

## Arizona Department of Administration

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	551.1	539.1	539.1 <sup>1/</sup>
Personal Services	24,777,300	32,440,800	32,440,800
Employee Related Expenditures	9,090,400	12,246,200	12,246,200
Professional and Outside Services	6,297,600	5,313,000	5,313,000
Travel - In State	282,600	288,000	288,000
Travel - Out of State	17,000	23,000	23,000
Other Operating Expenditures	32,422,100	41,354,100	41,354,100
Equipment	769,700	249,600	249,600
<b>OPERATING SUBTOTAL</b>	<b>73,656,700</b>	<b>91,914,700</b>	<b>91,914,700</b>
<b>SPECIAL LINE ITEMS</b>			
<b>Facilities Management</b>			
Enduring Freedom Memorial Repair	1,500	0	0
Hoteling Pilot Program	157,300	0	0
Utilities	4,553,200	7,649,900	7,649,900
<b>Financial Services</b>			
Arizona Financial Information System	8,565,300	13,385,100	13,885,100 <sup>2/</sup>
Named Claimants	44,800	0	0
<b>Information Technology Services</b>			
Information Technology Project Management and Oversight	1,388,200	1,667,300	1,667,300
Statewide Information Security and Privacy Operations and Controls	6,240,000	0	0
<b>Risk Management</b>			
Cyber Risk Insurance	0	21,587,200	23,037,200 <sup>3/</sup>
Federal Transfer Payment	1,110,600	0	0 <sup>4/</sup>
Risk Management Administrative Expenses	9,786,900	8,597,800	8,597,800
Risk Management Losses and Premiums	38,373,000	48,396,100	48,396,100
Workers' Compensation Losses and Premiums	20,430,500	28,253,000	28,253,000
<b>Support Services</b>			
Government Transformation Office	1,658,600	2,063,000	2,063,000
State Surplus Property Sales Agency Proceeds	801,200	1,810,000	1,810,000
<b>Grants</b>			
Election Security Grants	0	1,500,000	0
Fire Incident Management System Grants	0	6,100,000	0
Healthcare Interoperability Grants	0	12,000,000	0
School Safety Interoperability Fund Deposit	0	20,000,000	0
K-12 Transportation Grants	10,000,000	20,000,000	0
<b>Other</b>			
Southwest Defense Contracts	25,000	25,000	25,000 <sup>5/</sup>
<b>AGENCY TOTAL</b>	<b>176,792,800</b>	<b>284,949,100</b>	<b>227,299,100 <sup>6/</sup></b>
<b>FUND SOURCES</b>			
General Fund	16,700,200	68,950,900	9,350,900
<b>Other Appropriated Funds</b>			
Air Quality Fund	195,800	928,000	928,000 <sup>7/</sup>
Arizona Financial Information System Collections Fund	8,565,300	13,385,100	13,885,100
Automation Operations Fund	24,881,700	31,568,300	31,568,300 <sup>8/</sup>
Capital Outlay Stabilization Fund	14,865,600	19,200,200	19,200,200
Capitol Mall Consolidation Fund	157,300	0	0
Corrections Fund	559,400	634,600	634,600

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 BASELINE
Cyber Risk Insurance Fund	0	21,587,200	23,037,200
Federal Surplus Materials Revolving Fund	0	468,500	468,500
Information Technology Fund	8,165,600	2,292,000	2,292,000
Personnel Division Fund	11,618,800	13,779,500	13,779,500
Risk Management Revolving Fund	76,472,600	93,500,700	93,500,700
Special Employee Health Insurance Trust Fund	4,510,800	5,719,900	5,719,900
Special Services Revolving Fund	665,700	1,257,300	1,257,300
State Monument and Memorial Repair Fund	1,500	0	0
State Surplus Materials Revolving Fund	1,880,400	3,064,600	3,064,600 <sup>9/</sup>
State Web Portal Fund	5,981,300	6,798,300	6,798,300
Telecommunications Fund	1,570,800	1,814,000	1,814,000
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>160,092,600</b>	<b>215,998,200</b>	<b>217,948,200</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>176,792,800</b>	<b>284,949,100</b>	<b>227,299,100</b>
Other Non-Appropriated Funds	996,795,400	1,115,848,800	1,062,324,800
Federal Funds	40,945,700	27,276,500	11,228,900
<b>TOTAL - ALL SOURCES</b>	<b>1,214,533,900</b>	<b>1,428,074,400</b>	<b>1,300,852,800</b>

**AGENCY DESCRIPTION** — The Arizona Department of Administration (ADOA) provides centralized general support services to state agencies, including accounting, financial, purchasing, building and grounds maintenance, personnel, information technology, travel reduction, and risk management services.

