 collected on deferred payments on the purchase of state lands, income from
8 investing permanent state school funds as prescribed by the enabling act
9 and the Constitution of Arizona and all monies received by the
10 superintendent of public instruction from whatever source, except monies
11 received pursuant to sections 15-237 and 15-531, Arizona Revised Statutes,
12 when paid into the state treasury are appropriated for apportionment to
13 the various counties in accordance with law. An expenditure may not be
14 made except as specifically authorized above.

15 Any monies available to the department of education pursuant to
16 section 42-5029.02, subsection A, paragraph 5, Arizona Revised Statutes,
17 for the increased cost of basic state aid under section 15-971, Arizona
18 Revised Statutes, due to added school days in excess of the expenditure
19 authority amounts are allocated for the purposes of section 42-5029.02,
20 subsection A, paragraph 5, Arizona Revised Statutes.

21 The department of education shall allocate the appropriated amount
22 for the state aid supplement to districts and charter schools on a pro
23 rata basis using the weighted student count for the school district or
24 charter school for the fiscal year pursuant to section 15-943, paragraph
25 2, subdivision (a), Arizona Revised Statutes, and increase the budget
26 limits pursuant to section 15-947, Arizona Revised Statutes, accordingly.
27 The weighted student count for a school district that serves as the
28 district of attendance for nonresident pupils shall be increased to
29 include nonresident pupils who attend school in the district.

30 Other programs

31 Any monies available to the department of education for the
32 classroom site fund pursuant to section 37-521, subsection B, paragraph 4,
33 Arizona Revised Statutes, and section 42-5029.02, subsection A, paragraph
34 10, Arizona Revised Statutes, in excess of expenditure authority amounts
35 are allocated for the purposes of section 37-521, subsection B, paragraph
36 4, Arizona Revised Statutes, and section 42-5029.02, subsection A,
37 paragraph 10, Arizona Revised Statutes.

38 Any monies available to the department of education from the
39 instructional improvement fund established by section 15-979, Arizona
40 Revised Statutes, in excess of the expenditure authority amounts are
41 allocated for the purposes of section 15-979, Arizona Revised Statutes.

42 Before making any changes to the achievement testing program that
43 will increase program costs, the department of education and the state
44 board of education shall submit the estimated fiscal impact of those
45 changes to the joint legislative budget committee for review.

1 Any monies available to the department of education for
2 accountability purposes pursuant to section 42-5029.02, subsection A,
3 paragraph 7, Arizona Revised Statutes, in excess of the expenditure
4 authority amounts are allocated for the purposes of section 42-5029.02,
5 subsection A, paragraph 7, Arizona Revised Statutes.

6 The department of education may use the appropriated amount for
7 accountability and achievement testing in fiscal year 2025-2026 for costs
8 of the English language proficiency assessments required by section
9 15-756.05, Arizona Revised Statutes.

10 Monies appropriated for CTED completion grants are intended to help
11 fund program completion for students who complete at least fifty percent
12 of a career technical education program before graduating from high school
13 and who successfully complete the career technical education district
14 program after graduating from high school. The application procedures
15 shall award grant funding only after an eligible student has successfully
16 completed a career technical education district program.

17 If the appropriated amount for CTED completion grants is
18 insufficient to fund all grant requests from career technical education
19 districts, the department of education shall reduce grant amounts on a
20 proportional basis in order to cap total statewide allocations at
21 \$1,000,000.

22 The appropriated amount for CTED completion grants is exempt from
23 the provisions of section 35-190, Arizona Revised Statutes, relating to
24 lapsing of appropriations, until June 30, 2027.

25 The department of education shall distribute the appropriated amount
26 for CTED soft capital and equipment to career technical education
27 districts with fewer than two thousand average daily membership pupils for
28 soft capital and equipment expenses. The appropriated amount shall be
29 allocated on a pro rata basis based on the average daily membership of
30 eligible career technical education districts.

31 The department of education shall use the appropriated amount for
32 English learner administration to provide English language acquisition
33 services for the purposes of section 15-756.07, Arizona Revised Statutes,
34 and for the costs of providing English language proficiency assessments,
35 scoring and ancillary materials as prescribed by the department of
36 education to school districts and charter schools for the purposes of
37 title 15, chapter 7, article 3.1, Arizona Revised Statutes. The
38 department may use a portion of the appropriated amount to hire staff or
39 contract with a third party to carry out the purposes of section
40 15-756.07, Arizona Revised Statutes. Notwithstanding section 41-192,
41 Arizona Revised Statutes, the superintendent of public instruction also
42 may use a portion of the appropriated amount to contract with one or more
43 private attorneys to provide legal services in connection with the case of
44 Flores v. State of Arizona, No. CIV 92-596-TUC-RCC.

1 The department of education shall use the appropriated amount for
2 geographic literacy to issue a grant to a statewide geographic alliance
3 for strengthening geographic literacy in this state.

4 The department of education shall use the appropriated amount for
5 jobs for Arizona graduates to issue a grant to a nonprofit organization
6 for a JOBS for Arizona graduates program.

7 The amount appropriated for the school safety program in fiscal year
8 2022-2023 pursuant to Laws 2022, chapter 313, section 31, as amended by
9 Laws 2024, chapter 209, section 1, included an increase of \$50,000,000 for
10 additional school safety grants. In allocating the \$50,000,000 increase,
11 the department of education shall first distribute monies to schools on
12 the school safety program waiting list to receive grants for the costs of
13 placing school resource officers on school campuses. The awarded grants
14 may not supplant funding provided by local governments for school resource
15 officers. If the total cost of funding grants for school resource
16 officers is less than \$50,000,000, the department may allocate the
17 remaining monies to grants to schools for the costs of placing school
18 counselors and social workers on school campuses pursuant to section
19 15-154, Arizona Revised Statutes.

20 Any monies available to the department of education for school
21 safety pursuant to section 42-5029.02, subsection A, paragraph 6, Arizona
22 Revised Statutes, in excess of the expenditure authority amounts are
23 allocated for the purposes of section 42-5029.02, subsection A, paragraph
24 6, Arizona Revised Statutes.

25 After review by the joint legislative budget committee, in fiscal
26 year 2025-2026, the department of education may use a portion of its
27 fiscal year 2025-2026 state general fund appropriations for basic state
28 aid, additional state aid or the special education fund to fund a
29 shortfall in funding for basic state aid, additional state aid or the
30 special education fund, if any, that occurred in fiscal year 2024-2025.

31 The department of education shall provide an updated report on its
32 budget status every three months for the first half of each fiscal year
33 and every month thereafter to the president of the senate, the speaker of
34 the house of representatives, the chairpersons of the senate and house of
35 representatives appropriations committees, the director of the joint
36 legislative budget committee and the director of the governor's office of
37 strategic planning and budgeting. Each report shall include, at a
38 minimum, the department's current funding surplus or shortfall projections
39 for basic state aid and other major formula-based programs and is due
40 thirty days after the end of the applicable reporting period.

41 Within fifteen days after each apportionment of state aid that
42 occurs pursuant to section 15-973, subsection B, Arizona Revised Statutes,
43 the department of education shall post on its website the amount of state
44 aid apportioned to each recipient and the underlying data.

1	Sec. 30. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	<u>2025-26</u>
2	FTE positions	63.1
3	Administration	\$ 2,371,200
4	Emergency management	892,600
5	Emergency management matching funds	1,544,900
6	Military affairs	2,134,600
7	National guard matching funds	3,529,200
8	National guard tuition	
9	reimbursement	1,000,000
10	Hazard mitigation revolving	
11	fund deposit	<u>200,000</u>
12	Total appropriation – department of	
13	emergency and military affairs	\$ 11,672,500
14	Fund sources:	
15	State general fund	\$ 11,672,500
16	The \$3,529,200 national guard matching funds appropriation is exempt	
17	from the provisions of section 35-190, Arizona Revised Statutes, relating	
18	to lapsing of appropriations, except that all fiscal year 2025-2026 monies	
19	remaining unexpended and unencumbered on December 31, 2026 revert to the	
20	state general fund.	
21	The appropriated amount for the national guard tuition reimbursement	
22	line item is exempt from the provisions of section 35-190, Arizona Revised	
23	Statutes, relating to lapsing of appropriations, until September 30, 2026.	
24	Sec. 31. DEPARTMENT OF ENVIRONMENTAL QUALITY	
25	<u>2025-26</u>	
26	FTE positions	358.7
27	Operating lump sum appropriation	\$ 63,619,900
28	Safe drinking water program	2,001,600
29	Emissions control contractor	
30	payment	<u>28,894,500</u>
31	Total appropriation – department of	
32	environmental quality	\$ 94,516,000
33	Fund sources:	
34	Air quality fund	\$ 6,307,200
35	Emergency response fund	132,800
36	Emissions inspection fund	33,012,700
37	Hazardous waste management fund	1,960,100
38	Indirect cost fund	18,788,100
39	Permit administration fund	7,333,900
40	Recycling fund	1,534,100
41	Safe drinking water program	
42	fund	2,001,600
43	Solid waste fee fund	2,592,700
44	Water quality fee fund	20,852,800

The department of environmental quality shall report annually on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. The department shall submit the fiscal year 2025-2026 report to the joint legislative budget committee on or before September 1, 2025. This report shall also include a budget for the WQARF program that is developed in consultation with the WQARF advisory board. This budget shall specify the monies budgeted for each listed site during fiscal year 2025-2026. In addition, the department and the WQARF advisory board shall prepare and submit to the joint legislative budget committee, on or before October 1, 2025, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table shall include the stage of remediation for each site at the end of fiscal year 2024-2025, indicate whether the current stage of remediation is anticipated to be completed in fiscal year 2025-2026 and indicate the anticipated stage of remediation at each listed site at the end of fiscal year 2025-2026, assuming fiscal year 2025-2026 funding levels. The department and the WQARF advisory board may include other relevant information about the listed sites in the table.

All permit administration fund monies received by the department of environmental quality in excess of \$7,333,900 in fiscal year 2025-2026 are appropriated to the department. Before spending permit administration fund monies in excess of \$7,333,900 in fiscal year 2026-2026, the department shall report the intended use of the monies to the joint legislative budget committee.

All monies in the department of environmental quality indirect cost fund established by section 49-115, Arizona Revised Statutes, including the beginning balance, that are in excess of \$18,788,100 in fiscal year 2025-2026 are appropriated to the department. Before spending indirect cost fund monies in excess of \$18,788,100 in fiscal year 2025-2026, the department shall report the intended use of the monies to the joint legislative budget committee.

Sec. 32. GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY

2025-26

FTE positions	5.0
Lump sum appropriation	\$ 311,700

Fund sources:

Personnel division fund	\$ 311,700
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Sec. 33. STATE BOARD OF EQUALIZATION

2025-26

FTE positions	7.0
Lump sum appropriation	\$ 724,400

Fund sources:

State general fund	\$ 724,400
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1 Sec. 34. BOARD OF EXECUTIVE CLEMENCY

2025-26

3 FTE positions 14.5

4 Lump sum appropriation \$ 1,377,600

5 Fund sources:

6 State general fund \$ 1,377,600

7 On or before November 1, 2025, the board of executive clemency shall
 8 report to the directors of the joint legislative budget committee and the
 9 governor's office of strategic planning and budgeting the total number and
 10 types of cases the board reviewed in fiscal year 2024-2025.

11 Sec. 35. ARIZONA EXPOSITION AND STATE FAIR BOARD

2025-26

13 FTE positions 184.0

14 Lump sum appropriation \$ 19,927,300

15 Fund sources:

16 Arizona exposition and state

17 fair fund \$ 19,927,300

18 Of the monies appropriated in the Arizona exposition and state fair
 19 board lump sum appropriation, \$2,000,000 shall be spent for enhanced state
 20 fair operations. Pursuant to section 41-1252, Arizona Revised Statutes,
 21 before spending monies appropriated in the lump sum appropriation on
 22 capital projects, the board shall submit a report for review by the joint
 23 committee on capital review on the scope, purpose and estimated cost of
 24 the capital improvements.

25 Sec. 36. ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT

2025-26

27 FTE positions 235.5

28 Operating lump sum appropriation \$ 5,938,500

29 Environmental county grants 250,000

30 Inmate firefighting crews 876,600

31 Postrelease firefighting crews 1,292,700

32 Fire suppression 200,000

33 State fire marshal 1,805,300

34 State fire school 289,600

35 Hazardous vegetation removal 3,039,300

36 US forest service land thinning 1,669,300

37 Wildfire mitigation 27,110,300

38 Total appropriation – Arizona department
 39 of forestry and fire management \$ 42,471,600

40 Fund sources:

41 State general fund \$ 42,471,600

42 The appropriation for the hazardous vegetation removal line item is
 43 exempt from the provisions of section 35-190, Arizona Revised Statutes,
 44 relating to lapsing of appropriations, until June 30, 2027.

