



# ***FY 2022 Executive Budget Briefing***

January 15, 2021

Governor's Office of Strategic Planning and Budgeting

*“Our whole state is ready to get back on a rising path. Through the trials of 2020, we kept our balance. We met every test. And even in an election year, we showed the best of our state’s bipartisan tradition. If Arizonans are looking to this year with a feeling of accomplishment and optimism, it is because they’ve witnessed the strength of their fellow citizens.”*

Governor Doug Ducey

# Overview

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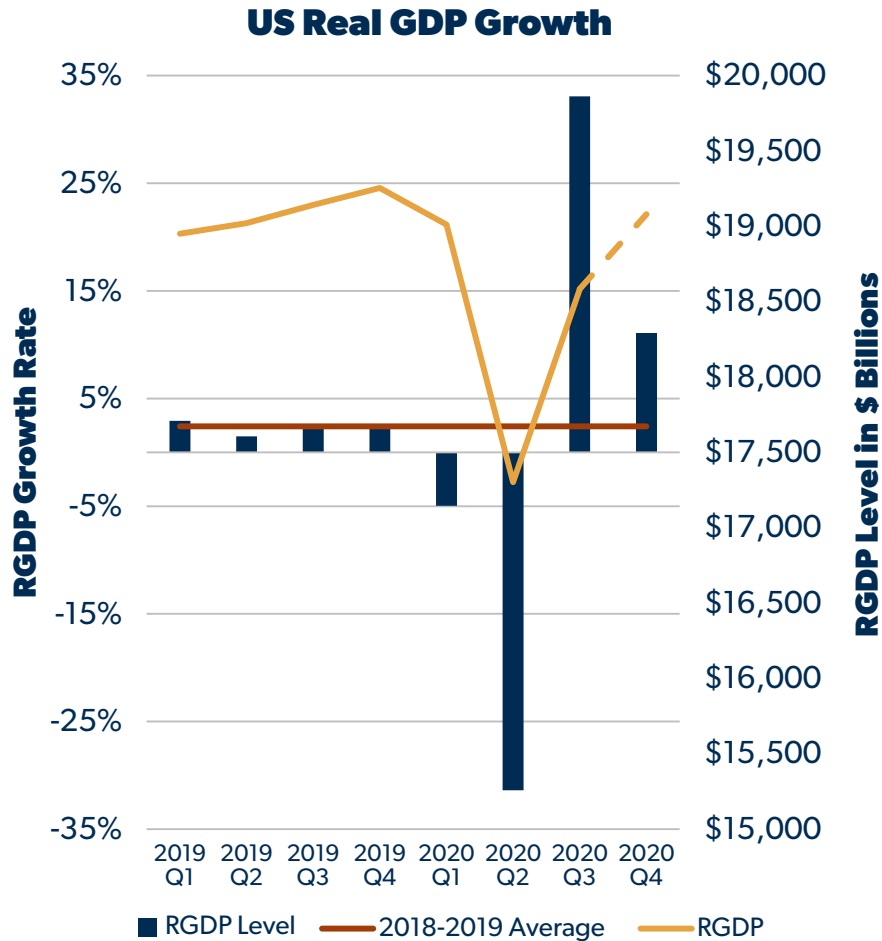
- The Economy and State Revenues
- FY 2022 Budget Overview
- FY 2022 Budget Priorities
  - Education
  - Health & Welfare
  - Public Safety
  - Natural Resources
  - Government that Works
- Fiscal Response to COVID-19 Pandemic

# The Economy and State Revenues

*“When the pandemic hit, Arizona’s economy was booming. We had more jobs than people to fill them. In the last several months, businesses across the state had to adjust or pause operations — and many have done an incredible job of keeping employees and patrons safe. With our economy moving forward and returning stronger, we will continue to support local businesses across the state.”*

Governor Doug Ducey

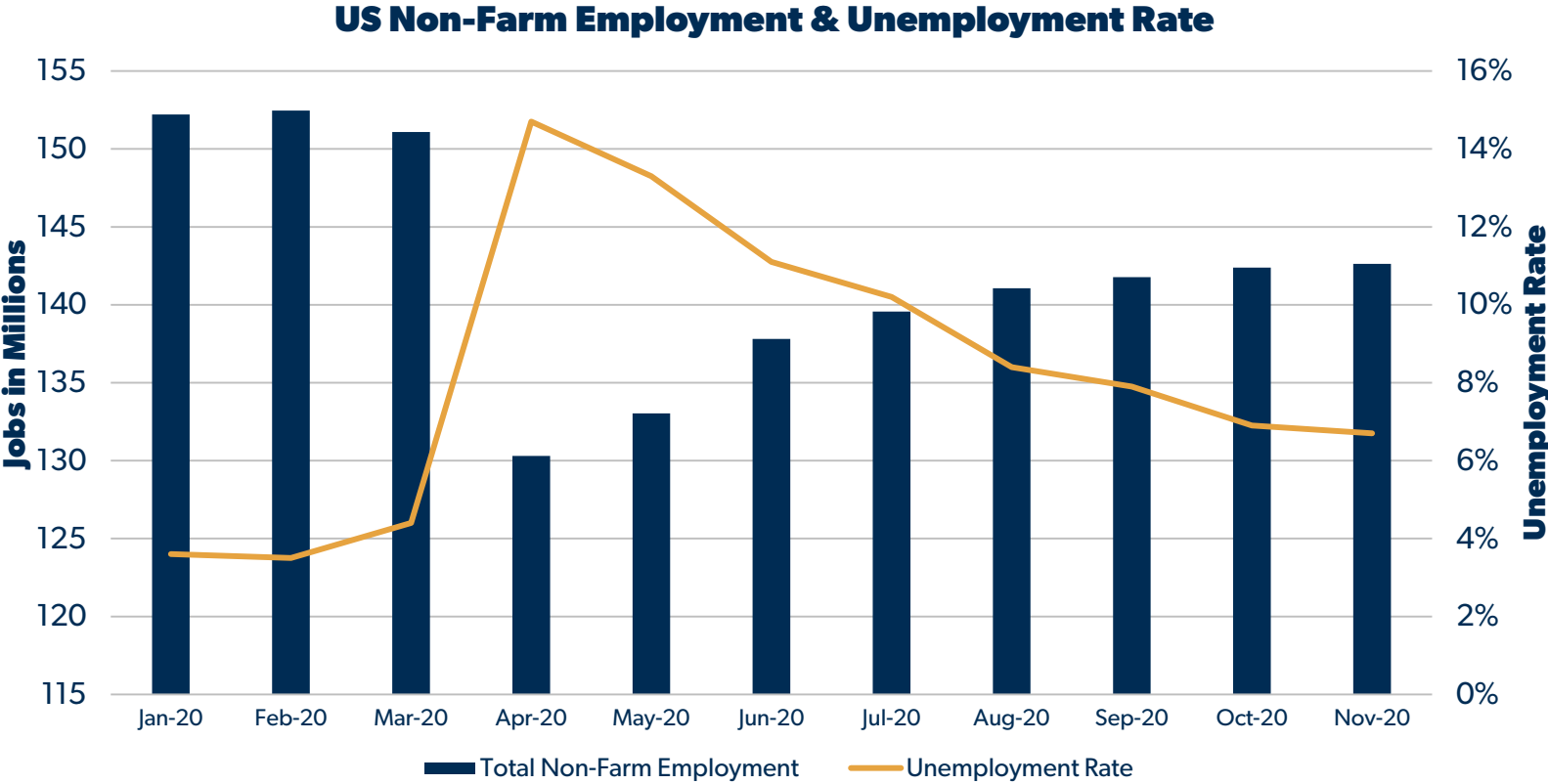
# Unprecedented RGDP Decline & Growth in 2020



- The largest RGDP decline in history occurred in CY 2020, at just over (31)% on an annualized basis
- A partial rebound was seen in Q3 with a 33% RGDP increase
- These rates dwarf the 2018-2019 average of 2.41%
- Current projections put RGDP on a path to reach 2019 Q4 levels by the end of calendar year 2020

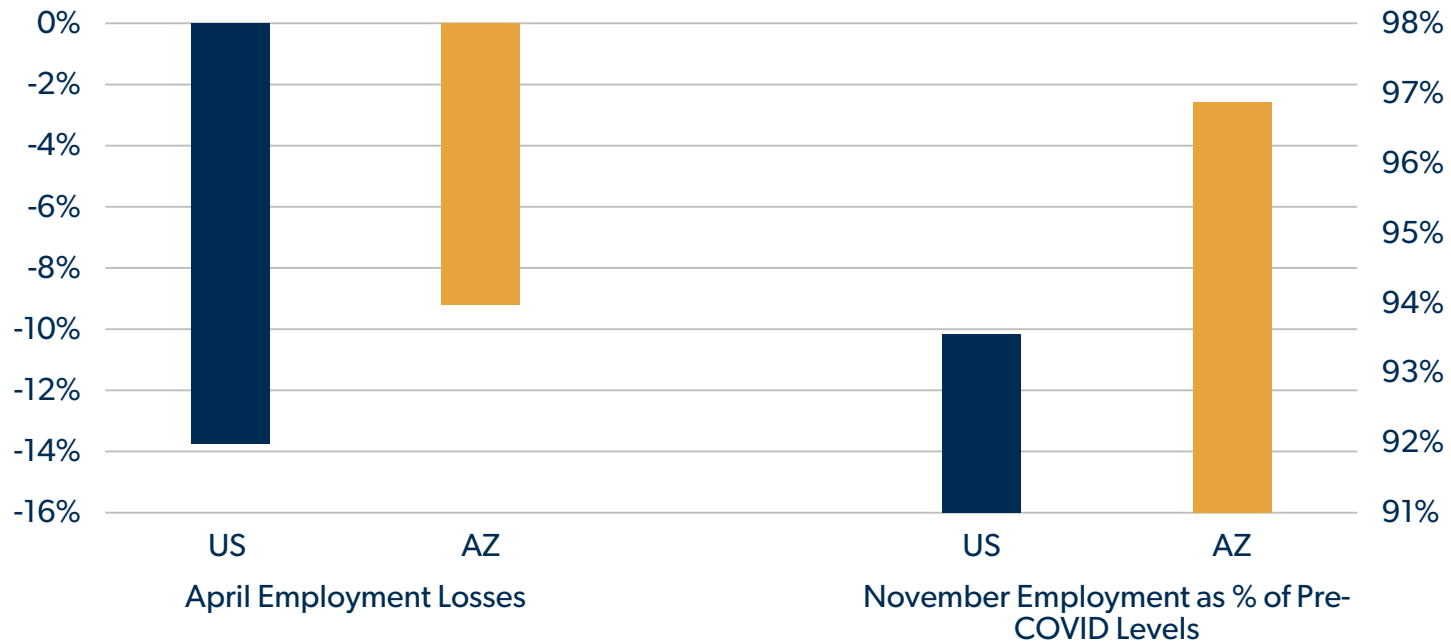
# US Employment Heavily Impacted By COVID-19

After suffering enormous declines in the spring, US employment began to rebound in the summer, but slowed again in the fall



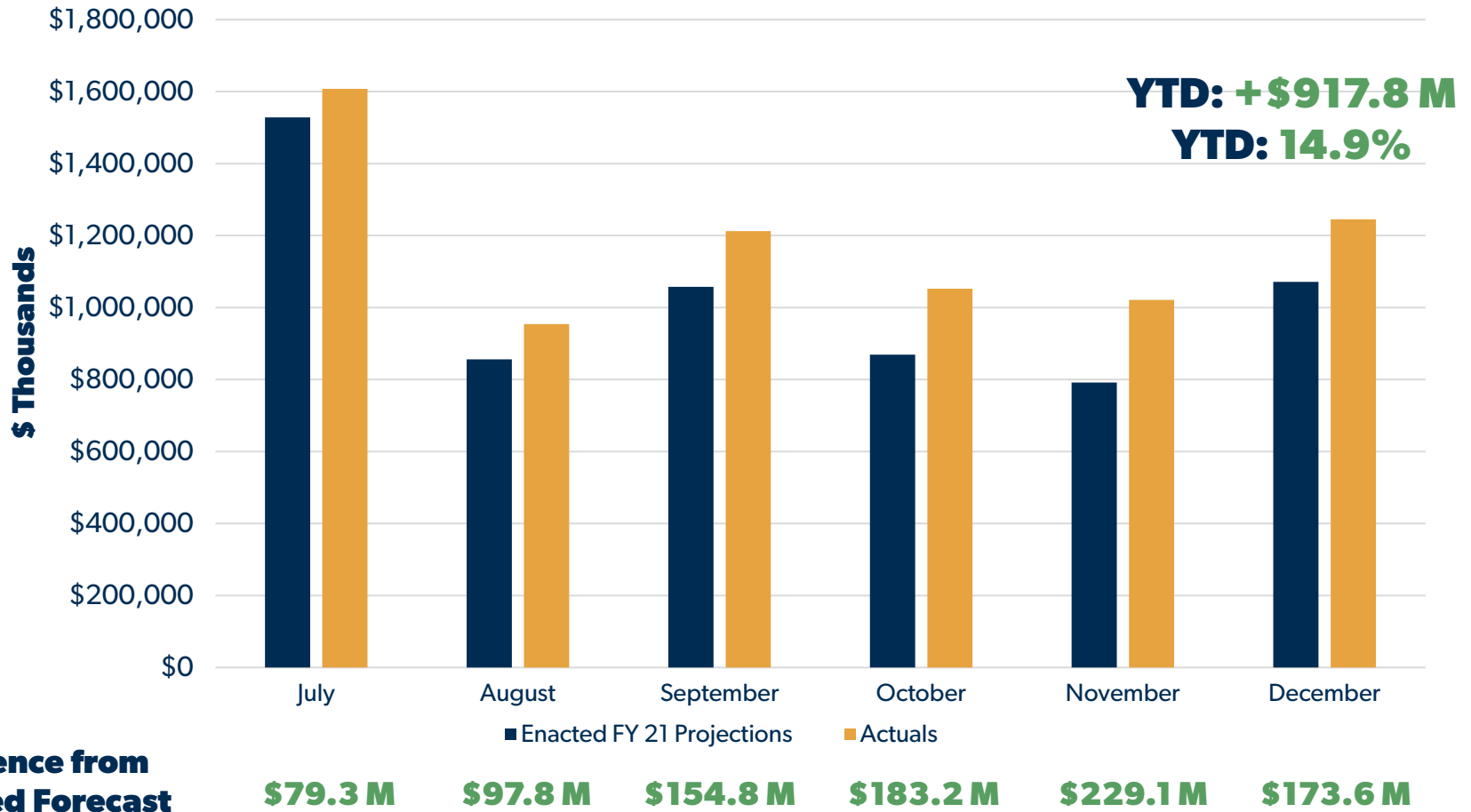
# Arizona Recovery Outperforms US

- Despite having similarly composed labor markets, Arizona experienced much lower employment declines than the nation as a whole
- As of November, Arizona employment has recovered to roughly 97.0% of pre-COVID-19 levels, surpassing the nation by nearly 3.0% and ranking 6<sup>th</sup> among all states



