



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
Second Regular Session

House: APPROP DP 9-7-1-0

## **HB 2897: general appropriations act; 2024-2025**

**Sponsor: Representative Livingston (with permission of committee on Rules), LD 28  
Caucus & COW**

### **Overview**

Appropriates monies for the operation of the state government in FY 2025.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#) of the Constitution of Arizona requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills prepared according to subject area.

### **Provisions**

The tables below indicate state **ongoing** General Fund (GF) and **other fund** (OF) changes for appropriated state agencies in FY 2025 stated in terms of changes to the [FY 2025 JLBC Baseline](#).

Major footnotes are stated in terms of changes to the [FY 2024 General Appropriations Act](#).

Summary of Changes	Fund	Comments	FY 2025 Changes to JLBC Baseline
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Arizona Department of Administration (ADOA) (Sec. 14)			
Arizona State Hospital complaints	GF	1 Ombudsmen FTE	\$100,000
Eliminate southwest defense contracts	GF		\$(25,000)

1. Requires the amount appropriated for a school district health insurance actuarial study to be used to conduct an arterial study of the costs and benefits for school district optional participation in the state health insurance program.
2. Requires ADOA, by December 31, 2024, to submit a report to the Governor, the President of the Senate, the Speaker of the House of Representatives and the Director of Joint

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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Legislative Budget Committee (JLBC) on the findings of the school district health insurance arterial study.

**ADOA – School Facilities Division (SFD) (Sec. 15)**

3. Authorizes SFD to use the unencumbered balance of up to \$24,613,700 in the New School Facilities Fund for facilities and land costs for school districts that received final approval from SFD by December 15, 2023.
4. Allows SFD to use the unencumbered balance of up to \$3,595,000 in the New School Facilities Fund for construction costs for the Pima Unified School District new high school construction project that received SFD approval by December 15, 2021.

**Arizona Department of Agriculture (AZDA) (Sec. 6, 17)**

Salt River horse liaison	GF	Reduce from full-time to part-time;	\$(25,000)
Centralize IT Position	GF		\$(81,000)

5. Exempts \$1,199,600 from AZDA's lump sum appropriation from lapsing until June 30, 2026.

**Arizona Healthcare Cost Containment System (AHCCCS)**

Formula	GF		\$6,300,000 FY 2026 \$15,700,000 FY 2027
Prescription Drug Rebate Fund shift	GF		\$(24,700,000)
Fraud reduction	GF	Service administrative staff to reduce fraud;	\$3,300,000
Invalid payments	GF	Reduced level of invalid payments from additional fee for service;	\$(3,300,000)

6. States the appropriated funds for the traditional Medicaid services includes \$4,098,200 from the state GF and \$8,059,900 from expenditure authority for inpatient payments to rural hospitals.
7. Directs of the appropriated monies for Proposition 204 that \$100,000,000 be used from the Hospital Assessment Fund to cover a portion of the nonfederal share of the costs of services and specifies this amount is included in the expenditure authority.
8. Allows AHCCCS, if any graduate medical education monies remain after every eligible graduate medical education programs in counties with a population less than 500,000, to fund the costs of graduate medical education programs operated by community health centers and rural health clinics.

**Attorney General (AG) (Sec. 20)**

9. Requires the appropriated monies for Veterans Substance Abuse Treatment grants be used for grants to veteran services organizations that treat opioid use disorder in conjunction with judicial programs that address substance abuse treatment and rehabilitation for veterans.
10. Directs the AG, before spending any monies appropriated for Veteran Substance Abuse Treatments, to submit an expenditure plan to JLBC for review.
11. Specifies that the Veteran Substance Abuse Treatments monies includes \$5,000,000 from opioid claims-related monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund.
12. Exempts the FY 2024 \$12,000,000 appropriation from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund from lapsing until June 30, 2025.

**Department of Child Safety (DCS) (Sec. 24)**

Operating budget increase	GF	FY 2024 and 2025	\$13,300,000
Caseworkers	GF	Vacancy savings	\$(6,100,000)
Social Security payments	GF	Backfill Social Security payments no longer retained by state	\$3,000,000 FY 2024 \$5,000,000 FY 2025
Administrative cost of new social security payment policy	GF		\$800,000 FY 2024 \$900,000 FY 2025
Shift preventive services to federal funds	GF		\$(5,500,000)
Community based child abuse prevention	GF		\$300,000
Children and Family Supports Contract Increase	GF		\$6,200,000 FY 2024 \$5,500,000 FY 2025
Permanent guardian caseload increase	GF		\$3,100,000 FY 2024 \$4,300,000 FY 2025
Backfill Loss of Federal Congregate Care Funds	GF	FY 2024	\$14,700,000
In-home mitigation utilization adjustment	GF	FY 2024	\$6,300,000

