

STATE OF ARIZONA

## Joint Legislative Budget Committee

STATE  
SENATE

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

(602) 926-5491

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### JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, May 1, 2024

9:00 A.M.

Senate Hearing Room 1

#### MEETING NOTICE

- Call to Order
- [Approval of Minutes of January 30, 2024](#)
- EXECUTIVE SESSION - Attorney General - Consideration of Proposed Settlements under Rule 14.
- 1. [\\*ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Approval of Requested Transfer of Appropriations.](#)
- 2. [\\*ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND - Review of Arizona Corporation Commission eCorp Replacement.](#)
- 3. [\\*ARIZONA CRIMINAL JUSTICE COMMISSION - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application.](#)
- 4.. [\\*AHCCCS - Review of Mid-Year Capitation Rate Changes for Plan Year 2024.](#)
- 5. [\\*DEPARTMENT OF ECONOMIC SECURITY - Review of FY 2023 Developmental Disabilities Line Item Transfers.](#)
- \* Consent Agenda - These items will be considered in one motion and no testimony will be taken.

The Chairman reserves the right to set the order of the agenda.

04/25/2024

KP

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### MINUTES OF THE MEETING

#### JOINT LEGISLATIVE BUDGET COMMITTEE

January 30, 2024

The Chairman called the meeting to order at 9:06 a.m., Tuesday, January 30, 2024, in Senate Hearing Room 109. The following were present:

Members:	Senator Kavanagh, Chairman	Representative Livingston, Vice-Chairman
	Senator Alston	Representative Carter
	Senator Bennett	Representative Chaplik
	Senator Borrelli	Representative Nguyen (Temporary Member in place of Representative Gress)
	Senator Diaz	Representative Schwiebert
	Senator Fernandez	Representative Stahl Hamilton
		Representative Quiñonez
Absent:	Senator Hoffman	Representative Gress
	Senator Mesnard	Representative Carter

#### APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of December 14, 2023. The motion carried.

#### EXECUTIVE SESSION

Representative Livingston moved that the Committee go into Executive Session. The motion carried.

At 9:07 a.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Livingston moved that the Committee reconvene into open session. The motion carried.

At 9:46 a.m. the Committee reconvened into open session.

(Continued)

**A. Attorney General - Consideration of Proposed Settlements under Rule 14.**

Representative Livingston moved that the Committee approve the recommended settlement proposed by the Attorney General's office in the case of John Doe v. The Arizona Board of Regents. The motion carried.

**1. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS (DEMA) - Review of Border Security Fund Transfer for Additional Local Prosecution and Asylum Transportation Costs.**

Mr. Mitch Wenzel, JLBC Staff, stated Laws 2022, Chapter 313 requires that DEMA submit transfers of funding within the Border Security Fund to the Joint Legislative Budget Committee for review. DEMA requested to:

- Increase the Local Prosecution allocation by \$4,800,000
- Increase the Asylum Transportation allocation by \$8,000,000
- Decrease the Border Fence and Technology allocation by \$2,400,000
- Decrease the Local ICE Reimbursement allocation by \$5,000,000
- Decrease the Emergency Care and Testing allocation by \$5,400,000

The JLBC Staff provided options, including the Chairman's proposal.

Gabe Lavine, Director, Division of Emergency Management, DEMA, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of Chairman Kavanagh's proposal to:

- Increase the Local Prosecution allocation by \$4,800,000
- Increase the Asylum Transportation allocation by \$8,000,000
- Decrease the Local ICE Reimbursement allocation by \$7,400,000
- Decrease the Emergency Care and Testing allocation by \$5,400,000

The Chairman's proposal also included the following provisions:

- A. DEMA may only use the additional transportation monies to pay for reasonable costs, not to exceed \$60 per migrant, of in-state transportation if a migrant submits a signed statement declaring that they intend to relocate from Arizona to another state within 15 days. The migrant must also demonstrate that they are unable to pay for the cost of transportation.
- B. DEMA shall report to the Committee prior to spending the \$500,000 reserve for local prosecution costs. DEMA shall report to the Committee on the intended recipients of these funds and the amount of their award.

Representative Stahl Hamilton made a substitute motion for a favorable review of the following transfer of funds within the Border Security Fund:

- 1) *Increase the Local Prosecution allocation by \$4,800,000*
- 2) *Increase the Asylum Transportation allocation by \$8,000,000*
- 3) *Decrease the Border Fence/Technology allocation by \$2,400,000*
- 4) *Decrease the Local ICE Reimbursement allocation by \$5,000,000*
- 5) *Decrease the Emergency Testing and Care allocation by \$5,400,000*

The substitute motion failed.

The original motion passed.

Without objection, the meeting adjourned at 10:26 a.m.

Respectfully submitted:

*Kristy Paddack*

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Kristy Paddack, Secretary

*Richard Stavneak*

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Richard Stavneak, Director



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Senator John Kavanagh, Chairman





STATE OF ARIZONA

# Joint Legislative Budget Committee

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**DATE:** April 26, 2024  
**TO:** Members of the Joint Legislative Budget Committee  
**FROM:** Ethan Scheider, Assistant Fiscal Analyst  
**SUBJECT:** Arizona Department of Administration – Consider Approval of Requested Transfer of Appropriations

## Request

A.R.S. § 35-173 requires Committee approval of any transfer of spending authority within the Arizona Department of Administration (ADOA). ADOA is requesting authorization to transfer \$852,300 of Capital Outlay Stabilization Fund (COSF) spending authority from the Utilities line item to the agency's operating budget in FY 2024.

## Committee Options

The Committee has at least the following 2 options:

1. Approval of the transfer.
2. Disapproval of the transfer.

### Key Points

- 1) ADOA is requesting an \$852,300 transfer of FY 2024 COSF spending authority from the Utilities line item to the agency's operating budget.
- 2) This transfer would cover facilities maintenance expenses for state owned buildings.