# General Fund Revenues Continue to Exceed Enacted Forecast

**General Fund Revenues by Month**

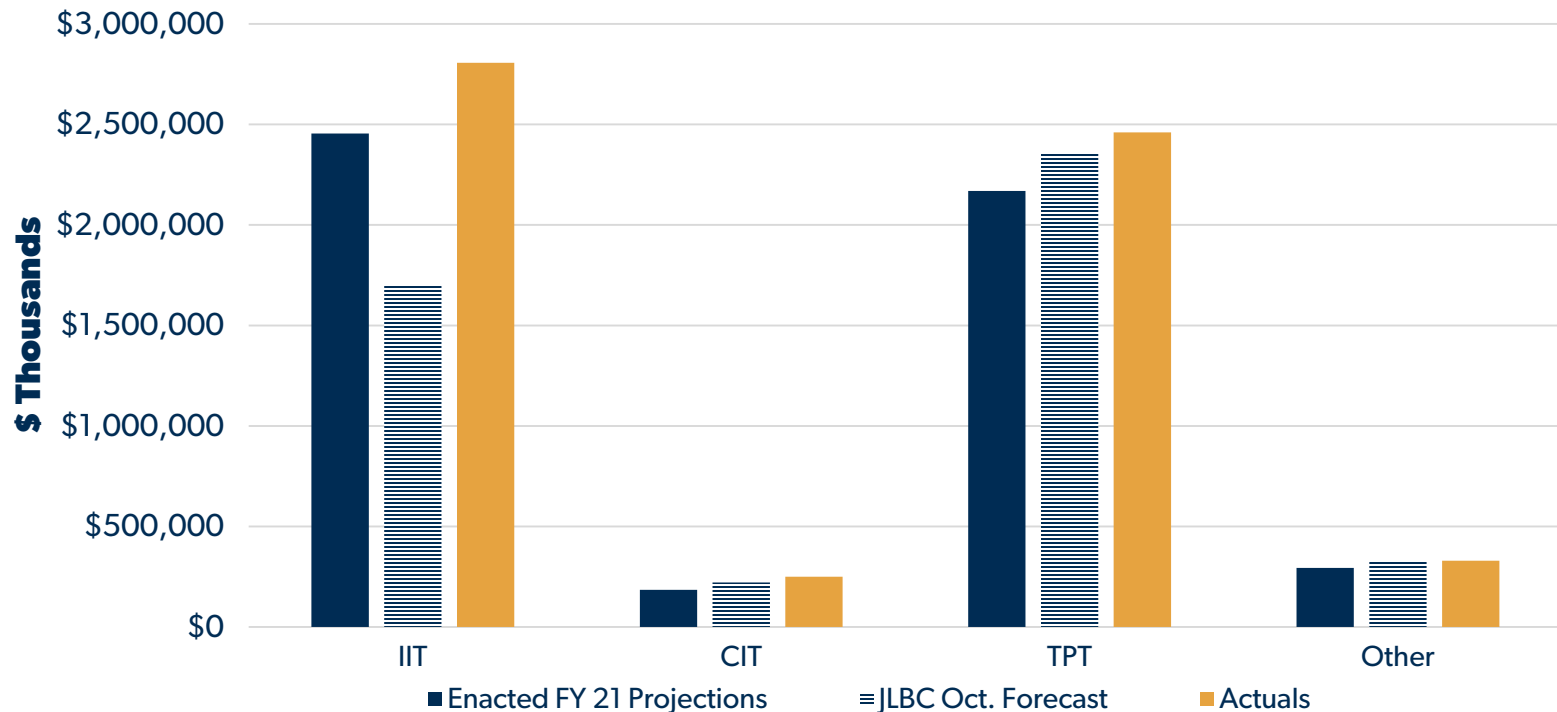




# Tax Revenues Exceed Projections

Individual Income Tax continues to be a strong performer in FY 2021

**Estimated FY 2021 Revenue by Source,  
July-November**



**Difference from  
Enacted Forecast**

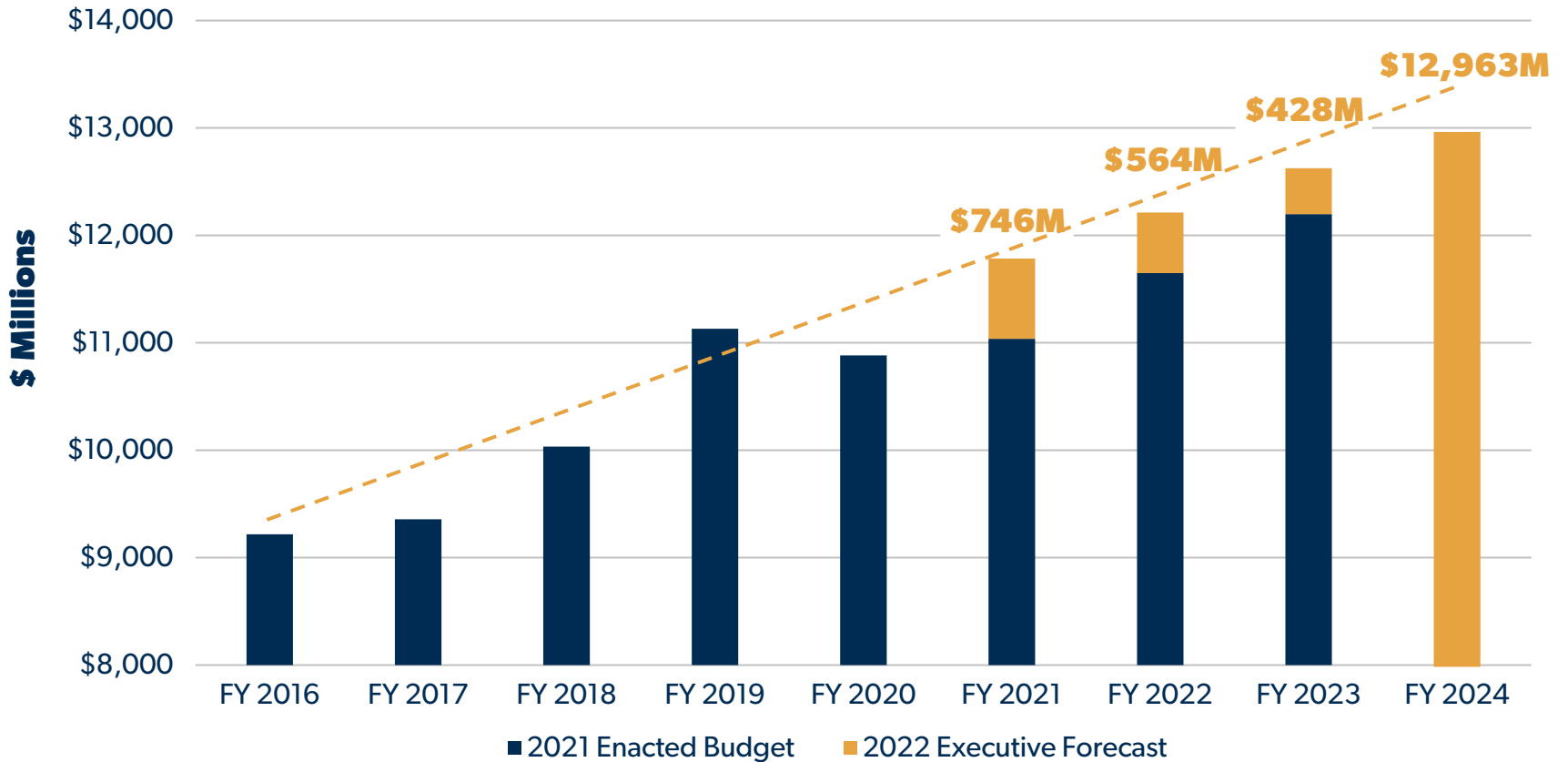
**\$352 M**

**\$65 M**

**\$290 M**

**\$35 M**

# Executive Ongoing Revenue Forecast



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	10yr AVG
<b>Growth Rate</b>	3.3%	1.0%	7.2%	10.9%	(2.2)%	8.3%	3.6%	3.4%	2.5%	6.0%

# Supporting Economic Recovery from COVID-19 with Income Tax Relief

The FY 2022 Executive Budget addresses two key tax issues to pave the way for a more expedient and equitable economic recovery for all Arizonans

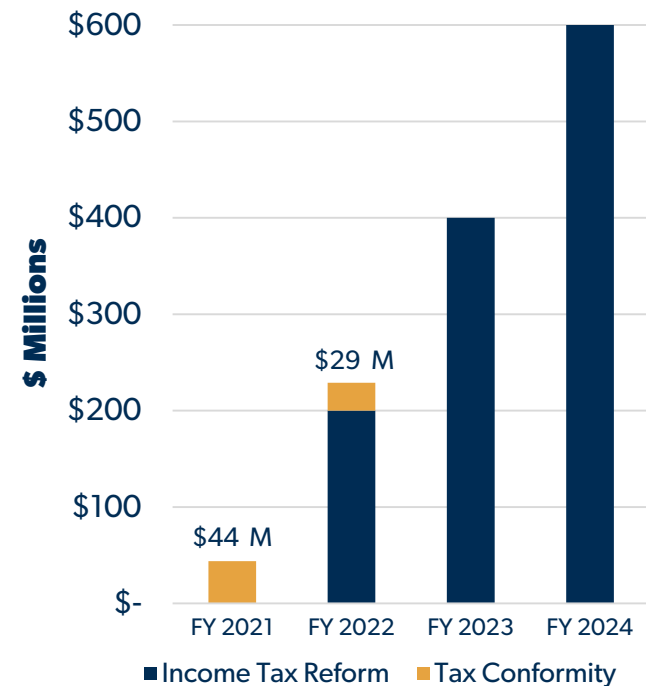
## Tax Conformity

- The Executive supports conforming to most temporary federal tax changes seen in the CARES Act - particularly those affecting individuals in Arizona, such as:
  - Deduction for charitable contributions
  - HSA usage for prescription drugs
  - Business interest deduction

## Income Tax Reform

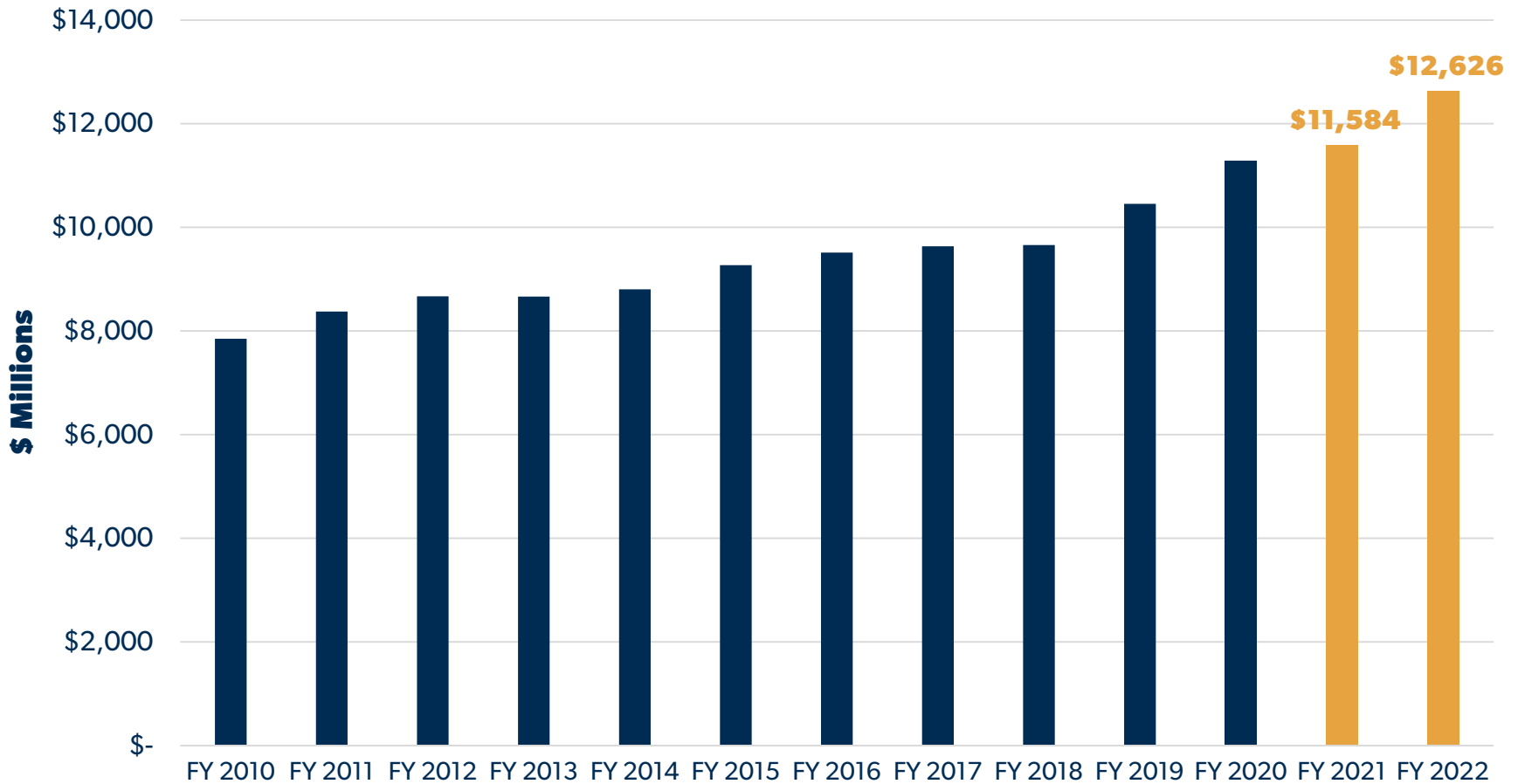
- Arizonans and Arizona small businesses have been hit hard by the COVID-19 pandemic and income tax reform will yield much needed additional economic activity for the state during this time
- In building momentum for meaningful income tax reform, in partnership the Arizona Legislature, the Executive Budget sets aside **\$200 M** in FY 2022 that phases up to **\$600 M** by FY 2024

**Tax Conformity and Reform Adjustments, FY 2021-24**



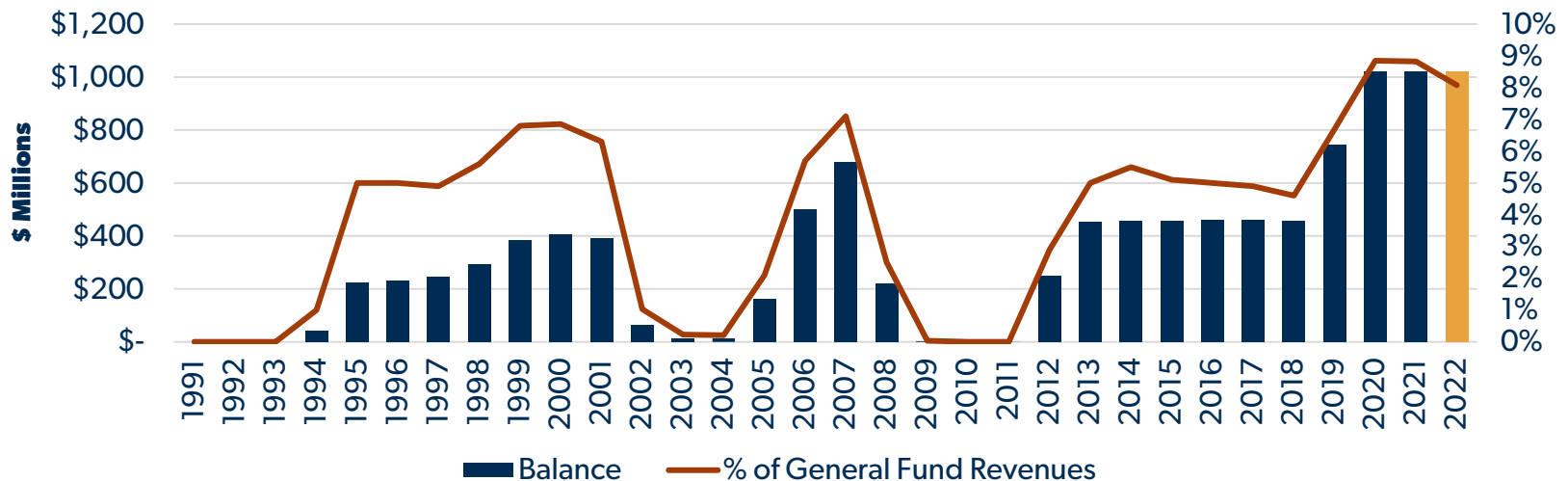
# Executive Total Spending Forecast

**Total General Fund Spending, FY 2010-2022**



# Arizona is Prepared With Rainy Day Fund

- As of January 2021, the Budget Stabilization Fund (BSF) balance is \$954.4 M
- In response to the COVID-19 public health emergency, 15 states immediately used their funds to address shortfalls, decreasing their future balance
- While the State used \$55 M for one-time public health expenses, none was used to fix shortfalls
- The existing balance is **8.1%** of total General Fund revenue, the median balance is **8.4%** across all other states



