

AZSOS FY2026 Supplemental Budget Request

1. Cybersecurity Infrastructure Modernization and Protection

Description of issue and how recommending the agency’s request furthers the agency’s mandates:

In June 2025, the Arizona Secretary of State’s Office (AZSOS) successfully contained a foreign cyberattack on its Candidate Portal—an incident that highlighted both the resilience of current security teams and the aging, vulnerable nature of critical election systems. Though no sensitive election infrastructure was compromised, the incident underscored an urgent and long-standing concern: Arizona’s election technologies, security platforms, and associated IT systems are obsolete, fragmented, and under-resourced.

Since January 2023, AZSOS has requested more than \$17 million in one-time and ongoing investments to modernize its IT and cybersecurity infrastructure. To date, the Legislature has provided only one-time appropriations. Despite these constraints, AZSOS established a Chief Information Security Officer (CISO), launched a cybersecurity unit, and modernized its tools through ad hoc partnerships and grants.

These improvements, however, lack sustainable funding. They cannot fully compensate for legacy platforms built on fragile, decades-old, in-house code with minimal staff coverage—some maintained by a single contractor. These conditions present serious risks to the continuity, transparency, and credibility of Arizona’s elections.

AZSOS now requests a transformative investment: a multi-year, phased initiative to fully modernize Arizona’s digital election infrastructure and harden its cybersecurity posture against future threats.

Proposal: Appropriate \$9.4 million from the state general fund and seven FTEs in FY2026 and \$3.7 million annually thereafter to modernize and secure Arizona’s election infrastructure.

The request includes the following components:

Solution	One Time	Ongoing
Campaign Finance Replacement - Off the Shelf	\$ 2,500,000.00	\$ 750,000.00
EMS ENR Replacement (Candidate Portal/E-qual) - Off the Shelf	\$ 3,000,000.00	\$ 750,000.00
Cloud Migration - Off the Shelf	\$ 350,000.00	\$ 200,000.00
IT and Security Modernization - In House	\$ 2,500,000.00	\$ 1,000,000.00
Additional FTEs (7)	\$ 1,071,000.00	\$ 1,071,000.00
Total	\$ 9,421,000.00	\$ 3,771,000.00

- IT and Security Modernization: AZSOS depends on outdated, in-house systems — some decades old — to manage elections, business filings, and other core functions. These platforms rely on legacy code, which can only be serviced by a limited number of staff rapidly approaching retirement age and/or former staff who have retired and work as contractors. Combined, these factors leave all of our systems vulnerable to cyber threats and operational collapse.
- To reduce technical debt and build long-term resilience, AZSOS proposes transitioning to a secure, low-code, cloud-based platform with support from dedicated IT personnel. Modernization is essential to defend against escalating cyber threats and to ensure uninterrupted services to voters, businesses, and the public.
- Campaign Finance Replacement: Arizona’s campaign finance system, *Beacon*, is critically outdated and increasingly vulnerable to failure and cyber threats. Built with overly complex and antiquated code, it now poses a dangerous single-point risk of failure. Should the system fail, AZSOS would be forced to revert to manual, PDF-based filings — jeopardizing transparency, increasing error rates, and exposing the system to exploitation.

Users consistently report that *Beacon* and its public-facing component, *See The Money*, are unreliable, difficult to navigate, and fail to meet modern transparency expectations. AZSOS recommends replacing *Beacon* with a secure, off-the-shelf Software as a Service (SaaS) solution to ensure long-term stability, compliance, and public trust.

- Election Management System and Election Night Reporting (EMS/ENR): The EMS/ENR platform is outdated and again, due to its code construction, maintained by a single retired contractor. Without this individual, Arizona would face manual vote results—introducing delay, errors, and risk. A modern, secure replacement must be funded in FY2027 to ensure accurate, timely, and cyber-resilient elections by 2028.
- Cloud Migration: AZSOS’s continued reliance on aging, on-premises servers exposes critical systems to cyberattack, hardware failure, and operational disruption. Migrating to the cloud will enhance cybersecurity through real-time monitoring, automated backups, and scalable protections. Remaining on premises increases exposure to ransomware, delays in patching, and costly outages.

