

JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, July 14, 2022

9:30 a.m.

House Hearing Room 1



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

DAVID M. GOWAN
CHAIRMAN
LELA ALSTON
SEAN BOWIE
RICK GRAY
SINE KERR
VINCE LEACH
DAVID LIVINGSTON
LISA OTONDO

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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JOANNE OSBORNE
BEN TOMA

**** REVISED ****

#2

JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, July 14, 2022

9:30 A.M.

House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of May 24, 2022.](#)
- *EXECUTIVE SESSION - Arizona Department of Administration - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Medical and Dental Plans Under A.R.S. § 38-658A.
- 1. *ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND
 - *A. [Review of Human Resources Information System.](#)
 - *B. [Review of ADE School Finance System Replacement Project.](#)
 - *C. [Review of Department of Water Resources Application Modernization Project.](#)
- 2. *ATTORNEY GENERAL - Review of Uncollectible Debts.
- 3. [ARIZONA DEPARTMENT OF CORRECTIONS - Review of Request for Proposals to Operate Florence West Prison.](#)
- 4. *ARIZONA CRIMINAL JUSTICE COMMISSION - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application.



5. *ADMINISTRATIVE OFFICE OF THE COURTS/DEPARTMENT OF WATER RESOURCES - Review of General Adjudication Personnel and Support Fund FY 2023 Expenditure Plan.
6. *DEPARTMENT OF PUBLIC SAFETY - Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount.
7. *ARIZONA BOARD OF REGENTS - Review of FY 2023 Tuition Revenues.
8. *DEPARTMENT OF CHILD SAFETY - Review of 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.

07/08/2022

07/11/2022

07/13/2022

lm

kp

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.



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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

May 24, 2022

The Chairman called the meeting to order at 9:03 a.m., Tuesday, May 24, 2022, in Senate Appropriations Room 109. The following were present:

Members:	Senator Gowan, Chairman	Representative Cobb, Vice-Chairman
	Senator Alston	Representative Bolick
	Senator Bowie	Representative Butler
	Senator Kerr	Representative Chávez
	Senator Leach	Representative Kavanagh
	Senator Livingston	Representative Longdon
	Senator Otondo	Representative Osborne
		Representative Toma

Absent: Senator Gray

APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of April 20, 2022. The motion carried.

EXECUTIVE SESSION - ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Inmate Healthcare Contract per A.R.S. § 38-431.03A2.

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

At 9:04 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 9:47 a.m. the Committee reconvened into open session.

(Continued)

Representative Cobb moved that the Committee give a favorable review to the proposed contract. As part of its review, the Committee included the following provisions:

- A. On or before July 1, 2022 the department shall submit a report to the JLBC explaining how this new contract will improve inmate healthcare outcomes and address the ongoing Parsons v. Shinn litigation.
- B. A favorable review does not constitute endorsement by the Committee of additional monies to be added to the department's budget.

The motion carried.

Without objection, the meeting adjourned at 9:48 a.m.

Respectfully submitted:



Kristy Paddack, Secretary

Richard Stavneak

Richard Stavneak, Director



Senator David Gowan, Chairman



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Rebecca Perrera, Assistant Director
Geoffrey Paulsen, Principal Fiscal Analyst

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of Human Resources Information System

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 \$22,397,800 for ADOA's Human Resources Information System (HRIS).

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. Within 10 days of awarding the contract for the project, ADOA shall report to the JLBC Staff on the selected vendor, total cost of the project, and estimated timeline.
- B. A favorable review is contingent on approval from the Information Technology Authorization Committee (ITAC).

(Continued)

Key Points

- 1) ADOA requests review of \$22.4 million for Phase 1 of the HRIS replacement project.
- 2) HRIS manages state employee information, including payroll and benefits.
- 3) The current system is 20 years old and by 2027 will not be supported by the current vendor.
- 4) The primary FY 2023 project cost is for vendor services to begin development of the new system. Other costs include ADOA staff, operating expenses and equipment.
- 5) ITAC will review the project on July 20, 2022.
- 6) Total project costs are expected to be \$68.0 million over 3 years.

Analysis

ADOA operates the Human Resources Information System (HRIS), which serves as the state's central hub for salary and benefit administration, employee records, time and leave management, and other workforce data. ADOA's current system consists of a 20-year-old "on-premise" application which will no longer be vendor supported by 2027.

In FY 2021, ADOA completed a Request for Information (RFI) to plan for the replacement of HRIS. Using the results from the RFI and a consultant, ADOA published a Request for Proposal (RFP) in October 2021. Responses to the RFP were due December 8, 2021. ADOA received 8 responses to the RFP and is currently in the process of evaluating the submissions.

The new system will be maintained by the selected vendor in the cloud with ongoing system upgrades included in the contract. The new system will be configurable and eliminate the need for customization and off-product add-ons. Finally, the system will be modernized to allow secure accessibility across devices, including phones and tablets.

The FY 2023 budget includes \$22.4 million from the HRIS APF Subaccount for the year 1 costs associated with the HRIS replacement. Of this amount, \$8.0 million is from the General Fund and \$24.2 million is from other funds. *Table 1* outlines the primary expense categories for of the project in FY 2023. The primary costs are for vendor professional services to implement the system. Project costs includes ADOA staffing costs for project management and staff augmentation.

Table 1

FY 2023 HRIS Expenditure Plan

	<u>FY 2023</u>
Personal Services and ERE	\$ 2,380,500
Professional Services	18,066,200
Other Operating Expenditures	1,801,100
Equipment	<u>150,000</u>
Total	\$22,397,800

The FY 2023 budget's 3-year spending plan included a total of \$68.0 million for the project. Of this amount, \$24.2 million will come from the General Fund and the remaining \$43.8 million will come from other agency appropriated and non-appropriated fund sources.

(Continued)

The Information Technology Authorization Committee (ITAC) is scheduled to review the HRIS project on July 20, 2022. The Committee may consider a provision making the Committee's review contingent on ITAC approval.

RP/GP:gp

Douglas A. Ducey
Governor



Andrew Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE · SUITE 401
PHOENIX, ARIZONA 85007
(602) 542-1500



July 1, 2022

The Honorable Regina E. Cobb, Chairman
Arizona House of Representatives
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable David M. Gowan, Vice-Chairman
Arizona State Senate
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, Arizona 85007

Dear Representative Cobb and Senator Gowan:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2023 Automation Projects Fund (APF) with projects related to the Department of Administration, HRIS Modernization; and Department of Education, School Finance Payment Systems. The monies have been appropriated to support APF expenditure plans.

The attached documents contain a detailed explanation of the proposed project. 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
Matthew Gress, Director, OSPB
Andrew Tobin, Director ADOA
Ashley Ruiz, Assistant Director, ADOA
Jacob Wingate, CFO, ADOA
Rebecca Perrera, JLBC Staff
Theresa Vencill, OSPB Staff

ARIZONA

DEPARTMENT OF ADMINISTRATION
ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Agency: Arizona Department of Administration - ADOA

Project: HRIS Modernization

Appropriation: \$22,397,800

CURRENT REQUEST

The Department of Administration is requesting a favorable review of \$22,397,800 million appropriated from the Automation Projects Funds in FY 2023 to begin the first phase of the Human Resources Information System (HRIS) Modernization Project. This project consists of replacement of the State of Arizona's enterprise HRIS before the current system reaches "end of life," expected to occur between 2024 and 2027.

FY 2023 Appropriation	FY 2023 Favorably Reviewed	FY 2023 Current Request	FY 2023 APF Remaining Balance
\$22,397,800	\$0	\$22,397,800	\$22,397,800

The State's current aging HRIS is an on-premise, 20-year-old legacy system that has been bolstered over its lifecycle with many third-party HR add-on systems to meet the State's workforce needs. The new, modern HRIS will be a cloud-based solution with an application leader, on par with our peers in state governments nationally. The solution will fill many gaps we currently experience in our existing HRIS. It will be a fully integrated system, allowing users access to the data they need without having to navigate numerous systems and will also enable the decommissioning of the supplemental systems currently deployed. The solution will incorporate user access management best practices and be AZRAMP compliant, ensuring data security and integrity. In addition, the solution can be accessed using multiple device types including mobile phones and tablets, meeting the needs of our diverse workforce and retirees on whatever device they prefer. Robust reporting and dashboards will allow users to analyze and take immediate action on information being reported to them.

The solution will be deployed in a vendor's cloud, with upgrades performed by the vendor at no additional cost at scheduled times throughout the year. The solution will be highly configurable and eliminate the need to perform most, if not all, customizations. Additionally, future upgrades will not impact the State's configuration. Regularly scheduled upgrades will allow the State to stay current with new features, industry trends and take advantage of implementing best practices that have been proven throughout both private and public sectors. The many benefits of the new solution will position the State to attract, retain and manage top talent for years to come.

The FY 2023 activities in support of the HRIS Modernization Program will focus on vendor onboarding, project start, project team training, system set-up, business process review and design, system configuration, and initiation of change management activities.

PROJECT DESCRIPTION

Background

The State of Arizona's current HRIS, procured at the turn of the millennium, has been in a state of decline for 10 years. The system is responsible for ensuring the processing of over \$2 billion in annual payroll, human resources employment administration for 44,000 State employees, and benefits administration for employees and retirees of all branches of State government and the three State universities.

The system is operating on legacy software (COBOL) last developed 10 years ago. The current version, v10, is the final version the vendor supports.

The system is expected to reach its end of life by 2027. At that time the vendor will no longer provide application support in the form of critical security patches and updates, compliance updates, or technical support for issues. Use of unsupported software puts the State's critical processes and sensitive information at risk, which includes the personnel records and financial information of its current and former workforce. The State currently relies on the existing staffing to support the system, of which, over half of the team will have reached retirement eligibility by 2027. Without the necessary technical staff to support the system, the State is at risk of needing to hire costly IT contractors with experience programming older systems. Individuals that hold this technical expertise are scarce and come at a premium. By 2027, the technology will be almost 30 years old, running on a programming language that is 70 years old, with capabilities frozen in time since 2011.

For years, ADOA Human Resources has operated without all of the modern HR information system capabilities (see *Solution* below) needed to carry out efficient and compliant HR services. The current system lacks foundational capabilities that come standard in today's modern systems. Multiple third-party systems have been acquired and manual procedures developed to work around outdated and obsolete functionality. Observations of this were captured in the 2018 HRIS Feasibility Study:

- HR procedures are predominantly manual, using multiple types of personnel action forms that are physically executed and not electronic or tracked with case management.
- The metrics needed for agencies' scorecards are not readily available in the HRIS. Without one system of record for HRIS information, copious amounts of employee time and effort is put into collecting, validating, rationalizing and manipulating raw data to extract the numbers required for statewide reporting.
- The current HRIS does not meet the agencies' needs. Examples include future-dated transactions, classification management, time scheduling, human resources administration and reporting. Based on these unmet needs, agencies continue to spend significant funding on stand-alone systems with functionality that is not in the current HRIS or aligned with the enterprise solution.
- Mobile service is not available in the HRIS. Many employees working for agencies such as ADPS, ADCRR, ADCS, and ADOT do not regularly work at a traditional desk, making mobile services vital for their day to day jobs.

Recent HR modernization projects have demonstrated that with newer systems State HR has significantly improved operational performance.

In 2020, a new recruitment application was implemented that replaced the State's outdated and non-ADA compliant HRIS recruitment and Job Board applications. Results achieved since 2019:

- Average positions filled per recruiter increased by 47%
- 35% fewer Job Postings required to be created, per recruiter, due to advanced automation
- Time to fill improved by an average of 4 days

In 2020, a new engagement survey platform was implemented that replaced a highly manual process. Results achieved:

- 75% less time to administer the survey
- Agency results delivered 6 weeks faster: from 8 to 2 weeks
- Fully automated results available via agency dashboards

The 2018 HRIS Feasibility Report found that by standardizing and automating five core HR business processes through a future-state technology could save up to **3 million** hours of staff time annually.

[See "2018 HRIS Business Process Improvements.pdf"](#)

Solution

Our solution is to implement a full scale, integrated, single platform cloud solution that is an application leader favorable for large government enterprises. It will include the following functions:

- Core HR (personnel transactions, position management, workforce planning, etc.)
- Benefits
- Payroll
- Absence Management
- Time Entry
- Recruitment
- Talent Management (job posting, onboarding, performance management, employee relations, etc)
- HR Service Delivery (enterprise inquiries, central HR response, HR service desk, etc)
- Employee Self-Service

Our solution will allow employees access to the system using multiple device types such as mobile phones, PCs, laptops and tablets, closing a huge gap that many of our employees and retirees are experiencing with the current HRIS.

This solution will align with the State's "Cloud First" policy and create opportunities that come at no additional cost to the State such as automatic upgrades. This will ensure that the State's HRIS will always be using the latest technology, which affords the State the ability to take advantage of industry proven software and processes for years to come. The system will provide intuitive, user-friendly interfaces to help users take advantage of more system functionality and lead to greater opportunity for continual process improvement initiatives for agencies in the years to come.

Benefits

The benefits of this solution are numerous, allowing the State to carry out efficient and compliant HR services by using proven "best practice" business process flows. The modernized HRIS will have superior analytical reporting and dashboards that can be used across the entire state, providing HR

personnel the ability to gain powerful people insights, perform “what if” scenarios, and take immediate action on those scenarios when desired. A secure, role-based, and user-friendly interface will allow our employees and retirees access to the system from any device type they choose, from anywhere in the United States.

Further benefits include:

1. **Continuity of Operations:** The fully supported employee payroll, benefits, and human resource system will serve us for years to come. State-controlled configuration will allow us the flexibility for future initiatives.
2. **Group State HR Assets:** By consolidating systems, we will eliminate the need for unique training, testing, upgrades, and integrations for each system.
3. **Industry Best Security:** The system will be designed to achieve best standards for system security, performance, reliability, and availability, while also protecting employee personnel and financial information.
4. **Current Technology:** The system will remove the need to self-fund ongoing system updates and upgrades.
5. **Full Stack HR Support:** The system will provide malleable/configurable HR solutions that support the full employee lifecycle.
6. **Changing Workforce:** HR personnel will be able to respond more effectively to the workforce changes post-pandemic; the system will be more connected, automated, distributed, and provide a better employee experience and service.
7. **Operational Efficiencies:** The system will provide employees the capabilities to more effectively perform their work by having an intuitive user experience, taking advantage of best practice process flows and allowing system access from numerous device types including mobile phones, tablets, laptops, and PCs.
8. **Robust Reporting:** The system will provide a single source for employee data, with analytical reports and dashboards that support decision making and allow users to take immediate action when required.
9. **Digital Assistant:** Using the system's digital assistant, employees will be able to ask and get answers to questions by simply typing them in. The digital assistant can also guide the employee through the process of performing common tasks such as entering time sheets or requesting time off, finally routing the request for approval or denial.