Out-of-Home Support Services Utilization Adjustment	GF	FY 2024	\$(6,300,000)
Kinship care surplus	GF		\$(8,600,000) FY 2024 \$(4,200,000) FY 2025
Foster care surplus	GF		\$(11,200,000) FY 2024 \$(11,400,000) FY 2025
Adoption surplus	GF		\$(10,400,000) FY 2024 \$(5,700,000) FY 2025
Extended foster care line-item surplus	GF	FY 2024	\$(6,700,000)
Federal expenditure authority savings	GF	FY 2024	\$(15,200,000)
Healthy families expansion	GF	Fund with federal monies;	\$(2,500,000)

13. Specifies the appropriated monies for caseworkers includes a onetime increase of \$19,700,000 from the state GF in FY 2024 for increased operating expenditures and exempts the monies from lapsing until June 30, 2025.
14. Requires DCS, by September 1, 2024, to submit a report to JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) on actual operating expenses for the guardian case management system in FY 2024 and proposed system operating expenses for FY 2025.
15. Specifies the appropriated monies for preventive services includes \$264,400 from the state GF to draw down \$1,322,000 in additional federal monies associated with the community-based child abuse prevention block grant.
16. Stipulates, if child abuse prevention block grants are no longer available the appropriation is reduced by \$264,400 from the state GF and \$1,322,000 from expenditure authority.

#### Arizona Commerce Authority (Sec. 26)

Economic development marketing reduction	GF		\$(500,000)
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#### Community Colleges (Sec. 27)

Formula	GF		\$400,000
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Arizona Department of Corrections (ADC) – Inmate Healthcare			
Vendor contract	GF		\$9,200,000 FY 2024 \$107,100,000 FY 2025
Medication	GF	Substance use disorder	\$40,700,000 FY 2024 \$55,000,000 FY 2025
IT upgrades	GF	Ongoing	\$4,800,000 FY 2024 \$16,000,000 FY 2025
Staff and overtime costs	GF	Includes 84 new FTEs	\$6,800,000
Inmate health care other costs	GF		\$2,700,000
Savings offsets	GF	Vacancy savings, Medicaid reimbursements	\$(39,800,000) FY 2024 \$(30,800,000) FY 2025
Savings offsets	GF	Marana prison	\$(9,700,000)

ADC			
Repurpose community treatment for imprisoned women funding	GF	FY 2024	\$(2,000,000)
Substance abuse treatment reduction	GF		\$(1,500,000)
Private prisons capacity savings	GF		\$(800,000) FY 2024 \$(14,500,000) FY 2025

17. Allows ADC to spend \$2,000,000 from FY 2023 for the community treatment program for imprisoned women on community corrections expenditures in FY 2024.
18. Specifies that included in ADC's lump sum appropriation there is \$75,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund and it is intended to offset past and current costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any substance use disorder or mental health conditions or for any specified purposes that are in the court order settlement.
19. Directs the appropriated monies for injunction-related IT upgrades be used to address information technology improvements as required by the court in the *Jensen V Thornell* inmate health care litigation and exempts the monies from lapsing until June 30, 2025.

- 20. Requires ADC to use the appropriated monies for noncontract medication to purchase medications to treat Hepatitis C and substance use disorder.
- 21. Requires ADC, before using any monies for noncontract medication, to submit an expenditure plan for JLBC review.
- 22. Exempts the monies for noncontract medication from lapsing until June 30, 2025.
- 23. Directs ADC, before spending private prison per diem monies on anything other than private prison costs, to submit an expenditure plan for JLBC review.

**Board of Dental Examiners (Sec. 34)**

- 24. Exempts the \$9,300 FY 2025 appropriation for annual leave payout from lapsing.

**Department of Economic Security (DES)**

Formula	GF	Revertment	\$24,800,000
Arizona Early Intervention Program (AZEIP)	GF	Reduce incremental AZEIP rate increase	\$(2,400,000)
Homeless youth assistance GF backfill delay	GF		\$(1,000,000)

- 25. Exempts the \$800,000 FY 2024 appropriation for Graham County Rehabilitation Center from lapsing until June 30, 2025.
- 26. Requires of the \$830,000 for Graham County Rehabilitation Center that \$800,000 be used to remodel the Graham County Rehabilitation facilities in Safford and Willcox.
- 27. Exempts the FY 2024 appropriated monies for the Group Home Monitoring Program from lapsing until June 30, 2026.
- 28. Prohibits DES from transferring any excess appropriation from the DDD premium tax payment, case management Medicaid, home and community-based services Medicaid, institutional services, Medicaid, physical and behavioral health services – Medicaid, Medicare clawback payments or targeted case management to anything outside of the developmental disabilities in FY 2024.

