

Senate Engrossed

general appropriations act; 2026-2027.

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

# SENATE BILL 1847

AN ACT

AMENDING LAWS 2025, CHAPTER 233, SECTION 23; APPROPRIATING MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
 2 Section 1. Laws 2025, chapter 233, section 23 is amended to read:  
 3 Sec. 23. STATE DEPARTMENT OF CORRECTIONS

	2025-26
4	
5 FTE positions	9,592.0
6 Operating lump sum appropriation	<del>\$ 816,308,500</del>
7	\$ 828,190,500
8 Overtime and compensatory time	92,320,300
9 Private prison per diem	<del>269,359,200</del>
10	266,956,700
11 Community corrections	24,330,300
12 Inmate health care contracted	
13 services	<del>380,978,900</del>
14	371,499,400
15 Noncontract medication	15,000,000
16 Injunction-related IT upgrades	2,400,000
17 Total appropriation – state department	
18 of corrections	\$1,600,697,200
19 Fund sources:	
20 State general fund	\$1,537,433,000
21 State education fund for	
22 correctional education	736,400
23 Alcohol abuse treatment fund	555,800
24 Penitentiary land fund	3,466,000
25 State charitable, penal and	
26 reformatory institutions	
27 land fund	3,733,100
28 Corrections fund	35,787,600
29 Transition program fund	2,400,300
30 Prison construction and	
31 operations fund	12,500,100
32 Inmate store proceeds fund	4,084,900

33 Of the amount appropriated in the operating lump sum, \$406,735,800  
 34 is designated for personal services and \$234,854,700 is designated for  
 35 employee-related expenditures. The state department of corrections shall  
 36 submit an expenditure plan for review by the joint legislative budget  
 37 committee before spending these monies other than for personal services or  
 38 employee-related expenditures.

39 After the state department of corrections submits an expenditure  
 40 plan to the joint legislative budget committee, the department may  
 41 transfer personal services and employee-related expenditures savings from  
 42 the operating budget to the private prison per diem line item for private  
 43 prison staff stipends. The amount of any private prison staff stipend may  
 44 not exceed the amount given to department staff. The expenditure plan is  
 45 not subject to review by the joint legislative budget committee.

1           The state department of corrections shall submit an expenditure plan  
2 for review by the joint legislative budget committee before spending  
3 monies appropriated for the overtime and compensatory time line item other  
4 than for personal services or employee-related expenditures.

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

8           Before placing any inmates in out-of-state provisional beds, the  
9 state department of corrections shall place inmates in all available  
10 prison beds in facilities that are located in this state and that house  
11 Arizona inmates, unless the out-of-state provisional beds are of a  
12 comparable security level and price.

13           The state department of corrections shall forward to the president  
14 of the senate, the speaker of the house of representatives, the  
15 chairpersons of the senate and house of representatives appropriations  
16 committees and the director of the joint legislative budget committee a  
17 monthly report comparing department expenditures for the month and  
18 year-to-date as compared to prior year expenditures on or before the  
19 thirtieth of the following month. The report shall be in the same format  
20 as the prior fiscal year and include an estimate of potential shortfalls,  
21 potential surpluses that may be available to offset these shortfalls and a  
22 plan, if necessary, for eliminating any shortfall without a supplemental  
23 appropriation. The report shall include the number of filled and vacant  
24 correctional officer and medical staff positions departmentwide and by  
25 prison complex.

26           On or before November 1, 2025, the state department of corrections  
27 shall provide a report on bed capacity to the joint legislative budget  
28 committee. The report shall reflect the bed capacity for each security  
29 classification by gender at each state-run and private institution,  
30 divided by rated and total beds. The report shall include bed capacity  
31 data for June 30, 2024 and June 30, 2025 and the projected capacity for  
32 June 30, 2026, as well as the reasons for any change within that time  
33 period. Within the total bed count, the department shall provide the  
34 number of temporary and special use beds. The report shall also address  
35 the department's rationale for eliminating any permanent beds rather than  
36 reducing the level of temporary beds. The report shall also include any  
37 plans to vacate beds but not permanently remove the beds from the bed  
38 count. If the department develops a plan after the department's November  
39 1, 2025 report to open or close one hundred or more state-operated or  
40 private prison rated beds, the department shall submit a plan detailing  
41 the proposed bed changes for review by the joint legislative budget  
42 committee before implementing these changes.

1 One hundred percent of land earnings and interest from the  
2 penitentiary land fund shall be distributed to the state department of  
3 corrections in compliance with the enabling act and the Constitution of  
4 Arizona to be used to support state penal institutions.

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

13 Twenty-five percent of land earnings and interest from the state  
14 charitable, penal and reformatory institutions land fund shall be  
15 distributed to the state department of corrections in compliance with the  
16 enabling act and the Constitution of Arizona to be used to support state  
17 penal institutions.

18 Before spending any state education fund for correctional education  
19 monies in excess of \$736,400, the state department of corrections shall  
20 report the intended use of the monies to the director of the joint  
21 legislative budget committee.

22 Before implementing any changes in contracted rates for inmate  
23 health care contracted services, the state department of corrections shall  
24 submit its expenditure plan for review by the joint legislative budget  
25 committee.

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

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

33 2. An explanation for each instance of noncompliance.

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

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

39 The department shall report actual fiscal year 2024-2025, estimated  
40 fiscal year 2025-2026 and requested fiscal year 2026-2027 expenditures as  
41 delineated in the prior year when the department submits its fiscal year  
42 2026-2027 budget request pursuant to section 35-113, Arizona Revised  
43 Statutes.

1 The state department of corrections shall use the amount  
2 appropriated in the private prison per diem line item to pay private  
3 prison contractors for housing and providing medical care to Arizona  
4 inmates. Before spending these monies for any other purpose, the  
5 department shall submit an expenditure plan for review by the joint  
6 legislative budget committee.

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

11 The state department of corrections shall use the amount  
12 appropriated in the noncontract medication line item to purchase  
13 medications to treat hepatitis C and for medication-assisted treatment for  
14 substance use disorder. Before spending these monies for any other  
15 purpose, the department shall submit an expenditure plan for review by the  
16 joint legislative budget committee.

17 The \$650,000 appropriated to the state department of corrections by  
18 Laws 2023, chapter 133, section 23, in fiscal year 2023-2024 for inmate  
19 dog training is exempt from the provisions of section 35-190, Arizona  
20 Revised Statutes, relating to the lapsing of appropriations.

21 Of the amount appropriated by Laws 2024, chapter 209, section 31 for  
22 the noncontract medication line item, up to \$9,500,000 may be used for the  
23 payment of obligations incurred in fiscal year 2023-2024 for the  
24 department's operating expenses.

25 The department may use the amount appropriated by Laws 2023, chapter  
26 133, section 23, as amended by Laws 2024, chapter 209, section 8, in  
27 fiscal year 2023-2024 for noncontract medication to pay for fiscal year  
28 2023-2024 department operating expenses without seeking review by the  
29 joint legislative budget committee.

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

35 Sec. 3. ARIZONA STATE BOARD OF ACCOUNTANCY

36		<u>2026-27</u>
37	FTE positions	14.0
38	Lump sum appropriation	\$ 2,257,400
39	Fund sources:	
40	Board of accountancy fund	\$ 2,257,400

1	Sec. 4. ACUPUNCTURE BOARD OF EXAMINERS	
2		<u>2026-27</u>
3	FTE positions	1.0
4	Lump sum appropriation	\$ 217,000
5	Fund sources:	
6	Acupuncture board of examiners	
7	fund	\$ 217,000
8	Of the amount appropriated in the lump sum appropriation, \$50,000	
9	may be used to pay outstanding costs of services provided by the	
10	department of administration-central service bureau in prior fiscal years.	
11	Sec. 5. DEPARTMENT OF ADMINISTRATION	
12		<u>2026-27</u>
13	FTE positions	517.1
14	Operating lump sum appropriation	\$ 97,472,700
15	Utilities	7,649,900
16	Arizona financial information	
17	system	13,362,800
18	Risk management administrative	
19	expenses	14,770,700
20	Risk management losses and	
21	premiums	63,460,900
22	Workers' compensation losses	
23	and premiums	28,741,000
24	Cyber risk insurance	23,037,200
25	Information technology project	
26	management and oversight	1,791,000
27	State surplus property sales	
28	agency proceeds	1,810,000
29	Digital solutions office	1,356,800
30	Critical applications catalogue	400,000
31	Cybersecurity systems	
32	administration	446,500
33	Enterprise resource planning	
34	division	7,512,200
35	Government transformation office	2,093,800
36	State employee professional	
37	development pilot program	1,000,000
38	Emergency telecommunications call	
39	handling services	4,000,000
40	Food bank capital	3,000,000

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	377,100
6	Gila county disaster relief	10,000,000
7	County sheriff support	<u>7,000,000</u>
8	Total appropriation – department of	
9	administration	\$299,933,300
10	Fund sources:	
11	State general fund	\$ 30,435,300
12	Air quality fund	930,300
13	Arizona financial information	
14	system collections fund	16,762,400
15	Arizona highway patrol fund	2,000,000
16	Automation operations fund	29,940,400
17	Capital outlay stabilization fund	21,165,700
18	Corrections fund	640,100
19	Cyber risk insurance fund	23,037,200
20	Federal surplus materials revolving	
21	fund	473,600
22	Information technology fund	6,221,400
23	Livestock operator fire and flood	
24	assistance fund	10,000,000
25	Personnel division fund	18,612,300
26	Risk management revolving fund	115,337,400
27	Special employee health insurance	
28	trust fund	5,746,100
29	Special services revolving fund	1,302,800
30	State surplus materials revolving	
31	fund	3,216,200
32	State web portal fund	12,012,600
33	Telecommunications fund	2,099,500

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

1 On or before September 1, 2027, the department shall submit a report  
2 to the joint legislative budget committee on the results of projects  
3 implemented in fiscal year 2026-2027 for the state employee public  
4 transportation service reimbursements pursuant to section 41-710.01,  
5 Arizona Revised Statutes, in a vehicle emissions control area as defined  
6 in section 49-541, Arizona Revised Statutes, of a county with a population  
7 of more than four hundred thousand persons.

8 All state surplus materials revolving fund monies received by the  
9 department of administration in excess of \$3,216,200 in fiscal year  
10 2026-2027 are appropriated to the department. Before spending state  
11 surplus materials revolving fund monies in excess of \$3,216,200 in fiscal  
12 year 2026-2027, the department shall report the intended use of the monies  
13 to the joint legislative budget committee.

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

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

27 The amount appropriated for the food bank capital line item shall be  
28 used for a onetime distribution to a food bank for a capital need. To  
29 qualify for distribution in this paragraph, the food bank must be a  
30 registered nonprofit organization that is exempt from taxation under  
31 section 501(c)(3) of the internal revenue code, have a core mission to  
32 provide food to hungry people, have been established between 1980 and  
33 1999, be located in a county with a population of more than four million  
34 persons and be headquartered in the city of Mesa.

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

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

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

11	1. Apache county	\$ 4,600
12	2. Cochise county	\$ 10,100
13	3. Coconino county	\$ 14,100
14	4. Gila county	\$ 7,700
15	5. Graham county	\$ 7,800
16	6. La Paz county	\$ 4,400
17	7. Maricopa county	\$134,400
18	8. Mohave county	\$ 19,900
19	9. Navajo county	\$ 8,800
20	10. Pima county	\$ 81,300
21	11. Pinal county	\$ 15,100
22	12. Santa Cruz county	\$ 6,600
23	13. Yavapai county	\$ 38,300
24	14. Yuma county	\$ 24,000

25 On or before July 15, 2026, the department shall distribute the full  
26 amount appropriated for the Gila county disaster relief line item in  
27 fiscal year 2026-2027 to the following political subdivisions:

28	1. Town of Miami	\$ 2,500,000
29	2. City of Globe	\$ 2,500,000
30	3. Gila county	\$ 5,000,000

31 On or before July 31, 2026, the department shall distribute the  
32 amount appropriated for the county sheriff support line item in fiscal  
33 year 2026-2027 to the sheriff's offices of the following counties:

34	1. Apache county	\$ 400,000
35	2. Cochise county	\$ 1,100,000
36	3. Coconino county	\$ 400,000
37	4. Gila county	\$ 600,000
38	5. Graham county	\$ 300,000
39	6. Greenlee county	\$ 100,000
40	7. La Paz county	\$ 400,000

1	8. Mohave county	\$ 300,000
2	9. Navajo county	\$ 600,000
3	10. Pinal county	\$ 600,000
4	11. Santa Cruz county	\$ 300,000
5	12. Yavapai county	\$ 1,200,000
6	13. Yuma county	\$ 700,000
7	Sec. 6. DEPARTMENT OF ADMINISTRATION, DIVISION OF SCHOOL FACILITIES	
8		<u>2026-27</u>
9	FTE positions	22.0
10	Operating lump sum appropriation	\$ 1,624,700
11	New school facilities debt service	9,938,100
12	Building renewal grants deposit	199,967,900
13	Building renewal grants	
14	administration	750,000*
15	New school facilities	<u>12,734,900</u>
16	Total appropriation – department of	
17	administration, division	
18	of school facilities	\$225,015,600
19	Fund sources:	
20	State general fund	\$225,015,600

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

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

30 Pursuant to section 41-5741, Arizona Revised Statutes, the amount  
 31 appropriated for new school facilities shall be used only for facilities  
 32 and land costs for school districts that received final approval from the  
 33 division of school facilities on or before December 15, 2025.

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

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

1 The division of school facilities may use not more than \$27,318,100  
2 of the unencumbered balance in the new school facilities fund established  
3 by section 41-5741, Arizona Revised Statutes, for facilities and land  
4 costs for school districts that received final approval on or before  
5 December 15, 2025 from the division of school facilities pursuant to  
6 section 41-5741, Arizona Revised Statutes.

7 Sec. 7. DEPARTMENT OF ADMINISTRATION, AUTOMATION PROJECTS  
8 2026-27

9	Department of revenue integrated	
10	tax system modernization	\$ 3,656,800
11	Medicaid enterprise system	
12	mainframe modernization	12,940,000
13	Department of revenue mainframe	
14	migration	1,425,000
15	Arizona medical board website	
16	modernization	150,000
17	Fund sources:	
18	Department of revenue subaccount	\$ 5,081,800
19	Medicaid enterprise system	
20	modernization subaccount	12,940,000
21	Arizona medical board subaccount	150,000

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

25 1. Captures data fields from electronically filed individual and  
26 corporate income tax returns and makes the data available for querying and  
27 reporting purposes. The system must provide the department of revenue  
28 staff, the joint legislative budget committee staff and the governor's  
29 office of strategic planning and budgeting staff direct access to the  
30 querying and reporting functions. The querying and reporting functions  
31 must include procedures to protect taxpayer confidentiality under  
32 applicable state and federal law.

33 2. For electronic corporate income tax returns, captures  
34 information regarding the principal business activity of the corporation.  
35 This requirement may be satisfied through the North American industry  
36 classification system data listed on federal tax forms. The tax system  
37 must allow for querying and reporting based on principal business  
38 activity.

39 3. Includes an integrated individual income tax model within the  
40 project and provides the department of revenue staff, the joint  
41 legislative budget committee staff and the governor's office of strategic  
42 planning and budgeting staff direct access to the individual income tax  
43 model. At a minimum, the individual income tax model must allow the  
44 department of revenue staff, the joint legislative budget committee staff  
45 and the governor's office of strategic planning and budgeting staff to

1 adjust tax law parameters against an anonymized representative sample of  
2 income tax returns to estimate the fiscal impact of proposed tax  
3 legislation. The individual income tax model must only include data from  
4 state and federal tax returns that are captured by the tax system. The  
5 individual income tax model must include procedures to protect taxpayer  
6 confidentiality under applicable state and federal law.

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

10 Transfers to the automation projects fund

11 The sum of \$2,194,100 is transferred from the state general fund in  
12 fiscal year 2026-2027 for deposit in the department of revenue subaccount  
13 in the automation projects fund established pursuant to section 41-714,  
14 Arizona Revised Statutes, to continue the department of revenue's  
15 integrated tax system modernization project.

16 The sum of \$1,462,700 is transferred from the department of revenue  
17 integrated tax system project fund established pursuant to section  
18 42-5041, Arizona Revised Statutes, in fiscal year 2026-2027 for deposit in  
19 the department of revenue subaccount in the automation projects fund  
20 established pursuant to section 41-714, Arizona Revised Statutes, to  
21 continue the department of revenue's integrated tax system modernization  
22 project.

23 The sum of \$12,940,000 is transferred from the state general fund in  
24 fiscal year 2026-2027 for deposit in the medicaid enterprise system  
25 modernization subaccount in the automation projects fund established  
26 pursuant to section 41-714, Arizona Revised Statutes, to continue the  
27 medicaid enterprise system mainframe modernization project.

28 The sum of \$1,425,000 is transferred from the department of revenue  
29 administrative fund established by section 42-1116.01, Arizona Revised  
30 Statutes, in fiscal year 2026-2027 for deposit in the department of  
31 revenue subaccount in the automation projects fund established pursuant to  
32 section 41-714, Arizona Revised Statutes, to migrate the department of  
33 revenue from the department of revenue's current mainframe to a  
34 cloud-based solution.

35 The sum of \$150,000 is transferred from the Arizona medical board  
36 fund established by section 32-1406, Arizona Revised Statutes, in fiscal  
37 year 2026-2027 for deposit in the Arizona medical board subaccount in the  
38 automation projects fund established pursuant to section 41-714, Arizona  
39 Revised Statutes, to modernize the Arizona medical board's website.

40 The monies transferred to the automation projects fund established  
41 by section 41-714, Arizona Revised Statutes, pursuant to this section are  
42 not appropriations from the automation projects fund. Only direct  
43 appropriations to the automation projects fund are appropriations.

1           Quarterly Reports

2           Within thirty days after the last day of each calendar quarter, the  
3 department of administration shall submit to the joint legislative budget  
4 committee a quarterly report on implementing projects approved by the  
5 information technology authorization committee established by section  
6 18-121, Arizona Revised Statutes, including expenditures to date,  
7 deliverables, timelines for completion and current status of the projects.

8           Nonlapsing

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

14           The \$19,456,800 appropriated to the department of administration by  
15 Laws 2024, chapter 209, section 122 in fiscal year 2024-2025 for the  
16 department of revenue tax system modernization project is exempt from the  
17 provisions of section 35-190, Arizona Revised Statutes, relating to the  
18 lapsing of appropriations, until June 30, 2027.

19           The \$3,396,000 appropriated to the department of administration by  
20 Laws 2024, chapter 209, section 122 in fiscal year 2024-2025 to replace  
21 the medicaid enterprise systems mainframe is exempt from the provisions of  
22 section 35-190, Arizona Revised Statutes, relating to the lapsing of  
23 appropriation, until June 30, 2027.

24           The \$494,500 appropriated to the department of public safety by Laws  
25 2023, chapter 133, section 113, in fiscal year 2023-2024 to replace the  
26 concealed weapons tracking system is exempt from the provisions of section  
27 35-190, Arizona Revised Statutes, relating to the lapsing of  
28 appropriations until June 30, 2027.

29           The following amounts appropriated to the department of  
30 administration by Laws 2023, chapter 133, section 113, as amended by Laws  
31 2024, chapter 209, section 11, in fiscal year 2023-2024 are exempt from  
32 the provisions of section 35-190, Arizona Revised Statutes, relating to  
33 the lapsing of appropriations, until June 30, 2027:

34           1. \$6,700,000 for a new information technology platform to  
35 authenticate individuals applying for health and human services programs  
36 to prevent fraud, waste and abuse.

37           2. \$2,814,600 for the development of several modules associated  
38 with the medicaid enterprise system mainframe replacement.

39           3. \$1,685,400 for medicaid enterprise system fraud and waste abuse  
40 prevention enhancements.

41           4. \$2,000,000 for medicaid enterprise system systems integrator,  
42 which establishes a platform infrastructure in the cloud to serve as the  
43 foundation for the modular replacement of the prior prepaid medicaid  
44 management information system, and servicenow projects.

1 The \$7,000,000 appropriated to the corporation commission by Laws  
 2 2023, chapter 133, section 113 in fiscal year 2023-2024 is exempt from the  
 3 provisions of section 35-190, Arizona Revised Statutes, relating to  
 4 lapsing of appropriations. In addition to uses prescribed in Laws 2023,  
 5 chapter 133, section 113, this amount may be used for post-launch expenses  
 6 of the corporation commission's online records and filing system,  
 7 including vendor contracts, licensing, maintenance and technical support.  
 8 Expenditures from this allocation are not subject to review by the joint  
 9 legislative budget committee.

10 Sec. 8. OFFICE OF ADMINISTRATIVE HEARINGS

		<u>2026-27</u>
	FTE positions	12.0
	Lump sum appropriation	\$ 985,200
	Fund sources:	
	State general fund	\$ 985,200

16 Sec. 9. ARIZONA DEPARTMENT OF AGRICULTURE

		<u>2026-27</u>
	FTE positions	217.4
	Operating lump sum appropriation	\$ 17,249,500
	Agricultural employment relations board	23,300
	Animal damage control	65,000
	Licensing system maintenance	500,000
	Red imported fire ant control	23,200
	Agricultural consulting and training	<u>135,700</u>
	Total appropriation – Arizona department of agriculture	\$ 17,996,700
	Fund sources:	
	State general fund	\$ 15,866,400
	Air quality fund	1,630,300
	Pest management trust fund	500,000

33 The department of agriculture may use up to \$250,000 from the  
 34 commercial feed trust fund established by section 3-2607, Arizona Revised  
 35 Statutes, in fiscal year 2026-2027 for 2 FTE positions. Of the 2 FTE  
 36 positions, 1 FTE position is for expenses associated with the screwworm  
 37 response. The department may conduct inspections as part of this response  
 38 at the border if the border opens for live cattle imports, and the state  
 39 veterinarian may oversee the screwworm response. Of the 2 FTE positions,  
 40 1 FTE position is for expenses related to a foreign animal disease or  
 41 pest, a United States department of agriculture program disease, a  
 42 zoonotic disease or any other emerging animal disease responses.