METHOD OF PROCUREMENT

ADOA is conducting a full, competitive procurement for the HRIS system. In FY 2021, ADOA (with active participation from the leaders of its divisions of Human Resources, Benefits, Business & Finance, and Strategic Enterprise Technology (ASET)) completed the issuance of a Request for Information (RFI) to assess the current marketplace options and pricing. ADOA used the data from the RFI, plus consultant support, to develop a Request for Proposals (RFP). The RFP was issued in October 2021 with a solicitation due date of December 8, 2021. The procurement remains underway with an expert evaluation team.

PROJECT GOALS/MILESTONES

NOTE: Goals and milestones depicted below reflect deliverables outlined in the project proposal. These may change based upon project implementation methodology recommended by our vendor once selected.

<i>Description</i>	<i>Start Date (Est.)</i>	<i>End Date (Est.)</i>	<i>Duration within FY 2023 (weeks/months)</i>
Fiscal Year 2023: Phase 1A Timeline: August 2022 - June 2024 This timeline focuses on activities started and underway in FY23 but full implementation of Phase 1A will go through June 2024. Human Resources Modules: Payroll, HR, Benefits, Workforce Management, Employee & Manager Self-Service, HR Service Management, Reporting & Analytics			
Project Management Services: Develop project governance structure with vendor, create and finalize project plan for multi-phase project, finalize integrated master schedule, on going project management for implementation, document and plan for legacy system decommission	8/1/22	6/30/23	11 Months
Change Management: Agency leadership engagement plan development and implementation, project team-kick off, communication development and implementation for end users	8/1/22	10/15/22	2.5 Months
* Implementation of HRIS Core Functions: Requirements gathering; business process reengineering and design with vendor for payroll, core human resources, including classification and compensation, benefit enrollment and management, workforce management, employee and manager self-service, HR service management, report and analytics; project team training, system configuration, security roles configuration, sprints, data conversion development, and testing	8/1/22	6/30/23	11 Months
Hosting Services: Includes data archiving strategy and operational support modeling	8/1/22	6/30/23	11 Months

* Core HRIS implementation activities will continue through FY 2024. This timeline focuses on activities started and underway in FY 2023 but implementation is expected to take approximately 24 months.

PROJECT COST DETAIL

The figures below represent ADOA's current expenditure plan for the funding included in the FY 2023 enacted budget. The allocation across expenditure categories may require modifications based on final vendor selection in the open procurement.

<i>FY 2023 Expenditure Plan</i>	
Personal Services	\$ 1,750,400
Employee-Related Expenses	630,100
Professional and Outside Services	18,066,200
Other Operating Expenses	1,801,100
Equipment	150,000
Total	\$ 22,397,800



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DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Assistant Director

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of ADE School Finance System Replacement Project

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) and the Arizona Department of Education (ADE) are requesting review of \$3,600,000 for the ADE School Finance System Replacement project in FY 2023.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the expenditure plan.
2. An unfavorable review of the expenditure plan.

Key Points

- 1) FY 22 budget funded \$7.2M to complete school finance system replacement project by end of FY 23.
- 2) The Committee reviewed \$3.6M in FY 2022. The new system is already being used to make Basic State Aid payments to schools.
- 3) ADOA/ADE would use the remaining funds to complete the project by replacing Budget/Annual Financial Reporting (AFR) systems and other miscellaneous features.
- 4) The third-party reviewer says the project remains on schedule and on budget.

(Continued)

Analysis

The FY 2022 budget included \$7.2 million from the ADE APF Subaccount to complete the development of the School Finance portion of the Arizona Education Learning and Accountability System (AELAS). The appropriation is financed from a transfer from the Empowerment Scholarship Account Fund.

The school finance replacement project was initially funded in FY 2020 at a level of \$3.0 million. ADE used the first installment of funding for Phase I development expenses, which included replacement of the payment calculation components of APOR (the school district payment system) and CHAR (the charter school payment system). ADE used the new payment system to make Basic State Aid payments to school districts and charter schools during the 2021-2022 school year.

In July 2021, the Committee favorably reviewed ADOA and ADE's plans for \$3.6 million of expenditures for Phase II of the project. ADE used the monies to begin replacement of the of the systems that districts and charter use to adopt their budgets and comply with annual financial reporting (AFR) requirements. The department also automated state aid payments to the Department of Juvenile Corrections and the Department of Corrections and is producing data extracts of Basic State Aid payments available for analysis by JLBC and OSPB. The department currently expects to complete all Phase II development milestones by October 2022.

ADOA and ADE are proposing additional expenditures of \$4.0 million for the project in FY 2023. The \$4.0 million plan would be financed from \$400,000 of unexpended funds from FY 2022 that would continue to be available in FY 2023, plus the remaining \$3.6 million from the original FY 2022 appropriation. The agencies are therefore requesting review of \$3.6 million for their FY 2023 spending plan. ADE's FY 2023 expenditure plan includes:

- \$3.4 million to ADE for Phase III development expenses. This amount would include funding for the following enhancements:
 - Upon completion of the development of the new budget/AFR systems by October 2022, ADE proposes to implement the new budget/AFR systems as a pilot program for a period of 6 months during FY 2023 to allow the department to make adjustments as appropriate to the new system before fully retiring the old system. Districts and charters would use the new budget/AFR system for the 2023-2024 school year.
 - Automation of miscellaneous payments that were previously completed manually, such as Results-Based Funding, Certificates of Educational Convenience, payments to county jails and detention centers, and small school services.
- \$600,000 to ADOA-ASET for oversight of the project. An FY 2022 General Appropriation Act footnote requires ADOA to engage consultants that provide project management to ADE, including support in technical documentation, financial tracking and documentation, and program management and governance.

The most recent third party review (quarter 3 of FY 2022) indicates that the project is "largely successful" to date. The assessment indicates that the project is in "strong health" on 17 of 20 metrics of plan viability and project delivery practices and in "moderate health" on the remaining 3 metrics.

PM:kp

Douglas A. Ducey
Governor



Andrew Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE · SUITE 401
PHOENIX, ARIZONA 85007
(602) 542-1500



July 1, 2022

The Honorable Regina E. Cobb, Chairman
Arizona House of Representatives
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable David M. Gowan, Vice-Chairman
Arizona State Senate
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, Arizona 85007

Dear Representative Cobb and Senator Gowan:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2023 Automation Projects Fund (APF) with projects related to the Department of Administration, HRIS Modernization; and Department of Education, School Finance Payment Systems. The monies have been appropriated to support APF expenditure plans.

The attached documents contain a detailed explanation of the proposed project. 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
Matthew Gress, Director, OSPB
Andrew Tobin, Director ADOA
Ashley Ruiz, Assistant Director, ADOA
Jacob Wingate, CFO, ADOA
Rebecca Perrera, JLBC Staff
Theresa Vencill, OSPB Staff

Agency: Arizona Department of Education

Project: School Finance Payment Systems

Appropriation: School Finance Data System

CURRENT REQUEST

The Department of Administration (ADOA) on behalf of the Department of Education (ADE), is requesting favorable review of the FY 2023 expenditure plan, which would allocate \$3.6 million from the Automation Projects Fund to continue ADE's school finance payment system replacement project. This request of \$3.6 million is for the third and final phase of development in a three-phase project. Phase 1 of the project was funded in FY 2020 with a \$3 million appropriation and concluded at the end of FY 2021. Phase 2 of the project was funded in FY 2022 with a \$3.6 million appropriation and will conclude in Fall 2022. The final appropriation of \$3.6 million from the Automation Projects Fund will be used in FY 2023 and FY 2024.

The purpose of this request is to complete development and implementation of a customized school finance payment and budget system. The replacement school finance payment systems will effectively and efficiently manage data input, feedback, validation, calculations, activities, tracking, reporting, and output for all supported state entities. The systems will also provide an auditable budget tool which can capture, analyze, and report on school district and charter school budgets while ensuring compliance with applicable laws and constitutional expenditure limits.

FY 2022 APF Appropriation	FY 2022 Favorably Reviewed	FY 2023 Current Request	Remaining Balance Not Yet Requested
\$7,200,000	\$3,600,000	\$3,600,000	\$0

PROJECT DESCRIPTION

Background

The Department of Education manages and administers the school finance payment systems which together process more than \$6 billion in state aid per fiscal year. The current systems have been in existence since 1999, running on an unsupported Microsoft Windows 2000 platform. The systems designate state aid payments to a variety of educational and state entities including school districts, charter schools, the Arizona Department of Juvenile Corrections (ADJC), the Arizona Department of Corrections Rehabilitation and Reentry (ADCRR), county facilities, county juvenile facilities, and county jails. This project will replace those obsolete systems. State aid payments are calculated based on a statutory formula that determines the budget limit of each school district and charter school based on factors such as type and size of school, characteristics of students enrolled, and years of experience of staff. The statutory formula also determines the portion of a school district's budget that is funded by state revenue, known as state aid, and the amount that is expected to be funded by local property tax revenue. The payment systems are driven by requirements defined in Title 15 of Arizona Revised Statutes and the budget systems capture documentation from the internal processes of ADE to meet those requirements. Benefits of the planned systems are listed below.

Considering the critical nature of this system, and to mitigate risks to the completion of this project on time and on budget, the Superintendent of Public Instruction and the Director of ADOA agreed to engage ADOA in a consulting

capacity to support ADE's development efforts in Phase 1. No funding was allocated from the project budget at the time. ADOA absorbed the costs in its own operating budget but the value provided justified including funds for such efforts for the duration of the project. An appropriation of \$1.2 million was granted to ADOA for consulting services through Phase 3, of this amount \$600,000 was favorably reviewed in FY 2022.

Original Plan

In January 2020, Information Technology Authorization Committee (ITAC) reviewed a three-phase project schedule to begin in February 2020 and complete in June 2023. The approved Project Investment Justification (PIJ) covered Phase 1 of the following three-phased approach:

- Phase 1 - Year 1: Payments to charters (CHAR) and any common components (used by both charter schools and districts) (Common)
- Phase 2 - Year 2: Payments to school districts only (APOR), Department of Corrections, Department of Juvenile Corrections, county jails and county juvenile detention centers.
- Phase 3 - Year 3: Budget and expenditure (Budget/AFR) system with reporting.

Accelerated Plan

At the time of approval, ITAC required ADE to return to ITAC with an Accelerated Plan (AP) to escalate the timeline of implementation of the district payments (APOR) portion of the School Finance Payment System. In response, ADE defined the Minimum Viable Product (MVP) for payments to both charters and districts to guide the planning for the AP. The primary intent of the prioritization in the AP was to migrate away from the legacy payment systems as soon as possible and to reduce manual calculations. The manual payment calculations were prioritized for automation based on complexity, fiscal impact, and audit risk.

At its August 2020 meeting, ITAC approved a change request for Phase 1 – Part 1, which was based on the AP and described the following updated 3 Phase approach:

- Phase 1: Implement the "must have" features for school districts and charters. At the end of Phase 1, APOR/CHAR legacy system will not be utilized for generating payments enabling retirement of that portion of the legacy system.
- Phase 2: Implement the "must have" features for Budget/AFR and Miscellaneous items; Also, implement the "should have 1" features for districts and charters. At the end of Phase 2, manual payment calculation for DOC and DOJC will be automated.
- Phase 3: Implement the remainder of the "should have 1" and "should have 2" features. At the end of Phase 3, all Budget/AFR legacy systems will no longer be utilized, the manual miscellaneous payments will be automated and all the federal reporting processes for the Budget / AFR system will be automated.

In December 2020, AP Phase 1 - Part 2 details were presented to ITAC utilizing the above plan and was approved.

Solution – Completed Phase 1 – Parts 1 & 2

At the end of FY 2021, ADE completed development and implementation of the Phase 1 – Part 1 CHAR and Phase 1 – Part 2 APOR systems. The new CHAR and APOR systems fulfill Phase 1 minimum viable product (MVP) components of the AP approved by ITAC in FY 2021. Phase 1 – Part 1 and Phase 1 – Part 2 were both developed and implemented on an accelerated timeline to retire that portion of the legacy payment systems as soon as possible. At the conclusion of Phase 1, ADE successfully replaced both CHAR and APOR legacy systems, enabling payments to school districts and charter schools from the new system at the beginning of FY 2022.

Solution – Pending Completion Phase 2

ADE will fulfill Phase 2 minimum viable product (MVP) components of the AP approved by ITAC in FY 2022. At the conclusion of Phase 2, ADE will successfully replace the Budget/AFR legacy systems, enabling use of the new system by school districts and charter schools beginning in FY 2024 to time new system usage with the beginning of a fiscal year.

ADE proposes implementation of a six-month Budget/AFR pilot program to complete a budget reporting cycle and to ensure the new system is implemented accurately and efficiently. This pilot program will allow for a

more robust change management plan for a system that is not at great risk of failure but requires integration across multiple systems and stakeholders. During this time, public schools will be able to validate and verify the data they are reporting in the new system, while still using their existing systems to report critical information to ADE. The proposed plan will allow ADE to make necessary adjustments, correct functional bugs, and meet the needs of stakeholders before retiring the legacy system. This Budget/AFR pilot program will be included as part of the proposed Phase 3 timeline to be presented to ITAC.

Phase 3 Budget and Timeline Extension

The original Phase 3 appropriation was due to expire on June 30, 2023. An extension to utilize the Phase 3 budget appropriation beyond the approved deadline was requested and approved by the Legislature. ADE will reformat the current timeline to successfully encompass all required epics and features as outlined by system stakeholders to complete by or before June 30, 2024.

ITAC Review of Phase 3

ADOA is working with ADE to review the proposed changes to Phase 3 features and will provide a proposal to ITAC for approval once the detailed project plan, project scope and project timeline has been validated for alignment with stakeholder and business needs. The ITAC review is proposed to take place at the August ITAC meeting.

