House Engrossed

general appropriations act; 2026-2027

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

HOUSE BILL 4154

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Laws 2025, chapter 233, section 23 is amended to read:

Sec. 23. STATE DEPARTMENT OF CORRECTIONS

	2025-26
FTE positions	9,592.0
Operating lump sum appropriation	~~$ 816,308,500~~
	$ 828,190,500
Overtime and compensatory time	92,320,300
Private prison per diem	~~269,359,200~~
	266,956,700
Community corrections	24,330,300
Inmate health care contracted services	~~380,978,900~~
	371,499,400
Noncontract medication	15,000,000
Injunction-related IT upgrades	2,400,000
Total appropriation — state department of corrections	$1,600,697,200
Fund sources:	
State general fund	$1,537,433,000
State education fund for correctional education	736,400
Alcohol abuse treatment fund	555,800
Penitentiary land fund	3,466,000
State charitable, penal and reformatory institutions land fund	3,733,100
Corrections fund	35,787,600
Transition program fund	2,400,300
Prison construction and operations fund	12,500,100
Inmate store proceeds fund	4,084,900

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 3. ARIZONA STATE BOARD OF ACCOUNTANCY

	2026-27
FTE positions	14.0
Lump sum appropriation	$ 2,257,400
Fund sources:	
Board of accountancy fund	$ 2,257,400

Sec. 4. ACUPUNCTURE BOARD OF EXAMINERS

			2026-27
FTE positions			1.0
Lump sum appropriation		$	217,000
Fund sources:			
Acupuncture board of examiners fund		$	217,000

Of the amount appropriated in the lump sum appropriation, $50,000 may be used to pay outstanding costs of services provided by the department of administration-central service bureau in prior fiscal years.

Sec. 5. DEPARTMENT OF ADMINISTRATION

		2026-27
FTE positions		517.1
Operating lump sum appropriation	$	97,472,700
Utilities		7,649,900
Arizona financial information system		13,362,800
Risk management administrative expenses		14,770,700
Risk management losses and premiums		63,460,900
Workers' compensation losses and premiums		28,741,000
Cyber risk insurance		23,037,200
Information technology project management and oversight		1,791,000
State surplus property sales agency proceeds		1,810,000
Digital solutions office		1,356,800
Critical applications catalogue		400,000
Cybersecurity systems administration		446,500
Enterprise resource planning division		7,512,200
Government transformation office		2,093,800
State employee professional development pilot program		1,000,000
Emergency telecommunications call handling services		4,000,000
Food bank capital		3,000,000

Elected officials' retirement plan offset	3,000,000
Small county assistance	7,650,700
County support for corrections officer employer contributions	377,100
Gila county disaster relief	10,000,000
County sheriff support	7,000,000
Total appropriation — department of administration	$299,933,300
Fund sources:	
State general fund	$ 30,435,300
Air quality fund	930,300
Arizona financial information system collections fund	16,762,400
Arizona highway patrol fund	2,000,000
Automation operations fund	29,940,400
Capital outlay stabilization fund	21,165,700
Corrections fund	640,100
Cyber risk insurance fund	23,037,200
Federal surplus materials revolving fund	473,600
Information technology fund	6,221,400
Livestock operator fire and flood assistance fund	10,000,000
Personnel division fund	18,612,300
Risk management revolving fund	115,337,400
Special employee health insurance trust fund	5,746,100
Special services revolving fund	1,302,800
State surplus materials revolving fund	3,216,200
State web portal fund	12,012,600
Telecommunications fund	2,099,500

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

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

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

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

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

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

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

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

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

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

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

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

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

1.	Apache county	$ 400,000
2.	Cochise county	$ 1,100,000
3.	Coconino county	$ 400,000
4.	Gila county	$ 600,000
5.	Graham county	$ 300,000
6.	Greenlee county	$ 100,000
7.	La Paz county	$ 400,000

8. Mohave county	$	300,000
9. Navajo county	$	600,000
10. Pinal county	$	600,000
11. Santa Cruz county	$	300,000
12. Yavapai county	$	1,200,000
13. Yuma county	$	700,000

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

	2026-27
FTE positions	22.0
Operating lump sum appropriation	$ 1,624,700
New school facilities debt service	9,938,100
Building renewal grants deposit	199,967,900
Building renewal grants administration	750,000*
New school facilities	12,734,900
Total appropriation — department of administration, division of school facilities	$225,015,600
Fund sources:	
State general fund	$225,015,600

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

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

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

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

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

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

Sec. 7. DEPARTMENT OF ADMINISTRATION, AUTOMATION PROJECTS

	2026-27
Department of revenue integrated tax system modernization	$ 3,656,800
Medicaid enterprise system mainframe modernization	12,940,000
Department of revenue mainframe migration	1,425,000
Arizona medical board website modernization	150,000
Fund sources:	
Department of revenue subaccount	$ 5,081,800
Medicaid enterprise system modernization subaccount	12,940,000
Arizona medical board subaccount	150,000

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

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

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

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

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

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

<u>Transfers to the automation projects fund</u>

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

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

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

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

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

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

Quarterly Reports

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

Nonlapsing

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

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

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

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

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

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

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

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

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

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

Sec. 8. OFFICE OF ADMINISTRATIVE HEARINGS

	2026-27
FTE positions	12.0
Lump sum appropriation	$ 985,200
Fund sources:	
State general fund	$ 985,200

Sec. 9. ARIZONA DEPARTMENT OF AGRICULTURE

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

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

Sec. 10. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

	2026-27
FTE positions	2,428.3
Operating lump sum appropriation	$223,281,000
Administration	
AHCCCS data storage	19,605,800
DES eligibility	97,074,500
Proposition 204 — AHCCCS administration	15,788,200
Proposition 204 — DES eligibility	44,358,700
Public Law 119-21 implementation - medicaid	51,500,000
Medicaid services	
Traditional medicaid services	10,308,634,300
Proposition 204 services	7,193,353,000
Adult expansion services	844,120,200
Comprehensive health plan	200,180,300
KidsCare services	257,442,000
ALTCS services	2,663,643,700
Behavioral health services in schools	8,289,600
Enhanced residential treatment program	7,812,000
Nonmedicaid behavioral health services	
Crisis services	20,391,300
Nonmedicaid seriously mentally ill services	77,646,900
Supported housing	65,324,800
Hospital payments	
Disproportionate share payments	884,800
Disproportionate share payments — voluntary match	207,593,800
Critical access hospitals	28,336,000
Graduate medical education	569,176,800
Targeted investments program	56,000,000
Total appropriation and expenditure authority — Arizona health care cost containment system	$22,960,437,700
Fund sources:	
State general fund	$ 2,919,510,700
Budget neutrality compliance fund	5,304,500
Children's health insurance program fund	193,430,100
Prescription drug rebate fund — state	291,207,900

Seriously mentally ill housing trust fund	2,957,300
Substance abuse services fund	2,250,200
Tobacco products tax fund — emergency health services account	13,467,800
Tobacco tax and health care fund — medically needy account	51,482,300
Expenditure authority	19,480,826,900

Operating budget

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

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

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

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

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

Medical services and behavioral health services

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

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

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

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

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

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

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

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

Long-term care

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

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

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

Payments to hospitals

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

On or before March 31, 2027, the Arizona health care cost containment system administration shall submit a report to the director of the joint legislative budget committee and the governor's office of strategic planning and budgeting on the amount of directed payments that the Maricopa county special health care district will receive from the safety net services initiative in fiscal year 2026-2027, disaggregated by state match and by federal match.

