



FY 2026 Executive Budget

January 17, 2025

Governor's Office of Strategic Planning and Budgeting

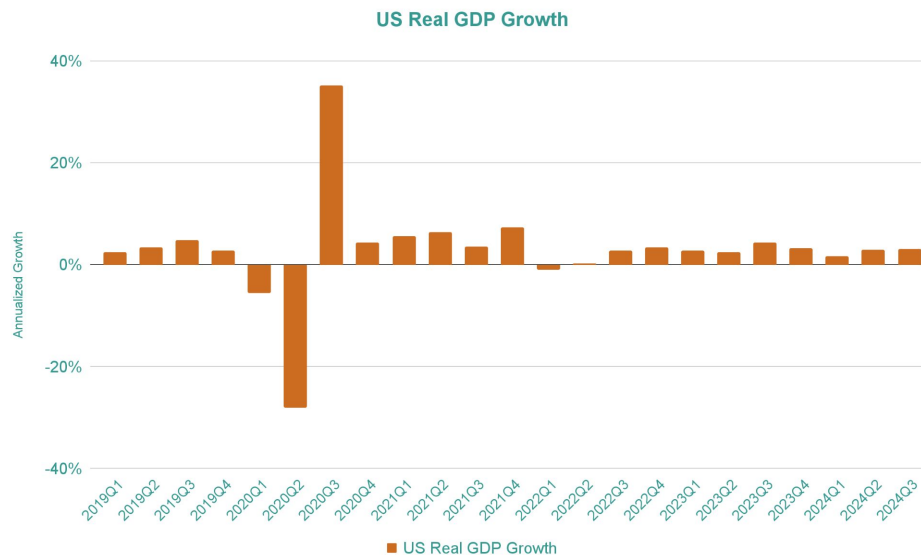
Agenda

- Economy and FY 2026 Budget Outlook
- Executive Budget by Priority Area
 - Affordable and Thriving Economy
 - Public Safety, Border Security, and Corrections
 - Healthcare Access
 - Housing and Human Services
 - Improving Education
 - Resilience, Water, and the Environment
 - Infrastructure and Good Governance

Economy and FY 2026 Budget Outlook

US GDP Summary

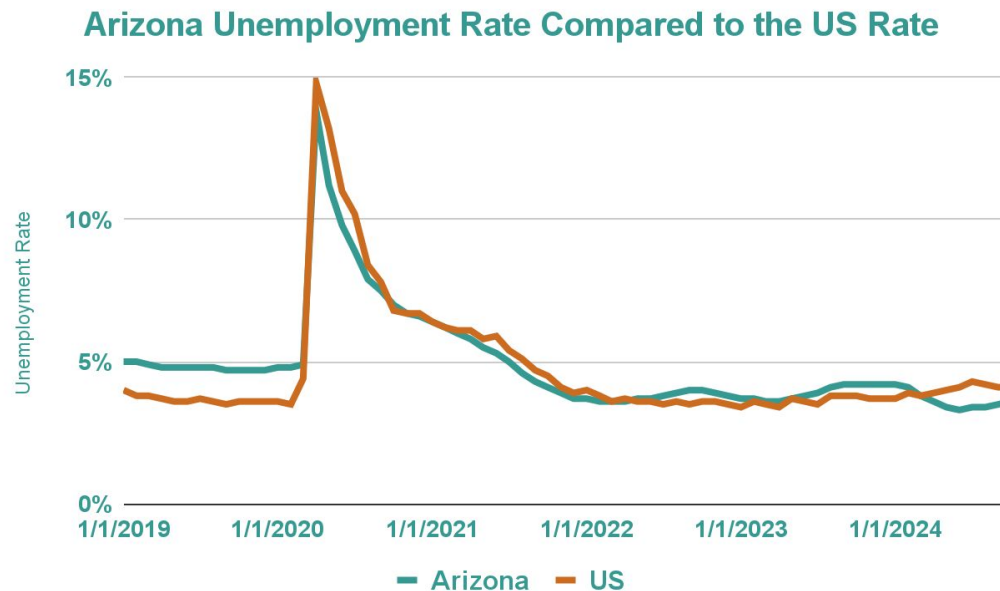
- The US economy has proven to be resilient and is on track to finish the year with four quarters of solid growth
- The real GDP growth for the third quarter increased by 3.1%, the highest growth rate for the year
- Fourth-quarter GDP growth is expected to be between 2.5% and 3.0%, finishing strong



Source: Bureau of Economic Analysis (BEA)

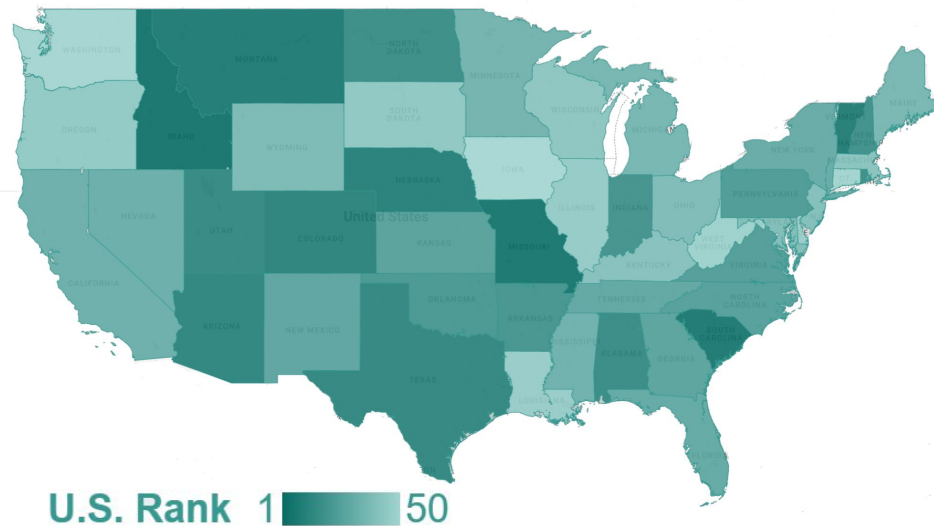
Arizona Unemployment has Outperformed the US

- Arizona's unemployment rate reached a historic low of 3.4% in May 2024, the lowest since 1976
- Arizona has been outpacing the US with a lower unemployment rate than the US as of April 2024
- The current US rate is 4.1%, while Arizona boasts an even lower rate at 3.7%



Arizona is a Top Job Growth State

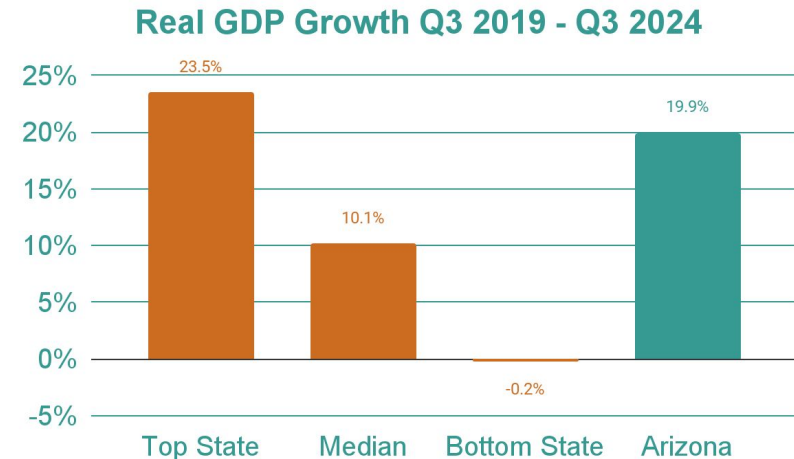
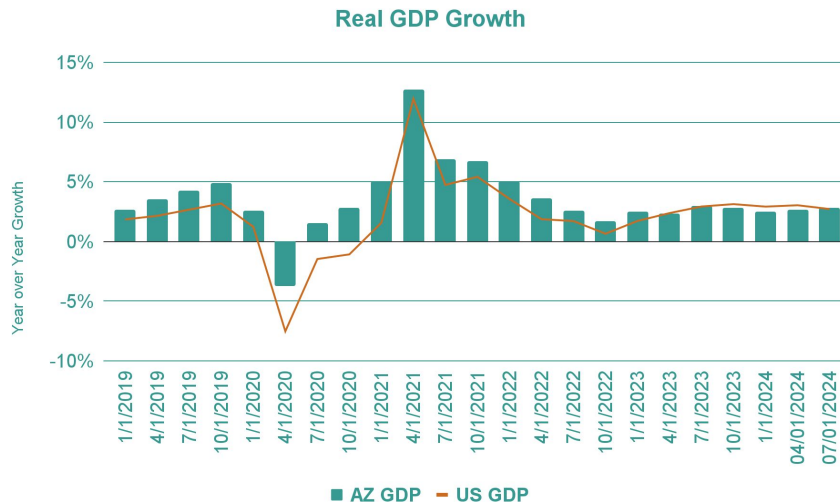
- Arizona remains a top job growth state into 2024
- As of November 2024, Arizona ranks **10th** in the nation for job growth
- Arizona has continued to add jobs at a faster pace than the US
- Arizona created 59,800 jobs, a 1.8% growth over last November, while US added 256,000 jobs with 1.4% growth



The darker the shade the better the ranking

The Arizona Economy Continues to Grow

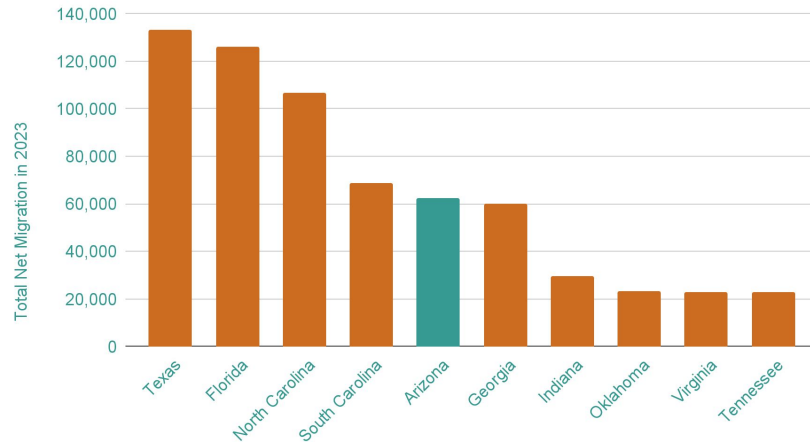
- Arizona's real GDP increased by 3.1% in the third quarter of 2024
- For the 5-year period ending in Q3 2024, the Arizona economy grew 19.9% – making it the **4th fastest** growing state during this time period



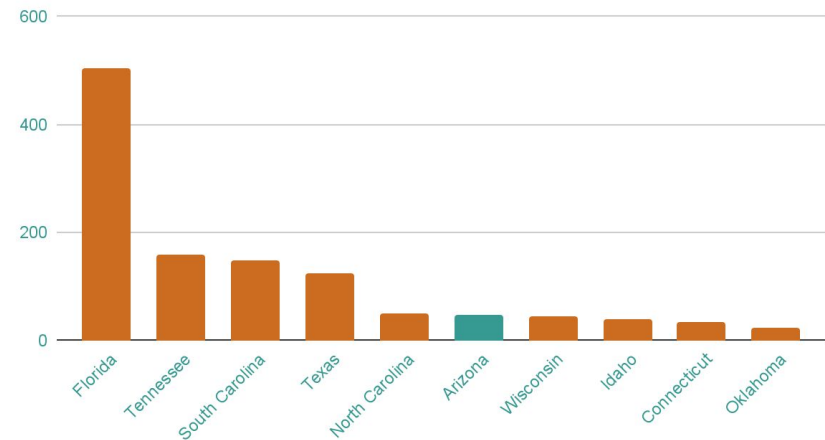
Arizona is a Top Destination for People and Businesses