1	Sec. 37. ARIZONA GAME AND FISH DEPARTMENT	
2		<u>2025-26</u>
3	FTE positions	273.5
4	Operating lump sum appropriation	\$39,494,200
5	Pittman-Robertson/Dingell-Johnson	
6	act	<u>3,058,000</u>
7	Total appropriation – Arizona game and fish	
8	department	\$42,552,200
9	Fund sources:	
10	Capital improvement fund	\$ 1,001,200
11	Game and fish fund	36,079,800
12	Wildlife endowment fund	16,200
13	Watercraft licensing fund	5,063,300
14	Game, nongame, fish and	
15	endangered species fund	391,700
16	Sec. 38. DEPARTMENT OF GAMING	
17		<u>2025-26</u>
18	FTE positions	155.8
19	Operating lump sum appropriation	\$ 13,740,100
20	Arizona breeders' award	250,000
21	Casino operations certification	2,330,300
22	County fairs livestock and	
23	agriculture promotion	6,029,500
24	Division of racing	2,448,500
25	Contract veterinarian	175,000
26	Horseracing integrity and safety	
27	act assessment	1,355,100
28	Problem gambling	<u>3,320,000</u>
29	Total appropriation – department of gaming	\$ 29,648,500
30	Fund sources:	
31	State general fund	\$ 6,204,500
32	Fantasy sports contest fund	150,100
33	Tribal-state compact fund	2,330,300
34	Arizona benefits fund	16,610,000
35	State lottery fund	300,000
36	Racing regulation fund	3,948,400
37	Racing regulation fund – unarmed	
38	combat subaccount	105,200
39	The amount appropriated to the county fairs livestock and	
40	agriculture promotion line item is for deposit in the county fairs	
41	livestock and agriculture promotion fund established by section 5-113,	
42	Arizona Revised Statutes, and to be administered by the office of the	
43	governor.	

1 On or before August 1, 2025, the department of gaming shall report
2 to the directors of the joint legislative budget committee and the
3 governor's office of strategic planning and budgeting on the expected
4 amount and purpose of expenditures from the event wagering fund
5 established by section 5-1318, Arizona Revised Statutes, for fiscal year
6 2025-2026. The report shall include the projected line item detail and
7 the number of filled full-time equivalent positions.

8 On or before the final day of each quarter of fiscal year 2025-2026,
9 the department of gaming shall report to the members of the joint
10 legislative budget committee on the number of equine deaths and injuries
11 that occurred as a result of a horse race and the commercial live racing
12 facility where each incident occurred. The report shall include the number
13 of pre-race inspections performed by a veterinarian employed by or
14 contracted with this state.

15 The amount appropriated to the horseracing integrity and safety act
16 assessment line item shall be used by the department of gaming during
17 fiscal year 2025-2026 to pay the calendar year 2025 assessment levied by
18 the horseracing integrity and safety authority.

19 Sec. 39. OFFICE OF THE GOVERNOR

	<u>2025-26</u>
21 Operating lump sum appropriation	\$ 7,496,800*
22 Foster youth education success	
23 fund deposit	<u>1,500.000</u>
24 Total appropriation – office of the governor	\$ 8,996,800

25 Fund sources:

26 State general fund	\$ 8,996,800
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27 Included in the operating lump sum appropriation of \$7,496,800 for
28 fiscal year 2025-2026 is \$10,000 for the purchase of mementos and items
29 for visiting officials.

30 Sec. 40. GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING

	<u>2025-26</u>
31 FTE positions	22.0
32 Lump sum appropriation	\$ 2,852,500*

33 Fund sources:

34 State general fund	\$ 2,852,500
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35 Sec. 41. DEPARTMENT OF HEALTH SERVICES

	<u>2025-26</u>
36 FTE positions	1,168.0
37 Operating lump sum appropriation	\$ 61,259,500
38 <u>Public health/family health</u>	
39 Adult cystic fibrosis care	105,200
40 AIDS reporting and surveillance	1,000,000
41 Alzheimer's disease research	4,125,000

1	Behavioral health care provider	1,000,000
2	loan repayment program	
3	Biomedical research support	2,000,000
4	Breast and cervical cancer and	
5	bone density screening	1,369,400
6	County tuberculosis provider	
7	care and control	590,700
8	Folic acid program	400,000
9	Funeral services regulation	459,400
10	High-risk perinatal services	2,343,400
11	Newborn screening program	12,419,300
12	Nonrenal disease management	198,000
13	Nursing care special projects	200,000
14	Poison control centers funding	990,000
15	Renal dental care and nutrition	
16	supplements	300,000
17	Renal transplant drugs	183,000
18	<u>Arizona state hospital</u>	
19	Arizona state hospital –	
20	operating	78,309,600
21	Arizona state hospital –	
22	restoration to competency	900,000
23	Arizona state hospital –	
24	sexually violent persons	<u>11,330,900</u>
25	Total appropriation – department of	
26	health services	\$179,483,400
27	Fund sources:	
28	State general fund	\$117,363,900
29	Arizona state hospital fund	3,395,700
30	Arizona state hospital land fund	650,000
31	Child fatality review fund	196,500
32	Disease control research fund	1,000,000
33	DHS indirect cost fund	13,318,300
34	Emergency medical services	
35	operating fund	4,260,700
36	Environmental laboratory licensure	
37	revolving fund	1,008,400
38	Federal child care and development	
39	fund block grant	1,011,300
40	Health services licensing fund	17,607,900
41	Newborn screening program fund	12,838,700
42	Nursing care institution resident	
43	protection revolving fund	238,200

1	Tobacco tax and health care	
2	fund - health research account	2,000,000
3	Tobacco tax and health care	
4	fund - medically needy account	700,000
5	Vital records electronic systems	
6	fund	3,893,800
7	<u>Public health/family health</u>	
8	Of the amount appropriated for the operating lump sum, \$100,000	
9	shall be used for a suicide prevention coordinator to assist school	
10	districts and charter schools in suicide prevention efforts. On or before	
11	September 1, 2026, the department of health services, in consultation with	
12	the department of education, shall report to the governor, the president	
13	of the senate, the speaker of the house of representatives, the director	
14	of the joint legislative budget committee and the director of the	
15	governor's office of strategic planning and budgeting on the suicide	
16	prevention coordinator's accomplishments in fiscal year 2025-2026.	
17	The department of health services may use up to four percent of the	
18	amount appropriated for nonrenal disease management for the administrative	
19	costs to implement the program.	
20	The department of health services shall distribute monies	
21	appropriated for the biomedical research support line item to a nonprofit	
22	medical research institute headquartered in this state that specializes in	
23	biomedical research focusing on applying genomic technologies and	
24	sequencing to clinical care, that has served as a resource to this state	
25	to conduct molecular epidemiologic analyses to assist with disease	
26	outbreak investigations and that collaborates with universities, hospitals	
27	and health science research centers and other public and private	
28	bioscience and related industries in this state. The recipient of these	
29	monies shall commission an audit of the expenditure of these monies and	
30	shall submit a copy of the audit to the department of health services on	
31	or before February 1, 2027.	
32	The department of health services shall distribute monies	
33	appropriated for Alzheimer's disease research through a grant to a	
34	charitable organization that is qualified under section 501(c)(3) of the	
35	internal revenue code and that meets the following criteria:	
36	1. Is headquartered in this state.	
37	2. Has been operating in this state for at least the last ten	
38	years.	
39	3. Has participating member institutions that work together to end	
40	Alzheimer's disease within a statewide collaborative model by using their	
41	complementary strengths in brain imaging, computer science, genomics,	
42	basic and cognitive neurosciences and clinical and neuropathology	
43	research.	

1 4. Has participating member institutions that educate residents of
2 this state about Alzheimer's disease, research progress and resources to
3 help patients, families and professionals manage the disease.

4 The terms of the grant made to the charitable organization may not
5 impose any requirements that were not imposed in prior grant agreements
6 entered into between the department of health services and the charitable
7 organization.

8 Arizona state hospital

9 In addition to the appropriation for the department of health
10 services, earnings on state lands and interest on the investment of the
11 permanent state land funds are appropriated to the Arizona state hospital
12 in compliance with the enabling act and the Constitution of Arizona.

13 Departmentwide

14 The department of health services shall electronically forward to
15 the president of the senate, the speaker of the house of representatives,
16 the chairpersons of the senate and house of representatives appropriations
17 committees and the director of the joint legislative budget committee a
18 monthly report comparing total expenditures for the month and year-to-date
19 as compared to prior year totals on or before the thirtieth of the
20 following month. Each report shall include an estimate of potential
21 shortfalls in programs, potential federal and other monies, such as the
22 statewide assessment for indirect costs, that may be available to offset
23 these shortfalls, and a plan, if necessary, for eliminating any shortfall
24 without a supplemental appropriation.

25 Sec. 42. ARIZONA HISTORICAL SOCIETY

	<u>2025-26</u>
27 FTE positions	50.9
28 Operating lump sum appropriation	\$ 2,344,600
29 Field services and grants	66,200
30 Papago park museum	<u>567,900</u>
31 Total appropriation – Arizona historical	
32 society	\$ 2,978,700
33 Fund sources:	
34 State general fund	\$ 2,978,700

35 Sec. 43. PRESCOTT HISTORICAL SOCIETY

	<u>2025-26</u>
37 FTE positions	13.0
38 Lump sum appropriation	\$ 995,300
39 Fund sources:	
40 State general fund	\$ 995,300

1	Sec. 44. ARIZONA DEPARTMENT OF HOMELAND SECURITY	<u>2025-26</u>
2	FTE positions	20.0
3	Statewide information security	
4	and privacy operations and	
5	controls	\$ 11,054,700
6	Statewide cybersecurity grants	<u>10,000,000</u>
7	Total appropriation – Arizona department of	
8	homeland security	\$ 21,054,700
9	Fund sources:	
10	State general fund	\$ 10,000,000
11	Information technology fund	11,054,700
12	Of the amount appropriated for statewide cybersecurity grants, the	
13	Arizona department of homeland security may spend up to \$500,000 for grant	
14	administration.	
15	Sec. 45. BOARD OF HOMEOPATHIC AND INTEGRATED MEDICINE EXAMINERS	
16		<u>2025-26</u>
17	FTE positions	1.0
18	Lump sum appropriation	\$ 61,500
19	Fund sources:	
20	Board of homeopathic and	
21	integrated medicine	
22	examiners' fund	\$ 61,500
23	Sec. 46. ARIZONA DEPARTMENT OF HOUSING	
24		<u>2025-26</u>
25	FTE positions	3.0
26	Lump sum appropriation	\$ 388,800
27	Total appropriation – Arizona department of	
28	housing	\$ 388,800
29	Fund sources:	
30	Housing trust fund	\$ 388,800
31	Sec. 47. INDUSTRIAL COMMISSION OF ARIZONA	
32		<u>2025-26</u>
33	FTE positions	236.6
34	Operating lump sum appropriation	\$ 22,138,000
35	Municipal firefighter reimbursement	
36	administration	<u>84,700</u>
37	Total appropriation – industrial commission	
38	of Arizona	\$ 22,222,700
39	Fund sources:	
40	State general fund	\$ 84,700
41	Administrative fund	22,138,000

The legislature intends that the state general fund appropriation be used only for administrative costs of title 23, chapter 11, Arizona Revised Statutes, and that this appropriation does not convey any responsibility for firefighter cancer compensation and benefits claims to this state.

Sec. 48. DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

2025-26

FTE positions	147.4
Operating lump sum appropriation	\$ 12,468,500
Arizona vehicle theft task force	4,452,600
Automobile theft authority	
operating budget	709,100
Local grants	1,388,900
Reimbursable programs	50,000

Total appropriation – department of insurance
and financial institutions \$ 19,069,100

Fund sources:

State general fund	\$ 6,212,000
Automobile theft authority fund	6,749,300
Financial services fund	6,057,500
Department revolving fund	50,300

Monies in the Arizona vehicle theft task force line item shall be used by the department of insurance and financial institutions to pay seventy-five percent of the personal services and employee-related expenditures for city, town and county sworn officers who participate in the Arizona vehicle theft task force.

Local grants shall be awarded with consideration given to areas with greater automobile theft problems and shall be used to combat economic automobile theft operations.

The department of insurance and financial institutions shall submit a report to the joint legislative budget committee before spending any monies for the reimbursable programs line item. The department shall show sufficient monies collected to cover the expenses indicated in the report.

Of the department fees required to be deposited in the state general fund by statute, the legislature intends that the department of insurance and financial institutions shall assess and set the fees at a level to ensure that the monies deposited in the state general fund will equal or exceed the department's expenditure from the state general fund.

Sec. 49. ARIZONA JUDICIARY

2025-26

Supreme court

FTE positions	205.0
Operating lump sum appropriation	\$ 18,270,000
Arizona trial and digital evidence fund deposit	1,620,000

1	Automation	24,927,800
2	County reimbursements	187,900
3	Court appointed special advocate	
4	and vulnerable persons	6,423,300
5	Courthouse security	751,700
6	Domestic relations	701,000
7	State foster care review board	3,570,200
8	Commission on judicial conduct	620,800
9	Judicial nominations and	
10	performance review	620,600
11	Juvenile monetary sanctions	
12	funding backfill	250,000
13	Model court	660,800
14	State aid	<u>5,955,500</u>
15	Total appropriation – supreme court	\$ 64,559,600
16	Fund sources:	
17	State general fund	\$ 29,710,300
18	Confidential intermediary and	
19	fiduciary fund	690,600
20	Court appointed special advocate	
21	and vulnerable persons fund	6,622,600
22	Criminal justice enhancement fund	4,765,200
23	Defensive driving school fund	4,521,000
24	Judicial collection enhancement	
25	fund	15,303,000
26	State aid to the courts fund	2,946,900

On or before September 1, 2025, the supreme court shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on current and future automation projects coordinated by the administrative office of the courts. The report shall include a list of court automation projects that receive or are anticipated to receive state monies in the current or next two fiscal years as well as a description of each project, the number of FTE positions, the entities involved and the goals and anticipated results for each automation project. The report shall be submitted in one summary document. The report shall indicate each project's total multiyear cost by fund source and budget line item, including any prior-year, current year and future year expenditures.

