

JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, September 20, 2018

12:30 p.m.

Senate Appropriations, Room 109

JLBC

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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#2

JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, September 20, 2018

12:30 P.M.

Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order
- [Approval of Minutes of June 19, 2018.](#)
- DIRECTOR'S REPORT (if necessary).
- EXECUTIVE SESSION - Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.
- 1. [AHCCCS/DEPARTMENT OF ECONOMIC SECURITY/DEPARTMENT OF CHILD SAFETY - Review of Capitation Rate Changes for Plan Year 2019.](#)
- 2. [ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2018 Bed Capacity Report.](#)
- 3. [ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND - Review of CHILDS \(Department of Child Safety Subaccount\).](#)
- 4. [ARIZONA DEPARTMENT OF TRANSPORTATION - Review of Motor Vehicle Modernization \(MvM\) Project Annual Progress Report.](#)
- 5. [***ARIZONA BOARD OF REGENTS - Review of FY 2019 Tuition Revenues.](#)
- 6. [***ARIZONA DEPARTMENT OF EDUCATION - Review of K-12 Broadband Connectivity Projects.](#)

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7. ***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.
 8. **DEPARTMENT OF CHILD SAFETY - Review of FY 2018 Fourth Quarter Benchmarks.**
 9. ***ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Approval of Maximum Lodging and Meal Reimbursement Rates.
 10. ***ARIZONA DEPARTMENT OF EDUCATION - Review of Joint Technical Education District Quarterly Report.
 11. ***ARIZONA CRIMINAL JUSTICE COMMISSION - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application.
 12. ***ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND - Review of the Microwave System Upgrade Project (Department of Public Safety Subaccount).
 13. ***ARIZONA GAME AND FISH DEPARTMENT - Review of Watercraft Grants Line Item Transfer.
 14. ***ATTORNEY GENERAL - Review of Allocation of Settlement Monies - State v. Hyundai Motor Company.
 15. ***ARIZONA BOARD OF REGENTS - Review of Qualifying College Credit Examinations.
 16. ARIZONA DEPARTMENT OF EDUCATION - Review of Statewide Assessment Contract Renewal.

*** 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.

9/12/18

9/17/18

9/19/18

kp

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 19, 2018

The Chairman called the meeting to order at 1:06 p.m., Tuesday, June 19, 2018, in Senate Appropriations Room 109. The following were present:

Members:	Senator Kavanagh, Chairman	Representative Livingston, Vice-Chairman
	Senator Cajero Bedford	Representative Allen
	Senator Fann	Representative Alston
	Senator Farley	Representative Bowers
	Senator Farnsworth	Representative Fernandez
	Senator Petersen	Representative Ugenti-Rita
	Senator Yee	

Absent: Representative Leach

Excused: Senator Hobbs

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 18, 2018, Chairman John Kavanagh stated that the minutes would stand approved.

CONSENT AGENDA

The following items were considered without discussion.

ATTORNEY GENERAL (AG) - Review of Uncollectible Debts.

A.R.S. § 35-150E requires that the AG's annual report on uncollectible debts owed to the state be reviewed by the Committee before the debt can be removed from the state accounting system. The listing totals \$41,262,369 for debts listed as uncollectible in FY 2018 and prior years. The JLBC Staff provided options.

(Continued)

ATTORNEY GENERAL - Review of FY 2019 Internet Crimes Against Children Expenditure Plan.

An FY 2019 General Appropriation Act (Laws 2018, Chapter 276) footnote requires the AG to submit an expenditure plan for the \$1,250,000 FY 2019 appropriation from the Internet Crimes Against Children Enforcement line item for Committee review prior to expenditure. The JLBC Staff provided options.

DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Developmental Disabilities Line Item Transfers.

The FY 2018 General Appropriation Act (Laws 2017, Chapter 305) requires DES to submit a report for review by the Committee before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items. DES requested Committee review of the following FY 2018 Total Funds transfers:

- \$(19,000,000) out of the Home and Community-Based Services - Medicaid line item.
- \$12,600,000 into the DDD Operating Lump Sum line item.
- \$6,400,000 into the Case Management - Medicaid line item.

The JLBC Staff provided options.

DEPARTMENT OF ECONOMIC SECURITY - Review of Developmental Disabilities Equity Expenditures.

The FY 2018 Health Budget Reconciliation Bill (Laws 2017, Chapter 309) requires DES to submit an expenditure plan for review by the Committee before expending unexpended and unencumbered capitation payments ("equity monies") on state-only programs within the Division of Developmental Disabilities (DDD). DES requested Committee review of DES' proposed expenditure of \$12,950,000 of equity monies for the following DDD state-only programs:

- \$7,400,000 for residential room and board costs.
- \$750,000 for Cost-Effectiveness Study (CES) clients.
- \$850,000 for the Arizona Early Intervention Program (AzEIP).
- \$3,900,000 for case management services for state-only clients.
- \$50,000 for Medicare Clawback Payments.

The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Joint Technical Education District Quarterly Reports.

Laws 2016, Chapter 4 requires ADE to submit quarterly reports to the Committee for review on ADE's progress and the subsequent approval or rejection of currently eligible Joint Technical Education District (JTED) programs and courses for eligibility for state funding under the new requirements established in Chapter 4. ADE requested review of ADE's January 1, 2018 - March 31, 2018 JTED quarterly report. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of the Arizona Financial Information System Transaction Fee.

A.R.S. § 41-740.01 requires ADOA to submit proposed changes to the transaction fee charged to each state agency that uses the Arizona Financial Information System (AFIS) to the Committee for its review. ADOA requested review of the proposed 32.9-cent transaction fee to state agencies for the operation of AFIS. The JLBC Staff provided options and a potential provision:

- A. On or before December 1, 2018 ADOA shall submit to the Joint Legislative Budget Committee the FY 2018 AFIS transaction count by agency and fund source.*

ARIZONA DEPARTMENT OF ADMINISTRATION - AUTOMATION PROJECTS FUND (APF) - Review of FY 2019 Criminal Justice Information System Replacement (Department of Public Safety Subaccount).

A.R.S. § 41-714 requires Committee review of proposed Automation Projects Fund (APF) expenditures. ADOA requested that the Committee review \$2,806,200 in proposed FY 2019 expenditures from the APF/Department of Public Safety (DPS) Subaccount for upgrades to the Criminal Justice Information System. The JLBC Staff provided options and a potential provision:

- A. A favorable review does not constitute endorsement of General Fund appropriations to pay for future development costs or operating costs.*

ARIZONA DEPARTMENT OF ADMINISTRATION - APF - Review of Arizona Strategic Enterprise Technology Projects (ADOA Subaccount).

Pursuant to A.R.S. § 41-714, ADOA requested that the Committee review \$12,248,900 in proposed FY 2018 and FY 2019 expenditures from the APF/ADOA Subaccount for information technology projects at the Arizona Strategic Enterprise Technology (ASET) Office. The JLBC Staff provided options and a potential provision:

- A. A favorable review does not constitute endorsement of appropriations for future year development or operating costs.*

ARIZONA DEPARTMENT OF ADMINISTRATION - APF - Review of E-Licensing Project (Department of Financial Institutions Subaccount).

Pursuant to A.R.S. § 41-714, ADOA requested that the Committee review \$1,400,000 in proposed FY 2019 expenditures from the APF/Department of Financial Institutions (DFI) Subaccount for a new e-licensing system at DFI. The JLBC Staff provided options and potential provisions:

- A. Should the final costs exceed the estimated costs by 10% or more, or should there be significant changes to the proposed technology, scope of work or implementation schedule, DFI must amend the Project Investment Justification to reflect the changes and submit it to ADOA-ASET for review and approval prior to further expenditure of funds.*
- B. A favorable review is contingent upon the Information Technology Authorization Committee's approval of the project.*

(Continued)

Representative Livingston moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 9 consent agenda items listed above. The motion carried.

REGULAR AGENDA

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Inmate Health Care Per Diem Change for FY 2019.

Ms. Micaela Larkin, JLBC Staff, stated that an FY 2019 General Appropriation Act (Laws 2018, Chapter 276) footnote requires ADC to present an expenditure plan to the Joint Legislative Budget Committee for review prior to implementing any inmate health care per diem rate changes. ADC requested review to increase the inmate health care per diem from \$12.54 to \$15.164. The JLBC Staff provided options.

Mr. Michael P. Kearns, Division Director, Administrative Services, ADC responded to member questions.

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

At 1:23 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:05 p.m. the Committee reconvened into open session.

Representative Livingston moved that the Committee give a favorable review to increase the inmate health care per diem from \$12.54 to \$15.164 with the following provisions:

- A. *On or before August 15, 2018, the department shall provide the Committee a report on how the increased per diem rate will address performance measure compliance pursuant to the Parsons v. Ryan litigation.*
- B. *A favorable review does not constitute endorsement of appropriations to pay for increased health care costs.*

The motion carried.

SECRETARY OF STATE (SOS) - Review of Expenditure Plan for Other Help America Vote Act (HAVA) Projects Line Item.

Ms. Micaela Larkin, JLBC Staff, stated that an FY 2019 General Appropriation Act (Laws 2018, Chapter 276) footnote requires SOS to submit an expenditure plan for the "Other Help America Vote Act (HAVA) Projects" line item to the Joint Legislative Budget Committee for review prior to implementation. SOS requested review of the \$2,300,000 for completing the voter registration database and \$479,100 for the election security assessment in FY 2019. The JLBC Staff provided options.

Mr. Lee Miller, Assistant Secretary of State, SOS, responded to member questions and circulated a handout (*Attachment 1*).

(Continued)

Mr. Rey Valenzuela, Elections Director, Maricopa County Recorder's Office, responded to member questions.

Ms. Leslie Hoffman, Recorder, Yavapai County Recorder's Office, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of the \$2,300,000 for completing the voter registration database and \$479,100 for the election security assessment in FY 2019. The favorable review also required that SOS return to the Committee later this year to seek review of the remaining monies once its assessment is complete and provide more information on its process for distributing grants to the counties to improve their election systems and the following provisions:

- A. The Committee's review only addresses FY 2019 expenditures. SOS shall return to the Committee for further review prior to expending any funds in FY 2020.
- B. SOS shall notify the Committee of any changes to the FY 2019 expenditure plan that exceed \$100,000 and the Chairman may determine whether the changes require further Committee action.
- C. The Committee intends that SOS only pay 25% of the operating costs of the existing voter registration system in FY 2019 so that the full Legislature may consider the appropriate cost sharing arrangement for future years in the next Regular Session.

Senator Farley made a substitute motion to modify the Livingston motion to remove provision C.

By a show of hands of 4 ayes and 8 nays, the substitute motion failed.

The original motion carried.

AHCCCS/DEPARTMENT OF ECONOMIC SECURITY/DEPARTMENT OF CHILD SAFETY - Review of Capitation Rate Changes for Plan Year 2019.

Mr. Patrick Moran, JLBC Staff, stated that an FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote requires state Medicaid agencies to submit an expenditure plan to the Committee for review prior to implementing any changes in capitation rates. AHCCCS requested Committee review of rate changes for plan year 2019 for the following programs:

- The Department of Economic Security's (DES) Arizona Long Term Care System - Developmental Disabilities (ALTCS - DD) program.
- The DES - DD Targeted Case Management (TCM) program.
- The Department of Child Safety's (DCS) Comprehensive Medical and Dental Program (CMDP) for children in foster care.

The JLBC Staff provided options.

Mr. Wes Fletcher, Chief Financial Officer, DES, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of AHCCCS' proposed capitation rate changes, excluding the DES ALTCS administrative cost increase in excess of the 3.5% budgeted adjustment, with the following provisions:

(Continued)

- A. *On or before June 29, 2018, AHCCCS shall provide to the JLBC Staff the DDD administrative cost justification submitted to the federal government.*
- B. *On or before October 1, 2018, AHCCCS and DES shall jointly report on the implementation of case manager caseload ratio changes in the TCM program.*

AHCCCS has already submitted information to satisfy Provision A.

The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of Line Item Transfers.

Mr. Patrick Moran, JLBC Staff, stated that an FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote prohibits transfers between the Department of Child Safety's line items without review by the Committee. DCS requested Committee review of the department's requested transfer of \$410,000 of Federal Temporary Assistance for Needy Families Block Grant monies out of the Out-of-Home Support Services line item and into the Kinship Stipend line item. The JLBC Staff provided options.

Mr. Mike Faust, Deputy Director, DCS, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of the department's requested transfer of \$410,000 of Federal Temporary Assistance for Needy Families Block Grant monies out of the Out-of-Home Support Services line item and into the Kinship Stipend line item. The motion carried.

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount.

Mr. Geoffrey Paulsen, JLBC Staff, stated the FY 2019 Criminal Justice Budget Reconciliation Bill (Laws 2018, Chapter 278) and A.R.S. § 41-1724G require DPS to submit an expenditure plan for the GIITEM Subaccount to the Joint Legislative Budget Committee for review prior to expenditure. DPS requested review of \$1,345,800 of its FY 2019 appropriation as proposed by the department. The JLBC Staff provided options.

Representative Livingston moved that the Committee give a favorable review of \$1,345,800 of its FY 2019 appropriation as proposed by the department.

EXECUTIVE SESSION

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

At 3:37 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 4:37 p.m. the Committee reconvened into open session.

(Continued)

A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.

Representative Livingston moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the cases of:

- *Simmons v. State of Arizona*
- *Saba v. State of Arizona*

The motion carried.

B. Arizona Department of Administration (ADOA) - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Medical and Dental Plans as Required under A.R.S. § 38-658A.

Representative Livingston moved that the Committee accept the report for the planned contribution strategy for state employee and retiree medical plans.

Senator Farley made a substitute motion that the Committee give an unfavorable review to the planned contribution strategy for state employee and retiree medical and dental plans with the following provisions:

- On or before December 1, 2018 ADOA shall submit to the Joint Legislative Budget Committee the FY 2018 employer health insurance premium payments by agency and fund source.*
- On or before November 1, 2018 ADOA shall submit to the Joint Legislative Budget Committee data on the plan structure, including employer and employee premiums, deductibles, out-of-pocket maximums, copays, coinsurance, Health Savings Account (HSA) contributions of other major public employers in Arizona, including Maricopa County, Pima County, and the City of Phoenix.*

The substitute motion carried.

Without objection, the meeting adjourned at 4:39 p.m.

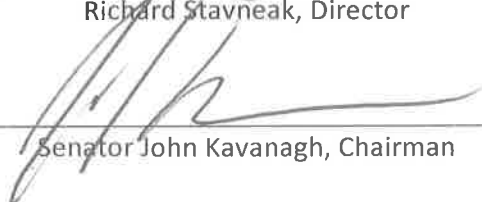
Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Senator John Kavanagh, Chairman

Overview for the AZ Election Systems Security Assessment

Why is Secretary of State Taking on a Comprehensive Cyber Security Assessment?

- Designated critical infrastructure – need to ensure the integrity of the election process
- Maintain confidentiality of State voter information
- Protection of the State's national reputation
- Maintain citizen trust

What Secretary of State Will Accomplish with the Assessment?

- Security maturity assessment (people-process-technology) of Secretary of State's current election security posture, conducted by cyber professionals with deep experience in elections security
- Real-world intelligence-based election system threat scenario testing, i.e. more than simple technical/penetration testing
- Detailed roadmap to close security gaps, reduce risk, and guide AZSOS investments in cybersecurity going forward

Actionable recommendations resulting from the assessment will enable numerous "quick wins" to improve protection prior to the upcoming election, as well as elevate election security maturity over time to the level necessary to mitigate current and reasonably anticipated future risks.

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Election Systems Security Assessment: Independent, Objective and Measured Against Peers

Comparing Election System Cybersecurity Maturity to Peers and Recommended Target Maturity

- A measure of the required future-state – or target – level of security maturity – how capable should AZSOS be in protecting itself, which facilitates the definition of "how much security is enough" *specific to the election mission*.
- A comparison of the current-state level of security maturity to similar peers provides context for understanding election systems leading practice approaches.
- A measure of the level of risk exposure resulting from the current level of security maturity facilitates development and maintenance of the appropriate defense-in-depth and defense-in-context security approach.



Gartner's critical mission-specific experience is built on more than 300 assessments conducted over the past 7 years in all jurisdictions of state, local, and federal government. Recent States include: South Carolina, Texas and California. Gartner analysts regularly advise government leadership on approaches to effective cyber security protection.

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Go beyond best-practices by stress-testing the State's election systems using the real-world attack techniques in-use today by known threats

Gather and Execute on Current Cyber-Threat Intelligence to "Reality Check" the Election Process

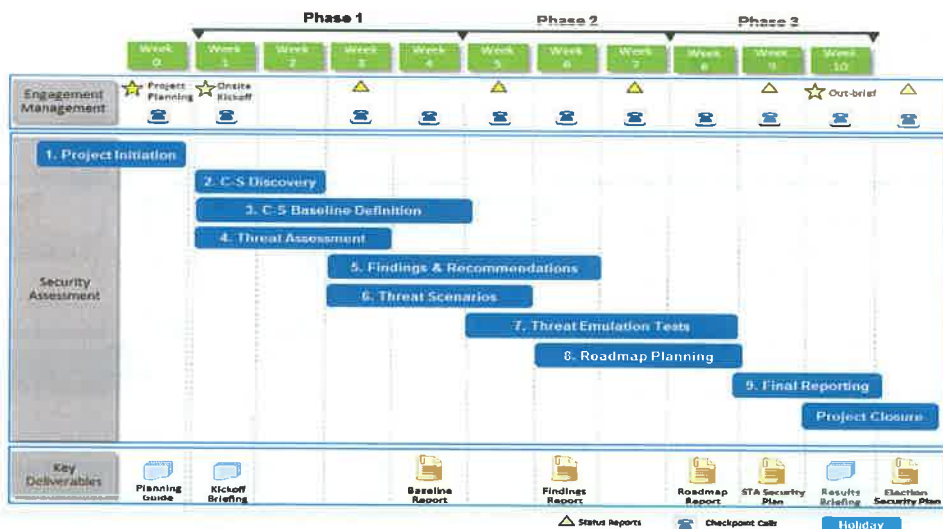
- Develop an understanding and testing mechanisms for advanced, intelligence-based threats focusing on real-world bad actors (including sophisticated nation-state actors) that are most likely to target the State's election process and the supporting infrastructure, personnel, and operations.
- Using operationally proven experience, develop multiple advanced, realistic scenarios based on real-world attacks that mirror the most likely threats from advanced threat actors and their behavior against the State's election process and systems.
- Advanced attacker teams emulate all key aspects of the identified threat actors, including advanced reconnaissance, social engineering, elicitation, access etc. against State election systems and connected entities.
- Gain technical assurance by assessing the complex critical infrastructure upon which the election process is based using what is considered by the cybersecurity industry as the most realistic form of assurance service.



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A comprehensive review of the State's election system security posture will take between 2 and 3 months



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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Senior Fiscal Analyst *PM*

SUBJECT: AHCCCS/Department of Economic Security/Department of Child Safety - Review of Capitation Rate Changes for Plan Year 2019

Request

Pursuant to an FY 2018 General Appropriation Act footnote, the state Medicaid agencies must present their plans to the Committee for review prior to implementing any changes in capitation rates. The Executive request includes new plan year 2019 capitation rates for the Arizona Health Care Cost Containment System (AHCCCS), Department of Economic Security's (DES) Arizona Long Term Care System (ALTCs) program, and the Department of Child Safety's (DCS) Comprehensive Medical & Dental Program (CMDP) for children in foster care.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

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

- A. On or before January 15, 2019, DES shall report to the Committee on the status of its efforts to engage community stakeholders regarding the department's plans to integrate services for the Developmental Disabilities program.

(Continued)

Key Points

- 1) AHCCCS is integrating funding for behavioral health and physical health for 1.5 million enrollees.
- 2) The Executive is planning further integration for DD and CMDP programs, which may impact service delivery.
- 3) AHCCCS/DES are requesting that DD behavioral health monies be transferred to DES in the '20 budget to facilitate DES' service integration proposal.
- 4) AHCCCS proposes '19 aggregate capitation rate adjustments of 3.5%. The adjustments are within budget.
- 5) The rates incorporate funding for the following enacted budget initiatives:
 - Hospital rate increase (2.5%)
 - Skilled nursing rate increase (3%)
 - Proposition 206 rate increases (up to 1.4%)
 - Behavioral health services in schools.

Analysis

The Federal government agrees to pay a flat per-member, per-month amount for each type of Medicaid enrollee. Capitation rates are developed by AHCCCS actuaries for all Medicaid programs. As discussed below, AHCCCS has adjusted the rates to implement integration of physical and behavioral health services and to incorporate estimated changes in enrollee utilization, fee schedule changes, and other programmatic adjustments.

