

REFERENCE TITLE: 2026-2027; general appropriations act

State of Arizona  
Senate  
Fifty-seventh Legislature  
Second Regular Session  
2026

# **SB 1831**

Introduced by  
Senators Farnsworth: Kavanagh (with permission of Committee on Rules)

AN ACT

APPROPRIATING MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Subject to applicable laws, the sums or sources of  
 3 revenue set forth in this act are appropriated for the fiscal years  
 4 indicated and only from the funding sources listed for the purposes and  
 5 objects specified. If monies from funding sources in this act are  
 6 unavailable, no other funding source may be used.

7 Sec. 2. ARIZONA STATE BOARD OF ACCOUNTANCY

8		<u>2026-27</u>
9	FTE positions	14.0
10	Lump sum appropriation	\$ 2,257,400
11	Fund sources:	
12	Board of accountancy fund	\$ 2,257,400

13 Sec. 3. ACUPUNCTURE BOARD OF EXAMINERS

14		<u>2026-27</u>
15	FTE positions	1.0
16	Lump sum appropriation	\$ 217,000
17	Fund sources:	
18	Acupuncture board of examiners	
19	fund	\$ 217,000

20 Sec. 4. DEPARTMENT OF ADMINISTRATION

21		<u>2026-27</u>
22	FTE positions	549.1
23	Operating lump sum appropriation	\$ 97,472,700
24	Utilities	7,649,900
25	Arizona financial information	
26	system	13,362,800
27	Risk management administrative	
28	expenses	14,770,700
29	Risk management losses and	
30	premiums	93,864,300
31	Workers' compensation losses	
32	and premiums	28,741,000
33	Cyber risk insurance	23,037,200
34	Information technology project	
35	management and oversight	1,791,000
36	State surplus property sales	
37	agency proceeds	1,810,000
38	Digital solutions office	1,356,800
39	Critical applications catalogue	400,000
40	Cybersecurity systems	
41	administration	446,500
42	Government transformation office	2,093,800

1	Elected officials' retirement plan	
2	offset	3,000,000
3	Small county assistance	7,650,700
4	County support for corrections	
5	officer employer contributions	<u>377,100</u>
6	Total appropriation – department of	
7	administration	\$297,824,500
8	Fund sources:	
9	State general fund	\$ 20,435,300
10	Air quality fund	930,300
11	Arizona financial information	
12	system collections fund	12,134,200
13	Automation operations fund	29,940,400
14	Capital outlay stabilization fund	21,165,700
15	Corrections fund	640,100
16	Cyber risk insurance fund	23,037,200
17	Federal surplus materials revolving	
18	fund	473,600
19	Information technology fund	6,221,400
20	Personnel division fund	15,728,300
21	Risk management revolving fund	145,740,800
22	Special employee health insurance	
23	trust fund	5,746,100
24	Special services revolving fund	1,302,800
25	State surplus materials revolving	
26	fund	3,216,200
27	State web portal fund	9,012,600
28	Telecommunications fund	2,099,500

29 The appropriation from the automation operations fund established by  
30 section 41-711, Arizona Revised Statutes, is an estimate representing all  
31 monies, including balance forward, revenues and transfers during fiscal  
32 year 2026-2027. These monies are appropriated to the department of  
33 administration for the purposes established in section 41-711, Arizona  
34 Revised Statutes. The appropriation is adjusted as necessary to reflect  
35 monies credited to the automation operations fund for automation operation  
36 center projects. Before spending any automation operations fund monies in  
37 excess of \$29,940,400 in fiscal year 2026-2027, the department shall  
38 report the intended use of the monies to the joint legislative budget  
39 committee.

40 On or before September 1, 2027, the department shall submit a report  
41 to the joint legislative budget committee on the results of projects  
42 implemented in fiscal year 2026-2027 for the state employee public  
43 transportation service reimbursements pursuant to section 41-710.01,  
44 Arizona Revised Statutes, in a vehicle emissions control area as defined

1 in section 49-541, Arizona Revised Statutes, of a county with a population  
2 of more than four hundred thousand persons.

3 All state surplus materials revolving fund monies received by the  
4 department of administration in excess of \$3,216,200 in fiscal year  
5 2026-2027 are appropriated to the department. Before spending state  
6 surplus materials revolving fund monies in excess of \$3,216,200 in fiscal  
7 year 2026-2027, the department shall report the intended use of the monies  
8 to the joint legislative budget committee.

9 On or before November 1, 2027, the department shall submit a report  
10 to the director of the joint legislative budget committee on expenditures  
11 made from the cyber risk insurance fund established by section 41-622,  
12 Arizona Revised Statutes, from the prior year.

13 On or before March 31, 2027, the department shall submit a report to  
14 the director of the joint legislative budget committee and the governor's  
15 office of strategic planning and budgeting on the amount that the Maricopa  
16 county special health care district has agreed to send to the department  
17 for deposit in the state general fund in fiscal year 2026-2027. If the  
18 amount that the district has agreed to send to the department for deposit  
19 in fiscal year 2026-2027 has changed from the amount the district sent to  
20 the department for deposit in fiscal year 2025-2026, the report must  
21 include the reason for the change.

22 The department shall distribute the amount appropriated for the  
23 elected officials' retirement plan offset line item to counties to  
24 supplement the normal cost plus an amount to amortize the unfunded accrued  
25 liability pursuant to section 38-810, subsection C, Arizona Revised  
26 Statutes. The department shall distribute the appropriation equally among  
27 all counties with a population of less than three hundred thousand persons  
28 according to the 2020 United States decennial census. The counties may  
29 use the monies allocated in this section only for required employer  
30 contributions to the elected officials' retirement plan.

31 Of the amount appropriated in the small county assistance line item,  
32 the first \$500,000 shall be distributed to Graham county and the remaining  
33 amount shall be distributed equally among all counties with a population  
34 of less than nine hundred thousand persons according to the 2020 United  
35 States decennial census for maintaining essential county services.

36 The amount appropriated in the county support for corrections  
37 officer employer contributions line item shall be distributed to the  
38 following counties to fully cover the corrections officer retirement plan  
39 employer contribution rate increase as prescribed by section 38-867,  
40 Arizona Revised Statutes:

- |    |                    |           |
|----|--------------------|-----------|
| 41 | 1. Apache county   | \$ 4,600  |
| 42 | 2. Cochise county  | \$ 10,100 |
| 43 | 3. Coconino county | \$ 14,100 |
| 44 | 4. Gila county     | \$ 7,700  |
| 45 | 5. Graham county   | \$ 7,800  |

1	6. La Paz county	\$ 4,400
2	7. Maricopa county	\$ 134,400
3	8. Mohave county	\$ 19,900
4	9. Navajo county	\$ 8,800
5	10. Pima county	\$ 81,300
6	11. Pinal county	\$ 15,100
7	12. Santa Cruz county	\$ 6,600
8	13. Yavapai county	\$ 38,300
9	14. Yuma county	\$ 24,000

10 Sec. 5. DEPARTMENT OF ADMINISTRATION, DIVISION OF SCHOOL FACILITIES

11		<u>2026-27</u>
12	FTE positions	17.0
13	Operating lump sum appropriation	\$ 1,624,700
14	New school facilities debt service	9,938,100
15	Building renewal grants deposit	199,967,900
16	New school facilities	<u>18,646,800</u>
17	Total appropriation – department of	
18	administration, division	
19	of school facilities	\$230,177,500

20 Fund sources:

21	State general fund	\$230,177,500
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22 Pursuant to section 41-5741, Arizona Revised Statutes, the amount  
 23 appropriated for new school facilities shall be used only for facilities  
 24 and land costs for school districts that received final approval from the  
 25 division of school facilities on or before December 15, 2025.

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

31 The legislature intends that the appropriation to the division of  
 32 school facilities in fiscal year 2027-2028 for new school facilities may  
 33 include up to \$10,000,000 for end of useful life projects that receive  
 34 final approval from the division of school facilities on or before  
 35 December 15, 2026 pursuant to section 41-5741, Arizona Revised Statutes.

36 The division of school facilities may use the unencumbered balance  
 37 of \$20,622,600 in the new school facilities fund established by section  
 38 41-5741, Arizona Revised Statutes, for facilities and land costs for  
 39 school districts that received final approval on or before December 15,  
 40 2025 from the division of school facilities pursuant to section 41-5741,  
 41 Arizona Revised Statutes.

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

1 Pursuant to section 35-142.01, Arizona Revised Statutes, any  
2 reimbursement received by or allocated to the division of school  
3 facilities under the federal qualified school construction bond program in  
4 fiscal year 2026-2027 shall be deposited in or revert to the state general  
5 fund.

6 Sec. 6. DEPARTMENT OF ADMINISTRATION, AUTOMATION PROJECTS  
7 2026-27

8 Department of revenue integrated  
9 tax system modernization \$19,756,800

10 Fund sources:

11 Department of revenue subaccount \$19,756,800

12 The amount appropriated for the department of revenue integrated tax  
13 system modernization line item shall be spent for an integrated tax system  
14 modernization project that meets the following minimum specifications:

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

23 2. For electronic corporate income tax returns, Captures  
24 information regarding the principal business activity of the corporation.  
25 This requirement may be satisfied through the North American industry  
26 classification system data listed on federal tax forms. The tax system  
27 must allow for querying and reporting based on principal business  
28 activity.

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

42 4. Makes individual and corporate income tax data available for  
43 querying, modeling and reporting within twenty-four months after the end  
44 of a tax year.

1           Transfers to the automation projects fund

2           The sum of \$12,538,400 is transferred from the state general fund in  
3 fiscal year 2026-2027 for deposit in the department of revenue subaccount  
4 in the automation projects fund established pursuant to section 41-714,  
5 Arizona Revised Statutes, to continue the department of revenue's  
6 integrated tax system modernization project.

7           The sum of \$7,218,400 is transferred from the department of revenue  
8 integrated tax system project fund established pursuant to section  
9 42-5041, Arizona Revised Statutes, in fiscal year 2026-2027 for deposit in  
10 the department of revenue subaccount in the automation projects fund  
11 established pursuant to section 41-714, Arizona Revised Statutes, to  
12 continue the department of revenue's integrated tax system modernization  
13 project.

14           The monies transferred to the automation projects fund established  
15 by section 41-714, Arizona Revised Statutes, pursuant to this section are  
16 not appropriations from the automation projects fund. Only direct  
17 appropriations to the automation projects fund are appropriations.

18           Quarterly Reports

19           Within thirty days after the last day of each calendar quarter, the  
20 department of administration shall submit to the joint legislative budget  
21 committee a quarterly report on implementing projects approved by the  
22 information technology authorization committee established by section  
23 18-121, Arizona Revised Statutes, including expenditures to date,  
24 deliverables, timelines for completion and current status of the projects.

25           Nonlapsing

26           The amounts appropriated pursuant to this section from the  
27 automation projects fund established by section 41-714, Arizona Revised  
28 Statutes, in fiscal year 2026-2027 are exempt from the provisions of  
29 section 35-190, Arizona Revised Statutes, relating to lapsing of  
30 appropriations, until June 30, 2028.

31           The following amounts appropriated from the health and human  
32 services information system subaccount in the automation projects fund  
33 established pursuant to section 41-714, Arizona Revised Statutes, to the  
34 department of administration by Laws 2023, chapter 133, section 113, as  
35 amended by Laws 2024, chapter 209, section 11, are exempt from the  
36 provisions of section 35-190, Arizona Revised Statutes, relating to the  
37 lapsing of appropriations, until June 30, 2026:

- 38           1. \$2,814,600 for the development of several modules associated  
39 with the medicaid enterprise system mainframe replacement.
- 40           2. \$1,685,400 for medicaid enterprise system fraud and waste abuse  
41 prevention enhancements.
- 42           3. \$2,000,000 for medicaid enterprise system systems integrator,  
43 which establishes a platform infrastructure in the cloud to serve as the  
44 foundation for the modular replacement of the prior prepaid medicaid  
45 management information system, and servicenow projects.

1	Sec. 7. OFFICE OF ADMINISTRATIVE HEARINGS		
2		<u>2026-27</u>	
3	FTE positions	12.0	
4	Lump sum appropriation	\$ 985,200	
5	Fund sources:		
6	State general fund	\$ 985,200	
7	Sec. 8. ARIZONA DEPARTMENT OF AGRICULTURE		
8		<u>2026-27</u>	
9	FTE positions	215.4	
10	Operating lump sum appropriation	\$ 17,249,500	
11	Agricultural employment relations		
12	board	23,300	
13	Animal damage control	65,000	
14	Red imported fire ant control	23,200	
15	Agricultural consulting and		
16	training	<u>135,700</u>	
17	Total appropriation – Arizona department		
18	of agriculture	\$ 17,496,700	
19	Fund sources:		
20	State general fund	\$ 15,866,400	
21	Air quality fund	1,630,300	
22	In addition to any other appropriations made in fiscal year		
23	2026-2027, the Arizona department of agriculture may spend up to \$250,000		
24	from the commercial feed trust fund established by section 3-2607, Arizona		
25	Revised Statutes, in fiscal year 2026-2027 for expenses related to the		
26	avian influenza outbreak.		
27	Sec. 9. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM		
28		<u>2026-27</u>	
29	FTE positions	2,459.3	
30	Operating lump sum appropriation	\$138,476,000	
31	<u>Administration</u>		
32	AHCCCS data storage	19,605,800	
33	DES eligibility	97,074,500	
34	Proposition 204 – AHCCCS		
35	administration	15,788,200	
36	Proposition 204 – DES eligibility	44,358,700	
37	<u>Medicaid services</u>		
38	Traditional medicaid services	10,307,034,300	
39	Proposition 204 services	7,193,353,000	
40	Adult expansion services	844,120,200	
41	Comprehensive health plan	200,180,300	
42	KidsCare services	257,442,000	
43	ALTCS services	2,663,643,700	
44	Behavioral health services		
45	in schools	8,289,600	

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	207,593,800
10	Critical access hospitals	16,454,300
11	Graduate medical education	569,176,800
12	Targeted investments program	<u>56,000,000</u>
13	Total appropriation and expenditure	
14	authority – Arizona health	
15	care cost containment system	\$22,798,839,000
16	Fund sources:	
17	State general fund	\$ 2,900,224,700
18	Budget neutrality compliance fund	5,304,500
19	Children's health insurance	
20	program fund	193,430,100
21	Prescription drug rebate	
22	fund – state	289,832,900
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	13,467,800
29	Tobacco tax and health care	
30	fund – medically needy account	51,482,300
31	Expenditure authority	19,342,628,800

32 Operating budget

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 must 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 2027 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 2026-2027 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 2026-2027 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 \$4,400,000 from the state general fund and \$7,758,100 from  
41 expenditure authority for inpatient payments to rural hospitals as defined  
42 in section 36-2905.02, Arizona Revised Statutes.

1 On or before June 30, 2027, the Arizona health care cost containment  
2 system administration shall report to the joint legislative budget  
3 committee on the progress in implementing the Arnold v. Sarn lawsuit  
4 settlement. The report must include, at a minimum, the administration's  
5 progress toward meeting all criteria specified in the 2014 joint  
6 stipulation, including the development and estimated cost of additional  
7 behavioral health service capacity in Maricopa county for supported  
8 housing services for one thousand two hundred class members, supported  
9 employment services for seven hundred fifty class members, eight assertive  
10 community treatment teams and consumer operated services for one thousand  
11 five hundred class members. The administration shall also report by fund  
12 source the amounts it plans to use to pay for expanded services.

13 Long-term care

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

19 Pursuant to section 11-292, subsection B, Arizona Revised Statutes,  
20 the county portion of the fiscal year 2026-2027 nonfederal costs of  
21 providing long-term care system services is \$445,813,900. This amount is  
22 included in the expenditure authority fund source.

23 Any supplemental payments received in excess of \$91,455,300 for  
24 nursing facilities that serve Arizona long-term care system medicaid  
25 patients in fiscal year 2026-2027, including any federal matching monies,  
26 by the Arizona health care cost containment system administration are  
27 appropriated to the administration in fiscal year 2026-2027. Before  
28 spending these increased monies, the administration shall notify the joint  
29 legislative budget committee and the governor's office of strategic  
30 planning and budgeting of the amount of monies that will be spent under  
31 this provision. These payments are included in the expenditure authority  
32 fund source.

33 Payments to hospitals

34 Any monies received for disproportionate share hospital payments  
35 from political subdivisions of this state, tribal governments and any  
36 university under the jurisdiction of the Arizona board of regents, and any  
37 federal monies used to match those payments, in fiscal year 2026-2027 by  
38 the Arizona health care cost containment system administration in excess  
39 of \$208,478,600 are appropriated to the administration in fiscal year  
40 2026-2027. Before spending these increased monies, the administration  
41 shall notify the joint legislative budget committee and the governor's  
42 office of strategic planning and budgeting of the amount of monies that  
43 will be spent under this provision.

44 On or before March 31, 2027, the Arizona health care cost  
45 containment system administration shall submit a report to the director of

1 the joint legislative budget committee and the governor's office of  
2 strategic planning and budgeting on the amount of directed payments that  
3 the Maricopa county special health care district will receive from the  
4 safety net services initiative in fiscal year 2026-2027, disaggregated by  
5 state match and by federal match.

6 The expenditure authority fund source includes voluntary payments  
7 made from political subdivisions for payments to hospitals that operate a  
8 graduate medical education program or treat low-income patients and for  
9 payments to qualifying providers affiliated with teaching hospitals. The  
10 political subdivision portions of the fiscal year 2026-2027 costs of  
11 graduate medical education, disproportionate share payments – voluntary  
12 match, traditional medicaid services, proposition 204 services and adult  
13 expansion services line items are included in the expenditure authority  
14 fund source.

15 Any monies for graduate medical education received in fiscal year  
16 2026-2027, including any federal matching monies, by the Arizona health  
17 care cost containment system administration in excess of \$569,176,800 are  
18 appropriated to the administration in fiscal year 2026-2027. Before  
19 spending these increased monies, the administration shall notify the joint  
20 legislative budget committee and the governor's office of strategic  
21 planning and budgeting of the amount of monies that will be spent under  
22 this provision.

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

29 Notwithstanding section 36-2903.01, subsection G, paragraph 9,  
30 subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for  
31 graduate medical education includes \$5,000,000 from the state general fund  
32 and \$9,152,300 from expenditure authority for the direct and indirect  
33 costs of graduate medical education programs located in counties with a  
34 population of less than five hundred thousand persons. The state general  
35 fund amount may supplement, but not supplant, voluntary payments made from  
36 political subdivisions for payments to hospitals that operate a graduate  
37 medical education program. The administration shall prioritize  
38 distribution to programs at hospitals in counties with a higher percentage  
39 of persons residing in a health professional shortage area as defined in  
40 42 Code of Federal Regulations part 5.

41 Notwithstanding section 36-2903.01, subsection G, paragraph 9,  
42 subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for  
43 graduate medical education includes \$4,000,000 from the state general fund  
44 and \$7,321,800 from expenditure authority for the direct and indirect  
45 costs of graduate medical education programs located in counties with a

1 population of more than five hundred thousand persons. The state general  
 2 fund amount may supplement, but not supplant, voluntary payments made from  
 3 political subdivisions for payments to hospitals that operate a graduate  
 4 medical education program.

5 Monies appropriated for graduate medical education in this section  
 6 are exempt from the provisions of section 35-190, Arizona Revised  
 7 Statutes, relating to lapsing of appropriations, until June 30, 2028.

8 Of the amount appropriated from the expenditure authority fund  
 9 source, \$4,244,300,000 is for hospital enhanced access leading to health  
 10 improvements initiative payments in fiscal year 2026-2027. This amount  
 11 includes monies from hospital assessments collected pursuant to section  
 12 36-2999.72, Arizona Revised Statutes, and any federal monies used to match  
 13 those payments.

14 Other

15 On or before July 1, 2027, the Arizona health care cost containment  
 16 system administration shall report to the director of the joint  
 17 legislative budget committee the total amount of medicaid reconciliation  
 18 payments and penalties received on or before that date since July 1, 2026.

