FY 2024 Executive Budget

January 13, 2023

Arizona Governor’s Office of Strategic Planning and Budgeting
Overview

• The Economy and State Revenues
• FY 2024 Budget Overview
• FY 2024 Budget Priorities
  • Education
  • Health & Welfare
  • Government that Works
  • Culture & Natural Resources
  • Public Safety
The Economy and State Revenues

“Even as our state continues to be an incredible place to live and work, we can do more to help our fellow Arizonans get ahead.”

Governor Katie Hobbs
Arizona Growth Ranks 6th in the Nation

- Arizona has experienced similar GDP growth to the nation since 2021
- However, relative to pre-pandemic GDP levels, AZ growth nearly doubles that of U.S., and it ranks 6th among all states

![Real GDP Growth Q4 2019-Q3 2022](chart1.png)

![Real GDP Growth](chart2.png)

Average Growth 2021-2022

- **US**: 3.42%
- **AZ**: 3.22%
The Arizona Economy Is Strong

- Arizona continues to attract people and businesses alike, putting it in the top 10 in both population growth and net migration.
- Movement and expansion of high-tech manufacturing firms in Arizona will continue to promote growth.

5th
In personal income growth 2011-2021

7th
In job growth above pre-pandemic levels

8th
In population growth Jul 2021 - Jul 2022
A Robust Labor Market

- U.S. job openings skyrocketed in 2021 and 2022, and remain near record highs
- Arizona has been one of the fastest states in the nation to recover Covid-19 job losses
- Unemployment in Arizona has ticked up; remains below 2019 levels

U.S. Job Openings

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Job Openings</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>2,000</td>
</tr>
<tr>
<td>2002</td>
<td>4,000</td>
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<td>2019</td>
<td>38,000</td>
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<tr>
<td>2020</td>
<td>40,000</td>
</tr>
<tr>
<td>2021</td>
<td>42,000</td>
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Employment % of Pre-Pandemic Levels

- Arizona: 103.7%
- U.S.: 100.7%
Arizona #1 In Manufacturing Job Growth

- Last year, Arizona led the nation in manufacturing job growth with over 8.0% growth from January to November of 2022

YTD Manufacturing Job Growth, 2022

Average Growth among all states: 2.40%
High Inflation Plagues U.S. And Arizona

- Inflation is still near 40-year highs despite moderating slightly at the end of 2022
- Arizona has experienced some of the highest inflation of all states, due to persistently high housing prices
- Excluding shelter and housing, inflation in Arizona is on par with the U.S.
After returning to the pre-pandemic trend in 2021, U.S. growth fell in 2022.

Economic slowing and/or a recession is expected in 2023.
Affordability And Tax Reforms

- Two new transaction privilege tax (TPT) exemptions
  - Children's diapers - estimated $(16.0M) ongoing
  - Feminine hygiene products – estimated $(24.0M) ongoing
- Child tax credit beginning tax year 2023
  - Estimated $(50.0M) ongoing

$100
Refundable tax credit per dependent under 17

Married Joint & Head of Household Filers earning $40,000 or less

Single filers earning $20,000 or less
FY 2023 Revenues Remain Strong – May Overstate True Revenue Performance

- FY 2023 will be the first fiscal year with reduced individual income tax rates according to the new law
- Taxpayers may not have adjusted to the new, lower tax rates, meaning current performance may be overstated; this may result in a higher level of refunds during tax season
Executive Ongoing Revenue Forecast

- The FY 2024 Executive Budget contemplates revenue declines through 2024 due to prior enacted income tax cuts
- Modest growth forecasted for FY 2025 and beyond
Executive Total Spending Forecast

- Of the $17.1B in total spending in FY 2024, $2.1B is one-time
- Spending levels moderate in FY 2025 and 2026
Prioritizing Fiscal Responsibility

- The FY 2024 Executive Budget includes a $250.0M deposit into the “rainy day fund”
- Balance is projected to exceed $1.6B in 2024 - the highest balance in state history

Arizona’s Rainy Day Fund

$250M deposit

$ in millions

% of General Fund Revenues
FY 2024 Budget Overview
## General Fund Sources and Uses