## Analysis

The FY 2024 budget appropriated \$7.6 million from COSF to the Utilities line item. ADOA requests to transfer \$852,300 of COSF monies in its FY 2024 Utilities line item to the operating budget. The Utilities line item funds utility charges, including electric, water, gas, and garbage disposal for state-owned buildings. ADOA reports that the transfer is necessary to cover facilities maintenance expenses.

ES:kp

**Katie Hobbs**  
Governor



**Elizabeth**  
**Alvarado-Thorson**  
Cabinet Executive Officer  
Executive Deputy Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

OFFICE OF THE DIRECTOR  
100 NORTH FIFTEENTH AVENUE • SUITE 302  
PHOENIX, ARIZONA 85007  
(602) 542-1500

April 18, 2024

The Honorable John Kavanagh, Chairman  
Arizona State Senate  
1700 West Washington  
Phoenix, Arizona 85007

The Honorable David Livingston, Vice-Chairman  
Arizona House of Representatives  
1700 West Washington  
Phoenix, Arizona 85007

Sarah Brown, Director  
Governor's Office of Strategic Planning and Budgeting  
1700 West Washington Street; 6th Floor  
Phoenix, Arizona 85007



Dear Senator Kavanagh and Representative Livingston:

Section 35-173, Arizona Revised Statutes, directs that a transfer of spending authority within the Arizona Department of Administration (ADOA) shall be made only with the approval of the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB).

ADOA requests a transfer of spending authority in the amount of \$852,300 across FY 2024 appropriations in the Capital Outlay Stabilization Fund. This amount will be moved from the Utilities special line item appropriation to the operating lump sum appropriation.

The requested transfer is necessary to cover facilities maintenance expenses in anticipation of potential changes to available funding sources for capital outlay and building renewal. This will allow ADOA to continue delivering excellent facility maintenance and operations services to the State while simultaneously reducing the current pressures on the financial position of the State's General Fund.



*Table 1. Summary of Proposed Transfer in the Capital Outlay Stabilization Fund*

<b>Appropriation</b>	<b>Original Amount</b>	<b>Proposed Transfer</b>	<b>Adjusted Amount</b>
Utilities SLI	\$7,649,900	\$(852,300)	\$6,797,600
Operating Lump Sum	\$11,431,300	\$852,300	\$12,283,600

If you have any questions regarding ADOA's request for a transfer of spending authority, please contact Jacob Wingate at (602) 291-0208.

Sincerely,



Elizabeth Alvarado-Thorson  
Cabinet Executive Officer  
Executive Deputy Director

cc: Richard Stavneak, Director, JLBC Staff  
Geoffrey Paulsen, Senior Fiscal Analyst, JLBC Staff  
Rémy Gaudin, Budget Analyst, OSPB  
Michael Wisheart, Deputy Director and State Comptroller, ADOA  
Ray DiCiccio, Deputy Director, ADOA  
Jacob Wingate, Chief Financial Officer, ADOA  
Nola Barnes, Assistant Director, ADOA  
Jimmy Arwood, Chief Legislative Liaison, ADOA





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**DATE:** April 26, 2024  
**TO:** Members of the Joint Legislative Budget Committee  
**FROM:** Nate Belcher, Fiscal Analyst  
**SUBJECT:** Arizona Department of Administration/Automation Projects Fund – Review of Arizona Corporation Commission eCorp Replacement

## Request

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Automation Projects Fund (APF). The Arizona Department of Administration (ADOA) is requesting review of \$4,545,100 from its FY 2024 APF appropriation of \$7,000,000 to replace and maintain the Corporation Commission's (ACC) corporation registration software.

## Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

### Key Points

- 1) ADOA is requesting review of \$4.5 million to replace and maintain ACC's corporation registration system.
- 2) The FY 2024 budget includes a \$7.0 million appropriation to the APF from the Securities Regulatory and Enforcement Fund for this purpose.

(Continued)

## **Analysis**

The FY 2024 budget appropriated \$7.0 million from the Securities Regulatory and Enforcement Fund to the APF's Corporation Commission Subaccount to replace the Commission's corporation registration software known as eCorp. This software allows the public to file and the agency to review and approve required documents to start, maintain, or close any business. While ACC reports that the current system has been in place since 2018, the software is no longer being supported by the developer.

The selected vendor submitted a bid of \$4.5 million for software development costs. The new system will make online filing more efficient and user-friendly. The contract includes a requirement that it be able to connect to the Department of Revenue's databases and to the ADOA Business One-Stop system. The project was approved by the Information Technology Authorization Committee (ITAC) at its April 17, 2024 meeting.

APF appropriations lapse after 2 years. Because the development is expected to continue into FY 2026, ACC plans to seek an extension of the lapsing date for these monies in their FY 2026 budget request.

NB:kp

**Katie Hobbs**  
Governor



**Elizabeth Alvarado-Thorson**  
Cabinet Executive Officer  
Executive Deputy Director

## ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR  
100 NORTH FIFTEENTH AVENUE • SUITE 302  
PHOENIX, ARIZONA 85007  
(602) 542-1500

April 16, 2024

The Honorable David Livingston, Chairman  
Arizona House of Representatives  
Joint Legislative Budget Committee  
1700 West Washington Street  
Phoenix, Arizona 85007

The Honorable John Kavanagh, Vice-Chairman  
Arizona State Senate  
Joint Legislative Budget Committee  
1700 West Washington Street  
Phoenix, Arizona 85007



Dear Representative Livingston and Senator Kavanagh:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2024 Automation Projects Fund (APF) expenditure plans for the projects related to the Arizona Corporation Commission - Corporation and LLC Registration Software, the Arizona Health Care Cost Containment System (AHCCCS) - MES Modernization – Mainframe Refactor and Fraud, Waste and Abuse (FWA) Projects and Department of Administration - Health and Human Services (HHS) Portal (Portal) (Core).

The attached documents contain a detailed explanation of the proposed projects. We will be happy to meet with your staff to provide further explanation as appropriate.

