

JLBC MEETING

At its December 16th meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration – Review of Mileage and Lodging Reimbursement Rates – The Committee approved increasing the mileage rates for travel by motor vehicle (from 34.7 cents per mile to 37.5 cents per mile) and by airplane (from 42 cents per mile to 99.5 cents per mile) as well as ADOA's requested lodging reimbursement rates. The various state agencies will absorb any additional travel costs as a result of the approved rates. The Committee also requested that ADOA report on the establishment of a tiered rate system depending on the availability of state motor pool vehicles.

State Compensation Fund – Approval of Calendar Year 2005 and 2006 Budgets – The Committee took no action on the proposed CY 2005 and 2006 budgets for the State Compensation Fund. SCF is required to submit their budget to the Committee for approval. The SCF, however, does not believe that the Committee's action limits their budget. In FY 2004, the Committee did not approve a budget for SCF. From 2001 to 2003, SCF's expenditures exceeded the approved level of spending.

Department of Public Safety – Quarterly Review of the Arizona Public Safety Communications Advisory Commission – The Committee favorably reviewed the FY 2005 1st quarter expenditures report of the Arizona Public Safety Communication Advisory Commission. First quarter expenditures totaled \$249 of the \$5 million in available funding for the design costs of a statewide interoperability communication system.

Joint Legislative Budget Committee – Consider Approval of Year 2005-2006 Strategic Program Area Review Topic Candidates – The Committee approved 4 program areas to receive Strategic Program Area Reviews (SPAR) in the Year 2005-2006. Program areas to be reviewed include Workforce Development, Homeland Security, University Financial Aid and Ports of Entry. The SPAR process is designed to look at programs that involve multiple state agencies.

Arizona Department of Transportation – Review of Intergovernmental Agreement Between ADOT and Maricopa County – The Committee gave a favorable review of the intergovernmental agreement related to road improvements near Phoenix International Raceway (PIR). Laws 2004, Chapters 182 and 282 authorized the use of state sales tax revenues generated at PIR to pay the debt service for the improvements if PIR were chosen for an additional major race. PIR has been awarded a second NASCAR race beginning Spring 2005. As a result, legislation allows for a transfer of \$416,700

annually from state sales tax collections over a 12 year period (totaling \$5 million) beginning in FY 2008.

Department of Economic Security – Review of Expenditure Plan for Discretionary Workforce Investment Act (WIA) Monies – The Committee deferred a decision on the department's expenditure plan for \$2.2 million in discretionary federal WIA monies received by the state for FY 2005. The deferral was necessary so that JLBC Staff can analyze additional information provided by the agency. The Committee also had questions on how WIA dollars are being used.

Governor's Office of Strategic Planning and Budgeting (OSP) – Report on Federal Maximization Initiative – The Committee heard testimony on a quarterly report submitted by OSPB on the status of a Federal Revenue Maximization Initiative. The item was for information only and no Committee action was required.

To date, 3 projects have been completed, with 11 ongoing and 7 potential projects. While the enacted budget included \$25 million in savings for this initiative, these projects are not expected to produce substantial reductions in current appropriations. Some AHCCCS and DES projects may reduce the magnitude of potential supplemental requests.

Attorney General – Report on New Staffing of Child Protective Services (CPS) Attorneys – The Committee heard testimony on the hiring of new AG staff working in the Division of Children, Youth and Families within the Department of Economic Security. No action was required by the Committee. The report indicated that:

- 1) Of the 65 AG positions appropriated in the General Appropriation Act, 50 have been filled;
- 2) At the end of the 1st Quarter of FY 2005, there were 10,434 children awaiting placement, up from 9,771 children a year ago;
- 3) Of the 10,434, 2,935 children had been awaiting placement for longer than 24 months (compared to 2,618 a year ago);
- 4) Since the 2nd Special Session in the fall of 2003, there have been a total of 119 jury trial requests and 16 actual jury trials. Of these amounts, 39 requests and 4 trials occurred in the 1st Quarter of FY 2005.

Arizona State Retirement System (ASRS) – Report on Contribution Rates – The Committee heard an update on projected increases in the ASRS contribution rate. This item was for information only and no Committee action was required. ASRS projects an increase in the contribution rate from 5.2% to 7.75% beginning in FY 2006. The increase produces an estimated FY 2006 cost of \$22 million to state General Fund agencies and \$51 million to each public school district and teachers.