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

22 Sec. 10. BOARD OF ATHLETIC TRAINING

	<u>2026-27</u>
FTE positions	1.5
Lump sum appropriation	\$ 166,000
Fund sources:	
Athletic training fund	\$ 166,000

28 Sec. 11. ATTORNEY GENERAL – DEPARTMENT OF LAW

	<u>2026-27</u>
FTE positions	677.7
Operating lump sum appropriation	\$ 65,330,000
Capital postconviction prosecution	880,300
Criminal division major fraud unit	1,268,100
Southern Arizona law enforcement	1,717,300
State grand jury	194,400
Child and family advocacy centers	100,000
Government accountability and special litigation	1,467,300
Internet crimes against children enforcement	1,613,300
Organized retail theft task force	1,645,200

1	Risk management interagency	
2	service agreement	10,489,000
3	Tobacco enforcement	877,000
4	Victims' rights	<u>4,022,500</u>
5	Total appropriation – attorney general –	
6	department of law	\$ 89,604,400
7	Fund sources:	
8	State general fund	\$ 27,607,600
9	Antitrust enforcement revolving	
10	fund	162,900
11	Attorney general legal services	
12	cost allocation fund	2,338,900
13	Collection enforcement revolving	
14	fund	7,374,300
15	Consumer protection-consumer	
16	fraud revolving fund	16,918,400
17	Interagency service agreements fund	17,635,600
18	Internet crimes against children	
19	enforcement fund	900,000
20	Risk management revolving fund	12,855,300
21	Victims' rights fund	3,811,400

22 All monies appropriated to the attorney general legal services line  
 23 item in the department of child safety budget do not count toward the  
 24 attorney general's interagency service agreements fund appropriation in  
 25 fiscal year 2026-2027.

26 Within ten days after receiving a complaint alleging a violation of  
 27 section 15-511, Arizona Revised Statutes, the attorney general shall  
 28 forward a copy of the complaint to the governor, the president of the  
 29 senate and the speaker of the house of representatives.

30 Of the amount appropriated in the operating lump sum appropriation  
 31 in fiscal year 2026-2027, \$204,100 and 4 FTE positions shall be used to  
 32 expand the medicaid fraud control unit within the criminal division of the  
 33 office of the attorney general.

34 The amount appropriated for the child and family advocacy centers  
 35 line item is allocated to the child and family advocacy center fund  
 36 established by section 41-191.11, Arizona Revised Statutes.

37 The \$900,000 appropriation from the internet crimes against children  
 38 enforcement fund established by section 41-199, Arizona Revised Statutes,  
 39 and the \$378,300 appropriation from the state general fund for the  
 40 internet crimes against children enforcement line item are continuing  
 41 appropriations and are exempt from the provisions of section 35-190,  
 42 Arizona Revised Statutes, relating to lapsing of appropriations, until  
 43 June 30, 2028.

1 The amount appropriated for the organized retail theft task force  
 2 line item shall be used for operational expenses of the organized retail  
 3 task force and for hiring one attorney, one paralegal, two investigators  
 4 and one support staff person within the office of the attorney general and  
 5 four peace officers who are assigned to the task force to focus  
 6 specifically on investigating and prosecuting organized retail crime.

7 Sec. 12. BARBERING AND COSMETOLOGY BOARD

8		<u>2026-27</u>
9	FTE positions	33.5
10	Lump sum appropriation	\$ 3,027,300
11	Fund sources:	
12	Barbering and cosmetology fund	\$ 3,027,300

13 Sec. 13. BOARD OF BEHAVIORAL HEALTH EXAMINERS

14		<u>2026-27</u>
15	FTE positions	27.0
16	Lump sum appropriation	\$ 2,766,900
17	Fund sources:	
18	Board of behavioral health	
19	examiners fund	\$ 2,766,900

20 Sec. 14. STATE BOARD FOR CHARTER SCHOOLS

21		<u>2026-27</u>
22	FTE positions	25.0
23	Lump sum appropriation	\$ 2,811,100
24	Fund sources:	
25	State general fund	\$ 2,811,100

26 Sec. 15. DEPARTMENT OF CHILD SAFETY

27		<u>2026-27</u>
28	FTE positions	3,283.1
29	Operating lump sum appropriation	\$163,249,000
30	<u>Additional operating resources</u>	
31	Attorney general legal services	29,914,500
32	Caseworkers	139,316,600
33	Office of child welfare	
34	investigations	11,314,600
35	Training resources	9,150,000
36	<u>Out-of-home placements</u>	
37	Congregate group care	134,429,700
38	Extended foster care	24,787,200
39	Extended foster care service	
40	model fund deposit	10,742,000
41	Foster home placement	40,547,300
42	Foster home recruitment,	
43	study and supervision	32,753,600
44	Kinship care	15,184,600

1	<u>Permanent placements</u>	
2	Adoption services	282,440,400
3	Permanent guardianship subsidy	18,686,800
4	<u>Support services</u>	
5	DCS child care subsidy	61,675,400
6	In-home mitigation	44,414,300
7	Out-of-home support services	107,284,600
8	Preventive services	28,412,700
9	<u>Comprehensive health plan</u>	
10	Comprehensive health plan	
11	services	172,360,900
12	Comprehensive health plan	
13	administration	24,291,000
14	Comprehensive health plan	
15	premium tax	<u>3,528,400</u>
16	Total appropriation and expenditure	
17	authority – department of	
18	child safety	\$1,354,483,600
19	Fund sources:	
20	State general fund	\$ 495,571,300
21	Federal child care and	
22	development fund block grant	40,516,000
23	Federal temporary assistance	
24	for needy families block	
25	grant	160,985,500
26	Child abuse prevention fund	1,459,300
27	Children and family services	
28	training program fund	207,500
29	Child safety expenditure authority	454,496,300
30	Child welfare licensing fee fund	1,067,400
31	Comprehensive health plan	
32	expenditure authority fund –	
33	expenditure authority	200,180,300

34 Additional operating resources

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

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

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

1 On or before September 1, 2026, the department of child safety shall  
2 submit a report to the joint legislative budget committee and the  
3 governor's office of strategic planning and budgeting on the actual  
4 operating expenses for the guardian case management system in fiscal year  
5 2025-2026 and the proposed system operating expenses for the system in  
6 fiscal year 2026-2027.

7 Out-of-home placements

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

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

30 On or before March 31, 2027, the department of child safety shall  
31 report to the joint legislative budget committee the number of children  
32 who are part of the kinship stipend program and reside with a nonrelative  
33 caretaker of fictive kinship.

34 Support services

35 The preventive services line item appropriation includes \$264,400  
36 from the state general fund to draw down \$1,322,000 in additional federal  
37 monies associated with the community-based child abuse prevention block  
38 grant. If grant monies are no longer available, the appropriation is  
39 reduced by the amounts of \$264,400 from the general fund and \$1,322,000  
40 from child safety expenditure authority.

41 The department shall notify the director of the joint legislative  
42 budget committee and the governor's office of strategic planning and  
43 budgeting if the nurturing parenting and family connections programs are  
44 favorably reviewed by the federal government and qualify for federal  
45 reimbursement.

1           Department-wide

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

7           Child safety expenditure authority includes all department funding  
8 sources excluding the state general fund, the federal child care and  
9 development fund block grant, the federal temporary assistance for needy  
10 families block grant, the child abuse prevention fund established by  
11 section 8-550.01, Arizona Revised Statutes, the children and family  
12 services training program fund established pursuant to section 8-503.01,  
13 Arizona Revised Statutes, and the comprehensive health plan expenditure  
14 authority fund established pursuant to section 8-512.02, Arizona Revised  
15 Statutes.

16           On or before December 1, 2026, the department of child safety shall  
17 submit a report to the joint legislative budget committee on the  
18 department's efforts to implement the family first prevention services act  
19 of 2018 (P.L. 115-123). The report must quantify the department's efforts  
20 in at least the following areas, including any associated fiscal impacts:

21           1. Reducing the number of children placed for more than two weeks  
22 in congregate care settings, excluding qualified residential treatment  
23 programs, facilities for pregnant and parenting youth, supervised  
24 independent living and specialized programs for victims of sex  
25 trafficking.

26           2. Assisting congregate care providers in attaining status as  
27 qualified residential treatment programs.

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

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

32           Benchmarks

33           For the purposes of this section:

34           1. "Backlog case":

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

40           (b) Includes any case for which the investigation has been open  
41 without any documentation or contact for at least sixty days, any case  
42 involving in-home services for which there has been no contact or services  
43 authorized for at least sixty days and any case involving foster care in  
44 which there has been no contact or any documentation entered in the child  
45 welfare automated system for at least sixty days.

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

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

5           On or before February 28, 2027 and August 31, 2027, the department  
6 of child safety shall present a report to the joint legislative budget  
7 committee on the progress made during July 2026 through December 2026 and  
8 January 2027 through June 2027, respectively, in meeting the caseload  
9 standard and reducing the number of backlog and long-term cases. Each  
10 report must include the number of backlog cases, the number of open  
11 reports, the number of long-term cases and the caseworker workload in  
12 comparison to the previous six months. Each report must provide the  
13 number of backlog cases by disposition, including the number of backlog  
14 cases in the investigation phase, the number of backlog cases associated  
15 with out-of-home placements and the number of backlog cases associated  
16 with in-home cases.

17           To determine the caseworker workload, the department shall report  
18 the number of case-carrying caseworkers at each field office and the  
19 number of investigations, in-home cases and long-term cases assigned to  
20 each field office.

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

22           For open reports, the department's benchmark is fewer than 8,000  
23 open reports.

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

25           If the department of child safety has not submitted a required  
26 report within thirty days after the report is due, the director of the  
27 joint legislative budget committee shall inform the general accounting  
28 office of the department of administration, which shall withhold two  
29 percent of the department of child safety's operating lump sum semiannual  
30 budget allocation until the department of child safety submits the  
31 required report.

32 Sec. 16. STATE BOARD OF CHIROPRACTIC EXAMINERS

	<u>2026-27</u>
FTE positions	6.0
Lump sum appropriation	\$ 660,600
Fund sources:	
Board of chiropractic examiners	
fund	\$ 660,600

39 Sec. 17. ARIZONA COMMERCE AUTHORITY

	<u>2026-27</u>
FTE positions	100.0
Operating lump sum appropriation	\$ 10,000,000
Asia trade offices	750,000
Economic development marketing	
and attraction	500,000

1	Frankfurt, Germany trade office	500,000
2	Israel trade office	300,000
3	Mexico trade offices	<u>500,000</u>
4	Total appropriation – Arizona commerce	
5	authority	\$ 12,550,000

6	Fund sources:	
7	State general fund	\$ 12,550,000

8 Pursuant to section 43-409, Arizona Revised Statutes, of the amounts  
 9 listed above, \$10,000,000 of the state general fund withholding tax  
 10 revenues is allocated in fiscal year 2026-2027 to the Arizona commerce  
 11 authority fund established by section 41-1506, Arizona Revised Statutes.

12 On or before December 1, 2026, the authority shall submit a report  
 13 to the joint legislative budget committee on the location, activities and  
 14 annual expenses of each trade office operated by the authority during the  
 15 prior fiscal year.

16 Sec. 18. ARIZONA COMMUNITY COLLEGES

17		<u>2026-27</u>
18	<u>Equalization aid</u>	
19	Cochise	\$ 12,715,600
20	Graham	24,422,600
21	Navajo	13,698,200
22	Yuma/La Paz	<u>2,019,800</u>
23	Total – equalization aid	\$ 52,856,200
24	<u>Operating state aid</u>	
25	Cochise	\$ 3,708,100
26	Coconino	1,404,400
27	Gila	147,100
28	Graham	1,872,900
29	Mohave	1,226,800
30	Navajo	1,564,900
31	Pinal	1,261,800
32	Santa Cruz	51,300
33	Yavapai	683,900
34	Yuma/La Paz	<u>2,562,200</u>
35	Total – operating state aid	\$ 14,483,400
36	<u>STEM and workforce programs state aid</u>	
37	Cochise	\$ 976,000
38	Coconino	305,200
39	Gila	86,900
40	Graham	492,300
41	Maricopa	8,818,600
42	Mohave	500,000
43	Navajo	350,400
44	Pima	1,973,000
45	Pinal	727,900

1	Santa Cruz	40,500
2	Yavapai	762,500
3	Yuma/La Paz	<u>870,400</u>
4	Total – STEM and workforce programs	
5	state aid	\$ 15,903,700
6	Rural aid	
7	Cochise	\$ 2,451,300
8	Coconino	838,100
9	Gila	226,600
10	Graham	1,241,300
11	Mohave	1,313,400
12	Navajo	944,700
13	Pinal	1,884,700
14	Santa Cruz	100,800
15	Yavapai	1,988,600
16	Yuma/La Paz	<u>3,010,500</u>
17	Total – rural aid	\$ 14,000,000
18	Rural county reimbursement subsidy	\$ 1,082,900
19	Additional Gila workforce	
20	development aid	200,000
21	Diné college remedial education	<u>1,000,000</u>
22	Total appropriation – Arizona community	
23	colleges	\$ 99,526,200
24	Fund sources:	
25	State general fund	\$ 99,526,200
26	Of the \$1,082,900 appropriated to the rural county reimbursement	
27	subsidy line item, Apache county receives \$699,300 and Greenlee county	
28	receives \$383,600.	
29	On or before October 15, 2027, the Diné college board of regents	
30	shall submit to the governor, the president of the senate, the speaker of	
31	the house of representatives, the secretary of state and the joint	
32	legislative budget committee a report that details the course completion	
33	rate for students who received remedial education during the 2026-2027	
34	academic year.	
35	Sec. 19. REGISTRAR OF CONTRACTORS	
36		<u>2026-27</u>
37	FTE positions	105.6
38	Operating lump sum appropriation	\$ 13,310,600
39	Office of administrative	
40	hearings costs	<u>1,017,600</u>
41	Total appropriation – registrar of	
42	contractors	\$ 14,328,200
43	Fund sources:	
44	Registrar of contractors fund	\$ 14,328,200

1	Sec. 20.	CORPORATION COMMISSION	
2			<u>2026-27</u>
3		FTE positions	302.9
4		Operating lump sum appropriation	\$ 38,107,800
5		Corporation filings, same-day	
6		service	417,800
7		Utilities audits, studies,	
8		investigations and hearings	<u>1,000,000*</u>
9	Total	appropriation – corporation commission	\$ 39,525,600
10		Fund sources:	
11		State general fund	\$ 792,700
12		Arizona arts trust fund	57,200
13		Investment management regulatory	
14		and enforcement fund	1,370,400
15		Public access fund	8,235,100
16		Securities regulatory and	
17		enforcement fund	7,490,400
18		Utility regulation revolving fund	21,579,800
19	Sec. 21.	STATE DEPARTMENT OF CORRECTIONS	
20			<u>2026-27</u>
21		FTE positions	9,569.0
22		Operating lump sum appropriation	\$ 836,651,200
23		Overtime and compensatory time	92,320,300
24		Private prison per diem	273,126,400
25		Community corrections	24,534,400
26		Inmate health care contracted	
27		services	380,978,900
28		Noncontract medication	15,000,000
29		Injunction-related IT upgrades	<u>2,400,000</u>
30	Total	appropriation – state department	
31		of corrections	\$1,625,011,200
32		Fund sources:	
33		State general fund	\$1,565,260,900
34		State education fund for	
35		correctional education	703,200
36		Alcohol abuse treatment fund	555,800
37		Penitentiary land fund	3,472,000
38		State charitable, penal and	
39		reformatory institutions	
40		land fund	3,733,100
41		Corrections fund	33,621,700
42		Transition program fund	2,400,300
43		Prison construction and	
44		operations fund	12,500,100
45		Inmate store proceeds fund	2,764,100

1 Of the amount appropriated in the operating lump sum, \$413,542,600  
2 is designated for personal services and \$250,095,400 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 time line 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 must 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 must include the number of filled and vacant  
37 correctional officer and medical staff positions departmentwide and by  
38 prison complex.

39 One hundred percent of land earnings and interest from the  
40 penitentiary land fund shall be distributed to the state department of  
41 corrections in compliance with the enabling act and the Constitution of  
42 Arizona to be used to support state penal institutions.

43 On or before December 15, 2026 and July 15, 2027, the state  
44 department of corrections shall submit a report to the joint legislative  
45 budget committee on the progress made in meeting the staffing needs for

1 correctional officers. Each report must include the number of filled  
2 correctional officer positions, the number of vacant correctional officer  
3 positions, the number of people in training, the number of separations and  
4 the number of hours of overtime worked year-to-date. The report must  
5 detail these amounts both departmentwide and by prison complex.

6 Twenty-five percent of land earnings and interest from the state  
7 charitable, penal and reformatory institutions land fund shall be  
8 distributed to the state department of corrections in compliance with the  
9 enabling act and the Constitution of Arizona to be used to support state  
10 penal institutions.

11 Before spending any state education fund for correctional education  
12 monies in excess of \$703,200, the state department of corrections shall  
13 report the intended use of the monies to the director of the joint  
14 legislative budget committee.

15 Before implementing any changes in contracted rates for inmate  
16 health care contracted services, the state department of corrections shall  
17 submit its expenditure plan for review by the joint legislative budget  
18 committee.

19 On or before August 1, 2026 and February 1, 2027, the state  
20 department of corrections shall submit a report to the joint legislative  
21 budget committee on the status of all inmate health care performance  
22 measures that are tracked by the department for contract monitoring  
23 purposes. Each report must include:

24 1. The total number of performance measures, by facility, for which  
25 the department is not in substantial compliance.

26 2. An explanation for each instance of noncompliance.

27 3. The department's plan to comply with the performance measures.

28 On or before August 1, 2026, the state department of corrections  
29 shall transfer to the public safety personnel retirement system via the  
30 department of administration its estimated required annual contribution to  
31 the corrections officer retirement plan for fiscal year 2026-2027.

32 The department shall report actual fiscal year 2025-2026, estimated  
33 fiscal year 2026-2027 and requested fiscal year 2027-2028 expenditures as  
34 delineated in the prior year when the department submits its fiscal year  
35 2027-2028 budget request pursuant to section 35-113, Arizona Revised  
36 Statutes.

37 The state department of corrections shall use the amount  
38 appropriated in the private prison per diem line item to pay private  
39 prison contractors for housing and providing medical care to Arizona  
40 inmates. Before spending these monies for any other purpose, the  
41 department shall submit an expenditure plan for review by the joint  
42 legislative budget committee.

43 The amount appropriated in the injunction-related IT upgrades line  
44 item shall be used to address information technology improvements as

1 required by the court in the Jensen v. Thornell inmate health care  
 2 litigation.

3 The state department of corrections shall use the amount  
 4 appropriated in the noncontract medication line item to purchase  
 5 medications to treat hepatitis C and for medication assisted treatment for  
 6 substance use disorder. Before spending these monies for any other  
 7 purpose, the department shall submit an expenditure plan for review by the  
 8 joint legislative budget committee.

9 The amount appropriated in the private prison per diem line item  
 10 includes \$3,767,200 for the purpose of awarding a onetime correctional  
 11 officer stipend. The state department of corrections shall amend private  
 12 prison bed contracts to increase per diem rates in fiscal year 2026-2027  
 13 on a onetime basis to provide an amount sufficient for a onetime four  
 14 percent stipend to each correctional officer employed in a private prison  
 15 that contracts with this state.

16 The director of the state department of corrections shall award a  
 17 onetime stipend payment to an employee who is employed by the agency from  
 18 and after July 3, 2026. The payment shall be equal to four percent of the  
 19 employee's annual salary level and the amount shall be distributed evenly  
 20 throughout each pay period in fiscal year 2026-2027.

21 Sec. 22. ARIZONA CRIMINAL JUSTICE COMMISSION

		<u>2026-27</u>
	FTE positions	11.0
	Operating lump sum appropriation	\$ 1,472,900
	Major incident regional law	
	enforcement task force	600,000
	State aid to county attorneys	973,700
	State aid to indigent defense	700,000
	State aid for juvenile dependency	
	proceedings fund deposit	2,000,000
	Victim compensation and assistance	<u>8,469,700</u>
32	Total appropriation – Arizona criminal	
33	justice commission	\$ 14,216,300
34	Fund sources:	
35	State general fund	\$ 6,850,000
36	Criminal justice enhancement fund	802,100
37	Resource center fund	646,600
38	State aid to county attorneys fund	973,700
39	State aid to indigent defense fund	700,000
40	Victim compensation and assistance	
41	fund	4,243,900

42 All victim compensation and assistance fund monies received by the  
 43 Arizona criminal justice commission in excess of \$4,243,900 in fiscal year  
 44 2026-2027 are appropriated to the crime victims program. Before spending  
 45 any victim compensation and assistance fund monies in excess of \$4,243,900

1 in fiscal year 2026-2027, the Arizona criminal justice commission shall  
 2 report the intended use of the monies to the joint legislative budget  
 3 committee.

4 All monies received by the Arizona criminal justice commission in  
 5 excess of \$973,700 in fiscal year 2026-2027 from the state aid to county  
 6 attorneys fund established by section 11-539, Arizona Revised Statutes,  
 7 are appropriated to the state aid to county attorneys program. Before  
 8 spending any state aid to county attorneys fund monies in excess of  
 9 \$973,700 in fiscal year 2026-2027, the Arizona criminal justice commission  
 10 shall report the intended use of the monies to the joint legislative  
 11 budget committee.