Sincerely,

J.R. Sloan  
State CIO

### Enclosures

cc: Richard Stavneak, Director, JLBC  
Sarah Brown, Director, OSPB  
Elizabeth Alvarado-Thorson, Executive Deputy Director, ADOA  
Geoff Paulsen, JLBC  
Ashley Retsinas, Assistant Director, ADOA  
Jacob Wingate, Chief Financial Officer, ADOA/DBF  
Cameron Dodd, OSPB Staff  
Elizabeth Selby, OSPB Staff  
J.R. Sloan, State CIO  
Will Palmisano, OSPB Staff

Favorable Review Request Summary

**Agency:** Arizona Corporation Commission

**Project:** Corporation and LLC Registration Software

**Appropriation: \$7,000,000**

**CURRENT REQUEST**

FY 2024 Appropriation	FY 2024 Favorably Reviewed	FY 2024 Current Request	FY 2024 APF Remaining Balance
\$7,000,000	\$0	\$4,545,144	\$2,454,856

**PROJECT DESCRIPTION:**

Replacement of the Corporation Division software solution.

**Background:**

The Arizona Constitution grants the Arizona Corporation Commission the authority to register Corporations and LLCs, both foreign and domestic. The ACC uses software to allow the public to file and the agency to review and approve the required documents to start, maintain, or close any business. The agency has had the current Customizable Off-the-Shelf (COTS) solution since May 2018, and it is at the end of its life and needs replacement.

**Method of Procurement (for initial requests):**

The Commission worked with the State Procurement Office (SPO) in 2022 on a Request for Information (RFI). The Commission used the information gathered from the RFI to submit a budget request for \$7,000,000. The Commission released a formal Request for Proposal (RFP) with SPO's assistance in July 2023. SPO received responses from 8 suppliers. An evaluation committee was formed, and the top 3 suppliers demonstrated their products to the evaluation team. Working with SPO, the evaluation team scored each of the suppliers, and the contract was awarded in February 2024 to WSD Digital LLC (ReFrame Solutions).

**Solution:**

The proposed solution is to replace the current system with a new customizable off-the-shelf solution. The new system will utilize current technologies, making online filing more efficient and user-friendly. The platform will also allow continuous upgrades to enhance the customer experience. In addition, internal document reviewers will gain efficiencies through streamlined processes and reliable functionality.

**Benefits:**

The existing contract is end-of-life. Obtaining the new solution will allow the ACC to continue providing the required services to the public and enhance internal efficiencies in those services.

**PROJECT GOALS/MILESTONES:**

*Define your goals and milestones, Start Date, End Date, and duration.*

<b>Description</b>	<b>Start Date (Est.)</b>	<b>End Date (Est.)</b>	<b>Duration (weeks/months)</b>
Project Initiation	4/22/2024	5/17/2024	1 Month
Signed SOW & Detailed Project plan	05/27/2024	05/31/2024	1 Week
Communication plan delivered to involved parties	05/27/2024	05/31/2024	1 Week
Detailed System Design & Requirements	5/20/2024	7/9/2024	7 Weeks
Design	7/10/2024	8/6/2024	1 Month
System Development	8/7/2024	5/8/2025	9 Months
Data Conversion	8/7/2024	5/8/2025	9 Months
UAT	5/6/2025	7/18/2025	11 Weeks
System Training & Implementation	7/21/2025	8/15/2025	1 Month
Cutover & Go Live	8/18/2025	8/26/2025	1 Week
Lessons Learned & Close out	08/26/2025	09/26/2025	1 month
Warranty Period	8/27/2025	11/27/2025	3 Months
Final Development Payment	11/28/2025	12/28/2025	30 days

**PROJECT COST DETAIL**

**Development and Implementation Costs**

<b>Professional Services</b> - Vendor Travel for project implementation and training	\$112,500
<b>IV&amp;V (If Applicable)</b> N/A	\$0
<b>Data Migration</b> - Data migration is a one-time cost that will be completed during development.	\$359,792
<b>Quality Management/Testing</b> - This total represents all supplier training costs associated with the new system's development, testing, and training.	\$265,194
<b>Hosting</b> - The supplier will host the solution. The cost is for the initial environment setup and hosting through the development phase.	\$267,300
<b>Software</b> - Build & customization costs for the development of the solution.	\$2,399,259
<b>License &amp; Maintenance Fees</b> - The cost is for the ReFrame software license fee.	\$751,400
<b>Contingency and Estimated Taxes</b>	\$389,699
<b>Total Development and Implementation Costs through FY26</b>	<b>\$4,545,144</b>

- The Arizona Corporation Commission will be working to extend the appropriation.







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**DATE:** April 26, 2024

**TO:** Members of the Joint Legislative Budget Committee

**FROM:** James Martinez-Burney, Fiscal Analyst

**SUBJECT:** Arizona Criminal Justice Commission - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application

### Request

Pursuant to A.R.S. § 41-2403, the Arizona Criminal Justice Commission (ACJC) requests Committee review of the federal applications for FFY 2023 and FFY 2024 Edward Byrne Memorial Justice Assistance Grants (JAG) administered by the United States Department of Justice, Bureau of Justice Assistance.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under either option, the Committee may also consider the following provision:

- A. ACJC shall submit a preliminary proposal by May 15, 2025 if the federal guidelines have not yet been received for 2025.

### Analysis

The Federal Edward Byrne Memorial JAG provides states, tribes, and local governments with funding to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, and drug treatment and

(Continued)

**Key Points**

- 1) ACJC reports that Arizona will receive \$4.6 million in federal "Byrne" Justice Assistance Grants in both federal fiscal year (FFY) 2023 and 2024
- 2) The federal government requires legislative review of the state's grant application.
- 3) A total of \$8.2 million (90%) will be distributed to counties and state agencies; the other 10% will be retained by ACJC for administration costs.
- 4) The proposed distribution is similar to previous years' grant applications.

enforcement. Arizona first began receiving the JAG funding in March 1988. Going back to FFY 2012, ACJC has received an average of approximately \$4 million in JAG monies annually.