1	Sec. 10.	ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM	
2			<u>2026-27</u>
3		FTE positions	2,428.3
4		Operating lump sum appropriation	\$223,281,000
5		<u>Administration</u>	
6		AHCCCS data storage	19,605,800
7		DES eligibility	97,074,500
8		Proposition 204 – AHCCCS	
9		administration	15,788,200
10		Proposition 204 – DES eligibility	44,358,700
11		Public Law 119-21 implementation -	
12		medicaid	51,500,000
13		<u>Medicaid services</u>	
14		Traditional medicaid services	10,308,634,300
15		Proposition 204 services	7,193,353,000
16		Adult expansion services	844,120,200
17		Comprehensive health plan	200,180,300
18		KidsCare services	257,442,000
19		ALTCS services	2,663,643,700
20		Behavioral health services	
21		in schools	8,289,600
22		Enhanced residential treatment	
23		program	7,812,000
24		<u>Nonmedicaid behavioral health services</u>	
25		Crisis services	20,391,300
26		Nonmedicaid seriously mentally	
27		ill services	77,646,900
28		Supported housing	65,324,800
29		<u>Hospital payments</u>	
30		Disproportionate share payments	884,800
31		Disproportionate share payments –	
32		voluntary match	207,593,800
33		Critical access hospitals	28,336,000
34		Graduate medical education	569,176,800
35		Targeted investments program	<u>56,000,000</u>
36	Total	appropriation and expenditure	
37		authority – Arizona health	
38		care cost containment system	\$22,960,437,700
39		Fund sources:	
40		State general fund	\$ 2,919,510,700
41		Budget neutrality compliance fund	5,304,500
42		Children's health insurance	
43		program fund	193,430,100
44		Prescription drug rebate	
45		fund – state	291,207,900

1	Seriously mentally ill	
2	housing trust fund	2,957,300
3	Substance abuse services fund	2,250,200
4	Tobacco products tax fund –	
5	emergency health services	
6	account	13,467,800
7	Tobacco tax and health care	
8	fund – medically needy account	51,482,300
9	Expenditure authority	19,480,826,900

10 Operating budget

11 The amount appropriated for the DES eligibility line item shall be  
12 used for intergovernmental agreements with the department of economic  
13 security for eligibility determination and other functions. The state  
14 general fund share may be used for eligibility determination for other  
15 programs administered by the division of benefits and medical eligibility  
16 based on the results of the Arizona random moment sampling survey.

17 The amounts included in the proposition 204 – AHCCCS administration,  
18 proposition 204 – DES eligibility and proposition 204 services line items  
19 include all available sources of funding consistent with section  
20 36-2901.01, subsection B, Arizona Revised Statutes.

21 Before spending the monies for the replacement of the prepaid  
22 medicaid management information system, the Arizona strategic enterprise  
23 technology office shall submit, on behalf of the Arizona health care cost  
24 containment system, an expenditure plan for review by the joint  
25 legislative budget committee. The report must include the project cost,  
26 deliverables, the timeline for completion and the method of procurement  
27 that are consistent with the department's prior reports for its  
28 appropriations from the automation projects fund.

29 The amount appropriated for the Public Law 119-21  
30 implementation - medicaid line item is exempt from the provisions of  
31 section 35-190, Arizona Revised Statutes, relating to lapsing of  
32 appropriations, until June 30, 2028.

33 Of the amount appropriated for the Public Law 119-21  
34 implementation - medicaid line item, \$4,000,000 from the state general  
35 fund and \$24,400,000 from expenditure authority shall be expended for  
36 information technology system upgrades. Any information technology  
37 projects funded from the Public Law 119-21 implementation - medicaid line  
38 item are exempt from review by the information technology authorization  
39 committee established by section 18-121, Arizona Revised Statutes.

40 Medical services and behavioral health services

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

1           The Arizona health care cost containment system administration shall  
2 report to the joint legislative budget committee on or before March 1,  
3 2027 on preliminary actuarial estimates of the capitation rate changes for  
4 the following fiscal year along with the reasons for the estimated  
5 changes. For any actuarial estimates that include a range, the total  
6 range from minimum to maximum may not be more than two percent. Before  
7 implementing any changes in capitation rates, the administration shall  
8 report its expenditure plan for review by the joint legislative budget  
9 committee. Before the administration implements any change in policy  
10 affecting the amount, sufficiency, duration and scope of health care  
11 services and who may provide services, the administration shall prepare a  
12 fiscal impact analysis on the potential effects of this change on the  
13 following year's capitation rates. If the fiscal impact analysis  
14 demonstrates that this change will result in additional state costs of  
15 \$1,000,000 or more for any fiscal year, the administration shall submit  
16 the policy change for review by the joint legislative budget committee.

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

20           The Arizona health care cost containment system administration shall  
21 transfer up to \$1,200,000 from the traditional medicaid services line item  
22 for fiscal year 2026-2027 to the attorney general for costs associated  
23 with e-cigarette enforcement and tobacco settlement litigation.

24           The Arizona health care cost containment system administration shall  
25 transfer \$836,000 from the traditional medicaid services line item for  
26 fiscal year 2026-2027 to the department of revenue for enforcement costs  
27 associated with the March 13, 2013 master settlement agreement with  
28 tobacco companies.

29           The amount appropriated for the traditional medicaid services line  
30 item includes \$4,400,000 from the state general fund and \$7,758,100 from  
31 expenditure authority for inpatient payments to rural hospitals as defined  
32 in section 36-2905.02, Arizona Revised Statutes.

33           On or before June 30, 2027, the Arizona health care cost containment  
34 system administration shall report to the joint legislative budget  
35 committee on the progress in implementing the Arnold v. Sarn lawsuit  
36 settlement. The report must include, at a minimum, the administration's  
37 progress toward meeting all criteria specified in the 2014 joint  
38 stipulation, including the development and estimated cost of additional  
39 behavioral health service capacity in Maricopa county for supported  
40 housing services for one thousand two hundred class members, supported  
41 employment services for seven hundred fifty class members, eight assertive  
42 community treatment teams and consumer operated services for one thousand  
43 five hundred class members. The administration shall also report by fund  
44 source the amounts it plans to use to pay for expanded services.

1 The amount appropriated for the enhanced residential treatment  
2 program line item is exempt from the provisions of section 35-190, Arizona  
3 Revised Statutes, relating to lapsing of appropriations. The legislature  
4 intends to continue to fund \$2,739,600 from the seriously mentally ill  
5 housing trust fund established by section 41-3955.01, Arizona Revised  
6 Statutes, and \$5,072,400 from expenditure authority for the enhanced  
7 residential treatment program in fiscal years 2027-2028 and 2028-2029 as  
8 part of a three-year pilot program.

9 Long-term care

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

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

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

29 Payments to hospitals

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

40 On or before March 31, 2027, the Arizona health care cost  
41 containment system administration shall submit a report to the director of  
42 the joint legislative budget committee and the governor's office of  
43 strategic planning and budgeting on the amount of directed payments that  
44 the Maricopa county special health care district will receive from the

1 safety net services initiative in fiscal year 2026-2027, disaggregated by  
2 state match and by federal match.

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

12 Any monies for graduate medical education received in fiscal year  
13 2026-2027, including any federal matching monies, by the Arizona health  
14 care cost containment system administration in excess of \$569,176,800 are  
15 appropriated to the administration in fiscal year 2026-2027. Before  
16 spending these increased monies, the administration shall notify the joint  
17 legislative budget committee and the governor's office of strategic  
18 planning and budgeting of the amount of monies that will be spent under  
19 this provision.

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

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

38 Notwithstanding section 36-2903.01, subsection G, paragraph 9,  
39 subdivisions (a), (b) and (c), Arizona Revised Statutes, the amount for  
40 graduate medical education includes \$4,000,000 from the state general fund  
41 and \$7,321,800 from expenditure authority for the direct and indirect  
42 costs of graduate medical education programs located in counties with a  
43 population of more than five hundred thousand persons. The state general  
44 fund amount may supplement, but not supplant, voluntary payments made from

1 political subdivisions for payments to hospitals that operate a graduate  
2 medical education program.

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

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

12 Monies appropriated for graduate medical education by Laws 2024,  
13 chapter 209, section 19 are exempt from the provisions of section 35-190,  
14 Arizona Revised Statutes, relating to lapsing of appropriations, until  
15 December 31, 2026.

16 Other

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

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

24 Sec. 11. ARIZONA COMMISSION ON THE ARTS

25 2026-27

26 Arizona arts trust fund deposit \$ 2,000,000

27 Fund sources:

28 State general fund \$ 2,000,000

29 Sec. 12. BOARD OF ATHLETIC TRAINING

30 2026-27

31 FTE positions 1.5

32 Lump sum appropriation \$ 166,000

33 Fund sources:

34 Athletic training fund \$ 166,000

35 Sec. 13. ATTORNEY GENERAL – DEPARTMENT OF LAW

36 2026-27

37 FTE positions 677.7

38 Operating lump sum appropriation \$ 65,330,000

39 Capital postconviction prosecution 880,300

40 Criminal division major fraud unit 1,268,100

41 Southern Arizona law enforcement 1,717,300

42 State grand jury 194,400

1	Child and family advocacy centers	100,000
2	Coordinated reentry planning	
3	services grants	17,000,000
4	Government accountability and	
5	special litigation	1,467,300
6	Internet crimes against children	
7	enforcement	1,613,300
8	Organized retail theft	
9	task force	1,645,200
10	Risk management interagency	
11	service agreement	10,489,000
12	Tobacco enforcement	877,000
13	Victims' rights	<u>4,022,500</u>
14	Total appropriation – attorney general –	
15	department of law	\$ 106,604,400
16	Fund sources:	
17	State general fund	\$ 36,007,600
18	Antitrust enforcement revolving	
19	fund	162,900
20	Attorney general legal services	
21	cost allocation fund	2,338,900
22	Collection enforcement revolving	
23	fund	7,374,300
24	Consumer protection-consumer	
25	fraud revolving fund	16,918,400
26	Consumer restitution and remediation	
27	revolving fund - consumer	
28	remediation subaccount	3,000,000
29	Driving under the influence	
30	abatement fund	1,800,000
31	Drag racing prevention enforcement	
32	fund	800,000
33	Interagency service agreements fund	17,635,600
34	Internet crimes against children	
35	enforcement fund	900,000
36	Risk management revolving fund	12,855,300
37	Utility regulation revolving fund	3,000,000
38	Victims' rights fund	3,811,400

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

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

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

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

12 Of the amount appropriated in the coordinated reentry planning  
13 services grants line item, \$2,000,000 shall be distributed to each of  
14 Coconino, Maricopa, Mohave, Navajo, Pima, Pinal and Yavapai counties in  
15 fiscal year 2026-2027 to supplement costs associated with the operation of  
16 an existing coordinated reentry planning services program, \$2,000,000  
17 shall be distributed to La Paz county to establish a coordinated reentry  
18 planning services program and \$1,000,000 shall be distributed as a grant  
19 to establish a statewide coordinated reentry planning services  
20 database. The coordinated reentry planning services grants line item  
21 includes \$3,000,000 from monies deposited in the consumer remediation  
22 subaccount of the consumer restitution and remediation revolving fund  
23 established by section 44-1531.02, Arizona Revised Statutes, that are not  
24 related to opioid claims pursuant to section 44-1531.02, subsection C,  
25 Arizona Revised Statutes.

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

33 The amount appropriated for the organized retail theft task force  
34 line item shall be used for operational expenses of the organized retail  
35 task force and for hiring one attorney, one paralegal, two investigators  
36 and one support staff person within the office of the attorney general and  
37 four peace officers who are assigned to the task force to focus  
38 specifically on investigating and prosecuting organized retail crime.

39 Sec. 14. BARBERING AND COSMETOLOGY BOARD

	<u>2026-27</u>
40 FTE positions	36.5
41 Lump sum appropriation	\$ 3,262,300
42 Fund sources:	
43 Barbering and cosmetology fund	\$ 3,262,300
44	

1 Of the amount appropriated in the lump sum appropriation in fiscal  
 2 year 2026-2027, \$235,000 shall be used to fill three FTE positions,  
 3 including one licensing specialist, one customer service representative  
 4 and one quality assurance specialist.

5	Sec. 15. BOARD OF BEHAVIORAL HEALTH EXAMINERS	
6		<u>2026-27</u>
7	FTE positions	27.0
8	Lump sum appropriation	\$ 2,766,900
9	Fund sources:	
10	Board of behavioral health	
11	examiners fund	\$ 2,766,900
12	Sec. 16. STATE BOARD FOR CHARTER SCHOOLS	
13		<u>2026-27</u>
14	FTE positions	25.0
15	Lump sum appropriation	\$ 2,811,100
16	Fund sources:	
17	State general fund	\$ 2,811,100
18	Sec. 17. DEPARTMENT OF CHILD SAFETY	
19		<u>2026-27</u>
20	FTE positions	3,283.1
21	Operating lump sum appropriation	\$179,221,300
22	<u>Additional operating resources</u>	
23	Attorney general legal services	29,914,500
24	Caseworkers	139,316,600
25	Office of child welfare	
26	investigations	11,314,600
27	Training resources	9,150,000
28	<u>Out-of-home placements</u>	
29	Congregate group care	134,429,700
30	Extended foster care	26,860,400
31	Extended foster care service	
32	model fund deposit	10,742,000
33	Foster home placement	40,547,300
34	Foster home recruitment,	
35	study and supervision	32,753,600
36	Kinship care	15,184,600
37	<u>Permanent placements</u>	
38	Adoption services	282,440,400
39	Permanent guardianship subsidy	18,686,800
40	<u>Support services</u>	
41	DCS child care subsidy	61,675,400
42	In-home mitigation	44,414,300
43	Out-of-home support services	107,284,600
44	Preventive services	28,412,700

1	<u>Comprehensive health plan</u>	
2	Comprehensive health plan	
3	services	172,360,900
4	Comprehensive health plan	
5	administration	24,291,000
6	Comprehensive health plan	
7	premium tax	<u>3,528,400</u>
8	Total appropriation and expenditure	
9	authority – department of	
10	child safety	\$1,372,529,100
11	Fund sources:	
12	State general fund	\$ 508,279,500
13	Federal child care and	
14	development fund block grant	40,516,000
15	Federal temporary assistance	
16	for needy families block	
17	grant	160,985,500
18	Child abuse prevention fund	1,459,300
19	Children and family services	
20	training program fund	207,500
21	Child safety expenditure	
22	authority	459,833,600
23	Child welfare licensing fee fund	1,067,400
24	Comprehensive health plan	
25	expenditure authority fund –	
26	expenditure authority	200,180,300

27 Additional operating resources

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

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

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

38 On or before September 1, 2026, the department of child safety shall  
 39 submit a report to the joint legislative budget committee and the  
 40 governor's office of strategic planning and budgeting on the actual  
 41 operating expenses for the guardian case management system in fiscal year  
 42 2025-2026 and the proposed system operating expenses for the system in  
 43 fiscal year 2026-2027.

1           Out-of-home placements

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

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

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

28           Support services

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

35           The department shall notify the director of the joint legislative  
36 budget committee and the governor's office of strategic planning and  
37 budgeting if the nurturing parenting and family connections programs are  
38 favorably reviewed by the federal government and qualify for federal  
39 reimbursement.

40           Comprehensive health plan

41           Of the amount appropriated in the comprehensive health plan services  
42 line item in fiscal year 2024-2025 by Laws 2024, chapter 209, section 25,  
43 as amended by Laws 2025, chapter 233, section 1, \$43,787,500 is exempt  
44 from the provisions of section 35-190, Arizona Revised Statutes, relating  
45 to lapsing of appropriations, until June 30, 2027.

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 or  
6 between any two out-of-home placements line items are not subject to  
7 review.

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

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

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

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

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

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

33           Benchmarks

34           For the purposes of this section:

35           1. "Backlog case":

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

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

1 which there has been no contact or any documentation entered in the child  
2 welfare automated system for at least sixty days.

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

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

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

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

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

24 For open reports, the department's benchmark is fewer than 8,000  
25 open reports.

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

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

34 Sec. 18. 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

41 On or before September 1, 2026, the state board of chiropractic  
42 examiners shall provide a report to the joint legislative budget committee  
43 and the governor's office of strategic planning and budgeting that details  
44 the board's proposal to resolve the imbalance between ongoing revenues and  
45 ongoing expenditures.

1	Sec. 19. ARIZONA COMMERCE AUTHORITY	
2		<u>2026-27</u>
3	FTE positions	100.0
4	Operating lump sum appropriation	\$ 10,000,000
5	Arizona competes fund deposit	500,000
6	Advanced air mobility	2,000,000
7	Asia trade offices	750,000
8	Economic development marketing	
9	and attraction	500,000
10	Frankfurt, Germany trade office	500,000
11	Israel trade office	300,000
12	Mexico trade offices	<u>500,000</u>

13 Total appropriation – Arizona commerce  
14 authority \$ 15,050,000

15	Fund sources:	
16	State general fund	\$ 13,050,000
17	Advanced air mobility fund	2,000,000

18 Pursuant to section 43-409, Arizona Revised Statutes, of the amounts  
19 listed above, \$10,500,000 of the state general fund withholding tax  
20 revenues is allocated in fiscal year 2026-2027 to the Arizona commerce  
21 authority, of which \$10,000,000 is credited to the Arizona commerce  
22 authority fund established by section 41-1506, Arizona Revised Statutes,  
23 and \$500,000 is credited to the Arizona competes fund established by  
24 section 41-1545.01, Arizona Revised Statutes.

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

29	Sec. 20. ARIZONA COMMUNITY COLLEGES	
30		<u>2026-27</u>

31	<u>Equalization aid</u>	
32	Cochise	\$ 12,715,600
33	Graham	24,422,600
34	Navajo	13,698,200
35	Yuma/La Paz	<u>2,019,800</u>

36 Total – equalization aid \$ 52,856,200

37	<u>Operating state aid</u>	
38	Cochise	\$ 3,708,100
39	Coconino	1,404,400
40	Gila	147,100
41	Graham	1,872,900
42	Mohave	1,226,800
43	Navajo	1,564,900
44	Pinal	1,261,800

1	Santa Cruz	51,300
2	Yavapai	683,900
3	Yuma/La Paz	<u>2,562,200</u>
4	Total – operating state aid	\$ 14,483,400
5	<u>STEM and workforce programs state aid</u>	
6	Cochise	\$ 976,000
7	Coconino	305,200
8	Gila	86,900
9	Graham	492,300
10	Maricopa	8,818,600
11	Mohave	500,000
12	Navajo	350,400
13	Pima	1,973,000
14	Pinal	727,900
15	Santa Cruz	40,500
16	Yavapai	762,500
17	Yuma/La Paz	<u>870,400</u>
18	Total – STEM and workforce programs	
19	state aid	\$ 15,903,700
20	Rural aid	
21	Cochise	\$ 2,451,300
22	Coconino	838,100
23	Gila	226,600
24	Graham	1,241,300
25	Mohave	1,313,400
26	Navajo	944,700
27	Pinal	1,884,700
28	Santa Cruz	100,800
29	Yavapai	1,988,600
30	Yuma/La Paz	<u>3,010,500</u>
31	Total – rural aid	\$ 14,000,000
32	Rural county reimbursement subsidy	\$ 1,082,900
33	Additional Gila workforce	
34	development aid	200,000
35	Diné college remedial education	<u>1,000,000</u>
36	Total appropriation – Arizona community	
37	colleges	\$ 99,526,200
38	Fund sources:	
39	State general fund	\$ 99,526,200
40	Of the \$1,082,900 appropriated to the rural county reimbursement	
41	subsidy line item, Apache county receives \$699,300 and Greenlee county	
42	receives \$383,600.	

1           On or before October 15, 2027, the Diné college board of regents  
 2 shall submit to the governor, the president of the senate, the speaker of  
 3 the house of representatives, the secretary of state and the joint  
 4 legislative budget committee a report that details the course completion  
 5 rate for students who received remedial education during the 2026-2027  
 6 academic year.

7   Sec. 21. REGISTRAR OF CONTRACTORS

		<u>2026-27</u>
8		
9	FTE positions	103.6
10	Operating lump sum appropriation	\$ 13,310,600
11	Office of administrative	
12	hearings costs	<u>1,017,600</u>
13	Total appropriation – registrar of	
14	contractors	\$ 14,328,200
15	Fund sources:	
16	Registrar of contractors fund	\$ 14,328,200

17   Sec. 22. CORPORATION COMMISSION

		<u>2026-27</u>
18		
19	FTE positions	303.0
20	Operating lump sum appropriation	\$ 38,107,800
21	Corporation filings, same-day	
22	service	417,800
23	Utilities audits, studies,	
24	investigations and hearings	<u>1,000,000*</u>
25	Total appropriation – corporation commission	\$ 39,525,600
26	Fund sources:	
27	Arizona arts trust fund	\$ 57,200
28	Investment management regulatory	
29	and enforcement fund	1,370,400
30	Public access fund	8,235,100
31	Securities regulatory and	
32	enforcement fund	8,283,100
33	Utility regulation revolving fund	21,579,800

34   Sec. 23. STATE DEPARTMENT OF CORRECTIONS

		<u>2026-27</u>
35		
36	FTE positions	9,592.0
37	Operating lump sum appropriation	\$ 974,906,000
38	Private prison contracted	
39	services	273,126,400
40	<u>Jensen v. Thornell</u> compliance	<u>451,390,400</u>
41	Total appropriation – state department	
42	of corrections	\$1,699,422,800

1	Fund sources:	
2	State general fund	\$1,659,746,100
3	State education fund for	
4	correctional education	703,200
5	Alcohol abuse treatment fund	555,800
6	Penitentiary land fund	3,472,000
7	State charitable, penal and	
8	reformatory institutions	
9	land fund	1,670,600
10	Corrections fund	21,218,500
11	Transition program fund	2,400,300
12	Prison construction and	
13	operations fund	9,656,300

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

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

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

35 On or before November 1, 2026, the state department of corrections  
36 shall provide a report on bed capacity to the joint legislative budget  
37 committee. The report must reflect the bed capacity for each security  
38 classification by gender at each state-run and private institution,  
39 divided by rated and total beds. The report must include bed capacity  
40 data for June 30, 2025 and June 30, 2026 and the projected capacity for  
41 June 30, 2027, as well as the reasons for any change within that time  
42 period. Within the total bed count, the department shall provide the  
43 number of temporary and special use beds. The report must also address  
44 the department's rationale for eliminating any permanent beds rather than  
45 reducing the level of temporary beds. The report must also include any

1 plans to vacate beds but not permanently remove the beds from the bed  
2 count. If the department develops a plan after the department's November  
3 1, 2026 report to open or close one hundred or more state-operated or  
4 private prison rated beds, the department shall submit a plan detailing  
5 the proposed bed changes for review by the joint legislative budget  
6 committee before implementing these changes.

7 One hundred percent of land earnings and interest from the  
8 penitentiary land fund shall be distributed to the state department of  
9 corrections in compliance with the enabling act and the Constitution of  
10 Arizona to be used to support state penal institutions.

11 On or before December 30, the state department of corrections shall  
12 submit a report to the joint legislative budget committee on the progress  
13 made in meeting the staffing needs for correctional officers. Each report  
14 must include the number of filled correctional officer positions, the  
15 number of vacant correctional officer positions, the number of people in  
16 training, the number of separations and the number of hours of overtime  
17 worked for the prior fiscal year. The report must detail these amounts  
18 both departmentwide and by prison complex.

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

24 Before spending any state education fund for correctional education  
25 monies in excess of \$703,200, the state department of corrections shall  
26 report the intended use of the monies to the director of the joint  
27 legislative budget committee.