Alternatives considered and reasons for rejection: Continuing to rely on decades-old systems maintained by limited personnel introduces unacceptable risks. In some cases, single-point risks of failure exist — if one key contractor is unavailable, entire systems could be forced offline. We have used existing funds to harden our security protocol but need sustainable money to replace underlying systems; continuing a “stop gap measures” approach to security is insufficient.

Impact of not funding this fiscal year: Without this investment, Arizona faces a range of escalating risks:

- Continued reliance on decades-old code and architecture vulnerable to cyber intrusion;
- Reduced public confidence in election systems due to inefficiencies and outages;
- Inability to attract and retain qualified IT professionals due to lack of competitive staffing and tools;
- A reactive security posture, exposing the state to preventable attacks and costly incident responses.
- The June 2025 incident and federal threat assessments indicate that foreign actors view election systems as strategic targets. The longer Arizona delays a comprehensive upgrade, the more likely it is that a future incident could have irreversible consequences.
- Budget vulnerability due to no dedicated sustained funding for security measures and staff.

Statutory reference: A.R.S. §§ 16-142, 16-168, 41-192, and related statutes governing elections, IT security, and public records.

Equipment to be purchased: N/A

Classification of new positions:

- Principal IT Architect: This position will be responsible for designing and identifying technical solutions for operational problems, including identifying best practices and implementing best-in-class architectural standards to any new solution built at AZSOS. This is a senior technical role that can provide guidance across a multitude of applications as well as network, security, and infrastructure.
- Senior IT Engineer: This position will be responsible for maintaining network infrastructure, cloud configurations, firewall maintenance, and architecting new infrastructure solutions.

- Senior Systems Engineer: This position would be responsible for server maintenance and configuration and managing new software implementation in the server environment, including all Development-Security-Operations coordination.
- Senior Security Analyst: This position will be responsible for day-to-day security monitoring, threat analysis, and incident response, ensuring continuous threat detection and rapid response. This role will enable the senior security engineer to focus on higher-level architecture and long-term security improvements while maintaining a strong security posture across all systems.
- Senior Developer (2): These positions will be responsible for building and maintaining applications, including maintaining and creating new code as necessary in multiple system languages.
- Quality Assurance (QA) Tester: This position will be responsible for testing software solutions prior to them being deployed to production, including creating and maintaining a QA center of excellence within the AZSOS IT department.

These roles are critical to ensuring continued modernization, internal capability, and maintenance of critical systems after initial development and migration.

Annualization: \$3.7 million

2. 2026 Election Off-Year Election Costs

Description of issue and how recommending the agency's request furthers the agency's mandates: Historically, AZSOS has received funding solely for general and primary election expenses in odd-numbered fiscal years. However, recent statutory changes to election dates, timelines, and election processes have introduced significant costs in even-numbered fiscal years in support of elections. Securing funding for these “off-year” election requirements is essential to ensure that our election processes remain seamless and effective throughout the entire election cycle.

These costs include:

- **Temporary Cybersecurity Monitoring and Active Management:** While AZSOS is requesting funds for permanent cybersecurity solutions in the medium-to-the long term (see above), those investments will not address immediate needs for the 2026 elections. To safeguard systems, AZSOS will hire contractors and deploy enterprise-level tools to strengthen existing defenses. While the office continues to explore all alternative funding sources, as of this writing, this funding is expected to be necessary.
- **EMS/ENR Programming:** Because the EMS/ENR platform has not been replaced, AZSOS must hire a contractor to configure the system for each election. Only one contractor is qualified to perform this work. The process takes between eight to 10 weeks of intensive work. Given the timing of the Primary Election, this work *must* begin in FY2026.
- **Primary Election Logic and Accuracy (L&A) Testing:** As required by A.R.S. §16-449, L&A testing ensures voting machines and software accurately count ballots for all offices before early voting begins. Due to the statutory timeframe, AZSOS must travel to each county seat — either via Department of Public Safety (DPS) aircraft or chartered flights — to complete this work. The move of the Primary Election date in 2024 shifted the L&A testing window for 2026 into FY2026. No funding was provided in the FY2026 budget to cover these costs.
- **Ballot Measure Initiatives Signature Validation:** Ballot initiative committees must submit petition signatures to AZSOS by July 2, 2026. AZSOS will validate these using a combination of technology and human review. Temporary employees, managed and quality-checked by existing staff, will perform the human review. Although the