Solution – Future Proposed Phase 3

Draft Phase 3 includes the following system functionalities:

Budget and Annual Financial Report (AFR) System

1. Pilot test the budget, revenue and expenditure data collection with a representative sample of school districts and charters and verify the data collection for accuracy with live data.
2. Implement the remaining functionalities of the Budget and AFR system, which include:
 - a. Ability to produce the Superintendent Annual Financial Report (SAFR) from the data available in the following systems:
 - i. Expenditures from AFR data
 - ii. October Enrollment from ODS
 - iii. Education Organization data from EOS
 - iv. Payment amounts from Payment System
 - v. ADM from AZED
 - b. Data Sharing with OSPB, JLBC and AG for the Feed Bill.
 - c. Storing contact info within the school finance database including a stand-alone worksheet for staff changes between budget versions
 - d. Implementation of the federal data submissions:
 - i. National Public Education Financial Survey (NPEFS)
 - ii. School-Level Finance Survey (SLFS)
 - iii. Annual Survey of School Systems Finances - Form 33
 - e. Administrative functionality of document types, template creation and maintenance
 - f. Other miscellaneous enhancements - time permitting

Payment System

Implement the following miscellaneous payments and reports in the Payment System:

- a. Memo notification to LEA business managers – Automation of communication with Business Managers and District Superintendents
- b. School District Employee Report (SDER) - Replacement reports from legacy systems
- c. Reports including Shortfall/Surplus for the Feed Bill, BSA21 for improvement of payment quality, Results Base Funding (RBF) and Certificate of Education Convenience payment & processing (CEC) and for improved timeliness of payments to the LEA's required by Title 15.
- d. Reports for improved timelines of payments to the counties including county jail, county juvenile detention center, county small school service and unorganized territory
- e. Automation of APOR data input spreadsheets: Government Property Lease Excise Tax (GPLET), Net Assessed Valuation (NAV), Salt River Project (SRP)

- f. Crosswalk maintenance page for GPLET, SRP and DOE. This would display Ed Org ID, Name, taxing jurisdiction
- g. The implementation automation for transportation submissions
- h. Payments: Results based funding to LEA's and Certification of Education convenience payments and processing
- i. Other miscellaneous enhancements to functionality and reporting - time permitting

The impact of the 2022 Fifty-Fifth Legislature Second Regular session, is currently being assessed and the impact to the planned deliverables will be identified and prioritized accordingly. Based on the approved time extension, additional enhancements may be added based on the stakeholders prioritization.

ADOA Consulting Support

The goal of the ADOA Consulting engagement in regard to the School Finance Payment System project is to assure immediate project success and long-term program success through critical consulting. Based on detailed scrutiny of ADE's processes during Phase 1 of the project, there were 3 key areas requiring critical consulting that were provided in FY2022 and will continue through completion of Phase 3.

1. Technical Documentation Review & Status Tracking
2. Financial Tracking & Documentation Controls & Validation
3. Program Management & Governance Consulting

The appropriate personnel, contractors and consultants are engaged and will continue their engagement through the completion of Phase 3.

Benefits

The goal of the School Finance Payment System project is to streamline the various payment processes under a unified system that is automated, accurate, auditable, transparent, and maintainable. The reliance of the legacy system on outdated technology and manual processes results in duplicative and labor-intensive work for Arizona schools and ADE, creates vulnerability to errors and limits ADE's ability to implement innovative reforms.

Reduced burden on infrastructure: The existing legacy systems result in many operations being interdependent and unable to execute concurrently. The legacy system design and implementation are inefficient, placing a great burden on the infrastructure. The proposed replacement will reduce infrastructure load while eliminating the heightened costs associated with maintaining outdated technology.

Improved accuracy and expedited processes: The large number of manual processes required to run the system translates to days spent performing tasks that would otherwise require seconds. Simple operations are performed multiple times by staff to reduce errors. The time-intensive process to complete the manual calculations results in staff prioritizing completion over quality which risks some school districts and charter schools being overpaid and others underpaid. As manual calculations are repeated, the school districts and charter schools are brought current to make up for prior month shortages or overages. The result, however, is a cycle of poor data quality, irreproducible processes, complicated reports, and financial inaccuracies. The proposed replacement will drastically reduce human error caused by time-intensive manual processes by establishing an automated system that produces accurate and auditable payments.

Increased capacity for customer service: With less staff time required for conducting and repeating manual payment calculations, the proposed automation will increase capacity for customer service to school districts and charter schools ultimately improving data quality and accuracy in payments and reporting.

Enhanced ability to implement changes: Every year the legislature passes laws that impact the calculation of payments to school districts and charter schools. The proposed automation and modernization will make modifications to the payment calculations simpler to perform resulting in shorter turnaround time to implement changes in applicable statutes and business rules regarding how payments are calculated, adjusted, and delivered.

PROJECT COST DETAIL – Phase 3

Professional Services – Fees for design, development, QA/Testing (architects, developers, business analysts, quality assurance personnel)	\$ 2,519,405
Addnl. ADE Personnel Services	\$ 370,613
Addnl. ADE Personnel ERE	\$ 126,008
IV&V	\$ 96,000
Technical Advisors – Documentation	\$ 0
Hardware – Development Workstations	\$ 0
Software – Contractor Software Applications & Licenses	\$ 87,120
License & Maintenance Fees- Software License Renewals & Cloud Storage	\$ 46,332
Contingency	\$ 74,000
Pre Production Support	\$ 80,000
ADOA Consulting*	\$ 600,000
Credit – Estimated FY 2022 funding carryover to FY 2023	(\$ 400,000)
Total Development Cost for FY 2023 - FY 2024	\$ 3,599,478

**\$600,000 to ADOA for Consulting including technical documentation review and status tracking, financial tracking and documentation controls and validation, and program management and governance consulting.*

Approver Name

Approver Signature

Date



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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BEN TOMA

DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Micaela Larkin, Assistant Director

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of ADWR Application Modernization Project

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) and the Arizona Department of Water Resources (ADWR) are requesting review of \$1,700,000 for the ADWR Application Modernization project in FY 2023.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the expenditure plan.
2. An unfavorable review of the expenditure plan.

Key Points

- 1) ADOA requests review of \$1.7 million for the rebuilding of 15 ADWR IT applications and the creation of a customer portal.
- 2) The project is expected to be completed by February 2024.
- 3) Project costs include \$1.0 million for vendor services.
- 4) ITAC has yet to review the project.

(Continued)

The committee may consider the following provisions:

- A. Within 10 days of awarding the contract for the project, ADOA shall report to the JLBC Staff on the selected vendor, total cost of the project, and estimated timeline.
- B. A favorable review is contingent on approval from the Information Technology Authorization Committee (ITAC).
- C. A favorable review by the Committee does not commit the Legislature to any ongoing funding above the FY 2023 appropriation.

Background

The Arizona Department of Water Resources currently employs 15 IT applications. These applications range in age from 2 to 22 years old. The agency has faced difficulties in finding developers familiar with the application software language to modify the programs to meet current processes and procedures. For example, they have not been able to modify applications to allow them to track their work meeting licensing time frames with the application. ADWR does not have a uniform process for a customer to apply for a permit or license, and some applications/forms have no online access. For some permits, ADWR currently enters data manually. During fall 2021, ADWR conducted analysis that confirmed the feasibility of transitioning from their current platform to a new platform for these 15 applications.

Analysis

The FY 2022 budget included \$1.7 million from the Water Resources Fund for rebuilding of 15 applications and for development of a customer portal. The modernized applications and portal will centralize data, reduce manual data entry by department staff, reduce the processing time of applications, and allow applicants for DWR permits and licenses to submit and follow-up on their applications online. Pursuant to statute, they are seeking review of their plans:

ADWR's FY 2023 expenditure plan includes:

- \$1.0 million for vendor services for database setup, data migration, application configuration:
 - ADWR selected a vendor via a committee reviewing responses to a request for a quotation (RFQ). Four vendors responded. The selected vendor has been used by other state agencies to update their IT systems.
- \$566,705 for software application licensing fees.
- \$100,000 for contingency.

This project is expected to take from August 2022 to February 2024. This includes 14 months for design and development, and 4 months for user acceptance testing and training.

ML:lm

Douglas A. Ducey
Governor



Andrew Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE · SUITE 401
PHOENIX, ARIZONA 85007
(602) 542-1500

July 7, 2022

The Honorable David M. Gowan, Chairman
Arizona State Senate
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Regina E. Cobb, Vice-Chairman
Arizona House of Representatives
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, Arizona 85007



Dear Senator Gowan and Representative Cobb:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2023 Automation Projects Fund (APF) with a project related to the Department of Water Resources, Application Modernization. The monies have been appropriated to support APF expenditure plans.

The attached documents contain a detailed explanation of the proposed project. 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
Matthew Gress, Director, OSPB
Andrew Tobin, Director ADOA
Ashley Ruiz, Assistant Director, ADOA
Jacob Wingate, CFO, ADOA
Rebecca Perrera, JLBC Staff
Theresa Vencill, OSPB Staff

Favorable Review Request Summary

Agency	Project Name	FY 2023 APF Appropriation*	Favorably Reviewed	Favorable Review Request	Review Not Yet Requested
DWR	Application Modernization	\$1,700,000	\$0	\$1,700,000	\$0

ARIZONA

DEPARTMENT OF ADMINISTRATION
ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Agency: Arizona Water Resources

Project: Application Modernization

Appropriation: \$1,700,000

CURRENT REQUEST

The Arizona Department of Administration on behalf of Arizona Department of Water Resources, is requesting favorable review of a \$1.7M appropriation from the Automation Projects Funds in FY 2023 to complete the development of an Application Modernization project, which will rebuild the current agency applications and create a unified customer portal.

FY 2023 APF Appropriation	FY 2023 Favorably Reviewed	FY 2023 Current Request	Remaining Balance Not Yet Requested
\$1,700,000	\$0	\$1,700,000	\$0

PROJECT DESCRIPTION

Background

The Arizona Department of Water Resources (ADWR) method of procurement was selected via committee based on the response to a request for quotation (RFQ). ADWR sent the RFQ to four vendors, MST, MTX, Coastal Cloud, and Slalom. All four vendors were then given an opportunity to submit formal written responses and also to present their responses in presentation format. After discussing the initial responses internally, we reached out to all four vendors and requested additional clarifying information on other respective proposals. Once those responses were compiled, our team scored and ranked the various vendors based on standardized criteria. The vendor that scored the highest, MST, was selected. This vendor will subcontract through Carahsoft's agreement with the state.

ADWR currently has 15 Delphi-based applications requiring upgrades. Ten of the applications are considered to be "mission-critical" due to the agency depending on the applications daily to conduct agency business. ADWR is experiencing difficulties in obtaining knowledgeable Delphi developers due to the Delphi applications being antiquated.

These systems range in age from 2 years old to 22 years old. ADWR business processes are modified as requirements are updated. ADWR is unable to modify the Delphi applications to accommodate the revised processes and procedures which results in manual workarounds. Additionally, the Delphi applications are unable to provide reporting requirements to validate the agency's Licensing Time Frame (LTF) process which is used to track licensing progress, ensuring ADWR meets the LTFs is of critical importance.

ADWR does not have a uniform way for customers to engage with the agency's processes online and has no online access for some ADWR applications. Manual data entry is required for many different types of permits, which significantly slows down customer interactions.

Solution

The proposed solution is to utilize the Salesforce Public Sector Foundations product to implement a customer portal and internal system platform for the agency systems. ADWR will be working with a solutions provider that has many years of experience implementing the Salesforce platform with other State agencies.

Benefits

Replacing ADWR's applications allows customers to benefit by utilizing a unified customer portal to manage interactions with ADWR. The application will allow customers to submit and follow up on applications online. The new unified customer portal will improve speed and responsiveness of customer interactions by providing a single spot to go for all agency needs.

Replacing the applications will mitigate risks associated with the antiquated application and outdated technology. Replacing ADWR's legacy applications will allow the Department to transition many more of its application processes online and away from paper applications. This will reduce manual data entry, reduce processing time, and allow the staff to focus on value-add activities, such as compliance and planning. Additionally, the Application Modernization project will help ADWR move toward a single source of truth for agency data, allowing a clearer picture of the Department's regulatory and water planning data.

Description	Start Date (Est.)	End Date (Est.)	Duration (weeks/months)
Project Kickoff	8/1/2022	8/1/2022	
Discovery	8/1/2022	10/28/2022	3 Months
Design – Sprint	9/28/2022	11/11/2022	6 Weeks
Integration & Data Migration	1/19/2023	2/23/2024	13 Months
Functional Development	11/14/2022	11/10/2023	12 Months
UAT/Training/Knowledge Transfer	10/9/2023	2/09/2024	4 Months
Go Live Preparation	2/12/2024	2/23/2024	2 Weeks
Go Live	2/26/2024	2/27/2024	

PROJECT COST DETAIL

Professional Services – Database set up, data migration, application configuration and project implementation services by MST Solutions	\$1,025,300
License & Maintenance Fees - Salesforce application licensing costs	\$566,705
Contingency	\$100,000
<hr/>	
Total Development Cost for FY 2023 – FY 2024	\$1,692,005
<hr/>	

Approver Name

Approver Signature

Date



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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BEN TOMA

DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Ryan Fleischman, Fiscal Analyst

SUBJECT: Attorney General - Review of Uncollectible Debts

Request

Pursuant to A.R.S. § 35-150E, the Attorney General (AG) requests Committee review of its listing of uncollectible debts to be removed from the state's accounting system. The listing totals \$16,370,754 for debts listed as uncollectible in FY 2022 and prior years.

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) The State Comptroller may remove uncollectible debts from the state accounting system after their review by the Committee.
- 2) The FY 2022 listing includes \$16.4 million in uncollectible debt.
- 3) The majority of the \$16.4 million has been deemed uncollectible because there are no assets/no wages/a negative credit report (38.4%) or the debtor is a defunct corporation/LLC (33.2%).
- 4) A total of 89.8% of the total debt is owed to the Department of Revenue.

(Continued)

Analysis

When state agencies, boards, and commissions are unable to collect past due debts, the uncollected debt is processed in 2 ways: 1) the AG or state agencies may initiate debt collection proceedings; or 2) debt is determined to be uncollectible and then referred to the Committee for review. Upon review by the Committee, debt that is found to be uncollectible may be removed from the state's accounts receivable.

The AG's Collection Enforcement Unit functions as a collection service for debts owed to the state. The unit returns 65% of collected monies to the client agencies and retains the remaining 35% for unit operational costs. While the Collection Enforcement Unit is able to collect from many individuals and businesses that owe monies to the state, some debts are uncollectible for a variety of reasons. The AG's report to the Committee includes the following:

1. Debt owed to the state that was referred to the AG's Collection Enforcement Unit and determined to be uncollectible.
2. Debt owed to state agencies that was not referred to the Collection Enforcement Unit and was deemed to be uncollectible by the individual agency.

Since 2011 the Committee has given favorable reviews of uncollectible debt listings totaling \$437.9 million (*see Table 1*).