28 Before implementing any changes in contracted rates for Jensen v.  
29 Thornell compliance, the state department of corrections shall submit its  
30 expenditure plan for review by the joint legislative budget committee.

31 On or before January 31, 2027, the state department of corrections  
32 shall submit a report to the joint legislative budget committee on the  
33 status of all inmate health care performance measures that are tracked by  
34 the department for contract monitoring purposes. The report must include:

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

37 2. An explanation for each instance of noncompliance.

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

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

1 The department shall use the amount appropriated in the private  
2 prison contracted services line item to pay private prison contractors for  
3 housing and providing medical care to Arizona inmates. Before spending  
4 these monies for any other purpose, the department shall submit an  
5 expenditure plan for review by the joint legislative budget committee.

6 The amount appropriated in the private prison contracted services  
7 line item includes \$3,767,200 for the purpose of awarding a correctional  
8 officer salary increase. The state department of corrections shall  
9 increase the contracted rates in fiscal year 2026-2027 to provide an  
10 amount sufficient for a four percent salary increase to each correctional  
11 officer employed in a private prison that contracts with this state.

12 The department's lump sum appropriation includes funding to convert  
13 the onetime stipend for corrections officers equal to four percent of the  
14 correctional officer's annual salary as appropriated in fiscal year 2025-  
15 2026 into a four percent annual salary increase in fiscal year 2026-2027.

16 Notwithstanding any other law, projects related to the purchase and  
17 deployment of body-worn cameras and the associated equipment to support  
18 body-worn camera deployment at the department are exempt from the review  
19 and approval by the information technology authorization committee  
20 required by section 18-121, Arizona Revised Statutes,

21 Of the amount appropriated in the Jensen v. Thornell compliance line  
22 item, the department is authorized to distribute not more than \$45,097,700  
23 to a contracted health care provider contingent on the execution of a  
24 signed amendment to the current contracted health care provider contract  
25 that includes the following:

26 1. Increases the health care staffing level in accordance with the  
27 department's directives.

28 2. Adopts quarterly reporting requirements from the health care  
29 provider to the department, the governor's office of strategic planning  
30 and budgeting staff and the joint legislative budget committee staff that  
31 includes the prior quarter staffing levels by position type, number of FTE  
32 positions, current progress towards outlined staffing goals and  
33 justification of why the staffing levels outlined in paragraph 1 of this  
34 section are or are not being met.

35 3. Adopts a quarterly distribution schedule based on the health  
36 care provider meeting and maintaining staffing levels outlined in  
37 paragraph 1 of this section.

38 4. Adds automatic sanctioning or fines associated with failure to  
39 fill staffing vacancies consistent with the staffing levels outlined in  
40 paragraph 1 of this section.

41 Of the amount appropriated to the department from the operating lump  
42 sum in fiscal year 2025-2026, \$2,000,000 is exempt from the provisions of  
43 section 35-190, Arizona Revised Statutes, relating to lapsing of  
44 appropriations. This amount may be used to upgrade the Arizona  
45 correctional information system.

1 Of the amount appropriated to the department from the operating lump  
 2 sum in fiscal year 2025-2026 by Laws 2025, chapter 233, section 23,  
 3 \$10,900,000 may be used in fiscal year 2026-2027 for compensatory or  
 4 holiday liability accruals incurred in fiscal year 2025-2026.

5 Of the amount appropriated in the operating lump sum in fiscal year  
 6 2026-2027, \$300,000 is to be used for a onetime increase for a braille  
 7 transcription program. The program may prioritize inmates closest to  
 8 reentry.

9 Sec. 24. ARIZONA CRIMINAL JUSTICE COMMISSION

	<u>2026-27</u>
FTE positions	11.0
Operating lump sum appropriation	\$ 1,505,400
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
Law enforcement crime victim notification fund deposit	2,594,800
Victim compensation and assistance	<u>8,469,700</u>
Total appropriation – Arizona criminal justice commission	\$ 16,843,600
Fund sources:	
State general fund	\$ 6,850,000
Criminal justice enhancement fund	802,100
Resource center fund	646,600
State aid to county attorneys fund	973,700
State aid to indigent defense fund	700,000
Peace officer training equipment fund	32,500
Victim compensation and assistance fund	6,838,700

33 The amount appropriated for the major incident regional law  
 34 enforcement task force in fiscal year 2026-2027 shall be distributed  
 35 evenly to the sheriff's offices of the original five major incident  
 36 division task forces located in Cochise county, Coconino county, Navajo  
 37 county, Pinal county and Yuma county.

38 All victim compensation and assistance fund monies received by the  
 39 Arizona criminal justice commission in excess of \$6,838,700 in fiscal year  
 40 2026-2027 are appropriated to the crime victims program. Before spending  
 41 any victim compensation and assistance fund monies in excess of \$6,838,700  
 42 in fiscal year 2026-2027, the Arizona criminal justice commission shall  
 43 report the intended use of the monies to the joint legislative budget  
 44 committee.

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

9 Sec. 25. ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND

	<u>2026-27</u>
10 FTE positions	562.2
11 Administration/statewide	\$ 7,657,200
12 Phoenix day school for the deaf	10,277,000
13 Tucson campus	12,997,100
14 Preschool/outreach programs	7,200,300
15 School bus/agency vehicle	
16 replacement	369,000
17 Cooperative services	15,346,300
18 Supplemental early childhood	
19 services	<u>50,000</u>
20 Total appropriation – Arizona state schools	
21 for the deaf and the blind	\$ 53,896,900
22 Fund sources:	
23 State general fund	\$ 25,545,100
24 Schools for the deaf and	
25 the blind fund	12,955,500
26 Cooperative services fund	15,346,300
27 Health services lottery	
28 monies fund	50,000

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

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

38 The monies appropriated in the supplemental early childhood services  
 39 line item in fiscal year 2026-2027 must be spent to continue the current  
 40 contracts with multiple providers that are providing supplemental early  
 41 childhood listening and spoken language services, including parent  
 42 coaching services, to eligible infants and toddlers from birth to three  
 43 years of age and their families. Contractors shall ensure that the  
 44 services are provided by or overseen by a certified auditory verbal

1 educator or therapist in a natural environment, a clinical setting, an  
 2 educational setting or a virtual setting.

3 On or before September 1, 2026, the Arizona state schools for the  
 4 deaf and the blind shall submit a report to the joint legislative budget  
 5 committee and the governor's office of strategic planning and budgeting  
 6 that details the schools' budgetary and operational changes since fiscal  
 7 year 2025-2026. The report must include any budgetary or operational  
 8 changes regarding the Arizona state schools for the deaf and blind's  
 9 closure of the Tucson campus, the termination of the schools' residential  
 10 program, the relocation of campus-based Arizona state schools for the deaf  
 11 programs, the termination of campus-based Arizona state school for the  
 12 blind programs, the reduction of Arizona state schools for the deaf and  
 13 the blind staff and any plans for the disposition of land owned by the  
 14 schools at the Tucson campus.

15	Sec. 26. COMMISSION FOR THE DEAF AND THE HARD OF HEARING	
16		<u>2026-27</u>
17	FTE positions	21.0
18	Operating lump sum appropriation	\$ 4,695,800
19	Support services for the	
20	deaf-blind	<u>350,000</u>
21	Total appropriation – commission for the	
22	deaf and the hard of hearing	\$ 5,045,800
23	Fund sources:	
24	Telecommunication fund for	
25	the deaf	\$ 5,045,800
26	Sec. 27. STATE BOARD OF DENTAL EXAMINERS	
27		<u>2026-27</u>
28	FTE positions	13.0
29	Lump sum appropriation	\$ 2,150,900
30	Fund sources:	
31	Dental board fund	\$ 2,150,900
32	Sec. 28. OFFICE OF ECONOMIC OPPORTUNITY	
33		<u>2026-27</u>
34	FTE positions	5.0
35	Lump sum appropriation	\$ 531,900
36	Fund sources:	
37	State general fund	\$ 531,900
38	Sec. 29. DEPARTMENT OF ECONOMIC SECURITY	
39		<u>2026-27</u>
40	FTE positions	5,047.8
41	Operating lump sum appropriation	\$381,228,600
42	<u>Administration</u>	
43	Attorney general legal services	13,099,900

1	<u>Aging and adult services</u>	
2	Adult services	15,731,900
3	Civil legal aid	3,000,000*
4	Community and emergency services	3,724,000
5	Coordinated homeless services	3,522,600
6	Coordinated hunger services	2,254,600
7	Domestic violence prevention	14,004,000
8	Long-term care ombudsman	1,000,000
9	Produce incentive program	2,000,000*
10	<u>Benefits and medical eligibility</u>	
11	Public Law 119-21 implementation -	
12	SNAP	10,800,000
13	Summer food benefits administration	1,767,300
14	Temporary assistance for needy	
15	families – cash benefits	22,736,400
16	Tribal pass-through funding	4,680,300
17	<u>Child support enforcement</u>	
18	Child support –	
19	clerk of the court and	
20	family law services	8,539,700
21	<u>Developmental disabilities</u>	
22	DDD premium tax payment	102,012,200
23	Case management – medicaid	132,664,700
24	Home and community based	
25	services – medicaid	3,576,435,700
26	Institutional services –	
27	medicaid	53,584,900
28	Physical and behavioral	
29	health services – medicaid	1,098,810,200
30	Medicare clawback payments	8,888,400
31	Targeted case management – medicaid	25,383,100
32	State match transfer from AHCCCS	1,841,698,500
33	Case management – state-only	6,446,100
34	Home and community based	
35	services – state-only	14,089,000
36	High-need client supplement	26,320,000
37	Arizona early intervention program	16,119,000
38	Listening and spoken language -	
39	Arizona early intervention program	150,000*
40	State-funded long-term care	
41	services	46,084,300

1	<u>Employment and rehabilitation services</u>	
2	Out-of-school time grant program	
3	fund deposit	3,000,000*
4	JOBS	11,005,600
5	Child care subsidy	261,837,300
6	Independent living rehabilitation	
7	services	1,289,400
8	Reentry employment services	3,000,000
9	Rehabilitation services	7,249,100
10	Older individuals who are blind	
11	program	150,000
12	Workforce innovation	
13	and opportunity act	
14	services	<u>85,824,200</u>
15	Total appropriation and expenditure	
16	authority – department of	
17	economic security	\$7,810,131,000
18	Fund sources:	
19	State general fund	\$2,143,879,400
20	Federal child care and	
21	development fund block grant	229,994,900
22	Federal temporary assistance for	
23	needy families block grant	66,561,100
24	Health services lottery monies fund	1,800,000
25	Long-term care system fund	35,517,100
26	Public assistance collections	
27	fund	441,800
28	Special administration fund	4,645,400
29	Spinal and head injuries trust	
30	fund	2,385,400
31	Statewide cost allocation plan	
32	fund	1,000,000
33	Child support enforcement	
34	administration fund	17,615,600
35	Domestic violence services fund	4,000,300
36	Workforce investment act grant	87,109,200
37	Child support enforcement	
38	administration fund	
39	expenditure authority	45,547,500
40	Developmental disabilities	
41	medicaid expenditure	
42	authority	5,169,633,300

1           Aging and adult services

2           Of the amount appropriated for the adult services line item,  
3 \$5,000,000 is exempt from the provisions of section 35-190, Arizona  
4 Revised Statutes, relating to lapsing of appropriations.

5           Of the amount appropriated for the adult services line item, the  
6 department shall distribute \$500,000 to the inter tribal area agency on  
7 aging and \$500,000 to the Navajo Nation area agency on aging.

8           Monies in the civil legal aid line item shall be distributed to  
9 nonprofit organizations to provide statewide general civil legal aid  
10 services consistent with the terms and restrictions of the legal services  
11 corporation as of federal fiscal year 2026.

12           Of the monies appropriated by Laws 2025, chapter 233, section 29 to  
13 the department of economic security for the coordinated homeless services  
14 line item, \$15,500,000 is exempt from the provisions of section 35-190,  
15 Arizona Revised Statutes, relating to lapsing of appropriations, until  
16 June 30, 2027.

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

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

27           Monies appropriated by Laws 2025, chapter 233, section 29 to the  
28 department of economic security for the homeless veterans services line  
29 item are exempt from the provisions of section 35-190, Arizona Revised  
30 Statutes, relating to lapsing of appropriations, until June 30, 2027.

31           Monies appropriated by Laws 2025, chapter 233, section 29 to the  
32 department of economic security for the homeless veterans strategic plan  
33 line item are exempt from the provisions of section 35-190, Arizona  
34 Revised Statutes, relating to lapsing of appropriations, until June 30,  
35 2027.

36           Benefits and medical eligibility

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

40           The amount appropriated for the Public Law 119-21  
41 implementation - SNAP line item is exempt from the provisions of section  
42 35-190, Arizona Revised Statutes, relating to lapsing of appropriations,  
43 until June 30, 2028.

1 The amount appropriated for the summer food benefits administration  
2 line item is exempt from the provisions of section 35-190, Arizona Revised  
3 Statutes, relating to lapsing or appropriations, until October 31, 2027.

4 Child support enforcement

5 All state shares of retained earnings, fees and federal incentives  
6 in excess of \$17,615,600 received by the division of child support  
7 enforcement are appropriated for operating expenses. New FTE positions  
8 are authorized with the increased funding. Before spending these  
9 increased monies, the department of economic security shall report the  
10 intended use of the monies to the joint legislative budget committee.

11 Developmental disabilities

12 On or before September 1, 2027, the department of economic security  
13 shall report to the president of the senate, the speaker of the house of  
14 representatives, the chairpersons of the senate and house of  
15 representatives appropriations committees and the director of the joint  
16 legislative budget committee any new placement into a state-owned ICF-IID  
17 or the Arizona training program at the Coolidge campus in fiscal year  
18 2026-2027 and the reason for this placement, rather than a placement into  
19 a privately run facility for persons with developmental disabilities, was  
20 deemed as the most appropriate placement. The department shall also  
21 report if no new placements were made. On or before September 1, 2027,  
22 the department shall also report to the director of the joint legislative  
23 budget committee the total costs associated with the Arizona training  
24 program at Coolidge in fiscal year 2026-2027.

25 The department of economic security shall report to the joint  
26 legislative budget committee on or before March 1 of each year on  
27 preliminary actuarial estimates of the capitation rate changes for the  
28 following fiscal year along with the reasons for the estimated  
29 changes. For any actuarial estimates that include a range, the total  
30 range from minimum to maximum may not be more than two percent. Before  
31 implementing any changes in capitation rates for the long-term care  
32 system, the department shall submit a report for review by the joint  
33 legislative budget committee. Before the department implements any change  
34 in policy affecting the amount, sufficiency, duration and scope of health  
35 care services and who may provide services, the department shall prepare a  
36 fiscal impact analysis on the potential effects of this change on the  
37 following year's capitation rates. If the fiscal impact analysis  
38 demonstrates that this change will result in additional state costs of  
39 \$500,000 or more for any fiscal year, the department shall submit the  
40 policy change for review by the joint legislative budget committee.

41 Before implementing developmental disabilities or long-term care  
42 statewide provider rate adjustments that are not already specifically  
43 authorized by the legislature, court mandates or changes to federal law,  
44 the department of economic security shall submit a report for review by  
45 the joint legislative budget committee that includes, at a minimum, the

1 estimated cost of the provider rate adjustment and the ongoing source of  
2 funding for the adjustment, if applicable.

3 On or before March 1, 2027, the department of economic security  
4 shall provide to the governor, the president of the senate, the speaker of  
5 the house of representatives, the chairpersons of the senate and house of  
6 representatives appropriations committees and the director of the joint  
7 legislative budget committee a report on the utilization of covered  
8 services under the developmental disabilities program by disability  
9 classification. The report must include the total expenditures for each  
10 covered service by primary diagnosis in fiscal year 2025-2026.

11 Before transferring any monies in or out of the case management –  
12 medicaid and case management – state-only and developmental disabilities  
13 administration line items and before transferring any monies in or out of  
14 the operating lump sum item related to the developmental disabilities  
15 program and its administration, the department of economic security shall  
16 submit a report for review by the joint legislative budget committee,  
17 except that transfers from the state match transfer from AHCCCS line item  
18 into those line items do not require a report for review.

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

26 Employment and rehabilitation services

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

35 The department of economic security shall forward to the joint  
36 legislative budget committee a monthly report listing data on the child  
37 care population served. The report must include, at a minimum, in each  
38 program the number of unduplicated children enrolled in child care within  
39 the department of economic security and the department of child safety by  
40 program and the average amount paid per child plus quality-related  
41 spending.

42 All workforce investment act grant monies that are received by this  
43 state in excess of \$87,109,200 are appropriated to the workforce  
44 innovation and opportunity act services line item. Before spending these  
45 increased monies, the department of economic security shall report the

1 intended use of monies in excess of \$87,109,200 to the joint legislative  
 2 budget committee.

3 Department-wide

4 The above appropriations are in addition to monies granted to this  
 5 state by the federal government for the same purposes but are deemed to  
 6 include the sums deposited in the state treasury to the credit of the  
 7 department of economic security pursuant to section 42-5029, Arizona  
 8 Revised Statutes.

9 The department of economic security shall forward to the president  
 10 of the senate, the speaker of the house of representatives, the  
 11 chairpersons of the senate and house of representatives appropriations  
 12 committees and the director of the joint legislative budget committee a  
 13 monthly report comparing total expenditures for the month and year-to-date  
 14 as compared to prior year totals on or before the thirtieth of the  
 15 following month. The report must include an estimate of potential  
 16 shortfalls in entitlement programs and potential federal and other monies,  
 17 such as the statewide assessment for indirect costs, and any projected  
 18 surplus in state-supported programs that may be available to offset these  
 19 shortfalls and a plan, if necessary, for eliminating any shortfall without  
 20 a supplemental appropriation.

21 Sec. 30. STATE BOARD OF EDUCATION

		<u>2026-27</u>
	FTE positions	23.0
	Operating lump sum appropriation	\$ 3,224,900
	Arizona empowerment scholarship	
	account appeals	<u>237,900</u>
	Total appropriation –	
	state board of education	\$ 3,462,800
	Fund sources:	
	State general fund	\$ 3,462,800

31 Sec. 31. SUPERINTENDENT OF PUBLIC INSTRUCTION

		<u>2026-27</u>
	FTE positions	232.9
	Operating lump sum appropriation	\$ 15,584,600
	<u>Formula programs</u>	
	Basic state aid	6,988,177,800
	Onetime additional assistance	
	supplement	29,000,000
	Onetime FRPL group B	
	weight supplement	37,000,000
	State aid supplement	75,000,000
	Special education fund	36,029,200
	Classroom site fund	1,129,954,100
	Instructional improvement fund	80,425,700

1	<u>Property tax relief</u>	
2	Additional state aid	551,969,500
3	<u>Non-formula programs</u>	
4	Accountability and achievement	
5	testing	16,450,300
6	Adult education	4,912,100
7	Alternative teacher development	
8	program	1,000,000
9	Arizona English language	
10	learner fund	4,960,400
11	College credit by examination	
12	incentive program	3,772,100
13	College placement exam fee waiver	1,265,800
14	Computer science professional	
15	development program	1,000,000
16	CTED certification exam fee	
17	reimbursement	1,000,000
18	CTED completion grants	1,000,000
19	CTED soft capital and equipment	1,000,000
20	Early literacy	17,394,000
21	Education learning and	
22	accountability system	5,534,100
23	English learner administration	11,643,000
24	Geographic literacy	100,000
25	Gifted assessments	850,000
26	Jobs for Arizona graduates	500,000
27	Onetime school meal grants	2,000,000
28	Public school campus community	
29	gardens	600,000*
30	School safety program	82,036,100
31	State block grant for vocational	
32	education	11,861,900
33	Student level data access	358,900
34	Teacher certification	2,416,700
35	Tribal college dual enrollment	
36	program	<u>325,000</u>
37	Total appropriation and expenditure	
38	authority – superintendent	
39	of public instruction	\$9,115,121,300
40	Fund sources:	
41	State general fund	\$7,649,389,900
42	Education sales tax fund	7,000,000
43	Permanent state school fund	80,226,500
44	Special education fund	5,000,000
45	Teacher certification fund	2,560,700

1	Tribal college dual enrollment	
2	program fund	325,000
3	Department of education empowerment	
4	scholarship account fund	358,900
5	Expenditure authority	1,370,260,300

6     Operating lump sum

7     Any monies available to the department of education pursuant to  
8 section 42-5029.02, subsection A, paragraph 8, Arizona Revised Statutes,  
9 for the failing schools tutoring fund established by section 15-241,  
10 Arizona Revised Statutes, in excess of the expenditure authority amounts  
11 are allocated for the purposes of section 42-5029.02, subsection A,  
12 paragraph 8, Arizona Revised Statutes.

13     Any monies available to the department of education pursuant to  
14 section 42-5029.02, subsection A, paragraph 6, Arizona Revised Statutes,  
15 for character education matching grants pursuant to section 15-154.01,  
16 Arizona Revised Statutes, in excess of the expenditure authority amounts  
17 are allocated for the purposes of section 42-5029.02, subsection A,  
18 paragraph 6, Arizona Revised Statutes.

19     Basic state aid

20     The appropriation for basic state aid provides basic state support  
21 to school districts for maintenance and operations funding as provided by  
22 section 15-973, Arizona Revised Statutes, and includes an estimated  
23 \$80,226,500 in expendable income derived from the permanent state school  
24 fund and from state trust lands pursuant to section 37-521, subsection B,  
25 Arizona Revised Statutes, for fiscal year 2026-2027.

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

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

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

1           The monies appropriated for the onetime additional assistance  
2 supplement line item includes \$23,142,000 for a onetime district  
3 additional assistance supplement and \$5,858,000 for a onetime charter  
4 additional assistance supplement. The department of education shall  
5 distribute the amount for the onetime district additional assistance  
6 supplement to school districts on a proportional basis based on the  
7 district additional assistance funding that each school district in this  
8 state receives in fiscal year 2026-2027 and increase the budget limits  
9 accordingly pursuant to section 15-947, Arizona Revised Statutes. A  
10 school district may budget the monies received from the onetime additional  
11 assistance supplement in either the school district's maintenance and  
12 operation fund or unrestricted capital outlay fund. The department of  
13 education shall distribute the amount for a onetime charter additional  
14 assistance supplement to charter schools on a proportional basis based on  
15 the charter additional assistance funding that each charter school in this  
16 state receives in fiscal year 2026-2027.

17           The department of education shall distribute the appropriated amount  
18 for the onetime FRPL group B weight supplement line item to school  
19 districts and charter schools on a pro rata basis using the weighted  
20 student count for FRPL pupils for the school district or charter school  
21 pursuant to section 15-943, paragraph 2, subdivision (b), Arizona Revised  
22 Statutes, and shall increase the budget limits accordingly pursuant to  
23 section 15-947, Arizona Revised Statutes. A school district may budget  
24 the monies received from the onetime FRPL group B weight supplement in  
25 either the school district's maintenance and operation fund or  
26 unrestricted capital outlay fund.