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

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

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

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

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

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

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

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

<u>Other</u>

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

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

Sec. 11. ARIZONA COMMISSION ON THE ARTS

	2026-27
Arizona arts trust fund deposit	$ 2,000,000
Fund sources:	
State general fund	$ 2,000,000

Sec. 12. BOARD OF ATHLETIC TRAINING

	2026-27
FTE positions	1.5
Lump sum appropriation	$ 166,000
Fund sources:	
Athletic training fund	$ 166,000

Sec. 13. ATTORNEY GENERAL — DEPARTMENT OF LAW

	2026-27
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
Coordinated reentry planning services grants	17,000,000
Government accountability and special litigation	1,467,300
Internet crimes against children enforcement	1,613,300
Organized retail theft task force	1,645,200
Risk management interagency service agreement	10,489,000
Tobacco enforcement	877,000
Victims' rights	4,022,500
Total appropriation — attorney general — department of law	$ 106,604,400
Fund sources:	
State general fund	$ 36,007,600
Antitrust enforcement revolving fund	162,900
Attorney general legal services cost allocation fund	2,338,900
Collection enforcement revolving fund	7,374,300
Consumer protection-consumer fraud revolving fund	16,918,400
Consumer restitution and remediation revolving fund - consumer remediation subaccount	3,000,000
Driving under the influence abatement fund	1,800,000
Drag racing prevention enforcement fund	800,000
Interagency service agreements fund	17,635,600
Internet crimes against children enforcement fund	900,000
Risk management revolving fund	12,855,300
Utility regulation revolving fund	3,000,000
Victims' rights fund	3,811,400

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

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

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

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

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

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

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

Sec. 14. BARBERING AND COSMETOLOGY BOARD

	2026-27
FTE positions	36.5
Lump sum appropriation	$ 3,262,300
Fund sources:	
Barbering and cosmetology fund	$ 3,262,300

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

Sec. 15. BOARD OF BEHAVIORAL HEALTH EXAMINERS

	2026-27
FTE positions	27.0
Lump sum appropriation	$ 2,766,900
Fund sources:	
Board of behavioral health examiners fund	$ 2,766,900

Sec. 16. STATE BOARD FOR CHARTER SCHOOLS

	2026-27
FTE positions	25.0
Lump sum appropriation	$ 2,811,100
Fund sources:	
State general fund	$ 2,811,100

Sec. 17. DEPARTMENT OF CHILD SAFETY

	2026-27
FTE positions	3,283.1
Operating lump sum appropriation	$179,221,300
Additional operating resources	
Attorney general legal services	29,914,500
Caseworkers	139,316,600
Office of child welfare investigations	11,314,600
Training resources	9,150,000
Out-of-home placements	
Congregate group care	134,429,700
Extended foster care	26,860,400
Extended foster care service model fund deposit	10,742,000
Foster home placement	40,547,300
Foster home recruitment, study and supervision	32,753,600
Kinship care	15,184,600
Permanent placements	
Adoption services	282,440,400
Permanent guardianship subsidy	18,686,800
Support services	
DCS child care subsidy	61,675,400
In-home mitigation	44,414,300
Out-of-home support services	107,284,600
Preventive services	28,412,700

Comprehensive health plan

Comprehensive health plan services	172,360,900
Comprehensive health plan administration	24,291,000
Comprehensive health plan premium tax	3,528,400
Total appropriation and expenditure authority — department of child safety	$1,372,529,100
Fund sources:	
State general fund	$ 508,279,500
Federal child care and development fund block grant	40,516,000
Federal temporary assistance for needy families block grant	160,985,500
Child abuse prevention fund	1,459,300
Children and family services training program fund	207,500
Child safety expenditure authority	459,833,600
Child welfare licensing fee fund	1,067,400
Comprehensive health plan expenditure authority fund — expenditure authority	200,180,300

Additional operating resources

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

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

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

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

Out-of-home placements

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

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

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

Support services

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

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

Comprehensive health plan

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

Department-wide

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

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

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

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

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

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

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

Benchmarks

For the purposes of this section:

1. "Backlog case":

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

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

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

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

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

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

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

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

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

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

Sec. 18. STATE BOARD OF CHIROPRACTIC EXAMINERS

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

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

Sec. 19. ARIZONA COMMERCE AUTHORITY

	2026-27
FTE positions	100.0
Operating lump sum appropriation	$ 10,000,000
Arizona competes fund deposit	500,000
Advanced air mobility	2,000,000
Asia trade offices	750,000
Economic development marketing and attraction	500,000
Frankfurt, Germany trade office	500,000
Israel trade office	300,000
Mexico trade offices	500,000
Total appropriation — Arizona commerce authority	$ 15,050,000
Fund sources:	
State general fund	$ 13,050,000
Advanced air mobility fund	2,000,000

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

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

Sec. 20. ARIZONA COMMUNITY COLLEGES

	2026-27
Equalization aid	
Cochise	$ 12,715,600
Graham	24,422,600
Navajo	13,698,200
Yuma/La Paz	2,019,800
Total — equalization aid	$ 52,856,200
Operating state aid	
Cochise	$ 3,708,100
Coconino	1,404,400
Gila	147,100
Graham	1,872,900
Mohave	1,226,800
Navajo	1,564,900
Pinal	1,261,800

Santa Cruz	51,300
Yavapai	683,900
Yuma/La Paz	2,562,200
Total — operating state aid	$ 14,483,400
STEM and workforce programs state aid	
Cochise	$ 976,000
Coconino	305,200
Gila	86,900
Graham	492,300
Maricopa	8,818,600
Mohave	500,000
Navajo	350,400
Pima	1,973,000
Pinal	727,900
Santa Cruz	40,500
Yavapai	762,500
Yuma/La Paz	870,400
Total — STEM and workforce programs state aid	$ 15,903,700
Rural aid	
Cochise	$ 2,451,300
Coconino	838,100
Gila	226,600
Graham	1,241,300
Mohave	1,313,400
Navajo	944,700
Pinal	1,884,700
Santa Cruz	100,800
Yavapai	1,988,600
Yuma/La Paz	3,010,500
Total — rural aid	$ 14,000,000
Rural county reimbursement subsidy	$ 1,082,900
Additional Gila workforce development aid	200,000
Diné college remedial education	1,000,000
Total appropriation — Arizona community colleges	$ 99,526,200
Fund sources:	
State general fund	$ 99,526,200

Of the $1,082,900 appropriated to the rural county reimbursement subsidy line item, Apache county receives $699,300 and Greenlee county receives $383,600.