review itself occurs in FY2027, recruitment and training of temporary staff must take place in FY2026.

- **Candidate Petition Signature Validation:** Candidates for state office must submit petition signatures to AZSOS by April 6, 2026. As with ballot initiatives, signatures are validated through both technology and human review. Temporary employees conduct the review under the supervision of existing staff, who also manage quality control. These activities require funding for software licenses, hardware, and temporary personnel.

Proposal: Appropriate \$675,000 from the state general fund in FY2026 for expenses related to preparatory activities that occur within FY2026 for the 2026 primary and general elections.

The request includes the following components:

Temporary Cybersecurity Monitoring and Active Management	\$ 400,000.00
EMS/ENR Programming	\$ 100,000.00
Primary Election Logic and Accuracy (L&A) Testing	\$ 50,000.00
Ballot Measure Initiatives Signature Validation	\$ 100,000.00
Candidate Petition Signature Validation	\$ 25,000.00
Total	\$ 675,000.00

This appropriation will allow the agency to meet its obligations, maintain the integrity of Arizona’s elections, and ensure compliance with statutory requirements.

Alternatives considered and reasons for rejection: N/A

Impact of not funding this fiscal year: N/A

Statutory reference: Titles 16 & 19

Equipment to be purchased: TBD

Classification of new positions: N/A

Annualization: N/A

AZSOS FY2027 Budget Request

1. 2026 Elections Services Special Line Item

Description of issue and how recommending the agency's request furthers the agency's mandates: In an election year, the AZSOS is required to cover expenses of certain deliverables and/or processes required to conduct the state primary and general elections. The department must also provide critical functions to properly administer the election, and which are funded through the Elections Services Line Item.

The use of funds in the Elections Services Line Item is limited to:

“1) reimburse counties for the cost of printing, labeling, and postage for sample ballots; 2) pay the cost of any recount of votes; 3) reimburse the County Recorder for the costs of certifying petition and referendum signatures; 4) print and mail a publicity pamphlet to every household with a registered voter for any initiative or referendum; 5) review and process initiative and referendum signatures; and 6) process challenges to candidate eligibility.”

The AZSOS strongly recommends that the FY2027 appropriation to the Elections Services Line Item be set at no less than the FY2025 level. Anything less would jeopardize the state's ability to successfully administer an election cycle expected to draw high turnout for the gubernatorial race and multiple ballot initiatives and referendums.

Proposal: Appropriate no less than \$8 million to Election Services Line Item from the state general fund.

Alternatives considered and reasons for rejection: N/A

Impact of not funding this fiscal year: N/A

Statutory reference: Titles 16 & 19

Equipment to be purchased: TBD

Classification of new positions: N/A

Annualization: N/A

2. 2026 Elections County Operational Support

Description of issue and how recommending the agency's request furthers the agency's mandates: Since 2020, 11 of Arizona's 15 counties have experienced significant election staff turnover, including among county recorders and election directors. This loss of institutional knowledge has placed particular strain on rural counties, which now more than ever rely heavily on AZSOS for guidance in navigating complex election laws and policies.