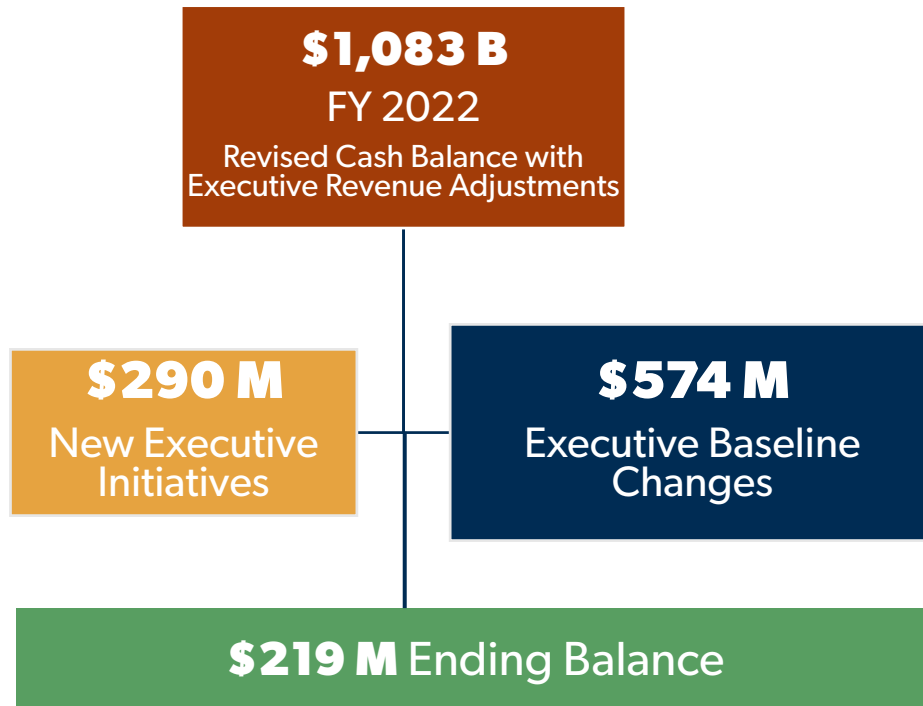
# FY 2022 Budget Priorities

*"The state of our state is not only strong – it's resilient.*

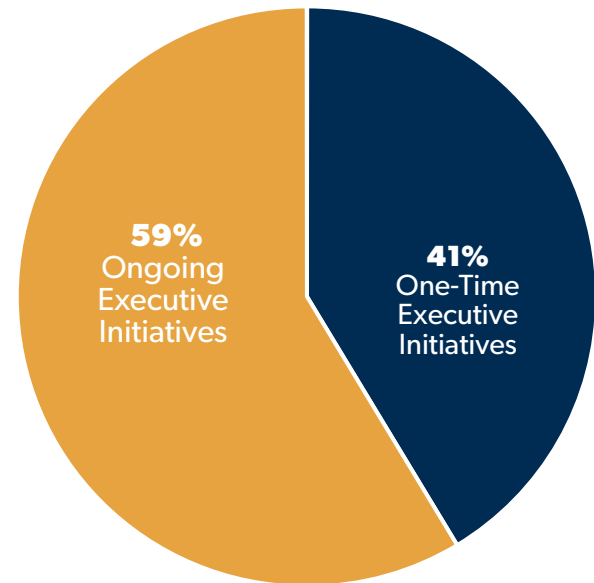
*So let us act in that spirit."*

Governor Doug Ducey

# FY 2022 Executive Funding

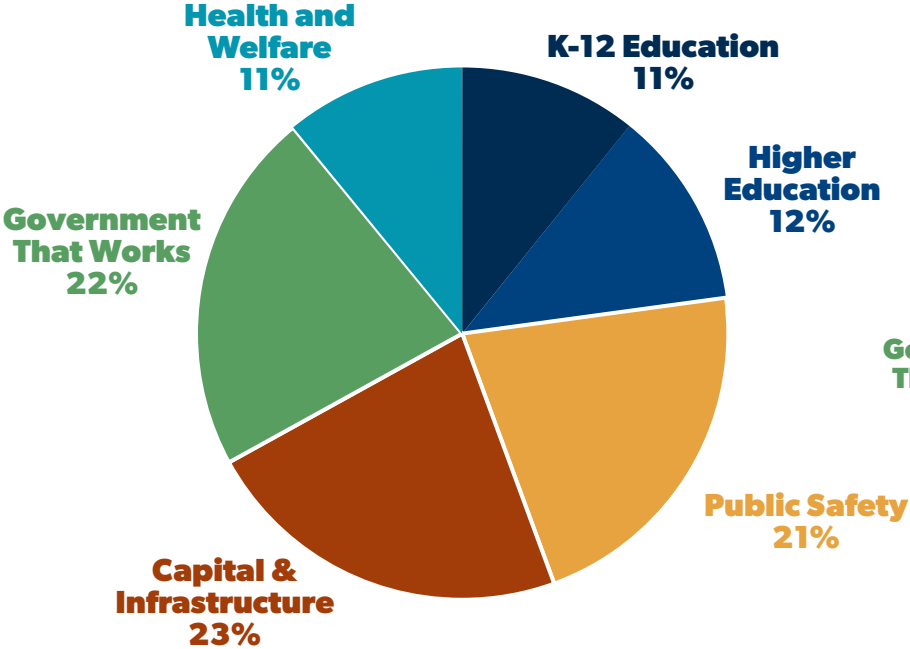


## Executive Initiatives \$290 M

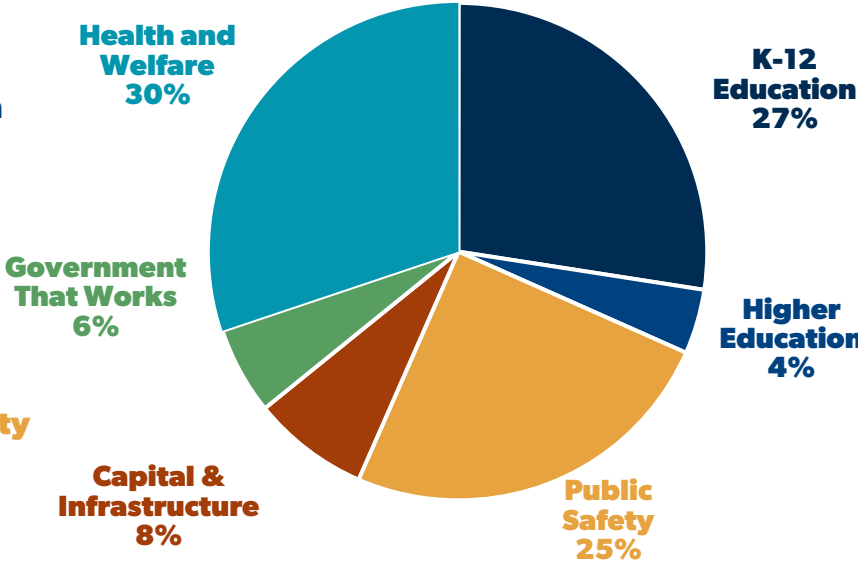


# Spending at a Glance

**Executive Initiatives**  
**\$290 M**

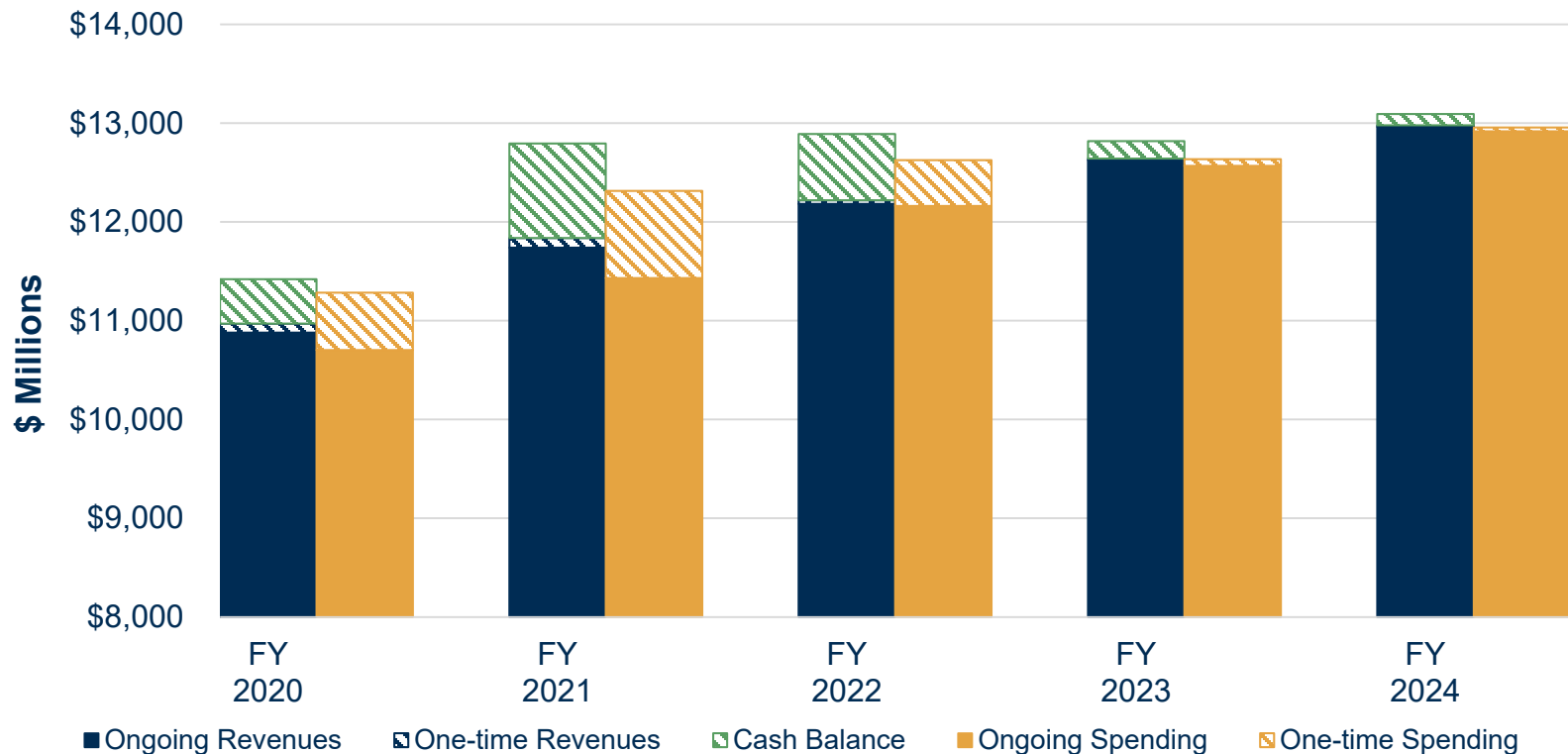


**Executive Baseline + Initiatives**  
**\$864 M**





# Structural and Cash Balances Remain Positive



<b>\$ Millions</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Cash	\$372	\$625	\$219	\$226	\$248
Structural	\$177	\$352	\$51.6	\$57.9	\$44.5

# Education

*“There’s been severe learning loss. Kids have missed out on so much. So let’s put our resources on getting them caught up. Before COVID, we had an achievement gap in our schools. And it’s only gotten worse. ”*

Governor Doug Ducey

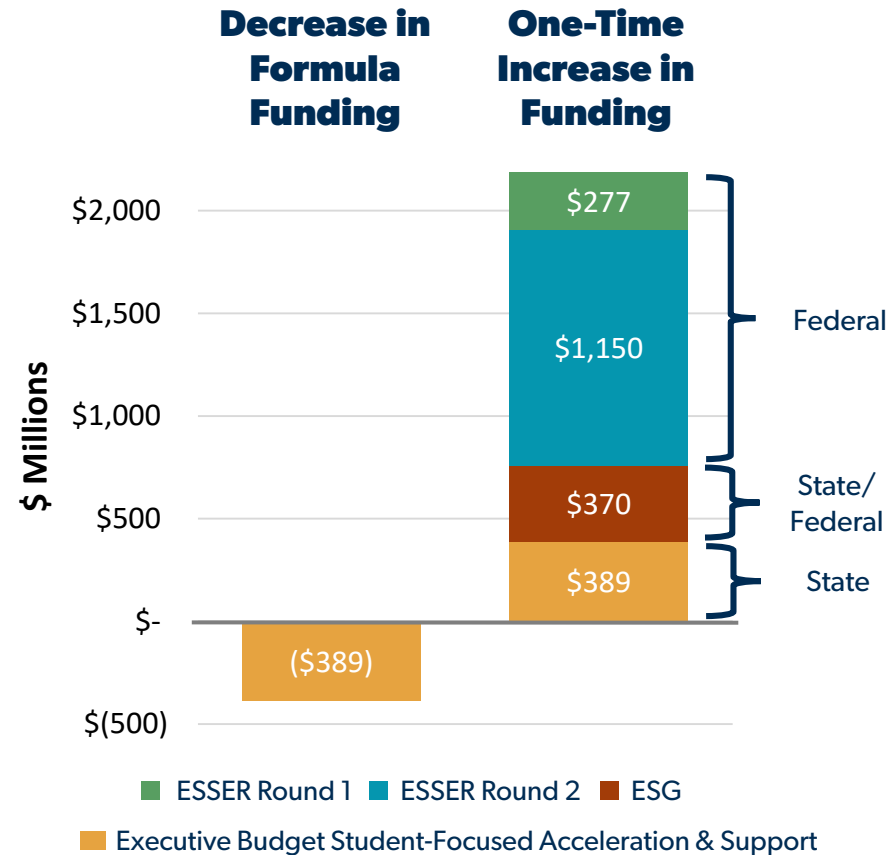
# Despite Formula Losses, Schools in Strongest Cash Position Ever

The Executive Budget has **\$(389) M** of estimated K-12 formula reductions in FY 2021

**\$(389) M** resulting from reduced attendance and enrollment during the 2020-2021 school year

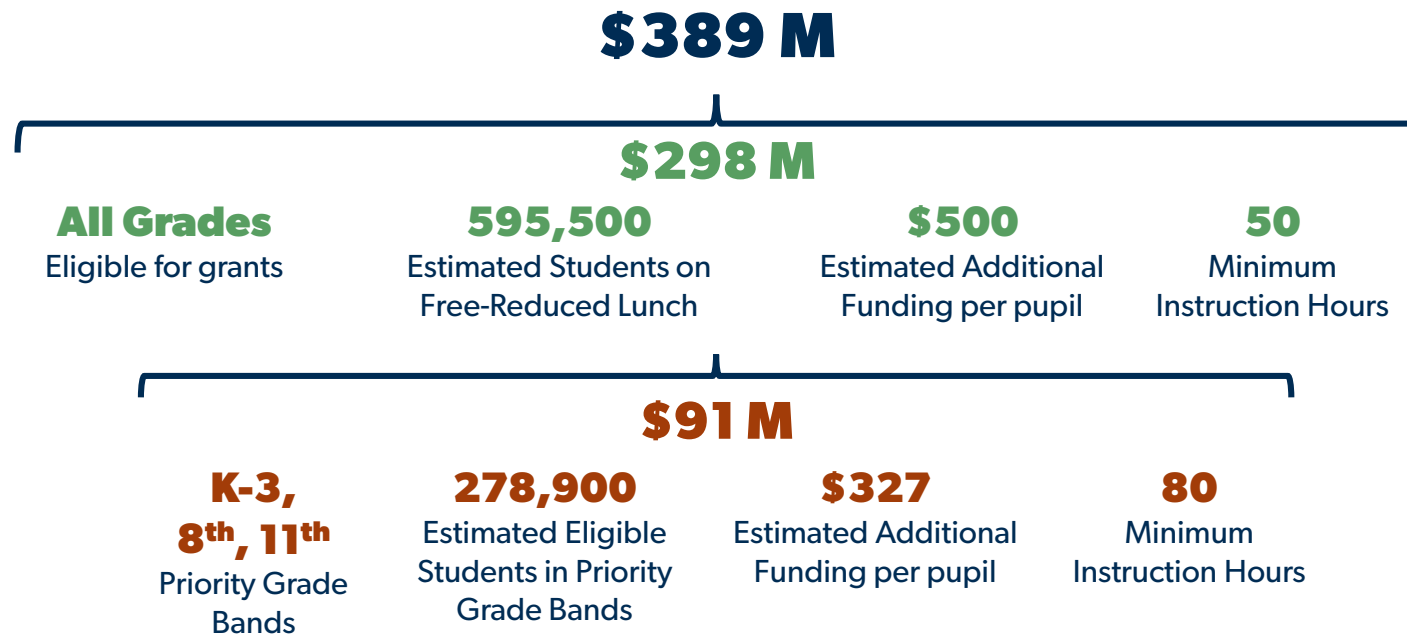
To account for these required adjustments, **\$2.2 B** of strategic funding allocations have offset these statutory formula reductions

- **\$389 M** in Student-Focused Acceleration & Support
- **\$370 M** from Enrollment Stabilization Grant (ESG) Program
- **\$277 M** from Elementary and Secondary School Emergency Relief (ESSER) Fund
- **\$1,150 M** from Second Round of Elementary and Secondary School Emergency Relief (ESSER) Fund



# Student-Focused Acceleration and Support

**\$389 M** in supplemental funding to establish a grant program for high-impact intervention and programming to mitigate severe learning loss resulting from the COVID-19 pandemic

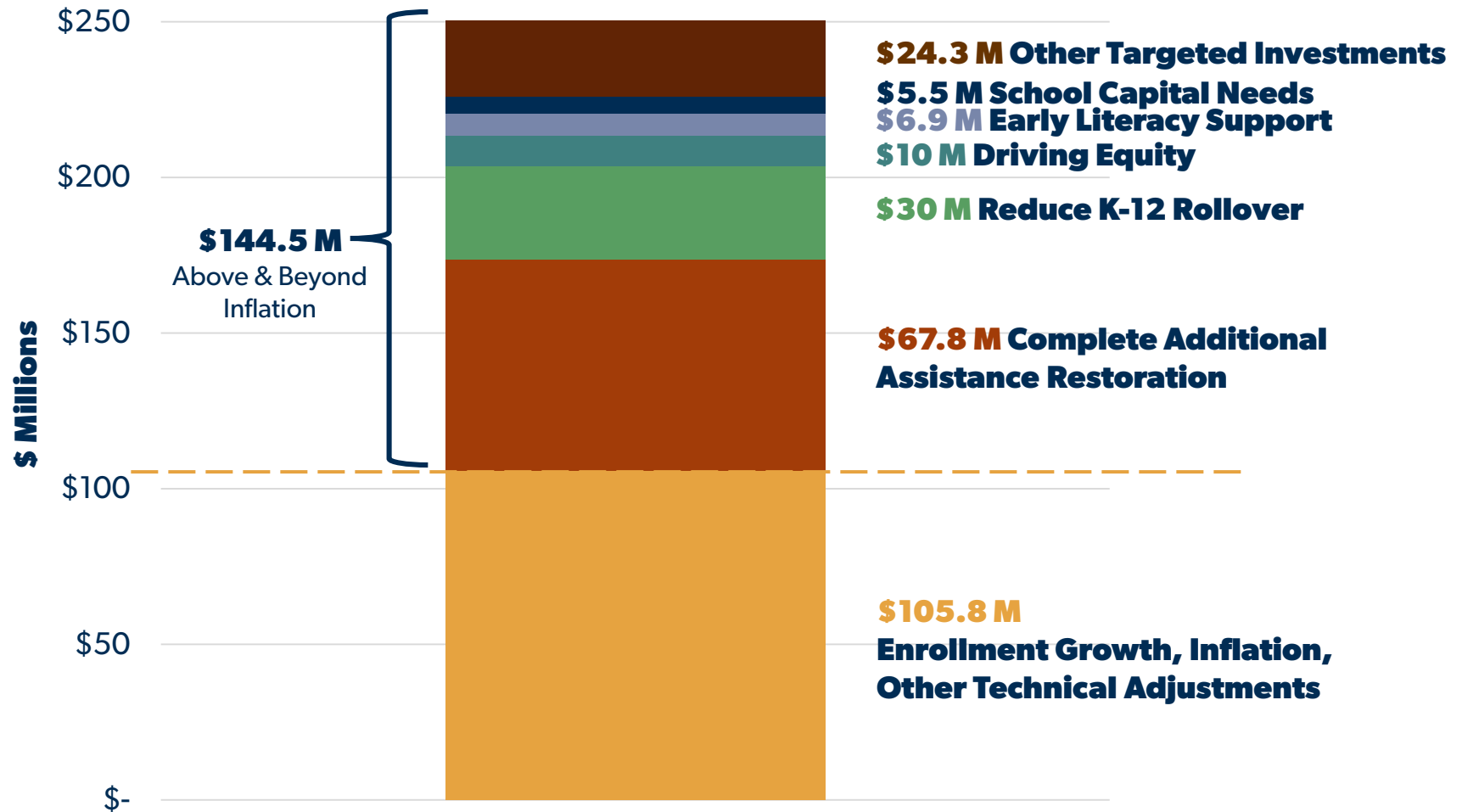


## Select Grant Requirements

- Offer In-Person 1:1/Small Group Instruction
- Utilize Master Remediation Teachers
- Prioritize students that are not at grade level in any or all core subjects

# \$250.3 M in new K-12 Investments

*\$6.1 B in Total K-12 Funding*



# Driving Equity

**\$10 M** to invest in solutions that remove barriers families face when choosing the best school for their student

Driving Equity, the Executive's transportation and school choice solution package, works to remove barriers to transportation and enrollment, directly supported by the funding:

**\$9.5 M**

for transportation solution grants to support transportation innovations and efficiencies that expand access to school choice

**\$500 K**

for a marketing campaign to inform parents about open enrollment options and the creation of open enrollment month

