

CORRECTED

House Engrossed

2026-2027; general appropriations act.

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 4138

AN ACT

APPROPRIATING MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Subject to applicable laws, the sums or sources of
3 revenue set forth in this act are appropriated for the fiscal years
4 indicated and only from the funding sources listed for the purposes and
5 objects specified. If monies from funding sources in this act are
6 unavailable, no other funding source may be used.
7 Sec. 2. ARIZONA STATE BOARD OF ACCOUNTANCY

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

13 Sec. 3. ACUPUNCTURE BOARD OF EXAMINERS

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

20 Sec. 4. DEPARTMENT OF ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 Fund sources:

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

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

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

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

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

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

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

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

10 Fund sources:

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

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

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

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

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

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

1 Transfers to the automation projects fund

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

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

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

18 Quarterly Reports

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

25 Nonlapsing

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

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

38 1. \$2,814,600 for the development of several modules associated
39 with the medicaid enterprise system mainframe replacement.

40 2. \$1,685,400 for medicaid enterprise system fraud and waste abuse
41 prevention enhancements.

42 3. \$2,000,000 for medicaid enterprise system systems integrator,
43 which establishes a platform infrastructure in the cloud to serve as the
44 foundation for the modular replacement of the prior prepaid medicaid
45 management information system, and servicenow projects.

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

1	<u>Nonmedicaid behavioral health services</u>	
2	Crisis services	16,391,300
3	Nonmedicaid seriously mentally	
4	ill services	77,646,900
5	Supported housing	65,324,800
6	<u>Hospital payments</u>	
7	Disproportionate share payments	884,800
8	Disproportionate share payments –	
9	voluntary match	207,593,800
10	Critical access hospitals	16,454,300
11	Graduate medical education	569,176,800
12	Targeted investments program	<u>56,000,000</u>
13	Total appropriation and expenditure	
14	authority – Arizona health	
15	care cost containment system	\$22,798,839,000
16	Fund sources:	
17	State general fund	\$ 2,900,224,700
18	Budget neutrality compliance fund	5,304,500
19	Children's health insurance	
20	program fund	193,430,100
21	Prescription drug rebate	
22	fund – state	289,832,900
23	Seriously mentally ill	
24	housing trust fund	217,700
25	Substance abuse services fund	2,250,200
26	Tobacco products tax fund –	
27	emergency health services	
28	account	13,467,800
29	Tobacco tax and health care	
30	fund – medically needy account	51,482,300
31	Expenditure authority	19,342,628,800

32 Operating budget

33 The amount appropriated for the DES eligibility line item shall be
 34 used for intergovernmental agreements with the department of economic
 35 security for eligibility determination and other functions. The state
 36 general fund share may be used for eligibility determination for other
 37 programs administered by the division of benefits and medical eligibility
 38 based on the results of the Arizona random moment sampling survey.

39 The amounts included in the proposition 204 – AHCCCS administration,
 40 proposition 204 – DES eligibility and proposition 204 services line items
 41 include all available sources of funding consistent with section
 42 36-2901.01, subsection B, Arizona Revised Statutes.

43 Before spending the monies for the replacement of the prepaid
 44 medicaid management information system, the Arizona strategic enterprise
 45 technology office shall submit, on behalf of the Arizona health care cost

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

6 Medical services and behavioral health services

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

11 The Arizona health care cost containment system administration shall
12 report to the joint legislative budget committee on or before March 1,
13 2027 on preliminary actuarial estimates of the capitation rate changes for
14 the following fiscal year along with the reasons for the estimated
15 changes. For any actuarial estimates that include a range, the total
16 range from minimum to maximum may not be more than two percent. Before
17 implementing any changes in capitation rates, the administration shall
18 report its expenditure plan for review by the joint legislative budget
19 committee. Before the administration implements any change in policy
20 affecting the amount, sufficiency, duration and scope of health care
21 services and who may provide services, the administration shall prepare a
22 fiscal impact analysis on the potential effects of this change on the
23 following year's capitation rates. If the fiscal impact analysis
24 demonstrates that this change will result in additional state costs of
25 \$1,000,000 or more for any fiscal year, the administration shall submit
26 the policy change for review by the joint legislative budget committee.