### General Fund Sources and Uses ($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$ 4,709,446.0</td>
<td>$ 2,933,878.9</td>
<td>$ 273,010.2</td>
<td>$ 96,390.7</td>
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<tr>
<td><strong>Revenues</strong></td>
<td>$ 13,736,368.5</td>
<td>$ 14,720,733.5</td>
<td>$ 15,658,001.5</td>
<td>$ 16,484,317.8</td>
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<tr>
<td><strong>Total Available</strong></td>
<td>$ 18,445,814.5</td>
<td>$ 17,654,612.4</td>
<td>$ 15,931,011.7</td>
<td>$ 16,580,708.5</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td>$ 15,511,935.5</td>
<td>$ 17,131,602.2</td>
<td>$ 15,834,621.1</td>
<td>$ 15,699,019.9</td>
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<tr>
<td><strong>Rainy Day Fund</strong></td>
<td>-</td>
<td>$ 250,000.0</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$ 2,933,879.0</td>
<td>$ 273,010.2</td>
<td>$ 96,390.6</td>
<td>$ 881,688.6</td>
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<tr>
<td><strong>Ending Structural Balance</strong></td>
<td>$ 1,848,674.9</td>
<td>$ 65,156.3</td>
<td>$ 281,849.4</td>
<td>$ 807,592.6</td>
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</tbody>
</table>
FY 2024 Executive Funding

The $1.34B New Executive Initiatives are primarily composed of one-time items. The Executive Budget results in an ending cash balance of $273M.

- **$2.93B**
  - FY 2023 Ending Cash Balance with Revenue Adjustments

- **$90M**
  - Tax Reform

- **$1.34B**
  - New Executive Initiatives

- **$37.1M**
  - Executive Baseline Changes

- **$273M**
  - Ending Cash Balance

**Composition of New Executive Initiatives**

- 86% One-Time Executive Initiatives
- 14% Ongoing Executive Initiatives
“Arizonans have made clear it’s time to rebuild and reinvest in our public schools.”

Governor Katie Hobbs
Empowerment Scholarship Account Fixes

- Repeal of ESA Universal Expansion
  - A repeal results in **$144.4M** in savings for FY 2024
  - If not repealed, universal ESAs are on pace to cost **$1.5B** over a 10 year period

- This action will save taxpayer dollars from an underreported and unnecessary use and bolster support for our public schools

- Charter schools and ESA funded private schools will be held to the same reporting requirements as district schools
Funding All Arizona Schools Fairly

$273.7M in new K-12 Investments, $9.0B in Total Funding

$5.0M E-Rate Broadband Infusion
$8.8M Federal Funding Backfill
$10.9M District Additional Assistance
Inflation Adjustment

$20.5M Dual Enrollment Program

$198.6M Additional Base Support

$(16.8)M Enrollment Growth, ESA Repeal, RBF Changes and Other Technical Adjustments

$8,250
State Funding Per-Pupil
Additional Base Support Funding

• $198.6M towards base support funding
  
  • $130.0M in new funding from savings realized from repealing the universal ESA expansion is added to the Base Support Level
  
  • $68.6M is infused into Basic State Aid via the elimination of the inequitable Results Based Funding model
Enrollment Trends

• **$109.2M** for a 1.25% enrollment increase
  • FY 2023 saw enrollment declines due to the passage of Universal Empowerment Scholarship Accounts expansion. With a repeal in FY 2024, the Executive forecasts an anticipated increase in student enrollment.

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![Unweighted Average Daily Membership Growth](image-url)
Expanding Support for Students & Educators

• Educator Retention Taskforce
  • The taskforce will provide best practices and recommendations for attracting, retaining, and supporting educators in Arizona public schools

• $20.5M for Dual Enrollment Program
  • Offers low-income students a $50 reimbursement per credit hour, up to 6 credit hours for students in grades 9 and 10, and up to 12 credit hours for students in grades 11 and 12

• $5.0M for E-Rate Broadband Matching
  • Assists schools in developing broadband infrastructure so that student needs can be served
  • Historical rate of return for federal matching would result in a total investment of $65.0M
Addressing Inflation

• **$177.9M** for inflation adjustments to the Base Support Level, Charter Additional Assistance, and Transportation Support
  • This adjustment is statutorily capped at 2%