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

Sec. 21. REGISTRAR OF CONTRACTORS

	2026-27
FTE positions	103.6
Operating lump sum appropriation	$ 13,310,600
Office of administrative hearings costs	1,017,600
Total appropriation — registrar of contractors	$ 14,328,200
Fund sources:	
Registrar of contractors fund	$ 14,328,200

Sec. 22. CORPORATION COMMISSION

	2026-27
FTE positions	303.0
Operating lump sum appropriation	$ 38,107,800
Corporation filings, same-day service	417,800
Utilities audits, studies, investigations and hearings	1,000,000*
Total appropriation — corporation commission	$ 39,525,600
Fund sources:	
Arizona arts trust fund	$ 57,200
Investment management regulatory and enforcement fund	1,370,400
Public access fund	8,235,100
Securities regulatory and enforcement fund	8,283,100
Utility regulation revolving fund	21,579,800

Sec. 23. STATE DEPARTMENT OF CORRECTIONS

	2026-27
FTE positions	9,592.0
Operating lump sum appropriation	$ 974,906,000
Private prison contracted services	273,126,400
Jensen v. Thornell compliance	451,390,400
Total appropriation — state department of corrections	$1,699,422,800

Fund sources:

State general fund	$1,659,746,100
State education fund for correctional education	703,200
Alcohol abuse treatment fund	555,800
Penitentiary land fund	3,472,000
State charitable, penal and reformatory institutions land fund	1,670,600
Corrections fund	21,218,500
Transition program fund	2,400,300
Prison construction and operations fund	9,656,300

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

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

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

On or before November 1, 2026, the state department of corrections shall provide a report on bed capacity to the joint legislative budget committee. The report must reflect the bed capacity for each security classification by gender at each state-run and private institution, divided by rated and total beds. The report must include bed capacity data for June 30, 2025 and June 30, 2026 and the projected capacity for June 30, 2027, as well as the reasons for any change within that time period. Within the total bed count, the department shall provide the number of temporary and special use beds. The report must also address the department's rationale for eliminating any permanent beds rather than reducing the level of temporary beds. The report must also include any plans to vacate beds but not permanently remove the beds from the bed count. If the department develops a plan after the department's November 1, 2026 report to open or close one hundred or more state-operated or private prison rated beds, the department shall submit a plan detailing the proposed bed changes for review by the joint legislative budget committee before implementing these changes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 24. ARIZONA CRIMINAL JUSTICE COMMISSION

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

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

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

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

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

	2026-27
FTE positions	562.2
Administration/statewide	$ 7,657,200
Phoenix day school for the deaf	10,277,000
Tucson campus	12,997,100
Preschool/outreach programs	7,200,300
School bus/agency vehicle replacement	369,000
Cooperative services	15,346,300
Supplemental early childhood services	50,000
Total appropriation — Arizona state schools for the deaf and the blind	$ 53,896,900
Fund sources:	
State general fund	$ 25,545,100
Schools for the deaf and the blind fund	12,955,500
Cooperative services fund	15,346,300
Health services lottery monies fund	50,000

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

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

The monies appropriated in the supplemental early childhood services line item in fiscal year 2026-2027 must be spent to continue the current contracts with multiple providers that are providing supplemental early childhood listening and spoken language services, including parent coaching services, to eligible infants and toddlers from birth to three years of age and their families. Contractors shall ensure that the services are provided by or overseen by a certified auditory verbal educator or therapist in a natural environment, a clinical setting, an educational setting or a virtual setting.

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

Sec. 26. COMMISSION FOR THE DEAF AND THE HARD OF HEARING

	2026-27
FTE positions	21.0
Operating lump sum appropriation	$ 4,695,800
Support services for the deaf-blind	350,000
Total appropriation — commission for the deaf and the hard of hearing	$ 5,045,800
Fund sources:	
Telecommunication fund for the deaf	$ 5,045,800

Sec. 27. STATE BOARD OF DENTAL EXAMINERS

	2026-27
FTE positions	13.0
Lump sum appropriation	$ 2,150,900
Fund sources:	
Dental board fund	$ 2,150,900

Sec. 28. OFFICE OF ECONOMIC OPPORTUNITY

	2026-27
FTE positions	5.0
Lump sum appropriation	$ 531,900
Fund sources:	
State general fund	$ 531,900

Sec. 29. DEPARTMENT OF ECONOMIC SECURITY

	2026-27
FTE positions	5,047.8
Operating lump sum appropriation	$381,228,600
Administration	
Attorney general legal services	13,099,900

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

Employment and rehabilitation services	
Out-of-school time grant program fund deposit	3,000,000*
JOBS	11,005,600
Child care subsidy	261,837,300
Independent living rehabilitation services	1,289,400
Reentry employment services	3,000,000
Rehabilitation services	7,249,100
Older individuals who are blind program	150,000
Workforce innovation and opportunity act services	85,824,200
Total appropriation and expenditure authority — department of economic security	$7,810,131,000
Fund sources:	
State general fund	$2,143,879,400
Federal child care and development fund block grant	229,994,900
Federal temporary assistance for needy families block grant	66,561,100
Health services lottery monies fund	1,800,000
Long-term care system fund	35,517,100
Public assistance collections fund	441,800
Special administration fund	4,645,400
Spinal and head injuries trust fund	2,385,400
Statewide cost allocation plan fund	1,000,000
Child support enforcement administration fund	17,615,600
Domestic violence services fund	4,000,300
Workforce investment act grant	87,109,200
Child support enforcement administration fund expenditure authority	45,547,500
Developmental disabilities medicaid expenditure authority	5,169,633,300

Aging and adult services

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

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

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

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

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

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

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

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

Benefits and medical eligibility

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

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

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

Child support enforcement

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

Developmental disabilities

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

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

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

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

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

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

Employment and rehabilitation services

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

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

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

Department-wide

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

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

Sec. 30. STATE BOARD OF EDUCATION

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

Sec. 31. SUPERINTENDENT OF PUBLIC INSTRUCTION

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

Property tax relief	
Additional state aid	551,969,500
Non-formula programs	
Accountability and achievement testing	16,450,300
Adult education	4,912,100
Alternative teacher development program	1,000,000
Arizona English language learner fund	4,960,400
College credit by examination incentive program	3,772,100
College placement exam fee waiver	1,265,800
Computer science professional development program	1,000,000
CTED certification exam fee reimbursement	1,000,000
CTED completion grants	1,000,000
CTED soft capital and equipment	1,000,000
Early literacy	17,394,000
Education learning and accountability system	5,534,100
English learner administration	11,643,000
Geographic literacy	100,000
Gifted assessments	850,000
Jobs for Arizona graduates	500,000
Onetime school meal grants	2,000,000
Public school campus community gardens	600,000*
School safety program	82,036,100
State block grant for vocational education	11,861,900
Student level data access	358,900
Teacher certification	2,416,700
Tribal college dual enrollment program	325,000
Total appropriation and expenditure authority — superintendent of public instruction	$9,115,121,300
Fund sources:	
State general fund	$7,649,389,900
Education sales tax fund	7,000,000
Permanent state school fund	80,226,500
Special education fund	5,000,000
Teacher certification fund	2,560,700

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

Operating lump sum

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

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

Basic state aid

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

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

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

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

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

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

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

<u>Other programs</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 32. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS

	2026-27
FTE positions	68.1
Administration	$ 2,946,000
Emergency management	902,700
Emergency management matching funds	1,563,600
Military affairs	2,157,300
National guard matching funds	3,533,300
National guard tuition reimbursement	1,000,000
Total appropriation — department of emergency and military affairs	$ 12,102,900
Fund sources:	
State general fund	$ 12,102,900

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

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

Of the $13,300,000 appropriated to the department by Laws 2022, chapter 313, section 32 in fiscal year 2022-2023 for a onetime maintenance backfill, the department may use any remaining unexpended and unencumbered monies for the construction of the Arizona army national guard surprise readiness center in the city of Surprise.