- According to the 2023 American Community Survey by the US Census Bureau, Arizona was the **5th** most popular destination for people moving within the US, with a net gain of over 62,500 residents
- Arizona was **6th** in net firm migration in 2023

Top Ten Total Net Migration by State 2023

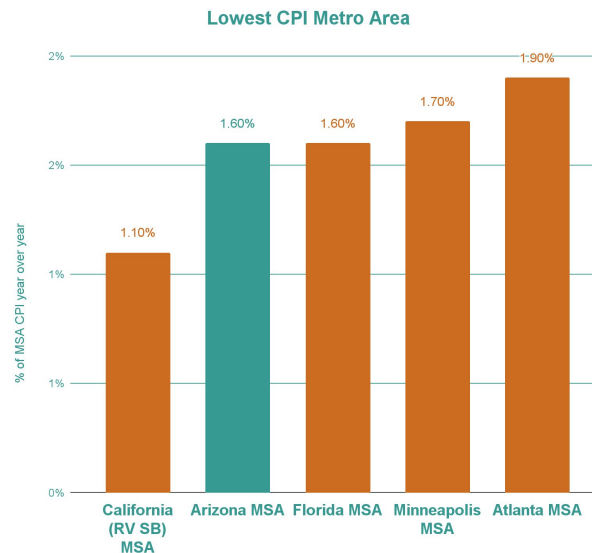
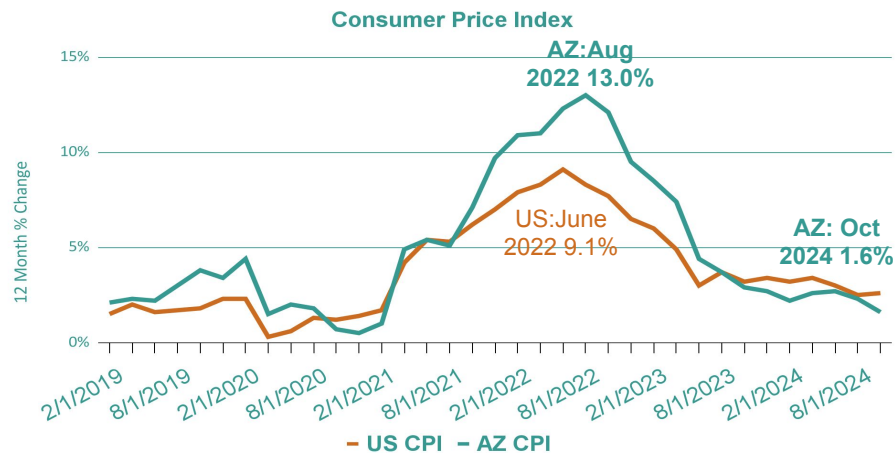


Top Ten Net Firm Migration by State 2023



Phoenix MSA Inflation Lower Than the US

- Phoenix's Metropolitan Statistical Area Consumer Price Index (CPI) as of October 2024 is 1.6%. This rate has held below 3% since October 2023
- Phoenix's rate of inflation is below the US and below the other US metro areas as defined by the US Census



Potential Federal Policy Impacts on the Economy

Workforce

Restrictions create risk to near-term and long term supply of labor, hinders business expansion and is potentially inflationary

Tariffs

Effects of changes on global tensions or disruption of supply chains, increases the cost of imports and is potentially inflationary

Tax and Regulatory Policy

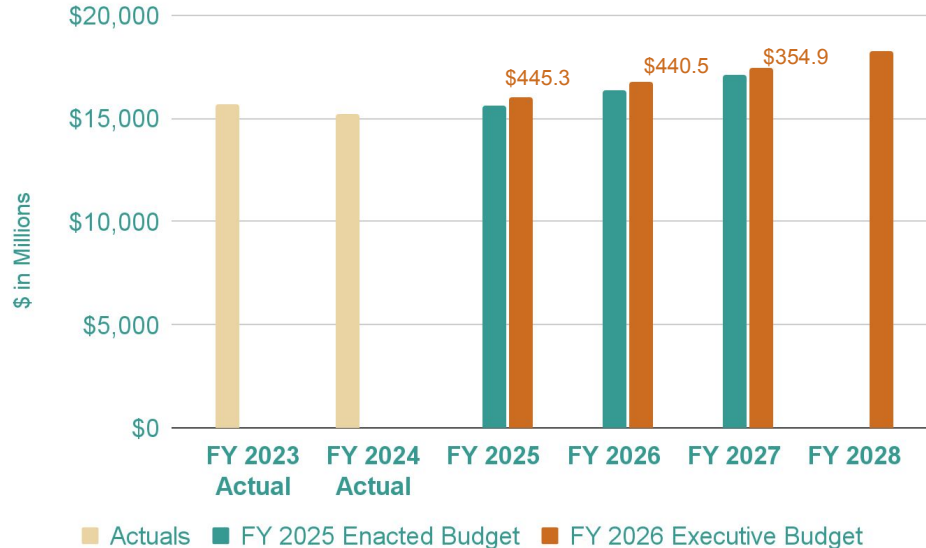
Shifts in regulation could yield both positive and negative impacts across various industries

Health Policy

Federal funding matching reductions or limits to funding put Arizonans healthcare coverage at risk

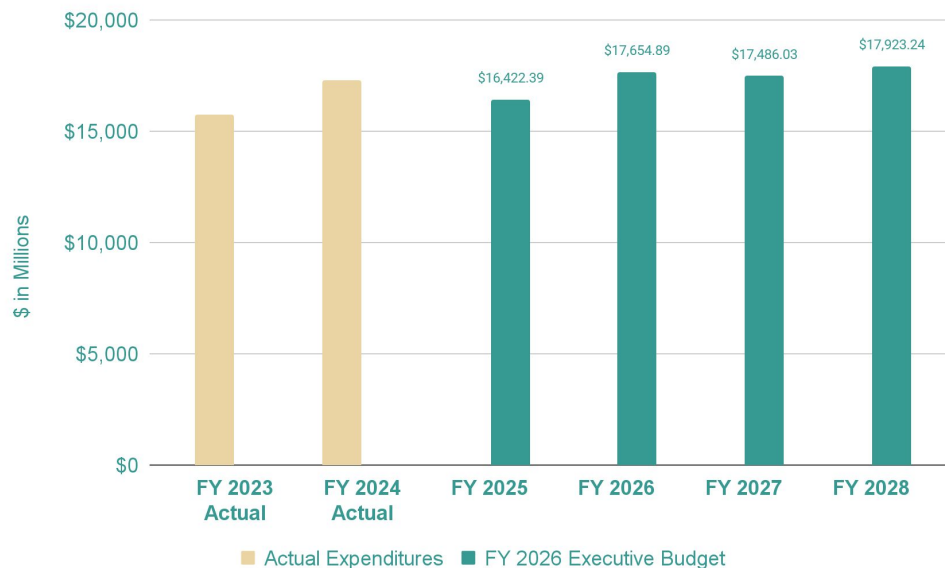
Executive Ongoing Revenue Forecast

- The FY 2026 Executive Budget contemplates moderate ongoing revenue increases through FY 2028, after the revenue declines in FY 2024



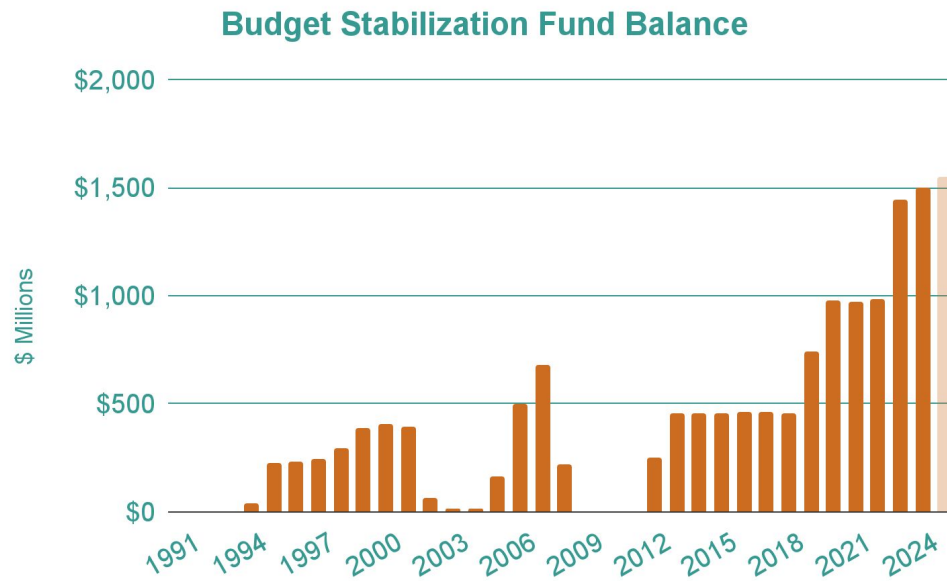
Executive Expenditure Forecast

- The FY 2026 Executive Budget contemplates moderate spending increases through FY 2028, in line with the revenue outlook
- Of the **\$17.7B** in total spending in FY 2026 **\$886.0M** is one-time



Maintaining Arizona's Reserves

- Arizona continues to maintain the Budget Stabilization Fund balance, which ensures economic stability in the future
- Arizona's Budget Stabilization Fund balance as of November 2024 is **\$1.48B** and is expected to reach over **\$1.54B** in FY 2025



General Fund Sources & Uses

	FY 2026	FY 2027	FY 2028
Beginning Balance	\$831,851	\$146,900	\$100,776
Revenues	\$16,969,943	\$17,439,909	\$18,232,955
Total Available	\$17,801,794	\$17,586,809	\$18,333,731
Total Expenditures	\$17,654,894	\$17,486,033	\$17,923,243
Ending Cash Balance	\$146,900	\$100,776	\$410,489
Ending Structural Balance	\$185,783	\$253,256	\$659,848
General Fund Sources and Uses (\$ in Thousands)			

FY 2026 Executive Funding

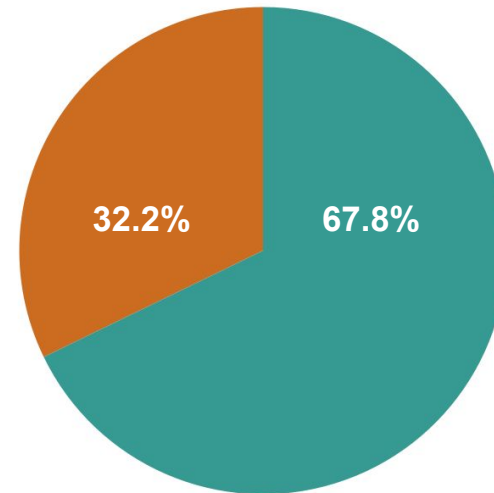
\$831.9M
FY 2025
Ending Cash Balance with
Revenue Adjustments