• **$10.9M** for a new statutory annual inflation adjustment to District Additional Assistance
  • This adjustment will be statutorily capped at 2%

• **$2.4M** is provided to the Arizona School for the Deaf and Blind for transportation support
Funding School Facilities

The FY 2024 Executive Budget a historic investment in school facilities; the largest investment in at least 20 years

• **$172.7M** one-time to complete three new schools already under construction and start construction on new projects

• **$348.9M** one-time for building renewal projects at school facilities
  • **$1M** to develop and implement a plan to conduct in-person inspections of school facilities
$169.1M in Higher Education Investments

$2.4B in Total Funding

- $3.8M Community College Formula Increase
- $10.3M Restored STEM and Workforce Aid
- $14.0M Rural Community College Aid
- $15.0M Arizona Teacher’s Academy
- $40.0M Promise Program Expansion
- $40.0M Promise for Dreamers
- $46.0M New Economy Initiatives
Making Higher Education Attainable for More Arizonans

- **$40.0M** to expand the Arizona Promise Program
  - Projected to fund **15,600** students
  - Builds upon **$20.0M** in base funding for the Promise Program
  - Administered by the Arizona Board of Regents
  - Fills the tuition gap for students that are fully Pell-Eligible
- **$40.0M** to create the Promise for Dreamers Program
  - Projected to fund **3,113** students
  - Builds off voter approved Proposition 308 in line with the will of Arizona voters

**Promise Program: FY 2023 Demographics**

- 21.9% White
- 25.7% Two or More Races
- 7.0% Black
- 4.7% Native American
- 0.8% Unspecified
- 37.0% Hispanic
- 0.2% Pacific Islander
- 2.6% Asian
- 0.8% Unspecified
Investing in Arizona’s Economic Future

• $46.0M to support the Universities’ New Economy Workforce Initiatives
  • The New Economy Initiatives are designed to expand and establish programs that prepare students for careers in future high-demand jobs

• $15.0M to address the operating shortfall at the Arizona Teacher’s Academy

• $14.0M in aid to the ten rural Community Colleges
  • Doubling the State’s investment in Rural Community College Aid

• $10.3M to continue restored STEM and Workforce funding for Maricopa, Pima, and Pinal Community Colleges in order to match STEM and Workforce funding for rural counties
Health & Welfare

“One of the things I learned as a social worker is the power of prosperity - when families are doing well, so many other things start going the same way.”

Governor Katie Hobbs
Housing Investment

• **$150.0M** deposit into the Housing Trust Fund to support those at risk of becoming unhoused in Arizona through:
  • Utility assistance
  • Emergency rental assistance
  • Legal aid for families facing eviction
  • Home repair grant program for seniors
  • And other eligible Housing Trust Fund uses
Supporting Vulnerable Arizonans

- **$14.6M** for Adult Protective Services (APS) for additional caseworkers and to backfill Victims of Crime Act (VOCA) grant funding
- **$4.4M** for the Arizona Early Intervention Program to backfill provider rate increases supported by American Rescue Plan Act (ARPA) funding
- **$1.5M** for IT security expansion to protect critical, sensitive data
Supporting Vulnerable Arizonans Continued

• $145.8M General Fund for Developmental Disability Caseload growth and reduction in Federal Medical Assistance Percentage (FMAP) matching dollars
  • The main driver for the increase is the reduction of FMAP matching dollars

• $115.8M Expenditure Authority to maximize available federal dollars for Home and Community Based Services (HCBS) through the ARPA directly distributed to DES
  • This money will continue to support direct care workers and IT enhancement in new programs associated with this additional federal funding
Department of Child Safety Caseload

• Foster Care - $10.8M to backfill a loss in federal funding
  • $5.9M for eligibility reduction from 49.8% to 35.2%
  • $4.9M for further eligibility reduction from 35.2% to 25.0%

• Adoption Services – $11.5M to address:
  • $5.5M for an estimated 2.1% caseload increase (723 adoptions)
  • $2.0M for a reduction in the Adoption Incentive Award
  • $4.0M for Adoption Savings Reinvestment through the Positive Parenting Program
Department of Child Safety Caseload Continued

DCS Adoption Population Projections (Monthly)
Department of Child Safety Initiatives

