

FY 2025 STATE GENERAL FUND BUDGET SUMMARY

The FY 2025 budget is based primarily upon the actions of the 56th Legislature's 2nd Regular Session. On June 18, 2024, the Governor signed into law the FY 2025 General Appropriation Act for the fiscal year beginning July 1, 2024 as well as 14 other budget-related bills.

Revised FY 2024 General Fund Budget

At the time of publication, the *FY 2024 Appropriations Report* in July 2023, FY 2024 General Fund revenues were anticipated to be \$17.83 billion. Revenue projections for FY 2024 have been revised upward to \$17.91 billion based on:

- A projected (2.5)% change in base ongoing revenue.
- A one-time revenue gain of \$843.3 million associated with fund transfers from various agency funds.

The *FY 2024 Appropriations Report* also assumed total spending of \$17.82 billion in General Fund spending. Due to reductions in statutory funding formula requirements and other factors, the *FY 2024 Baseline* assumed spending would fall to \$17.76 billion, or a reduction of \$(62.7) million. Spending projections have been further revised to \$17.28 billion based on supplemental adjustments made in the FY 2025 budget process.

Based on these changes, the FY 2024 ending balance is expected to be \$638.9 million.

FY 2025 General Fund Revenues

The *FY 2025 Baseline Book* projected FY 2025 General Fund revenues of \$15.39 billion, which assumed a 2.6% increase in ongoing revenues, a \$(296.5) million decline in urban revenue sharing (URS), and a \$(2.25) billion decrease in one-time revenues. The enacted budget has projected total General Fund revenue of \$16.28 billion and includes the following:

- A 3.0% change in base ongoing revenue, which is primarily based on the April 4-Sector FAC forecast.
- A decline in carryforward balances from \$2.53 billion in FY 2024 to \$638.9 million in FY 2025.
- A revenue gain of \$31.7 million by setting the aggregate cap of the Student Tuition Organization (STO) Corporate Income Tax Credit at \$135.0 million.

The 4-sector forecast equally weights the projections for major revenue categories of 2 University of Arizona econometric models, the consensus of the private and public sector economists on the Finance Advisory Committee and the JLBC Staff.

FY 2025 General Fund Spending

- FY 2025 General Fund spending is projected to be \$16.18 billion compared to \$17.28 billion in FY 2024, or a decrease of (6.3)% based on the following assumptions:
 - ⇒ A \$763.0 million increase in ongoing spending.
 - ⇒ A \$(1.86) billion decrease in one-time spending to a level of \$615.3 million.
- The entire FY 2025 state budget, including both appropriated and non-appropriated funds, is projected to be approximately \$66.30 billion.
- The main drivers of FY 2025 General Fund spending are delineated below by function of government.

Resolving the FY 2025 Budget Shortfall

As of the January 2024 JLBC Baseline, the FY 2025 General Fund budget had a projected shortfall of \$(879) million. The shortfall was addressed with \$975 million of net budget "solutions:"

- \$180 million of additional base revenue, primarily based on the April 4-Sector FAC forecast.
- \$36 million of additional statutory revenue changes, primarily the Corporate STO income tax credit cap.
- \$32 million of transfers to the General Fund from other state funds.
- \$165 million of savings primarily associated with the use of Opioid Settlement monies in the Department of Corrections (ADC) and Hospital Assessment funds in AHCCCS.
- \$333 million from eliminating the planned FY 2025 General Fund deposit to the Long Term Water Augmentation Fund.
- \$40 million of savings from a 3.5% lump sum reduction in discretionary spending across most state agencies.
- \$288 million of other targeted spending reductions.
- \$(738) million increase in the shortfall due to upward spending adjustments to the JLBC Baseline, including \$188 million for ADC prison health care, \$183 million to continue one-time spending for School Facilities Building Renewal and \$140 million to continue the additional General Fund subsidy of state employee health insurance.

- \$639 million in a higher carryforward from FY 2024 into FY 2025 due to adjustments in the FY 2024 budget to resolve a shortfall in that year as well. The resolution of the FY 2024 shortfall is discussed in the *FY 2024 Adjustments* section at the end of the Appropriations Report.