Sec. 33. DEPARTMENT OF ENVIRONMENTAL QUALITY

	2026-27
FTE positions	360.7
Operating lump sum appropriation	$ 73,837,600
Safe drinking water program	2,027,700
Geothermal energy research	1,500,000
Iron King mine Humboldt smelter cleanup	2,000,000
Emissions control contractor payment	31,989,000
Voluntary vehicle repair program support	2,170,200
Air permit portal	371,200
Water quality fee fund deposit	9,500,000
Total appropriation — department of environmental quality	$ 123,395,700
Fund sources:	
State general fund	$ 2,000,000
Air quality fund	15,320,700
Emergency response fund	132,800
Emissions inspection fund	36,200,000
Hazardous waste management fund	2,689,300
Indirect cost fund	19,603,200
Permit administration fund	7,536,400
Recycling fund	8,242,100
Safe drinking water program fund	2,027,700
Solid waste fee fund	3,907,600
Underground storage tank fund	3,700,000
Water quality fee fund	22,035,900

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

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

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

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

Sec. 34. GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY

		2026-27
FTE positions		5.0
Lump sum appropriation	$	317,400
Fund sources:		
Personnel division fund	$	317,400

Sec. 35. STATE BOARD OF EQUALIZATION

		2026-27
FTE positions		7.0
Lump sum appropriation	$	734,700
Fund sources:		
State general fund	$	734,700

Sec. 36. BOARD OF EXECUTIVE CLEMENCY

	2026-27
FTE positions	15.5
Lump sum appropriation	$ 1,639,300
Fund sources:	
State general fund	$ 1,639,300

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

Sec. 37. ARIZONA EXPOSITION AND STATE FAIR BOARD

	2026-27
FTE positions	184.0
Lump sum appropriation	$ 19,762,800
Fund sources:	
Arizona exposition and state fair fund	$ 19,762,800

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

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

Sec. 38. ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT

	2026-27
FTE positions	215.5
Operating lump sum appropriation	$ 6,303,100
Environmental county grants	250,000
Inmate firefighting crews	902,700
Postrelease firefighting crews	1,332,700
Fire suppression	10,200,000
State fire marshal	1,844,400
State fire school	291,700
Hazardous vegetation removal	3,039,300
US forest service land thinning	1,703,400
Wildfire mitigation	27,354,900
Total appropriation — Arizona department of forestry and fire management	$ 53,222,200

Fund sources:

State general fund	$ 53,222,200

Of the amount appropriated in the fire suppression line item, $10,000,000 shall be used for the purposes prescribed by and are subject to the restrictions outlined in Laws 2021, first special session, chapter 1, section 1, as amended by Laws 2022, chapter 1, section 1. Of the amount appropriated in the fire suppression line item, $10,000,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, through June 30, 2029.

The appropriation for the hazardous vegetation removal line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2028.

The appropriation for the wildfire mitigation line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2029.

Sec. 39. ARIZONA GAME AND FISH DEPARTMENT

	2026-27
FTE positions	273.5
Operating lump sum appropriation	$ 45,460,200
Pittman-Robertson/Dingell-Johnson act	3,058,000
Total appropriation — Arizona game and fish department	$ 48,518,200
Fund sources:	
Capital improvement fund	$ 1,001,200
Game and fish fund	42,033,600
Wildlife endowment fund	16,200
Watercraft licensing fund	5,071,100
Game, nongame, fish and endangered species fund	396,100

Sec. 40. DEPARTMENT OF GAMING

	2026-27
FTE positions	130.8
Operating lump sum appropriation	$ 13,590,000
Arizona breeders' award	250,000
Casino operations certification	2,346,100
County fairs livestock and agriculture promotion	6,029,500
Division of racing	2,372,700
Contract veterinarian	175,000
Horseracing integrity and safety act assessment	2,000,000
Racing regulation fund deposit	1,900,000
Problem gambling	4,000,000
Total appropriation — department of gaming	$ 32,663,300

Fund sources:

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

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

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

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

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

Sec. 41. OFFICE OF THE GOVERNOR

	2026-27
Operating lump sum appropriation	$ 8,144,700*
Foster youth education success fund deposit	1,500,000
Total appropriation — office of the governor	$ 9,644,700
Fund sources:	
State general fund	$ 9,644,700

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

Sec. 42. GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING

	2026-27
FTE positions	22.0
Lump sum appropriation	$ 2,854,500*
Fund sources:	
State general fund	$ 2,854,500

Sec. 43. DEPARTMENT OF HEALTH SERVICES

	2026-27
FTE positions	1,129.5
Operating lump sum appropriation	$ 66,388,500
Public health/family health	
Adult cystic fibrosis care	105,200
AIDS reporting and surveillance	1,000,000
Alzheimer's disease research	4,125,000
Behavioral health care provider loan repayment program	1,000,000
Biomedical research support	2,000,000
Breast and cervical cancer and bone density screening	1,369,400
Cooling centers for heat relief	400,000
County tuberculosis provider care and control	590,700
Dementia services program and Alzheimer's disease state plan	700,000
Enhanced residential treatment	250,000
Folic acid program	400,000
Funeral services regulation	460,600
High-risk perinatal services	2,343,400
Newborn screening program	15,967,000
Nonrenal disease management	198,000
Nursing care special projects	200,000
Poison control centers funding	990,000
Radiation protection system grants	1,500,000
Renal dental care and nutrition supplements	300,000
Renal transplant drugs	183,000
Arizona state hospital	
Arizona state hospital — operating	82,070,500
Arizona state hospital — restoration to competency	900,000
Arizona state hospital — sexually violent persons	12,940,100
Total appropriation — department of health services	$196,381,400

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

<u>Public health/family health</u>

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

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

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

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

1. Is headquartered in this state.

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

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

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

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

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

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

<u>Arizona state hospital</u>

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

<u>Department-wide</u>

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

Sec. 44. ARIZONA HISTORICAL SOCIETY

		2026-27
FTE positions		54.9
Operating lump sum appropriation	$	2,394,900
Field services and grants		66,900
Papago park museum		572,600
Total appropriation — Arizona historical society	$	3,034,400
Fund sources:		
State general fund	$	3,034,400

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

Sec. 45. PRESCOTT HISTORICAL SOCIETY

		2026-27
FTE positions		13.0
Lump sum appropriation	$	1,074,300
Fund sources:		
State general fund	$	1,074,300

Sec. 46. ARIZONA DEPARTMENT OF HOMELAND SECURITY

		2026-27
FTE positions		26.0
Statewide information security and privacy operations and controls	$	11,145,200
Multi-factor authentication		850,000
Cyber ready Arizona		11,500,000
Total appropriation — Arizona department of homeland security	$	23,495,200
Fund sources:		
State general fund	$	10,000,000
Information technology fund		11,995,200
Highway patrol fund		1,500,000

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

Sec. 47. BOARD OF HOMEOPATHIC AND INTEGRATED MEDICINE EXAMINERS

	2026-27
FTE positions	1.0
Lump sum appropriation	$ 64,200
Fund sources:	
Board of homeopathic and integrated medicine examiners' fund	$ 64,200

Sec. 48. ARIZONA DEPARTMENT OF HOUSING

	2026-27
FTE positions	3.0
Lump sum appropriation	$ 360,700
Fund sources:	
Housing trust fund	$ 360,700