\$778.1M
Executive
Baseline Changes

\$794.3M
New Executive
Initiatives

\$146.9M
Ending Cash Balance

Executive Initiatives \$794.3M



- One-time Executive Initiatives
- Ongoing Executive Initiatives

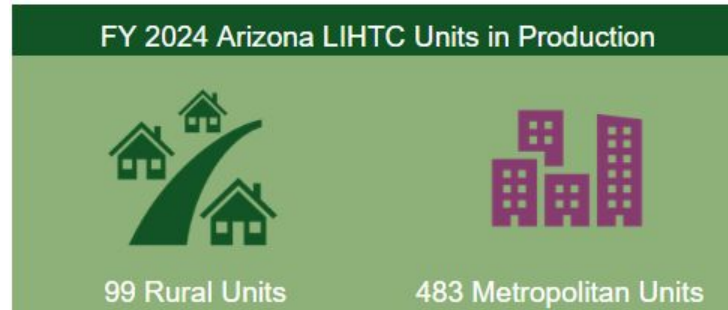
Funding Initiatives by Priority Area



Affordable and Thriving Economy

Lowering Housing Costs

- **\$10M GF** to expand and extend the Arizona Low Income Housing Tax Credit (LIHTC) program by 6 years, through FY 2031 for a total investment of \$600M
 - The first round of \$10M credits will be issued in FY 2026



Lowering Housing Costs

- **\$15M GF one-time** for a deposit into the Housing Trust Fund
- **\$5M GF one-time** for Homes for Heroes
- **\$5M ARPA one-time** for AZ is Home



Homebuyer Counseling



Home Repair Assistance



Affordable Housing
Creation



Down Payment Assistance



Housing Renovation



Interest Rate Reduction

Lowering Housing Costs

- **\$5.4M OF** and **\$104.3M federal EA one-time** for the Housing and Health Opportunities (H2O) Initiative, providing housing services to people with serious mental illnesses

Strengthen homeless outreach to connect members to housing



Support members in attaining and maintaining housing stability



Wraparound housing services to improve health outcomes



Child Care Solutions to Meet Arizona's Workforce Needs

- **\$7M GF and \$159,800 OF ongoing to:**
 - Develop a Public-Private Partnership that reduces the cost of child care
 - Establish an out of school time grant program for youth ages 5-12
 - Create a child care tax credit for businesses
 - Add 3 positions to provide coaching to child care providers



As many as **76,690** children need care, but slots are not available

ARPA Investments	
Purpose	Amount
Child Care Provider Coaching and Tools	\$3.5M
Early Childhood Educator Scholarships	\$1M
Microbusiness Loan Program Expansion	\$0.5M
Child Care Availability Web Tool	\$0.5M
Total	\$5.5M

Expanding Access & Affordability of Child Care

- **\$112.4M GF ongoing, \$30M OF ongoing, and \$48.7M OF one-time** for additional support for the Child Care Assistance program
 - Ensures that Arizona families have access to affordable, high-quality child care



**Disruptions in
Child Care**

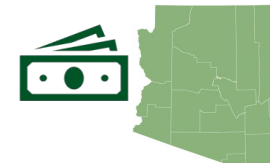


Lead To

**Average of 25,400
children estimated to
be served each month**



**Cuts the child care
waitlist in half**



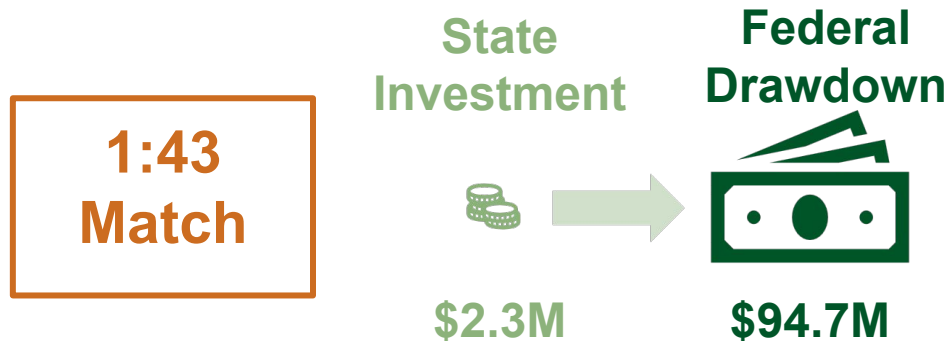
**\$4.7B Economic
Loss**

Expanding Arizona's Workforce & Increasing Access to Postsecondary Education

- **\$20M GF one-time** for total funding of **\$40M GF** for the Arizona Promise Program
- **\$15M GF one-time** for total funding of **\$30M GF** for the Arizona Teachers Academy
- **\$6M GF one-time** for the Adult Education Program
- **\$4M ARPA one-time** for Tribal College Education and Workforce Scholarship Program
- **\$3M GF one-time** for the Dual Enrollment Program
- **\$3M GF one-time** for the Arizona Nurse Education Investment Program

Lowering Grocery Costs

- **\$3.8M GF one-time** for School Meals Grants that reduce or eliminate the school meal copay for families eligible for reduced price school meals
- **\$2.3M GF ongoing** for the SUN Bucks program, which provides working class families a **\$120 grocery benefit** in the summer

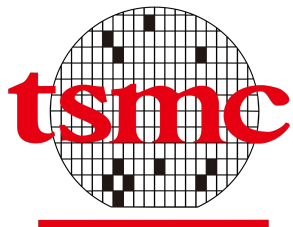


Lowering Healthcare Costs

- **\$1.3M GF** and **\$221.5M federal EA ongoing** to cover Traditional Healing (TH) services in Indian Health Services (IHS) Facilities
- **\$344,000 GF** and **\$3.9M federal EA ongoing** to expand eligibility of coverage for family planning from \$42,744 to \$62,400 for a household of four

Bringing Jobs to Arizona

- **\$10M GF one-time deposit** and **\$1.8M OF ongoing** from the lottery waterfall to the Arizona Competes Fund for grants that attract, retain, and support businesses and jobs in Arizona



6,000 New Jobs



2,600 New Jobs



2,500 New Jobs

\$40,736

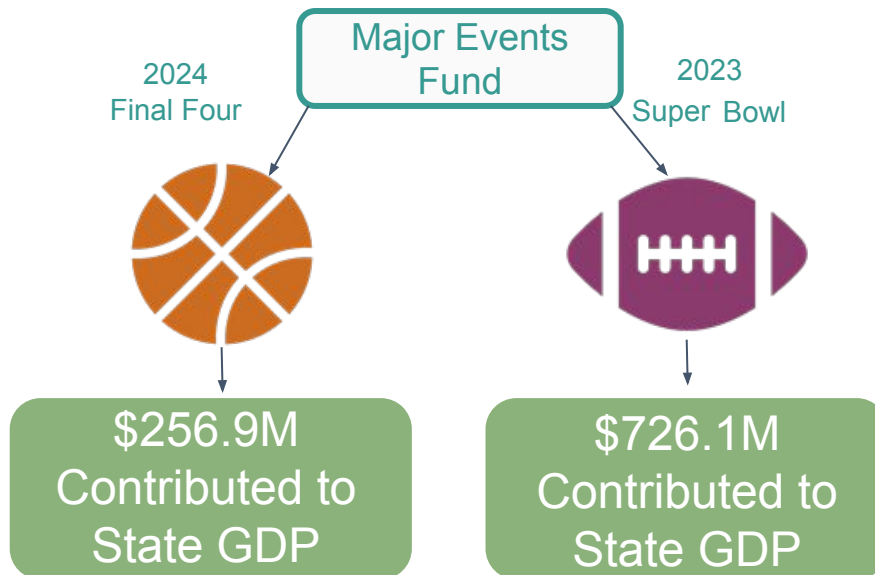
Arizona Average Income

\$75,701

Average Wage of New Jobs
Created by ACA Grants

Spurring Economic Development

- **\$5M GF one-time** deposit into the Major Events Fund (MEF) to support Arizona's ability to manage major events that attract economic activity to the State





Public Safety, Border Security, and Corrections

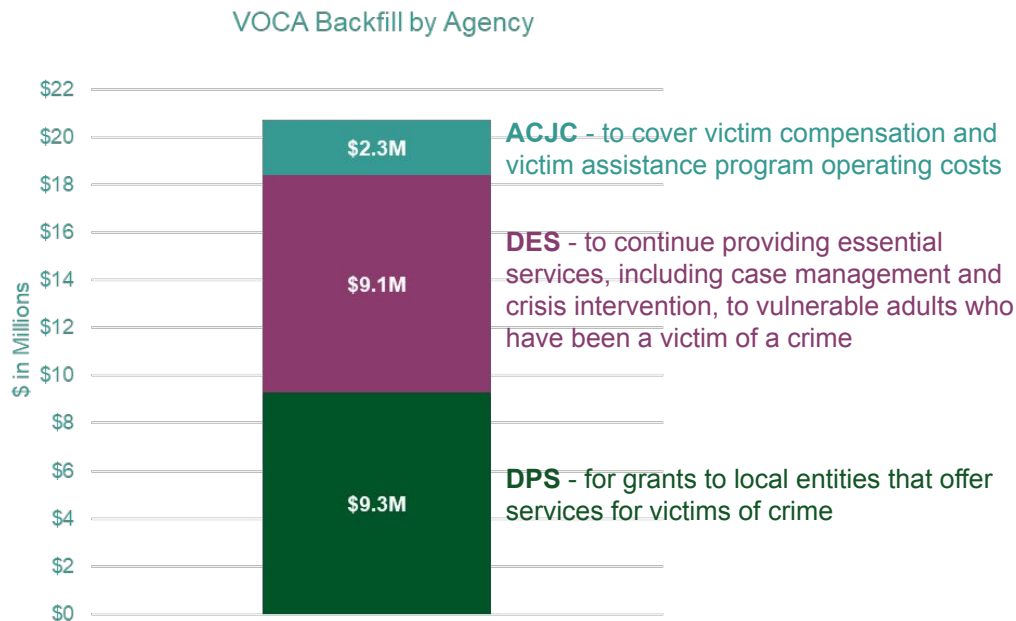
Stopping Arizona's Fentanyl Epidemic

- **\$14M GF one-time, \$5M GF ongoing, and \$1M ARPA one-time** for the Stopping Arizona's Fentanyl Epidemic (SAFE) initiative

<p style="text-align: center;"><u>DPS</u></p> <p style="text-align: center;">\$10M for local border support to provide grants to local enforcement for drug interdiction</p> <p style="text-align: center;">\$1M ARPA statewide fentanyl awareness campaign</p>	<p style="text-align: center;"><u>DEMA</u></p> <p style="text-align: center;">\$5M to expand efforts by the existing Counterdrug Task Force</p>	<p style="text-align: center;"><u>AHCCCS</u></p> <p style="text-align: center;">\$2M to expand rural / underserved community access to treatment</p> <p style="text-align: center;"><u>DHS</u></p> <p style="text-align: center;">\$2M to equip first responders with naloxone</p>
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Supporting Victims & Survivors of Crime

- **\$20.7M ARPA one-time** in FY 2026 and **\$20.7M GF ongoing** in FY 2027 to backfill reduced VOCA federal grant dollars