Integration of Care

For contract year ending (CYE) 2018 and prior years, most AHCCCS enrollees received physical health services from contracted acute care health plans, while covered behavioral health services were delivered through contracted Regional Behavioral Health Authorities (RBHAs). To facilitate enhanced coordination and more streamlined access to the system of care for enrollees, AHCCCS has incrementally integrated physical and behavioral health services for select populations since 2013, including approximately 16,000 enrollees in the Children's Rehabilitative Services (CRS) program, 41,000 persons with a serious mental illness (SMI), and 105,000 individuals dually enrolled in Medicare and Medicaid.

Beginning October 1, 2018, the AHCCCS Complete Care (ACC) program will provide integrated physical health, behavioral health, and CRS to most other adults and children that are not already enrolled in another integrated program, with total projected enrollment of about 1.5 million members for FY 2019.

While behavioral health services for CMDP and DD children will be funded through and administered by the RBHAs in FY 2019, the Executive is pursuing further integration for both programs. For CMDP, AHCCCS hired a consultant to evaluate DCS' staffing and infrastructure needs associated with the operation of an integrated plan for foster children. The consultant's February 2018 report found that DCS would potentially require up to \$21.6 million in Total Funds resources to absorb the administration of behavioral health services, including \$15.3 million Total Funds for 198 additional FTE Positions and \$6.3 million for non-personnel costs, such as IT system upgrades. The study also concluded that DCS may experience challenges in developing its own behavioral health provider network.

The consultant reviewed several options of Medicaid managed care plans for foster children implemented in other states children that involve subcontracting some or all administrative functions.

(Continued)

In August 2018, DCS issued a Request for Information (RFI) soliciting feedback from foster caregivers, health providers, and other stakeholders about how the department may proceed with integration.

For the DD program, DES issued a Request for Proposals (RFP) in June 2018 for subcontracted integrated plans that would provide physical health, behavioral health, CRS, and select long-term services and supports to DD members beginning October 1, 2019. Beginning October 1, 2020, DD members would be required to enroll in either a contracted "DDD Direct Plan," which would consist of a contracted plan that would provide all covered DD services, or a "DDD Coordinated Plan" which would only subcontract behavioral health, physical health, CRS, and select long term services and supports. Pursuant to this plan, in their FY 2020 budget requests, AHCCCS and DES have proposed that behavioral health services funding for DD clients be transferred from the RBHAs, which are financed in the AHCCCS budget, to DES in FY 2020.

DES' RFP could have a significant programmatic and fiscal impact on the DD program. For example, to the extent that more DD services are covered under a subcontracted plan instead of reimbursed by DES directly, DES may have to enhance its oversight capacity of its subcontracted plans. In addition, the provider network and reimbursement levels could be different under DES' subcontracted plans compared to DES' current network. We understand that providers have voiced concerns about these and other impacts. We are awaiting a response to whether AHCCCS and DES commissioned or completed a study comparable to the study of CMDP integration to determine the impact of the RFP on the DD system of care.

Given the potentially significant impact of DES' integration plans, the Committee may consider Provision A, which would require DES to report on its efforts to engage stakeholders in the DD community by January 15, 2019 regarding its RFP for integrated services.

Rate Adjustments

In aggregate, AHCCCS estimates the rates represent an increase of 3.5% within AHCCCS (excluding DES - DD). *Table 1* below includes a comparison of CYE 2018 rates and CYE 2019 rates by population. These amounts fund the following adjustments:

- Provider Reimbursement Changes: \$108 million Total Funds is for provider reimbursement changes, including:
 - \$53 million for additional Crisis Services funding. The crisis services system is administered by the RBHAs, and provides an array of services to individuals experiencing a mental health crisis, including crisis hotlines, mobile crisis teams that engage with people at the location the person is experiencing the crisis, and crisis facilities. AHCCCS believes that historical data has not adequately captured crisis services costs due to the fixed costs associated with 24/7 availability. The \$53 million consists of \$31 million to fully capture actual RBHA spending on crisis services from CYE 2017, and \$22 million for provider cost increases in CYE 2018 and CYE 2019.
 - \$28 million for increased funding under the Differential Adjustment Payments (DAP) program and the Access to Professional Services Initiative (APSI). The DAP program compensates providers for taking actions designated by AHCCCS as improving patient care. The DAP increase for CYE 2019 incorporates a 0.5% rate increase for hospitals with a Pediatric-Prepared Emergency Care Certification from the Department of Health Services (DHS) above the 2.5% increase funded in the FY 2019 budget (*see below*). The APSI program continues to provide a 40% rate increase to select practitioners at qualifying teaching hospitals and is funded from matching monies provided by political subdivisions.

(Continued)

- \$27 million for fee schedule changes implemented by AHCCCS. The increase incorporates Medicare rate updates for several fee-for-service rates that are linked to Medicare reimbursement levels, a 3.5% increase for physician-administered drugs, a 3.0% increase for short-term behavioral health residential services, and adjustments to ambulance and ground transportation rates based on revisions to ambulance rates made by DHS.
- Enacted Budget Initiatives: \$79 million Total Funds is associated with initiatives funded by the Legislature in the FY 2019 budget, including:
 - 2.5% rate increase for inpatient and outpatient hospital services via the DAP program, which ties the rates to hospital performance on select quality metrics. This rate adjustment accounted for \$46 million of the overall increase.
 - 3.0% rate increase for Skilled Nursing Facility Services, which accounted for \$16 million of the increase.
 - 1.4% rate increase for Home and Community Based Services and 0.7% for Skilled Nursing Facilities effective January 1, 2019 to address the increase in the minimum wage from \$10.50 to \$11.00 as a result of Proposition 206 requirements. These rate adjustments accounted for \$8 million of the increase.
 - Behavioral Health Services in Schools: AHCCCS will use \$1 million of this funding for an interagency service agreement with the Arizona Department of Education for administration of Mental Health First Aid training in public schools. The remaining \$9 million in funding will be allocated to provide behavioral health services directly provided in schools by behavioral health providers contracted with AHCCCS health plans.
- Rebase and Trend Changes: \$65 million Total Funds consists of:
 - \$52 million for historical and projected utilization and unit cost changes for AHCCCS enrollees.
 - \$13 million is associated with other adjustments, including increased utilization of Applied Behavioral Analysis services by children with autism and cost increases for hemophilia medications.
- Reinsurance Program Changes: \$61 million Total Funds is associated with reducing the coverage levels of the AHCCCS reinsurance program. The reinsurance program reimburses health plans for high cost enrollees with expenses above defined thresholds. AHCCCS is increasing these limits, from \$25,000 to \$35,000 for the deductible (above which AHCCCS covers 75% of marginal expenses) and is increasing the catastrophic coverage "stop-loss limit" from \$650,000 to \$1.0 million (above which AHCCCS covers 100% of marginal expenses). These changes increase capitation expenses because health plans will be responsible for a higher share of costs before reinsurance coverage is effective, but will result in corresponding reductions in AHCCCS' reinsurance costs, so the net budgetary effect is approximately neutral across AHCCCS over multiple years.

While the primary adjustments to the DD capitation rate occurred in July 2018, AHCCCS is updating the DES – DD rate, effective October 1, 2018, to reflect the integration of Children's Rehabilitative Services within DES. The rates will be further updated on January 1, 2019 to provide a 1.4% rate increase for home and community-based services and 0.7% for skilled nursing facilities to address Proposition 206 costs, equivalent to the adjustments assumed for the ALTCS EPD program.

Table 1			
October Capitation Revisions			
	CYE 2018	CYE 2019	Change from Prior Rates
AHCCCS Complete Care (ACC)	350.37	360.36	2.8%
Serious Mental Illness	1,987.84	2,020.82	1.6%
ALTCS - Developmental Disabilities ^{1/}	4,177.74	4,340.83	3.9%
ALTCS - Elderly and Physically Disabled	3,455.59	3,628.68	5.0%
Comprehensive Medical & Dental Program ^{2/}	999.45	1,158.48	15.9%
Crisis Services	3.86	4.76	23.3%
^{1/} Includes \$236.60 and \$273.16 in the prior rates and new rates, respectively, for DD behavioral health services, which are funded through the RBHAs.			
^{2/} Includes \$757.55 and \$864.89 in the prior rates and new rates, respectively, for CMDP behavioral health services, which are funded through the RBHAs.			

PM:kp

August 30, 2018

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



Dear Senator Kavanagh:

The Arizona Health Care Cost Containment System (AHCCCS) has completed actuarial analysis on select Managed Care Organization (MCO) capitation rates that are effective beginning October 1, 2018 and respectfully requests to be placed on the agenda of the next JLBC meeting to review these rates.

In accordance with Federal regulations, MCO capitation rates must be actuarially sound and must be approved by the Centers for Medicare and Medicaid Services (CMS). They must cover the anticipated costs for providing medically necessary services to AHCCCS members. As such, capitation rates are developed to reflect the costs of services provided as well as utilization of those services by AHCCCS members. Capitation rate trends reflect a combination of changes in cost and utilization, calculated as a per-member per month expenditure to AHCCCS contractors (including other state agencies, the Arizona Department of Economic Security/Division of Disabilities (DES/DDD) and the Department of Child Safety/Comprehensive Medical and Dental Program (DCS/CMDP)).

Capitation rates are certified by actuaries when a new program is established. Rates must be recertified every year to coincide with MCO annual contract periods. Most AHCCCS contracts are on an October 1 through September 30 schedule. Capitation rates for DES/DDD and DCS/CMDP are on a July 1 through June 30 contract year. The Committee previously reviewed the Contract Year Ending (CYE) 2019 capitation rates for DES/DDD and DCS/CMDP that were effective July 1, 2018.

In addition to the annual rate development, the capitation rates must be amended mid-year when action occurs that is expected to impact the MCOs' expenses by a material amount (as determined by the actuaries) and a rate adjustment is required to maintain actuarial soundness.

This letter details amended, annual renewal, and new rates for CYE 2019. These rate actions are:

- CYE 2019 Capitation Rate Amendments for MCOs with CYE from July 1, 2018 through June 30, 2019:
 - DCS/CMDP
 - DES/DDD
- CYE 2019 Capitation Rate Annual Renewal for MCOs with CYE from October 1, 2018 through September 30, 2019:
 - Arizona Long Term Care System/Elderly and Physical Disability (ALTCS/EPD)
 - Regional Behavioral Health Authorities (RBHAs)
- CYE 2019 Capitation Rates for a new program with CYE from October 1, 2018 through September 30, 2019:
 - AHCCCS Complete Care (ACC)

Background and Summary

Most rates outlined in this letter were submitted to CMS to be effective October 1, 2018. Rates were also submitted for ALTCS/EPD and DES/DD to be effective January 1, 2019, in order to align with provider rate adjustments attributable to the increase in the statewide minimum wage effective on that date. The utilization and unit cost trends for all programs are detailed in the attached actuarial certifications. Anticipated increases in utilization of existing covered services attributable to specific initiatives or policy guidance are separately detailed. Provider rate adjustments and program changes are also identified.

Overall baseline capitation rate growth for all AHCCCS programs is 2.5%, which is within the 2.5% growth assumption budgeted for State Fiscal Year (SFY) 2019. Therefore, AHCCCS anticipates these capitation adjustments will be funded within existing resources. Similarly, baseline capitation rate growth for DES/DD is 2.4%, which is within the 3.5% budgeted for SFY 2019.

Non-baseline capitation rate adjustments reflect items that received discrete appropriations, over and above the baseline growth amounts that were funded. These items include Behavioral Health Services in Schools, 3.0% rate increase for Nursing Facilities (NFs), 2.5 percentage points of the Hospital Differential Adjusted Payment (DAP), Proposition 206 minimum wage adjustments, and the Access to Professional Services Initiative (APSI), for which Intergovernmental Transfers (IGTs) provide all State Match.

Including both baseline and non-baseline items, overall capitation rate growth for AHCCCS programs is 3.5% and for DES/DD is 3.2%.

Table I. CYE 2019 Capitation Rate Changes

Program	Change		
	Baseline	Non-Baseline	Total
ACC	1.9%	0.9%	2.8%
RBHA	3.2%	0.6%	3.8%
RBHA Crisis-Only	23.3%	0.0%	23.3%
RBHA All	4.2%	0.6%	4.8%
CMDP	20.8%	0.6%	21.4%
EPD	2.9%	2.1%	5.0%
AHCCCS Total	2.5%	1.0%	3.5%
DD	2.4%	0.8%	3.2%
TCM	-2.1%	0.0%	-2.1%
DES	2.4%	0.8%	3.2%

For purposes of comparing CYE 2018 to CYE 2019 rates for new and integrated programs, AHCCCS has developed composite CYE 2018 rates that reflect the inclusion of all components integrated in CYE 2019.

Therefore, baseline increases identified in Table I will differ from those described below for most programs. Appendix Tables 1A and 1B show additional detail and components that support Table I. Program integration efforts and key drivers of both baseline and non-baseline items for each program are described in more detail in the sections below.

Program Integration

Effective October 1, 2018, several significant program changes will take place in order to integrate the provision of physical and behavioral health services by MCOs. Capitation rates for these programs were developed as integrated rates. These changes are summarized as follow:

- In addition to physical health services, DCS/CMDP now covers services previously provided under the Children's Rehabilitative Services (CRS) program. All behavioral health services will be provided by the RBHAs, including those for members previously enrolled in CRS.
- In addition to physical health services, DES/DDD will now also provide services previously provided under CRS, including behavioral health services for members previously enrolled in CRS. Behavioral health services for members not previously enrolled in CRS will be provided by the RBHAs.
- The new ACC program will provide physical health, behavioral health, and CRS services to most members.
- The RBHAs will continue to provide integrated physical health and behavioral health services to most members diagnosed with a Serious Mental Illness (SMI).

System-Wide Impacts

In addition to utilization and unit cost trends for each program, which were derived from base period data, the capitation rates also include anticipated increases in utilization of currently covered services due to policy guidance or initiatives, program changes, and provider rate changes. These items include:

Reinsurance Changes

Effective October 1, 2018, AHCCCS is increasing the standard reinsurance deductible from \$25,000 to \$35,000 and the stop-loss limit from \$650,000 to \$1 million, which will impact ACC and RBHA MCOs. Reinsurance for ALTCS/EPD will also be changed to eliminate all remaining coverage for non-inpatient services. All changes will reduce AHCCCS' costs for reinsurance, thereby reducing the reinsurance offsets assumed in capitation rates, and resulting in corresponding increases to capitation. The impact on overall AHCCCS capitation rates is an increase of 0.7%. This is a baseline item. If AHCCCS had not implemented these provisions, baseline capitation growth would have been only 1.8%.

AHCCCS has chosen to implement these changes in reinsurance in order to place more financial risk for these costs with its MCOs and reduce the reinsurance costs that will be incurred directly by AHCCCS. AHCCCS has funded the cost of the capitation rate adjustments required to reduce its reinsurance liabilities within its baseline budgeted growth because it will more appropriately align MCO financial incentives and promote long term cost containment.

Reinsurance expenditures for CYE 2019 are anticipated to decrease by \$60.8 million overall, of which \$51.6 million is attributable to ACC and RBHA, and \$9.3 million is attributable to ALTCS/EPD. Reinsurance payments for a contract year occur on a lagging basis, with 43.1% in the same year, 44.7% the following year, and 12.2% in subsequent years. Therefore, savings from the initiative will be realized over the next three state fiscal years.

Differential Adjusted Payments

AHCCCS is implementing Differential Adjusted Payments (DAP) rates as positive adjustments to the AHCCCS Fee-for-Service (FFS) rates schedule. The purpose of the DAP is to distinguish providers which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. These fee schedule adjustments are limited to dates of service in CYE 2019 and select providers who meet specific criteria. AHCCCS MCOs are required to pass-through DAP increases to their contracted providers. Therefore, capitation rates have been adjusted to include funding for the following DAP rate increases:

- Up to 3.5% for qualified Hospital providers for inpatient and outpatient services
- 2.0% for qualified Nursing Facilities
- 10.0% for qualified Integrated Clinics on select physical health services
- 1.0% for qualified Physicians, Physician Assistants, and Registered Nurse Practitioners

The Legislature provided discrete funding for 2.5% of the 3.5% available to Hospital providers, which is reflected as a non-baseline adjustment. All other DAP funding reflects a baseline increase. The impact on overall AHCCCS capitation rates is an increase of approximately 0.7%.

Provider Rate Changes

AHCCCS makes adjustments to provider rates based on access to care issues, when certain rates are tied to Medicare, and for legislative mandates. Several rate adjustments are included in capitation rates addressed in this letter:

- General provider rate changes effective October 1, 2018 result in an overall increase to AHCCCS capitation rates of approximately 0.3%. This is a baseline item.
- 3.0% provider rate increase to NFs effective October 1, 2018 results in an overall increase to AHCCCS capitation rates of approximately 0.2%. This is a non-baseline item.
- Prop 206 minimum wage provider rate adjustments for Home and Community Based Services (HCBS) providers and NFs, effective January 1, 2019, result in an overall increase to AHCCCS capitation rates of approximately 0.1% and to DES/DD rates of approximately 0.5%. This is a non-baseline item.

Behavioral Health Services in Schools

The SFY 2019 budget includes an appropriation to fund increased behavioral health services in schools. The targeted services are in addition to any existing behavioral health services currently provided, including those provided to students with disabilities under the state's School Based Services program. AHCCCS is including funding associated with this initiative in ACC and RBHA rates, effective October 1, 2018. The overall impact to AHCCCS capitation rates is an increase of approximately 0.1%. This is a non-baseline item.

Applied Behavior Analysis

Effective October 1, 2018, AHCCCS policy includes clarifying language on the requirement for the ACC and RBHA programs to provide covered Applied Behavior Analysis (ABA) services to children not receiving these services through another program. The policy clarification is consistent with CMS guidance dated July 7, 2014, which directs states to cover medically necessary services for treatment of autism spectrum disorder as part of the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program for children less than 21 years of age. The policy guidance is anticipated to raise awareness and increase utilization of these covered ABA services, resulting in an increase to overall AHCCCS capitation rates of 0.1%.

Access to Professional Services Initiative

The Access to Professional Services Initiative (APSI) provides a uniform percentage increase of 40% to otherwise contracted rates for qualified practitioners for all claims for which AHCCCS is the primary payer and is funded by IGTs, as permitted by Arizona law. The rate increase is intended to supplement, not supplant payments to eligible providers. The impact to overall AHCCCS capitation rates is an increase of approximately 0.1%. This is a non-baseline item because there is no impact to the General Fund for this increase.

DCS/CMDP Amended Rates

Amended CYE 2019 rates for DCS/CMDP reflect a baseline increase of 6.2% and an overall increase of 6.9% from the most recently submitted rates effective July 1, 2018. Several factors contributed to the baseline increase:

- 5.8% for the integration of CRS covered services
- 0.5% for fee schedule and program changes
- 0.1% for DAP, excluding 2.5% Hospital DAP
- (0.2%) for rebase, trend, and miscellaneous adjustments

The non-baseline increase of 0.7% is attributable to 2.5% Hospital DAP. Please see Appendix Table 2 for more detail.

DES/DD Amended Rates

Amended CYE 2019 rates for DES/DD reflect a baseline increase of 4.9% and an overall increase of 6.3% from the most recently submitted rates effective July 1, 2018. Several factors contributed to the baseline increase:

- 4.5% for the integration of CRS covered services
- 0.2% for fee schedule and program changes
- 0.1% for acute rebase, trend, DAP (excluding 2.5% Hospital), and miscellaneous adjustments

The non-baseline increase of 1.4% is attributable to several factors:

- 1.0% for Prop 206 rate adjustments, effective January 1, 2019,
- 0.3% for APSI related to CRS and acute services
- 0.1% for 2.5% Hospital DAP

Amended CYE 2019 rates for Targeted Case Management (TCM) reflect a decrease of (6.2%) from the most recently submitted rates effective July 1, 2018. Beginning SFY 2019, DES/DD increased the TCM caseload ratio from 1:60 to 1:80. The capitation rate has been adjusted to reflect savings identified by DES/DD. Since TCM expenditures are cost allocated on a lagging quarterly basis, the change is effective for October 1, 2018. On or before October 1, 2018, AHCCCS and DES/DD will jointly report on the implementation of this item.

Please see Appendix Tables 3A and 3B for more detail.