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

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

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

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

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

13 Long-term care

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

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

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

33 Payments to hospitals

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

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

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

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

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

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

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

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

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

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

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

14 Other

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

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

22 Sec. 10. BOARD OF ATHLETIC TRAINING

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

28 Sec. 11. ATTORNEY GENERAL – DEPARTMENT OF LAW

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

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

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

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

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

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

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

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

7 Sec. 12. BARBERING AND COSMETOLOGY BOARD

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

13 Sec. 13. BOARD OF BEHAVIORAL HEALTH EXAMINERS

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

20 Sec. 14. STATE BOARD FOR CHARTER SCHOOLS

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

26 Sec. 15. DEPARTMENT OF CHILD SAFETY

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

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

34 Additional operating resources

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

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

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

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

7 Out-of-home placements

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

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

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

34 Support services

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

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

1 Department-wide

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

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

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

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

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

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

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

32 Benchmarks

33 For the purposes of this section:

34 1. "Backlog case":

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

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

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

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

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

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

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

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

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

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

32 Sec. 16. STATE BOARD OF CHIROPRACTIC EXAMINERS

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

39 Sec. 17. ARIZONA COMMERCE AUTHORITY

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

1	Frankfurt, Germany trade office	500,000
2	Israel trade office	300,000
3	Mexico trade offices	<u>500,000</u>
4	Total appropriation – Arizona commerce	
5	authority	\$ 12,550,000
6	Fund sources:	
7	State general fund	\$ 12,550,000
8	Pursuant to section 43-409, Arizona Revised Statutes, of the amounts	
9	listed above, \$10,000,000 of the state general fund withholding tax	
10	revenues is allocated in fiscal year 2026-2027 to the Arizona commerce	
11	authority fund established by section 41-1506, Arizona Revised Statutes.	
12	On or before December 1, 2026, the authority shall submit a report	
13	to the joint legislative budget committee on the location, activities and	
14	annual expenses of each trade office operated by the authority during the	
15	prior fiscal year.	
16	Sec. 18. ARIZONA COMMUNITY COLLEGES	
17		<u>2026-27</u>
18	<u>Equalization aid</u>	
19	Cochise	\$ 12,715,600
20	Graham	24,422,600
21	Navajo	13,698,200
22	Yuma/La Paz	<u>2,019,800</u>
23	Total – equalization aid	\$ 52,856,200
24	<u>Operating state aid</u>	
25	Cochise	\$ 3,708,100
26	Coconino	1,404,400
27	Gila	147,100
28	Graham	1,872,900
29	Mohave	1,226,800
30	Navajo	1,564,900
31	Pinal	1,261,800
32	Santa Cruz	51,300
33	Yavapai	683,900
34	Yuma/La Paz	<u>2,562,200</u>
35	Total – operating state aid	\$ 14,483,400
36	<u>STEM and workforce programs state aid</u>	
37	Cochise	\$ 976,000
38	Coconino	305,200
39	Gila	86,900
40	Graham	492,300
41	Maricopa	8,818,600
42	Mohave	500,000
43	Navajo	350,400
44	Pima	1,973,000
45	Pinal	727,900

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

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

1 Of the amount appropriated in the operating lump sum, \$413,542,600
2 is designated for personal services and \$250,095,400 is designated for
3 employee-related expenditures. The state department of corrections shall
4 submit an expenditure plan for review by the joint legislative budget
5 committee before spending these monies other than for personal services or
6 employee-related expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

26 2. An explanation for each instance of noncompliance.