General Fund and Budget Stabilization Fund Balances

- With the \$975 million of net budget solutions to the FY 2025 budget shortfall, the projected ending cash balance is \$95.7 million.
- Apart from the General Fund, the Budget Stabilization Fund will have an estimated balance of \$1.5 billion in FY 2025.

Long Term Projections

A.R.S. § 35-125 requires that the General Appropriation Act delineate the revenue and expenditure estimates for the budget year and the following 2 years. The expenditure estimates are based on statutory revenue and funding requirements:

- FY 2026 revenues are projected to be \$16.46 billion compared to FY 2026 spending of \$16.44 billion. This would result in a cash balance of \$20.0 million in FY 2026.
- FY 2027 revenues are projected to be \$17.14 billion compared to FY 2027 spending of \$17.13 billion. This would result in a cash balance of \$7.0 million in FY 2027.

Education

Department of Education (ADE)

- ADE General Fund spending decreases by \$(66.9) million, or (0.9)% below the FY 2024 appropriation, including:
 - ⇒ \$8.0 million for a prior year rebase due to higher-than-budgeted expenses for Basic State Aid.
 - ⇒ \$106.9 million for Empowerment Scholarship Account (ESA) growth. This amount assumes total ESA program enrollment reaches 82,452 in FY 2025, or 6,025 above June 2024 enrollment of 76,427. In total, the budget provides \$824.5 million for original and universal ESA awards in FY 2025.
 - ⇒ \$(11.4) million for FY 2025 district and charter enrollment adjustments. Total unweighted public school Average Daily Membership (ADM) would decline by an estimated (0.4)% to reach a level of 1,082,095 in FY 2025. The (0.4)% estimate assumes a (0.1)% base enrollment decline associated with demographic trends plus an additional (0.3)% decline due to switchers to the ESA program.
 - ⇒ \$162.0 million for a 2.0% statutory inflation adjustment of funding levels for the per pupil base level, transportation, and charter additional assistance.
 - ⇒ \$(67.1) million in savings due to property tax growth from new construction.
 - ⇒ \$(15.1) million in savings due to higher available land trust earnings.
 - ⇒ \$15.0 million for increased Homeowner's Rebate expenses.
 - ⇒ \$37.0 million one-time to increase the Group B formula weight for pupils eligible for the federal Free and Reduced-Price Lunch (FRPL) program pursuant to Section 128 of the FY 2023 General Appropriation Act. The budget includes an intent statement that this funding would become ongoing in FY 2028.
 - ⇒ \$29.0 million one-time to increase the per pupil amounts of the District Additional Assistance (DAA) and Charter Additional Assistance (CAA) formulas pursuant to Section 128 of the FY 2023 General Appropriation Act. The total increases in FY 2025 above FY 2024 are 4.62% for DAA and 3.19% for CAA. The budget includes an intent statement that this funding would become ongoing in FY 2028.
 - ⇒ \$7.0 million one-time for a distribution to the Arizona Holocaust Education Center.
 - ⇒ \$5.0 million one-time for increased English Language Learner testing contract costs.
 - ⇒ \$2.0 million one-time for rural K-12 mental health telehealth pilot programs.
 - ⇒ \$2.0 million one-time for low-income after school programs.
 - ⇒ \$1.0 million to continue one-time funding for the Center for High School Success.
 - ⇒ \$3.8 million one-time to eliminate the co-payment for reduced price school meals.
 - ⇒ \$(3.7) million to reduce College Credit by Examination Incentive Program (CCEIP) payments.
 - ⇒ \$(4.9) million in savings due to reductions to Adult Education programs.
 - ⇒ \$(2.5) million to eliminate summer ESAs for public school students.
 - ⇒ \$(1.5) million to eliminate the kindergarten entry assessment.
 - ⇒ \$(469,700) for an operating lump sum reduction.
 - ⇒ \$125,200 for statewide adjustments.
 - ⇒ \$(300.0) million to remove a one-time state aid supplement.
 - ⇒ \$(39.2) million to remove other one-time funding.
- The budget includes ex-appropriations of \$(17.5) million in FY 2024, including:

- ⇒ \$(12.0) million to reduce funding for a deposit in the Dual Enrollment Student Development Fund.
- ⇒ \$(500,000) to reduce funding for a deposit in the Dual Enrollment Teacher Development Fund.
- ⇒ \$(2.5) million to reduce funding for a Broadband Expansion Fund deposit.
- ⇒ \$(2.5) million to reduce funding for Art Consumables.
- Proposition 123 is scheduled to expire at the end of FY 2025. Proposition 123 increased the level of distributions from the state land trust. Without further statutory changes, the General Fund will be required to replace the reduced level of land trust earnings, which is estimated to be \$300 million in FY 2026. Pending resolution of this issue, the enacted budget's 3-year plan includes this \$300 million General Fund backfill.

Arizona Department of Administration/School Facilities Division (SFD)

- SFD General Fund spending decreases by \$(36.1) million, or (10.1)%, including:
 - ⇒ \$(35.1) million one-time for a net decrease in new school construction costs. The budget funds a total of \$109.4 million for new construction, including the completion of 9 FY 2024 schools, and the initial funding for 5 FY 2025 schools in the Maricopa, Queen Creek (2), Sahuarita, and Valentine School Districts.
 - ⇒ \$(1.0) million for a decrease in one-time school facility inspections funding.
 - ⇒ \$(57,100) for an operating budget lump sum reduction.
 - ⇒ \$28,400 for statewide adjustments.

Universities

- University General Fund spending decreases by \$(62.2) million, or (6.0)%, including:
 - ⇒ \$(37.0) million to remove one-time for ABOR scholarships programs, including \$(20.0) million for the Arizona Promise Program, \$(15.0) million for the Arizona Teachers Academy, and \$(2.0) million for the Spouse and Dependents of Law Enforcement Officers program.
 - ⇒ \$(37.7) million to remove other one-time funding.
 - ⇒ \$(23.2) million for lump sum reductions.
 - ⇒ \$1.0 million for one-time funding for the Arizona Teachers Academy.
 - ⇒ \$156,100 for adjustments to capital appropriations.
 - ⇒ \$34.5 million for Statewide Adjustments.
- Fall 2023 enrollment increased by 13,477 full-time equivalent students, or 6.6% above Fall 2022, for total enrollment of 217,118.

Community Colleges

- Community College General Fund spending decreases by \$(38.0) million, or (28.3)%, including:
 - ⇒ \$2.8 million for formula adjustments.
 - ⇒ \$386,700 for a rural county allocation technical adjustment.
 - ⇒ \$(15.0) million to remove one-time AZ Western College career and technical education (CTE) workforce funding.
 - ⇒ \$(10.0) million to remove one-time rural aid.
 - ⇒ \$(14.0) million to remove one-time tribal assistance.
 - ⇒ \$(2.2) million to remove other one-time funding.
- The Community College funding formula is based on student counts from 2 years prior. FY 2023 rural district enrollment decreased by (475) full-time equivalent students, or (1.9)%, for a total rural enrollment of 24,479. Including the Maricopa and Pima districts, total enrollment increased by 1,007, or 1.1%, to 90,011.

Health and Welfare

AHCCCS

- AHCCCS General Fund spending increases by \$194.3 million, or 7.8%, including:
 - ⇒ \$331.0 million for formula adjustments, including a (1.1)% caseload decline, a 4.0% inflation adjustment, the reduction of the regular match rate from 66.29% to 64.89%, and annualizing the loss of the enhanced match rate that was available throughout CY 2023.
 - ⇒ \$(100.0) million to shift Medicaid services costs to the Hospital Assessment Fund in FY 2025 and FY 2026.
 - ⇒ \$(24.7) million to shift Medicaid services costs to the Prescription Drug Rebate Fund.
 - ⇒ \$4.2 million for one-time critical access hospital supplemental payments funding.
 - ⇒ \$(4.1) million to shift rural hospital reimbursement program funding to the regular service line items.
 - ⇒ \$3.3 million for additional fraud investigation staff.
 - ⇒ \$(3.3) million for a reduction in invalid payments due to the additional fraud investigation staff.