Sec. 49. INDUSTRIAL COMMISSION OF ARIZONA

	2026-27
FTE positions	215.6
Operating lump sum appropriation	$ 23,213,100
Municipal firefighter reimbursement administration	90,100
Total appropriation — industrial commission of Arizona	$ 23,303,200
Fund sources:	
State general fund	$ 90,100
Administrative fund	23,213,100

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

Sec. 50. DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

	2026-27
FTE positions	141.4
Operating lump sum appropriation	$ 15,451,700
Arizona vehicle theft task force	4,552,600

Automobile theft authority operating budget	697,100
Local grants	1,388,900
Reimbursable programs	50,000
Total appropriation — department of insurance and financial institutions	$ 22,140,300
Fund sources:	
State general fund	$ 1,580,300
Automobile theft authority fund	6,837,300
Financial services fund	6,257,500
Financial surveillance fund	7,414,900
Department revolving fund	50,300

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

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

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

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

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

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

Sec. 51. ARIZONA JUDICIARY

	2026-27
Supreme court	
FTE positions	208.0
Operating lump sum appropriation	$ 19,435,000

Fair jury improvement fund deposit	1,620,000
Automation	25,114,100
County reimbursements	187,900
Court appointed special advocate and vulnerable persons	6,840,800
Courthouse security	752,100
Domestic relations	726,700
State foster care review board	3,680,500
Commission on judicial conduct	802,800
Judicial nominations and performance review	641,900
Model court	660,800
State aid	5,962,100
Probation electronic monitoring system operating costs	1,300,000
Total appropriation — supreme court	$ 67,724,700
Fund sources:	
State general fund	$ 30,599,500
Confidential intermediary and fiduciary fund	702,400
Court appointed special advocate and vulnerable persons fund	8,348,600
Criminal justice enhancement fund	4,779,700
Defensive driving school fund	4,498,500
Judicial collection enhancement fund	15,849,400
State aid to the courts fund	2,946,600

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

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

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

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

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

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

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

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

<u>Court of appeals</u>

FTE positions	163.8
Division one	$ 16,988,900
Division two	<u>8,805,400</u>
Total appropriation — court of appeals	$ 25,794,300
Fund sources:	
State general fund	$ 25,794,300

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

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

Superior court

FTE positions	241.5
Operating lump sum appropriation	$ 5,308,000
Judges' compensation	34,092,000
Centralized service payments	4,687,600
Adult standard probation	29,108,300
Adult intensive probation	16,362,300
Community punishment	2,310,300
Court-ordered removals	315,000
Interstate compact	605,100
Drug court	1,096,400
General adjudication personnel and support fund deposit	2,000,000
Juvenile standard probation	4,001,500
Juvenile intensive probation	6,087,200
Juvenile treatment services	20,803,000
Juvenile family counseling	500,000
Juvenile crime reduction	3,313,000
Juvenile diversion consequences	9,215,300
Probation incentive payments	1,000,000
Special water master	511,100
Total appropriation — superior court	$141,316,100
Fund sources:	
State general fund	$129,301,600
Criminal justice enhancement fund	5,494,900
Drug treatment and education fund	504,200
Judicial collection enhancement fund	6,015,400

Operating budget

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

Judges

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

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

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

Probation

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

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

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

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

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

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

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

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

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

Sec. 52. DEPARTMENT OF JUVENILE CORRECTIONS

	2026-27
FTE positions	583.5
Lump sum appropriation	$ 46,105,800
Fund sources:	
State general fund	$ 32,808,000
State charitable, penal and reformatory institutions land fund	4,054,400
Criminal justice enhancement fund	1,028,000
State education fund for committed youth	1,491,400
Department of juvenile corrections local cost sharing fund	6,724,000

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

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

Sec. 53. STATE LAND DEPARTMENT

	2026-27
FTE positions	145.7
Operating lump sum appropriation	$ 19,861,000
CAP user fees	1,408,000
Due diligence program	5,000,000
Total appropriation — state land department	$ 26,269,000
Fund sources:	
State general fund	$ 12,030,000
Off-highway vehicle recreation fund	177,600
Due diligence fund	5,000,000
Trust land management fund	9,061,400

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

Sec. 54. LEGISLATURE

	2026-27
Senate	
Lump sum appropriation	$ 18,064,300*
Fund sources:	
State general fund	$ 18,064,300

Included in the lump sum appropriation of $18,064,300 for fiscal year 2026-2027 is $5,000 for the purchase of mementos and items for visiting officials.

House of representatives	
Lump sum appropriation	$ 21,795,300*
Fund sources:	
State general fund	$ 21,795,300

Included in the lump sum appropriation of $21,795,300 for fiscal year 2026-2027 is $5,000 for the purchase of mementos and items for visiting officials.

Legislative council	
FTE positions	63.0
Lump sum appropriation	$ 9,422,400*
Fund sources:	
State general fund	$ 9,422,400
Ombudsman-citizens aide office	
FTE positions	12.0
Lump sum appropriation	$ 1,608,900*
Fund sources:	
State general fund	$ 1,608,900

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

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

<u>Joint legislative budget committee</u>

FTE positions	29.0
Lump sum appropriation	$ 3,071,000*
Fund sources:	
State general fund	$ 3,071,000

<u>Auditor general</u>

FTE positions	236.8
Operating lump sum appropriation	$26,709,000*
State employee health plan special audit	500,000
Total appropriation - auditor general	$ 27,209,000
Fund sources:	
State general fund	$ 26,709,000
Special employee health insurance trust fund	500,000

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

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

Sec. 55. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

	<u>2026-27</u>
FTE positions	59.2
Lump sum appropriation	$ 7,052,800
Fund sources:	
Liquor licenses fund	$ 7,052,800

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

Sec. 56. ARIZONA STATE LOTTERY COMMISSION

		2026-27
FTE positions		98.8
Operating lump sum appropriation	$	10,153,900
Advertising		15,500,000
Total appropriation — Arizona state lottery commission	$	25,653,900
Fund sources:		
State lottery fund	$	25,653,900

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

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

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

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

Sec. 57. BOARD OF MASSAGE THERAPY

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

Sec. 58. ARIZONA MEDICAL BOARD

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

Sec. 59. STATE MINE INSPECTOR

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

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

Sec. 60. STATE NATURAL RESOURCE CONSERVATION BOARD

	2026-27
Natural resource conservation district fund deposit	$ 650,000
Total appropriation — state natural resource conservation board	$ 650,000
Fund sources:	
State general fund	$ 389,400
Environmental special plate fund	260,600

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

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

Sec. 61. NATUROPATHIC PHYSICIANS MEDICAL BOARD

	2026-27
FTE positions	2.0
Lump sum appropriation	$ 221,800
Fund sources:	
Naturopathic physicians medical board fund	$ 221,800

Sec. 62. ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION

		2026-27
FTE positions		2.0
Lump sum appropriation	$	343,900
Fund sources:		
State general fund	$	143,900
Arizona water banking fund		200,000

Sec. 63. ARIZONA STATE BOARD OF NURSING

		2026-27
FTE positions		70.0
Operating lump sum appropriation	$	7,158,000
Certified nursing assistant credentialing program		557,000
Total appropriation — Arizona state board of nursing	$	7,715,000
Fund sources:		
Board of nursing fund	$	7,715,000

Sec. 64. BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS AND ASSISTED LIVING FACILITY MANAGERS

		2026-27
FTE positions		7.0
Lump sum appropriation	$	611,600
Fund sources:		
Nursing care institution administrators' licensing and assisted living facility managers' certification fund	$	611,600

Of the amount appropriated in the lump sum appropriation, $30,000 may be used to pay outstanding costs of services provided by the department of administration-central services bureau in prior years.