Table 1	
Favorably Reviewed Uncollectible Debt	
Year	Uncollectible Debt Listing
<u>Reviewed</u>	<u>(\$ in Millions)</u>
2011	\$17.2
2012	30.4
2013	44.9
2014/15	88.4
2016	78.3
2017	50.9
2018	41.3
2019	31.2
2020	34.2
2021	<u>21.1</u>
Total	\$ 437.9

Since its last report in FY 2021, the AG's office has again reviewed the cases assigned to the Collection Enforcement Unit. Based on this review, the AG advises that \$16.4 million owed to the state is uncollectible as of April 30, 2022. Due to its length, the specific listing of uncollectible debts does not appear in the attached agency material. Please contact the JLBC Staff for the complete listing.

Of the \$16.4 million in uncollectible debt:

- A total of 71.6% is uncollectible because there are no assets/no wages/a negative credit report (38.4%) or the debtor is a defunct corporation/LLC (33.2%). The remaining 28.4% is uncollectible for other reasons (*see Table 2*).

(Continued)

- A total of 89.8% of the total debt is owed to the Department of Revenue (DOR). The remaining debt is associated with 21 other specified agencies (*see Table 3*).
- Five cases include debts of more than \$150,000, totaling \$1.4 million and making up 7% of all debts in this report. The debts in all these cases are owed to DOR (*see Table 4*).
- Of the total, 90.6% was determined uncollectible in FY 2021, 8.8% in FY 2022, and 0.6% for years prior to FY 2021 (*see Table 5*). Debts from years prior may not have been removed previously for a variety of reasons, including a failure to report by agencies.

Table 2

Uncollectible Debt by Reason

<u>Reason</u>	<u>Amount Recommended for Write-Off</u>	<u>Percentage</u>
No Assets/No Wages/Negative Credit	\$ 6,288,000	38.4%
Defunct Corporation/LLC	5,429,300	33.2
Collection Cost Would Exceed Amount Owed	1,928,900	11.8
Debt Discharged in Bankruptcy	1,226,900	7.5
Debtor is Deceased	711,100	4.3
Unable to Locate Debtor	452,900	2.8
Insufficient Info/Evidence to File Suit	271,600	1.7
Settled	59,600	0.4
Debtor Lives and/or Works on Tribal Land	2,400	0.0
Total	\$16,370,800^{1/}	100.0%^{1/}

^{1/} Does not sum due to rounding.

Table 3

Uncollectible Debt Recommended for Write-Off by Client Agency

<u>Agency</u>	<u>Amount Recommended for Write-Off</u>	<u>Percentage</u>
Department of Revenue	\$14,704,900	89.8%
Department of Health Services	458,800	2.8
State Retirement System	309,400	1.9
Registrar of Contractors	250,700	1.5
Department of Administration – Risk Management	180,900	1.1
All Others	466,100	2.8
Total	\$16,370,800	100.0%^{1/}

^{1/} Does not sum due to rounding.

(Continued)

Table 4

Largest Individual Cases of Uncollectible Debt

<u>Agency</u>	<u>Amount Recommended for Write-Off</u>	<u>Reason Uncollected</u>
Department of Revenue	\$ 487,600	Defunct Corporation/LLC
Department of Revenue	254,700	Defunct Corporation/LLC
Department of Revenue	250,100	Defunct Corporation/LLC
Department of Revenue	197,600	Defunct Corporation/LLC
Department of Revenue	<u>191,600</u>	Defunct Corporation/LLC
Total	\$1,381,600	

Table 5

Uncollectible Debt Recommended by Fiscal Year Close Date

<u>Fiscal Year</u>	<u>Amount Recommended For Write-Off</u>	<u>Percentage</u>
2016-2019	64,400	0.4
2020	31,400	0.2
2021	14,830,900	90.6
2022	<u>1,443,900</u>	<u>8.8</u>
Total	\$16,370,800^{1/}	100.0%

^{1/} Does not sum due to rounding.

RF:kp



MARK BRNOVICH
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL
CIVIL LITIGATION DIVISION
BANKRUPTCY COLLECTION AND ENFORCEMENT SECTION

DON J. LAWRENCE, JR.
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May 31, 2022

HAND DELIVERED

The Honorable David M. Gowan, Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1716 West Adams
Phoenix, Arizona 85007



RE: FY2021 beginning April 1, 2021 through FY2022 March 31, 2022, for Not-Referred Non-DOR Uncollectible Debt Report
FY2021 beginning May 1, 2021 through FY2022 April 30, 2022, Referred Non-DOR Uncollectible Debt Report
FY2021 beginning July 1, 2020 through June 30, 2021, DOR Uncollectible Debt Report

Dear Senator Gowan:

As requested by the Joint Legislative Budget Committee ("JLBC") pursuant to A.R.S. § 35-150(E), enclosed are the FY2021 beginning April 1, 2021 through FY2022 March 31, 2022, for Not-Referred Non-DOR Uncollectible Debt Report, FY2021 beginning May 1, 2021 through FY2022 April 30, 2022, Referred Non-DOR Uncollectible Debt Report, and FY2021 beginning July 1, 2020 through June 30, 2021, DOR Uncollectible Debt Report ("the Reports").

The Reports include: 1) debt owed to the State that was referred to the Collection Enforcement Revolving Fund ("CERF") for collection and determined to be uncollectible; and 2) debt owed to the Department of Revenue ("DOR") and other State agencies, boards and commissions that was not referred to the CERF and was deemed uncollectible by the agencies. With respect to the DOR debt listed in the Reports as uncollectible, for FY 2021 the Attorney General's Office is relying upon the certification by DOR set forth in the memorandum dated August 11, 2021, from DOR to the Attorney General's Office and entitled, "Fiscal Year 2021 Certification of Cases for Abatement" ("Certification"). The Certification states that the debt described in the Certification meets the criteria pursuant to A.R.S. § 42-1004B, and for liabilities discharged in bankruptcy, pursuant to the United States Bankruptcy Code, and that DOR has validated through its internal policies and processes that it verified the reasons for abatement, as stated in the Certification, and that they are true and accurate.

With respect to the debt owed to State agencies other than DOR that was not referred to CERF, each respective agency Director certified that the agency has validated through its internal policies and processes that it verified the reasons for abatement, as stated in the Certifications, and that they are true and accurate.

The reporting of a debt as uncollectible, including the act of the State abating the debt, does not necessarily preclude the State from reopening a case and collecting a debt owed to the State at a later date. At times, we have been able to reopen a case and collect a debt because we have identified a debtor's assets or revenue source that previously did not exist or was not able to be located. There are three exceptions to when the State would be able to pursue a debtor post-abatement. They are: 1) debts discharged in bankruptcy; 2) debts where the statute of limitations has expired; and 3) debts that the State has agreed to settle for a lesser amount than what was owed.

The Reports provide a reason each debt is deemed uncollectible. The reasons include case settled, debtor deceased, unable to locate debtor, collection costs would exceed the amount to be collected, agency has no claim or interest, debtor has neither assets nor wages, debtor lives and/or works on a Reservation, debt discharged in bankruptcy, and Corporation/LLC defunct.

Finally, the Reports also provide the amount uncollected for each debt. This amount may include all or a portion of the original debt and, if applicable, all or a portion of interest and penalties associated with the debt.

Please contact the undersigned if you have any questions.

Sincerely,



Don J. Lawrence, Jr.
Section Chief Counsel
Bankruptcy Collection & Enforcement
Arizona Attorney General's Office

Enclosures

cc: Representative Regina E. Cobb, JLBC Vice-Chairman (with attachments)
Richard Stavneak, JLBC Director (with attachments)
Matthew Gress, OSPB Director (with attachments)
Ryan Fleischman, JLBC Analyst (with attachments)
Ashley Ruiz, State Comptroller (with attachments)
Joseph Sciarrotta, AGO Division Chief of Civil Litigation (with attachments)
Don J. Lawrence, Jr., AGO Section Chief Counsel of BCE (with attachments)
Josh Kredit, AGO Assistant Chief Deputy Attorney General for Law & Policy (with attachments)

Please contact the JLBC Staff for the complete list of uncollectible debt.



STATE OF ARIZONA

Joint Legislative Budget Committee

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BEN TOMA

DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Principal Fiscal Analyst

SUBJECT: Arizona Department of Corrections - Review of Request for Proposals to Operate Florence West Prison

Request

Pursuant to A.R.S. § 41-1609.01, the Arizona Department of Corrections (ADC) requests review of the published Request for Proposals (RFP) for the management and operation of the Florence West prison, a 500-bed male, minimum security facility, effective October 28, 2022.

Committee Options

The Committee has at least the following 2 options:

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

Under either option the Committee may consider the following provision:

- A. Upon selecting a vendor, the department shall report to the Committee on the contracted per diem rate and the annual value of the contract.

(Continued)

Key Points

- 1) Florence West is a 750-bed (600 rated and 150 temporary) minimum security prison currently owned and operated by a private prison vendor.
- 2) The prison currently houses DUI and "return to custody" inmates.
- 3) As part of its per diem payments, ADC has purchased the prison over the course of the existing contract and will take ownership of the prison in October 2022.
- 4) ADC has published a new RFP for the management and operation of the Florence West prison.

Analysis

The Florence West prison was built in 1997 and is currently owned and operated by a private prison vendor that contracts with ADC to provide housing for up to 750 minimum security inmates convicted of driving under the influence (DUI) or have returned to custody (RTC) as a result of a community supervision violation. As allowed by statute, ADC has purchased the prison over the course of the contract as part of its per diem payments and will take ownership on October 28, 2022.

This change in ownership requires ADC to either staff the prison with ADC corrections officers or contract with a private vendor to operate the prison. ADC published an RFP on June 27, 2022 soliciting vendors to manage and operate the prison. Responses are due by July 30, 2022. The contract is for 5 years. As of July 6, 2022, the facility houses 466 inmates.

The RFP's provisions are similar to other existing private prison contracts. The contract would guarantee a 90% inmate population (i.e., 675 of the 750 total beds) and requires the vendor to provide comprehensive inmate health care and maintain the facility in the same or better condition through the life of the contract.

The current per diem for RTC inmates at Florence West is \$52.82 or an annual cost of \$3.9 million for 200 beds. The current contract also permits 50 temporary RTC beds at a per diem of \$10.00, or an additional \$182,500. The current per diem for DUI inmates at Florence West is \$64.01 or an annual cost of \$9.3 million for 400 beds. The current contract also permits 100 temporary DUI beds at a per diem of \$10.00, or an additional \$365,000. In total, the current cost of the Florence West contract is \$13.7 million, assuming 100% usage.

The dollar level of the proposed contract will depend on the responses to the RFP. The Committee may consider Provision A, which would require ADC to report back to the Committee on the contract financials once a vendor is selected.

GP:lm



DOUGLAS A. DUCEY
GOVERNOR

Arizona Department of Corrections Rehabilitation & Reentry

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(602) 542-5497
www.azcorrections.gov



DAVID SHINN
DIRECTOR

July 5, 2022

The Honorable David M. Gowan, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007

The Honorable Regina E. Cobb, Vice-Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007



Re: Request for Proposal (RFP) No. BPM004542, 750 Minimum an Low Custody Contract Beds, Florence West Correctional Facility

Dear Senator Gowan and Representative Cobb:

In accordance with A.R.S. § 41-1609.01.A, ADCRR published the attached RFP on June 27, 2022, and is submitting it for Joint Legislative Budget Committee review.

Please inform my office of a date when a hearing will be scheduled by the Joint Legislative Budget Committee for the RFP review. Also, for your information, please note that the responses to the RFP are due from the offerors no later than July 30, 2022.

As always, if I can provide additional information, please do not hesitate to contact me.

Sincerely,

David Shinn
Director

Enclosures

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Geoffrey Paulsen, Senior Fiscal Analyst, Joint Legislative Budget Committee
Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
Caroline Dudas, Budget Analyst, Governor's Office of Strategic Planning and Budgeting



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Ryan Fleischman, 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 application for FFY 2022 the Edward Byrne Memorial Justice Assistance Grant (JAG) that is 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, 2023 if the federal guidelines have not yet been received for 2023.

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 enforcement. Arizona first began receiving the JAG funding in March 1988. Going back to FFY 2012, ACJC has received an average of approximately \$3.6 million in JAG monies annually.

(Continued)

Key Points

- 1) ACJC estimates that Arizona will receive \$4.1 million in federal "Byrne" Justice Assistance Grants in federal fiscal year (FFY) 2022.
- 2) The federal government requires legislative review of the state's grant application.
- 3) Because the federal government has not yet requested state plans, this reflects a preliminary proposal.
- 4) A total of \$3.7 million (90%) will be distributed to counties and state agencies; the other 10% will be retained by ACJC for administration costs.
- 5) The proposed distribution is similar to last year's grant application.

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.

At the July 2021 meeting, the Committee adopted a provision that requires ACJC to submit a preliminary proposal by May 15, 2022 if the federal guidelines have not yet been received for 2022. The federal government has not yet announced the FFY 2021 State Solicitation for JAG or the submission deadline, so this application reflects ACJC's preliminary proposal.

Table 1 shows the budget estimated by ACJC for the FFY 2022 JAG award. The monies can be expended through September 30, 2026. The proposed splits of FFY 2022 funds are based on the FFY 2021 JAG award. (The federal government, however, has not literally released the FFY 2021 monies to states yet).

Table 1	
Proposed FFY 2022 JAG Spending	
Projects	
Apprehension/Prosecution	\$3,129,400
Forensic Support/Adjudication/Corrections	368,200
IT Infrastructure Set-aside	<u>184,100</u>
Subtotal for Projects	\$3,681,600^{1/}
Administration	<u>409,100</u>
Total Projects and Administration	\$4,090,700
^{1/} 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 85.5% of JAG monies will be used for grants, roughly 4.5% is for information technology (IT) infrastructure, and 10% is for ACJC administration. The \$4.1 million in grant monies must be expended by September 30, 2026. There is no breakout by recipient because the grant will be disbursed based on applications received.

(Continued)

For the IT infrastructure component, ACJC proposes to use the amount set aside for state and local law enforcement jurisdictions to improve digital criminal history records systems and processes. A total of 4.5% of FFY 2021 JAG funding was also used for IT purposes.

ACJC proposes using the remaining \$409,100 of the amount awarded, or approximately 10%, as administrative funds to oversee the JAG Program.