12 Sec. 23. ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND  
 13 2026-27

14	FTE positions	562.2
15	Administration/statewide	\$ 7,657,200
16	Phoenix day school for the deaf	10,277,000
17	Tucson campus	12,997,100
18	Preschool/outreach programs	7,200,300
19	School bus/agency vehicle	
20	replacement	369,000
21	Cooperative services	<u>15,346,300</u>
22	Total appropriation – Arizona state schools	
23	for the deaf and the blind	\$ 53,846,900
24	Fund sources:	
25	State general fund	\$ 25,545,100
26	Schools for the deaf and	
27	the blind fund	12,955,500
28	Cooperative services fund	15,346,300

29 Before spending any schools for the deaf and the blind fund monies  
 30 in excess of \$12,955,500 in fiscal year 2026-2027, the Arizona state  
 31 schools for the deaf and the blind shall report to the joint legislative  
 32 budget committee the intended use of the monies.

33 Before spending any cooperative services fund monies in excess of  
 34 \$15,346,300 in fiscal year 2026-2027, the Arizona state schools for the  
 35 deaf and the blind shall report to the joint legislative budget committee  
 36 the intended use of the monies.

37 On or before September 1, 2026, the Arizona state schools for the  
 38 deaf and the blind shall submit a report to the joint legislative budget  
 39 committee that details the schools' budgetary and operational changes  
 40 since fiscal year 2025-2026. The report must include any budgetary or  
 41 operational changes regarding the Arizona state schools for the deaf and  
 42 the blind's closure of the Tucson campus, the termination of the schools'  
 43 residential program, the relocation of campus-based Arizona state schools  
 44 for the deaf programs, the termination of campus-based Arizona state  
 45 school for the blind programs, the reduction of Arizona state schools for

1	the deaf and the blind staff and any plans for the disposition of land	
2	owned by the schools at the Tucson campus.	
3	Sec. 24. COMMISSION FOR THE DEAF AND THE HARD OF HEARING	
4		<u>2026-27</u>
5	FTE positions	21.0
6	Operating lump sum appropriation	\$ 4,695,800
7	Support services for the	
8	deaf-blind	<u>350,000</u>
9	Total appropriation – commission for the	
10	deaf and the hard of hearing	\$ 5,045,800
11	Fund sources:	
12	Telecommunication fund for	
13	the deaf	\$ 5,045,800
14	Sec. 25. STATE BOARD OF DENTAL EXAMINERS	
15		<u>2026-27</u>
16	FTE positions	13.0
17	Lump sum appropriation	\$ 2,150,900
18	Fund sources:	
19	Dental board fund	\$ 2,150,900
20	Sec. 26. OFFICE OF ECONOMIC OPPORTUNITY	
21		<u>2026-27</u>
22	FTE positions	5.0
23	Lump sum appropriation	\$ 531,900
24	Fund sources:	
25	State general fund	\$ 531,900
26	Sec. 27. DEPARTMENT OF ECONOMIC SECURITY	
27		<u>2026-27</u>
28	FTE positions	5,215.8
29	Operating lump sum appropriation	\$413,323,300
30	<u>Administration</u>	
31	Attorney general legal services	13,099,900
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	Supplemental nutrition assistance	
41	program – benefits	1,957,041,500
42	Temporary assistance for needy	
43	families – cash benefits	22,736,400
44	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	102,012,200
7	Case management – medicaid	132,664,700
8	Home and community based	
9	services – medicaid	3,694,025,700
10	Institutional services –	
11	medicaid	53,584,900
12	Physical and behavioral	
13	health services – medicaid	1,098,810,200
14	Medicare clawback payments	8,888,400
15	Targeted case management – medicaid	25,383,100
16	State match transfer from AHCCCS	1,841,698,500
17	Case management – state-only	6,446,100
18	Home and community based	
19	services – state-only	14,089,000
20	High-need client supplement	26,320,000
21	Arizona early intervention program	16,119,000
22	State-funded long-term care	
23	services	46,084,300
24	<u>Employment and rehabilitation services</u>	
25	JOBS	11,005,600
26	Child care subsidy	261,837,300
27	Independent living rehabilitation	
28	services	1,289,400
29	Rehabilitation services	7,249,100
30	Workforce innovation	
31	and opportunity act	
32	services	<u>85,824,200</u>
33	Total appropriation and expenditure	
34	authority – department of	
35	economic security	\$9,887,989,900
36	Fund sources:	
37	State general fund	\$2,154,006,800
38	Federal child care and	
39	development fund block grant	229,994,900
40	Federal temporary assistance for	
41	needy families block grant	66,561,100
42	Long-term care system fund	35,517,100
43	Public assistance collections	
44	fund	441,800
45	Special administration fund	4,645,400

1	Spinal and head injuries trust	
2	fund	2,385,400
3	Statewide cost allocation plan	
4	fund	1,000,000
5	Child support enforcement	
6	administration fund	17,615,600
7	Domestic violence services fund	4,000,300
8	Workforce investment act grant	87,109,200
9	Child support enforcement	
10	administration fund	
11	expenditure authority	45,547,500
12	Developmental disabilities	
13	medicaid expenditure	
14	authority	5,244,823,300
15	Supplemental nutrition assistance	
16	program fund expenditure	
17	authority	1,994,341,500

18     Aging and adult services

19     All domestic violence services fund monies in excess of \$4,000,300  
 20     received by the department of economic security are appropriated for the  
 21     domestic violence prevention line item. Before spending these increased  
 22     monies, the department shall report the intended use of monies in excess  
 23     of \$4,000,300 to the joint legislative budget committee.

24     On or before December 15, 2026, the department of economic security  
 25     shall report to the joint legislative budget committee the amount of state  
 26     and federal monies available statewide for domestic violence prevention  
 27     funding. The report must include, at a minimum, the amount of monies  
 28     available and the state fiscal agent receiving those monies.

29     Benefits and medical eligibility

30     The operating lump sum appropriation may be spent on Arizona health  
 31     care cost containment system eligibility determinations based on the  
 32     results of the Arizona random moment sampling survey.

33     Child support enforcement

34     All state shares of retained earnings, fees and federal incentives  
 35     in excess of \$17,615,600 received by the division of child support  
 36     enforcement are appropriated for operating expenditures. New FTE  
 37     positions are authorized with the increased funding. Before spending  
 38     these increased monies, the department of economic security shall report  
 39     the intended use of the monies to the joint legislative budget committee.

40     Developmental disabilities

41     On or before September 1, 2027, the department of economic security  
 42     shall report to the president of the senate, the speaker of the house of  
 43     representatives, the chairpersons of the senate and house of  
 44     representatives appropriations committees and the director of the joint  
 45     legislative budget committee any new placement into a state-owned ICF-IID

1 or the Arizona training program at the Coolidge campus in fiscal year  
2 2026-2027 and the reason for this placement, rather than a placement into  
3 a privately run facility for persons with developmental disabilities, was  
4 deemed as the most appropriate placement. The department shall also  
5 report if no new placements were made. On or before September 1, 2027,  
6 the department shall also report to the director of the joint legislative  
7 budget committee the total costs associated with the Arizona training  
8 program at Coolidge in fiscal year 2026-2027.

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

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

32 On or before March 1, 2027, the department of economic security  
33 shall provide to the governor, 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 and the director of the joint  
36 legislative budget committee a report on the utilization of covered  
37 services under the developmental disabilities program by disability  
38 classification. The report must include the total expenditures for each  
39 covered service by primary diagnosis in fiscal year 2025-2026.

40 Before transferring any monies in or out of the case management –  
41 medicaid and case management – state-only and developmental disabilities  
42 administration line items and before transferring any monies in or out of  
43 the operating lump sum item related to the developmental disabilities  
44 program and its administration, the department of economic security shall  
45 submit a report for review by the joint legislative budget committee,

1 except that transfers from the state match transfer from AHCCCS line item  
2 into those line items do not require a report for review.

3 On or before January 31, 2027, the department of economic security  
4 shall submit a report to the joint legislative budget committee regarding  
5 expenditures from the high-need client supplement line item in the  
6 previous fiscal year. The report must include the number of clients and  
7 total amounts spent from the line item in each setting type along with  
8 expenditures for those clients in other line items. The report must also  
9 include cost effectiveness spending in other line items.

10 Employment and rehabilitation services

11 On or before December 31, 2026 and June 30, 2027, the department of  
12 economic security shall submit a report to the joint legislative budget  
13 committee regarding federal child care monies. The report must include,  
14 at a minimum, the actual revenues delineated by fund source, the actual  
15 year-to-date expenditures by purpose and fund source and the beginning and  
16 ending balances for all fund sources for the preceding six months. The  
17 report must also include projected annual revenues, expenditures and  
18 balances for the current year and the budget year.

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

26 All workforce investment act grant monies that are received by this  
27 state in excess of \$87,109,200 are appropriated to the workforce  
28 innovation and opportunity act services line item. Before spending these  
29 increased monies, the department of economic security shall report the  
30 intended use of monies in excess of \$87,109,200 to the joint legislative  
31 budget committee.

32 Department-wide

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

38 The department of economic security shall forward to the president  
39 of the senate, the speaker of the house of representatives, the  
40 chairpersons of the senate and house of representatives appropriations  
41 committees and the director of the joint legislative budget committee a  
42 monthly report comparing total expenditures for the month and year-to-date  
43 as compared to prior year totals on or before the thirtieth of the  
44 following month. The report must include an estimate of potential  
45 shortfalls in entitlement programs and potential federal and other monies,

1 such as the statewide assessment for indirect costs, and any projected  
 2 surplus in state-supported programs that may be available to offset these  
 3 shortfalls and a plan, if necessary, for eliminating any shortfall without  
 4 a supplemental appropriation.

5 Sec. 28. STATE BOARD OF EDUCATION

		<u>2026-27</u>
6		
7	FTE positions	23.0
8	Operating lump sum appropriation	\$ 3,224,900
9	Arizona empowerment scholarship	
10	account appeals	<u>237,900</u>
11	Total appropriation –	
12	state board of education	\$ 3,462,800

13 Fund sources:

14	State general fund	\$ 3,462,800
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15 Sec. 29. SUPERINTENDENT OF PUBLIC INSTRUCTION

		<u>2026-27</u>
16		
17	FTE positions	232.9
18	Operating lump sum appropriation	\$ 15,584,600
19	<u>Formula programs</u>	
20	Basic state aid	6,988,177,800
21	Onetime additional assistance	
22	supplement	29,000,000
23	Onetime FRPL group B	
24	weight supplement	37,000,000
25	State aid supplement	75,000,000
26	Special education fund	36,029,200
27	Classroom site fund	1,105,372,400
28	Instructional improvement fund	80,425,700
29	<u>Property tax relief</u>	
30	Additional state aid	551,969,500
31	<u>Non-formula programs</u>	
32	Accountability and achievement	
33	testing	16,450,300
34	Adult education	4,912,100
35	Alternative teacher development	
36	program	1,000,000
37	Arizona English language	
38	learner fund	4,960,400
39	College credit by examination	
40	incentive program	3,772,100
41	College placement exam fee waiver	1,265,800
42	Computer science professional	
43	development program	1,000,000
44	CTED certification exam fee	
45	reimbursement	1,000,000

1	CTED completion grants	1,000,000
2	CTED soft capital and equipment	1,000,000
3	Early literacy	17,394,000
4	Education learning and	
5	accountability system	5,534,100
6	English learner administration	11,643,000
7	Geographic literacy	100,000
8	Gifted assessments	850,000
9	Jobs for Arizona graduates	500,000
10	Onetime school meal grants	2,000,000
11	School safety program	82,036,100
12	State block grant for vocational	
13	education	11,861,900
14	Student level data access	358,900
15	Teacher certification	2,416,700
16	Tribal college dual enrollment	
17	program	<u>325,000</u>
18	Total appropriation and expenditure	
19	authority – superintendent	
20	of public instruction	\$9,089,939,600
21	Fund sources:	
22	State general fund	\$7,648,789,900
23	Department of education	
24	empowerment scholarship	
25	account fund	358,900
26	Education sales tax fund	7,000,000
27	Permanent state school fund	80,226,500
28	Special education fund	5,000,000
29	Teacher certification fund	2,560,700
30	Tribal college dual enrollment	
31	program fund	325,000
32	Expenditure authority	1,345,678,600

Operating lump sum

34 Any monies available to the department of education pursuant to  
35 section 42-5029.02, subsection A, paragraph 8, Arizona Revised Statutes,  
36 for the failing schools tutoring fund established by section 15-241,  
37 Arizona Revised Statutes, in excess of the expenditure authority amounts  
38 are allocated for the purposes of section 42-5029.02, subsection A,  
39 paragraph 8, Arizona Revised Statutes.

40 Any monies available to the department of education pursuant to  
41 section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes,  
42 for character education matching grants pursuant to section 15-154.01,  
43 Arizona Revised Statutes, in excess of the expenditure authority amounts  
44 are allocated for the purposes of section 42-5029.02, subsection A,  
45 paragraph 6, Arizona Revised Statutes.

1           Basic state aid

2           The appropriation for basic state aid provides basic state support  
3 to school districts for maintenance and operations funding as provided by  
4 section 15-973, Arizona Revised Statutes, and includes an estimated  
5 \$80,226,500 in expendable income derived from the permanent state school  
6 fund and from state trust lands pursuant to section 37-521, subsection B,  
7 Arizona Revised Statutes, for fiscal year 2026-2027.

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

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

22           Any monies available to the department of education pursuant to  
23 section 42-5029.02, subsection A, paragraph 5, Arizona Revised Statutes,  
24 for the increased cost of basic state aid under section 15-971, Arizona  
25 Revised Statutes, due to added school days in excess of the expenditure  
26 authority amounts are allocated for the purposes of section 42-5029.02,  
27 subsection A, paragraph 5, Arizona Revised Statutes.

28           The monies appropriated for the onetime additional assistance  
29 supplement line item includes \$23,142,00 for a onetime district additional  
30 assistance supplement and \$5,858,000 for a onetime charter additional  
31 assistance supplement. The department of education shall distribute the  
32 amount for the onetime district additional assistance supplement to school  
33 districts on a proportional basis based on the district's additional  
34 assistance funding each district in this state receives in fiscal year  
35 2026-2027 and increase the budget limits pursuant to section 15-947,  
36 Arizona Revised Statutes, accordingly. A school district may budget the  
37 monies received from the onetime district additional assistance supplement  
38 in either the school district's maintenance and operation fund or  
39 unrestricted capital outlay fund. The department of education shall  
40 distribute the amount for a onetime charter additional assistance  
41 supplement to charter schools on a proportional basis based on the charter  
42 additional assistance funding that each charter school in this state  
43 receives in fiscal year 2026-2027.

1           The department of education shall distribute the appropriated amount  
2 for the onetime FRPL group B weight supplement line item to school  
3 districts and charter schools on a pro rata basis using the weighted  
4 student count for FRPL pupils for the school district or charter school  
5 pursuant to section 15-943, paragraph 2, subdivision (b), Arizona Revised  
6 Statutes, and shall increase the budget limits pursuant to section 15-947,  
7 Arizona Revised Statutes, accordingly. A school district may budget the  
8 monies received from the onetime FRPL group B weight supplement in either  
9 the school district's maintenance and operation fund or unrestricted  
10 capital outlay fund.

11           The department of education shall distribute the appropriated amount  
12 for the state aid supplement to districts and charter schools on a pro  
13 rata basis using the weighted student count for the school district or  
14 charter school for the fiscal year pursuant to section 15-943, paragraph  
15 2, subdivision (a), Arizona Revised Statutes, and increase the budget  
16 limits pursuant to section 15-947, Arizona Revised Statutes, accordingly.  
17 The weighted student count for a school district that serves as the  
18 district of attendance for nonresident pupils shall be increased to  
19 include nonresident pupils who attend school in the district.

20           Other programs

21           Any monies available to the department of education for the  
22 classroom site fund pursuant to section 37-521, subsection B, paragraph 4,  
23 Arizona Revised Statutes, and section 42-5029.02, subsection A, paragraph  
24 10, Arizona Revised Statutes, in excess of expenditure authority amounts  
25 are allocated for the purposes of section 37-521, subsection B, paragraph  
26 4, Arizona Revised Statutes, and section 42-5029.02, subsection A,  
27 paragraph 10, Arizona Revised Statutes.

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

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

36           Any monies available to the department of education for  
37 accountability purposes pursuant to section 42-5029.02, subsection A,  
38 paragraph 7, Arizona Revised Statutes, in excess of the expenditure  
39 authority amounts are allocated for the purposes of section 42-5029.02,  
40 subsection A, paragraph 7, Arizona Revised Statutes.

41           The department of education may use the appropriated amount for  
42 accountability and achievement testing in fiscal year 2026-2027 for costs  
43 of the English language proficiency assessments required by section  
44 15-756.05, Arizona Revised Statutes.

1 Monies appropriated for CTED completion grants are intended to help  
2 fund program completion for students who complete at least fifty percent  
3 of a career technical education program before graduating from high school  
4 and who successfully complete the career technical education district  
5 program after graduating from high school. The application procedures  
6 shall award grant funding only after an eligible student has successfully  
7 completed a career technical education district program.

8 If the appropriated amount for CTED completion grants is  
9 insufficient to fund all grant requests from career technical education  
10 districts, the department of education shall reduce grant amounts on a  
11 proportional basis in order to cap total statewide allocations at  
12 \$1,000,000.

13 The appropriated amount for CTED completion grants is exempt from  
14 the provisions of section 35-190, Arizona Revised Statutes, relating to  
15 lapsing of appropriations, until June 30, 2028.

16 The department of education shall distribute the appropriated amount  
17 for CTED soft capital and equipment to career technical education  
18 districts with fewer than two thousand average daily membership pupils for  
19 soft capital and equipment expenses. The appropriated amount shall be  
20 allocated on a pro rata basis based on the average daily membership of  
21 eligible career technical education districts.

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

36 The department of education shall use the appropriated amount for  
37 geographic literacy to issue a grant to a statewide geographic alliance  
38 for strengthening geographic literacy in this state.

39 The department of education shall use the appropriated amount for  
40 jobs for Arizona graduates to issue a grant to a nonprofit organization  
41 for a JOBS for Arizona graduates program.

42 The department of education shall distribute the appropriated amount  
43 for onetime school meal grants to school districts and charter schools  
44 that participate in the national school lunch program or school breakfast  
45 program established under the national school lunch and child nutrition

1 acts (42 United States Code sections 1751 through 1793) for grants to  
2 reduce or eliminate copayments that would otherwise be charged to children  
3 eligible for reduced-price meals. If the appropriated amount is  
4 insufficient to cover the grant awards for all eligible grantees, the  
5 department shall reduce each grant proportionately to ensure all eligible  
6 grantees receive proportional grants.

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 2026-2027, the department of education may use a portion of its  
27 fiscal year 2026-2027 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 2025-2026.

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 must include, at a minimum,  
38 the department's current funding surplus or shortfall projections for  
39 basic state aid and other major formula-based programs and is due thirty  
40 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	
2		<u>2026-27</u>
3	FTE positions	68.1
4	Administration	\$ 2,946,000
5	Emergency management	902,700
6	Emergency management matching funds	1,563,600
7	Military affairs	2,157,300
8	National guard matching funds	3,533,300
9	National guard tuition	
10	reimbursement	<u>1,000,000</u>
11	Total appropriation – department of	
12	emergency and military affairs	\$ 12,102,900
13	Fund sources:	
14	State general fund	\$ 12,102,900

15 The \$3,533,300 national guard matching funds appropriation is exempt  
 16 from the provisions of section 35-190, Arizona Revised Statutes, relating  
 17 to lapsing of appropriations, except that all fiscal year 2026-2027 monies  
 18 remaining unexpended and unencumbered on December 31, 2027 revert to the  
 19 state general fund.

20 The appropriated amount for the national guard tuition reimbursement  
 21 line item is exempt from the provisions of section 35-190, Arizona Revised  
 22 Statutes, relating to lapsing of appropriations, until September 30, 2027.