27           The department of education shall allocate the appropriated amount  
28 for the state aid supplement to districts and charter schools on a pro  
29 rata basis using the weighted student count for the school district or  
30 charter school for the fiscal year pursuant to section 15-943, paragraph  
31 2, subdivision (a), Arizona Revised Statutes, and increase the budget  
32 limits pursuant to section 15-947, Arizona Revised Statutes, accordingly.  
33 The weighted student count for a school district that serves as the  
34 district of attendance for nonresident pupils shall be increased to  
35 include nonresident pupils who attend school in the district.

36           Other programs

37           Any monies available to the department of education for the  
38 classroom site fund pursuant to section 37-521, subsection B, paragraph 4,  
39 Arizona Revised Statutes, and section 42-5029.02, subsection A, paragraph  
40 11, Arizona Revised Statutes, in excess of expenditure authority amounts  
41 are allocated for the purposes of section 37-521, subsection B, paragraph  
42 4, Arizona Revised Statutes, and section 42-5029.02, subsection A,  
43 paragraph 11, Arizona Revised Statutes.

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

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

9 Any monies available to the department of education for  
10 accountability purposes pursuant to section 42-5029.02, subsection A,  
11 paragraph 7, Arizona Revised Statutes, in excess of the expenditure  
12 authority amounts are allocated for the purposes of section 42-5029.02,  
13 subsection A, paragraph 7, Arizona Revised Statutes.

14 The department of education may use the appropriated amount for  
15 accountability and achievement testing in fiscal year 2026-2027 for costs  
16 of the English language proficiency assessments required by section  
17 15-756.05, Arizona Revised Statutes.

18 Monies appropriated for CTED completion grants are intended to help  
19 fund program completion for students who complete at least fifty percent  
20 of a career technical education program before graduating from high school  
21 and who successfully complete the career technical education district  
22 program after graduating from high school. The application procedures  
23 shall award grant funding only after an eligible student has successfully  
24 completed a career technical education district program.

25 If the appropriated amount for CTED completion grants is  
26 insufficient to fund all grant requests from career technical education  
27 districts, the department of education shall reduce grant amounts on a  
28 proportional basis in order to cap total statewide allocations at  
29 \$1,000,000.

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

33 The department of education shall distribute the appropriated amount  
34 for CTED soft capital and equipment to career technical education  
35 districts with fewer than two thousand average daily membership pupils for  
36 soft capital and equipment expenses. The appropriated amount shall be  
37 allocated on a pro rata basis based on the average daily membership of  
38 eligible career technical education districts.

39 The department of education shall use the appropriated amount for  
40 English learner administration to provide English language acquisition  
41 services for the purposes of section 15-756.07, Arizona Revised Statutes,  
42 and for the costs of providing English language proficiency assessments,  
43 scoring and ancillary materials as prescribed by the department of  
44 education to school districts and charter schools for the purposes of  
45 title 15, chapter 7, article 3.1, Arizona Revised Statutes. The

1 department may use a portion of the appropriated amount to hire staff or  
2 contract with a third party to carry out the purposes of section  
3 15-756.07, Arizona Revised Statutes. Notwithstanding section 41-192,  
4 Arizona Revised Statutes, the superintendent of public instruction also  
5 may use a portion of the appropriated amount to contract with one or more  
6 private attorneys to provide legal services in connection with the case of  
7 Flores v. State of Arizona, No. CIV 92-596-TUC-RCC.

8 The department of education shall use the appropriated amount for  
9 geographic literacy to issue a grant to a statewide geographic alliance  
10 for strengthening geographic literacy in this state.

11 The department of education shall use the appropriated amount for  
12 jobs for Arizona graduates to issue a grant to a nonprofit organization  
13 for a JOBS for Arizona graduates program.

14 The department of education shall distribute the appropriated amount  
15 for onetime school meal grants to school districts and charter schools  
16 that participate in the national school lunch program or school breakfast  
17 program established under the national school lunch and child nutrition  
18 acts (42 United States Code section 1751 through 1793) for grants to  
19 reduce or eliminate copayments that would otherwise be charged to children  
20 eligible for reduced-price meals. If the appropriated amount is  
21 insufficient to cover the grant awards for all eligible grantees, the  
22 department shall reduce each grant proportionately to ensure all eligible  
23 grantees receive proportional grants.

24 The amount appropriated for the school safety program in fiscal year  
25 2022-2023 pursuant to Laws 2022, chapter 313, section 31, as amended by  
26 Laws 2024, chapter 209, section 1, included an increase of \$50,000,000 for  
27 additional school safety grants. In allocating the \$50,000,000 increase,  
28 the department of education shall first distribute monies to schools on  
29 the school safety program waiting list to receive grants for the costs of  
30 placing school resource officers on school campuses. The awarded grants  
31 may not supplant funding provided by local governments for school resource  
32 officers. If the total cost of funding grants for school resource  
33 officers is less than \$50,000,000, the department may allocate the  
34 remaining monies to grants to schools for the costs of placing school  
35 counselors and social workers on school campuses pursuant to section  
36 15-154, Arizona Revised Statutes.

37 Any monies available to the department of education for school  
38 safety pursuant to section 42-5029.02, subsection A, paragraph 6, Arizona  
39 Revised Statutes, in excess of the expenditure authority amounts are  
40 allocated for the purposes of section 42-5029.02, subsection A, paragraph  
41 6, Arizona Revised Statutes.

42 Of the amount appropriated by Laws 2025, chapter 233, section 31 for  
43 the school safety program, \$100,000 shall be used to fund the child sexual  
44 abuse and assault awareness and prevention pilot program established by  
45 law.

1 After review by the joint legislative budget committee, in fiscal  
 2 year 2026-2027, the department of education may use a portion of its  
 3 fiscal year 2026-2027 state general fund appropriations for basic state  
 4 aid, additional state aid or the special education fund to fund a  
 5 shortfall in funding for basic state aid, additional state aid or the  
 6 special education fund, if any, that occurred in fiscal year 2025-2026.

7 The department of education shall provide an updated report on its  
 8 budget status every three months for the first half of each fiscal year  
 9 and every month thereafter to the president of the senate, the speaker of  
 10 the house of representatives, the chairpersons of the senate and house of  
 11 representatives appropriations committees, the director of the joint  
 12 legislative budget committee and the director of the governor's office of  
 13 strategic planning and budgeting. Each report must include, at a minimum,  
 14 the department's current funding surplus or shortfall projections for  
 15 basic state aid and other major formula-based programs and is due thirty  
 16 days after the end of the applicable reporting period.

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

21 Sec. 32. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS

	<u>2026-27</u>
22 FTE positions	68.1
23 Administration	\$ 2,946,000
24 Emergency management	902,700
25 Emergency management matching funds	1,563,600
26 Military affairs	2,157,300
27 National guard matching funds	3,533,300
28 National guard tuition	
29 reimbursement	<u>1,000,000</u>
30 Total appropriation – department of	
31 emergency and military affairs	\$ 12,102,900
32 Fund sources:	
33 State general fund	\$ 12,102,900

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

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

42 Of the \$13,300,000 appropriated to the department by Laws 2022,  
 43 chapter 313, section 32 in fiscal year 2022-2023 for a onetime maintenance  
 44 backfill, the department may use any remaining unexpended and unencumbered  
 45

1 monies for the construction of the Arizona army national guard surprise  
 2 readiness center in the city of Surprise.

3 Sec. 33. DEPARTMENT OF ENVIRONMENTAL QUALITY

4		<u>2026-27</u>
5	FTE positions	360.7
6	Operating lump sum appropriation	\$ 73,837,600
7	Safe drinking water program	2,027,700
8	Geothermal energy research	1,500,000
9	Iron King mine Humboldt smelter	
10	cleanup	2,000,000
11	Emissions control contractor	
12	payment	31,989,000
13	Voluntary vehicle repair	
14	program support	2,170,200
15	Air permit portal	371,200
16	Water quality fee fund deposit	<u>9,500,000</u>
17	Total appropriation – department of	
18	environmental quality	\$ 123,395,700
19	Fund sources:	
20	State general fund	\$ 2,000,000
21	Air quality fund	15,320,700
22	Emergency response fund	132,800
23	Emissions inspection fund	36,200,000
24	Hazardous waste management fund	2,689,300
25	Indirect cost fund	19,603,200
26	Permit administration fund	7,536,400
27	Recycling fund	8,242,100
28	Safe drinking water program	
29	fund	2,027,700
30	Solid waste fee fund	3,907,600
31	Underground storage tank fund	3,700,000
32	Water quality fee fund	22,035,900

33 The department of environmental quality shall report annually on the  
 34 progress of WQARF activities, including emergency response, priority site  
 35 remediation, cost recovery activity, revenue and expenditure activity and  
 36 other WQARF-funded program activity. The department shall submit the  
 37 fiscal year 2026-2027 report to the joint legislative budget committee on  
 38 or before September 1, 2026. This report must also include a budget for  
 39 the WQARF program that is developed in consultation with the WQARF  
 40 advisory board. This budget shall specify the monies budgeted for each  
 41 listed site during fiscal year 2026-2027. In addition, the department and  
 42 the WQARF advisory board shall prepare and submit to the joint legislative  
 43 budget committee, on or before October 1, 2026, a report in a table format  
 44 summarizing the current progress on remediation of each listed site on the  
 45 WQARF registry. The table shall include the stage of remediation for each

1 site at the end of fiscal year 2025-2026, indicate whether the current  
 2 stage of remediation is anticipated to be completed in fiscal year  
 3 2026-2027 and indicate the anticipated stage of remediation at each listed  
 4 site at the end of fiscal year 2026-2027, assuming fiscal year 2026-2027  
 5 funding levels. The department and the WQARF advisory board may include  
 6 other relevant information about the listed sites in the table.

7 All permit administration fund monies received by the department of  
 8 environmental quality in excess of \$7,536,400 in fiscal year 2026-2027 are  
 9 appropriated to the department. Before spending permit administration  
 10 fund monies in excess of \$7,536,400 in fiscal year 2026-2027, the  
 11 department shall report the intended use of the monies to the joint  
 12 legislative budget committee.

13 All monies in the department of environmental quality indirect cost  
 14 fund established by section 49-115, Arizona Revised Statutes, including  
 15 the beginning balance, that are in excess of \$19,603,200 in fiscal year  
 16 2026-2027 are appropriated to the department. Before spending indirect  
 17 cost fund monies in excess of \$19,603,200 in fiscal year 2026-2027, the  
 18 department shall report the intended use of the monies to the joint  
 19 legislative budget committee.

20 The operating lump sum appropriation includes \$776,600 from the  
 21 water quality fee fund established by section 49-210, Arizona Revised  
 22 Statutes, for two FTE positions to process an increase in permit  
 23 applications resulting from revised aquifer water quality standards. The  
 24 department of environmental quality may only spend these monies if  
 25 matching amounts of aquifer protection permit program fees collected  
 26 pursuant to section 49-241.02, Arizona Revised Statutes, are deposited in  
 27 the water quality fee fund established by section 49-210, Arizona Revised  
 28 Statutes, by the end of fiscal year 2026-2027.

29 Sec. 34. GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY

30			<u>2026-27</u>
31	FTE positions		5.0
32	Lump sum appropriation	\$	317,400
33	Fund sources:		
34	Personnel division fund	\$	317,400

35 Sec. 35. STATE BOARD OF EQUALIZATION

36			<u>2026-27</u>
37	FTE positions		7.0
38	Lump sum appropriation	\$	734,700
39	Fund sources:		
40	State general fund	\$	734,700

1 Sec. 36. BOARD OF EXECUTIVE CLEMENCY

2		<u>2026-27</u>
3	FTE positions	15.5
4	Lump sum appropriation	\$ 1,639,300
5	Fund sources:	
6	State general fund	\$ 1,639,300

7 On or before November 1, 2026, the board of executive clemency shall  
 8 report to the directors of the joint legislative budget committee and the  
 9 governor's office of strategic planning and budgeting the total number and  
 10 types of cases the board reviewed in fiscal year 2025-2026.

11 Sec. 37. ARIZONA EXPOSITION AND STATE FAIR BOARD

12		<u>2026-27</u>
13	FTE positions	184.0
14	Lump sum appropriation	\$ 19,762,800
15	Fund sources:	
16	Arizona exposition and state	
17	fair fund	\$ 19,762,800

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

25 The \$2,000,000 appropriated to the Arizona exposition and state fair  
 26 board by Laws 2025, chapter 233, section 37 in fiscal year 2025-2026 for  
 27 enhanced state fair operations is exempt from the provisions of section  
 28 35-190, Arizona Revised Statutes, relating to lapsing of appropriations,  
 29 until June 30, 2027.

30 Sec. 38. ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT

31		<u>2026-27</u>
32	FTE positions	215.5
33	Operating lump sum appropriation	\$ 6,303,100
34	Environmental county grants	250,000
35	Inmate firefighting crews	902,700
36	Postrelease firefighting crews	1,332,700
37	Fire suppression	10,200,000
38	State fire marshal	1,844,400
39	State fire school	291,700
40	Hazardous vegetation removal	3,039,300
41	US forest service land thinning	1,703,400
42	Wildfire mitigation	<u>27,354,900</u>
43	Total appropriation – Arizona department	
44	of forestry and fire management	\$ 53,222,200

1	Fund sources:	
2	State general fund	\$ 53,222,200
3	Of the amount appropriated in the fire suppression line item,	
4	\$10,000,000 shall be used for the purposes prescribed by and are subject	
5	to the restrictions outlined in Laws 2021, first special session, chapter	
6	1, section 1, as amended by Laws 2022, chapter 1, section 1. Of the	
7	amount appropriated in the fire suppression line item, \$10,000,000 is	
8	exempt from the provisions of section 35-190, Arizona Revised Statutes,	
9	relating to the lapsing of appropriations, through June 30, 2029.	
10	The appropriation for the hazardous vegetation removal line item is	
11	exempt from the provisions of section 35-190, Arizona Revised Statutes,	
12	relating to lapsing of appropriations, until June 30, 2028.	
13	The appropriation for the wildfire mitigation line item is exempt	
14	from the provisions of section 35-190, Arizona Revised Statutes, relating	
15	to lapsing of appropriations, until June 30, 2029.	
16	Sec. 39. ARIZONA GAME AND FISH DEPARTMENT	
17		<u>2026-27</u>
18	FTE positions	273.5
19	Operating lump sum appropriation	\$ 45,460,200
20	Pittman-Robertson/Dingell-Johnson	
21	act	<u>3,058,000</u>
22	Total appropriation – Arizona game and fish	
23	department	\$ 48,518,200
24	Fund sources:	
25	Capital improvement fund	\$ 1,001,200
26	Game and fish fund	42,033,600
27	Wildlife endowment fund	16,200
28	Watercraft licensing fund	5,071,100
29	Game, nongame, fish and	
30	endangered species fund	396,100
31	Sec. 40. DEPARTMENT OF GAMING	
32		<u>2026-27</u>
33	FTE positions	130.8
34	Operating lump sum appropriation	\$ 13,590,000
35	Arizona breeders' award	250,000
36	Casino operations certification	2,346,100
37	County fairs livestock and	
38	agriculture promotion	6,029,500
39	Division of racing	2,372,700
40	Contract veterinarian	175,000
41	Horseracing integrity and safety	
42	act assessment	2,000,000
43	Racing regulation fund deposit	1,900,000
44	Problem gambling	<u>4,000,000</u>
45	Total appropriation – department of gaming	\$ 32,663,300

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Fund sources:

State general fund	\$ 8,104,500
Tribal-state compact fund	2,346,100
Arizona benefits fund	17,290,000
State lottery fund	300,000
Racing regulation fund	4,622,700

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

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

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

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

Sec. 41. OFFICE OF THE GOVERNOR

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

Fund sources:

State general fund	\$ 9,644,700
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Included in the operating lump sum appropriation of \$8,144,700 for fiscal year 2026-2027 is \$10,000 for the purchase of mementos and items for visiting officials.

1	Sec. 42. 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. 43. DEPARTMENT OF HEALTH SERVICES	
8		<u>2026-27</u>
9	FTE positions	1,129.5
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	Cooling centers for heat relief	400,000
21	County tuberculosis provider	
22	care and control	590,700
23	Dementia services program and	
24	Alzheimer's disease state plan	700,000
25	Enhanced residential treatment	250,000
26	Folic acid program	400,000
27	Funeral services regulation	460,600
28	High-risk perinatal services	2,343,400
29	Newborn screening program	15,967,000
30	Nonrenal disease management	198,000
31	Nursing care special projects	200,000
32	Poison control centers funding	990,000
33	Radiation protection system grants	1,500,000
34	Renal dental care and nutrition	
35	supplements	300,000
36	Renal transplant drugs	183,000
37	<u>Arizona state hospital</u>	
38	Arizona state hospital –	
39	operating	82,070,500
40	Arizona state hospital –	
41	restoration to competency	900,000
42	Arizona state hospital –	
43	sexually violent persons	<u>12,940,100</u>
44	Total appropriation – department of	
45	health services	\$196,381,400

1	Fund sources:	
2	State general fund	\$122,263,600
3	Arizona state hospital fund	3,395,700
4	Arizona state hospital land fund	1,596,600
5	Child fatality review fund	196,500
6	Disease control research fund	1,000,000
7	DHS indirect cost fund	13,822,200
8	Emergency medical services	
9	operating fund	4,278,400
10	Environmental laboratory licensure	
11	revolving fund	1,013,100
12	Federal child care and development	
13	fund block grant	1,286,500
14	Health services licensing fund	23,641,400
15	Health services lottery monies fund	2,600,000
16	Newborn screening program fund	16,386,100
17	Nursing care institution resident	
18	protection revolving fund	238,200
19	Tobacco tax and health care	
20	fund – medically needy account	700,000
21	Vital records electronic systems	
22	fund	3,963,100

23 Public health/family health

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

33 The department of health services may use up to four percent of the  
 34 amount appropriated for nonrenal disease management for the administrative  
 35 costs to implement the program.

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

1 shall submit a copy of the audit to the department of health services on  
2 or before February 1, 2028.

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

7 1. Is headquartered in this state.

8 2. Has been operating in this state for at least the last ten  
9 years.

10 3. Has participating member institutions that work together to end  
11 Alzheimer's disease within a statewide collaborative model by using their  
12 complementary strengths in brain imaging, computer science, genomics,  
13 basic and cognitive neurosciences and clinical and neuropathology  
14 research.

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

18 The terms of the grant made to the charitable organization may not  
19 impose any requirements that were not imposed in prior grant agreements  
20 entered into between the department of health services and the charitable  
21 organization.

22 The amount appropriated in the cooling centers for heat relief line  
23 item is exempt from the provisions of section 35-190, Arizona Revised  
24 Statutes, relating to lapsing of appropriations, until October 31, 2027.

25 The amount appropriated to the radiation protection system grants  
26 line item shall be used by the department to establish and administer a  
27 grant program to assist rural hospitals with the cost of installing  
28 radiation protection systems in cardiac catheterization procedure rooms in  
29 which real-time x-ray imaging procedure occur.

30 Arizona state hospital

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

35 Department-wide

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

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

3 Sec. 44. ARIZONA HISTORICAL SOCIETY

4		<u>2026-27</u>
5	FTE positions	54.9
6	Operating lump sum appropriation	\$ 2,394,900
7	Field services and grants	66,900
8	Papago park museum	<u>572,600</u>
9	Total appropriation – Arizona historical	
10	society	\$ 3,034,400
11	Fund sources:	
12	State general fund	\$ 3,034,400

13 If the Arizona historical society donations fund unrestricted  
 14 balance is less than \$300,000 in fiscal year 2026-2027, the Arizona  
 15 historical society may use not more than \$549,600 from the state parks  
 16 revenue fund established in section 41-511.21, Arizona Revised Statutes,  
 17 for operating expenditures. The Arizona historical society shall notify  
 18 the joint legislative budget committee if the balance of the Arizona  
 19 historical society donations fund is less than \$300,000 in fiscal year  
 20 2026-2027 and shall submit a report to the joint legislative budget  
 21 committee on the intended uses of any monies from the state parks revenue  
 22 fund before spending any monies for operating expenditures.

23 Sec. 45. PRESCOTT HISTORICAL SOCIETY

24		<u>2026-27</u>
25	FTE positions	13.0
26	Lump sum appropriation	\$ 1,074,300
27	Fund sources:	
28	State general fund	\$ 1,074,300

29 Sec. 46. ARIZONA DEPARTMENT OF HOMELAND SECURITY

30		<u>2026-27</u>
31	FTE positions	26.0
32	Statewide information security	
33	and privacy operations and	
34	controls	\$ 11,145,200
35	Multi-factor authentication	850,000
36	Cyber ready Arizona	<u>11,500,000</u>
37	Total appropriation – Arizona department of	
38	homeland security	\$ 23,495,200
39	Fund sources:	
40	State general fund	\$ 10,000,000
41	Information technology fund	11,995,200
42	Highway patrol fund	1,500,000

1 Of the amount appropriated for the cyber ready Arizona line item,  
 2 the Arizona department of homeland security may spend up to \$500,000 for  
 3 administration and not more than \$11,000,000 to purchase cybersecurity  
 4 tool licenses. With the exception of the \$500,000 allowed for  
 5 administration, monies in the cyber ready Arizona line item may not be  
 6 used to support permanent FTE positions at any state agency or political  
 7 subdivision of this state. In addition to any existing recipient class,  
 8 the department may consider grant applications from water and wastewater  
 9 facilities.

10 Sec. 47. BOARD OF HOMEOPATHIC AND INTEGRATED MEDICINE EXAMINERS

		<u>2026-27</u>
11		
12	FTE positions	1.0
13	Lump sum appropriation	\$ 64,200
14	Fund sources:	
15	Board of homeopathic and	
16	integrated medicine	
17	examiners' fund	\$ 64,200

18 Sec. 48. ARIZONA DEPARTMENT OF HOUSING

		<u>2026-27</u>
19		
20	FTE positions	3.0
21	Lump sum appropriation	\$ 360,700
22	Fund sources:	
23	Housing trust fund	\$ 360,700

24 Sec. 49. INDUSTRIAL COMMISSION OF ARIZONA

		<u>2026-27</u>
25		
26	FTE positions	215.6
27	Operating lump sum appropriation	\$ 23,213,100
28	Municipal firefighter reimbursement	
29	administration	<u>90,100</u>
30	Total appropriation – industrial commission	
31	of Arizona	\$ 23,303,200
32	Fund sources:	
33	State general fund	\$ 90,100
34	Administrative fund	23,213,100

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

40 Sec. 50. DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

		<u>2026-27</u>
41		
42	FTE positions	141.4
43	Operating lump sum appropriation	\$ 15,451,700
44	Arizona vehicle theft task force	4,552,600

1	Automobile theft authority	
2	operating budget	697,100
3	Local grants	1,388,900
4	Reimbursable programs	<u>50,000</u>
5	Total appropriation – department of insurance	
6	and financial institutions	\$ 22,140,300
7	Fund sources:	
8	State general fund	\$ 1,580,300
9	Automobile theft authority fund	6,837,300
10	Financial services fund	6,257,500
11	Financial surveillance fund	7,414,900
12	Department revolving fund	50,300

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

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

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

26 Of the department fees required by statute to be deposited in the  
 27 financial surveillance fund established by section 20-156, Arizona Revised  
 28 Statutes, the legislature intends that the department of insurance and  
 29 financial institutions assess and set the fees at a level to ensure that  
 30 the available resources in the financial surveillance fund, including any  
 31 carryforward balance, will equal or exceed the amount appropriated from  
 32 the financial surveillance fund.