At its May 2022 meeting, ACJC also approved the distribution of FY 2023 grant funds. *Table 2* shows the FY 2023 approved awards by purpose area and recipient. Project totals are broken out by funding source: FY 2023 approved Byrne JAG, FY 2023 approved Drug and Gang Enforcement Fund, and local match monies. The FY 2023 Byrne JAG awards are estimates and subject to the actual federal allocation. The FY 2023 information is provided for informational purposes only.

RF:lm

(Continued)

Table 2

Drug, Gang, & Violent Crime Control Grant Proposed Awards

<u>Award Recipient Agency</u>	<u>FY 22 Total Grant Awards</u>	<u>FY 23 Total Approved Project</u>	<u>FY 23 Approved Federal Byrne JAG</u>	<u>FY 23 State Drug & Gang Enforcement Fund</u>	<u>Recipient Match Funds</u>
<u>Apprehension</u>					
Apache County Sheriff's Office	\$ 233,500	\$ 241,400	\$ 84,000	\$ 97,000	\$ 60,300
Cochise County Sheriff's Office	123,000	131,900	45,900	53,000	33,000
Flagstaff Police Department	283,500	292,500	101,800	117,600	73,100
Gila County Sheriff's Office	331,700	331,700	115,400	133,300	82,900
Graham County Sheriff's Office	26,900	26,900	9,400	10,800	6,700
Greenlee County Sheriff's Office	32,000	43,900	15,300	17,700	11,000
Kingman Police Department	336,800	336,800	117,200	135,400	84,200
La Paz County Sheriff's Office	111,700	130,400	45,400	52,400	32,600
Navajo County Sheriff's Office	238,800	246,700	85,900	99,200	61,700
Pinal County Sheriff's Office	141,400	153,600	53,500	61,700	38,400
Salt River Pima Maricopa Police Department	116,500	124,800	43,400	50,200	31,200
Santa Cruz County Sheriff's Office	45,400	39,600	13,800	15,900	9,900
Tucson Police Department	687,600	687,600	239,300	276,400	171,900
Yavapai County Sheriff's Office	353,900	353,900	123,200	142,300	88,500
Yuma County Sheriff's Office	241,600	172,900	60,200	69,500	43,200
Subtotal	\$ 3,304,300	\$ 3,314,700^{1/}	\$ 1,153,500^{1/}	\$ 1,332,500^{1/}	\$ 828,700^{1/}
<u>Prosecution</u>					
AG's Office - Medicaid Fraud	\$ 102,000	\$ 102,000	\$ -	\$ 102,000	\$ -
Apache County Attorney	96,400	105,500	36,700	42,400	26,400
Cochise County Attorney	152,200	148,200	51,600	59,600	37,000
Coconino County Attorney	132,500	140,000	48,700	56,300	35,000
Gila County Attorney	74,000	91,800	31,900	36,900	22,900
Graham County Attorney	60,900	77,800	27,100	31,300	19,400
Greenlee County Attorney	42,800	67,200	23,400	27,000	16,800
La Paz County Attorney	79,400	102,600	35,700	41,300	25,700
Maricopa County Attorney	1,076,500	1,076,500	687,400	120,000	269,100
Mohave County Attorney	156,300	172,100	59,900	69,200	43,000
Navajo County Attorney	123,100	135,500	47,100	54,500	33,900
Pima County Attorney	359,200	359,200	125,000	144,400	89,800
Pinal County Attorney	184,800	193,700	67,400	77,900	48,400
Tucson City Attorney	269,400	272,400	94,800	109,500	68,100
Yavapai County Attorney	132,100	139,200	48,400	56,000	34,800
Yuma County Attorney	263,400	266,800	92,800	107,300	66,700
Subtotal	\$ 3,304,900^{1/}	\$ 3,450,500^{1/}	\$ 1,478,000^{1/}	\$ 1,135,400^{1/}	\$ 837,100^{1/}
<u>Prosecution - Forfeitures</u>					
Attorney General's Office	\$ 637,400	\$ 637,400	\$ 221,800	\$ 256,200	\$ 159,400
Subtotal	\$ 637,400	\$ 637,400	\$ 221,800	\$ 256,200	\$ 159,400
<u>Forensic Support</u>					
Department of Public Safety	\$ 380,200	\$ 380,200	\$ 285,200	\$ -	\$ 95,100
Mesa Police Dept. - Forensics	39,800	-	-	-	-
Tucson Police Dept. - Forensics	65,300	69,300	24,100	27,900	17,300
Apache Junction Police Dept. - Forensics	-	93,500	32,500	37,600	23,400
Subtotal	\$ 485,400^{1/}	\$ 543,100^{1/}	\$ 341,800	\$ 65,500^{1/}	\$ 135,800
<u>Drug Adjudication/Corrections</u>					
Administrative Office of the Courts	\$ 1,336,500	\$ 1,336,500	\$ -	\$ 1,002,400	\$ 334,100
Department of Corrections	-	-	-	-	-
Subtotal	1,336,500	1,336,500	-	1,002,400	334,100
TOTAL	\$ 9,068,500	\$ 9,282,200	\$ 3,195,200^{1/}	\$ 3,791,900^{1/}	\$ 2,295,100

^{1/} Does not sum due to rounding.



Arizona Criminal Justice Commission



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Law Enforcement Leader

Vice-Chairperson
SHEILA POLK
Yavapai County Attorney

MARK BRNOVICH
Attorney General

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Maricopa County Sheriff

KARA RILEY
Oro Valley, Chief of Police

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Pima County Chief Probation Officer

DAVID SHINN, Director
Department of Corrections

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VACANT
Maricopa County Attorney

VACANT
Former Judge

VACANT
County Sheriff

VACANT
County Sheriff

VACANT
Chief of Police

VACANT
Mayor

Executive Director
Andrew T. LeFevre

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June 30, 2022

The Honorable David Gowan, Chairman
Arizona State Senate
Joint Legislative Budget Committee
1716 West Adams Street
Phoenix, AZ 85007

Dear Senator Gowan:

Pursuant to Laws 2018, Chapter 278, Section 5, the Arizona Criminal Justice Commission (ACJC) is submitting the 2022 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) which include 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 estimated amount of the federal fiscal year (FFY) 2022 grant is \$4,090,656. The following table summarizes the budget plan in the FFY 2022 Byrne JAG application.

Summary of 2022 Byrne JAG Budget Plan	
Federal FY 2020 Grant Award	\$4,090,656
Proposed Expenditure Plan:	
Drug Control Projects ^{1/}	\$3,129,352
CJRIP Projects ^{2/}	\$184,079
Administration Expense Allotment ^{3/}	\$368,159
Total: Projects and Administration	\$4,090,656
1/ These funds will be used as part of the state FY 2023 Drug Control Grant. 2/ The Commission has historically approved a 3% set-aside to be used for the Criminal Justice Records Improvement Program. 3/ The Byrne grant program allows up to 10 percent of a JAG award may be used for costs to administer the award.	

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 2021).

- 36 criminal justice projects funded
- 3,044 Drug-related arrests by funded task-forces
- Over \$115 million in illicit drugs seized by funded task-forces
- 468 weapons seized by funded task-forces
- 18,660 drug prosecutions reported by prosecution projects
- 9,830 drug convictions reported by prosecution projects
- 5,950 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.

Sincerely,



Andrew T. LeFevre
Executive Director



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Ryan Fleischman, Fiscal Analyst

SUBJECT: Administrative Office of the Courts and Arizona Department of Water Resources -
Review of General Adjudication Personnel and Support Fund FY 2023 Expenditure Plan

Request

A.R.S. § 12-117.01 requires the Administrative Office of the Courts (AOC) and the Arizona Department of Water Resources (DWR) to submit an expenditure plan for Committee review prior to spending monies from the General Adjudication Personnel and Support Fund in FY 2022 and FY 2023. AOC and DWR are requesting Committee review of their FY 2023 plan to spend \$1,936,200.

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) The FY 2023 budget continued an ongoing appropriation of \$2.0 million to the Courts for water adjudication staff, equipment and services.
- 2) The Courts are required to share this funding with the Department of Water Resources.
- 3) The Supreme Court is required to submit an expenditure plan on behalf of the Courts and DWR.
- 4) Under the proposed expenditure plan, \$1.9 million would be spent in FY 2023, with \$1.6 million for DWR, \$286,300 for the Supreme Court and \$93,900 for the Superior Court's Special Water Master.

(Continued)

Analysis

General stream adjudications are judicial proceedings to determine the nature, extent, and relative priority of water rights in Arizona. There are 2 general stream adjudications in the state, the Gila River System and the Little Colorado River System (LCR Adjudication). The exterior boundaries of these 2 adjudications include more than half the state. The Superior Court issues rulings determining water rights in the adjudications. The Special Master is a judicial officer appointed by the Superior Court to hear cases arising out of the adjudications, report on legal issues designated by the Superior Court, and recommend a final ruling to the Superior Court judge assigned to each adjudication. After hearing any objections to the Special Master's report, judges will issue the final ruling for each watershed.

The FY 2022 Criminal Justice Budget Reconciliation Bill (BRB) created the General Adjudication Personnel and Support (GAPS) Fund. The fund is to be used for adjudication staff, equipment and services by AOC and DWR. The FY 2023 budget continued ongoing funding of \$2.0 million from the General Fund to the GAPS Fund.

At the October 2021 JLBC Meeting, the Committee gave a favorable review of the plan to spend \$1.7 million in FY 2022.

Under the proposed expenditure plan, a total of \$1.9 million would be spent in FY 2023 between DWR, the Superior Court's Special Water Master, and the Supreme Court. Of this amount, about \$1.5 million is for ongoing costs and \$430,000 is for one-time costs. *Table 1* below outlines the expenditure plan.

Item #	Item Description	Estimated Cost	FTE Count	Ongoing/One-Time
<i>Department of Water Resources</i>				
1	Arizona Geological Survey Contract Costs	\$ 230,000		One-Time
2	Annual Contract for Scanner	15,000		Ongoing
3	CRM Software Licensing Costs	40,000		Ongoing
4	Legal Mailing Costs	30,000		Ongoing
5	Temporary Claims Verification Assistance	150,000		One-Time
6	Continued FTE Funding from FY 2022	<u>1,091,000</u>	11.0	Ongoing
	Subtotal - Dept. of Water Resources	\$1,556,000	11.0	
<i>Superior Court - Special Water Master</i>				
7	Apache County Case Document Digitization	\$ 50,000		One-Time
8	Staff Salary Increases	<u>43,900</u>		Ongoing
	Subtotal - Superior Court	\$ 93,900		
<i>Supreme Court</i>				
9	Superior Court Judge Salary – 50% Allocation	\$ 136,300		Ongoing
10	Specialized Water Appeal Staff Attorney	<u>150,000</u>	1.0	Ongoing
	Subtotal - Supreme Court	\$ 286,300	1.0	
	Expenditure Plan Total	\$1,936,200	12.0	

(Continued)

Under the proposed expenditure plan, DWR would spend \$1.6 million:

- Contracting with the Arizona Geological Survey to perform mapping related to the Little Colorado River Subflow Report, for a total of \$230,000.
- Ongoing cost of annual contract to operate digital scanner at \$15,000.
- Customer relationship management (CRM) software licensing costs of \$40,000.
- Mailing costs for several large mailings of DWR reports that are due to the Court at a cost of \$30,000.
- Hiring one-time temporary assistants to help with verifying the accuracy of a DWR database for claims in the Verde River Watershed at \$150,000.
- Continuing funding for 11 FTE position that were hired in FY 2022, at a cost of \$1,091,000.

Under the expenditure plan, the Superior Court would spend \$93,900 for the following 2 items:

- Apache County case document digitization at a cost of \$50,000 to provide the Superior Court's Special Water Master better access to Apache County general stream adjudication case records. The Special Water Master was assigned by the court in 1990 to the Little Colorado River and Gila River water rights adjudications to conduct hearings for claimants and make recommendations to Superior Courts. This funding would be used to digitize and archive Apache County general stream case documents.
- Special Water Master and other staff salary increases in FY 2023 at a cost of \$43,900. These costs include 11% pay adjustments for 4 FTE positions (judicial and legal staff), along with a salary increase for the Special Water Master (who is paid 90% of a Superior Court judge's salary, which will increase effective January 1, 2023).

The Supreme Court would also spend \$286,300 for 1 FTE Position for the following 2 items:

- A.R.S. § 12-128 specifies that the annual salary of Superior Court Judges is funded by 50% state funding and 50% county funding. However, A.R.S. § 45-252 requires that salaries for Superior Court Judges involved in water adjudication be fully funded by the state. The Supreme Court requests \$136,300 to absorb the county's 50% share of a Water Judge's salary pursuant to A.R.S. § 45-252. This amount accounts for the Judicial salary increase included in the FY 2023 budget.
- A specialized staff attorney to support appeals involving general stream adjudication with an annual combined salary/ERE of \$150,000 for 1 FTE Position. This amount accounts for the 10% state employee salary increase included in the FY 2023 budget.

RF:lm



Supreme Court

STATE OF ARIZONA
ADMINISTRATIVE OFFICE OF THE COURTS

ROBERT BRUTINEL
CHIEF JUSTICE

DAVID K. BYERS
ADMINISTRATIVE DIRECTOR
OF THE COURTS



July 5, 2022

Dear Senator Gowan:

Per ARS 12-117.01, a proposed expenditure plan is required to be submitted to the JLBC for consideration before monies are spent from the General Adjudication Personnel and Support Fund for the fiscal years 2021-2022 and 2022-2023.

Please find the enclosed fiscal year 2022-2023 expenditure proposal for the General Adjudication Personnel and Support Fund. This proposal combines the related expenditures from the Arizona Department of Water Resources, the court's Special Water Master and the Arizona Supreme Court.

If you have any specific questions, please feel free to contact us.

Sincerely,

Dave Byers

Administrative Director of the Courts

Thomas Buschatzke

Director, Arizona Department of Water Resources

FY 2022-2023 Expenditure Plan

Arizona Department of Water Resources (ADWR)

Report on FY 2022 Expenditure Plan

The General Adjudication Personnel and Support (GAPS) Fund was established in FY 2022. ADWR's activities from the GAPS Fund during FY 2022 can be summarized as follows:

- Created and filled 11.0 FTE positions in the Adjudication Division and Surface Water Section supported by the GAPS Fund. These employees are accelerating Adjudication's ability to work on large projects and assignments from the Adjudication Court. ADWR has initiated work on multiple major projects (Hydrographic Survey Reports in Sycamore and Lower Verde Valley) that were previously not worked on due to insufficient staffing.
- Purchased field equipment necessary to support the newly created positions.
- Funded an agreement with the Arizona Geological Survey (AZGS) to perform mapping of the Verde River watershed.
- Mailed out Court-required notifications to thousands of water rights claimants.
- Initiated the purchase of a high-caliber Opex Falcon scanner to hasten ADWR's document digitization efforts.