23	Sec. 31. DEPARTMENT OF ENVIRONMENTAL QUALITY	
24		<u>2026-27</u>
25	FTE positions	360.7
26	Operating lump sum appropriation	\$ 69,937,300
27	Safe drinking water program	2,027,700
28	Emissions control contractor	
29	payment	<u>28,894,500</u>
30	Total appropriation – department of	
31	environmental quality	\$ 100,859,500
32	Fund sources:	
33	Air quality fund	\$ 6,650,200
34	Emergency response fund	132,800
35	Emissions inspection fund	33,105,500
36	Hazardous waste management fund	2,689,300
37	Indirect cost fund	19,603,200
38	Permit administration fund	7,165,200
39	Recycling fund	3,542,100
40	Safe drinking water program	
41	fund	2,027,700
42	Solid waste fee fund	3,907,600
43	Water quality fee fund	22,035,900

1 The department of environmental quality shall report annually on the  
2 progress of WQARF activities, including emergency response, priority site  
3 remediation, cost recovery activity, revenue and expenditure activity and  
4 other WQARF-funded program activity. The department shall submit the  
5 fiscal year 2026-2027 report to the joint legislative budget committee on  
6 or before September 1, 2026. This report must also include a budget for  
7 the WQARF program that is developed in consultation with the WQARF  
8 advisory board. This budget shall specify the monies budgeted for each  
9 listed site during fiscal year 2026-2027. In addition, the department and  
10 the WQARF advisory board shall prepare and submit to the joint legislative  
11 budget committee, on or before October 1, 2026, a report in a table format  
12 summarizing the current progress on remediation of each listed site on the  
13 WQARF registry. The table shall include the stage of remediation for each  
14 site at the end of fiscal year 2025-2026, indicate whether the current  
15 stage of remediation is anticipated to be completed in fiscal year  
16 2026-2027 and indicate the anticipated stage of remediation at each listed  
17 site at the end of fiscal year 2026-2027, assuming fiscal year 2026-2027  
18 funding levels. The department and the WQARF advisory board may include  
19 other relevant information about the listed sites in the table.

20 All permit administration fund monies received by the department of  
21 environmental quality in excess of \$7,165,200 in fiscal year 2026-2027 are  
22 appropriated to the department. Before spending permit administration  
23 fund monies in excess of \$7,165,200 in fiscal year 2026-2027, the  
24 department shall report the intended use of the monies to the joint  
25 legislative budget committee.

26 All monies in the department of environmental quality indirect cost  
27 fund established by section 49-115, Arizona Revised Statutes, including  
28 the beginning balance, that are in excess of \$19,603,200 in fiscal year  
29 2026-2027 are appropriated to the department. Before spending indirect  
30 cost fund monies in excess of \$19,603,200 in fiscal year 2026-2027, the  
31 department shall report the intended use of the monies to the joint  
32 legislative budget committee.

33 The operating lump sum appropriation includes \$776,600 from the  
34 water quality fee fund established by section 49-210, Arizona Revised  
35 Statutes, for two FTE positions to process an increase in permit  
36 applications resulting from revised aquifer water quality standards. The  
37 department of environmental quality may only spend these monies if  
38 matching amounts of aquifer protection permit program fees collected  
39 pursuant to section 49-241.02, Arizona Revised Statutes, are deposited in  
40 the water quality fee fund established by section 49-210, Arizona Revised  
41 Statutes, by the end of fiscal year 2026-2027.

1	Sec. 32. GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY		
2			<u>2026-27</u>
3	FTE positions		5.0
4	Lump sum appropriation	\$	317,400
5	Fund sources:		
6	Personnel division fund	\$	317,400
7	Sec. 33. STATE BOARD OF EQUALIZATION		
8			<u>2026-27</u>
9	FTE positions		7.0
10	Lump sum appropriation	\$	734,700
11	Fund sources:		
12	State general fund	\$	734,700
13	Sec. 34. BOARD OF EXECUTIVE CLEMENCY		
14			<u>2026-27</u>
15	FTE positions		15.5
16	Lump sum appropriation	\$	1,482,600
17	Fund sources:		
18	State general fund	\$	1,482,600
19	On or before November 1, 2026, the board of executive clemency shall		
20	report to the directors of the joint legislative budget committee and the		
21	governor's office of strategic planning and budgeting the total number and		
22	types of cases the board reviewed in fiscal year 2025-2026.		
23	Sec. 35. ARIZONA EXPOSITION AND STATE FAIR BOARD		
24			<u>2026-27</u>
25	FTE positions		184.0
26	Lump sum appropriation	\$	19,762,800
27	Fund sources:		
28	Arizona exposition and state		
29	fair fund	\$	19,762,800
30	Of the monies appropriated in the Arizona exposition and state fair		
31	board lump sum appropriation, \$2,000,000 shall be spent for enhanced state		
32	fair operations. Pursuant to section 41-1252, Arizona Revised Statutes,		
33	before spending monies appropriated in the lump sum appropriation on		
34	capital projects, the board shall submit a report for review by the joint		
35	committee on capital review on the scope, purpose and estimated cost of		
36	the capital improvements.		
37	Sec. 36. ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT		
38			<u>2026-27</u>
39	FTE positions		235.5
40	Operating lump sum appropriation	\$	6,303,100
41	Environmental county grants		250,000
42	Inmate firefighting crews		902,700
43	Postrelease firefighting crews		1,332,700
44	Fire suppression		200,000
45	State fire marshal		1,844,400

1	State fire school	291,700
2	Hazardous vegetation removal	3,039,300
3	US forest service land thinning	1,703,400
4	Wildfire mitigation	<u>27,354,900</u>
5	Total appropriation – Arizona department	
6	of forestry and fire management	\$ 43,222,200
7	Fund sources:	
8	State general fund	\$ 43,222,200
9	The appropriation for the hazardous vegetation removal line item is	
10	exempt from the provisions of section 35-190, Arizona Revised Statutes,	
11	relating to lapsing of appropriations, until June 30, 2028.	
12	The appropriation for the wildfire mitigation line item is exempt	
13	from the provisions of section 35-190, Arizona Revised Statutes, relating	
14	to lapsing of appropriations, until June 30, 2029.	
15	Sec. 37. ARIZONA GAME AND FISH DEPARTMENT	
16		<u>2026-27</u>
17	FTE positions	273.5
18	Operating lump sum appropriation	\$ 45,213,400
19	Pittman-Robertson/Dingell-Johnson	
20	act	<u>3,058,000</u>
21	Total appropriation – Arizona game and fish	
22	department	\$ 48,271,400
23	Fund sources:	
24	Capital improvement fund	\$ 1,001,200
25	Game and fish fund	41,797,800
26	Wildlife endowment fund	16,200
27	Watercraft licensing fund	5,060,100
28	Game, nongame, fish and	
29	endangered species fund	396,100
30	Sec. 38. DEPARTMENT OF GAMING	
31		<u>2026-27</u>
32	FTE positions	155.8
33	Operating lump sum appropriation	\$ 13,740,100
34	Arizona breeders' award	250,000
35	Casino operations certification	2,346,100
36	County fairs livestock and	
37	agriculture promotion	6,029,500
38	Division of racing	2,772,400
39	Contract veterinarian	175,000
40	Horseracing integrity and safety	
41	act assessment	1,355,100
42	Problem gambling	3,320,000
43	Total appropriation – department of gaming	\$ 29,988,200

1	Fund sources:	
2	State general fund	\$ 6,204,500
3	Fantasy sports contest fund	150,100
4	Tribal-state compact fund	2,346,100
5	Arizona benefits fund	16,610,000
6	State lottery fund	300,000
7	Racing regulation fund	3,977,800
8	Racing regulation fund – unarmed	
9	combat subaccount	399,700

10 The amount appropriated to the county fairs livestock and  
 11 agriculture promotion line item is for deposit in the county fairs  
 12 livestock and agriculture promotion fund established by section 5-113,  
 13 Arizona Revised Statutes, and to be administered by the office of the  
 14 governor.

15 On or before August 1, 2026, the department of gaming shall report  
 16 to the directors of the joint legislative budget committee and the  
 17 governor's office of strategic planning and budgeting on the expected  
 18 amount and purpose of expenditures from the event wagering fund  
 19 established by section 5-1318, Arizona Revised Statutes, for fiscal year  
 20 2026-2027. The report must include the projected line item detail and the  
 21 number of filled full-time equivalent positions.

22 On or before the final day of each quarter of fiscal year 2026-2027,  
 23 the department of gaming shall report to the members of the joint  
 24 legislative budget committee on the number of equine deaths and injuries  
 25 that occurred as a result of a horse race and the commercial live racing  
 26 facility where each incident occurred. The report must include the number  
 27 of prerace inspections performed by a veterinarian employed by or  
 28 contracted with this state.

29 The amount appropriated for the horseracing integrity and safety act  
 30 assessment line item shall be used by the department of gaming during  
 31 fiscal year 2026-2027 to pay the calendar year 2026 assessment levied by  
 32 the horseracing integrity and safety authority.

33 Sec. 39. OFFICE OF THE GOVERNOR

34		<u>2026-27</u>
35	Operating lump sum appropriation	\$ 8,144,700*
36	Foster youth education success	
37	fund deposit	<u>1,500,000</u>
38	Total appropriation – office of the governor	\$ 9,644,700

39	Fund sources:	
40	State general fund	\$ 9,644,700

41 Included in the operating lump sum appropriation of \$8,144,700 for  
 42 fiscal year 2026-2027 is \$10,000 for the purchase of mementos and items  
 43 for visiting officials.

1	Sec. 40.	GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING	
2			<u>2026-27</u>
3		FTE positions	22.0
4		Lump sum appropriation	\$ 2,854,500*
5		Fund sources:	
6		State general fund	\$ 2,854,500
7	Sec. 41.	DEPARTMENT OF HEALTH SERVICES	
8			<u>2026-27</u>
9		FTE positions	1,167.5
10		Operating lump sum appropriation	\$ 66,388,500
11		<u>Public health/family health</u>	
12		Adult cystic fibrosis care	105,200
13		AIDS reporting and surveillance	1,000,000
14		Alzheimer's disease research	4,125,000
15		Behavioral health care provider	
16		loan repayment program	1,000,000
17		Biomedical research support	2,000,000
18		Breast and cervical cancer and	
19		bone density screening	1,369,400
20		County tuberculosis provider	
21		care and control	590,700
22		Folic acid program	400,000
23		Funeral services regulation	460,600
24		High-risk perinatal services	2,343,400
25		Newborn screening program	15,212,100
26		Nonrenal disease management	198,000
27		Nursing care special projects	200,000
28		Poison control centers funding	990,000
29		Renal dental care and nutrition	
30		supplements	300,000
31		Renal transplant drugs	183,000
32		<u>Arizona state hospital</u>	
33		Arizona state hospital –	
34		operating	79,008,600
35		Arizona state hospital –	
36		restoration to competency	900,000
37		Arizona state hospital –	
38		sexually violent persons	<u>11,459,900</u>
39	Total	appropriation – department of	
40		health services	\$188,234,400
41		Fund sources:	
42		State general fund	\$118,668,100
43		Arizona state hospital fund	3,395,700
44		Arizona state hospital land fund	650,000
45		Child fatality review fund	196,500

1	Disease control research fund	1,000,000
2	DHS indirect cost fund	13,822,200
3	Emergency medical services	
4	operating fund	4,278,400
5	Environmental laboratory licensure	
6	revolving fund	1,013,100
7	Federal child care and development	
8	fund block grant	1,286,500
9	Health services licensing fund	23,391,400
10	Newborn screening program fund	15,631,200
11	Nursing care institution resident	
12	protection revolving fund	238,200
13	Tobacco tax and health care	
14	fund – medically needy account	700,000
15	Vital records electronic systems	
16	fund	3,963,100

17     Public health/family health

18     Of the amount appropriated for the operating lump sum, \$100,000  
 19 shall be used for a suicide prevention coordinator to assist school  
 20 districts and charter schools in suicide prevention efforts. On or before  
 21 September 1, 2027, the department of health services, in consultation with  
 22 the department of education, shall report to the governor, the president  
 23 of the senate, the speaker of the house of representatives, the director  
 24 of the joint legislative budget committee and the director of the  
 25 governor's office of strategic planning and budgeting on the suicide  
 26 prevention coordinator's accomplishments in fiscal year 2026-2027.

27     The department of health services may use up to four percent of the  
 28 amount appropriated for nonrenal disease management for the administrative  
 29 costs to implement the program.

30     The department of health services shall distribute monies  
 31 appropriated for the biomedical research support line item to a nonprofit  
 32 medical research institute headquartered in this state that specializes in  
 33 biomedical research focusing on applying genomic technologies and  
 34 sequencing to clinical care, that has served as a resource to this state  
 35 to conduct molecular epidemiologic analyses to assist with disease  
 36 outbreak investigations and that collaborates with universities, hospitals  
 37 and health science research centers and other public and private  
 38 bioscience and related industries in this state. The recipient of these  
 39 monies shall commission an audit of the expenditure of these monies and  
 40 shall submit a copy of the audit to the department of health services on  
 41 or before February 1, 2028.

42     The department of health services shall distribute monies  
 43 appropriated for Alzheimer's disease research through a grant to a  
 44 charitable organization that is qualified under section 501(c)(3) of the  
 45 internal revenue code and that meets the following criteria:

- 1           1. Is headquartered in this state.
- 2           2. Has been operating in this state for at least the last ten
- 3           years.
- 4           3. Has participating member institutions that work together to end
- 5           Alzheimer's disease within a statewide collaborative model by using their
- 6           complementary strengths in brain imaging, computer science, genomics,
- 7           basic and cognitive neurosciences and clinical and neuropathology
- 8           research.
- 9           4. Has participating member institutions that educate residents of
- 10          this state about Alzheimer's disease, research progress and resources to
- 11          help patients, families and professionals manage the disease.

12          The terms of the grant made to the charitable organization may not

13          impose any requirements that were not imposed in prior grant agreements

14          entered into between the department of health services and the charitable

15          organization.

16                 Arizona state hospital

17          In addition to the appropriation for the department of health

18          services, earnings on state lands and interest on the investment of the

19          permanent state land funds are appropriated to the Arizona state hospital

20          in compliance with the enabling act and the Constitution of Arizona.

21                 Department-wide

22          The department of health services shall electronically forward to

23          the president of the senate, the speaker of the house of representatives,

24          the chairpersons of the senate and house of representatives appropriations

25          committees and the director of the joint legislative budget committee a

26          monthly report comparing total expenditures for the month and year-to-date

27          as compared to prior year totals on or before the thirtieth of the

28          following month. Each report must include an estimate of potential

29          shortfalls in programs, potential federal and other monies, such as the

30          statewide assessment for indirect costs, that may be available to offset

31          these shortfalls, and a plan, if necessary, for eliminating any shortfall

32          without a supplemental appropriation.

33          Sec. 42. ARIZONA HISTORICAL SOCIETY

34		<u>2026-27</u>
35	FTE positions	54.9
36	Operating lump sum appropriation	\$ 2,394,900
37	Field services and grants	66,900
38	Papago park museum	<u>572,600</u>
39	Total appropriation – Arizona historical	
40	society	\$ 3,034,400
41	Fund sources:	
42	State general fund	\$ 3,034,400

1	Sec. 43. PRESCOTT HISTORICAL SOCIETY	
2		<u>2026-27</u>
3	FTE positions	13.0
4	Lump sum appropriation	\$ 1,074,300
5	Fund sources:	
6	State general fund	\$ 1,074,300
7	Sec. 44. ARIZONA DEPARTMENT OF HOMELAND SECURITY	
8		<u>2026-27</u>
9	FTE positions	26.0
10	Statewide information security	
11	and privacy operations and	
12	controls	\$ 11,145,200
13	Statewide cybersecurity grants	<u>10,000,000</u>
14	Total appropriation – Arizona department of	
15	homeland security	\$ 21,145,200
16	Fund sources:	
17	State general fund	\$ 10,000,000
18	Information technology fund	11,145,200
19	Of the amount appropriated for statewide cybersecurity grants, the	
20	Arizona department of homeland security may spend up to \$500,000 for grant	
21	administration.	
22	Sec. 45. BOARD OF HOMEOPATHIC AND INTEGRATED MEDICINE EXAMINERS	
23		<u>2026-27</u>
24	FTE positions	1.0
25	Lump sum appropriation	\$ 64,200
26	Fund sources:	
27	Board of homeopathic and	
28	integrated medicine	
29	examiners' fund	\$ 64,200
30	Sec. 46. ARIZONA DEPARTMENT OF HOUSING	
31		<u>2026-27</u>
32	FTE positions	3.0
33	Lump sum appropriation	\$ 360,700
34	Fund sources:	
35	Housing trust fund	\$ 360,700
36	Sec. 47. INDUSTRIAL COMMISSION OF ARIZONA	
37		<u>2026-27</u>
38	FTE positions	250.6
39	Operating lump sum appropriation	\$ 23,213,100
40	Municipal firefighter reimbursement	
41	administration	<u>90,100</u>
42	Total appropriation – industrial commission	
43	of Arizona	\$ 23,303,200

1 Fund sources:

2	State general fund	\$ 90,100
3	Administrative fund	23,213,100

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

9 Sec. 48. DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

10		<u>2026-27</u>
11	FTE positions	147.4
12	Operating lump sum appropriation	\$ 12,777,700
13	Arizona vehicle theft task force	4,452,600
14	Automobile theft authority	
15	operating budget	797,100
16	Local grants	1,388,900
17	Reimbursable programs	<u>50,000</u>

18 Total appropriation – department of insurance  
 19 and financial institutions \$ 19,466,300

20 Fund sources:

21	State general fund	\$ 6,321,200
22	Automobile theft authority fund	6,837,300
23	Financial services fund	6,257,500
24	Department revolving fund	50,300

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

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

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

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

1	Sec. 49. ARIZONA JUDICIARY	
2		<u>2026-27</u>
3	<u>Supreme court</u>	
4	FTE positions	208.0
5	Operating lump sum appropriation	\$ 19,374,100
6	Arizona trial and digital	
7	evidence fund deposit	1,620,000
8	Automation	25,114,100
9	County reimbursements	187,900
10	Court appointed special advocate	
11	and vulnerable persons	6,840,800
12	Courthouse security	752,100
13	Domestic relations	726,700
14	State foster care review board	3,680,500
15	Commission on judicial conduct	802,800
16	Judicial nominations and	
17	performance review	641,900
18	Model court	660,800
19	State aid	<u>5,962,100</u>
20	Total appropriation – supreme court	\$ 66,363,800
21	Fund sources:	
22	State general fund	\$ 30,538,600
23	Confidential intermediary and	
24	fiduciary fund	702,400
25	Court appointed special advocate	
26	and vulnerable persons fund	7,048,600
27	Criminal justice enhancement fund	4,779,700
28	Defensive driving school fund	4,498,500
29	Judicial collection enhancement	
30	fund	15,849,400
31	State aid to the courts fund	2,946,600

32 On or before September 1, 2026, the supreme court shall report to  
33 the joint legislative budget committee and the governor's office of  
34 strategic planning and budgeting on current and future automation projects  
35 coordinated by the administrative office of the courts. The report must  
36 include a list of court automation projects that receive or are  
37 anticipated to receive state monies in the current or next two fiscal  
38 years as well as a description of each project, the number of FTE  
39 positions, the entities involved and the goals and anticipated results for  
40 each automation project. The report must be submitted in one summary  
41 document. The report must indicate each project's total multiyear cost by  
42 fund source and budget line item, including any prior year, current year  
43 and future year expenditures.

44 Automation expenses of the judiciary shall be funded only from the  
45 automation line item. Monies in the operating lump sum appropriation or

1 other line items intended for automation purposes shall be transferred to  
 2 the automation line item before expenditure.

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

6 Of the \$187,900 appropriated for county reimbursements, state grand  
 7 jury is limited to \$97,900 and capital postconviction relief is limited to  
 8 \$90,000.

9 Court of appeals

10	FTE positions	163.8
11	Division one	\$ 16,823,700
12	Division two	<u>8,727,200</u>
13	Total appropriation – court of appeals	\$ 25,550,900

14 Fund sources:

15	State general fund	\$ 25,550,900
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16 Of the 163.8 FTE positions for fiscal year 2026-2027, 112.3 FTE  
 17 positions are for division one and 51.5 FTE positions are for division  
 18 two.