## School Choice Considerations

Class Size Offered

Grades Served

Program Available

School Performance

Learning Styles Offered

School Culture

~~Transportation~~

# Early Readers Make Early Leaders

**\$6.9 M** invested in the advancement of early literacy learning and instruction

The Executive Budget includes funding for strategic initiatives that improve the quality of early literacy instruction for students most in need:

**\$3.1 M** to deploy literacy coaches to the lowest-performing PK-3 schools

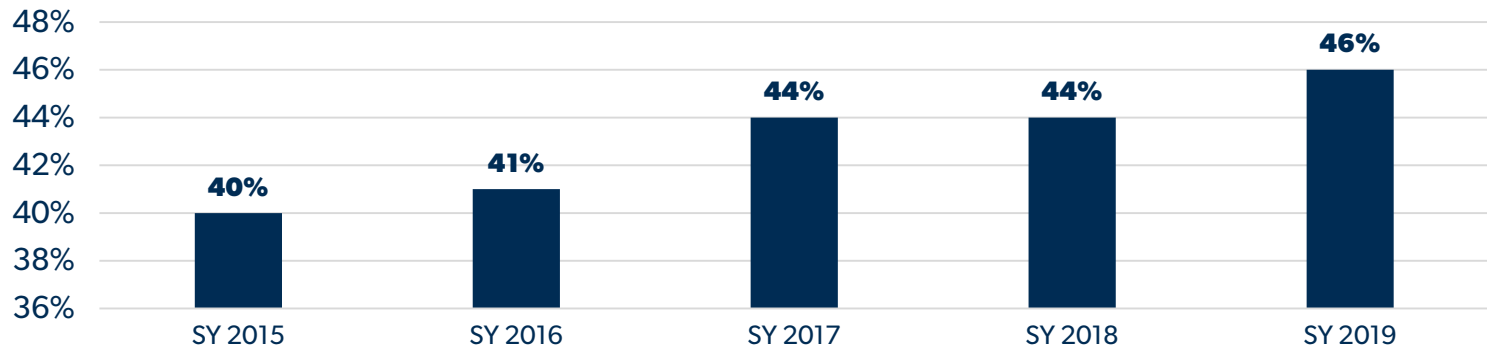
**\$1.5 M** to implement a state-wide kindergarten entry evaluation

**\$1.3 M** to hire an early literacy specialists and provide literacy education training to Arizona educators

**\$1.0 M** to require and fully fund the Foundations of Reading evaluation for all new teachers

Third Grade English Language Arts passage rates are showing improvement, but the Executive is determined to accelerate growth at this crucial step in all Arizona student's educational careers

**Share of Arizona Students Passing  
3rd Grade English Language Arts Exam**



# Investing in Education Innovation

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**\$4.4 M** for education stakeholders to scale innovative programs focused on serving vulnerable populations

The Executive Budget includes targeted investment in programs that leverage individualized learning systems and supports, including:

- **\$3.0 M** to increase access via the Expansion and Innovation Fund
  - Provides funding for grants to reimagine how schools serve students
  - Increases existing \$1.5 M investment made by the Executive in the 2020-21 School Year
- **\$1.0 M** to support the Arizona Personalized Learning Network
  - Prioritizes the shift towards learner-centered education in Arizona's schools
  - Invests in professional development for educators to support and implement learner-centered practices

## Students Reached:

### 2020 Expansion and Innovation Fund Recipients, Round 1

**8,800**

STEM, Arts,  
and Career Education

**1,100**

Exceptional Students  
of the Future

**6,600**

Community Learning

**3,500**

Live Remote Instruction:  
Learning Community Cohort



# Strengthening Arizona's Civic Muscles

**\$2.0 M** to build upon the success of the American Civics Act and create two additional signature civics education programs

Arizona is a leader in supporting civics education, and the Executive Budget continues to prioritize civic values with two new programs:

- **\$1.0 M** to establish the Civics Innovation Fund Grant Program and invest in schools applying unique and engaging ideas to inspire and educate their students on what it means to be an American
- **\$1.0 M** to establish the AZCivics Corps Pilot, to provide post-secondary scholarships to students who complete community service hours

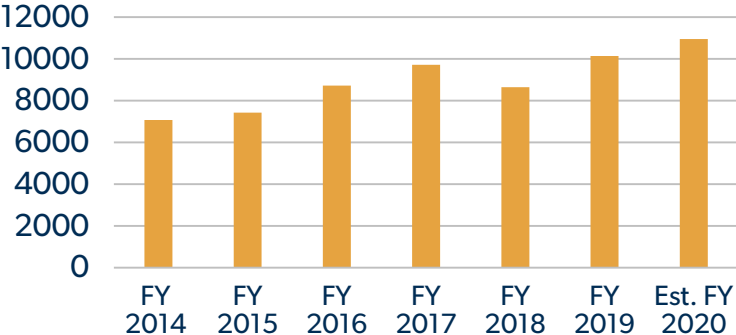
## Governor Ducey's Continued Commitment to Civics



# Investing in Programs That Set Students Up for Success

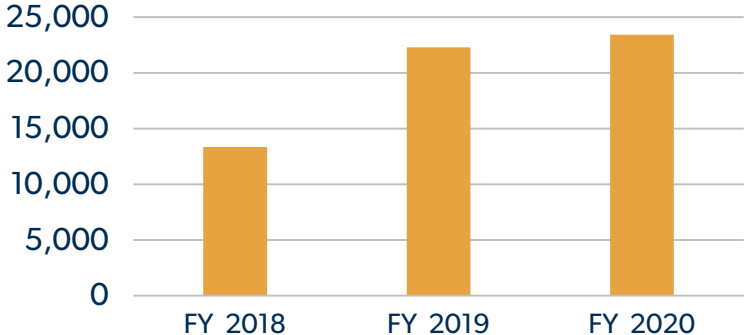
**\$1.3 M** for College Placement Exam Fee Waiver to completely waive college credit exam fees for students that qualify for the free and reduced-price lunch program

**Students Qualifying for Fee Waiver, FY 2014-20**



**\$2.5 M** for College Credit by Examination to fully fund incentive payments for schools with students passing qualifying exams resulting in college credits

**Exams Qualifying for CCE, FY 2018-20**



The Executive Budget includes **\$364,100** for Adult Education to ensure adequate funding is available for the state match requirement to draw down the maximum amount of federal funding

# Ensuring Opportunity for All

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**\$800 K** in investments to expand access to high-quality education programs

The Executive Budget includes funding to expand programs with a proven track record of success that target low-income students, including:

**\$400,000** to expand Jobs for Arizona Graduates, which enrolls students in innovative programs designed to keep students on track to graduate and succeed in their post-high school aspirations

## JAG Outcomes

**98%**

**Graduate High School**

**73%**

**Employed**

**78%**

**Achieve Post-Secondary Placement**

**\$500,000** to expand the Alternative Teacher Development Program

- Builds upon the \$500,000 investment made by the Executive in fall 2020 to launch the IGNITE Fellowship, focused on third-grade reading and eight-grade math tutoring

### All Arizona Classrooms

**55%**

**Free and Reduced-Price Lunch**

### Teach for America - Phoenix

**84%**

**Free and Reduced-Price Lunch**

**78%**

**Teacher Retention**

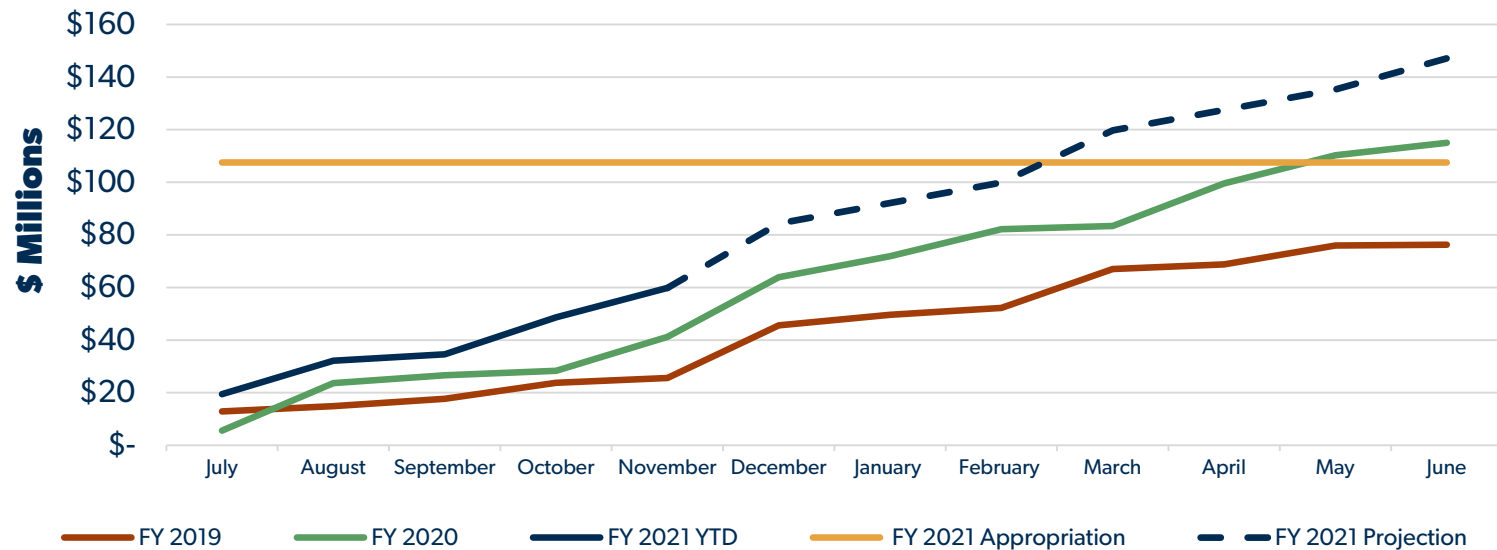
**93%**

**Teacher Retention**

# Building Renewal Spending

- FY 2021: **\$39 M** in supplemental funding, for a total current-year spend on School Facilities Board (SFB) building renewal projects of **\$146 M**
  - Year-to-date, SFB has spent 78% of their total appropriation from FY 2021
- FY 2022: **\$119 M** in total funding is included in the Executive Budget for building renewal grants

**Building Renewal Expenditures by Month, FY 2019-22**



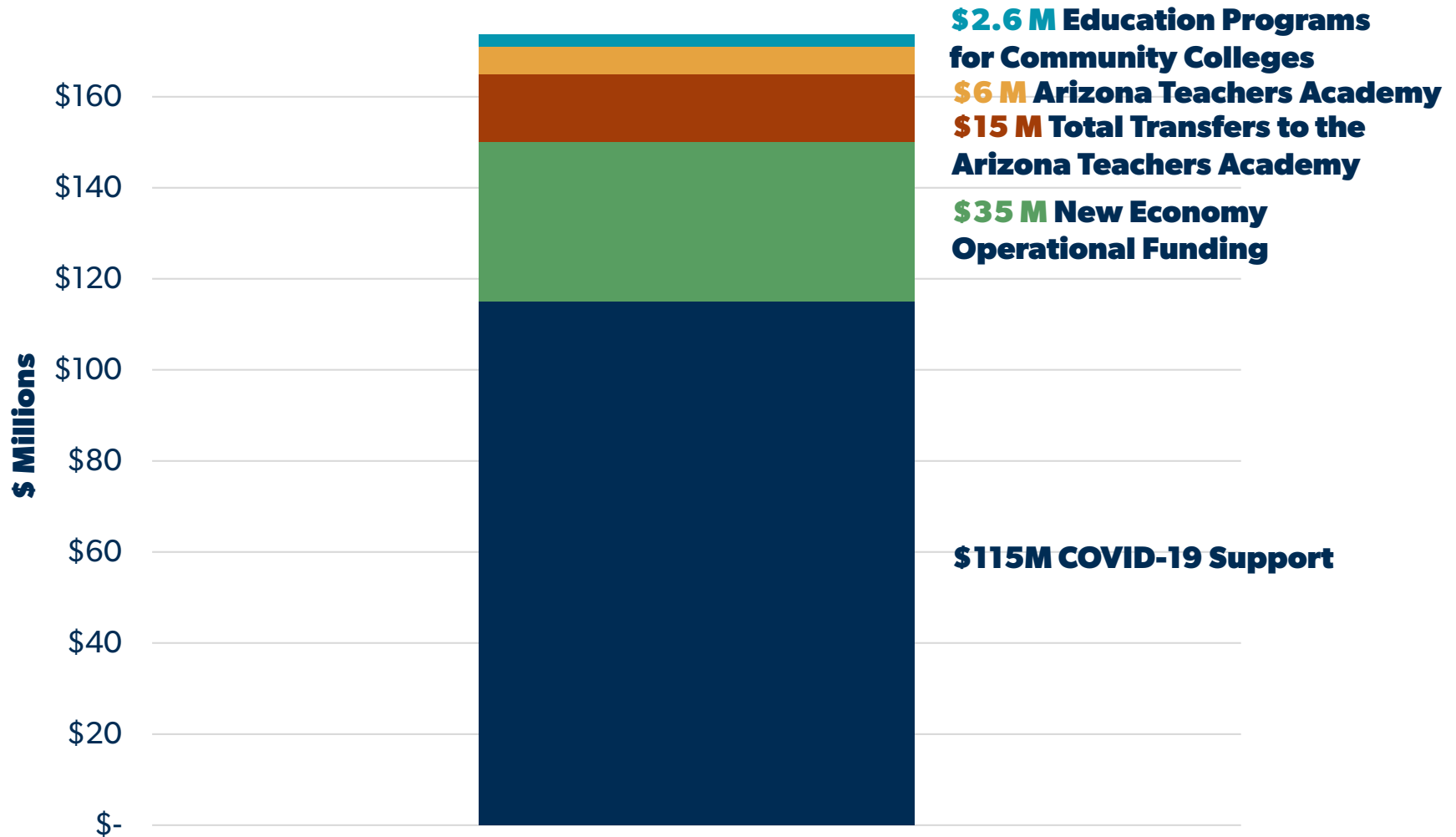
# Funding New School Construction

**\$52.6 M** to complete two schools already under construction and start construction on five new schools

## New School Construction - FY 2022

Start Year	Expected Over Capacity Year	Square Feet	FY 2022 Executive Budget
<b>Fiscal Year 2021</b>			
Chandler 9-12	2022	87,500	<b>\$8,789,500</b>
Tanque Verde 7-12	2022	30,675	<b>\$2,941,400</b>
<b>Subtotal</b>			<b>\$11,730,900</b>
<b>Fiscal Year 2022</b>			
Liberty Elm. K-8	2023	73,920	<b>\$6,324,965</b>
Queen Creek 9-12	2023	120,375	<b>\$12,425,108</b>
Sahuarita 9-12	2023	55,375	<b>\$5,715,808</b>
Tanque Verde K-6	2023	8,460	<b>\$1,428,894</b>
Vail 6-8	2023	62,836	<b>\$5,502,819</b>
<b>Subtotal</b>			<b>\$40,857,593</b>
<b>GRAND TOTAL</b>			<b>\$52,588,493</b>

# \$174 M in Higher Education Investments



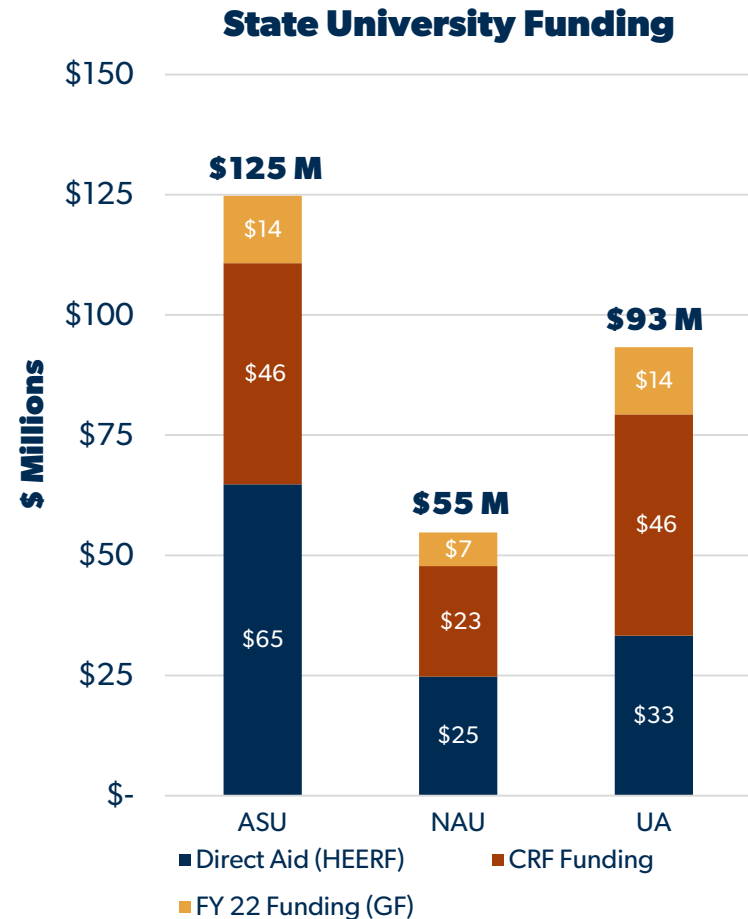
# Funding Stability Allows Universities to Focus on New Economy Initiative

**\$35 M** to support the Universities New Economy Workforce Initiative

This investment in Arizona's Universities will:

- Boost post-secondary attainment
- Enhance classroom capabilities
- Increase the number of graduates in critical high-demand industries such as coding, artificial intelligence, and entrepreneurship
- Reduce the time required to obtain a degree by modernizing curriculums and programs