**FOOTNOTES**

- 1/ Includes 43 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Of the amount appropriated for the Arizona financial information system line item in fiscal year 2023-2024, \$4,000,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2025. (General Appropriation Act footnote)
- 3/ **NEW:** On or before November 1, the department shall submit a report to the director of the joint legislative budget committee on expenditures made from the Cyber Risk Insurance Fund from the prior year.)
- 4/ The legislature intends that the department of administration not enter into any agreements to pay for any federal reimbursements related to excess balances in the special employee health insurance trust fund established by section 38-654, Arizona Revised Statutes, unless the proposed agreements have been reviewed by the joint legislative budget committee. (General Appropriation Act footnote)
- 5/ The amount appropriated for southwest defense contracts shall be distributed to a nonprofit organization that advocates for preserving and enhancing critical defense missions and assets in the southwestern United States. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 7/ On or before September 1, 2024, the department shall submit a report to the joint legislative budget committee on the results of pilot projects implemented in fiscal year 2023-2024, for the state employee public transportation service reimbursements pursuant to section 41-710.01, Arizona Revised Statutes, in a vehicle emissions control area as defined in section 49-541, Arizona Revised Statutes, of a county with a population of more than four hundred thousand persons. (General Appropriation Act footnote)
- 8/ The appropriation from the automation operations fund established by section 41-711, Arizona Revised Statutes, is an estimate representing all monies, including balance forward, revenues and transfers during fiscal year 2023-2024. These monies are appropriated to the department of administration for the purposes established in section 41-711, Arizona Revised Statutes. The appropriation is adjusted as necessary to reflect monies credited to the automation operations fund for automation operation center projects. Before spending any automation operations fund monies in excess of \$31,568,300 in fiscal year 2023-2024, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote)
- 9/ All state surplus materials revolving fund monies received by the department of administration in excess of \$3,064,600 in fiscal year 2023-2024 are appropriated to the department. Before spending state surplus materials revolving fund monies in excess of \$3,064,600 in fiscal year 2023-2024, the department shall report the intended use of the monies to the joint legislative budget committee. (General Appropriation Act footnote)

**Operating Budget**

The Baseline includes \$91,914,700 and 496.1 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	<b>FY 2024</b>
General Fund	\$9,325,900
Air Quality Fund	928,000
Automation Operations Fund	29,901,000
Capital Outlay Stabilization Fund (COSF)	11,550,300
Corrections Fund	634,600
Federal Surplus Materials Revolving Fund	468,500
Information Technology Fund	2,292,000
Personnel Division Fund	13,779,500
Risk Management Revolving Fund	8,253,800
Special Employee Health Insurance Trust Fund	5,719,900
Special Services Revolving Fund	1,257,300
State Surplus Materials Revolving Fund	1,254,600
State Web Portal Fund	4,735,300
Telecommunications Fund	1,814,000

These amounts are unchanged from FY 2023.

**Facilities Management**

**Utilities**

The Baseline includes \$7,649,900 from the Capital Outlay Stabilization Fund in FY 2024 for Utilities. This amount is unchanged from FY 2023.

This line item funds utility charges, including electric, water, gas, and garbage disposal for state-owned buildings.

**Financial Services**

**Arizona Financial Information System**

The Baseline includes \$13,885,100 and 28 FTE Positions from the Arizona Financial Information System Collections Fund in FY 2024 for the Arizona Financial Information System (AFIS). Adjustments are as follows:

**AFIS Upgrade Expenditure Alignment**

The Baseline includes an increase of \$500,000 from the AFIS Collections Fund in FY 2024 to upgrade the state's financial accounting system. The project costs will be financed by increased charges to state agencies' AFIS transaction fees. The project is expected to cost a total of \$9,500,000 through FY 2024. Of that amount, \$2,000,000 was funded in FY 2022, \$3,500,000 in FY 2023 and

\$4,000,000 would be in FY 2024 as outlined in the FY 2022 3-year budget. The budget includes a footnote to make the FY 2024 appropriation available through FY 2025.

This line item funds the operation of AFIS including staffing and support, software licensing and maintenance, hosted production and disaster recovery.

**Named Claimants**

The Baseline includes no funding in FY 2024 for Named Claimants. This amount is unchanged from FY 2023.

The state must annually settle unpaid claims against received goods and services. Vendors providing goods and services to the state can make claims against the receiving agencies if invoices are not paid in full. Up to 1 year following receipt, state agencies have the financial authority to pay such claims through administrative adjustments. However, the Legislature must grant special appropriation authority to pay claims older than 1 year.

Monies in this line item are not included in the General Appropriation Act. A separate legislative act usually makes this appropriation. Laws 2022, Chapter 38 appropriated \$44,819.29 in FY 2022 for prior year unpaid claims.

**Information Technology Services**

**Information Technology Project Management and Oversight**

The Baseline includes \$1,667,300 and 15 FTE Positions from the Automation Operations Fund in FY 2024 for IT Project Management and Oversight. These amounts are unchanged from FY 2023.

This line item funds staffing costs for statewide project, management and oversight at the ADOA Arizona Strategic Enterprise Technology Office. A.R.S § 18-104 requires ADOA to approve all IT projects over \$25,000.

