

# **State of Arizona Executive Budget**

## **SUMMARY**

**FISCAL YEAR 2025**

**Katie Hobbs  
GOVERNOR**



**JANUARY 2024**

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# The Economy

## Powering Arizona Businesses and Communities

“Nowhere is it more apparent that the state of our state is ascending than in the unprecedented strength of Arizona’s job market and the record investment in our economy.”

Gov. Katie Hobbs

In 2023, the global economy navigated a landscape marked by both resilience and volatility. Despite persistent challenges stemming from geopolitical tensions, uncertainties in global markets, and inflationary pressures, the U.S. and Arizona economies remained relatively strong, due in part to unanticipated resilience in consumer spending.

As we move away from the pandemic-induced economic aberrations that marked the last three years, the consensus among economists remains mixed as to whether the U.S. will avoid a recession in 2024.

### Current Situation

The trends established post-Covid persisted into 2023. Despite a robust third quarter, gross domestic product (GDP) growth has been nominal in 2023. Various challenges include:

- global upheavals in the Middle East and Ukraine;
- uncertainties surrounding China and Taiwan;
- the upcoming election year;
- the Federal Reserve’s determination to curb inflation by increasing interest rates; and
- the persistent burden of inflation impacting the purchasing power of many.

However, amid these challenges, the U.S. labor market and consumer base have exhibited resilience, defying predictions of pessimism by many economists and pundits.

Arizona’s economy has remained strong, maintaining steady growth and leveraging the state’s competitive advantages, and is poised to benefit from business relocations, particularly in the electric vehicle and semiconductor manufacturing sectors.

In contrast to business and manufacturing, the state’s real estate sector faces affordability issues in residential properties and shifts in demand for commercial spaces. While the real estate sector’s relative impact on the overall economy has lessened as the state has diversified, its volatility poses an ongoing challenge.

#### THE NATION

As this forecast was prepared, the nation’s economy was on track to finish 2023 with GDP growth at a slightly faster clip than in 2022. The first two quarters of the year saw GDP growth slightly above 2%, with surprisingly fast growth of 5.3% in the

third quarter. Few economists believe that the nation’s economy can sustain growth anywhere near 5%, given the Federal Reserve’s previous pursuit of credit tightening as the remedy for ongoing inflation and its likely effects on future consumption.

Despite headwinds, the U.S. labor market has proven to be unexpectedly resilient. Overall job growth has remained strong, and unemployment rates continue to remain near historic lows.

Much like the outlook a year ago, the pace of growth in the overall U.S. economy over the next 18 months will be greatly influenced by the length of the Federal Reserve’s battle against inflation. While many economists have been surprised at the resilience to date, achieving a “soft landing” through 2024 remains a daunting task.

At the time of this writing, current measures of spending suggest that consumers are still active, but, for many households, the excess personal savings accumulated during the pandemic is running out. As a consequence, the pace of consumption may languish in the coming months.

#### ARIZONA

Arizona remained a solid job creator through 2023 and appears to be on a steady growth path, attracting growing industries to the state. Indeed, Arizona continues to rank near the top among states in terms of employment growth above pre-pandemic levels – a truer measure of labor market strength than monthly employment growth figures alone.

The enduring influx of both people and businesses to Arizona signals continued strength ahead for the state’s economy. Construction and manufacturing, two Arizona sectors that have seen impressive growth over the last several years, should continue to be bolstered by net migration and new business establishments.

Despite these strengths, high housing prices are a continued cause for concern, as one of the state’s historical points of attraction – affordability – dwindles in the face of a nearly 52% increase in housing prices since the fall of 2020. And while economic fundamentals differ from the 2008 era, there is still concern that, if there is a national recession, Arizona may be particularly vulnerable to shocks in the housing market.

### National Outlook

The Blue Chip Economic Indicators forecast, issued by the nation’s top business experts, project 2.4% GDP growth for 2023, with a tempered expectation of 1.2% for 2024, signaling a more cautious outlook for the new year.

According to the top - and bottom - 10 Blue Chip forecasters, the anticipated growth rate for 2024 ranges from 0.7% to 1.8%. Accompanying this growth are anticipated 2.7% growth in the Consumer Price Index (CPI) and 2.4% growth in the Personal

Consumption Expenditures Price Index (PCEPI) – the Federal Reserve’s inflation measure of choice.

With an unemployment rate around 4.2% and a 10-year treasury bond at 4.8%, mortgage rates are anticipated to range between 6.75% and 7.25%.

While some forecasters anticipate a mild recession in 2024, overall, predictions have become increasingly optimistic. The Federal Reserve’s September *Summary of Economic Projections* shows the median 2024 forecast for real GDP at 1.5%, up from 1.1% in the June release. Additionally, unemployment projections fell to 4.1% from 4.5%.

Optimism aside, the trajectory of GDP growth likely hinges on the strength of the U.S. consumer and the ability of consumption to remain steady amid elevated interest rates and dwindling savings – a departure from the historically low rates and large savings of just 18 months ago.

Weakness in consumption would likely increase prospects for a recession. Despite efforts from the Federal Reserve, the U.S. will likely witness a lackluster 2024, followed by a more vigorous 2025.

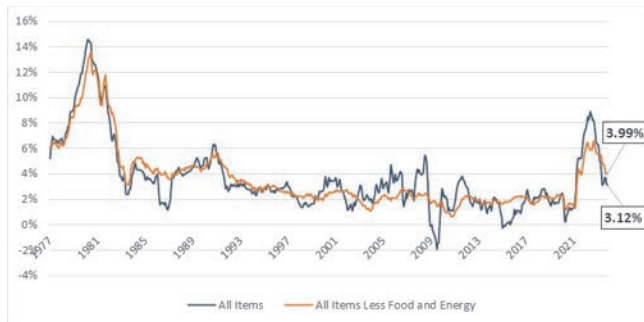
## INFLATION

In 2022 and 2023, in response to persistent inflation well beyond its 2% target, the Federal Reserve implemented significantly higher policy rates, aiming to curb demand and alleviate pricing pressures.

Since June 2023, the inflation rate has moderated – the likely result of a cumulative 5.25% increase in the effective Federal Funds Rate beginning in 2022. As of this writing, CPI inflation remains at 3.1%.

Figure 1

### Consumer Price Index: Year-Over-Year Change



While inflation above the Fed’s 2% target persisted through 2023, economic growth remained relatively tepid until the third quarter. For instance, for the 12 months that ended in September 2023, GDP growth averaged 2.4%, compared to the more than 2.5% average growth that marked the five years spanning 2015 to 2019.

As consumers shift their spending from goods back to services, prices in the service sectors face upward pressure, which will likely present further challenges in the Fed’s battle with inflation. This has sparked a growing consideration among Fed policymakers to reassess the 2% inflation target. Such a scenario was unthinkable less than a decade ago, when monetary policy

makers struggled to even reach the 2% target. A move away to something more in line with the pre-2000 average of 2.5% to 3% would likely hasten reductions in the Federal Funds Rate and ease overall interest rates throughout the economy.

More important, a timelier reduction in interest rates will have a warming effect on the economy, encouraging consumption and perhaps relieving some markets – such as housing – from the relative stagnation set upon them by some of the highest interest rates seen in decades.

## EMPLOYMENT

In sharp contrast to inflation, the labor market overall performed remarkably well in 2023. Over the past three years, total U.S. non-farm employment has grown by about 14 million – an average of over 400,000 new jobs per month – far exceeding the average monthly job gains witnessed in the five years preceding COVID.

However, despite this strong growth, it took over two years for the U.S. to recover the jobs lost between March and April of 2020. While this recovery period was shorter than the one following the Great Recession, the uniqueness of the COVID recession makes comparing this recovery to previous ones a challenging task.

Whereas past recessions often coincided with a misallocation of resources combined with tightening monetary policy – i.e., disturbances in underlying economic fundamentals – the COVID recession was largely a function of government shutdowns in an attempt to limit the spread of disease.

Putting aside the efficacy and politics of shutdowns, it is clear that the U.S. had never experienced a recession brought on largely by government fiat. Because the job losses were almost entirely a result of the shutdowns, strong and rapid employment growth following the reopening of state economies was to be expected.

However, rapid rates of job growth have not been equal across all industries. While most sectors recovered swiftly following the COVID recession, many are now experiencing relatively slow, or even stagnant, employment growth, such as in retail, manufacturing, and professional and business services.

Looking ahead, the Blue Chip panel forecasts unemployment rates to remain below 5% through 2024. Interestingly, the U.S. has never experienced a recession with unemployment rates below 5%, a point that calls into question the predictions of a recession in 2024.

Part of the explanation for low unemployment forecasts has been the large number of job openings in the U.S. labor market. The latest available data as of this writing shows 9.4 million job openings, down from the peak of over 12 million in 2022 but still well above the levels experienced before 2020.

A large number of job openings suggests that a near-term recession may be accompanied by lower job losses and lower unemployment than what is typical, as businesses instead remove the proverbial help-wanted signs from their windows in place of laying off current employees.

## CONSUMER SPENDING

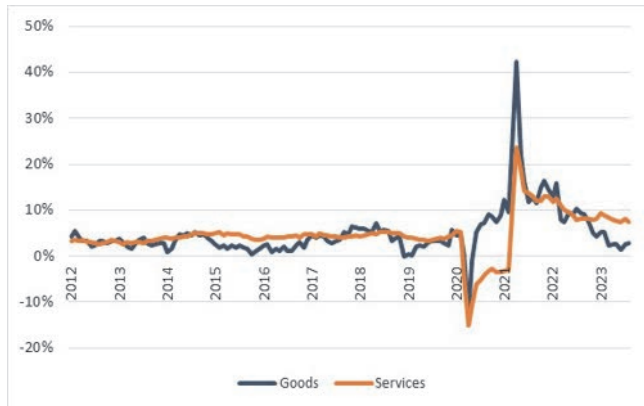
The last two years have been marked by strong consumer spending, bolstered by large personal savings accumulated during the pandemic and multiple rounds of stimulus checks.

Additionally, rapid growth in assets such as real estate likely contributed to increased consumption levels.

In 2021 and 2022, these factors, along with elevated inflation, contributed to average growth in nominal retail sales of nearly 1% per month, dwarfing the 2015-2019 monthly average of 0.3% and contributing to a boon in nation-wide sales tax receipts.

Figure 2

### Consumption Growth: Year-Over-Year



At the close of 2023, many economists expressed belief that a significant portion of the savings built up through the pandemic have been exhausted. Savings rates have fallen and remain below the 5%-6% average seen between 2013 and 2020, while overall consumption in real terms remained slightly above the trend since 2014.

This comes at a time when real disposable incomes have fallen below their 2013-2020 trend, while costs for basic needs such as shelter and food have grown dramatically.

In short, excess savings played a significant role in boosting economic growth through consumer spending, but that has largely ended. What remains to be seen is whether current levels of consumption will remain in 2024 and beyond, a question that has become even more salient in the presence of now-rising rates of credit delinquency and household debt.

Putting aside overall consumption, the relative share of consumption allocated to goods versus services has played an integral part in the U.S. economy as well, along with having significant consequences for state governments.

During the pandemic, a combination of economic shutdowns and fears of contracting the Coronavirus caused many people to stay at home, forgo typical expenditures on travel, amusements, and other services, and shift their consumption to goods. Coupled with disruptions in the global supply chain, international conflicts, and federal stimulus payments, this shift from services to goods was a factor contributing to the high inflation that peaked at 8.9% in 2022.

Consumers have since begun reverting their consumption to align more with pre-pandemic levels. Still, this shift back to normal has further implications for state governments and the battle with inflation:

- While the previous shift in spending toward the consumption of goods rather than services led to a boost in sales tax receipts, the reverse is now having the opposite effect.
- The increased consumption of services will put upward pressure on service prices, especially in a supply-constrained labor market, as the services sectors tend to be more labor intensive.

As of this writing, the Blue Chip consensus puts average growth in personal consumption expenditures at 1.3% for 2024 – only half the rate of growth for the five-year period 2015-2019. Additionally, for 2024, *S&P Global Insight* forecasts real growth of 4.2% on durable goods and 0.7% on non-durable goods.

## Arizona Outlook

Since the end of World War II, Arizona has consistently been one of the nation's economic growth leaders, with exceptions accompanying downturns in the real estate cycle and the Great Recession of 2008-2009.

Over the last several years, the State's growth trajectory was steep, persistently attracting innovative and growing companies contemplating relocation and benefiting from a resilient workforce.

Arizona was one of the fastest states to recover after the COVID recession. In the five-year period between the springs of 2018 and 2023, the state's economy grew fifth-fastest, posting an average annual growth of 3.6% and more than doubling the 50-state average.

At this writing, Arizona's economy remains strong. While risks do exist, the Executive believes Arizona is well positioned to weather the potential of a mild national recession under most conditions.

## EMPLOYMENT

Arizona has historically been among the nation's leaders in job creation, a status that continued through the state's recovery out of the COVID recession. Arizona was one of the fastest states to recover its lost jobs and remained a job-creation leader in critical sectors such as manufacturing.

Comparing state employment levels since February 2020 – the last month prior to COVID employment losses – Arizona ranks near the top in employment growth. For example, as of this writing, the Grand Canyon State's job growth above pre-pandemic levels ranks:

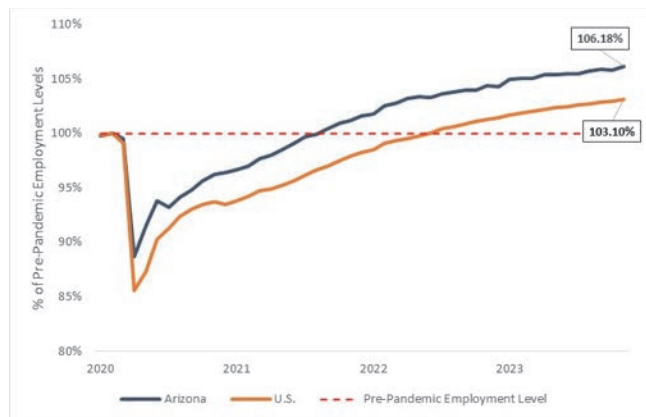
- third in manufacturing,
- fifth in construction, and
- ninth overall.

Building off of Arizona's employment growth, two of the Executive's targeted investments aim to strengthen Arizona's

workforce through the Future48 Workforce Accelerator and BuilditAZ Apprenticeship Initiative. The Future48 accelerator prepares thousands of Arizonans each year in targeted industries like semiconductors, renewable energy, and aerospace and defense. The BuilditAZ Apprenticeship Initiative aims to double the number of apprentices in construction trades across the state.

Figure 3

### Employment as a Percentage of Pre-Pandemic Levels



### SECTOR STRENGTH

**Manufacturing.** The resurgence of the manufacturing sector in Arizona in recent years is one of the state’s best economic stories, with enduring growth in the sector helping to sustain economic prosperity for the foreseeable future.

While growth in aerospace and electronics has historically driven Arizona manufacturing, the sector has become more diversified in recent years, with areas like clean energy and automobile supply chains now providing significant contributions to that growth. At the same time, Arizona has become a hub for makers of advanced computer chips and other related manufacturing parts.

The state has successfully competed for manufacturing companies looking to relocate. A business-friendly tax environment, low operating costs, and a productive workforce have attracted many large firms, such as Taiwan Semiconductor (TSMC) and Intel, bringing with them thousands of new jobs and billions of dollars in capital and infrastructure investment.

**Construction.** Despite performing relatively well through 2022, growth in construction employment slowed in 2023, corresponding with the decline in housing sales that followed increases in federal mortgage rates. Unsurprisingly, this also coincided with declines in new housing permits and new housing starts, although the former has since recovered to the peaks achieved in the summer of 2021.

The future for construction in Arizona will likely hinge on how the overall housing sector continues to respond to the Fed’s interest rate policies. Further increases, or even a hold on current rates, will continue to strain housing demand, likely putting downward pressure on construction employment. Additional headwinds in the form of inflation-driven labor costs may further constrain growth.

At the same time, the continued movement of businesses to Arizona, including manufacturing firms that require the construction of new billion-dollar facilities, will help to bolster the state’s construction employment.

### IN-MIGRATION

Arizona consistently ranks among the top destinations for net domestic in-migration, due to the influx of both people and businesses. Census data shows that Arizona ranked fourth in total net migration between April 2020 and July 2022, dwarfing the figures of all other western states except Texas. Additionally, the U.S. Bureau of Labor Statistics cites Arizona as having the ninth-highest net migration in 2021, again surpassing other western states except Texas.

Historically, Arizona’s attraction has stemmed from job growth and opportunities, affordable housing, pleasant weather, and the opportunity to enjoy a lifestyle that the Southwest has to offer.

While many of these attributes remain in place, the recent surge in in-migration has led, in part, to dramatic increases in housing prices that undermine affordability and could lessen future influxes. Moving forward, the state will have to address the housing shortage, through more home building, in order to sustain the recent levels of in-migration and the economic boost that accompanies it.

The Executive has made multiple investments in building more homes and affordable housing, including the Emergency Rental Assistance Program, an historic deposit of \$150 million in the Housing Trust Fund, the establishment of a new Homeless Shelter and Services Fund, and directing federal funds to legal aid for up to one million more Arizonans who are facing eviction or housing instability.

The FY 2025 budget makes new investments, including:

- launching the Arizona Is Home mortgage assistance program;
- homeownership program for low- and middle-income households through enhanced down payment assistance and mortgage interest rate relief for qualified households;
- enhancing homebuyer assistance in the state’s rural communities; and
- expanding the low-income housing tax credit program for builders.

Additionally, the Executive has directed AHCCCS and the Department of Housing to work together to use existing resources to cover the state match cost in fiscal years 2024 and 2025 to draw down hundreds of millions of additional federal dollars for a new housing program called the Housing and Health Opportunities (H2O) demonstration project.

For an annual state investment of \$5.5 million, H2O allows AHCCCS to draw down \$104.3 million per year in federal monies for a variety of housing services for AHCCCS members who are homeless or at risk of becoming homeless. The pilot program runs through FY 2027.



## PERSONAL INCOME

Historically, nominal personal income growth has been a reliable barometer of overall nominal economic growth in the state. Arizona has consistently ranked among the nation's leaders in this measure, as it encompasses overall growth in both employment and income.

However, 2020 and 2021 were unusual years. Large federal transfer payments in the second quarter of 2020 and the first quarter of 2021 led to personal income surges despite relatively high unemployment rates. With the loss of this injection in 2022, overall personal income growth slowed to about 3.3%, even though wages and salaries alone surged by nearly 10%. Inflation tailwinds likely boosted personal income growth to nearly 6% in 2023, but it will be some months before the data is compiled.

Going forward, personal income growth should normalize to near 5%, with more normal employment growth and moderating inflation resulting in a pace that is more consistent with pre-pandemic levels.

## RISKS

The potential short-term risk to the Arizona economic outlook rests within the housing market. Although in-migration has brought with it increased housing demand, a recession would likely cause homebuying to dwindle, reducing housing prices and risking further declines to residential real estate sales.

While price declines would be welcomed by some, Arizona has unfortunately been particularly vulnerable to recession-related fluctuations in the housing market. Any significant hits are likely to exacerbate employment declines, particularly in construction.

Other risks come from the potential of accelerated international conflicts, including the Middle East, Ukraine, and China.

While business migration to Arizona has been a boon for the state's economy, any significant recession would likely stall that migration and associated economic growth.

## The Revenue Outlook

This year offers a particular set of challenges in forecasting the State's revenues.

The economy's future trajectory is moderately uncertain, with some economists estimating a 50% probability of recession in 2024. Recent changes in tax law have also injected additional uncertainty into key revenue streams, particularly income tax revenues.

Unfortunately, this uncertainty is not relegated to future years, as significant tax changes and timing issues make deciphering prior-year performance difficult as well. Put simply, forecasters may know the actual, overall revenues received in prior years, but technical tax law changes make it quite difficult to determine the actual reasons for that growth.

For instance, corporate income tax revenues once comprised between \$300 million and \$500 million in annual revenues, with considerable volatility from year to year.

However, in FY 2023 this category soared to over \$1.8 billion, partly due to changes in filing classification for some groups of taxpayers (e.g., Subchapter S corporation filers) that effectively shifted revenues from the individual income tax stream to the corporate stream.

This alone would have been a challenge in prior years, but combining it with the transition to a 2.5% flat individual income tax rate makes forecasting even more difficult.

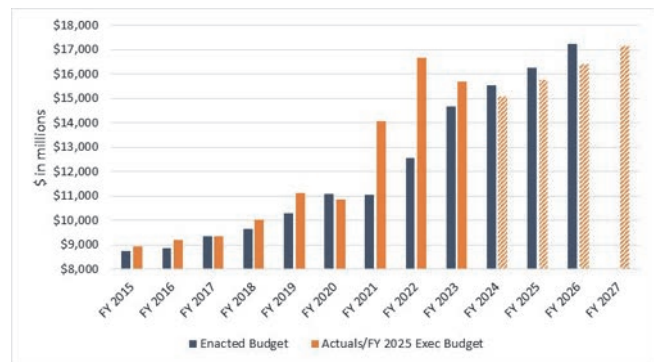
## FORECAST

With the final implementation of a 2.5% flat income tax in tax year 2023, revenues are expected to decline further in FY 2024 before recovering in FY 2025.

Additionally, even in the absence of a national recession, dwindling savings and consumer reversions to pre-pandemic norms imply slower growth in FY 2024 for the State's largest revenue category, transaction privilege tax (TPT).

Figure 4

Forecast of Ongoing Revenue



At this point, with five months of revenues tabulated for FY 2024, flows are down significantly from last year in both the individual and corporate income tax streams. TPT collections are maintaining slow growth and, as is typical, represent the most stable and reliable source of revenue month-to-month.

The Executive forecast incorporates a slower growth scenario for the spring of 2024, with anticipated headwinds from a slowing economy, lower inflation, a sluggish housing market, and the State's final round of individual income tax cuts.

## LOOKING AHEAD

While the Executive forecast presents a cautious revenue picture, it is important that forecasters and policy makers continue to seek clues as to whether future revenues may further deteriorate.

The forecast reflects the following key factors.

**Consumer Behavior.** The continued shift in consumption preferences back toward services may subdue taxable retail sales tax growth. The Executive forecast incorporates that factor, but overall declines in consumption behavior may reduce growth even more or extend the slower growth into future years.

**Individual Income Tax Structure.** The conversion from the current individual income tax (IIT) rate structure to a flat rate structure will take average tax rates from approximately 3.6% in

2021 to a flat rate of 2.5% over the next year. The elimination of progressivity from the IIT rate schedule will invariably dampen the rate of future growth of IIT collections, while the rate cuts will reduce taxes owed by over \$2 billion per annum at full phase-in.

However, some data suggests that the actual number of very-high-income taxpayers in Arizona is greater than previously estimated. If that is the case, the impact of the cuts may be greater, as the overall reduction in tax liability was larger for higher-income individuals. Although it is difficult to determine the exact cost of the tax cuts with the data that is currently available, this hypothesis seems more and more plausible as subsequent data from TY 2022 is made available.

**Corporate and Capital Gains Tax Revenues.** Corporate collections and capital gains income historically exhibit cyclical behavior, and both may be in line for considerable slowing.

Because both revenue sources are historically tied to the real estate cycle, any downturn in that sector will lead to declines in capital gains realizations, along with collections from corporate income taxpayers.

Capital gains are also linked to the health of the stock market, currently near an all-time high. Gains are realized at different times during the business cycle, usually with significant effects.

## The Executive's Approach to Revenue Recovery

The Executive's approach to resolving the forecasted deficits in fiscal years 2024 and 2025 is measured, comprehensive, and diverse; prioritizes the financial health of the state; and ensures that no one area of service is disproportionately impacted and that the most critical needs across the state are supported for our growing economy.

### FISCAL YEAR 2024 ONE-TIME APPROPRIATION REVISIONS

The Executive budget ex-appropriates the unexpended balance of \$121 million in FY 2024 one-time appropriations, which span 11 agencies and 26 line items.

The Governor's Office of Strategic Planning and Budgeting (OSPB) has approved and established, with the Department of Administration (ADOA), an allotment schedule of 0% on the unobligated balance of the 26 line items to ensure that the Legislature has an opportunity to review the remaining unobligated amount of \$89 million before the monies leave the State General Fund, while also allowing an opportunity for distribution of the available spending authority to cover the entire fiscal year's operations before the end of the fiscal year.

OSPB and ADOA are responsible for approving and establishing allotment schedules under § A.R.S 35-173.

### CAPITAL AND IT REVISIONS

The Executive ex-appropriates \$201 million in General Fund across 12 capital and IT projects and six agencies. This is a combination of projects from fiscal years 2022 to 2024 that:

- are ending and have a projected excess balance;

- were appropriated funding in prior fiscal years and have not begun;
- have been funded through other line items; or
- have funding from prior year appropriations that has not yet been used.

### PRIOR-YEAR APPROPRIATION REVISIONS

The Executive has identified 13 appropriations, spanning fiscal years 2016 to 2023, that either have not been spent or for which spending has been delayed, leaving balances untouched. Of the 13, nine are Operating Lump Sum Appropriations, and the unobligated balance of \$17.1 million is moved to the General Fund. The other four line items are other types of appropriations, and the unexpended balance of \$13.3 million is moved to the General Fund.

### ONE-TIME CUT TO EXECUTIVE AND LEGISLATURE

The Executive has included a 1%, one-time FY 2025 cut to the General Fund Operating Lump Sum of the Executive Branch and the Legislative Branch.

### DELAY OF NON-CRITICAL SPENDING

The FY 2025 Executive Budget does not include General Fund dollars for any capital or IT projects that have not already begun. Additionally, building renewal for the State's building system is restricted to projects that have fund sources other than the General Fund and only to address fire, life, and safety needs as well as emergency repairs. The only exception is for capital projects related to *Jensen* Federal Court injunction requirements.

### FUND TRANSFERS

The Executive proposes \$282 million in one-time fund transfers in FY 2024 from 78 funds across 44 boards and agencies. The methodology used for fund transfers ensures that funds themselves remain structurally balanced moving forward and that agencies will experience no impact to their planned operations.

### TRANSPORTATION PROJECTS

The Executive budget recovers \$418.6 million one-time from 24 transportation projects appropriated between fiscal years 2021 and 2024.

### ESA REFORM

The Executive Budget implements a requirement that students receiving a voucher must have previously attended a public school for at least 100 days at any point during their K-12 education and repeals prior-year eligibility for Universal ESA beginning in FY 2025.

The Executive Budget includes a decrease in ongoing funding for Basic State Aid costs related to ESA reform, achieving an anticipated General Fund savings of \$244.3 million.