ACJC is Arizona's designated State Administering Agency for the JAG program. As part of the application process, the federal Bureau of Justice Administration requires the state agency to submit the application for review to the State Legislature, or an organization designated by the State Legislature, not less than 30 days before the submission of the grant. A.R.S. § 41-2403 tasks the JLBC with reviewing the application.

ACJC mistakenly believed they had already submitted their FFY 2023 application for Committee review and submitted the application to the federal government without review. ACJC subsequently submitted its FFY 2023 application to the Committee, however since the application had already been submitted to the federal government the application was not placed on the Committee agenda. While the federal funds have been awarded ACJC now reports that the Executive will not sign the certification letter until ACJC receives Committee review. The certification letter is required to draw down the grant monies.

Table 1 shows the budget estimated by ACJC for the FFY 2023 JAG award. The monies can be expended through September 30, 2026. The proposed splits of FFY 2023 funds are based on the FFY 2023 JAG award.

<b>Projects</b>	
Apprehension/Prosecution	\$3,643,600
Forensic Support/Adjudication/Corrections	<u>496,900</u>
<b>Subtotal for Projects</b>	<b>\$4,140,500</b>
Administration	<u>460,100</u>
<b>Total Projects and Administration</b>	<b>\$4,600,500 <sup>1/</sup></b>
<sup>1/</sup> Does not sum due to rounding.	

Table 2 shows the budget estimated by ACJC for the FFY 2024 JAG award. The monies can be expended through October 31, 2027. The proposed splits of FFY 2024 funds are based on the FFY 2024 JAG award.

(Continued)

<b>Projects</b>	
Apprehension/Prosecution	\$3,643,600
Forensic Support/Adjudication/Corrections	<u>496,900</u>
<b>Subtotal for Projects</b>	<b>\$4,140,500</b>
Administration	<u>460,100</u>
<b>Total Projects and Administration</b>	<b>\$4,600,500 <sup>1/</sup></b>
<sup>1/</sup> Does not sum due to rounding.	

The Byrne JAG monies are combined with monies in the Drug and Gang Enforcement Fund, established under A.R.S. § 41-2402, to make up the state's Drug, Gang, and Violent Crime Control Grant (DGVCC Grant). There is a match requirement of 25% for DGVCC Grant recipients.

DGVCC Grant monies are awarded for programs and projects that align with the 2020-2025 Arizona Drug, Gang and Violent Crime Control Strategy.

A total of 90% of JAG monies will be used for grants and 10% is for ACJC administration. There is no breakout by the recipient because the grant will be disbursed based on applications received.

At its May 2023 meeting, ACJC also approved the distribution of FY 2024 grant funds. *Table 3* shows the FY 2024 approved awards by purpose area and recipient. Project totals are broken out by funding source: FY 2024 approved Byrne JAG, FY 2024 approved Drug and Gang Enforcement Fund, and local match monies.

JMB:kp

Table 3

Drug, Gang, & Violent Crime Control Grant Proposed Awards

<u>Award Recipient Agency</u>	<u>FY 23 Total Grant Awards</u>	<u>FY 24 Total Approved Project</u>	<u>FY 24 Approved Federal Byrne JAG</u>	<u>FY 23 State Drug &amp; Gang Enforcement Fund</u>	<u>Recipient Match Funds</u>
<u>Apprehension</u>					
Apache County Sheriff's Office	\$ 241,400	\$ 241,400	\$ 99,000	\$ 82,100	\$ 60,300
Cochise County Sheriff's Office	131,900	131,900	54,100	44,800	33,000
Flagstaff Police Department	292,500	292,500	119,900	99,400	73,100
Gila County Sheriff's Office	331,700	331,700	136,000	112,800	82,900
Graham County Sheriff's Office	26,900	26,900	11,000	9,200	6,700
Greenlee County Sheriff's Office	43,900	-	-	-	-
Kingman Police Department	336,800	336,800	138,100	114,500	84,200
La Paz County Sheriff's Office	130,400	130,400	53,400	44,300	32,600
Navajo County Sheriff's Office	246,700	246,700	101,200	83,900	61,700
Pinal County Sheriff's Office	153,600	153,600	63,000	52,200	38,400
Salt River Pima Maricopa Police Department	124,800	-	-	-	-
Santa Cruz County Sheriff's Office	39,600	-	-	-	-
Tucson Police Department	687,600	687,600	281,900	233,800	171,900
Yavapai County Sheriff's Office	353,900	353,900	145,100	120,300	88,500
Yuma County Sheriff's Office	<u>172,900</u>	<u>172,900</u>	<u>70,900</u>	<u>58,800</u>	<u>43,200</u>
<b>Subtotal <sup>1/</sup></b>	<b>\$ 3,314,700</b>	<b>\$ 3,106,300</b>	<b>\$ 1,273,600</b>	<b>\$ 1,056,200</b>	<b>\$ 776,500</b>
<u>Prosecution</u>					
AG's Office - Medicaid Fraud	\$ 102,000	\$ 102,000	\$ -	\$ 102,000	\$ -
Apache County Attorney	105,500	105,500	43,200	35,900	26,400
Cochise County Attorney	148,200	148,200	60,800	50,400	37,000
Coconino County Attorney	140,000	140,000	57,400	47,600	35,000
Gila County Attorney	91,800	91,800	37,600	31,200	22,900
Graham County Attorney	77,800	77,800	31,900	26,500	19,500
Greenlee County Attorney	67,200	67,200	27,600	22,900	16,800
La Paz County Attorney	102,600	102,600	42,100	34,900	25,700
Maricopa County Attorney	1,076,500	1,076,500	807,400	-	269,100
Mohave County Attorney	172,100	172,100	129,100	-	43,000
Navajo County Attorney	135,500	135,500	55,500	46,100	33,900
Pima County Attorney	359,200	359,200	147,300	122,100	89,800
Pinal County Attorney	193,700	193,700	79,400	65,900	48,400
Tucson City Attorney	272,400	272,400	111,700	92,600	68,100
Yavapai County Attorney	139,200	129,100	52,900	43,900	32,300
Yuma County Attorney	<u>266,800</u>	<u>266,800</u>	<u>109,400</u>	<u>90,700</u>	<u>66,700</u>
<b>Subtotal <sup>1/</sup></b>	<b>\$ 3,450,500</b>	<b>\$ 3,440,500</b>	<b>\$ 1,793,300</b>	<b>\$ 812,500</b>	<b>\$ 834,600</b>
<u>Prosecution - Forfeitures</u>					
Attorney General's Office	<u>\$ 637,400</u>	<u>\$ 637,400</u>	<u>\$ 478,100</u>	<u>\$ 0</u>	<u>\$ 159,400</u>
<b>Subtotal <sup>1/</sup></b>	<b>\$ 637,400</b>	<b>\$ 637,400</b>	<b>\$ 478,100</b>	<b>\$ 0</b>	<b>\$ 159,400</b>
<u>Forensic Support</u>					
Department of Public Safety	\$ 380,200	\$ 380,200	\$ 285,200	\$ 0	\$ 95,100
Pinal County Sheriff's Office - Forensics	-	14,800	6,100	5,040	3,700
Tucson Police Dept. - Forensics	69,300	69,300	28,400	23,600	17,300
Apache Junction Police Dept. - Forensics	<u>93,500</u>	-	-	-	-
<b>Subtotal <sup>1/</sup></b>	<b>\$ 543,100</b>	<b>\$ 464,300</b>	<b>\$ 319,700</b>	<b>\$ 28,600</b>	<b>\$ 116,100</b>
<u>Drug Adjudication/Corrections</u>					
Administrative Office of the Courts	<u>\$ 1,336,500</u>	<u>\$ 1,336,500</u>	<u>\$ -</u>	<u>\$ 1,002,400</u>	<u>\$ 334,100</u>
<b>TOTAL <sup>1/</sup></b>	<b>\$ 9,282,200</b>	<b>\$ 8,985,100</b>	<b>\$ 3,864,700</b>	<b>\$ 2,899,700</b>	<b>\$ 2,220,800</b>