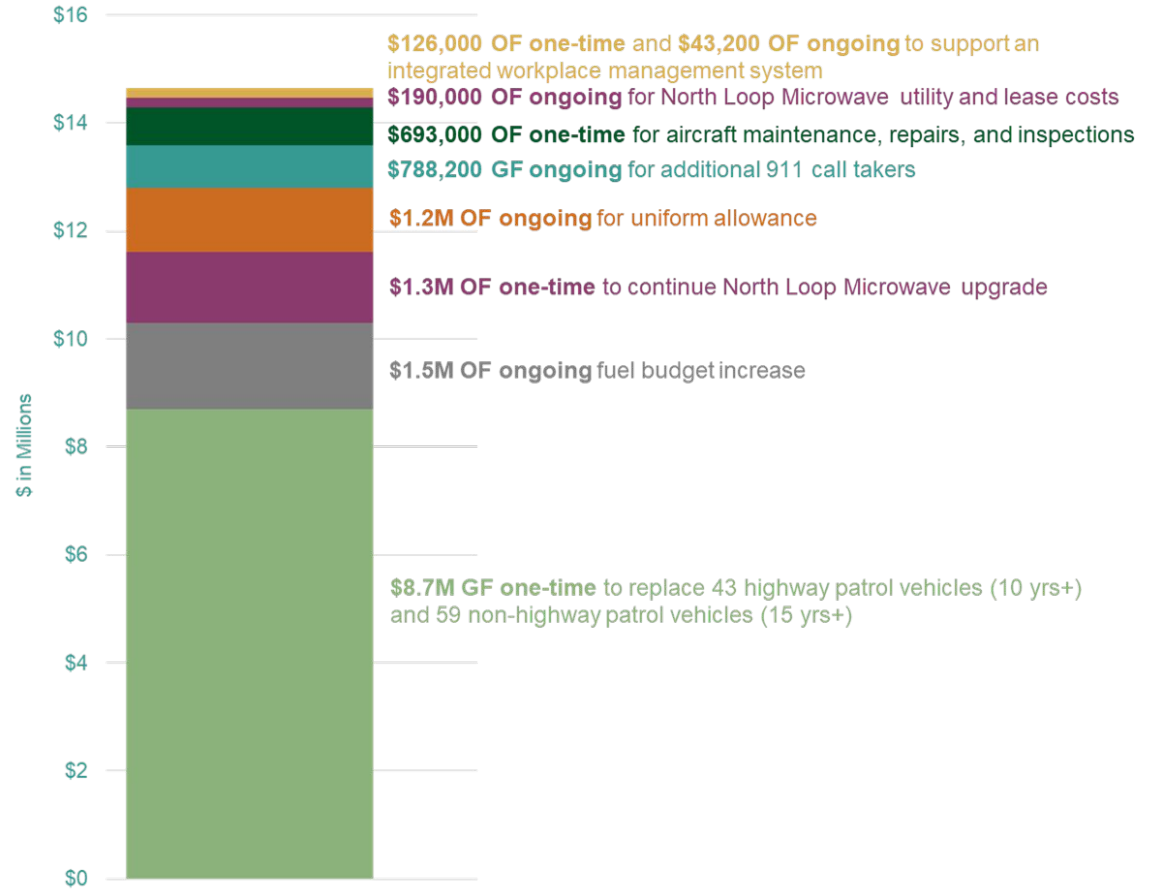


Front Line Law Enforcement & Correctional Pay Package

- **\$33.3M GF ongoing** and **\$1.7M OF ongoing** for a 5% front line law enforcement and correctional pay increase to:
 - Enhance the State's competitiveness
 - Improve retention in these critical fields
 - Reduce the costly impacts of turnover



DPS Operations



Health Care Federal Court Injunction

- **\$6M GF one-time** in FY 2025 and **\$6M GF ongoing** in FY 2026 for costs associated with remaining in compliance with the health care federal injunction
- After 10 years of litigation, the Court found in 2022 that ADCRR made constitutional violations in the provision of health care and the housing of persons who are incarcerated and in isolation
- In 2023, the Court issued the Injunction requiring ADCRR to remedy all constitutional violations

Healthcare

Monitoring

Operations



Reducing Contraband Introduction

- **\$2.7M GF ongoing** and **\$392,200 GF one-time** for enhanced mail scanning to reduce contraband introduction into Arizona prisons to improve recidivism and align with federal and national efforts to improve correctional officer safety



- **\$1M OF one-time** for the Attorney General's Office to enforce retail compliance with the State's voter-approved marijuana laws
 - Issue a statewide notice to retailers about the illegal status of these products
 - Provide grants to local law enforcement agencies for enforcement activities which may include cease and desist letters and public awareness campaigns

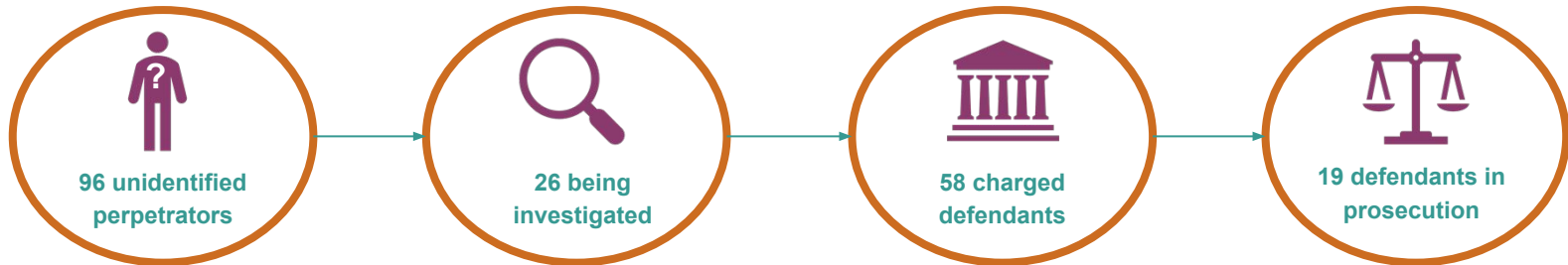


Cracking Down on Illegal Marijuana & Hemp Products



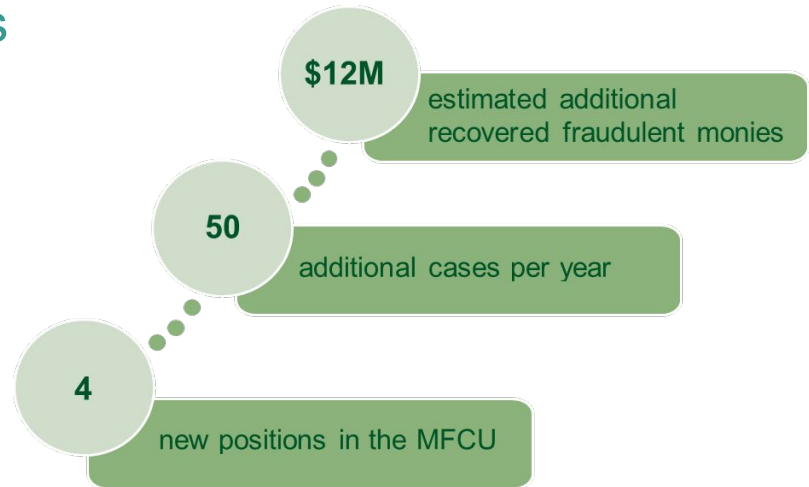
Protecting Arizona's Children

- **\$335,000 OF ongoing** to support 2 positions at the Attorney General's Office in the Internet Crimes Against Children Task Force
 - The 2 positions are currently funded by one-time monies being depleted by the end of FY 2025
 - Continue the work of identifying, investigating, and prosecuting those who harm children



Fighting Fraud & Abuse

- **\$204,100 OF ongoing** to support 4 positions within the Attorney General's Medicaid Fraud Control Unit (MFCU)
 - The additional positions will allow the MFCU to investigate an additional 50 cases per year and recover an estimated \$12M in additional monies
 - The State's investment will receive a 75% federal match





Healthcare Access

Reproductive Access Initiatives

- **\$464,000 GF** and **\$4.5M federal EA** ongoing to:

Allow 12 Month
Prescription of
Contraception Supplies

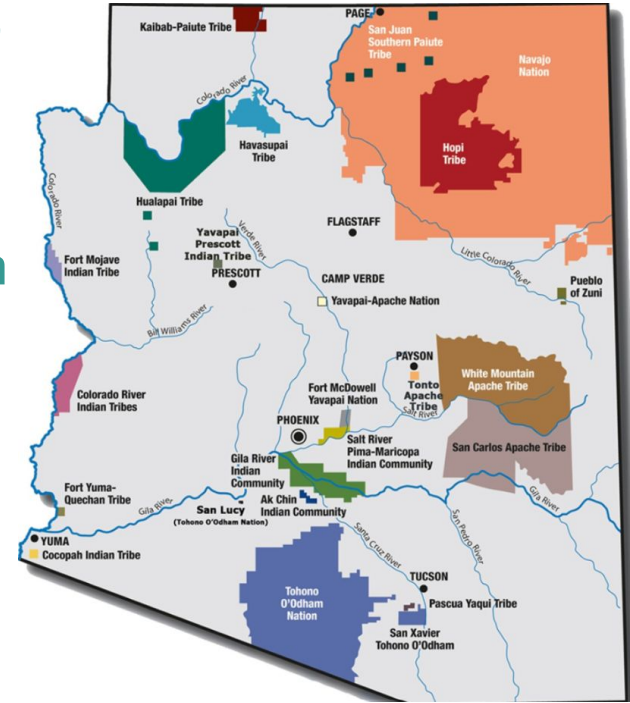


Expand Eligibility
of Coverage for
Family Planning



Tribal Healthcare Initiatives

- **\$7M GF one-time** for the Attorney General to continue Sober Living Home fraud response
- **\$1.3M GF and \$221.5M federal EA ongoing** to cover Traditional Healing services at Indian Health Service (IHS) facilities
- **\$226,900 GF and \$226,900 federal EA ongoing** for 4 positions within the Arizona Advisory Council on Indian Health Care



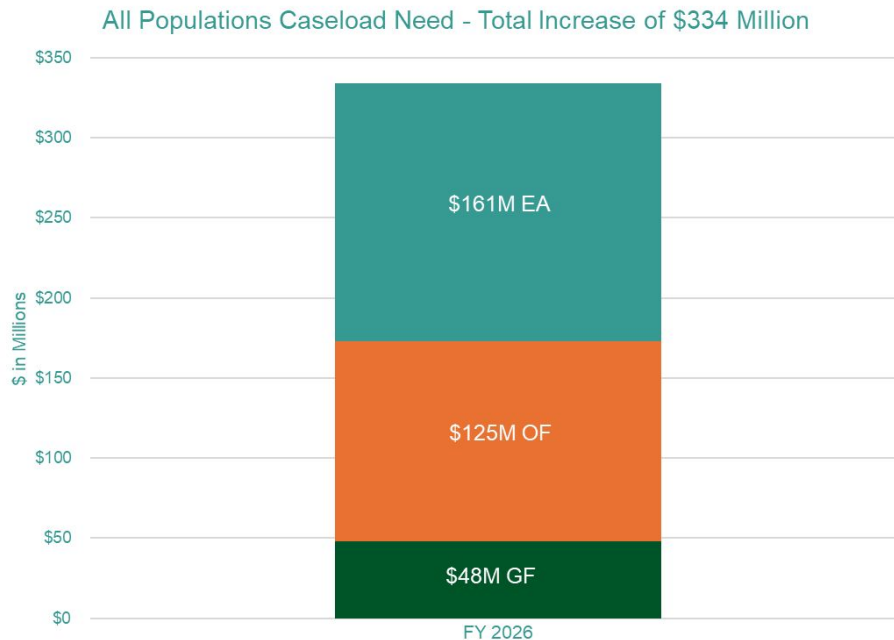
Arizona Federally-Recognized Tribal Nations