**Risk Management**

**Cyber Risk Insurance**

The Baseline includes \$23,037,200 from the Cyber Risk Insurance Fund in FY 2024 for Cyber Risk Insurance. Adjustments are as follows:

### **Annualize Cyber Risk Insurance Program**

The Baseline includes an increase of \$1,450,000 from the Cyber Risk Insurance Fund in FY 2024 to annualize the operating costs for the cyber risk insurance program for state agencies.

The FY 2023 Budget Implementation Budget Reconciliation Bill (BRB) created the Cyber Risk Insurance Fund and established a cyber risk insurance program. The budget transferred \$24,624,400 from the Risk Management Revolving Fund in FY 2023 into the Cyber Risk Insurance Fund. The FY 2023 appropriation of \$21,857,200 funded a partial year's operating costs of the cyber program including \$137,200 for staff to administer the program and \$1,450,000 for insurance premiums. The appropriation also funds \$20,000,000 as a set aside for an insurance deductible in the event of a cyber security breach or incident. The remaining \$3,037,200 in the fund was retained to pay the annual operating costs of the program in FY 2024. Those annual costs include \$137,200 for staff and \$2,900,000 for premiums.

The Baseline adds a new footnote requiring ADOA to report annually to the JLBC Staff on prior year Cyber Risk Insurance Fund expenditures.

This line item funds insurance premiums, deductibles, and operating costs for cyber risk insurance.

### **Federal Transfer Payment**

The Baseline includes no funding in FY 2024 for one-time payments to the federal government. This amount is unchanged from FY 2023.

The FY 2023 General Appropriation Act included an FY 2022 supplemental appropriation of \$1,110,600 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and for fund transfers in FY 2021. In addition, the FY 2023 General Appropriation Act continued to specify that it is the intent of the Legislature that ADOA shall not enter into any agreements to pay for any federal reimbursements related to excess retained earnings in HITF, unless the proposed agreements are reviewed by the JLBC.

In order to receive Federal Funds, the state enters into a contractual obligation with the federal government, which restricts the use of these Federal Funds. If the state then uses these funds in restricted ways, the federal government requires that the state pay back a proportional share of these funds. Examples of restricted use include fund transfers from one ADOA fund to another fund, using an ADOA fund for a federally disallowed operating purpose, or retaining an excess fund balance.

Amounts owed for FY 2023 will be paid in FY 2024 through a supplemental appropriation. The final appropriated amount will be determined once ADOA reaches agreement with the federal government. *(Please see the [FY 2023 Supplemental section](#) in Other Issues for more information.)*

### **Risk Management Administrative Expenses**

The Baseline includes \$8,597,800 from the Risk Management Revolving Fund in FY 2024 for Risk Management Administrative Expenses. This amount is unchanged from FY 2023.

This line item funds financial and actuarial analyses, relevant investigations, and related travel. This line item also funds legal representation from outside the Office of the Attorney General.

### **Risk Management Losses and Premiums**

The Baseline includes \$48,396,100 from the Risk Management Revolving Fund in FY 2024 for Risk Management Losses and Premiums. This amount is unchanged from FY 2023.

This line item represents estimated payments for liability and property settlements, medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

### **Workers' Compensation Losses and Premiums**

The Baseline includes \$28,253,000 from the Risk Management Revolving Fund in FY 2024 for Workers' Compensation Losses and Premiums. This amount is unchanged from FY 2023.

This line item accounts for the state's liability in workplace injuries. The funding represents payments for workers' compensation beneficiaries, hospital and medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

### **Support Services**

### **Government Transformation Office**

The Baseline includes \$2,063,000 from the State Web Portal Fund in FY 2024 for the Government Transformation Office (GTO). This amount is unchanged from FY 2023.

The GTO assists state agencies in designing and implementing process improvements.

### **State Surplus Property Sales Agency Proceeds**

The Baseline includes \$1,810,000 from the State Surplus Materials Revolving Fund in FY 2024 for State Surplus Property Sales Agency Proceeds. This amount is unchanged from FY 2023.

This line item separates surplus sales proceeds returned to agencies from the division's operating budget. The surplus property yard returns 90% of sales proceeds to the agency from which the property originated. The yard retains 10% of the proceeds to fund its operations.

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### **Grants**

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### **Election Security Grants**

The Baseline includes no funding from in FY 2024 for Election Security Grants. Adjustments are as follows:

#### **Remove One-Time Grants**

The Baseline includes a decrease of \$(1,500,000) from the General Fund in FY 2024 to eliminate one-time election security grants as follows:

- \$(1,000,000) for ballot paper testing grants.
- \$(500,000) for secure ballot boxes.

An FY 2023 General Appropriation Act footnote requires ADOA to distribute grants to county recorders in at least one county for each ballot tabulation company currently used in the state of Arizona for the purposes of testing specific security features and water marks and to report to the Legislature no later than May 1, 2023 on recommended ballot security features.

A second FY 2023 General Appropriation Act footnote requires ADOA distribute grants to county recorders to purchase secure ballot boxes. The boxes shall generate a log and receipt of each ballot received. The distribution is as follows:

- 6 ballot boxes in Cochise County,
- 7 ballot boxes in Yuma County, and
- 3 ballot boxes in Pinal County.