ALTCS/EPD Renewal Rates

CYE 2019 renewal rates for ALTCS/EPD reflect a baseline increase of 2.9% and overall increase of 5.0% from the most recently submitted rates effective January 1, 2018. Several factors contributed to the baseline increase:

- 2.0% for rebase, trend, and miscellaneous adjustments
- 0.8% for eliminating all remaining non-inpatient services from reinsurance
- 0.5% for case management and administration
- (0.5%) from increasing the HCBS mix
- 0.2% for DAP, excluding 2.5% Hospital DAP

The non-baseline increase of 2.1% is attributable to several factors:

- 1.4% for 3.0% provider rate increase for NFs
- 0.6% for Prop 206 rate adjustments, effective January 1, 2019.
- 0.1% for 2.5% Hospital DAP

While overall AHCCCS capitation growth is within the 2.5% baseline budget in aggregate, the 2.9% baseline growth for ALTCS/EPD exceeds the 2.5% assumed in the appropriation, which includes both General Fund and County Fund components. The higher capitation rate growth will be offset in part by reinsurance savings realized in SFY 2019. AHCCCS will monitor caseload and expenditure trends for this program throughout the year to determine if additional County Funds will be required.

Please see Appendix Table 4 for more detail.

RBHA Renewal Rates

In CYE 2019, the RBHA program will provide behavioral health services to members enrolled with DCS/CMDP and DES/DD, as well integrated physical health and behavioral health services to most members diagnosed with an SMI. The RBHA program will also provide crisis-only behavioral health services to all AHCCCS members, who are not otherwise enrolled in a RBHA, including adults not diagnosed with an SMI or enrolled in DES/DD, and children not enrolled in DCS/CMDP or DES/DD.

CYE 2019 renewal rates for the RBHA program, including DCS/CMDP, DES/DD, and SMI Integrated members, reflect a baseline increase of 3.2% and an overall increase of 3.8% from the most recently submitted rates effective October 1, 2017. Several factors contributed to the baseline increase:

- 1.7% for adjustments to crisis intervention services funding
- 0.9% for anticipated increase in utilization of services provided to members with SMI

- 0.7% from increasing the reinsurance deductible and stop-loss limit
- (0.6%) for rebase, trend, and miscellaneous adjustments
- 0.3% for fee schedule changes
- 0.2% for DAP, excluding 2.5% Hospital DAP
- (0.1%) from limiting non-contract behavioral health inpatient facility reimbursement to 90% of the fee schedule

The non-baseline increase of 0.6% is attributable to several factors:

- 0.3% for APSI
- 0.2% for 2.5% Hospital DAP
- 0.1% for Behavioral Health Services in Schools

CYE 2019 renewal rates for the RBHA crisis-only program, covering all AHCCCS members not otherwise enrolled in a RBHA, reflect an increase of 23.3% over the comparable CYE 2018 rate for these services. Data supplied by the RBHAs have indicates that previously contracted amounts to provide crisis services would be insufficient to continue to secure contracts with specialized crisis providers. The CYE 2019 rates reflect the anticipated CYE 2019 crisis provider contract amounts.

Laws 2018, Chapter 276 includes a footnote stating:

"It is the intent of the Legislature that the percentage attributable to administration and profit for the Regional Behavioral Health Authorities be 9% of the overall capitation rate."

Of the proposed CYE 19 RBHA capitation rates, 8.8% funds Contractor administrative costs and underwriting gain.

Please see Appendix Tables 5A and 5B for more detail.

ACC New Rates

CYE 2019 rates for ACC were submitted as a new program to CMS and reflect the integration of physical health, behavioral health, and CRS services previously provided under the Acute Care, CRS, and RBHA programs. In order to provide a meaningful year-over-year comparison, AHCCCS has developed and displayed composite CYE 2018 rates that include all programmatic costs that are included in the integrated CYE 2019 rates. This rate comparison reflects a baseline increase of 1.9% and overall increase of 2.8% from the most recently submitted rates. Several factors contributed to the baseline increase:

- 0.7% from increasing the reinsurance deductible and stop-loss limit
- 0.4% for rebase, trend, and miscellaneous adjustments
- 0.4% for fee schedule changes
- 0.2% for DAP, excluding 2.5% Hospital DAP
- 0.1% for hemophilia factor pricing change
- 0.1% for utilization of ABA services

The non-baseline increase of 0.9% is attributable to several factors:

- 0.6% for 2.5% Hospital DAP
- 0.1% for Behavioral Health Services in Schools
- 0.1% for APSI

Please see Appendix Table 6 for more detail.

Cost Avoidance

AHCCCS Contractors cost-avoid millions in medical costs in accordance with AHCCCS contracts and policies, which contributes to the modest growth in overall medical expense and capitation rates. The following discussion is provided for informational purposes only, and highlights the historical savings of these activities.

Inherent in the encounter and financial data used by the actuaries to set the capitation rates are unit cost trends which incorporate Contractors' Coordination of Benefits (COB) activities. AHCCCS provides Contractors with verified commercial and Medicare coverage information for their members which Contractors utilize to ensure payments are not made for medical services that are covered by the other carriers. When Contractors make a payment to cover members' coinsurance, deductibles, or Medicaid-covered services that are not covered by the other carriers, they submit encounters containing these reduced amounts.

Table II below shows a significant increase in encounter-reported COB cost avoidance from state fiscal year (SFY) 2008 to SFY 2018 among all Contractors. Those services are excluded completely from capitation rate development. AHCCCS continues to emphasize the importance of COB activities with Contractors.

Table II. Coordination of Benefits (COB) Cost Avoidance

Program	COB Cost Avoidance (Encounters) (millions)		
	SFY 2008	SFY 2018	Δ
Acute	\$391	\$567	↑ by 45%
ALTCS/EPD	\$130	\$250	↑ by 92%
RBHAs	\$8	\$112	↑ by 1355%
CRS	\$0.03	\$3.5	↑ by 10194%
DES/DDD	\$16	\$38	↑ by 138%
DCS/CMDP	\$0.0075	\$0.12	↑ by 1540%
Total	\$545	\$971	

Overall Budget Impact

Table III below displays the budget impact of the rate changes with APSI. This data is displayed on an SFY basis due to budgetary timeframes. Likewise, the 2019 population below is on a SFY basis. For these reasons, the impacts on this table will not tie exactly to impacts stated elsewhere in this letter or attached documents.

Table III. SFY 2019 Overall Budget Impact

	Statewide Rates		FY19	SFY18 Rate	SFY19 Rate	Change	Percent
	SFY18	SFY19	Population	with FY19 Pop.	with FY19 Pop.	Inc. (Dec.)	Impact
AHCCCS Complete Care	\$ 355.01	\$ 364.70	18,319,078	6,503,435,600	6,680,969,200	177,533,600	2.7%
AHCCCS EPD	\$ 3,455.59	\$ 3,628.68	341,981	1,181,747,600	1,240,941,100	59,193,500	5.0%
CMOP	\$ 226.52	\$ 293.57	167,886	38,029,400	49,286,800	11,257,400	29.6%
RBHA (SMI, Crisis, CMDI)	\$ 1,932.25	\$ 2,029.60	661,642	1,278,457,900	1,342,869,600	64,411,700	5.0%
LTC - DD/DES	\$ 3,830.34	\$ 4,092.00	397,271	1,521,681,700	1,625,633,800	103,952,100	6.8%
Total Budget Impact	<u>\$ 529.13</u>	<u>\$ 550.07</u>	<u>19,887,858</u>	<u>10,523,352,200</u>	<u>10,939,700,500</u>	<u>416,348,300</u>	<u>4.0%</u>
AHCCCS Total Fund Impact						312,396,200	75.0%
ADES Total Fund Impact						<u>103,952,100</u>	25.0%
Total Total Fund Impact						<u>416,348,300</u>	
AHCCCS State Impact						74,071,100	70.3%
ADES State Impact						<u>31,362,300</u>	29.7%
Total State Impact						<u>105,433,400</u>	
AHCCCS Federal Impact						238,325,100	76.7%
ADES State Impact						<u>72,589,800</u>	23.3%
Total Federal Impact						<u>310,914,900</u>	

The actuarial certifications for the rates are attached. Should you have any questions on any of these issues, please feel free to contact Shelli Silver, Assistant Director, at (602) 417-4647.

Sincerely,



Jami Snyder
Deputy Director

cc: The Honorable David Livingston, Arizona House of Representatives
Matthew Gress, Office of Strategic Planning and Budgeting
Richard Stavneak, Joint Legislative Budget Committee
Christina Corieri, Senior Policy Advisor, Office of the Governor
Bret Cloninger, Office of Strategic Planning and Budgeting

APPENDIX TABLE 1A
CYE 2019 Medicaid Capitation Rates By Program

Program	CYE 18 Rate ¹				CYE 19 Rate			Change		
	Acute & LTC	RBHA	CRS	Total	Baseline	Non-Baseline ²	Total	Baseline	Non-Baseline ²	Total
ACC	\$ 288.52	\$ 51.18	\$ 10.86	\$ 350.57	\$357.17	\$ 3.19	\$ 360.36	1.9%	0.9%	2.8%
RBHA	\$ -	\$ 1,237.61	\$ -	\$1,237.61	1,276.83	\$ 7.51	\$1,284.34	3.2%	0.6%	3.8%
RBHA Crisis-Only	\$ -	\$ 3.86	\$ -	\$ 3.86	\$ 4.76	\$ -	\$ 4.76	23.3%	0.0%	23.3%
RBHA All								4.2%	0.6%	4.8%
CMDP	\$226.52	\$0.00	\$15.38	\$241.90	\$ 292.15	\$ 1.43	\$ 293.57	20.8%	0.6%	21.4%
EPD	\$3,455.59	\$0.00	\$0.00	\$3,455.59	\$3,556.11	\$ 72.57	\$3,628.68	2.9%	2.1%	5.0%
AHCCCS Total								2.5%	1.0%	3.5%
DD	\$3,804.90	\$ -	\$ 136.24	\$3,941.14	4,035.05	\$ 32.04	4,067.09	2.4%	0.8%	3.2%
TCM	\$ 160.11	\$ -	\$ -	\$ 160.11	\$ 156.81	\$ -	\$ 156.81	-2.1%	0.0%	-2.1%
DES								2.4%	0.8%	3.2%

1/ For comparison to CYE 19 rates, the CYE 18 rates have been modified to reflect integration of care program changes that begin October 1, 2018.

2/ Non-Baseline items include 2.5% Hospital Differential Adjusted Payments, 3.0% Nursing Facility Rate Increase, Behavioral Health Services in Schools, Prop 206 Adjustments, and APSI.

APPENDIX TABLE 1B
CYE 19 CAPITATION RATES BY RISK GROUP

ACC	CYE19 MM	CYE18 ¹				CYE19			Projected Expenditures				Change from CYE18 Rates		
		Acute	RBHA	CRS	Tot	Baseline	Non-Baseline ²	Total	CYE18 Rates	CYE19 Baseline Rates	CYE19 Non-Baseline Rates	CYE19 Total Rates	Baseline	Non-Baseline	Total
									CYE19 MM	CYE19 MM	CYE19 MM	CYE19 MM			
AGE < 1	563,014	\$441.54	\$2.12	\$65.89	\$509.56	\$559.77	\$8.98	\$ 568.76	\$286,887,500	\$315,160,700	\$5,056,800	\$320,217,500	9.9%	1.8%	11.6%
Age 1-20	8,195,987	\$123.62	\$40.09	\$11.14	\$174.85	\$176.67	\$1.99	\$ 178.66	\$1,433,079,900	\$1,448,019,300	\$16,297,000	\$1,464,316,300	1.0%	1.1%	2.2%
Age 21+	3,269,478	\$303.27	\$37.90	\$0.10	\$341.27	\$359.86	\$2.79	\$ 362.65	\$1,115,769,700	\$1,176,345,700	\$9,121,200	\$1,185,666,900	5.4%	0.8%	6.3%
Duals	1,282,095	\$145.47	\$0.00	\$0.20	\$145.66	\$143.36	\$0.00	\$ 143.36	\$186,753,900	\$183,797,900	\$0	\$183,797,900	-1.6%	0.0%	-1.6%
SSIWO	624,369	\$1,030.35	\$140.30	\$100.47	\$1,271.12	\$1,220.59	\$10.00	\$ 1,230.59	\$793,645,800	\$762,097,400	\$6,246,400	\$768,343,800	-4.0%	0.8%	-3.2%
ESA	3,356,083	\$495.77	\$108.74	\$1.63	\$606.13	\$617.16	\$4.76	\$ 621.92	\$2,034,237,600	\$2,071,236,300	\$15,977,900	\$2,087,214,200	1.8%	0.8%	2.6%
NEA	919,854	\$346.78	\$29.94	\$1.08	\$377.80	\$402.60	\$2.85	\$ 405.45	\$347,520,700	\$370,333,200	\$2,620,100	\$372,953,300	6.6%	0.8%	7.3%
Delivery	32,723	\$6,042.82	-	-	\$6,042.82	\$5,774.25	\$87.96	\$ 5,862.21	\$197,741,400	\$188,952,800	\$2,878,400	\$191,831,200	-4.4%	1.5%	-3.0%
Total	18,243,603				\$ 350.57	\$357.17	\$3.19	\$ 360.36	\$6,395,636,500	\$6,516,143,300	\$58,197,800	\$6,574,341,100	1.9%	0.9%	2.8%

RBHA*	CYE19 MM	CYE18 ¹				CYE19			Projected Expenditures				Change from CYE18 Rates		
		Acute	RBHA	CRS	Tot	Baseline	Non-Baseline ²	Total	CYE18 Rates	CYE19 Baseline Rates	CYE19 Non-Baseline Rates	CYE19 Total Rates	Baseline	Non-Baseline	Total
									CYE19 MM	CYE19 MM	CYE19 MM	CYE19 MM			
SMI	524,002	-	\$1,987.84	-	\$1,987.84	\$2,008.05	\$12.07	\$2,020.12	\$1,041,633,800	\$1,052,224,000	\$6,324,700	\$1,058,548,700	1.0%	0.6%	1.6%
CMDP	176,667	-	\$757.55	-	\$757.55	\$859.20	\$5.69	\$864.88	\$133,833,600	\$151,792,000	\$1,004,700	\$152,796,700	13.4%	0.8%	14.2%
DD Adult	165,447	-	\$190.50	-	\$190.50	\$209.20	\$0.28	\$209.47	\$31,516,900	\$34,611,000	\$45,500	\$34,656,500	9.8%	0.1%	10.0%
DD Child	142,558	-	\$290.11	-	\$290.11	\$345.57	\$1.51	\$347.08	\$41,356,900	\$49,264,500	\$215,100	\$49,479,600	19.1%	0.5%	19.6%
* = includes crisis	1,008,675					\$1,276.82	\$7.52	\$ 1,284.34	\$1,248,341,200	\$1,287,891,500	\$7,590,000	\$1,295,481,500	3.2%	0.6%	3.8%

RBHA Crisis-Only	CYE19 MM	CYE18 ¹				CYE19			Projected Expenditures				Change from CYE18 Rates		
		Acute	RBHA	CRS	Tot	Baseline	Non-Baseline ²	Total	CYE18 Rates	CYE19 Baseline Rates	CYE19 Non-Baseline Rates	CYE19 Total Rates	Baseline	Non-Baseline	Total
									CYE19 MM	CYE19 MM	CYE19 MM	CYE19 MM			
ACC Adult	9,719,205	-	\$6.23	-	\$6.23	\$7.68	\$0.00	\$7.6778	\$60,522,500	\$74,622,400	\$0	\$74,622,400	23.3%	0.0%	23.3%
ACC Child	8,374,017	-	\$1.12	-	\$1.12	\$1.38	\$0.00	\$1.3809	\$9,378,700	\$11,563,600	\$0	\$11,563,600	23.3%	0.0%	23.3%
	18,093,222					\$4.76	\$0.00	\$ 4.76	\$69,901,200	\$86,186,000	\$0	\$86,186,000	23.3%	0.0%	23.3%
ACC/RBHA TOTAL									\$7,713,878,900	\$7,890,220,800	\$65,787,800	\$7,956,008,600	2.3%	0.9%	3.1%

Other AHCCCS	CYE19 MM	CYE18 ¹				CYE19			Projected Expenditures				Change from CYE18 Rates		
		Acute (& LTC)	RBHA	CRS	Tot	Baseline	Non-Baseline ²	Total	CYE18 Rates	CYE19 Baseline Rates	CYE19 Non-Baseline Rates	CYE19 Total Rates	Baseline	Non-Baseline	Total
									CYE19 MM	CYE19 MM	CYE19 MM	CYE19 MM			
CMDP	173,301	\$226.52	-	\$15.38	\$241.90	\$292.15	\$1.43	\$293.57	\$41,920,600	\$50,629,400	\$247,000	\$50,876,400	20.8%	0.6%	21.4%
EPD	337,463	\$3,455.59	-	-	\$3,455.59	\$3,556.11	\$72.57	\$ 3,628.68	\$1,166,133,600	\$1,200,054,900	\$24,490,400	\$1,224,545,300	2.9%	2.1%	5.0%
TOTAL	510,763								\$1,208,054,200	\$1,250,684,300	\$24,737,400	\$1,275,421,700	3.5%	2.0%	5.6%
AHCCCS TOTAL									\$8,921,933,100	\$9,140,905,100	\$90,525,200	\$9,231,430,300	2.5%	1.0%	3.5%

DES DDD	CYE19 MM	CYE18 ¹				CYE19			Projected Expenditures				Change from CYE18 Rates		
		Acute (& LTC)	RBHA	CRS	Tot	Baseline	Non-Baseline ²	Total	CYE18 Rates	CYE19 Baseline Rates	CYE19 Non-Baseline Rates	CYE19 Total Rates	Baseline	Non-Baseline	Total
									CYE19 MM	CYE19 MM	CYE19 MM	CYE19 MM			
DDD Regular	397,271	3,804.90		\$ 136.24	3,941.14	\$4,035.05	\$32.04	\$4,067.09	\$1,565,700,700	\$1,603,007,400	\$12,728,700	\$1,615,736,100	2.4%	0.8%	3.2%
DDD TCM	63,117	160.11			160.11	\$156.81	\$0.00	\$ 156.81	\$10,106,000	\$9,897,700	\$0	\$9,897,700	-2.1%	0.0%	-2.1%
Total	460,389					\$3,503.36	\$27.65	\$ 3,531.00	\$1,575,806,700	\$1,612,905,100	\$12,728,700	\$1,625,633,800	2.4%	0.8%	3.2%

Notes:

1/ For comparison to CYE 19 rates, the CYE 18 rates have been modified to reflect integration of care program changes that begin October 1, 2018

2/ "Non-Baseline" Items include 2.5% Hospital Differential Adjusted Payments (DAP), 3.0% Nursing Facility Rate Increase, Behavioral Health Services in Schools, Prop 206 Minimum Wage Increases, and APSI

APPENDIX TABLE 2
Comprehensive Medical and Dental Program (CMDP)
CYE 19 Capitation Rate Development

CYE 18 Rate (1/1/18)	<u>PMPM</u> \$226.52	
CYE 19 Rate (7/1/18)	\$279.18	
		<u>% Chg</u> <u>from</u> <u>7/1/18</u>
<u>10/1/18 Baseline Adjustments for CYE 19</u>	<u>PMPM</u>	
Children's Rehabilitative Services Base Modification	\$16.13	5.8%
Program Changes	\$1.08	0.4%
Rebase, Trend and Misc. Adjustments	(\$0.69)	-0.2%
Fee Schedule Changes	\$0.39	0.1%
Diff. Adjusted Payments (above CYE 18; excludes 2.5% Hospital DAP)	\$0.38	0.1%
CYE 19 Baseline Rate (10/1/18)	\$296.48	6.2%
		<u>% Chg</u> <u>from</u> <u>7/1/18</u>
<u>10/1/18 Non-Baseline Adjustments for CYE 19¹</u>	<u>PMPM</u>	
2.5% Increase for Differential Adjusted Payment to Hospitals	\$1.90	0.7%
CYE 19 CMDP Rate (10/1/18)	\$298.38	6.9%
		<u>% Chg</u> <u>from</u> <u>1/1/18</u>
Blended CYE 19 Rate	<u>PMPM</u> \$293.57	29.6%
<i>Growth Excluding CRS Base Modification</i>		21.4%
<i>Growth Excluding CRS Base Modification and Non-Baseline Adj.</i>		20.8%

1/ Laws 2018, Chapter 286 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

APPENDIX TABLE 3A

Arizona Long Term Care System/Division of Developmental Disabilities Regular DDD CYE 19 Capitation Rate Development