This estimate is calculated using the FY 2024 Enacted Budget estimate of 49,500 ESA students with no prior history in public school enrollment.



Without ESA reform, the Executive projects an increase of 9,400 students in FY 2025, increasing total program enrollment to over 83,000 students and total program costs to \$822 million.

#### **TAX REFORM**

The Executive Budget repeals the Student Tuition Organization (STO) income tax credit that funds scholarships for students to attend qualified private schools located in Arizona beginning in tax year 2025.

General Fund savings from this reform are forecast at \$185 million beginning in FY 2026 and \$230 million in FY 2027 and beyond.

#### **PROTECTIVE MEASURES**

The Executive Budget preserves:

- local government revenue-sharing agreements;
- formula funding; and
- the Budget Stabilization Fund (BSF).

The BSF, also known as the “Rainy Day Fund,” was enacted in 1990 under A.R.S. § 35-144 and is designed to set aside revenue during times of above-trend economic growth and to utilize this revenue during times of below-trend growth.

While the State is facing a deficit, it is not due to an economic downturn; therefore, the Executive does not intend to use the BSF to offset the shortfalls.

# Public Safety, Border Security, and Corrections

## Keeping Arizona Safe and Securing the Border

“Arizonans are relying on us to continue to find solutions, support law enforcement and community leaders with the resources they need to prevent lawlessness and chaos, and push Washington to do its job to secure Arizona’s southern border from unlawful crossings, drug smuggling, and human trafficking.”

Gov. Katie Hobbs

The Executive is committed to enhancing public safety and security by investing in multi-agency initiatives. This commitment includes combating the fentanyl epidemic, strengthening border security, and ensuring essential services are being provided to victims of crime.

These targeted investments advance public safety and create safer Arizona communities.

### Multi-Agency Initiatives

#### STOPPING ARIZONA’S FENTANYL EPIDEMIC (SAFE)

Combating the spread of fentanyl is both a public health crisis and a public safety crisis. It also presents complex challenges for security at Arizona’s southern border.

The Executive Budget includes \$15 million for the SAFE initiative. These funds – \$5 million ongoing and \$10 million one-time – go toward strengthening law enforcement’s efforts to reduce the flow of fentanyl and other illegal drugs into the state.

The funding will also be used to expand access to treatment and harm-reduction services, particularly in rural communities.

This comprehensive approach includes new investments toward public safety initiatives and a statewide fentanyl awareness campaign that highlights the dangers of fentanyl and provides education on substance use.

This funding will be invested as follows:

- \$5 million in ongoing funding to the Department of Public Safety’s (DPS) Local Border Support special line item (SLI). The funding will be used to provide grants to law enforcement agencies to fund drug interdiction efforts in border communities, bringing the ongoing investment from \$12,232,900 to \$17,232,900.
- \$5 million in one-time funding to the Arizona Department of Emergency and Military Affairs (DEMA). The funding will expand existing drug-interdiction efforts under the Counterdrug Task Force (CDTF), to curtail drug trafficking activities throughout the state and reduce threats posed by transnational criminal organizations, with a focus on assisting law enforcement agencies in combating fentanyl.

- \$2 million in one-time funding to the Department of Health Services (DHS) to distribute and equip first responders with naloxone for overdose reversals.
- \$2 million in one-time funding to the Arizona Health Care Cost Containment System (AHCCCS) to expand access to medication-assisted treatment (MAT) in underserved rural communities.
- \$1 million in one-time funding to DPS to launch a statewide fentanyl awareness and education campaign in collaboration with DHS, the Governor’s Office of Youth, Faith, and Family (GOYFF), the Department of Homeland Security (DOHS), the Department of Transportation (ADOT), and DEMA.

#### VICTIM SERVICES - VICTIMS OF CRIME ACT BACKFILL

The Executive Budget includes a \$20.7 million ongoing increase to backfill federal Victims of Crime Act (VOCA) funding.

The distribution of VOCA funding from the federal government has decreased in recent years. This funding increase is intended to cover program expenditures across the state and goes toward:

- \$9.3 million to DPS for grants to local entities that offer services for victims of crime;
- \$9.1 million to the Department of Economic Security (DES) to continue to provide essential services, including case management and crisis intervention, to vulnerable adults who have been a victim of a crime; and
- \$2.3 million to the Criminal Justice Commission (ACJC) to cover victim compensation and victim assistance program operating costs.

### Department of Homeland Security

#### OPERATION SECURE - BORDER COORDINATION OFFICE

The Executive Budget includes an ongoing increase of \$1 million from the General Fund, starting in FY 2026, to the Department of Homeland Security for the Border Coordination Office.

The Office’s purposes are to:

- serve as the central point of coordination for State activities related to border security and safety;
- monitor border operations;
- coordinate the State’s response to situations along the southern border;
- mitigate the impacts of mass migration in the State’s border communities;

- improve support for local emergency management and law enforcement;
- address humanitarian issues;
- increase collaboration between among state and local leaders;
- build and maintain relationships with local governments, law enforcement, agencies and emergency management; and
- make recommendations to improve border policy and operations.

The Department will utilize federal American Rescue Plan Act (ARPA) dollars to cover start-up costs in fiscal years 2024 and 2025 and use the General Fund starting in FY 2026 to cover ongoing costs.

#### **MATCH FOR STATE AND LOCAL CYBERSECURITY GRANT PROGRAM**

The Executive Budget includes a \$67,800 increase in one-time funding to be used as a management and administration match to secure additional federal funding through the federal State and Local Cybersecurity Grant program.

These matching dollars will provide for the Grant’s administration and enable the State to receive its \$6.8 million allocation of the federal funding. The State must cover this management and administration portion of the grant in order to have access to the full grant amount.

This acquisition of federal funding will be used to strengthen the State’s cybersecurity enterprise and to support the cybersecurity efforts of local governments, tribal governments, and school districts.

## Department of Public Safety

#### **MAJOR INCIDENT DIVISION FTE POSITIONS**

The Executive Budget includes an increase in ongoing funding and 110.0 full-time equivalent (FTE) positions to continue the FY 2023 three-year budget plan for the DPS Major Incident Division (MID). Of the \$7 million included in the budget, \$1.5 million is one-time.

Laws 2022, Chapter 311 established the MID. Total funding of \$24 million will enable DPS to fully staff the MID Division.

#### **RIFLE REFURBISHMENT**

The Executive Budget includes \$770,000 from the Public Safety Equipment Fund to refurbish 1,100 rifles that are past useful life and pose a public safety hazard.

Refurbishment will extend the rifles’ useful life by 10 years.

#### **CONCEALED WEAPONS PERMIT PROGRAM**

The Executive Budget includes \$195,700 and 2.0 FTE positions from the Concealed Weapons Permit Fund to avoid backlogs under the Concealed Weapons Permit program.

Despite a 50% increase in the volume of concealed weapon applications since FY 2015, staffing for the program remains at its FY 2015 level.

#### **FUEL BUDGET INCREASE**

The Executive Budget includes an increase of \$2.2 million in one-time funding to cover DPS fuel costs. Motor vehicle fuel purchases for DPS programs are funded through the Motor Vehicle Fuel SLI.

DPS reports that it purchased 1,923,316 gallons of fuel in FY 2023. Assuming that the Department purchases the same amount of fuel in FY 2025, fuel prices must not exceed \$2.84 per gallon to keep the Department within the Motor Vehicle Fuel SLI appropriation.

In August 2023, the average price per gallon in Arizona was \$4.33.

Proper funding will help ensure that DPS is able to maintain operations.

## Department of Emergency and Military Affairs

#### **EMERGENCY MANAGEMENT MUTUAL AID FUND DEPOSIT**

The Executive Budget includes a \$500,000 deposit from the Governor’s Emergency Fund into the Emergency Management Mutual Aid Fund for in-state deployment of mutual aid resources.

DEMA and other agencies responding to areas in need often cannot front expenses of in-state deployment from operating budgets without a guarantee of full reimbursement.

#### **HAZARD MITIGATION ASSISTANCE**

The Executive Budget includes an increase in one-time funding from the General Fund to continue the FY 2024 three-year budget plan. The one-time funding of \$462,900 from FY 2024 to FY 2025 is for the Hazard Mitigation Assistance SLI.

While several new federal mitigation grants are reimbursable upon federal obligation and award, DEMA must front the costs for pre-award activities in order to be reimbursed later.

This funding allows DEMA to function until pre-award expenses can be reimbursed by the federal government after the two-year period.

#### **TRAINING REVOLVING FUND DEPOSIT**

The Executive Budget includes a \$300,000 deposit from the Governor’s Emergency Fund into the Emergency Management Training Revolving Fund to enable prompt payment of public safety instructors while awaiting reimbursement from sponsoring agencies.

DEMA has 120 instructors to teach 169 courses providing hazardous materials and emergency management training based on supported counties’ needs and demands. DEMA has received feedback from various instructors that they no longer wish to teach if delays in funding continue.

## HAZARD MITIGATION REVOLVING FUND DEPOSIT

The Executive Budget includes an increase in one-time funding from the General Fund to continue the FY 2024 three-year budget plan of \$200,000 from FY 2024 to FY 2028 for the Hazard Mitigation Revolving Fund Deposit SLI.

The funding provides a state match to draw down \$9 million from the Federal Emergency Management Agency (FEMA) through the Safeguarding Tomorrow Through Ongoing Risk Mitigation (STORM Act).

This provides total state and federal funding of \$10 million in a revolving loan fund that provides hazard mitigation assistance to local governments to reduce risks from natural hazards and disasters.

## Department of Corrections

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### INMATE HEALTH CARE FEDERAL COURT INJUNCTION

In April 2023, the *Jensen v. Thornell* Federal Court Permanent Injunction ordered a set of requirements that the Department of Corrections is mandated to meet in order to bring inmate health care services into constitutional compliance.

Costs related to the injunction include health care contract increases, salaries, overtime, medication, IT upgrades, and shower and health care infrastructure improvements, which includes increasing the Department's FTE authority by 84.0 positions.

To cover the increased cost to administer inmate health care services resulting from the injunction, the Executive Budget includes:

- a one-time FY 2024 supplemental funding increase of \$74 million – \$68.8 million from the General Fund, \$2.5 million from the Penitentiary Land Earnings Fund, and \$2.7 million from the State Charitable, Penal & Reformatory Land Earnings Fund; and
- an FY 2025 funding increase of \$194.6 million – \$192.8 million from the General Fund, \$716,700 from the Penitentiary Land Earnings Fund, and \$1.1 million from the State Charitable, Penal & Reformatory Land Earnings Fund.

In addition to the operating budget increase, the Executive Budget includes a one-time funding increase of \$8.6 million, of which \$5.9 million is from the Department's Building Renewal & Preventive Maintenance Fund and \$2.7 million is from the General Fund, for capital projects that are necessary to bring inmate health care services into constitutional compliance.

This funding issue may increase, pending the result of a court-mandated staffing study. The Executive will inform the Legislature as additional information becomes available.

### FUNDING FOR INMATE FOOD SERVICES

The Executive Budget includes an increase in ongoing funding of \$10.5 million to continue one-time funding from FY 2024, to ensure that the cost of inmate food services is fully covered in FY 2025.

Additionally, the Executive Budget includes a placeholder for inmate food services due to pending contract negotiations. A requirement in the *Jensen* injunction will ultimately increase the cost of food services.

### PRIVATE PRISON RATE INCREASES

The Executive Budget includes an increase in one-time funding of \$55.3 million, with \$54.3 million from the General Fund and \$1 million from the Corrections Fund, to cover the increased operational cost of the Kingman private prison and continue covering the increased costs to operate the La Palma, Florence West, and Phoenix West private prisons.

In December 2022, the Department renewed the Kingman private prison contract, effective in February 2023, at an increased cost.

The FY 2024 budget included one-time funding to cover private prison rate increases for the Florence West and Phoenix West private prisons and to cover the increased cost to operate the La Palma private prison, resulting from the earlier-than-expected movement of inmates from the deactivated Florence State Prison Complex.

### SAVINGS AT MARANA CORRECTIONAL FACILITY

The Executive Budget includes a one-time supplemental funding decrease of \$4.9 million in FY 2024 and an ongoing funding decrease of \$9.7 million in FY 2025 as a result of not renewing a contract with Management & Training Corporation (MTC), effective December 31, 2023.

MTC operated the Marana Correctional Facility, a minimum-security prison with capacity for 500 male inmates. Over the last several years, the Marana facility has averaged an inmate population of only 225, but the Department was contractually required to pay for nearly 475 beds.

## Department of Veterans' Services

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### VETERANS MEMORIAL STATE PARK FEASIBILITY STUDY

The Executive Budget includes \$500,000 in one-time funding for the Arizona State Parks Department (ASPT) to conduct a feasibility study for developing a Veterans Memorial State Park.

The feasibility study will allow ASPT to gather public input, analyze the development cost, and identify location options.

### VETERANS CEMETERY MAINTENANCE

The FY 2025 Executive Budget includes an increase of \$70,425 in ongoing non-appropriated funding and 1.0 budgeted FTE position to provide for an additional interment caretaker at the Arizona Veterans' Memorial Cemetery in Marana (AVMC-Marana) and Southern Arizona Veterans' Memorial Cemetery in Sierra Vista (SAVMC).

Additional personnel are meant to address an expected increase in the number of interments performed at Arizona veterans' cemeteries due to recent changes in state and federal statute.

## Judiciary

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### **JUDGES COMPENSATION INCREASE**

The Executive Budget includes an increase of \$1.1 million in ongoing funding from the General Fund to continue the FY 2023 three-year budget plan for judicial salary increases.

The three-year budget agreement includes the salary increases funded for the whole year in FY 2024 and an additional increase in judges' salaries starting on January 1, 2024.

### **PROBATION CASE MANAGEMENT SYSTEM REPLACEMENT**

The Executive Budget includes an ongoing increase of \$2 million from the General Fund to replace the Judiciary's current Adult Probation Enterprise Tracking System (APETS) with a new statewide case management system (CMS).

The Judiciary has been implementing the new CMS, and rollout to the first counties began in November 2023.

Ongoing funding is required to support the costs incurred for licensing, implementation, and maintenance.

### **COURT-APPOINTED SPECIAL ADVOCATE SPENDING AUTHORITY INCREASE**

The Executive Budget includes an increase of \$830,000 in ongoing funding from the Court Appointed Special Advocate Fund for the Court Appointed Special Advocate (CASA) program.

The Judiciary plans to recruit more CASA volunteers to advocate for children in the foster care system. By increasing advertising efforts and hiring more staff to train volunteers, the State will help more children in the welfare system benefit from CASA representation.

### **DIGITAL EVIDENCE SOFTWARE CONTINUATION**

The Executive Budget includes \$280,000 in one-time funding from the General Fund for digital evidence software.

The FY 2024 three-year budget plan continues this one-time appropriation in FY 2025. Monies in this line item fund digital evidence software portal costs for all case types.

### **JUVENILE MONETARY SANCTIONS BACKFILL**

The Executive Budget includes a \$250,000 one-time increase from the General Fund for the Juvenile Monetary Sanctions Funding Backfill SLI.

The FY 2024 three-year budget plan continues this one-time appropriation in FY 2025 and FY 2026. Funding in the SLI is intended to backfill lost revenues from the repeal of juvenile monetary sanctions.



# Healthcare Access

## Affordable, Accessible, and Accountable Healthcare for All Arizonans

“Protecting Arizona families is the foundation of what we do as elected officials, and that core responsibility means defending Arizonans’ rights to make their own healthcare decisions.”

Gov. Katie Hobbs

Access to affordable healthcare has the power to improve the lives, livelihoods, and futures of every family and individual in our state.

However, opioid addiction and overdose deaths are tearing families apart, while fraudulent mental and behavioral health providers have made a fortune robbing taxpayers by exploiting a neglected and antiquated oversight system.

The Executive Budget makes smart investments to ensure that every Arizonan can get the care they need, when they need it.

### Multi-Agency Initiatives

#### HEALTHCARE LICENSING REFORM

The Executive Budget includes ongoing funding of \$24.8 million to strengthen the State’s health care licensing systems. Coupled with Legislative fixes, these investments will restore accountability, promote transparency, and reward quality within long-term care, sober living, and other licensed settings.

The Executive Budget also makes significant investments to help root out fraud, waste, and abuse in healthcare settings. Strengthening these standards will include:

- ensuring that offending facilities cannot erase their violation history by transferring ownership;
- empowering the Department of Health Services to assess fines based on the scope and severity of violations, rather than on an arbitrary cap;
- standardizing inspection frequency for nursing and residential care facilities;
- providing Adult Protective Services with authority to petition the courts for an emergency protection order when needed;
- establishing minimum standards for Alzheimer’s, dementia, and memory care; and
- holding sober living homes accountable for false, misleading, or deceptive practices.

The \$24.8 million in new funding will be strategically deployed on the following initiatives:

- \$10 million ongoing to the Arizona Healthcare Cost Containment System (AHCCCS) to achieve targeted rate

increases for specific behavioral health codes to promote a high standard of care;

- \$10 million ongoing for AHCCCS to incentivize participation in behavioral health quality improvement initiatives and activities;
- \$1.9 million ongoing and \$157,500 one-time to the Department of Health Services (DHS) for 15.0 additional full-time equivalent (FTE) positions to increase workforce capacity for licensing, inspections, complaints, and enforcement;
- \$500,000 ongoing and \$900,000 one-time to DHS to upgrade the AZ Care Check portal to add Behavioral Health Residential Facilities (BHRFs) and Sober Living Homes (SLH) and establish a quality rating system for residential and nursing care institutions, with ongoing funding to support systems maintenance and operations costs;
- \$500,000 one-time to DHS to commission an independent assessment of Arizona’s network of services for persons with mental illness;
- \$100,000 ongoing at DHS to add an in-house counsel position;
- \$271,400 ongoing and \$2,500 one-time at ADOA to add an Arizona State Hospital (ASH) ombudsman and to cover administrative costs; and
- \$485,500 ongoing and \$10,000 one-time to the Department of Economic Security (DES) to add 3.0 additional Long-Term Care Ombudsman FTE positions to identify, investigate, and resolve complaints made by, or on behalf of, residents in Arizona’s long-term care facilities (long-term care ombudsmen partner with Area Agencies on Aging (AAAs) to provide ombudsman services at the local level directly; alternatively, AAAs may contract with another agency to provide this service).

#### PARENTS AS PAID CAREGIVERS EXTENSION

The Executive Budget includes ongoing funding to make permanent the Parents as Paid Caregiver program. The program was initially funded through federal COVID relief dollars.

This program supports children with physical and/or developmental disabilities who participate in the Arizona Long Term Care System (ALTCS) programs by paying their guardians for certain caregiving services. This allows children to receive the care they need at home, from a trusted adult, rather than from a stranger or in an institutional setting.

To cover the ongoing cost of the program, the Executive Budget includes ongoing General Fund increases of \$133,100 for AHCCCS and \$4.2 million for DES.

## ACTUARIAL STUDY

The Executive Budget includes \$250,000 one-time from the Personnel Division Fund for the Department of Administration to conduct an actuarial study to explore including in the State health insurance plan healthcare providers and direct care workers contracted with AHCCCS, DES, and/or DHS.

## Department of Insurance and Financial Institutions

### PRESCRIPTION DRUG AFFORDABILITY DIVISION

The Executive Budget includes a one-time increase of \$545,200 in FY 2025 to establish the Prescription Drug Affordability Division at the Department of Insurance and Financial Institutions. The additional funding will help cover start-up and personnel costs to hire personnel needed to fulfill the Division's responsibilities. These responsibilities include:

- promoting prescription drug and overall healthcare savings for Arizonans;
- approving drug price increases;
- setting co-pay caps on frequently prescribed medications; and
- monitoring Pharmacy Benefit Manager compliance with applicable State laws and regulations.

## AHCCCS

### MEDICAID CASELOAD AND CAPITATION ADJUSTMENTS

The Executive Budget includes the necessary resources to ensure that projected Medicaid caseload increases are funded.

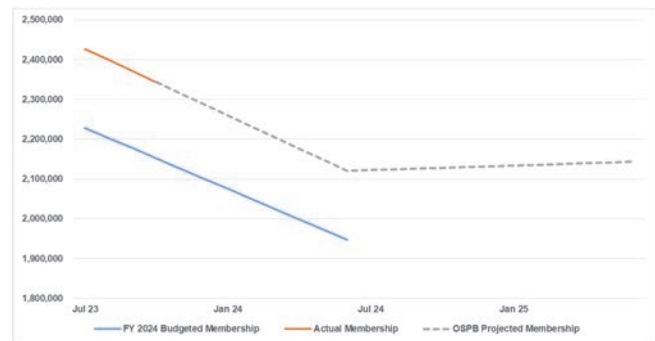
The provided funding considers the following factors:

- 1.4% decrease, beginning October 2024, in Arizona's federal match rate for Medicaid, driven by a multi-year rolling average of the state's per capita income compared to other states;
- 1.08% projected growth in AHCCCS membership (weighted average across all six AHCCCS populations);
- 3% projected increase in capitation rates;
- a baseline membership adjustment, due to FY 2024 membership projected to be 8.9% higher than levels in the FY 2024 Enacted Budget; and
- projected savings in fee-for-service programs stemming from the Executive's efforts to prevent fraud, waste, and abuse.

To address these factors, the Executive Budget includes an ongoing increase of \$213.1 million from the General Fund, \$149.8 million from other State funds, and \$1.1 billion from federal funds.

Figure 5

### Projected AHCCCS Membership



### CRISIS BEHAVIORAL HEALTH SERVICES NETWORK FUNDING

The Executive Budget addresses a funding shortfall for the State's network of crisis behavioral health services. The funding will help ensure that the system can serve everyone in need of help.

Since the statewide 988 phone line was launched, AHCCCS has seen significant growth in the population seeking crisis behavioral health services. The percentage of persons who seek services but are not eligible for Medicaid reimbursement has more than tripled, increasing the need for State funding for the system.

To address the issue, the Executive Budget includes a one-time increase of \$10.5 million from the General Fund. During FY 2025, AHCCCS will gather more data about the ongoing impact of 988 and what ongoing State resources are needed.

### COMBATING FRAUD, WASTE, AND ABUSE

The FY 2025 Executive Budget includes authority for 202.0 FTE positions to address fraud, waste, and abuse in fee-for-service programs at AHCCCS.

Efforts already begun by AHCCCS to address fraud, waste, and abuse have produced savings to offset the cost of the positions.

### LEVERAGING FEDERAL DOLLARS FOR HOUSING PILOT PROGRAM

The Executive Budget utilizes existing fund sources at AHCCCS and the Department of Housing to draw down hundreds of millions of additional federal dollars for a new housing program, the Housing and Health Opportunities (H2O) demonstration project.

For an annual State investment of \$5.5 million, H2O allows AHCCCS to draw down \$104.3 million in federal monies per year for a variety of housing services for AHCCCS members who are homeless or at risk of becoming homeless. The pilot program runs through FY 2027.

The Executive has directed AHCCCS and the Department of Housing to work together to use the Housing Trust Fund and the Seriously Mentally Ill (SMI) Housing Trust Fund to cover the state match cost in FY 2024 and FY 2025; as a result, no additional State dollars for H2O are needed.

## **STOPPING ARIZONA'S FENTANYL EPIDEMIC (SAFE) - AHCCCS**

The Executive Budget includes the SAFE initiative. SAFE funding supports the expansion of evidence-based harm reduction and treatment services.

AHCCCS will receive \$2 million in one-time funding to expand access to medication-assisted treatment (MAT) in underserved rural communities.

## **MEDICAID ENTERPRISE SYSTEM (MES) MODERNIZATION**

The Executive Budget continues funding a vital multi-year project to replace the AHCCCS mainframe IT system.

The current legacy system, which supports every essential AHCCCS function – from case management to provider payments – runs on very outdated coding language.

The replacement project began in FY 2022 and is scheduled to finish by the end of FY 2027. To cover the costs of the project in FY 2025, the Executive Budget includes an increase in one-time funding of \$3.4 million from the General Fund.

## **Department of Health Services**

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### **ARIZONA NURSE EDUCATION INVESTMENT PILOT PROGRAM**

The Executive Budget includes a \$15 million increase in one-time funding for the Arizona Nurse Education Investment Pilot Program.

The program distributes monies to universities and community college districts to cover expenses necessary to increase the number of faculty members teaching in nursing degree and certificate programs.

This funding is consistent with the three-year budget agreement that initiated the program in FY 2023.

### **PRECEPTOR GRANT PROGRAM FOR GRADUATE STUDENTS**

The Executive Budget includes a \$500,000 increase in one-time funding for the Preceptor Grant Program for Graduate Students.

This funding is consistent with the three-year budget agreement that initiated the program in FY 2023.

The program awards grants to medical professionals who serve as a preceptor for graduate students pursuing degrees as allopathic physicians, osteopathic physicians, advanced practice registered nurses, physician assistants, or dentists.

### **ARIZONA STATE HOSPITAL CLINICAL CARE**

The Executive Budget includes an increase in ongoing funding of \$591,600 from the General Fund and \$250,000 from the Arizona State Hospital Fund to add 14.0 FTE positions at the Arizona State Hospital (ASH) to ensure quality supervision and care of patients.

In recent years, the acuity level of patients at ASH and the number of patient health record requests from attorneys have increased. The new positions will help provide mandated care to

Arizona Community Protection and Treatment Center campus residents and manage health record requests.

## **STOPPING ARIZONA FENTANYL EPIDEMIC (SAFE) - DHS**

The Executive Budget includes funding to expand access to harm reduction and treatment services, with targeted investments in underserved rural communities.

Under this initiative, DHS will receive \$2 million in one-time funding from the General Fund to distribute and equip first responders with lifesaving overdose reversal medication.

## **Health Care Licensing Boards**

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### **ADDRESS LICENSING AND INVESTIGATIONS WORKLOAD AT STATE HEALTH CARE PROFESSIONAL LICENSING BOARDS**

The Executive Budget adds 18.5 FTE positions across multiple health care professional licensing boards to support robust investigations into misconduct and enforcement of healthcare professional licensing standards.

The following boards are to receive the specified number of additional FTE positions:

- Board of Behavioral Health Examiners: 7.0
- Board of Chiropractic Examiners: 1.0
- Arizona Medical Board: 2.0
- Board of Nursing: 8.0
- Board of Occupational Therapy Examiners: 0.5

The positions are funded by increasing appropriation authority from each board's primary fund. No additional General Fund dollars are appropriated.