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

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

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

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

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

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

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

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

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

21 Sec. 22. ARIZONA CRIMINAL JUSTICE COMMISSION

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

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

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

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

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

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

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

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

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

1	the deaf and the blind staff and any plans for the disposition of land	
2	owned by the schools at the Tucson campus.	
3	Sec. 24. COMMISSION FOR THE DEAF AND THE HARD OF HEARING	
4		<u>2026-27</u>
5	FTE positions	21.0
6	Operating lump sum appropriation	\$ 4,695,800
7	Support services for the	
8	deaf-blind	<u>350,000</u>
9	Total appropriation – commission for the	
10	deaf and the hard of hearing	\$ 5,045,800
11	Fund sources:	
12	Telecommunication fund for	
13	the deaf	\$ 5,045,800
14	Sec. 25. STATE BOARD OF DENTAL EXAMINERS	
15		<u>2026-27</u>
16	FTE positions	13.0
17	Lump sum appropriation	\$ 2,150,900
18	Fund sources:	
19	Dental board fund	\$ 2,150,900
20	Sec. 26. OFFICE OF ECONOMIC OPPORTUNITY	
21		<u>2026-27</u>
22	FTE positions	5.0
23	Lump sum appropriation	\$ 531,900
24	Fund sources:	
25	State general fund	\$ 531,900
26	Sec. 27. DEPARTMENT OF ECONOMIC SECURITY	
27		<u>2026-27</u>
28	FTE positions	5,215.8
29	Operating lump sum appropriation	\$413,323,300
30	<u>Administration</u>	
31	Attorney general legal services	13,099,900
32	<u>Aging and adult services</u>	
33	Adult services	10,731,900
34	Community and emergency services	3,724,000
35	Coordinated homeless services	3,522,600
36	Coordinated hunger services	2,254,600
37	Domestic violence prevention	14,004,000
38	Long-term care ombudsman	1,000,000
39	<u>Benefits and medical eligibility</u>	
40	Supplemental nutrition assistance	
41	program – benefits	1,957,041,500
42	Temporary assistance for needy	
43	families – cash benefits	22,736,400
44	Tribal pass-through funding	4,680,300

1	<u>Child support enforcement</u>	
2	Child support –	
3	clerk of the court and	
4	family law services	8,539,700
5	<u>Developmental disabilities</u>	
6	DDD premium tax payment	102,012,200
7	Case management – medicaid	132,664,700
8	Home and community based	
9	services – medicaid	3,694,025,700
10	Institutional services –	
11	medicaid	53,584,900
12	Physical and behavioral	
13	health services – medicaid	1,098,810,200
14	Medicare clawback payments	8,888,400
15	Targeted case management – medicaid	25,383,100
16	State match transfer from AHCCCS	1,841,698,500
17	Case management – state-only	6,446,100
18	Home and community based	
19	services – state-only	14,089,000
20	High-need client supplement	26,320,000
21	Arizona early intervention program	16,119,000
22	State-funded long-term care	
23	services	46,084,300
24	<u>Employment and rehabilitation services</u>	
25	JOBS	11,005,600
26	Child care subsidy	261,837,300
27	Independent living rehabilitation	
28	services	1,289,400
29	Rehabilitation services	7,249,100
30	Workforce innovation	
31	and opportunity act	
32	services	<u>85,824,200</u>
33	Total appropriation and expenditure	
34	authority – department of	
35	economic security	\$9,887,989,900
36	Fund sources:	
37	State general fund	\$2,154,006,800
38	Federal child care and	
39	development fund block grant	229,994,900
40	Federal temporary assistance for	
41	needy families block grant	66,561,100
42	Long-term care system fund	35,517,100
43	Public assistance collections	
44	fund	441,800
45	Special administration fund	4,645,400

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

18 Aging and adult services

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

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

29 Benefits and medical eligibility

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

33 Child support enforcement

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

40 Developmental disabilities

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

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

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

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

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

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

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

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

10 Employment and rehabilitation services

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

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

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

32 Department-wide

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

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

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

5 Sec. 28. STATE BOARD OF EDUCATION

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

13 Fund sources:

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

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

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

Operating lump sum

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

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

1 Basic state aid

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

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

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

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

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

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

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

20 Other programs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 After review by the joint legislative budget committee, in fiscal
26 year 2026-2027, the department of education may use a portion of its
27 fiscal year 2026-2027 state general fund appropriations for basic state
28 aid, additional state aid or the special education fund to fund a
29 shortfall in funding for basic state aid, additional state aid or the
30 special education fund, if any, that occurred in fiscal year 2025-2026.