**Arizona Department of Education (ADE) (Sec. 38)**

Eliminate FY 2024 Ex-Appropriation	GF		\$43,900,000
Formula	GF	TNT savings	\$(9,200,000)
Empowerment Scholarship Account (ESA) enrollment	GF	Limits ESA enrollment to 1.0 average daily membership (ADM)	\$(2,500,000)

Low-income weight increases	GF	Moves 3 <sup>rd</sup> year of incremental low-income weight increases to one-time	\$(37,000,000)
Additional assistance increases	GF	Moves 3 <sup>rd</sup> year of incremental additional assistance increases to one-time	\$(29,000,000)
Kindergarten entry assessment	GF		\$(1,500,000)
Highschool workforce/training	GF	Moves Continuing Highschool Workforce/Training Program base funding to one-time	\$(4,600,000)
Highschool workforce/training	GF	Moves continuing Highschool workforce/training program increase to one-time	\$(1,500,000)
Community College Adult Education Workforce Development Program	GF	Fund Community College Adult Education Workforce Development Program to one-time	\$(6,000,000)
Adult Workforce Diploma Program	GF		\$(6,000,000)
Adult education administration	GF		\$(150,000)
Reduce College Credit by Examination Program	GF		\$(3,700,000)

29. Directs ADE to allocate \$5,858,000 for onetime charter additional assistance supplement in FY 2025.
30. Instructs ADE to distribute the onetime allocation for charter additional assistance supplement to charter schools on a proportional basis based on the charter additional assistance funding that each charter in Arizona receives in FY 2025.
31. Requires ADE to allocate \$23,142,000 for onetime district additional assistance supplement in FY 2025.
32. Requires ADE to distribute the appropriated amount for onetime district additional assistance supplement to school districts on a proportional basis based on the district additional assistance funding that each district in Arizona receives in FY 2025.
33. Allows a school district to budget the monies it receives from the onetime district additional assistance supplement to the school district's maintenance and operation fund or unrestricted capital outlay fund.
34. Requires ADE to allocate \$37,000,000 for onetime free and reduced-price lunch (FRPL) group B weight supplement in FY 2025.

35. Directs ADE to distribute the appropriated amount for onetime FRPL group B weight supplement to school districts and charter schools on a pro rata basis using the weighted student count for FRPL students for the school district or charter school.
36. Allows a school district to budget the monies it receives from the onetime FRPL group B weight supplement in either the school district's maintenance and operation fund or unrestricted capital outlay fund.
37. Allows the FY 2023 appropriation for the East Valley Institute of Technology for transitional housing be used for former foster care youth as well as current foster care youth and increases the eligible age from 21 to 23.
38. Requires ADE to distribute the monies appropriated for the Arizona Holocaust Education Center for the creation and operation of the center as a resource for fulfilling statutory requirements by August 15, 2024.
39. Exempts the appropriation for the Arizona Holocaust Education Center from lapsing.
40. Specifies the appropriated monies for adult education includes a onetime \$6,160,000 allocation for continuing high school and workforce training program, \$3,000,000 for onetime deposit adult workforce diploma program and \$3,000,000 for onetime deposit in the community college adult education.
41. Requires ADE to allocate the appropriated amount for onetime school meal grants to school districts and charter schools that participate in the National School Lunch Programs or School Breakfast Program for grants to reduce or eliminate copayments that would otherwise be charged to children eligible for reduced-price meals.
42. Stipulates if the appropriated amount for school meal grants is insufficient to cover the grant awards for all eligible grantees ADE must reduce each grant proportionately to cover all eligible grantees.

**Department of Emergency and Military Affairs (DEMA) (Sec. 39)**

Risk management	GF	Error adjustment	\$(600,000)
National Guard Matching	GF	Reduction; ongoing	\$(600,000)

43. Specifies monies to assist local law enforcement fentanyl interdiction are from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund and consist of deposited monies related to opioid claims-related litigation or settlements.

**Arizona Department of Environmental Quality (ADEQ) (Sec. 40)**

44. Authorizes ADEQ to use up to \$400,000 from the Emissions Inspection Fund.
45. Requires ADEQ, before expending any Emissions Inspection Fund monies on operating costs, to report on the intended uses of monies to JLBC.

**Arizona Exposition and State Fair Board (State Fair Board) (Sec. 44)**



46. Strikes the footnote specifying \$2,000,000 of the State Fair Board's operating budget is for enhanced state fair operations.

<b>Arizona Department of Forestry and Fire Management (DFFM) (Sec. 45)</b>			
Wildfire mitigation	GF	Reduction due to unused ADC inmate labor	\$(5,000,000)

47. Exempts the \$27,026,700 for wildfire mitigation from lapsing until June 30, 2027.

48. Exempts the appropriated monies for hazardous vegetation removal from lapsing until June 30, 2026.

<b>Arizona Department of Gaming (ADG)</b>			
Racing Division	GF	Eliminate racing purse enhancement funding	\$(5,000,000)
Racing Division	GF	Shift Horseracing Integrity and Safety Act costs to Racing Regulation Fund	\$(355,000)

49. Requires the monies appropriated for the Horseracing Integrity and Safety Act assessment to be used to by ADG during FY 2025 to pay the 2024 assessment.