33 Of the department fees required by statute to be deposited in the  
 34 state general fund, the legislature intends that the department assess and  
 35 set the fees at rates that equal or exceed those expended in fiscal year  
 36 2025-2026.

37 The operating lump sum appropriation includes a \$1,000,000 increase  
 38 from the financial surveillance fund for the department's financial  
 39 institutions division.

40 Sec. 51. ARIZONA JUDICIARY

41		<u>2026-27</u>
42	<u>Supreme court</u>	
43	FTE positions	208.0
44	Operating lump sum appropriation	\$ 19,435,000

1	Fair jury improvement	
2	fund deposit	1,620,000
3	Automation	25,114,100
4	County reimbursements	187,900
5	Court appointed special advocate	
6	and vulnerable persons	6,840,800
7	Courthouse security	752,100
8	Domestic relations	726,700
9	State foster care review board	3,680,500
10	Commission on judicial conduct	802,800
11	Judicial nominations and	
12	performance review	641,900
13	Model court	660,800
14	State aid	5,962,100
15	Probation electronic monitoring	
16	system operating costs	<u>1,300,000</u>
17	Total appropriation – supreme court	\$ 67,724,700
18	Fund sources:	
19	State general fund	\$ 30,599,500
20	Confidential intermediary and	
21	fiduciary fund	702,400
22	Court appointed special advocate	
23	and vulnerable persons fund	8,348,600
24	Criminal justice enhancement fund	4,779,700
25	Defensive driving school fund	4,498,500
26	Judicial collection enhancement	
27	fund	15,849,400
28	State aid to the courts fund	2,946,600

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

41 Pursuant to section 41-1904, Arizona Revised Statutes, as of January  
42 1, 2027, the annual salary for the chief justice of the supreme court is  
43 \$242,000 and the annual salary for the other justices of the supreme court  
44 is \$235,000.

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

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

8 Of the \$187,900 appropriated for county reimbursements, state grand  
9 jury is limited to \$97,900 and capital postconviction relief is limited to  
10 \$90,000.

11 The amount appropriated for probation electronic monitoring system  
12 operating costs in fiscal year 2026-2027 shall be used for the continued  
13 operation of a statewide mobile electronic monitoring system for sex  
14 offenders on probation supervision and may only be used for contracted  
15 statewide mobile electronic monitoring platform services, including:

- 16 1. Approved mobile devices and data services.
- 17 2. Software licensing and maintenance.
- 18 3. Officer training.
- 19 4. Contractor compliance intervention services directly related to  
20 operation of the program.

21 The administrative office of the courts may authorize participating  
22 criminal justice and supervision agencies to use the statewide mobile  
23 electronic monitoring platform and related services, which may include the  
24 state department of corrections, county sheriff's offices, probation  
25 departments, pretrial services, diversion programs and specialty courts.  
26 Beginning in fiscal year 2026-2027, the administrative office of the  
27 courts shall submit quarterly expenditure, enrollment, compliance and  
28 utilization reports for the system to the governor, the president of the  
29 senate and the speaker of the house of representatives. If any monies  
30 remain from the appropriation from the probation electronic monitoring  
31 system operating costs line item in fiscal year 2026-2027 after satisfying  
32 all obligations pursuant to this section, the administrative office of the  
33 courts may use the remaining monies to operate the system for other  
34 violent offender populations.

35 Court of appeals

36	FTE positions	163.8
37	Division one	\$ 16,988,900
38	Division two	<u>8,805,400</u>
39	Total appropriation – court of appeals	\$ 25,794,300
40	Fund sources:	
41	State general fund	\$ 25,794,300

42 Of the 163.8 FTE positions for fiscal year 2026-2027, 112.3 FTE  
43 positions are for division one and 51.5 FTE positions are for division  
44 two.

1 Pursuant to section 41-1904, Arizona Revised Statutes, as of January  
 2 1, 2027, the annual salary for a judge of the court of appeals is  
 3 \$220,000.

4 Superior court

5	FTE positions	241.5
6	Operating lump sum appropriation	\$ 5,308,000
7	Judges' compensation	34,092,000
8	Centralized service payments	4,687,600
9	Adult standard probation	29,108,300
10	Adult intensive probation	16,362,300
11	Community punishment	2,310,300
12	Court-ordered removals	315,000
13	Interstate compact	605,100
14	Drug court	1,096,400
15	General adjudication personnel	
16	and support fund deposit	2,000,000
17	Juvenile standard probation	4,001,500
18	Juvenile intensive probation	6,087,200
19	Juvenile treatment services	20,803,000
20	Juvenile family counseling	500,000
21	Juvenile crime reduction	3,313,000
22	Juvenile diversion consequences	9,215,300
23	Probation incentive payments	1,000,000
24	Special water master	<u>511,100</u>
25	Total appropriation – superior court	\$141,316,100
26	Fund sources:	
27	State general fund	\$129,301,600
28	Criminal justice enhancement fund	5,494,900
29	Drug treatment and education fund	504,200
30	Judicial collection enhancement	
31	fund	6,015,400

32 Operating budget

33 All expenditures made by the administrative office of the courts to  
 34 administer superior court line items shall be funded only from the  
 35 superior court operating budget. Monies in superior court line items  
 36 intended for this purpose shall be transferred to the superior court  
 37 operating budget before expenditure.

38 Judges

39 Of the 241.5 FTE positions, 183 FTE positions represent superior  
 40 court judges. This FTE position clarification does not limit the  
 41 counties' ability to add judges pursuant to section 12-121, Arizona  
 42 Revised Statutes.

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

8 Pursuant to section 41-1904, Arizona Revised Statutes, as of January  
9 1, 2027, the annual salary for a superior court judge is \$210,000.

10 Probation

11 Monies appropriated to juvenile treatment services and juvenile  
12 diversion consequences line items shall be deposited in the juvenile  
13 probation services fund established by section 8-322, Arizona Revised  
14 Statutes.

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

19 On or before November 1, 2026, the administrative office of the  
20 courts shall report to the joint legislative budget committee and the  
21 governor's office of strategic planning and budgeting the fiscal year  
22 2025-2026 actual, fiscal year 2026-2027 estimated and fiscal year  
23 2027-2028 requested amounts for each of the following:

24 1. On a county-by-county basis, the number of authorized and filled  
25 case carrying probation positions and non-case carrying probation  
26 positions, distinguishing between adult standard, adult intensive,  
27 juvenile standard and juvenile intensive. The report must indicate the  
28 level of state probation funding, other state funding, county funding and  
29 probation surcharge funding for those positions.

30 2. Total receipts and expenditures by county and fund source for  
31 the adult standard, adult intensive, juvenile standard and juvenile  
32 intensive probation line items, including the amount of personal services  
33 spent from each revenue source of each account.

34 All centralized service payments made by the administrative office  
35 of the courts on behalf of counties shall be funded only from the  
36 centralized service payments line item. Centralized service payments  
37 include only training, motor vehicle payments, CORP review board funding,  
38 LEARN funding, research, operational reviews and GPS vendor payments. This  
39 footnote does not apply to treatment or counseling services payments made  
40 from the juvenile treatment services and juvenile diversion consequences  
41 line items. Monies in the operating lump sum appropriation or other line  
42 items intended for centralized service payments shall be transferred to  
43 the centralized service payments line item before expenditure.

1 All monies in the adult standard probation, adult intensive  
 2 probation, community punishment, interstate compact, juvenile standard  
 3 probation, juvenile intensive probation, juvenile treatment services,  
 4 juvenile diversion consequences, juvenile crime reduction and probation  
 5 incentive payments line items shall be used only as pass-through monies to  
 6 county probation departments. Monies in the operating lump sum  
 7 appropriation or other line items intended as pass-through for the purpose  
 8 of administering a county probation program shall be transferred to the  
 9 appropriate probation line item before expenditure.

10 On or before November 1, 2026, the administrative office of the  
 11 courts shall submit a report to the joint legislative budget committee on  
 12 the county-approved salary adjustments provided to probation officers  
 13 since the last report on November 1, 2025. The administrative office  
 14 shall also submit a copy of the report to the governor's office of  
 15 strategic planning and budgeting. The report must include, for each  
 16 county, the:

- 17 1. Approved percentage salary increase by year.
- 18 2. Net increase in the amount allocated to each probation  
 19 department by the administrative office of the courts for each applicable  
 20 year.
- 21 3. Average number of probation officers by applicable year.
- 22 4. Average salary of probation officers for each applicable year.

23 Sec. 52. DEPARTMENT OF JUVENILE CORRECTIONS

24		<u>2026-27</u>
25	FTE positions	583.5
26	Lump sum appropriation	\$ 46,105,800
27	Fund sources:	
28	State general fund	\$ 32,808,000
29	State charitable, penal and	
30	reformatory institutions	
31	land fund	4,054,400
32	Criminal justice enhancement fund	1,028,000
33	State education fund for committed	
34	youth	1,491,400
35	Department of juvenile corrections	
36	local cost sharing fund	6,724,000

37 Twenty-five percent of land earnings and interest from the state  
 38 charitable, penal and reformatory institutions land fund shall be  
 39 distributed to the department of juvenile corrections, in compliance with  
 40 section 25 of the enabling act and the Constitution of Arizona, to be used  
 41 to support state juvenile institutions and reformatories.

42 The department's lump sum appropriation includes funding to convert  
 43 the onetime stipend for youth correctional officers equal to four percent  
 44 of the annual salary appropriated in fiscal year 2025-2026 into a four  
 45 percent annual salary increase in fiscal year 2026-2027.

1 Sec. 53. STATE LAND DEPARTMENT

2		<u>2026-27</u>
3	FTE positions	145.7
4	Operating lump sum appropriation	\$ 19,861,000
5	CAP user fees	1,408,000
6	Due diligence program	<u>5,000,000</u>
7	Total appropriation – state land department	\$ 26,269,000

8 Fund sources:

9	State general fund	\$ 12,030,000
10	Off-highway vehicle recreation	
11	fund	177,600
12	Due diligence fund	5,000,000
13	Trust land management fund	9,061,400

14 The appropriation includes \$1,408,000 for CAP user fees in fiscal  
 15 year 2026-2027. For fiscal year 2026-2027, from municipalities that  
 16 assume their allocation of central Arizona project water for every dollar  
 17 received as reimbursement to this state for past central Arizona water  
 18 conservation district payments, \$1 reverts to the state general fund in  
 19 the year that the reimbursement is collected.

20 Sec. 54. LEGISLATURE

21		<u>2026-27</u>
22	<u>Senate</u>	
23	Lump sum appropriation	\$ 18,064,300*

24 Fund sources:

25	State general fund	\$ 18,064,300
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26 Included in the lump sum appropriation of \$18,064,300 for fiscal  
 27 year 2026-2027 is \$5,000 for the purchase of mementos and items for  
 28 visiting officials.

29 House of representatives

30	Lump sum appropriation	\$ 21,795,300*
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31 Fund sources:

32	State general fund	\$ 21,795,300
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33 Included in the lump sum appropriation of \$21,795,300 for fiscal  
 34 year 2026-2027 is \$5,000 for the purchase of mementos and items for  
 35 visiting officials.

36 Legislative council

37	FTE positions	63.0
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38	Lump sum appropriation	\$ 9,422,400*
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39 Fund sources:

40	State general fund	\$ 9,422,400
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41 Ombudsman-citizens aide office

42	FTE positions	12.0
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43	Lump sum appropriation	\$ 1,608,900*
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44 Fund sources:

45	State general fund	\$ 1,608,900
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1 The legislature intends that the ombudsman-citizens aide prioritize  
 2 investigating and processing complaints relating to the department of  
 3 child safety.

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

8 Joint legislative budget committee

9 FTE positions 29.0  
 10 Lump sum appropriation \$ 3,071,000\*

11 Fund sources:

12 State general fund \$ 3,071,000

13 Auditor general

14 FTE positions 236.8

15 Operating lump sum appropriation \$26,709,000\*

16 State employee health plan  
 17 special audit 500,000

18 Total appropriation - auditor general \$ 27,209,000

19 Fund sources:

20 State general fund \$ 26,709,000

21 Special employee health  
 22 insurance trust fund 500,000

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

26 The auditor general shall use the monies in the state employee  
 27 health plan special audit line item for a special audit of the state  
 28 employee health plan. The auditor general shall contract with an  
 29 independent third party to conduct the special audit. The special audit  
 30 must include the state employee health plan's application of best  
 31 practices in health insurance cost containment and must include a forensic  
 32 audit of a sample of claims from fiscal year 2025-2026.

33 Sec. 55. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

34 2026-27

35 FTE positions 59.2

36 Lump sum appropriation \$ 7,052,800

37 Fund sources:

38 Liquor licenses fund \$ 7,052,800

39 The \$2,900,000 appropriated to the department of liquor licenses and  
 40 control by Laws 2025, chapter 233, section 109 in fiscal year 2025-2026 to  
 41 modernize the department's records system is exempt from the provisions of  
 42 section 35-190, Arizona Revised Statutes, relating to lapsing of  
 43 appropriations, until June 30, 2028. The department may use the monies in  
 44 this paragraph for the implementation of regulations for alternative  
 45 nicotine products.

1	Sec. 56. ARIZONA STATE LOTTERY COMMISSION	
2		<u>2026-27</u>
3	FTE positions	98.8
4	Operating lump sum appropriation	\$ 10,153,900
5	Advertising	<u>15,500,000</u>
6	Total appropriation – Arizona state	
7	lottery commission	\$ 25,653,900
8	Fund sources:	
9	State lottery fund	\$ 25,653,900
10	An amount equal to twenty percent of tab ticket sales is	
11	appropriated to pay sales commissions to charitable organizations. This	
12	amount is currently estimated to be \$1,976,000 in fiscal year 2026-2027.	
13	An amount equal to 3.6 percent of actual instant ticket sales is	
14	appropriated to print instant tickets or to pay contractual obligations	
15	concerning instant ticket distribution. This amount is currently	
16	estimated to be \$41,473,100 in fiscal year 2026-2027.	
17	An amount equal to a percentage of total ticket sales as determined	
18	by contract is appropriated to pay online vendor fees. This amount is	
19	currently estimated to be \$17,424,200, or 1.079 percent of total ticket	
20	sales, in fiscal year 2026-2027.	
21	An amount equal to 6.5 percent of gross lottery game sales, minus	
22	charitable tab tickets, is appropriated to pay sales commissions to ticket	
23	retailers. An additional amount not to exceed 0.5 percent of gross	
24	lottery game sales is appropriated to pay sales commissions to ticket	
25	retailers. The combined amount is currently estimated to be \$107,533,000,	
26	or 6.7 percent of total ticket sales, in fiscal year 2026-2027.	
27	Sec. 57. BOARD OF MASSAGE THERAPY	
28		<u>2026-27</u>
29	FTE positions	5.0
30	Lump sum appropriation	\$ 601,200
31	Fund sources:	
32	Board of massage therapy fund	\$ 601,200
33	Sec. 58. ARIZONA MEDICAL BOARD	
34		<u>2026-27</u>
35	FTE positions	63.5
36	Operating lump sum appropriation	\$ 8,307,100
37	Employee performance incentive	
38	program	<u>165,600</u>
39	Total appropriation – Arizona medical	
40	board	\$ 8,472,700
41	Fund sources:	
42	Arizona medical board fund	\$ 8,472,700

1 Sec. 59. STATE MINE INSPECTOR

2		<u>2026-27</u>
3	FTE positions	22.0
4	Operating lump sum appropriation	\$ 1,587,400
5	Abandoned mines	844,000
6	Aggregate mining land reclamation	<u>112,800</u>
7	Total appropriation – state mine inspector	\$ 2,544,200

8 Fund sources:

9	State general fund	\$ 2,431,400
10	Aggregate mining reclamation fund	112,800

11 All aggregate mining reclamation fund monies received by the state  
 12 mine inspector in excess of \$112,800 in fiscal year 2026-2027 are  
 13 appropriated to the aggregate mining land reclamation line item. Before  
 14 spending any aggregate mining reclamation fund monies in excess of  
 15 \$112,800 in fiscal year 2026-2027, the state mine inspector shall report  
 16 the intended use of the monies to the joint legislative budget committee  
 17 and the governor's office of strategic planning and budgeting.

18 Sec. 60. STATE NATURAL RESOURCE CONSERVATION BOARD

19		<u>2026-27</u>
20	Natural resource conservation	
21	district fund deposit	<u>\$ 650,000</u>
22	Total appropriation – state natural resource	
23	conservation board	\$ 650,000

24 Fund sources:

25	State general fund	\$ 389,400
26	Environmental special plate fund	260,600

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

32 The \$100,000 appropriated to the natural resource conservation board  
 33 by Laws 2025, chapter 233, section 60 in fiscal year 2025-2026 for the  
 34 lump sum appropriation is exempt from the provisions of section 35-190,  
 35 Arizona Revised Statutes, relating to lapsing of appropriations.

36 Sec. 61. NATUROPATHIC PHYSICIANS MEDICAL BOARD

37		<u>2026-27</u>
38	FTE positions	2.0
39	Lump sum appropriation	\$ 221,800
40	Fund sources:	
41	Naturopathic physicians medical	
42	board fund	\$ 221,800

1	Sec. 62.	ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION	
2			<u>2026-27</u>
3		FTE positions	2.0
4		Lump sum appropriation	\$ 343,900
5		Fund sources:	
6		State general fund	\$ 143,900
7		Arizona water banking fund	200,000
8	Sec. 63.	ARIZONA STATE BOARD OF NURSING	
9			<u>2026-27</u>
10		FTE positions	70.0
11		Operating lump sum appropriation	\$ 7,158,000
12		Certified nursing assistant	
13		credentiaing program	<u>557,000</u>
14	Total appropriation – Arizona state	board of nursing	\$ 7,715,000
15		Fund sources:	
16		Board of nursing fund	\$ 7,715,000
17	Sec. 64.	BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS	
18		AND ASSISTED LIVING FACILITY MANAGERS	
19			<u>2026-27</u>
20		FTE positions	7.0
21		Lump sum appropriation	\$ 611,600
22		Fund sources:	
23		Nursing care institution	
24		administrators' licensing and	
25		assisted living facility	
26		managers' certification fund	\$ 611,600
27		Of the amount appropriated in the lump sum appropriation, \$30,000	
28		may be used to pay outstanding costs of services provided by the	
29		department of administration-central services bureau in prior years.	
30	Sec. 65.	BOARD OF OCCUPATIONAL THERAPY EXAMINERS	
31			<u>2026-27</u>
32		FTE positions	2.0
33		Lump sum appropriation	\$ 298,000
34		Fund sources:	
35		Occupational therapy fund	\$ 298,000
36	Sec. 66.	STATE BOARD OF DISPENSING OPTICIANS	
37			<u>2026-27</u>
38		FTE positions	1.0
39		Lump sum appropriation	\$ 229,700
40		Fund sources:	
41		Board of dispensing opticians fund	\$ 229,700
42			

1	Sec. 67.	STATE BOARD OF OPTOMETRY	
2			<u>2026-27</u>
3		FTE positions	2.0
4		Lump sum appropriation	\$ 288,000
5		Fund sources:	
6		Board of optometry fund	\$ 288,000
7	Sec. 68.	ARIZONA BOARD OF OSTEOPATHIC EXAMINERS IN MEDICINE AND SURGERY	
8			<u>2026-27</u>
9		FTE positions	15.0
10		Lump sum appropriation	\$ 1,926,100
11		Fund sources:	
12		Arizona board of osteopathic	
13		examiners in medicine	
14		and surgery fund	\$ 1,926,100
15	Sec. 69.	ARIZONA STATE PARKS BOARD	
16			<u>2026-27</u>
17		FTE positions	180.0
18		Operating lump sum appropriation	\$ 18,443,100
19		Broadband infrastructure operations	
20		and maintenance	242,100
21		State parks store	1,530,200
22		Kartchner caverns state park	2,587,700
23		Water and wastewater infrastructure	
24		operations and maintenance	<u>541,000</u>
25	Total appropriation – Arizona state parks		
26	board		\$ 23,344,100
27		Fund sources:	
28		State parks revenue fund	\$ 21,797,200
29		State parks store fund	1,530,200
30		Off-highway vehicle recreation fund	16,700

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

36 If monies are available for land and water conservation grant  
 37 funding to the Arizona state parks board for capital projects in fiscal  
 38 year 2026-2027, the board shall report its revised expenditure plans to  
 39 the joint committee on capital review and the governor's office of  
 40 strategic planning and budgeting.

41 If federal historic preservation fund grant monies are unavailable  
 42 to the state historic preservation office in federal fiscal year  
 43 2026-2027, the Arizona state parks board may spend up to \$1,400,000 of the  
 44 monies in the state parks revenue fund established by section 41-511.21,  
 45 Arizona Revised Statutes, to pay for the state historic preservation

1 office's operating expenses. Before spending any monies from the state  
 2 parks revenue fund for state historic preservation office operating  
 3 expenses, the Arizona state parks board shall report its expenditure plan  
 4 to the joint legislative budget committee.

5 The \$10,000,000 appropriated to the Arizona state parks board by  
 6 Laws 2023, chapter 199, section 6 in fiscal year 2023-2024 for a veterans  
 7 memorial state park is exempt from the provisions of section 35-190,  
 8 Arizona Revised Statutes, relating to lapsing of appropriations, until  
 9 June 30, 2028.

10 Sec. 70. STATE PERSONNEL BOARD

		<u>2026-27</u>
11		
12	FTE positions	2.0
13	Lump sum appropriation	\$ 369,900
14	Fund sources:	
15	Personnel division fund –	
16	personnel board subaccount	\$ 369,900

17 Sec. 71. ARIZONA STATE BOARD OF PHARMACY

		<u>2026-27</u>
18		
19	FTE positions	26.4
20	Operating lump sum appropriation	\$ 3,693,900
21	Prescriber report card	<u>50,000</u>
22	Total appropriation – Arizona state	
23	board of pharmacy	\$ 3,743,900
24	Fund sources:	
25	Arizona state board of pharmacy	
26	fund	\$ 3,743,900

27 Sec. 72. BOARD OF PHYSICAL THERAPY

		<u>2026-27</u>
28		
29	FTE positions	4.5
30	Lump sum appropriation	\$ 624,400
31	Fund sources:	
32	Board of physical therapy fund	\$ 624,400

33 Sec. 73. ARIZONA PIONEERS' HOME

		<u>2026-27</u>
34		
35	FTE positions	107.3
36	Lump sum appropriation	\$ 9,160,800
37	Fund sources:	
38	Miners' hospital for miners with	
39	disabilities land fund	\$ 2,897,000
40	State charitable fund	6,263,800

41 Earnings on state lands and interest on the investment of the  
 42 permanent land funds are appropriated for the Arizona pioneers' home and  
 43 the state hospital for miners with disabilities in compliance with the  
 44 enabling act and the Constitution of Arizona.