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

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

1	Sec. 30. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	
2		<u>2026-27</u>
3	FTE positions	68.1
4	Administration	\$ 2,946,000
5	Emergency management	902,700
6	Emergency management matching funds	1,563,600
7	Military affairs	2,157,300
8	National guard matching funds	3,533,300
9	National guard tuition	
10	reimbursement	<u>1,000,000</u>
11	Total appropriation – department of	
12	emergency and military affairs	\$ 12,102,900
13	Fund sources:	
14	State general fund	\$ 12,102,900
15	The \$3,533,300 national guard matching funds appropriation is exempt	
16	from the provisions of section 35-190, Arizona Revised Statutes, relating	
17	to lapsing of appropriations, except that all fiscal year 2026-2027 monies	
18	remaining unexpended and unencumbered on December 31, 2027 revert to the	
19	state general fund.	
20	The appropriated amount for the national guard tuition reimbursement	
21	line item is exempt from the provisions of section 35-190, Arizona Revised	
22	Statutes, relating to lapsing of appropriations, until September 30, 2027.	
23	Sec. 31. DEPARTMENT OF ENVIRONMENTAL QUALITY	
24		<u>2026-27</u>
25	FTE positions	360.7
26	Operating lump sum appropriation	\$ 69,937,300
27	Safe drinking water program	2,027,700
28	Emissions control contractor	
29	payment	<u>28,894,500</u>
30	Total appropriation – department of	
31	environmental quality	\$ 100,859,500
32	Fund sources:	
33	Air quality fund	\$ 6,650,200
34	Emergency response fund	132,800
35	Emissions inspection fund	33,105,500
36	Hazardous waste management fund	2,689,300
37	Indirect cost fund	19,603,200
38	Permit administration fund	7,165,200
39	Recycling fund	3,542,100
40	Safe drinking water program	
41	fund	2,027,700
42	Solid waste fee fund	3,907,600
43	Water quality fee fund	22,035,900

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

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

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

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

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

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

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

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

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

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

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

33 Sec. 39. OFFICE OF THE GOVERNOR

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

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

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

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

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

17 Public health/family health

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

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

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

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

1 1. Is headquartered in this state.

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

4 3. Has participating member institutions that work together to end
5 Alzheimer's disease within a statewide collaborative model by using their
6 complementary strengths in brain imaging, computer science, genomics,
7 basic and cognitive neurosciences and clinical and neuropathology
8 research.

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

12 The terms of the grant made to the charitable organization may not
13 impose any requirements that were not imposed in prior grant agreements
14 entered into between the department of health services and the charitable
15 organization.

16 Arizona state hospital

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

21 Department-wide

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

33 Sec. 42. ARIZONA HISTORICAL SOCIETY

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

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

1 Fund sources:
 2 State general fund \$ 90,100
 3 Administrative fund 23,213,100
 4 The legislature intends that the state general fund appropriation be
 5 used only for administrative costs of title 23, chapter 11, Arizona
 6 Revised Statutes, and that this appropriation does not convey any
 7 responsibility for firefighter cancer compensation and benefits claims to
 8 this state.

9 Sec. 48. DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

10		<u>2026-27</u>
11	FTE positions	147.4
12	Operating lump sum appropriation	\$ 12,777,700
13	Arizona vehicle theft task force	4,452,600
14	Automobile theft authority	
15	operating budget	797,100
16	Local grants	1,388,900
17	Reimbursable programs	<u>50,000</u>
18	Total appropriation – department of insurance	
19	and financial institutions	\$ 19,466,300

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

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

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

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

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

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

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

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

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

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

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

9 Court of appeals

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

14 Fund sources:

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

19 Superior court

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

41 Fund sources:

42	State general fund	\$118,036,900
43	Criminal justice enhancement fund	5,494,900
44	Drug treatment and education fund	504,200
45	Judicial collection enhancement fund	6,015,400

1 Operating budget

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

7 Judges

8 Of the 241.5 FTE positions, 183 FTE positions represent superior
9 court judges. This FTE position clarification does not limit the
10 counties' ability to add judges pursuant to section 12-121, Arizona
11 Revised Statutes.