In past years, AZSOS was able to use federal funds to provide counties with essential training, resources, and technical assistance. While those funds are no longer available, the need for support remains critical. Providing counties with the tools and guidance they need is fundamental to our state and ensuring every Arizonan can exercise their right to vote. To meet this responsibility, AZSOS proposes the following initiatives:

- **Additional Customer Service Support:** During election years, AZSOS experiences a dramatic increase in customer inquiries. Temporary employees and virtual assistants are needed to handle thousands of additional questions received by phone, email, and in person.
- **“Tiger Teams”:** Many counties require direct cybersecurity and IT assistance. AZSOS will deploy specialized teams of experts in cybersecurity, IT, and election processes to ensure local election systems have up-to-date security measures and that county offices maintain contingency and continuity plans, as recommended by the U.S. Election Assistance Commission (EAC).
- **Tabletop Exercises (TTXs):** Planning for the unexpected is essential. AZSOS will host TTXs, simulating potential Election-Day challenges, giving election officials, law enforcement, IT staff, media representatives, and other stakeholders the opportunity to practice coordinated responses to hypothetical scenarios.
- **Emergency Election-Worker Program:** Many counties lack sufficient staff to handle election workloads. AZSOS will hire temporary election staff and student workers to work directly with counties or reimburse counties for the cost of hiring additional personnel.
- **Vote Tracking and Verification:** To reduce the administrative burden on county staff handling “late early ballots” delivered on Election Day, AZSOS will provide a statewide email and text-notification system enabling voters to track the receipt and

verification of their early ballot as well as a Text2Cure feature for curing signature verification issues with ballots.

- **ERIC Membership and Data Tools for Voter List Maintenance:** To ensure Arizona’s voter rolls remain accurate, AZSOS will cover dues for membership in the Electronic Registration Information Center (ERIC) and access to other high-quality data sources. These tools will help counties maintain up-to-date registration records, saving postage costs, supporting the integrity of the voter registration system, and reinforcing voter confidence.

Proposal: Appropriate \$750,000 from the state general fund in FY2027 for expenses related to supporting counties during elections.

Alternatives considered and reasons for rejection: N/A

Impact of not funding this fiscal year: N/A

Statutory reference: N/A

Equipment to be purchased: N/A

Classification of new positions: N/A

Annualization: N/A

3. Create a Sustainable Funding Source for the Arizona Voter Information Database (AVID)

Description of issue and how recommending the agency's request furthers the agency's mandates: AVID serves as the state's central repository for voter registration data. It functions as the primary voter registration system for 13 of Arizona's 15 counties, and the remaining two counties rely on it for key integrations.

Historically, the maintenance and operations (M&O) costs for AVID have been evenly shared between the state and counties. However, recent developments have made this cost-sharing model increasingly unsustainable.

- **Underestimated Costs:** Previous M&O estimates were incomplete. The FY2023 budget assumed annual M&O costs of approximately \$967,000. In spring 2023, AZSOS identified that prior estimates omitted key direct and indirect expenses — including hosting fees and staffing costs for the five-person AVID support team. The revised estimate places the true annual cost at \$1.3 million.

This updated figure was validated by the Joint Legislative Budget Committee (JLBC) at two meetings in June and October 2023, where JLBC authorized the use of additional funds to cover the shortfall between the original appropriations and actual expenditures.

- **Increased Demand and Complexity:** Recent legislation and litigation (including SB1485, SB1411, HB2492, HB2243, and HB2482) have significantly expanded AVID's required functionality, resulting in increased M&O needs. In addition, counties have expressed clear and ongoing needs for more training, support, and testing to ensure accurate voter registration processing.

In response to these expanded mandates and county feedback, AZSOS has updated its projected annual M&O cost to \$2 million beginning in FY2026.

- **Declining Availability of HAVA Funds:** To date, the state's share of AVID M&O has been funded almost exclusively through Help America Vote Act (HAVA) funds appropriated by the Legislature and reviewed by JLBC. However, given the level of prior expenditures, it is virtually certain that unappropriated HAVA funds will be depleted by the end of FY2026. Furthermore, AZSOS considers it highly unlikely that Congress will allocate significant new HAVA funding in the near future.