1	Sec. 74.	STATE BOARD OF PODIATRY EXAMINERS	
2			<u>2026-27</u>
3		FTE positions	1.0
4		Lump sum appropriation	\$ 204,200
5		Fund sources:	
6		Podiatry fund	\$ 204,200
7	Sec. 75.	STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION	
8			<u>2026-27</u>
9		FTE positions	4.0
10		Lump sum appropriation	\$ 557,500
11		Fund sources:	
12		Board for private postsecondary	
13		education fund	\$ 557,500
14	Sec. 76.	STATE BOARD OF PSYCHOLOGIST EXAMINERS	
15			<u>2026-27</u>
16		FTE positions	5.5
17		Lump sum appropriation	\$ 872,600
18		Fund sources:	
19		Behavioral analyst licensing	
20		and regulation account	\$ 396,400
21		Board of psychologist examiners	
22		fund	476,200
23	Sec. 77.	DEPARTMENT OF PUBLIC SAFETY	
24			<u>2026-27</u>
25		FTE positions	2,192.7
26		Operating lump sum appropriation	\$297,214,000
27		ACTIC	2,132,700
28		AZPOST	8,145,000
29		Border drug interdiction	18,103,200
30		Local border support	13,232,900
31		Civil air patrol maintenance and	
32		operations	250,000
33		GIITEM	26,014,800
34		GIITEM subaccount	2,396,400
35		Major incident division	16,197,700*
36		Motor vehicle fuel	5,454,600
37		Onetime vehicle replacement	15,540,300
38		Pharmaceutical diversion and	
39		drug theft task force	668,400
40		Public safety equipment	2,890,000
41		Scrap metal dealer enforcement	
42		and compliance	250,000
43		Victims of crimes grants	<u>9,300,000</u>
44	Total appropriation – department of public		
45	safety		\$417,790,000

1	Fund sources:	
2	State general fund	\$305,292,600
3	State highway fund	10,000,000
4	Arizona highway patrol fund	59,418,600
5	Criminal justice enhancement fund	2,964,300
6	Department of public safety	
7	forensics fund	22,512,400
8	Gang and immigration intelligence	
9	team enforcement mission border	
10	security and law enforcement	
11	subaccount	2,396,400
12	Motorcycle safety fund	198,900
13	Motor vehicle liability insurance	
14	enforcement fund	968,300
15	Risk management revolving fund	1,155,200
16	Parity compensation fund	4,549,000
17	Public safety equipment fund	2,894,000
18	Concealed weapons permit fund	3,393,900
19	Fingerprint clearance card fund	2,046,400

20 Of the \$26,014,800 appropriated to the GIITEM line item, \$14,160,900  
21 shall be used for one hundred department of public safety GIITEM  
22 personnel. The additional staff shall include at least fifty sworn  
23 department of public safety positions to be used for immigration  
24 enforcement and border security and fifty department of public safety  
25 positions to assist GIITEM in various efforts, including:

- 26 1. Strictly enforcing all federal laws relating to illegal aliens  
27 and arresting illegal aliens.
- 28 2. Responding to or assisting any county sheriff or attorney in  
29 investigating complaints of employment of illegal aliens.
- 30 3. Enforcing Arizona's law known as the Legal Arizona Workers Act,  
31 strictly enforcing Arizona's SB 1070, Arizona's "Support Our Law  
32 Enforcement and Safe Neighborhoods Act" and investigating crimes of  
33 identity theft in the context of hiring illegal aliens and the unlawful  
34 entry into this country.
- 35 4. Taking strict enforcement action.

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

41 Of the \$26,014,800 appropriated to the GIITEM line item, only  
42 \$1,203,400 is deposited in the GIITEM fund established by section 41-1724,  
43 Arizona Revised Statutes, and is appropriated for the purposes of that  
44 section. The \$1,203,400 is exempt from the provisions of section 35-190,  
45 Arizona Revised Statutes, relating to lapsing of appropriations. This

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

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

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

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

20 The appropriation made for the onetime vehicle replacement line item  
21 is exempt from the provisions of section 35-190, Arizona Revised Statutes,  
22 relating to lapsing of appropriations, until June 30, 2029.

23 The appropriation made by Laws 2025, chapter 233, section 77 in  
24 fiscal year 2025-2026 for the Yuma county family advocacy center  
25 distribution line item is exempt from the provisions of section 35-190,  
26 Arizona Revised Statutes, relating to lapsing of appropriations. The  
27 department must enter into a new agreement with the recipient of the  
28 monies appropriated by the Yuma county family advocacy center line item to  
29 distribute any remaining funding from the appropriation.

30 Of the amount appropriated in the total appropriation for the  
31 department of public safety, \$190,242,200 is designated for personal  
32 services and \$82,210,200 is designated for employee-related expenditures.  
33 The department shall submit an expenditure plan to the joint legislative  
34 budget committee for review before spending these monies for other than  
35 personal services or employee-related expenditures.

36 Sec. 78. STATE REAL ESTATE DEPARTMENT

	<u>2026-27</u>
FTE positions	37.0
Lump sum appropriation	\$ 3,259,400
Fund sources:	
State general fund	\$ 3,259,400

1 The state real estate department's lump sum appropriation includes  
 2 an ongoing increase of \$140,100 beginning in fiscal year 2026-2027 for  
 3 maintenance and operations expenses relating to the department's IT  
 4 system. The legislature intends that this amount not be included in the  
 5 calculation of the department's total appropriated budget for the purposes  
 6 of section 32-2103, Arizona Revised Statutes, or otherwise result in the  
 7 increase of any fee or assessment levied by the department.

8 Sec. 79. RESIDENTIAL UTILITY CONSUMER OFFICE

		<u>2026-27</u>
9		
10	FTE positions	14.5
11	Operating lump sum appropriation	\$ 1,806,200
12	Professional witnesses	<u>145,000*</u>
13	Total appropriation – residential utility	
14	consumer office	\$ 1,951,200
15	Fund sources:	
16	Residential utility consumer	
17	office revolving fund	\$ 1,951,200

18 Sec. 80. BOARD OF RESPIRATORY CARE EXAMINERS

		<u>2026-27</u>
19		
20	FTE positions	4.0
21	Lump sum appropriation	\$ 420,500
22	Fund sources:	
23	Board of respiratory care	
24	examiners fund	\$ 420,500

25 Sec. 81. ARIZONA STATE RETIREMENT SYSTEM

		<u>2026-27</u>
26		
27	FTE positions	222.9
28	Lump sum appropriation	\$ 28,966,100
29	Fund sources:	
30	Arizona state retirement system	
31	administration account	27,166,100
32	Long-term disability trust fund	
33	administration account	1,800,000

34 Sec. 82. DEPARTMENT OF REVENUE

		<u>2026-27</u>
35		
36	FTE positions	892.8
37	Operating lump sum appropriation	\$ 74,388,200
38	BRITS operational support	8,005,200
39	E-commerce compliance and outreach	981,200
40	Unclaimed property administration	
41	and audit	1,473,900
42	TPT simplification	1,085,400
43	Tax fraud prevention	<u>3,170,800</u>
44	Total appropriation – department of revenue	\$ 89,104,700

1	Fund sources:	
2	State general fund	\$ 60,371,900
3	Department of revenue	
4	administrative fund	27,077,000
5	Liability setoff program	
6	revolving fund	939,100
7	Tobacco tax and health care fund	716,700

8 If the total value of properties retained by unclaimed property  
9 contract auditors exceeds \$1,473,900, the excess amount is transferred  
10 from the state general fund to the department of revenue administrative  
11 fund established by section 42-1116.01, Arizona Revised Statutes, and is  
12 appropriated to the department for costs and fees for contract auditors  
13 and for preparing and delivering notices and communications to holders and  
14 property owners under the unclaimed property program.

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

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

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

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

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

7 Sec. 83. DEPARTMENT OF STATE – SECRETARY OF STATE

	<u>2026-27</u>
8 FTE positions	144.1
9 Operating lump sum appropriation	\$ 15,339,400
10 Access voter information database	2,000,000
11 Address confidentiality program	
12 fund deposit	400,000
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	\$ 22,657,100
21 Fund sources:	
22 State general fund	\$ 18,857,100
23 Election systems improvement fund	2,000,000
24 Records services fund	1,800,000

25 Included in the operating lump sum appropriation of \$15,339,400 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 \$15,339,400 for  
 30 fiscal year 2026-2027 is \$1,800,000 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 of  
 40 state may spend these monies for legal services from the attorney general,  
 41 to hire one FTE position to serve as legal advisor to the secretary of  
 42 state or for legal expenses for conflict counsel. The secretary of state  
 43 may make expenditures or incur indebtedness to employ outside or private  
 44 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           Monies for the address confidentiality program fund deposit line  
8 item may not be transferred to another line item.

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

12           Before spending monies from the election services line item, the  
13 secretary of state shall submit a report on the expected amount and  
14 purpose of expenditures for the costs of the 2026 primary election and  
15 2026 general election to the president of the senate, the speaker of the  
16 house of representatives, the joint legislative budget committee and the  
17 director of the governor's office of strategic planning and budgeting.

18           The secretary of state may use not more than \$250,000 from the  
19 election services line item for direct costs.

20           On or before January 31, 2027, the secretary of state shall submit a  
21 report to the joint legislative budget committee and the governor's office  
22 of strategic planning and budgeting detailing the actual expenditures from  
23 the election services line item for the 2026 primary election and the 2026  
24 general election. The report must include the actual expenditures by  
25 purpose.

26           Of the amount appropriated to the secretary of state for the  
27 electronic records repository line item in fiscal year 2024-2025 by Laws  
28 2024, chapter 209, section 90, \$450,000 from the record services fund is  
29 exempt from the provisions of section 35-190, Arizona Revised Statutes,  
30 relating to lapsing of appropriations, until June 30, 2027.

31           Monies in the access voter information database line item may be  
32 used only for the exclusive purpose of developing and administering the  
33 statewide database of voter registration information required by section  
34 16-168, Arizona Revised Statutes. The secretary of state may not transfer  
35 any monies in or out of the access voter information database line item.

36 Sec. 84. STATE BOARD OF TAX APPEALS

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

1	Sec. 85. STATE BOARD OF TECHNICAL REGISTRATION	
2		<u>2026-27</u>
3	FTE positions	26.0
4	Lump sum appropriation	\$ 2,812,900
5	Fund sources:	
6	Technical registration fund	\$ 2,812,900
7	Sec. 86. OFFICE OF TOURISM	
8		<u>2026-27</u>
9	FTE positions	31.0
10	Tourism fund deposit	\$ 7,283,700
11	Arizona promotion	819,000
12	Wine promotion	<u>100,000</u>
13	Total appropriation – office of tourism	\$ 8,202,700
14	Fund sources:	
15	State general fund	\$ 8,202,700
16	Sec. 87. DEPARTMENT OF TRANSPORTATION	
17		<u>2026-27</u>
18	FTE positions	4,096.0
19	Operating lump sum appropriation	\$272,540,000
20	Attorney general legal services	3,940,400
21	Highway maintenance	198,687,500
22	ADOT fleet vehicles and heavy	
23	equipment maintenance	26,814,600
24	ADOT fleet vehicles and heavy	
25	equipment maintenance contingency	1,000,000
26	State fleet operations	38,350,500
27	State fleet vehicle replacement	13,611,300
28	Livestock control and wildlife	
29	crossing	1,500,000
30	Construction management system	
31	replacement	6,844,600
32	ADOT fleet vehicle and heavy	
33	equipment replacement	22,400,000
34	Highway damage recovery account	7,999,000
35	Statewide litter removal	3,106,800
36	Radio lifecycle replacement	1,656,100
37	Preventive surface treatments	36,142,000
38	Authorized third parties	<u>2,252,700</u>
39	Total appropriation – department of	
40	transportation	\$636,845,500
41	Fund sources:	
42	Air quality fund	\$ 894,000
43	Arizona highway user revenue fund	822,600
44	Highway damage recovery account	7,999,000
45	Ignition interlock device fund	380,600

1	Motor vehicle liability	
2	insurance enforcement fund	2,202,200
3	State fleet operations fund	38,350,500
4	State vehicle replacement fund	13,611,300
5	State aviation fund	2,611,400
6	State highway fund	540,466,400
7	Department fleet operations fund	27,814,600
8	Vehicle inspection and certificate	
9	of title enforcement fund	1,692,900

10 Motor vehicle division

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

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

28 The department of transportation shall submit an annual report to  
29 the joint legislative budget committee on progress in improving motor  
30 vehicle division wait times and vehicle registration renewal by mail  
31 turnaround times in a format similar to prior years. The report is due on  
32 or before July 31, 2027 for fiscal year 2026-2027.

33 Other

34 Of the total amount appropriated, \$198,687,500 in fiscal year  
35 2026-2027 for highway maintenance is exempt from the provisions of section  
36 35-190, Arizona Revised Statutes, relating to lapsing of appropriations,  
37 except that all unexpended and unencumbered monies of the appropriation  
38 revert to the state highway fund established by section 28-6991, Arizona  
39 Revised Statutes, on August 31, 2027.

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

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

4 All expenditures made by the department of transportation for  
 5 attorney general legal services shall be funded only from the attorney  
 6 general legal services line item. Monies in the operating lump sum  
 7 appropriation or other line items intended for this purpose shall be  
 8 transferred to the attorney general legal services line item before  
 9 expenditure.

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

16 The amount appropriated in the operating lump sum includes a  
 17 \$2,000,000 reduction below the fiscal year 2023-2024 level from the state  
 18 highway fund established by section 28-6991, Arizona Revised Statutes, in  
 19 fiscal year 2026-2027 from the department's enforcement and compliance  
 20 division.

21 Expenditures made by the department of transportation for ADOT fleet  
 22 vehicle and heavy equipment replacement shall be funded only from the ADOT  
 23 fleet vehicle and heavy equipment replacement line item. Monies in the  
 24 operating lump sum appropriation or other line items intended for this  
 25 purpose shall be transferred to the ADOT fleet vehicle and heavy equipment  
 26 replacement line item before expenditure.

27 The department of transportation may use not more than \$73,300 from  
 28 the state highway fund established by section 28-6993, Arizona Revised  
 29 Statutes, in fiscal year 2026-2027 to pay prior year invoices.

30 Sec. 88. STATE TREASURER

31		<u>2026-27</u>
32	FTE positions	38.4
33	Operating lump sum appropriation	\$ 4,721,600
34	Justice of the peace salaries	2,872,200
35	Law enforcement/boating safety	
36	fund grants	<u>2,183,800</u>
37	Total appropriation – state treasurer	\$ 9,777,600
38	Fund sources:	
39	State general fund	\$ 3,214,700
40	Law enforcement and boating	
41	safety fund	2,183,800
42	State treasurer's operating fund	4,379,100

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

8 The \$50,000 appropriated to the state treasurer in fiscal year  
 9 2025-2026 by Laws 2025, chapter 233, section 118 for distribution to Pinal  
 10 county for signage relating to the prohibition of illegal dumping may also  
 11 be used to expand and support the Pinal county community cleanup free dump  
 12 day program, including any operational costs, landfill access fees,  
 13 staffing, public outreach and temporary waste disposal events that are  
 14 intended to reduce illegal dumping within the unincorporated areas of  
 15 Pinal county.

16 Sec. 89. 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

22 Sec. 90. ARIZONA BOARD OF REGENTS

		<u>2026-27</u>
	FTE positions	30.9
	Operating lump sum appropriation	\$ 3,291,100
	Adaptive athletics	160,000
	Arizona promise program	20,000,000
	Spouses of military veterans	
	tuition scholarships	10,000,000
	Arizona teachers academy	15,000,000
	Arizona teachers incentive program	90,000
	Arizona teacher student loan program	426,000
	Arizona transfer articulation	
	support system	213,700
	Leveraging educational assistance	
	partnership program	1,220,800
	Washington, D.C. internships	300,000
	Western interstate commission	
	office	153,000
	WICHE student subsidies	<u>4,078,000</u>
	Total appropriation – Arizona board of	
	regents	\$ 54,932,600
	Fund sources:	
	State general fund	\$ 54,932,600

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

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

19           1. The total number of students receiving promise scholarships by  
20 each eligible postsecondary institution.

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

24           3. A list of the programs of study in which promise scholarship  
25 recipients are enrolled, including the number of recipients enrolled in  
26 each program.

27           4. The average promise scholarship award amount for each eligible  
28 postsecondary institution.

29           5. A geographic representation of promise scholarship recipients  
30 based on the high school attended.

31           6. The average grade point average of promise scholarships  
32 recipients by each eligible postsecondary institution.

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

38           1. The amount distributed to each eligible postsecondary  
39 institution.

40           2. The total number of award recipients by each eligible  
41 postsecondary institution.

42           3. The average award amount for each eligible postsecondary  
43 institution.

1 In order to be eligible to receive state matching monies under the  
 2 leveraging educational assistance partnership program for grants to  
 3 students, each participating institution, public or private, shall provide  
 4 an amount of institutional matching monies that equals the amount of  
 5 monies provided by this state to the institution for the leveraging  
 6 educational assistance partnership program. Administrative expenses  
 7 incurred by the Arizona board of regents shall be paid from institutional  
 8 matching monies and may not exceed twelve percent of the monies  
 9 appropriated in fiscal year 2026-2027.

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

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

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

23 3. Have experience placing students in internships for at least ten  
 24 consecutive years.

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

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

39 Sec. 91. ARIZONA STATE UNIVERSITY

40		<u>2026-27</u>
41	FTE positions	7,420.4
42	Operating lump sum appropriation	\$1,146,967,700
43	Biomedical informatics	3,828,100

1	Eastern Europe cultural	
2	collaborative	250,000
3	Arizona financial aid trust	5,985,800
4	Downtown Phoenix campus	<u>135,878,500</u>
5	Total appropriation – Arizona state	
6	university	\$1,292,910,100
7	Fund sources:	
8	State general fund	\$ 385,150,600
9	University collections fund	907,759,500

10 The state general fund appropriation may not be used for alumni  
11 association funding.

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

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

17 The appropriated monies may not be used by the Arizona state  
18 university college of law legal clinic for any lawsuits involving inmates  
19 of the state department of corrections in which this state is the adverse  
20 party.

21 Arizona state university shall use monies appropriated for the  
22 eastern Europe cultural collaborative to facilitate cultural and academic  
23 exchanges between university faculty and students and academic  
24 institutions in eastern Europe.

25 Any appropriated monies allocated by the university for the school  
26 of civic and economic thought and leadership shall be used to operate a  
27 single stand-alone academic entity within Arizona state university. The  
28 appropriated monies may not supplant any existing state funding or private  
29 or external donations to the existing centers or to the school. The  
30 appropriated monies and all private and external donations for the school,  
31 including any remaining balances from prior fiscal years, shall be  
32 deposited in a separate account, shall be used only for the direct  
33 operation of the school and may not be used for indirect costs of the  
34 university. On or before October 1, 2026, the school shall submit a  
35 report to the president of the senate, the speaker of the house of  
36 representatives, the chairpersons of the senate education committee and  
37 the house of representatives education committee and the director of the  
38 joint legislative budget committee that includes at least the following  
39 information for the school:

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

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

5 The legislature intends that appropriated monies allocated by the  
 6 university for the school of civic and economic thought and leadership in  
 7 fiscal year 2026-2027 be consistent with the amount appropriated in fiscal  
 8 year 2025-2026, except that the university may allocate to the school the  
 9 lump sum reduction of no more than 2.5 percent as prescribed by this act.

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

18 Sec. 92. NORTHERN ARIZONA UNIVERSITY

	<u>2026-27</u>
19 FTE positions	2,308.4
20 Operating lump sum appropriation	\$230,429,700
21 Arizona financial aid trust	1,326,000
22 Biomedical research funding	3,000,000
23 NAU – Yuma	3,083,100
24 Teacher training	<u>2,292,700</u>
25 Total appropriation – Northern Arizona	
26 university	\$240,131,500
27 Fund sources:	
28 State general fund	\$114,681,000
29 University collections fund	125,450,500

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

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

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

37 The appropriated amount for the teacher training line item shall be  
 38 distributed to the Arizona K-12 center for program implementation and  
 39 mentor training for the Arizona mentor teacher program prescribed by the  
 40 state board of education.

41 Any unencumbered balances remaining in the university collections  
 42 fund on June 30, 2026 and all collections received by the university  
 43 during the fiscal year are appropriated for operating expenses, capital  
 44 outlay and fixed charges. Earnings on state lands and interest on the  
 45

1 investment of the permanent land funds are appropriated in compliance with  
2 the enabling act and the Constitution of Arizona. No part of this  
3 appropriation may be spent for supplemental life insurance or supplemental  
4 retirement.

5 The biomedical research funding shall be distributed to a nonprofit  
6 medical research foundation in this state that collaborates with  
7 universities, hospitals and biotechnology and health research centers. A  
8 nonprofit foundation that receives monies shall submit an expenditure and  
9 performance report to northern Arizona university. The university shall  
10 transmit the report to the joint legislative budget committee and the  
11 director of the governor's office of strategic planning and budgeting on  
12 or before February 1, 2027. The report must include at least the  
13 following:

14 1. The type and amount of expenditures from all state sources of  
15 monies, including the amount leveraged for local, state, federal and  
16 private grants.

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

20 3. Performance measures, including:

21 (a) Outcomes that are specifically related to the use of state  
22 monies.

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

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

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

29 Any appropriated monies allocated by the university for the economic  
30 policy institute may not supplant any existing state funding or private or  
31 external donations to the institute or to the university. The  
32 appropriated monies and all private and external donations for the  
33 institute, including any remaining balances from prior fiscal years, shall  
34 be deposited in a separate account, shall be used only for the direct  
35 operation of the institute and may not be used for indirect costs of the  
36 university. On or before October 1, 2026, the institute shall submit to  
37 the president of the senate, the speaker of the house of representatives,  
38 the chairpersons of the senate education committee and the house of  
39 representatives education committee and the director of the joint  
40 legislative budget committee a report that includes at least the following  
41 information for the institute:

42 1. The total amount of funding received from all sources.

43 2. A description of the faculty positions and courses offered.

44 3. The total undergraduate and graduate student participation.

45 4. Significant community events, initiatives or publications.