Sec. 65. BOARD OF OCCUPATIONAL THERAPY EXAMINERS

		2026-27
FTE positions		2.0
Lump sum appropriation	$	298,000
Fund sources:		
Occupational therapy fund	$	298,000

Sec. 66. STATE BOARD OF DISPENSING OPTICIANS

		2026-27
FTE positions		1.0
Lump sum appropriation	$	229,700
Fund sources:		
Board of dispensing opticians fund	$	229,700

Sec. 67. STATE BOARD OF OPTOMETRY

		2026-27
FTE positions		2.0
Lump sum appropriation	$	288,000
Fund sources:		
Board of optometry fund	$	288,000

Sec. 68. ARIZONA BOARD OF OSTEOPATHIC EXAMINERS IN MEDICINE AND SURGERY

		2026-27
FTE positions		15.0
Lump sum appropriation	$	1,926,100
Fund sources:		
Arizona board of osteopathic examiners in medicine and surgery fund	$	1,926,100

Sec. 69. ARIZONA STATE PARKS BOARD

		2026-27
FTE positions		180.0
Operating lump sum appropriation	$	18,443,100
Broadband infrastructure operations and maintenance		242,100
State parks store		1,530,200
Kartchner caverns state park		2,587,700
Water and wastewater infrastructure operations and maintenance		541,000
Total appropriation — Arizona state parks board	$	23,344,100
Fund sources:		
State parks revenue fund	$	21,797,200
State parks store fund		1,530,200
Off-highway vehicle recreation fund		16,700

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

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

If federal historic preservation fund grant monies are unavailable to the state historic preservation office in federal fiscal year 2026-2027, the Arizona state parks board may spend up to $1,400,000 of the monies in the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, to pay for the state historic preservation office's operating expenses. Before spending any monies from the state parks revenue fund for state historic preservation office operating expenses, the Arizona state parks board shall report its expenditure plan to the joint legislative budget committee.

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

Sec. 70. STATE PERSONNEL BOARD

		2026-27
FTE positions		2.0
Lump sum appropriation	$	369,900
Fund sources:		
Personnel division fund — personnel board subaccount	$	369,900

Sec. 71. ARIZONA STATE BOARD OF PHARMACY

		2026-27
FTE positions		26.4
Operating lump sum appropriation	$	3,693,900
Prescriber report card		50,000
Total appropriation — Arizona state board of pharmacy	$	3,743,900
Fund sources:		
Arizona state board of pharmacy fund	$	3,743,900

Sec. 72. BOARD OF PHYSICAL THERAPY

		2026-27
FTE positions		4.5
Lump sum appropriation	$	624,400
Fund sources:		
Board of physical therapy fund	$	624,400

Sec. 73. ARIZONA PIONEERS' HOME

		2026-27
FTE positions		107.3
Lump sum appropriation	$	9,160,800
Fund sources:		
Miners' hospital for miners with disabilities land fund	$	2,897,000
State charitable fund		6,263,800

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

Sec. 74. STATE BOARD OF PODIATRY EXAMINERS

		2026-27
FTE positions		1.0
Lump sum appropriation	$	204,200
Fund sources:		
Podiatry fund	$	204,200

Sec. 75. STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION

		2026-27
FTE positions		4.0
Lump sum appropriation	$	557,500
Fund sources:		
Board for private postsecondary education fund	$	557,500

Sec. 76. STATE BOARD OF PSYCHOLOGIST EXAMINERS

		2026-27
FTE positions		5.5
Lump sum appropriation	$	872,600
Fund sources:		
Behavioral analyst licensing and regulation account	$	396,400
Board of psychologist examiners fund		476,200

Sec. 77. DEPARTMENT OF PUBLIC SAFETY

	2026-27
FTE positions	2,192.7
Operating lump sum appropriation	$297,214,000
ACTIC	2,132,700
AZPOST	8,145,000
Border drug interdiction	18,103,200
Local border support	13,232,900
Civil air patrol maintenance and operations	250,000
GIITEM	26,014,800
GIITEM subaccount	2,396,400
Major incident division	16,197,700*
Motor vehicle fuel	5,454,600
Onetime vehicle replacement	15,540,300
Pharmaceutical diversion and drug theft task force	668,400
Public safety equipment	2,890,000
Scrap metal dealer enforcement and compliance	250,000
Victims of crimes grants	9,300,000
Total appropriation — department of public safety	$417,790,000

Fund sources:

State general fund	$305,292,600
State highway fund	10,000,000
Arizona highway patrol fund	59,418,600
Criminal justice enhancement fund	2,964,300
Department of public safety forensics fund	22,512,400
Gang and immigration intelligence team enforcement mission border security and law enforcement subaccount	2,396,400
Motorcycle safety fund	198,900
Motor vehicle liability insurance enforcement fund	968,300
Risk management revolving fund	1,155,200
Parity compensation fund	4,549,000
Public safety equipment fund	2,894,000
Concealed weapons permit fund	3,393,900
Fingerprint clearance card fund	2,046,400

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

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

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

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

4. Taking strict enforcement action.

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

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

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

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

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

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

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

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

Sec. 78. STATE REAL ESTATE DEPARTMENT

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

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

Sec. 79. RESIDENTIAL UTILITY CONSUMER OFFICE

	2026-27
FTE positions	14.5
Operating lump sum appropriation	$ 1,806,200
Professional witnesses	145,000*
Total appropriation — residential utility consumer office	$ 1,951,200
Fund sources:	
Residential utility consumer office revolving fund	$ 1,951,200

Sec. 80. BOARD OF RESPIRATORY CARE EXAMINERS

	2026-27
FTE positions	4.0
Lump sum appropriation	$ 420,500
Fund sources:	
Board of respiratory care examiners fund	$ 420,500

Sec. 81. ARIZONA STATE RETIREMENT SYSTEM

	2026-27
FTE positions	222.9
Lump sum appropriation	$ 28,966,100
Fund sources:	
Arizona state retirement system administration account	27,166,100
Long-term disability trust fund administration account	1,800,000

Sec. 82. DEPARTMENT OF REVENUE

	2026-27
FTE positions	892.8
Operating lump sum appropriation	$ 74,388,200
BRITS operational support	8,005,200
E-commerce compliance and outreach	981,200
Unclaimed property administration and audit	1,473,900
TPT simplification	1,085,400
Tax fraud prevention	3,170,800
Total appropriation — department of revenue	$ 89,104,700

Fund sources:

State general fund	$ 60,371,900
Department of revenue administrative fund	27,077,000
Liability setoff program revolving fund	939,100
Tobacco tax and health care fund	716,700

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

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

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

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

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

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

Sec. 83. DEPARTMENT OF STATE — SECRETARY OF STATE

	2026-27
FTE positions	144.1
Operating lump sum appropriation	$ 15,339,400
Access voter information database	2,000,000
Address confidentiality program fund deposit	400,000
Election services	4,000,000
Electronic records repository	70,300
Library grants-in-aid	651,400*
Statewide radio reading service for the blind	97,000
Uniform state laws commission	99,000
Total appropriation — department of state — secretary of state	$ 22,657,100
Fund sources:	
State general fund	$ 18,857,100
Election systems improvement fund	2,000,000
Records services fund	1,800,000

Included in the operating lump sum appropriation of $15,339,400 for fiscal year 2026-2027 is $5,000 for the purchase of mementos and items for visiting officials.