**Office of the Governor (Sec. 48)**

50. Exempts the FY 2024 appropriation for the Missing Murdered Indigenous People Task Force from lapsing.

<b>Department of Health Services (DHS) (Sec. 50)</b>			
AZ Care Check	GF	\$500K ongoing \$900K one-time	\$1,400,000

51. Exempts the \$1,000,000 FY 2023 appropriation for behavioral health care provider loan repayment program from lapsing until June 30, 2025.

52. Exempts the FY 2023 appropriation for the accelerated nursing programs from lapsing until June 30, 2025.

53. Exempts the FY 2024 appropriation for nurse-family partnership programs from lapsing until June 30, 2027.

54. Exempts the \$1,000,000 FY 2025 appropriation for combating fentanyl from lapsing until June 30, 2026.

55. Specifies monies in the fentanyl overdose medication distribution are from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund and consists of deposited monies from opioid claims-related litigation or settlements.

56. Exempts the \$1,202,400 FY 2025 appropriation to support additional licensing compliance staff from lapsing until June 30, 2026.

**Department of Homeland Security (AZDHS) (Sec. 53)**

57. Allows AZDHS to use up to \$500,000 of statewide cybersecurity grant monies for grant administration.

**Arizona Judiciary (Sec. 58)**

*Supreme Court*

Probation IT System	GF		\$2,100,000
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**State Land Department (Sec. 60)**

Eliminate streambed navigability litigation	GF		\$(220,000)
Operating budget	GF	Shift to Off-Highway Vehicle Fund	\$(200,000)

**Arizona State Mine Inspector (Sec. 66)**

Aggregate Mining Land Reclamation	GF		\$(69,000)
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**Board of Nursing (Sec. 69)**

58. Exempts the \$450,000 FY 2024 appropriation for the Student Registered Nurse Anesthetist Clinical Rotation program from lapsing June 30, 2025.

**Department of Public Safety (DPS) (Sec. 83)**

Major incident division	GF	Cap at 60 FTEs	\$(8,500,000)
Increase State Highway Fund (SHF)	GF	Increase SHF usage to cap	\$(3,600,000)
Increase Local Border Support	GF		\$1,000,000
Gang & Immigration Intelligence Team Enforcement Mission (GIITEM)	GF	Permanent vacancy savings	\$(700,000)

GIITEM aid to other permanent vacancy savings	GF		\$(200,000)
Pharmaceutical Diversion and Drug Theft Task Force	GF	Excess funding	\$(100,000)
Civil Air Patrol	GF	Maintenance and operations efficiencies	\$(6,000)

**Arizona State Parks Board (Sec. 75)**

59. Specifies an amount equal to the revenue share agreement with the United States Forest Service for Fool Hollow Lake recreation area and Catalina state park is appropriated to the Arizona State Parks Board from the State Parks Revenue Fund.

**Arizona State Board of Pharmacy (Sec. 77)**

- 60. Exempts the \$64,600 for annual leave payout from lapsing.
- 61. Exempts \$190,500 from FY 2023 for e-licensing system upgrades from lapsing until June 30, 2025.

**Department of Real Estate (Sec. 84)**

62. Stipulates that of the Department of Real Estate's lump sum appropriation \$400,000 is for information technology improvements.

**Secretary of State (SOS) (Sec. 89)**

Talking Book Library	GF		\$(62,000)
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- 63. Exempts the \$5,352,200 appropriation for the county allocation of Help America Vote Act election security grant monies from lapsing until June 30, 2025.
- 64. Requires the SOS, by January 31, 2025, to submit a report to JLBC and OSPB on the actual expenditures for election services.
- 65. Allows the SOS to make expenditures or incur indebtedness to employ outside or private attorneys if the SOS:
  - a) is named as a defendant.
  - b) believes a conflict exists that prevents the AG from representing the SOS; and
  - c) either remains a nominal party or is defending the constitutionality of a law or referendum enacted by the Legislature.
- 66. Allows the SOS to use up to \$250,000 of election services monies for direct costs related to the 2024 primary and general elections.

**Arizona Office of Tourism (Sec. 92)**

Reduction in Arizona Promotion	GF		\$(200,000)
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**Arizona Department of Transportation (ADOT) (Sec. 93)**

67. Specifies that ADOT's operating lump sum includes a \$3,000,000 reduction from the State Highway Fund in FY 2025 from ADOT's Enforcement and Compliance Division.

**State Treasurer (Sec. 94)**

Justices of the Peace	GF	Salaries reduction	\$(500,000)
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**State Board of Technical Registration (Sec. 91)**

68. Exempts \$167,700 from FY 2023 for e-licensing system upgrades from lapsing until June 30, 2025.

**Universities (Sec. 96-99)**

69. Declares it is the Legislature's intent for the School of Civic and Economic Thought and Leadership at Arizona State University, the Economic Policy Institute at Northern Arizona University and for the Center for the Philosophy of Freedom at the University of Arizona maintain the same funding level as FY 2023, except the universities may allocate the lump sum reduction of no more than 3.45% as prescribed by this Legislation.