### **Fire Incident Management System Grants**

The Baseline includes no funding in FY 2024 for Fire Incident Management Grants. Adjustments are as follows:

#### **Remove One-Time Grants**

The Baseline includes a decrease of \$(6,100,000) from the General Fund in FY 2024 to remove one-time fire incident management system grants.

The line item provides funding for ADOA to distribute as grants to municipal fire departments and fire districts for hardware and software with specific incident management system functionality as outlined in an FY 2023 General Appropriation Act footnote. The appropriation is non-lapsing.

### **Healthcare Interoperability Grants**

The Baseline includes no funding in FY 2024 for Healthcare Interoperability Grants. Adjustments are as follows:

#### **Remove One-Time Grants**

The Baseline includes a decrease of \$(12,000,000) from the General Fund in FY 2024 to remove one-time grants for health care interoperability grants.

This program funds grants for an interoperability software technology solution to support rural hospitals, health care providers and urban trauma centers to reducing public and private health care costs and unnecessary transportation costs. The appropriation is non-lapsing through FY 2025.

### **School Safety Interoperability Fund Deposit**

The Baseline includes no funding in FY 2024 to deposit into the School Safety Interoperability Fund. Adjustments are as follows:

#### **Remove One-Time Deposit**

The Baseline includes a decrease of \$(20,000,000) from the General Fund in FY 2024 to remove a one-time deposit into the School Safety Interoperability Fund.

The FY 2023 Automation BRB transfers the existing School Safety Interoperability Fund from the Treasurer to the Department of Administration and makes the fund non-appropriated. An FY 2023 General Appropriation Act footnote delineates the distribution of the monies in the fund.

**K-12 Transportation Grants**

The Baseline includes no funding in FY 2024 for K-12 Transportation Grants. Adjustments are as follows:

**Remove One-Time Grants**

The Baseline includes a decrease of \$(20,000,000) from the General Fund in FY 2024 to remove one-time K-12 Transportation Grants.

The FY 2022 K-12 BRB established the Public School Transportation Modernization Grants program within ADOA for distribution of grants to school districts, charter schools, and other entities for public transportation projects, such as improving access for students who attend school through open enrollment or through a charter school. Between FY 202 and FY 2023, the budget appropriated \$30,000,000 for the program.

ADOA is required to select a nonprofit organization that would administer the program and report on its results. The nonprofit may use up to 5% of program monies for administrative expenses. The nonprofit A for Arizona was selected to administer the program.

**Other**

**Southwest Defense Contracts**

The Baseline includes \$25,000 from the General Fund in FY 2024 for Southwest Defense Contracts. This amount is unchanged from FY 2023.

This line item is for the distribution to a nonprofit organization that advocates for the preservation and enhancement of critical defense missions and assets in the southwestern United States.

**Other Issues**

**FY 2023 Supplementals**

**Federal Financial Participation Payment**

The Baseline includes an FY 2023 supplemental appropriation of \$3,107,700 from the Risk Management Revolving Fund for one-time payments to the federal government for disallowed costs and fund transfers in FY 2022. This amount consists of:

- \$2,484,700 related to fund transfers from 2 ADOA funds in FY 2022, primarily the Automation Operations Fund in the Automation Projects Fund.

- \$164,100 related to excess retained earnings in the IT Fund.
- \$77,500 related to payments made from the Risk Management Revolving Fund in FY 2021 which has federal financial participation.
- \$381,400 related to interest on fund transfers, disallowed costs, and payments. This amount also includes a negotiation cushion estimated by ADOA.

*(Please see the Federal Transfer Payment line item above for information.)*

**Health Insurance Trust Fund**

The Health Insurance Trust Fund (HITF) is used to administer state employee health insurance benefit plans. Funding consists of employer and employee medical and dental insurance contributions.

HITF has experienced financial issues for several years. The FY 2023 budget included \$103,277,800 from the General Fund (including \$40,033,000 for university tuition backfill) and \$172,754,300 total funds for a one-time employer premium increase (see Table 1).

ADOA implemented no changes to employee premiums, deductibles, copays, or plan structure for Plan Year 2023.

For FY 2023, the fund is projected to have a cash balance of \$62,600,000. With the removal of the one-time employer premium increase in FY 2024, ADOA projects HITF to have a projected cash shortfall of approximately \$(120,400,000) in FY 2024.

As a self-insured fund, the state assumes the direct risk for payment of claims and should therefore retain a sufficient balance to ensure claims can be paid in the event of fluctuations in cash flow or catastrophic expenses. The recommended reserve is between \$50,000,000 to \$100,000,000, equal to approximately 1 month’s claim expenses.