# Housing and Human Services

## Building Thriving and Supportive Communities Across Arizona

“I will do everything in my power to make sure Arizonans have affordable and accessible housing, and I will not rest until we have ended the housing affordability crisis in our state.”

Gov. Katie Hobbs

Arizona should be the best place to live, work, and raise a family. Yet many residents continue to face barriers to physical, emotional, and economic well-being. The high cost of housing pushes many toward homelessness, the lack of child care options threatens job stability, and strains on supportive services for children, older adults, and persons with disabilities force many into living situations that fail to meet their basic needs.

To take on this challenge and meet the moment, The Executive Budget invests in building thriving and supportive communities across Arizona, without cuts to vital services.

### Multi-Agency Initiatives

#### ARIZONA IS HOME – MORTGAGE ASSISTANCE PROGRAM

The Executive Budget includes an increase in one-time funding of \$3 million from the General Fund for the newly created Arizona is Home - Mortgage Assistance Program. Additional funding of \$10 million, for \$13 million in total funding, will come from the Housing Trust Fund.

This statewide program, a collaboration between the Department of Housing and the Arizona Industrial Development Authority, will expand homeownership opportunities for qualifying moderate middle-income and rural homebuyers through enhanced down payment assistance and mortgage interest rate relief.

#### LEVERAGING OF FEDERAL DOLLARS FOR HOUSING PILOT PROGRAM

The Executive Budget utilizes existing fund sources at the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Housing to draw down hundreds of millions of additional federal dollars for a new housing program called the Housing and Health Opportunities (H2O) demonstration project.

For an annual State investment of \$5.5 million, H2O allows AHCCCS to draw down \$104.3 million per year in federal monies for a variety of housing services for AHCCCS members who are homeless or at risk of becoming homeless. The pilot program runs through FY 2027.

The Executive has directed AHCCCS and the Department of Housing to work together to use the Housing Trust Fund and the

Seriously Mentally Ill (SMI) Housing Trust Fund to cover the state match cost in FY 2024 and FY 2025; as a result, no additional State dollars for H2O are needed.

#### PARENTS AS PAID CAREGIVERS PROGRAM EXTENSION

The Executive Budget includes ongoing funding to make permanent the Parents as Paid Caregiver program. The program was initially funded through federal COVID relief dollars.

This program supports children who have physical and/or developmental disabilities, and who participate in Arizona Long Term Care System (ALTCSS) programs, by paying their guardians for certain caregiving services. This allows children to receive the care they need at home, from a trusted adult, rather than from a stranger or in an institutional setting.

To cover the ongoing costs of the program, the Executive Budget includes General Fund increases of \$4.2 million for the Department of Economic Security and \$133,100 for AHCCCS.

### Department of Housing

#### LOW-INCOME HOUSING TAX CREDIT EXTENSION

The Executive Budget continues to encourage the development of affordable housing by extending the Low Income Housing Tax Credit (LIHTC) program repeal date from December 31, 2025, to December 31, 2033, and allocating \$8 million in State tax credits each year.

The LIHTC program allows residential rental property developers to apply for and, if approved, claim tax credits against their insurance premium or income tax liability in equal amounts over a 10-year period to help offset the cost of developing affordable housing for low-income residents.

The projected fiscal impact to the State is an \$8 million reduction in General Fund revenue that accumulates each year starting in FY 2026 through FY 2033. The Executive Budget contemplates a revenue reduction of \$8 million in FY 2026 and \$16 million in FY 2027, with the projected revenue reduction peaking at \$64 million in FY 2033.

#### AGENCY PRIOR-YEAR INITIATIVES

The Executive Budget prioritizes preservation of funding for the following FY 2024 General Fund deposits:

- \$150 million into the Housing Trust Fund;
- \$40 million into the Homeless Shelter and Services Fund;
- \$5 million into the Mobile Home Relocation Fund; and
- \$1.9 million into the Military Transitional Housing Fund.



## Department of Economic Security

### CHILD CARE NETWORK SUPPORT

The Executive Budget includes an increase of \$100 million one-time from the General Fund and \$91 million ongoing in additional federal funding from the Child Care Development Fund to support the DES Child Care Assistance program.

Arizona families are struggling with access to and the affordability of child care. In order for more Arizonans to be able to work, they need reliable, high-quality child care.

The economic impact of disruptions in child care is significant to Arizona businesses, their employees and the economy. Without reliable access to child care, caregivers may miss work, skip opportunities for promotion, or leave the workforce altogether. Child care helps employers prosper from having employees on whose time and attendance they can depend, which leads to stronger earnings, greater tax revenues, and employment gains. An investment in child care is an investment in Arizona’s families, workforce, and economy.

DES child care assistance helps families pay for care in provider or home settings. Assistance is available for parents with income at or below 165% of the Federal Poverty Level (FPL) as well as qualifying grandparents and guardians with children from birth through age 12. This investment in child care will:

- allow new qualifying families to access child care assistance without being placed on an indefinite waitlist;
- expand access to high-quality settings by continuing to offer special incentives to child care providers, including a 50% high-quality enhancement rate; and
- lower barriers to enrollment for families by continuing to waive costly or prohibitive registration fees.

Child care provides flexibility for families and a strong start for children. Children benefit from positive social and learning experiences that prepare them for kindergarten and to be successful in the early grades and later on in life.

An average of 31,700 children per month are expected to be served in FY 2025. Providing additional support to the Child Care Assistance program will ensure that Arizona families have access to affordable, high-quality child care.

### ADULT PROTECTIVE SERVICES VICTIMS OF CRIME ACT BACKFILL

The Executive Budget includes an increase in ongoing funding of \$9.1 million to backfill Victims of Crime Act (VOCA) federal funding that the Adult Protective Services program has used to support staffing levels. The distribution of VOCA funding from the federal government has decreased in recent years.

The increased funding will allow DES to continue to provide essential services, including case management and crisis intervention, to vulnerable adults victimized by crime.

### ADULT PROTECTIVE SERVICES CASELOAD GROWTH

The Executive Budget includes an increase in funding of \$6.4 million, of which \$480,000 is one-time, for Adult Protective

Services (APS), which is statutorily mandated to investigate all reports of abuse and neglect of Arizona adults.

The Executive projects 11% growth in the number of new APS cases opened in FY 2025, which equates to an average of 3,567 new cases each month. This funding will address reporting growth by filling 52.0 unfunded full-time equivalent (FTE) positions within the program and to maintain an investigator best-practice caseload ratio of 1:25, which is recommended by the National Adult Protective Services Association (NAPSA).

Figure 6

### APS Caseload Growth: Average Monthly New Cases



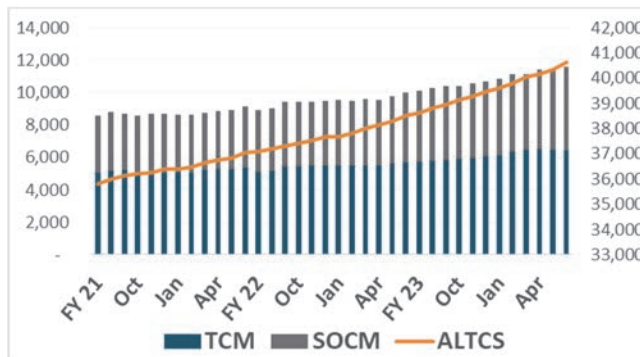
### DIVISION OF DEVELOPMENTAL DISABILITIES CASELOAD AND CAPITATION GROWTH

The Executive Budget includes an ongoing increase of \$165.5 million from the General Fund and \$476.1 million in Department Long-Term Care System Fund expenditure authority for standard caseload adjustments for the Division of Developmental Disabilities (DDD). The additional funding will maintain the current level of service and ensure that DDD members’ needs are being met.

The provided funding considers the following factors: an increase in the capitation rate with expected increases of about 3% for Arizona Long Term Care System (ALTCS) and Targeted Case Management (TCM); a 1.4% decrease in Arizona’s federal match rate beginning October 2024, driven by a multi-year rolling average of the state’s per capita income compared to other states, and substantial growth in ALTCS, Targeted Case Management (TCM), and State-Only membership.

Figure 7

### DDD Population Growth: FY 2021 – FY 2023





## STATE-FUNDED LONG TERM CARE PROVIDER RATE INCREASES

The Executive Budget includes an ongoing increase of \$6.6 million from the Department Long-Term Care System Fund to increase provider rates for State-Funded Long Term Care Services (SFLTCS) by 7.5%.

The Department provides room and board services for ALTCS members within the DDD program through the SFLTCS special line item (SLI).

This will be the first provider rate increase for SFLTCS since FY 2020. The FY 2020 Enacted Budget included \$2 million in ongoing funding from the General Fund to make permanent a one-time appropriation for 6.5% provider rate increases included in the FY 2018 and FY 2019 Enacted Budgets. The new funding will help improve the State's level of care and service for DDD members.

## ARIZONA EARLY INTERVENTION PROGRAM

The Executive Budget includes an ongoing increase of \$4.4 million for a provider rate increase for the Arizona Early Intervention Program (AzEIP), the statewide system of services for families that have infants and toddlers, up to three years of age, with disabilities or developmental delays.

AzEIP provides early intervention services that support the learning and growth of children with developmental disabilities or delays. These services include occupational, physical or speech therapy, developmental special instruction, social work, or psychological services. AzEIP services are provided at no cost to families.

This continues funding consistent with the three-year budget agreement that initiated multiple provider rate increases in FY 2023.

## GROUP HOME MONITORING PROGRAM

The Executive Budget includes an increase in one-time funding of \$1.2 million for the Group Home Monitoring program.

This pilot program monitors group homes for those with complex needs, to determine whether needs are being met and confirm that all physical interventions used by staff are appropriate.

This continues funding consistent with the three-year budget agreement that initiated the program in FY 2023.

## HEALTHCARE LICENSING REFORM

Under the Healthcare Licensing reform initiative, DES receives \$485,500 ongoing and \$10,000 one-time to the to add 3.0 FTE Long-term Care Ombudsman positions to identify, investigate, and resolve complaints made by, or on behalf of, residents in Arizona's long-term care facilities. Long-term care ombudsmen partner with Area Agencies on Aging (AAAs) to provide ombudsman services at the local level directly (or AAAs may contract with another agency to provide this service).

## Department of Child Safety

### HEALTHY FAMILIES EXPANSION

Healthy Families is a voluntary home-visit program that serves pregnant women and families of newborns. Program services are designed to strengthen families during the critical first years of a child's life – the time when early brain development occurs.

Through support and education, the program reduces incidences of child abuse and neglect and provides stability for at-risk families.

Increases in ongoing funding of \$10 million in FY 2023 and \$2.5 million in FY 2024 from the General Fund have enhanced participation by eligible families, particularly those in rural areas.

The three-year budget agreement included an additional \$2.5 million from the General Fund in FY 2025. However, the Executive has identified an alternative federal funding source to expand the Healthy Families program. The FY 2025 budget provides the Department of Child Safety (DCS) with an ongoing funding increase for this purpose from the DCS Expenditure Authority Fund.

### KINSHIP SUPPORT SERVICES

The Executive Budget includes an increase in one-time funding of \$13.7 million from the General Fund for the Kinship Support Services program. This program is intended to increase and retain kinship placements and reduce the number of children in congregate care.

Under the Kinship Support Services contract, which begins in February 2024, providers will help support, recruit, and license kinship families and offer hands-on support to kinship foster families so that (a) the child can safely remain in their home and (b) the kinship caregiver has access and support to navigate:

- behavioral health/child and family team meetings;
- the court system;
- educational demands such as individualized education programs (IEPs);
- community resources;
- trainings;
- peer support groups; and
- access to tangible goods to assist the family with beds, clothing, car seats, school supplies, etc.

### DECREASING VACANCY SAVINGS AND INCREASED OPERATING COSTS

In FY 2023, DCS increased the fill rate for caseworker positions from 81% to 96%, significantly decreasing the Department's vacancy savings, which have historically been used to offset ongoing operating costs.

Additionally, DCS reports that operating costs for IT telecommunications, software, operations, rent, contract services, vehicle fuel, and repairs and maintenance, have more

than doubled since FY 2021, further exacerbating the operating funding issue.

The Executive Budget includes an increase of \$38.7 million in FY 2025 – \$453,600 from the DCS Expenditure Authority Fund and \$38.2 million from the General Fund – along with \$24.5 million in FY 2024 supplemental funding, \$1.8 million from the DCS Expenditure Authority Fund, and \$22.7 million from the General Fund to ensure that DCS can fully support the cost of its operations.

#### **COMMUNITY-BASED CHILD ABUSE PREVENTION**

The Executive Budget includes an ongoing increase of \$5.8 million – \$5.5 million from the DCS Expenditure Authority Fund and \$264,400 from the General Fund – to draw down an additional \$1.3 million in federal Community-Based Child Abuse Prevention (CBCAP) grants.

CBCAP grants:

- support state efforts to develop, operate, expand, and enhance a network of community-based, prevention-focused, family resource and support programs that coordinate resources among a wide range of public and private organizations; and
- foster an understanding, appreciation, and knowledge of diverse populations in order to effectively prevent and treat child abuse and neglect.

The funds included in the Executive Budget will allow DCS to draw down the full amount available from the federal grant.

#### **SUPERVISED VISITATION RATE INCREASES**

The Executive Budget includes \$6.3 million in FY 2025 from the General Fund and \$3.2 million in FY 2024 as a supplemental appropriation from the General Fund, for an ongoing increase to the Department’s supervised visitation rates contract.

For children that are placed out of home, DCS contracts for supervised visitation to maintain the parent-child relationship with appropriate safeguards and manage dangers that could emerge during parenting time. Supervised visitation between children in DCS custody and their parents is an important part of the reunification process and ensures the safety of the children.

The department entered into a one-year contract renewal for calendar year 2024 and plans to go out to bid for a new contract that will need to be in place by January 2025.

#### **CHILDREN AND FAMILY SUPPORTS CONTRACTS**

The Executive Budget includes an increase in supplemental funding of \$10.1 million in FY 2024 and an increase in ongoing funding of \$10.1 million in FY 2025, both from the General Fund, to cover provider rate increases for the Nurturing Parenting and Family Connections programs. (This contract expires June 2024.)

The Nurturing Parenting program is an evidence- and curriculum-based parenting skills education and coaching program. The Family Connections program is a multi-faceted community-based program that works with vulnerable families in their homes, in the context of their neighborhoods, to help them meet their children’s basic needs and prevent child

maltreatment. Both programs aim to reduce the number of children placed in congregate care settings.

In order to retain contracts and continue services, the Department negotiated provider rate increases that went into effect in July 2023. During contract extension negotiations, providers requested rate increases and, due to program caseload, services were already on a waitlist. Two providers opted out of their contract, further exacerbating program capacity.

Delays in or lack of these services impacts reunification timelines and the overall well-being of children and families. Additionally, the Child Welfare Act of 1980 requires judges to determine whether, before children are placed in foster care, reasonable efforts have been made to enable them to remain safely at home. The Act also requires that reasonable efforts be made to reunite foster children with their biological parents.

A backlog in Children and Family Support services affects the Department’s ability to maintain reasonable effort findings and puts the state’s Title IV-E funding at risk.

#### **FEDERAL REIMBURSEMENT REDUCTIONS IN CONGREGATE CARE**

The Executive Budget includes a one-time increase in funding to cover costs associated with federal reimbursement reductions in congregate care.

Congregate care providers provide short-term care for children, youth, and sibling groups for whom family-like settings are not immediately available and for youth who require additional help prior to transitioning to a family-like setting.

On October 1, 2021, DCS fully implemented the federal Family First Prevention Services Act (FFPSA). The Act reduced federal Title IV-E reimbursement for children in congregate care.

DCS is working to reduce the number of children in congregate care. One strategy is implementing the Kinship Support Services contract to stabilize kinship placements and keep kids in family-like settings, likely causing the percentage of children in DCS custody in congregate, foster, and kinship care to decrease over the next three years.

The Executive Budget includes transferring surpluses from the Foster Home Placement and Kinship Care special line items (SLIs) to cover the \$22.6 million shortfall in the Congregate Group Care SLI, but these surpluses will not cover the full shortfall.

The Executive Budget includes \$9.7 million in one-time funding to ensure that DCS has sufficient funding to provide for all children in DCS custody while DCS implements the Kinship Support Services contract and as the percentage of children in foster, kinship, and congregate care placements shift.

#### **FEDERAL BENEFITS BACKFILL**

Laws 2023, Chapter 177 requires that DCS only use Social Security Administration or Veterans Administration benefits received by children in DCS custody for expenditures beyond what DCS would otherwise provide.

That law also requires DCS to:

- keep these benefits in an Achieving a Better Life Experience (ABLE) account or other trust account that does not

interfere with Social Security or asset limitations for any benefit program; and

- provide documentation on available benefits and the trust account to the child and child’s representative.

Arizona is the first state to outlaw this practice and return benefits directly to children in DCS custody.

Despite this positive development, DCS had been using the benefits children receive while in DCS custody to care for those children by paying for foster home and congregate care costs. Foster care families and congregate care providers receive payments for each day a child is in their care to provide for the child’s needs.

Setting up the required trust accounts and providing documentation tracking the benefits children receive while in DCS custody have increased the Department’s administrative burden.

The Executive Budget includes \$5.8 million to maintain the same level of care for children in DCS custody and cover the additional administrative burden of setting up and documenting the trust accounts for benefits children receive while in DCS custody.

#### **PERMANENT GUARDIANSHIP CASELOAD INCREASE**

The Executive Budget includes an ongoing increase in funding to provide for an increase in the number of permanent guardianship subsidies.

DCS provides a subsidy for permanent guardianship placements after children have left the Department’s custody. This subsidy helps stabilize permanent placements and provide for children who are not reunified with their parents and not adopted.

The number of permanent guardianships has increased by 3.5%, requiring an additional \$2.2 million. Due to children aging out of the program, the Adoption Services SLI has a \$2 million surplus.

The Executive Budget transfers the surplus from the Adoption Services SLI and provides an ongoing General Fund increase of \$201,600 to ensure sufficient funding for permanent guardianship subsidies.

#### **FEDERAL MATCH ASSISTANCE PERCENTAGE ADJUSTMENT**

The Executive Budget includes an ongoing increase of \$4.9 million from the General Fund to backfill a federal funding reduction caused by a 1.4% decrease in the Federal Match Assistance Percentage (FMAP).

FMAP changes are driven by a multi-year rolling average of the state’s per capita income compared to other states. As Arizona’s per-capita income increases relative to other states, its FMAP decreases.

This change will impact multiple programs and services at DCS, including Extended Foster Care, Adoption Services, and Out-of-Home Services.

# Improving Education

## Ensuring Quality Education for Every Arizonan and Building a Workforce Pipeline

“Part of ensuring Arizona continues to be the best place in America to raise a family is ensuring that every Arizona kid, no matter who they are, where they were born, or what they look like, gets an excellent education.”

Gov. Katie Hobbs

The data is clear that increased levels of education improve family outcomes and can lift families out of generational poverty. It also can transform communities by serving as the foundation for economic and workforce development. But for too long, education priorities have not focused on what matters most: supporting students, educators and families.

Now is the time to change that. We can change the trajectories of students across the state by reinvesting in our schools, increasing access to early education, and ensuring Arizonans have opportunities for life-long learning.

### Department of Administration

#### ACTUARIAL STUDY

The Executive Budget includes \$250,000 one-time from the Personnel Division Fund for the Department of Administration to conduct an actuarial study to explore including educators and school personnel in the State health insurance plan.

### Department of Education

#### ENROLLMENT TRENDS AND ESA COSTS

Prior to the COVID 19 pandemic, total K-12 enrollment had been marginally increasing year over year primarily due to growth in the charter school system, while district schools experienced moderate declines in enrollment. The COVID 19 pandemic resulted in steep declines in enrollment for the K-12 system in FY 2021, followed by a rebound in enrollment in FY 2022. In FY 2023, K-12 enrollment trends leveled out to pre-COVID trends with moderate district decline and slowed but moderate charter growth.

From FY 2022 to FY 2023, charter school enrollment grew by over 1,000 students, while district enrollment declined by over 2,000. Resulting in a net decline in the total public K-12 population of 1,000. FY 2022 total K-12 enrollment, inclusive of the Empowerment Scholarship Account (ESA) program, was 1,107,594, and total enrollment increased to 1,156,308 in FY 2023. This growth is due to the FY 2023 expansion of the ESA to its current universal state. This expansion saw universal growth in the ESA program of 45,000 students in FY 2023.

The moderate decline in district enrollment from FY 2022 to FY 2023 of 2,000 students compared to universal ESA growth of 45,000 suggests that a large majority of ESA students are not switching from district and charter schools. Thus, the increase in ESA costs from FY 2022 to FY 2023 is associated with ESA recipients who are generating a net new General Fund cost on the State since they have not switched from district or charter schools.

Figure 8

Public School Headcount and Costs against ESA Headcount and Costs FY 2022 - FY 2024 est.			
Fiscal Year	FY 2022	FY 2023	FY 2024 Estimate
<b>Public School Enrollment</b>			
Charter Unweighted ADM	220,379	221,470	224,868
District Unweighted ADM	875,516	873,149	866,451
Total Public School Unweighted ADM	1,095,895	1,094,619	1,091,318
<b>ESA Enrollment</b>			
Pre-Universal Population	11,699	16,532	17,385
Universal Population	-	45,157	57,030
Total ESA Population	11,699	61,689	74,416
<b>Total Enrollment</b>			
Total K-12 Population	1,107,594	1,156,308	1,165,734
<b>Costs</b>			
Total GF BSA Appropriation (Minus ESA Costs)	\$ 4,940,359,355	\$ 5,559,564,860	\$ 5,776,971,516
ESA Costs	\$ 210,602,645	\$ 478,941,740	\$ 723,450,700

#### ESA REFORM

The Executive Budget implements a requirement that students receiving a voucher must have previously attended a public school for at least 100 days at any point during their K-12 education and repeals prior-year eligibility for Universal ESA beginning in FY 2025.

The Executive Budget includes a decrease in ongoing funding for Basic State Aid costs related to ESA reform, achieving an anticipated General Fund savings of \$244.3 million.

This estimate is calculated using the FY 2024 Enacted Budget estimate of 49,500 ESA students with no prior history in public school enrollment.

Without ESA reform, the Executive projects an increase of 9,400 students in FY 2025, increasing total program enrollment to over 83,000 students and total program costs to \$822 million.

#### PRE-UNIVERSAL ESA GROWTH

With ESA reform, the Executive Budget projects an increase of 800 pre-universal students in FY 2025, increasing total program enrollment to over 26,000 students and total program costs by \$30.5 million.

This reform ensures that families will continue to have voucher access if their children meet any of the following criteria:

- have special needs;
- attended a school or school district that was assigned a letter grade of D or F;
- reside on a Native American reservation;



- are wards of the juvenile court and have been placed or have a pending placement in permanent adoption or guardianship;
- have attended public school for at least 100 days at any point during their K-12 education;
- have parents who are legally blind or deaf; or
- have parents who are in active service of the U.S. armed forces.

**PUBLIC SCHOOL ENROLLMENT GROWTH**

The Executive Budget includes a rebase in annual funding for anticipated enrollment changes related to K-12 enrollment growth.

The Executive Budget anticipates a K-12 unweighted average daily membership (ADM) decrease of 0.36% in FY 2025. Additionally, the Executive Budget anticipates a K-12 weighted ADM increase of 0.14% from an estimated FY 2024 population of 1,537,623.

In an effort to rebase student population forecasts and, effectively, Basic State Aid appropriation levels, the Executive estimate for population growth in FY 2025 begins with 1,091,318 unweighted ADM for FY 2024.

The net result of FY 2025 enrollment changes result in a \$13.8 million ongoing increase for the State’s requirements for public school Basic State Aid.

The enacted budget included estimates that total public school enrollment would rise from 1,097,487 to 1,101,705, resulting in increased Basic State Aid formula costs of \$71,715,100 in FY 2024. As of December 2023, total public school enrollment is 1,085,005.

For the second half of the 2023-2024 school year, the Executive Budget assumes growth in total K-12 enrollment of 6,300. Based on current projections, the student population for the 2023-2024 School Year is anticipated to be approximately 10,400 below the estimated level for the Enacted Budget, which will generate lower-than-budgeted State funding formula costs.

**FREE OR REDUCED PRICE LUNCH**

A Free or Reduced Price Lunch Weight was introduced in Laws 2022, Ch. 313, Sec. 127-128 to provide aid to schools in low-income areas. The weight is applied to every school in which 50% or more of its students qualify for Free or Reduced Price Lunch (FRPL).

To support its implementation, Laws 2022, Chapter 313, Sec. 128 includes an advance appropriation in FY 2025. The FRPL weight is set to be phased in with an additional ongoing \$37 million appropriated in FY 2025.

**HEALTHY SCHOOL MEALS: REMOVING THE REDUCED-PRICE MEAL CO-PAY**

The Executive Budget includes an increase in ongoing funding of \$4.5 million to the Arizona Department of Education to offer free school meals to students who are eligible for reduced-price meals by covering the co-pays that otherwise would be charged to low-income families.

Eliminating this co-pay barrier will benefit low-income families by providing approximately 1.5 million additional healthy meals for some of Arizona’s most vulnerable students. This investment targets low-income families in Arizona who do not qualify for free meals but whose incomes are between 131%-185% of the Federal Poverty Level.

**ADDITIONAL ASSISTANCE**

The Executive Budget continues ongoing increases for District Additional Assistance and Charter Additional Assistance as prescribed by Laws 2022, Chapter 313, Sec.128 beginning in FY 2023. The \$29 million advance appropriation includes an ongoing increase in FY 2025 for additional assistance that will allow public schools to continue to procure critical educational resources.

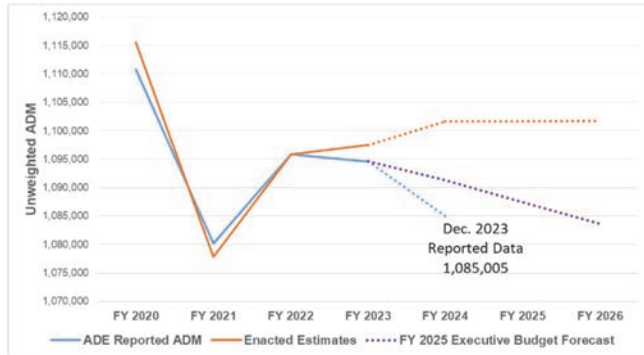
**INFLATION ADJUSTMENT**

A.R.S. § 15-901.01 requires the base support level to increase by 2% or by the change in the GDP price deflator, whichever is less. The GDP price deflator was 5.8% for the 12 months ending in October 2023.