Included in the operating lump sum appropriation of $15,339,400 for fiscal year 2026-2027 is $1,800,000 from the records services fund established by section 41-151.12, Arizona Revised Statutes. This appropriation may be used for the payment of obligations incurred in fiscal year 2025-2026.

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

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

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

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

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

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

Monies for the address confidentiality program fund deposit line item may not be transferred to another line item.

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

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

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

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

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

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

Sec. 84. STATE BOARD OF TAX APPEALS

		2026-27
FTE positions		4.0
Lump sum appropriation	$	319,300
Fund sources:		
State general fund	$	319,300

Sec. 85. STATE BOARD OF TECHNICAL REGISTRATION

	2026-27
FTE positions	26.0
Lump sum appropriation	$ 2,812,900
Fund sources:	
Technical registration fund	$ 2,812,900

Sec. 86. OFFICE OF TOURISM

	2026-27
FTE positions	31.0
Tourism fund deposit	$ 7,283,700
Arizona promotion	819,000
Wine promotion	100,000
Total appropriation — office of tourism	$ 8,202,700
Fund sources:	
State general fund	$ 8,202,700

Sec. 87. DEPARTMENT OF TRANSPORTATION

	2026-27
FTE positions	4,096.0
Operating lump sum appropriation	$272,540,000
Attorney general legal services	3,940,400
Highway maintenance	198,687,500
ADOT fleet vehicles and heavy equipment maintenance	26,814,600
ADOT fleet vehicles and heavy equipment maintenance contingency	1,000,000
State fleet operations	38,350,500
State fleet vehicle replacement	13,611,300
Livestock control and wildlife crossing	1,500,000
Construction management system replacement	6,844,600
ADOT fleet vehicle and heavy equipment replacement	22,400,000
Highway damage recovery account	7,999,000
Statewide litter removal	3,106,800
Radio lifecycle replacement	1,656,100
Preventive surface treatments	36,142,000
Authorized third parties	2,252,700
Total appropriation — department of transportation	$636,845,500
Fund sources:	
Air quality fund	$ 894,000
Arizona highway user revenue fund	822,600
Highway damage recovery account	7,999,000
Ignition interlock device fund	380,600

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

Motor vehicle division

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

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

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

Other

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

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

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

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

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

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

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

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

Sec. 88. STATE TREASURER

	2026-27
FTE positions	38.4
Operating lump sum appropriation	$ 4,721,600
Justice of the peace salaries	2,872,200
Law enforcement/boating safety fund grants	2,183,800
Total appropriation — state treasurer	$ 9,777,600
Fund sources:	
State general fund	$ 3,214,700
Law enforcement and boating safety fund	2,183,800
State treasurer's operating fund	4,379,100

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

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

Sec. 89. GOVERNOR'S OFFICE ON TRIBAL RELATIONS

	2026-27
FTE positions	3.0
Lump sum appropriation	$ 66,900
Fund sources:	
State general fund	$ 66,900

Sec. 90. ARIZONA BOARD OF REGENTS

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

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

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

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

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

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

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

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

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

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

1. The amount distributed to each eligible postsecondary institution.

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

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

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

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

1. Have partnerships with Washington, D.C.-based organizations to provide full-time, semester-long student internships and short-term programs.
2. Have the ability to place as many students in internships and short-term programs as needed by the universities.
3. Have experience placing students in internships for at least ten consecutive years.
4. Have dedicated staff to ensure that student interns have access to internships and short-term programs in their areas of interest.

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

Sec. 91. ARIZONA STATE UNIVERSITY

	2026-27
FTE positions	7,420.4
Operating lump sum appropriation	$1,146,967,700
Biomedical informatics	3,828,100

Eastern Europe cultural collaborative	250,000
Arizona financial aid trust	5,985,800
Downtown Phoenix campus	135,878,500
Total appropriation — Arizona state university	$1,292,910,100
Fund sources:	
State general fund	$ 385,150,600
University collections fund	907,759,500

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

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

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

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

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

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

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

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

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

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

Sec. 92. NORTHERN ARIZONA UNIVERSITY

	2026-27
FTE positions	2,308.4
Operating lump sum appropriation	$230,429,700
Arizona financial aid trust	1,326,000
Biomedical research funding	3,000,000
NAU — Yuma	3,083,100
Teacher training	2,292,700
Total appropriation — Northern Arizona university	$240,131,500
Fund sources:	
State general fund	$114,681,000
University collections fund	125,450,500

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

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

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

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

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

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

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

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

3. Performance measures, including:

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

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

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

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

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

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

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

3. The total undergraduate and graduate student participation.

4. Significant community events, initiatives or publications.

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

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

Sec. 93. UNIVERSITY OF ARIZONA

	2026-27
Main campus	
FTE positions	6,573.0
Operating lump sum appropriation	$611,515,400
Agriculture	38,925,400
Arizona cooperative extension	15,345,700
Arizona financial aid trust	2,729,400
Arizona geological survey	1,217,800
College of veterinary medicine	21,237,200
Kazakhstan studies program	250,000
Mining, mineral and natural resources educational museum	439,300
School of mining	4,187,000
Sierra Vista campus	2,864,600
Water adjudication	500,000*
Veterinary diagnostic laboratory	2,606,200
Total — main campus	$701,818,000
Fund sources:	
State general fund	$257,827,400
University collections fund	443,990,600
Health sciences center	
FTE positions	857.1
Operating lump sum appropriation	$68,535,700
AZ REACH	500,000
Clinical rural rotation	353,600
Clinical teaching support	8,587,000
Liver research institute	440,400
Phoenix medical campus	40,525,700
Telemedicine network	1,670,000
Total — health sciences center	$120,612,400
Fund sources:	
State general fund	$ 75,928,400
University collections fund	44,684,000
Total appropriation - university of Arizona	$822,430,400

Fund sources:

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

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

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

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

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

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

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

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

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

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

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

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

1. The current number of students who are residents of this state.

2. The current number of students who are not residents of this state.

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

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

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

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

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

Sec. 94. DEPARTMENT OF VETERANS' SERVICES

	2026-27
FTE positions	792.3
Operating lump sum appropriation	$ 3,098,800
Arizona state veterans' homes	60,986,900
Arizona state veterans' cemeteries	989,800
Rural tribal nations veteran benefit counseling	2,262,400

Veterans' benefit counseling	3,787,600
Veterans' support services	1,226,100
Veterans' trauma treatment services	450,000
Total appropriation — department of veterans' services	$ 72,801,600
Fund sources:	
State general fund	$ 11,814,700
State home for veterans' trust fund	60,986,900

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

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

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

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

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

Sec. 95. ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

		2026-27
FTE positions		8.0
Lump sum appropriation	$	939,500
Fund sources:		
Veterinary medical examining board fund	$	939,500

Sec. 96. WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

		2026-27
Small drinking water systems fund deposit		500,000
Fund sources:		
Water supply development revolving fund	$	500,000