• **Visitation Aide Expansion**
  - 80.0 additional FTE positions in order to address the visitation backlog for children in the foster care system
    - This will not require any additional funding to implement

• **Continuing Arizona Healthy Families Expansion**
  - $2.5M in order to expand the program to an additional 300 families
  - The Department will serve a total of 1,400 families in FY 2024

• **Vehicle Replacement**
  - $2.3M to replace 50 aging vehicles at DCS. This will help ensure that children in DCS custody are transported safely
AHCCCS IT Modernization – Mainframe System Replacement

• The Arizona Health Care Cost Containment System (AHCCCS) is currently using a 30+ year old mainframe for all of its case management and member eligibility services

• The Executive Budget provides $2.7M to start the multiyear replacement of that system
  • $2.0M is for a systems integrator
  • $700,000 is for replacing the first set of modules

• The Executive Budget includes $257.0M for AHCCCS program caseload growth and unwinding of federal Covid-19 policies.

• Baseline FMAP Change – 3.3% decrease in Arizona’s federal match rate for Medicaid expenses.

• Capitation Rate Growth – Expecting 4.0% growth in per-member per-month costs.

• Phase Out of Enhanced FMAP Rate – Phase out of the 6.2% boost to federal Medicaid match during calendar year 2023.

• Eligibility Determination Resumes – AHCCCS can resume determining eligibility for members on April 1, 2023.
AHCCCS Initiatives

• **$463.5M** Expenditure Authority to maximize available federal dollars for Home and Community Based Services (HCBS) through ARPA directly distributed to AHCCCS
  - This money will continue to support direct care workers and IT enhancement in new programs associated with this one-time additional federal funding

• **$20M** to expand the income eligibility cutoff for the KidsCare program from 200 percent of the federal poverty level to 300 percent of the federal poverty level
Family Planning and Inclusive Pregnancy Services

• **$6.1M** to establish a grant program to provide family planning services to low-income individuals.
  - Expands the State’s efforts in providing family planning services, including counseling and medical services, to low-income individuals regarding reproductive health to improve birth outcomes.

• **$200,000** moving from the Homeless Pregnant Women Services SLI to the Department of Health Services’ operating budget for pregnancy services that are inclusive of all options and support personal choice.
“Those who work in public service should feel empowered and it is our responsibility to ensure barriers to accessibility and opportunities are broken down for all.”

Governor Katie Hobbs
Critical Improvements to State Facilities

- **$205.0M** towards capital outlay projects at agencies
- Largest building renewal investment in ADOA’s building system in over 35 years

### FY 2024 Building Renewal

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount</th>
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<tr>
<td>ADOA Building System</td>
<td>$39,124,664</td>
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<tr>
<td>Corrections</td>
<td>$65,629,300</td>
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<tr>
<td>Transportation</td>
<td>$22,390,200</td>
</tr>
<tr>
<td>Exposition &amp; State Fair</td>
<td>$3,802,149</td>
</tr>
<tr>
<td>State Parks &amp; Trails</td>
<td>$3,034,355</td>
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<tr>
<td>Game and Fish</td>
<td>$1,776,410</td>
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<tr>
<td>Pioneers’ Home</td>
<td>$468,653</td>
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<tr>
<td>State Lottery Commission</td>
<td>$214,178</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$136,439,909</strong></td>
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Deploying Broadband at State Facilities

- **$16.0M** to enhance broadband infrastructure at State facilities

Examples

- Motor Vehicle Division and Dept. of Economic Security Offices
- DPS Offices & ADOT Maintenance Yards
- State Parks

Benefits

- Decreased Wait Times
- Improved Incident Response Time
- Visitor Wifi

ADOA will place emphasis on facilities within Greater Arizona, bundle facilities to maximize investment, and seek to leverage State facilities as anchor institutions to connect local communities.
Investing in Broadband Deployment in Greater Arizona

• $50.0M deposit into the newly established Rural Broadband Accelerated Match (RBAM) Fund

• The RBAM Fund is designed to assist non-state eligible entities meet the match requirement associated with the federal Broadband, Equity, Access, and Deployment (BEAD) program within the Investment in Infrastructure and Jobs Act (IIJA)