<b>Table 1</b>			
<b>Health Insurance Trust Fund</b>			
(\$ in M)			
	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Beginning Balance	\$56.9	\$ 20.8	\$ 62.6
<u>Revenue</u>			
Baseline Premiums	784.0	791.2	795.2
Coronavirus Relief Fund Reimbursement	28.0	12.6	
Ongoing Employer Increase	36.9		
One-time Employer Increase	<u>0.0</u>	<u>172.9</u>	<u>0.0</u>
<i>Net Revenues</i>	<i>\$848.9</i>	<i>\$976.7</i>	<i>\$795.2</i>
<u>Expenses</u>			
Baseline Medical Expenses	\$879.7	\$929.6	\$972.9
Administration	<u>5.3</u>	<u>5.3</u>	<u>5.3</u>
<i>Net Expenses</i>	<i>\$885.0</i>	<i>\$934.9</i>	<i>\$978.2</i>
<b>Cash Balance</b>	<b>\$ 20.8</b>	<b>\$ 62.6</b>	<b>\$ (120.4)</b>
<b>Ongoing Balance <sup>1/</sup></b>	<b>\$ (64.1)</b>	<b>\$ (143.4)</b>	<b>\$ (183.0)</b>

<sup>1/</sup> Reflects ongoing revenues vs. ongoing expenses

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Air Quality Fund (ADA2226/A.R.S. § 49-551)</b>		<b>Appropriated</b>
<i>Source of Revenue:</i> Annual air quality and emissions fees assessed on motor vehicle registrations, as well as legislative appropriations.		
<i>Purpose of Fund:</i> To pay the cost of air quality research, experiments, education, and programs conducted by or for the department.		
<b>Funds Expended</b>	195,800	928,000
<b>Year-End Fund Balance</b>	742,400	0
<b>Arizona Financial Information System Collections Fund (ADA1234/A.R.S. § 41-740.01)</b>		<b>Appropriated</b>
<i>Source of Revenue:</i> Revenues are collected from state agencies to recover pro rata costs of operating AFIS. Pro rata charges are determined by ADOA and allocated to each agency based on AFIS usage.		
<i>Purpose of Fund:</i> Supplements the cost of operating AFIS.		
<b>Funds Expended</b>	8,565,300	13,385,100
<b>Year-End Fund Balance</b>	5,085,400	2,685,400
<b>Automation Operations Fund (ADA4230/A.R.S. § 41-711)</b>		<b>Appropriated</b>
<i>Source of Revenue:</i> Charges to agencies and other political entities for information technology products and services. The fund has continuously appropriated sub-accounts for agreements made with other states and the Arizona Health Care Cost Containment System.		
<i>Purpose of Fund:</i> To provide agencies and other political entities data processing and information technology consulting services and to maintain the integrity and security of state information. Balances reflect a transfer into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)		
<b>Funds Expended</b>	24,881,700	31,568,300
<b>Year-End Fund Balance</b>	6,813,700	4,306,000
<b>Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01)</b>		<b>Appropriated</b>
<i>Source of Revenue:</i> Rental and tenant improvement charges to agencies occupying ADOA owned buildings.		
<i>Purpose of Fund:</i> To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.		
<b>Funds Expended</b>	14,865,600	19,200,200
<b>Year-End Fund Balance</b>	23,053,400	1,949,300