<sup>1/</sup> Does not sum due to rounding.



# Arizona Criminal Justice Commission

*Chairperson*  
STEVE STAHL  
Law Enforcement Leader

April 12, 2024

*Vice-Chairperson*  
DAVID K. BYERS, Director  
Administrative Office of the Courts

The Honorable David Livingston, Chairman  
Joint Legislative Budget Committee  
Arizona House of Representatives  
1716 West Adams Street  
Phoenix, AZ 85007

JEAN BISHOP  
Mohave County Supervisor

JEFFREY GLOVER  
Department of Public Safety

KRIS MAYES  
Attorney General

Dear Chairman Livingston:

MINA MENDEZ  
Board of Executive Clemency

Pursuant to Laws 2018, Chapter 278, Section 5, the Arizona Criminal Justice Commission (ACJC) is submitting the 2024 Draft Byrne Justice Assistance Grant (Byrne JAG) to the Joint Legislative Budget Committee (JLBC) for review. Chapter 278 requires ACJC to submit a copy of the application to JLBC for review before submission to the federal government.

RACHEL MITCHELL  
Maricopa County Attorney

PAUL PENZONE  
Maricopa County Sheriff

KARA RILEY  
Oro Valley, Chief of Police

ACJC is the state administering agency (SAA) for the Byrne Justice Assistance Grant. Byrne JAG, authorized under 42 USC § 3751(a), is a formula grant the State must apply for each year and is the leading source of federal justice funding to state and local jurisdictions. Byrne JAG awards may be used for seven purposes: (1) law enforcement, (2) prosecution and courts, (3) prevention and education, (4) corrections and community corrections, (5) drug treatment, (6) planning, evaluation, and technology improvement, and (7) crime victim and witness programs.

DAVID SANDERS  
Pima County Chief Probation Officer

RYAN THORNELL, Director  
Department of Corrections

VACANT  
Former Judge

VACANT  
County Sheriff

VACANT  
County Sheriff

VACANT  
Chief of Police

VACANT  
Chief of Police

VACANT  
Mayor

VACANT  
County Attorney

The ACJC uses a mix of federal funding from Byrne JAG and state funding from the Drug Enforcement Fund to cover grant costs of various state, county, and municipal drug control programs. Arizona has utilized Byrne JAG funding to implement multi-jurisdictional task forces (MJTFs), including a tandem prosecutor component and forensic drug analysis support to impact and enhance downstream drug enforcement and monitoring activities. This downstream impact has led to funding probation-based drug monitoring programs and other probation-related services, drug courts, and indigent defense services for drug offenders.

*Executive Director*  
Andrew T. LeFevre

The JAG allocation formula is based primarily on each state's share of the nation's violent crime and population data. For Arizona, the estimated amount of the federal fiscal year (FFY) 2024 grant is \$4,600,513. The following table summarizes the budget plan for the FFY 2024 Byrne JAG application.