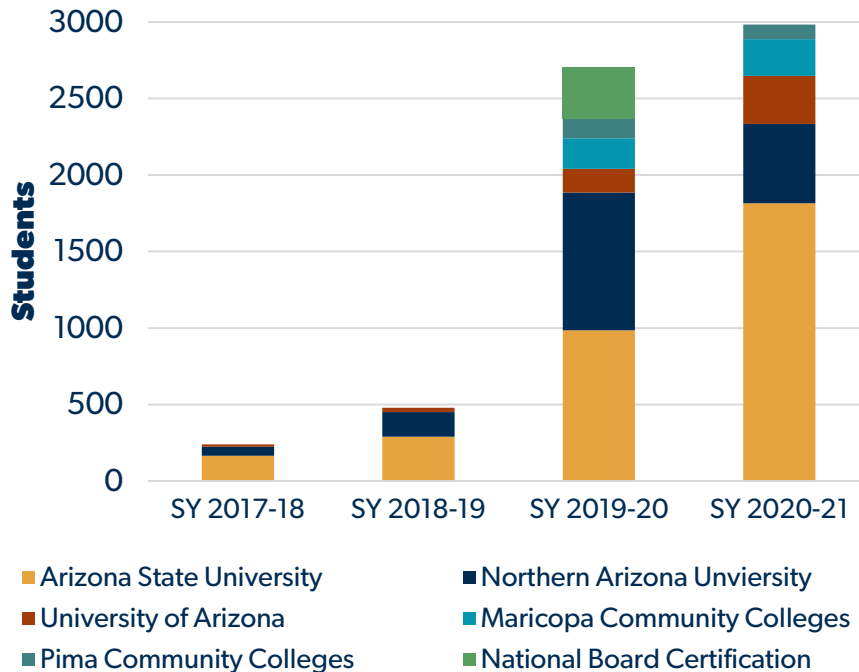
With this funding, the Universities will receive **\$273 M** in funding from both the state and federal relief



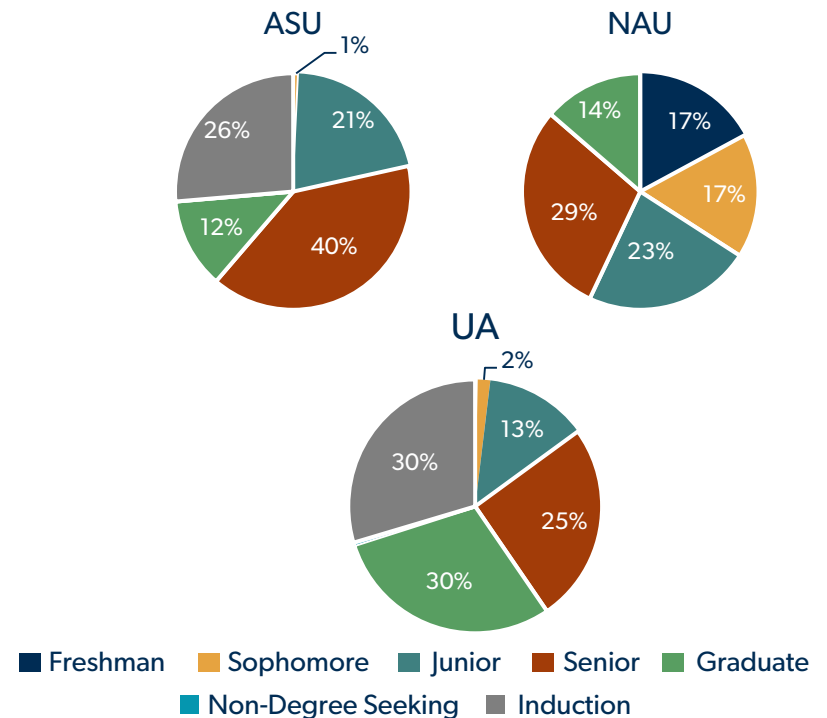
# Continuing to Move the Needle with the Arizona Teachers Academy

As enrollment in the Arizona Teachers Academy continues to increase across all three Universities, more Arizona schools are receiving prepared educators

**ATA Enrollment Across Universities, SY 2017-18 & SY 2019-20**



**Composition by State University, SY 2020-21 YTD**





# Health and Welfare

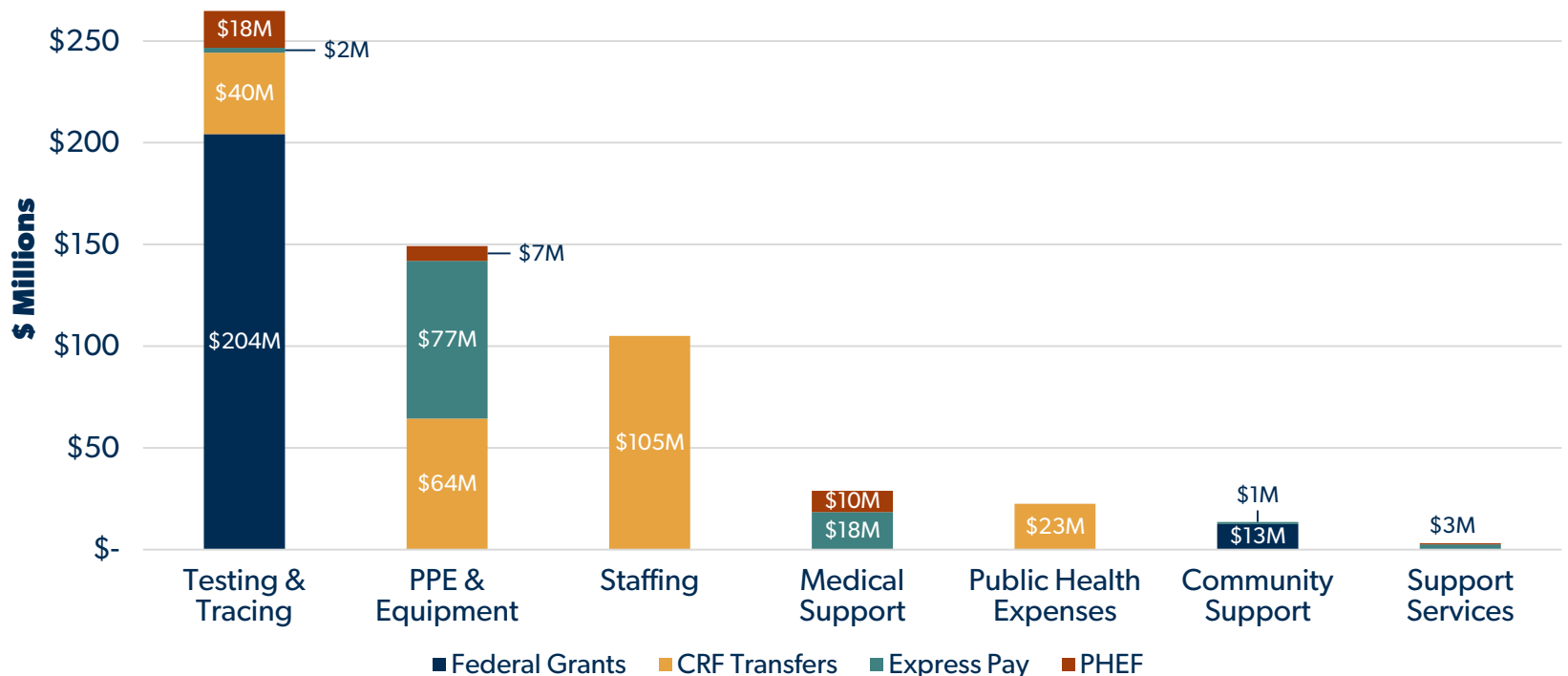
*“Since the start of the pandemic, we have worked closely with community partners, health care leaders and medical professionals to take every step necessary to protect Arizonans, especially vulnerable individuals. With the arrival of COVID-19 vaccine doses, there is light at the end of the tunnel. But we need to remain vigilant and continue to follow health precautions to protect one another and limit the spread of COVID-19.”*

Governor Doug Ducey

# Crucial Funding for COVID-19 Response at DHS

**\$585 M** in federal and state resources have been allocated to the Department of Health Services as a part of the State's COVID-19 response

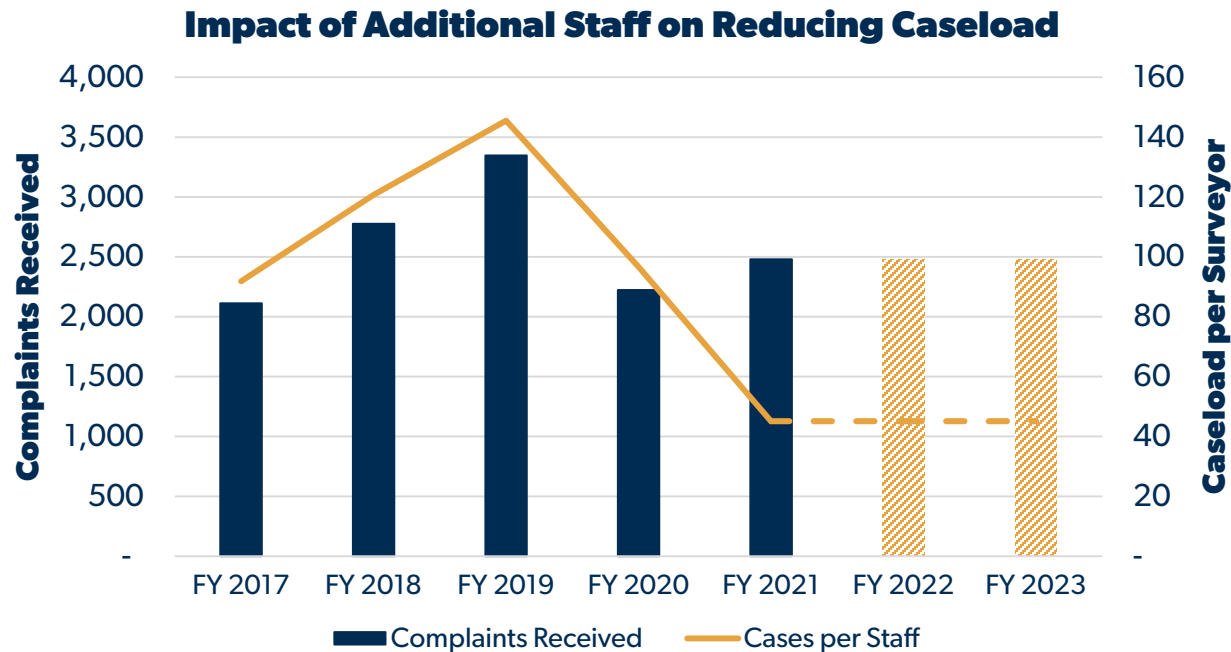
**DHS COVID-19 Funding by Use and Source**



# Expand Long-Term Care Surveyor Team

**\$3.3 M** to hire 32 additional surveyors to address high caseloads and backlog

- A 2019 study by the Auditor General found that, due to high caseload, only **54%** of cases open at the beginning of the study were resolved after nine-months
- Adding 32 staff will **decrease caseload from an average of 108 to 45 per surveyor**



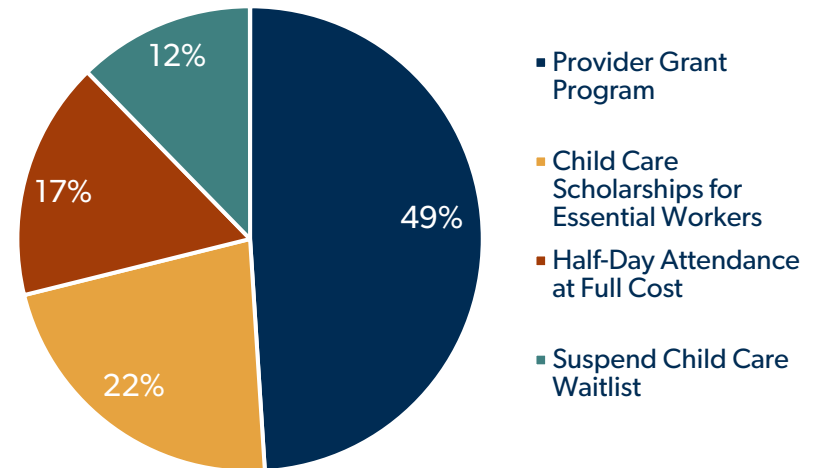
# Expand Child Care and Development Fund

**\$18 M** to fund the continuation of the Child Care Waitlist, and for a new pilot program providing childcare to students of educators and nurses

**\$92.7 M** in FY 2021 supplemental funding for the stabilization of child care centers and to further support providers during the pandemic

- The Executive will continue to work with DES to propose a plan to spend the recently federally awarded \$250 M by the end of January 2021

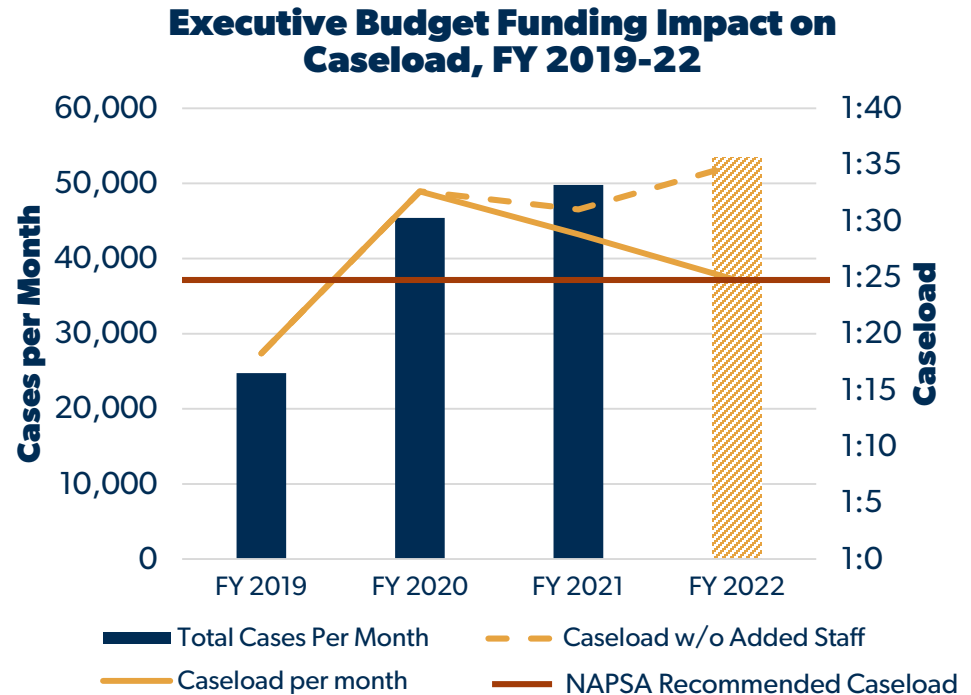
**CCDF Relief Funds by Program**



# Meeting the Need – Adult Protective Services

**\$2.9 M** is included in the Executive Budget to reduce investigator caseload for DES Adult Protective Services

- In FY 2020, there was a **caseload ratio of 1:33** investigators to cases, greater than the recommended 1:25 by the National Adult Protective Services Association (NAPSA)
- This funding allows for 46 new employees; 36 investigators, 5 support staff, and 5 case aides



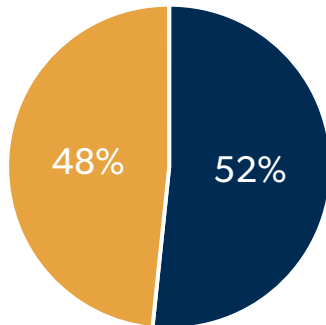
**\$1.5 M** is included to increase provider rates for Adult and Aging Services Agencies

# Family First Prevention Services Act

**\$25 M** for the implementation of the Family First Prevention Services Act (FFPSA)

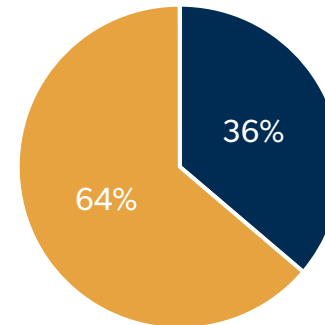
- FFPSA provides incentives for states to develop prevention-focused infrastructure and seeks to curtail the use of congregate care for children by changing the manner in which Title IV-E funds can be spent
- In preparation for FFPSA implementation DCS has focused efforts on foster home recruitment, the development of Qualified Residential Treatment Programs (QRTPs), and the design and standardization of parent skill-based programs

**Current Title IV-E Funding for Group Home Placements**



■ IV-E Eligible Placements ■ Non-Eligible Placements

**FFPSA Title IV-E Funding for Group Home Placements**



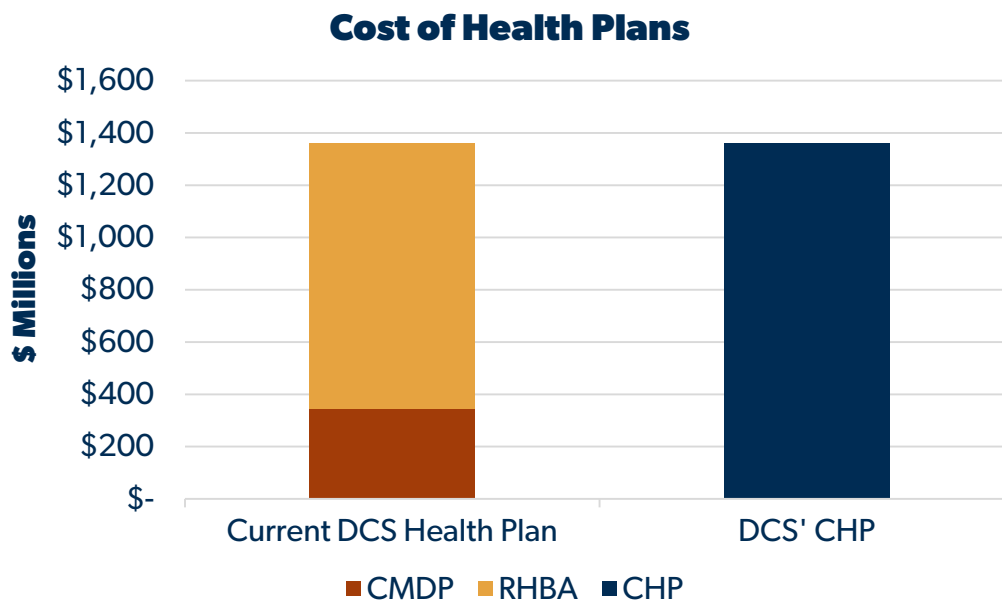
■ IV-E Eligible Placements ■ Non-Eligible Placements