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

5 The legislature intends that appropriated monies allocated by the  
 6 university for the economic policy institute in fiscal year 2026-2027 be  
 7 consistent with the amount appropriated in fiscal year 2025-2026, except  
 8 that the university may allocate to the school the lump sum reduction of  
 9 not more than 2.5 percent as prescribed by this act.

10 Sec. 93. UNIVERSITY OF ARIZONA

	<u>2026-27</u>
11 <u>Main campus</u>	
12 FTE positions	6,573.0
13 Operating lump sum appropriation	\$611,515,400
14 Agriculture	38,925,400
15 Arizona cooperative extension	15,345,700
16 Arizona financial aid trust	2,729,400
17 Arizona geological survey	1,217,800
18 College of veterinary medicine	21,237,200
19 Kazakhstan studies program	250,000
20 Mining, mineral and natural	
21 resources educational museum	439,300
22 School of mining	4,187,000
23 Sierra Vista campus	2,864,600
24 Water adjudication	500,000*
25 Veterinary diagnostic laboratory	<u>2,606,200</u>
26 Total – main campus	\$701,818,000
27 Fund sources:	
28 State general fund	\$257,827,400
29 University collections fund	443,990,600
30 <u>Health sciences center</u>	
31 FTE positions	857.1
32 Operating lump sum appropriation	\$68,535,700
33 AZ REACH	500,000
34 Clinical rural rotation	353,600
35 Clinical teaching support	8,587,000
36 Liver research institute	440,400
37 Phoenix medical campus	40,525,700
38 Telemedicine network	<u>1,670,000</u>
39 Total – health sciences center	\$120,612,400
40 Fund sources:	
41 State general fund	\$ 75,928,400
42 University collections fund	<u>44,684,000</u>
43 Total appropriation - university of	
44 Arizona	\$822,430,400

1 Fund sources:

2 State general fund	\$333,755,800
3 University collections fund	488,674,600

4 The state general fund appropriation may not be used for alumni  
5 association funding.

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

8 Other than scholarships awarded through the Arizona financial aid  
9 trust, the appropriated monies may not be used for scholarships or any  
10 student newspaper.

11 The university of Arizona shall use not more than \$1,200,000 of the  
12 state general fund monies appropriated to the operating lump sum  
13 appropriation to operate the Arizona perinatal and pediatric psychiatry  
14 access hotline.

15 The university of Arizona may not use monies appropriated for the  
16 Arizona geological survey line item for any other purpose and may not  
17 transfer the monies appropriated for the Arizona geological survey to the  
18 operating budget or any other line item.

19 The legislature intends that \$8,000,000 of the amount appropriated  
20 to the health sciences center operating lump sum appropriation line item  
21 be used to expand the college of medicine Phoenix campus and to develop  
22 and administer a primary care physician scholarship program at the college  
23 of medicine Phoenix campus and the college of medicine Tucson campus. The  
24 legislature intends that the \$8,000,000 not be annualized in future years.

25 Any appropriated monies allocated by the university for the center  
26 for the philosophy of freedom may not supplant any existing state funding  
27 or private or external donations to the center or the philosophy  
28 department of the university of Arizona. The appropriated monies and all  
29 private and external donations for the center, including any remaining  
30 balances from prior fiscal years, shall be deposited in a separate  
31 account, shall be used only for the direct operation of the center and may  
32 not be used for indirect costs of the university. On or before October 1,  
33 2026, the center shall submit a report to the president of the senate, the  
34 speaker of the house of representatives, the chairpersons of the senate  
35 education committee and the house of representatives education committee  
36 and the director of the joint legislative budget committee that includes  
37 at least the following information for the center:

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

42 The chairpersons of the senate education committee and the house of  
43 representatives education committee may request the director of the center  
44 to appear before the committees to report on the center's annual  
45 achievements.

1 The legislature intends that appropriated monies allocated by the  
2 university for the center for the philosophy of freedom in fiscal year  
3 2026-2027 be consistent with the amount appropriated in fiscal year  
4 2025-2026, except that the university may allocate to the school the lump  
5 sum reduction of not more than 2.5 percent as prescribed by this act.

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

- 12 1. The current number of students who are residents of this state.
- 13 2. The current number of students who are not residents of this  
14 state.

15 The university of Arizona shall use monies appropriated for the  
16 Kazakhstan studies program to facilitate academic exchanges between  
17 university students and academic institutions in Kazakhstan.

18 The amount appropriated for the water adjudication line item shall  
19 be used to assist claimants in the general stream adjudication of water  
20 rights pursuant to section 15-1647, Arizona Revised Statutes.

21 The amount appropriated for the AZ REACH line item shall be used to  
22 provide medical care transfer services for hospitals with less than twenty  
23 beds.

24 One hundred percent of the land earnings and interest from the  
25 school of mines land fund shall be distributed to the university of  
26 Arizona school of mining and mineral resources in compliance with the  
27 enabling act and the Constitution of Arizona.

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

36 Sec. 94. DEPARTMENT OF VETERANS' SERVICES

37		<u>2026-27</u>
38	FTE positions	792.3
39	Operating lump sum appropriation	\$ 3,098,800
40	Arizona state veterans' homes	60,986,900
41	Arizona state veterans' cemeteries	989,800
42	Rural tribal nations veteran	
43	benefit counseling	2,262,400

1	Veterans' benefit counseling	3,787,600
2	Veterans' support services	1,226,100
3	Veterans' trauma treatment	
4	services	<u>450,000</u>
5	Total appropriation – department of	
6	veterans' services	\$ 72,801,600
7	Fund sources:	
8	State general fund	\$ 11,814,700
9	State home for veterans' trust	
10	fund	60,986,900

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

16 The amount appropriated for veterans' support services line item  
 17 shall be distributed to a nonprofit veterans' services organization that  
 18 provides support services among this state's military and veteran  
 19 population. The department may spend up to \$76,500 of this appropriation  
 20 to hire a program specialist to liaise between the department and the  
 21 selected nonprofit organization. Before the expenditure of the monies,  
 22 the department shall submit an expenditure report to the joint legislative  
 23 budget committee that includes the status of non-state matching grant  
 24 monies.

25 Monies appropriated for the veterans' trauma treatment services line  
 26 item shall be used to provide grants to contractors as defined in section  
 27 36-2901, Arizona Revised Statutes, that provide trauma treatment services  
 28 training to any of the following health professionals licensed pursuant to  
 29 title 32, Arizona Revised Statutes:

- 30 1. Physicians.
- 31 2. Registered nurse practitioners.
- 32 3. Physician assistants.
- 33 4. Psychologists.
- 34 5. Behavioral health professionals who are either licensed for  
 35 individual practice or supervised by a psychologist, registered nurse  
 36 practitioner or behavioral health professional licensed pursuant to  
 37 title 32, Arizona Revised Statutes, for independent practice.

38 The department may spend the \$1,000,000 appropriated in fiscal year  
 39 2022-2023 by Laws 2022, chapter 313, section 119 for the Arizona state  
 40 veterans' homes line item for tribal members in veterans' homes.

1	Sec. 95.	ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD	
2			<u>2026-27</u>
3		FTE positions	8.0
4		Lump sum appropriation	\$ 939,500
5		Fund sources:	
6		Veterinary medical examining	
7		board fund	\$ 939,500
8	Sec. 96.	WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA	
9			<u>2026-27</u>
10		Small drinking water systems	
11		fund deposit	500,000
12		Fund sources:	
13		Water supply development	
14		revolving fund	\$ 500,000
15	Sec. 97.	DEPARTMENT OF WATER RESOURCES	
16			<u>2026-27</u>
17		FTE positions	210.0
18		Operating lump sum appropriation	\$ 16,243,300
19		Adjudication support	1,957,900
20		Arizona water protection fund	
21		deposit	750,000
22		Assured and adequate water supply	
23		administration	2,591,200
24		Rural water studies	1,317,700
25		Conservation and drought program	443,300
26		Automated groundwater monitoring	427,000
27		Colorado River legal expenses	500,000*
28		Colorado River litigation fund	
29		deposit	6,000,000
30		Water supply and demand assessment	<u>3,614,400</u>
31	Total appropriation – department of water		
32	resources		\$ 33,844,800
33		Fund sources:	
34		State general fund	\$ 25,077,500
35		Water resources fund	1,724,900
36		Assured and adequate water	
37		supply administration fund	301,300
38		Water supply development revolving fund	741,100
39		Arizona system conservation fund	6,000,000

40 Monies in the assured and adequate water supply administration line  
 41 item may be used only for the exclusive purposes prescribed in sections  
 42 45-108, 45-576, 45-577, 45-578 and 45-579, Arizona Revised Statutes. The  
 43 department of water resources may not transfer any monies into or out of  
 44 the assured and adequate water supply administration line item.

1 The legislature intends that monies in the rural water studies line  
2 item be spent only to assess local water use needs and to develop plans  
3 for sustainable future water supplies in rural areas outside this state's  
4 active management areas and not be made available for other department  
5 operating expenses.

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

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

14 Fiscal Year 2019-2020 Appropriation Adjustment

15 Sec. 98. Appropriation reduction; superintendent of public  
16 instruction; fiscal year 2019-2020

17 On July 31, 2026, in addition to any other appropriation made in  
18 fiscal year 2019-2020, the sum of \$(344,300) is reduced from the  
19 appropriation made from the state general fund in fiscal year 2019-2020 to  
20 the superintendent of public instruction for the high-quality teacher  
21 professional development pilot program.

22 Fiscal Year 2020-2021 Appropriation Adjustments

23 Sec. 99. Appropriation reduction; superintendent of public  
24 instruction; fiscal year 2020-2021

25 On July 31, 2026, in addition to any other appropriation made in  
26 fiscal year 2020-2021, the sum of \$(400,000) is reduced from the  
27 appropriation made from the state general fund in fiscal year 2020-2021 to  
28 the superintendent of public instruction for the high-quality teacher  
29 professional development pilot program.

30 Fiscal Year 2021-2022 Appropriation Adjustments

31 Sec. 100. Appropriation reductions; fiscal year 2021-2022

32 On July 31, 2026, notwithstanding any other law, the following  
33 amounts are reduced from the monies appropriated from the state general  
34 fund in fiscal year 2021-2022 to the following state agencies for  
35 operating lump sum and line item appropriations:

- 36 1. Superintendent of public instruction
- 37 High-quality teacher professional
- 38 development pilot program \$ (400,000)
- 39 2. Department of administration
- 40 Retirement of defeasance of financing
- 41 agreements \$(5,037,800)

1 Fiscal Year 2023-2024 Appropriation Adjustment

2 Sec. 101. Appropriation reduction; superintendent of public  
3 instruction; fiscal year 2023-2024

4 On July 31, 2026, in addition to any other appropriation made in  
5 fiscal year 2023-2024, the sum of \$(100,000) is reduced from the  
6 appropriation made from the state general fund in fiscal year 2023-2024 to  
7 the superintendent of public instruction for live, remote instructional  
8 courses.

9 Fiscal Year 2024-2025 Appropriation Adjustment

10 Sec. 102. Appropriation reduction; superintendent of public  
11 instruction; fiscal year 2024-2025

12 On July 31, 2026, in addition to any other appropriation made in  
13 fiscal year 2024-2025, the sum of \$(100,000) is reduced from the  
14 appropriation made from the state general fund in fiscal year 2024-2025 to  
15 the superintendent of public instruction for live, remote instructional  
16 courses.

17 Fiscal Year 2025-2026 Appropriation Adjustments

18 Sec. 103. Supplemental appropriation; board of behavioral  
19 health examiners; fiscal year 2025-2026

20 In addition to any other appropriation made in fiscal year  
21 2025-2026, the sum of \$150,000 is appropriated from the board of  
22 behavioral health examiners fund established by section 32-3254, Arizona  
23 Revised Statutes, in fiscal year 2025-2026 to the board of behavioral  
24 health examiners for operating costs.

25 Sec. 104. Supplemental appropriation; department of  
26 administration; intent; fiscal year 2025-2026

27 A. In addition to any other appropriation made in fiscal year  
28 2025-2026, the sum of \$2,018,700 is appropriated from the risk management  
29 revolving fund established by section 41-622, Arizona Revised Statutes, in  
30 fiscal year 2025-2026 to the department of administration for the  
31 following purposes:

- 32 1. To pay disallowed costs relating to excess retained earnings.
- 33 2. To pay disallowed costs relating to the statewide information  
34 technology charges.
- 35 3. For fund transfers in fiscal year 2024-2025.
- 36 4. To pay interest owed from prior year disallowed costs.

37 B. The legislature intends that the department of administration  
38 not enter into any agreements to pay for any federal reimbursements  
39 related to excess balances in the special employee health insurance trust  
40 fund established by section 38-654, Arizona Revised Statutes, unless the  
41 proposed agreements have been reviewed by the joint legislative budget  
42 committee.

1           Sec. 105. Supplemental appropriation; Arizona health care  
2                                   cost containment system administration; fiscal  
3                                   year 2025-2026

4           In addition to any other appropriation made in fiscal year  
5 2025-2026, the sum of \$104,728,400 is appropriated from the state general  
6 fund and \$471,741,800 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. 106. Supplemental appropriation; department of  
10                                   corrections; fiscal year 2025-2026

11           In addition to any other appropriation made in fiscal year  
12 2025-2026, the sum of \$4,100,000 is appropriated from the state general  
13 fund in fiscal year 2025-2026 to the state department of corrections for  
14 operating expenses.

15           Sec. 107. Supplemental appropriation; department of veterans'  
16                                   services; fiscal year 2025-2026

17           In addition to any other appropriation made in fiscal year  
18 2025-2026, the sum of \$3,000,000 is appropriated from the state general  
19 fund in fiscal year 2025-2026 to the department of veterans' services for  
20 deposit in the state homes for veterans trust fund established by section  
21 41-608.01, Arizona Revised Statutes, for an operating costs shortfall.

22           Sec. 108. Supplemental appropriation; department of economic  
23                                   security; fiscal year 2025-2026

24           In addition to any other appropriations made in fiscal year  
25 2025-2026, the sum of \$82,818,700 is appropriated from the state general  
26 fund and \$216,304,700 is appropriated from the developmental disabilities  
27 medicaid expenditure authority in fiscal year 2025-2026 to the department  
28 of economic security for adjustments in formula requirements.

29           Sec. 109. Supplemental appropriation; department of economic  
30                                   security; fiscal year 2025-2026; exemption

31           A. In addition to any other appropriation made in fiscal year  
32 2025-2026, the sum of \$1,761,800 is appropriated from the state general  
33 fund in fiscal year 2025-2026 to the department of economic security for  
34 summer food benefits administration.

35           B. The appropriation made in subsection A of this section is exempt  
36 from the provisions of section 35-190, Arizona Revised Statutes, relating  
37 to lapsing of appropriations, until October 31, 2026.

38           Sec. 110. Supplemental appropriation; department of public  
39                                   safety; fiscal year 2025-2026; exemption

40           A. In addition to any other appropriation made in fiscal year  
41 2025-2026, the sum of \$4,750,000 is appropriated from the Arizona highway  
42 patrol fund established by section 41-1752, Arizona Revised Statutes, to  
43 the department of public safety for operating expenses.

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

4 Sec. 111. Appropriations; reduction; fiscal years 2025-2026  
5 and 2026-2027

6 A. In addition to any other appropriation made in fiscal year  
7 2025-2026, the sum of \$(250,000) is reduced from the appropriation made  
8 from the state general fund in fiscal year 2025-2026 to the Maricopa  
9 county community college district for wrestling scholarships.

10 B. In addition to any other appropriations made in fiscal year  
11 2026-2027, the sum of \$250,000 is appropriated from the state general fund  
12 in fiscal year 2026-2027 to the superintendent of public instruction for  
13 the purposes of issuing a grant to a single Arizona school that offers  
14 instruction to grades six through twelve and incorporates wrestling into  
15 its mission.

16 Sec. 112. Supplemental appropriation; secretary of state;  
17 fiscal year 2025-2026; report; exemption

18 A. In addition to any other appropriation made in fiscal year  
19 2025-2026, the sum of \$4,000,000 is appropriated from the state general  
20 fund in fiscal year 2025-2026 to the secretary of state for costs of the  
21 2026 primary election and 2026 general election.

22 B. Before spending the appropriation made in subsection A of this  
23 section, the secretary of state shall submit a report on the expected  
24 amount and purpose of expenditures for the costs of the 2026 primary  
25 election and 2026 general election to the president of the senate, the  
26 speaker of the house of representatives, the joint legislative budget  
27 committee and the director of the governor's office of strategic planning  
28 and budgeting.

29 C. On or before January 31, 2027, the secretary of state shall  
30 submit a report to the joint legislative budget committee and the  
31 governor's office of strategic planning and budgeting detailing the actual  
32 expenditures from the appropriation made in subsection A of this section  
33 for the 2026 primary election and the 2026 general election. The report  
34 must include the actual expenditures by purpose.

35 D. The appropriation made in subsection A of this section is exempt  
36 from the provisions of section 35-190, Arizona Revised Statutes, relating  
37 to lapsing of appropriations, except that all monies remaining unexpended  
38 and unencumbered on June 30, 2027 revert to the state general fund.

39 Sec. 113. Appropriation reduction; superintendent of public  
40 instruction; fiscal year 2025-2026

41 In addition to any other appropriation made in fiscal year  
42 2025-2026, the sum of \$(31,859,000) is reduced from appropriations made  
43 from the state general fund in fiscal year 2025-2026 to the superintendent  
44 of public instruction for basic state aid formula costs.

1 Fiscal Year 2026-2027 Appropriation Distributions

2 Sec. 114. Department of economic security; loans;  
3 reimbursement; prohibition; fiscal year 2026-2027

4 On or after April 1, 2027, the department of economic security may  
5 use up to \$25,000,000 from the budget stabilization fund established by  
6 section 35-144, Arizona Revised Statutes, for the purpose of providing  
7 funding for reimbursement grants. Before using the monies from the budget  
8 stabilization fund, the department shall notify the director of the joint  
9 legislative budget committee and the director of the governor's office of  
10 strategic planning and budgeting. This appropriation must be fully  
11 reimbursed on or before September 1, 2027 and must be reimbursed in full  
12 as part of the closing process for fiscal year 2026-2027. The department  
13 shall notify the joint legislative budget committee of the reimbursement  
14 on or before September 1, 2027. The appropriation may not be used for  
15 additional programmatic expenditures.

16 Sec. 115. Appropriation reduction; state treasurer; fiscal  
17 year 2026-2027

18 The monies appropriated by Laws 2022, chapter 313, section 130 shall  
19 revert to the state general fund on July 31, 2026.

20 Sec. 116. Lump sum reductions; fiscal year 2026-2027

21 A. In addition to any other appropriations made in fiscal  
22 year 2026-2027, the operating lump sum appropriations from the state  
23 general fund in fiscal year 2026-2027 in the following amounts from  
24 the following budget units are reduced:

- |    |   |              |
|----|---|--------------|
| 25 | 1. Department of administration             | \$ (235,200) |
| 26 | 2. Department of administration division of |              |
| 27 | school facilities                           | \$ (40,600)  |
| 28 | 3. Office of administrative hearings        | \$ (24,600)  |
| 29 | 4. Arizona department of agriculture        | \$ (390,500) |
| 30 | 5. Attorney general - department of law     | \$ (610,000) |
| 31 | 6. State board of charter schools           | \$ (70,300)  |
| 32 | 7. Arizona commerce authority               | \$ (250,000) |
| 33 | 8. Office of economic opportunity           | \$ (13,300)  |
| 34 | 9. State board of education                 | \$ (80,600)  |
| 35 | 10. Superintendent of public instruction    | \$ (343,500) |
| 36 | 11. Department of emergency and             |              |
| 37 | military affairs                            | \$ (150,200) |
| 38 | 12. State board of equalization             | \$ (18,400)  |
| 39 | 13. Board of executive clemency             | \$ (37,100)  |
| 40 | 14. Governor's office                       | \$ (203,600) |
| 41 | 15. Governor's office of strategic planning |              |
| 42 | and budgeting                               | \$ (71,400)  |
| 43 | 16. Arizona historical society              | \$ (59,900)  |
| 44 | 17. Prescott historical society             | \$ (26,900)  |
| 45 | 18. Arizona judiciary - supreme court       | \$ (364,000) |

1	19. Arizona judiciary - court of appeals	\$ (638,800)
2	20. Arizona judiciary - superior court	\$ (123,000)
3	21. State land department	\$ (265,600)
4	22. Joint legislative budget committee	\$ (76,800)
5	23. Legislative council	\$ (235,600)
6	24. Legislative ombudsman - citizens aide	\$ (40,200)
7	25. Senate	\$ (451,600)
8	26. House of representatives	\$ (544,900)
9	27. State mine inspector	\$ (39,700)
10	28. Arizona navigable stream	
11	adjudication commission	\$ (3,600)
12	29. State real estate department	\$ (78,000)
13	30. Department of revenue	\$(1,255,500)
14	31. Department of state – secretary	
15	of state	\$ (338,500)
16	32. State board of tax appeals	\$ (8,000)
17	33. Office of tourism	\$ (182,100)
18	34. State treasurer	\$ (8,600)
19	35. Governor's office on tribal relations	\$ (1,700)
20	36. Arizona board of regents	\$ (82,300)
21	37. Arizona state university	\$(8,096,000)
22	38. Northern Arizona university	\$(2,624,500)
23	39. University of Arizona - main campus	\$(4,725,900)
24	40. University of Arizona - health	
25	sciences center	\$(1,027,700)

26 C. The universities under the jurisdiction of the Arizona board of  
 27 regents may not reduce the monies allocated from the operating lump sum  
 28 appropriations to the Arizona state university school of civic and  
 29 economic thought and leadership, the northern Arizona university economic  
 30 policy institute and the university of Arizona center for the philosophy  
 31 of freedom by more than 2.5 percent of the total amount allocated to the  
 32 school, institute or center.

33 Sec. 117. Phoenix convention center; allocation; fiscal year  
 34 2026-2027

35 Pursuant to section 9-602, Arizona Revised Statutes, \$26,997,100 of  
 36 state general fund revenue is allocated in fiscal year 2026-2027 to the  
 37 Arizona convention center development fund established by section 9-601,  
 38 Arizona Revised Statutes.

39 Sec. 118. Balance transfer; school safety program; school  
 40 safety interoperability fund; fiscal year  
 41 2026-2027

42 A. Of the amount appropriated by Laws 2025, chapter 233, section 31  
 43 for the school safety program, the department of education shall transfer  
 44 \$2,000,000 to the school safety interoperability fund established by  
 45 section 41-1733, Arizona Revised Statutes, in fiscal year 2026-2027.

1 B. In fiscal year 2026-2027, the department of administration shall  
2 distribute the \$2,000,000 transferred to the school safety  
3 interoperability fund pursuant to subsection A of this section to the  
4 sheriffs of the following counties in the following amounts to install and  
5 support the school safety projects authorized pursuant to section 41-1733,  
6 Arizona Revised Statutes:

- 7 1. \$170,800 to Apache county.
- 8 2. \$173,900 to Gila county.
- 9 3. \$173,900 to Graham county.
- 10 4. \$105,600 to Greenlee county.
- 11 5. \$124,200 to La Paz county.
- 12 6. \$326,100 to Mohave county.
- 13 7. \$335,400 to Navajo county.
- 14 8. \$217,400 to Santa Cruz county.
- 15 9. \$372,700 to Yavapai county.