Automation expenses of the judiciary shall be funded only from the automation line item. Monies in the operating lump sum appropriation or other line items intended for automation purposes shall be transferred to the automation line item before expenditure.

1 Included in the operating lump sum appropriation for the supreme
 2 court is \$1,000 for the purchase of mementos and items for visiting
 3 officials.

4 Of the \$187,900 appropriated for county reimbursements, state grand
 5 jury is limited to \$97,900 and capital postconviction relief is limited to
 6 \$90,000.

7 Court of appeals

8 FTE positions	162.8
9 Division one	\$ 16,361,200
10 Division two	<u>8,550.500</u>

11 Total appropriation – court of appeals

12 Fund sources:

13 State general fund	\$ 24,911,700
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14 Of the 162.8 FTE positions for fiscal year 2025-2026, 111.3 FTE
 15 positions are for division one and 51.5 FTE positions are for division
 16 two.

17 Superior court

18 FTE positions	240.5
19 Operating lump sum appropriation	\$ 5,375,200
20 Judges' compensation	32,039,000
21 Centralized service payments	4,667,000
22 Adult standard probation	22,297,500
23 Adult intensive probation	13,150,200
24 Community punishment	2,310,300
25 Court-ordered removals	315,000
26 Interstate compact	513,700
27 Drug court	1,096,400
28 General adjudication personnel	
29 and support fund deposit	2,000,000
30 Juvenile standard probation	3,781,800
31 Juvenile intensive probation	6,087,200
32 Juvenile treatment services	20,803,000
33 Juvenile family counseling	500,000
34 Juvenile crime reduction	3,313,700
35 Juvenile diversion consequences	9,088,500
36 Probation incentive payments	1,000,000
37 Special water master	<u>511.100</u>
38 Total appropriation – superior court	\$128,849,600

39 Fund sources:

40 State general fund	\$116,834,000
41 Criminal justice enhancement fund	5,496,000
42 Drug treatment and education fund	504,200
43 Judicial collection enhancement	
44 fund	6,015,400

1 Operating budget

2 All expenditures made by the administrative office of the courts to
3 administer superior court line items shall be funded only from the
4 superior court operating budget. Monies in superior court line items
5 intended for this purpose shall be transferred to the superior court
6 operating budget before expenditure.

7 Judges

8 Of the 240.5 FTE positions, 182 FTE positions represent superior
9 court judges. This FTE position clarification does not limit the
10 counties' ability to add judges pursuant to section 12-121, Arizona
11 Revised Statutes.

12 All monies in the judges' compensation line item shall be used to
13 pay for fifty percent of superior court judges' salaries, elected
14 officials' retirement plan costs and related state benefit costs for
15 judges pursuant to section 12-128, Arizona Revised Statutes. Monies in
16 the operating lump sum appropriation or other line items intended for this
17 purpose shall be transferred to the judges' compensation line item before
18 expenditure.

19 Probation

20 Monies appropriated to juvenile treatment services and juvenile
21 diversion consequences line items shall be deposited in the juvenile
22 probation services fund established by section 8-322, Arizona Revised
23 Statutes.

24 Receipt of state probation monies by the counties is contingent on
25 the county maintenance of fiscal year 2019-2020 expenditure levels for
26 each probation program. State probation monies are not intended to
27 supplant county dollars for probation programs.

28 On or before November 1, 2025, the administrative office of the
29 courts shall report to the joint legislative budget committee and the
30 governor's office of strategic planning and budgeting the fiscal year
31 2024-2025 actual, fiscal year 2025-2026 estimated and fiscal year
32 2026-2027 requested amounts for each of the following:

33 1. On a county-by-county basis, the number of authorized and filled
34 case carrying probation positions and non-case carrying probation
35 positions, distinguishing between adult standard, adult intensive,
36 juvenile standard and juvenile intensive. The report shall indicate the
37 level of state probation funding, other state funding, county funding and
38 probation surcharge funding for those positions.

39 2. Total receipts and expenditures by county and fund source for
40 the adult standard, adult intensive, juvenile standard and juvenile
41 intensive probation line items, including the amount of personal services
42 spent from each revenue source of each account.

43 All centralized service payments made by the administrative office
44 of the courts on behalf of counties shall be funded only from the
45 centralized service payments line item. Centralized service payments

1 include only training, motor vehicle payments, CORP review board funding,
2 LEARN funding, research, operational reviews and GPS vendor payments.
3 This footnote does not apply to treatment or counseling services payments
4 made from the juvenile treatment services and juvenile diversion
5 consequences line items. Monies in the operating lump sum appropriation
6 or other line items intended for centralized service payments shall be
7 transferred to the centralized service payments line item before
8 expenditure.

9 All monies in the adult standard probation, adult intensive
10 probation, community punishment, interstate compact, juvenile standard
11 probation, juvenile intensive probation, juvenile treatment services,
12 juvenile diversion consequences, juvenile crime reduction and probation
13 incentive payments line items shall be used only as pass-through monies to
14 county probation departments. Monies in the operating lump sum
15 appropriation or other line items intended as pass-through for the purpose
16 of administering a county probation program shall be transferred to the
17 appropriate probation line item before expenditure.

18 On or before November 1, 2025, the administrative office of the
19 courts shall submit a report to the joint legislative budget committee on
20 the county-approved salary adjustments provided to probation officers
21 since the last report on November 1, 2024. The administrative office
22 shall also submit a copy of the report to the governor's office of
23 strategic planning and budgeting. The report shall include, for each
24 county, the:

- 25 1. Approved percentage salary increase by year.
- 26 2. Net increase in the amount allocated to each probation
27 department by the administrative office of the courts for each applicable
28 year.
- 29 3. Average number of probation officers by applicable year.
- 30 4. Average salary of probation officers for each applicable year.

31 Sec. 50. DEPARTMENT OF JUVENILE CORRECTIONS

32 2025-26

33 FTE positions	738.5
34 Lump sum appropriation	\$ 43,576,600
35 Fund sources:	
36 State general fund	\$ 29,978,900
37 State charitable, penal and	
38 reformatory institutions	
39 land fund	4,881,100
40 Criminal justice enhancement fund	528,900
41 State education fund for committed	
42 youth	1,463,700
43 Department of juvenile corrections	
44 local cost sharing fund	6,724,000

1 Ombudsman-citizens aide office

2 FTE positions 12.0
3 Lump sum appropriation \$ 1,578,400*

4 Fund sources:

5 State general fund \$ 1,578,400

6 The legislature intends that the ombudsman-citizens aide prioritize
7 investigating and processing complaints relating to the department of
8 child safety.

9 The operating budget includes \$137,500 and 1 FTE position to address
10 complaints relating to the administration of the Arizona empowerment
11 scholarship account program established by section 15-2402, Arizona
12 Revised Statutes.

13 Joint legislative budget committee

14 FTE positions 29.0
15 Lump sum appropriation \$ 3,055,800*

16 Fund sources:

17 State general fund \$ 3,055,800

18 Auditor general

19 FTE positions 224.8
20 Lump sum appropriation \$26,722,700*

21 Fund sources:

22 State general fund \$ 26,722,700

23 Of the amount appropriated for the lump sum appropriation, the
24 auditor general shall use \$3,300,000 for additional agency performance
25 audits and school district audits.

26 Sec. 53. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

27 2025-26
28 FTE positions 58.2
29 Lump sum appropriation \$ 6,126,800

30 Fund sources:

31 Liquor licenses fund \$ 6,126,800

32 Sec. 54. ARIZONA STATE LOTTERY COMMISSION

33 2025-26
34 FTE positions 98.8
35 Operating lump sum appropriation \$ 10,195,900
36 Advertising 15,500.000

37 Total appropriation – Arizona state

38 lottery commission \$ 25,695,900

39 Fund sources:

40 State lottery fund \$ 25,695,900

41 An amount equal to twenty percent of tab ticket sales is
42 appropriated to pay sales commissions to charitable organizations. This
43 amount is currently estimated to be \$1,815,700 in fiscal year 2025-2026.

1 An amount equal to 3.6 percent of actual instant ticket sales is
 2 appropriated to print instant tickets or to pay contractual obligations
 3 concerning instant ticket distribution. This amount is currently
 4 estimated to be \$40,643,600 in fiscal year 2025-2026.

5 An amount equal to a percentage of total ticket sales as determined
 6 by contract is appropriated to pay online vendor fees. This amount is
 7 currently estimated to be \$17,747,100, or 1.079 percent of total ticket
 8 sales, in fiscal year 2025-2026.

9 An amount equal to 6.5 percent of gross lottery game sales, minus
 10 charitable tab tickets, is appropriated to pay sales commissions to ticket
 11 retailers. An additional amount not to exceed 0.5 percent of gross
 12 lottery game sales is appropriated to pay sales commissions to ticket
 13 retailers. The combined amount is currently estimated to be \$109,591,300,
 14 or 6.7 percent of total ticket sales, in fiscal year 2025-2026.

15 Sec. 55. BOARD OF MASSAGE THERAPY

	<u>2025-26</u>
17 FTE positions	5.0
18 Lump sum appropriation	\$ 607,700
19 Fund sources:	
20 Board of massage therapy fund	\$ 607,700

21 Sec. 56. ARIZONA MEDICAL BOARD

	<u>2025-26</u>
23 FTE positions	63.5
24 Operating lump sum appropriation	\$ 8,259,300
25 Employee performance incentive	
26 program	165,600
27 Total appropriation – Arizona medical	
28 board	\$ 8,424,900
29 Fund sources:	
30 Arizona medical board fund	\$ 8,424,900

31 Sec. 57. STATE MINE INSPECTOR

	<u>2025-26</u>
33 FTE positions	22.0
34 Operating lump sum appropriation	\$ 1,468,600
35 Abandoned mines	830,700
36 Aggregate mining land reclamation	<u>112,900</u>
37 Total appropriation – state mine inspector	\$ 2,412,200
38 Fund sources:	

39 State general fund	\$ 2,299,300
40 Aggregate mining reclamation fund	112,900

41 All aggregate mining reclamation fund monies received by the state
 42 mine inspector in excess of \$112,900 in fiscal year 2025-2026 are
 43 appropriated to the aggregate mining land reclamation line item. Before
 44 spending any aggregate mining reclamation fund monies in excess of
 45 \$112,900 in fiscal year 2025-2026, the state mine inspector shall report

1 the intended use of the monies to the joint legislative budget committee
2 and the governor's office of strategic planning and budgeting.

3 Sec. 58. STATE NATURAL RESOURCE CONSERVATION BOARD

4 2025-26
5 Lump sum appropriation \$ 650,000

6 Fund sources:

7 State general fund \$ 389,400
8 Environmental special plate fund 260,600

9 Of the amount appropriated for deposit in the natural resource
10 conservation district fund in fiscal year 2025-2026, \$30,000 shall be used
11 to provide grants to natural resource conservation districts environmental
12 education centers.