CYE 18 Rate (1/1/18)	<u>PMPM</u>	
	\$ 3,804.90	
CYE 19 Rate (7/1/18)	\$ 3,892.14	
<u>10/1/18 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg from 7/1/18</u>
Children's Rehabilitative Services Base Modification	\$176.42	4.5%
Program and Reimb. Changes (excludes Prop 206 and Nursing Facility)	\$ 7.99	0.2%
Acute Rebase, Trend and Misc. Adjustments	\$ 4.84	0.1%
Diff. Adjusted Payments (above FFY 18; excludes 2.5% Hospital DAP)	\$ 1.22	0.0%
CYE 19 Baseline Rate (10/1/18)	\$ 4,082.61	4.9%
<u>Non-Baseline Adjustments for CYE 19¹</u>	<u>PMPM</u>	<u>% Chg from 7/1/18</u>
Prop 206 Adjustment (1/1/19)	\$ 38.66	1.0%
Access to Professional Services Initiative	\$ 11.40	0.3%
2.5% Increase for Differential Adjusted Payment to Hospitals	\$ 2.71	0.1%
Nursing Facility 3% Rate Increase	\$ 1.79	0.0%
Non-Baseline Adjustments	\$ 54.56	1.4%
CYE 19 ALTCS EPD Rate (1/1/19)	\$ 4,137.17	6.3%
Blended CYE 19 Rate	4,067.09	6.9%
<i>Growth Excluding CRS Base Mod.</i>		<i>3.2%</i>
<i>Growth Excluding CRS Base Mod. And Non-Baseline</i>		<i>2.4%</i>

1/ Laws 2018, Chapter 286 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

APPENDIX TABLE 3B

ALTCS DDD CYE 19 Targeted Case Management Capitation Rate Development

	<u>PMPM</u>	
CYE 18 Rate (1/1/18)	\$ 160.11	
CYE 19 Rate (7/1/18)	\$ 164.41	
<u>10/1/18 Adjustments</u>	<u>PMPM</u>	<u>% Chg from 7/1/18</u>
Increase Caseload Ratio to 1:80	\$ (10.14)	-6.2%
CYE 19 TCM Rate (10/1/18)	\$ 154.28	-6.2%
	<u>PMPM</u>	<u>% Chg from 1/1/18</u>
Blended CYE 19 Rate	\$ 156.81	-2.1%

APPENDIX TABLE 4

Arizona Long Term Care System/Elderly and Physical Disability (ALTCS/EPD) CYE 19 Capitation Rate Development

Average CYE 18 Rate (1/1/18)	<u>PMPM</u>	
	\$ 3,455.59	
<u>CYE 19 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg</u>
Rebase, Trend and Misc. Adjustments	\$ 67.62	2.0%
Exclude Non-Inpatient Services from Reinsurance	\$ 27.43	0.8%
Home and Community Based Services Mix	\$ (16.16)	-0.5%
Case Management and Administration	\$ 15.70	0.5%
Diff. Adjusted Payments (above CYE 18; excludes 2.5% Hospital DAP)	\$ 5.92	0.2%
CYE 19 Baseline Rate	\$ 3,556.11	2.9%
<u>CYE 19 Non-Baseline Adjustments</u> ¹	<u>PMPM</u>	<u>% Chg</u>
3% Rate Increase for Nursing Facilities	\$ 46.75	1.4%
Prop 206 Adjustment (1/1/19)	\$ 21.32	0.6%
2.5% Increase for Differential Adjusted Payment to Hospitals	\$ 4.50	0.1%
Non-Baseline Adjustments	\$ 72.57	2.1%
Average CYE 19 ALTCS EPD Rate	\$ 3,628.68	5.0%

1/ Laws 2018, Chapter 286 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

APPENDIX TABLE 5A

Regional Behavioral Health Authority (RBHA) Program CYE 19 Capitation Rate Development ¹

Adjusted Average CYE 18 Rate ²	<u>PMPM</u> \$ 1,237.61	
<u>CYE 19 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg</u>
Adjustments to Crisis Intervention Service Funding	\$ 20.70	1.7%
Increased Utilization by SMI Individuals	\$ 11.71	0.9%
Increase to Reinsurance Deductible and Limit	\$ 9.02	0.7%
Rebase, Trend and Misc. Adjustments	\$ (7.46)	-0.6%
Fee Schedule Changes (Excludes Prop 206 Adjustment)	\$ 3.15	0.3%
Diff. Adjusted Payments (above FFY 18; excludes 2.5% Hospital DAP)	\$ 3.08	0.2%
Out-of-Network Inpatient Behavioral Health Services	\$ (0.96)	-0.1%
CYE 19 Baseline Rate	\$ 1,276.83	3.2%
<u>CYE 19 Non-Baseline Adjustments ³</u>	<u>PMPM</u>	<u>% Chg</u>
Access to Professional Services Initiative	\$ 3.34	0.3%
2.5% Increase for Differential Adjusted Payment to Hospitals	\$ 2.93	0.2%
Behavioral Health Services in Schools	\$ 1.00	0.1%
Prop 206 Adjustment (1/1/19)	\$ 0.25	0.0%
Non-Baseline Adjustments	\$ 7.51	0.6%
Average CYE 19 RBHA Rate	\$ 1,284.34	3.8%

-
- 1/ Excludes Crisis-Only services to ACC members.
- 2/ For purposes of comparison to CYE 19 RBHA rates, the displayed average CYE 18 rate excludes behavioral health service components that are integrated into the ACC program beginning October 1, 2018.
- 3/ Laws 2018, Chapter 286 appropriated funding for these adjustments, in addition to appropriations for baseline capitation rate growth.

APPENDIX TABLE 5B
CYE 19 RBHA Crisis-Only Capitation Rate Development

Adjusted Average CYE 18 Rate ¹	<u>PMPM</u>	
	\$	3.86
<u>CYE 19 Adjustments</u>		
Rebase and Misc. Adjustments	\$ (0.87)	-22.5%
Adjustments to Crisis Intervention Service Funding	\$ 1.77	45.8%
Average CYE 19 RBHA Crisis-Only Rate	\$ 4.76	23.3%

-
- 1/ For purposes of comparison to CYE 19 Crisis-Only rates, the displayed average CYE 18 rate excludes crisis services that are separately funded in regular RBHA rates beginning October 1, 2018.

APPENDIX TABLE 6

AHCCCS Complete Care (ACC) Program CYE19 Capitation Rate Development

Adjusted Average CYE 18 Rate ¹	<u>PMPM</u>	
	\$ 350.57	
<u>CYE 19 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg</u>
Increase to Reinsurance Deductible and Limit	\$ 2.33	0.7%
Rebase, Trend and Misc. Adjustments	\$ 1.55	0.4%
Fee Schedule Changes (excludes Prop 206 Adjustment)	\$ 1.31	0.4%
Diff. Adjusted Payments (above CYE 18; excludes 2.5% Hospital DAP)	\$ 0.70	0.2%
Hemophilia Factor Pricing Change	\$ 0.39	0.1%
Applied Behavior Analysis Utilization	\$ 0.33	0.1%
Average CYE 19 Baseline Rate	\$ 357.17	1.9%
<u>CYE 19 Non-Baseline Adjustments</u> ²	<u>PMPM</u>	<u>% Chg</u>
2.5% Increase for Differential Adjusted Payment to Hospitals	\$ 2.26	0.6%
Behavioral Health Services in Schools	\$ 0.52	0.1%
Access to Professional Services Initiative (above CYE 18)	\$ 0.37	0.1%
Prop 206 Adjustment (1/1/19)	\$ 0.04	0.0%
Non-Baseline Adjustments	\$ 3.19	0.9%
Average CYE 19 ACC Rate	\$ 360.36	2.8%

- 1/ For purposes of comparison to CYE 19 ACC rates, the displayed CYE 18 rate combines Acute, RBHA and CRS services that are integrated into the ACC program beginning October 1, 2018.
- 2/ Laws 2018, Chapter 286 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.



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(602) 926-5491


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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Fiscal Analyst 

SUBJECT: Arizona Department of Corrections - Review of FY 2018 Bed Capacity Report

Request

Pursuant to an FY 2019 General Appropriation Act (Laws 2018, Chapter 276) footnote, the Arizona Department of Corrections (ADC) submitted for Committee review its report detailing bed capacity changes in FY 2018 and proposed changes in FY 2019.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. In future reports, ADC is to address the rationale for eliminating permanent beds prior to reducing the level of temporary beds.

Key Points

- 1) In FY 2018, ADC closed 3 units and (620) permanent beds at Douglas and added a total of 85 temporary beds statewide for a net decrease of (535) operating beds.
- 2) In comparison, the inmate population fell by (87) in FY 2018.
- 3) At the end of FY 2018, ADC has a permanent bed shortfall of (3,458), but including temporary beds has an overall surplus of 1,925.
- 4) FY 2019 plans include eliminating (120) beds at Florence. ADC will partially offset these losses by reallocating 64 mental health beds at the facility.

(Continued)

Analysis

Apart from any legislative changes, ADC may alter its bed capacity during the year. The department can establish or decommission beds and has flexibility to shift beds between inmate classifications. To better track the impact of the department's revisions, the FY 2019 General Appropriation Act requires ADC to submit bed capacity data for FY 2018, explain any adjustments since FY 2017, and provide projections for FY 2019.

Total Capacity

The department's total capacity is the sum of permanent and temporary beds at both state operated and private prisons. Permanent (rated) beds are, by physical design or as defined by law, a permanent part of a unit. Temporary beds are added to areas that were not originally intended to house inmates or double-bunked beds in areas that were intended for single beds.

For FY 2018, ADC reported a total capacity decrease of (535) beds for a total capacity of 44,038 beds. As described in *Appendix A*, the net decrease included a decrease of (620) permanent beds and the addition of 85 temporary beds.

The decrease of (620) permanent beds was entirely due to the deactivation of 3 units at Douglas: Maricopa Unit (130), Eggers Unit (240), and Papago Unit (250). ADC has previously reported that one of these units no longer housed inmates as of March 10, 2017, and as of September 1, 2017, ADC no longer housed inmates in the other 2 units. ADC reported that officially deactivating them would allow the staff to more efficiently service the prison. Prior to the deactivation, Douglas had a total of 2,398 beds (2,055 permanent and 343 temporary). As of June 30, 2018, ADC reported that Douglas has a total of 1,778 beds (1,435 permanent and 343 temporary). To better understand ADC's rationale for closing permanent beds before temporary beds, the Committee may consider Provision A. In future reports, ADC would be required to submit more information on their choice to decommission permanent beds.

Other major changes in FY 2018 included:

- The reallocation of 306 male maximum custody beds to close custody beds at Florence to align with population needs.
- The addition of 75 temporary male medium custody beds at Eyman due to the increased need for beds for sex offenders.

By the end of FY 2019, ADC anticipates the number of total operating beds will decrease by (56) from June 30, 2018 to a total capacity of 43,982 beds. The projected FY 2019 changes include the reallocation of 64 mental health beds to maximum custody beds at Florence and the demolition of a cell block currently holding 120 close custody males at Florence. According to daily population counts, ADC has held these beds vacant since April 11, 2018. ADC reports that this cell block was built in 1965 and has experienced severe structural deterioration. ADC estimates the cost to repair immediate structural issues would be \$2 million to \$3 million.

Appendix B provides a summary of the adjustments for FY 2018 and the proposed adjustments for FY 2019.

FY 2018 Bed Surplus/Shortfall

Table 2 illustrates 2 different ways to evaluate whether the department is experiencing a bed surplus or shortfall. When counting only permanent beds in relation to the inmate population, ADC has a shortfall of (3,458) beds. The second method of evaluating bed status is to determine ADC's total bed capacity, including

(Continued)

both permanent and temporary beds. After adjusting for 5,383 temporary beds in the ADC system, the permanent bed shortfall of (3,458) becomes a 1,925 total bed surplus.

	<u>Permanent Beds</u>	<u>Total Beds (Incl. Temp.)</u>	<u>Inmate Population 6/30/18</u>	<u>Permanent Surplus (+) Shortfall (-)</u>	<u>Total Surplus (+) Shortfall (-)</u>
ADC System					
Minimum	13,665	14,487	13,641	24	846
Medium	15,689	19,459	19,331	(3,642)	128
Close	7,216	7,578	6,931	285	647
Maximum	1,782	2,082	1,850	(68)	232
Reception ^{1/}	303	432	360	(57)	72
Total – ADC System	38,655	44,038	42,113	(3,458)	1,925

^{1/} Reception: These units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the 96 female beds for this purpose as other and the 336 male beds as maximum custody (comprised of 207 permanent beds and 129 temporary beds). This table shows these beds in a reception category for comparison purposes.

At the end of FY 2018, male inmate beds represented the majority of the bed surplus as shown in *Table 2*. *Appendix C* details the capacity and population by custody level and gender. For the purposes of comparison between genders, this table includes a Reception category. These Reception units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the 96 female beds for this purpose as Other permanent beds and the 336 male beds as Maximum custody - Reception in the bed report and daily count sheet. *Table 2* breaks out the reception beds into a separate category, and only shows as Maximum custody the male units dedicated to holding prisoners classified at that custody level in the system.

	<u>Male</u>	<u>% of Total</u>	<u>Female</u>	<u>% of Total</u>	<u>Systemwide</u>	<u>% of Total</u>
Minimum	835	6.9%	11	0.5%	846	5.8%
Medium	125	0.7%	3	0.2%	128	0.7%
Close	490	7.0%	157	26.4%	647	8.5%
Maximum	232	11.1%	0	0.0%	232	11.1%
Reception	63	18.8%	9	9.4%	72	16.7%
Total	1,745	4.4%	180	4.2%	1,925	4.4%

As discussed above, ADC deactivated 620 permanent minimum custody beds at the Douglas facility in FY 2018. Despite this loss in beds, ADC had a surplus of 24 permanent and 822 temporary minimum custody beds as of June 30, 2018. This surplus is dependent not only on the number of beds, but also the prison population. At the end of FY 2017, ADC reported a surplus of 332 permanent minimum custody beds. *Table 3* below details how the permanent bed surplus and shortfall has changed since FY 2017 by custody level, the combination of eliminating (535) beds overall and a decrease of (87) inmates in state facilities.

(Continued)

Table 3

Change in Bed Surplus/Shortfall FY 2017 – FY 2018 by Custody Level

	June 2017		June 2018		Change	
	<i>Permanent Beds</i>	<i>Total Beds</i>	<i>Permanent Beds</i>	<i>Total Beds</i>	<i>Permanent Beds</i>	<i>Total Beds</i>
Minimum	332	1,096	24	846	(308)	(250)
Medium	(3,391)	360	(3,642)	128	(251)	(232)
Close	311	553	285	647	(26)	94
Maximum	(136)	276	(68)	232	68	(44)
Reception	(41)	88	(57)	72	(16)	(16)
Total	(2,925)	2,373	(3,458)	1,925	(533)	(448)

GP:kp
Attachment

Appendix A: FY 2018 Bed Capacity Changes

FY 2018 Bed Capacity Changes				
Custody Level	Permanent	Temporary	Total Operating Capacity	Description
Minimum	(510)	58	(452)	<ul style="list-style-type: none"> Deactivated (620) male permanent beds at ASPC - Douglas. Reallocated 110 male permanent beds and 56 male temporary beds from medium custody at ASPC - Lewis. Added 2 new temporary minimum custody beds at ASPC - Lewis.
Medium	(38)	19	(19)	<ul style="list-style-type: none"> Added 75 male temporary beds for sex offenders at ASPC - Eyman. Reallocated (110) male permanent beds and (56) male temporary beds to minimum custody at ASPC - Lewis. Reallocated 96 female permanent beds from close custody and reception at ASPC - Perryville. Reallocated (24) male permanent beds to close custody at ASP - Tucson.
Close	522	120	642	<ul style="list-style-type: none"> Reallocated 216 male permanent beds and 112 male temporary beds from maximum custody to close custody at ASPC - Eyman. Added 8 new temporary close custody beds at ASPC - Eyman. Reallocated 306 male permanent beds from maximum custody to close custody at ASPC - Florence. Reallocated 48 male permanent beds from maximum custody to close custody at ASPC - Lewis. Reallocated (72) female permanent beds to reception and medium custody beds at ASPC - Perryville. Reallocated 24 male permanent beds to close custody beds at ASPC - Tucson.
Maximum	(570)	(112)	(682)	<ul style="list-style-type: none"> Reallocated (24) male permanent and (24) male temporary beds to close custody at ASPC - Eyman. Reallocated (192) male permanent beds and (88) temporary beds to close custody beds at ASPC - Eyman. Reallocated (306) male permanent beds to close custody at ASPC - Florence. Reallocated (48) male permanent beds to close custody at ASPC - Lewis.
Other	(24)	0	(24)	<ul style="list-style-type: none"> Reallocated (24) female permanent reception custody beds to medium custody beds at ASPC - Perryville.
Total	(620)	85	(535)	

Appendix B: FY 2018 and FY 2019 Operating Capacity Adjustments

FY 2018 and FY 2019 Operating Capacity Adjustments												
	Permanent				Temporary				Operating Capacity			
	June 2017	Change in Beds	June 2018	Change in Beds	June 2019	June 2017	Change in Beds	June 2018	Change in Beds	June 2018	Change in Beds	June 2019
State Prisons												
Minimum	10,675	(510)	10,165	0	10,165	514	58	572	0	572	(452)	10,737
Medium	11,327	(38)	11,289	0	11,289	3,363	19	3,382	0	3,382	(19)	14,671
Close	6,694	522	7,216	(27)	7,189	242	120	362	(24)	338	642	7,527
Maximum	2,352	(363)	1,989	(29)	1,960	412	17	429	24	453	(346)	2,413
Reception	327	(231)	96	0	96	129	(129)	0	0	0	(360)	96
Total - State Prisons	31,375	(620)	30,755	(56)	30,699	4,660	85	4,745	0	4,745	(535)	35,500
												35,444
Private Prisons												
Minimum	3,500	0	3,500	0	3,500	250	0	250	0	250	0	3,750
Medium	4,400	0	4,400	0	4,400	388	0	388	0	388	0	4,788
Total - Private Prisons	7,900	0	7,900	0	7,900	638	0	638	0	638	0	8,538
Total												
Minimum	14,175	(510)	13,665	0	13,665	764	58	822	0	822	(452)	14,487
Medium	15,727	(38)	15,689	0	15,689	3,751	19	3,770	0	3,770	(19)	19,459
Close	6,694	522	7,216	(27)	7,189	242	120	362	(24)	338	642	7,527
Maximum	2,352	(363)	1,989	(29)	1,960	412	17	429	24	453	(346)	2,413
Reception	327	(231)	96	0	96	129	(129)	0	0	0	(360)	96
Total - ADC System	39,275	(620)	38,655	(56)	38,599	5,298	85	5,383	0	5,383	(535)	44,038
												43,982

1/ Reception: These units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the 96 female beds for this purpose as other and the 336 male beds as maximum custody beds. This table breaks out the reception beds for comparison purposes.

Appendix C: End of FY 2018 Bed Surplus/Shortfall by Gender

End of FY 2018 Male Bed Surplus(+)/Shortfall (-)					
	Permanent Beds	Total Operating Capacity (Perm. + Temp. Beds)	Inmate Population June 30, 2018	Permanent Beds Surplus (Shortfall)	Total (Operating) Capacity Surplus (Shortfall)
State Prisons					
Minimum	7,833	8,405	7,854	(21)	551
Medium	10,041	13,423	13,276	(3,235)	147
Close	6,658	6,984	6,494	164	490
Maximum	1,782	2,082	1,850	(68)	232
Reception ^{1/}	207	336	273	(66)	63
Total - State Prisons	26,521	31,230	29,747	(3,226)	1,483
Private Prisons					
Minimum	3,500	3,750	3,466	34	284
Medium	4,400	4,788	4,810	(410)	(22)
Total - Private Prisons	7,900	8,538	8,276	(376)	262
ADC System					
Minimum	11,333	12,155	11,320	13	835
Medium	14,441	18,211	18,086	(3,645)	125
Close	6,658	6,984	6,494	164	490
Maximum	1,782	2,082	1,850	(68)	232
Reception ^{1/}	207	336	273	(66)	63
Total - Male ADC System	34,421	39,768	38,023	(3,602)	1,745

^{1/} Reception: These units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the male beds as maximum custody beds. This table classifies these maximum custody beds used for intake as reception beds for comparison purposes.

End of FY 2018 Female Bed Surplus(+)/Shortfall (-)					
	Permanent Beds	Total Operating Capacity (Perm. + Temp. Beds)	Inmate Population June 30, 2018	Permanent Beds Surplus (Shortfall)	Total (Operating) Capacity Surplus (Shortfall)
State Prisons					
Minimum	2,332	2,332	2,321	11	11
Medium	1,248	1,248	1,245	3	3
Close	558	594	437	121	157
Maximum	0	0	0	-	0
Reception ^{1/}	96	96	87	9	9
Total - Female ADC System ^{2/}	4,234	4,270	4,090	144	180

^{1/} Reception: These units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the 96 female beds as Other permanent beds. This table classifies these Other permanent beds used for intake as reception beds for comparison purposes.

^{2/} There are no female prisoners in contract beds.