Resources for Providers & Hospitals

- **\$92.1M GF, \$14.4M OF, and \$193.1M federal EA** for a 6% rate increase over 3 years for professionals providing long-term care to individuals who are elderly or living with a physical or developmental disability
- **\$481,900 GF and \$1.1M federal EA ongoing** to add 22 positions to address growing provider enrollment and expedite processing timelines
- Provide hospitals an additional **\$75M GF one-time** by reducing the one-time transfer of Hospital revenues to the General Fund
 - Accelerates the phase down of FY 2025 and FY 2026 transfers

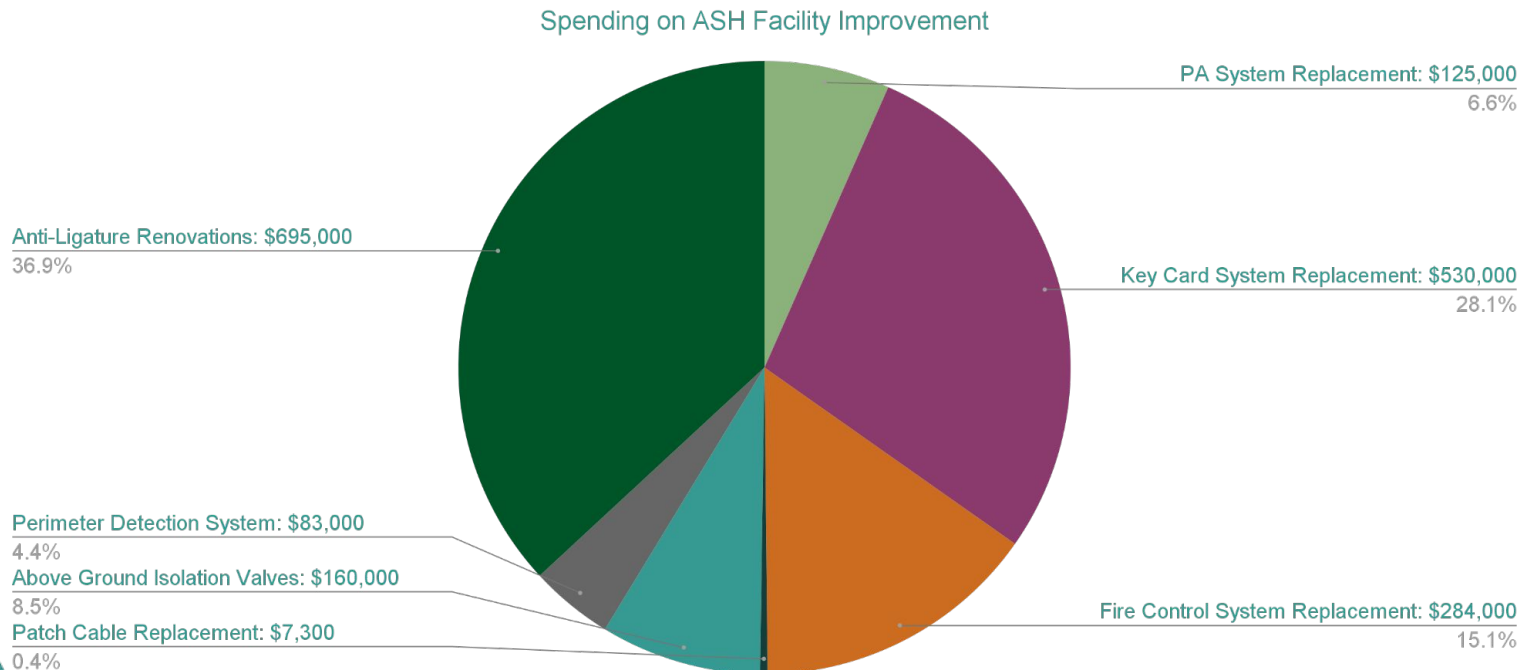
AHCCCS FY 2026 Caseload

- **\$48M GF, \$125M OF, and \$161M federal EA ongoing**
 - 4% Capitation
 - 2.15% Membership Growth
 - (0.55)% FMAP



Arizona State Hospital Facilities Improvement

- **\$1.9M OF one-time** to improve the safety of patients and community



Agriculture Meat Inspection & Food Safety

- **\$127,000 GF ongoing** to hire 1 Food Safety Scientist at the AZDA State Agricultural Laboratory
- **\$119,300 GF ongoing** and **\$45,000 GF one-time** to hire 1 Meat and Poultry Inspection (MPI) Program Supervisor to expand state inspections for meat processing businesses

More
Responsive
Inspections

Outbreak
Testing

Food Safety
and Meat
Testing



Housing and Human Services

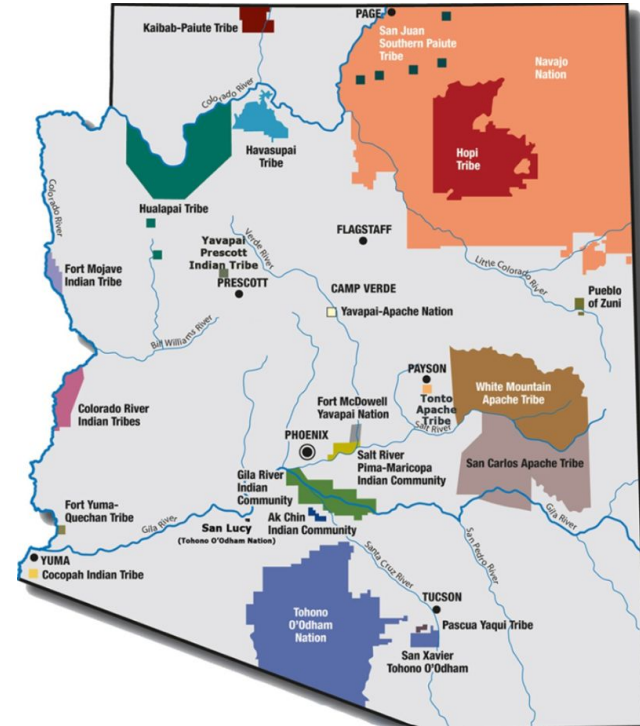
Strengthening AZ's Housing Assistance

- **\$15M GF one-time** for a deposit into the Housing Trust Fund
- **\$10M GF** to expand the Arizona Low Income Housing Tax Credit program through FY 2031 **for a total investment of \$600M**

AZ is Home	\$10M	\$6.3M	Homeownership Development
Affordable Housing 4%	\$46M	\$3M	Lower Cost Housing Typology
Affordable Housing 9%	\$22.1M	\$1.2M	Emergency Repair
Affordable Housing Plan	\$1.4M	\$5M	Housing Insecurity
AHCCCS' H2O	\$5.5M	\$5.5M	Rapid Rehousing
Extreme Weather	\$1.6M	\$26.3M	Transitional Housing

Resources for Repatriation

- **\$7M GF one-time** for repatriation efforts, which will allow the Arizona State Museum (ASM) to fulfill obligation to repatriate Indigenous human remains and artifacts



Arizona Federally-Recognized Tribal Nations

Bright Futures AZ

- **\$7M GF and \$159,800 OF ongoing to:**
 - Develop a Public-Private Partnership that reduces the cost of child care
 - Establish an out of school time grant program for youth ages 5-12
 - Create a child care tax credit for businesses
 - Add 3 positions to provide coaching to child care providers

ARPA Investments	
Purpose	Amount
Child Care Provider Coaching and Tools	\$3.5M
Early Childhood Educator Scholarships	\$1M
Microbusiness Loan Program Expansion	\$0.5M
Child Care Availability Web Tool	\$0.5M
Total	\$5.5M

Expanding Access & Affordability of Child Care

- **\$112.4M GF ongoing, \$30M OF ongoing, and \$48.7M OF one-time** to increase child care subsidy payments and expand child care access for working class families through the Child Care Assistance program

Average of 25,400 children estimated to be served each month

Cuts the child care waitlist in half

50% High Quality Enhancement Rate

Expands access to quality care for working class families

System Updates

Ensures federal 2024 Child Care and Development Fund Final Rule timelines are met

Quality Set Aside Activities

Helps child care providers sustain operations and improves health and safety

Serving Vulnerable Adults

- **\$6.7M GF ongoing** and **\$270,000 GF one-time** for the Adult Protective Services program to maintain a 1:25 caseload ratio given projected 10% growth in cases
- **\$2M GF one-time** and **\$500,000 GF ongoing** for Area Agencies on Aging (AAAs), to connect aging Arizonans with in-home care and services
- **\$541,400 GF** and **\$270,000 federal EA ongoing** and **\$28,700 GF** and **\$28,700 federal EA one-time** for 28 Pre-Admission Assessors to support review of applications for ALTCS-EPD medical eligibility
- **\$349,900 OF ongoing** for vulnerable persons fiduciary oversight within the Supreme Court's Certification and Licensing Division

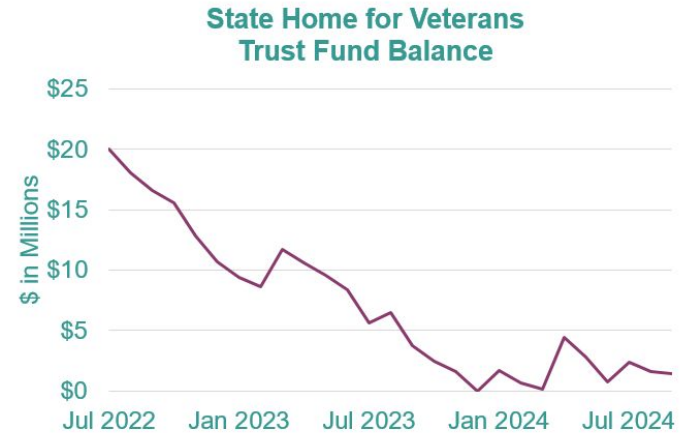
Division of Developmental Disabilities (DDD) Caseload

- **\$289.4M GF and \$782.8M federal EA ongoing and \$32.3M GF one-time in FY 2026 for DDD caseload adjustments**
 - Cost factors include higher than anticipated member growth, increase in capitation rate, and decrease in the FMAP rate
- **\$109.2M GF and \$403M federal EA one-time Supplemental in FY 2025 for DDD caseload**
 - Without additional funding, the Department is expected to begin facing cash flow challenges in late April or early May

Primary Diagnosis of Clients Served as of June 2024	
Diagnosis	Number
Autism Spectrum Disorder	20,403
Intellectual Disability	15,955
At Risk	13,901
Cerebral Palsy	3,617
Epilepsy	2,139
Down Syndrome	400

Addressing the Needs of Arizona Veterans

- **\$5M GF one-time** for Homes for Heroes
- **\$1.9M GF one-time** for the State match towards the HVAC replacement at the Tucson Veterans' Home, dependent on a **\$3.5M** federal grant award
- **\$1.2M OF ongoing** for a 10% salary increase for Nurses providing healthcare to Veterans
- **\$1M GF one-time** and **\$1M ARPA one-time** to supplement the State Home for Veterans Trust Fund