**Arizona Department of Water Resources (ADWR)**

Arizona Water Protection Fund Deposit	GF	Reduction; ongoing	\$(500,000)
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70. Exempts the \$5,000,000 FY 2024 appropriation for statewide water resources planning from lapsing.

***FY 2024 Supplemental Appropriations and Adjustments (Sec. 103-115)***

<b>Agency</b>	<b>Fund</b>	<b>Amount</b>
ADOA – Pay Disallowed Costs – Risk Management Revolving Fund	OF	9,493,000
AHCCCS – Formula Adjustments – Children's Health Insurance Program Fund	OF	7,527,500

AHCCCS – Formula Adjustments	GF	(39,944,900)
Governor's OSPB – Retirement Cost Technical Adjustment	GF	204,600
JLBC – Retirement Cost Technical Adjustment	GF	204,600
Superior Court – Superior Court Judge's Compensation – Criminal Justice Enhancement Fund	OF	813,700
State Land Department – Central Arizona Project User Fees	GF	(206,700)
Board of Respiratory – Pay Outstanding Costs – Board of Respiratory Care Examiners Fund	OF	15,100
SOS – Conducting Logic and Accuracy Testing for the 2024 Primary Election	GF	100,000
ADWR – Develop, Modernize and Consolidate Applications – ADWR's Subaccount in the Automation Projects Fund (APF) to ADOA	OF	2,500,000
ADOA – Replace Human Resources Information System - Personnel Division Fund to HRIS Subaccount in APF	OF	3,100,000

***FY 2024 Reductions (Sec. 116)***

71. Reduces the following amounts from the GF in FY 2024 to the following agencies:

<b>Agency</b>	<b>Amount</b>
ADOA – Employee Compensation Study	(2,200,000)
Arizona Department of Agriculture – Expanded Information Technology Support	(300,000)
Arizona Commerce Authority – Rural Broadband Accelerated Match Fund	(23,600,000)
ADE – Art Consumables	(2,500,000)
ADE – Dual Enrollment Student Development Fund	(15,000,000)
ADE – Dual Enrollment Student Development Fund	(500,000)
ADE – Broadband Expansion Fund	(2,500,000)
Office of Tourism – Culinary Tourism Workforce Development	(250,000)

***Independent Redistricting Commission (Sec. 117)***

72. Reverts all remaining monies from the FY 2022 appropriation that are unexpended and unencumbered on June 30, 2024.

***Rodeo (Sec. 118)***

73. Exempts the \$15,000,000 FY 2024 appropriation for improvements to the Yavapai county fairgrounds from lapsing.

74. Specifies that if a court of competent jurisdiction rules that the monies may not be distributed to a nonprofit volunteer organization that operates a rodeo at the Yavapai county fairgrounds and the judgement is final and definitive, the AG must notify in writing to the Director of Legislative Council and monies revert to the state GF.

***Water Infrastructure Finance Authority (WIFA) (Sec. 9)***

75. Repeals the FY 2024 Brackish Groundwater Pilot Program administered by ADWR and reestablishes the program under WIFA.

***FY 2024 Lapsing Exemptions (Sec. 119)***

76. Exempts the following funds appropriated from the state GF in FY 2024 to the following agencies from lapsing:

<b>Agency</b>	<b>Amount</b>
ADOA – Fire Incident Management	12,200,000
Office of Economic Opportunity – Microbusiness Loan	5,000,000
ADE – Arizona Civics Education and Leadership Development Program	300,000
ADE – Early Education and Career Exploration Program	5,000,000
DHS – Collaborative Care Uptake Fund	1,000,000
AZDHS – Antihuman Trafficking Grant Fund	10,000,000
AZDHS – Nonprofit Security Grant Program	5,000,000
Arizona Department of Housing – Homeless Shelter and Services Fund	40,000,000
DPS – Fentanyl Prosecution, Diversion and Testing Fund	3,000,000
Arizona Board of Regents – Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund	2,000,000

***FY 2025 Appropriations and Adjustments***

***ADOA (Sec. 120)***

77. Appropriates \$7,150,650 from the state GF in FY 2024 to ADOA for equal distribution to counties with a population of fewer than 900,000 persons according to the 2020 U.S. Decennial Census (2020 Census) to maintain essential county services.

78. Appropriates \$500,000 from the state GF in FY 2024 to ADOA for distribution to Graham County to maintain essential county services.

79. Appropriates \$3,000,000 from the state GF in FY 2024 to ADOA for equal distribution to counties with a population of fewer than 300,000 persons according to the 2020 Census to supplement the normal cost of the Elected Officials Retirement Plan (EORP) and to amortize unfunded accrued liability.

80. Allows the counties to use the distributed FY 2024 \$3,000,000 appropriation only for employer contributions to EORP.