DOUGLAS A. DUCEY
GOVERNOR

Arizona Department of Corrections

1601 WEST JEFFERSON
PHOENIX, ARIZONA 85007
(602) 542-5497
www.azcorrections.gov



CHARLES L. RYAN
DIRECTOR

July 31, 2018

The Honorable John Kavanagh, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007



Dear Senator Kavanagh:

Enclosed you will find the Arizona Department of Corrections Bed Capacity Report which is being submitted pursuant to Laws 2018, 2nd Regular Session, Chapter 276, Section 22.

As required by statute the report reflects the bed capacity of each custody level by gender at each state-run and private institution, divided by rated and total beds. The reporting period is for June 30, 2017 to June 30, 2018 and includes an explanation for each change that occurred within this time period. In addition to the actual bed capacity, the enclosed report also includes the projected bed capacity through June 30, 2019 and provides an explanation for anticipated changes.

ADC beds are defined, categorized, tracked and utilized in a variety of ways. For the purposes of this report and by policy the ADC defines beds as outlined below:

- **Rated Beds (R):** Rated beds are by physical design or as defined by law or court order, or as determined in relation to staffing level, food service, water and sewage capabilities, and a permanent part of a unit.
- **Temporary Beds (T):** Temporary beds are added to a unit in addition to rated beds assigned to that unit such as tents, or beds in day rooms. Temporary beds are not part of the physical design of a unit and can result in overcrowding, impact staff and inmate safety and create a strain on the physical plant such as water and sewage capabilities.
- **Operating Capacity (R+T=OC):** Operating capacity is the sum of rated beds and temporary beds only.
- **Special Use Beds (SU):** Special use beds are used for maximum behavior control, mental health observation or medical inpatient care, and investigative detention. Special use beds are short-term and not part of the operating capacity.

During FY 2018 the ADC operating capacity (rated beds + temporary beds = operating capacity) was decreased by 535 beds from 44,573 on June 30, 2017 to 44,038 on June 30, 2018. In addition, special use beds were increased by 96 from 1,724 on June 30, 2017 to 1,820 on June 30, 2018.

During FY 2018 ADC removed 620 minimum custody rated beds at ASPC-Douglas through closure of three units, the Maricopa Unit (130 beds), Eggers Unit (240 beds), and the Papago Unit (250 beds). In addition, 75 temporary beds were added at ASPC-Eyman Cook Unit due to the increased bed need for male, medium custody beds.

The Honorable John Kavanagh
July 31, 2018
Page 2

Additional changes to rated and temporary beds were at existing prison units and were the result of population management needs such as custody level, gender, and specialized inmate populations. Details on these FY 2018 changes can be found in Section I of the enclosed report.

No new prison units will be activated during FY 2019. Cell block (CB) 1 at ASPC-Florence Central Unit will be demolished and 120 close custody beds deactivated due to the age and wear of the physical plant. CB1 was constructed in 1965. Due to years of evaporative cooling the building experienced severe structural deterioration and, most recently, structural failure in several key areas which caused it to become unsafe to occupy. After consulting with a structural engineer, estimates to repair the immediate structural issues are approximately \$2-3 million dollars as well as several million in additional funding that would be required to keep the building operational into the future as several major building systems would need to be upgraded. For these reasons ADC is moving forward with the demolition of CB1.

ADC also anticipates some reallocation of existing beds between custody levels as bed needs change among specialized populations and/or custody levels. Known changes are included in Section II of the enclosed report, however, it is anticipated that additional bed changes will be required throughout FY 2019.

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

Sincerely,



Charles L. Ryan
Director

Enclosure

cc: The Honorable David Livingston, Vice-Chairman, Joint Legislative Budget Committee
Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Ryan Vergara, Budget Analyst, Governor's Office of Strategic Planning and Budgeting
Geoffrey Paulsen, Fiscal Analyst, Joint Legislative Budget Committee



ARIZONA DEPARTMENT OF CORRECTIONS
Charles L. Ryan, Director

Bed Capacity Report

June 2018

**ARIZONA DEPARTMENT OF CORRECTIONS
BED CAPACITY REPORT**

Pursuant to Laws 2018, Fifty-third Legislature, Second Regular Session, Chapter 276 (SB 1520) the ADC is required to "provide a report on bed capacity to the joint legislative budget committee for its review on or before August 1, 2018. The report shall reflect the bed capacity for each security classification by gender at each state-run and private institution, divided by rated and total beds. The report shall include bed capacity data for June 30, 2017 and June 30, 2018 and the projected capacity for June 30, 2019, as well as the reasons for any change within that time period. Within the total bed count, the department shall provide the number of temporary and special use beds."

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Arizona Department of Corrections

Bed Capacity Report

Section I

Change from June 30, 2017 to June 30, 2018

Arizona Department of Corrections
Bed Capacity Report
ADC Summary - Change from June 30, 2017 to June 30, 2018

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	(510)	58	(452)	0	(452)
Medium	(38)	19	(19)	0	(19)
Close	522	120	642	0	642
Maximum	(570)	(112)	(682)	0	(682)
Other	(24)	0	(24)	96	72
Total State Operated	(620)	85	(535)	96	(439)
Private Prisons					
Minimum	0	0	0	0	0
Medium	0	0	0	0	0
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	0	0
Total Private Prisons	0	0	0	0	0

ADC Summary					
Minimum	(510)	58	(452)	0	(452)
Medium	(38)	19	(19)	0	(19)
Close	522	120	642	0	642
Maximum	(570)	(112)	(682)	0	(682)
Other	(24)	0	(24)	96	72
Total ADC Summary	(620)	85	(535)	96	(439)

Arizona Department of Corrections
Bed Capacity Report
State & Privately Operated Prisons - Detail of Bed Changes from June 30, 2017 to June 30, 2018

Complex	Custody	Gender	Comment	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC-Douglas								
Maricopa Unit	Minimum	Male	Deactivation of unit due to decreased minimum custody inmate population	(130)	0	(130)	0	(130)
Eggers Unit	Minimum	Male	Deactivation of unit due to decreased minimum custody inmate population	(240)	0	(240)	0	(240)
Papago Unit	Minimum	Male	Deactivation of unit due to decreased minimum custody inmate population	(250)	0	(250)	0	(250)
Total ASPC-Douglas				(620)	0	(620)	0	(620)
ASPC-Eyman								
Browning Unit	Maximum	Male	Reallocated from maximum custody to close custody housing.	(24)	(24)	(48)	0	(48)
Browning Unit	Close	Male	Reallocated from maximum custody to close custody housing.	24	24	48	0	48
Cook Unit	Medium	Male	Temporary sex offender beds added due to medium custody bed need.	0	75	75	0	75
SMU 1 Unit	Maximum	Male	Reallocated from maximum custody to close custody housing.	(192)	(88)	(280)	0	(280)
SMU 1 Unit	Close	Male	Reallocated from maximum custody to close custody housing.	192	96	288	0	288
SMU 1 Detention	Other	Male	Addition of special use beds to the detention unit.	0	0	0	96	96
Total ASPC-Eyman				0	83	83	96	179
ASPC-Florence								
Central Unit	Maximum	Male	Reallocated from maximum custody to close custody housing.	(306)	0	(306)	0	(306)
Central Unit	Close	Male	Reallocated from maximum custody to close custody housing.	306	0	306	0	306
Total ASPC-Florence				0	0	0	0	0
ASPC-Lewis								
Rast II Unit	Maximum	Male	Reallocated from maximum custody to close custody housing.	(48)	0	(48)	0	(48)
Rast II Unit	Close	Male	Reallocated from maximum custody to close custody housing.	48	0	48	0	48
Bachman Unit	Medium	Male	Reallocated from medium custody to minimum custody housing.	(110)	(46)	(156)	0	(156)
Bachman Unit	Minimum	Male	Reallocated from medium custody to minimum custody housing.	110	46	156	0	156
Barchey Unit	Medium	Male	Temporary bed adjustment.	0	(10)	(10)	0	(10)
Sunrise	Minimum	Male	Temporary bed adjustment.	0	12	12	0	12
Total ASPC-Lewis				0	2	2	0	2
ASPC-Perryville								
Reception & Assessment	Other	Female	Reallocated from close custody and reception to medium custody housing.	(24)	0	(24)	0	(24)
Lumley Unit	Close	Female	Reallocated from close custody and reception to medium custody housing.	(72)	0	(72)	0	(72)
Lumley Unit	Medium	Female	Reallocated from close custody and reception to medium custody housing.	96	0	96	0	96
Total ASPC-Perryville				0	0	0	0	0
ASPC-Tucson								
Rincon Unit	Close	Male	Rated and temporary bed adjustment between medium and close custody units.	24	(24)	0	0	0
Cinarron Unit	Medium	Male	Rated and temporary bed adjustment between medium and close custody units.	(24)	0	(24)	0	(24)
Cinarron Unit	Close	Male	Rated and temporary bed adjustment between medium and close custody units.	0	24	24	0	24
Total ASPC-Tucson				0	0	0	0	0
State Operated								
Minimum				(510)	58	(452)	0	(452)
Medium				(38)	19	(19)	0	(19)
Close				522	120	642	0	642
Maximum				(570)	(112)	(682)	0	(682)
Other				(24)	0	(24)	96	72
Total State Operated				(620)	85	(535)	96	(439)
Private Prisons				0	0	0	0	0
Total Private Prisons				0	0	0	0	0
All Bed Changes								
Minimum				(510)	58	(452)	0	(452)
Medium				(38)	19	(19)	0	(19)
Close				522	120	642	0	642
Maximum				(570)	(112)	(682)	0	(682)
Other				(24)	0	(24)	96	72
Total Bed Changes				(620)	85	(535)	96	(439)

Arizona Department of Corrections

Bed Capacity Report

Section II

Projected Change from June 30, 2018 to June 30, 2019

Arizona Department of Corrections
Bed Capacity Report
ADC Summary - Projected Change from June 30, 2018 to June 30, 2019

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	0	0	0	0	0
Medium	0	0	0	0	0
Close	(27)	(24)	(51)	0	(51)
Maximum	(29)	24	(5)	0	(5)
Other	0	0	0	(64)	(64)
Total State Operated	<u>(56)</u>	<u>0</u>	<u>(56)</u>	<u>(64)</u>	<u>(120)</u>
Private Prisons					
Minimum	0	0	0	0	0
Medium	0	0	0	0	0
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	0	0
Total Private Prisons	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
ADC Summary					
Minimum	0	0	0	0	0
Medium	0	0	0	0	0
Close	(27)	(24)	(51)	0	(51)
Maximum	(29)	24	(5)	0	(5)
Other	0	0	0	(64)	(64)
Total ADC Summary	<u>(56)</u>	<u>0</u>	<u>(56)</u>	<u>(64)</u>	<u>(120)</u>

Arizona Department of Corrections
Bed Capacity Report
State & Privately Operated Prisons - Detail of Projected Bed Changes from June 30, 2018 to June 30, 2019

Complex	Custody	Gender	Comment	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC-Eyman								
Browning Unit	Close	Male	Reallocated from maximum custody to close custody housing.	5	0	5	0	5
Browning Unit	Maximum	Male	Reallocated from maximum custody to close custody housing.	(5)	0	(5)	0	(5)
SMU I	Close	Male	Reallocated between maximum custody and close custody housing.	24	(24)	0	0	0
SMU I	Maximum	Male	Reallocated between maximum custody and close custody housing.	(24)	24	0	0	0
Total ASPC-Eyman				0	0	0	0	0
ASPC-Florence								
Central Unit	Close	Male	Demolition and deactivation of cell block (CB) I.	(120)	0	(120)	0	(120)
Central Unit	Close	Male	Reallocate Kasson detention to maximum custody mental health beds.	64	0	64	0	64
Central Unit	Other	Male	Reallocate Kasson detention to maximum custody mental health beds.	0	0	0	(64)	(64)
Total ASPC-Florence				(56)	0	(56)	(64)	(120)
State Operated								
Minimum				0	0	0	0	0
Medium				0	0	0	0	0
Close				(27)	(24)	(51)	0	(51)
Maximum				(29)	24	(5)	0	(5)
Other				0	0	0	(64)	(64)
Total State Operated				(56)	0	(56)	(64)	(120)
Private Prisons								
N/A				0	0	0	0	0
Total Private Prisons				0	0	0	0	0
All Bed Changes								
Minimum				0	0	0	0	0
Medium				0	0	0	0	0
Close				(27)	(24)	(51)	0	(51)
Maximum				(29)	24	(5)	0	(5)
Other				0	0	0	(64)	(64)
Total Bed Changes				(56)	0	(56)	(64)	(120)

Arizona Department of Corrections

Bed Capacity Report

Section III

Status of ADC Prison Beds as of June 30, 2017

Arizona Department of Corrections
Bed Capacity Report
ADC Summary as of June 30, 2017

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	10,675	514	11,189	0	11,189
Medium	11,327	3,363	14,690	0	14,690
Close	6,694	242	6,936	128	7,064
Maximum	2,559	541	3,100	31	3,131
Other	120	0	120	1,243	1,363
Total State Operated	31,375	4,660	36,035	1,402	37,437
Private Prisons					
Minimum	3,500	250	3,750	131	3,881
Medium	4,400	388	4,788	113	4,901
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	78	78
Total Private Prisons	7,900	638	8,538	322	8,860
ADC Summary					
Minimum	14,175	764	14,939	131	15,070
Medium	15,727	3,751	19,478	113	19,591
Close	6,694	242	6,936	128	7,064
Maximum	2,559	541	3,100	31	3,131
Other	120	0	120	1,321	1,441
Total ADC Summary	39,275	5,298	44,573	1,724	46,297

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons as of June 30, 2017

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Douglas						
Minimum	Male	1,252	203	1,455	0	1,455
Medium	Male	803	140	943	0	943
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	89	89
Total ASPC - Douglas		2,055	343	2,398	89	2,487
ASPC - Eyman						
Minimum	Male	0	0	0	0	0
Medium	Male	1,592	967	2,559	0	2,559
Close	Male	896	176	1,072	0	1,072
Maximum	Male	1,488	384	1,872	8	1,880
Other	Male	0	0	0	272	272
Total ASPC - Eyman		3,976	1,527	5,503	280	5,783
ASPC - Florence						
Minimum	Male	1,222	124	1,346	0	1,346
Medium	Male	1,144	501	1,645	0	1,645
Close	Male	618	0	618	0	618
Maximum	Male	456	20	476	23	499
Other	Male	0	0	0	73	73
Total ASPC - Florence		3,440	645	4,085	96	4,181
ASPC - Perryville						
Minimum	Female	2,332	0	2,332	0	2,332
Medium	Female	1,152	0	1,152	0	1,152
Close	Female	610	36	646	3	649
Maximum	Female	0	0	0	0	0
Other	Female	120	0	120	58	178
Total ASPC - Perryville		4,214	36	4,250	61	4,311
ASPC - Phoenix						
Minimum	Male	30	31	61	0	61
Medium	Male	150	0	150	0	150
Close	Male	105	0	105	9	114
Close	Female	20	0	20	2	22
Maximum	Male	247	137	384	0	384
Other	Male	0	0	0	0	0
Total ASPC - Phoenix		552	168	720	11	731
ASPC - Lewis						
Minimum	Male	700	76	776	0	776
Medium	Male	1,900	792	2,692	0	2,692
Close	Male	2,136	0	2,136	32	2,168
Maximum	Male	368	0	368	0	368
Other	Male	0	0	0	247	247
Total ASPC - Lewis		5,104	868	5,972	279	6,251

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons as of June 30, 2017

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Safford						
Minimum	Male	1,203	0	1,203	0	1,203
Medium	Male	250	160	410	0	410
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	55	55
Total ASPC - Safford		1,453	160	1,613	55	1,668
ASPC - Tucson						
Minimum	Male	1,610	0	1,610	0	1,610
Medium	Male	1,886	463	2,349	0	2,349
Close	Male	1,109	30	1,139	66	1,205
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	239	239
Total ASPC - Tucson		4,605	493	5,098	305	5,403
ASPC - Winslow						
Minimum	Male	826	0	826	0	826
Medium	Male	400	0	400	0	400
Close	Male	400	0	400	0	400
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	51	51
Total ASPC - Winslow		1,626	0	1,626	51	1,677
ASPC - Yuma						
Minimum	Male	1,500	80	1,580	0	1,580
Medium	Male	2,050	340	2,390	0	2,390
Close	Male	800	0	800	16	816
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	159	159
Total ASPC - Yuma		4,350	420	4,770	175	4,945

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons as of June 30, 2017

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Male State Operated						
Minimum	Male	8,343	514	8,857	0	8,857
Medium	Male	10,175	3,363	13,538	0	13,538
Close	Male	6,064	206	6,270	123	6,393
Maximum	Male	2,559	541	3,100	31	3,131
Other	Male	0	0	0	1,185	1,185
Male State Operated		27,141	4,624	31,765	1,339	33,104
Female State Operated						
Minimum	Female	2,332	0	2,332	0	2,332
Medium	Female	1,152	0	1,152	0	1,152
Close	Female	630	36	666	5	671
Maximum	Female	0	0	0	0	0
Other	Female	120	0	120	58	178
Female State Operated		4,234	36	4,270	63	4,333
Total State Operated						
Minimum	Total	10,675	514	11,189	0	11,189
Medium	Total	11,327	3,363	14,690	0	14,690
Close	Total	6,694	242	6,936	128	7,064
Maximum	Total	2,559	541	3,100	31	3,131
Other	Total	120	0	120	1,243	1,363
Total State Operated		31,375	4,660	36,035	1,402	37,437

Arizona Department of Corrections
Bed Capacity Report
Private Prisons as of June 30, 2017

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
CACF						
Minimum	Male	0	0	0	0	0
Medium	Male	1,000	280	1,280	40	1,320
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total CACF		1,000	280	1,280	40	1,320
Phoenix West						
Minimum	Male	400	100	500	19	519
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Phoenix West		400	100	500	19	519
Florence West - RTC						
Minimum	Male	200	50	250	8	258
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Florence West - RTC		200	50	250	8	258
Florence West - DWI						
Minimum	Male	400	100	500	17	517
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Florence West - DWI		400	100	500	17	517
Kingman - Hualapai						
Minimum	Male	0	0	0	0	0
Medium	Male	1,400	108	1,508	73	1,581
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Kingman - Hualapai		1,400	108	1,508	73	1,581
Kingman - Cerbat						
Minimum	Male	2,000	0	2,000	80	2,080
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Kingman - Cerbat		2,000	0	2,000	80	2,080

Arizona Department of Corrections
Bed Capacity Report
Private Prisons as of June 30, 2017

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Marana						
Minimum	Male	500	0	500	7	507
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Marana		500	0	500	7	507
Red Rock						
Minimum	Male	0	0	0	0	0
Medium	Male	2,000	0	2,000	0	2,000
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	78	78
Total Red Rock		2,000	0	2,000	78	2,078
Private Prisons						
Minimum		3,500	250	3,750	131	3,881
Medium		4,400	388	4,788	113	4,901
Close		0	0	0	0	0
Maximum		0	0	0	0	0
Other		0	0	0	78	78
Total Private Prisons		7,900	638	8,538	322	8,860

Arizona Department of Corrections

Bed Capacity Report

Section IV

Status of ADC Prison Beds as of June 30, 2018

Arizona Department of Corrections
Bed Capacity Report
ADC Summary as of June 30, 2018

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	10,165	572	10,737	0	10,737
Medium	11,289	3,382	14,671	0	14,671
Close	7,216	362	7,578	128	7,706
Maximum	1,989	429	2,418	31	2,449
Other	96	0	96	1,339	1,435
Total State Operated	30,755	4,745	35,500	1,498	36,998
Private Prisons					
Minimum	3,500	250	3,750	131	3,881
Medium	4,400	388	4,788	113	4,901
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	78	78
Total Private Prisons	7,900	638	8,538	322	8,860
ADC Summary					
Minimum	13,665	822	14,487	131	14,618
Medium	15,689	3,770	19,459	113	19,572
Close	7,216	362	7,578	128	7,706
Maximum	1,989	429	2,418	31	2,449
Other	96	0	96	1,417	1,513
Total ADC Summary	38,655	5,383	44,038	1,820	45,858

