



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2814: noncustodial federal monies; appropriation

Sponsor: Representative Fink, LD 27

Committee on Appropriations

Overview

Effective January 1, 2027, provides the Legislature the authority to appropriate noncustodial federal monies.

History

All monies received by this state are credited to the state General Fund unless they meet statutorily outlined exceptions. All federal monies granted to Arizona must be accounted for in detail as required by federal law ([A.R.S. § 35-142](#)).

The Legislature does not appropriate federal monies, except in some instances of block grants and federal funds by the Department of Economic Security. The Joint Legislative Budget Committee (JLBC) baseline forecasts the level of non-appropriated federal funds in FY 2026 at \$30,463,500,500 ([FY 2026 JLBC Baseline](#)).

Education funding from the federal government to the Arizona Department of Education in the form of *noncustodial federal monies* must be accounted for separately and is subject to review by the JLBC. Education-related noncustodial federal monies include block grants and general revenue sharing monies (A.R.S. §§ [15-1051](#); [15-1052](#)).

A *budget unit* means any department, commission, board, institution or other agency of this state receiving, expending or distributing state monies or incurring obligations against this state ([A.R.S. § 35-101](#)).

Provisions

1. Grants the Legislature the authority to appropriate noncustodial federal monies. (Sec. 1)
2. Allows a budget unit to spend noncustodial federal monies in accordance with state and federal law if the Legislature does not appropriate those monies. (Sec. 1)
3. Requires the Legislature to specify the purpose for which the noncustodial federal monies are to be used for each noncustodial federal monies appropriation. (Sec. 1)
4. Allows the Legislature to make a lump sum appropriation to obtain expenditure authority over unanticipated noncustodial federal monies that may become available when the Legislature is not in session. (Sec. 1)
5. Directs a budget unit, before spending unanticipated noncustodial federal monies from the lump sum appropriation, to submit the proposed expenditure to JLBC for review, subject to any condition specified by the Legislature. (Sec. 1)
6. Requires budget units to account for noncustodial federal monies separately. (Sec. 1)

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☐ Fiscal Note

7. Allows the Arizona Department of Administration to use the most efficient system of accounts and records consistent with legal requirements, standards and necessary fiscal safeguards. (Sec. 1)
8. Stipulates that if the noncustodial federal monies received are less than the amount appropriated, the appropriation of noncustodial federal monies is reduced to the amount received, and the activity financed by the appropriation is reduced proportionately. (Sec. 1)
9. Specifies that if the noncustodial federal monies received are more than the amount appropriated, the total appropriation of federal and state monies allocated for a service or program will remain at the amount designated by the Legislature. (Sec. 1)
10. Requires the State Treasurer to credit excess noncustodial federal monies to the appropriate budget unit account when the amount of federal monies received is more than the amount appropriated. (Sec. 1)
11. Defines *noncustodial federal monies* as federal monies that:
 - a) are designated by the federal government as block grant monies;
 - b) are designated by the federal government as general revenue sharing monies;
 - c) provide this state with broad authority to make spending decisions regarding developing, implementing or operating a program or service; or
 - d) are considered essential to meet the total spending obligations of a federally required or matched program or service authorized by the Legislature in which the federal government requires at least 1% of the program or service funding to come from this state. (Sec. 1)
12. Specifies that *noncustodial federal monies* do not include:
 - a) federal monies or research grants awarded to universities, university employees or the Arizona Board of Regents (ABOR) for and on behalf of universities under ABOR's jurisdiction;
 - b) federal monies used by the Department of Emergency and Military Affairs; or
 - c) federal monies awarded directly to school districts or community colleges. (Sec. 1)
13. Contains a delayed effective date of January 1, 2027. (Sec. 1)