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Capitol Mall Consolidation Fund (ADA3211/A.R.S. § 41-792.02)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Monies appropriated by the Legislature. The FY 2019 Budget Procedures Budget Reconciliation Bill (BRB) directs the sale proceeds from the properties at 2910 N 44th Street in Phoenix, 2163 Vickey Street in Flagstaff, and the northeast corner of South Horne Street and East Baseline Road in Mesa into the fund. The FY 2022 Management of State Buildings BRB directs the sale proceeds from the properties at 519 Beale Street in Kingman and 1919 West Jefferson in Phoenix into the fund.		
<b>Purpose of Fund:</b> For repair and renovations of state-owned buildings. Monies in the fund for capital expenses are not displayed in the ADOA operating budget.		
<b>Funds Expended</b>	157,300	0
<b>Year-End Fund Balance</b>	292,000	73,400
<b>Certificate of Participation Fund (ADA5005/A.R.S. § 41-791.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Rental and tenant improvement charges to agencies occupying buildings under Certificate of Participation (COP) lease-purchase agreements.		
<b>Purpose of Fund:</b> To make COP lease-purchase payments on buildings under such agreements.		
<b>Funds Expended</b>	34,622,100	16,212,300
<b>Year-End Fund Balance</b>	7,309,800	5,195,500
<b>Construction Insurance Fund (ADA4219/A.R.S. § 41-622)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Risk management charges to agencies for state construction projects. The construction and design insurance rate is set by ADOA and reviewed by the Joint Committee on Capital Review.		
<b>Purpose of Fund:</b> To self-insure state construction projects against tort losses from design and construction defects.		
<b>Funds Expended</b>	8,846,900	7,780,800
<b>Year-End Fund Balance</b>	16,839,000	15,558,200
<b>Co-Op State Purchasing Agreement Fund (ADA4213/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Annual subscription fees paid by local governments for state purchasing records, fees paid by individuals for copies of public records, and fees paid by vendors participating in the State Contract Show.		
<b>Purpose of Fund:</b> To operate the cooperative purchasing program and support its membership list.		
<b>Funds Expended</b>	5,829,000	6,854,400
<b>Year-End Fund Balance</b>	4,364,100	2,760,800
<b>Coronavirus Relief Fund (ADA2975/A.R.S. § 35-142)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Monies received by the state from the federal COVID-19 response legislation. Arizona received \$1.86 billion from the Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act based on the state's share of the population.		
<b>Purpose of Fund:</b> Monies are allocated by the Governor to supplement costs of the state's COVID-19 response, including necessary expenditures incurred by the state due to the public health emergency from March 1, 2020 to December 30, 2020.		
<b>Funds Expended</b>	29,098,900	0
<b>Year-End Fund Balance</b>	0	0
<b>Coronavirus State and Local Fiscal Recovery Fund (ADA2985/U.S. P.L. 117-2)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2).		
<b>Purpose of Fund:</b> To provide emergency support to households, small businesses, nonprofits, workers performing essential work, and certain industries negatively impacted by the COVID-19 pandemic. To extend government services that received a reduction in revenue as a result of the COVID-19 pandemic. To make investments in water, sewer, and broadband infrastructure.		
<b>Funds Expended</b>	9,452,400	23,473,100
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Corrections Fund (ADA2088/A.R.S. § 41-1641)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Luxury taxes on alcohol and tobacco products.		
<b>Purpose of Fund:</b> To pay for construction, major maintenance, lease, purchase, renovation, or conversion of Arizona Department of Corrections (ADC) and Department of Juvenile Corrections (DJC) facilities. ADOA uses these monies to oversee construction projects benefiting ADC or DJC.		
<b>Funds Expended</b>	559,400	634,600
<b>Year-End Fund Balance</b>	(559,400)	(1,194,000)
<b>Cyber Risk Insurance Fund (ADA4217/A.R.S. § 41-622)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> The FY 2023 budget transferred \$24,624,400 from the Risk Management Revolving Fund in FY 2023 into the Cyber Risk Insurance Fund for FY 2023 and FY 2024 costs. Beginning in FY 2025, revenues may include actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system.		
<b>Purpose of Fund:</b> To pay claim costs and administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits for Cyber Security.		
<b>Funds Expended</b>	0	21,587,200
<b>Year-End Fund Balance</b>	0	3,037,200
<b>Emergency Telecommunication Services Revolving Fund (ADA2176/A.R.S. § 41-704)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The telecommunication services excise tax, currently 20¢ per wire or wireless account, levied on monthly telephone bills and remitted by telephone companies, as authorized by A.R.S. § 42-5252. In addition, a tax equal to 0.8% of the gross income derived from the retail sale of prepaid wireless telecommunication services, as authorized by A.R.S. § 42-5402.		
<b>Purpose of Fund:</b> To aid the political subdivisions of the state in implementing and operating emergency telecommunication services (911); to purchase necessary equipment and consulting services (up to 5% of revenue); to pay monthly recurring costs for capital, maintenance, and operations; and to reimburse wireless carriers for the costs of compliance.		
<b>Funds Expended</b>	20,121,300	21,931,300
<b>Year-End Fund Balance</b>	14,140,100	11,708,800
<b>Employee Related Expenditures/Benefits Administration Fund (ITA3035/A.R.S. § 38-651.05)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> State employer and state employee premium contributions for vision, flexible spending, disability, life, and accident insurance.		
<b>Purpose of Fund:</b> To administer state employee benefit plans and pay non-health insurance premiums.		
<b>Funds Expended</b>	36,252,500	35,998,300
<b>Year-End Fund Balance</b>	1,964,500	1,642,800
<b>Federal Grants (ADA2000/A.R.S. § 35-142)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Federal grants, including pass through grants from several agencies.		
<b>Purpose of Fund:</b> To pay for security related equipment and programs, as well as to administer monies as sub-grantee for federal projects.		
<b>Funds Expended</b>	1,314,800	928,900
<b>Year-End Fund Balance</b>	1,706,800	0
<b>Federal Surplus Materials Revolving Fund (ADA4215/A.R.S. § 41-2606)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Federal surplus property service and handling fees.		
<b>Purpose of Fund:</b> To collect, store, and administer the sale of federal surplus property. Federal regulations concerning the disposition of federal surplus property cap the year-end balance of this fund at \$50,000. When the fund exceeds this cap, the department must discount its service and handling charges for federal surplus materials transferred to agencies in the following fiscal year.		
<b>Funds Expended</b>	0	468,500
<b>Year-End Fund Balance</b>	15,000	(453,500)