• BEAD funds broadband infrastructure in unserved and underserved locations

RBAM Fund Allocation Structure*

- 50% Counties
  - 50% Counties of <100,000
  - 50% Counties of 100,000+
- 50% Municipalities
  - 50% Muni. of <10,000
  - 50% Muni. of 10,000+

*To ensure an equitable distribution, a county with a population above 1 million or a municipality in an urbanized area of a county with a population above 1 million is not eligible for the RBAM Fund.
I-17 Expansion Shortfall

• The FY 2020 Budget initiated the project to construct a third highway lane in both directions between Anthem and Black Canyon City and a flex lane from Black Canyon City to Sunset Point.

• Project facing $76.2M shortfall due to unforeseen events associated with changes in Federal law and increased construction costs.

• To address the shortfall, the Executive has instructed ADOT to review the merit of the Legislative transportation projects included in the FY 2023 Budget.

FY 2023 Budget

- Legislative Projects: 44
- Total Cost: $538M
Phoenix Passenger Rail Restoration

- The federal Investment in Infrastructure and Jobs Act (IIJA) set aside funding to initiate, restore, or enhance passenger rail service throughout the nation

- $7.5M to be leveraged for federal support and funding in an effort to restore interstate passenger rail service to Phoenix

- Phoenix has not had interstate passenger rail service since 1996

- This initiative is intended to be a catalyst to partner with local entities in securing federal support and funding to restore interstate passenger rail service to Phoenix

Source: Amtrak Connect US
SMART Fund Deposit

• The SMART Fund is designed to assist with costs associated with applying for and securing federal competitive transportation grants

• $25.0M deposit into the State Match Advantage for Rural Transportation (SMART) Fund

• The additional deposit will ensure Arizona’s competitiveness in drawing down these federal dollars

SMART Fund Allocation Structure*

SMART Fund

40% Counties

50% Counties of <100,000

50% Counties of 100,000+

40% Municipalities

50% Muni. of <10,000

50% Muni. of 10,000+

20% ADOT Projects

*To ensure an equitable distribution, a county with a population above 1 million or a municipality in an urbanized area of a county with a population above 1 million is not eligible for the RBAM Fund.
Statewide Targeted Litter Removal

- **$3.1M** in addition to base funding to provide monthly litter-removal services on select interstate highways and highly visible routes throughout the state that currently do not receive regular litter removal

- Litter on and along State highways present safety concerns for travelers, produce negative environmental impacts, and affect tourism by detracting from the enjoyment of traveling in Arizona
State Fleet Modernization

- **$15.0M** to install electric vehicle charging and advanced-fuel infrastructure, which is integral to modernize the fleet to become sustainable and reduce the State’s negative environmental impact

- **$10.1M** to replace 206 vehicles located at 26 agencies within the State Fleet
  - Of the 206 vehicles, 203 vehicles will be at least ten years old at time of replacement

- ADOT has been instructed to seek advanced fuel vehicle options when purchasing a vehicle, if the alternative fuel vehicle achieves its intended purpose, is cost effective, and is attainable

- The Executive Budget formally migrates the Arizona Schools for the Deaf and Blind into the State Fleet and removes their statutory exemption

- In addition, the Executive Budget instructs ADOT and Arizona Department of Child Safety (DCS) to start developing a FY 2025 proposal to migrate the DCS Fleet into the State Fleet
Ensuring Fair and Secure Elections

- **$5.9M** for the 2024 Presidential Preference Election
- **$1.5M** to support the Independent Redistricting Commission’s voter protected duties

- **$2.4M** to continue leveraging Help America Vote Act (HAVA) funding
  - **$1.9M** to provide county subgrants, maintain election security, update infrastructure and equipment, and improve voter education by utilizing the State’s HAVA Election Security Grant award
  - **$477,500** for the Access Voter Information Database (AVID) for maintenance and operations

- **$11.0M** is moved from the Treasurer’s Office to the Secretary of State to address the objectives outlined by the Governor’s Bipartisan Elections Task Force and enhance the accessibility, accuracy, and security of elections
Attorney General Initiatives

• $3.9M for a 15% salary raise for the Child and Family Protection Division
• $3.0M to support 18.5 FTE positions within the Criminal Division of the Attorney General’s Office
• $1.8M in funding for 13.0 FTE positions which make up 27% of the Consumer Protection and Advocacy Section at the Attorney General’s Office to backfill settlement money that funded these positions
• $674,200 for 3.0 additional FTE positions and salary raises in the Civil Rights Section
Funding Initiatives for Courts

Superior Court

- **$7.6M** for a Probation Stabilization Fund to support future raises for probation officers

Supreme Court

- **$3.3M** to replace the Probation Case Management System (CMS)
  - The existing system was written over 20 years ago and is outdated. The new system will have additional features such as remote access.