This injection of resources has allowed ADWR to continue to complete the Court's assignments as it relates to the General Stream Adjudication in a timely manner.

ADWR FY 2023 Expenditure Plan

The expenditure plan from the GAPS Fund for ADWR includes both personnel and support costs. ADWR's projected expenditures are summarized in the following table:

Proposed FY 2023 GAPS Fund Expenditures					
Item #	Item Description	Estimated Cost	FTE	Timing	Notes
1	AZGS Contract Costs	\$230,000		One-Time	ADWR entered into an agreement with AZGS for an additional project, the Lower Little Colorado River subflow mapping.
2	Annual Contract for Scanner	\$15,000		Ongoing	Purchase of scanner is underway.
3	Salesforce Licenses	\$40,000		Ongoing	Estimated Cost of Proportional Salesforce Licensing Costs.
4	Mailing	\$30,000		Ongoing	ADWR anticipates mailing costs in FY 2023 will be similar to FY 2022.
5	One-Time Temporary Work Assistance - Database Verification	\$150,000		One-Time	Recommend using some leftover vacancy savings from FY2022 to hire one-time temps to assist with urgently needed verification of accuracy of ADWR database for claims in the Verde watershed.
6	FY 2022 Position Expenses	\$1,091,000	11.0	Ongoing	Position detail can be found in "FTE Sheet".

**FY 2023 Proposed
Expenditures**

\$1,556,000

Personnel – ADWR does not propose creating any new FTE positions in the FY 2023 GAPS Expenditure Plan beyond the 11.0 FTE positions filled as part of the FY 2022 Expenditure Plan.

Additional information regarding the estimated cost of the 11.0 FTE positions can be found in Appendix A.

Support - The support costs proposed in the FY 2023 Expenditure Plan include the following:

- A new agreement with the Arizona Geological Survey (AZGS) to complete subflow mapping in the Lower Little Colorado River.
- An annual maintenance agreement for the Opex Falcon scanner that ADWR is in the process of procuring.
- Licensing costs related to a transition to Salesforce as part of ADWR's application modernization project.
- Mailing costs for sending several large mailings during FY 2023.
- Temporary labor to perform verification of accuracy of claims within the Verde River watershed in the ADWR database.

ADWR's projected FY 2023 expenditures from the GAPS Fund are \$1,556,000. These resources will allow ADWR to keep pace with the Adjudication Court assignments and projects.

Appendix A – FTE position detail

Position	Salary/ERE	Comments
WRS Manager	\$97,600	Investigative Team
WRS III	\$73,500	Investigative Team
WRS 2	\$75,800	Investigative Team
WRS Associate	\$98,300	Investigative Team
WRS 3	\$87,600	Investigative Team
Attorney	\$148,600	
WRM	\$138,200	
Program Specialist	\$73,600	
WRS 4	\$89,200	Surface Water Employee
WRS 2	\$87,600	Surface Water Employee
GIS Analyst	\$84,500	

Subtotal	\$1,054,500
Performance Incentives (2%)	\$21,100.00
Salary Total	\$1,075,600
Annual employee expenses	\$15,400
Total Personnel Expenses	\$1,091,000

Special Water Master

Apache Case Documents/Digitization Project – Year 2

For FY23, the Special Water Master moves into the second year of its Apache case documents digitization project. Project expenditures were approved by the JLBC in FY22 and worked towards providing better access to Apache general stream adjudication case records for the Special Water Master and the Apache Superior Court. The first year of this project involved the labor-intensive task of digitizing and archiving case records. However, there were difficulties in finding available staffing and delayed the project's progress. The Special Water Master is requesting the additional \$50,000 from the General Adjudication Personnel and Support Fund in FY23 to continue the second year of this case record conversion process.

Proposed Special Water Master Expenditures from Adjudication Fund

Item #	Item Description	Estimated Cost	FTE	Timing	Notes
1	Apache Case Documents - Digitization Project	\$50,000		One-Time	This expenditure is labeled as "one-time" but is anticipated to be a two-three year project. Third year costs are forecast at \$25K.
Estimated One-Time Costs		\$50,000			
Estimated Ongoing Costs		\$0			
Total Estimated Costs		\$50,000			

Special Water Master and Staff Salary Increases

Current Water Master and related staff salaries are appropriated and spent from the Water Master special line item (SLI) in the Superior Court Budget Unit. In unison with state- and county-approved commissioner and staff salary increases for FY23, the Special Water Master is requesting an increase in current salaries to be paid ongoing from the General Adjudication Personnel and Support Fund. This increase will keep salary levels in alignment with similar positions and enhance staff retention in an extremely tight labor market.

Special Water Master/Staff Salary Increases Funded from Adjudication Fund

Item	Position Title	# of FTE	Current Salary*	New Salary	Salary Increase	ERE Increase	Salary+ERE Increase
1	Special Water Master increase effective 1/1/2023 (Special Water Master salary = 90% of new Superior Court Judge salary of \$164,691 effective January 1, 2023)	1	\$134,415	\$148,200	\$6,900	\$1,500	\$8,400
2	Judicial Assistant (+11%)	1	\$40,706	\$45,200	\$4,500	\$900	\$5,400
3	Judicial Clerk (+11%)	1	\$54,350	\$59,800	\$5,400	\$1,100	\$6,500
4	Attorney/Sr Researcher (+11%)	2	\$89,149	\$99,000	\$19,800	\$3,800	\$23,600
			\$36,600		\$7,300		\$43,900

* NOTE: The current salaries listed above will continue to be funded from the Water Master SLI in the Superior Court Budget Unit.

Estimated One-Time Costs \$0
 Estimated Ongoing Costs \$43,900
Total Estimated Costs \$43,900

Supreme Court

Similar to FY22, the Supreme Court requires ongoing financial support in FY23 from the General Adjudication Personnel and Support Fund for the following items.

1. **50% Judge Salary** – ARS 45-252 Sec D states that “*Notwithstanding Section 12-128, the Superior Court Judge, Master, Paralegal and Law Clerk positions prescribed in this subsection and subsection C of this section shall be fully funded by this State.*” To fulfill this statutory requirement, the 50% of the Superior Court Water Judge’s salary that is normally funded by the county (as specified by ARS 12-128) will need to be funded by the State via the General Adjudication Personnel and Support.
 - a. Judge’s salaries have been legislatively approved to increase from \$149,383 to \$164,591 effective on January 1, 2023.
 - i. This will result in the State’s 50% salary portion to increase \$7,646 per year from \$74,700 to \$82,346 (not including ERE of 73.61%).
 - ii. With an effective date of 1/1/2023 on judges’ salaries, only one-half of the \$7,646 increase amount is needed for FY23 = \$3,823 + 73.61% ERE
 - b. In FY 2024, the State’s 50% salary portion will be \$82,346 + estimated \$60,615 ERE totaling approximately \$143,000/year.
2. **Specialized Staff Attorney** - ARS 45-252 Sec D prescribes that “*The Supreme Court may appoint additional paralegals and law clerks for the general adjudication. Notwithstanding Section 12-128, the Superior Court Judge, Master, Paralegal and Law Clerk positions prescribed in this subsection and subsection C of this section shall be fully funded by this State.*” To better process any water-related cases that make their way to the Arizona Supreme Court, a staff attorney with expertise in appeals involving general stream adjudications was requested and approved in the FY22 Expenditure plan. Continued funding for this position is requested for FY23 from the General Adjudication Personnel and Support Fund at an ongoing salary+ERE cost of \$150,000 per year.
 - a. In alignment with the legislatively approved 10% increase in state staff salaries, this requested amount of \$150,000 includes a 10% increase in the specialized staff attorney’s salary.

Supreme Court Position Breakdown

Item	Position Title	# of FTE	Estimated Salary	Estimated ERE	Total Estimated Cost
1A	50% Judge Salary (Current Salary = \$149,383)	1	\$74,700	\$55,000	\$129,700
1B	50% Judge Salary (Jan-Jun Increase) - Judge's salary of \$164,691 goes into effect on 1/1/23 (\$82,346 = State's portion) - \$7,646 increase for full year (\$82,346-\$74,700) - \$3,823 increase for half year (\$7,646/2)	1	\$3,820	\$2,800	\$6,620
2	Specialized Staff Attorney	1	\$123,000	\$27,000	\$150,000

Proposed Supreme Court Expenditures from Adjudication Fund

Item #	Item Description	Estimated Cost	FTE	Timing	Notes
1	50% Judge Salary	\$136,320	1.0	Ongoing	Funding required to comply with ARS 12-128 and 45-252
2	Specialized Staff Attorney	\$150,000	1.0	Ongoing	Necessary to support appeals involving general stream adjudications

Estimated One-Time Costs	\$0
Estimated Ongoing Costs	\$286,320
Total Estimated Costs	\$286,320

Proposed Total Expenditures from Adjudication Fund - FY23

Item #	Item Description	Estimated Cost	FTE	Timing
1	ADWR	\$1,176,000	11.0	Ongoing
2	ADWR	\$380,000		One-Time
3	Special Water Master	\$50,000		One-Time
4	Special Water Master	\$43,900	5.0	Ongoing
5	Supreme Court	\$286,320	2.0	Ongoing

\$1,936,220

Estimated One-Time Costs	\$430,000
Estimated Ongoing Costs	\$1,506,220
Total Estimated Costs	\$1,936,220



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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BEN TOMA

DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Jordan Johnston, Senior Fiscal Analyst

SUBJECT: Department of Public Safety - Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount

Request

Pursuant to A.R.S. § 41-1724G and A.R.S. § 41-1724H, the Arizona Department of Public Safety (DPS) is required to submit for Committee review the entire FY 2023 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expending any monies. The Subaccount is funded primarily from a \$4.00 surcharge on criminal violations.

DPS has submitted for review its proposal to distribute \$1,346,400 of the \$2,396,400 FY 2023 appropriation from the Subaccount to continue to fund 3 existing programs: Detention Liaison Officers Program (\$458,300), Border County Officers Program (\$538,100), and Pima County Border Crimes Unit (\$350,000). DPS plans to submit to the Committee an allocation plan for the Border Security and Law Enforcement Grants (\$1,050,000) for review at a later date this year.

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. DPS shall report to the Committee prior to implementing any changes to the proposed FY 2023 allocation of the grants (*see Table 1*).

(Continued)

Key Points

- 1) DPS is requesting review of \$1.3 million of its \$2.4 million GIITEM Subaccount appropriation.
- 2) DPS proposes continuing to fund 3 existing programs:
 - Detention Liaison Officers Program (\$458,300), 3 jurisdictions
 - Border County Officers Program (\$538,100), 4 jurisdictions
 - Pima County Border Crimes Unit (\$350,000)
- 3) DPS will submit to the Committee for review at a later date an allocation plan for the Border Security and Law Enforcement Grants (\$1.05 million).
- 4) DPS indicates the participation of the agencies is subject to change based on the jurisdictions' willingness to meet the requirements of the program.

Analysis

Pursuant to A.R.S. § 12-116.04, the GIITEM Border Security and Law Enforcement Subaccount receives revenues from a \$4.00 criminal fee assessed on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.

The subaccount monies are distributed by DPS to county sheriffs and other local law enforcement agencies to fund border security programs, personnel, and equipment. The proposed DPS expenditure plan would allocate the entire FY 2023 GIITEM Border Security and Law Enforcement Subaccount appropriation to 4 existing programs. They are currently requesting review of the following 3:

Detention Liaison Officers Program - \$458,300 to fund detention and correctional officers that serve within jails and state prisons to gather intelligence from inmates about illegal activities along the border. This is a decrease of \$(5,600) from the amount the Committee reviewed in FY 2022. The FY 2023 plan proposes to fund detention officers in Cochise (1) and Pima (2) Counties and correctional officers/investigators in the Department of Corrections (4), the same 3 entities in the FY 2022 plan.

Recipients of the funding pay 25% of the payroll costs of the positions. Because the Detention Liaison Officers Program is dependent on local governments providing the 25% match, the department has indicated it may shift funding between recipients as circumstances dictate.

Border County Officers Program - \$538,100 to hire county sheriff deputies and municipal police officers that work as part of the GIITEM Task Force's Border District investigating border-related crimes such as drug trafficking and human smuggling. This is a decrease of \$(9,600) from the amount the Committee reviewed in FY 2022. The FY 2023 plan proposes to fund officers and deputies in the Oro Valley Police Department (1), Coolidge Police Department (1), Marana Police Department (1), and Cochise County Sheriff's Office (3). The Eloy Police Department, which participated in the Border County Officers Program in FY 2022, recently pulled out of the program due to staffing shortages. DPS is in the process of identifying a replacement agency for Eloy. Recipients of the funding pay 25% of the payroll costs of the positions.

Pima County Border Crimes Unit - \$350,000 to fund a portion of the costs of 10 Pima County Sheriff's deputies that focus exclusively on border-related crimes. This allocation is the same as the amount reviewed by the Committee in FY 2022.

(Continued)

Table 1 below provides the full FY 2022 expenditure plan reviewed by the Committee and the proposed FY 2023 plan. The department has stated that the participation of the agencies is subject to change based on the jurisdictions' willingness to meet the requirements of the program.

Table 1			
DPS Expenditure Plan – GIITEM Subaccount			
	FY 2022 Reviewed Allocation	FY 2022 Projected Allocation ^{1/}	FY 2023 Proposed Allocation ^{2/}
<u>Detention Liaison Officers Program</u>			
Cochise County Sheriff's Office	\$ 66,300	\$ 47,000	\$ 65,500
Pima County Sheriff's Office	132,500	83,700	130,900
Department of Corrections	<u>265,100</u>	<u>175,500</u>	<u>261,900</u>
Subtotal	\$463,900	\$306,200	\$458,300
<u>Border County Officers Program</u>			
Cochise County Sheriff's Office	\$ 234,700	\$ 241,000	\$ 269,000
Coolidge Police Department	78,300	75,300	89,700
Eloy Police Department	78,300	37,500	-
Oro Valley Police Department	78,300	60,700	89,700
Marana Police Department	-	81,600	89,700
Unallocated ^{3/}	<u>78,100</u>	<u>-</u>	<u>-</u>
Subtotal	\$547,700	\$496,100	\$538,100
<u>Pima County Border Crimes Unit</u>	\$350,000	\$350,000	\$350,000
<u>Border Security and Law Enforcement Grants</u>			
Cochise County Sheriff's Office	\$ 250,000	\$ 250,000	-
Graham County Sheriff's Office	100,000	100,000	-
Greenlee County Sheriff's Office	100,000	100,000	-
La Paz County Sheriff's Office	100,000	100,000	-
Santa Cruz County Sheriff's Office	250,000	250,000	-
Yuma County Sheriff's Office	250,000	250,000	-
Unallocated ^{4/}	<u>-</u>	<u>-</u>	<u>\$1,050,000</u>
Subtotal	\$1,050,000	\$1,050,000	\$1,050,000
Total	\$2,411,600	\$2,202,300	\$2,396,400
^{1/} Represents year-to-date actual expenditures, plus projections through June 30, 2022. ^{2/} Represents estimated new proposed FY 2023 allocation from the subaccount. ^{3/} The department stated they are unable to estimate precise allocations by agency due to variations in assignment of personnel. ^{4/} DPS will submit an expenditure plan to the Committee for the Border Security and Law Enforcement Grants FY 2023 allocation at a later date.			