Sec. 97. DEPARTMENT OF WATER RESOURCES

		2026-27
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*
Colorado River litigation fund deposit		6,000,000
Water supply and demand assessment		3,614,400
Total appropriation — department of water resources	$	33,844,800
Fund sources:		
State general fund	$	25,077,500
Water resources fund		1,724,900
Assured and adequate water supply administration fund		301,300
Water supply development revolving fund		741,100
Arizona system conservation fund		6,000,000

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

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

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

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

Fiscal Year 2019-2020 Appropriation Adjustment

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

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

Fiscal Year 2020-2021 Appropriation Adjustments

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

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

Fiscal Year 2021-2022 Appropriation Adjustments

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

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

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

Fiscal Year 2023-2024 Appropriation Adjustment

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

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

Fiscal Year 2024-2025 Appropriation Adjustment

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

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

Fiscal Year 2025-2026 Appropriation Adjustments

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

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

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

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

1. To pay disallowed costs relating to excess retained earnings.

2. To pay disallowed costs relating to the statewide information technology charges.

3. For fund transfers in fiscal year 2024-2025.

4. To pay interest owed from prior year disallowed costs.

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

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

In addition to any other appropriation made in fiscal year 2025-2026, the sum of $104,728,400 is appropriated from the state general fund and $471,741,800 from expenditure authority in fiscal year 2025-2026 to the Arizona health care cost containment system administration for adjustments in formula requirements.

Sec. 106. Supplemental appropriation; department of corrections; fiscal year 2025-2026

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal Year 2026-2027 Appropriation Distributions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. $349,500 to the department of public safety.
2. $171,800 to the Pima county sheriff's office.
3. $64,900 to the university of Arizona police department.
4. $99,800 to the Graham county sheriff's office.
5. $67,000 to the Oro Valley police department.
6. $65,000 to the Marana police department.
7. $500,000 to the Pinal county sheriff's office.
8. $220,000 to the Maricopa county sheriff's office.
9. $64,900 to the Arizona state university police department.
10. $55,000 to the Paradise Valley police department.
11. $100,000 to the Phoenix police department.
12. $125,900 to the Scottsdale police department.
13. $189,700 to the Tempe police department.
14. $65,900 to the Buckeye police department.
15. $215,800 to the Mesa police department.
16. $111,700 to the Chandler police department.

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

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

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

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

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

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

Fund Balance Transfers

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

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

1. Department of administration	
Construction insurance fund	$5,500,000
Co-op state purchasing fund	$3,000,000
Risk management revolving fund	$6,100,000
2. Arizona commerce authority	
Arizona competes fund	$10,000,000
3. Corporation commission	
Securities regulatory and enforcement fund	$14,700,000
Utility regulation revolving fund	$3,400,000
4. Department of environmental quality	
Recycling fund	$1,500,000
Underground storage tank revolving fund	$2,400,000
5. Arizona game and fish department	
Heritage land acquisition fund	$5,000,000
Watercraft licensing fund	$3,400,000
6. Industrial commission of Arizona	
Administrative fund	$6,700,000
7. Department of insurance and financial institutions	
Automobile theft authority fund	$3,800,000
Financial services fund	$3,300,000

8. State land department
Trust land management fund $9,000,000
9. Judiciary - supreme court
Judicial collection enhancement fund $1,000,000
Court appointed special advocate and vulnerable persons fund $3,000,000
10. Judiciary - superior court
Juvenile probation services fund $4,000,000
11. Arizona state parks board
State parks revenue fund $8,600,000
12. Department of transportation
Motor vehicle liability insurance enforcement fund $15,000,000
State match advantage for rural transportation fund $6,700,000
Vehicle inspection and certificate of title enforcement fund $3,500,000
13. Water infrastructure finance authority of Arizona
Water supply development revolving fund $20,000,000

Sec. 122. Fund balance transfer; state highway fund; fiscal year 2026-2027

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

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

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

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

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

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

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

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

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

Payment Deferrals

Sec. 124. Reduction in school district state aid apportionment in fiscal year 2026-2027; appropriation in fiscal year 2027-2028

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

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

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

Statewide Adjustments

Sec. 125. Appropriations; operating adjustments

	2026-27
1. Employer health insurance contribution reduction	$(240,665,300)
Fund sources:	
State general fund	$(194,788,900)
Other funds	(45,876,400)
2. Employer health insurance contribution rate increase	$404,684,500
Fund sources:	
State general fund	$324,684,500
Other funds	80,000,000
3. State fleet operations reduction	$ (5,195,900)
Fund sources:	
State general fund	$ (5,205,900)
Other funds	10,000

4. State fleet replacement reduction	$ (5,122,400)
Fund sources:	
State general fund	$ (2,422,400)
Other funds	(2,700,000)
5. State fleet operations increase	$ 6,190,600
Fund sources:	
State general fund	$ 5,690,600
Other funds	500,000
6. State fleet replacement increase	$ 2,964,200
Fund sources:	
State general fund	$ 1,964,200
Other funds	1,000,000
7. Agency risk management reduction	$ (25,888,300)
Fund sources:	
State general fund	$ (19,999,600)
Other funds	(5,888,700)
8. Agency risk management increase	$ 12,897,300
Fund sources:	
State general fund	$ 9,897,300
Other funds	3,000,000
9. Agency retirement adjustment	$ (3,407,300)
Fund sources:	
State general fund	$ (3,135,800)
Other funds	(271,500)
10. Agency rent adjustment	$ 137,000
Fund sources:	
State general fund	$ 87,000
Other funds	50,000
11. Agency accounting system charge adjustment	$ 2,760,300
Fund sources:	
State general fund	$ 1,260,300
Other funds	1,500,000

<u>Employer health insurance contribution reduction</u>

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

<u>Employer health insurance contribution increase</u>

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

<u>State fleet operations reduction</u>

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

<u>State fleet replacement reduction</u>

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

<u>State fleet operations increase</u>

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

State fleet replacement increase

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

Agency risk management reduction

The amount appropriated is for agency risk management premium reduction in fiscal year 2026-2027. The joint legislative budget committee staff, in consultation with the governor's office of strategic planning and budgeting staff, shall determine and the department of administration shall allocate to each agency or department an amount for the risk management reduction. The joint legislative budget committee staff shall also determine and the department of administration shall allocate reductions, as necessary, in expenditure authority to allow implementation of the risk management reduction.

Agency risk management increase

The amount appropriated is for agency risk management premium adjustments in fiscal year 2026-2027. The joint legislative budget committee staff, in consultation with the governor's office of strategic planning and budgeting staff, shall determine and the department of administration shall allocate to each agency or department an amount for the risk management adjustments. The joint legislative budget committee staff shall also determine and the department of administration shall allocate adjustments, as necessary, in expenditure authority to allow implementation of the risk management adjustments.

Agency retirement adjustment

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

Agency rent adjustment

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

Accounting system charge adjustment

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

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

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

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

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

Reporting Requirements and Definitions

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

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

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

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

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

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

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

Sec. 129. Legislative intent; expenditure reporting

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

Sec. 130. Border security; federal reimbursement

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

Sec. 131. FTE positions; reporting; definition

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

Sec. 132. Filled FTE positions; reporting

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

Sec. 133. Transfer of spending authority

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

Sec. 134. Interim reporting requirements

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

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

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

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

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

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

Sec. 135. Definition

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

Sec. 136. Definition

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

Sec. 137. Definition

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