19 Superior court

20	FTE positions	241.5
21	Operating lump sum appropriation	\$ 5,308,000
22	Judges' compensation	33,288,100
23	Centralized service payments	4,687,600
24	Adult standard probation	22,297,500
25	Adult intensive probation	13,150,200
26	Community punishment	2,310,300
27	Court-ordered removals	315,000
28	Interstate compact	513,700
29	Drug court	1,096,400
30	General adjudication personnel	
31	and support fund deposit	2,000,000
32	Juvenile standard probation	3,781,800
33	Juvenile intensive probation	6,087,200
34	Juvenile treatment services	20,803,000
35	Juvenile family counseling	500,000
36	Juvenile crime reduction	3,313,000
37	Juvenile diversion consequences	9,088,500
38	Probation incentive payments	1,000,000
39	Special water master	<u>511,100</u>
40	Total appropriation – superior court	\$130,051,400

41 Fund sources:

42	State general fund	\$118,036,900
43	Criminal justice enhancement fund	5,494,900
44	Drug treatment and education fund	504,200
45	Judicial collection enhancement 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 241.5 FTE positions, 183 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, 2026, 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 2025-2026 actual, fiscal year 2026-2027 estimated and fiscal year  
32 2027-2028 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 must 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, 2026, 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, 2025. 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 must 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

	<u>2026-27</u>
FTE positions	738.5
Lump sum appropriation	\$ 44,683,600
Fund sources:	
State general fund	\$ 31,985,800
State charitable, penal and reformatory institutions	
land fund	4,054,400
Criminal justice enhancement fund	428,000
State education fund for committed youth	1,491,400
Department of juvenile corrections local cost sharing fund	6,724,000

1 Twenty-five percent of land earnings and interest from the state  
 2 charitable, penal and reformatory institutions land fund shall be  
 3 distributed to the department of juvenile corrections, in compliance with  
 4 section 25 of the enabling act and the Constitution of Arizona, to be used  
 5 to support state juvenile institutions and reformatories.

6 The director of the department of juvenile corrections shall award a  
 7 onetime stipend payment to an employee who is employed by the agency from  
 8 and after July 3, 2026. The payment shall be equal to four percent of the  
 9 employee's annual salary level and the amount shall be distributed evenly  
 10 throughout each pay period in fiscal year 2026-2027.

11 Sec. 51. STATE LAND DEPARTMENT

	<u>2026-27</u>
12 FTE positions	145.7
13 Operating lump sum appropriation	\$ 19,861,000
14 CAP user fees	1,634,300
15 Due diligence program	<u>5,000,000</u>
16 Total appropriation – state land department	\$ 26,495,300
17 Fund sources:	
18 State general fund	\$ 12,256,300
19 Off-highway vehicle recreation	
20 fund	177,600
21 Due diligence fund	5,000,000
22 Trust land management fund	9,061,400

23 The appropriation includes \$1,634,300 for CAP user fees in fiscal  
 24 year 2026-2027. For fiscal year 2026-2027, from municipalities that  
 25 assume their allocation of central Arizona project water for every dollar  
 26 received as reimbursement to this state for past central Arizona water  
 27 conservation district payments, \$1 reverts to the state general fund in  
 28 the year that the reimbursement is collected.

29 Sec. 52. LEGISLATURE

	<u>2026-27</u>
30 <u>Senate</u>	
31 Lump sum appropriation	\$ 18,064,300*
32 Fund sources:	
33 State general fund	\$ 18,064,300
34 Included in the lump sum appropriation of \$18,064,300 for fiscal 35 year 2026-2027 is \$5,000 for the purchase of mementos and items for 36 visiting officials.	
37 <u>House of representatives</u>	
38 Lump sum appropriation	\$ 21,795,300*
39 Fund sources:	
40 State general fund	\$ 21,795,300
41 Included in the lump sum appropriation of \$21,795,300 for fiscal 42 year 2026-2027 is \$5,000 for the purchase of mementos and items for 43 visiting officials.	

1	<u>Legislative council</u>	
2	FTE positions	63.0
3	Lump sum appropriation	\$ 9,422,400*
4	Fund sources:	
5	State general fund	\$ 9,422,400
6	<u>Ombudsman-citizens aide office</u>	
7	FTE positions	12.0
8	Lump sum appropriation	\$ 1,608,900*
9	Fund sources:	
10	State general fund	\$ 1,608,900
11	The legislature intends that the ombudsman-citizens aide prioritize	
12	investigating and processing complaints relating to the department of	
13	child safety.	
14	The operating budget includes \$137,500 and 1 FTE position to address	
15	complaints relating to the administration of the Arizona empowerment	
16	scholarship account program established by section 15-2402, Arizona	
17	Revised Statutes.	
18	<u>Joint legislative budget committee</u>	
19	FTE positions	29.0
20	Lump sum appropriation	\$ 3,071,000*
21	Fund sources:	
22	State general fund	\$ 3,071,000
23	<u>Auditor general</u>	
24	FTE positions	236.8
25	Lump sum appropriation	\$26,709,000*
26	Fund sources:	
27	State general fund	\$ 26,709,000
28	Of the amount appropriated for the lump sum appropriation, the	
29	auditor general shall use \$3,300,000 for additional agency performance	
30	audits and school district audits.	
31	Sec. 53. DEPARTMENT OF LIQUOR LICENSES AND CONTROL	
32		<u>2026-27</u>
33	FTE positions	58.2
34	Lump sum appropriation	\$ 7,052,800
35	Fund sources:	
36	Liquor licenses fund	\$ 7,052,800
37	Sec. 54. ARIZONA STATE LOTTERY COMMISSION	
38		<u>2026-27</u>
39	FTE positions	98.8
40	Operating lump sum appropriation	\$ 10,153,900
41	Advertising	<u>15,500,000</u>
42	Total appropriation – Arizona state	
43	lottery commission	\$ 25,653,900
44	Fund sources:	
45	State lottery fund	\$ 25,653,900

1 An amount equal to twenty percent of tab ticket sales is  
 2 appropriated to pay sales commissions to charitable organizations. This  
 3 amount is currently estimated to be \$1,976,000 in fiscal year 2026-2027.

4 An amount equal to 3.6 percent of actual instant ticket sales is  
 5 appropriated to print instant tickets or to pay contractual obligations  
 6 concerning instant ticket distribution. This amount is currently  
 7 estimated to be \$41,473,100 in fiscal year 2026-2027.

8 An amount equal to a percentage of total ticket sales as determined  
 9 by contract is appropriated to pay online vendor fees. This amount is  
 10 currently estimated to be \$17,424,200, or 1.079 percent of total ticket  
 11 sales, in fiscal year 2026-2027.

12 An amount equal to 6.5 percent of gross lottery game sales, minus  
 13 charitable tab tickets, is appropriated to pay sales commissions to ticket  
 14 retailers. An additional amount not to exceed 0.5 percent of gross  
 15 lottery game sales is appropriated to pay sales commissions to ticket  
 16 retailers. The combined amount is currently estimated to be \$107,533,000,  
 17 or 6.7 percent of total ticket sales, in fiscal year 2026-2027.

18 Sec. 55. BOARD OF MASSAGE THERAPY

		<u>2026-27</u>
	FTE positions	5.0
	Lump sum appropriation	\$ 601,200
	Fund sources:	
	Board of massage therapy fund	\$ 601,200

24 Sec. 56. ARIZONA MEDICAL BOARD

		<u>2026-27</u>
	FTE positions	63.5
	Operating lump sum appropriation	\$ 8,307,100
	Employee performance incentive program	<u>165,600</u>
	Total appropriation – Arizona medical board	\$ 8,472,700
	Fund sources:	
	Arizona medical board fund	\$ 8,472,700

34 Sec. 57. STATE MINE INSPECTOR

		<u>2026-27</u>
	FTE positions	22.0
	Operating lump sum appropriation	\$ 1,587,400
	Abandoned mines	844,000
	Aggregate mining land reclamation	<u>112,800</u>
	Total appropriation – state mine inspector	\$ 2,544,200
	Fund sources:	
	State general fund	\$ 2,431,400
	Aggregate mining reclamation fund	112,800

1 All aggregate mining reclamation fund monies received by the state  
 2 mine inspector in excess of \$112,800 in fiscal year 2026-2027 are  
 3 appropriated to the aggregate mining land reclamation line item. Before  
 4 spending any aggregate mining reclamation fund monies in excess of  
 5 \$112,800 in fiscal year 2026-2027, the state mine inspector shall report  
 6 the intended use of the monies to the joint legislative budget committee  
 7 and the governor's office of strategic planning and budgeting.

8 Sec. 58. STATE NATURAL RESOURCE CONSERVATION BOARD

		<u>2026-27</u>
9		
10	Natural resource conservation	
11	district fund deposit	\$ 650,000
12	Total appropriation – state natural resource	
13	conservation board	\$ 650,000
14	Fund sources:	
15	State general fund	\$ 389,400
16	Environmental special plate fund	260,600

17 Of the amount appropriated for deposit in the natural resource  
 18 conservation district fund established by section 41-6014, Arizona Revised  
 19 Statutes, in fiscal year 2026-2027, \$30,000 shall be used to provide  
 20 grants to natural resource conservation districts environmental education  
 21 centers.

22 Sec. 59. NATUROPATHIC PHYSICIANS MEDICAL BOARD

		<u>2026-27</u>
23		
24	FTE positions	2.0
25	Lump sum appropriation	\$ 221,800
26	Fund sources:	
27	Naturopathic physicians medical	
28	board fund	\$ 221,800

29 Sec. 60. ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION

		<u>2026-27</u>
30		
31	FTE positions	2.0
32	Lump sum appropriation	\$ 343,900
33	Fund sources:	
34	State general fund	\$ 143,900
35	Arizona water banking fund	200,000

36 Sec. 61. ARIZONA STATE BOARD OF NURSING

		<u>2026-27</u>
37		
38	FTE positions	64.0
39	Operating lump sum appropriation	\$ 6,537,200
40	Certified nursing assistant	
41	credentialing program	<u>557,000</u>
42	Total appropriation – Arizona state	
43	board of nursing	\$ 7,094,200
44	Fund sources:	
45	Board of nursing fund	\$ 7,094,200

1	Sec. 62.	BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS		
2		AND ASSISTED LIVING FACILITY MANAGERS		
3				<u>2026-27</u>
4		FTE positions		7.0
5		Lump sum appropriation	\$	611,600
6		Fund sources:		
7		Nursing care institution		
8		administrators' licensing and		
9		assisted living facility		
10		managers' certification fund	\$	611,600
11	Sec. 63.	BOARD OF OCCUPATIONAL THERAPY EXAMINERS		
12				<u>2026-27</u>
13		FTE positions		2.0
14		Lump sum appropriation	\$	298,000
15		Fund sources:		
16		Occupational therapy fund	\$	298,000
17	Sec. 64.	STATE BOARD OF DISPENSING OPTICIANS		
18				<u>2026-27</u>
19		FTE positions		1.0
20		Lump sum appropriation	\$	199,700
21		Fund sources:		
22		Board of dispensing opticians fund	\$	199,700
23	Sec. 65.	STATE BOARD OF OPTOMETRY		
24				<u>2026-27</u>
25		FTE positions		2.0
26		Lump sum appropriation	\$	288,000
27		Fund sources:		
28		Board of optometry fund	\$	288,000
29	Sec. 66.	ARIZONA BOARD OF OSTEOPATHIC EXAMINERS IN MEDICINE AND SURGERY		
30				<u>2026-27</u>
31		FTE positions		10.0
32		Lump sum appropriation	\$	1,526,100
33		Fund sources:		
34		Arizona board of osteopathic		
35		examiners in medicine		
36		and surgery fund	\$	1,526,100
37	Sec. 67.	ARIZONA STATE PARKS BOARD		
38				<u>2026-27</u>
39		FTE positions		169.0
40		Operating lump sum appropriation	\$	17,446,500
41		Broadband infrastructure operations		
42		and maintenance		242,100
43		State parks store		1,530,200

1	Kartchner caverns state park	2,587,700
2	Water and wastewater infrastructure	
3	operations and maintenance	<u>541,000</u>
4	Total appropriation – Arizona state parks	
5	board	\$ 22,347,500
6	Fund sources:	
7	State parks revenue fund	\$ 20,800,600
8	State parks store fund	1,530,200
9	Off-highway vehicle recreation fund	16,700

10 In addition to the operating lump sum appropriation, an amount equal  
 11 to the revenue share agreement with the United States forest service for  
 12 Fool Hollow Lake recreation area and Catalina state park is appropriated  
 13 to the Arizona state parks board from the state parks revenue fund  
 14 established by section 41-511.21, Arizona Revised Statutes.

15 If the Arizona state parks board receives land and water  
 16 conservation grant funding for capital projects in fiscal year 2026-2027,  
 17 the board shall report the revised expenditure plan to the joint committee  
 18 on capital review and the governor's office of strategic planning and  
 19 budgeting.

20 If federal historic preservation fund grant monies are unavailable  
 21 to the state historic preservation office in federal fiscal year  
 22 2026-2027, the Arizona state parks board may spend not more than \$865,000  
 23 of the monies in the state parks revenue fund established by section  
 24 41-511.21, Arizona Revised Statutes, to pay for the state historic  
 25 preservation office's operating expenditures. Before spending any monies  
 26 from the state parks revenue fund for state historic preservation office  
 27 operating expenditures, the Arizona state parks board shall report the  
 28 expenditure plan to the joint legislative budget committee.

29 Sec. 68. STATE PERSONNEL BOARD

30		<u>2026-27</u>
31	FTE positions	2.0
32	Lump sum appropriation	\$ 369,900
33	Fund sources:	
34	Personnel division fund –	
35	personnel board subaccount	\$ 369,900

36 Sec. 69. ARIZONA STATE BOARD OF PHARMACY

37		<u>2026-27</u>
38	FTE positions	26.4
39	Operating lump sum appropriation	\$ 3,693,900
40	Prescriber report card	<u>50,000</u>
41	Total appropriation – Arizona state	
42	board of pharmacy	\$ 3,743,900
43	Fund sources:	
44	Arizona state board of pharmacy	
45	fund	\$ 3,743,900

1	Sec. 70.	BOARD OF PHYSICAL THERAPY	
2			<u>2026-27</u>
3		FTE positions	4.5
4		Lump sum appropriation	\$ 624,400
5		Fund sources:	
6		Board of physical therapy fund	\$ 624,400
7	Sec. 71.	ARIZONA PIONEERS' HOME	
8			<u>2026-27</u>
9		FTE positions	107.3
10		Lump sum appropriation	\$ 9,160,800
11		Fund sources:	
12		Miners' hospital for miners with	
13		disabilities land fund	\$ 2,897,000
14		State charitable fund	6,263,800
15		Earnings on state lands and interest on the investment of the	
16		permanent land funds are appropriated for the Arizona pioneers' home and	
17		the state hospital for miners with disabilities in compliance with the	
18		enabling act and the Constitution of Arizona.	
19	Sec. 72.	STATE BOARD OF PODIATRY EXAMINERS	
20			<u>2026-27</u>
21		FTE positions	1.0
22		Lump sum appropriation	\$ 204,200
23		Fund sources:	
24		Podiatry fund	\$ 204,200
25	Sec. 73.	STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION	
26			<u>2026-27</u>
27		FTE positions	4.0
28		Lump sum appropriation	\$ 557,500
29		Fund sources:	
30		Board for private postsecondary	
31		education fund	\$ 557,500
32	Sec. 74.	STATE BOARD OF PSYCHOLOGIST EXAMINERS	
33			<u>2026-27</u>
34		FTE positions	5.5
35		Lump sum appropriation	\$ 872,600
36		Fund sources:	
37		Behavioral analyst licensing	
38		and regulation account	\$ 396,400
39		Board of psychologist examiners	
40		fund	476,200

1	Sec. 75. DEPARTMENT OF PUBLIC SAFETY	
2		<u>2026-27</u>
3	FTE positions	2,178.7
4	Operating lump sum appropriation	\$291,914,800
5	ACTIC	2,132,700
6	AZPOST	6,100,000
7	Border drug interdiction	18,103,200
8	Local border support	13,232,900
9	Civil air patrol maintenance and	
10	operations	144,000
11	GIITEM	26,014,800
12	GIITEM subaccount	2,396,400
13	Major incident division	16,197,700*
14	Motor vehicle fuel	5,454,600
15	Pharmaceutical diversion and	
16	drug theft task force	668,400
17	Public safety equipment	2,890,000
18	Victims of crimes grants	<u>9,300,000</u>
19	Total appropriation – department of public	
20	safety	\$394,549,500
21	Fund sources:	
22	State general fund	\$304,587,300
23	State highway fund	10,000,000
24	Border security fund	10,900,000
25	Arizona highway patrol fund	25,983,400
26	Criminal justice enhancement fund	2,964,300
27	Department of public safety	
28	forensics fund	22,512,400
29	Gang and immigration intelligence	
30	team enforcement mission border	
31	security and law enforcement	
32	subaccount	2,396,400
33	Motorcycle safety fund	198,900
34	Motor vehicle liability insurance	
35	enforcement fund	968,300
36	Risk management revolving fund	1,155,200
37	Parity compensation fund	4,549,000
38	Public safety equipment fund	2,894,000
39	Concealed weapons permit fund	3,393,900
40	Fingerprint clearance card fund	2,046,400

41 Of the \$26,014,800 appropriated to the GIITEM line item, \$14,160,900  
42 shall be used for one hundred department of public safety GIITEM  
43 personnel. The additional staff shall include at least fifty sworn  
44 department of public safety positions to be used for immigration

1 enforcement and border security and fifty department of public safety  
2 positions to assist GIITEM in various efforts, including:

3 1. Strictly enforcing all federal laws relating to illegal aliens  
4 and arresting illegal aliens.

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

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

12 4. Taking strict enforcement action.

13 Any change in the GIITEM mission or allocation of monies shall be  
14 approved by the joint legislative budget committee. The department shall  
15 submit an expenditure plan to the joint legislative budget committee for  
16 review before expending any monies not identified in the department's  
17 previous expenditure plans.

18 Of the \$26,014,800 appropriated to the GIITEM line item, only  
19 \$1,203,400 is deposited in the GIITEM fund established by section 41-1724,  
20 Arizona Revised Statutes, and is appropriated for the purposes of that  
21 section. The \$1,203,400 is exempt from the provisions of section 35-190,  
22 Arizona Revised Statutes, relating to lapsing of appropriations. This  
23 state recognizes that states have inherent authority to arrest a person  
24 for any immigration violation.

25 Any monies remaining in the department of public safety joint  
26 account on June 30, 2027 revert to the funds from which they were  
27 appropriated. The reverted monies shall be returned in direct proportion  
28 to the amounts appropriated.

29 On or before September 1, 2026, the department of public safety  
30 shall submit an expenditure plan for the local border support line item to  
31 the joint legislative budget committee and the governor's office of  
32 strategic planning and budgeting.

33 The \$13,232,900 appropriated for the local border support line item  
34 shall be used to fund local law enforcement officer positions for border  
35 drug interdiction to deter and apprehend any individuals who are charged  
36 with drug trafficking, human smuggling, illegal immigration and other  
37 border-related crimes. The monies shall also be used for grants to  
38 cities, towns and counties for costs associated with prosecuting and  
39 detaining individuals who are charged with drug trafficking, human  
40 smuggling, illegal immigration and other border-related crimes. The  
41 department may fund all capital-related equipment.

1 Of the amount appropriated in the total appropriation for the  
 2 department of public safety, \$189,036,300 is designated for personal  
 3 services and \$81,791,400 is designated for employee-related expenditures.  
 4 The department shall submit an expenditure plan to the joint legislative  
 5 budget committee for review before spending these monies for other than  
 6 personal services or employee-related expenditures.

7	Sec. 76. STATE REAL ESTATE DEPARTMENT	
8		<u>2026-27</u>
9	FTE positions	37.0
10	Lump sum appropriation	\$ 3,119,300
11	Fund sources:	
12	State general fund	\$ 3,119,300
13	Sec. 77. RESIDENTIAL UTILITY CONSUMER OFFICE	
14		<u>2026-27</u>
15	FTE positions	14.5
16	Operating lump sum appropriation	\$ 1,806,200
17	Professional witnesses	<u>145,000*</u>
18	Total appropriation – residential utility	
19	consumer office	\$ 1,951,200
20	Fund sources:	
21	Residential utility consumer	
22	office revolving fund	\$ 1,951,200
23	Sec. 78. BOARD OF RESPIRATORY CARE EXAMINERS	
24		<u>2026-27</u>
25	FTE positions	4.0
26	Lump sum appropriation	\$ 420,500
27	Fund sources:	
28	Board of respiratory care	
29	examiners fund	\$ 420,500
30	Sec. 79. ARIZONA STATE RETIREMENT SYSTEM	
31		<u>2026-27</u>
32	FTE positions	240.9
33	Lump sum appropriation	\$ 28,966,100
34	Fund sources:	
35	Arizona state retirement system	
36	administration account	27,166,100
37	Long-term disability trust fund	
38	administration account	1,800,000
39	Sec. 80. DEPARTMENT OF REVENUE	
40		<u>2026-27</u>
41	FTE positions	892.8
42	Operating lump sum appropriation	\$ 74,388,200
43	BRITS operational support	8,005,200

1	E-commerce compliance and outreach	981,200
2	Unclaimed property administration	
3	and audit	1,473,900
4	TPT simplification	1,085,400
5	Tax fraud prevention	<u>3,170,800</u>
6	Total appropriation – department of revenue	\$ 89,104,700
7	Fund sources:	
8	State general fund	\$ 60,371,900
9	Department of revenue	
10	administrative fund	27,077,000
11	Liability setoff program	
12	revolving fund	939,100
13	Tobacco tax and health care fund	716,700

14 If the total value of properties retained by unclaimed property  
 15 contract auditors exceeds \$1,473,900, the excess amount is transferred  
 16 from the state general fund to the department of revenue administrative  
 17 fund established by section 42-1116.01, Arizona Revised Statutes, and is  
 18 appropriated to the department for contract auditor fees.