**Automation Projects Fund (APF) (Sec. 121)**

81. Appropriates the following amounts in FY 2025 from the APF subaccounts to ADOA for the following automation and information technology projects:

<b>Project</b>	<b>Subaccount</b>	<b>Amount</b>
Medicaid Enterprise System Mainframe	Medicaid Enterprise System Modernization Subaccount	3,396,000
Human Resources Information System (HRIS)– Replacement	HRIS Subaccount	5,521,200
HRIS – Replacement	Automation Projects Fund	1,320,000
Integrated Tax System Modernization Project	DOR Subaccount	19,456,800

82. Directs ADOA to submit a quarterly report to JLBC on implementing projects approved by the Information Technology Authorization Committee that includes the project expenditures, deliverables, timeline for completion and current status.

83. Exempts the FY 2025 appropriations from the APF from lapsing until June 30, 2026.

84. Extends the lapsing date the following projects:

- a) \$2,114,300 from the ADOA Subaccount for a Business One-Stop Web Portal until June 30, 2025;
- b) \$2,000,000 from the APF for Arizona Department of Agriculture Cloud Migration until June 30, 2026; and
- c) \$2,500,000 from the Judiciary-Supreme Court Subaccount for statewide community supervision electronic monitoring system until June 30, 2027.

**DES (Sec. 122)**

85. Authorizes DES, beginning April 1, 2024, to use up to \$25,000,000 from the Budget Stabilization Fund (BSF) to provide funding for reimbursement grants.

86. Requires DES, before using the BSF monies, to notify the Director of JLBC and OSPB.

87. Requires the BSF appropriation to be fully reimbursed by September 1, 2024, and to be reimbursed in full as part of the closing process for FY 2024.

88. Prohibits the BSF appropriation from being used for additional programmatic expenditures.

**FY 2025 Lump Sum Reductions (Sec. 123)**

89. Reduces the following GF monies from the lump sum appropriations of the following budget units in FY 2025:

<b>Agency</b>	<b>Lump Sum Reductions</b>
ADOA	\$(300,000)
ADOA – School Facilities Division	\$(57,100)

Office of Administrative Hearings	\$(34,200)
Department of Agriculture	\$(671,500)
AHCCCS	\$(1,242,000)
Attorney General	\$(839,000)
Board for Charter Schools	\$(97,800)
Corporation Commission	\$(27,600)
Arizona Schools for the Deaf & the Blind	\$(897,000)
Office of Economic Opportunity	\$(21,000)
DES	\$(3,026,200)
Board of Education	\$(111,200)
ADE	\$(469,700)
State Board of Equalization	\$(30,000)
Department of Forestry & Fire Management	\$(248,600)
Governor's Office	\$(368,100)
Governor's Office of Strategic Planning and Budgeting	\$(101,400)
DHS	\$(719,200)
Arizona Historical Society	\$(83,500)
Prescott Historical Society	\$(35,000)
DIFI	\$(222,500)
Judiciary – Supreme Court	\$(386,300)
Judiciary – Court of Appeals	\$(508,200)
Judiciary – Superior Court	\$(180,100)
Department of Juvenile Corrections	\$(1,098,100)
Land Department	\$(148,000)
House of Representatives	\$(664,100)
JLBC	\$(107,800)
Legislative Council	\$(328,100)
Ombudsmen – Citizens Aide Office	\$(53,900)
Senate	\$(587,300)
Lottery Commission	\$(279,800)



Navigable Streams Commission	\$(6,000)
Real Estate Department	\$(110,400)
DOR	\$(1,748,200)
Secretary of State	\$(463,600)
Board of Tax Appeals	\$(13,000)
Tourism	\$(75,800)
Office of Tribal Relations	\$(2,400)
Arizona Board of Regents	\$(109,200)
Arizona State University	\$(10,995,800)
Northern Arizona University	\$(4,070,200)
University of Arizona – Main	\$(6,562,200)
University of Arizona – Health Services	\$(1,469,300)
Department of Veterans' Services	\$(108,200)
Department of Water Resources	\$(21,500)

***Debt Service Payments (Sec. 124-125)***

- 90. Allocates \$25,998,700 of state GF revenue in FY 2025 to the Arizona Convention Center Development Fund.
- 91. Declares that the Rio Nuevo Multipurpose Facility District is estimated to receive \$17,000,000 from a portion of state transaction privilege tax revenues in FY 2025 and that the actual amount of distribution will be made as outlined in statute.