Proposal: Appropriate \$2 million from the state general fund to the AVID line item in FY2026 and every fiscal year thereafter.

Alternatives considered and reasons for rejection: N/A

Impact of not funding this fiscal year: It is virtually certain that unappropriated HAVA funds will be exhausted at the end of FY2026.

Statutory reference: ARS § 16-168

Equipment to be purchased: N/A

Classification of new positions: N/A

Annualization: \$2 million

4. Initiate AVID Replacement Process

Description of issue and how recommending the agency's request furthers the agency's mandates: The statewide voter registration database, AVID, was developed beginning in 2016, with primary implementation completed in 2019. The initial contract was structured for a fixed term with a number of extensions that is now set to expire in April 2028. The State Procurement Office (SPO) has granted a special exception to allow an extension through the 2028 presidential election; however, SPO has made clear that no further extensions will be permitted beyond that point.

Replacing AVID will take several years and potentially cost \$10 million for development alone. In preparation, AZSOS has initiated the process of replacing AVID by working with SPO to issue a Request for Information (RFI) in the near future. Responses to the RFI will be used to develop and issue a formal Request for Proposals (RFP) for the design and implementation of a new statewide voter registration system, with a tentative go-live target of 2029.

When AVID was originally developed, AZSOS contracted with an outside IT project management vendor to guide the RFP creation, development, and implementation process. This ensured that contractors, election officials in all 15 counties, key stakeholders, and AZSOS staff were engaged, the contractor met timelines and deliverable milestones, and the final product was operationally acceptable.

Since 2016, the scope of AVID operations has expanded significantly due to new legislative mandates, litigation outcomes, and increased requests from counties. As a result, the development and implementation of a replacement system will be more complex, requiring a minimum of two to three years to complete.

To ensure success, AZSOS must retain a dedicated IT project-management vendor to oversee the process from planning through implementation. This vendor will define project goals, scope, deliverables, timelines, and budgets; create detailed project plans and schedules; and oversee daily operations using project management best practices. Responsibilities will include coordinating stakeholder engagement, managing technical development, testing, and rollout, monitoring progress against established milestones, addressing risks and changes, and delivering regular status reports and updates to stakeholders to ensure the new system is secure, functional, and fully compliant with statutory and operational requirements.

Proposal: Appropriate \$750,000 non-lapsing from the state general fund in FY2027 to procure an IT project-management vendor to guide the RFP development, IT build, and implementation of the AVID replacement system.

Alternatives considered and reasons for rejection: Attempting to manage this process internally was considered but rejected. The scope and complexity of replacing AVID exceeds the capacity of existing staff. Without an experienced IT project manager, the risk of cost overruns, delays, and operational failure would be unacceptably high.

Impact of not funding this fiscal year: If not funded, AZSOS will be unable to properly plan and execute the replacement of AVID prior to the 2029 contract expiration dictated by SPO. This would result in the expiration of the current contract with no replacement in place, jeopardizing the state's ability to maintain a federally compliant voter registration system, and undermining public confidence in election administration.

Statutory reference: ARS § 16-168

Equipment to be purchased: N/A.

Classification of new positions: N/A.

Annualization: N/A.

5. Enhance Business Services IT and Operations

Description of issue and how recommending the agency's request furthers the agency's mandates: Businesses of all sizes across Arizona depend on AZSOS's Business Services Division to receive and record critical filings, including Uniform Commercial Code (UCC) transactions, trademark and trade-name registrations, and limited partnership and limited-liability partnership filings. Delays in processing these records can impose significant costs on businesses, discourage investment, and even drive prospective companies to locate in other states with more efficient processes.

To address these challenges, Arizona implemented Arizona Business One Stop (B1S), an online portal designed to streamline filings ranging from trade names to tax IDs. B1S will improve efficiency and accuracy by enabling collaboration among multiple state agencies, including AZSOS's Business Services Division. However, to realize the full potential of B1S, the Division must transition from paper-based processes and outdated, internally developed applications to a modern, integrated digital document system.