# Comprehensive Health Care for Foster Children

This integrated health care plan proposed as a part of the Executive Budget has a **net zero cost** to the State

- Currently, foster children are enrolled in CMDP for physical and dental health care, and receive behavioral health services from the State's RBHAs
- With the Executive's proposal, funding will shift from the CMDP and RBHAs to DCS' CHP under four new special line items (SLIs)

CHP SLIs
CHP – State Only
CHP Physical/Dental/ Behavioral Health - Medicaid
CHP Administration - Medicaid
CHP Premium Tax



# AHCCCS Opioid Treatment

**\$6.0 M** to continue providing services to underinsured or uninsured persons seeking substance abuse treatment

- From **FY 2018-21**, AHCCCS has utilized the funding to increase identification of underinsured or uninsured individuals with Opioid Use Disorder and guide them to the utilization of direct treatment services
- Between February 1, 2018 and October 31, 2020, the Substance Use Disorder Services (SUDS) fund supplied 54,500 services to 33,383 unique individuals in Arizona
- The Executive Budget includes a one-time transfer of \$6.0 M from the Prescription Drug Rebate Fund to the SUDS Fund to continue the services intended in the Opioid Epidemic Act

## 5 Top Utilized Services

Medical Services

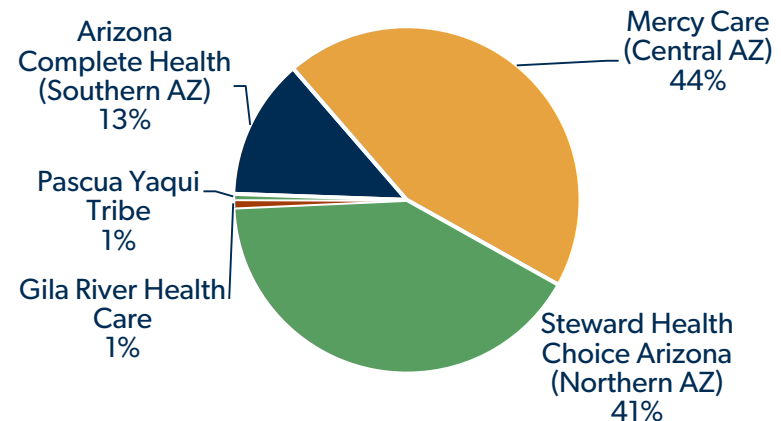
Treatment

Methadone Treatment

Case Management

Transportation

## Individuals Treated by Provider





# Public Safety

*“The safety and protection of all Arizona communities remains top of mind. We will continue to work with public safety leaders and support the men and women who protect others. My sincere thanks to the police officers, firefighters, EMTs, Arizona National Guard members and all heroes who work incredibly hard to ensure Arizonans keep Arizonans safe and ensure they have the resources they need.”*

Governor Doug Ducey

# Targeted Corrections Investments

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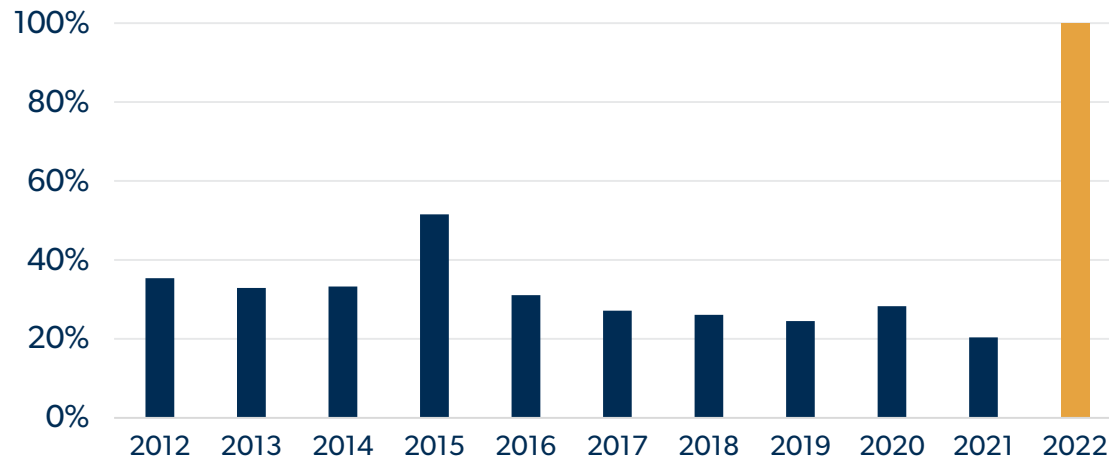
Description	\$ Investment
Fully Fund Statutory Building Renewal Formula	\$28.1 M
Eyman Fire & Life Safety Projects	25.6
Bed Management Strategy	17.9
Substance Abuse Treatment Expansion	5.0
Staff Safety Equipment	2.8
Braille Transcription Program Expansion	0.3
<b>Total FY 2022 Targeted Corrections Investments</b>	<b>\$79.7 M</b>

# Ensuring Critical Infrastructure

**\$54 M** to address building renewal needs across ADCRR

- It will additionally address \$25 M in critical safety projects at the Eyman complex
  - This includes fire alarm and suppression systems replacement, door and lock refurbishment, and plumbing reparation

**Share of Building Renewal Formula Funded,  
FY 2012-22**



- Exit Survey Data for Correctional Officers shows safety concerns as a reason for leaving the Department 26% of the time

# Supporting Increased Bed Management

**\$17.9 M** to provide additional bed capacity management space in ADCRR

- In a multi-phased approach this investment will allow the Department to vacate and deactivate the Florence Prison over the course of FY 2022 and partner with a third-party to manage and operate 2,706 new beds
  - A portion of the third party bed management costs will be covered by savings from the deactivation of Florence
  - Existing staff at the Florence prison will be shifted to Eyman prison to fill vacancies
- This solution addresses the critical security and healthcare staffing levels at the Florence and Eyman complexes

Prison	October 2020 CO II Vacancy Rate	Projected CO II Vacancy Rate, After Proposal
Florence	31.9%	0.0%
Eyman	32.8%	0.0%

- Additionally, this effort is aimed at reducing recidivism by enhancing the prison environment and increased programming opportunities not offered at Florence currently
- Florence prison additionally has \$168.3 M in known building renewal needs that has been deferred

# Reducing Recidivism: Substance Abuse Treatment Expansion

**\$5.0 M** to expand substance abuse treatment programming in prisons

- This investment by the Executive is projected to allow an additional 2,527 inmates to receive treatment - increasing treatment capacity from 12.8% to 36.1% of total population
- Inmates can receive DUI, moderate, or intensive substance abuse treatments

## Difference in Recidivism Rate

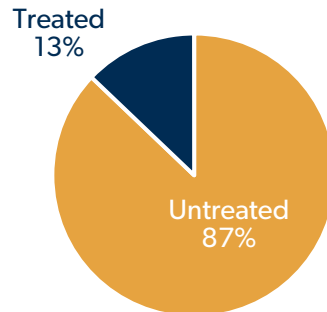
**52%**

No Treatment

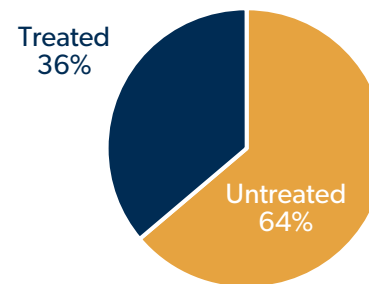
**36%**

Treatment

**FY 2020 Treatment Capacity**



**FY 2022 Projected Treatment Capacity**



# Body Cameras: Ensuring Safety, Efficiency, and Transparency at DPS

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**\$13.8 M** to equip employees at DPS with body cameras and necessary support staff for video and IT management

Staff will be responsible for video retention and redaction services

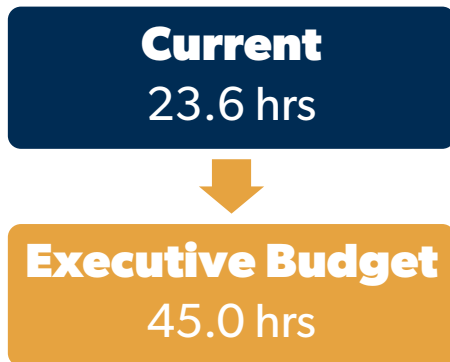


# Recruiting and Retaining the Best

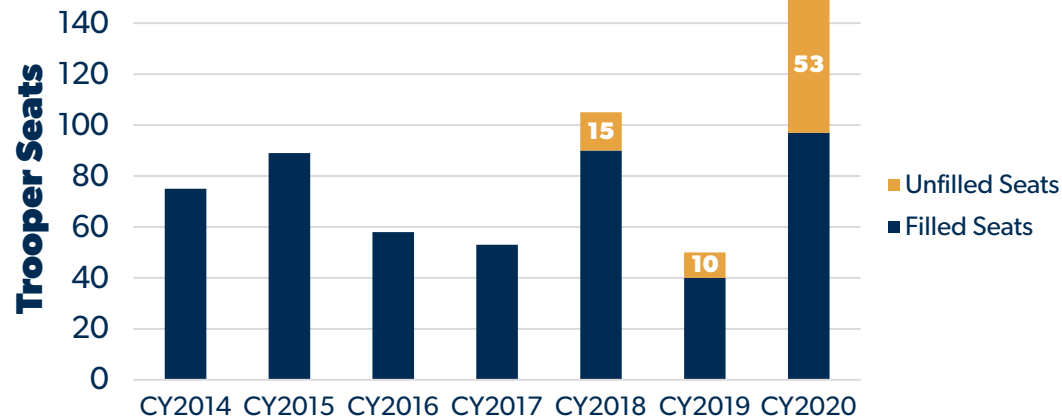
## \$7.0 M to further DPS trooper recruitment and retention efforts

- The Executive Budget increases the department's overtime budget to **\$5.8 M** annually, for Personal Services only. Currently, DPS only has \$2.2 M of overtime budgeted, equal to 23.6 hours of overtime per employee, per fiscal year.
- The Executive Budget adds **\$426,600** to aid DPS in recruiting additional cadets for the academy
- DPS will use their enhanced recruitment budget to pay for outside services for ad-buys, engagement, and ad-tracking. In addition, DPS plans to recruit at historically black colleges and universities to ensure that State Troopers accurately represent the community they serve and protect

### Annually Funded Overtime Per Trooper



### Historical Trooper Academy Attendance

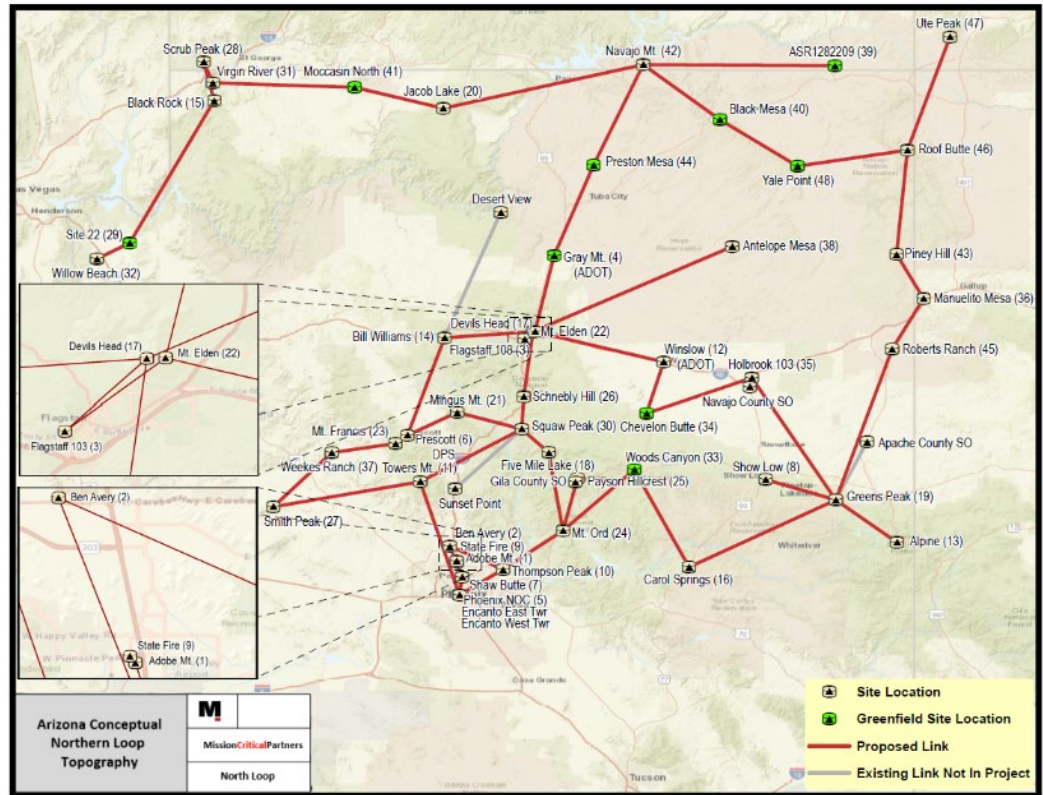


*Note: Before CY2017, there was not a set number DPS had to fill.*

# Investing in Public Safety Radio Networks

**\$16.2 M** in FY 2022, \$16 M in FY 2023, and \$16 M in FY 2024 to perform system-critical updates to the statewide land mobile radio network

- Existing microwave equipment is aging and has not been supported by the industry for **20 years**, increasing risk of critical failure, leaving public safety personnel without radio communications



*\*Map of existing and proposed site upgrades*

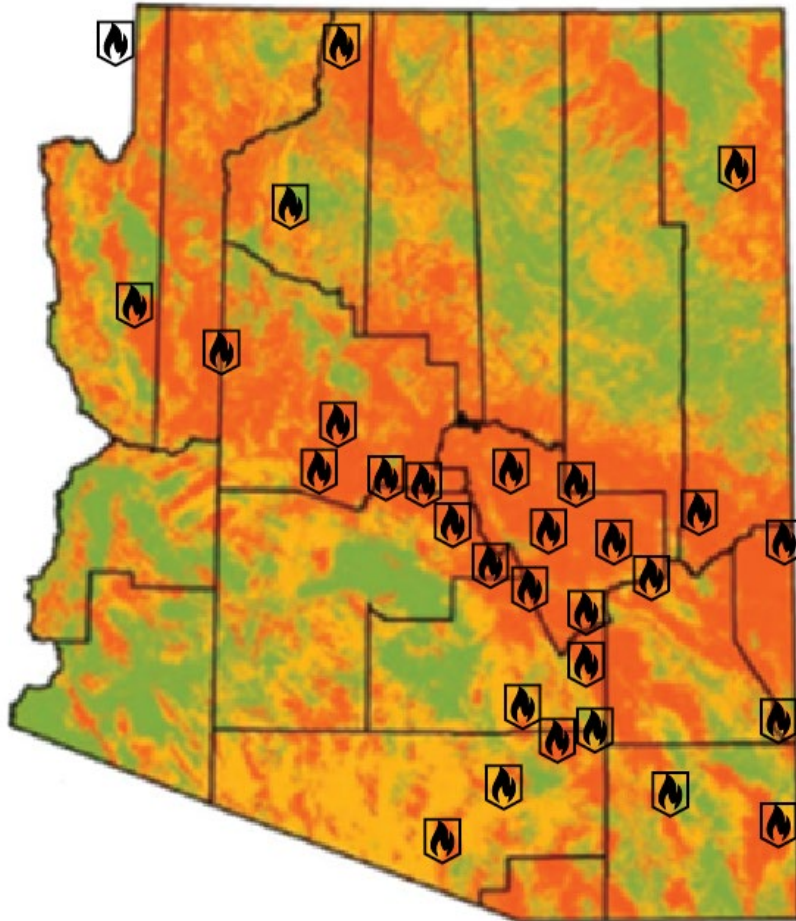


# Natural Resources

*“Arizona is the most beautiful state in the nation, and we are committed to protecting our land, wildlife and natural resources. Every year, we are heavily focused on reducing the risk of wildfires to protect people, pets and property — and that focus remains a priority this year. From protecting groundwater quality to maintaining our State Parks, we will continue to protect our naturally diverse state.”*