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Governor's Emergency Education Relief Fund (ADA2980/U.S. P.L. 116-136)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Federal monies appropriated in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and the Consolidated Appropriations Act of 2021 (P.L. 116-260).		
<b>Purpose of Fund:</b> To provide emergency support through grants to local educational agencies that the state educational agency deems have been most significantly impacted by coronavirus to support the ability of such local educational agencies to continue to provide educational services to their students and to support the ongoing functionality of the local educational agency.		
<b>Funds Expended</b>	1,079,600	2,874,500
<b>Year-End Fund Balance</b>	0	0
<b>IGA and ISA Fund (ADA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Various intergovernmental and interagency service agreements.		
<b>Purpose of Fund:</b> To execute various intergovernmental and interagency service agreements.		
<b>Funds Expended</b>	21,757,100	91,777,600
<b>Year-End Fund Balance</b>	17,070,200	51,600
<b>Information Technology Fund (ADA2152/A.R.S. § 18-401)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A pro rata share of 0.61% of total payroll, charged to all budget units subject to oversight of information technology projects by ADOA's Arizona Strategic Enterprise Technology (ASET) Office or by the Information Technology Authorization Committee (ITAC).		
<b>Purpose of Fund:</b> Provides personnel funding for statewide information technology planning, coordinating, oversight, and consulting. Additionally, monies from the IT Fund also support the operation of the Statewide Information Security and Privacy Office (SISPO) in the Arizona Department of Homeland Security. Balances reflect transfers into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)		
<b>Funds Expended</b>	8,165,600	2,292,000
<b>Year-End Fund Balance</b>	6,991,600	6,703,600
<b>Legislative, Executive, and Judicial Public Buildings Land Fund (ADA3127/A.R.S. § 37-525)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> State trust land lease revenues.		
<b>Purpose of Fund:</b> To support state Legislative, Executive, and Judicial buildings. Monies appropriated for capital expenses are not displayed in the ADOA operating budget.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	3,704,700	4,588,500
<b>Payroll Administration Fund (ADA9200/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Collects and pays out all monies associated with the statewide payroll functions. Fund 9200 incorporates several payroll funds (ADA9220, ADA9230, NAU9202, UAA9203, and ASU9221). Fund 9230 collects a one-time \$50 charge for setting up a garnishment, which is granted by the court, a \$5 employee fee for each non-exempt statement that is generated per payday, and a \$1 administrative fee for child and spousal support orders.		
<b>Purpose of Fund:</b> Generally, revenues and expenditures are not used for normal payroll activities. The only balance that accumulates in this fund is for Unemployment Tax. For Fund 9230, monies are used for administrative costs related to garnishments and child support.		
<b>Funds Expended</b>	102,500	166,300
<b>Year-End Fund Balance</b>	163,300	95,000
<b>Personnel Division Fund (ADA1107/A.R.S. § 41-750)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A 0.83% (permanent law) charge on the total payroll of each agency within the ADOA personnel system.		
<b>Purpose of Fund:</b> To operate the ADOA Human Resources Division.		
<b>Funds Expended</b>	11,618,800	13,779,500
<b>Year-End Fund Balance</b>	4,849,000	3,998,600

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Retiree Accumulated Sick Leave Fund (ADA3200/A.R.S. § 38-616)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A 0.40% charge on the total benefit-eligible payroll of each agency within the ADOA personnel system. By statute, the rate may not exceed 0.55% and is set by ADOA with Joint Legislative Budget Committee review.		
<b>Purpose of Fund:</b> To compensate eligible retiring state employees for accumulated sick leave, to pay insurance premiums, and to administer the program. Payments are calculated as a percentage, tiered according to accrual level of hourly salary. Payments to an individual shall not exceed \$30,000.		
<b>Funds Expended</b>	15,734,900	17,106,500
<b>Year-End Fund Balance</b>	8,593,600	9,487,100
<b>Risk Management Revolving Fund (ADA4216/A.R.S. § 41-622)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system, as well as recoveries by the state through litigation.		
<b>Purpose of Fund:</b> To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits.		
<b>Funds Expended</b>	76,472,600	93,500,700
<b>Year-End Fund Balance</b>	125,095,600	115,438,300
<b>School Safety Interoperability Fund (ADA3076/A.R.S. § 41-1733)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations.		
<b>Purpose of Fund:</b> To fund school safety pilot programs which enable the deployment of a secure, multimedia data communications system to a user base consisting of public safety agencies and public schools. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations. The FY 2023 Automation Budget Reconciliation Bill (BRB) transferred this fund from the State Treasurer to ADOA in FY 2023.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Employer and employee medical and dental insurance contributions.		
<b>Purpose of Fund:</b> To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. Only administrative expenditures from this fund are subject to legislative appropriation. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	4,510,800	5,719,900
<b>Year-End Fund Balance</b>	20,775,400	62,337,800
<b>Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Employer and employee medical and dental insurance contributions.		
<b>Purpose of Fund:</b> To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. The Non-Appropriated expenditures reflect the state's self-insured health care claims costs. Please see the Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	852,491,100	916,667,500
<b>Year-End Fund Balance</b>	20,775,400	62,337,800
<b>Special Events Fund (ADA2503/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Set-up fees for special events on state property.		
<b>Purpose of Fund:</b> To set up special events on state property.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	19,100	19,100