Border Security and Law Enforcement Grants - The department plans to work with the Arizona Sheriff's Association (ASA) to determine how the Border Security and Law Enforcement Grants will be distributed. DPS has allocated \$1,050,000 for this program. This total allocation amount is unchanged from FY 2022. DPS will submit an expenditure plan for this allocation to the Committee for review at a later date.



ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-2000

"Courteous Vigilance"

DOUGLAS A. DUCEY
Governor

HESTON SILBERT
Director

July 5, 2022

Senator David M. Gowan, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007



Dear Senator Gowan:

Pursuant to A.R.S. § 41-1724(H), the Department of Public Safety is submitting its FY 2023 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount (Subaccount) to the Joint Legislative Budget Committee for review.

The FY 2023 General Appropriations Act appropriates \$2,396,400 from the Subaccount to DPS. Pursuant to A.R.S. § 41-1724, "...monies in the subaccount shall be used for law enforcement purposes related to border security, including border personnel". The monies may also be used for "...safety equipment that is worn or used by a peace officer who is employed by a county sheriff."

DPS intends to continue funding the four existing programs that have previously been given a favorable review by the JLBC. The Department's overall FY 2023 expenditure plan is as follows:

Detention Liaison Officer Program	\$ 458,300
Border County Officers	538,100
Border Crimes Unit	350,000
Border Security and Law Enforcement Grants	1,050,000
TOTAL	\$2,396,400

The above expenditure plan is substantially similar to the FY 2022 plan.

Detention Liaison Officer Program

The Detention Liaison Officer (DLO) Program provides funding for detention and correctional officers in southern Arizona jails and prisons. The concept of the program is to utilize these specially trained officers to glean as much intelligence as possible from detainees and inmates about activities related to border crimes. Information gathered by these officers is fed into DPS-managed databases (e.g., GangNet) and shared among law enforcement agencies throughout the State.

The program currently funds a total of seven detention/correctional officers in Cochise (1) and Pima (2) Counties, and in southern Arizona prisons operated by the Department of Corrections, Rehabilitation, and Reentry (4). At any given time, the agencies participating in the DLO Program may shift based on jurisdictions' ability and willingness to participate and on program budget constraints. The Department wishes to retain the ability to move modest amounts of money between the DLO and Border County Officer Program, as circumstances dictate. DPS has allocated \$458,300 for the DLO Program in FY 2023.

Local agencies pay 25% of the payroll costs of their positions. The DLO Program was first reviewed by the JLBC in August 2007.

Border County Officers

The Border County Officers Program provides funding for county sheriff deputies and municipal police officers who work as part of the GIITEM Task Force's Southern District. The district investigates border crimes and disrupts criminal organizations involved in drug trafficking, human smuggling, and other border-related crimes.

The program currently funds a total of six officer and deputy positions with the Oro Valley (1), Marana (1), and Coolidge (1) Police Departments and with the Cochise County Sheriff's Office (3). The Eloy Police Department recently pulled out of the program due to staffing shortages. The Department is in the process of identifying a replacement agency for Eloy and has included this seventh position in the budget. As referenced in the DLO Program discussion, DPS wishes to retain the ability to move modest amounts of money between the DLO and Border County Officer Programs, as circumstances dictate.

At any given time, the agencies participating in the program may shift based on jurisdictions' ability and willingness to participate and on program budget constraints. DPS has allocated \$538,100 for the program in FY 2023. Local agencies pay 25% of the payroll costs of their positions. The Border County Officers Program was first reviewed by JLBC in August 2007.

Border Crimes Unit

Subaccount monies fund a portion of the costs of 10 deputies from the Pima County Sheriff's Department who operate as part of the Border Crimes Unit. The BCU works in cooperation with GIITEM and conducts interdiction efforts in remote areas of Pima County.

DPS has allocated \$350,000 for the project in FY 2023. Pima County pays for all costs above the \$350,000 level. The Pima County portion exceeds 25% of the payroll costs for the 10 positions. The BCU was first reviewed by JLBC in August 2007.

Border Security and Law Enforcement Grants

In recent years, DPS has conferred with the Arizona Sheriffs' Association (ASA) on the distribution of the Border Security and Law Enforcement Grants. We have contacted the ASA about the FY 2023 distribution plan but have not reached a resolution. For historical perspective, the following table shows the FY 2021 and FY 2022 allocations of these monies:

County Sheriff	FY21 Allocations	FY22 Allocations	FY22 Plan
Apache	\$0	\$0	TBD
Cochise	250,000	250,000	TBD
Coconino	0	0	TBD
Gila	0	0	TBD
Graham	100,000	100,000	TBD
Greenlee	100,000	100,000	TBD
La Paz	100,000	100,000	TBD
Maricopa	0	0	TBD
Mohave	0	0	TBD
Navajo	0	0	TBD
Pima ^{1/}	0	0	TBD
Pinal ^{2/}	0	0	TBD
Santa Cruz	250,000	250,000	TBD
Yavapai	0	0	TBD
Yuma	250,000	250,000	TBD
TOTAL	\$1,050,000	\$1,050,000	\$1,050,000

^{1/} Per the submitted distribution plan, DPS intends to reimburse the Pima County Sheriff's Department an additional \$350,000 for eligible Border Crimes Unit costs

^{2/} The Pinal County Sheriff's Office has been allocated an additional \$500,000 in FY 2017 through FY 2023 from the GIITEM Fund pursuant to A.R.S. § 41-1724.

DPS will present a grant allocation plan to the JLBC for review at a future meeting. We anticipate the plan will be finalized over the summer. The "delay" in reviewing the grant allocations should have no effect on the receiving counties operations, as the allocations are typically made in October (50%) and April (50%) due to cash flow limitations of the GIITEM Subaccount.

Grant recipient agencies may use the funding for any purpose consistent with statute. As required by statute, in order to receive the funding, recipient agencies must certify each fiscal year to the DPS Director that the agency is complying with A.R.S. §11-1051 to the fullest extent of the law. If one or more sheriffs' offices do not accept the funding, DPS intends to prorate unobligated amounts over those agencies that do accept the grants.

July 5, 2022

If you have any questions, please contact Phil Case, DPS Budget Director, at 602-223-2463 or pcase@azdps.gov.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth Hunter".

Heston Silbert, Colonel
Director

C: Representative Regina E. Cobb, Vice-Chairman
Matthew Gress, OSPB Director
Richard Stavneak, JLBC Director



STATE OF ARIZONA

Joint Legislative Budget Committee

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BEN TOMA

DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Morgan Dorcheus, Principal Fiscal Analyst

SUBJECT: Arizona Board of Regents - Review of FY 2023 Tuition Revenues

Request

Pursuant to a FY 2023 General Appropriation Act footnote, the Arizona Board of Regents (ABOR) requests Committee review of its expenditure plan for all projected tuition and fee revenues in FY 2023.

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.

Gross FY 2023 tuition and fee collections are projected to be \$3.91 billion, which is an increase of \$334.6 million, or 9.3% above FY 2022. Gross tuition revenues reflect the amounts the universities would receive if all students paid full published tuition and fee rates. The actual amounts paid by students after accounting for tuition waivers and other gift aid awarded by the universities constitute net tuition. The universities estimate \$(1.04) billion in tuition waivers and awards in FY 2023, resulting in \$2.87 billion of net tuition. This \$2.87 billion level of net tuition is an increase of \$275.1 million, or 10.6%, above FY 2022.

Analysis

Table 1 shows ABOR-approved changes to resident and non-resident undergraduate tuition and mandatory fees in FY 2023. For resident undergraduate students, tuition will increase by 2.4% at ASU, 3.2% at NAU, and 4.2% at UA. All 3 universities have not increased resident undergraduate rates since FY 2020.

(Continued)

Key Points

- 1) Resident undergraduate tuition rates will increase by 2.4% at ASU, 3.2% at NAU, and 4.2% at UA.
- 2) Changes in net tuition revenues from FY 2022 to FY 2023 vary by university:
 - ASU estimates an increase of \$137.0 million, or 8.0%.
 - NAU estimates a decrease of \$(414,100), or (0.2)%.
 - UA estimates an increase of \$138.5 million, or 20.7%.
- 3) Net Tuition + General Fund revenues will increase by \$474.3 million, or 13.8%, systemwide.

Table 1

Arizona University System FY 2023 Tuition and Mandatory Fees ^{1/}								
	<u>Resident Undergraduate</u>		<u>Resident Graduate</u>		<u>Non-Resident Undergraduate</u>		<u>Non-Resident Graduate</u>	
	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>
ASU	\$11,618	2.4%	\$12,914	2.4%	\$30,592 ^{2/}	3.9%	\$33,556	3.9%
NAU	\$12,273	3.2%	\$12,639	3.2%	\$27,535	3.4%	\$29,189	3.4%
UA	\$13,265	4.2%	\$14,015	4.1%	\$39,567	6.2%	\$33,957	0.9%

^{1/} Reflects tuition rates for new students at NAU and UA and all classes at ASU. NAU and UA provide a guaranteed tuition rate for each incoming class, whereas ASU does not.

^{2/} ABOR also approved a rate increase for international undergraduate students at ASU, which will be set at \$33,400.

In addition to changes in tuition rates, the universities project systemwide enrollment will increase by 2.9% in FY 2023. Enrollment changes are expected to vary by university:

- ASU expects total enrollment will increase by 3.8%, with increases among undergraduate, graduate, and online student groups.
- NAU expects total enrollment will decrease by (1.7)%, primarily driven by decreases in resident undergraduate and online enrollments.
- UA expects total enrollment will increase by 3.2%, primarily driven by increases in online and nonresident students, partially offset by a decrease in resident undergraduate enrollment.

Table 2 displays FY 2022 and FY 2023 General Fund and tuition/fee monies for the Arizona university system. After enrollment changes and tuition rate adjustments, the universities project total gross tuition/fee collections of \$3.91 billion in FY 2023. This represents an increase of \$334.6 million, or 9.3%, above FY 2022:

- ASU gross tuition collections will increase by \$171.0 million, or 7.5% above FY 2022.
- NAU gross tuition collections will increase by \$913,000, or 0.2% above FY 2022.
- UA gross tuition collections will increase by \$162.7 million, or 17.6% above FY 2022.

The universities plan to forego \$1.04 billion in tuition revenue for institutional financial aid awards in FY 2023. This represents an increase of \$59.5 million from FY 2022, or 6.1%. Of this amount, \$34.0 million will be for ASU students, \$1.3 million will be for NAU students, and \$24.2 million will be for UA students.

As of FY 2021 (the most recent year for which detailed financial aid data is available), Arizona resident students made up approximately 56% of university enrollment and received approximately 50% of university-funded financial aid. However, resident students generate only about 40% of university tuition revenues.

(Continued)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
General Fund	\$ 848.4	\$ 1,047.6	\$ 199.2	23.5%
Gross Tuition/Fees	\$3,579.9	\$3,914.5	\$334.6	9.3%
Scholarship Allowance ^{1/}	<u>(981.2)</u>	<u>(1,040.7)</u>	<u>(59.5)</u>	<u>6.1%</u>
Net Tuition	\$2,598.7	\$2,873.8	\$ 275.1	10.6%
Total Net Tuition + General Fund	\$3,447.1	\$3,921.4	\$ 474.3	13.8%

^{1/} Scholarship allowance reflects institutional financial aid provided by the universities (excluding federal loans, private grants, etc.) to offset the cost of tuition. Amounts include scholarship awards and tuition waivers except employee tuition reductions, which are recorded as employee benefit expenses.

After accounting for financial aid awards, net tuition will total an estimated \$2.87 billion, which represents an increase of \$275.1 million, or 10.6%, compared to FY 2022:

- ASU net tuition collections will increase by \$137.0 million, or 8.0% above FY 2022.
- NAU net tuition collections will decrease by \$(414,100), or (0.2)% below FY 2022.
- UA net tuition collections will increase by \$138.5 million, or 20.7% above FY 2022.

By comparison, net tuition collections for the entire university system increased 1.8% in FY 2021 and 4.7% in FY 2022. Prior to the COVID-19 pandemic (FY 2020), net tuition increased by 5.0%.

In addition to growth in tuition revenues, state General Fund support increased by \$199.2 million from FY 2022 to FY 2023. This was driven primarily by increases in funding for university operating expenses. In total, General Fund and net tuition/fee resources will increase by \$474.3 million, or 13.8%, from \$3.45 billion in FY 2022 to \$3.92 billion in FY 2023 after enrollment and tuition rate changes.

As shown in *Table 3*, approximately \$2.71 billion of the \$3.91 billion in gross FY 2023 tuition will be used for operating expenditures. Approximately \$1.04 billion will be used to provide financial aid, while \$135.1 million and \$28.5 million will support debt service and plant funds, respectively.

Expenditures on operating costs are estimated to increase by \$267.6 million, financial aid allowances will increase by \$59.5 million, debt service costs are estimated to increase by \$5.4 million, and expenditures from plant funds will increase by \$2.0 million.