The FY2026 budget appropriated \$1.7 million in one-time funding through the Automation Procurement Fund (APF) to the Arizona Department of Administration (ADOA) to replace portions of the Business Services Division's IT infrastructure, upon which B1S depends. While this was a critical first step, the FY2026 investment alone is insufficient to complete the transition to a low-code/no-code (LCNC) platform and digitize decades of legacy business records. Compounding this challenge, current oversight processes required by law often prevent AZSOS from deploying funds quickly enough to address vital business needs in real time.

Regardless of political leadership, providing efficient and reliable services to the business community must always remain a priority. Sustained funding is essential to ensure that AZSOS continues to support Arizona's economic development with modern IT systems and business processes. Specifically, ongoing funding is required to:

- Support the maintenance and operations of replaced IT infrastructure with FY2026 APF funding.
- Create and deploy online systems for UCC filings, Notary Public applications, and Apostilles.
 - Moving Notary Public applications online will cut processing and notification times from 5.5 weeks to 2-3 days and allow applicants to correct errors without resubmitting the entire application. Digitization will also make it

easier for public- and private-sector customers to search and access these documents.

- Modernizing UCC filings will reduce turnaround from several weeks to near-instantaneous processing, which has real-world implications for Arizona businesses competing to secure their legal claims and creditor positions faster—so they can compete, grow, and operate with confidence.
- Digitize and index more than 2.2 million pages of business documentation currently stored on microfiche. These official records—representing roughly 1.5 million business-related registrations dating from the 1980s to 2014—are the only existing record of these transactions and must be preserved for compliance and business continuity.
- Partner directly with the business community to strengthen business and job creation across the state.

Proposal: Amend the relevant statutes to allow AZSOS to deposit into the Data Processing Acquisition Fund the approximately \$1.7 million of existing fees it annually collects and otherwise deposits into the state general fund so that it may have a sustainable funding source to enhance Business Services IT and operations, and business community partnerships to strengthen business and job creation across the state.

Alternatives considered and reasons for rejection: N/A.

Impact of not funding this fiscal year: Failing to fund these initiatives this fiscal year would leave critical opportunities for economic development untapped, slow business growth, and put Arizona at a competitive disadvantage compared with other states with modern, efficient business services.

Statutory reference:

- Data Processing Acquisition Fund (A.R.S. 18-441)
- Lobbyist Registration Fees (A.R.S. 41-1232)
- Telemarketer Registration Fees (A.R.S. 41-1275)
- Existing UCC Filing Surcharge (A.R.S. 41-126.B)
- LP, LLP & LLLP, FLP Filing Fees (A.R.S. 29-366)
- Notary Application Fee (A.R.S. 41-126.A.2)
- Trade Mark Filing Fees (A.R.S. 41-126.A.3)
- Trade Name Filing Fees (A.R.S. 41-126.A.4)

- UCC Filing Fees (A.R.S. 41-126.A.6)
- Expediting and other Miscellaneous Fees (A.R.S. 41-126)
- Solicitations for American veterans' organizations; approval; violation; classification (A.R.S. 13-3722)
- Telephone seller; registration; business opportunities; late filing penalty (A.R.S. 44-1272)

Equipment to be purchased: TBD

Classification of new positions: N/A

Annualization: \$1.7 million

6. Provide an Appropriate Level of Personal Security for the Secretary

Description of issue and how recommending the agency's request furthers the agency's mandates: Threats against Arizona's election personnel escalated during the 2022 election cycle. In the 2024 election cycle, threats to election personnel, especially AZSOS himself and his family were high and determined by law enforcement to be serious. Regrettably, the Secretary and elections officials likely will face these threats for years to come.

In its FY2024-FY2026 budget requests, AZSOS requested funding for an appropriate level of security. Funding was made available in each of these years through various special line items.