- **$1.3M** to cover a shortfall in the Courts’ automation funding
  - The automation funding supports technology infrastructure and systems such as electronic portals for e-filing, management of court documents, and background checks
Investing in State Employees

- **$200.0M** is provided to the Department of Administration to improve retention of State employees in FY24

- **$54.3M** to increase salaries of targeted positions with high vacancy rates and difficulty recruiting, as well as to address compression and equity issues

### FY 2024 Salary Increases by Agency

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<tr>
<th>Agency</th>
<th>Description</th>
<th>Funding Increase</th>
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<tbody>
<tr>
<td>AHCCCS</td>
<td>Nursing Positions</td>
<td>$996,100</td>
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<tr>
<td>Board of Nursing</td>
<td>Nursing Positions</td>
<td>$205,100</td>
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<tr>
<td>Economic Security</td>
<td>Nursing Positions</td>
<td>$1,306,700</td>
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<tr>
<td>Health Services</td>
<td>Nursing Positions and all ASH Staff</td>
<td>$3,925,600</td>
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<tr>
<td>Juvenile Corrections</td>
<td>Nursing Positions</td>
<td>$149,000</td>
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<tr>
<td>Pioneers’ Home</td>
<td>Nursing Positions</td>
<td>$299,300</td>
</tr>
<tr>
<td>Veterans’ Services</td>
<td>Nursing Positions</td>
<td>$2,541,500</td>
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<tr>
<td>Attorney General</td>
<td>Child and Family Protection and Criminal Divisions</td>
<td>$4,145,700</td>
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<tr>
<td>Child Safety</td>
<td>Caseworkers, Case Aides, Program Specialists, and Program Supervisors</td>
<td>$23,676,000</td>
</tr>
<tr>
<td>Courts</td>
<td>Probation Officers and Justices</td>
<td>$9,929,200</td>
</tr>
<tr>
<td>Transportation</td>
<td>Addresses compression and equity issues</td>
<td>$7,100,000</td>
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<tr>
<td><strong>TOTAL FY 2024 INVESTMENT</strong></td>
<td></td>
<td><strong>$54,274,200</strong></td>
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</tbody>
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Culture & Natural Resources

“Together, we can build a more sustainable, resilient, and livable Arizona for everyone.”

Governor Katie Hobbs
Strengthening Rural Arizona Water Supplies

• $20.0M one-time is provided for initiatives to help rural communities better protect and gain access to water supplies

• $5.0M is for statewide water resource planning – this funding will allow the Department of Water Resources to identify groundwater shortages, assist with local water resource planning, and set up active management areas

• $15.0M is for a grant program for rural Arizonans and Latino and Indigenous communities – grants will be made to eligible communities to secure a certified well driller to dig permitted wells to provide safe drinking water
Protecting Arizona’s Water Quality

- **$5.0M** for treating groundwater for PFAS

Presumptive Contamination Sites*

- Major Airport
- Industrial Facilities
- Wastewater Treatment Plant
- Military Sites

* Sites that are frequently sources of contamination but do not have a confirmed PFAS presence

Confirmed Contamination Sites

- >100,000 ng/L
- 1,000 – 10,000 ng/L
- 0 – 10 ng/L

*Source: PFAS Project Lab*
State Enterprise Sustainability

- **$7.5M** to install the needed electric charging and advanced fuel infrastructure for vehicles at state facilities for public use at locations including State parks, Motor Vehicle Division Offices, Department of Child Safety and Department of Economic Security customer facing offices, and other highly used locations.

- In addition, the Executive Budget includes **$15.0M** to install electric vehicle charging and advanced-fuel infrastructure to support the Fleet.