13 Sec. 59. NATUROPATHIC PHYSICIANS MEDICAL BOARD

14 2025-26
15 FTE positions 2.0
16 Lump sum appropriation \$ 220,000

17 Fund sources:

18 Naturopathic physicians medical
19 board fund \$ 220,000

20 Sec. 60. ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION

21 2025-26
22 FTE positions 2.0
23 Lump sum appropriation \$ 340,500

24 Fund sources:

25 State general fund \$ 140,500
26 Arizona water banking fund 200,000

27 Sec. 61. ARIZONA STATE BOARD OF NURSING

28 2025-26
29 FTE positions 63.0
30 Operating lump sum appropriation \$ 6,434,800
31 Certified nursing assistant
32 credentialing program 548,000

33 Total appropriation – Arizona state

34 board of nursing \$ 6,982,800

35 Fund sources:

36 Board of nursing fund 6,982,800

37 Sec. 62. BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS
38 AND ASSISTED LIVING FACILITY MANAGERS

39 2025-26
40 FTE positions 7.0
41 Lump sum appropriation \$ 613,100

1	Fund sources:	
2	Nursing care institution	
3	administrators' licensing and	
4	assisted living facility	
5	managers' certification fund	\$ 613,100
6	Sec. 63. BOARD OF OCCUPATIONAL THERAPY EXAMINERS	<u>2025-26</u>
7	FTE positions	2.0
8	Lump sum appropriation	\$ 302,700
9	Fund sources:	
10	Occupational therapy fund	\$ 302,700
11	Sec. 64. STATE BOARD OF DISPENSING OPTICIANS	<u>2025-26</u>
12	FTE positions	1.0
13	Lump sum appropriation	\$ 198,500
14	Fund sources:	
15	Board of dispensing opticians fund	\$ 198,500
16	Sec. 65. STATE BOARD OF OPTOMETRY	<u>2025-26</u>
17	FTE positions	2.0
18	Lump sum appropriation	\$ 295,600
19	Fund sources:	
20	Board of optometry fund	\$ 295,600
21	Sec. 66. ARIZONA BOARD OF OSTEOPATHIC EXAMINERS IN MEDICINE AND SURGERY	<u>2025-26</u>
22	FTE positions	10.0
23	Lump sum appropriation	\$ 1,403,100
24	Fund sources:	
25	Arizona board of osteopathic	
26	examiners in medicine	
27	and surgery fund	\$ 1,403,100
28	Sec. 67. ARIZONA STATE PARKS BOARD	<u>2025-26</u>
29	FTE positions	167.0
30	Operating lump sum appropriation	\$ 16,525,300
31	State parks store	1,513,100
32	Kartchner caverns state park	<u>2,509,900</u>
33	Total appropriation - Arizona state parks	
34	board	\$ 20,548,300
35	Fund sources:	
36	State parks revenue fund	\$ 19,018,500
37	State parks store fund	1,513,100
38	Off-highway vehicle recreation fund	16,700

1	Sec. 72. STATE BOARD OF PODIATRY EXAMINERS	<u>2025-26</u>
2	FTE positions	1.0
3	Lump sum appropriation	\$ 202,700
4	Fund sources:	
5	Podiatry fund	\$ 202,700
6	Sec. 73. STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION	<u>2025-26</u>
7	FTE positions	4.0
8	Lump sum appropriation	\$ 453,000
9	Fund sources:	
10	Board for private postsecondary	
11	education fund	\$ 453,000
12	Sec. 74. STATE BOARD OF PSYCHOLOGIST EXAMINERS	<u>2025-26</u>
13	FTE positions	4.5
14	Lump sum appropriation	\$ 644,800
15	Fund sources:	
16	Behavioral analyst licensing	
17	and regulation account	\$ 216,100
18	Board of psychologist examiners	
19	fund	\$ 428,700
20	Sec. 75. DEPARTMENT OF PUBLIC SAFETY	<u>2025-26</u>
21	FTE positions	2,167.7
22	Operating lump sum appropriation	\$276,712,700
23	ACTIC	2,132,700
24	AZPOST	6,100,000
25	Border drug interdiction	17,414,800
26	Local border support	13,232,900
27	Civil air patrol maintenance and	
28	operations	144,000
29	Department of public safety	
30	crime lab assistance	200,000
31	GIITEM	24,749,000
32	GIITEM subaccount	2,396,400
33	Major incident division	15,500,000*
34	Motor vehicle fuel	5,454,600
35	Pharmaceutical diversion and	
36	drug theft task force	704,200
37	Public safety equipment	<u>2,890,000</u>
38	Total appropriation – department of public	
39	safety	\$367,631,300

1 Fund sources:

2 State general fund	\$288,138,300
3 State highway fund	10,000,000
4 Arizona highway patrol fund	27,028,500
5 Criminal justice enhancement fund	3,049,900
6 Department of public safety	
7 forensics fund	23,198,800
8 Gang and immigration intelligence	
9 team enforcement mission border	
10 security and law enforcement	
11 subaccount	2,396,400
12 Motorcycle safety fund	198,900
13 Motor vehicle liability insurance	
14 enforcement fund	1,003,300
15 Risk management revolving fund	1,141,900
16 Parity compensation fund	3,156,800
17 Public safety equipment fund	2,894,000
18 Concealed weapons permit fund	3,388,400
19 Fingerprint clearance card fund	2,036,100

20 Of the \$24,749,000 appropriated to the GIITEM line item, \$12,895,100
21 shall be used for one hundred department of public safety GIITEM
22 personnel. The additional staff shall include at least fifty sworn
23 department of public safety positions to be used for immigration
24 enforcement and border security and fifty department of public safety
25 positions to assist GIITEM in various efforts, including:

26 1. Strictly enforcing all federal laws relating to illegal aliens
27 and arresting illegal aliens.

28 2. Responding to or assisting any county sheriff or attorney in
29 investigating complaints of employment of illegal aliens.

30 3. Enforcing Arizona's law known as the Legal Arizona Workers Act,
31 strictly enforcing Arizona's SB 1070, Arizona's "Support Our Law
32 Enforcement and Safe Neighborhoods Act" and investigating crimes of
33 identity theft in the context of hiring illegal aliens and the unlawful
34 entry into this country.

35 4. Taking strict enforcement action.

36 Any change in the GIITEM mission or allocation of monies shall be
37 approved by the joint legislative budget committee. The department shall
38 submit an expenditure plan to the joint legislative budget committee for
39 review before expending any monies not identified in the department's
40 previous expenditure plans.

41 Of the \$24,749,000 appropriated to the GIITEM line item, only
42 \$1,203,400 is deposited in the GIITEM fund established by section 41-1724,
43 Arizona Revised Statutes, and is appropriated for the purposes of that
44 section. The \$1,203,400 is exempt from the provisions of section 35-190,
45 Arizona Revised Statutes, relating to lapsing of appropriations. This

1 state recognizes that states have inherent authority to arrest a person
2 for any immigration violation.

3 Any monies remaining in the department of public safety joint
4 account on June 30, 2026 revert to the funds from which they were
5 appropriated. The reverted monies shall be returned in direct proportion
6 to the amounts appropriated.

7 On or before September 1, 2025, the department of public safety
8 shall submit an expenditure plan for the local border support line item to
9 the joint legislative budget committee and the governor's office of
10 strategic planning and budgeting.

11 The \$13,232,900 appropriated for the local border support line item
12 shall be used to fund local law enforcement officer positions for border
13 drug interdiction to deter and apprehend any individuals who are charged
14 with drug trafficking, human smuggling, illegal immigration and other
15 border-related crimes. The monies shall also be used for grants to
16 cities, towns and counties for costs associated with prosecuting and
17 detaining individuals who are charged with drug trafficking, human
18 smuggling, illegal immigration and other border-related crimes. The
19 department may fund all capital-related equipment.

20 Of the amount appropriated in the total appropriation for the
21 department of public safety, \$178,897,700 is designated for personal
22 services and \$72,291,400 is designated for employee-related expenditures.
23 The department shall submit an expenditure plan to the joint legislative
24 budget committee for review before spending these monies for other than
25 personal services or employee-related expenditures.

26 Sec. 76. STATE REAL ESTATE DEPARTMENT

	<u>2025-26</u>
28 FTE positions	37.0
29 Lump sum appropriation	\$ 3,111,800
30 Fund sources:	
31 State general fund	\$ 3,111,800

32 Sec. 77. RESIDENTIAL UTILITY CONSUMER OFFICE

	<u>2025-26</u>
34 FTE positions	12.0
35 Operating lump sum appropriation	\$ 1,461,500
36 Professional witnesses	<u>145,000*</u>
37 Total appropriation – residential utility	
38 consumer office	\$ 1,606,500
39 Fund sources:	
40 Residential utility consumer	
41 office revolving fund	\$ 1,606,500

1	Sec. 78. BOARD OF RESPIRATORY CARE EXAMINERS	<u>2025-26</u>
2	FTE positions	4.0
3	Lump sum appropriation	\$ 426,700
4	Fund sources:	
5	Board of respiratory care	
6	examiners fund	\$ 426,700
7	Sec. 79. ARIZONA STATE RETIREMENT SYSTEM	<u>2025-26</u>
8	FTE positions	240.9
9	Lump sum appropriation	\$ 28,863,400
10	Fund sources:	
11	Arizona state retirement system	
12	administration account	27,063,400
13	Long-term disability trust fund	
14	administration account	1,800,000
15	Sec. 80. DEPARTMENT OF REVENUE	<u>2025-26</u>
16	FTE positions	892.8
17	Operating lump sum appropriation	\$ 73,782,200
18	BRITS operational support	7,959,800
19	E-commerce compliance and outreach	961,900
20	Unclaimed property administration	
21	and audit	1,473,900
22	TPT simplification	1,063,100
23	Tax fraud prevention	<u>3,163,800</u>
24	Total appropriation – department of revenue	\$ 88,404,700
25	Fund sources:	
26	State general fund	\$ 59,677,700
27	Department of revenue	
28	administrative fund	27,101,900
29	Liability setoff program	
30	revolving fund	894,800
31	Tobacco tax and health care fund	730,300
32	If the total value of properties retained by unclaimed property	
33	contract auditors exceeds \$1,473,900, the excess amount is transferred	
34	from the state general fund to the department of revenue administrative	
35	fund established by section 42-1116.01, Arizona Revised Statutes, and is	
36	appropriated to the department for contract auditor fees.	
37	The department shall report the department's general fund revenue	
38	enforcement goals for fiscal year 2025-2026 to the joint legislative	
39	budget committee on or before September 30, 2025. On or before September	
40	30, 2026, the department shall provide an annual progress report to the	
41	joint legislative budget committee as to the effectiveness of the	
42	department's overall enforcement and collections program for fiscal year	
43		
44		
45		

1 2025-2026. The reports shall compare projected and actual state general
2 fund, total state tax, total county tax and total municipal tax revenue
3 enforcement collections for fiscal year 2024-2025 and fiscal year
4 2025-2026, including the amount of projected and actual enforcement
5 collections for all tax types. The reports shall also include the total
6 number of transaction privilege tax delinquent accounts, the total dollar
7 value of those accounts classified by age of account and the total dollar
8 amount of delinquent account write-offs determined to be uncollectible for
9 fiscal year 2024-2025.

10 The department may not transfer any monies to or from the tax fraud
11 prevention line item without prior review by the joint legislative budget
12 committee.

13 The operating lump sum appropriation includes \$2,000,000 and 25 FTE
14 positions for additional audit and collections staff.

15 On or before November 1, 2025, the department shall report the
16 results of private fraud prevention investigation services during fiscal
17 year 2024-2025 to the joint legislative budget committee. The report
18 shall include the total number of fraudulent returns prevented and the
19 total dollar amount of fraudulent returns prevented during fiscal year
20 2024-2025.

21 Sec. 81. DEPARTMENT OF STATE – SECRETARY OF STATE

	<u>2025-26</u>
23 FTE positions	144.1
24 Operating lump sum appropriation	\$ 14,547,200
25 Access voter information database	483,500
26 Electronic records repository	70,000
27 Library grants-in-aid	651,400*
28 Statewide radio reading service	
29 for the blind	97,000
30 Uniform state laws commission	<u>99.000</u>
31 Total appropriation – department of	
32 state – secretary of state	\$ 15,948,100
33 Fund sources:	
34 State general fund	\$ 14,093,900
35 Election systems improvement fund	483,500
36 Records services fund	1,370,700
37 Included in the operating lump sum appropriation of \$14,547,200 for	
38 fiscal year 2025-2026 is \$5,000 for the purchase of mementos and items for	
39 visiting officials.	
40 Included in the operating lump sum appropriation of \$14,547,200 for	
41 fiscal year 2025-2026 is \$1,370,700 from the records services fund	
42 established by section 41-151.12, Arizona Revised Statutes. This	
43 appropriation may be used for the payment of obligations incurred in	
44 fiscal year 2024-2025.	

The operating lump sum appropriation includes \$100,000 for additional support for the talking book library.

The operating lump sum appropriation includes \$250,000 for additional support for the address confidentiality program.

The operating lump sum appropriation includes \$100,000 for additional support for secretary of state legal expenses. The secretary of state may spend these monies for legal services from the attorney general, to hire one FTE position to serve as legal advisor to the secretary of state or for legal expenses for conflict counsel. The secretary of state may make expenditures or incur indebtedness to employ outside or private attorneys if all of the following are true:

1. The secretary of state is named as a defendant.
2. The secretary of state believes a conflict exists that prevents attorney general from representing the secretary of state.

3. The secretary of state either remains a nominal party or is defending the constitutionality of a law or referendum enacted by the legislature.

Monies in the access voter information database line item may be used only for the exclusive purpose of developing and administering the statewide database of voter registration information required by section 16-168, Arizona Revised Statutes. The secretary of state may not transfer any monies in or out of the access voter information database line item.