Proposal: Appropriate \$350,000 from the state general fund in FY2027 and thereafter to provide an appropriate level of personal security.

Alternatives considered and reasons for rejection: Providing the Secretary with a DPS security detail was considered but determined to be cost prohibitive.

Impact of not funding this fiscal year: Not funding this request will mean the Secretary himself, his family, other AZSOS staff, and state property will be at risk of injury, death, or damage while conducting official duties.

Statutory reference: N/A

Equipment to be purchased: N/A

Classification of new positions: N/A

Annualization: \$350,000

7. Address Confidentiality Program (ACP)

Description of issue and how recommending the agency's request furthers the agency's mandates: The ACP primarily was created to protect victims of stalking, domestic violence, and sexual assault from those who would use public records, such as voter or driver's license registries, to locate, harass, intimidate, and/or abuse them. These services provided survivors with 1) a way to register to vote and 2) a way to keep their actual address out of all public records. The ACP program allows the participants to use the protected address for their mail, which is received by our office and delivered to the participants' actual, protected address.

In 2011, the Legislature established the ACP within AZSOS. Arizona was the 27th state to create a confidential address program. On June 4, 2012, the program began assisting individuals and families. Part of the enabling legislation created the ACP Fund, which is made up of a \$50 fine assessed as part of court fines included when there is a conviction for domestic violence, sexual assault, or stalking.

When this ACP Fund was created, the fine was used to generate funding to support the cost of providing the statutorily mandated services without relying on general funds from the Legislature. But for some time, the fine revenue has been insufficient. ACP operating costs were supplemented with revenue from the federal Victims of Crime Act (VOCA) grant administered by DPS, but these funds were never intended to be permanent and have expired.

In its FY2024 budget proposal, AZSOS requested an appropriation of \$250,000 from the state general fund in anticipation of a 55% reduction in VOCA revenues that fiscal year. While AZSOS received the appropriation based on the anticipated 55% reduction, the VOCA revenues were not reduced by 55%; it was eliminated completely. AZSOS was able to offset some of the loss of VOCA revenue; however, it did so at the cost of program quality.

Since then, participation in ACP has continued to increase year over year by approximately 15%-20%. Servicing these new members has required additional frontline and management staff. The increase in membership also results in increased materials cost such as custom envelopes, other supplies, as well as postage, the cost of which has increased 17% since the beginning of FY2023.

Combined, these factors led AZSOS to request a \$400,000 increase of ACP annual, on-going appropriation from the state general fund from \$250,000 to \$650,000 in its FY2025 budget proposal. Though the enacted FY2025 budget did not include the \$400,000

increase, AZSOS was able to secure temporary grant funding sufficient to operate ACP for the duration of FY2025.

The FY2026 budget included a one-time appropriation of \$400,000 to the ACP fund. AZSOS believes these funds will be depleted by the end of FY2026 due to regular operation of ACP. As such, a permanent funding source must be found if the state is to fulfill its statutory obligations to victims of stalking, domestic violence and sexual assault.

Proposal: Appropriate an additional \$400,000 from the state general fund in FY2027 and thereafter so that AZSOS may fulfill the statutory requirements of operating ACP.

Alternatives considered and reasons for rejection: N/A

Impact of not funding this fiscal year: If additional funding is provided in FY2027, ACP may have to cap the number of participants it serves or reduce services provided.

Statutory reference: A.R.S. Title 41

Equipment to be purchased: N/A

Classification of new positions: N/A

Annualization: \$400,000

8. Conflict Counsel

Description of issue and how recommending the agency's request furthers the agency's mandates: AZSOS is represented by the Arizona Attorney General's Office pursuant to ARS 41-192. However, when a conflict arises, the Attorney General's Office appoints conflict counsel to serve the needs of the client as required by court procedural rules. The enacted FY2025 state budget included one-time funding for AZSOS to utilize conflict counsel in FY2024 and FY2025. It also amended footnote language, saying, "The SOS may make expenditures or incur indebtedness to employ outside or private attorneys if all the following occur: 1) SOS is named as a defendant, 2) SOS believes a conflict prevents the Attorney General from representing the SOS; 3) and the SOS is either a nominal party or defending the constitutionality of a law or referendum enacted by the legislature."