1110 West Washington, Suite 230  
Phoenix, Arizona 85007  
PHONE: (602) 364-1146  
FAX: (602) 364-1175  
[www.azcjc.gov](http://www.azcjc.gov)

<b>Summary of 2024 Draft Byrne JAG Budget Plan</b>	
FFY 2024 Grant Award (estimated)	\$4,600,513
Proposed Expenditure Plan:	
Drug Control Projects <sup>1/</sup>	\$4,140,462
Administration Expense Allotment <sup>2/</sup>	\$460,051
<b>Total: Projects and Administration</b>	<b>\$4,600,513</b>
<small>1/ These funds will be used as part of the state FY 2026 Drug Control Grant.  2/ The Byrne grant program allows up to 10 percent of a JAG award may be used for costs to administer the award.</small>	

Arizona first began receiving the Byrne JAG funding in March 1988. Byrne JAG is the cornerstone of the federal crime-fighting program. It supports the federal government's crucial role in a federal-state-local partnership that enables communities to target resources to their most pressing local needs. Each year, ACJC produces a comprehensive report on the projects funded, the amounts allocated to each project, and the activity reported using Byrne JAG funding in the Enhanced Drug and Gang Enforcement (EDGE) Report. The following bullet points show some of the Byrne JAG grant's critical activity from the most recent EDGE report (FY 2023).

- 34 criminal justice projects funded
- 2,542 Drug-related arrests by funded task forces
- Over \$209 million in illicit drugs seized by funded task forces
- 516 weapons seized by funded task forces
- 25,447 drug prosecutions reported by prosecution projects
- 17,746 drug convictions reported by prosecution projects
- 7,719 drug sentences reported by prosecution projects

These funds are critical to illicit drug reduction efforts throughout Arizona. If you have any questions, please contact Tony Vidale, ACJC Deputy Director, at 602-365-1155 or [tvidale@azcjc.gov](mailto:tvidale@azcjc.gov).

Sincerely,



Andrew T. LeFevre Executive  
Director



# Arizona Criminal Justice Commission

*Chairperson*  
STEVE STAHL  
Law Enforcement Leader

*Vice-Chairperson*  
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*Executive Director*  
Andrew T. LeFevre

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Phoenix, Arizona 85007  
PHONE: (602) 364-1146  
FAX: (602) 364-1175  
[www.azcjc.gov](http://www.azcjc.gov)

September 12, 2023

The Honorable David Livingston, Chairman  
Joint Legislative Budget Committee  
Arizona House of Representatives  
1716 West Adams Street  
Phoenix, AZ 85007

Dear Chairman Livingston:

Pursuant to Laws 2018, Chapter 278, Section 5, the Arizona Criminal Justice Commission (ACJC) is submitting the 2023 Byrne Justice Assistance Grant (Byrne JAG) to the Joint Legislative Budget Committee (JLBC) for review. Chapter 278 requires ACJC to submit a copy of the application to JLBC for review before submission to the federal government.

ACJC is the state administering agency (SAA) for the Byrne Justice Assistance Grant. Byrne JAG, authorized under 42 USC § 3751(a), is a formula grant that the State must apply for each year and is the leading source of federal justice funding to state and local jurisdictions. Byrne JAG awards may be used for seven purposes: (1) law enforcement, (2) prosecution and courts, (3) prevention and education, (4) corrections and community corrections, (5) drug treatment, (6) planning, evaluation, and technology improvement, and (7) crime victim and witness programs.

The ACJC uses a mix of federal funding from Byrne JAG and state funding from the Drug Enforcement Fund to cover grant costs of various state, county, and municipal drug control programs. Arizona has utilized Byrne JAG funding to implement multi-jurisdictional task forces (MJTFs), including a tandem prosecutor component and forensic drug analysis support to impact and enhance downstream drug enforcement and monitoring activities. This downstream impact has led to funding probation-based drug monitoring programs and other probation-related services, drug courts, and indigent defense services for drug offenders.

The JAG allocation formula is based primarily on each state's share of the nation's violent crime and population data. For Arizona, the amount of the federal fiscal year (FFY) 2023 grant is \$4,600,513. The following table summarizes the budget plan for the FFY 2023 Byrne JAG application.



<b>Summary of 2023 Byrne JAG Budget Plan</b>	
Federal FY 2023 Grant Award	\$4,600,513
Proposed Expenditure Plan:	
Drug Control Projects <sup>1/</sup>	\$4,140,462
Administration Expense Allotment <sup>2/</sup>	\$460,051
<b>Total: Projects and Administration</b>	<b>\$4,600,513</b>
<small>1/ These funds will be used as part of the state FY 2025 Drug Control Grant.  2/ The Byrne grant program allows up to 10 percent of a JAG award may be used for costs to administer the award.</small>	

Arizona first began receiving the Byrne JAG funding in March 1988. Byrne JAG is the cornerstone federal crime-fighting program, supporting the federal government’s crucial role in a federal-state-local partnership that enables communities to target resources to their most pressing local needs. Each year, ACJC produces a comprehensive report on the projects funded, the amounts allocated to each project, and the activity reported using Byrne JAG funding in the Enhanced Drug and Gang Enforcement (EDGE) Report. The following bullet points show some of the Byrne JAG grant’s critical activity from the most recent EDGE report (FY 2022).

- 36 criminal justice projects funded
- 2,632 Drug-related arrests by funded task-forces
- Over \$287 million in illicit drugs seized by funded task-forces
- 425 weapons seized by funded task-forces
- 19,759 drug prosecutions reported by prosecution projects
- 12,277 drug convictions reported by prosecution projects
- 6,760 drug sentences reported by prosecution projects

These funds are critical to illicit drug reduction efforts throughout Arizona. If you have any questions, please contact Tony Vidale, ACJC Deputy Director, at 602-365-1155 or [tvidale@azcjc.gov](mailto:tvidale@azcjc.gov).

Sincerely,



Andrew T. LeFevre Executive  
Director





STATE OF ARIZONA

# Joint Legislative Budget Committee

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(602) 926-5491

azjbc.gov

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STEPHANIE STAHL HAMILTON  
VACANT  
VACANT

**DATE:** April 26, 2024  
**TO:** Members of the Joint Legislative Budget Committee  
**FROM:** Chandler Coiner, Fiscal Analyst  
**SUBJECT:** AHCCCS - Review of Mid-Year Capitation Rate Changes for Plan Year 2024

## Request

Pursuant to an FY 2024 General Appropriation Act footnote, the state Medicaid agencies must present their plans to the Committee for review prior to implementing any changes in capitation rates. The request includes mid-year adjustments to AHCCCS capitation rates for the contract year ending this September (otherwise known as CYE 2024).

## Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

### Key Points

- 1) AHCCCS is proposing to decrease capitation rates by (0.2)% for the remainder of the current plan year.
- 2) The decrease is primarily due to higher-than-expected enrollment among lower-cost AHCCCS members.
- 3) We estimate the decrease will result in \$(4.8) million of General Fund and \$(9.4) million of Total Fund savings in CYE 2024.

(Continued)

## Analysis

The Federal government permits AHCCCS to structure its program as a flat per-member, per-month payment for each type of Medicaid enrollee. AHCCCS is proposing mid-year capitation changes for its Acute Care program.

The capitation rates are updated annually for changes in utilization and unit costs, as well as AHCCCS fee schedule changes and programmatic adjustments. Federal regulations require that AHCCCS establish rates that are "actuarially sound," meaning that the rates "are projected to provide for all reasonable, appropriate, and attainable costs that are required under the terms of the contract" with the managed care plan. The proposed rates must be certified by an actuary and approved by the federal Centers for Medicare and Medicaid Services (CMS), among other requirements specified in federal law.

AHCCCS is proposing a mid-year rate decrease of (0.2)% for its AHCCCS Complete Care (ACC) and Regional Behavioral Health Authority (RBHA) plans, which cover physical and behavioral health services for AHCCCS members who do not receive long term care. We estimate the adjustment will reduce General Fund costs by \$(4.8) million and Total Funds costs by \$(9.4) million in CYE 2024.

AHCCCS' request to decrease capitation rates is primarily due to higher-than-expected enrollment among lower-cost members. When developing the CYE 2024 capitation rates, AHCCCS actuaries made certain assumptions of how the end of the pandemic-era prohibition on disenrollment in April 2023 would impact the average health needs of the remaining AHCCCS population. As more enrollment and utilization data has become available, AHCCCS estimates the average cost profile of its members is slightly lower than it originally anticipated.

CC:kp

March 28, 2024

The Honorable John Kavanagh  
Chairman, Joint Legislative Budget Committee  
1700 W Washington St.  
Phoenix, Arizona 85007



Dear Chairman Kavanagh:

Pursuant to a footnote in the General Appropriations Act AHCCCS respectfully requests to be placed on the agenda of the next JLBC meeting to discuss the following CYE24 capitation rate adjustment.

Effective April 1, 2024, Arizona Health Care Cost Containment System (AHCCCS) will be implementing prospective rate changes to capitation rates for the ACC and ACC-RBHA program. These rate changes are expected to reduce projected total fund spending associated with the CYE 24 capitation rates by approximately \$5.7 million.

The Arizona Health Care Cost Containment System (AHCCCS) provided information to JLBC, in a letter dated August 31, 2023, outlining capitation rate growth separated into whether the growth was related or unrelated to the COVID-19 public health emergency and its related unwinding for contract year ending 2024 (CYE 2024, October 1, 2023, to September 30, 2024) capitation rates for AHCCCS Managed Care Organization (MCO) Contractors.

The primary component of the growth attributable to the COVID-19 public health emergency and the related unwinding was the acuity adjustment included in the ACC and ACC-RBHA program. The acuity adjustment factors incorporated into the CYE 24 capitation rate development included several assumptions about the rate of disenrollments and the prevalence and length of appeals of adverse eligibility determinations over the timeframe from July 2023 through December 2023, based on information gleaned from April 2023 through June 2023 disenrollments, combined with historical information from before the pandemic.

The changes in enrollment seen in the ACC and ACC-RBHA program from the ongoing redeterminations have not matched the projected changes in enrollment, both from an overall caseload perspective and in the acuity of the remaining membership within each risk group. The actuaries are therefore revising the acuity adjustment factors included in the capitation rates for the period April 1, 2024, through September 30, 2024. The acuity adjustment factors are applied as modifications to the base data. The revised factors now reflect the acuity change associated with the removal of members who have disenrolled since April 1, 2023, without re-enrolling within six months of their disenrollment from the base data. The impact of the changes in acuity adjustment factors differ by risk group, with some risk groups impacted more than others, while the aggregate impact, holding all else equal, is a slight decrease in the projected total fund spending. The actuaries will be submitting an amended actuarial certification to CMS to document the changes to the capitation rates as multiple rate cells are changing by more than +/- 1.5% (de minimis allowable by CMS without recertification). AHCCCS respectfully requests to be placed on the agenda of the next JLBC meeting to review the updated ACC and ACC-RBHA capitation rates, and the ultimate change to the anticipated spend for CYE 24.

In accordance with federal regulations, capitation rates paid to managed care organizations (MCOs) must be actuarially sound, meaning they must cover all anticipated costs for providing medically necessary services to AHCCCS members. Before implementing the new capitation rates, AHCCCS is reporting its expenditure plan for review by the JLBC. This letter summarizes the capitation rates and their associated financial impacts. The combined, overall capitation rate increase from the CYE 23 to CYE 24 rates (blending the first and second halves of CYE 24) for all AHCCCS programs, including DES/DDD, is still 0.8%. Column 4 in the following table summarizes the impact of the April 1, 2024, rate change for the ACC and ACC-RBHA programs while column 5 provides the change in the blended capitation rate across the first and second halves of CYE 24 compared to the CYE 23 rates for all programs. The estimated fiscal impact of this rate amendment is \$5.7 million less in total Medicaid expenditures (both state and federal share) for the program.