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Special Services Revolving Fund (ADA4208/A.R.S. § 35-193.02)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Payments by agencies using administrative services offered by ADOA.		
<b>Purpose of Fund:</b> Appropriated monies are collected from 11 small regulatory boards residing in the State Boards' Office to provide centralized administrative services. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	665,700	1,257,300
<b>Year-End Fund Balance</b>	252,500	(277,600)
<b>Special Services Revolving Fund (ADA4208/A.R.S. § 35-193)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Payments by agencies using administrative services offered by ADOA.		
<b>Purpose of Fund:</b> Non-Appropriated expenditures reflect various centralized printing, copying, and repair services offered by ADOA. Please see the Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	728,400	700,000
<b>Year-End Fund Balance</b>	252,500	(277,600)
<b>State Employee Travel Reduction Fund (ADA2261/A.R.S. § 41-101.03)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Grants by the Maricopa Association of Governments, the State Travel Reduction Planning Office, and the Arizona Department of Environmental Quality.		
<b>Purpose of Fund:</b> To operate and administer a ride-sharing program for the transportation of state employees between home and work.		
<b>Funds Expended</b>	277,300	534,800
<b>Year-End Fund Balance</b>	1,139,100	1,139,300
<b>State Monument and Memorial Repair Fund (ADA2338/A.R.S. § 41-1365)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Monies derived from fundraising activities, monies that are collected by the proponents of a monument or memorial, grants, donations, and legislative appropriations.		
<b>Purpose of Fund:</b> For the maintenance, repair, reconditioning, or relocation of monuments or memorials and for supporting mechanical equipment in the Governmental Mall. Laws 2022, Chapter 357 transferred the fund to Legislative Council.		
<b>Funds Expended</b>	1,500	0
<b>Year-End Fund Balance</b>	236,000	0
<b>State Surplus Materials Revolving Fund (ADA4214/A.R.S. § 41-2606)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> State surplus property sales revenues.		
<b>Purpose of Fund:</b> To collect, store, and administer the sale of state surplus property. The majority of revenues are returned to donor agencies. The department retains a service and handling fee.		
<b>Funds Expended</b>	1,880,400	3,064,600
<b>Year-End Fund Balance</b>	1,325,800	811,200
<b>State Web Portal Fund (ADA2531/A.R.S. § 18-421)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Grants, donations, and web portal revenues, including any fees collected from the sale of certain types of motor vehicle records to commercial customers, less revenues deposited into the Highway User Revenue Fund, as stipulated in A.R.S. § 18-421.		
<b>Purpose of Fund:</b> To maintain and upgrade the state's common web portal, including enhancement of existing products and the development of new applications. Monies received from private grants or donations, as well as federal grants, are non-appropriated. Balances reflect transfers into the Automation Projects Fund. (See the Automation Projects Fund page for more details.)		
<b>Funds Expended</b>	5,981,300	6,798,300
<b>Year-End Fund Balance</b>	9,284,600	11,686,300
<b>Statewide Donations Fund (ADA2025/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Employee donations and other miscellaneous deposits.		
<b>Purpose of Fund:</b> Employee donations are used to recognize outstanding employees.		
<b>Funds Expended</b>	4,700	0
<b>Year-End Fund Balance</b>	900	0

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
<b>Telecommunications Fund (ADA4231/A.R.S. § 41-713)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Administrative surcharges on telecommunications services for agencies and other political entities.		
<b>Purpose of Fund:</b> To operate the Telecommunications Program Office, which manages and oversees statewide contracts for telecommunications products and services. The state's contractors operate and equip telecommunications voice, data, video, and graphics systems, allowing the collection, storage, interchange, retrieval, and transmission of information.		
<b>Funds Expended</b>	1,570,800	1,814,000
<b>Year-End Fund Balance</b>	1,545,000	1,483,000
<b>Text to 911 Services Fund (ADA2177/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies transferred from the Emergency Telecommunications Service Revolving Fund.		
<b>Purpose of Fund:</b> To provide grants to political subdivisions of the state for text-to-911 services.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	901,200	732,200
<b>Traffic and Parking Control Fund (ADA2453/A.R.S. § 41-796)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Penalties and fees collected for traffic and parking violations on state property.		
<b>Purpose of Fund:</b> To post signs, markings, and notices for the regulation of vehicles on state property, as well as to maintain state parking lots and structures.		
<b>Funds Expended</b>	1,600	0
<b>Year-End Fund Balance</b>	2,500	2,500
<b>Transparency Website Fund (ADA2955/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Charges to local governments that utilize the state's transparency website, Arizona OpenBooks.		
<b>Purpose of Fund:</b> To maintain the transparency website for public use.		
<b>Funds Expended</b>	26,000	0
<b>Year-End Fund Balance</b>	37,900	37,900
<b>VW Diesel Emissions Environment Mitigation Trust Fund (ADA3917/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies deposited from the National Volkswagen Lawsuit Settlement. Arizona will receive approximately \$57.0 million over 10 years in settlement monies to support eligible air pollution mitigation activities.		
<b>Purpose of Fund:</b> To support eligible air pollution mitigation activities.		
<b>Funds Expended</b>	0	119,000
<b>Year-End Fund Balance</b>	119,000	0