Sec. 82. STATE BOARD OF TAX APPEALS

2025-26

FTE positions 4.0
Lump sum appropriation \$ 318,600

Fund sources:

State general fund \$ 318,600

Sec. 83. STATE BOARD OF TECHNICAL REGISTRATION

2025-26

FTE positions 25.0
Lump sum appropriation \$ 2,646,000

Fund sources:

Technical registration fund \$ 2,646,000
OFFICE OF TOURISM

Sec. 84. OFFICE OF TOURISM

2025-26

FTE positions 31.0
Tourism fund deposit \$ 7,406,000

Arizona promotion 819,000

Wine promotion

100,000
325 000

Appropriation Fund sources

State general fund \$ 8,325,000

1	Sec. 85. DEPARTMENT OF TRANSPORTATION	<u>2025-26</u>
2	FTE positions	4,571.0
3	Operating lump sum appropriation	\$254,804,200
4	Attorney general legal services	3,940,400
5	Highway maintenance	164,189,300
6	ADOT fleet vehicles and heavy equipment maintenance	26,522,700
7	ADOT fleet vehicles and heavy equipment maintenance contingency	1,000,000
8	State fleet operations	22,867,800
9	State fleet vehicle replacement	7,250,000
10	Driver safety and livestock control	800,000
11	ADOT fleet vehicle and heavy equipment replacement	22,400,000
12	Highway damage recovery account	7,999,300
13	Statewide litter removal	3,106,800
14	Radio lifecycle replacement	1,656,100
15	Preventive surface treatments	36,142,000
16	Authorized third parties	<u>2,262,600</u>
17	Total appropriation – department of transportation	\$554,941,200
18	Fund sources:	
19	Air quality fund	\$ 878,300
20	Arizona highway user revenue fund	951,500
21	Highway damage recovery account	7,999,300
22	Ignition interlock device fund	365,600
23	Motor vehicle liability insurance enforcement fund	1,615,600
24	State fleet operations fund	22,867,800
25	State vehicle replacement fund	7,250,000
26	State aviation fund	2,289,300
27	State highway fund	481,554,700
28	Department fleet operations fund	27,522,700
29	Vehicle inspection and certificate of title enforcement fund	1,646,400
30	<u>Motor vehicle division</u>	
31	On or before February 1, 2026, the Arizona strategic enterprise technology office shall submit, on behalf of the department of transportation, an annual progress report to the joint legislative budget committee staff. The annual report shall provide updated plans for spending the department-dedicated portion of the authorized third-party electronic service partner's fee retention on the motor vehicle modernization project in fiscal year 2025-2026, including any amounts for stabilization, maintenance, ongoing operations, support and enhancements	

1 for the motor vehicle modernization solution, maintenance of legacy
2 mainframe processing and support capability, and other system projects
3 outside the scope of the motor vehicle modernization project.

4 On or before August 1, 2025, the department of transportation shall
5 report to the director of the joint legislative budget committee the
6 state's share of fees retained by the service Arizona vendor in the prior
7 fiscal year. The report shall include the amount spent by the service
8 Arizona vendor on behalf of this state in the prior fiscal year and a list
9 of the projects funded with those monies.

10 Other

11 Of the total amount appropriated, \$164,189,300 in fiscal year
12 2025-2026 for highway maintenance is exempt from the provisions of section
13 35-190, Arizona Revised Statutes, relating to lapsing of appropriations,
14 except that all unexpended and unencumbered monies of the appropriation
15 revert to the state highway fund established by section 28-6991, Arizona
16 Revised Statutes, on August 31, 2026.

17 The amount appropriated to the preventive surface treatments line
18 item is exempt from the provisions of section 35-190, Arizona Revised
19 Statutes, relating to lapsing of appropriations, except that all
20 unexpended and unencumbered monies of the appropriation revert to the
21 state highway fund established by section 28-6991, Arizona Revised
22 Statutes, on August 31, 2026.

23 Of the total amount appropriated, the department of transportation
24 shall pay \$15,981,300 in fiscal year 2025-2026 from all funds to the
25 department of administration for its risk management payment.

26 All expenditures made by the department of transportation for
27 attorney general legal services shall be funded only from the attorney
28 general legal services line item. Monies in the operating lump sum
29 appropriation or other line items intended for this purpose shall be
30 transferred to the attorney general legal services line item before
31 expenditure.

32 In accordance with section 35-142.01, Arizona Revised Statutes,
33 reimbursements for monies expended from the highway maintenance line item
34 may not be credited to the account out of which the expenditure was
35 incurred. The department shall deposit all reimbursements for monies
36 expended from the highway maintenance line item in the highway damage
37 recovery account established by section 28-6994, Arizona Revised Statutes.

38 Expenditures made by the department of transportation for ADOT fleet
39 vehicle and heavy equipment replacement shall be funded only from the ADOT
40 fleet vehicle and heavy equipment replacement line item. Monies in the
41 operating lump sum appropriation or other line items intended for this
42 purpose shall be transferred to the ADOT fleet vehicle and heavy equipment
43 replacement line item before expenditure.

1	Sec. 86. STATE TREASURER	<u>2025-26</u>
2	FTE positions	38.4
3	Operating lump sum appropriation	\$ 4,677,100
4	Justice of the peace salaries	2,589,600
5	Law enforcement/boating safety	
6	fund grants	<u>2,183,800</u>
7	Total appropriation – state treasurer	\$ 9,450,500
8	Fund sources:	
9	State general fund	\$ 2,932,100
10	Law enforcement and boating	
11	safety fund	2,183,800
12	State treasurer's operating fund	4,334,600
13	On or before June 30, 2026, the state treasurer shall report to the	
14	joint legislative budget committee staff on the state treasurer's current	
15	fiscal year and estimated next fiscal year expenditures of interest	
16	earnings spent pursuant to sections 35-315 and 35-318, Arizona Revised	
17	Statutes, for the state treasurer's banking service contract, external	
18	investment management agreement, administrative and information technology	
19	costs and any other costs.	
20	Sec. 87. GOVERNOR'S OFFICE ON TRIBAL RELATIONS	
21		<u>2025-26</u>
22	FTE positions	3.0
23	Lump sum appropriation	\$ 67,100
24	Fund sources:	
25	State general fund	\$ 67,100
26	Sec. 88. ARIZONA BOARD OF REGENTS	
27		<u>2025-26</u>
28	FTE positions	30.9
29	Operating lump sum appropriation	\$ 3,084,500
30	Adaptive athletics	160,000
31	Arizona promise program	20,000,000
32	Spouses of military veterans	
33	tuition scholarships	10,000,000
34	Arizona teachers academy	15,000,000
35	Arizona teachers incentive program	90,000
36	Arizona teacher student loan program	426,000
37	Arizona transfer articulation	
38	support system	213,700
39	Leveraging educational assistance	
40	partnership program	1,220,800
41	Washington, D.C. internships	300,000*

1	Western interstate commission	
2	office	153,000
3	WICHE student subsidies	<u>4,078,000</u>
4	Total appropriation – Arizona board of	
5	regents	\$ 54,726,000
6	Fund sources:	
7	State general fund	\$ 54,726,000

8 The Arizona board of regents shall distribute monies appropriated
9 for the adaptive athletics line item to each university under the
10 jurisdiction of the board to maintain and operate an intercollegiate
11 adaptive athletics program that provides opportunities for competitive
12 wheelchair and adaptive sports to students and community members with
13 disabilities. The monies may be spent only when the university collects
14 matching monies of gifts, grants and donations for the intercollegiate
15 adaptive athletics program from sources other than this state.
16 Universities may spend the monies only on scholarships, equipment,
17 uniforms, travel expenses and tournament fees for participants in the
18 intercollegiate adaptive athletics program. The monies may not be used
19 for administrative costs, personal services or employee
20 related- expenditures.

21 On or before October 1, 2026, the Arizona board of regents shall
22 submit a report to the director of the joint legislative budget committee
23 and the director of the governor's office of strategic planning and
24 budgeting on the Arizona promise program that includes all of the
25 following for fiscal year 2025-2026:

26 1. The total number of students receiving promise scholarships by
27 each eligible postsecondary institution.

28 2. The total number of students enrolled at each eligible
29 postsecondary institution that are eligible to receive federal pell
30 grants.

31 3. A list of the programs of study in which promise scholarship
32 recipients are enrolled, including the number of recipients enrolled in
33 each program.

34 4. The average promise scholarship award amount for each eligible
35 postsecondary institution.

36 5. A geographic representation of promise scholarship recipients
37 based on the high school attended.

38 6. The average grade point average of promise scholarships
39 recipients by each eligible postsecondary institution.

40 On or before October 1, 2026, the Arizona board of regents shall
41 submit a report to the director of the joint legislative budget committee
42 and the director of the governor's office of strategic planning and
43 budgeting on spouses of military veterans tuition scholarships that
44 includes all of the following for fiscal year 2025-2026:

1 1. The amount distributed to each eligible postsecondary
2 institution.

3 2. The total number of award recipients by each eligible
4 postsecondary institution.

5 3. The average award amount for each eligible postsecondary
6 institution.

7 In order to be eligible to receive state matching monies under the
8 leveraging educational assistance partnership program for grants to
9 students, each participating institution, public or private, shall provide
10 an amount of institutional matching monies that equals the amount of
11 monies provided by this state to the institution for the leveraging
12 educational assistance partnership program. Administrative expenses
13 incurred by the Arizona board of regents shall be paid from institutional
14 matching monies and may not exceed twelve percent of the monies
15 appropriated in fiscal year 2025-2026.

16 The Arizona board of regents shall distribute monies appropriated
17 for Washington, D.C. internships for program fees and housing costs in
18 equal amounts to each of the three universities under the jurisdiction of
19 the board for the purpose of providing student internships and short-term
20 programs in Washington, D.C. in partnership with a third-party
21 organization. Short-term programs include one-week seminars and learning
22 opportunities shorter than one academic semester. The third-party
23 organization must meet the following requirements:

24 1. Have partnerships with Washington, D.C.-based organizations to
25 provide full-time, semester-long student internships and short-term
26 programs.

27 2. Have the ability to place as many students in internships and
28 short-term programs as needed by the universities.

29 3. Have experience placing students in internships for at least ten
30 consecutive years.

31 4. Have dedicated staff to ensure that student interns have access
32 to internships in their areas of interest.

33 Within ten days after the acceptance of the universities' semiannual
34 all funds budget reports, the Arizona board of regents shall submit a
35 current year expenditure plan to the joint legislative budget committee
36 for review. The expenditure plan shall include the use of all projected
37 tuition and fee revenues by expenditure category, including operating
38 expenses, plant fund, debt service and financial aid. The plan shall
39 include the amount by which each expenditure category is projected to
40 increase over the prior year and shall provide as much detail as the
41 university budget requests. The plan shall include the total revenue and
42 expenditure amounts from all tuition and student fee revenues, including
43 base tuition, differential tuition, program fees, course fees, summer
44 session fees and other miscellaneous and mandatory student fee revenues.

1 Sec. 89. ARIZONA STATE UNIVERSITY

2 2025-26

3 FTE positions 8,357.4
4 Operating lump sum appropriation \$1,073,584,600
5 Biomedical informatics 3,758,100
6 Eastern Europe cultural collaborative 250,000
7 Arizona financial aid trust 5,985,800
8 Downtown Phoenix campus 134,098,500

9 Total appropriation – Arizona state
10 university \$1,217,677,000

11 Fund sources:

12 State general fund \$ 360,678,200
13 University collections fund 856,998,800

14 The state general fund appropriation may not be used for alumni
15 association funding.

16 The increased state general fund appropriation from Laws 2014,
17 chapter 18 may not be used for medical marijuana research.

18 Other than scholarships awarded through the Arizona financial aid
19 trust, the appropriated monies may not be used for scholarships or any
20 student newspaper.

21 The appropriated monies may not be used by the Arizona state
22 university college of law legal clinic for any lawsuits involving inmates
23 of the state department of corrections in which this state is the adverse
24 party.

25 Arizona state university shall use monies appropriated for the
26 eastern Europe cultural collaborative to facilitate cultural and academic
27 exchanges between university faculty and students and academic
28 institutions in eastern Europe.

29 Any appropriated monies allocated by the university for the school
30 of civic and economic thought and leadership shall be used to operate a
31 single stand-alone academic entity within Arizona state university. The
32 appropriated monies may not supplant any existing state funding or private
33 or external donations to the existing centers or to the school. The
34 appropriated monies and all private and external donations for the school,
35 including any remaining balances from prior fiscal years, shall be
36 deposited in a separate account, shall be used only for the direct
37 operation of the school and may not be used for indirect costs of the
38 university. On or before October 1, 2025, the school shall submit a
39 report to the president of the senate, the speaker of the house of
40 representatives, the chairpersons of the senate education committee and
41 the house of representatives education committee and the director of the
42 joint legislative budget committee that includes at least the following
43 information for the school:

44 1. The total amount of funding received from all sources.
45 2. A description of faculty positions and courses offered.

- 1 3. The total undergraduate and graduate student enrollment.
- 2 4. Significant community events, initiatives or publications.

3 The chairpersons of the senate education committee and the house of
4 representatives education committee may request the director of the school
5 to appear before the committees to report on the school's annual
6 achievements.

7 The legislature intends that appropriated monies allocated by the
8 university for the school of civic and economic thought and leadership in
9 fiscal year 2025-2026 be consistent with the amount appropriated in fiscal
10 year 2022-2023, except that the university may allocate to the school the
11 lump sum reduction of not more than 3.45 percent prescribed by Laws 2024,
12 chapter 209, section 129.

13 Any unencumbered balances remaining in the university collections
14 fund on June 30, 2025 and all collections received by the university
15 during the fiscal year are appropriated for operating expenditures,
16 capital outlay and fixed charges. Earnings on state lands and interest on
17 the investment of the permanent land funds are appropriated in compliance
18 with the enabling act and the Constitution of Arizona. No part of this
19 appropriation may be spent for supplemental life insurance or supplemental
20 retirement.