In addition, the Attorney General's Office has requested additional funding for AZSOS to cover legal costs through an interagency service agreement (ISA). While the one-time conflict counsel funding has been essential, it does not address ongoing or increasing legal needs. The Attorney General's request underscores the importance of ensuring sufficient resources for legal representation, whether provided directly through the Attorney General's Office or via conflict counsel.

Proposal: Appropriate \$750,000 from the state general fund in FY2027 on-going so that AZSOS may retain conflict counsel in compliance with the footnote provisions of FY2025 budget.

Alternatives considered and reasons for rejection: N/A

Impact of not funding this fiscal year: AZSOS will not be able to articulate a position different from the Attorney General's Office in cases where there is a conflict of positions and may have to seek advice from the court on how to obtain adequate conflict counsel.

Statutory reference: N/A

Equipment to be purchased: N/A

Classification of new positions: N/A

Annualization: \$750,000

9. Backfill Library and Archives to Offset Loss of LSTA Grant

Description of issue and how recommending the agency's request furthers the agency's mandates: The Arizona State Library, Archives, and Public Records Division (LAPR) relies heavily on federal Library Services and Technology Act (LSTA) funding administered by the federal Institute of Museum and Library Services (IMLS). In 2024, Arizona received \$3.8 million in LSTA funds supporting 67 statewide projects — from Wi-Fi hotspot lending and digital literacy programs to staff training, collections enhancement, and initiatives like the Arizona Memory Project. These grants also preserve cultural heritage, expand access to wellness in underserved communities, and foster civic engagement across Arizona; they even supported the conversion of a golf cart into a bookmobile for Youngtown Public Library.

At least 12 State Library employees are fully or partially funded through LSTA grants. They are essential for delivering these statewide services, managing competitive subgrants, and ensuring equitable access for Arizona's 91 public and Tribal library systems. Current federal funding covers these positions only through mid-May 2025, and President Donald Trump's executive order directing IMLS to implement significant budget cuts is expected to affect our state. Without replacement funding, LAPR will face layoffs, cancellation of statewide programs, and severe disruption to services that directly benefit Arizonans by providing access to books, digital resources, literacy programs, cultural materials, and essential library services — resources that support workforce development, educational achievement, civic engagement, and the long-term economic and cultural vitality of the state.

The potential loss of LSTA funding threatens:

- Immediate impacts: suspension of statewide programs, disruption of digital literacy and database access, termination of key staff, and delays in library services and technology.
- Consequences for residents: Fewer opportunities to access trusted information and educational programs; reduced literacy and digital skills development; and weakened community engagement.
- Long-term impacts: Increased inequities for rural and Tribal communities, diminished access to e-books, databases, and educational programs, and reduced capacity to innovate and expand services statewide.

Proposal: Appropriate \$3 million from the state general fund in FY2027 to replace lost federal LSTA funding. This investment ensures uninterrupted library services, preserves staff capacity, maintains competitive subgrants, and safeguards equitable access to educational, cultural, and technological resources for all Arizonans.

Alternatives considered and reasons for rejection: AZSOS has explored all available non-state funding sources. No viable alternative has been identified that could replace the breadth and scale of LSTA funding.

Impact of not funding this fiscal year: Without backfill, the State Library will be forced to lay off up to 12 staff, suspend statewide resource-sharing programs, and significantly reduce or eliminate competitive subgrants to public, Tribal, and school libraries. Communities across Arizona would lose access to critical educational and technological resources.

Statutory reference: A.R.S. Title 41, Chapter 1, Article 2; federal Library Services and Technology Act (20 U.S.C. § 9101 et seq.)

Equipment to be purchased: N/A

Classification of new positions: N/A

Annualization: N/A