- ⇒ \$(1.2) million for an operating budget lump sum reduction.
- ⇒ \$1.0 million for one-time case management provider wage increases.
- ⇒ \$(12.6) million to remove FY 2024 one-time funding.
- ⇒ \$606,700 for statewide adjustments.
- The budget includes an ex-appropriation of \$(39.9) million in FY 2024 to account for the net impact of faster-than-anticipated enrollment declines within Traditional Medicaid and lower per-member spending in the fee-for-service program, partially offset by slower-than-anticipated enrollment declines within the Proposition 204 Childless Adults and KidsCare programs.
- AHCCCS enrollment is projected to be 2.05 million recipients by June 2025. This level represents a caseload decline of (23,154), or (1.1)%, from June 2024.

Department of Child Safety (DCS)

- DCS General Fund spending decreases by \$(41.9) million, or (8.4)%, including:
 - ⇒ \$13.3 million for increased caseworker operational and personnel costs.
 - ⇒ \$5.9 million to backfill federal Social Security Administration and Veterans Affairs benefits.
 - ⇒ \$5.7 million to offset a FY 2025 net decrease in the Title IV-E Federal Medical Assistance Percentage (FMAP) rate.
 - ⇒ \$5.5 million for one-time provider rate increases associated with children and family supports contracts.
 - ⇒ \$4.3 million to support increased permanent guardianship caseloads.
 - ⇒ \$264,400 to draw down federal funding for child abuse prevention grants.
 - ⇒ \$(15.4) million to remove one-time FY 2024 supplemental funding.
 - ⇒ \$(11.4) million to align the foster home placement appropriation with projected caseloads.
 - ⇒ \$(10.9) million to remove a one-time federal funding backfill for Congregate Group Care.
 - ⇒ \$(9.8) million to remove one-time funding for the Extended Foster Care Services Model Fund deposit.
 - ⇒ \$(6.1) million for vacancy savings associated with holding 50 caseworker positions vacant.
 - ⇒ \$(5.7) million to align the adoption services appropriation with projected caseloads.
 - ⇒ \$(5.5) million to shift preventive services funding to federal child abuse prevention grant monies.
 - ⇒ \$(4.2) million to align the kinship care appropriation with projected caseloads.
 - ⇒ \$(3.3) million to remove one-time funding for emergency shelter group homes and transition living.
 - ⇒ \$(4.3) million to remove other one-time funding.
 - ⇒ \$(225,000) for statewide adjustments.

Department of Economic Security (DES)

- DES General Fund spending increases by \$133.1 million, or 11.0%, including:
 - ⇒ \$142.3 million for Developmental Disabilities (DD) formula adjustments, including 3.8% enrollment growth, a 4.0% capitation rate increase, the reduction of the regular match rate from 66.29% to 64.89%, and annualizing the loss of the enhanced match rate that was available throughout CY 2023.
 - ⇒ \$12.0 million in one-time funding for child care, capping the caseload at 22,700.
 - ⇒ \$2.0 million in one-time funding for the Area Agencies on Aging.
 - ⇒ \$2.0 million for ongoing Arizona Early Intervention Program provider rate increases.
 - ⇒ \$1.0 million in one-time funding for the Pascua Yaqui tribal government for social services.
 - ⇒ \$1.0 million in one-time funding for food distribution services for low-income individuals in Cochise County.
 - ⇒ \$1.0 million in one-time funding for DD job training and life skills.
 - ⇒ \$500,000 in one-time funding for Navajo Nation women's shelter and social services.
 - ⇒ \$500,000 in one-time funding for nutrition, housing, and rental assistance programs in Pinal County.
 - ⇒ \$500,000 in one-time funding for Navajo Nation youth programs.
 - ⇒ \$250,000 in one-time funding for low-income food services for tribal communities.
 - ⇒ \$(28.2) million to remove FY 2024 one-time funding.
 - ⇒ \$(3.0) million for an operating budget lump sum reduction.
 - ⇒ \$1.3 million for statewide adjustments.
- Compared to the FY 2024 enacted budget, the FY 2025 budget assumes the state will save \$(24.8) million in FY 2024 due to a lower-than-budgeted capitation rate within the DDD program. This lower rate was a result of lower utilization of services among DDD clients in previous years. This savings will appear as a revertment rather than an ex-appropriation.
- Medicaid Developmental Disability caseloads are projected to grow to 44,674 by June 2025. This level represents a caseload increase of 1,642, or 3.8%, above June 2024.