19 If the department of revenue incurs legal expenses to protect the  
 20 unclaimed property program from legal challenges, the amount of unclaimed  
 21 property legal expenses is transferred from the state general fund to the  
 22 department of revenue administrative fund established by section  
 23 42-1116.01, Arizona Revised Statutes, and is appropriated to the  
 24 department for unclaimed property legal expenses. The department may not  
 25 transfer more than \$1,500,000 from the general fund in fiscal year  
 26 2026-2027 for unclaimed property legal expenses.

27 The department of revenue shall report the department's general fund  
 28 revenue enforcement goals for fiscal year 2026-2027 to the joint  
 29 legislative budget committee on or before September 30, 2026. On or  
 30 before September 30, 2027, the department shall provide an annual progress  
 31 report to the joint legislative budget committee as to the effectiveness  
 32 of the department's overall enforcement and collections program for fiscal  
 33 year 2026-2027. The reports must compare projected and actual state  
 34 general fund, total state tax, total county tax and total municipal tax  
 35 revenue enforcement collections for fiscal year 2025-2026 and fiscal year  
 36 2026-2027, including the amount of projected and actual enforcement  
 37 collections for all tax types. The reports must also include the total  
 38 number of transaction privilege tax delinquent accounts, the total dollar  
 39 value of those accounts classified by age of account and the total dollar  
 40 amount of delinquent account write-offs determined to be uncollectible for  
 41 fiscal year 2025-2026.

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

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

3 On or before November 1, 2026, the department shall report the  
 4 results of private fraud prevention investigation services during fiscal  
 5 year 2025-2026 to the joint legislative budget committee. The report must  
 6 include the total number of fraudulent returns prevented and the total  
 7 dollar amount of fraudulent returns prevented during fiscal year  
 8 2025-2026.

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

	<u>2026-27</u>
10 FTE positions	144.1
11 Operating lump sum appropriation	\$ 15,144,800
12 Access voter information database	999,500
13 Election services	4,000,000
14 Electronic records repository	70,300
15 Library grants-in-aid	651,400*
16 Statewide radio reading service	
17 for the blind	97,000
18 Uniform state laws commission	<u>99,000</u>
19 Total appropriation – department of	
20 state – secretary of state	\$ 21,062,000
21 Fund sources:	
22 State general fund	\$ 18,457,100
23 Election systems improvement fund	999,500
24 Records services fund	1,605,400

25 Included in the operating lump sum appropriation of \$15,144,800 for  
 26 fiscal year 2026-2027 is \$5,000 for the purchase of mementos and items for  
 27 visiting officials.  
 28

29 Included in the operating lump sum appropriation of \$15,144,800 for  
 30 fiscal year 2026-2027 is \$1,605,400 from the records services fund  
 31 established by section 41-151.12, Arizona Revised Statutes. This  
 32 appropriation may be used for the payment of obligations incurred in  
 33 fiscal year 2025-2026.

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

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

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

1           1. The secretary of state is named as a defendant.

2           2. The secretary of state believes a conflict exists that prevents  
3 the attorney general from representing the secretary of state.

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

7           Before transferring any monies in or out of the election services  
8 line item, the secretary of state shall submit a report for review by the  
9 joint legislative budget committee.

10          Not later than fifteen days after the last day of each month, the  
11 secretary of state shall report to the director of the joint legislative  
12 budget committee and the director of the governor's office of strategic  
13 planning and budgeting on the previous month's expenditures and fiscal  
14 year-to-date expenditures from the election services line item. The  
15 report must include the actual expenditures by purpose, including the  
16 costs associated with logic and accuracy testing, the statewide election  
17 publicity pamphlet, initiative and referendum processing, petition  
18 signature reimbursements and sample ballot requirements, and may include  
19 other items related to the election services line item.

20          Monies in the access voter information database line item may be  
21 used only for the exclusive purpose of developing and administering the  
22 statewide database of voter registration information required by section  
23 16-168, Arizona Revised Statutes. The secretary of state may not transfer  
24 any monies in or out of the access voter information database line item.

25          On or before November 1, 2026, the secretary of state shall submit a  
26 report to the joint legislative budget committee and the governor's office  
27 of strategic planning and budgeting reporting the actual expenditures for  
28 the prior fiscal year for the access voter information database. The  
29 report must, at a minimum, include:

30           1. The actual expenditures for the operation and maintenance of the  
31 database.

32           2. Any expenditures for updates to the database due to statutory  
33 changes.

34           3. The purpose of the expenditures.

35           4. All funding sources used to support the database.

36 Sec. 82. STATE BOARD OF TAX APPEALS

37			<u>2026-27</u>
38	FTE positions		4.0
39	Lump sum appropriation	\$	319,300
40	Fund sources:		
41	State general fund	\$	319,300

1	Sec. 83.	STATE BOARD OF TECHNICAL REGISTRATION	
2			<u>2026-27</u>
3		FTE positions	26.0
4		Lump sum appropriation	\$ 2,735,900
5		Fund sources:	
6		Technical registration fund	\$ 2,735,900
7	Sec. 84.	DEPARTMENT OF TRANSPORTATION	
8			<u>2026-27</u>
9		FTE positions	4,581.0
10		Operating lump sum appropriation	\$266,806,500
11		Attorney general legal services	3,940,400
12		Highway maintenance	182,099,400
13		ADOT fleet vehicles and heavy	
14		equipment maintenance	26,814,600
15		ADOT fleet vehicles and heavy	
16		equipment maintenance contingency	1,000,000
17		State fleet operations	32,421,400
18		State fleet vehicle replacement	7,250,000
19		Driver safety and livestock control	800,000
20		ADOT fleet vehicle and heavy	
21		equipment replacement	22,400,000
22		Highway damage recovery account	7,999,000
23		Statewide litter removal	3,106,800
24		Radio lifecycle replacement	1,656,100
25		Preventive surface treatments	36,142,000
26		Authorized third parties	<u>2,252,700</u>
27	Total	appropriation – department of	
28		transportation	\$594,688,900
29		Fund sources:	
30		Air quality fund	\$ 894,000
31		Arizona highway user revenue fund	842,500
32		Highway damage recovery account	7,999,000
33		Ignition interlock device fund	380,600
34		Motor vehicle liability	
35		insurance enforcement fund	1,655,600
36		State fleet operations fund	32,421,400
37		State vehicle replacement fund	7,250,000
38		State aviation fund	2,587,400
39		State highway fund	511,158,700
40		Department fleet operations fund	27,814,600
41		Vehicle inspection and certificate	
42		of title enforcement fund	1,685,100

1           Motor vehicle division

2           On or before February 1, 2027, the Arizona strategic enterprise  
3 technology office shall submit, on behalf of the department of  
4 transportation, an annual progress report to the joint legislative budget  
5 committee staff. The annual report must provide updated plans for  
6 spending the department-dedicated portion of the authorized third-party  
7 electronic service partner's fee retention on the motor vehicle  
8 modernization project in fiscal year 2026-2027, including any amounts for  
9 stabilization, maintenance, ongoing operations, support and enhancements  
10 for the motor vehicle modernization solution, maintenance of legacy  
11 mainframe processing and support capability, and other system projects  
12 outside the scope of the motor vehicle modernization project.

13           On or before August 1, 2026, the department of transportation shall  
14 report to the director of the joint legislative budget committee the  
15 state's share of fees retained by the service Arizona vendor in the prior  
16 fiscal year. The report must include the amount spent by the service  
17 Arizona vendor on behalf of this state in the prior fiscal year and a list  
18 of the projects funded with those monies.

19           Other

20           Of the total amount appropriated, \$182,099,500 in fiscal year  
21 2026-2027 for highway maintenance is exempt from the provisions of section  
22 35-190, Arizona Revised Statutes, relating to lapsing of appropriations,  
23 except that all unexpended and unencumbered monies of the appropriation  
24 revert to the state highway fund established by section 28-6991, Arizona  
25 Revised Statutes, on August 31, 2027.

26           The amount appropriated to the preventive surface treatments line  
27 item is exempt from the provisions of section 35-190, Arizona Revised  
28 Statutes, relating to lapsing of appropriations, except that all  
29 unexpended and unencumbered monies of the appropriation revert to the  
30 state highway fund established by section 28-6991, Arizona Revised  
31 Statutes, on August 31, 2027.

32           Of the total amount appropriated, the department of transportation  
33 shall pay \$21,233,800 in fiscal year 2026-2027 from all funds to the  
34 department of administration for its risk management payment.

35           All expenditures made by the department of transportation for  
36 attorney general legal services shall be funded only from the attorney  
37 general legal services line item. Monies in the operating lump sum  
38 appropriation or other line items intended for this purpose shall be  
39 transferred to the attorney general legal services line item before  
40 expenditure.

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

7 The amount appropriated in the operating lump sum includes a  
 8 \$2,000,000 reduction below the fiscal year 2023-2024 level from the state  
 9 highway fund established by section 28-6991, Arizona Revised Statutes, in  
 10 fiscal year 2026-2027 from the department's enforcement and compliance  
 11 division.

12 Expenditures made by the department of transportation for ADOT fleet  
 13 vehicle and heavy equipment replacement shall be funded only from the ADOT  
 14 fleet vehicle and heavy equipment replacement line item. Monies in the  
 15 operating lump sum appropriation or other line items intended for this  
 16 purpose shall be transferred to the ADOT fleet vehicle and heavy equipment  
 17 replacement line item before expenditure.

18 Sec. 85. STATE TREASURER

		<u>2026-27</u>
	FTE positions	38.4
	Operating lump sum appropriation	\$ 4,721,600
	Justice of the peace salaries	2,797,200
	Law enforcement/boating safety	
	fund grants	<u>2,183,800</u>
	Total appropriation – state treasurer	\$ 9,702,600
	Fund sources:	
	State general fund	\$ 3,139,700
	Law enforcement and boating	
	safety fund	2,183,800
	State treasurer's operating fund	4,379,100

31 On or before June 30, 2027, the state treasurer shall report to the  
 32 joint legislative budget committee staff on the state treasurer's current  
 33 fiscal year and estimated next fiscal year expenditures of interest  
 34 earnings spent pursuant to sections 35-315 and 35-318, Arizona Revised  
 35 Statutes, for the state treasurer's banking service contract, external  
 36 investment management agreement, administrative and information technology  
 37 costs and any other costs.

38 Sec. 86. GOVERNOR'S OFFICE ON TRIBAL RELATIONS

		<u>2026-27</u>
	FTE positions	3.0
	Lump sum appropriation	\$ 66,900
	Fund sources:	
	State general fund	\$ 66,900

1	Sec. 87. ARIZONA BOARD OF REGENTS	
2		<u>2026-27</u>
3	FTE positions	30.9
4	Operating lump sum appropriation	\$ 3,291,100
5	Adaptive athletics	160,000
6	Arizona promise program	20,000,000
7	Spouses of military veterans	
8	tuition scholarships	10,000,000
9	Arizona teachers academy	15,000,000
10	Arizona teachers incentive program	90,000
11	Arizona teacher student loan program	426,000
12	Arizona transfer articulation	
13	support system	213,700
14	Leveraging educational assistance	
15	partnership program	1,220,800
16	Washington, D.C. internships	300,000
17	Western interstate commission	
18	office	153,000
19	WICHE student subsidies	<u>4,078,000</u>
20	Total appropriation – Arizona board of	
21	regents	\$ 54,932,600
22	Fund sources:	
23	State general fund	\$ 54,932,600

24 The Arizona board of regents shall distribute monies appropriated  
 25 for the adaptive athletics line item to each university under the  
 26 jurisdiction of the board to maintain and operate an intercollegiate  
 27 adaptive athletics program that provides opportunities for competitive  
 28 wheelchair and adaptive sports to students and community members with  
 29 disabilities. The monies may be spent only when the university collects  
 30 matching monies of gifts, grants and donations for the intercollegiate  
 31 adaptive athletics program from sources other than this state.  
 32 Universities may spend the monies only on scholarships, equipment,  
 33 uniforms, travel expenses and tournament fees for participants in the  
 34 intercollegiate adaptive athletics program. The monies may not be used  
 35 for administrative costs, personal services or employee-related  
 36 expenditures.

37 On or before October 1, 2027, the Arizona board of regents shall  
 38 submit a report to the director of the joint legislative budget committee  
 39 and the director of the governor's office of strategic planning and  
 40 budgeting on the Arizona promise program that includes all of the  
 41 following for fiscal year 2026-2027:

- 42 1. The total number of students receiving promise scholarships by
- 43 each eligible postsecondary institution.

1           2. The total number of students enrolled at each eligible  
2 postsecondary institution that are eligible to receive federal Pell  
3 grants.

4           3. A list of the programs of study in which promise scholarship  
5 recipients are enrolled, including the number of recipients enrolled in  
6 each program.

7           4. The average promise scholarship award amount for each eligible  
8 postsecondary institution.

9           5. A geographic representation of promise scholarship recipients  
10 based on the high school attended.

11           6. The average grade point average of promise scholarships  
12 recipients by each eligible postsecondary institution.

13           On or before October 1, 2027, the Arizona board of regents shall  
14 submit a report to the director of the joint legislative budget committee  
15 and the director of the governor's office of strategic planning and  
16 budgeting on spouses of military veterans tuition scholarships that  
17 includes all of the following for fiscal year 2026-2027:

18           1. The amount distributed to each eligible postsecondary  
19 institution.

20           2. The total number of award recipients by each eligible  
21 postsecondary institution.

22           3. The average award amount for each eligible postsecondary  
23 institution.

24           In order to be eligible to receive state matching monies under the  
25 leveraging educational assistance partnership program for grants to  
26 students, each participating institution, public or private, shall provide  
27 an amount of institutional matching monies that equals the amount of  
28 monies provided by this state to the institution for the leveraging  
29 educational assistance partnership program. Administrative expenses  
30 incurred by the Arizona board of regents shall be paid from institutional  
31 matching monies and may not exceed twelve percent of the monies  
32 appropriated in fiscal year 2026-2027.

33           The Arizona board of regents shall distribute monies appropriated  
34 for Washington, D.C. internships for program fees and housing costs in  
35 equal amounts to each of the three universities under the jurisdiction of  
36 the board for the purpose of providing student internships and short-term  
37 programs in Washington, D.C. in partnership with a third-party  
38 organization. Short-term programs include one-week seminars and learning  
39 opportunities shorter than one academic semester. The third-party  
40 organization must meet the following requirements:

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

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

1           3. Have experience placing students in internships for at least ten  
 2 consecutive years.

3           4. Have dedicated staff to ensure that student interns have access  
 4 to internships and short-term programs in their areas of interest.

5           Within ten days after the acceptance of the universities' semiannual  
 6 all funds budget reports, the Arizona board of regents shall submit a  
 7 current year expenditure plan to the joint legislative budget committee  
 8 for review. The expenditure plan shall include the use of all projected  
 9 tuition and fee revenues by expenditure category, including operating  
 10 expenses, plant fund, debt service and financial aid. The plan shall  
 11 include the amount by which each expenditure category is projected to  
 12 increase over the prior year and shall provide as much detail as the  
 13 university budget requests. The plan shall include the total revenue and  
 14 expenditure amounts from all tuition and student fee revenues, including  
 15 base tuition, differential tuition, program fees, course fees, summer  
 16 session fees and other miscellaneous and mandatory student fee revenues.

17 Sec. 88. ARIZONA STATE UNIVERSITY

	<u>2026-27</u>
FTE positions	7,420.4
Operating lump sum appropriation	\$1,146,967,700
Biomedical informatics	3,828,100
Eastern Europe cultural	
collaborative	250,000
Arizona financial aid trust	5,985,800
Downtown Phoenix campus	<u>135,878,500</u>
Total appropriation – Arizona state	
university	\$1,292,910,100
Fund sources:	
State general fund	\$ 385,150,600
University collections fund	907,759,500

31           The state general fund appropriation may not be used for alumni  
 32 association funding.

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

35           Other than scholarships awarded through the Arizona financial aid  
 36 trust, the appropriated monies may not be used for scholarships or any  
 37 student newspaper.

38           The appropriated monies may not be used by the Arizona state  
 39 university college of law legal clinic for any lawsuits involving inmates  
 40 of the state department of corrections in which this state is the adverse  
 41 party.

42           Arizona state university shall use monies appropriated for the  
 43 eastern Europe cultural collaborative to facilitate cultural and academic  
 44 exchanges between university faculty and students and academic  
 45 institutions in eastern Europe.

1 Any appropriated monies allocated by the university for the school  
 2 of civic and economic thought and leadership shall be used to operate a  
 3 single stand-alone academic entity within Arizona state university. The  
 4 appropriated monies may not supplant any existing state funding or private  
 5 or external donations to the existing centers or to the school. The  
 6 appropriated monies and all private and external donations for the school,  
 7 including any remaining balances from prior fiscal years, shall be  
 8 deposited in a separate account, shall be used only for the direct  
 9 operation of the school and may not be used for indirect costs of the  
 10 university. On or before October 1, 2026, the school shall submit a  
 11 report to the president of the senate, the speaker of the house of  
 12 representatives, the chairpersons of the senate education committee and  
 13 the house of representatives education committee and the director of the  
 14 joint legislative budget committee that includes at least the following  
 15 information for the school:

- 16 1. The total amount of funding received from all sources.
- 17 2. A description of faculty positions and courses offered.
- 18 3. The total undergraduate and graduate student enrollment.
- 19 4. Significant community events, initiatives or publications.

20 The chairpersons of the senate education committee and the house of  
 21 representatives education committee may request the director of the school  
 22 to appear before the committees to report on the school's annual  
 23 achievements.

24 The legislature intends that appropriated monies allocated by the  
 25 university for the school of civic and economic thought and leadership in  
 26 fiscal year 2026-2027 be consistent with the amount appropriated in fiscal  
 27 year 2025-2026, except that the university may allocate to the school the  
 28 lump sum reduction of not more than five percent prescribed by this act.

29 Any unencumbered balances remaining in the university collections  
 30 fund on June 30, 2026 and all collections received by the university  
 31 during the fiscal year are appropriated for operating expenditures,  
 32 capital outlay and fixed charges. Earnings on state lands and interest on  
 33 the investment of the permanent land funds are appropriated in compliance  
 34 with the enabling act and the Constitution of Arizona. No part of this  
 35 appropriation may be spent for supplemental life insurance or supplemental  
 36 retirement.

37 Sec. 89. NORTHERN ARIZONA UNIVERSITY

38		<u>2026-27</u>
39	FTE positions	2,308.4
40	Operating lump sum appropriation	\$230,429,700
41	Arizona financial aid trust	1,326,000
42	Biomedical research funding	3,000,000

1	NAU – Yuma	3,083,100
2	Teacher training	<u>2,292,700</u>
3	Total appropriation – Northern Arizona	
4	university	\$240,131,500
5	Fund sources:	
6	State general fund	\$114,681,000
7	University collections fund	125,450,500

8 The state general fund appropriation may not be used for alumni  
 9 association funding.

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

12 Other than scholarships awarded through the Arizona financial aid  
 13 trust, the appropriated monies may not be used for scholarships or any  
 14 student newspaper.

15 The appropriated amount for the teacher training line item shall be  
 16 distributed to the Arizona K-12 center for program implementation and  
 17 mentor training for the Arizona mentor teacher program prescribed by the  
 18 state board of education.

19 Any unencumbered balances remaining in the university collections  
 20 fund on June 30, 2026 and all collections received by the university  
 21 during the fiscal year are appropriated for operating expenditures,  
 22 capital outlay and fixed charges. Earnings on state lands and interest on  
 23 the investment of the permanent land funds are appropriated in compliance  
 24 with the enabling act and the Constitution of Arizona. No part of this  
 25 appropriation may be spent for supplemental life insurance or supplemental  
 26 retirement.