Governor Doug Ducey

# Arizona's Current Wildfire Status



## Wildfire Hazards

 Negligible and Low

 Moderate

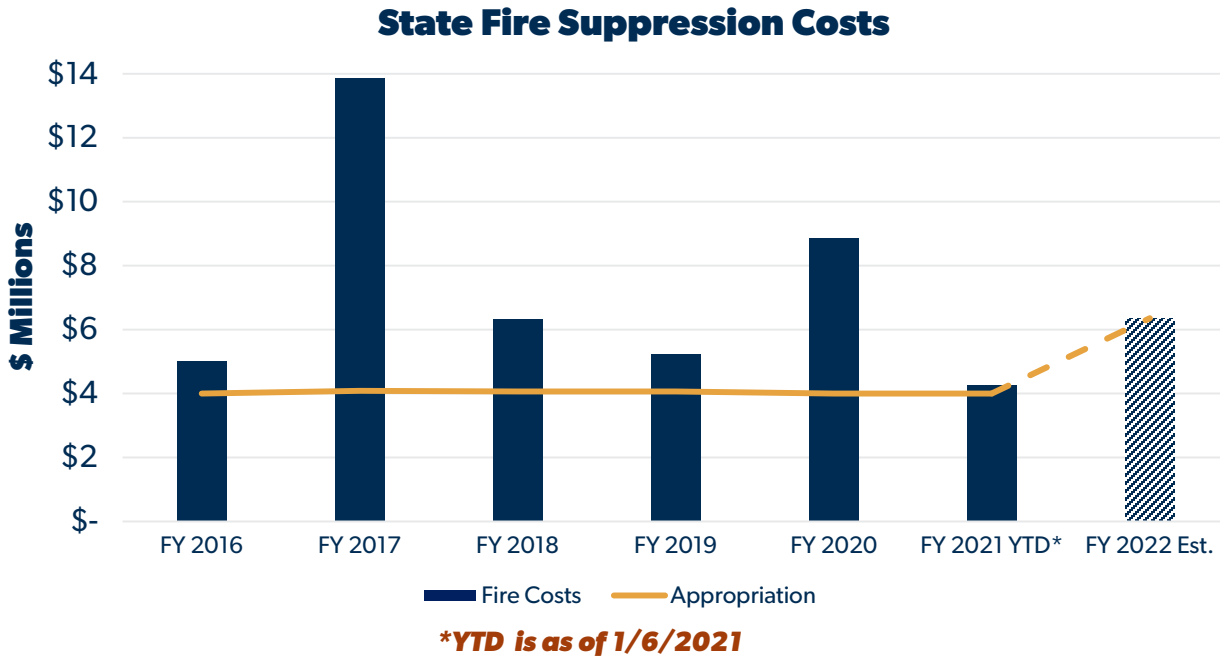
 High and Extreme

 Wildfire has Occurred in CY 2020

# Strengthening Arizona's Fire Preparedness

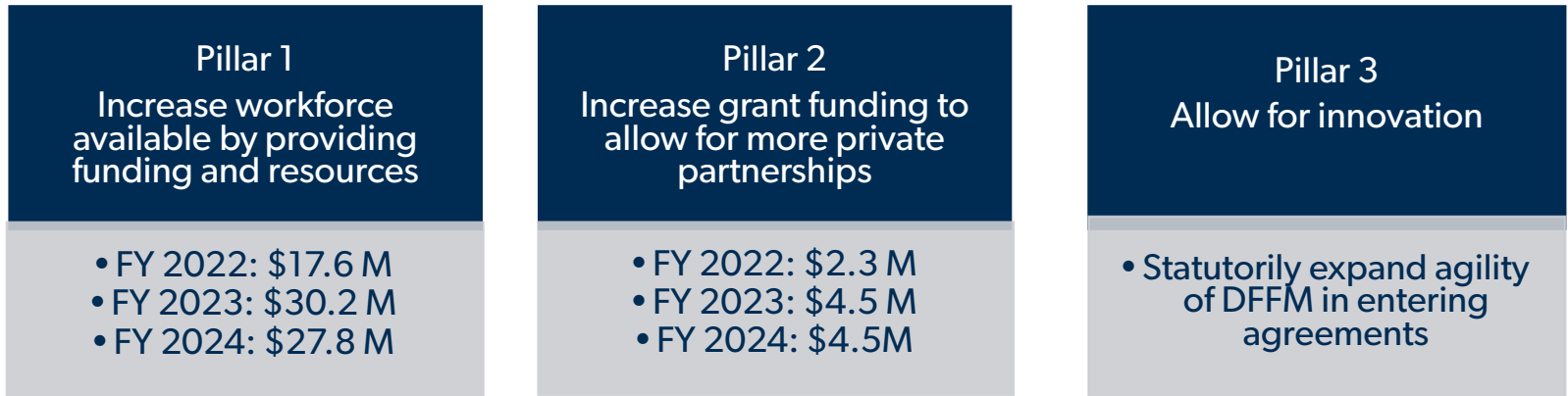
For the past five fiscal years, DFFM has operated in a deficit. The Executive Budget addresses this issue by allocating:

- **\$2.0 M** to reimburse the federal government
- **\$4.0 M** to increase the Governor's Emergency Fund cap from \$4.0 M to \$8.0 M for fire suppression needs across the state
- **\$2.0 M** to increase fire suppression funding from \$4.0 M to \$6.0 M



# AZ Healthy Forest Initiative

In conjunction with funding to help protect Arizona and its forests, the Executive is also proposing the AZ Healthy Forest Initiative:



**Acres Treated in the Wildland-Urban Interface**

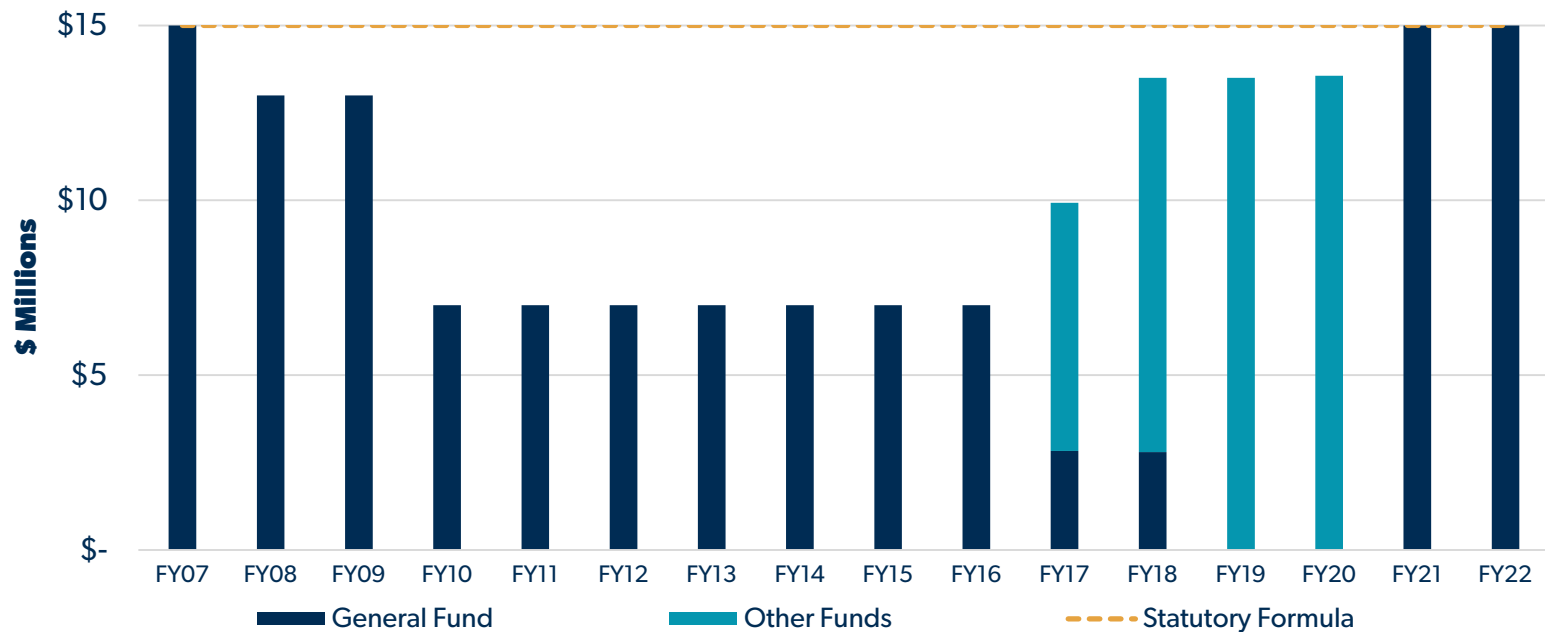


# Commitment to a Cleaner Environment

**\$5.0 M** to fully fund Water Quality Assurance Revolving Fund Program

- DEQ has 35 active WQARF sites state-wide that will directly benefit from this funding
- Prioritization for this funding will be given to mitigate a Per- and Polyfluoroalkyl Substance (PFAS) Plume threatening City of Tucson's central drinking water wellfield

**WQARF Funding, FY 2007-22**



# Government That Works

*“With remote working by many state employees, we also have the chance to further limit the size, cost and footprint of government. Let’s truly ‘shrink’ government, by eliminating unnecessary state buildings and saving taxpayer dollars. Rather than spending money on maintaining unneeded buildings, let’s prioritize areas of need, like educating our kids, taking care of our sick, and keeping our neighborhoods safe. ”*

Governor Doug Ducey

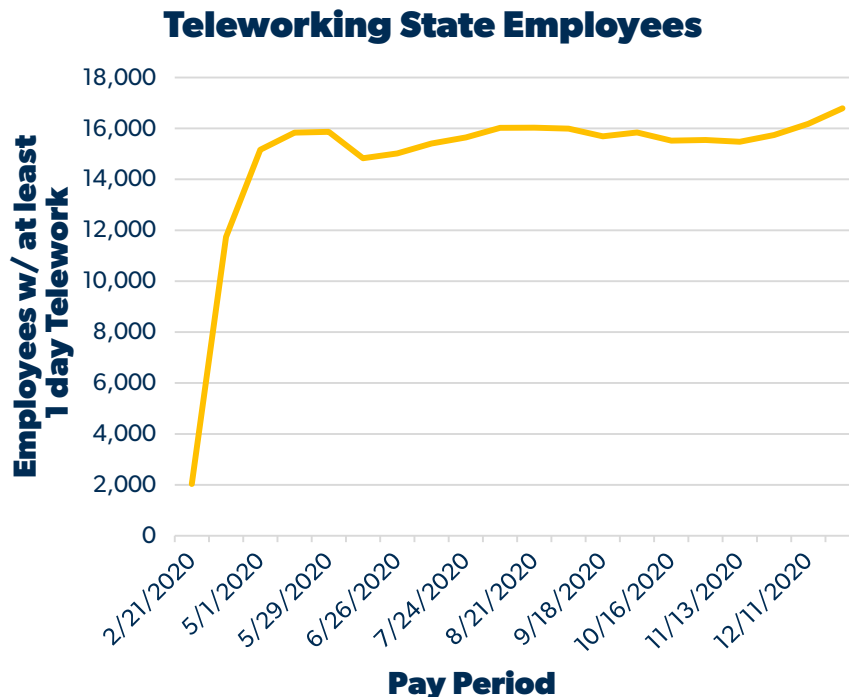
# Addressing Capital Outlay Needs

<b>FY 2022 Capital Outlay and Building Renewal</b>	
<b>\$64 M</b>	<b>Department of Transportation</b> Interstate 17, Anthem to Sunset Point Construct, Replace, and Renovate Facilities Statewide
<b>\$54</b>	<b>Department of Corrections, Rehabilitation and Reentry</b> Building Renewal Eyman Fire and Life Safety Projects
<b>\$33</b>	<b>Department of Administration</b> Building Renewal Historic State Capitol Building Restoration
<b>\$5.0</b>	<b>Department of Game and Fish</b> Building Renewal Hatchery Renovations
<b>\$2.0</b>	<b>Exposition and State Fair</b> Building Renewal Coliseum Fire Alarm Repair
<b>\$15</b>	<b>Other Agencies</b> Building Renewal and Facility Upgrades
<b>\$173 M</b>	<b>Total Capital Funding</b>

# Arizona's Connected Workforce

**\$375,900** to establish an enterprise-wide hoteling pilot program

The Executive is addressing the need the State has seen with a significant increase in employees who report teleworking over the past year



- The goal of Arizona's Connected Workforce (ACW) is to drive a sustainable statewide remote work transformation that focuses on best-practices for managing and coaching a modern workforce
- This funding prioritizes utilizing building renewal funds for space consolidation initiatives
- The ACW is exploring the following workplace models:
  - Resident Office
  - Hoteling
  - Virtual Office
  - Remote Work



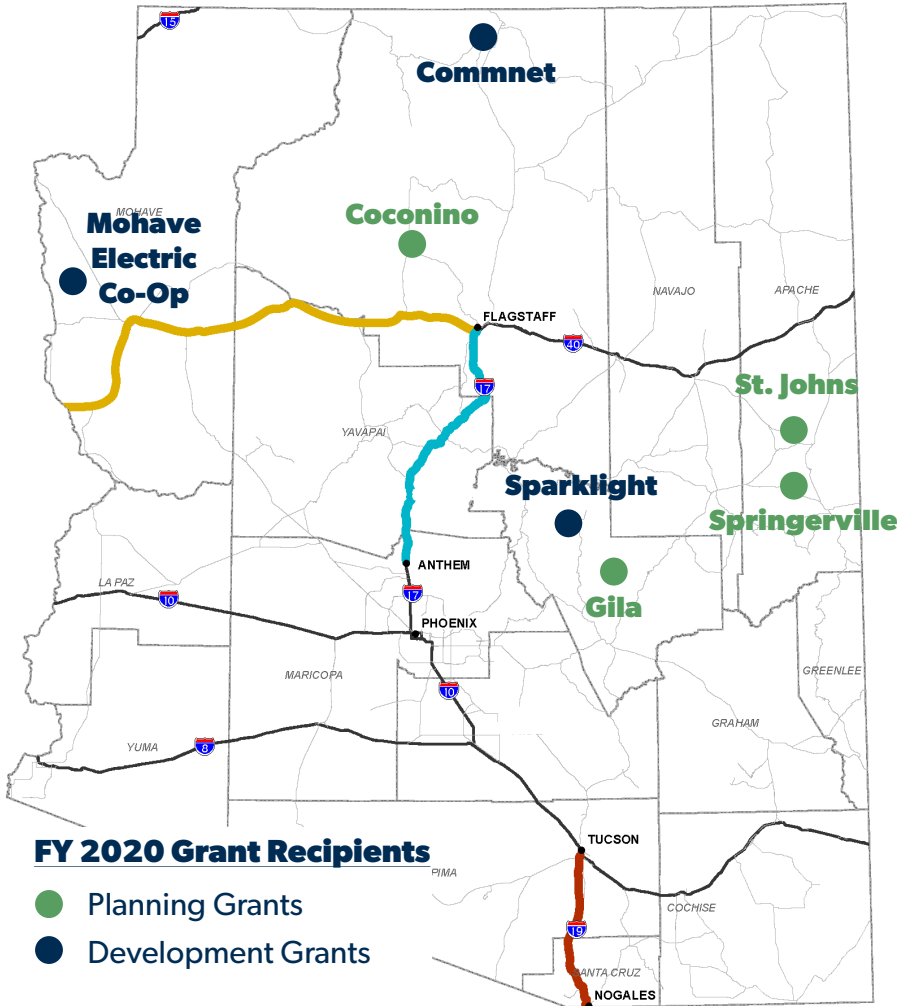
# Business One-Stop

**\$7.8 M** to launch a straight-forward online portal to complete all State government functions needed to start a business

- As a part of the Executive's initiative, showcase how attractive Arizona is for business owners and enable them to kick-start and operate their businesses seamlessly
- This portal will integrate user journeys currently spread across State Agencies to provide a single interface for an end-to-end user journey
- A innovative partnership between ADOA, Commerce Authority, Corporation Commission, DOR, and Secretary of State
- Efforts in FY 2022 will be dedicated to features needed to address the highest traffic processes and functions that have the most value to users



# Connecting Arizona



**I-19 & I-17 Broadband Corridors:**  
**\$40 M** in Federal CARES Act funding for phase one of broadband corridor to bridge the “digital divide” in increasing educational access in collaboration with the three state universities

**I-40 West Broadband Corridor:**  
**\$33.1 M** to fund a major expansion of the broadband corridor from Flagstaff to the California border

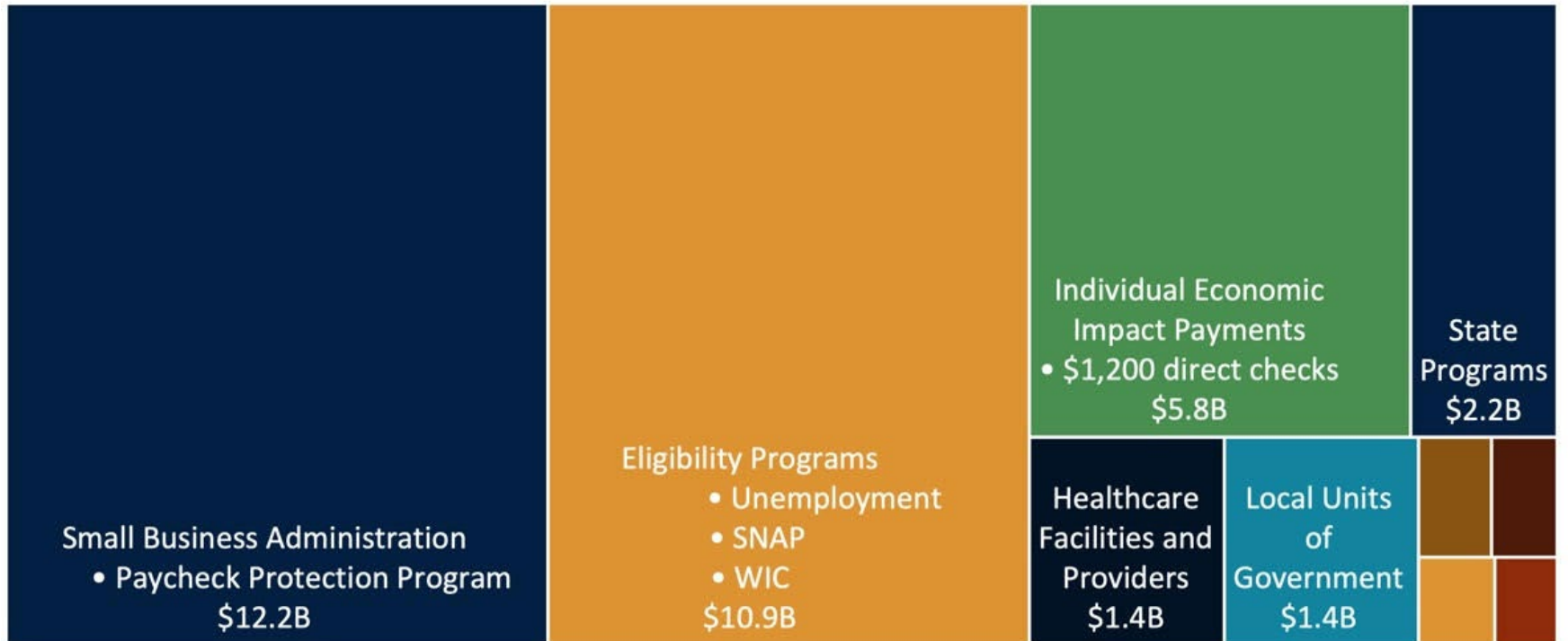
**Rural Broadband Grant Program:**  
**\$10 M** to renew and bolster the grant program in continuing the support of planning and developing advanced telecommunication infrastructure in rural areas