The Executive Budget includes an increase in ongoing funding for a 2% inflation adjustment in the FY 2024 base level amount, transportation route-mile factor, and charter school additional assistance.

Figure 9

**Enacted Estimates Compared to Executive Budget Forecast**



**ESA SUPPLEMENTAL**

The Executive Budget accounts for a \$98.5 million FY 2024 supplemental increase for growth in the ESA program above the enrollment projections included in the enacted budget.

The FY 2024 Enacted Budget included \$625 million for the ESA program at a total enrollment of 68,380 students. Revised estimates place this cost at \$723.5 million at a total FY 2024 enrollment of 74,416.

**PUBLIC SCHOOL SUPPLEMENTAL**

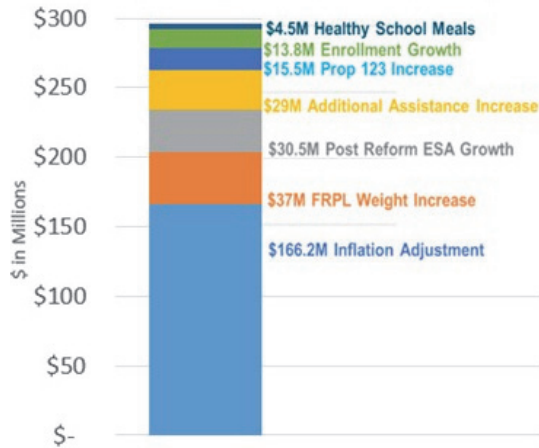
The Executive Budget includes a \$196.5 million FY 2024 supplemental decrease due to elevated enrollment projection estimates included in the FY 2024 Enacted Budget.



The 2% inflation adjustment will add \$98.28 to the FY 2024 per-pupil amount of \$4,914.17, for a total of \$5,012.45 in FY 2025.

The total dollar investment in accordance with the inflation adjustment is \$166.2 million.

Figure 10  
**\$296 Million Increase in Education Funding**

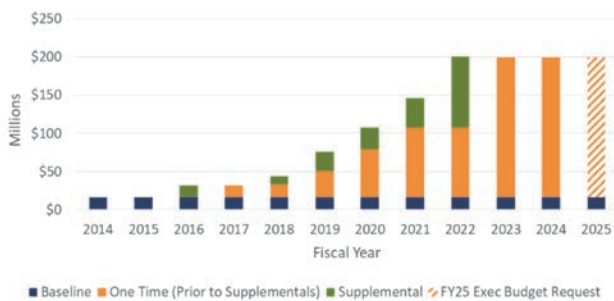


## School Facilities Division

### BUILDING RENEWAL GRANTS

The Executive Budget includes \$200 million in total funding for Building Renewal Grants: \$183.3 million one-time and \$16.7 million in baseline, ongoing funding.

Figure 11  
**School Facilities Building Renewal Grant Funding History**



### NEW SCHOOL CONSTRUCTION

Funding is required when projections indicate that a school, or additional space at an existing school, will be needed within two years.

The Executive Budget includes one-time funding of \$77.9 million for new school construction for seven schools already in progress:

- Agua Fria 9-12: \$23,613,000
- Liberty K-8: \$11,575,400
- Queen Creek K-6: \$13,909,800

- Queen Creek 7-8: \$10,606,000
- Queen Creek K-6: \$5,077,100
- Saddle Mountain 9-12: \$10,884,700
- Snowflake 9-12 (Rural): \$2,232,600

The Executive Budget also includes \$70.1 million one-time for (a) year-one construction costs at five schools, (b) land acquisition, and (c) several site condition projects. These projects were reviewed and approved at the December 2023 School Facilities Oversight Board meeting:

- Agua Fria UHSD: \$1,280,000
- Laveen ESD: \$7,000,000
- Laveen ESD: \$6,300,000
- Maricopa 6-8: \$16,503,500
- Pima USD: \$1,241,000
- Queen Creek 9-12: \$12,575,900
- Queen Creek 9-12: \$7,545,600
- Queen Creek USD: \$127,000
- Queen Creek USD: \$33,400
- Queen Creek: \$956,800
- Queen Creek: \$73,900
- Sahuarita 9-12: \$11,487,400
- Sahuarita: \$906,500
- Valentine K-8: \$2,708,300
- Valentine: \$1,335,000

## Universities

### AZ HEALTHY TOMORROW

The Executive Budget allocates \$46 million in one-time funding to Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UofA) for the AZ Healthy Tomorrow initiative.

The initiative seeks to rapidly expand Arizona’s healthcare workforce and bolster leadership in bioscience, life science, and research.

Among AZ Healthy Tomorrow’s major initiatives are:

- establishing a medical school at ASU, focused on engineering and technology;
- establishing a community-focused school of medicine at NAU;
- expanding the UofA medical schools in Tucson and Phoenix; and
- expanding nursing programs and behavioral health and allied health programs, along with several other major initiatives.

Through AZ Healthy Tomorrow, ASU, NAU, and UofA aim to ensure that Arizonans have access to quality, affordable healthcare across the state.

Additionally, the Executive Budget includes one-time bonding authority in FY 2025, up to \$1.125 billion, increased

from the current amount of \$800 million, from the University Capital Improvement Lease-to-own and Bond Fund. This provides the Universities with an additional \$325 million in bonding authority.

The Executive Budget includes \$14 million starting in FY 2026 from the State Lottery Revenue Bond Debt Fund monies for the State’s portion of 80% of the annual payments on a \$325 million 30-year debt service. The actual annual payment amount is subject to interest rates at the time of bonding.

**ARIZONA PROMISE PROGRAM**

The Executive Budget includes a \$20 million one-time investment in addition to \$20 million in ongoing funding for the Arizona Promise program, which provides scholarships to low-income students who meet the program requirements for use at ASU, NAU, or UofA.

This investment maintains the same level of funding as the current year to ensure no students lose a scholarship.

**ARIZONA TEACHERS ACADEMY**

The Executive Budget includes a \$15 million one-time investment in the Arizona Teacher’s Academy at the Board of Regents.

This program provides scholarship funding and support to future Arizona educators in return for their commitment to teach in an Arizona public school. The investment in the Teacher’s Academy will maintain its total operating budget at \$30 million in FY 2025 and allow Arizona schools to connect with graduates to fill needed positions.

The Teacher’s Academy serves students at ASU, NAU, UofA, Scottsdale Community College, Rio Salado College, Pima Community College, and Central Arizona College.

- \$14 million in ongoing funding to continue Rural Aid, which provides ongoing support to the rural community colleges; and
- \$1.2 million in ongoing funding to Tribal community colleges.

**FORMULA FUNDING**

The Executive Budget includes the following statutory formula funding adjustments from the General Fund for FY 2025:

- \$3 million Equalization Aid to Cochise, Graham, Navajo, and Yuma/La Paz counties. Equalization aid supports community college districts that have an insufficient property tax base compared to the minimum assessed value as described in A.R.S. § 15-1402.
- \$75,600 STEM and Workforce Aid. STEM and Workforce Aid is based on each community college district’s enrollment changes from the previous year and district size. Full-time student equivalent (FTSE) grew by 1,007 students in FY 2023.
- \$287,800 Operating State Aid Formula decrease. Operating State Aid is based on community college district enrollment changes from the previous year, excluding Maricopa and Pima counties.

Statewide community college FTSE increased by 1.13% with Maricopa and Pima counties included.

**Schools for the Deaf and the Blind**

**TRANSPORTATION FOR STUDENTS WITH DISABILITIES INSTITUTIONAL VOUCHER**

The FY 2025 Executive Budget includes a one-time increase of \$2.7 million from the ASDB Classroom Site Fund.

This funding enables the Arizona State Schools for the Deaf and the Blind (ASDB) to enter into and maintain agreements with public and private providers to offer transportation to and from its Phoenix and Tucson day schools, for students who travel each day and for students who live on the Tucson campus and return home on holidays.

**PRESCHOOL STUDENTS WITH DISABILITIES**

As part of its requirement to provide a free and appropriate public education (FAPE) to students with disabilities, ASDB must offer preschool for children with significant audio-visual impairments.

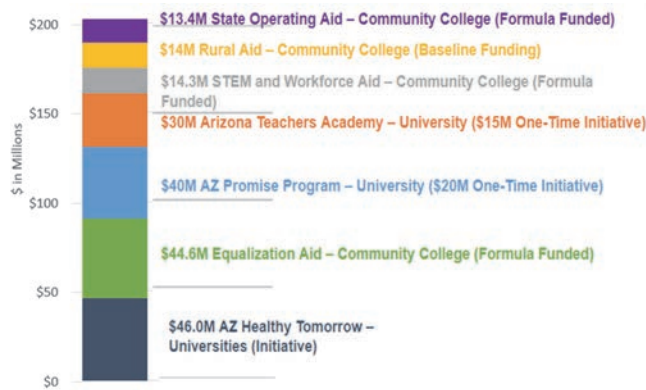
The FY 2025 Executive Budget includes \$168,000 from the Telecommunication for the Deaf Fund for contract costs to provide these services.

**ENSURING ACCESS TO SERVICES FOR STUDENTS WITH DISABILITIES**

The FY 2025 Executive Budget includes \$510,000 from the ASDB Classroom Site Fund to address rising costs for student-related services, including transportation, nursing, evaluations,

Figure 12

**Higher Education Funding**



**Community Colleges**

**PROTECTING BASE FUNDING SUPPORT**

The Executive Budget ensures the preservation of the following baseline funding:

and other individualized education program (IEP)-related functions.

Prior to ASDB's 2021 designation as a local education agency (LEA), costs for these services were shared between ASDB and student districts of residence (DORs). Supplemental funding was made available through federal Individuals with Disabilities Education Act (IDEA) grants and reimbursement via Medicaid, for which all students qualify.

Following the COVID health emergency, ASDB has struggled to maintain adequate staffing levels, causing it to rely on contract labor (e.g., student nursing). Whereas these contractors often do not or cannot participate in Medicaid billing, and whereas the agency has struggled to secure federal grants, these sources are not considered sustainable for addressing statutorily required operational costs.

The proposed ongoing funding leverages ASDB's flexibility with respect to its non-appropriated funds to address needs at its own campuses and at the Foundation for Blind Children (FBC), through which ASDB provides preschool for children with significant audio-visual impairments.

# Resilience, Water, and the Environment

## Protecting the Future of Arizona’s Natural Resources

“I will protect our water supplies in both urban and rural Arizona and continue to work with all communities and stakeholders across the state to find the solutions we need to ensure our water future is secure for generations.”

Gov. Katie Hobbs

Arizona’s natural resources are key to our thriving economy and way of life. We have an opportunity to secure clean air, reliable water, healthy forests, and resilient lands for the benefit of Arizona families, businesses, and communities.

## Department of Environmental Quality

### WATER QUALITY FEE FUND DEPOSIT

The Executive Budget includes a one-time, \$9.5 million deposit into the Water Quality Fee Fund. The Department of Environmental Quality (DEQ) uses the revenues in the fund to ensure the cleanliness and safety of surface water, groundwater, and drinking water.

The Fund has experienced an ongoing structural imbalance and received deposits from the General Fund in fiscal years 2023 and 2024. The structural deficit has diminished slightly, due to a fee increase that the Department implemented in August 2023 through the rulemaking process, but the fee increase alone is not sufficient to fully bring the fund into balance in FY 2025.

### FUNDING TO ADDRESS STATE IMPLEMENTATION PLAN BACKLOG

The Executive Budget includes an increase in ongoing funding to hire staff to assist in drafting State Implementation Plans (SIPs), as required by the U.S. Environmental Protection Agency (EPA). A SIP is used by a state, territory, or local air district to implement, maintain, and enforce the National Ambient Air Quality Standards (NAAQS) and to fulfill other requirements of the Clean Air Act.

DEQ supports work in 17 nonattainment areas throughout the state and has a backlog of seven SIPs that need to be updated to meet federal requirements. SIPs in states with areas that do not meet the NAAQS must include additional requirements to reduce air pollution in “nonattainment” areas. If a state does not submit, or EPA disapproves, a required SIP, the Clean Air Act requires EPA to promulgate a Federal Implementation Plan (FIP), to address the specific requirements. In addition to FIP implementation, other potential federal sanctions include:

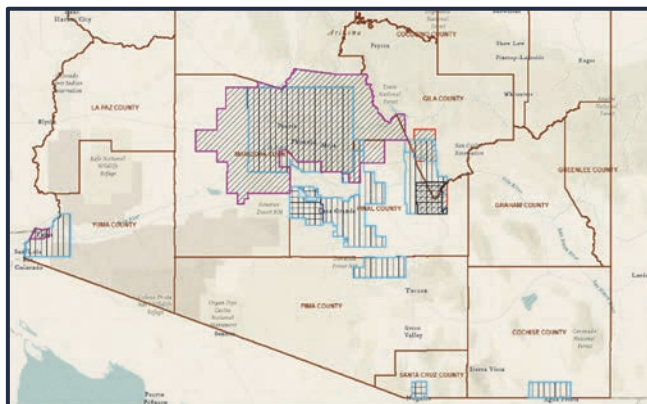
- a 2-for-1 offset, which requires companies to offset twice the amount of any increase in emissions; and

- loss of federal highway funding for competitive transportation grants and formula funding for projects that do not contribute to achieving attainment.

To address the issue, the Executive Budget includes an increase of \$469,100 for 3.0 full-time equivalent (FTE) positions. Two of the positions will address the backlog of SIPs for areas outside of the Maricopa Association of Governments (MAG) planning region, and the third will address SIPs for the area within MAG.

Figure 13

### 17 Nonattainment Areas



### EMISSIONS INSPECTIONS FUNDING

The Executive Budget includes an increase in ongoing funding from the Emissions Inspection Fund to pay for anticipated increased contractual costs related to an increase in volume of vehicle emissions inspections.

### VOLUNTARY VEHICLE REPAIR AND RETROFIT PROGRAM SUPPORT

The Executive Budget includes an increase in one-time funding from the Air Quality Fee Fund to support the Voluntary Vehicle Repair and Retrofit Program (VVRP).

The VVRP pays up to \$900 toward the cost of emissions-related vehicle repairs after a failed emissions test. Participants must meet program requirements and pay a \$100 co-pay toward repairs.

Legislative changes to the program that went into effect September 29, 2021, expanded the number of vehicles eligible to participate. Key changes to VVRP included:

- expanding eligibility to all vehicles required to take an emissions inspection test, regardless of vehicle age;
- lowering the customer co-pay to \$100 (from \$150); and
- increasing State-funded repair costs to \$900 (from \$550).

The program saw a 60% increase in participation from FY 2021 to FY 2022, and the revenue for the VVRP Fund is insufficient to support the increased demand.

## Department of Agriculture

### LIVESTOCK SERVICES AUCTION COVERAGE

The Executive Budget establishes the Livestock Inspection Fund at the Department of Agriculture (AZDA).

Revenues generated by livestock inspections, which currently average \$200,000 annually and are deposited into the General Fund, will be retained by the Livestock Inspection Fund, providing AZDA with a sustainable, ongoing, fee-for-service model, used by other western states, to fulfill its statutory mandates.

Livestock Services field staff are required to inspect livestock (except equine) for health, marks, and brands before they are slaughtered, sold, purchased, driven, transported, shipped, or conveyed. They also respond to stray and ownership dispute calls. In addition to these duties, the officers investigate theft, welfare, and neglect cases.

AZDA has not had sufficient staff to provide all statutorily mandated inspections at the Marana, Wilcox, and Benson livestock auctions. Retaining fee revenues in a fund at the Department will allow for the hiring of two additional Livestock Services staff.

## Department of Forestry and Fire Management

### FIRE SUPPRESSION FUNDING INCREASE

The Executive Budget includes an ongoing \$5 million transfer of appropriations from the Wildfire Mitigation special line item (SLI) to the Fire Suppression SLI.

As with other western states, Arizona has seen a rise in wildland firefighting needs. The Department of Forestry and Fire Management’s (DFFM) suppression fund budget has not kept up with the disproportionate increase in the cost of fighting fires.

In FY 2024, the Department’s Fire Suppression SLI was appropriated \$3.2 million – \$3 million from A.R.S. § 37-1305 and \$200,000 from Laws 2023, Chapter 133 – which falls far short of the more than \$8 million required to fight Arizona wildfires in a typical year.

The \$5 million being moved from the Wildfire Mitigation SLI is unused funding that was appropriated for the Healthy Forest Initiative. The Healthy Forest Initiative is DFFM’s proactive forest-restoration program focused on treating thousands of acres of overstocked forest and reducing the risk of unnaturally severe wildfires that threaten communities and long-term forest health.

The Healthy Forest Initiative includes a partnership between DFFM and the Department of Corrections (DOC) that expands opportunities for State inmates to learn crucial job skills for post-sentence employment by treating Arizona’s land and wildlife.

It was originally estimated that, over a two-year period, more than 700 DOC inmates would take part in the program. However, the actual number of participating inmates is no more than 150.

The \$5 million transfer leaves \$1.5 million for the DOC program, which is sufficient for the program to continue operating at its current level and leaves room for growth.

## Department of Water Resources

### CONTINUOUSLY OPERATING REFERENCE STATIONS NETWORK

The Executive Budget includes an ongoing increase to support the maintenance and operation of the State-owned portion of the Continuously Operating Reference Stations (CORS) network. The national CORS network provides geographic coordinates, accurate to within a few centimeters.

The Department of Water Resources (DWR) uses the network for automated groundwater monitoring, supply-and-demand studies, and stock pond volume calculations. In addition, federal and State agencies, local governments, surveyors, and other users rely on the CORS network for reliable data. There are 1,360 registered users with the AZCORS network.

To ensure the continued operation of the CORS network, the Executive Budget includes an ongoing \$300,000 appropriation from the General Fund.

## State Land Department

### IMPROVING STATE TRUST LAND SALES

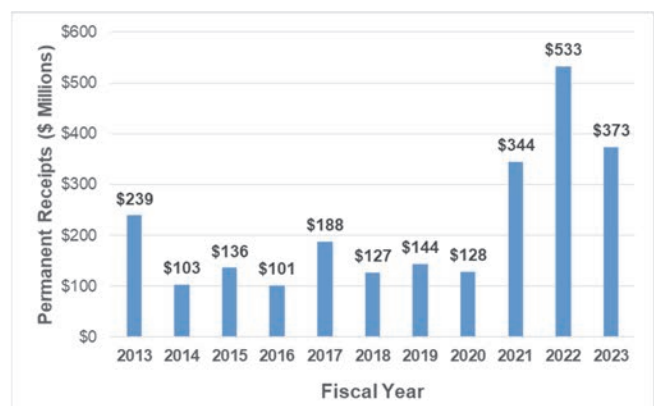
The Executive Budget includes an increase in ongoing funding to enhance the value of State Trust Land (STL). Additional FTE positions for planning and real estate will allow the State Land Department to pursue land entitlements and zoning approvals prior to auction, reducing development risk and greatly increasing the value of STL.

Revenue from the sale of STL is placed into a trust fund for previously determined beneficiaries, including about 85% for use at K-12 schools. Higher-value STL sales provides higher revenues for trust beneficiaries.

To support the State Land Department’s efforts in this area, the Executive Budget includes an ongoing increase of \$500,000 for 5.0 FTE positions from the Trust Land Management Fund.

Figure 14

Receipts from the Sale of State Trust Land  
FY 2013 to FY 2023





## Water Infrastructure Finance Authority

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### **LONG-TERM WATER AUGMENTATION FUND DEPOSIT**

The Long-Term Water Augmentation Fund was established to finance large-scale water augmentation projects, with the majority of funding required to be dedicated to projects that import water to Arizona.

The Executive Budget includes a \$33 million deposit into the fund in fiscal year 2025, with additional \$33 million deposits planned in fiscal years 2026 and 2027.

## Arizona State Parks

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### **YUMA TERRITORIAL PRISON STATE HISTORIC PARK**

The Executive Budget includes \$5.9 million from the State Park Revenue Fund for the second phase of its work to ensure preservation of the 147-year-old Yuma Territorial State Historic Prison for current and future generations to visit and enjoy.

### **VETERANS MEMORIAL STATE PARK FEASIBILITY STUDY**

The Executive Budget provides \$500,000 from the State Park Revenue Fund to conduct a feasibility study for developing a Veterans Memorial State Park. The feasibility study will gather public input, analyze the development cost, and find location options for the Park.

### **STATE PARKS STORE FUND**

The Executive Budget increases the appropriation authority to the State Parks Store Fund to enhance visitor experience by ensuring the agency has adequate appropriation authority and funding to meet visitor needs and demand for items throughout the State's Park System.

The State Parks Store Fund is made up of revenues generated from store sales, and the revenues are used to purchase goods for sale.

# Infrastructure

## Promoting Economic Vitality through Safe, Accessible, and Cost-Effective Infrastructure

“I am committed to advancing accessible, safe, and cost-effective infrastructure to connect families to good jobs, quality healthcare, and education while positioning Arizona to continue its dynamic growth for years to come.”

Gov. Katie Hobbs

### State Building Systems

The Executive recognizes the continuing need to address fire, life, and safety issues and set aside funding for emergency repairs.

While the Executive Budget is not providing General Fund monies for this purpose, it provides appropriation authority from other funds to the following agencies.

Agency	Funding	Source
Dept. of Administration	\$19 million	Capital Outlay Stabilization Fund
Dept. of Transportation	\$11 million	State Highway Fund
Dept. of Transportation	\$220,900	State Aviation Fund
Exposition and State Fair	\$1.9 million	Exposition and State Fair Fund
State Parks and Trails	\$1.5 million	State Parks Revenue Fund
Dept. of Game and Fish	\$900,000	Game and Fish Fund
Pioneers' Home	\$200,000	Pioneers' Home Miners' Hospital Fund
Lottery Commission	\$100,000	Lottery Fund

With the exception of the Department of Administration (35%), the agencies listed above will receive 50% of the Building Renewal formula calculation.

Lastly, the Executive Budget includes a one-time funding increase of \$8.6 million – \$5.9 million from the DOC Building Renewal and Preventative Maintenance Fund and \$2.7 million from the General Fund – for capital projects at the Department of Corrections that are necessary to bring inmate health care services into constitutional compliance with the *Jensen v. Thornell* Federal Court Permanent Injunction.

### Arizona Department of Transportation

#### PRIOR-YEAR INITIATIVES

The Executive Budget prioritizes the preservation of funding for the following:

- I-10 expansion between Phoenix and Casa Grande;
- I-17 expansion between Anthem and Sunset Point;
- statewide pavement rehabilitation and preservation;

- State Match Advantage for Rural Transportation (SMART) Fund; and
- passenger rail between Phoenix and Tucson.

#### DELIVERING CONSTRUCTION PROJECTS

The FY 2025 Executive Budget includes the following increases from the State Highway Fund to prioritize the delivery of construction projects:

- \$9.1 million to replace critical fueling infrastructure;
- \$3.3 million to mitigate increased fuel costs, which supports ADOT’s fleet in completing construction projects and ensuring State highway system safety and accessibility;
- \$1.9 million for Phase 2 of replacing the more than 30-year-old construction management IT system; and
- \$1.5 million for 15 additional positions essential to maximizing the additional funding provided in the federal Investment in Infrastructure and Jobs Act (IIJA).

#### MAINTAINING THE STATE HIGHWAY SYSTEM

The FY 2025 Executive Budget provides \$2.5 million from the State Highway Fund to ensure full funding of baseline maintenance that includes:

- 84 planned new lane miles;
- Interstate 17 expansion grand opening; and
- South Mountain Loop 202.

#### SAFE AND SECURE MOTOR VEHICLE DIVISION (MVD) OFFICES

The FY 2025 Executive Budget includes \$724,900 from the State Highway Fund for the third phase of replacing and upgrading security systems at nine MVD offices.

Completion of this phase will increase to 30 the number of MVD offices (out of a total of 42) that provide a safer environment for customers and employees.

#### PASSENGER RAIL

The FY 2025 Executive Budget includes \$200,000 one-time from the Air Quality Fund for administrative costs related to the Federal Railroad Administration (FRA) Corridor Identification and Development (CID) program.

On December 8, 2023, ADOT was awarded a CID planning grant for passenger rail service between Phoenix and Tucson, including re-establishing service in Phoenix, which was terminated in 1996.

The rapidly growing transportation demand between the two metropolitan areas calls for a sustainable, dependable, and efficient alternative that rail service will provide to complement the one major highway linking them.

# Affordable and Thriving Economy

## Ensuring Arizona's Economy Works for Everyone and Lowering Costs for Arizona Families

"We are bound by our responsibility to ensure every person who calls Arizona home has the opportunity to succeed and that Arizona families aren't just struggling to get by but are thriving in our state."

Gov. Katie Hobbs

### Housing Affordability

#### ARIZONA IS HOME - MORTGAGE ASSISTANCE PROGRAM

The Executive Budget includes an increase in one-time funding of \$3 million from the General Fund for the newly created Arizona is Home - Mortgage Assistance Program. Additional funding of \$10 million, for a total of \$13 million, will come from the Housing Trust Fund.

This statewide program, a collaboration between the Department of Housing and the Arizona Industrial Development Authority, will expand homeownership opportunities for qualifying moderate middle-income and rural homebuyers through enhanced down payment assistance and mortgage interest rate relief.

#### LEVERAGING OF FEDERAL DOLLARS FOR HOUSING PILOT PROGRAM

The Executive Budget utilizes existing fund sources at the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Housing to draw down hundreds of millions of additional federal dollars for a new housing program, the Housing and Health Opportunities (H2O) demonstration project.

For an annual State investment of \$5.5 million, H2O allows AHCCCS to draw down \$104.3 million per year in federal monies for a variety of housing services for AHCCCS members who are homeless or at risk of becoming homeless. The pilot program runs through FY 2027.

The Executive has directed AHCCCS and the Department of Housing to work together to use the Housing Trust Fund and the Seriously Mentally Ill (SMI) Housing Trust Fund to cover the state match cost in FY 2024 and FY 2025. As a result, no additional state dollars for H2O are needed.

#### LOW INCOME HOUSING TAX CREDIT EXTENSION

The Executive Budget continues to encourage the development of affordable housing by extending the Low Income Housing Tax Credit (LIHTC) program repeal date from December 31, 2025, to December 31, 2033, and allocating \$8 million in State tax credits each year.

The LIHTC program allows residential rental property developers to apply for and, if approved, claim tax credits against their insurance premium or income tax liability in equal amounts over a 10-year period to help offset the cost of developing affordable housing for low-income residents.