(Continued)

Table 3

Use of FY 2023 Tuition/Fees by University

<u>University</u>	<u>Operating Expenditures</u> ^{1/}	<u>Financial Aid</u>	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
ASU	\$1,717,032,900	\$609,154,700	\$23,500,000	\$99,135,200	\$2,448,822,800
NAU	209,894,400	152,255,600	1,000,000	14,200,000	377,350,000
UA	<u>783,300,900</u>	<u>279,312,100</u>	<u>4,000,000</u>	<u>21,756,500</u>	<u>1,088,369,500</u>
Total	\$2,710,228,200	\$1,040,722,400	\$28,500,000	\$135,091,700	\$3,914,542,300

Increase in FY 2023 over FY 2022

<u>University</u>	<u>Operating Expenditures</u> ^{1/}	<u>Financial Aid</u>	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
ASU	\$127,155,000	\$34,046,700	\$2,000,000	\$7,840,100	\$171,041,800
NAU	(4,414,100)	1,327,100	0	4,000,000	913,000
UA	<u>144,905,000</u>	<u>24,193,100</u>	<u>0</u>	<u>(6,395,900)</u>	<u>162,702,200</u>
Total	\$267,645,900	\$59,566,900	\$2,000,000	\$5,444,200	\$334,657,000

^{1/} In addition to all appropriated tuition revenues, includes non-appropriated tuition revenues to be expended on instruction, organized research, public service, student services, auxiliary enterprises, and institutional support.

MD:lm

June 23, 2022

The Honorable David Gowan
Arizona State Senate
Joint Legislative Budget Committee
1700 West Washington
Phoenix, Arizona 85007

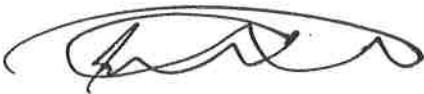


Dear Senator Gowan,

A footnote included in the General Appropriations Act requires the Arizona Board of Regents report to the Joint Legislative Budget Committee (JLBC) projected fiscal year 2023 tuition and fee revenues. Enclosed is the report of projected gross tuition and fee revenues and planned uses as presented to the board at its June 2022, meeting.

If you have any questions, please do not hesitate to call me at (602) 229-2500.

Sincerely,



John Arnold
Executive Director

xc: Richard Stavneak, Director, JLBC

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Executive Director John Arno

**ARIZONA UNIVERSITY SYSTEM
TUITION AND FEES IN SUPPORT OF THE
2022-23 STATE BUDGET**

	STATE COLLECTIONS		
	As Reported in the FY 2022-23 Annual Budget approved by ABOR	2022-23 University Collections Fund as reported in General Appropriations Act	CHANGE
Arizona State University	706,031,800	597,718,800	108,313,000
Northern Arizona University	130,397,300	134,983,300	(4,586,000)
University of Arizona	382,811,300	304,589,000	78,222,300
University of Arizona Health Sciences Center	66,675,300	56,363,300	10,312,000
TOTAL UA	449,486,600	360,952,300	88,534,300
TOTAL	1,285,915,700	1,093,654,400	192,261,300

Total State Collections	\$1,285,915,700
Total Non-Appropriated Tuition & Fees Collections	\$2,627,143,300
Total Estimated Tuition Revenue (Gross)	\$3,913,059,000

ARIZONA STATE UNIVERSITY
FY 2023 USES OF APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
APPROVED ANNUAL BUDGET vs. JLBC BASELINE

	Other Appropriated Tuition and Fees	Non-appropriated Tuition and Fees
FY 2023 Collections Fund As Reported in the Annual Budget	\$706,031,800	\$1,742,791,000
FY 2023 Collections Fund As Reported in General Appropriations Act	597,718,800	
FY 2023 Collections Fund Increase/(Decrease) from General Appropriations Act	108,313,000	1,742,791,000
ALLOCATIONS BY PROGRAM		
Instruction		
Investments in Programs Supported by Program Fees		86,098,000
Investments in Programs Supported by College Fees		117,457,900
Investments in Programs Supported by Summer Sessions Tuition		190,169,200
Investments in Faculty Hiring and Academic Support	33,290,400	79,631,500
EdPlus at ASU		378,262,700
Overseas Study Abroad Program Costs		3,961,100
Research Asst./Teaching Asst. Benefit Costs		25,207,300
Operating Support	16,301,300	77,721,000
Organized Research		
Public Service		
Operating Support		346,800
Academic Support		
Operating Support	9,500,000	376,100
Student Services		
Investments in Programs Supported by Mandatory Fees		18,268,200
Operating Support	17,369,000	6,237,900
Institutional Support		
Operations and Maintenance	29,015,900	
Operating Support	2,836,400	698,400
Scholarships/Fellowships/Financial Aid		
Financial Aid Set Aside/Other Financial Aid		609,154,700
Auxiliary Enterprises		
Investments in Programs Supported by Mandatory Fees		24,608,700
Auxiliary Operating Support		1,956,300
Debt Service		
Debt Service/COPs/Lease Purchase		99,135,200
Plant Funds		
Minor Capital Projects		23,500,000
	\$108,313,000	\$1,742,791,000

The sum of Appropriated and Non-appropriated tuition and fees ties to the total as presented to the Board at the June meeting, or \$2,448,822,800.

ARIZONA STATE UNIVERSITY - TUITION AND FEES REVENUE

(\$000)

	FY21	FY22 BGT	FY23 BGT	Δ FY23 BGT/FY22 BGT	
TUITION	1,108,378	1,136,871	1,267,803	130,932	12%
NR UG	482,162	493,816	578,880	85,064	17%
RES UG	440,456	443,830	448,627	4,797	1%
NR Grad	133,547	145,604	190,315	44,711	31%
RES Grad	52,213	53,621	49,982	(3,639)	-7%
Online	493,897	553,083	565,254	12,171	2%
NR UG	336,219	350,692	368,053	17,361	5%
RES UG	59,868	61,188	63,853	2,665	4%
NR Grad	76,751	105,397	102,429	(2,968)	-3%
RES Grad	21,059	35,806	30,920	(4,886)	-14%
Prog Fees/Diff	94,967	105,018	122,945	17,927	17%
UG	17,057	15,205	14,297	(908)	-6%
Grad	77,910	89,813	108,648	18,835	21%
College Fee	134,158	151,032	154,873	3,841	3%
UG	121,542	138,609	143,887	5,278	4%
Grad	12,616	12,423	10,986	(1,437)	-12%
Course Fees	1,035	1,259	283	(976)	-77%
UG	232	219	283	64	29%
Grad	803	1,040	0	(1,040)	-100%
Extended Ed				-	--
Non Degree				-	--
Summer & Winter Sessions	205,007	231,343	219,344	(11,999)	-5%
Mandatory Fees	44,518	45,653	50,032	4,379	10%
UG	34,047	34,886	36,057	1,171	3%
Grad	10,471	10,767	13,975	3,208	30%
Other Misc.	52,348	53,522	68,289	14,767	28%
Total Tultion & Fees	2,134,308	2,277,781	2,448,823	171,042	8%

NORTHERN ARIZONA UNIVERSITY
FY 2023 USES OF APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
FY23 APPROVED FY23 ANNUAL BUDGET vs. FY23 GENERAL APPROPRIATIONS ACT

	Other Appropriated Tuition and Fees	Non Appropriated Tuition and Fees
Collections Fund as Reported In the FY 2023 Annual Budget	130,397,300	246,952,700
Collections as Reported in the FY 2023 General Appropriations Act	134,983,300	
Increase/(Decrease) from FY 2023 General Appropriations Act	(4,586,000)	246,952,700
ALLOCATIONS BY PROGRAM		
Instruction		-
Online and Educational Innovation and Partnership Investment		7,396,800
Investments in programs supported by program fees		6,106,000
Investments in programs supported by college fees		12,993,000
Investments in programs supported by summer session tuition		22,700,000
Investments in graduate assistants		2,400,000
Organized Research		
Public Service		
Academic Support		
Local Account Operating Support		-
Student Services		
Investments in programs supported by mandatory fees		27,209,000
Local Account Operating Support		140,010
Institutional Support		
Local Account Operating Support		552,300
Scholarships/Fellowships/Financial Aid		152,255,590
Debt Service Payments		14,200,000
Plant Funds		1,000,000
	(4,586,000)	246,952,700

NORTHERN ARIZONA UNIVERSITY - TUITION AND FEES REVENUE

(\$000)

	FY21	FY22 BGT	FY23 BGT	Δ FY23 BGT/FY22 BGT	
Base Tuition	267,446	270,970	266,220	(4,749)	-2%
NR UG	102,739	104,953	99,575	(5,378)	-5%
RES UG	139,270	137,561	135,879	(1,681)	-1%
NR Grad	7,729	8,349	11,795	3,446	41%
RES Grad	17,709	20,107	18,971	(1,136)	-6%
Online	38,448	33,048	36,648	3,601	11%
NR UG	11,095	7,868	9,705	1,836	23%
RES UG	14,643	12,292	12,484	192	2%
NR Grad	3,834	3,864	5,619	1,754	45%
RES Grad	8,876	9,022	8,841	(182)	-2%
Prog Fees	11,479	11,778	7,100	(4,678)	-40%
UG	4,793	5,331	-	(5,331)	-100%
Grad	6,685	6,446	7,100	654	10%
College Fee	0	0	13,073	13,073	--
UG			13,073	13,073	--
Grad			-	-	--
Course Fees	3,251	2,970	-	(2,970)	-100%
UG	3,198	2,911	-	(2,911)	-100%
Grad	53	59	-	(59)	-100%
Ext Ed Fees	-	-	-	-	--
Non Degree				-	--
Summer & Winter Sessions	26,203	26,220	22,700	(3,520)	-13%
Mandatory Fees	28,502	27,652	27,209	(444)	-2%
UG	25,706	24,975	24,575	(400)	-2%
Grad	2,796	2,677	2,634	(43)	-2%
Other Misc	4,022	3,800	4,400	600	16%
Total Tuition & Fees	379,351	376,437	377,350	913	0%

UNIVERSITY OF ARIZONA
FY 2023 USES OF APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
APPROVED FY23 ANNUAL BUDGET vs. FY 2023 GENERAL APPROPRIATIONS ACT

	Other Appropriated Tuition and Fees	Non-Appropriated Tuition and Fees
Collections Fund as Reported in the FY23 Annual Budget Report	449,486,600	638,882,900
Collections as Reported in the FY23 General Appropriations Act	360,952,300	
Increase/(Decrease) from FY23 General Appropriations Act	88,534,300	638,882,900
ALLOCATIONS BY PROGRAM		
Instruction		
Investments in Programs Supported by Program Fees and Differential Tuition		31,275,500
Investments in Programs Supported by Class and Course Fees		7,536,000
Investments in Programs Supported by Summer Sessions Tuition		38,390,000
Investments in Programs Supported by Online Tuition		107,665,200
Investments in Programs Supported by Distance Education Tuition		15,169,000
Local Account Operating Support		26,224,500
Organized Research		
Public Service		
Local Account Operating Support		382,100
Academic Support		
Local Account Operating Support		15,371,900
Student Services		
Local Account Operating Support		28,808,000
Investments in Programs Supported by Mandatory Fees		53,832,700
Institutional Support		
Local Account Operating Support		5,009,500
Scholarships/Fellowships/Financial Aid		
ABOR Financial Aid Set Aside		55,858,000
Program Fees and Differential Tuition Set Aside		5,091,300
Student Financial Aid Awards		218,362,800
Auxiliary Enterprise		
Investments in Programs Supported by Mandatory Fees		3,373,400
Debt Service Payments		21,756,500
Plant Funds		
Building Renewal		4,000,000
Minor Capital Projects		776,500
	88,534,300	638,882,900

UNIVERSITY OF ARIZONA - TUITION AND FEES REVENUE

(\$000)

	FY21	FY22 EST	FY23 BGT	Δ FY22/FY23	
Fall/Spring Base Tuition	668,894	723,348	781,508	58,160	8%
NR UG	329,548	383,999	433,709	49,710	13%
RES UG	218,009	211,176	208,388	(2,788)	-1%
NR Grad	62,918	67,080	72,859	5,779	9%
RES Grad	58,418	61,093	66,552	5,460	9%
Online	82,339	95,404	107,665	12,261	13%
NR UG	21,316	26,420	29,816	3,396	13%
RES UG	18,951	23,489	26,508	3,019	13%
NR Grad	21,290	23,022	25,981	2,959	13%
RES Grad	20,782	22,473	25,362	2,888	13%
Prog Fees/Diff	32,730	34,723	36,367	1,644	5%
UG	16,705	18,751	19,639	888	5%
Grad	16,024	15,972	16,728	756	5%
College Fee	-	-	-	-	-
UG	-	-	-	-	-
Grad	-	-	-	-	-
Course Fees	6,979	7,272	7,536	264	4%
UG	6,421	6,690	6,934	243	4%
Grad	558	581	603	21	4%
Ext Ed Fees	17,302	28,649	29,506	858	3%
Non Degree	5,742	5,163	5,259	96	2%
Summer Session	38,090	39,689	41,290	1,601	4%
Mandatory Fees	50,683	51,318	57,206	5,888	11%
UG	41,560	42,081	46,909	4,828	11%
Grad	9,123	9,237	10,297	1,060	11%
Other Misc	18,879	20,255	22,032	1,777	9%
Total Tuition & Fees	921,637	1,005,821	1,088,370	82,549	8%



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: July 11, 2022

TO: Members of the Joint Legislative Budget Committee

FROM: Stefan Shepherd, Deputy Director

SUBJECT: Department of Child Safety - Review of Line Item Transfers

Request

Pursuant to an FY 2022 General Appropriation Act footnote, the Committee is responsible for reviewing the transfer of monies between most Department of Child Safety (DCS) line items. To implement an FY 2022 supplemental correctly, \$10,105,000 of Federal Expenditure Authority is to be transferred from the operating budget to the following 4 line items: Adoption Services (\$7,400,000), Foster Home Placement (\$620,000), Congregate Group Care (\$1,950,000), and Extended Foster Care (\$135,000).

Committee Options

As this is a technical matter, the JLBC Staff recommends a favorable review of the transfer.

Key Points

- 1) To implement an FY 2022 Federal Expenditure Authority supplemental correctly, \$10,105,000 is to be transferred from the operating budget into the following line items:
 - Adoption Services (\$7,400,000)
 - Foster Home Placement (\$620,000)
 - Congregate Group Care (\$1,950,000)
 - Extended Foster Care (\$135,000)

(Continued)

Analysis

The FY 2023 General Appropriation Act (Laws 2022, Chapter 313) included an FY 2022 supplemental appropriation of \$10,105,000 in expenditure authority to DCS. This increase was associated with the extension of the enhanced Federal match rate through FY 2022 and was appropriated to the operating lump sum in the absence of specific estimates of the impact on individual line items.

Rather than use these monies in the operating budget, DCS plans to use the \$10.1 million of expenditure authority in the following line items:

- Adoption Services (\$7,400,000)
- Foster Home Placement (\$620,000)
- Congregate Group Care (\$1,950,000)
- Extended Foster Care (\$135,000)

SS:ss