***Fund Transfers (Sec. 126)***

- 92. Transfers the following amounts from the following fund sources to the state GF by June 30, 2024 for the purpose of providing adequate support and maintenance for agencies of this state:

Fund	FY 2024	FY2025
<b>Arizona Department of Administration</b>		
Certificate of Participation Fund	\$2,600,000	
State Employee Travel Reduction Fund	\$900,000	
State Web Portal Fund	\$4,000,000	
Capitol Mall Consolidation Fund	\$700,000	
Fire Incident Management Fund	\$6,100,000	
Construction Insurance Fund	\$8,100,000	
Cyber Risk Insurance Fund	\$11,200,000	

Risk Management Fund	\$70,000,000	
ADOA-SFD Credit Enhancement Fund	\$3,000,000	
<b>AHCCCS</b>		
Prescription Drug Rebate Fund	\$40,000,000	
<b>Arizona Board of Athletic Training</b>		
Athletic Training Fund	\$250,000	
<b>Attorney General</b>		
Anti-Racketeering – Operations	\$2,600,000	
Anti-Racketeering – Pass Through	\$10,000,000	
Collection Enforcement Revolving Fund – Operating	\$200,000	
<b>Barbering and Cosmetology Board</b>		
Barbering and Cosmetology Fund	\$12,100,000	
<b>Arizona Board of Behavioral Health Examiners</b>		
Behavioral Health Examiner Fund	\$4,200,000	
<b>Arizona Board of Chiropractic Examiners</b>		
Chiropractic Examiners Board Fund	\$500,000	
<b>Arizona Commerce Authority</b>		
Arizona Competes Fund	\$55,700,000	
<b>Arizona Corporation Commission</b>		
Utility Regulation Revolving Fund	\$2,100,000	
Securities Regulation/Enforcement Fund	\$25,000,000	
<b>Arizona Department of Corrections</b>		
Corrections Fund	\$8,000,000	
Alcohol Abuse Treatment Fund	\$2,000,000	
Transition Program Fund	\$4,200,000	
Community Corrections Enhancement Fund	\$100,000	
Arizona Correctional Industries Revolving Fund		\$11,500,000
<b>Arizona Criminal Justice Commission</b>		
Criminal Justice Enhancement Fund	\$800,000	
Fingerprint Clearance Card Fund	\$700,000	
<b>State Board of Dental Examiners</b>		

Dental Board Fund	\$2,000,000	
<b>Office of Economic Opportunity</b>		
Office of Economic Opportunity Operations Fund	\$1,000,000	
<b>Arizona Department of Economic Security</b>		
Family Caregiver Grant Program Fund Transfer	\$700,000	
Special Administration Fund	\$4,000,000	
Economic Security Capital Investments Fund	\$500,000	
<b>Arizona Department of Environmental Quality</b>		
Air Quality Fee Fund	\$2,300,000	
Underground Storage Tank Fund	\$20,000,000	
Vehicle Emissions Inspection Fund	\$5,000,000	
Hazardous Waste Management Fund	\$900,000	
Emergency Response Fund	\$500,000	
<b>Arizona Department of Education</b>		
Adult Workforce Diploma Program Fund	\$3,000,000	
Community College Adult Education Workforce Development Program Fund	\$8,900,000	
<b>Arizona Exposition and State Fair Board</b>		
Arizona Exposition and State Fair Fund	\$5,000,000	
<b>Board of Fingerprinting</b>		
Board of Fingerprinting Fund	\$1,200,000	
<b>Arizona Game &amp; Fish Department</b>		
Watercraft Licensing Fund	\$800,000	
<b>Arizona Department of Health Services</b>		
Disease Control Research Fund	\$1,300,000	
Prescription Drug Rebate Fund	\$1,000,000	
Health Services Lottery Fund	\$3,700,000	
<b>Industrial Commission</b>		
Administration Fund	\$2,400,000	
Special Fund	\$900,000	
<b>Arizona Department of Insurance and Financial Institutions</b>		

Financial Services Fund	\$18,400,000	
Insurance Examiners Revolving Fund	\$500,000	
Automobile Theft Authority Fund	\$8,800,000	
Captive Insurance Regulatory and Supervision Fund	\$300,000	
Financial Surveillance Fund	\$400,000	
Receivership Revolving Fund	\$800,000	
Arizona Department of Juvenile Corrections		
CJEF Distribution Fund	\$900,000	
Indirect Cost Recovery Fund	\$200,000	
Arizona State Land Department		
Risk Management Fund	\$300,000	
IGA and ISA Fund	\$24,000	
Trust Land Management Fund	\$34,000,000	
Arizona Department of Liquor Licenses and Control		
Liquor Licenses Fund	\$400,000	
K Fund Enforcement Surcharges Fund	\$200,000	
Arizona State Board of Massage Therapy		
Massage Therapy Board Fund	\$600,000	
Arizona Medical Board		
Medical Examiners Board Fund	\$9,300,000	
Arizona State Mine Inspector		
Aggregate Mining Reclamation Fund	\$39,000	
Naturopathic Physicians Medical Board		
Naturopathic Board Fund	\$1,700,000	
Arizona State Board of Nursing		
Nursing Board Fund	\$9,400,000	
Board of Occupational Therapy Examiners		
Occupational Therapy Fund	\$900,000	
Arizona Board of Optometry		
Board of Optometry Fund	\$400,000	
Board of Osteopathic Examiners		
Osteopathic Examiners Board Fund	\$2,800,000	