The projected fiscal impact to the State is an \$8 million reduction in General Fund revenue that accumulates each year from FY 2026 through FY 2033. The Executive Budget contemplates a revenue reduction of \$8 million in FY 2026 and \$16 million in FY 2027, with the projected revenue reduction peaking at \$64 million in FY 2033.

### Child Care Affordability

#### CHILD CARE NETWORK SUPPORT

The Executive Budget includes an increase of \$100 million one-time from the General Fund and \$91 million ongoing in additional federal funding from the Child Care Development Fund to support the Department of Economic Security's (DES) Child Care Assistance program.

Arizona families are struggling with access to and the affordability of child care. In order for more Arizonans to be able to work, they need reliable, high-quality child care.

The economic impact of disruptions in child care is significant to Arizona businesses, their employees and the economy. Without reliable access to child care, caregivers may miss work, skip opportunities for promotion, or leave the workforce altogether. Child care helps employers prosper from having employees on whose time and attendance they can depend, which leads to stronger earnings, greater tax revenues, and employment gains. An investment in child care is an investment in Arizona's families, workforce, and economy.

DES child care assistance helps families pay for care in provider or home settings. Assistance is available for parents with income at or below 165% of the Federal Poverty Level (FPL) as well as qualifying grandparents and guardians with children from birth through age 12.

This investment in child care will:

- allow new qualifying families to access child care assistance without being placed on an indefinite waitlist;
- expand access to high-quality settings by continuing to offer special incentives to child care providers, including a 50% high-quality enhancement rate; and
- lower barriers to enrollment for families by continuing to waive costly or prohibitive registration fees.

Child care provides flexibility for families and a strong start for children. Children benefit from positive social and learning

experiences that prepare them for kindergarten and to be successful in the early grades and later on in life.

An average of 31,700 children per month are expected to be served in FY 2025. Providing additional support to the Child Care Assistance program will help ensure that Arizona families have access to affordable, high-quality child care.

#### **PARENTS AS PAID CAREGIVERS PROGRAM EXTENSION**

The Executive Budget includes ongoing funding to make permanent the Parents as Paid Caregiver program. The program was initially funded through federal COVID relief dollars.

This program supports children who have physical and/or developmental disabilities, and who participate in Arizona Long Term Care System (ALTCs) programs, by paying their guardians for certain caregiving services. This allows children to receive the care they need at home, from a trusted adult, rather than from a stranger or in an institutional setting.

To cover the ongoing costs of the program, the Executive Budget includes General Fund increases of \$4.2 million for DES and \$133,100 for AHCCCS.

### Helping Arizonans Save Money

#### **PRESCRIPTION DRUG AFFORDABILITY DIVISION**

The Executive Budget includes a one-time increase of \$545,200 in FY 2025 to establish the Prescription Drug Affordability Division at the Department of Insurance and Financial Institutions. The additional funding will help cover start-up and personnel costs to hire staff needed to fulfill the Division's responsibilities, which include:

- promoting prescription drug and overall healthcare savings for Arizonans;
- approving drug price increases;
- setting co-pay caps on frequently prescribed medications; and
- monitoring Pharmacy Benefit Managers' compliance with applicable State laws and regulations.

#### **VOLUNTARY VEHICLE REPAIR AND RETROFIT PROGRAM SUPPORT**

The Executive Budget includes an increase in one-time funding from the Air Quality Fee Fund to support the Voluntary Vehicle Repair and Retrofit Program (VVRP).

The VVRP pays up to \$900 toward the cost of emissions-related vehicle repairs after a failed emissions test. Participants must meet program requirements and pay a \$100 co-pay toward repairs.

Legislative changes to the program that went into effect on September 29, 2021, expanded vehicle eligibility. Key changes to VVRP included:

- expanding eligibility to all vehicles required to take an emissions inspection test, regardless of vehicle age;
- lowering the customer co-pay to \$100 (from \$150); and

- Increasing State-funded repair costs increased to \$900 (from \$550).

The program saw a 60% increase in participation from FY 2021 to FY 2022, and the revenue for the VVRP Fund is insufficient to support the increased demand.

#### **HEALTHY SCHOOL MEALS: REMOVING THE REDUCED-PRICE MEAL CO-PAY**

The Executive Budget includes an increase in ongoing funding of \$4.5 million to the Arizona Department of Education to offer free school meals to students who are eligible for reduced-price meals by covering the co-pays that otherwise would be charged to low-income families.

Eliminating this co-pay barrier will benefit low-income families by providing approximately 1.5 million additional healthy meals for some of Arizona's most vulnerable students. This investment targets low-income families in Arizona who do not qualify for free meals but whose incomes are between 131%-185% of the Federal Poverty Level.

### Building a Workforce Pipeline

#### **AZ HEALTHY TOMORROW**

The Executive Budget allocates \$46 million in one-time funding to Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UofA) for the AZ Healthy Tomorrow initiative.

The initiative seeks to rapidly expand Arizona's healthcare workforce and bolster leadership in bioscience, life science, and research.

Among AZ Healthy Tomorrow's major initiatives are:

- establishing a medical school at ASU, focused on engineering and technology;
- establishing a community-focused school of medicine at NAU;
- expanding the UofA medical schools in Tucson and Phoenix; and
- expanding nursing programs and behavioral health and allied health programs, along with several other major initiatives.

Through AZ Healthy Tomorrow, ASU, NAU, and UofA aim to ensure that Arizonans have access to quality, affordable healthcare across the state.

Additionally, the Executive Budget includes one-time bonding authority in FY 2025, up to \$1.125 billion, increased from the current amount of \$800 million, from the University Capital Improvement Lease-to-own and Bond Fund. This provides the Universities with an additional \$325 million in bonding authority.

The Executive Budget includes \$14 million starting in FY 2026 from the State Lottery Revenue Bond Debt Fund monies for the State's portion of 80% of the annual payments on a \$325 million 30-year debt service. The actual annual payment amount is subject to interest rates at the time of bonding.

### **ARIZONA NURSE EDUCATION INVESTMENT PILOT PROGRAM**

The Executive Budget includes a \$15 million increase in one-time funding for the Arizona Nurse Education Investment Pilot Program.

The program distributes monies to universities and community college districts to cover expenses necessary to increase the number of faculty members teaching in nursing degree and certificate programs.

This funding is consistent with the three-year budget agreement that initiated the program in FY 2023.

### **PRECEPTOR GRANT PROGRAM FOR GRADUATE STUDENTS**

The Executive Budget includes a \$500,000 increase in one-time funding for the Preceptor Grant Program for Graduate Students.

This funding is consistent with the three-year budget agreement that initiated the program in FY 2023.

The program awards grants to medical professionals who serve as a preceptor for graduate students pursuing degrees as allopathic physicians, osteopathic physicians, advanced practice registered nurses, physician assistants, or dentists.

### **ARIZONA TEACHERS ACADEMY**

The Executive Budget includes a \$15 million one-time investment in the Arizona Teacher's Academy at the Board of Regents.

This program provides scholarship funding and support to future Arizona educators in return for their commitment to teach in an Arizona public school. The investment in the Teacher's Academy will maintain its total operating budget to \$30 million in FY 2025 and allow Arizona schools to connect with graduates to fill needed positions.

The Academy serves students at ASU, NAU, UofA, Scottsdale Community College, Rio Salado College, Pima Community College, and Central Arizona College.

### **ARIZONA PROMISE PROGRAM**

The Executive Budget includes a \$20 million one-time investment in addition to \$20 million in ongoing funding for the Arizona Promise program, which provides scholarships to low-income students who meet the program requirements for use at ASU, NAU, or UofA.

This investment maintains the same level of funding as the current year to ensure no students lose a scholarship.

## **Promoting Economic Vitality through Infrastructure**

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The Executive Budget provides transportation funding to support the following purposes and projects:

- maximizing Arizona's allocation of federal Investment in Infrastructure and Jobs Act (IIJA) monies;
- continuation of I-10 expansion between Phoenix and Casa Grande;

- continuation of I-17 expansion between Anthem and Sunset Point;
- ongoing pavement rehabilitation and preservation projects;
- making available State Match Advantage for Rural Transportation (SMART) funds for rural communities to draw down grant dollars; and
- administration of a planning grant for passenger rail service between Phoenix and Tucson.



# Good Government

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## Protecting Taxpayer Dollars and Providing Critical Services

“It is our responsibility as stewards of this state to put in place the proper guardrails to ensure taxpayer dollars are used appropriately. It’s in the absence of these guardrails where fraud, waste, and abuse take root and thrive.”

Gov. Katie Hobbs

### Arizona Health Care Cost Containment System

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#### COMBATING FRAUD, WASTE, AND ABUSE

The FY 2025 Executive Budget includes authority for 202.0 full-time equivalent (FTE) positions to address fraud, waste, and abuse in fee-for-service programs at the Arizona Health Care Cost Containment System (AHCCCS).

Efforts already begun by AHCCCS to address fraud, waste, and abuse have produced savings to offset the cost of the positions.

### Department of Insurance and Financial Institutions

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#### FRAUD UNIT FUNDING INCREASE

The FY 2025 Executive Budget includes an increase in ongoing funding from the General Fund to utilize greater insurance fraud enforcement collections.

The Department of Insurance and Financial Institutions (DIFI) is statutorily required to assess certain Arizona insurers at the rate of \$1,050 per year for the DIFI Fraud Unit. The Department anticipates collections of \$2 million – \$181,900 more than the FY 2024 appropriation for the Insurance Fraud Unit special line item (SLI). The Executive Budget increases the appropriation to this SLI to account for increased collections.

#### FINANCIAL SERVICES FUND INCREASE

Also included in the FY 2025 Executive Budget is an ongoing increase in appropriation authority under the Financial Services Fund to add 1.0 FTE bank examiner position and to cover costs of three current bank examiner positions.

The Department is responsible for ensuring the safety and soundness of Arizona’s financial services industry; promoting compliance with State and applicable federal laws; investigating complaints filed by consumers against licensed entities; and taking appropriate remedial action if the complaints are substantiated.

To meet national bank examiner standards, DIFI needs funding for 4.0 FTE positions.

#### MAINTAINING ARIZONA’S APPRAISER PROGRAM

An increase in ongoing funding from the Financial Services Fund will backfill costs of one regulatory/compliance administrator position. Costs for the position were previously funded through a federal grant that expired September 30, 2023.

### Department of Revenue

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#### CRITICAL IT INFRASTRUCTURE REPLACEMENT

The FY 2025 Executive Budget includes \$1.2 million in one-time funding from the Department of Revenue’s Liability Setoff Fund for the replacement of critical IT components that reach end of life in FY 2025.

Replacement of these components is necessary to remain in compliance with cybersecurity protocols and requirements mandated by the Internal Revenue Service for the purposes of handling and storing taxpayer sensitive data.

### Secretary of State

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#### PRIMARY AND GENERAL ELECTION FUNDING

The FY 2025 Executive Budget provides \$6 million in funding to enable the Secretary of State to fulfill statutory responsibilities associated with conducting primary and general elections in 2024.

Duties associated with conducting elections include reimbursing counties for costs of producing and mailing sample ballots to households with registered voters; reimbursing counties for costs of certifying petition and referendum signatures; for any initiative or referendum, printing and mailing publicity pamphlets to households with registered voters; and reviewing and processing initiative and referendum signatures.

The Executive Budget also includes \$1 million for voter education initiatives.

### Lottery Commission

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#### ADVERTISING INCREASES

The Executive Budget includes \$2 million in ongoing funding to increase Lottery Advertising from \$15.5 million to \$17.5 million beginning in FY 2025.

The Advertising SLI has remained fixed at \$15.5 million since FY 2011. Since then, that level of funding as a share of revenues has declined sharply, from 4.2% of total sales volume to below 1% in FY 2024.

Economic analysis suggests that the Lottery could increase revenues by six dollars for each additional dollar spent on advertising activities, generating higher revenues for the State.

# Fiscal Response to the COVID-19 Pandemic and Other Federal Funds

## Coronavirus State and Local Fiscal Recovery Fund

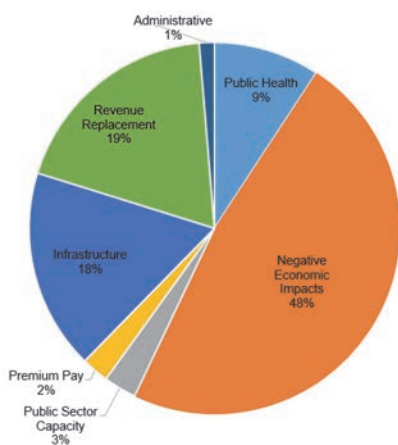
As part of the federal government’s response to COVID-19, the Governor’s Office received \$4.18 billion through the Coronavirus State and Local Fiscal Recovery Fund (SLFRF), created pursuant to the American Rescue Plan Act (ARPA).

The U.S. Department of the Treasury provided seven allowable expenditure categories. The Governor’s Office has allocated funds in compliance with those seven categories:

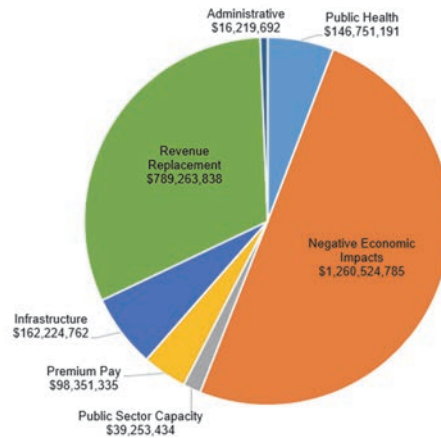
1. Public Health: continue COVID-19 mitigation efforts.
2. Negative Economic Impacts: address pandemic-caused economic harms inflicted on individuals, families, small businesses, not-for-profits, and impacted industries.
3. Public Sector Capacity: address the economic harms that the public health emergency inflicted on the public sector.
4. Premium Pay: provide additional support for essential frontline workers.
5. Infrastructure: make water, sewer, and broadband investments.
6. Revenue Replacement: address the pandemic-induced revenue reduction experienced by State and local governments.
7. Administrative: support administrative expenses and transfers to other units of government.

As of September 30, 2023, of the \$4.18 billion received, \$2.5 billion had been expended.

**Figure 15**  
**Funding Allocated by Expenditure Category as of 9/30/2023**



**Figure 16**  
**Actual Expenditures as of 9/30/2023**



## Governor’s Emergency Education Relief Fund

The Governor’s Office received \$100.1 million from the U.S. Department of Education to help mitigate the negative impacts of the pandemic for schools and students.

Governor’s Emergency Education Relief (GEER) Fund monies may be awarded to institutions of higher education, state agencies, schools, and other education-related organizations.

To date, the following GEER 1 and GEER 2 awards have been made:

### GEER I AWARDS

- State agencies supporting education and schools: \$38.6 million
- Other education-related organizations: \$26.8 million
- Institutions of higher education: \$7.5 million

### GEER II AWARDS

- State agencies supporting education and schools: \$23.6 million
- Other education-related organizations: \$7.6 million
- Institutions of higher education: \$5.1 million

## Coronavirus Capital Projects Fund

The Governor’s Office received \$190.2 million through the ARPA Capital Projects Fund.

Proceeds from the Fund have been invested in the Arizona Broadband Development Grant (ABDG) program. ABDG is a competitive grant program, administered by the State Broadband Office within the Arizona Commerce Authority (ACA)

and designed to help Arizona communities establish and accelerate the enhancement of broadband infrastructure.

To date, ABDG funding has been allocated as follows:

- \$75 million toward projects in rural areas; and
- \$25 million toward projects in urban areas.

## Federal IIJA and State Energy Program

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The Governor's Office of Resiliency has been awarded nearly \$30 million through the Infrastructure Investment and Jobs Act (IIJA) and the U.S. Department of Energy.

The awarded funds have been allocated to support:

- home energy efficiency and electrification rebates;
- grid resilience;
- energy workforce development analysis; and
- climate pollution reduction planning.

# Executive Budget In-A-Flash



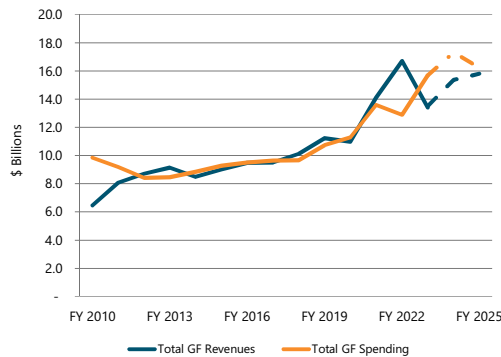
## GENERAL FUND CASH FLOW

	Prior Enacted Budget FY 2023	Executive Budget FY 2024	Executive Budget FY 2025	Executive Budget FY 2026	Executive Budget FY 2027	YOY % growth
Beginning Balance	\$ 4,709,446,000	\$ 2,527,233,010	\$ 580,349,922	\$ 133,615,072	\$ 240,359,765	
Adj. Base Revenues	\$ 15,703,961,010	\$ 15,103,340,265	\$ 15,780,275,749	\$ 16,405,856,572	\$ 17,169,100,840	
Revenue Changes	-	-	-	175,094	-	
One-time Revenues	\$ (2,212,027,500)	253,956,500	17,850,900	182,540,506	204,303,800	
<b>Total Sources of Funds</b>	<b>\$ 18,201,379,510</b>	<b>\$ 17,884,529,775</b>	<b>\$ 16,378,476,571</b>	<b>\$ 16,722,187,243</b>	<b>\$ 17,613,764,405</b>	
Enacted Spending	\$ 15,674,146,500	\$ 17,818,869,000	\$ 17,818,869,000	\$ 16,244,861,500	\$ 16,481,827,478	
Baseline Changes	-	0	(2,077,466,404)	109,765,978	474,899,000	
Net New Initiatives	-	(514,689,147)	503,458,904	127,200,000	33,200,000	
<b>Total Uses of Funds</b>	<b>\$ 15,674,146,500</b>	<b>\$ 17,304,179,853</b>	<b>\$ 16,244,861,500</b>	<b>\$ 16,481,827,478</b>	<b>\$ 16,989,926,478</b>	
BSF Deposit	-	0	0	0	0	
<b>Ending Balance</b>	<b>\$ 2,527,233,010</b>	<b>\$ 580,349,922</b>	<b>\$ 133,615,072</b>	<b>\$ 240,359,765</b>	<b>\$ 623,837,927</b>	3.1%

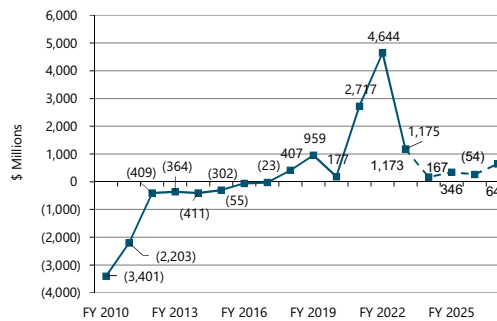
## GENERAL FUND STRUCTURAL BALANCE

	Prelim Actual FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	YOY % growth
Ongoing Revenues	\$ 15,703,961,010	\$ 15,103,340,265 -3.8%	\$ 15,779,775,749 -4.5%	\$ 16,573,750,672 5.0%	\$ 17,363,404,640 4.8%	
Ongoing Spending	14,531,392,000	14,936,474,100 2.8%	15,433,971,678 3.3%	16,308,088,378 5.7%	16,719,152,678 2.5%	
<b>Structural Balance</b>	<b>\$ 1,172,569,010</b>	<b>\$ 166,866,165</b>	<b>\$ 345,804,071</b>	<b>\$ 265,662,294</b>	<b>\$ 644,251,962</b>	

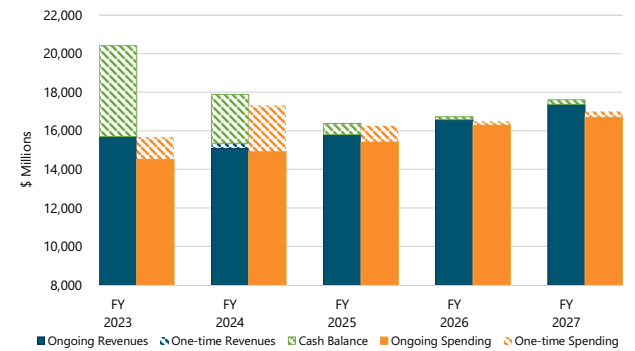
## HISTORICAL REVENUES TO SPENDING



## GENERAL FUND STRUCTURAL BALANCE



## COMPARISON OF REVENUES TO SPENDING





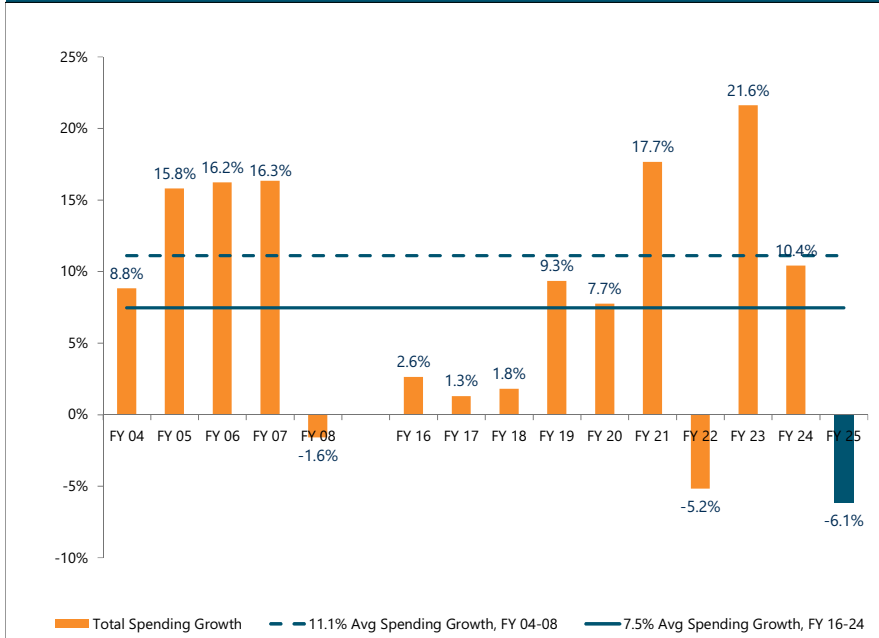
**GENERAL FUND SPENDING**

New FY 2024 Spending: \$ (514,689,147)  
 New FY 2025 Spending: \$ (1,574,007,500)

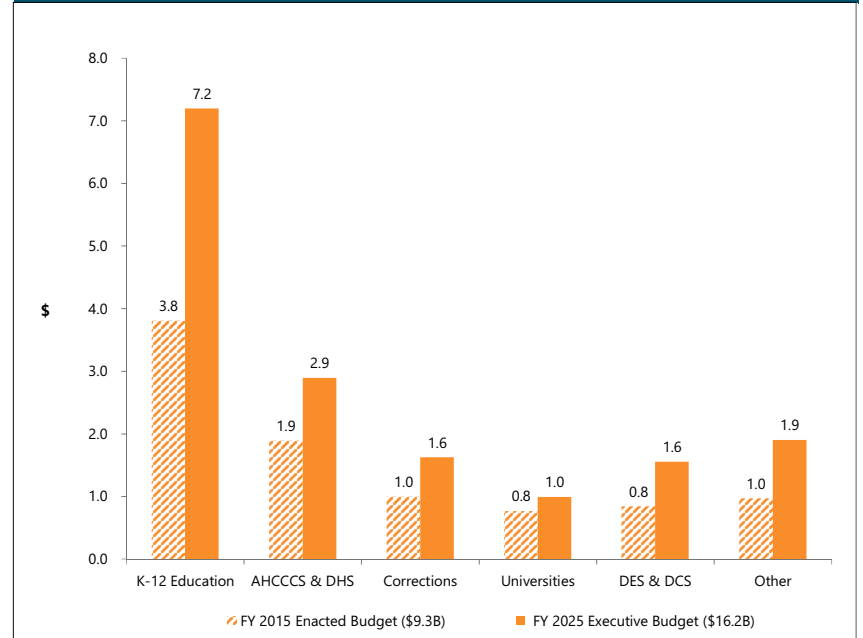
	Prior Enacted Budget	Executive Budget	Baseline Adjustments <sup>2</sup>	New Initiatives <sup>3</sup>	Executive Budget	YOY
	FY 2023	FY 2024	FY 2025	FY 2025	FY 2025	% growth
Education	7,104,519	7,640,848	(327,308)	(239,766)	7,194,006	-5.8%
AHCCCS	2,296,040	2,515,402	200,554	36,029	2,751,984	9.4%
Corrections	1,438,133	1,546,842	(108,536)	248,431	1,623,419	5.0%
Economic Security	1,079,053	1,210,586	141,728	120,216	1,473,360	21.7%
Child Safety	472,867	534,044	(36,756)	78,921	540,160	1.1%
ASU - Tempe	465,045	411,202	(27,848)	42,849	426,203	3.6%
Health Services	200,434	161,361	(31,984)	4,654	139,031	-13.8%
ASU - Tempe	465,045	411,202	(27,848)	42,849	426,203	3.6%
U of A	299,423	302,897	(33,777)	24,391	293,511	-3.1%
NAU	164,152	138,926	(11,419)	18,760	146,267	5.3%
Other <sup>1</sup>	1,689,437	2,430,871	(1,814,272)	126,123	1,230,718	-49.4%
<b>Total</b>	<b>\$ 15,674,146.50</b>	<b>\$ 17,304,180</b>	<b>\$ (2,077,466)</b>	<b>\$ 503,459</b>	<b>\$ 16,244,861</b>	<b>-6.1%</b>

<sup>1</sup> Other spending includes one-time spending offsets or other savings that do not reduce Budgeted levels.

**GENERAL FUND SPENDING GROWTH RATES, FY 2004 to FY 2008 vs. FY 2016 to FY 2025**



**GENERAL FUND SPENDING DISTRIBUTION, FY 2015 to FY 2025 (billions)**





**GENERAL FUND SPENDING BREAKDOWN**

**KEY HIGHLIGHTS**

Nowhere is it more apparent that our state is ascending than in the unprecedented strength of Arizona's job market and the record investment in our economy. Under Governor Hobbs' leadership Arizona's economy has outperformed the US and many other states, growing at a faster pace than the nation as a whole, attracting both people and businesses, and employing more Arizonans than at any point in our state's history.

The Governor's budget prioritizes the financial health of the state, solving projected revenue shortfalls without dipping into the Rainy Day Fund, while also making critical investments in ensuring the success of Arizonans. Governor Hobbs' FY 2025 budget includes investments in housing affordability, programs that bring greater accountability to government spending, child care affordability, securing our border, initiatives that help Arizonans save money, and more, all while spending less.