Department of Health Services (DHS)

- DHS General Fund spending decreases by \$(43.9) million, or (26.4)%, including:
 - ⇒ \$1.4 million for upgrades to the AZ Care Check portal.
 - ⇒ \$1.2 million for 15 additional licensing compliance staff.
 - ⇒ \$1.0 million for one-time funding of senior health promotion in Santa Cruz County.
 - ⇒ \$1.0 million for one-time funding of southern Arizona counseling and community service grants.
 - ⇒ \$500,000 for one-time funding of counseling services for parents whose children have died as a result of violence.
 - ⇒ \$500,000 for one-time funding of heat mitigation programs in southern Arizona.
 - ⇒ \$500,000 for one-time funding of preventative health services for low-income, underserved women.
 - ⇒ \$(15.0) million to eliminate the final year of funding for the Arizona Nurse Education Investment Pilot Program.
 - ⇒ \$(2.0) million for a one-time funding shift for biomedical research support. The 3-year spending plan assumes this shift continues in FY 2025 and FY 2026.
 - ⇒ \$(1.0) million for a one-time funding shift for Alzheimer's disease research.
 - ⇒ \$(32.0) million to remove one-time funding.
 - ⇒ \$(719,200) for an operating budget lump sum reduction.
 - ⇒ \$706,300 for statewide adjustments.

Department of Housing (ADOH)

- ADOH General Fund spending decreases by \$(181.9) million, or (92.4)%, including:
 - ⇒ \$15.0 million for a one-time deposit to the Housing Trust Fund.
 - ⇒ \$(150.0) million to remove a one-time deposit to the Housing Trust Fund.
 - ⇒ \$(40.0) million to remove a one-time deposit to the Homeless Shelter and Services Fund.
 - ⇒ \$(6.9) million to remove other one-time funding.

Department of Veterans' Services (DVS)

- DVS General Fund spending decreases by \$(9.8) million, or (44.9)%, including:
 - ⇒ \$500,000 in one-time funding for a veterans center.
 - ⇒ \$(10.1) million to remove FY 2024 one-time funding.
 - ⇒ \$(108,200) for an operating budget lump sum reduction.
 - ⇒ \$(36,400) for statewide adjustments.

Criminal Justice/Public Safety

Department of Corrections (ADC)

- ADC General Fund spending increases by \$116.8 million, or 8.2%, including:
 - ⇒ \$55.0 million for non-contract medication funding.
 - ⇒ \$54.3 million to increase private prison funding (one-time for FY 25-27)
 - ⇒ \$44.9 million net increase to pay inmate health care contract costs. This amount backs out \$(51.2) million in one-time FY 2024 funds, adds \$107.1 million in new FY 2025 funding and removes \$(11.0) million for Medicaid reimbursement.
 - ⇒ \$35.0 million due to the use \$40.0 million of opioid settlement monies for ADC operating cost in FY 2025 compared to \$75.0 million in FY 2024.
 - ⇒ \$16.0 million for ongoing injunction-related IT funding.
 - ⇒ \$6.8 million for additional staff related to injunction requirements (23 FTE Positions).
 - ⇒ \$2.7 million for injunction-related department operating costs.
 - ⇒ \$(650,000) to remove one-time inmate dog training funding.
 - ⇒ \$(1.5) million to reduce Substance Abuse Treatment funding.
 - ⇒ \$(2.0) to remove one-time funding for a corrections assessment.
 - ⇒ \$(5.0) to remove one-time transitional and reentry housing funding.
 - ⇒ \$(9.5) million to remove one-time funding related to inmate food contract costs.
 - ⇒ \$(12.1) million to remove one-time FY 2024 supplemental funding.
 - ⇒ \$(19.8) million to reduce ADC's operating budget to account for department vacancy savings.
 - ⇒ \$(24.2) million to reduce ongoing private prison funding due to the end of the Marana contract and for unused capacity.