21 Sec. 90. NORTHERN ARIZONA UNIVERSITY

	<u>2025-26</u>
23 FTE positions	2,399
24 Operating lump sum appropriation	\$236,397,200
25 Arizona financial aid trust	1,326,000
26 Biomedical research funding	3,000,000
27 NAU – Yuma	3,088,400
28 Teacher training	<u>2,292,700</u>
29 Total appropriation – Northern Arizona	
30 university	\$246,104,300
31 Fund sources:	
32 State general fund	\$114,267,500
33 University collections fund	131,836,800

34 The state general fund appropriation may not be used for alumni
35 association funding.

36 The increased state general fund appropriation from Laws 2014,
37 chapter 18 may not be used for medical marijuana research.

38 Other than scholarships awarded through the Arizona financial aid
39 trust, the appropriated monies may not be used for scholarships or any
40 student newspaper.

41 The appropriated amount for the teacher training line item shall be
42 distributed to the Arizona K-12 center for program implementation and
43 mentor training for the Arizona mentor teacher program prescribed by the
44 state board of education.

1 Any unencumbered balances remaining in the university collections
2 fund on June 30, 2025 and all collections received by the university
3 during the fiscal year are appropriated for operating expenditures,
4 capital outlay and fixed charges. Earnings on state lands and interest on
5 the investment of the permanent land funds are appropriated in compliance
6 with the enabling act and the Constitution of Arizona. No part of this
7 appropriation may be spent for supplemental life insurance or supplemental
8 retirement.

9 The biomedical research funding shall be distributed to a nonprofit
10 medical research foundation in this state that collaborates with
11 universities, hospitals and biotechnology and health research centers. A
12 nonprofit foundation that receives monies shall submit an expenditure and
13 performance report to northern Arizona university. The university shall
14 transmit the report to the joint legislative budget committee and the
15 director of the governor's office of strategic planning and budgeting on
16 or before February 1, 2026. The report must include at least the
17 following:

18 1. The type and amount of expenditures from all state sources of
19 monies, including the amount leveraged for local, state, federal and
20 private grants.

21 2. A description of each grant received as well as the percentage
22 and locations of positions funded solely or partly by state monies and the
23 nonprofit foundation's projects with which those positions are associated.

24 3. Performance measures, including:

25 (a) Outcomes that are specifically related to the use of state
26 monies.

27 (b) Progress that has been made toward achieving each outcome,
28 including activities, resources and other evidence of the progress.

29 (c) Reportable inventions or discoveries related to each outcome.

30 (d) Publications, presentations and narratives related to each
31 outcome and how the expenditures from all state sources of monies that the
32 nonprofit foundation received have benefited this state.

33 Any appropriated monies allocated by the university for the economic
34 policy institute may not supplant any existing state funding or private or
35 external donations to the institute or to the university. The
36 appropriated monies and all private and external donations for the
37 institute, including any remaining balances from prior fiscal years, shall
38 be deposited in a separate account, shall be used only for the direct
39 operation of the institute and may not be used for indirect costs of the
40 university. On or before October 1, 2025, the institute shall submit to
41 the president of the senate, the speaker of the house of representatives,
42 the chairpersons of the senate education committee and the house of
43 representatives education committee and the director of the joint
44 legislative budget committee a report that includes at least the following
45 information for the institute:

1. The total amount of funding received from all sources.
2. A description of the faculty positions and courses offered.
3. The total undergraduate and graduate student participation.
4. Significant community events, initiatives or publications.

The chairpersons of the senate education committee and the house of representatives education committee may request the director of the institute to appear before the committees to report on the institute's achievements.

The legislature intends that appropriated monies allocated by the university for the economic policy institute in fiscal year 2025-2026 be consistent with the amount appropriated in fiscal year 2022-2023, except that the university may allocate to the institute the lump sum reduction of not more than 3.45 percent prescribed by Laws 2024, chapter 209, section 129.

Sec. 91. UNIVERSITY OF ARIZONA

2025-26

Main campus

FTE positions	6,162.8
Operating lump sum appropriation	\$522,346,100
Agriculture	44,176,800
Arizona cooperative extension	15,287,100
Arizona financial aid trust	2,729,400
Arizona geological survey	1,208,200
College of veterinary medicine	23,936,300
Kazakhstan studies program	250,000
Mining, mineral and natural resources educational museum	432,100
Natural resource users law and policy center	1,571,800
School of mining	4,170,200
Sierra Vista campus	5,056,700
Veterinary diagnostic laboratory	<u>2,584,200</u>
Total – main campus	\$623,748,900
<u>Fund sources:</u>	
State general fund	\$255,199,800
University collections fund	368,549,100
<u>Health sciences center</u>	
FTE positions	1,044.0
Operating lump sum appropriation	\$87,356,100
Clinical rural rotation	353,600
Clinical teaching support	8,587,000
Liver research institute	440,400
Phoenix medical campus	38,544,100
Telemedicine network	<u>1,670,000</u>
Total – health sciences center	\$136,951,200

1 The chairpersons of the senate education committee and the house of
2 representatives education committee may request the director of the center
3 to appear before the committees to report on the center's annual
4 achievements.

5 The legislature intends that appropriated monies allocated by the
6 university for the center for the philosophy of freedom in fiscal year
7 2025-2026 be consistent with the amount appropriated in fiscal year
8 2022-2023, except that the university may allocate to the center the lump
9 sum reduction of not more than 3.45 percent prescribed by Laws 2024,
10 chapter 209, section 129.

11 The amount appropriated to the college of veterinary medicine line
12 item shall be distributed to the college of veterinary medicine to
13 increase the number of students that are residents of this state. Before
14 spending these monies, the university of Arizona shall report to the joint
15 legislative budget committee all of the following information for the
16 college of veterinary medicine:

17 1. The current number of students who are residents of this state.
18 2. The current number of students who are not residents of this
19 state.

20 The university of Arizona shall use monies appropriated for the
21 Kazakhstan studies program to facilitate academic exchanges between
22 university students and academic institutions in Kazakhstan.

23 The amount appropriated for the natural resource users law and
24 policy center line item shall be used by the natural resource users law
25 and policy center within the Arizona cooperative extension. Of the amount
26 appropriated, at least \$500,000 shall be used to assist claimants in the
27 general stream adjudication of water rights pursuant to section 15-1647,
28 Arizona Revised Statutes.

29 One hundred percent of the land earnings and interest from the
30 school of mines land fund shall be distributed to the university of
31 Arizona school of mining and mineral resources in compliance with the
32 enabling act and the Constitution of Arizona.

33 Any unencumbered balances remaining in the university collections
34 fund on June 30, 2025 and all collections received by the university
35 during the fiscal year are appropriated for operating expenditures,
36 capital outlay and fixed charges. Earnings on state lands and interest on
37 the investment of the permanent land funds are appropriated in compliance
38 with the enabling act and the Constitution of Arizona. No part of this
39 appropriation may be spent for supplemental life insurance or supplemental
40 retirement.

1	Sec. 92. DEPARTMENT OF VETERANS' SERVICES	
2		<u>2025-26</u>
3	FTE positions	792.3
4	Operating lump sum appropriation	\$ 2,921,700
5	Arizona state veterans' homes	60,994,800
6	Arizona state veterans' cemeteries	970,300
7	Rural tribal nations veteran	
8	benefit counseling	2,217,900
9	Veterans' benefit counseling	3,713,100
10	Veterans' support services	1,226,100
11	Veterans' trauma treatment	
12	services	<u>450,000</u>
13	Total appropriation – department of	
14	veterans' services	\$ 72,493,900
15	Fund sources:	
16	State general fund	\$ 11,499,100
17	State home for veterans' trust	
18	fund	60,994,800
19	Monies appropriated for the rural tribal nations veteran benefit	
20	counseling line item shall be used for veterans' services officers to	
21	provide services in rural tribal nations in this state that have	
22	communities that are located one hundred miles or more from the nearest	
23	United States department of veterans' affairs service center.	
24	The amount appropriated for veterans' support services line item	
25	shall be distributed to a nonprofit veterans' services organization that	
26	provides support services among this state's military and veteran	
27	population. The department may spend up to \$76,500 of this appropriation	
28	to hire a program specialist to liaise between the department and the	
29	selected nonprofit organization. Before the expenditure of the monies,	
30	the department shall submit an expenditure report to the joint legislative	
31	budget committee that includes the status of non-state matching grant	
32	monies.	
33	Monies appropriated for the veterans' trauma treatment services line	
34	item shall be used to provide grants to contractors as defined in section	
35	36-2901, Arizona Revised Statutes, that provide trauma treatment services	
36	training to any of the following health professionals licensed pursuant to	
37	title 32, Arizona Revised Statutes:	
38	1. Physicians.	
39	2. Registered nurse practitioners.	
40	3. Physician assistants.	
41	4. Psychologists.	
42	5. Behavioral health professionals who are either licensed for	
43	individual practice or supervised by a psychologist, registered nurse	
44	practitioner or behavioral health professional licensed pursuant to	
45	title 32, Arizona Revised Statutes, for independent practice.	

1	Sec. 93. ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD	
2		<u>2025-26</u>
3	FTE positions	7.0
4	Lump sum appropriation	\$ 787,900
5	Fund sources:	
6	Veterinary medical examining	
7	board fund	\$ 787,900
8	Sec. 94. DEPARTMENT OF WATER RESOURCES	
9		<u>2025-26</u>
10	FTE positions	204.0
11	Operating lump sum appropriation	\$ 15,248,800
12	Adjudication support	1,914,400
13	Arizona water protection fund	
14	deposit	750,000
15	Assured and adequate water supply	
16	administration	2,531,200
17	Rural water studies	1,296,000
18	Conservation and drought program	433,500
19	Automated groundwater monitoring	421,100
20	Colorado River legal expenses	500,000*
21	Water supply and demand assessment	<u>3,541,500</u>
22	Total appropriation – department of water	
23	resources	\$ 26,636,500
24	Fund sources:	
25	State general fund	\$ 24,618,200
26	Water resources fund	1,726,500
27	Assured and adequate water	
28	supply administration fund	291,800
29	Monies in the assured and adequate water supply administration line	
30	item may be used only for the exclusive purposes prescribed in sections	
31	45-108, 45-576, 45-577, 45-578 and 45-579, Arizona Revised Statutes. The	
32	department of water resources may not transfer any monies into or out of	
33	the assured and adequate water supply administration line item.	
34	The legislature intends that monies in the rural water studies line	
35	item be spent only to assess local water use needs and to develop plans	
36	for sustainable future water supplies in rural areas outside this state's	
37	active management areas and not be made available for other department	
38	operating expenditures.	
39	Monies in the adjudication support line item may be used only for	
40	the exclusive purposes prescribed in section 45-256, Arizona Revised	
41	Statutes, and section 45-257, subsection B, paragraph 4, Arizona Revised	
42	Statutes. The department of water resources may not transfer any monies	
43	into or out of the adjudication support line item.	

1 The department of water resources may not transfer any monies from
2 the Colorado River legal expenses line item without prior review by the
3 joint legislative budget committee.

4 Fiscal Year 2024-2025 Appropriation Adjustments

5 Sec. 95. Appropriation reduction; Arizona health care cost
6 containment system administration; fiscal year
7 2024-2025

8 In addition to any other appropriations made in fiscal year
9 2024-2025, the sum of \$(106,051,600) is reduced from appropriations made
10 from the state general fund in fiscal year 2024-2025 to the Arizona health
11 care cost containment system administration for adjustments in formula
12 requirements.

13 Sec. 96. Appropriation reduction; department of economic
14 security; fiscal year 2024-2025

15 In addition to any other appropriations made in fiscal year
16 2024-2025, the sum of \$(9,900,000) is reduced from appropriations made
17 from the state general fund in fiscal year 2024-2025 to the department of
18 economic security for adjustments in formula requirements.

19 Sec. 97. Supplemental appropriations; superintendent of
20 public instruction; fiscal year 2024-2025

21 A. In addition to any other appropriations made in fiscal year
22 2024-2025, the sum of \$206,206,000 is appropriated from the state general
23 fund in fiscal year 2024-2025 to the superintendent of public instruction
24 for additional basic state aid formula costs.

25 B. In addition to any other appropriations made in fiscal year
26 2024-2025, the sum of \$2,000,000 is appropriated from the state general
27 fund in fiscal year 2024-2025 to the superintendent of public instruction
28 for statewide assessment expenses.

29 Sec. 98. Supplemental appropriation; Arizona department of
30 forestry and fire management; fiscal year
31 2024-2025; exemption

32 In addition to any other appropriations made in fiscal year
33 2024-2025, the sum of \$11,180,800 is appropriated from the state general
34 fund in fiscal year 2024-2025 to the Arizona department of forestry and
35 fire management to repay debts owed to the federal government incurred in
36 the course of wildfire suppression activities. The appropriation made in
37 this section is exempt from the provisions of section 35-190, Arizona
38 Revised Statutes, relating to lapsing of appropriations.