- **$9.3M** to support an enterprise approach to increase the water resiliency of State facilities and properties.

- This initiative will emphasize replacing water-thirsty fixtures with low-flow fixtures and modifying existing landscapes by adopting xeriscaping principles.
State Recreation and State Heritage

• **$19.1M** to continue the monumental investment into the State’s park system that will enhance visitor experience and preserve the State’s historical and cultural sites for future generations.

**FY 2024 Investments**
- **$5.8M** - Catalina State Park: Main Entrance Bridge, Phase 2
- **$4.1M** - Statewide: Campground Improvements
- **$2.9M** - Riordan Mansion Historic State Park: Historic Building Renovation
- **$2.2M** - Statewide: Sunshade Structures
- **$2.0M** - Oracle State Park: Historic Building Renovation
- **$1.3M** - Statewide: Water Conservation
- **$750,000** - Yuma Territorial Prison State Historic Park: Historic Building Preservation
Local Recreation and Local Heritage

• $10.0M deposit into the State Parks Heritage Fund

• The Heritage Fund provide grants to local and regional entities for park development, historic preservation, non-motorized trails, and outdoor education

• This program has been utilized as a catalyst by grant recipients to leverage the State funding for additional funding

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Deposit</th>
<th>Obligated State Funds</th>
<th>Matching Funds</th>
<th>TOTAL INVESTMENT (As of 1/10/2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$5,000,000</td>
<td>$4,907,458</td>
<td>$5,481,515</td>
<td>$10,388,973</td>
</tr>
<tr>
<td>2022</td>
<td>$2,500,000</td>
<td>$1,792,221</td>
<td>$2,124,371</td>
<td>$3,916,592</td>
</tr>
</tbody>
</table>

**Project Investments (As of 1/10/2023)**

<table>
<thead>
<tr>
<th>Park Development</th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic Preservation</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Outdoor Education</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Non-Motorized Trails</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>29</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>
Investing in Arizona’s Culture

- **$20.0M** deposit into the Arizona Arts Trust Fund
- The Arts Trust Fund is used to provide grants to non-profit, governmental units, and community centers for the purpose of producing, presenting, teaching or serving the arts

<table>
<thead>
<tr>
<th>County</th>
<th>Base Grant Support (FY 2020 – No Deposit)</th>
<th>Enhanced Grant Support (FY 2023 – 5.0M Deposit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cochise</td>
<td>$32,500</td>
<td>$77,450</td>
</tr>
<tr>
<td>Coconino</td>
<td>$160,500</td>
<td>$323,150</td>
</tr>
<tr>
<td>Gila</td>
<td>$8,000</td>
<td>$35,400</td>
</tr>
<tr>
<td>Graham</td>
<td>$3,500</td>
<td>$8,750</td>
</tr>
<tr>
<td>Greenlee</td>
<td>-</td>
<td>$2,360</td>
</tr>
<tr>
<td>Maricopa</td>
<td>$1,420,000</td>
<td>$2,746,462</td>
</tr>
<tr>
<td>Mohave</td>
<td>$8,500</td>
<td>$39,500</td>
</tr>
<tr>
<td>Navajo</td>
<td>$13,000</td>
<td>$27,500</td>
</tr>
<tr>
<td>Pima</td>
<td>$601,500</td>
<td>$1,180,585</td>
</tr>
<tr>
<td>Pinal</td>
<td>$3,500</td>
<td>$41,500</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>$20,000</td>
<td>$48,785</td>
</tr>
<tr>
<td>Yavapai</td>
<td>$105,500</td>
<td>$276,790</td>
</tr>
<tr>
<td>Yuma</td>
<td>$30,000</td>
<td>$58,392</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,406,500</strong></td>
<td><strong>$4,866,624</strong></td>
</tr>
</tbody>
</table>
Public Safety

“Every community across our state also deserves to be safe. Building an Arizona for everyone means building a safe Arizona for everyone.”