- ⇒ \$(44.5) million to remove one-time private prison funding.
- ⇒ \$21.5 million for statewide adjustments
- The systemwide June 2024 prison population was 35,138, an increase of 761 or 2.2% above the prior year.

Department of Emergency and Military Affairs (DEMA)

- DEMA General Fund spending decreases by \$(5.0) million, or (23.4)%, including:
 - ⇒ \$(1.3) million to remove one-time emergency hazard mitigation funding.
 - ⇒ \$(571,600) to correct an error in funding for the ADOA risk management Program.
 - ⇒ \$(600,000) for adjustments in National Guard federal matching funds.
 - ⇒ \$(300,000) to remove one-time funding for the National Guard uniform allowance.
 - ⇒ \$(33,900) to remove one-time funding for National Guard reaction force equipment.
 - ⇒ \$(2.1) million for statewide adjustments.

Judiciary

- Judiciary General Fund spending decreases by \$(4.8) million, or (2.7)%, including:
 - ⇒ \$2.1 million for ongoing maintenance of the probation case management system.
 - ⇒ \$1.1 million to fully annualize the January 1, 2023 Superior Court judge salary increase.
 - ⇒ \$1.1 million to fund a new January 1, 2025 judicial salary increase.
 - ⇒ \$(6.7) million to remove one-time backfill funding of probation officer salary increases.
 - ⇒ \$(1.3) million to remove other one-time funding.
 - ⇒ \$(1.1) million for operating budget lump sum reductions.
 - ⇒ \$38,800 for statewide adjustments.

Department of Public Safety (DPS)

- DPS General Fund spending decreases by \$(101.7) million, or (27.8)%, including:
 - ⇒ \$5.0 million for a local border support funding increase, including \$4.0 million of one-time monies.
 - ⇒ \$(27.7) million for a one-time shift of border drug interdiction and local border support from the General Fund to the Border Security Fund.
 - ⇒ \$(41.1) million to remove one-time funding for land mobile radio upgrades.
 - ⇒ \$(11.7) million to remove one-time funding for vehicle replacements.
 - ⇒ \$(10.0) million to remove one-time funding for civil air patrol infrastructure.
 - ⇒ \$(3.6) million for a budget shift from the General Fund to the State Highway Fund.
 - ⇒ \$(1.5) million for a Major Incident Division funding adjustment.
 - ⇒ \$(700,000) for GIITEM aid to others vacancy savings
 - ⇒ \$(200,000) for GIITEM staffing vacancy savings.
 - ⇒ \$(112,400) million for a Pharmaceutical Diversion and Drug Theft Task Force funding reduction.
 - ⇒ \$(12.3) million to remove other one-time funding.
 - ⇒ \$2.2 million for statewide adjustments.

Natural Resources

Department of Environmental Quality (DEQ)

- DEQ General Fund spending decreases by \$(15.0) million, or (48.4)%, including:
 - ⇒ \$1.0 million for one-time funding of a pilot program to replace diesel heavy duty trucks with zero-emission vehicles.
 - ⇒ \$(9.5) million to remove a one-time Water Quality Fee Fund deposit (to be replaced by a one-time transfer of \$7.2 million from the Air Quality Fund to the Water Quality Fee Fund in FY 2025.)
 - ⇒ \$(5.0) to remove one-time funding for PFAS mitigation.
 - ⇒ \$(1.5) million to remove one-time funding for initial support of the Direct Potable Reuse of Treated Wastewater Program.

Department of Forestry and Fire Management (DFFM)

- DFFM General Fund spending decreases by \$(6.1) million, or (10.6)%, including:
 - ⇒ \$5.0 million one-time funding for fire suppression.
 - ⇒ \$(5.0) million reduction to the wildfire mitigation line item to remove unused monies.
 - ⇒ \$(5.0) million to remove one-time funding for a grant program to assist fire districts.