**K-12 AND HIGHER EDUCATION**

**DEPARTMENT OF EDUCATION**

**(\$327.3M) FY 2025 Baseline**

\$166.2M	Inflation Adjustment
\$66M	Student Weight Adjustments (Advanced Appropriations)
\$30.5M	Pre-Universal ESA Growth
\$17.1M	Additional State Aid
(\$6.9M)	Additional State Aid - Prior Year Base Adjustment
(\$15.5M)	Increased Permanent Fund Distributions
(\$45.1M)	Property Taxes from New Construction
(\$182.7M)	Enrollment Growth
(\$356.9M)	Remove One-Time FY 2024 Appropriations

**(\$239.8M) FY 2025 Initiatives**

\$4.5M	Healthy School Meals - Removing the Reduced-Price Meal
(\$244.3M)	ESA Reform

**SCHOOL FACILITIES BOARD (NOW WITHIN ADOA)**

**\$331.3M FY 2025 Baseline**

\$183.3M	School Facilities Building Renewal Grants
\$70.1M	New School Construction - Approvals
\$77.9M	New School Construction - In Progress

**UNIVERSITIES**

**(\$120.5M) FY 2025 Baseline**

\$0.6M	2017 Capital Infrastructure Financing
(\$0.4M)	2003 Research Infrastructure Refinancing
(\$120.7M)	Remove One-Time FY 2024 Appropriation(s)

**\$81M FY 2025 Initiatives**

\$40M	Arizona Promise Program
\$46M	AZ Healthy Tomorrow
\$15M	Arizona Teachers Academy
(\$20M)	Adjust Allocation for AZ Promise Program

**COMMUNITY COLLEGES**

**(\$38.4M) FY 2025 Baseline**

\$3M	Equalization Aid
\$0.1M	STEM and Workforce Aid
(\$0.3M)	Operating State Aid
(\$41.2M)	Remove One-Time FY 2024 Appropriation(s)

**\$0M FY 2025 Initiatives**

**HEALTH AND WELFARE**

**ECONOMIC SECURITY**

**\$141.7M FY 2025 Baseline**

\$165.5M	Division of Developmental Disabilities Caseload and Capitation Gr
\$4.4M	Arizona Early Intervention Program
\$1.2M	Group Home Monitoring Program
(\$29.4M)	Remove One-Time FY 2024 Appropriation(s)

**\$120.2M FY 2025 Initiatives**

\$100M	Child Care Network Support
\$9.1M	Adult Protective Services Victims of Crime Act Backfill
\$6.4M	Adult Protective Services Caseload Growth
\$4.2M	Parents as Paid Caregivers Program Extension
\$0.5M	Healthcare Licensing Reform

**AHCCCS**

**\$200.6M FY 2025 Baseline**

\$152.3M	Traditional Caseload and Capitation Adjustments
\$27M	Arizona Long Term Care System (ALTCS) Caseload and Capitation
\$26.7M	Proposition 204 Caseload and Capitation Adjustments
\$5.6M	KidsCare Caseload and Capitation Adjustments
\$0.8M	DCS Comprehensive Health Plan (CHP) Caseload and Capitation A
\$0.7M	Affordable Care Act (ACA) Newly Eligible Adults Caseload and Cap
(\$12.6M)	Remove One-Time FY 2024 Appropriations

**\$36M FY 2025 Initiatives**

\$20M	Healthcare Licensing Reform
\$10.5M	Crisis Behavioral Health Services Network Funding
\$3.4M	Medicaid Enterprise System (MES) Modernization
\$2M	Stopping Arizona Fentanyl Epidemic (SAFE)
\$0.1M	Parents as Paid Caregivers Program Extension

**DEPARTMENT OF CHILD SAFETY**

**(\$36.8M) FY 2025 Baseline**

\$4.9M	Federal Match Assistance Percentage Adjustment
(\$41.7M)	Remove One-Time FY 2024 Appropriation(s)

**\$78.9M FY 2025 Initiatives**

\$38.2M	Decreased Vacancy Savings and Increased Operating Costs
\$13.7M	Kinship Support Services
\$10.1M	Children and Family Supports Contract
\$9.7M	Federal Reimbursement Reductions in Congregate Care
\$6.3M	Supervised Visitation Rate Increase
\$5.9M	Federal Benefits Backfill
\$0.3M	Community-Based Child Abuse Prevention
\$0.2M	Permanent Guardianship Caseload Increase
(\$5.5M)	FY 2025 General Fund Revision

**PUBLIC SAFETY**

**DEPARTMENT OF PUBLIC SAFETY**

**(\$66M) FY 2025 Baseline**

\$7M	Major Incident Division FTE Positions
\$2.2M	Fuel Budget Increase
(\$75.3M)	Remove One-Time FY 2024 Appropriation(s)

**\$15.3M FY 2025 Initiatives**

\$9.3M	Victim Services - Victims of Crime Act Backfill
\$6M	Stopping Arizona Fentanyl Epidemic (SAFE)

**CORRECTIONS**

**(\$108.5M) FY 2025 Baseline**

\$4.4M	Risk Management Statewide Adjustment Correction
(\$112.9M)	Remove One-Time FY 2024 Appropriation(s)

**\$248.4M FY 2025 Initiatives**

\$192.8M	Inmate Health Care Federal Court Injunction
\$54.3M	Private Prison Rate Increases
\$10.5M	Funding for Inmate Food Services
\$0.5M	Perryville Wastewater Cost Increase
(\$9.7M)	Savings at Marana Correctional Facility

**OTHER CHANGES**

**(\$2053.5M) FY 2025 Net Baseline**

\$15M	Arizona Nurse Education Investment Pilot Program
\$11.8M	DOR - Integrated Tax System Modernization Project
\$1.1M	Judges Compensation Increase
\$0.5M	Preceptor Grant Program for Graduate Students
\$0.5M	Hazard Mitigation Assistance Continuation
(\$-2082.4M)	All Other, Net Baseline

**\$163.3M FY 2025 Net Initiatives**

\$101.3M	HITF Employer Premium Increase
\$9.5M	Water Quality Fee Fund Deposit
\$9.3M	Victim Services - Victims of Crime Act Backfill
\$6M	Primary and General Election Funding
\$4.1M	Healthcare Licensing Reform
\$3M	Arizona is Home - Mortgage Assistance Program
\$2.7M	Corrections - Building Renewal
\$2.3M	Victim Services - Victims of Crime Act Funding Backfill
\$2.1M	Probation CMS Replacement: Ongoing Software-as-a-Service Costs
\$23.1M	All Other Initiatives

**OVERALL SPENDING**

**(\$2077.5M) FY 2025 Net Baseline**

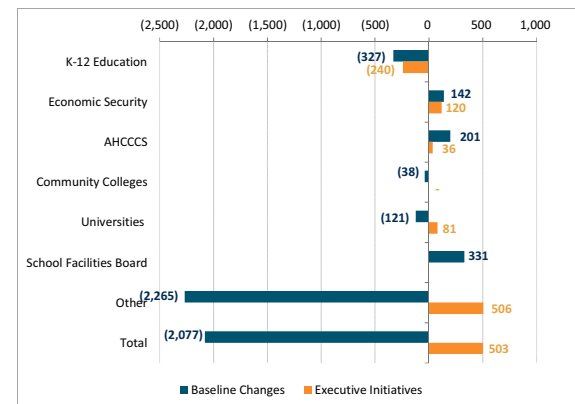
\$342.7M	Baseline Increases
(\$2420.2M)	Baseline Decreases

**\$503.5M FY 2025 Net Initiatives**

\$758.2M	Initiative Increases
(\$254.7M)	Initiative Decreases

**\$-1574M Total New Spending**

**NEW GENERAL FUND SPENDING PROFILE FY 2025**



# General Fund Sources and Uses

\$ in thousands	FY 23	FY 24	FY 24	FY 24	FY 25	FY 25	FY 26	FY 26	FY 27	FY 27
	Prelim Actual	Enacted Base	Net Changes	Executive Budget	Net Changes	Executive Budget	Net Changes	Executive Budget	Net Changes	Executive Budget
<b>SOURCES OF FUNDS</b>										
Beginning Balance	4,709,446	2,527,233		2,527,233		580,350		133,615		240,360
Ongoing Revenues										
Base Revenues	16,810,920	17,123,273		16,668,167		17,048,531		17,614,165		18,425,610
<i>Urban Revenue Sharing</i>	<i>(1,106,959)</i>	<i>(1,564,826)</i>		<i>(1,564,826)</i>		<i>(1,268,256)</i>		<i>(1,208,308)</i>		<i>(1,256,509)</i>
Adjusted Base Revenues	15,703,961	15,558,446		15,103,340		15,780,276		16,405,857		17,169,101
Transfers & Newly Enacted Changes	(2,212,028)	(259,979)		253,957		17,851		182,716		204,304
Water Infrastructure Repayment	0	0		0		0		0		0
TPT Diversions	(2,287,490)	0		0		0		0		0
Income Tax Rebate	0	(259,800)		(275,000)		0		0		0
Adoption Expenses Subtraction	0	(179)		(179)		(179)		(179)		0
University SPEED Bond Increase	0	0		0		0		(6,500)		(16,600)
STO Repeal	0	0		0		0		185,094		229,604
LIHTC Extension	0	0		0		0		(8,000)		(16,000)
Lottery Advertising Adjustment	0	0		0		0		(2,000)		(2,000)
DIFI Banking Department Revolving Fund Cap Increase	0	0		0		(500)		(500)		(500)
Agriculture Inspection Fee Diversion	0	0		0		(200)		(200)		(200)
Newly Enacted Tax Reductions	0	0		0		0		0		0
Other One-Time Revenue Changes	0	0		0		0		0		0
New Fund Transfers	0	0		529,135		18,729		15,000		10,000
Prior Fund Transfers	75,462	0		0		0		0		0
Subtotal Revenues	13,491,934	15,298,468		15,357,297		15,798,127		16,588,572		17,373,405
<b>TOTAL SOURCES OF FUNDS</b>	<b>18,201,380</b>	<b>17,825,701</b>		<b>17,884,530</b>		<b>16,378,477</b>		<b>16,722,187</b>		<b>17,613,764</b>
<b>USES OF FUNDS</b>										
Operating Budget Appropriations	15,941,124	17,797,425	(348,081)	17,449,344	(1,229,618)	16,219,727	337,383	16,557,109	508,099	17,065,208
Other Expenses/(Revenues)	(266,978)	21,444	(166,608)	(145,164)	170,299	25,135	(100,417)	(75,282)	0	(75,282)
Arts Commission	5,000	5,000	0	5,000	(5,000)	0	0	0	0	0
Homeland Security Funding	12,000	25,000	0	25,000	(14,932)	10,068	932	11,000	0	11,000
Ombudsman-Citizens Aide Office	1,516	1,561	0	1,561	0	1,561	0	1,561	0	1,561
Arizona State Parks Board	6,500	11,700	0	11,700	(11,700)	0	0	0	0	0
State Board of Nursing	0	450	0	450	(450)	0	0	0	0	0
Arizona Power Authority	0	1,000	0	1,000	(1,000)	0	0	0	0	0
Phoenix Convention Center Payment	24,999	25,499	0	25,499	0	25,499	0	25,499	0	25,499
Rio Nuevo District	16,000	16,000	0	16,000	0	16,000	0	16,000	0	16,000
Unallocated FY 2023 HRIS Fee Adjustments	2	0	0	0	0	0	0	0	0	0
Unallocated FY 2023 Salary Adjustments	154	0	0	0	0	0	0	0	0	0
Unallocated FY 2023 Rent Adjustment	(1)	0	0	0	0	0	0	0	0	0
Unallocated FY 2024 Health Insurance Adjustments	0	234	0	234	(234)	0	0	0	0	0
Unallocated FY 2024 Retirement Adjustments	0	0	0	0	0	0	0	0	0	0
Medicaid Federal Match Reversion	(482,000)	0	0	0	0	0	0	0	0	0
Prior Year Appropriation Revisions	0	0	(166,608)	(166,608)	166,608	0	0	0	0	0
HITF Employer Premium Increase	0	0	0	0	28,583	28,583	(101,349)	(72,766)	0	(72,766)
FY 2025 Statewide Adjustments - Fleet	0	0	0	0	(4,896)	(4,896)	0	(4,896)	0	(4,896)
FY 2025 Statewide Adjustments - AFIS	0	0	0	0	(677)	(677)	0	(677)	0	(677)
FY 2025 Statewide Adjustments - HRIS	0	0	0	0	(8,009)	(8,009)	0	(8,009)	0	(8,009)
FY 2025 Statewide Adjustments - Rent	0	0	0	0	438	438	0	438	0	438
FY 2025 Statewide Adjustments - Retirement	0	0	0	0	9,069	9,069	0	9,069	0	9,069
Administrative Adjustments	225,000	150,000	0	150,000	20,000	170,000	0	170,000	0	170,000
Revertments	(76,148)	(215,000)	0	(215,000)	(7,500)	(222,500)	0	(222,500)	0	(222,500)
<b>TOTAL USES OF FUNDS</b>	<b>15,674,147</b>	<b>17,818,869</b>	<b>(514,689)</b>	<b>17,304,180</b>	<b>(1,059,318)</b>	<b>16,244,861</b>	<b>236,966</b>	<b>16,481,827</b>	<b>508,099</b>	<b>16,989,926</b>
Transfer to Rainy Day Fund	0	0	0	0	0	0	0	0	0	0
<b>ENDING BALANCE</b>	<b>2,527,233</b>	<b>6,832</b>		<b>580,350</b>		<b>133,615</b>		<b>240,360</b>		<b>623,838</b>
Ongoing Revenues	15,703,961	15,558,446		15,103,340		15,779,776		16,573,751		17,363,405
Ongoing Expenditures	14,531,392	14,936,474		14,936,474		15,433,972		16,308,088		16,719,153
<b>STRUCTURAL BALANCE</b>	<b>1,172,569</b>	<b>621,972</b>		<b>166,866</b>		<b>345,804</b>		<b>265,662</b>		<b>644,252</b>

Note: FY 2024 to FY 2027 Net Changes columns include baseline and initiative issues.

# General Fund Revenue Summary

	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate
<b>Taxes</b>					
Individual Income	5,239,552.9	4,907,989.0	5,185,639.0	5,472,242.4	5,779,681.5
Corporate Income	1,806,311.4	1,805,012.0	1,795,146.0	1,814,686.6	1,859,370.5
Sales & Use	7,677,789.3	7,954,189.7	8,280,311.5	8,744,009.0	9,224,929.5
Property Taxes	22,208.0	27,490.0	20,720.0	21,830.0	18,290.0
Luxury Taxes	64,066.7	64,785.0	65,599.0	66,413.0	67,227.0
Ins. Premium	761,342.0	790,800.0	761,300.0	724,338.4	716,719.9
Other Taxes	18,354.0	17,738.0	17,603.0	18,120.0	18,684.0
<b>Total Taxes</b>	<b>15,589,624.3</b>	<b>15,568,003.7</b>	<b>16,126,318.5</b>	<b>16,861,639.4</b>	<b>17,684,902.4</b>
<b>Other Revenues</b>					
Lic, Fees & Prm	41,940.0	41,095.2	42,428.9	43,892.0	45,162.0
Sales & Services	33,129.9	34,917.7	35,640.7	36,652.0	38,057.0
Interest Earnings	366,750.9	384,917.5	272,615.9	87,000.0	50,000.0
Misc. Revenues	178,607.6	159,876.7	170,562.8	181,971.0	194,107.0
Lottery	175,812.0	222,285.2	185,746.0	180,237.0	182,473.0
Gaming Revenue	49,377.2	33,473.7	36,756.0	38,960.0	41,690.0
Transfers & Reimbursements	277,235.0	147,300.0	102,610.0	107,910.0	113,220.0
Disproportionate Share	98,139.0	75,853.5	75,583.9	75,901.9	76,000.0
<b>Total Other Revenues</b>	<b>1,220,991.4</b>	<b>1,099,719.5</b>	<b>921,944.2</b>	<b>752,523.9</b>	<b>740,709.0</b>
<b>Adjustments</b>					
Urban Revenue Sharing	(1,106,958.7)	(1,564,826.3)	(1,268,255.6)	(1,208,308.1)	(1,256,509.2)
Recommended Revenue Changes	0.0	0.0	(700.0)	167,894.1	194,303.8
Other One-Time Revenue Changes	(2,212,027.5)	(275,000.0)	0.0	0.0	0.0
Adoption Expense Subtraction	0.0	(178.5)	(178.5)	(178.5)	0.0
Recommended Fund Transfers	0.0	529,135.0	18,729.4	15,000.0	10,000.0
<b>Total Adjustments</b>	<b>(3,318,986.2)</b>	<b>(1,310,869.8)</b>	<b>(1,250,404.7)</b>	<b>(1,025,592.5)</b>	<b>(1,052,205.4)</b>
<b>Total</b>	<b>13,491,629.5</b>	<b>15,356,853.4</b>	<b>15,797,858.0</b>	<b>16,588,570.8</b>	<b>17,373,406.0</b>

Note: Projected impacts from previously enacted tax law changes are included in the forecast.

## Other Fund Revenue Summary

(Dollars in Thousands)

	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate
<b>Taxes</b>					
Property Taxes	8,652.3	10,025.8	11,896.6	0.0	0.0
Sales & Use	1,918,943.7	1,089,391.0	1,145,382.7	0.0	0.0
Luxury Taxes	269,144.6	289,415.9	288,761.3	0.0	0.0
Ins. Premium	49,881.8	54,189.6	56,117.2	0.0	0.0
Other Taxes	63,787.2	64,163.6	64,011.6	0.0	0.0
Motor Carrier Tax	24,132.9	26,786.0	28,302.2	0.0	0.0
Motor Vehicle Fuel Tax	831,990.1	792,605.3	805,598.3	0.0	0.0
Vehicle License Tax	529,889.6	528,982.9	554,454.9	0.0	0.0
<b>Total Taxes</b>	<b>3,696,422.2</b>	<b>2,855,560.1</b>	<b>2,954,524.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Other Revenues</b>					
Lic, Fees & Prm	1,700,354.1	1,858,783.6	1,972,656.3	0.0	0.0
Sales & Services	3,744,573.2	4,250,074.7	4,202,057.0	0.0	0.0
Interest Earnings	629,233.5	662,604.0	634,628.3	26,666.4	0.0
Misc. Revenues	7,167,779.5	6,134,368.6	6,284,867.8	14.0	0.0
Gaming Revenue	3,395.4	3,829.6	4,385.0	0.0	0.0
Lottery	31,954,165.8	30,519,898.2	31,555,948.4	2,638,637.3	1,628,624.3
<b>Total Other Revenues</b>	<b>45,199,501.5</b>	<b>43,429,558.7</b>	<b>44,654,542.8</b>	<b>2,665,317.7</b>	<b>1,628,624.3</b>
<b>Other Financing Sources</b>					
Transfers & Reimbursements	6,390,622.6	8,821,116.7	7,040,955.7	0.0	0.0
<b>Total Other Financing Sources</b>	<b>6,390,622.6</b>	<b>8,821,116.7</b>	<b>7,040,955.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>55,286,546.3</b>	<b>55,106,235.5</b>	<b>54,650,023.3</b>	<b>2,665,317.7</b>	<b>1,628,624.3</b>

\*Other Appropriated Funds Revenues include all revenues for funds which may only be partially subject to statutory or legislative appropriation. The expenditures shown in the "Other Funds Budget Summary" are for the appropriated portion of these funds only and may represent only a small portion of the funds' total expenditures. There are several funds where a General Fund appropriation is deposited into an "Other Appropriated Fund" and these deposits are reflected in the figures above; as such General and Other Fund Revenues may not sum to total State revenue.

# FY 2025 Executive Budget

(Dollars in Thousands)

	General Fund	Other Appropriated	Non-Appropriated	All Funds Total
Board of Accountancy	0.0	2,230.4	0.0	2,230.4
Acupuncture Board of Examiners	0.0	200.6	0.0	200.6
Department of Administration	368,999.8	227,027.8	1,251,630.0	1,847,657.6
Office of Administrative Hearings	1,170.0	0.0	873.9	2,043.9
Arizona Department of Agriculture	15,846.3	1,904.6	34,399.9	52,150.8
AHCCCS	2,751,984.5	435,745.8	22,431,763.1	25,619,493.4
Commission on the Arts	0.0	0.0	2,910.4	2,910.4
Board of Athletic Training	0.0	165.3	0.0	165.3
Attorney General - Department of Law	27,749.2	60,511.4	74,251.5	162,512.1
Barbering and Cosmetology Board	0.0	2,686.9	0.0	2,686.9
Board of Behavioral Health Examiners	0.0	2,740.5	0.0	2,740.5
State Board for Charter Schools	2,835.1	0.0	37.5	2,872.6
Department of Child Safety	540,159.7	838,144.3	0.0	1,378,304.0
Board of Chiropractic Examiners	0.0	638.7	0.0	638.7
Clean Elections Commission	0.0	0.0	5,185.1	5,185.1
Arizona Commerce Authority	13,550.0	0.0	84,001.9	97,551.9
Community Colleges	95,475.8	0.0	0.0	95,475.8
Constable Ethics Standards and Training	0.0	0.0	681.3	681.3
Registrar of Contractors	0.0	14,067.8	7,366.8	21,434.6
Corporation Commission	798.9	35,028.9	8,016.0	43,843.8
Department of Corrections	1,623,419.1	55,974.1	86,809.9	1,766,203.1
Criminal Justice Commission	6,850.0	7,303.8	23,546.1	37,699.9
Arizona State Schools for the Deaf and the Blind	25,991.3	35,293.8	8,414.5	69,699.6
Commission for the Deaf and Hard of Hearing	0.0	5,026.6	0.0	5,026.6
Board of Dental Examiners	0.0	2,186.8	0.0	2,186.8
Early Childhood Development and Health Board	0.0	0.0	144,791.2	144,791.2
Economic Opportunity	523.3	0.0	9,157.1	9,680.4
Department of Economic Security	1,473,360.0	515,350.1	6,104,349.1	8,093,059.2
Board of Education	3,450.0	0.0	0.0	3,450.0
Department of Education	7,269,245.4	368,475.0	4,085,384.2	11,723,104.6
Department of Emergency and Military Affairs	20,164.9	2,113.5	97,788.9	120,067.3
Department of Environmental Quality	24,500.0	98,584.9	109,145.8	232,230.7
Governor's Office of Equal Opportunity	0.0	310.5	0.0	310.5
State Board of Equalization	751.1	0.0	0.0	751.1
Board of Executive Clemency	1,370.3	0.0	28.0	1,398.3
Exposition and State Fair Board	0.0	21,276.1	0.0	21,276.1
Board of Fingerprinting	0.0	0.0	730.9	730.9
Forestry and Fire Management	52,605.2	0.0	66,154.3	118,759.5
Game and Fish Department	0.0	41,972.7	113,856.6	155,829.3
Department of Gaming	2,309.6	22,045.4	3,715.0	28,070.0



# FY 2025 Executive Budget

(Dollars in Thousands)

	General Fund	Other Appropriated	Non-Appropriated	All Funds Total
Governor's Office of Strategic Planning and Budgeting	2,910.7	0.0	0.0	2,910.7
Office of the Governor	9,241.4	0.0	58,380.6	67,622.0
Department of Health Services	139,030.9	61,790.6	582,944.0	783,765.5
Governor's Office of Highway Safety	0.0	0.0	16,140.7	16,140.7
Arizona Historical Society	3,045.8	0.0	1,922.4	4,968.2
Prescott Historical Society	1,012.9	0.0	1,074.5	2,087.4
Department of Homeland Security	10,067.8	11,094.4	24,999.0	46,161.2
Board of Homeopathic and Integrated Medicine Examiners	0.0	61.4	0.0	61.4
Arizona Department of Housing	3,000.0	371.1	204,301.0	207,672.1
Industrial Commission of Arizona	84.7	21,985.5	22,645.0	44,715.2
Department of Insurance Financial Institutions	9,275.6	12,786.1	4,265.1	26,326.8
Court of Appeals	24,710.8	0.0	0.0	24,710.8
Superior Court	114,973.1	12,015.7	1,968.6	128,957.4
Supreme Court	29,683.4	33,955.2	37,854.5	101,493.1
Department of Juvenile Corrections	31,820.8	12,675.9	957.6	45,454.3
State Land Department	12,801.1	12,376.9	4,468.7	29,646.7
Legislative - Auditor General	26,316.6	0.0	1,289.2	27,605.8
House of Representatives	21,711.9	0.0	0.0	21,711.9
Joint Legislative Budget Committee	3,093.5	0.0	0.0	3,093.5
Legislative - Legislative Council	9,412.6	0.0	30.0	9,442.6
Ombudsman-Citizens' Aide	1,561.2	0.0	0.0	1,561.2
Senate	18,170.7	0.0	0.0	18,170.7
Department of Liquor Licenses and Control	0.0	8,123.1	1,647.4	9,770.5
Local Government	10,650.7	0.0	0.0	10,650.7
Lottery	0.0	183,444.0	2,074,380.9	2,257,824.9
Board of Massage Therapy	0.0	599.0	0.0	599.0
Arizona Medical Board	0.0	8,318.0	0.0	8,318.0
State Mine Inspector	2,378.8	112.9	539.3	3,031.0
Naturopathic Physicians Board of Medical Examiners	0.0	217.7	0.0	217.7
Navigable Stream Adjudication Commission	144.0	200.0	0.0	344.0
Board of Examiners of Nursing Care Institution Administrators and Adult Care Home Managers	0.0	604.9	0.0	604.9
Board of Nursing	0.0	6,949.9	24,443.4	31,393.3
Board of Occupational Therapy Examiners	0.0	303.0	0.0	303.0
Board of Dispensing Opticians	0.0	198.2	0.0	198.2
Board of Optometry	0.0	289.2	0.0	289.2
Board of Osteopathic Examiners	0.0	1,394.3	0.0	1,394.3
State Parks Board	0.0	22,896.8	21,289.0	44,185.8
State Personnel Board	0.0	361.0	0.0	361.0
Board of Pharmacy	0.0	3,621.7	0.0	3,621.7

# FY 2025 Executive Budget

(Dollars in Thousands)