39 Sec. 99. Supplemental appropriation; department of health
40 services; operating shortfall; fiscal year
41 2024-2025

42 In addition to any other appropriations made in fiscal year
43 2024-2025, the sum of \$3,328,200 is appropriated from the Arizona state
44 hospital land fund established by section 37-525, Arizona Revised

1 Statutes, in fiscal year 2024-2025 to the department of health services
2 for a state hospital operating costs shortfall.

3 Sec. 100. Supplemental appropriations; secretary of state;
4 district special primary and special general
5 elections; report; fiscal year 2024-2025;
6 exemption

7 A. In addition to any other appropriations made in fiscal year
8 2024-2025, the sum of \$7,300,000 is appropriated from the state general
9 fund in fiscal year 2024-2025 to the secretary of state for the purpose of
10 reimbursing expenses incurred by Cochise, Maricopa, Pima, Pinal, Santa
11 Cruz and Yuma counties for the administration of the special primary and
12 special general elections to fill the vacancy in the United States house
13 of representatives for Arizona's congressional district 7.

14 B. In addition to any other appropriations made in fiscal year
15 2024-2025, the sum of \$212,000 is appropriated from the state general fund
16 in fiscal year 2024-2025 to the secretary of state for expenses incurred
17 for the administration of the special primary and special general
18 elections to fill the vacancy in the United States house of
19 representatives for Arizona's congressional district 7.

20 C. The secretary of state shall reimburse a county for the
21 additional cost of printing and mailing ballots and other election
22 materials, compensation paid to election board and tally board officers
23 serving during the special elections, as well as other costs of
24 administering the special elections. The secretary of state may advance a
25 portion of the estimated expenses to the county. A county that receives
26 an advance shall provide subsequent documentation to the secretary of
27 state pursuant to subsection D of this section.

28 D. The clerk of the board of supervisors shall submit to the
29 secretary of state for approval itemized claims, together with
30 documentation, verified by the clerk, for expenses incurred or to be
31 incurred by the county recorder and the county elections department as
32 prescribed by subsection C of this section. The clerk of the board of
33 supervisors shall submit the verified claims to the secretary of state on
34 or before November 30, 2025.

35 E. On approval of a claim by the secretary of state, the secretary
36 of state shall submit the claim to the department of administration for
37 payment to the county from the monies appropriated in subsection A of this
38 section. Reimbursement of expenses incurred by a county for the
39 administration of the special election may not exceed:

40 1. Cochise county \$ 139,500
41 2. Maricopa county \$ 906,900
42 3. Pima county \$5,597,700
43 4. Pinal county \$ 66,100
44 5. Santa Cruz county \$ 240,600
45 6. Yuma county \$ 349,200

1 F. On or before March 1, 2026, the secretary of state shall submit
2 a report to the joint legislative budget committee and the governor's
3 office of strategic planning and budgeting regarding reimbursements made
4 pursuant to this section.

5 G. The appropriations made in subsections A and B of this section
6 are exempt from the provisions of section 35-190, Arizona Revised
7 Statutes, relating to lapsing of appropriations, except that all monies
8 remaining unexpended and unencumbered on December 31, 2025 revert to the
9 state general fund.

10 Sec. 101. Supplemental appropriation; state treasurer; fiscal
11 year 2024-2025

12 In addition to any other appropriations made in fiscal year
13 2024-2025, the sum of \$138,600 is appropriated from the state general fund
14 in fiscal year 2024-2025 to the state treasurer for a justice of the peace
15 salary adjustment.

16 Sec. 102. Supplemental appropriation; department of veterans'
17 services; fiscal year 2024-2025

18 In addition to any other appropriations made in fiscal year
19 2024-2025, the sum of \$1,000,000 is appropriated from the state general
20 fund in fiscal year 2024-2025 to the department of veterans' services for
21 deposit in the state homes for veterans trust fund established by section
22 41-608.01, Arizona Revised Statutes, for an operating costs shortfall.

23 Fiscal Year 2025-2026 Appropriations

24 Sec. 103. Appropriations; department of administration;
25 counties; allocations; report; fiscal year
26 2025-2026

27 A. The sum of \$7,150,650 is appropriated from the state general
28 fund in fiscal year 2025-2026 to the department of administration for
29 distribution to counties to maintain essential county services. The
30 department shall allocate the appropriation equally among all counties
31 with a population of less than nine hundred thousand persons according to
32 the 2020 United States decennial census.

33 B. The sum of \$500,000 is appropriated from the state general fund
34 in fiscal year 2025-2026 to the department of administration for
35 distribution to Graham county to maintain essential county services.

36 C. The sum of \$3,000,000 is appropriated from the state general
37 fund in fiscal year 2025-2026 to the department of administration for
38 distribution to counties to supplement the normal cost plus an amount to
39 amortize the unfunded accrued liability pursuant to section 38-810,
40 subsection C, Arizona Revised Statutes. The department shall allocate the
41 appropriation equally among all counties with a population of less than
42 three hundred thousand persons according to the 2020 United States
43 decennial census. The counties may use these monies only for required
44 employer contributions to the elected officials' retirement plan.

1 Sec. 104. Automation projects fund: appropriations: quarterly
2 reports; exemption; fiscal year 2025-2026

3 A. The sum of \$19,256,800 is appropriated from the department of
4 revenue subaccount in the automation projects fund established pursuant to
5 section 41-714, Arizona Revised Statutes, in fiscal year 2025-2026 to the
6 department of administration to implement the department of revenue's
7 integrated tax system modernization project. The monies appropriated in
8 this subsection shall be spent for an integrated tax system modernization
9 project that meets the following minimum specifications:

10 1. Captures data fields from electronically filed individual and
11 corporate income tax returns and makes the data available for querying and
12 reporting purposes. The system shall provide the department of revenue
13 staff, the joint legislative budget committee staff and governor's office
14 of strategic planning and budgeting staff direct access to the querying
15 and reporting functions. The querying and reporting functions shall
16 include procedures to protect taxpayer confidentiality under applicable
17 state and federal law.

18 2. For electronic corporate income tax returns, captures
19 information regarding the principal business activity of the corporation.
20 This requirement may be satisfied through North American industry
21 classification system data listed on federal tax forms. The tax system
22 shall allow for querying and reporting based on principal business
23 activity.

24 3. Includes an integrated individual income tax model within the
25 project and provides the department of revenue staff, the joint
26 legislative budget committee staff and governor's office of strategic
27 planning and budgeting staff direct access to the individual income tax
28 model. At a minimum, the model shall allow the department of revenue
29 staff, the joint legislative budget committee staff and governor's office
30 of strategic planning and budgeting staff to adjust tax law parameters
31 against an anonymized representative sample of income tax returns to
32 estimate the fiscal impact of proposed tax legislation. The model shall
33 only include data from state and federal tax returns that are captured by
34 the tax system. The individual income tax model shall include procedures
35 to protect taxpayer confidentiality under applicable state and federal
36 law.

37 4. Makes individual and corporate income tax data available for
38 querying, modeling and reporting within twenty-four months following the
39 end of a tax year.

40 Quarterly Reports

41 B. Within thirty days after the last day of each calendar quarter,
42 the department of administration shall submit to the joint legislative
43 budget committee a quarterly report on implementing projects approved by
44 the information technology authorization committee established by section

1 18-121, Arizona Revised Statutes, including the projects' expenditures to
2 date, deliverables, timeline for completion and current status.

3 Nonlapsing

4 C. The amounts appropriated pursuant to this section from the
5 automation projects fund established by section 41-714, Arizona Revised
6 Statutes, in fiscal year 2025-2026 are exempt from the provisions of
7 section 35-190, Arizona Revised Statutes, relating to lapsing of
8 appropriations, until June 30, 2027.

9 Sec. 105. Department of economic security; loans;
10 reimbursement; prohibition; fiscal year 2025-2026

11 On or after April 1, 2026, the department of economic security may
12 use up to \$25,000,000 from the budget stabilization fund established by
13 section 35-144, Arizona Revised Statutes, for the purpose of providing
14 funding for reimbursement grants. Before using the monies from the budget
15 stabilization fund, the department shall notify the director of the joint
16 legislative budget committee and the director of the governor's office of
17 strategic planning and budgeting. This appropriation must be fully
18 reimbursed on or before September 1, 2026 and must be reimbursed in full
19 as part of the closing process for fiscal year 2025-2026. The department
20 shall notify the joint legislative budget committee of the reimbursement
21 on or before September 1, 2026. The appropriation may not be used for
22 additional programmatic expenditures.

23 Sec. 106. Phoenix convention center; allocation; fiscal year
24 2025-2026

25 Pursuant to section 9-602, Arizona Revised Statutes, \$26,497,400 of
26 state general fund revenue is allocated in fiscal year 2025-2026 to the
27 Arizona convention center development fund established by section 9-601,
28 Arizona Revised Statutes.

29 Sec. 107. Rio Nuevo multipurpose facility district; estimated
30 distribution; fiscal year 2025-2026

31 Pursuant to section 42-5031, Arizona Revised Statutes, a portion of
32 the state transaction privilege tax revenues will be distributed to a
33 multipurpose facility district. The Rio Nuevo multipurpose facility
34 district is estimated to receive \$19,000,000 in fiscal year 2025-2026.
35 The actual amount of the distribution will be made pursuant to section
36 42-5031, Arizona Revised Statutes.

37 Fund Balance Transfers

38 Sec. 108. Fund balance transfer; state highway fund; fiscal
39 year 2025-2026

40 A. Notwithstanding any other law, on or before June 30, 2026,
41 \$15,000,000 is transferred from state highway fund established by section
42 28-6991, Arizona Revised Statutes, to the state general fund in fiscal
43 year 2025-2026 for the purpose of providing adequate support and
44 maintenance for agencies of this state.

1 B. The amount transferred from the state highway fund in subsection
2 A of this section reflects interest income earned from investment of
3 monies in the state highway fund from a portion of revenues derived from
4 the tax levied by title 42, chapter 5, articles 1 and 5, Arizona Revised
5 Statutes, that were transferred to the state highway fund by Laws 2022,
6 chapter 321, section 20, subsection A, paragraph 2.

7 Sec. 109. Fund balance transfer; state highway fund; vehicle
8 license tax; fiscal year 2025-2026

9 Notwithstanding any other law, \$2,000,000 received in fiscal year
10 2025-2026 pursuant to title 28, chapter 16, article 3, Arizona Revised
11 Statutes, relating to vehicle license tax, for distribution to the state
12 highway fund pursuant to section 28-6538, subsection A, paragraph 1,
13 Arizona Revised Statutes, shall be deposited in the state general fund.
14 The deposit may be made in even monthly installments.

15 Sec. 110. Fund balance transfers; automation projects fund;
16 fiscal year 2025-2026

17 A. The following amounts are transferred from the following funds
18 in fiscal year 2025-2026 for deposit in the department of revenue
19 subaccount in the automation projects fund established pursuant to section
20 41-714, Arizona Revised Statutes, to implement the integrated tax system
21 modernization project:

22 1. \$11,725,500 from the state general fund.

23 2. \$7,531,300 from the department of revenue integrated tax system
24 project fund established by section 42-5041, Arizona Revised Statutes.

25 B. The transfers into the automation projects fund established by
26 section 41-714, Arizona Revised Statutes, as outlined in this section are
27 not appropriations out of the automation project fund. Only direct
28 appropriations out of the automation projects fund are appropriations.

29 Sec. 111. Appropriation; attorney general; state department
30 of corrections; opioid remediation; fiscal year
31 2025-2026; exemption

32 A. In addition to any other appropriation made in fiscal year
33 2025-2026, the sum of \$40,000,000 is appropriated from the consumer
34 remediation subaccount of the consumer restitution and remediation
35 revolving fund established by section 44-1531.02, Arizona Revised
36 Statutes, in fiscal year 2025-2026 to the attorney general. This amount
37 consists of monies deposited in the subaccount pursuant to opioid claims-
38 related litigation or settlements.

39 B. On or before July 3, 2025, or, if sufficient monies are not
40 available on July 3, 2025, within three calendar days after sufficient
41 monies become available, the attorney general shall transfer the monies
42 appropriated in subsection A of this section to the state department of
43 corrections opioid remediation fund established pursuant to section
44 35-142, Arizona Revised Statutes.

1 C. The state department of corrections shall use the monies in the
2 state department of corrections opioid remediation fund only for past and
3 current department costs for care, treatment, programs and other
4 expenditures for individuals with opioid use disorder and any co-occurring
5 substance use disorder or mental health conditions or for any other
6 approved purposes as prescribed in a court order, a settlement agreement
7 or the one Arizona distribution of opioid settlement funds agreement that
8 is entered into by this state and other parties to the opioid litigation.

9 D. Except as provided in subsection C of this section, the attorney
10 general shall not impose any conditions on the transfer of the monies in
11 the state department of corrections opioid remediation fund.

12 E. If the attorney general does not transfer the full amount
13 specified in subsection A of this section on or before the date specified
14 in subsection B of this section, the general accounting office of the
15 department of administration shall directly transfer the amount from the
16 consumer remediation subaccount of the consumer restitution and
17 remediation revolving fund established by section 44-1531.02, Arizona
18 Revised Statutes, to the state department of corrections opioid
19 remediation fund.

20 F. The appropriation made in subsection A of this section is exempt
21 from the provisions of section 35-190, Arizona Revised Statutes, relating
22 to lapsing of appropriations.