Governor Katie Hobbs
Supporting Prison Operations

- **$2.0M** is provided to conduct a systems assessment of the Arizona Department of Corrections
  - The study is intended to examine contracts, staffing levels, and retention issues, and identify opportunities for improvement and reform

- **$69.2M** is provided to support continued operations at Arizona State prisons. Funding will be provided for:
  - **$44.5M** - Private prison contract adjustments
  - **$10.6M** - Inmate food
  - **$7.1M** - Private prison salary adjustments
  - **$5.4M** - Overtime costs of prison staff
  - **$1.6M** - Cost increases resulting from the CY 2024 leap year
Improve the Corrections Environment

- **$181.1M** to address infrastructure needs across DOC to ensure safety and reduce future State costs
  - Fire and life safety upgrades will be made to prison complexes and the Correctional Officer Training Academy (COTA)
  - Second year of a 4-year plan to convert all state-owned complexes to air conditioning

### Corrections FY 2024 Capital Funding Breakdown

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Renewal</td>
<td>$65,629,300</td>
</tr>
<tr>
<td>Fire and Life Safety</td>
<td>$48,650,600</td>
</tr>
<tr>
<td>Prison Complexes</td>
<td>Repair/upgrade fire alarm and fire sprinkler systems</td>
</tr>
<tr>
<td>COTA</td>
<td>Repair/upgrade fire alarm and fire sprinkler systems</td>
</tr>
<tr>
<td>HVAC</td>
<td>$66,783,600</td>
</tr>
<tr>
<td></td>
<td>Replace EVAC cooling systems at 4 prison complexes</td>
</tr>
<tr>
<td><strong>TOTAL FY 2024 INVESTMENT</strong></td>
<td><strong>$181,063,500</strong></td>
</tr>
</tbody>
</table>
Supporting Public Safety Operations

- **$11.7M** will go towards replacing DPS civilian and patrol vehicles
- **$3.7M** is included to account for higher projected fuel costs
- **$657,800** for a uniform allowance increase to relieve employees of covering the shortfall
Maintaining Critical Public Safety Programs

- **$7.0M** and **83.0 FTE positions** to continue the implementation of the Major Incident Division
  - MID will conduct independent investigations of critical force incidents
  - Upon request, MID will investigate a criminal allegation against a peace officer

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**Major Incident Division**

Three-Year Budget Plan

- **FY 2023**
- **FY 2024**
- **FY 2025**

- **Appropriation**
- **Total FTE Positions**

[Graph showing the budget plan for FY 2023, FY 2024, and FY 2025 with appropriations and total FTE positions.]
Decreasing Disasters’ Impacts

- **$1.3M** for Governor’s Emergency Fund (GEF) funding
  - GEF is a $4M funding reserve for emergency response and recovery each fiscal year
  - Additional funding will be utilized for mitigation activities

- **$1.0M** over five years to draw down Safeguarding Tomorrow Through Ongoing Risk Mitigation (STORM) Act Federal Funding
  - The Federal Emergency Management Agency will provide $9M from the match for a total of $10M
  - Funding will provide hazard mitigation assistance for local governments

- **$925,700** over two years for DEMA to perform pre-award grant activities to draw down additional grant funding for the state

Cost: $1
Benefit: $13
Automobile Theft Intervention

• $653,900 is provided for initiatives that support the prevention of vehicle theft, and the investigation and prosecution of vehicle theft cases. Initiatives include:

  • Increasing vertical prosecution grant funding for 6 counties: La Paz, Maricopa, Mohave, Pima, Pinal, and Santa Cruz
  
  • Supporting the ongoing costs of the Auto Crime Tracking (ACT) Database
  
  • Covering the increased cost of fuel incurred by the Public Safety Officers assigned to the Vehicle Theft Task Force (VTTF)
Body Worn Cameras

• $3.7M to equip officers within ADOT with body cameras and necessary support staff for video and IT management

• Staff will be responsible for video retention and redaction services

- **450** Cameras
- **$3.1M** Equipment Cost
- **7** Staff
- **$661,300** Staff Costs
Address Confidentiality Program

- **$514,100** to continue providing crucial services to survivors of domestic violence, sexual assault, and stalking through the Address Confidentiality Program (ACP)
  - The ACP served over **2,700** participants in FY 2022
  - Backfills fine revenue and reduced Victims of Crime Act (VOCA) federal funding
Acknowledgements

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FY 2024 Executive Budget available at:

azgovernor.gov

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