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons as of June 30, 2018

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Douglas						
Minimum	Male	632	203	835	0	835
Medium	Male	803	140	943	0	943
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	89	89
Total ASPC - Douglas		1,435	343	1,778	89	1,867
ASPC - Eyman						
Minimum	Male	0	0	0	0	0
Medium	Male	1,592	1,042	2,634	0	2,634
Close	Male	1,112	296	1,408	0	1,408
Maximum	Male	1,272	272	1,544	8	1,552
Other	Male	0	0	0	368	368
Total ASPC - Eyman		3,976	1,610	5,586	376	5,962
ASPC - Florence						
Minimum	Male	1,222	124	1,346	0	1,346
Medium	Male	1,144	501	1,645	0	1,645
Close	Male	924	0	924	0	924
Maximum	Male	150	20	170	23	193
Other	Male	0	0	0	73	73
Total ASPC - Florence		3,440	645	4,085	96	4,181
ASPC - Perryville						
Minimum	Female	2,332	0	2,332	0	2,332
Medium	Female	1,248	0	1,248	0	1,248
Close	Female	538	36	574	3	577
Maximum	Female	0	0	0	0	0
Other	Female	96	0	96	58	154
Total ASPC - Perryville		4,214	36	4,250	61	4,311
ASPC - Phoenix						
Minimum	Male	30	31	61	0	61
Medium	Male	150	0	150	0	150
Close	Male	105	0	105	9	114
Close	Female	20	0	20	2	22
Maximum	Male	247	137	384	0	384
Other	Male	0	0	0	0	0
Total ASPC - Phoenix		552	168	720	11	731
ASPC - Lewis						
Minimum	Male	810	134	944	0	944
Medium	Male	1,790	736	2,526	0	2,526
Close	Male	2,184	0	2,184	32	2,216
Maximum	Male	320	0	320	0	320
Other	Male	0	0	0	247	247
Total ASPC - Lewis		5,104	870	5,974	279	6,253

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons as of June 30, 2018

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Safford						
Minimum	Male	1,203	0	1,203	0	1,203
Medium	Male	250	160	410	0	410
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	55	55
Total ASPC - Safford		1,453	160	1,613	55	1,668
ASPC - Tucson						
Minimum	Male	1,610	0	1,610	0	1,610
Medium	Male	1,862	463	2,325	0	2,325
Close	Male	1,133	30	1,163	66	1,229
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	239	239
Total ASPC - Tucson		4,605	493	5,098	305	5,403
ASPC - Winslow						
Minimum	Male	826	0	826	0	826
Medium	Male	400	0	400	0	400
Close	Male	400	0	400	0	400
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	51	51
Total ASPC - Winslow		1,626	0	1,626	51	1,677
ASPC - Yuma						
Minimum	Male	1,500	80	1,580	0	1,580
Medium	Male	2,050	340	2,390	0	2,390
Close	Male	800	0	800	16	816
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	159	159
Total ASPC - Yuma		4,350	420	4,770	175	4,945

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons as of June 30, 2018

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Male State Operated						
Minimum	Male	7,833	572	8,405	0	8,405
Medium	Male	10,041	3,382	13,423	0	13,423
Close	Male	6,658	326	6,984	123	7,107
Maximum	Male	1,989	429	2,418	31	2,449
Other	Male	0	0	0	1,281	1,281
Male State Operated		26,521	4,709	31,230	1,435	32,665
Female State Operated						
Minimum	Female	2,332	0	2,332	0	2,332
Medium	Female	1,248	0	1,248	0	1,248
Close	Female	558	36	594	5	599
Maximum	Female	0	0	0	0	0
Other	Female	96	0	96	58	154
Female State Operated		4,234	36	4,270	63	4,333
Total State Operated						
Minimum	Total	10,165	572	10,737	0	10,737
Medium	Total	11,289	3,382	14,671	0	14,671
Close	Total	7,216	362	7,578	128	7,706
Maximum	Total	1,989	429	2,418	31	2,449
Other	Total	96	0	96	1,339	1,435
Total State Operated		30,755	4,745	35,500	1,498	36,998

Arizona Department of Corrections
Bed Capacity Report
Private Prisons as of June 30, 2018

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
CACF						
Minimum	Male	0	0	0	0	0
Medium	Male	1,000	280	1,280	40	1,320
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total CACF		1,000	280	1,280	40	1,320
Phoenix West						
Minimum	Male	400	100	500	19	519
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Phoenix West		400	100	500	19	519
Florence West - GP						
Minimum	Male	200	50	250	8	258
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Florence West - GP		200	50	250	8	258
Florence West - DWI						
Minimum	Male	400	100	500	17	517
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Florence West - DWI		400	100	500	17	517
Kingman - Huachuca						
Minimum	Male	0	0	0	0	0
Medium	Male	1,400	108	1,508	73	1,581
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Kingman - Huachuca		1,400	108	1,508	73	1,581
Kingman - Cerbat						
Minimum	Male	2,000	0	2,000	80	2,080
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Kingman - Cerbat		2,000	0	2,000	80	2,080

Arizona Department of Corrections
Bed Capacity Report
Private Prisons as of June 30, 2018

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Marana						
Minimum	Male	500	0	500	7	507
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Marana		500	0	500	7	507
Red Rock						
Minimum	Male	0	0	0	0	0
Medium	Male	2,000	0	2,000	0	2,000
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	78	78
Total Red Rock		2,000	0	2,000	78	2,078
Private Prisons						
Minimum	Male	3,500	250	3,750	131	3,881
Medium	Male	4,400	388	4,788	113	4,901
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	78	78
Total Private Prisons		7,900	638	8,538	322	8,860

Arizona Department of Corrections

Bed Capacity Report

Section V

Projected Status of ADC Prison Beds as of June 30, 2019

Arizona Department of Corrections
Bed Capacity Report
ADC Summary Projected as of June 30, 2019

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	10,165	572	10,737	0	10,737
Medium	11,289	3,382	14,671	0	14,671
Close	7,189	338	7,527	128	7,655
Maximum	1,960	453	2,413	31	2,444
Other	96	0	96	1,275	1,371
Total State Operated	30,699	4,745	35,444	1,434	36,878
Private Prisons					
Minimum	3,500	250	3,750	131	3,881
Medium	4,400	388	4,788	113	4,901
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	78	78
Total Private Prisons	7,900	638	8,538	322	8,860
ADC Summary					
Minimum	13,665	822	14,487	131	14,618
Medium	15,689	3,770	19,459	113	19,572
Close	7,189	338	7,527	128	7,655
Maximum	1,960	453	2,413	31	2,444
Other	96	0	96	1,353	1,449
Total ADC Summary	38,599	5,383	43,982	1,756	45,738

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons Projected as of June 30, 2019

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Douglas						
Minimum	Male	632	203	835	0	835
Medium	Male	803	140	943	0	943
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	89	89
Total ASPC - Douglas		1,435	343	1,778	89	1,867
ASPC - Eyman						
Minimum	Male	0	0	0	0	0
Medium	Male	1,592	1,042	2,634	0	2,634
Close	Male	1,141	272	1,413	0	1,413
Maximum	Male	1,243	296	1,539	8	1,547
Other	Male	0	0	0	368	368
Total ASPC - Eyman		3,976	1,610	5,586	376	5,962
ASPC - Florence						
Minimum	Male	1,222	124	1,346	0	1,346
Medium	Male	1,144	501	1,645	0	1,645
Close	Male	868	0	868	0	868
Maximum	Male	150	20	170	23	193
Other	Male	0	0	0	9	9
Total ASPC - Florence		3,384	645	4,029	32	4,061
ASPC - Perryville						
Minimum	Female	2,332	0	2,332	0	2,332
Medium	Female	1,248	0	1,248	0	1,248
Close	Female	538	36	574	3	577
Maximum	Female	0	0	0	0	0
Other	Female	96	0	96	58	154
Total ASPC - Perryville		4,214	36	4,250	61	4,311
ASPC - Phoenix						
Minimum	Male	30	31	61	0	61
Medium	Male	150	0	150	0	150
Close	Male	105	0	105	9	114
Close	Female	20	0	20	2	22
Maximum	Male	247	137	384	0	384
Other	Male	0	0	0	0	0
Total ASPC - Phoenix		552	168	720	11	731

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons Projected as of June 30, 2019

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Lewis						
Minimum	Male	810	134	944	0	944
Medium	Male	1,790	736	2,526	0	2,526
Close	Male	2,184	0	2,184	32	2,216
Maximum	Male	320	0	320	0	320
Other	Male	0	0	0	247	247
Total ASPC - Lewis		5,104	870	5,974	279	6,253
ASPC - Safford						
Minimum	Male	1,203	0	1,203	0	1,203
Medium	Male	250	160	410	0	410
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	55	55
Total ASPC - Safford		1,453	160	1,613	55	1,668
ASPC - Tucson						
Minimum	Male	1,610	0	1,610	0	1,610
Medium	Male	1,862	463	2,325	0	2,325
Close	Male	1,133	30	1,163	66	1,229
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	239	239
Total ASPC - Tucson		4,605	493	5,098	305	5,403
ASPC - Winslow						
Minimum	Male	826	0	826	0	826
Medium	Male	400	0	400	0	400
Close	Male	400	0	400	0	400
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	51	51
Total ASPC - Winslow		1,626	0	1,626	51	1,677
ASPC - Yuma						
Minimum	Male	1,500	80	1,580	0	1,580
Medium	Male	2,050	340	2,390	0	2,390
Close	Male	800	0	800	16	816
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	159	159
Total ASPC - Yuma		4,350	420	4,770	175	4,945

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons Projected as of June 30, 2019

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Male State Operated						
Minimum	Male	7,833	572	8,405	0	8,405
Medium	Male	10,041	3,382	13,423	0	13,423
Close	Male	6,631	302	6,933	123	7,056
Maximum	Male	1,960	453	2,413	31	2,444
Other	Male	0	0	0	1,217	1,217
Male State Operated		26,465	4,709	31,174	1,371	32,545
Female State Operated						
Minimum	Female	2,332	0	2,332	0	2,332
Medium	Female	1,248	0	1,248	0	1,248
Close	Female	558	36	594	5	599
Maximum	Female	0	0	0	0	0
Other	Female	96	0	96	58	154
Female State Operated		4,234	36	4,270	63	4,333
Total State Operated						
Minimum	Total	10,165	572	10,737	0	10,737
Medium	Total	11,289	3,382	14,671	0	14,671
Close	Total	7,189	338	7,527	128	7,655
Maximum	Total	1,960	453	2,413	31	2,444
Other	Total	96	0	96	1,275	1,371
Total State Operated		30,699	4,745	35,444	1,434	36,878

Arizona Department of Corrections
Bed Capacity Report
Private Prisons Projected as of June 30, 2019

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
CACF						
Minimum	Male	0	0	0	0	0
Medium	Male	1,000	280	1,280	40	1,320
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total CACF		1,000	280	1,280	40	1,320
Phoenix West						
Minimum	Male	400	100	500	19	519
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Phoenix West		400	100	500	19	519
Florence West - GP						
Minimum	Male	200	50	250	8	258
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Florence West - GP		200	50	250	8	258
Florence West - DWI						
Minimum	Male	400	100	500	17	517
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Florence West - DWI		400	100	500	17	517
Kingman - Huachuca						
Minimum	Male	0	0	0	0	0
Medium	Male	1,400	108	1,508	73	1,581
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Kingman - Huachuca		1,400	108	1,508	73	1,581
Kingman - Cerbat						
Minimum	Male	2,000	0	2,000	80	2,080
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Kingman - Cerbat		2,000	0	2,000	80	2,080

Arizona Department of Corrections
Bed Capacity Report
Private Prisons Projected as of June 30, 2019

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Marana						
Minimum	Male	500	0	500	7	507
Medium	Male	0	0	0	0	0
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	0	0
Total Marana		500	0	500	7	507
Red Rock						
Minimum	Male	0	0	0	0	0
Medium	Male	2,000	0	2,000	0	2,000
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	78	78
Total Red Rock		2,000	0	2,000	78	2,078
Private Prisons						
Minimum		3,500	250	3,750	131	3,881
Medium		4,400	388	4,788	113	4,901
Close		0	0	0	0	0
Maximum		0	0	0	0	0
Other		0	0	0	78	78
Total Private Prisons		7,900	638	8,538	322	8,860



STATE OF ARIZONA

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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Senior Fiscal Analyst *PM*

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of CHILDS (Department of Child Safety Subaccount).

Request

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Arizona Department of Administration's (ADOA) Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. ADOA is requesting Committee review of \$10,400,000 in FY 2018 and FY 2019 funds to continue the project.

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 consider the following provision:

- A. On or before the 30th of each month, the Department of Child Safety shall provide the JLBC Staff with the actual expenditures on the CHILDS Replacement Project from the prior month.

Key Points

- 1) ADOA/DCS are requesting review of \$10.4 M for CHILDS Replacement from '18 and '19 funds.
- 2) Including unspent prior year monies, the project expenditure plan would be \$13.9 M in '19.
- 3) Delay in procurement has pushed the overall project schedule back by 6 months.
- 4) Otherwise, an independent third-party review indicates that the project is "positioned for success."
- 5) The estimated project completion date is December 2020.

(Continued)

Analysis

CHILDS is the information management system used to document the status, demographics, location and outcomes for children in the care of DCS. The system assists with various business processes including hotline intake, initial assessments and investigations, case management, adoptions, eligibility determinations, staff management, provider management and payment processing. DCS is replacing CHILDS with "Guardian." Instead of purchasing a whole new system, DCS is developing Guardian as a "synthesized solution" in which a contracted "technical integrator" will be responsible for incrementally bringing together independent subsystems ("modules") within the Guardian platform. The total cost of the CHILDS replacement project is estimated at \$86.0 million, of which the state share is 50% (or \$43.0 million).

Table 1
CHILDS Replacement Project Budget (State Match)

<u>Fiscal Year</u>	<u>Appropriations</u>	<u>JLBC Review</u>	<u>Expenditures</u>
2015	\$ 5.0	\$ 0.3	\$ 0.1
2016	0.0	0.3	0.5
2017	4.6	6.2	3.6
2018	<u>11.1</u>	<u>7.6</u>	<u>6.7</u>
Subtotal	\$20.7	\$14.4	\$10.9
2019 Plan	\$ 5.0	\$10.4	\$13.9
Grand Total	\$25.7	\$24.8	\$24.8

As outlined in *Table 1*, through FY 2018, ADOA and DCS were appropriated a total of \$20.7 million from APF for CHILDS replacement. Through September 2017, the Committee had reviewed \$14.4 million of that amount, with the expectation that the remaining \$6.3 million in appropriated monies would be reviewed at the Committee's next meeting in December 2017 after the

procurement of Guardian's technical integrator. At that time, DCS had anticipated that the technical integrator procurement would be finalized in November 2017.

DCS later discovered a problem with its initial evaluation of bids that forced the department to go through the bid evaluation process a second time. As a result, the procurement of the technical integrator was delayed from November 2017 until April 2018. Microsoft was selected as the vendor for the project and began work in June 2018. The procurement delay will push back the overall project schedule 6 months, resulting in estimated project completion by December 2020 instead of June 2020. In addition, the delay resulted in lower-than-budgeted expenditures for the project in FY 2018. Of the \$14.4 million in favorably reviewed funds from the Committee, DCS had only expended \$10.9 million by the end of FY 2018, or \$(3.5) million less than the reviewed amount.

Compared to \$6.7 million in FY 2018 expenditures, the department has an expenditure plan of \$13.9 million in FY 2019, or an increase of \$7.2 million. Most of this cost increase is driven by the onboarding of the technical integrator, which is expected to account for \$7.7 million of the \$13.9 million FY 2019 expenditure plan, compared to only \$1.2 million of FY 2018 expenses. Additional details on the FY 2019 expenditure plan are displayed in *Table 2*.

The FY 2019 expenditure plan would be funded with \$3.5 million of unspent funds already reviewed by the Committee in FY 2018, and \$10.4 million of newly reviewed funds by the Committee. The \$10.4 million consists of the remaining \$6.3 million of unreviewed funds from FY 2018, and \$4.1 million of DCS' \$5.0 million CHILDS Replacement appropriation for FY 2019. This proposal would generate state resource availability of \$13.9 million, effectively providing a \$1.0 million contingency in addition to \$12.9 million in specific expenditures.

(Continued)

Given the prior delays in spending for the project and significantly higher projected spending for FY 2019, the Committee may consider Provision A, which would require DCS to report monthly to the JLBC Staff on actual expenditures from the prior month to ensure the Committee has up-to-date information on actual expenditures compared to the current forecast.

The Legislature has appropriated a total of \$25.7 million for the CHILDS Replacement project through FY 2019. DCS estimates that the state share of the total project cost will be \$43.0 million by the time the project is completed. Based on that estimate, DCS would need \$17.3 million in additional state funding across FY 2020 and FY 2021. The final cost is uncertain, as it will depend on DCS' actual costs incurred in procuring the remaining components of the project.

Independent Third-Party Review

Consistent with several JLBC provisions and the requirements in A.R.S. § 41-714, DCS has hired an independent third-party consultant to provide the Committee with quarterly reports on the CHILDS replacement project for the life of the project. The latest assessment was completed on August 31, 2018. The independent consultant concluded that the project "continues to be positioned for success." The project demonstrates "strong health" on 7 of 10 metrics of plan viability and 6 of 9 metrics on project management practice, with all remaining metrics rated as "moderate health."

Table 2	
Components of DCS' Guardian Expenditure Plan for FY 2019	
<u>Component</u>	<u>Estimated State Cost</u>
Program Management - Communicates status and other information to oversight and management committees	\$ 692,800
Business Integration - Specifies business requirements for new system	1,024,200
Mobile Solution - Application for caseworkers in the field	78,000
Independent Third-Party Consultant	111,400
Quality Management - Conducts system testing on the new CHILDS system	384,600
Hosting - Cloud-based hosting environment	135,300
Enterprise Content Management - Stores and manages digital documents	1,978,700
Integrated Shared Services	189,600
Data Management	378,100
Training	250,000
Technical Integration - Integrates each system application with the platform	7,686,500
Contingency	<u>974,000</u>
Total	\$13,883,200
<u>Fund Sources</u>	
Unexpended FY 2018 Monies (Previously Reviewed)	\$ 3,483,200
Unexpended FY 2018 Monies (Not Previously Reviewed)	6,284,400
New FY 2019 Monies (Not Previously Reviewed)	<u>4,115,600</u>
Total	\$13,883,200

Douglas A. Ducey
Governor



Gilbert Davidson
Interim Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

September 1, 2018

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



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

Dear Senator Kavanagh and Representative Livingston:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal years 2018 and 2019 of the Automation Projects Fund (APF) projects related to Department of Child Safety and Department of Public Safety. 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,

Kevin Donnellan

Kevin Donnellan
Deputy Director

Enclosures

cc: Richard Stavneak, Director, JLBC
Matthew Gress, Director, OSPB
Derik Leavitt, Assistant Director, ADOA
Rebecca Perrera, JLBC Staff
Jacob Wingate, OSPB Staff
Morgan Reed, State CIO

Request for JLBC Committee Review of FY 2018 & 2019

Department of Child Safety

CHILDS Replacement (Guardian) - CH17002

Description

Summary:

The current Department of Child Safety (DCS) child welfare system, Children's Information Library and Data Source (CHILDS), is used for case management, federal reporting, provider management and Title IV-E eligibility for children under DCS care. Due to the current age, complexity, and inefficiencies of CHILDS, DCS has been limited in its abilities to enhance the system fast enough to provide important processing functions identified as crucial by the Department.

Requirements:

The solution is based on the security of a stable, proven technology platform. The platform ensures management of data models, data standards, and other technology standards between all components in the system and between all systems that interoperate with Guardian, and CHILDS is no longer necessary and can be decommissioned.

Benefits:

The new system, known as Guardian, will be capable of increasing efficiency and service delivery to Arizona's families and children in need, while also supporting child safety specialist needs to effectively and efficiently execute the mission of DCS. The new system will also ensure data integrity for improved reporting, consistent usability across work functions, a mobile platform for supporting staff visits, improved decision support through formal assessments, and potentially access for providers to input data for case management and placement information.

Current Request

The current request is for favorable review of \$10,400,000. If favorable review is not received, the program is projected to run out of funds prior to next quarter's JLBC meeting, which will cause the program to pause until funds can be secured.