23 Payment Deferrals

24 Sec. 112. Reduction in school district state aid
25 apportionment in fiscal year 2025-2026;
26 appropriation in fiscal year 2026-2027

27 A. In addition to any other appropriation reductions made in fiscal
28 year 2025-2026, the department of education shall defer until after June
29 30, 2026 but not later than July 12, 2026 \$800,727,700 of the basic state
30 aid and additional state aid entitlement that otherwise would be
31 apportioned to school districts during fiscal year 2025-2026 pursuant to
32 section 15-973, Arizona Revised Statutes. The funding deferral required
33 by this subsection does not apply to charter schools or to school
34 districts with a student count of less than four thousand pupils. The
35 department of education shall make the deferral by reducing the
36 apportionment of state aid for each month in the fiscal year by the same
37 amount.

38 B. In addition to any other appropriations made in fiscal year
39 2026-2027, the sum of \$800,727,700 is appropriated from the state general
40 fund in fiscal year 2026-2027 to the department of education and the
41 superintendent of public instruction for basic state aid and additional
42 state aid entitlement for fiscal year 2026-2027. This appropriation shall
43 be disbursed after June 30, 2026 but not later than July 12, 2026 to the
44 several counties for the school districts in each county in amounts equal
45 to the reductions in apportionment of basic state aid and additional state

1 aid that are required pursuant to subsection A of this section for fiscal
2 year 2025-2026.

3 C. School districts shall include in the revenue estimates they use
4 for computing their tax rates for fiscal year 2025-2026 the monies they
5 will receive pursuant to subsection B of this section.

6 Statewide Adjustments

7 Sec. 113. Appropriations; operating adjustments

8 2025-26

9 1. Employer health insurance
10 contribution reduction \$ (181,551,600)

11 Fund sources:

12 State general fund \$ (140,000,000)
13 Other funds (41,551,600)

14 2. State fleet rate reduction \$ (4,752,600)

15 Fund sources:

16 State general fund \$ (3,299,000)
17 Other funds (1,453,600)

18 3. Employer health insurance
19 contribution increase \$ 190,000,000

20 Fund sources:

21 State general fund \$ 140,000,000
22 Other funds 50,000,000

23 Employer health insurance contribution reduction

24 The amount appropriated is for a onetime employer contribution rate
25 reduction for employee health insurance in fiscal year 2025-2026. The
26 joint legislative budget committee staff, in consultation with the
27 governor's office of strategic planning and budgeting staff, shall
28 determine and the department of administration shall allocate to each
29 agency or department an amount for the health insurance contribution
30 adjustment. The joint legislative budget committee staff shall also
31 determine and the department of administration shall allocate adjustments,
32 as necessary, in expenditure authority to implement the reduction in
33 employer health insurance contribution rates. The joint legislative
34 budget committee staff shall use the overall allocation of state general
35 fund and appropriated tuition monies for each university in determining
36 that university's specific adjustment.

37 State fleet rate reduction

38 The amount appropriated is for a onetime state fleet rate reduction
39 in fiscal year 2024-2025. The joint legislative budget committee staff,
40 in consultation with the governor's office of strategic planning and
41 budgeting staff, shall determine and the department of administration
42 shall allocate to each agency or department an amount for the state fleet
43 rate reduction. The joint legislative budget committee staff shall also
44 determine and the department of administration shall allocate adjustments,
45 as necessary, in expenditure authority for the state fleet rate reduction.

Employer health insurance contribution increase

The amount appropriated is for a onetime employer contribution rate increase for employee health insurance in fiscal year 2025-2026. The joint legislative budget committee staff, in consultation with the governor's office of strategic planning and budgeting staff, shall determine and the department of administration shall allocate to each agency or department an amount for the health insurance contribution adjustment. The joint legislative budget committee staff shall also determine and the department of administration shall allocate adjustments, as necessary, in expenditure authority to implement the increase in employer health insurance contribution rates. The joint legislative budget committee staff shall use the overall allocation of state general fund and appropriated tuition monies for each university in determining that university's specific adjustment.

Sec. 114. Department of law; general agency counsel charges; fiscal year 2025-2026

Pursuant to section 41-191.09, Arizona Revised Statutes, the following state agencies and departments are charged the following amounts in fiscal year 2025-2026 for general agency counsel provided by the department of law:

1. Department of administration	\$ 127,700
2. Office of administrative hearings	\$ 3,000
3. Arizona arts commission	\$ 3,100
4. Citizens clean elections commission	\$ 2,700
5. State department of corrections	\$ 2,000
6. Arizona criminal justice commission	\$ 8,700
7. Arizona state schools for the deaf and the blind	\$100,200
8. Commission for the deaf and the hard of hearing	\$ 4,100
9. Arizona early childhood development and health board	\$ 47,100
10. Department of education	\$132,000
11. Department of emergency and military affairs	\$ 30,000
12. Department of environmental quality	\$135,600
13. Arizona exposition and state fair board	\$ 20,900
14. Arizona department of forestry and fire management	\$ 13,400
15. Department of gaming	\$ 37,300
16. Department of health services	\$173,800
17. Arizona historical society	\$ 700
18. Arizona department of housing	\$ 19,300
19. Department of insurance and financial institutions	\$ 13,800
20. Department of juvenile corrections	\$ 9,400

1	21. State land department	\$ 2,100
2	22. Department of liquor licenses and control	\$ 11,400
3	23. Arizona state lottery commission	\$ 24,800
4	24. Arizona state parks board	\$ 45,800
5	25. State personnel board	\$ 600
6	26. Arizona pioneers' home	\$ 12,100
7	27. Department of public safety	\$677,400
8	28. Arizona board of regents	\$ 1,800
9	29. Arizona state retirement system	\$ 69,100
10	30. Department of revenue	\$ 4,900
11	31. Department of state – secretary of state	\$ 1,800
12	32. State treasurer	\$ 9,200
13	33. Department of veterans' services	\$ 52,700

14 Fiscal Year 2026-2027 Appropriations

15 Sec. 115. Appropriation: new school facilities fund; use:
 16 fiscal year 2026-2027

17 The sum of \$94,137,900 is appropriated from the state general fund
 18 in fiscal year 2026-2027 for a onetime deposit in the new school
 19 facilities fund established by section 41-5741, Arizona Revised Statutes.
 20 The division of school facilities within the department of administration
 21 shall use the monies only for facilities that will be constructed for
 22 school districts that received final approval from the division of school
 23 facilities within the department of administration on or before
 24 December 15, 2024.

25 Reporting Requirements and Definitions

26 Sec. 116. Agency spending and encumbrances; quarterly report:
 27 fiscal year 2025-2026

28 Within fifteen days of the last day of each quarter in fiscal year
 29 2025-2026, the department of administration shall report to the director
 30 of the joint legislative budget committee and the director of the
 31 governor's office of strategic planning and budgeting the year-to-date
 32 expenditures and year-to-date encumbrances for operating and capital
 33 spending from the state general fund and other agency funds in fiscal year
 34 2025-2026. The information shall be separately delineated by agency,
 35 budget fiscal year and fund source, and shall classify each appropriation
 36 by agency lump sum, special line item, or project.

37 Sec. 117. COVID-related expenditures; reporting requirements;
 38 intent

39 A. Within forty-five days after the last day of each calendar
 40 quarter through June 30, 2027, the office of the governor shall report to
 41 the president of the senate, the speaker of the house of representatives,
 42 the chairpersons of the senate and house of representatives appropriations
 43 committees and the director of the joint legislative budget committee the
 44 total planned allocations and actual expenditures from the coronavirus
 45 state fiscal recovery fund and the coronavirus capital projects fund as

1 appropriated by section 9901 of the American rescue plan act of 2021
2 (P.L. 117-2).

3 B. Within forty-five days after the last day of each calendar
4 quarter through June 30, 2027, the superintendent of public instruction
5 shall report to the president of the senate, the speaker of the house of
6 representatives, the chairpersons of the senate and house of
7 representatives appropriations committees and the director of the joint
8 legislative budget committee the total planned allocations and actual
9 expenditures of monies allocated to the superintendent of public
10 instruction from the elementary and secondary school emergency relief fund
11 as appropriated by section 2001 of the American rescue plan act of 2021
12 (P.L. 117-2).

13 C. Reports required pursuant to this section shall delineate
14 expenditures by agency and program and include descriptions of the purpose
15 of the expenditures.

16 D. The legislature intends that the executive branch of state
17 government report on its planned and actual use of any major additional
18 federal aid to this state through federal legislation enacted by the end
19 of fiscal year 2024-2025. The timing and frequency of these reports
20 should be the same as required by subsections A and B of this section.
21 The chairperson and vice chairperson of the joint legislative budget
22 committee may provide recommendations to the executive branch concerning
23 federal legislation that would qualify under this subsection.

24 Sec. 118. Legislative intent; expenditure reporting

25 The legislature intends that all departments, agencies and budget
26 units receiving appropriations under the terms of this act continue to
27 report actual, estimated and requested expenditures by budget programs and
28 budget classes in a format that is similar to the budget programs and
29 budget classes used for budgetary purposes in prior years. A different
30 format may be used if deemed necessary to implement section 35-113,
31 Arizona Revised Statutes, agreed to by the director of the joint
32 legislative budget committee and incorporated into the budget preparation
33 instructions adopted by the governor's office of strategic planning and
34 budgeting pursuant to section 35-112, Arizona Revised Statutes.

35 Sec. 119. FTE positions; reporting; definition

36 Full-time equivalent (FTE) positions contained in this act are
37 subject to appropriation. The director of the department of
38 administration shall account for the use of all appropriated and
39 nonappropriated FTE positions, excluding those in the universities. The
40 director of the department of administration shall submit the fiscal year
41 2025-2026 report on or before October 1, 2026 to the director of the joint
42 legislative budget committee. The report shall compare the level of
43 appropriated FTE usage in each fiscal year to the appropriated level. For
44 the purposes of this section, "FTE positions" means the total number of
45 hours worked, including both regular and overtime hours as well as hours

1 taken as leave, divided by the number of hours in a work year. The
2 director of the department of administration shall notify the director of
3 a budget unit if the budget unit's appropriated FTE usage has exceeded its
4 number of appropriated FTE positions. Each university shall report to the
5 director of the joint legislative budget committee in a manner comparable
6 to the department of administration reporting.

7 Sec. 120. Filled FTE positions: reporting

8 On or before October 1, 2025, each agency, including the judiciary
9 and universities, shall submit a report to the director of the joint
10 legislative budget committee on the number of filled appropriated and
11 nonappropriated FTE positions, by fund source, as of September 1, 2024.

12 Sec. 121. Transfer of spending authority

13 The department of administration shall report monthly to the
14 director of the joint legislative budget committee any transfers of
15 spending authority made pursuant to section 35-173, subsection C, Arizona
16 Revised Statutes, during the prior month.

17 Sec. 122. Interim reporting requirements

18 A. State general fund revenue for fiscal year 2024-2025, including
19 a beginning balance of \$962,823,000 and other onetime revenues, is
20 forecasted to be \$17,341,500,000.

21 B. State general fund revenue for fiscal year 2025-2026, including
22 onetime revenues, is forecasted to be \$17,762,000,000.

23 C. State general fund revenue for fiscal year 2026-2027, including
24 onetime revenues, is forecasted to be \$17,900,400,000. State general fund
25 expenditures for fiscal year 2026-2027 are forecasted to be
26 \$17,389,600,000.

27 D. State general fund revenue for fiscal year 2027-2028, including
28 onetime revenues, is forecasted to be \$18,448,300,000. State general fund
29 expenditures for fiscal year 2027-2028 are forecasted to be
30 \$18,039,000,000.

31 E. On or before September 15, 2025, the executive branch shall
32 provide to the joint legislative budget committee a preliminary estimate
33 of the fiscal year 2024-2025 state general fund ending balance. The
34 estimate shall include projections of total revenues, total expenditures
35 and an ending balance. The department of administration shall continue to
36 provide the final report for the fiscal year in its annual financial
37 report pursuant to section 35-131, Arizona Revised Statutes.

38 F. Based on the information provided by the executive branch, the
39 staff of the joint legislative budget committee shall report to the joint
40 legislative budget committee on or before October 15, 2025 whether the
41 fiscal year 2025-2026 revenues and ending balance are expected to change
42 by more than \$50,000,000 from the budgeted projections. The joint
43 legislative budget committee staff may make technical adjustments to the
44 revenue and expenditure estimates in this section to reflect other bills

1 enacted into law. The executive branch may also provide its own estimates
2 to the joint legislative budget committee on or before October 15, 2025.

3 Sec. 123. Definition

4 For the purposes of this act, "*" means this appropriation is a
5 continuing appropriation and is exempt from the provisions of section
6 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

7 Sec. 124. Definition

8 For the purposes of this act, "expenditure authority" means that the
9 fund sources are continuously appropriated monies that are included in the
10 individual line items of appropriations.

11 Sec. 125. Definition

12 For the purposes of this act, "review by the joint legislative
13 budget committee" means a review by a vote of a majority of a quorum of
14 the members of the joint legislative budget committee.