16 Sec. 119. Appropriations; state treasurer; public safety  
17 expenditures; fiscal year 2026-2027

18 A. The following amounts are appropriated from the peace officer  
19 training equipment fund established by section 41-1731, Arizona Revised  
20 Statutes, in fiscal year 2026-2027 to the state treasurer to distribute to  
21 the following recipients for public safety training simulators:

- 22 1. \$354,000 to the state department of corrections.
- 23 2. \$354,000 to the Flagstaff police department.
- 24 3. \$684,000 to the Yavapai county sheriff's office.
- 25 4. \$354,000 to the Glendale police department.

26 B. The following amounts are appropriated from the peace officer  
27 training equipment fund established by section 41-1731, Arizona Revised  
28 Statutes, in fiscal year 2026-2027 to the state treasurer to distribute to  
29 the following recipients for records management software:

- 30 1. \$349,500 to the department of public safety.
- 31 2. \$171,800 to the Pima county sheriff's office.
- 32 3. \$64,900 to the university of Arizona police department.
- 33 4. \$99,800 to the Graham county sheriff's office.
- 34 5. \$67,000 to the Oro Valley police department.
- 35 6. \$65,000 to the Marana police department.
- 36 7. \$500,000 to the Pinal county sheriff's office.
- 37 8. \$220,000 to the Maricopa county sheriff's office.
- 38 9. \$64,900 to the Arizona state university police department.
- 39 10. \$55,000 to the Paradise Valley police department.
- 40 11. \$100,000 to the Phoenix police department.
- 41 12. \$125,900 to the Scottsdale police department.
- 42 13. \$189,700 to the Tempe police department.
- 43 14. \$65,900 to the Buckeye police department.
- 44 15. \$215,800 to the Mesa police department.
- 45 16. \$111,700 to the Chandler police department.

- 1 17. \$83,900 to the Peoria police department.
- 2 18. \$69,200 to the Goodyear police department.
- 3 19. \$72,500 to the Avondale police department.
- 4 20. \$55,000 to the El Mirage police department.
- 5 21. \$102,000 to the Gilbert police department.
- 6 22. \$47,800 to the Coconino county sheriff's office.
- 7 23. \$52,800 to the northern Arizona university police department.
- 8 24. \$82,500 to the Flagstaff police department.
- 9 25. \$81,000 Yavapai county sheriff's office.
- 10 26. \$50,000 to the Prescott police department.
- 11 27. \$50,000 to the Prescott Valley police department.
- 12 28. \$200,000 to the Cochise county sheriff's office.
- 13 29. \$55,900 to the Navajo county sheriff's office.
- 14 30. \$38,600 to the Winslow police department.
- 15 31. \$25,000 to the Snowflake-Taylor police department.
- 16 32. \$21,700 to the Pinetop-Lakeside police department.
- 17 33. \$20,000 to the Holbrook police department.
- 18 34. \$21,700 to the Show Low police department.
- 19 35. \$200,000 to the Mohave county sheriff's office.
- 20 36. \$65,000 to the Gila county sheriff's office.
- 21 37. \$38,000 to the Payson police department.
- 22 38. \$20,000 to the Miami police department.
- 23 39. \$25,000 to the Globe police department.
- 24 40. \$89,900 to the La Paz county sheriff's office.
- 25 41. \$44,900 to the Greenlee county sheriff's office.

26 C. The sum of \$150,000 is appropriated from the peace officer  
27 training equipment fund established by section 41-1731, Arizona Revised  
28 Statutes, in fiscal year 2026-2027 to the state treasurer to distribute to  
29 the town of Paradise Valley for law enforcement equipment purchases.

30 D. The sum of \$1,000,000 is appropriated from the peace officer  
31 training equipment fund established by section 41-1731, Arizona Revised  
32 Statutes, in fiscal year 2026-2027 to the state treasurer to distribute to  
33 the Arizona criminal justice commission for the purpose of providing  
34 grants to acquire or implement technology that enhances recruitment and  
35 retention activities. State agencies with law enforcement functions,  
36 local law enforcement agencies and tribal police agencies are eligible for  
37 grants. Grant monies awarded pursuant to this subsection shall be used  
38 for recruitment technology-based tools that improve hiring and retention  
39 outcomes, including platforms that support recruiter development,  
40 streamline applicant engagement, provide real-time performance data or  
41 enhance the consistency and effectiveness of training practices. The  
42 appropriation made in this subsection is exempt from the provisions of  
43 section 35-190, Arizona Revised Statutes, relating to lapsing of  
44 appropriations.

1 E. The sum of \$300,000 is appropriated from the peace officer  
2 training equipment fund established by section 41-1731, Arizona Revised  
3 Statutes, in fiscal year 2026-2027 to the state treasurer to distribute to  
4 the superintendent for public instruction for school hardening grants.

5 Sec. 120. Rio Nuevo multipurpose facility district; estimated  
6 distribution; fiscal year 2026-2027

7 Pursuant to section 42-5031, Arizona Revised Statutes, a portion of  
8 the state transaction privilege tax revenues will be distributed to a  
9 multipurpose facility district. The Rio Nuevo multipurpose facility  
10 district is estimated to receive \$19,000,000 in fiscal year 2026-2027. The  
11 actual amount of the distribution will be made pursuant to section  
12 42-5031, Arizona Revised Statutes.

13 Fund Balance Transfers

14 Sec. 121. Fund balance transfers; fiscal year 2025-2026

15 Notwithstanding any other law, on or before June 30, 2026, the  
16 following amounts from the following fund sources are transferred to the  
17 state general fund for the purposes of providing adequate support and  
18 maintenance for agencies of this state:

- 19 1. Department of administration
- |                                   |             |
|-----------------------------------|-------------|
| 20 Construction insurance fund    | \$5,500,000 |
| 21 Co-op state purchasing fund    | \$3,000,000 |
| 22 Risk management revolving fund | \$6,100,000 |
- 23 2. Arizona commerce authority
- |                          |              |
|--------------------------|--------------|
| 24 Arizona competes fund | \$10,000,000 |
|--------------------------|--------------|
- 25 3. Corporation commission
- |                                      |              |
|--------------------------------------|--------------|
| 26 Securities regulatory and         |              |
| 27 enforcement fund                  | \$14,700,000 |
| 28 Utility regulation revolving fund | \$3,400,000  |
- 29 4. Department of environmental quality
- |                             |             |
|-----------------------------|-------------|
| 30 Recycling fund           | \$1,500,000 |
| 31 Underground storage tank |             |
| 32 revolving fund           | \$2,400,000 |
- 33 5. Arizona game and fish department
- |                                   |             |
|-----------------------------------|-------------|
| 34 Heritage land acquisition fund | \$5,000,000 |
| 35 Watercraft licensing fund      | \$3,400,000 |
- 36 6. Industrial commission of Arizona
- |                        |             |
|------------------------|-------------|
| 37 Administrative fund | \$6,700,000 |
|------------------------|-------------|
- 38 7. Department of insurance and financial
- |                                    |             |
|------------------------------------|-------------|
| 39 institutions                    |             |
| 40 Automobile theft authority fund | \$3,800,000 |
| 41 Financial services fund         | \$3,300,000 |

1	8.	State land department	
2		Trust land management fund	\$9,000,000
3	9.	Judiciary - supreme court	
4		Judicial collection enhancement	
5		fund	\$1,000,000
6		Court appointed special advocate	
7		and vulnerable persons fund	\$3,000,000
8	10.	Judiciary - superior court	
9		Juvenile probation services fund	\$4,000,000
10	11.	Arizona state parks board	
11		State parks revenue fund	\$8,600,000
12	12.	Department of transportation	
13		Motor vehicle liability insurance	
14		enforcement fund	\$15,000,000
15		State match advantage for rural	
16		transportation fund	\$6,700,000
17		Vehicle inspection and	
18		certificate of title	
19		enforcement fund	\$3,500,000
20	13.	Water infrastructure finance	
21		authority of Arizona	
22		Water supply development	
23		revolving fund	\$20,000,000
24	Sec. 122.	<u>Fund balance transfer; state highway fund; fiscal</u>	
25		<u>year 2026-2027</u>	

26 A. Notwithstanding any other law, on or before June 30, 2027,  
27 \$9,700,000 is transferred from the state highway fund established by  
28 section 28-6991, Arizona Revised Statutes, to the state general fund in  
29 fiscal year 2026-2027 for the purpose of providing adequate support and  
30 maintenance for agencies of this state.

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

37 Sec. 123. Appropriation; attorney general; state department  
38 of corrections; opioid remediation; fiscal year  
39 2026-2027; exemption

40 A. In addition to any other appropriation made in fiscal year  
41 2026-2027, the sum of \$40,000,000 is appropriated from the consumer  
42 remediation subaccount of the consumer restitution and remediation  
43 revolving fund established by section 44-1531.02, Arizona Revised  
44 Statutes, in fiscal year 2026-2027 to the attorney general. This amount

1 consists of monies deposited in the subaccount pursuant to opioid  
2 claims-related litigation or settlements.

3 B. On or before July 8, 2026, the attorney general shall transfer  
4 the monies appropriated in subsection A of this section to the state  
5 department of corrections opioid remediation fund established pursuant to  
6 section 35-142, Arizona Revised Statutes. If sufficient monies are not  
7 available on July 8, 2026 to complete the transfer of all monies  
8 appropriated in subsection A of this section, on or before July 8, 2026,  
9 the attorney general shall transfer such monies as are then held in the  
10 consumer remediation subaccount of the consumer restitution and  
11 remediation revolving fund established by section 44-1531.02, Arizona  
12 Revised Statutes, and not otherwise appropriated by the legislature. If a  
13 partial transfer is made pursuant to the preceding sentence, then within  
14 three business days of receipt of additional monies into the consumer  
15 remediation subaccount of the consumer restitution and remediation  
16 revolving fund established by section 44-1531.02, Arizona Revised  
17 Statutes, the attorney general shall transfer such monies to the state  
18 department of corrections opioid remediation fund established pursuant to  
19 section 35-142, Arizona Revised Statutes, and shall repeat such transfer  
20 process on receipt of additional monies until the entirety of the amount  
21 appropriated in subsection A of this section has been transferred.

22 C. The state department of corrections shall use the monies in the  
23 state department of corrections opioid remediation fund only for past and  
24 current department costs for care, treatment, programs and other  
25 expenditures for individuals with opioid use disorder and any co-occurring  
26 substance use disorder or mental health conditions or for any other  
27 approved purposes as prescribed in a court order, a settlement agreement  
28 or the one Arizona distribution of opioid settlement funds agreement that  
29 is entered into by this state and other parties to the opioid litigation.

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

33 E. If the attorney general does not transfer the full amount  
34 specified in subsection A of this section on or before the date specified  
35 in subsection B of this section, the general accounting office of the  
36 department of administration shall directly transfer the amount from the  
37 consumer remediation subaccount of the consumer restitution and  
38 remediation revolving fund established by section 44-1531.02, Arizona  
39 Revised Statutes, to the state department of corrections opioid  
40 remediation fund.

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

44 Payment Deferrals



1	4. State fleet replacement	
2	reduction	\$ (5,122,400)
3	Fund sources:	
4	State general fund	\$ (2,422,400)
5	Other funds	(2,700,000)
6	5. State fleet operations	
7	increase	\$ 6,190,600
8	Fund sources:	
9	State general fund	\$ 5,690,600
10	Other funds	500,000
11	6. State fleet replacement	
12	increase	\$ 2,964,200
13	Fund sources:	
14	State general fund	\$ 1,964,200
15	Other funds	1,000,000
16	7. Agency risk management	
17	reduction	\$ (25,888,300)
18	Fund sources:	
19	State general fund	\$ (19,999,600)
20	Other funds	(5,888,700)
21	8. Agency risk management	
22	increase	\$ 12,897,300
23	Fund sources:	
24	State general fund	\$ 9,897,300
25	Other funds	3,000,000
26	9. Agency retirement adjustment	\$ (3,407,300)
27	Fund sources:	
28	State general fund	\$ (3,135,800)
29	Other funds	(271,500)
30	10. Agency rent adjustment	\$ 137,000
31	Fund sources:	
32	State general fund	\$ 87,000
33	Other funds	50,000
34	11. Agency accounting system	
35	charge adjustment	\$ 2,760,300
36	Fund sources:	
37	State general fund	\$ 1,260,300
38	Other funds	1,500,000

39 Employer health insurance contribution reduction

40 The amount appropriated is for a onetime employer contribution rate  
41 reduction for employee health insurance in fiscal year 2026-2027. The  
42 joint legislative budget committee staff, in consultation with the  
43 governor's office of strategic planning and budgeting staff, shall  
44 determine and the department of administration shall allocate to each  
45 agency or department an amount for the health insurance contribution

1 adjustment. The joint legislative budget committee staff shall also  
2 determine and the department of administration shall allocate adjustments,  
3 as necessary, in expenditure authority to implement the reduction in  
4 employer health insurance contribution rates. The joint legislative  
5 budget committee staff shall use the overall allocation of state general  
6 fund and appropriated tuition monies for each university in determining  
7 that university's specific adjustment.

8 Employer health insurance contribution increase

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

22 State fleet operations reduction

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

32 State fleet replacement reduction

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

42 State fleet operations increase

43 The amount appropriated is for a state fleet operations increase in  
44 fiscal year 2026-2027. The joint legislative budget committee staff, in  
45 consultation with the governor's office of strategic planning and

1 budgeting staff, shall determine and the department of administration  
2 shall allocate to each agency or department an amount for the state fleet  
3 operations increase. The joint legislative budget committee staff shall  
4 also determine and the department of administration shall allocate  
5 adjustments, as necessary, in expenditure authority for the state fleet  
6 operations increase.

7 State fleet replacement increase

8 The amount appropriated is for a state fleet replacement increase in  
9 fiscal year 2026-2027. The joint legislative budget committee staff, in  
10 consultation with the governor's office of strategic planning and  
11 budgeting staff, shall determine and the department of administration  
12 shall allocate to each agency or department an amount for the state fleet  
13 replacement increase. The joint legislative budget committee staff shall  
14 also determine and the department of administration shall allocate  
15 adjustments, as necessary, in expenditure authority for the state fleet  
16 replacement increase.

17 Agency risk management reduction

18 The amount appropriated is for agency risk management premium  
19 reduction 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 risk management reduction. The joint legislative budget committee  
24 staff shall also determine and the department of administration shall  
25 allocate reductions, as necessary, in expenditure authority to allow  
26 implementation of the risk management reduction.

27 Agency risk management increase

28 The amount appropriated is for agency risk management premium  
29 adjustments 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 risk management adjustments. The joint legislative budget committee  
34 staff shall also determine and the department of administration shall  
35 allocate adjustments, as necessary, in expenditure authority to allow  
36 implementation of the risk management adjustments.

37 Agency retirement adjustment

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

1 as necessary, in expenditure authority to implement the agency retirement  
2 adjustment.

3 Agency rent adjustment

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

14 Accounting system charge adjustment

15 The amount appropriated is for accounting system charge adjustments  
16 in fiscal year 2026-2027. The joint legislative budget committee staff,  
17 in consultation with the governor's office of strategic planning and  
18 budgeting staff, shall determine and the department of administration  
19 shall allocate to each agency or department an amount for the accounting  
20 system charge adjustment. The joint legislative budget committee staff  
21 shall also determine, and the department of administration shall allocate  
22 adjustments, as necessary, in expenditure authority to allow  
23 implementation of accounting system charge adjustments.

24 Sec. 126. Department of law; general agency counsel charges;  
25 fiscal year 2026-2027

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

30	1. Department of administration	\$127,700
31	2. Office of administrative hearings	\$ 3,000
32	3. Arizona arts commission	\$ 3,100
33	4. Citizens clean elections commission	\$ 2,700
34	5. State department of corrections	\$ 2,000
35	6. Arizona criminal justice commission	\$ 8,700
36	7. Arizona state schools for the deaf	
37	and the blind	\$100,200
38	8. Commission for the deaf and the hard	
39	of hearing	\$ 4,100
40	9. Arizona early childhood development and	
41	health board	\$ 47,100
42	10. Department of education	\$132,000
43	11. Department of emergency and military affairs	\$ 30,000
44	12. Department of environmental quality	\$135,600
45	13. Arizona exposition and state fair board	\$ 20,900

1	14. Arizona department of forestry and fire	
2	management	\$ 13,400
3	15. Department of gaming	\$ 37,300
4	16. Department of health services	\$173,800
5	17. Arizona historical society	\$ 700
6	18. Arizona department of housing	\$ 19,300
7	19. Department of insurance and financial	
8	institutions	\$ 13,800
9	20. Department of juvenile corrections	\$ 9,400
10	21. State land department	\$ 2,100
11	22. Department of liquor licenses and control	\$ 11,400
12	23. Arizona state lottery commission	\$ 24,800
13	24. Arizona state parks board	\$ 45,800
14	25. State personnel board	\$ 600
15	26. Arizona pioneers' home	\$ 12,100
16	27. Department of public safety	\$677,400
17	28. Arizona board of regents	\$ 1,800
18	29. Arizona state retirement system	\$ 69,100
19	30. Department of revenue	\$ 4,900
20	31. Department of state – secretary of state	\$ 1,800
21	32. State treasurer	\$ 9,200
22	33. Department of veterans' services	\$ 52,700

23 Reporting Requirements and Definitions

24       Sec. 127. Agency spending and encumbrances; quarterly report;  
 25                                   fiscal year 2026-2027

26       Within fifteen days of the last day after each quarter in fiscal  
 27 year 2026-2027, the department of administration shall report to the  
 28 director of the joint legislative budget committee and the director of the  
 29 governor's office of strategic planning and budgeting the year-to-date  
 30 expenditures and year-to-date encumbrances for operating and capital  
 31 spending from the state general fund and other agency funds in fiscal year  
 32 2026-2027. The information shall be separately delineated by agency,  
 33 budget fiscal year and fund source and shall classify each appropriation  
 34 by agency lump sum, special line item or project.

35       Sec. 128. COVID-related expenditures; reporting requirements;  
 36                                   intent

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

1 B. Within forty-five days after the last day of each calendar  
2 quarter through June 30, 2028, the superintendent of public instruction  
3 shall report to the president of the senate, the speaker of the house of  
4 representatives, the chairpersons of the senate and house of  
5 representatives appropriations committees and the director of the joint  
6 legislative budget committee the total planned allocations and actual  
7 expenditures of monies allocated to the superintendent of public  
8 instruction from the elementary and secondary school emergency relief fund  
9 as appropriated by section 2001 of the American rescue plan act of 2021  
10 (P.L. 117-2).

11 C. Reports required pursuant to this section shall delineate  
12 expenditures by agency and program and include descriptions of the  
13 purposes of the expenditures.

14 D. The legislature intends that the executive branch of state  
15 government report on its planned and actual use of any major additional  
16 federal aid to this state through federal legislation enacted by the end  
17 of fiscal year 2026-2027. The timing and frequency of these reports  
18 should be the same as required by subsections A and B of this section. The  
19 chairperson and vice chairperson of the joint legislative budget committee  
20 may provide recommendations to the executive branch concerning federal  
21 legislation that would qualify under this subsection.

22 Sec. 129. Legislative intent; expenditure reporting

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

33 Sec. 130. Border security; federal reimbursement

34 Pursuant to section 35-142.01, subsection A, Arizona Revised  
35 Statutes, if a budget unit receives federal monies in fiscal year  
36 2026-2027 as reimbursement in whole or in part for expenditures made by  
37 this state to secure its borders, the budget unit shall promptly deposit  
38 the monies in the state general fund. The directors of the budget units  
39 that receive reimbursements under this section shall notify the joint  
40 legislative budget committee, the governor's office of strategic planning  
41 and budgeting and the state comptroller in writing of the deposits.

42 Sec. 131. FTE positions; reporting; definition

43 Full-time equivalent (FTE) positions contained in this act are  
44 subject to appropriation. The director of the department of  
45 administration shall account for the use of all appropriated and

1 nonappropriated FTE positions, excluding those in the universities. The  
2 director of the department of administration shall submit the fiscal year  
3 2026-2027 report on or before October 1, 2027 to the director of the joint  
4 legislative budget committee. The report must compare the level of  
5 appropriated FTE usage in each fiscal year to the appropriated level. For  
6 the purposes of this section, "FTE positions" means the total number of  
7 hours worked, including both regular and overtime hours as well as hours  
8 taken as leave, divided by the number of hours in a work year. The  
9 director of the department of administration shall notify the director of  
10 a budget unit if the budget unit's appropriated FTE usage has exceeded its  
11 number of appropriated FTE positions. Each university shall report to the  
12 director of the joint legislative budget committee in a manner comparable  
13 to the department of administration reporting.

14 Sec. 132. Filled FTE positions; reporting

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

19 Sec. 133. Transfer of spending authority

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

24 Sec. 134. Interim reporting requirements

25 A. State general fund revenue for fiscal year 2025-2026, including  
26 a beginning balance of \$1,367,290,000 and other onetime revenues, is  
27 forecasted to be \$18,516,400,000.

28 B. State general fund revenue for fiscal year 2026-2027, including  
29 onetime revenues, is forecasted to be \$18,326,800,000.

30 C. State general fund revenue for fiscal year 2027-2028, including  
31 onetime revenues, is forecasted to be \$18,287,400,000. State general fund  
32 expenditures for fiscal year 2027-2028 are forecasted to be  
33 \$18,263,100,000.

34 D. State general fund revenue for fiscal year 2028-2029, including  
35 onetime revenues, is forecasted to be \$19,164,600,000. State general fund  
36 expenditures for fiscal year 2028-2029 are forecasted to be  
37 \$18,922,100,000.

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

1 F. Based on the information provided by the executive branch, the  
2 staff of the joint legislative budget committee shall report to the joint  
3 legislative budget committee on or before October 15, 2026 whether the  
4 fiscal year 2026-2027 revenues and ending balance are expected to change  
5 by more than \$50,000,000 from the budgeted projections. The joint  
6 legislative budget committee staff may make technical adjustments to the  
7 revenue and expenditure estimates in this section to reflect other bills  
8 enacted into law. The executive branch may also provide its own estimates  
9 to the joint legislative budget committee on or before October 15, 2026.

10 Sec. 135. Definition

11 For the purposes of this act, "\*" means this appropriation is a  
12 continuing appropriation and is exempt from the provisions of section  
13 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

14 Sec. 136. Definition

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

18 Sec. 137. Definition

19 For the purposes of this act, "review by the joint legislative  
20 budget committee" means a review by a vote of a majority of a quorum of  
21 the members of the joint legislative budget committee.