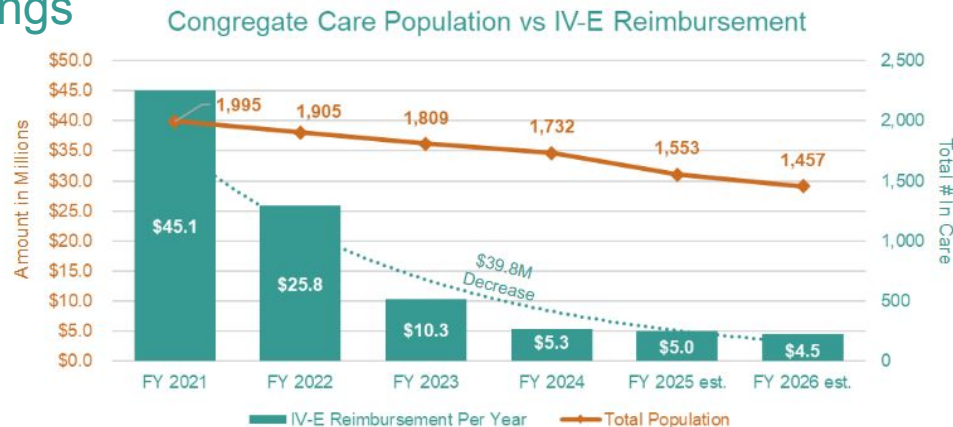


DCS Congregate Care

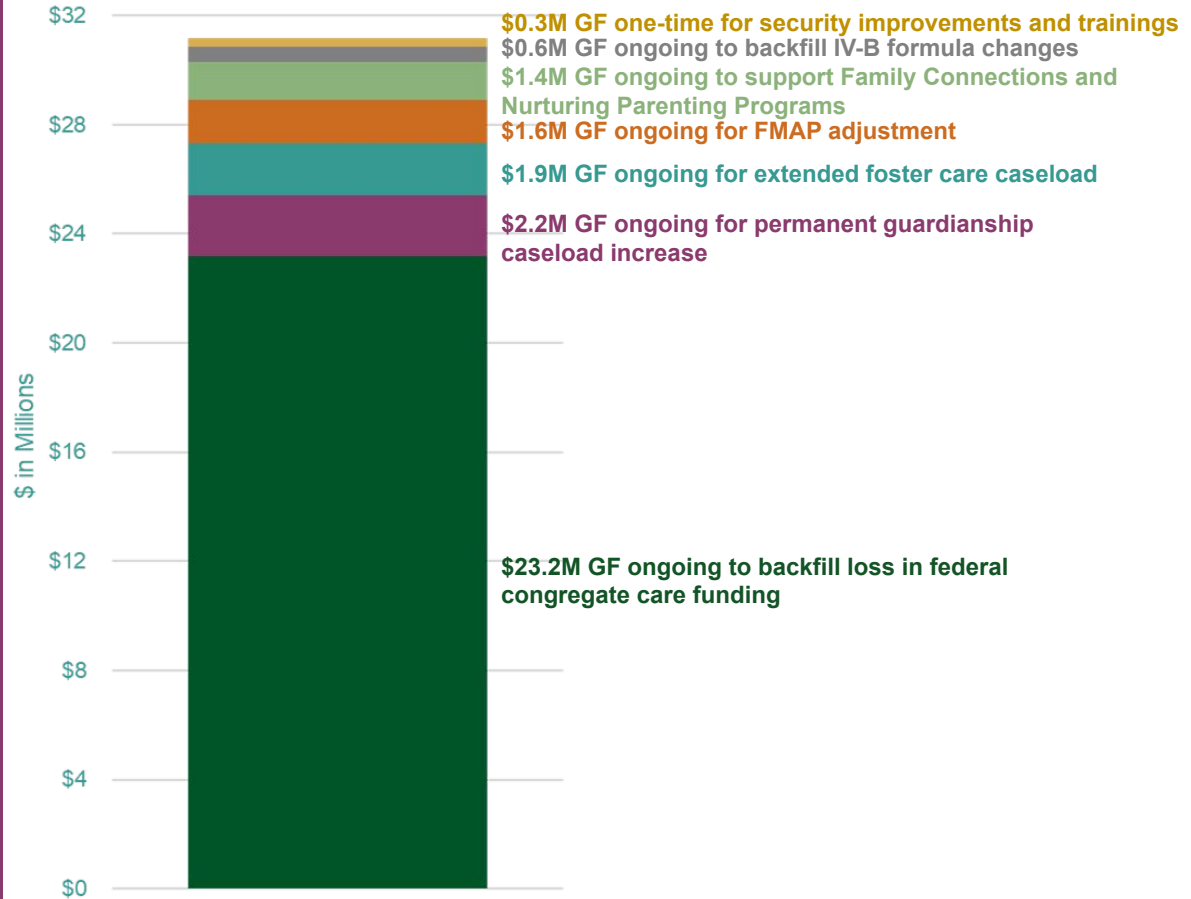
• Families First Prevention Services Act (FFPSA)

- Enacted in 2018, the FFPSA changed eligibility of federal funding for group home placements beginning in FY 2021 to only the first 14 days, which has resulted in a 90% decrease in reimbursable expenditures, to encourage use of family-like settings

- **\$23.2M GF** ongoing to backfill funding loss to meet current caseload needs for all congregate care placements
- **\$29.4M GF one-time** Supplemental for FY 2025



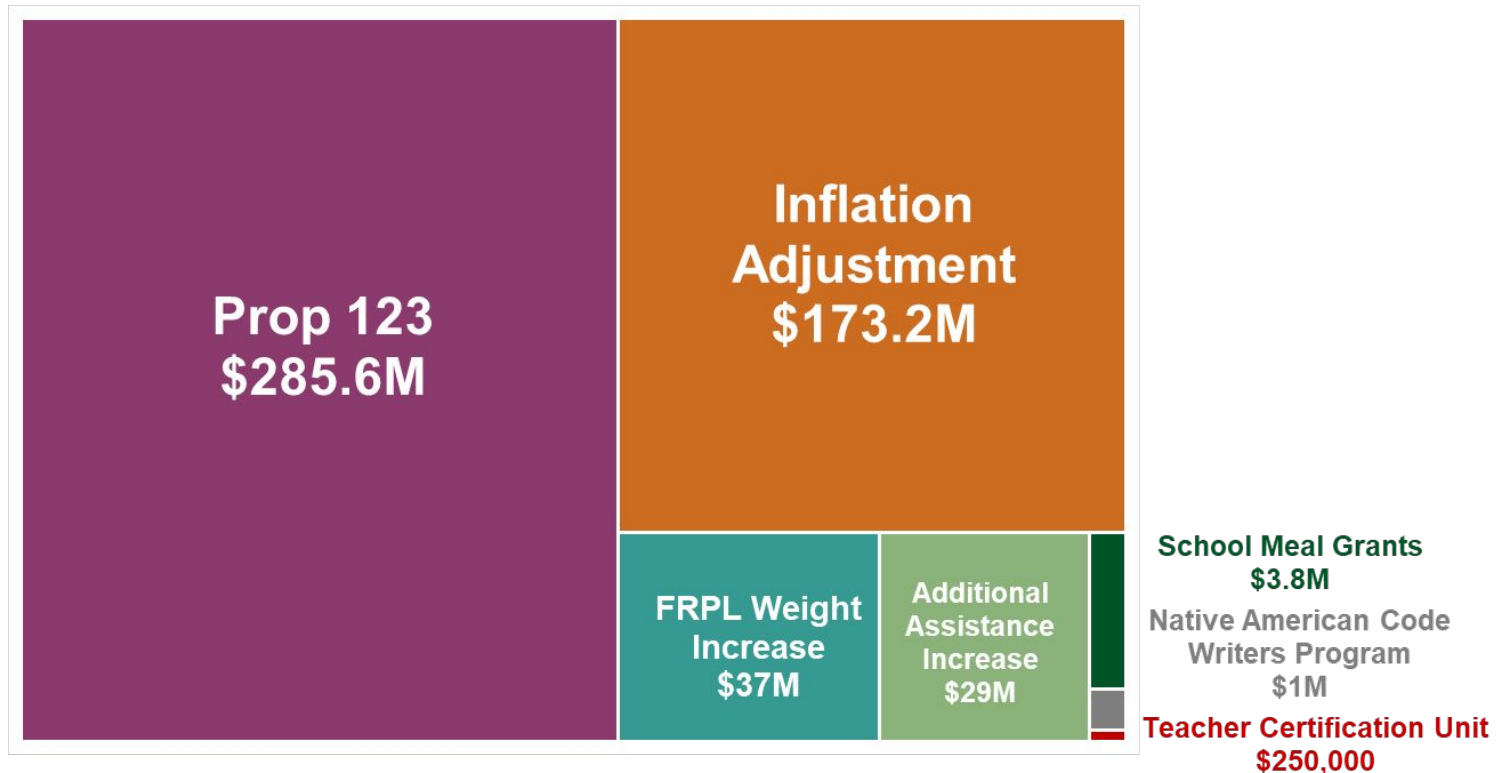
DCS Caseload & Federal Backfills





Improving Education

\$529M General Fund Investments in K-12 Education



ESA Enrollment Growth Trends & Costs

ESA Enrollment - SYs 2023 and 2024

Pre Universal ESA	6,861
Universal ESA	55,590

Universal ESAs with No Public School History Since Universal Expansion

73%

ESA Trends & Costs

- A majority of the Universal ESA population has no history in public school and generates a new GF cost to the State
- Universal ESAs costs are outpacing the Pre-Universal program, with the Universal program projected to cost more than half a billion dollars in FY26

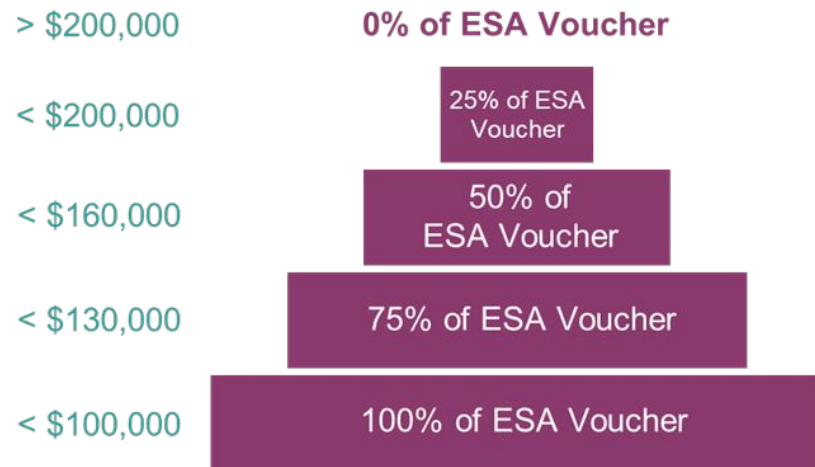
FY 2026 ESA Projections			
	Pre Universal	Universal	Total
Enrollment	24,008	70,833	94,841
Costs	\$447,566,100	\$516,223,600	\$963,789,700

Universal ESA Reform

- Universal ESA Reform
 - Establishes a scaled income cap
 - Anticipated savings of **\$150M GF**