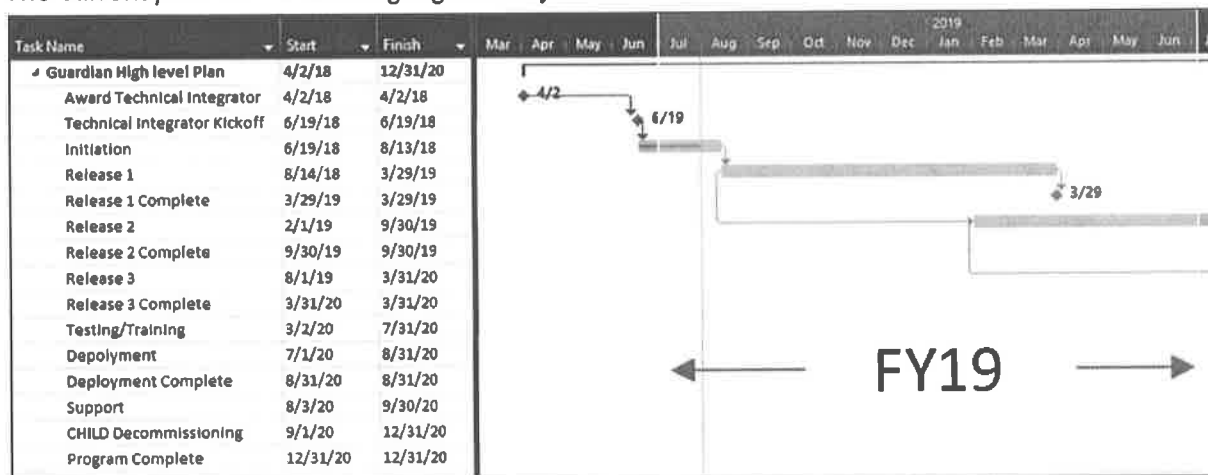
Expenditure Budget by Appropriation and Phase

Description	FY18	FY19
Guardian Build	\$6,281,400	\$4,118,600

Guardian Build – The program is entering the build phase of the solution. This continues in FY19. The Plan includes development of Intake/Hotline, Assessments, Case Management, and Permanency components with the associated data interfaces. Intake/Hotline is the component planned to complete in FY19.

Project Plan

The current plan for FY19 is highlighted in yellow below.



Milestone Detail

Milestone	Description
Initiation Complete	Initiation consists of the finalized program plan as well as the strategies to successfully deploy and support the system
Release 1	Intake / Hotline Component
Solution Modeling Complete	Solution Modeling identifies all the requirements for the particular release. Items identified as "Fit" will be configured at the end of this milestone
Iteration 1 – 4 Complete	Each release contains 4 iterations to properly build the requirements that are identified as "Gaps" and require some coding
Testing Complete	Testing ensures that the release has been tested that it meets the requirements and processes of the business. Additionally user acceptance testing for the built components will complete.
Release 2	Assessments, Case Management, Permanency components
Solution Modeling Complete	Solution Modeling identifies all the requirements for the particular release. Items identified as "Fit" will be configured at the end of this milestone
Iteration 1 – 2 Complete	Each release contains 4 iterations to properly build the requirements that are identified as "Gaps" and require some coding. 2 iterations are planned to complete in FY19

Cost Breakdown for FY19 (Includes FY18 and FY19 appropriations)

Development Cost	
Program Management	\$692,764
Business Integration	\$1,024,162
Mobile Solution	\$78,000
IV&V	\$111,384
Quality Management	\$384,573
Platform	\$0
Hosting	\$135,300
Enterprise Content Management	\$1,978,720
Integrated Shared Services	\$189,552
Data Management	\$378,124
Technical Integration	\$7,686,482
Training	\$250,000
CHILDS Decommissioning	\$0
Total Cost	\$12,909,061



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Ben Murphy, Fiscal Analyst *BM*

SUBJECT: Arizona Department of Transportation - Review of Motor Vehicle Modernization (MvM)
Project Annual Progress Report

Request

Pursuant to an FY 2018 General Appropriation Act footnote, the Arizona Department of Transportation (ADOT) requests Committee review of its annual progress report on the Motor Vehicle Modernization (MvM) Project.

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 consider the following provision:

- A. On or before February 1, 2019, the department shall report to the Joint Legislative Budget Committee on its progress in remediating risks associated with the MvM project's interface/integration execution, as identified by Gartner Consulting. The department shall also report on how it proposes to spend the ADOT-dedicated portion of the vendor's fee retention upon completion of the MvM project in FY 2020, including any plans to modify the existing vendor agreement or enter into a new agreement.

(Continued)

Key Points

- 1) ADOT's MvM Project is a \$58 M custom software development project for MVD operations.
- 2) The project is annually reviewed by Gartner Consulting to measure its progress.
- 3) The FY 2018 report assesses the project as having low-medium risk, with one high risk area associated with automation interfaces with other state agencies.
- 4) The project is funded through a portion of the ServiceArizona vendor's retention of transaction fees, making the project non-appropriated and independent of legislative approval.
- 5) The Legislature may want to consider enhancing its oversight over the next cycle of funding.

Analysis

The MvM Project is a custom software development project designed to enhance ADOT's Motor Vehicle Division (MVD) vehicle registration, driver licensing, finance, partner licensing and contracting, and other customer and business services.

ADOT's Project Investment Justification (PIJ) was approved by the Information Technology Authorization Committee (ITAC) in FY 2014 with a budget of \$56.0 million. Due to the addition of back-end financial system improvements and a new customer self-service channel, the budget has increased to \$57.6 million, presented to ITAC in FY 2017.

The project is funded through an agreement with the vendor for ServiceArizona, the state's vehicle registration renewal website. Under A.R.S. § 28-5101(G), compensation for the ServiceArizona vendor is determined by a written agreement between the vendor and ADOT. The agreement states that the vendor retains the standard authorized third-party portion of each transaction, but keeps 45% of such collections as compensation and deposits 55% in an account spent at the direction of ADOT. ADOT is currently directing these monies to the MvM Project.

The monies that are spent for ADOT are non-appropriated and did not go through any legislative approval process. As an information technology project with a total cost over \$1.0 million, it required ITAC approval. The project is expected to be completed in FY 2020. However, the statutory provision allowing the ServiceArizona vendor's compensation to be negotiated into a written agreement does not expire with the completion of the project. The department may choose to extend the existing agreement to the end of FY 2021, where it may direct the vendor to spend the ADOT-dedicated portion of its retention to another area after the completion of the MvM project.

ADOT may also choose to end the agreement at the end of FY 2020 and enter into an entirely new agreement. Provision A would require the department to report to the Committee on its post-MvM project completion plans. This provision is included to provide insight into how the Legislature may enhance oversight of future written agreements with the ServiceArizona vendor.

Due to the lack of initial legislative approval, the General Appropriation Act footnote requires ADOT to contract with an independent third-party consultant to annually evaluate and assess the MvM Project in the following respects:

- Progress in meeting goals as delineated by the PIJ.
- Incorporation of the Auditor General's April 2015 MVD performance audit recommendations.
- Overall project status.
- Potential project deficiencies.

(Continued)

Gartner Consulting, the contracted consultant, presented its FY 2018 assessment in early January 2018. The assessment builds on the FY 2017 assessment, which was favorably reviewed at the March 2017 JLBC meeting.

PIJ Goals and Auditor General Recommendations

Gartner's analysis of the project's success in meeting PIJ goals and Auditor General recommendations is unchanged from its FY 2017 assessment. The FY 2017 assessment described the project as positively contributing to all of the PIJ goals, which include improving the efficiency, effectiveness and accuracy of MVD business processes, increasing client convenience, and reducing process times. It also considered the project to advance the Auditor General recommendation that MVD improve its field office customer service.

Project Status

Gartner's methodology identifies areas of risk and early signs of potential failure in IT enterprise projects during 4 stages: strategy, planning, execution, and product support. The report assesses the project as a well-planned and executed initiative, and evaluates it as having low-medium risk. Out of

the 42 areas evaluated, Gartner found 1 high-risk area, 6 medium-risk areas and 35 low-risk areas. Please see Table 2 for a summary of how those ratings compare to past assessments.

Table 2

Risk Rating Summary for Assessments

	<u>Initial</u>	<u>FY 2017</u>	<u>FY 2018</u>
Overall Risk Rating	Medium	Low-Medium	Low-Medium
High-Risk Areas	0	0	1
Medium-Risk Areas	14	11	6
Low-Risk Areas	10	25	35

Potential Project Deficiencies

Unlike last year, the report identifies interagency interface/integration execution as a high-risk area. The MvM project needs to establish an automated interface with state agencies such as the Department of Revenue, Department of Environmental Quality (DEQ) and Department of Health Services (DHS), as well as with local governments and private entities who perform business on behalf of the state. For example, DEQ transmits vehicle emissions data to ADOT as part of ensuring a vehicle's eligibility for registration renewal and DHS transmits vital statistics to ensure that deceased individuals are accurately recorded in ADOT's registry. The MvM project will not require any agencies to change their interfaces; however, agencies may choose to modernize their interfaces to improve reliability and performance. ADOT reported in July 2017 that the MvM solution will have 60 interface customers.

The report notes challenges in establishing interface agreements with such stakeholders and recommends that ADOT leadership work towards affirming agreements with stakeholders on critical system interfaces. To help address this concern, ADOT has assigned a relationship management liaison for stakeholder agencies to improve understanding of interface functionality. Provision A would require ADOT to report on its progress in addressing this issue.

There were several other recommendations for improvement, corresponding to areas identified as having medium risk:

- Ensure an approved change control process when vetting proposed enhancements.
- Proactively address risk of staff burnout/turnover.
- Develop an operational transition plan for full deployment of the solution.
- Identify any new staffing and budget needs for operation of the solution.

BM:kp



Motor Vehicle Division

An Arizona Management System Agency

Douglas A. Ducey, Governor
John S. Halikowski, Director
Eric R. Jorgensen, Division Director



May 29, 2018

Richard Stavneak
Director
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Subject: Independent Assessment of Motor Vehicle Division Motor Vehicle Modernization Project

Dear Mr. Stavneak:

Laws 2017, Chapter 305 requires the Department of Transportation (ADOT) Motor Vehicle Division (MVD) to contract with an independent third-party consultant for the duration of the MVD Legacy System Replacement project. The project is now known as the Motor Vehicle Modernization (MvM) project. Chapter 305 requires a progress report evaluating and assessing the project's success in meeting and incorporating the tenets of the Project Investment Justification (PIJ), as well as assessing any potential project deficiencies and the incorporation of the Auditor General's April 2015 recommendations.

The Independent Assessment (attached) identifies a variety of focus areas where risk may exist for the project. In all of the applicable areas but one, the risks are proactively managed or are manageable. One area was identified as currently threatening the project and requiring additional attention, which is the integration of interface implementation. ADOT has begun to address this risk by proactively assigning a liaison to manage the relationships between ADOT and the various agencies with interfaces to the MVD system, and to ensure that interfaces are functional for the needs of the users. It is very unusual for a project as large as MvM to have so few high risks and ADOT concurs with the overall strong positive conclusion of the Independent Assessment.

The project's success in meeting PIJ goals and the incorporation of the Auditor General's April 2015 recommendation is unchanged from our 2017 report.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Eric Jorgensen
Director, Motor Vehicle Division
Arizona Department of Transportation

cc: Charles Martin, OSPB
Keith Fallstrom, ADOT Budget Planning and Research

Enclosure

Arizona Department of Transportation – Motor Vehicle Division

Second Recurring Independent Assessment of the Motor Vehicle Modernization Project (MvM)

Final Version

Prepared for



Gartner Consulting

Revised January 10, 2018

GARTNER CONSULTING

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Executive Summary

Engagement: 330046679

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Engagement Background/Objectives

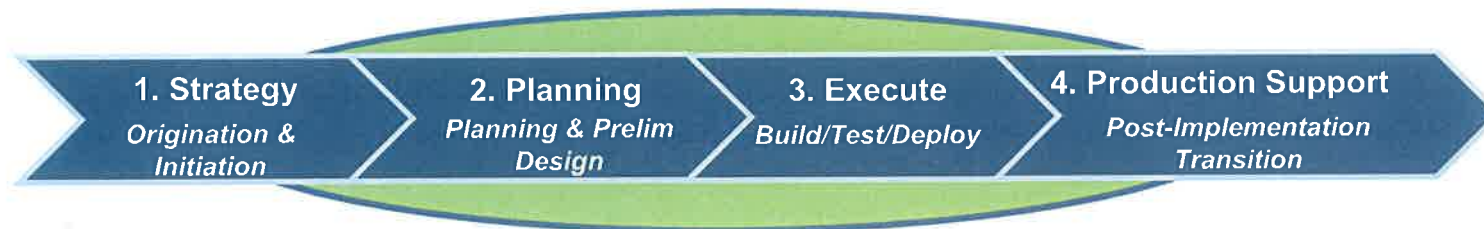
- The Arizona Department of Transportation (ADOT) Motor Vehicle Division (MVD) provides services that impact nearly every Arizona citizen as well as thousands of organizations, including:
 - Vehicle registration and titling
 - Driver licensing
 - Motor carrier regulation
 - Dealer services and licensing
- To help improve delivery of these services, the MVD has initiated the Motor Vehicle Modernization (MvM) Project – a large custom software development project to replace its core legacy systems. The MVM Project is expected to take at least five years to develop and implement core functionality and has an approved budget of approximately \$57.6 million.
- To meet oversight requirements and recommendations of the State of Arizona Information Technology Authorization Committee (ITAC) and the Arizona Strategic Enterprise Technology organization (ADOA-ASET), ADOT has engaged Gartner to provide Independent Assessment (IA) services of the MvM Project.

Gartner's Assessment Objectives

- The State's objective in conducting these IA services is to objectively determine if the MvM Project is on track to be completed within the estimated schedule and cost, and that the delivered system will provide the functionality required by ADOT's employees and customers. A key outcome of these IA services is the identification and quantification of issues and risks affecting the MvM Project.
- Gartner's Independent Assessments for the MvM Project also provide an additional source of Project oversight for stakeholders that the Project is progressing as planned. Results of the Independent Assessment will be communicated to ITAC, ADOA-ASET and related stakeholders.
- Gartner's engagement activities are designed to provide an objective, third-party assessment of project management and control practices for the MvM Project. Our assessment activities do not focus on software code, development practices, technical approaches, or other software quality practices.
- Three different types of assessment efforts comprise Gartner's Independent Assessment:
 - Initial
 - Recurring (the focus of this engagement)
 - Closeout

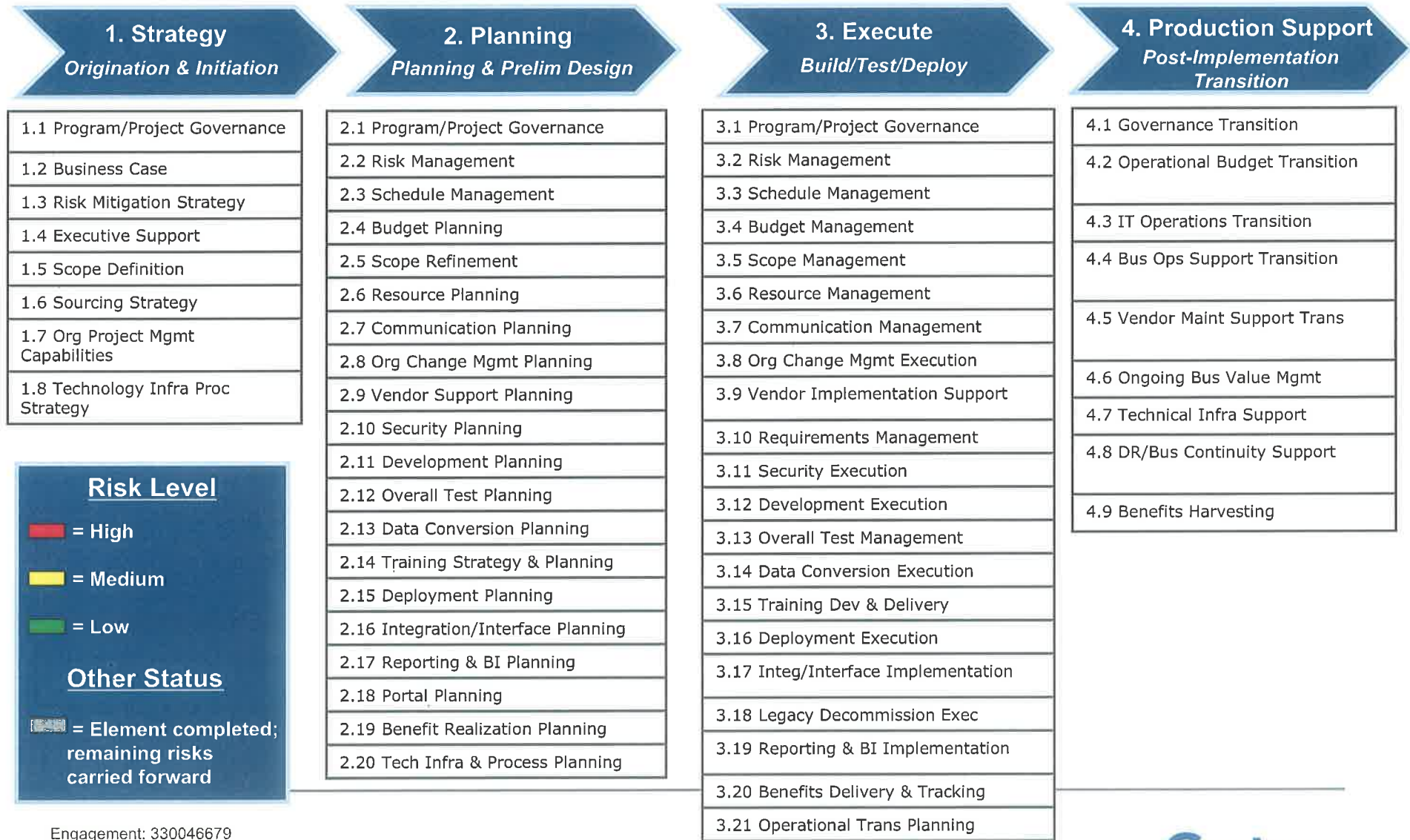
Assessment Focus Areas and Approach

- The purpose of Gartner's MvM Project Independent Assessment is to support and contribute to the overall success of the MvM Project.
- To help address this goal, Gartner assessed the MvM Project's effectiveness in managing the complexities associated with the design, configuration, deployment, and adoption of the new system into the organization's culture and ongoing operations.
- Gartner's second recurring assessment focuses on risk areas relevant to the current stage of the MvM Project's lifecycle – primarily in Strategy, Planning and Execution.



- Gartner's Assessment Report is intended to provide MVD Project leadership and the Oversight Committee with our assessment of the Project team's activities to date, identifies key risk areas, and provides actionable recommendations to avoid or mitigate these risks.

Gartner assessed applicable focus areas and categories from its Project Risk Assessment framework in conducting this 2nd IA review of the MvM project



Engagement: 330046679

Gartner Rated Each of the Project's Focus Areas Using the Criteria Below

Risk Levels	Risk Rating Definitions
Low	Green – Risk area is being managed according to best practices and there is no material impact from this risk area on Project success at this time.
Medium	Yellow – Risk area is being managed according to some best practices, but others are missing. There is a potential material impact from this risk area on Project success that needs to be addressed proactively at this time. Recommendations for risk areas assigned this rating are important to ensure optimal Project operation.
High	Red – Risk area is in need of best practices mitigation to avoid downstream ramifications. There is a definite material impact from this risk area on Project success if this area is not addressed now. Recommendations for risk areas assigned this rating are essential for mitigating Project risk.
White	White – Risk area is not being evaluated because it is too early in the Project. Risk area will be evaluated in future assessments.
Gray	Gray – Risk area has been completed due to the progression of the Project. Any remaining risks have been carried forward to the appropriate risk area in a subsequent phase.

Recommendations for improvement and risk mitigation are provided for areas assessed as “yellow” or “red” in the specific findings section of this presentation.

In some cases, recommendations are provided for areas assessed as “green”.