Table 1: CYE 2024 Capitation Rate Changes

Program	CYE 2024 Change from CYE 2023 Rates				
	Rates Effective 10/1/2023			Rate Revisions 4/1/2024	CYE 24 Blended Rates
	1	2	3	4	5
	Unrelated to COVID-19	Related to COVID-19	Total	Acuity Factor Change - Related to COVID-19	Amended Total - Blended Full Year
ACC	(2.8%)	2.3%	(0.5%)	(0.5%)	(0.4%)
ACC-RBHA	6.5%	2.6%	9.2%	(1.3%)	8.1%
DCS CHP	3.2%	(1.0%)	2.2%	0.0%	2.2%
ALTCS-EPD	4.1%	(0.1%)	4.0%	0.0%	4.0%
<b>AHCCCS Total</b>	<b>(0.7%)</b>	<b>2.0%</b>	<b>1.3%</b>	<b>(0.0%)</b>	<b>1.2%</b>
ALTCS-DD	(0.7%)	(0.0%)	(0.8%)	0.0%	(0.8%)
TCM	2.7%	0.0%	2.7%	0.0%	2.7%
<b>DES/DDD Total</b>	<b>(0.7%)</b>	<b>(0.0%)</b>	<b>(0.8%)</b>	<b>0.0%</b>	<b>(0.8%)</b>
<b>AHCCCS and DES/DDD Total</b>	<b>(0.7%)</b>	<b>1.6%</b>	<b>0.8%</b>	<b>(0.0%)</b>	<b>0.8%</b>

The actuarial certifications for the rates are attached. Additional documentation and details on the original CYE 24 capitation rate development can be found in the rates letter dated August 31, 2023. Should you have any questions on any of these issues, please feel free to contact Erica Johnson, Chief Actuary, at [erica.johnson@azahcccs.gov](mailto:erica.johnson@azahcccs.gov).

Sincerely,



Carmen Heredia  
Cabinet Executive Officer  
Executive Deputy Director

cc: The Honorable David Livingston, Vice Chairman, Joint Legislative Budget Committee  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Zaida Dedolph Picoro, Health Policy Advisor, Office of the Governor  
Sarah Brown, Director, Office of Strategic Planning and Budgeting  
Cameron Dodd, Senior Budget Analyst 1, Office of Strategic Planning and Budgeting







STATE OF ARIZONA

## Joint Legislative Budget Committee

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1716 WEST ADAMS  
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(602) 926-5491

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JUDY SCHWIEBERT  
STEPHANIE STAHL HAMILTON  
VACANT  
VACANT

**DATE:** April 26, 2024

**TO:** Members of the Joint Legislative Budget Committee

**FROM:** Chandler Coiner, Fiscal Analyst

**SUBJECT:** Department of Economic Security - Review of FY 2023 Developmental Disabilities Line Item Transfers

### Request

Pursuant to a General Appropriation Act footnote, the Department of Economic Security (DES) requests review of a line item transfer into a Developmental Disabilities (DD) case management line item.

The department is proposing an FY 2023 transfer of \$250,000 from the Home and Community Based Services (HCBS) State-Only line item into the Case Management State-Only line item.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the transfer.
2. An unfavorable review of the transfer.

#### Key Points

- 1) DES proposes making a \$250,000 transfer into the Case Management State-Only line item.
- 2) The technical transfer would align DD appropriations with actual expenses incurred by DES.
- 3) The \$250,000 transfer, if approved, would bring the total FY 2023 transfer amount to \$1.3 million when including a prior transfer.

(Continued)

## **Analysis**

The FY 2023 budget continued a footnote requiring Committee review of any funding being transferred in or out of the DDD Administration line and the Case Management lines to provide oversight if the department proposes to increase or decrease administrative resources.

DES' proposed \$250,000 transfer is intended align DD appropriations with actual expenses in the state-only program.

In May 2023, the Committee favorably reviewed several proposed transfers within DES. One of these reviews was for a FY 2023 transfer of \$1.0 million from the HCBS State-Only line item into the Case Management State-Only line item. The \$250,000 transfer between the same line items, if approved, would bring the total FY 2023 transfer amount to \$1.3 million.

CC:kp



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Katie Hobbs  
Governor

Vacant  
Director

April 12, 2024

The Honorable John Kavanagh  
Chairman, Joint Legislative Budget Committee  
State Senate  
1700 West Washington Street  
Phoenix, Arizona 85007



The Honorable David Livingston  
Vice-Chairman, Joint Legislative Budget Committee  
House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007

Dear Senator Kavanagh and Representative Livingston:

The Arizona Department of Economic Security (Department) requests to be placed on the Joint Legislative Budget Committee's next agenda for review of appropriation transfer plans for the Division of Developmental Disabilities (DDD), as required by Laws 2022, Chapter 313, Section 29. Justification for the transfer is outlined below:

**State Fiscal Year (SFY) 2023 Appropriation Transfer Request**

Special Line Item	Transfer Amount
Home Community Based Services (HCBS) State-Only	(\$250,000)
State-Only Case Management	\$250,000

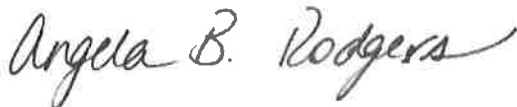
The Department requests approval to transfer up to \$250,000 from HCBS State-Only to State-Only Case Management through one or more transfers prior to June 30, 2024. As noted in the SFY 2023 transfers requested in April 2023, DDD has seen a historically high proportion of State-Only cases reflected in the Arizona Random Moment Sample

The Honorable John Kavanagh  
The Honorable David Livingston  
Page 2

distribution. This has resulted in a shortfall in State-Only Case Management. This transfer will ensure proper authority distribution for these lines in SFY 2023.

If you have any questions, please contact Kathy Ber, Director of Public Affairs, at (602) 542-4669 or [Kber@azdes.gov](mailto:Kber@azdes.gov).

Sincerely,



Angie Rodgers  
Executive Deputy Director  
Cabinet Executive Officer

cc: Members of the Joint Legislative Budget Committee  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Sarah Brown, Director, Governor's Office of Strategic Planning & Budgeting  
Sara Boggus, Budget Analyst, Governor's Office of Strategic Planning & Budgeting  
Holly Henley, Director, Arizona State Library, Archives and Public Records