- ⇒ \$(0.9) million for statewide adjustments.
- ⇒ \$(0.2) million for an operating budget lump sum reduction.

Water Infrastructure Finance Authority (WIFA)

- WIFA General Fund spending decreases by \$(254.2) million, or (100)%, including:
 - ⇒ \$(189.2) million to reduce funding for the Long-Term Water Augmentation Fund (LTWAF). The budget eliminated an advance appropriation of \$333.0 million in FY 2025 for a LTWAF deposit. The budget also transfers \$78.0 million in FY 2024 from the LTWAF to the General Fund. The FY 2023 3-year budget plan originally committed \$1.0 billion over 3 years to the LTWAF. After adjusting for changes in the FY 2024 and FY 2025 budgets, LTWAF would have total resources remaining of \$445.2 million.
 - ⇒ \$(62.0) million to remove one-time funding for local water projects:
 - \$(37.8) million for water well projects, including \$27.8 million for Gilbert and \$10.0 million for Peoria.
 - \$(20.0) million to Navajo County to reconstruct the Little Colorado levee.
 - \$(4.2) million in other projects.
 - ⇒ \$(3.0) million for removal of one-time water project assistance grants.

Department of Water Resources (DWR)

- DWR General Fund spending decreases by \$(30.4) million, or a (55.3)%, including:
 - ⇒ \$(25.0) million to remove one-time distributions to 2 irrigation districts to support the construction of alternative infrastructure to deliver groundwater to the Ak-Chin Indian Community by means other than the Santa Rosa canal.
 - ⇒ \$(5.1) million to remove other one-time funding.
 - ⇒ \$(500,000) to reduce the annual deposit to the Arizona Water Protection Fund to \$750,000.
 - ⇒ \$180,300 for statewide adjustments
- The budget included an FY 2024 supplement reduction of \$(11,000,000) to remove funding for a brackish groundwater recovery pilot program.

General Government

Arizona Department of Administration (ADOA)

- ADOA General Fund spending decreases by \$(30.4) million, or (75.0)%, including:
 - ⇒ \$1.0 million for a one-time distribution to the Navajo Nation to establish household electrical connections.
 - ⇒ \$126,500 for an ombudsman position to handle complaints concerning the Arizona State Hospital.
 - ⇒ \$(12.2) million to remove one-time funding for fire incident management system grants.
 - ⇒ \$(15.0) million to remove one-time funding for K-12 transportation grants.
 - ⇒ \$(25,000) to remove funding for southwest defense contracts.
 - ⇒ \$(4.2) million to remove other one-time funding.
 - ⇒ \$(300,000) for an operating lump sum reduction.
 - ⇒ \$152,500 for statewide adjustments.
- The budget includes FY 2024 supplemental reductions of \$(2.2) million for an employee compensation study and \$(1.5) million for health care interoperability grants.

ADOA – Automation Projects Fund (APF)

- APF General Fund spending decreases by \$(20.8) million, or (57.7)%, including:
 - ⇒ \$(15.0) million to remove one-time funding for statewide health and human services technology projects.
 - ⇒ \$(9.3) million to remove one-time funding for 3 other projects.
 - ⇒ \$3.4 million for the Medicaid Enterprise System Mainframe Modernization project.
 - ⇒ \$53,200 for a DOR Integrated Tax System project adjustment.
- APF General Fund spending for the Department of Revenue integrated tax system modernization project remains at \$11.8 million, pursuant to the FY 2023 3-year budget plan.

Arizona Commerce Authority (ACA)

- ACA General Fund spending decreases by \$(25.5) million, or (65.3)%, including:
 - ⇒ \$500,000 for small business center grants.
 - ⇒ \$(9.0) million for removal of one-time funding for economic transition resources to tribes.
 - ⇒ \$(7.0) million for removal of a one-time deposit to the Water Infrastructure and Commerce Grant Fund.