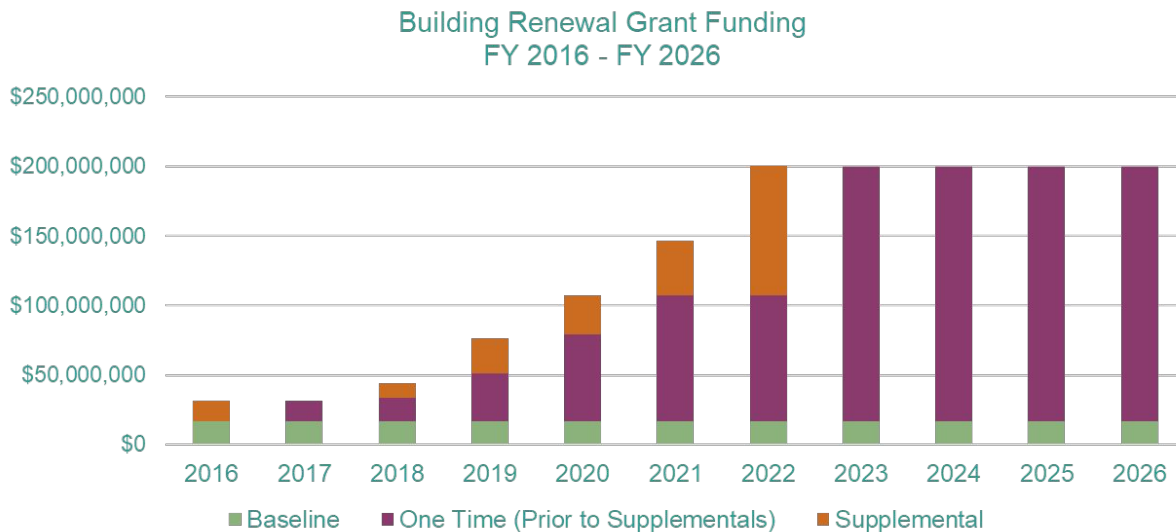
**No changes to
Pre-Universal program**

Scaled Income Cap



School Facilities - Building Renewal Grants

- **\$183.3M GF one-time** for building renewal projects at school facilities, in addition to **\$16.7M in ongoing** baseline funding, for **\$200M** in total funding

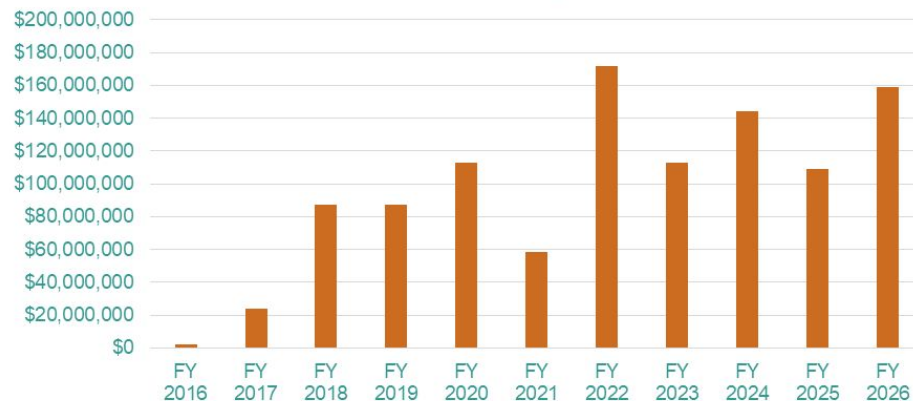


School Facilities - New Schools

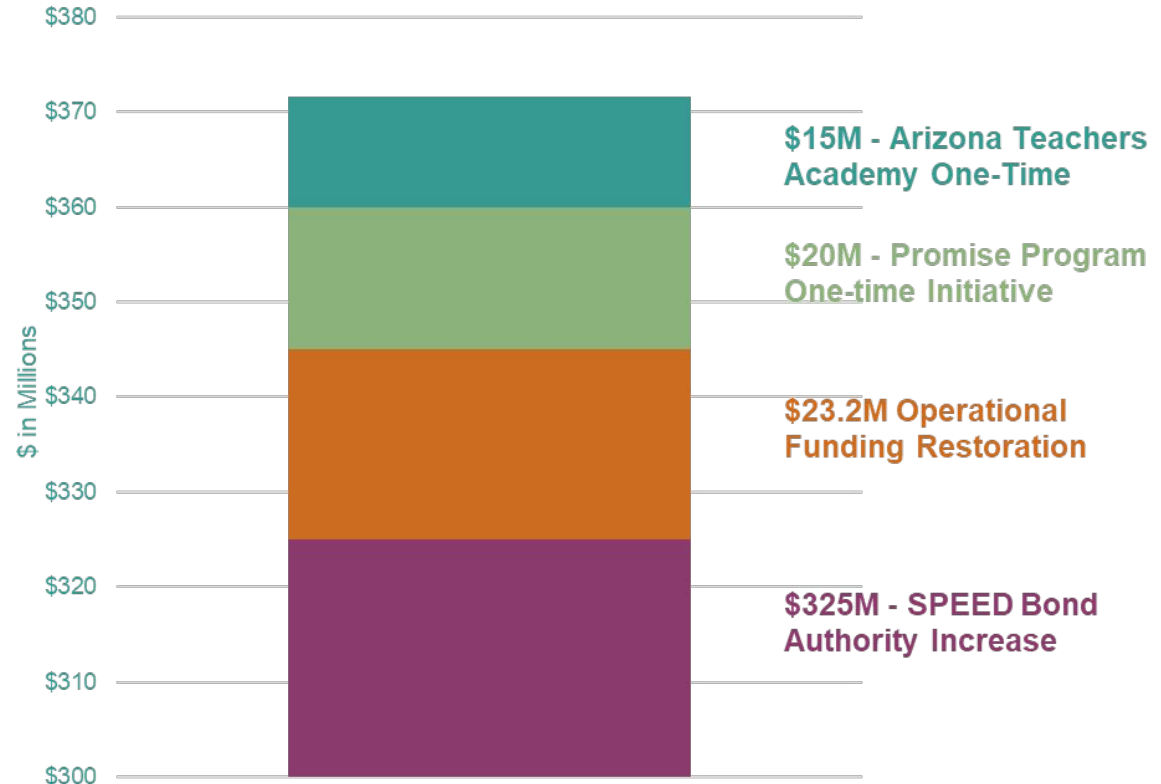
- **\$45.1M GF one-time** for year two new school construction costs at five schools
- **\$113.7M GF one-time** for year one construction costs at six schools, and land acquisition

School District	Funding
Tolleson 9-12	\$65.3M
Laveen K-8	\$16.0M
Nadaburg K-8	\$12.8M
Chino Valley 9-12	\$4.0M
Holbrook K-8	\$2.3M
Snowflake 7-8	\$2.2M
St. David 9-12	\$1.8M

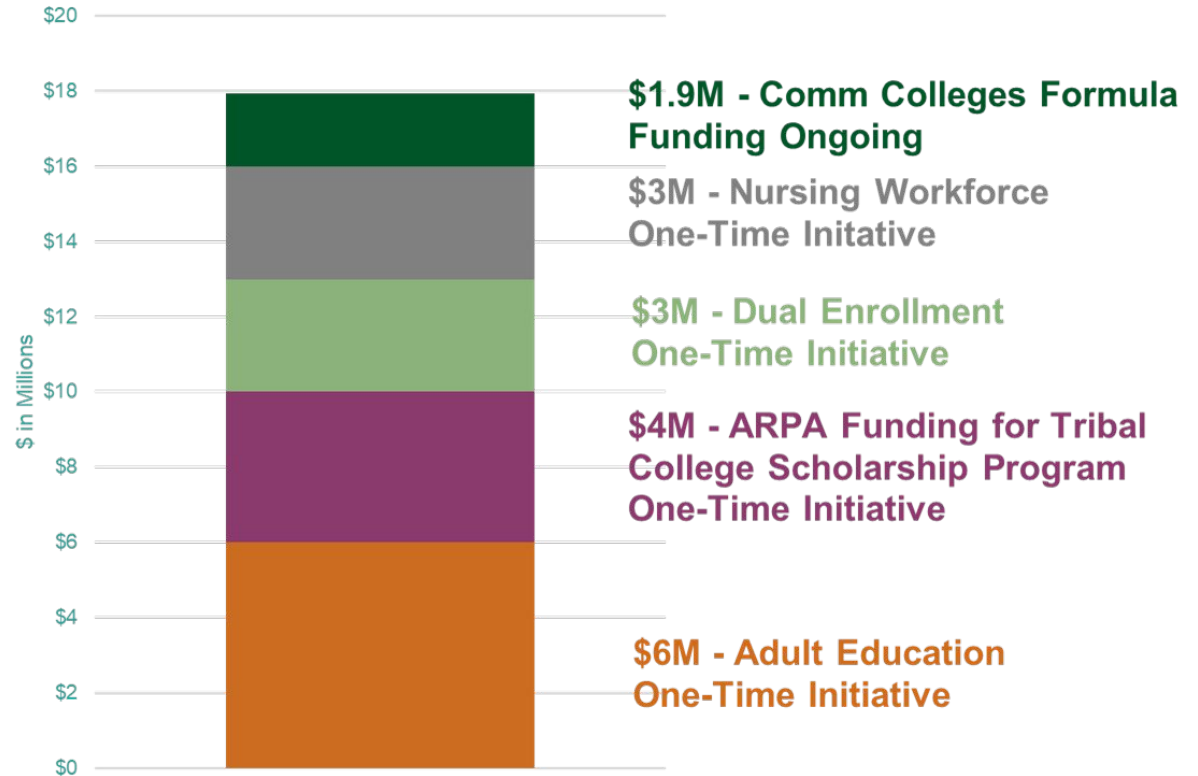
New School Construction Funding FY 2016 - FY 2026



University Investments



Talent Ready AZ





Resilience, Water, and the Environment

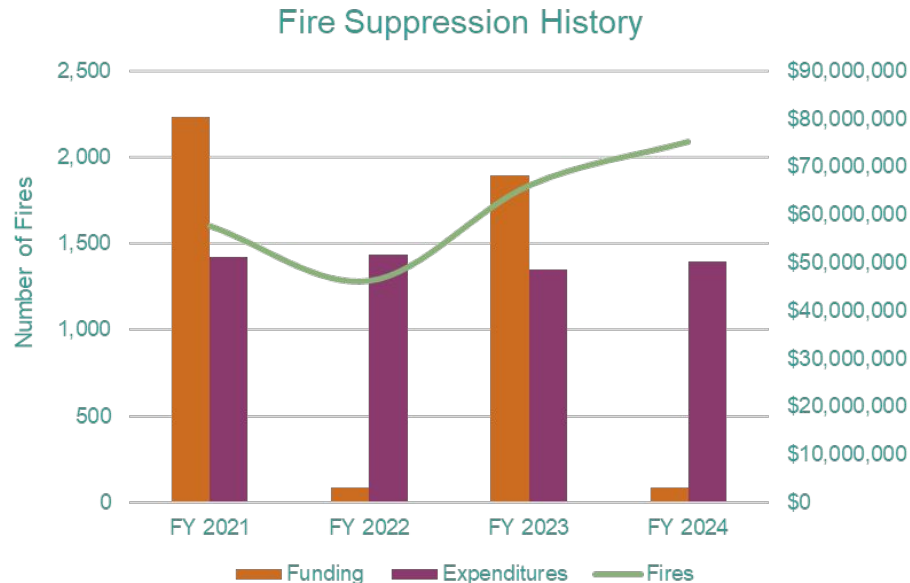
Colorado River Litigation Fund

- **\$1M GF** and **\$2M one-time transfer** into the new Colorado River Litigation Fund
 - Current guidelines for the operation and management of the Colorado River system expire at the end of CY 2026
 - AZ & 6 other basin states negotiating post-2026 guidelines with the Feds
 - Arizona will continue to pursue good-faith negotiations that result in a consensus outcome
 - This appropriation ensures that DWR has funding set aside to defend Arizona's interests if an agreement cannot be reached or if there is litigation after an agreement has been reached