	General Fund	Other Appropriated	Non-Appropriated	All Funds Total
Board of Physical Therapy Examiners	0.0	591.5	0.0	591.5
Arizona Pioneers' Home	0.0	8,380.2	14.6	8,394.8
Board of Podiatry Examiners	0.0	202.5	0.0	202.5
Power Authority	0.0	0.0	20,833.4	20,833.4
State Board For Private Post-Secondary Education	0.0	448.1	270.5	718.6
Board of Psychologist Examiners	0.0	640.0	0.0	640.0
Public Safety Personnel Retirement System	6,000.0	0.0	36,949.1	42,949.1
Department of Public Safety	315,413.6	73,108.6	84,868.1	473,390.3
Department of Real Estate	3,198.0	0.0	77.0	3,275.0
Residential Utility Consumer Office	0.0	1,592.2	0.0	1,592.2
Board of Respiratory Care Examiners	0.0	421.4	0.0	421.4
State Retirement System	0.0	28,513.0	197,727.2	226,240.2
Department of Revenue	60,587.6	30,203.4	2,014.7	92,805.7
Secretary of State - Department of State	21,675.7	7,425.6	7,167.8	36,269.1
State Board of Tax Appeals	327.4	0.0	0.0	327.4
Board of Technical Registration	0.0	2,605.0	8.1	2,613.1
Office of Tourism	8,526.2	0.0	37,556.0	46,082.2
Department of Transportation	0.0	568,939.9	22,532.9	591,472.8
State Treasurer	4,660.8	6,486.0	1,838.8	12,985.6
Tribal Relations	68.8	0.0	28.5	97.3
Board of Regents	49,807.1	0.0	293,038.9	342,846.0
Arizona State University	446,571.4	854,407.2	3,288,254.4	4,589,233.0
Northern Arizona University	141,324.3	140,262.0	491,930.3	773,516.6
University of Arizona - Health Sciences Center	76,897.7	69,546.5	605,624.2	752,068.4
University of Arizona - Main Campus	293,510.7	347,232.7	2,233,072.9	2,873,816.3
Arizona Department of Veterans' Services	11,643.7	60,519.6	6,544.5	78,707.8
Veterinary Medical Examining Board	0.0	785.1	0.0	785.1
Water Infrastructure Finance Authority	33,000.0	0.0	158,832.7	191,832.7
Department of Water Resources	25,259.4	2,019.0	16,927.3	44,205.7
Statewide and Large Automation Projects	0.0	20,578.1	0.0	20,578.1
Capital Projects	2,692.7	55,743.3	0.0	58,436.0
<b>Total</b>	<b>16,309,373.6</b>	<b>5,494,403.8</b>	<b>45,346,641.8</b>	<b>67,150,419.2</b>

The total amount listed reflects agency operating expenditures and appropriations, but does not include expenditures and appropriations for capital projects or other selected statewide items, such as retirement contribution adjustments

# General Fund Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Acupuncture Board of Examiners	0.0	0.0	0.0	0.0	0.0
Department of Administration	376,273.7	401,307.4	378,259.1	368,999.8	(32,307.6)
Office of Administrative Hearings	998.9	1,170.0	1,170.0	1,170.0	0.0
Arizona Department of Agriculture	24,249.6	16,911.0	16,911.0	15,846.3	(1,064.7)
AHCCCS	2,179,034.7	2,515,401.9	2,515,401.9	2,751,984.5	236,582.6
Commission on the Arts	5,000.0	5,000.0	5,000.0	0.0	(5,000.0)
Attorney General - Department of Law	27,319.0	27,749.2	27,749.2	27,749.2	0.0
State Board for Charter Schools	3,028.2	2,835.1	2,835.1	2,835.1	0.0
Department of Child Safety	425,844.9	497,994.7	534,043.6	540,159.7	42,165.0
Board of Chiropractic Examiners	0.0	0.0	0.0	0.0	0.0
Arizona Commerce Authority	82,100.0	62,650.0	62,650.0	13,550.0	(49,100.0)
Community Colleges	112,987.5	133,844.5	133,844.5	95,475.8	(38,368.7)
Corporation Commission	756.4	798.9	798.9	798.9	0.0
Department of Corrections	1,374,369.5	1,483,523.9	1,546,841.8	1,623,419.1	139,895.2
Criminal Justice Commission	13,774.8	14,600.0	14,600.0	6,850.0	(7,750.0)
Arizona State Schools for the Deaf and the Blind	26,284.7	25,991.3	25,991.3	25,991.3	0.0
Economic Opportunity	514.7	5,523.3	5,523.3	523.3	(5,000.0)
Department of Economic Security	877,097.3	1,211,415.7	1,210,585.7	1,473,360.0	261,944.3
Board of Education	3,063.5	3,450.0	3,450.0	3,450.0	0.0
Department of Education	7,002,099.2	7,761,079.0	7,640,848.4	7,194,005.8	(567,073.2)
Department of Emergency and Military Affairs	12,167.0	21,189.7	20,889.7	20,164.9	(1,024.8)
Department of Environmental Quality	7,736.6	31,000.0	31,000.0	24,500.0	(6,500.0)
State Board of Equalization	653.7	751.1	751.1	751.1	0.0
Board of Executive Clemency	1,288.5	1,420.8	1,420.8	1,370.3	(50.5)
Forestry and Fire Management	43,661.0	57,605.2	57,605.2	52,605.2	(5,000.0)
Department of Gaming	16,656.8	13,159.6	13,159.6	2,309.6	(10,850.0)
Governor's Office of Strategic Planning and Budgeting	1,423.1	2,733.5	2,938.1	2,910.7	177.2
Office of the Governor	6,457.3	12,339.8	12,339.8	9,241.4	(3,098.4)
Department of Health Services	142,991.9	166,360.9	161,360.9	139,030.9	(27,330.0)
Arizona Historical Society	3,248.4	3,045.8	3,045.8	3,045.8	0.0
Prescott Historical Society	831.4	1,012.9	1,012.9	1,012.9	0.0
Department of Homeland Security	11,627.2	25,000.0	25,000.0	10,067.8	(14,932.2)
Arizona Department of Housing	60,560.3	196,900.0	196,900.0	3,000.0	(193,900.0)
Industrial Commission of Arizona	84.6	84.7	84.7	84.7	0.0
Department of Insurance Financial Institutions	7,752.1	8,548.5	8,548.5	9,275.6	727.1
Court of Appeals	21,847.0	24,710.8	24,710.8	24,710.8	0.0

# General Fund Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Superior Court	111,018.4	120,586.3	120,586.3	114,973.1	(5,613.2)
Supreme Court	28,317.1	28,930.4	28,930.4	29,683.4	753.0
Department of Juvenile Corrections	38,306.3	31,820.8	31,820.8	31,820.8	0.0
State Land Department	13,728.9	12,980.1	12,980.1	12,801.1	(179.0)
Legislative - Auditor General	18,958.2	28,316.6	28,316.6	26,316.6	(2,000.0)
House of Representatives	11,831.6	23,951.5	23,951.5	21,711.9	(2,239.6)
Joint Legislative Budget Committee	0.3	2,918.1	3,122.7	3,093.5	175.4
Legislative - Legislative Council	6,676.9	9,507.7	9,507.7	9,412.6	(95.1)
Ombudsman-Citizens' Aide	1,220.4	1,561.2	1,561.2	1,561.2	0.0
Senate	13,257.7	20,374.5	20,374.5	18,170.7	(2,203.8)
Department of Liquor Licenses and Control	0.0	0.0	0.0	0.0	0.0
Local Government	17,650.7	17,650.7	17,650.7	10,650.7	(7,000.0)
State Mine Inspector	2,127.7	2,778.8	2,478.8	2,378.8	(400.0)
Navigable Stream Adjudication Commission	143.8	144.0	144.0	144.0	0.0
Board of Nursing	0.0	450.0	450.0	0.0	(450.0)
State Parks Board	15,500.0	11,700.0	11,700.0	0.0	(11,700.0)
Power Authority	0.0	1,000.0	1,000.0	0.0	(1,000.0)
Board of Psychologist Examiners	0.0	0.0	0.0	0.0	0.0
Public Safety Personnel Retirement System	66,000.0	6,000.0	6,000.0	6,000.0	0.0
Department of Public Safety	333,647.0	366,140.6	366,140.6	315,413.6	(50,727.0)
Department of Real Estate	2,563.4	3,198.0	3,198.0	3,198.0	0.0
Department of Revenue	56,536.1	62,587.6	62,587.6	60,587.6	(2,000.0)
Secretary of State - Department of State	18,550.8	22,681.8	22,681.8	21,675.7	(1,006.1)
State Board of Tax Appeals	286.9	327.4	327.4	327.4	0.0
Board of Technical Registration	0.0	0.0	0.0	0.0	0.0
Office of Tourism	10,302.6	9,026.2	9,026.2	8,526.2	(500.0)
Department of Transportation	0.0	550.0	550.0	0.0	(550.0)
State Treasurer	23,184.6	101,298.5	66,685.4	4,660.8	(96,637.7)
Tribal Relations	69.7	68.8	68.8	68.8	0.0
Board of Regents	102,238.0	98,807.1	98,807.1	49,807.1	(49,000.0)
Arizona State University	421,193.1	411,201.9	431,570.1	446,571.4	35,369.5
Northern Arizona University	109,536.5	138,925.5	133,983.0	141,324.3	2,398.8
University of Arizona - Health Sciences Center	76,897.7	80,397.7	80,397.7	76,897.7	(3,500.0)
University of Arizona - Main Campus	302,058.3	302,897.2	302,897.2	293,510.7	(9,386.5)
Arizona Department of Veterans' Services	8,661.2	21,758.7	21,758.7	11,643.7	(10,115.0)
Water Infrastructure Finance Authority	10,000.0	254,210.0	238,205.0	33,000.0	(221,210.0)
Department of Water Resources	23,087.0	66,059.4	55,059.4	25,259.4	(40,800.0)

# General Fund Operating Budgets Summary

*(Dollars in Thousands)*

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Statewide and Large Automation Projects	0.0	0.0	(3,500.0)	0.0	0.0
Capital Projects	0.0	0.0	(233,030.1)	2,692.7	2,692.7
<b>Total</b>	<b>14,717,334.4</b>	<b>16,997,916.3</b>	<b>16,665,260.9</b>	<b>16,234,134.0</b>	<b>(763,782.3)</b>

The total amount listed reflects agency operating expenditures and appropriations, but does not include expenditures and appropriations for capital projects or other selected statewide items, such as retirement contribution adjustments.



# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Board of Accountancy</b>					
Accountancy Board Fund	1,796.7	2,230.4	2,230.4	2,230.4	0.0
<b>Acupuncture Board of Examiners</b>					
Acupuncture Board of Examiners Fund	194.9	200.6	200.6	200.6	0.0
<b>Department of Administration</b>					
Admin - Special Services Fund	803.6	1,243.0	1,243.0	1,243.0	0.0
Air Quality Fund	365.3	928.2	928.2	928.2	0.0
Arizona Financial Information System Collections Fund	8,307.5	14,386.2	14,386.2	11,480.0	(2,906.2)
Automation Operations Fund	25,680.6	29,726.4	29,726.4	29,726.4	0.0
Automation Projects Fund	0.0	0.0	0.0	0.0	0.0
Capital Outlay Stabilization Fund	16,375.9	19,081.2	19,081.2	19,081.2	0.0
Capitol Mall Consolidation Fund	0.0	0.0	0.0	0.0	0.0
Certificate of Participation Fund	0.0	0.0	0.0	0.0	0.0
Co-op State Purchasing Fund	0.0	0.0	0.0	0.0	0.0
Corrections Fund	570.1	628.9	628.9	628.9	0.0
Cybersecurity Risk Management Fund	0.0	23,037.2	23,037.2	23,037.2	0.0
Federal Surplus Materials Revolving Fund	0.0	468.2	468.2	468.2	0.0
Fire Incident Management Fund	0.0	0.0	0.0	0.0	0.0
Information Technology Fund	1,974.6	2,159.3	2,159.3	3,951.5	1,792.2
Personnel Division Fund	13,124.6	13,672.5	13,672.5	14,172.5	500.0
Risk Management Fund	71,503.4	99,896.1	109,389.1	101,874.6	1,978.5
Special Employee Health Fund	5,110.5	5,684.7	5,684.7	5,684.7	0.0
State Employee Travel Reduction Fund	0.0	0.0	0.0	0.0	0.0
State Surplus Materials Revolving Fund	2,651.4	3,048.9	3,048.9	3,048.9	0.0
State Web Portal Fund	6,276.3	8,429.3	8,429.3	9,329.3	900.0
Telecommunications Fund	1,490.8	1,798.2	1,798.2	2,373.2	575.0
<b>Total</b>	<b>154,234.8</b>	<b>224,188.3</b>	<b>233,681.3</b>	<b>227,027.8</b>	<b>2,839.5</b>
<b>Arizona Department of Agriculture</b>					
Air Quality Fund	1,586.3	1,583.3	1,583.3	1,583.3	0.0
Indirect Cost Recovery Fund	0.0	0.0	0.0	0.0	0.0
Nuclear Emergency Management Fund	280.5	321.3	321.3	321.3	0.0
<b>Total</b>	<b>1,866.8</b>	<b>1,904.6</b>	<b>1,904.6</b>	<b>1,904.6</b>	<b>0.0</b>
<b>AHCCCS</b>					
AHCCCS - 3rd Party Collection	0.0	0.0	0.0	0.0	0.0
AHCCCS Fund	0.0	0.0	0.0	0.0	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Arizona Tobacco Litigation Settlement Fund	0.0	0.0	0.0	0.0	0.0
Budget Neutrality Compliance Fund	4,303.1	4,669.3	4,669.3	4,669.3	0.0
Children's Health Insurance Program Fund	164,305.9	150,833.6	150,833.6	178,730.7	27,897.1
Delivery System Reform Incentive Payment Fund	0.0	0.0	0.0	0.0	0.0
Health Care Investment Fund	0.0	0.0	0.0	0.0	0.0
Hospital Assessment Fund	0.0	0.0	0.0	0.0	0.0
IGA and ISA Fund	0.0	0.0	0.0	0.0	0.0
Long Term Care System Fund	0.0	0.0	0.0	0.0	0.0
Nursing Facility Provider Assessment Fund	0.0	0.0	0.0	0.0	0.0
Prescription Drug Rebate Fund	175,836.5	165,410.5	191,713.5	165,160.5	(250.0)
Proposition 204 Protection Account (TPTF)	0.0	0.0	0.0	0.0	0.0
Seriously Mentally Ill Housing Trust Fund	223.9	217.7	217.7	217.7	0.0
Substance Abuse Services Fund	2,250.2	2,250.2	2,250.2	2,250.2	0.0
Tobacco Products Tax Fund	17,448.3	17,458.5	17,458.5	17,458.5	0.0
Tobacco Tax and Health Care Fund MNA	60,601.0	67,258.9	67,258.9	67,258.9	0.0
<b>Total</b>	<b>424,969.0</b>	<b>408,098.7</b>	<b>434,401.7</b>	<b>435,745.8</b>	<b>27,647.1</b>

## Board of Athletic Training

Athletic Training Fund	136.3	165.3	165.3	165.3	0.0
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## Attorney General - Department of Law

Anti-Racketeering Revolving Fund - Operations	0.0	0.0	0.0	0.0	0.0
Anti-Racketeering Revolving Fund - Pass Through	0.0	0.0	0.0	0.0	0.0
Antitrust Enforcement Revolving Fund	120.1	160.9	160.9	160.9	0.0
Attorney General Legal Services Cost Allocation Fund	1,903.5	2,314.9	2,314.9	2,314.9	0.0
Collection Enforcement Revolving Fund - Operating	6,937.2	7,232.1	7,232.1	7,232.1	0.0
Consumer Protection - Consumer Fraud Revolving Fund	17,170.2	18,364.9	18,364.9	14,864.9	(3,500.0)
Consumer Protection - Consumer Fraud Revolving Fund - Restricted	382.1	0.0	0.0	0.0	0.0
Consumer Restitution and Remediation Revolving Fund - Remediation Subaccount	5,000.0	12,000.0	12,000.0	0.0	(12,000.0)
Interagency Service Agreements Fund	14,154.4	18,078.1	18,078.1	18,078.1	0.0
Internet Crimes Against Children Enforcement Fund	0.0	900.0	900.0	900.0	0.0
Risk Management Fund	10,934.8	13,147.7	13,147.7	13,147.7	0.0
Victims Rights Fund	1,945.2	3,812.8	3,812.8	3,812.8	0.0
<b>Total</b>	<b>58,547.5</b>	<b>76,011.4</b>	<b>76,011.4</b>	<b>60,511.4</b>	<b>(15,500.0)</b>

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Barbering and Cosmetology Board</b>					
Barbering and Cosmetology Board Fund	2,841.2	2,886.9	2,886.9	2,686.9	(200.0)
<b>Board of Behavioral Health Examiners</b>					
Behavioral Health Examiner Fund	2,117.1	2,112.7	2,112.7	2,740.5	627.8
<b>Department of Child Safety</b>					
Child Abuse Prevention Fund	586.2	1,459.3	1,459.3	1,459.3	0.0
Child Care and Development Fund	40,516.0	40,516.0	40,516.0	40,516.0	0.0
Child Welfare Licensing Fee Fund	643.6	1,021.7	1,021.7	1,021.7	0.0
Children and Family Services Training Program Fund	0.0	208.0	208.0	208.0	0.0
Comprehensive Health Plan Expenditure Authority Fund	202,833.1	192,865.2	192,865.2	192,865.2	0.0
DCS Expenditure Authority Fund	392,108.2	444,151.6	445,914.7	440,991.9	(3,159.7)
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Temporary Assistance for Needy Families (TANF) Fund	161,082.2	161,082.2	161,082.2	161,082.2	0.0
<b>Total</b>	<b>797,769.3</b>	<b>841,304.0</b>	<b>843,067.1</b>	<b>838,144.3</b>	<b>(3,159.7)</b>
<b>Board of Chiropractic Examiners</b>					
Chiropractic Examiners Board Fund	491.1	542.4	542.4	638.7	96.3
<b>Arizona Commerce Authority</b>					
Arizona Commerce Authority Fund	0.0	0.0	0.0	0.0	0.0
Arizona Competes Fund	0.0	0.0	0.0	0.0	0.0
Asian Trade Offices Fund	0.0	0.0	0.0	0.0	0.0
Blockchain/Wearables Fund	0.0	0.0	0.0	0.0	0.0
Economic Development Fund	0.0	0.0	0.0	0.0	0.0
Economic Development Marketing and Attraction Fund	0.0	0.0	0.0	0.0	0.0
Frankfurt Germany Trade Office Fund	0.0	0.0	0.0	0.0	0.0
Israel Trade Offices	0.0	0.0	0.0	0.0	0.0
Major Events Fund	0.0	0.0	0.0	0.0	0.0
Mexico Trade Offices	0.0	0.0	0.0	0.0	0.0
Water Infrastructure and Commerce Grant Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Constable Ethics Standards and Training</b>					
Constable Ethics Standards and Training Fund - Admin	0.0	0.0	0.0	0.0	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Registrar of Contractors</b>					
Registrar of Contractors Fund	11,225.9	14,067.8	14,067.8	14,067.8	0.0
Residential Contractors' Recovery Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>11,225.9</b>	<b>14,067.8</b>	<b>14,067.8</b>	<b>14,067.8</b>	<b>0.0</b>
<b>Corporation Commission</b>					
Arizona Arts Trust Fund	55.4	57.7	57.7	57.7	0.0
Automation Projects Fund	0.0	0.0	0.0	0.0	0.0
Public Access Fund	6,257.1	8,420.8	8,420.8	8,020.8	(400.0)
Securities Investment Management Fund	755.1	1,305.7	1,305.7	1,305.7	0.0
Securities Regulatory and Enforcement Fund	5,307.2	7,672.5	7,672.5	7,272.5	(400.0)
Utility Regulation Revolving Fund	14,684.8	18,772.2	18,772.2	18,372.2	(400.0)
<b>Total</b>	<b>27,059.6</b>	<b>36,228.9</b>	<b>36,228.9</b>	<b>35,028.9</b>	<b>(1,200.0)</b>
<b>Department of Corrections</b>					
Corrections Fund	30,663.1	31,312.5	31,312.5	31,312.5	0.0
DOC - Alcohol Abuse Treatment Fund	21.4	555.8	555.8	555.8	0.0
DOC Building Renewal & Preventive Maintenance Fund	0.0	0.0	0.0	0.0	0.0
DOC Special Services Fund	0.0	0.0	0.0	0.0	0.0
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
IGA and ISA Fund	0.0	0.0	0.0	0.0	0.0
Inmate Store Proceeds Fund	4,639.9	1,287.8	1,287.8	1,287.8	0.0
Penitentiary Land Earnings Fund	2,764.5	2,743.6	5,209.2	3,460.3	716.7
Prison Construction and Operations Fund	8,459.8	14,106.8	14,106.8	12,500.1	(1,606.7)
State Charitable, Penal & Reformatory Land Earnings Fund	2,665.1	2,665.6	5,347.5	3,734.1	1,068.5
State Education Fund for Correctional Education Fund	420.2	723.2	723.2	723.2	0.0
Transition Program Fund	425.6	4,400.3	2,400.3	2,400.3	(2,000.0)
<b>Total</b>	<b>50,059.4</b>	<b>57,795.6</b>	<b>60,943.1</b>	<b>55,974.1</b>	<b>(1,821.5)</b>
<b>Criminal Justice Commission</b>					
Criminal Justice Enhancement Fund	694.5	733.7	733.7	733.7	0.0
Fingerprint Clearance Card Fund	0.0	0.0	0.0	0.0	0.0
Resource Center Fund	613.8	647.1	647.1	647.1	0.0
State Aid to County Attorneys Fund	648.2	973.7	973.7	973.7	0.0
State Aid to Indigent Defense Fund	700.0	700.0	700.0	700.0	0.0
Victim Compensation and Assistance Fund	619.6	4,249.3	4,249.3	4,249.3	0.0
<b>Total</b>	<b>3,276.2</b>	<b>7,303.8</b>	<b>7,303.8</b>	<b>7,303.8</b>	<b>0.0</b>

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Arizona State Schools for the Deaf and the Blind</b>					
ASDB Classroom Site Fund	0.0	0.0	0.0	0.0	0.0
Cooperative Services Fund	15,255.9	19,915.3	19,915.3	19,915.3	0.0
Schools for the Deaf and the Blind Fund	14,317.9	15,210.5	15,210.5	15,210.5	0.0
Telecommunication for the Deaf Fund	0.0	0.0	0.0	168.0	168.0
<b>Total</b>	<b>29,573.8</b>	<b>35,125.8</b>	<b>35,125.8</b>	<b>35,293.8</b>	<b>168.0</b>
<b>Commission for the Deaf and Hard of Hearing</b>					
Telecommunication for the Deaf Fund	2,351.0	4,826.6	4,826.6	5,026.6	200.0
<b>Board of Dental Examiners</b>					
Dental Board Fund	1,857.9	2,056.6	2,056.6	2,186.8	130.2
<b>Economic Opportunity</b>					
Office of Economic Opportunity Operations Fund	0.0	0.0	0.0	0.0	0.0
<b>Department of Economic Security</b>					
Child Care and Development Fund	200,010.2	200,029.3	200,029.3	291,029.3	91,000.0
Child Support Enforcement Administration Fund	23,537.7	17,683.3	17,683.3	17,683.3	0.0
Department Long-Term Care System Fund	27,366.3	33,864.2	33,864.2	40,464.2	6,600.0
Domestic Violence Services Fund	2,432.8	4,000.3	4,000.3	4,000.3	0.0
Public Assistance Collections Fund	0.0	441.8	441.8	441.8	0.0
Sexual Violence Service Fund	0.0	0.0	0.0	0.0	0.0
Special Administration Fund	4,643.2	4,637.9	4,637.9	4,637.9	0.0
Spinal and Head Injuries Trust Fund	1,506.6	2,385.5	2,385.5	2,385.5	0.0
Statewide Cost Allocation Plan Fund	0.0	1,000.0	1,000.0	1,000.0	0.0
Temporary Assistance for Needy Families (TANF) Fund	66,591.2	66,591.2	66,591.2	66,591.2	0.0
Workforce Investment Grant Fund	85,779.1	87,116.6	87,116.6	87,116.6	0.0
<b>Total</b>	<b>411,867.1</b>	<b>417,750.1</b>	<b>417,750.1</b>	<b>515,350.1</b>	<b>97,600.0</b>
<b>Department of Education</b>					
Broadband Expansion Fund	0.0	0.0	0.0	0.0	0.0
Empowerment Scholarship Account Fund	357.9	359.0	359.0	359.0	0.0
IGA and ISA Fund	0.0	0.0	0.0	0.0	0.0
Instructional Improvement Fund	0.0	0.0	0.0	0.0	0.0
Permanent State School Fund	328,895.6	342,797.3	342,797.3	358,273.3	15,476.0
School Accountability Fund - 6/10th Sales Tax	1,661.7	7,000.0	7,000.0	7,000.0	0.0
Teacher Certification Fund	1,692.4	2,517.7	2,517.7	2,517.7	0.0



# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Tribal College Dual Enrollment Program Fund	110.5	325.0	325.0	325.0	0.0
<b>Total</b>	<b>332,718.1</b>	<b>352,999.0</b>	<b>352,999.0</b>	<b>368,475.0</b>	<b>15,476.0</b>
<b>Department of Emergency and Military Affairs</b>					
Anti-Human Trafficking Grant Fund	2,000.0	0.0	0.0	0.0	0.0
Border Security Fund	117,373.7	0.0	0.0	0.0	0.0
Nuclear Emergency Management Fund	2,037.6	2,113.5	2,113.5	2,113.5	0.0
<b>Total</b>	<b>121,411.3</b>	<b>2,113.5</b>	<b>2,113.5</b>	<b>2,113.5</b>	<b>0.0</b>
<b>Department of Environmental Quality</b>					
Air Quality Fund	4,792.3	5,838.6	5,838.6	9,207.7	3,369.1
DEQ Emissions Inspection Fund	27,313.5	30,478.8	30,478.8	33,153.8	2,675.0
Emergency Response Fund	528.3	132.8	132.8	132.8	0.0
Hazardous Waste Management Fund	1,524.6	1,939.4	1,939.4	1,939.4	0.0
Indirect Cost Recovery Fund	18,810.2	18,979.6	18,979.6	18,979.6	0.0
Permit Administration Fund	4,459.4	7,256.8	7,256.8	7,256.8	0.0
Recycling Fund	2,268.8	4,515.9	4,515.9	2,465.9	(2,050.0)
Safe Drinking Water Program Fund	1,350.9	1,991.8	1,991.8	1,991.8	0.0
Solid Waste Fee Fund	1,931.2	2,584.9	2,584.9	2,584.9	0.0
Water Quality Fee Fund	12,589.3	27,853.2	27,853.2	20,872.2	(6,981.0)
<b>Total</b>	<b>75,568.6</b>	<b>101,571.8</b>	<b>101,571.8</b>	<b>98,584.9</b>	<b>(2,986.9)</b>
<b>Governor's Office of Equal Opportunity</b>					
Personnel Division Fund	210.3	310.5	310.5	310.5	0.0
<b>Exposition and State Fair Board</b>					
Arizona Exposition and State Fair Fund	17,998.4	17,555.3	17,555.3	21,276.1	3,720.8
<b>Board of Fingerprinting</b>					
Board of Fingerprinting Fund	0.0	0.0	0.0	0.0	0.0
<b>Board of Funeral Directors and Embalmers</b>					
Funeral Directors & Embalmers Fund	444.8	0.0	0.0	0.0	0.0
<b>Game and Fish Department</b>					
Capital Improvement Fund	1,001.2	1,001.2	1,001.2	1,001.2	0.0
Game and Fish Fund	44,636.1	35,425.3	35,425.3	35,547.8	122.5
Game, Non-Game, Fish and Endangered Species Fund	294.7	389.7	389.7	389.7	0.0
Watercraft Licensing Fund	4,250.6	5,017.8	5,017.8	5,017.8	0.0
Wildlife Endowment Fund	0.0	16.2	16.2	16.2	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Wildlife Theft Prevention Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>50,182.7</b>	<b>41,850.2</b>	<b>41,850.2</b>	<b>41,972.7</b>	<b>122.5</b>
<b>Department of Gaming</b>					
Arizona Benefits Fund	11,676.3	16,610.0	16,610.0	16,610.0	0.0
Breeders Award Fund	0.0	0.0	0.0	0.0	0.0
Fantasy Sports Contest Fund	150.1	150.1	150.1	150.1	0.0
Permanent Tribal-State Compact Fund	1,322.7	2,299.4	2,299.4	2,299.4	0.0
Racing Regulation Fund	2,070.2	2,580.7	2,583.4	2,583.4	2.7
Racing Regulations Fund - Unarmed Combat Subaccount	104.6	105.2	102.5	102.5	(2.7)
State Lottery Fund	300.0	300.0	300.0	300.0	0.0
<b>Total</b>	<b>15,623.9</b>	<b>22,045.4</b>	<b>22,045.4</b>	<b>22,045.4</b>	<b>0.0</b>
<b>Office of the Governor</b>					
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Foster Youth Education Success Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Department of Health Services</b>					
Arizona Nurse Education Investment Pilot Program Fund	0.0	0.0	0.0	0.0	0.0
Child Care and Development Fund	998.6	992.5	992.5	992.5	0.0
Child Fatality Review Fund	175.7	196.5	196.5	196.5	0.0
DHS State Hospital Land Earnings Fund	589.3	650.0	650.0	650.0	0.0
Disease Control Research Fund	798.2	1,000.0	1,000.0	1,000.0	0.0
Emergency Medical Operating Services Fund	3,714.9	4,209.5	4,209.5	4,209.5	0.0
Environmental Laboratory Licensure Revolving Fund	707.3	995.5	995.5	995.5	0.0
Health Research Fund	0.0	0.0	0.0	2,000.0	2,000.0
Health Services Licenses Fund	15,789.3	17,416.4	17,416.4	17,416.4	0.0
Health Services Lottery Fund	149.7	0.0	0.0	0.0	0.0
Indirect Cost Fund	11,912.2	12,673.5	12,673.5	13,320.4	646.9
Newborn Screening Program Fund	8,494.9	12,802.9	12,802.9	12,802.9	0.0
Nursing Care Institution Resident Protection Revolving Fund	0.0	238.2	238.2	238.2	0.0
Prescription Drug Rebate Fund	0.0	0.0	0.0	0.0	0.0
The Arizona State Hospital Fund	3,022.4	3,145.8	3,145.8	3,395.8	250.0
Tobacco Tax and Health Care Fund - Medically Needy Account	435.5	700.0	700.0	700.0	0.0
Vital Records Electronic Systems Fund	3,640.3	3,872.9	3,872.9	3,872.9	0.0
<b>Total</b>	<b>50,428.2</b>	<b>58,893.7</b>	<b>58,893.7</b>	<b>61,790.6</b>	<b>2,896.9</b>

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Governor's Office of Highway Safety</b>					
DUI Abatement Fund	0.0	0.0	0.0	0.0	0.0
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Motorcycle Safety Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Arizona Historical Society</b>					
Donations Fund	0.0	0.0	0.0	0.0	0.0
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Historical Society Preservation/Restoration Fund	0.0	0.0	0.0	0.0	0.0
Permanent AZ Historical Society Revolving Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Department of Homeland Security</b>					
Information Technology Fund	9,617.6	11,319.4	11,319.4	11,094.4	(225.0)
<b>Board of Homeopathic and Integrated Medicine Examiners</b>					
Homeopathic Medical Examiners Fund	50.9	61.4	61.4	61.4	0.0
<b>Arizona Department of Housing</b>					
Housing Trust Fund	367.4	371.1	371.1	371.1	0.0
<b>Industrial Commission of Arizona</b>					
Industrial Commission Administration Fund	21,336.5	21,985.5	21,985.5	21,985.5	0.0
<b>Department of Insurance Financial Institutions</b>					
Automobile Theft Authority Fund	6,011.0	6,809.5	6,809.5	6,740.9	(68.6)
Banking Department Revolving Fund	0.0	50.3	50.3	50.3	0.0
Captive Insurance Regulatory and Supervision Fund	0.0	0.0	0.0	0.0	0.0
Financial Services Fund	5,121.4	5,538.9	5,538.9	5,994.9	456.0
Financial Surveillance Fund	0.0	0.0	0.0	0.0	0.0
Insurance Examiners Revolving Fund	0.0	0.0	0.0	0.0	0.0
Receivership Revolving Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>11,132.4</b>	<b>12,398.7</b>	<b>12,398.7</b>	<b>12,786.1</b>	<b>387.4</b>
<b>Superior Court</b>					
Drug Treatment and Education Fund	500.2	504.2	504.2	504.2	0.0
Judicial Collection Enhancement Fund	4,227.6	6,015.4	6,015.4	6,015.4	0.0
Juvenile Probation Services Fund	0.0	0.0	0.0	0.0	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Supreme Court CJEF Disbursements Fund	2,964.2	0.0	5,496.1	5,496.1	5,496.1
<b>Total</b>	<b>7,692.0</b>	<b>6,519.6</b>	<b>12,015.7</b>	<b>12,015.7</b>	<b>5,496.1</b>
<b>Supreme Court</b>					
Arizona Lengthy Trial Fund	0.0	0.0	0.0	0.0	0.0
Confidential Intermediary and Fiduciary Fund	515.8	682.8	682.8	682.8	0.0
Court Appointed Special Advocate Fund	5,241.3	5,226.0	5,226.0	6,056.0	830.0
Defensive Driving Fund	2,544.2	4,464.0	4,464.0	4,464.0	0.0
Judicial Collection Enhancement Fund	8,427.0	15,114.2	15,114.2	15,114.2	0.0
Juvenile Probation Services Fund	0.0	0.0	0.0	0.0	0.0
State Aid to Courts Fund	1,742.6	2,946.2	2,946.2	2,946.2	0.0
Supreme Court CJEF Disbursements Fund	2,063.5	4,691.9	4,692.0	4,692.0	0.1
<b>Total</b>	<b>20,534.3</b>	<b>33,125.1</b>	<b>33,125.2</b>	<b>33,955.2</b>	<b>830.1</b>
<b>Department of Juvenile Corrections</b>					
Juvenile Corrections CJEF Distribution Fund	370.6	429.0	429.0	429.0	0.0
Juvenile Education Fund	949.7	1,447.8	1,447.8	1,447.8	0.0
Local Cost Sharing Fund	8,450.9	6,724.0	6,724.0	6,724.0	0.0
State Charitable, Penal and Reformatory Land Fund	3,485.7	4,075.1	4,075.1	4,075.1	0.0
<b>Total</b>	<b>13,256.9</b>	<b>12,675.9</b>	<b>12,675.9</b>	<b>12,675.9</b>	<b>0.0</b>
<b>State Land Department</b>					
Due Diligence Fund	0.0	5,000.0	5,000.0	5,000.0	0.0
Environmental Special Plate Fund	180.0	260.6	260.6	260.6	0.0
Off-highway Vehicle Recreation Fund	0.0	0.0	0.0	0.0	0.0
Trust Land Management Fund	6,528.9	6,616.3	6,616.3	7,116.3	500.0
<b>Total</b>	<b>6,708.9</b>	<b>11,876.9</b>	<b>11,876.9</b>	<b>12,376.9</b>	<b>500.0</b>
<b>Legislative - Auditor General</b>					
Audit Services Fund	0.0	0.0	0.0	0.0	0.0
<b>Department of Liquor Licenses and Control</b>					
K Fund Enforcement Surcharges Fund	0.0	0.0	0.0	0.0	0.0
Liquor Licenses Fund	10,478.0	5,749.3	5,749.3	8,123.1	2,373.8
<b>Total</b>	<b>10,478.0</b>	<b>5,749.3</b>	<b>5,749.3</b>	<b>8,123.1</b>	<b>2,373.8</b>
<b>Lottery</b>					
Lottery Fund	171,835.8	188,761.9	188,761.9	183,444.0	(5,317.9)

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Board of Massage Therapy</b>					
Massage Therapy Board Fund	578.9	599.0	599.0	599.0	0.0
<b>Arizona Medical Board</b>					
Medical Examiners Board Fund	7,917.1	8,143.6	8,143.6	8,318.0	174.4
<b>State Mine Inspector</b>					
Aggregate Mining Reclamation Fund	54.5	112.9	112.9	112.9	0.0
<b>Naturopathic Physicians Board of Medical Examiners</b>					
Naturopathic Board Fund	204.3	217.7	217.7	217.7	0.0
<b>Navigable Stream Adjudication Commission</b>					
Arizona Water Banking Fund	25.7	200.0	200.0	200.0	0.0
<b>Board of Examiners of Nursing Care Institution Administrators and Adult Care Home Managers</b>					
Nursing Care Institution Administrators/ ACHMC Fund	579.1	604.9	604.9	604.9	0.0
<b>Board of Nursing</b>					
Nursing Board Fund	5,807.1	6,132.2	6,132.2	6,949.9	817.7
<b>Board of Occupational Therapy Examiners</b>					
Occupational Therapy Fund	231.1	259.5	259.5	303.0	43.5
<b>Board of Dispensing Opticians</b>					
Dispensing Opticians Board Fund	163.6	198.2	198.2	198.2	0.0
<b>Board of Optometry</b>					
Board of Optometry Fund	246.1	289.2	289.2	289.2	0.0
<b>Board of Osteopathic Examiners</b>					
Osteopathic Examiners Board Fund	1,295.4	1,398.6	1,398.6	1,394.3	(4.3)
<b>State Parks Board</b>					
Arizona Trail Fund	0.0	0.0	0.0	0.0	0.0
Heritage Fund	0.0	0.0	0.0	0.0	0.0
Off-Highway Vehicle Recreation Fund	16.7	16.7	16.7	16.7	0.0
State Lake Improvement Fund	0.0	0.0	0.0	0.0	0.0
State Parks Revenue Fund	18,285.0	20,867.0	20,867.0	21,367.0	500.0
State Parks Store Fund	1,006.0	1,013.1	1,013.1	1,513.1	500.0
<b>Total</b>	<b>19,307.7</b>	<b>21,896.8</b>	<b>21,896.8</b>	<b>22,896.8</b>	<b>1,000.0</b>



# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>State Personnel Board</b>					
Personnel Division Fund	617.0	361.0	361.0	361.0	0.0
<b>Board of Pharmacy</b>					
Pharmacy Board Fund	4,701.0	3,526.7	3,526.7	3,621.7	95.0
<b>Board of Physical Therapy Examiners</b>					
Physical Therapy Fund	512.7	591.5	591.5	591.5	0.0
<b>Arizona Pioneers' Home</b>					
Pioneers' Home Miners' Hospital Fund	1,778.8	2,301.3	2,050.0	2,050.0	(251.3)
Pioneers' Home State Charitable Earnings Fund	6,257.8	6,078.9	6,330.2	6,330.2	251.3
<b>Total</b>	<b>8,036.6</b>	<b>8,380.2</b>	<b>8,380.2</b>	<b>8,380.2</b>	<b>0.0</b>
<b>Board of Podiatry Examiners</b>					
Podiatry Examiners Board Fund	185.1	202.5	202.5	202.5	0.0
<b>Power Authority</b>					
APA - General Fund	0.0	0.0	0.0	0.0	0.0
<b>State Board For Private Post-Secondary Education</b>					
Private Postsecondary Education Fund	426.5	448.1	448.1	448.1	0.0
<b>Board of Psychologist Examiners</b>					
Psychologist Examiners Board Fund	632.4	640.0	640.0	640.0	0.0
<b>Public Safety Personnel Retirement System</b>					
Public Safety Personnel Retirement Fund	0.0	0.0	0.0	0.0	0.0
<b>Department of Public Safety</b>					
Arizona Highway Patrol Fund	33,720.0	31,017.7	31,017.7	24,096.5	(6,921.2)
Concealed Weapons Permit Fund	3,025.6	3,152.4	3,152.4	3,348.1	195.7
DPS Criminal Justice Enhancement Fund	2,275.4	3,009.0	3,009.0	3,009.0	0.0
DPS Forensics Fund	17,235.1	22,888.3	22,888.3	22,888.3	0.0
DPS Licensing Fund	0.0	0.0	0.0	0.0	0.0
DPS Peace Officers Training Fund	0.0	0.0	0.0	0.0	0.0
DPS Records Processing Fund	0.0	0.0	0.0	0.0	0.0
Fingerprint Clearance Card Fund	1,581.1	1,581.1	1,581.1	2,036.1	455.0
Gang and Immigration Intelligence Team Enforcement Mission Fund	2,894.0	2,396.4	2,396.4	2,396.4	0.0
Highway User Revenue Fund	0.0	0.0	0.0	0.0	0.0
IGA and ISA Fund	0.0	0.0	0.0	0.0	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Motor Vehicle Liability Insurance Enforcement Fund	1,282.0	729.4	729.4	979.4	250.0
Motorcycle Safety Fund	198.9	198.9	198.9	198.9	0.0
Parity Compensation Fund	4,088.1	3,022.2	3,022.2	3,022.2	0.0
Public Safety Equipment Fund	1,292.1	2,894.0	2,894.0	3,664.0	770.0
Risk Management Revolving Fund	1,396.9	1,102.5	1,102.5	1,102.5	0.0
State Highway Fund	8,166.7	6,367.2	6,367.2	6,367.2	0.0
Victims' Rights Enforcement Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>77,155.8</b>	<b>78,359.1</b>	<b>78,359.1</b>	<b>73,108.6</b>	<b>(5,250.5)</b>
<b>Department of Real Estate</b>					
Condo and Planned Community Hearing Office Fund	0.0	0.0	0.0	0.0	0.0
<b>Residential Utility Consumer Office</b>					
Residential Utility Consumer Office Revolving Fund	1,330.4	1,592.2	1,592.2	1,592.2	0.0
<b>Board of Respiratory Care Examiners</b>					
Board of Respiratory Care Examiners Fund	359.2	421.4	436.5	421.4	0.0
<b>State Retirement System</b>					
Arizona State Retirement System Appropriated Fund	23,273.6	26,867.0	26,867.0	26,713.0	(154.0)
Arizona State Retirement System Non-Appropriated Fund	0.0	0.0	0.0	0.0	0.0
LTD Trust Fund	1,472.3	1,800.0	1,800.0	1,800.0	0.0
<b>Total</b>	<b>24,745.9</b>	<b>28,667.0</b>	<b>28,667.0</b>	<b>28,513.0</b>	<b>(154.0)</b>
<b>Department of Revenue</b>					
Department of Revenue Administrative Fund	25,293.5	25,390.9	25,390.9	27,390.9	2,000.0
DOR Liability Setoff Fund	708.1	887.9	887.9	2,087.9	1,200.0
Integrated Tax System Project Fund	0.0	0.0	0.0	0.0	0.0
Tobacco Tax and Health Care Fund	637.8	724.6	724.6	724.6	0.0
<b>Total</b>	<b>26,639.4</b>	<b>27,003.4</b>	<b>27,003.4</b>	<b>30,203.4</b>	<b>3,200.0</b>
<b>Secretary of State - Department of State</b>					
Election Systems Improvement Fund	483.5	5,483.5	5,483.5	5,483.5	0.0
Records Services Fund	1,174.4	1,492.1	1,492.1	1,942.1	450.0
<b>Total</b>	<b>1,657.9</b>	<b>6,975.6</b>	<b>6,975.6</b>	<b>7,425.6</b>	<b>450.0</b>
<b>Board of Technical Registration</b>					
Technical Registration Board Fund	2,561.8	2,605.0	2,605.0	2,605.0	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
<b>Office of Tourism</b>					
Coronavirus State and Local Fiscal Recovery Fund	0.0	0.0	0.0	0.0	0.0
<b>Department of Transportation</b>					
ADOT Fleet Operations Fund	20,964.3	25,209.0	25,209.0	27,219.3	2,010.3
Air Quality Fund	254.0	1,127.7	1,127.7	1,077.7	(50.0)
Highway Damage Recovery Account Fund	7,988.6	8,000.8	8,000.8	8,000.8	0.0
Highway User Revenue Fund	764.9	898.6	898.6	898.6	0.0
Ignition Interlock Device Fund	331.3	360.7	360.7	360.7	0.0
Motor Vehicle Dealer Enforcement Fund	0.0	0.0	0.0	0.0	0.0
Motor Vehicle Liability Insurance Enforcement Fund	4,187.5	1,582.3	1,582.3	1,582.3	0.0
State Aviation Fund	1,992.0	2,261.6	2,261.6	2,267.7	6.1
State Fleet Operations Fund	22,731.6	30,454.4	30,454.4	29,149.0	(1,305.4)
State Fleet Vehicle Replacement Fund	9,380.9	25,000.0	25,000.0	11,370.0	(13,630.0)
State Highway Fund	448,967.6	479,159.9	479,159.9	485,367.2	6,207.3
Vehicle Inspection and Certificate of Title Enforcement Fund	1,306.6	1,646.6	1,646.6	1,646.6	0.0
<b>Total</b>	<b>518,869.2</b>	<b>575,701.6</b>	<b>575,701.6</b>	<b>568,939.9</b>	<b>(6,761.7)</b>
<b>State Treasurer</b>					
Boating Safety Fund	0.0	2,183.8	2,183.8	2,183.8	0.0
Budget Stabilization Fund	20,502.8	0.0	0.0	0.0	0.0
Law Enforcement Crime Victim Notification Fund	187.6	0.0	0.0	0.0	0.0
Peace Officer Training Equipment Fund	0.0	1,368.0	1,368.0	0.0	(1,368.0)
State Treasurer's Operating Fund	3,858.5	4,302.2	4,302.2	4,302.2	0.0
<b>Total</b>	<b>24,548.9</b>	<b>7,854.0</b>	<b>7,854.0</b>	<b>6,486.0</b>	<b>(1,368.0)</b>
<b>Board of Regents</b>					
ABOR Local Fund	0.0	0.0	0.0	0.0	0.0
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Spouses and Dep of Law Enforcement Officers	0.0	0.0	0.0	0.0	0.0
Spouses of Military Veterans Tuition Scholarship Fund	0.0	0.0	0.0	0.0	0.0
Teacher's Academy Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Arizona State University</b>					
ASU Collections Fund Tuition and Fees	707,499.1	854,407.1	854,407.2	854,407.2	0.1

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Designated Funds - Other	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>707,499.1</b>	<b>854,407.1</b>	<b>854,407.2</b>	<b>854,407.2</b>	<b>0.1</b>
<b>Northern Arizona University</b>					
Capital Infrastructure Fund	4,845.6	0.0	4,942.5	4,942.5	4,942.5
NAU Collections - Appropriated Fund	130,397.3	135,319.5	135,319.5	135,319.5	0.0
<b>Total</b>	<b>135,242.9</b>	<b>135,319.5</b>	<b>140,262.0</b>	<b>140,262.0</b>	<b>4,942.5</b>
<b>University of Arizona - Health Sciences Center</b>					
U of A Main Campus - Collections - Appropriated Fund	49,017.2	69,546.5	69,546.5	69,546.5	0.0
<b>University of Arizona - Main Campus</b>					
Indirect Cost Recovery Fund	0.0	0.0	0.0	0.0	0.0
U of A Main Campus - Collections - Appropriated Fund	453,436.7	347,232.7	347,232.7	347,232.7	0.0
<b>Total</b>	<b>453,436.7</b>	<b>347,232.7</b>	<b>347,232.7</b>	<b>347,232.7</b>	<b>0.0</b>
<b>Arizona Department of Veterans' Services</b>					
Arizona State Veterans' Cemetery Trust Fund	0.0	0.0	0.0	0.0	0.0
Coronavirus State and Local Fiscal Recovery Fund	4,095.2	0.0	0.0	0.0	0.0
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Hyperbaric Oxygen Therapy for Military Veterans Fund	25.0	0.0	0.0	0.0	0.0
Military Family Relief Fund	0.0	0.0	0.0	0.0	0.0
State Home for Veterans Trust Fund	38,947.5	60,519.6	60,519.6	60,519.6	0.0
State Veterans' Cemetery Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>43,067.7</b>	<b>60,519.6</b>	<b>60,519.6</b>	<b>60,519.6</b>	<b>0.0</b>
<b>Veterinary Medical Examining Board</b>					
Veterinary Medical Examiners Board Fund	660.8	785.1	785.1	785.1	0.0
<b>Water Infrastructure Finance Authority</b>					
Coronavirus State and Local Fiscal Recovery Fund	0.0	0.0	0.0	0.0	0.0
Long-Term Water Augmentation Fund	0.0	0.0	0.0	0.0	0.0
Water Supply Development Revolving Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Department of Water Resources</b>					
Arizona Water Protection Fund	0.0	0.0	0.0	0.0	0.0

# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
Assured and Adequate Water Supply Administration Fund	268.3	292.5	292.5	292.5	0.0
Augmentation and Conservation Assistance Fund	0.0	0.0	0.0	0.0	0.0
Dam Repair Fund	0.0	0.0	0.0	0.0	0.0
Federal Grants Fund	0.0	0.0	0.0	0.0	0.0
Flood Warning System Fund	0.0	0.0	0.0	0.0	0.0
Temporary Groundwater and Irrigation Efficiency Projects Fund	0.0	0.0	0.0	0.0	0.0
Water Resources Fund	2,953.6	1,726.5	1,726.5	1,726.5	0.0
Well Administration and Enforcement Fund	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3,221.9</b>	<b>2,019.0</b>	<b>2,019.0</b>	<b>2,019.0</b>	<b>0.0</b>

## Statewide and Large Automation Projects

APF Subaccount - ADA Health and Human Services Information System Fund	0.0	15,000.0	15,000.0	0.0	(15,000.0)
APF Subaccount - ADA HRIS Modernization Fund	12,274.9	20,647.8	20,647.8	1,121.2	(19,526.6)
APF Subaccount - Corporation Commission Fund	0.0	7,000.0	7,000.0	0.0	(7,000.0)
APF Subaccount - Department of Administration Fund	991.5	3,500.0	3,500.0	0.0	(3,500.0)
APF Subaccount - Department of Agriculture Fund	179.5	0.0	0.0	0.0	0.0
APF Subaccount - Department of Public Safety Fund	0.0	494.5	494.5	0.0	(494.5)
APF Subaccount - Department of Revenue Fund	503.1	19,369.4	19,369.4	19,456.9	87.5
APF Subaccount - Department of Water Resources	177.5	0.0	2,500.0	0.0	0.0
APF Subaccount - Secretary of State Fund	139.2	0.0	0.0	0.0	0.0
APF Subaccount - Supreme Court Fund	0.0	5,770.0	5,770.0	0.0	(5,770.0)
<b>Total</b>	<b>14,265.6</b>	<b>71,781.7</b>	<b>74,281.7</b>	<b>20,578.1</b>	<b>(51,203.6)</b>

## Capital Projects

Arizona Exposition and State Fair Fund	0.0	0.0	0.0	1,885.7	1,885.7
Capital Outlay Stabilization Fund	0.0	0.0	0.0	19,000.0	19,000.0
DOC Building Renewal & Preventive Maintenance Fund	0.0	0.0	0.0	5,864.3	5,864.3
Game and Fish Fund	0.0	0.0	0.0	897.5	897.5
Lottery Fund	0.0	0.0	0.0	109.1	109.1
Pioneers' Home Miners' Hospital Fund	0.0	0.0	0.0	232.5	232.5
State Aviation Fund	0.0	0.0	0.0	220.9	220.9



# Other Appropriated Funds Operating Budgets Summary

(Dollars in Thousands)

	FY 2023 Expenditures	FY 2024 Appropriation	FY 2024 Executive Budget	FY 2025 Executive Budget	FY 2025 Changes and Adjustments
State Highway Fund	0.0	0.0	0.0	20,077.3	20,077.3
State Parks Revenue Fund	0.0	0.0	0.0	7,456.0	7,456.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>55,743.3</b>	<b>55,743.3</b>
<b>Other Appropriated Funds Operating Total</b>	<b>5,055,634.8</b>	<b>5,361,977.8</b>	<b>5,415,638.3</b>	<b>5,494,403.8</b>	<b>132,426.0</b>

The total amount listed reflects agency operating expenditures and appropriations, but does not include expenditures and appropriations for capital projects or other selected statewide items, such as retirement contribution adjustments.

# Resources

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## **Governor’s Office of Strategic Planning and Budgeting**

[Website](#)

[Executive Budgets for FY 2025 and Previous Years](#)

[Statement of Federal Funds](#)

[Master List of State Government Programs](#)

[Constitutional Appropriation Limit Calculation](#)

## **State Agency Technical Resources**

[Agency Budget Development Software and Training Resources](#)

## **Other Helpful Links**

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[Governor’s Website](#)

[State Agencies’ Websites](#)

[Governor’s Priorities](#)

[Openbooks](#)

[Arizona Labor Market Statistics](#)

[Arizona Population Statistics](#)

[FY 2025 Appropriations Report](#)

# Acknowledgement

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Governor Hobbs gratefully acknowledges the skilled and dedicated efforts of the staff of the Governor's Office of Strategic Planning and Budgeting.

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