- ⇒ \$(2.5) million for removal of one-time funding for wearable technology research.
- ⇒ \$(2.0) million for removal of one-time general trade office funding.
- ⇒ \$(1.0) million for removal of one-time funding for small business export assistance.
- ⇒ \$(1.0) million for removal of one-time funding for the state rural development council.
- ⇒ \$(750,000) for removal of one-time funding for an Asia-Pacific trade office.
- ⇒ \$(750,000) for removal of one-time funding for a Canada trade office.
- ⇒ \$(500,000) for removal of one-time funding for a small business incubator program for inmates.
- ⇒ \$(500,000) for removal of one-time funding for a strategic framework for economic development.
- ⇒ \$(500,000) for removal of one-time funding for commercial truck driver shortage grants.
- ⇒ \$(500,000) to reduce funding for economic development marketing and attraction.
- The budget includes an ex-appropriation of \$(23.6) million in FY 2024 to remove a deposit to the Rural Broadband Accelerated Match Fund.

State Treasurer

- State Treasurer General Fund spending decreases by \$(90.3) million, or (89.9)%, including:
 - ⇒ \$1.0 million increase, from \$5.0 million to \$6.0 million, for a one-time distribution to county recorders for ballot paper with specific security features (as required by the FY 2023 3-year budget plan).
 - ⇒ \$(84.8) million to remove a one-time distribution to 24 local government entities and nonprofit organizations.
 - ⇒ \$(6.0) million to remove a one-time distribution to the 6 most populous counties to review the accuracy of voter registration rolls.
 - ⇒ \$(500,000) to reduce funding for the Justice of the Peace salaries line item.
 - ⇒ \$(100) for statewide adjustments.
- The budget includes an FY 2024 supplemental reduction of \$(800,000) to remove funding for a Glendale veterans community project.

State Employees

- The budget increases the Total Appropriated Funds Full-Time Equivalent (FTE) ceiling by 365.4 FTE Positions in FY 2025. These adjustments would bring the total FTE Position ceiling to 55,440.9 in FY 2025.

Capital

- The budget includes the following reductions from prior year agency building renewal appropriations:
 - ⇒ \$(35.4) million from the General Fund for ADOA building renewal projects, including \$(12.9) million from FY 2023 and \$(22.5) million from FY 2024.
 - ⇒ \$(19.4) million from the General Fund for FY 2024 ADC building renewal projects.
- The budget includes the following reductions from prior year individual capital project appropriations:
 - ⇒ \$(48.2) million from the General Fund for FY 2023 ADOA West Adams building renovations.
 - ⇒ \$(5.0) million from the General Fund for FY 2024 ADOA electric vehicle charging stations.
 - ⇒ \$(86.8) million from the General Fund for ADC cooling system upgrades, including \$(57.0) million from FY 2024 and \$(29.8) million from FY 2025.
 - ⇒ \$(25.0) million from the General Fund to shift FY 2022 Department of Veterans Services Northwest veterans home funding to FY 2028.
- The budget includes no new capital funding from the General Fund in FY 2025.

Debt

- At the end of FY 2025, the state's projected level of lease-purchase and bonding capital obligations will be \$5.31 billion. The associated annual debt service payment is \$607.6 million.
- Of the \$5.31 billion in total lease-purchase and bonding obligations, the General Fund share is \$812.2 million. The General Fund annual debt service is projected to be \$92.8 million in FY 2025.
- Of the \$812.2 million, \$333.2 million is related to the state's share of Phoenix Convention Center costs and \$452.7 million is for university capital projects.

Statewide Adjustments

- The budget includes a decrease of \$(72.8) million from the General Fund and \$(120.4) million in Total Funds for the removal of a one-time FY 2024 state employee health insurance adjustment. In its place, the budget includes an increase of \$140.0 million from the General Fund and \$230.9 million in Total Funds for a new one-time employer health insurance

premium increase in FY 2025. The figures for both years include funding to backfill University Tuition employer contributions.

- The budget decreases state agency budgets by \$(6.6 million) from the General Fund for the following statewide adjustments:
 - ⇒ Arizona Financial Information System (AFIS) fees
 - ⇒ Human Resources Information System (HRIS) fees
 - ⇒ State Fleet rate adjustments
 - ⇒ Employer retirement contributions