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

19 Probation

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

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

28 On or before November 1, 2026, the administrative office of the
29 courts shall report to the joint legislative budget committee and the
30 governor's office of strategic planning and budgeting the fiscal year
31 2025-2026 actual, fiscal year 2026-2027 estimated and fiscal year
32 2027-2028 requested amounts for each of the following:

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

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

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

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

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

18 On or before November 1, 2026, the administrative office of the
 19 courts shall submit a report to the joint legislative budget committee on
 20 the county-approved salary adjustments provided to probation officers
 21 since the last report on November 1, 2025. The administrative office
 22 shall also submit a copy of the report to the governor's office of
 23 strategic planning and budgeting. The report must include, for each
 24 county, the:

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

31 Sec. 50. DEPARTMENT OF JUVENILE CORRECTIONS

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

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

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

11 Sec. 51. STATE LAND DEPARTMENT

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

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

29 Sec. 52. LEGISLATURE

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

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

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

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

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

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

18 Sec. 55. BOARD OF MASSAGE THERAPY

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

24 Sec. 56. ARIZONA MEDICAL BOARD

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

34 Sec. 57. STATE MINE INSPECTOR

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

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

8 Sec. 58. STATE NATURAL RESOURCE CONSERVATION BOARD

	<u>2026-27</u>
9	
10	Natural resource conservation
11	district fund deposit \$ 650,000
12	Total appropriation – state natural resource
13	conservation board \$ 650,000

14 Fund sources:

15	State general fund \$ 389,400
16	Environmental special plate fund 260,600

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

22 Sec. 59. NATUROPATHIC PHYSICIANS MEDICAL BOARD

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

29 Sec. 60. ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION

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

36 Sec. 61. ARIZONA STATE BOARD OF NURSING

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

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

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

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

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

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

29 Sec. 68. STATE PERSONNEL BOARD

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

36 Sec. 69. ARIZONA STATE BOARD OF PHARMACY

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

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

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

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

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

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

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

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

12 4. Taking strict enforcement action.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 3. The purpose of the expenditures.

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

36 Sec. 82. STATE BOARD OF TAX APPEALS

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

41

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

1 Motor vehicle division

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

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

19 Other

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

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

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

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

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

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

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

18 Sec. 85. STATE TREASURER

		<u>2026-27</u>
19		
20	FTE positions	38.4
21	Operating lump sum appropriation	\$ 4,721,600
22	Justice of the peace salaries	2,797,200
23	Law enforcement/boating safety	
24	fund grants	<u>2,183,800</u>
25	Total appropriation – state treasurer	\$ 9,702,600
26	Fund sources:	
27	State general fund	\$ 3,139,700
28	Law enforcement and boating	
29	safety fund	2,183,800
30	State treasurer's operating fund	4,379,100

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

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

		<u>2026-27</u>
39		
40	FTE positions	3.0
41	Lump sum appropriation	\$ 66,900
42	Fund sources:	
43	State general fund	\$ 66,900

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 Sec. 88. ARIZONA STATE UNIVERSITY

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

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

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

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

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

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

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

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

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

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

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

37 Sec. 89. NORTHERN ARIZONA UNIVERSITY

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

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

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

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

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

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

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

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

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

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

42 3. Performance measures, including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 Sec. 91. DEPARTMENT OF VETERANS' SERVICES

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

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

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

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

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

14 Sec. 92. ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

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

21 Sec. 93. DEPARTMENT OF WATER RESOURCES

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

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

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

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

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

19 Fiscal Year 2019-2020 Appropriation Adjustment

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

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

27 Fiscal Year 2020-2021 Appropriation Adjustment

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

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

35 Fiscal Year 2021-2022 Appropriation Adjustments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 Payment Deferrals

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Employer health insurance contribution increase

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

17 State fleet operations adjustment

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

27 State fleet replacement adjustment

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

37 Agency risk management adjustment

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

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

3 Agency retirement adjustment

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

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

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

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

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

12 Reporting Requirements and Definitions

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

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

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

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

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

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

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

12 Sec. 117. Legislative intent; expenditure reporting

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

23 Sec. 118. Border security; federal reimbursement

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

32 Sec. 119. FTE positions; reporting; definition

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

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

4 Sec. 120. Filled FTE positions; reporting

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

9 Sec. 121. Transfer of spending authority

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

14 Sec. 122. Interim reporting requirements

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

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

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

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

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

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

1 Sec. 123. Definition

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

5 Sec. 124. Definition

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

9 Sec. 125. Definition

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