Fighting Wildfires

- **\$30M GF one-time** for fire suppression funding
- 15% pay increase for State Firefighting positions



Arts Trust Fund Deposit

- **\$1M GF ongoing** deposit into the Arts Trust Fund
 - The Arts Trust Fund is used to provide grants to non-profits, governmental units, and community centers for the purpose of producing, presenting, teaching or serving the arts

Arts Learning Grants	\$205,015
Artist Grants	\$201,000
Organization Grants	\$2,251,540
Agency-Wide Grants	\$100,000

FY 2025 Arts Grants Awarded to Date

Employment (Jobs)	11,266
Income Paid to Residents	\$457,562,698
Local Tax Revenue	\$10,770,224
State Tax Revenue	\$15,434,200

Economic Impact of Nonprofit Arts Sector in Arizona in 2023

Heritage Fund Deposit

- **\$2.5M GF one-time** deposit into the State Parks and Trails Heritage Fund
 - The Heritage Fund provides grants for park development, historic preservation, non-motorized trails, and outdoor education
 - This program has been utilized as a catalyst by grant recipients to leverage the State funding for additional funding

Heritage Fund Deposit Breakdown			
	FY 2022	FY 2023	FY 2024*
State Deposit	5,000,000	2,500,000	6,000,000
Obligated State Funds	4,907,458	2,452,585	6,112,075
Matching Funds	5,473,700	2,753,230	6,272,953
Total Funds	10,381,158	5,205,815	12,385,028

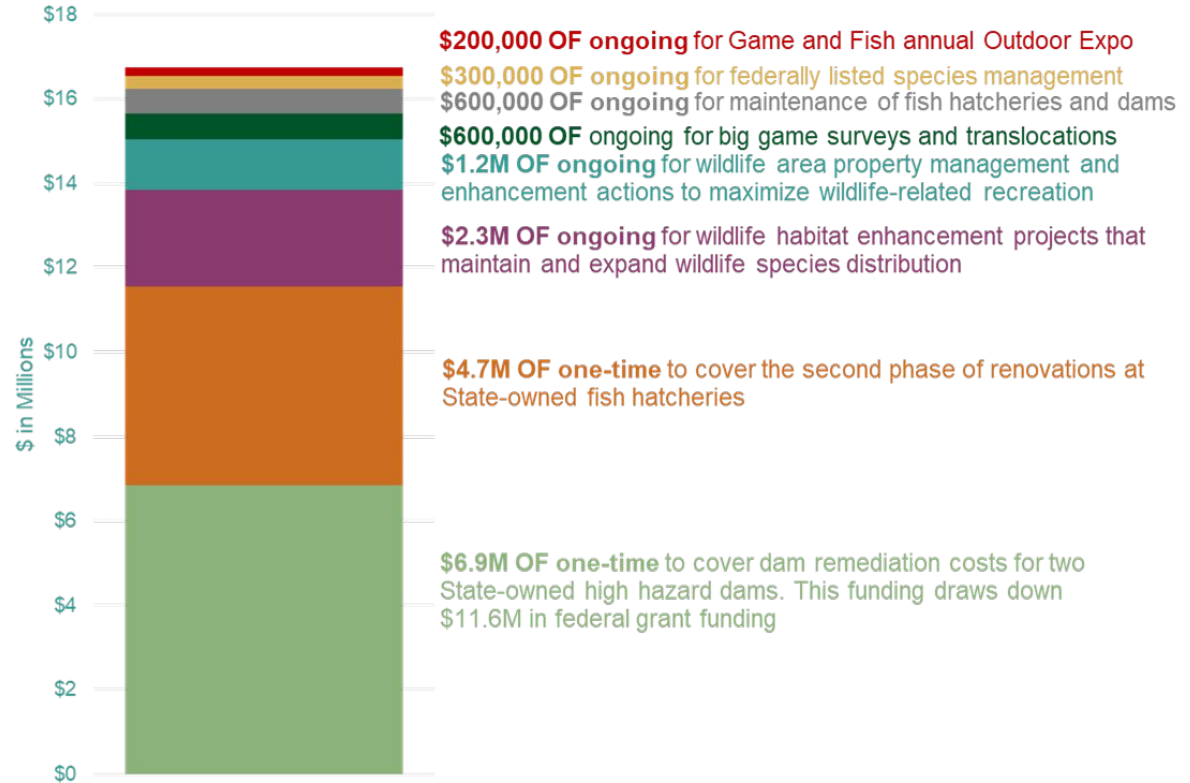
*FY 2024 obligated state funds include carryover from previous years

Family Campout Program Expansion

- **\$217,200 OF ongoing** for 2 positions to expand the State Parks Family Campout Program
 - Family Campout events will double from 16 to 32, increasing the maximum number of families served from 160 to 320
- **\$231,000 OF one-time** for camping equipment for the Family Campout program



Protecting AZ Wildlife & Investments in Outdoor Recreation





Infrastructure and Good Governance

Statewide Employee Retention Package

- The Executive Budget includes a targeted statewide retention package aimed at:
 - Reducing waste of government resources, improving government efficiency, and reducing costs
 - The cost of replacing an employee can range from one half to two times the employee's annual salary
 - In FY 2024, the cost of turnover for State employees earning less than \$40,000 annually ranged from \$30M to \$120.2M

Statewide Employee Retention Package

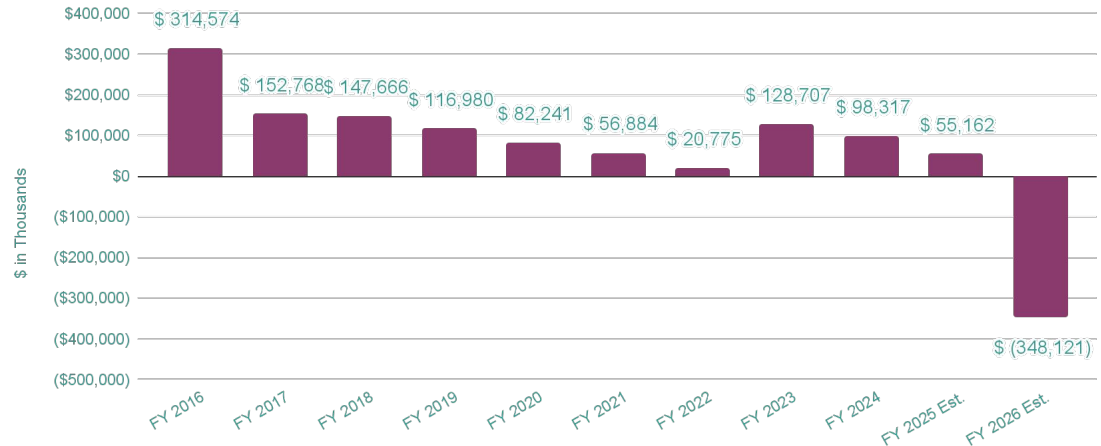
- **\$33.3M GF ongoing** and **\$1.7M OF ongoing** for 5% Front Line Law Enforcement and Correctional Officers
- **\$11.6M GF ongoing** and **\$31.8M OF ongoing** for 2% statewide
- **\$2.2M GF ongoing** and **\$11.0M OF ongoing** for:
 - 15% increase for State Firefighting roles
 - 10% increase for Nursing positions at Veterans' Homes
 - 10% increase at Pioneers' Home
 - 10% increase to the Customer Service job series
 - 5% increase for Skilled Trade roles
 - \$17 / hour (\$35,360 / year) lower limit threshold for State employees

Infrastructure: Ensure Health Insurance Trust Fund Solvency



- **\$197.8M GF one-time, \$25M GF ongoing, \$32.9M OF one-time, and \$192.6M NAF one-time** to support the State Employee Health Insurance Trust Fund (HITF), through which State employees receive health, dental, and vision

HITF Ending Balance by Fiscal Year



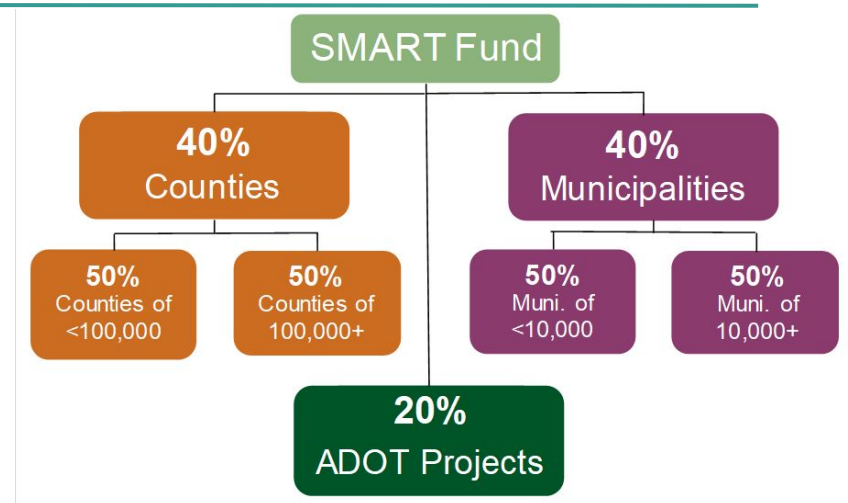
Capital Improvements to State Facilities

FY 2026 Capital Outlay and Building Renewal	
Amount	Agency & Project(s)
\$38,047,600	Department of Transportation Grand Canyon Airport Terminal Renovation Little Antelope & Gray Mountain Maintenance Offices Avondale Vehicle Repair Shop Restoration Capital Improvements (Major Maintenance)
\$30,360,700	Corrections Tucson HVAC Upgrades Yuma Fire Alarm System Upgrades
\$28,003,400	Department of Administration Building Renewal
\$14,180,900	Game & Fish Department Hatcheries Renovations and Maintenance Dam Remediation and Maintenance Capital Improvements (Major Maintenance)
\$13,227,100	Public Safety Statewide Modular / Pre-Built Office Replacements Phoenix Encanto HQ Electrical Upgrades
\$4,030,600	Juvenile Corrections Water Storage and Fire Line Improvements Adobe Mountain School HVAC Replacement Personnel Safety Improvements
\$3,815,100	Exposition & State Fair Capital Improvements (Major Maintenance)
\$3,633,300	State Parks Capital Improvements (Major Maintenance)
\$1,985,400	Pioneers' Home Historic Restoration Capital Improvements (Major Maintenance)
\$1,887,800	Veterans Services Tucson Veterans' Home HVAC Replacement
\$938,000	Health Services ASH Above-Ground Isolation Valve Installation ASH Patient Health and Safety Improvements

- **\$73.7M OF, \$63.9M GF, and \$2.6M NAF one-time investment in FY 2026**
- **General Fund includes:**
 - ADCRR Tucson HVAC and Yuma fire alarm system
 - DPS electrical upgrades and modular office replacements
 - Tucson Veterans' Home HVAC
- **Projects with matching federal funds:**
 - DEMA building renewal: federal 50%
 - DVS Tucson Veterans' Home HVAC: 65% federal

Maintaining Arizona's Roadways

- **\$13M GF one-time** deposit into the State Match Advantage Rural Transportation (SMART) Fund
- **\$17.5M OF** for the largest **ongoing** increase in highway maintenance funding in State history



Since FY 2023

State Investment



\$48.9M



Federal Awards



\$138.6M



Thank You