27 The biomedical research funding shall be distributed to a nonprofit  
 28 medical research foundation in this state that collaborates with  
 29 universities, hospitals and biotechnology and health research centers. A  
 30 nonprofit foundation that receives monies shall submit an expenditure and  
 31 performance report to northern Arizona university. The university shall  
 32 transmit the report to the joint legislative budget committee and the  
 33 director of the governor's office of strategic planning and budgeting on  
 34 or before February 1, 2027. The report must include at least the  
 35 following:

36 1. The type and amount of expenditures from all state sources of  
 37 monies, including the amount leveraged for local, state, federal and  
 38 private grants.

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

42 3. Performance measures, including:

43 (a) Outcomes that are specifically related to the use of state  
 44 monies.

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

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

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

7 Any appropriated monies allocated by the university for the economic  
 8 policy institute may not supplant any existing state funding or private or  
 9 external donations to the institute or to the university. The  
 10 appropriated monies and all private and external donations for the  
 11 institute, including any remaining balances from prior fiscal years, shall  
 12 be deposited in a separate account, shall be used only for the direct  
 13 operation of the institute and may not be used for indirect costs of the  
 14 university. On or before October 1, 2026, the institute shall submit to  
 15 the president of the senate, the speaker of the house of representatives,  
 16 the chairpersons of the senate education committee and the house of  
 17 representatives education committee and the director of the joint  
 18 legislative budget committee a report that includes at least the following  
 19 information for the institute:

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

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

28 The legislature intends that appropriated monies allocated by the  
 29 university for the economic policy institute in fiscal year 2026-2027 be  
 30 consistent with the amount appropriated in fiscal year 2025-2026, except  
 31 that the university may allocate to the institute the lump sum reduction  
 32 of not more than five percent prescribed by this act.

33 Sec. 90. UNIVERSITY OF ARIZONA

34 2026-27

35 Main campus

36 FTE positions	6,573.0
37 Operating lump sum appropriation	\$611,515,400
38 Agriculture	38,925,400
39 Arizona cooperative extension	15,345,700
40 Arizona financial aid trust	2,729,400
41 Arizona geological survey	1,217,800
42 College of veterinary medicine	21,237,200
43 Kazakhstan studies program	250,000
44 Mining, mineral and natural	
45 resources educational museum	439,300

1	Natural resource users law and	
2	policy center	1,589,800
3	School of mining	4,187,000
4	Sierra Vista campus	2,864,600
5	Veterinary diagnostic laboratory	<u>2,606,200</u>
6	Total – main campus	\$702,907,800
7	Fund sources:	
8	State general fund	\$258,917,200
9	University collections fund	443,990,600
10	<u>Health sciences center</u>	
11	FTE positions	857.1
12	Operating lump sum appropriation	\$68,535,700
13	Clinical rural rotation	353,600
14	Clinical teaching support	8,587,000
15	Liver research institute	440,400
16	Phoenix medical campus	40,525,700
17	Telemedicine network	<u>1,670,000</u>
18	Total – health sciences center	\$120,112,400
19	Fund sources:	
20	State general fund	\$ 75,428,400
21	University collections fund	<u>44,684,000</u>
22	Total appropriation - university of	
23	Arizona	\$823,020,200
24	Fund sources:	
25	State general fund	\$334,345,600
26	University collections fund	488,674,600

27 The state general fund appropriation may not be used for alumni  
28 association funding.

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

31 Other than scholarships awarded through the Arizona financial aid  
32 trust, the appropriated monies may not be used for scholarships or any  
33 student newspaper.

34 The university of Arizona may not use monies appropriated for the  
35 Arizona geological survey line item for any other purpose and may not  
36 transfer the monies appropriated for the Arizona geological survey to the  
37 operating budget or any other line item.

38 The legislature intends that \$8,000,000 of the amount appropriated  
39 to the health sciences center operating lump sum appropriation line item  
40 be used to expand the college of medicine Phoenix campus and to develop  
41 and administer a primary care physician scholarship program at the college  
42 of medicine Phoenix campus and the college of medicine Tucson campus.  
43 The legislature intends that the \$8,000,000 not be annualized in future  
44 years.

1 Any appropriated monies allocated by the university for the center  
2 for the philosophy of freedom may not supplant any existing state funding  
3 or private or external donations to the center or the philosophy  
4 department of the university of Arizona. The appropriated monies and all  
5 private and external donations for the center, including any remaining  
6 balances from prior fiscal years, shall be deposited in a separate  
7 account, shall be used only for the direct operation of the center and may  
8 not be used for indirect costs of the university. On or before October 1,  
9 2026, the center shall submit a report to the president of the senate, the  
10 speaker of the house of representatives, the chairpersons of the senate  
11 education committee and the house of representatives education committee  
12 and the director of the joint legislative budget committee that includes  
13 at least the following information for the center:

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

18 The chairpersons of the senate education committee and the house of  
19 representatives education committee may request the director of the center  
20 to appear before the committees to report on the center's annual  
21 achievements.

22 The legislature intends that appropriated monies allocated by the  
23 university for the center for the philosophy of freedom in fiscal year  
24 2026-2027 be consistent with the amount appropriated in fiscal year  
25 2025-2026, except that the university may allocate to the center the lump  
26 sum reduction of not more than five percent prescribed by this act.

27 The amount appropriated to the college of veterinary medicine line  
28 item shall be distributed to the college of veterinary medicine to  
29 increase the number of students that are residents of this state. Before  
30 spending these monies, the university of Arizona shall report to the joint  
31 legislative budget committee all of the following information for the  
32 college of veterinary medicine:

- 33 1. The current number of students who are residents of this state.
- 34 2. The current number of students who are not residents of this  
35 state.

36 The university of Arizona shall use monies appropriated for the  
37 Kazakhstan studies program to facilitate academic exchanges between  
38 university students and academic institutions in Kazakhstan.

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

1 One hundred percent of the land earnings and interest from the  
 2 school of mines land fund shall be distributed to the university of  
 3 Arizona school of mining and mineral resources in compliance with the  
 4 enabling act and the Constitution of Arizona.

5 Any unencumbered balances remaining in the university collections  
 6 fund on June 30, 2026 and all collections received by the university  
 7 during the fiscal year are appropriated for operating expenditures,  
 8 capital outlay and fixed charges. Earnings on state lands and interest on  
 9 the investment of the permanent land funds are appropriated in compliance  
 10 with the enabling act and the Constitution of Arizona. No part of this  
 11 appropriation may be spent for supplemental life insurance or supplemental  
 12 retirement.

13 Sec. 91. DEPARTMENT OF VETERANS' SERVICES

14		<u>2026-27</u>
15	FTE positions	792.3
16	Operating lump sum appropriation	\$ 3,098,800
17	Arizona state veterans' homes	60,986,900
18	Arizona state veterans' cemeteries	989,800
19	Rural tribal nations veteran	
20	benefit counseling	2,262,400
21	Veterans' benefit counseling	3,787,600
22	Veterans' support services	1,226,100
23	Veterans' trauma treatment	
24	services	<u>450,000</u>
25	Total appropriation – department of	
26	veterans' services	\$ 72,801,600
27	Fund sources:	
28	State general fund	\$ 11,814,700
29	State home for veterans' trust	
30	fund	60,986,900

31 Monies appropriated for the rural tribal nations veteran benefit  
 32 counseling line item shall be used for veterans' services officers to  
 33 provide services in rural tribal nations in this state that have  
 34 communities that are located one hundred miles or more from the nearest  
 35 United States department of veterans' affairs service center.

36 The amount appropriated for veterans' support services line item  
 37 shall be distributed to a nonprofit veterans' services organization that  
 38 provides support services among this state's military and veteran  
 39 population. The department may spend up to \$76,500 of this appropriation  
 40 to hire a program specialist to liaise between the department and the  
 41 selected nonprofit organization. Before the expenditure of the monies,  
 42 the department shall submit an expenditure report to the joint legislative  
 43 budget committee that includes the status of non-state matching grant  
 44 monies.

1 Monies appropriated for the veterans' trauma treatment services line  
 2 item shall be used to provide grants to contractors as defined in section  
 3 36-2901, Arizona Revised Statutes, that provide trauma treatment services  
 4 training to any of the following health professionals licensed pursuant to  
 5 title 32, Arizona Revised Statutes:

- 6 1. Physicians.
- 7 2. Registered nurse practitioners.
- 8 3. Physician assistants.
- 9 4. Psychologists.
- 10 5. Behavioral health professionals who are either licensed for  
 11 individual practice or supervised by a psychologist, registered nurse  
 12 practitioner or behavioral health professional licensed pursuant to  
 13 title 32, Arizona Revised Statutes, for independent practice.

14 Sec. 92. ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

	<u>2026-27</u>
FTE positions	8.0
Lump sum appropriation	\$ 922,700
Fund sources:	
Veterinary medical examining board fund	\$ 922,700

21 Sec. 93. DEPARTMENT OF WATER RESOURCES

	<u>2026-27</u>
FTE positions	210.0
Operating lump sum appropriation	\$ 16,243,300
Adjudication support	1,957,900
Arizona water protection fund deposit	750,000
Assured and adequate water supply administration	2,591,200
Rural water studies	1,317,700
Conservation and drought program	443,300
Automated groundwater monitoring	427,000
Colorado River legal expenses	500,000*
Water supply and demand assessment	<u>3,614,400</u>
Total appropriation – department of water resources	\$ 27,844,800
Fund sources:	
State general fund	\$ 25,077,500
Water resources fund	1,724,900
Assured and adequate water supply administration fund	301,300
Long-term water augmentation fund	741,100

1 Monies in the assured and adequate water supply administration line  
2 item may be used only for the exclusive purposes prescribed in sections  
3 45-108, 45-576, 45-577, 45-578 and 45-579, Arizona Revised Statutes. The  
4 department of water resources may not transfer any monies into or out of  
5 the assured and adequate water supply administration line item.

6 The legislature intends that monies in the rural water studies line  
7 item be spent only to assess local water use needs and to develop plans  
8 for sustainable future water supplies in rural areas outside this state's  
9 active management areas and not be made available for other department  
10 operating expenditures.

11 Monies in the adjudication support line item may be used only for  
12 the exclusive purposes prescribed in section 45-256, Arizona Revised  
13 Statutes, and section 45-257, subsection B, paragraph 4, Arizona Revised  
14 Statutes. The department of water resources may not transfer any monies  
15 into or out of the adjudication support line item.

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

19 Fiscal Year 2019-2020 Appropriation Adjustment

20 Sec. 94. Appropriation reduction; superintendent of public  
21 instruction; fiscal year 2019-2020

22 In addition to any other appropriations made in fiscal year  
23 2019-2020, the sum of \$(344,300) is reduced from the appropriation made  
24 from the state general fund in fiscal year 2019-2020 to the superintendent  
25 of public instruction for the high-quality teacher professional  
26 development pilot program.

27 Fiscal Year 2020-2021 Appropriation Adjustment

28 Sec. 95. Appropriation reduction; superintendent of public  
29 instruction; fiscal year 2020-2021

30 In addition to any other appropriations made in fiscal year  
31 2020-2021, the sum of \$(400,000) is reduced from the appropriation made  
32 from the state general fund in fiscal year 2020-2021 to the superintendent  
33 of public instruction for the high-quality teacher professional  
34 development pilot program.

35 Fiscal Year 2021-2022 Appropriation Adjustments

36 Sec. 96. Appropriation reductions; fiscal year 2021-2022

37 Notwithstanding any other law, the following amounts are reduced  
38 from the monies appropriated from the state general fund in fiscal year  
39 2021-2022 to the following state agencies for operating lump sum and line  
40 item appropriations:

- 41 1. Superintendent of public instruction
- 42 High-quality teacher professional
- 43 development pilot program \$ (400,000)

1           2. Department of administration  
2            Retirement of defeasance of  
3            financing agreements                                 \$(5,037,800)  
4   Fiscal Year 2022-2023 Appropriation Adjustment  
5       Sec. 97. Appropriation reduction; department of veterans'  
6                   services; fiscal year 2022-2023  
7       In addition to any other appropriations made in fiscal year  
8   2022-2023, the sum of \$(1,000,000) is reduced from the appropriation made  
9   from the state general fund in fiscal year 2022-2023 to the department of  
10   veterans' service for tribal ceremonies.  
11   Fiscal Year 2023-2024 Appropriation Adjustments  
12       Sec. 98. Appropriation reductions; fiscal year 2023-2024  
13       Notwithstanding any other law, the following amounts are reduced  
14   from the monies appropriated from the state general fund in fiscal year  
15   2023-2024 to the following state agencies for operating lump sum  
16   appropriations and line items:  
17       1. State department of corrections  
18            Transitional and reentry  
19            housing   \$(3,733,300)  
20       2. Department of public safety  
21            Civil air patrol infrastructure     \$(2,300,000)  
22            Major incident division             \$(1,323,200)  
23   Fiscal Year 2024-2025 Appropriation Adjustments  
24       Sec. 99. Appropriation reductions; fiscal year 2024-2025  
25       Notwithstanding any other law, the following amounts are reduced  
26   from the monies appropriated from the state general fund in fiscal year  
27   2024-2025 to the following state agencies for operating lump sum and line  
28   item appropriations:  
29       1. Arizona health care cost containment system  
30            Graduate medical education             \$(4,298,100)  
31       2. Department of public safety  
32            Major incident division             \$(6,433,200)  
33   Fiscal Year 2025-2026 Appropriation Adjustments  
34       Sec. 100. Department of administration; intent; review;  
35                   fiscal year 2025-2026  
36       The legislature intends that the department of administration not  
37   enter into any agreements in fiscal year 2025-2026 to pay for any federal  
38   reimbursements related to excess balances in the special employee health  
39   insurance trust fund established by section 38-654, Arizona Revised  
40   Statutes, unless the proposed agreements have been reviewed by the joint  
41   legislative budget committee.

1           Sec. 101. Supplemental appropriation; Arizona health care  
2                                   cost containment system administration; fiscal  
3                                   year 2025-2026

4           In addition to any other appropriations made in fiscal year  
5 2025-2026, the sum of \$64,528,400 is appropriated from the state general  
6 fund and \$340,175,800 from expenditure authority in fiscal year 2025-2026  
7 to the Arizona health care cost containment system administration for  
8 adjustments in formula requirements.

9           Sec. 102. Supplemental appropriation; department of economic  
10                                   security; fiscal year 2025-2026

11           In addition to any other appropriations made in fiscal year  
12 2025-2026, the sum of \$96,818,700 is appropriated from the state general  
13 fund and \$241,928,300 is appropriated from the developmental disabilities  
14 medicaid expenditure authority in fiscal year 2025-2026 to the department  
15 of economic security for adjustments in formula requirements.

16           Sec. 103. Supplemental appropriation; department of public  
17                                   safety; fiscal year 2025-2026; exemption

18           A. In addition to any other appropriations made in fiscal year  
19 2025-2026, the sum of \$4,750,000 is appropriated from the Arizona highway  
20 patrol fund established by section 41-1752, Arizona Revised Statutes, to  
21 the department of public safety for operating expenditures.

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

25           Sec. 104. Appropriation reduction; secretary of state; fiscal  
26                                   year 2025-2026

27           In addition to any other appropriations made in fiscal year  
28 2025-2026, the sum of \$(1,215,200) is reduced from the appropriations made  
29 from the state general fund in fiscal year 2025-2026 to the secretary of  
30 state for special election expenses.

31           Sec. 105. Appropriation reduction; superintendent of public  
32                                   instruction; fiscal year 2025-2026

33           In addition to any other appropriations made in fiscal year  
34 2025-2026, the sum of \$(31,859,000) is reduced from appropriations made  
35 from the state general fund in fiscal year 2025-2026 to the superintendent  
36 of public instruction for basic state aid formula costs.

37           Sec. 106. Department of economic security; loans;  
38                                   reimbursement; prohibition; fiscal year 2026-2027

39           On or after April 1, 2027, the department of economic security may  
40 use up to \$25,000,000 from the budget stabilization fund established by  
41 section 35-144, Arizona Revised Statutes, for the purpose of providing  
42 funding for reimbursement grants. Before using the monies from the budget  
43 stabilization fund, the department shall notify the director of the joint  
44 legislative budget committee and the director of the governor's office of  
45 strategic planning and budgeting. This appropriation must be fully

1 reimbursed on or before September 1, 2027 and must be reimbursed in full  
 2 as part of the closing process for fiscal year 2026-2027. The department  
 3 shall notify the joint legislative budget committee of the reimbursement  
 4 on or before September 1, 2027. The appropriation may not be used for  
 5 additional programmatic expenditures.

6 Sec. 107. Lump sum reductions; fiscal year 2026-2027

7 A. In addition to any other appropriations made in fiscal year  
 8 2026-2027, the lump sum appropriations from the state general fund in  
 9 fiscal year 2026-2027 in the following amounts from the following budget  
 10 units are reduced:

- 11 1. Department of administration \$ (967,200)
- 12 2. Department of administration
- 13 division of school facilities \$ (78,200)
- 14 3. Office of administrative hearings \$ (46,300)
- 15 4. Arizona department of agriculture \$ (763,400)
- 16 5. Arizona health care cost
- 17 containment system \$(10,576,400)
- 18 6. Attorney general – department
- 19 of law \$ (1,292,900)
- 20 7. State board for charter schools \$ (134,900)
- 21 8. Arizona commerce authority \$ (127,500)
- 22 9. Arizona community colleges –
- 23 rural aid \$ (700,000)

24 The reduction to rural aid shall be applied to each county  
 25 allocation proportionately.

- 26 10. Arizona community colleges
- 27 Rural county reimbursement
- 28 subsidy \$ (54,100)
- 29 Dine college remedial education \$ (50,000)
- 30 Additional Gila workforce
- 31 development aid \$ (10,000)
- 32 11. Corporation commission \$ (37,000)
- 33 12. Arizona criminal justice commission \$ (230,000)
- 34 13. Office of economic opportunity \$ (24,800)
- 35 14. Department of economic security \$ (9,909,100)
- 36 15. State board of education \$ (165,900)
- 37 16. Superintendent of public
- 38 instruction \$ (7,120,400)
- 39 17. Department of emergency and
- 40 military affairs \$ (564,500)
- 41 18. State board of equalization \$ (35,600)
- 42 19. Board of executive clemency \$ (72,900)
- 43 20. Arizona department of forestry
- 44 and fire management \$ (2,170,400)
- 45 21. Department of gaming \$ (310,200)

1	22.	Office of the governor	\$ (456,400)
2	23.	Governor's office of strategic	
3		planning and budgeting	\$ (138,300)
4	24.	Department of health services	\$ (5,717,600)
5	25.	Arizona historical society	\$ (142,500)
6	26.	Prescott historical society	\$ (47,200)
7	27.	Arizona department of	
8		homeland security	\$ (500,000)
9	28.	Industrial commission of Arizona	\$ (4,200)
10	29.	Department of insurance and	
11		financial institutions	\$ (299,400)
12	30.	Arizona judiciary – supreme court	\$ (1,273,900)
13	31.	Arizona judiciary – court of	
14		appeals	\$ (688,900)
15	32.	Arizona judiciary – superior	\$ (4,210,600)
16		court	
17	33.	Department of juvenile corrections	\$ (1,465,500)
18	34.	State land department	\$ (579,700)
19	35.	Legislature – auditor general	\$ (1,291,100)
20	36.	Legislature – house of	\$ (907,800)
21		representatives	
22	37.	Legislature – joint legislative	
23		budget committee	\$ (148,200)
24	38.	Legislature – legislative council	\$ (452,900)
25	39.	Legislature – ombudsman-citizens	
26		aide office	\$ (77,000)
27	40.	Legislature – senate	\$ (806,500)
28	41.	State mine inspector	\$ (107,900)
29	42.	State natural resource	
30		conservation board	\$ (19,500)
31	43.	Arizona navigable stream	
32		adjudication commission	\$ (6,700)
33	44.	State real estate department	\$ (150,200)
34	45.	Department of revenue	\$ (2,862,000)
35	46.	Department of state –	
36		secretary of state	\$ (692,200)
37	47.	State board of tax appeals	\$ (15,300)
38	48.	State treasurer	\$ (85,800)
39	49.	Governor's office on	
40		tribal relations	\$ (3,200)
41	50.	Arizona board of regents	\$ (2,733,000)
42	51.	Arizona state university	\$(16,142,600)
43	52.	Northern Arizona university	\$ (5,561,700)
44	53.	University of Arizona –	
45		main campus	\$(10,670,800)