Arizona State Parks Board		
State Parks Revenue Fund (GF Share)	\$38,200,000	
Arizona State Board of Pharmacy		
Pharmacy Board Fund	\$6,300,000	
Arizona State Board of Physical Therapy		
Physical Therapy Fund	\$700,000	
Arizona Board of Psychologist Examiners		
Psychologist Examiners Board Fund	\$1,800,000	
Department of Public Safety		
Fingerprint Clearance Card Fund	\$3,900,000	
DPS Licensing Fund	\$100,000	
GIITEM Fund	\$1,000,000	
Records Processing Fund	\$200,000	
Public Safety Equipment Fund	\$500,000	
Residential Utility Consumer Office (RUCO)		
RUCO Revolving Fund	\$400,000	
Arizona Board of Technical Registration		
Technical Registration Board Fund	\$5,600,000	
Arizona Department of Transportation		
Economic Strength Project Fund	\$600,000	
Highway Damage Recovery Fund	\$1,000,000	
State Aviation Fund	\$15,000,000	
State Highway Fund – Interest Transfers	\$26,000,000	\$18,700,000 \$15,000,000 FY 2026 \$10,000,000 FY 2027
Abandoned Vehicles Administration Fund	\$400,000	
Shared Location and Advertisement Agreement Expense Fund	\$100,000	
Motor Vehicle Dealer Enforcement Fund	\$300,000	
Highway Expansion and Extension Loan Program Fund	\$4,000	
State Highway Fund Vehicle License Tax Transfer	\$3,000,000	\$3,000,000

AZ Highways Magazine Fund	\$500,000	
<b>State Treasurer</b>		
State Treasure's Operating Fund	\$900,000	
<b>Arizona Veterinary Board</b>		
Veterinary Medical Examiners Board Fund	\$1,700,000	
<b>Water Infrastructure Finance Authority of Arizona (WIFA)</b>		
Water Supply Development Revolving Fund	\$51,600,000	
Water Supply Development Revolving Fund Interest	\$8,100,000	
Long Term Water Augmentation Fund	\$78,000,000	
Long Term Water Augmentation Fund Interest	\$19,300,000	
<b>Arizona Department of Water Resources</b>		
Temporary Groundwater and Irrigation Efficiency Projects Fund	\$600,000	
Assured and Adequate Water Supply Fund	\$200,000	
Water Protection Fund	\$1,000,000	

***Payment Deferrals (Sec. 132)***

93. Continues to defer \$800,727,700 in basic state aid (BSA) and additional state aid (ASA) payments from ADE in FY 2025 until after June 30, 2025, but no later than July 12, 2025, and excludes charter schools and school districts with a student count less than 4,000 pupils from the deferral.
94. Directs ADE to make the deferral by reducing the apportionment of state aid for each month in the fiscal year by the same amount.
95. Requires ADE to disburse the FY 2026 appropriations of \$800,727,700 to the counties for the school districts starting July 1, 2025, and no later than July 12, 2025, in amounts equal to the reductions in the apportionment of BSA and ASA.
96. Requires school districts to include, in the revenue estimates used for computing FY 2025 tax rates, the deferred appropriation monies that the districts will receive.

***State Operating Adjustments (Sec. 133-134)***

<b>Adjustment</b>	<b>GF</b>	<b>OF</b>	<b>Total</b>
Employer Health Insurance Contribution Reduction	(72,766,200)	(21,596,800)	(94,363,000)
Employer Health Insurance Contribution Increase	140,000,000	60,000,000	200,000,000
State Fleet Rate Reduction	(8,195,100)	(5,453,800)	(13,648,900)

State Fleet Rate Increase	3,299,000	1,625,000	4,924,000
Human Resources Information System Charge Reduction	(8,009,300)	(4,644,700)	(12,654,000)
Arizona Financial Information System Adjustment	(834,000)	(839,700)	(1,673,700)
Agency Retirement Adjustment	7,180,000	500,000	7,680,000
Agency Rent Adjustment	0	160,000	160,000

97. Outlines statewide adjustment instructions and procedures.

98. Lists the FY 2025 individual agency charges totaling \$1,798,500 for general agency counsel provided by the Attorney General.

***FY 2026 Appropriations (Sec. 135)***

99. Appropriates \$45,077,100 from the state GF in FY 2026 for a onetime deposit in the New School Facilities Fund.

100. Instructs the School Facilities Division (SFD) to use monies only for facilities that will be constructed for school districts that received final approval from SFD by December 15, 2023.

***Miscellaneous (Sec. 136-146)***

101. Declares the Legislature's intent that all departments, agencies, and budget units receiving appropriations continue to report actual, estimated and requested expenditures in a specified format.

102. Contains various reporting requirements.

103. Defines terms.