# Fiscal Response to COVID-19 Pandemic

*“Arizona has taken the measured course, and all the same strengths that carried us through our worst days will carry us forward. All fifty states are focused now on saving lives, distributing the vaccine, and adding jobs. And in meeting these challenges, no state is better prepared than Arizona.”*

Governor Doug Ducey

# Arizona Received \$35 B in Federal Funding in 2020

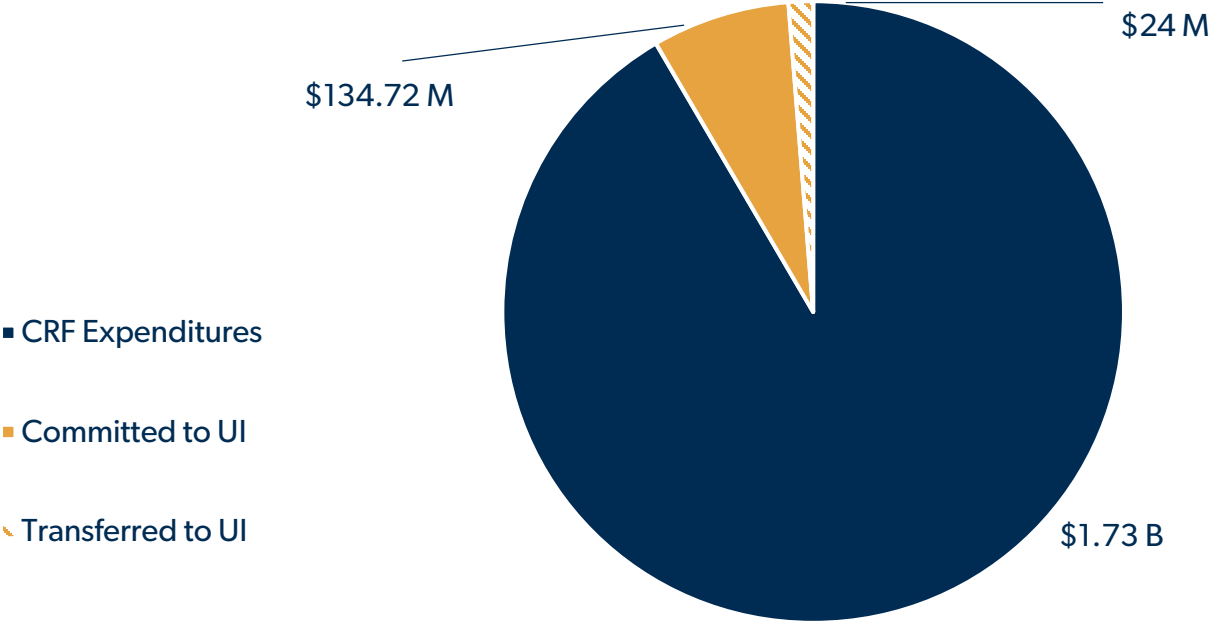


Institutes of Higher Education \$308M  
 K – 12 Education \$277M  
 Community-based Organizations \$238M  
 Testing, Contact Tracing and Vaccines \$194M

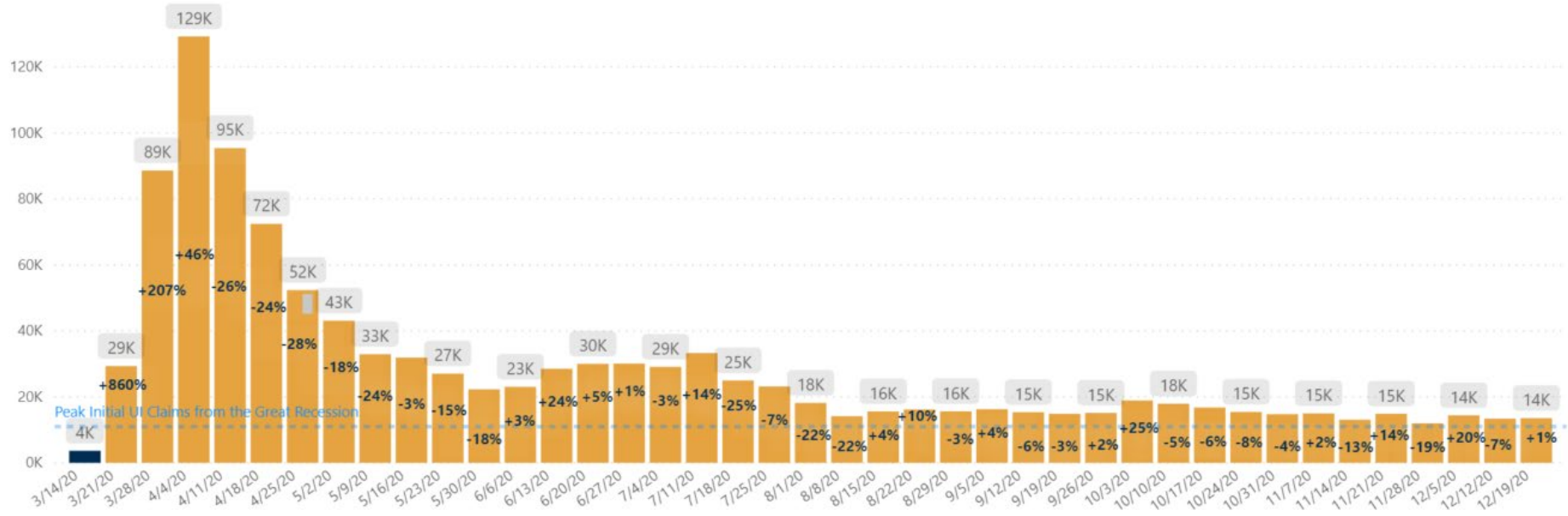
# COVID-19 Federal Relief Funding State Allocation Overview

Arizona has spent **\$2.86 B in Coronavirus Relief Fund** money to aid in the prioritization of the health and safety of its residents.

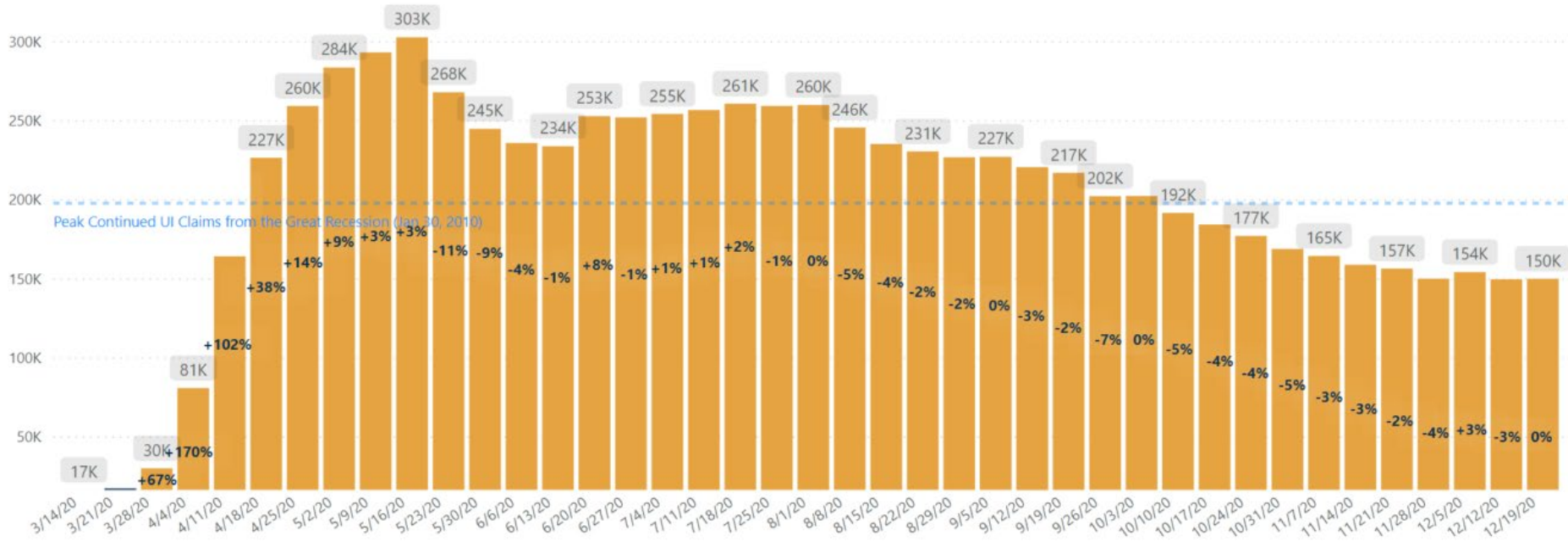
- **\$1.86 B** received by the Governor’s Office.
- **\$ 1.0 B** allocated between the Cities of Phoenix, Tucson and Mesa, as well as, Maricopa County and Pima County.



# Initial Unemployment Insurance Claims



# Continued Weekly Unemployment Insurance Claims

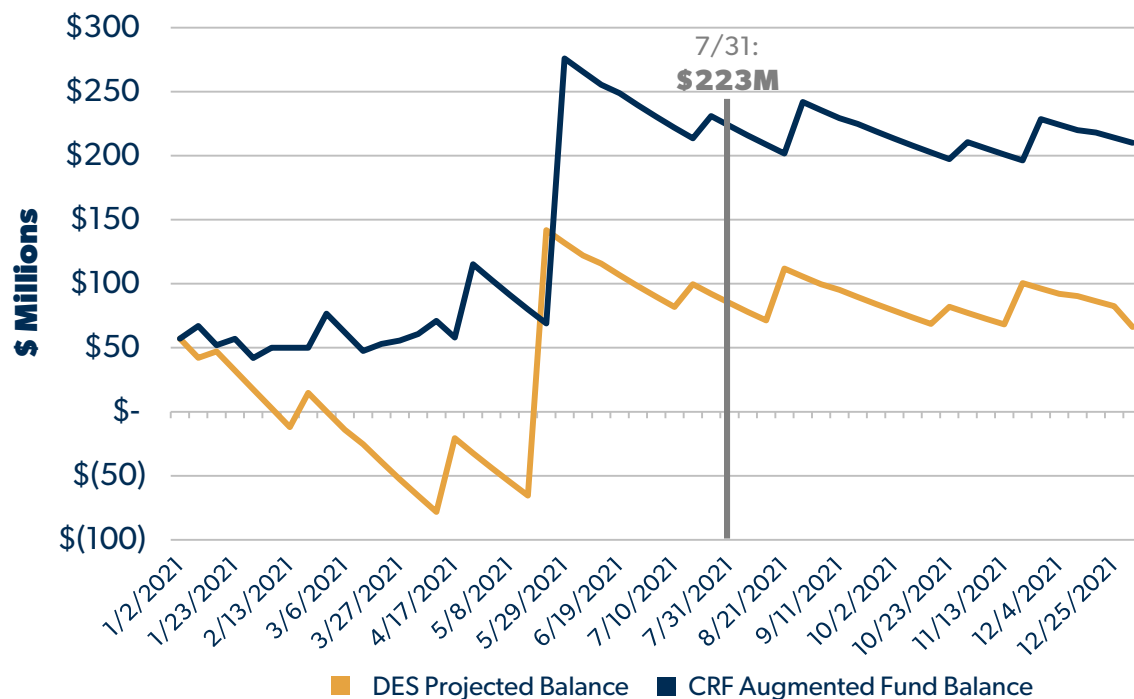


# Ensuring UI Trust Fund Remains Solvent

**\$1,611 M** has been distributed to Arizonans since the beginning of the pandemic in April 2020. State-paid distributions are currently \$14 M per week

- The balance will be reviewed weekly and funds will be distributed when the forecasted balance is projected to drop below \$50 M

**UI Trust Fund Projections and Infusions**



Date	Potential Deposit	CRF Balance After Deposit
2/26/2021	\$22.70 M	\$112.02 M
2/13/2021	\$14.80	\$97.22
2/20/2021	\$14.70	\$82.52
3/20/2021	\$16.90	\$65.62
3/27/2021	\$16.90	\$48.72
4/3/2021	\$19.00	\$29.72
4/10/2021	\$23.70	\$6.02

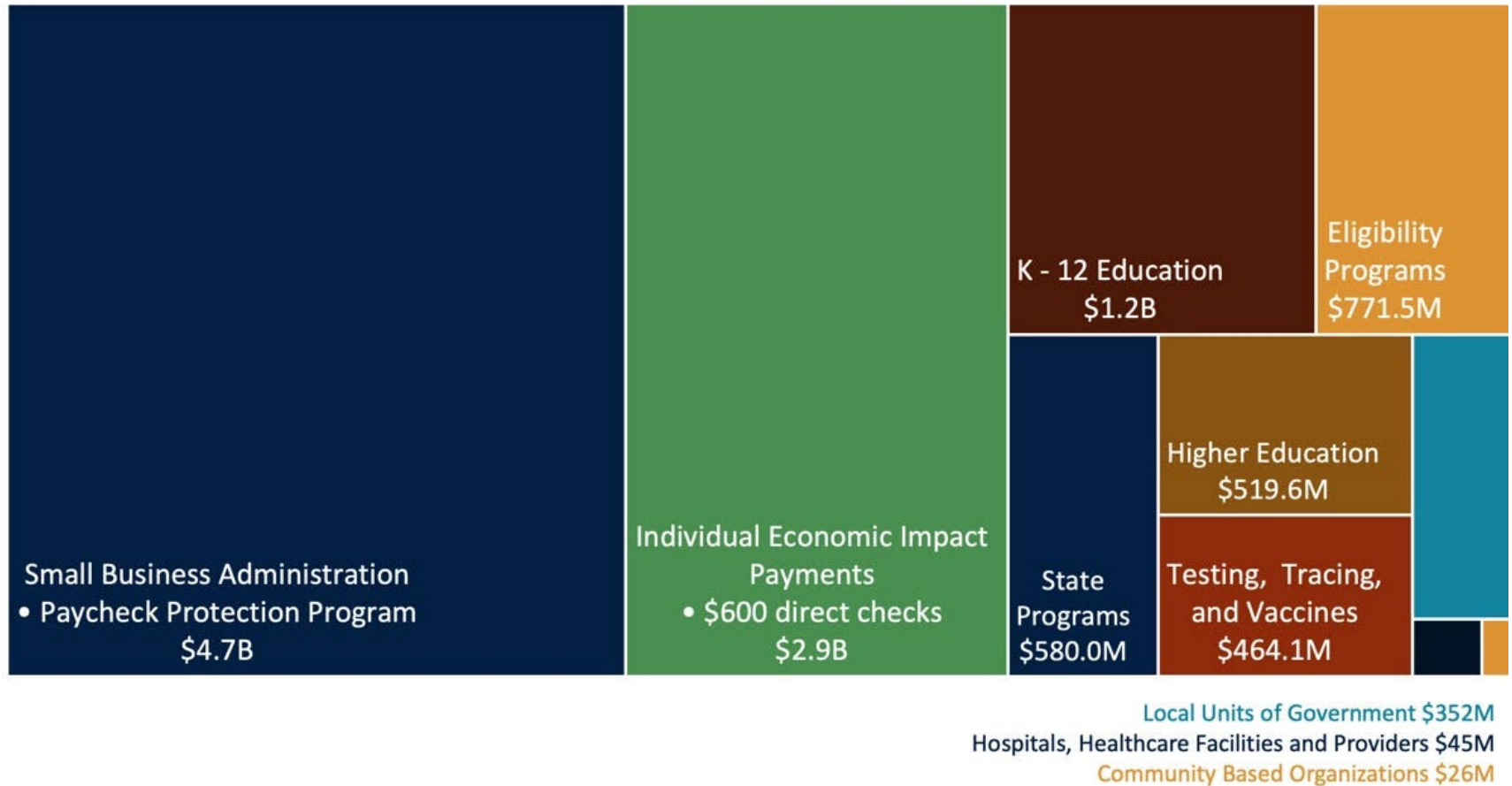


# State Funded COVID-19 Relief: \$50 M Crisis Contingency and Safety Net Fund



\* Rounding used in display of funding

# \$11.5 B in New Federal COVID-19 Relief Funding



# Maintaining Fiscal Discipline

	FY 2021	FY 2022
<b>Total Revenues</b>	<b>\$12,209.2 M</b>	<b>\$13,044.9 M</b>
Tax Reform		\$200.0 M
<b>Adjusted Revenues</b>	<b>\$12,209.2 M</b>	<b>\$12,844.9 M</b>
Enacted FY 2021 Base Spending	11,761.2	11,761.2
Baseline Changes	(212.2)	573.9
New Initiatives	35.3	290.4
Total Spending	11,587.4	12,625.4
Ending Balance	624.9	219.3
<b>Structural Balance</b>	<b>\$351.8 M</b>	<b>\$51.6 M</b>

\* Numbers do not add due to rounding.

*“We must be hopeful for the future — but we cannot forget the challenges we face in the immediate.”*

**Governor Doug Ducey**

# Acknowledgements

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<b>Director</b>	Matthew Gress	<b>Financial Services &amp; Compliance Manager</b>	Jason Mistlebauer
<b>Deputy Director</b>	Bill Greeney	<b>IT &amp; Data Manager</b>	Dean Johnson
<b>Assistant Director of ERMT</b>	Matt Hanson	<b>Grant Compliance Analyst</b>	Katje Benoit Sarah Sanchez Perrin Williams
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<b>Analyst &amp; Executive Assistant</b>	Alec Eulano		
<b>Programs &amp; Performance Manager</b>	Anna Haney		

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STRATEGIC PLANNING & BUDGETING

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[azgovernor.gov](http://azgovernor.gov)  
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