1           54. University of Arizona –  
 2                 health sciences center                                 \$ (3,771,400)  
 3           55. Department of veterans' services                     \$ (569,800)  
 4           56. Department of water resources                         \$ (1,199,500)  
 5           B. The universities under the jurisdiction of the Arizona board of  
 6 regents may not reduce monies allocated from operating lump sum  
 7 appropriations to the Arizona state university school of civic and  
 8 economic thought and leadership, the northern Arizona university economic  
 9 policy institute and the university of Arizona center for the philosophy  
 10 of freedom by more than five percent of the total amount allocated to the  
 11 school, institute or center.  
 12           Sec. 108. Phoenix convention center; allocation; fiscal year  
 13                                 2026-2027  
 14           Pursuant to section 9-602, Arizona Revised Statutes, \$26,997,100 of  
 15 state general fund revenue is allocated in fiscal year 2026-2027 to the  
 16 Arizona convention center development fund established by section 9-601,  
 17 Arizona Revised Statutes.  
 18 Fund Balance Transfers  
 19           Sec. 109. Fund balance transfers; fiscal year 2025-2026  
 20           Notwithstanding any other law, on or before June 30, 2026, the  
 21 following amounts from the following fund sources are transferred to the  
 22 state general fund for the purposes of providing adequate support and  
 23 maintenance for agencies of this state:  
 24           1. Department of administration  
 25                 Risk management revolving fund                     \$24,300,000  
 26                 Construction insurance fund                         \$ 8,500,000  
 27           2. Attorney general - department of law  
 28                 Consumer protection-consumer fraud  
 29                         revolving fund                                     \$ 3,000,000  
 30           3. Arizona commerce authority  
 31                 Arizona competes fund                                 \$63,300,000  
 32           4. Corporation commission  
 33                 Securities regulator and  
 34                         enforcement fund                                 \$16,900,000  
 35                         Utility regulation revolving fund                 \$ 6,800,000  
 36           5. State department of corrections  
 37                 Corrections fund   \$ 4,400,000  
 38                         Prison construction and  
 39                                 operations fund                                 \$10,000,000  
 40                                 Transition program fund                     \$ 2,200,000  
 41           6. Department of environmental quality  
 42                 Underground storage tank  
 43                         revolving fund                                     \$ 8,700,000  
 44                         Recycling fund   \$ 4,000,000

1	7.	Arizona game and fish department	
2		Heritage land acquisition fund	\$10,000,000
3		Watercraft licensing fund	\$ 3,400,000
4	8.	Department of health services	
5		Health services lottery fund	\$ 5,100,000
6	9.	Arizona department of housing	
7		Housing trust fund	\$14,400,000
8	10.	Industrial commission of Arizona	
9		Administrative fund	\$ 6,700,000
10	11.	Department of insurance and	
11		financial institutions	
12		Automobile theft authority fund	\$ 5,800,000
13	12.	State land department	
14		Trust land management fund	\$21,200,000
15	13.	Judiciary - supreme court	
16		Judicial collection enhancement	
17		fund	\$ 9,600,000
18	14.	Arizona state parks board	
19		State parks revenue fund	\$11,900,000
20		Off-highway vehicle recreation	
21		fund	\$10,000,000
22		Arizona state parks heritage	
23		fund	\$ 2,600,000
24	15.	Arizona board of regents	
25		Technology and research	
26		initiative fund	\$24,900,000
27	16.	Department of revenue	
28		Department of revenue	
29		administrative fund	\$ 5,000,000
30	17.	Department of transportation	
31		State match advantage for rural	
32		transportation fund	\$26,300,000
33		Motor vehicle liability	
34		insurance enforcement fund	\$16,200,000
35		State vehicle replacement fund	\$ 5,000,000
36	18.	Water infrastructure finance	
37		authority of Arizona	
38		Water supply development	
39		revolving fund	\$30,000,000

40 Sec. 110. Fund balance transfer; state highway fund; fiscal  
 41 year 2026-2027

42 A. Notwithstanding any other law, on or before June 30, 2027,  
 43 \$9,700,000 is transferred from the state highway fund established by  
 44 section 28-6991, Arizona Revised Statutes, to the state general fund in

1 fiscal year 2026-2027 for the purpose of providing adequate support and  
2 maintenance for agencies of this state.

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

9 Payment Deferrals

10 Sec. 111. Appropriation; attorney general; state department  
11 of corrections; opioid remediation; fiscal year  
12 2026-2027; exemption

13 A. In addition to any other appropriation made in fiscal year  
14 2026-2027, the sum of \$40,000,000 is appropriated from the consumer  
15 remediation subaccount of the consumer restitution and remediation  
16 revolving fund established by section 44-1531.02, Arizona Revised  
17 Statutes, in fiscal year 2026-2027 to the attorney general. This amount  
18 consists of monies deposited in the subaccount pursuant to opioid  
19 claims-related litigation or settlements.

20 B. On or before July 8, 2026, the attorney general shall transfer  
21 the monies appropriated in subsection A of this section to the state  
22 department of corrections opioid remediation fund established pursuant to  
23 section 35-142, Arizona Revised Statutes. If sufficient monies are not  
24 available on July 8, 2026 to complete the transfer of all monies  
25 appropriated in subsection A of this section, on or before July 8, 2026,  
26 the attorney general shall transfer such monies as are then held in the  
27 consumer remediation subaccount of the consumer restitution and  
28 remediation revolving fund established by section 44-1531.02, Arizona  
29 Revised Statutes, and not otherwise appropriated by the legislature. If a  
30 partial transfer is made pursuant to the preceding sentence, then within  
31 three business days of receipt of additional monies into the consumer  
32 remediation subaccount of the consumer restitution and remediation  
33 revolving fund established by section 44-1531.02, Arizona Revised  
34 Statutes, the attorney general shall transfer such monies to the state  
35 department of corrections opioid remediation fund established pursuant to  
36 section 35-142, Arizona Revised Statutes, and shall repeat such transfer  
37 process on receipt of additional monies until the entirety of the amount  
38 appropriated in subsection A of this section has been transferred.

39 C. The state department of corrections shall use the monies in the  
40 state department of corrections opioid remediation fund only for past and  
41 current department costs for care, treatment, programs and other  
42 expenditures for individuals with opioid use disorder and any co-occurring  
43 substance use disorder or mental health conditions or for any other  
44 approved purposes as prescribed in a court order, a settlement agreement

1 or the one Arizona distribution of opioid settlement funds agreement that  
2 is entered into by this state and other parties to the opioid litigation.

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

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

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

17 Sec. 112. Reduction in school district state aid  
18 apportionment in fiscal year 2026-2027;  
19 appropriation in fiscal year 2027-2028

20 A. In addition to any other appropriation reductions made in fiscal  
21 year 2026-2027, the department of education shall defer until after  
22 June 30, 2027 but not later than July 12, 2027 \$800,727,700 of the basic  
23 state aid and additional state aid entitlement that otherwise would be  
24 apportioned to school districts during fiscal year 2026-2027 pursuant to  
25 section 15-973, Arizona Revised Statutes. The funding deferral required  
26 by this subsection does not apply to charter schools or to school  
27 districts with a student count of less than four thousand pupils. The  
28 department of education shall make the deferral by reducing the  
29 apportionment of state aid for each month in the fiscal year by the same  
30 amount.

31 B. In addition to any other appropriations made in fiscal year  
32 2027-2028, the sum of \$800,727,700 is appropriated from the state general  
33 fund in fiscal year 2027-2028 to the department of education and the  
34 superintendent of public instruction for basic state aid and additional  
35 state aid entitlement for fiscal year 2027-2028. This appropriation shall  
36 be disbursed after June 30, 2027 but not later than July 12, 2027 to the  
37 several counties for the school districts in each county in amounts equal  
38 to the reductions in apportionment of basic state aid and additional state  
39 aid that are required pursuant to subsection A of this section for fiscal  
40 year 2026-2027.

41 C. School districts shall include in the revenue estimates they use  
42 for computing their tax rates for fiscal year 2026-2027 the monies they  
43 will receive pursuant to subsection B of this section.

1	<u>Statewide Adjustments</u>	
2	Sec. 113. <u>Appropriations; operating adjustments</u>	
3		<u>2026-27</u>
4	1. Employer health insurance	
5	contribution reduction	\$ (240,665,300)
6	Fund sources:	
7	State general fund	\$ (194,788,900)
8	Other funds	(45,876,400)
9	2. Employer health insurance	
10	contribution increase	\$283,363,200
11	Fund sources:	
12	State general fund	\$ 228,363,200
13	Other funds	55,000,000
14	3. State fleet operations	
15	adjustment	\$ (5,195,900)
16	Fund sources:	
17	State general fund	\$ (5,205,900)
18	Other funds	10,000
19	4. State fleet replacement	
20	adjustment	\$ (5,122,400)
21	Fund sources:	
22	State general fund	\$ (2,422,400)
23	Other funds	(2,700,000)
24	5. Agency risk management	
25	adjustment	\$ (25,888,300)
26	Fund sources:	
27	State general fund	\$ (19,999,600)
28	Other funds	(5,888,700)
29	6. Agency retirement adjustment	\$ (3,407,300)
30	Fund sources:	
31	State general fund	\$ (3,135,800)
32	Other funds	(271,500)

33 Employer health insurance contribution reduction  
34 The amount appropriated is for a onetime employer contribution rate  
35 reduction for employee health insurance in fiscal year 2026-2027. The  
36 joint legislative budget committee staff, in consultation with the  
37 governor's office of strategic planning and budgeting staff, shall  
38 determine and the department of administration shall allocate to each  
39 agency or department an amount for the health insurance contribution  
40 adjustment. The joint legislative budget committee staff shall also  
41 determine and the department of administration shall allocate adjustments,  
42 as necessary, in expenditure authority to implement the reduction in  
43 employer health insurance contribution rates. The joint legislative  
44 budget committee staff shall use the overall allocation of state general

1 fund and appropriated tuition monies for each university in determining  
2 that university's specific adjustment.

3 Employer health insurance contribution increase

4 The amount appropriated is for a onetime employer contribution rate  
5 increase for employee health insurance in fiscal year 2026-2027. The  
6 joint legislative budget committee staff, in consultation with the  
7 governor's office of strategic planning and budgeting staff, shall  
8 determine and the department of administration shall allocate to each  
9 agency or department an amount for the health insurance contribution  
10 adjustment. The joint legislative budget committee staff shall also  
11 determine and the department of administration shall allocate adjustments,  
12 as necessary, in expenditure authority to implement the increase in  
13 employer health insurance contribution rates. The joint legislative  
14 budget committee staff shall use the overall allocation of state general  
15 fund and appropriated tuition monies for each university in determining  
16 that university's specific adjustment.

17 State fleet operations adjustment

18 The amount appropriated is for a onetime state fleet operations  
19 adjustment in fiscal year 2026-2027. The joint legislative budget  
20 committee staff, in consultation with the governor's office of strategic  
21 planning and budgeting staff, shall determine and the department of  
22 administration shall allocate to each agency or department an amount for  
23 the state fleet operations adjustment. The joint legislative budget  
24 committee staff shall also determine and the department of administration  
25 shall allocate adjustments, as necessary, in expenditure authority for the  
26 state fleet operations adjustment.

27 State fleet replacement adjustment

28 The amount appropriated is for a onetime state fleet replacement  
29 adjustment in fiscal year 2026-2027. The joint legislative budget  
30 committee staff, in consultation with the governor's office of strategic  
31 planning and budgeting staff, shall determine and the department of  
32 administration shall allocate to each agency or department an amount for  
33 the state fleet replacement adjustment. The joint legislative budget  
34 committee staff shall also determine and the department of administration  
35 shall allocate adjustments, as necessary, in expenditure authority for the  
36 state fleet replacement adjustment.

37 Agency risk management adjustment

38 The amount appropriated is for agency risk management premium  
39 adjustments in fiscal year 2026-2027. The joint legislative budget  
40 committee staff, in consultation with the governor's office of strategic  
41 planning and budgeting staff, shall determine and the department of  
42 administration shall allocate to each agency or department an amount for  
43 the risk management adjustments. The joint legislative budget committee  
44 staff shall also determine and the department of administration shall

1 allocate adjustments, as necessary, in expenditure authority to allow  
 2 implementation of the risk management adjustments.

3 Agency retirement adjustment

4 The amount appropriated is for retirement adjustments in fiscal year  
 5 2026-2027. The joint legislative budget committee staff, in consultation  
 6 with the governor's office of strategic planning and budgeting staff,  
 7 shall determine and the department of administration shall allocate to  
 8 each agency or department an amount for the agency retirement  
 9 adjustments. The joint legislative budget committee staff shall also  
 10 determine and the department of administration shall allocate adjustments,  
 11 as necessary, in expenditure authority to implement the agency retirement  
 12 adjustment.

13 Sec. 114. Department of law; general agency counsel charges;  
 14 fiscal year 2026-2027

15 Pursuant to section 41-191.09, Arizona Revised Statutes, the  
 16 following state agencies and departments are charged the following amounts  
 17 in fiscal year 2026-2027 for general agency counsel provided by the  
 18 department of law:

19	1. Department of administration	\$127,700
20	2. Office of administrative hearings	\$ 3,000
21	3. Arizona arts commission	\$ 3,100
22	4. Citizens clean elections commission	\$ 2,700
23	5. State department of corrections	\$ 2,000
24	6. Arizona criminal justice commission	\$ 8,700
25	7. Arizona state schools for the deaf	
26	and the blind	\$100,200
27	8. Commission for the deaf and the hard	
28	of hearing	\$ 4,100
29	9. Arizona early childhood development and	
30	health board	\$ 47,100
31	10. Department of education	\$132,000
32	11. Department of emergency and military affairs	\$ 30,000
33	12. Department of environmental quality	\$135,600
34	13. Arizona exposition and state fair board	\$ 20,900
35	14. Arizona department of forestry and fire	
36	management	\$ 13,400
37	15. Department of gaming	\$ 37,300
38	16. Department of health services	\$173,800
39	17. Arizona historical society	\$ 700
40	18. Arizona department of housing	\$ 19,300
41	19. Department of insurance and financial	
42	institutions	\$ 13,800
43	20. Department of juvenile corrections	\$ 9,400
44	21. State land department	\$ 2,100
45	22. Department of liquor licenses and control	\$ 11,400

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

12 Reporting Requirements and Definitions

13 Sec. 115. Agency spending and encumbrances; quarterly report;  
 14 fiscal year 2026-2027

15 Within fifteen days of the last day after each quarter in fiscal  
 16 year 2026-2027, the department of administration shall report to the  
 17 director of the joint legislative budget committee and the director of the  
 18 governor's office of strategic planning and budgeting the year-to-date  
 19 expenditures and year-to-date encumbrances for operating and capital  
 20 spending from the state general fund and other agency funds in fiscal year  
 21 2026-2027. The information shall be separately delineated by agency,  
 22 budget fiscal year and fund source and shall classify each appropriation  
 23 by agency lump sum, special line item or project.

24 Sec. 116. COVID-related expenditures; reporting requirements;  
 25 intent

26 A. Within forty-five days after the last day of each calendar  
 27 quarter through June 30, 2028, the office of the governor shall report to  
 28 the president of the senate, the speaker of the house of representatives,  
 29 the chairpersons of the senate and house of representatives appropriations  
 30 committees and the director of the joint legislative budget committee the  
 31 total planned allocations and actual expenditures from the coronavirus  
 32 state fiscal recovery fund and the coronavirus capital projects fund as  
 33 appropriated by section 9901 of the American rescue plan act of 2021  
 34 (P.L. 117-2).

35 B. Within forty-five days after the last day of each calendar  
 36 quarter through June 30, 2028, the superintendent of public instruction  
 37 shall report to the president of the senate, the speaker of the house of  
 38 representatives, the chairpersons of the senate and house of  
 39 representatives appropriations committees and the director of the joint  
 40 legislative budget committee the total planned allocations and actual  
 41 expenditures of monies allocated to the superintendent of public  
 42 instruction from the elementary and secondary school emergency relief fund  
 43 as appropriated by section 2001 of the American rescue plan act of 2021  
 44 (P.L. 117-2).

1 C. Reports required pursuant to this section shall delineate  
2 expenditures by agency and program and include descriptions of the  
3 purposes of the expenditures.

4 D. The legislature intends that the executive branch of state  
5 government report on its planned and actual use of any major additional  
6 federal aid to this state through federal legislation enacted by the end  
7 of fiscal year 2026-2027. The timing and frequency of these reports  
8 should be the same as required by subsections A and B of this section.  
9 The chairperson and vice chairperson of the joint legislative budget  
10 committee may provide recommendations to the executive branch concerning  
11 federal legislation that would qualify under this subsection.

12 Sec. 117. Legislative intent; expenditure reporting

13 The legislature intends that all departments, agencies and budget  
14 units receiving appropriations under the terms of this act continue to  
15 report actual, estimated and requested expenditures by budget programs and  
16 budget classes in a format that is similar to the budget programs and  
17 budget classes used for budgetary purposes in prior years. A different  
18 format may be used if deemed necessary to implement section 35-113,  
19 Arizona Revised Statutes, agreed to by the director of the joint  
20 legislative budget committee and incorporated into the budget preparation  
21 instructions adopted by the governor's office of strategic planning and  
22 budgeting pursuant to section 35-112, Arizona Revised Statutes.

23 Sec. 118. Border security; federal reimbursement

24 Pursuant to section 35-142.01, subsection A, Arizona Revised  
25 Statutes, if a budget unit receives federal monies in fiscal year  
26 2026-2027 as reimbursement in whole or in part for expenditures made by  
27 this state to secure its borders, the budget unit shall promptly deposit  
28 the monies in the state general fund. The directors of the budget units  
29 that receive reimbursements under this section shall notify the joint  
30 legislative budget committee, the governor's office of strategic planning  
31 and budgeting and the state comptroller in writing of the deposits.

32 Sec. 119. FTE positions; reporting; definition

33 Full-time equivalent (FTE) positions contained in this act are  
34 subject to appropriation. The director of the department of  
35 administration shall account for the use of all appropriated and  
36 nonappropriated FTE positions, excluding those in the universities. The  
37 director of the department of administration shall submit the fiscal year  
38 2026-2027 report on or before October 1, 2027 to the director of the joint  
39 legislative budget committee. The report must compare the level of  
40 appropriated FTE usage in each fiscal year to the appropriated level. For  
41 the purposes of this section, "FTE positions" means the total number of  
42 hours worked, including both regular and overtime hours as well as hours  
43 taken as leave, divided by the number of hours in a work year. The  
44 director of the department of administration shall notify the director of  
45 a budget unit if the budget unit's appropriated FTE usage has exceeded its

1 number of appropriated FTE positions. Each university shall report to the  
2 director of the joint legislative budget committee in a manner comparable  
3 to the department of administration reporting.

4 Sec. 120. Filled FTE positions; reporting

5 On or before October 1, 2026, each agency, including the judiciary  
6 and universities, shall submit a report to the director of the joint  
7 legislative budget committee on the number of filled appropriated and  
8 nonappropriated FTE positions, by fund source, as of September 1, 2026.

9 Sec. 121. Transfer of spending authority

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

14 Sec. 122. Interim reporting requirements

15 A. State general fund revenue for fiscal year 2025-2026, including  
16 a beginning balance of \$1,367,290,000 and other onetime revenues, is  
17 forecasted to be \$18,361,000,000.

18 B. State general fund revenue for fiscal year 2026-2027, including  
19 onetime revenues, is forecasted to be \$17,970,000,000.

20 C. State general fund revenue for fiscal year 2027-2028, including  
21 onetime revenues, is forecasted to be \$17,987,500,000. State general fund  
22 expenditures for fiscal year 2027-2028 are forecasted to be  
23 \$17,939,500,000.

24 D. State general fund revenue for fiscal year 2028-2029, including  
25 onetime revenues, is forecasted to be \$18,950,600,000. State general fund  
26 expenditures for fiscal year 2028-2029 are forecasted to be  
27 \$18,515,000,000.

28 E. On or before September 15, 2026, the executive branch shall  
29 provide to the joint legislative budget committee a preliminary estimate  
30 of the fiscal year 2025-2026 state general fund ending balance. The  
31 estimate shall include projections of total revenues, total expenditures  
32 and an ending balance. The department of administration shall continue to  
33 provide the final report for the fiscal year in its annual financial  
34 report pursuant to section 35-131, Arizona Revised Statutes.

35 F. Based on the information provided by the executive branch, the  
36 staff of the joint legislative budget committee shall report to the joint  
37 legislative budget committee on or before October 15, 2026 whether the  
38 fiscal year 2026-2027 revenues and ending balance are expected to change  
39 by more than \$50,000,000 from the budgeted projections. The joint  
40 legislative budget committee staff may make technical adjustments to the  
41 revenue and expenditure estimates in this section to reflect other bills  
42 enacted into law. The executive branch may also provide its own estimates  
43 to the joint legislative budget committee on or before October 15, 2026.

1           Sec. 123. Definition

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

5           Sec. 124. Definition

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

9           Sec. 125. Definition

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