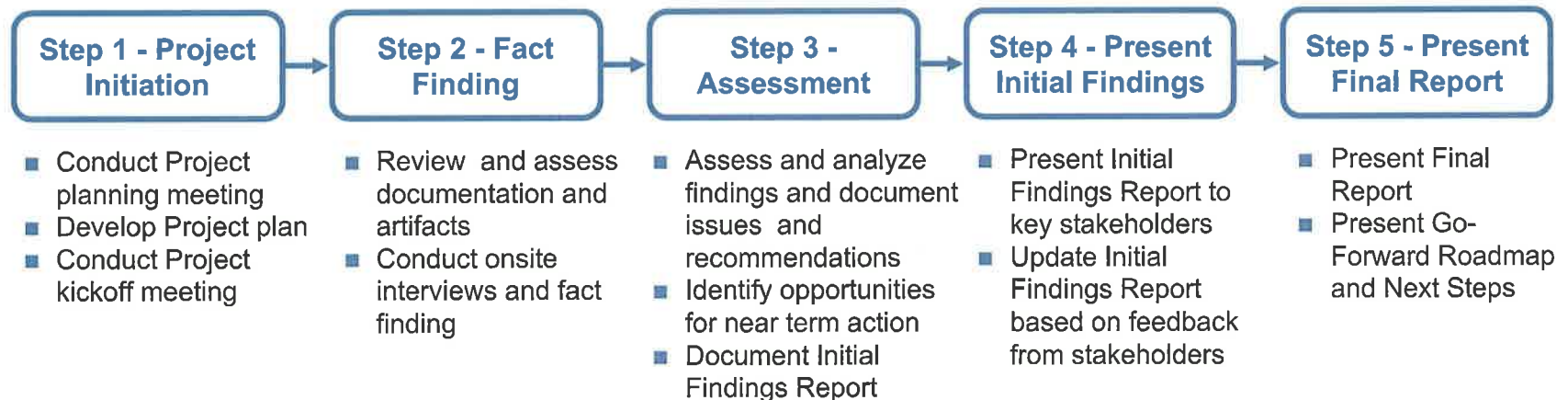
Gartner interviewed Key MvM Project Stakeholders and Subject Matter Experts Listed Below as part of its independent assessment approach

- Eric Jorgensen – MVD Director and MvM Project Sponsor
- David Knigge – MvM Project Director
- Jeff Kearns – MvM Project Team Foundation Server Lead
- Don Logue – MvM Senior Business Analyst
- Heather Franek – MvM Project Organizational Change Management Lead
- Craig Stender – MvM Project Functional Manager
- Randy Raiford – MvM Product Owner
- Sandy Dolson – MvM Project Trainer and User Readiness
- Stefano Esposito – MvM Project Technical Manager
- Mike Keeler – MvM Project Security Lead/SME
- Steve West – MvM Project Consultant (ITG Operations)
- Bronco Brings – MvM Project Data Conversion Lead
- Lezlie Jo Perkins – CSR Lead
- Erika Poorman – CSR Lead

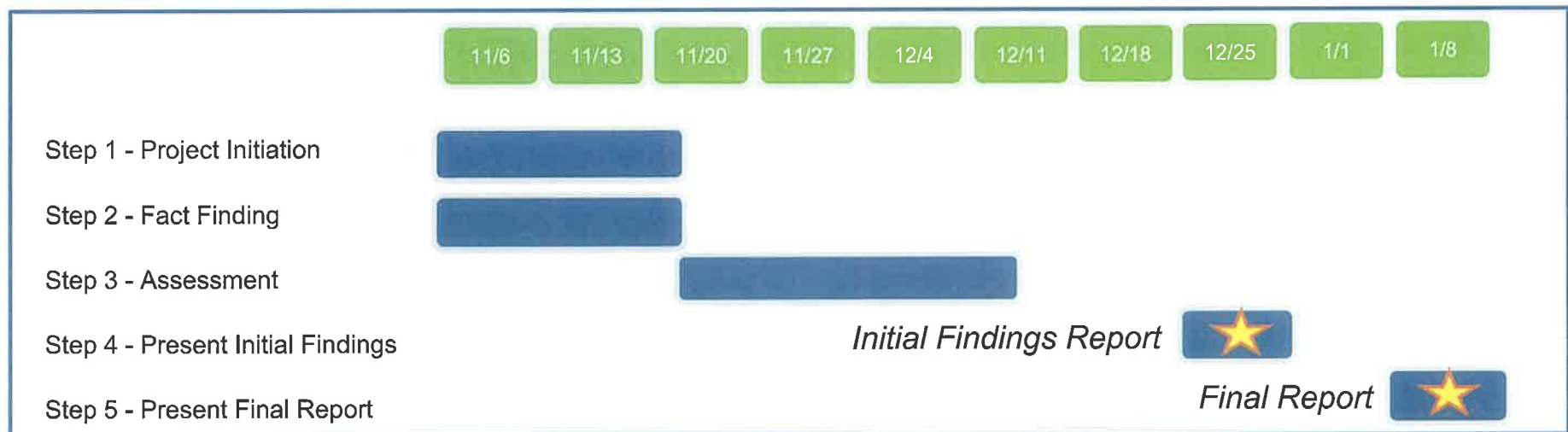
Gartner also reviewed the MvM Project artifacts listed below

- Documents provided to Gartner for prior IA reviews (2015/2016)
- Project Charter (updated October 2017)
- MvM Staffing Workbook (updated November 2017)
- Monthly MvM Project Status Reports and Dashboards (through October 2017)
- Risk Management Plan (updated January 2017)
- Risk and Performance Log (through October 2017)
- Monthly Risk Assessment Reports (through October 2017)
- ASET Status Reports (through October 2017)
- MvM Steering Committee Updates (January and April 2017)
- Project Quarter Planning Report (updated November 2017)
- Organizational Change Management Plan (updated January 2017)
- 2017 MvM Security Review Package
- MvM NIST CIS InfoSec Provider Road Map v1a
- AZ MVD Now Retrospective Report
- MAX Advocates Proposal document
- MAX Title & Registration Implementation Training
- MvM Project Investment Justification (PIJ) Goals and Compliance Report (February 2017)
- User Readiness Blueprint (February 2016)
- AZ MvM Stakeholder Analysis (through November 21, 2017)
- ADOT.net Newsletter

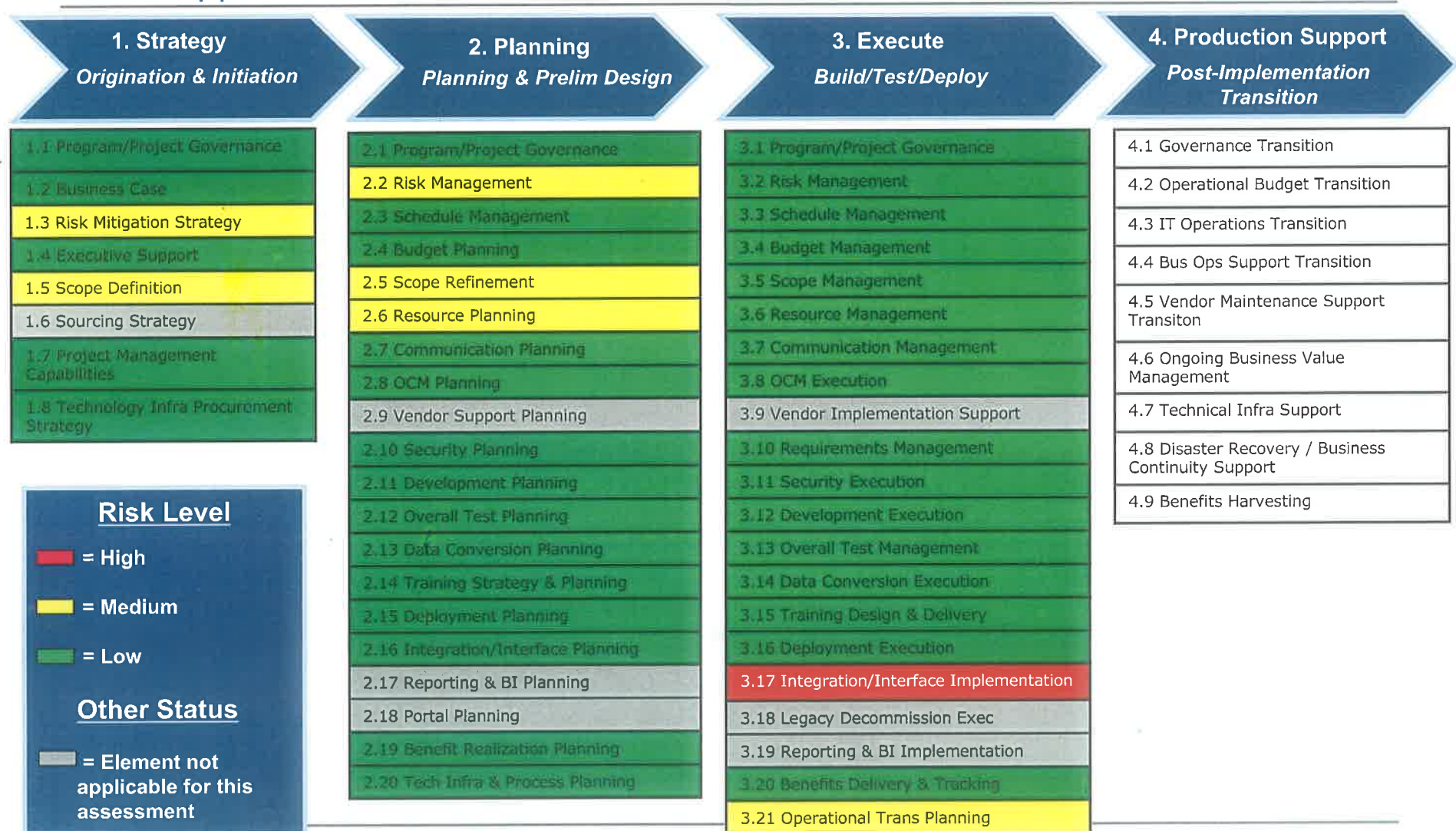
Second Recurring Assessment Schedule



Gartner conducted its MvM Project assessment activities from November through December 2017



Our project assessment dashboard (below) indicates only one high-risk project showstopper and selected areas of cautionary risk



Engagement: 330046679

Key Assessment Findings

Overall MvM Project Risk Rating – December 2017

OVERALL PROJECT RISK RATING

(As of December 2017)



The Overall Project is rated Low-Medium Risk in terms of readiness to continue project work.

This high-level assessment of the project is based on Gartner's review of 39 focus areas across Planning and Execution Phases:

- ☐ There were **1 Red** area identified
- ☐ There were **6 Yellow** areas identified
- ☐ There were **35 Green** areas identified
- ☐ There were 19 areas left unrated

RATING GUIDE

Red = Risks are imminently or currently threatening the project (high risk)

Yellow = Risks exist but are manageable (medium risk)

Green = Risk is proactively managed (low risk)



Key Assessment Findings

Strengths

- The MvM Project remains on schedule, hitting every key milestone to date – even as new functionality is approved and added
- The Project Team has effectively leveraged Microsoft Team Foundation Studio (TFS) and custom add-on functionality to closely monitor and manage scope, schedule and budget – at the epic, story and sprint level
- The MvM Steering Committee continues to provide effective business-driven direction for the project
- The MvM Project continues to enjoy strong executive support from the MVD Director, who is visibly committed to the project's success, regularly visiting the Division's field offices to sustain enthusiasm for the new solution - particularly among CSR's.
- MvM Project Leadership recently resolved a critical contract risk that threatened its ability to hire and retain skilled technical resources. The competency and stability of the project's technical team remains strong.



Key Assessment Findings Strengths (cont.)

- Organizational Change Management (OCM) planning and execution has been effective in preparing stakeholders to use new MvM functionality as it is deployed.
 - CSR concerns for job security, given the growing degree of customer service options, were identified as OCM issues and are being addressed.
 - Managers have been given talking points to help the CSR understand their evolving roles in the new environment (e.g., assisting customers at kiosks)
 - Most CSR's reportedly feel the new system will allow them to do their jobs more effectively, and early releases have built a healthy anticipation for new functionality.
 - Project communications to CSR's has been timely and effective. The current project newsletter is informative and easy to understand, according to CSR leads.
- MvM training audiences include approximately 600 CSR's, as well as documents records team, call center staff and 3rd party processors across the State.
 - Training strategy is still being finalized
 - Initial training materials/content are approximately 80 percent complete



Key Assessment Findings

Strengths (cont.)

- The MvM Data Security Architect (Security SME) has been integrally involved in developing the MvM solution architecture and meets with development teams on a weekly basis.
 - A detailed NIST-aligned security risk assessment roadmap has been defined to proactively monitor InfoSec risks associated with services provided by managed services providers.
 - MVM is also leveraging the Software Assurance Maturity Model (SAMM) open framework to formulate and implement a strategy for MVM software security, addressing 12-security-practices defined by SAMM.
 - Third party firm selected to conduct penetration testing
- The data team continues to proactively address data cleanup and conversion planning that can negatively impact all projects. Data cleansing and migration is still a challenge for the MvM project – however, the time/effort budgeted seems adequate.
- The MvM Project continues to leverage a series of metrics defined and/or approved by the MVD Director to assess the team's development efforts, as well as the degree to which the project is achieving stated business goals and objectives.
 - Graphs and reports are used to identify anomalies to address in future work, as well as improving work plan estimates
 - Reports identify issues to delve into further – e.g., missed due dates, over budget/schedule for a sprint



Key Assessment Findings

Strengths (cont.)

- Engagement of ADOT's Information Technology Group (ITG) in the MvM Project has improved significantly – due to leadership changes, retirements and reorganization of staff
- Network bandwidth has been expanded to over 40+ MVD offices to support the MvM project
 - ITG will be monitoring network performance as MvM goes live at different times of the day/month/year
 - As more MVD customers use online services, bandwidth demands may decrease
 - By June 2018, MVD offices will also be replacing Citrix with fat client in 800+ workstations across the state



Key Assessment Findings

Suggested Focus Areas Going Forward

Gartner staff involved in this 2nd recurring assessment of the MvM project have collectively conducted over 50 similar assessments for clients in the public and private sector. Based on our experience and the evidence presented in interviews and information provided to us in documentation/artifacts, we consider the MvM project to be a very well planned and executed technology initiative.

The recommendations we provide below, as well as in our Detailed Findings are cautionary in most cases – so as to raise an awareness of risks the MvM project team needs to monitor going forward.

Key Focus Areas to Monitor Going Forward:

1. Continue to define, refine, socialize and track project metrics and success criteria. Working to maintain a common understanding of the “what success means” will help to reduce potential disconnects in stakeholder expectations once the MvM Project goes-live.
2. Prepare and begin executing a detailed Operational Transition Plan to ensure ADOT ITG has the skilled resources and budget necessary to maintain and support the new solution as MvM functionality is deployed to production, as well as resources needed to maintain legacy applications until the project is complete.
3. Involve ADOT executive management in discussions with other Arizona state agencies to help establish (or reaffirm) agreements necessary to establish critical system interfaces to the MvM solution.
4. Ensure that proposed enhancements in MvM functionality are vetted via an approved change control process to assess potential negative impacts on the project’s schedule and budget, as well as stakeholder expectations.



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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Matt Beienburg, Senior Fiscal Analyst MB

SUBJECT: Arizona Board of Regents - Review of FY 2019 Tuition Revenues

Request

Pursuant to a FY 2019 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 2019.

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.

The gross FY 2019 tuition and fee collections are projected to be \$3.07 billion, or \$138.1 million higher than FY 2018. Of the \$3.07 billion, ABOR categorizes \$1.25 billion as appropriated and \$1.82 billion as non-appropriated.

Statute allows the universities to retain a portion of tuition collections for expenditures, as approved by ABOR pursuant to A.R.S. § 15-1626A. These "locally" retained tuition monies are considered non-appropriated. Any remaining tuition collections are part of the appropriated budget. While financial aid and debt service are primarily non-appropriated, general operating expenses appear in both appropriated and non-appropriated budgets.

The reported 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 \$(754.7) million in tuition waivers and awards in FY 2019, resulting in \$2.32 billion of net tuition.

(Continued)

Key Points

- 1) Resident undergraduate tuition/fee rate increases range from 0.3% at ASU (all students) to 1.8% and 4.6% (for only new students) at UA and NAU, respectively, in FY 2019.
- 2) Roughly 25% of all gross tuition revenues are applied toward financial aid; This amount is increasing, with over 40% of the \$138.1 M FY 2019 tuition increase going to financial aid.
- 3) Net tuition + General Fund revenues are increasing 3.1% systemwide in FY 2019, compared to 3.5% in student FTE counts & 2.5% inflation over the same period.
 - Arizona residents make up 60% of enrollment and get 60% of financial aid.
 - Residents, however, only generate 45% of tuition revenues.
- 4) Statute requires tuition revenues to be split between appropriated and non-appropriated monies, but in practice all revenues are essentially non-appropriated.

Analysis

Table 1 shows ABOR-approved changes to resident and non-resident undergraduate tuition in FY 2019.

Table 1 Arizona University System FY 2019 Undergraduate and Graduate Tuition ^{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	\$10,822 ^{2/}	0.3%	\$12,114	1.6%	\$28,336 ^{3/}	3.5%	\$30,906	3.5%
NAU	\$11,564	4.6%	\$10,970	6.9%	\$25,828	4.0%	\$24,056	6.4%
UA	\$12,447	1.8%	\$12,980	1.8%	\$36,346	1.9%	\$33,329	1.9%

^{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/} Includes temporary surcharge first levied in FY 2016 at \$320, which was reduced to \$270 in FY 2017 and is continued at that level in FY 2019.

^{3/} ABOR approved a rate of \$30,552 for international undergraduate students at ASU.

Table 2 displays FY 2018 and FY 2019 General Fund and tuition/fee monies for the Arizona university system. Higher tuition and fees, along with enrollment growth, are estimated to generate a total collection of \$3.07 billion in gross tuition/fee monies. After accounting for financial aid awards, net tuition will total \$2.32 billion, which represents a \$70.7 million, or 3.1%, increase compared to FY 2018.

In addition to growing tuition revenues, state General Fund support increased \$20.7 million from FY 2018 to FY 2019, driven primarily by the start of the annual appropriations for the \$1 billion bonding package passed by the Legislature in 2017. In total, General Fund and net tuition/fee resources will increase by \$91.4 million, or 3.1%, from \$2.94 billion in FY 2018 to \$3.03 billion in FY 2019 after the tuition/fee increase. Of the overall \$91.4 million increase, ASU accounts for \$61.9 million, NAU \$14.0 million, and UA \$15.5 million.

ABOR projects that during that same time period, overall fall semester (unadjusted, 21-day full-time equivalent) student enrollment will have grown 3.5%, from 170,306 in fall 2017 to 176,233 in fall 2018.

(Continued)

In addition, compared to FY 2018 levels, ASU and UA each reduced the amount of tuition they are labeling as appropriated tuition by \$(21.6) million and \$(21.1) million, respectively. Both decreases were more than offset by increases in non-appropriated tuition, however. NAU increased its appropriated tuition collections by \$3.6 million compared to FY 2018. Systemwide, therefore, appropriated tuition collections decreased \$(39.1) million in FY 2019, as shown in *Table 2*.

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Increase</u>	<u>% Increase</u>
General Fund	\$ 697.9	\$ 718.6	\$ 20.7	3.0%
Gross Tuition/Fees				
Appropriated ^{1/}	\$1,292.2	\$1,253.1	\$ (39.1)	(3.0)%
Non-Appropriated	<u>1,640.3 ^{2/}</u>	<u>1,817.5</u>	<u>177.2</u>	<u>10.8%</u>
Subtotal Gross Tuition/Fees ^{3/}	\$2,932.5	\$3,070.6	\$138.1	4.7%
Scholarship Allowance ^{3/}	<u>(687.3)</u>	<u>(754.7)</u>	<u>(67.4)</u>	<u>(9.8)%</u>
Net Tuition	\$2,245.2	\$2,315.9	\$70.7	3.1%
Total (Net) Tuition + General Fund	\$2,943.1	\$3,034.5	\$91.4	3.1%
ASU	\$1,655.1	\$1,717.0	\$61.9	3.7%
NAU	\$355.4	\$369.4	\$14.0	3.9%
UA	\$932.6	\$948.1	\$15.5	1.7%

^{1/} Excludes miscellaneous revenues such as federal agriculture payments and land grant monies, which are included in the universities' collections accounts but do not constitute tuition revenues. These other revenues total an estimated \$6.7 million in FY 2018 and FY 2019. FY 2019 tuition column includes \$(44.1) million adjustment made by ABOR to the amounts originally included as part of the FY 2019 state budget to reflect reallocation of tuition revenues from appropriated to non-appropriated funds as part of the universities' tuition setting process in spring 2018.

^{2/} FY 2018 non-appropriated tuition amount calculated by JLBC Staff as the difference between reported total tuition and appropriated tuition.

^{3/} 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.

As shown in *Table 3*, approximately \$2.19 billion of the \$3.07 billion in gross FY 2019 tuition will be used for operating expenditures. Approximately \$750 million, or about a quarter of total tuition revenues, will be used to provide financial aid, while roughly \$104 million and \$25 million will support debt service and plant funds, respectively.

Of the total \$138.1 million increase in gross tuition revenues in FY 2019, roughly 40% will be applied to financial aid awards, indicating that the universities are applying a higher share of tuition revenues to financial aid than in the past.

Compared to the amounts reported in the FY 2018 Tuition Revenue Report submitted in August 2017, tuition expenditures on financial aid increased \$56.4 million in FY 2019 compared to FY 2018. Expenditures on operating costs increased \$67.1 million, and expenditures on debt service increased \$14.7 million, while expenditures on plant funds were essentially unchanged.

The total amount of university-funded financial aid distributed to resident and non-resident students is roughly proportional with the total enrollment of each group: As of FY 2017 (the most recent year for which detailed financial aid data is available), Arizona resident students made up approximately 60% of university enrollment and received approximately 60% of university-funded financial aid. However, resident students generate only about 45% of university tuition revenues.

(Continued)

Table 3

Use of FY 2019 Tuition/Fees by University

<u>University</u>	<u>Operating Expenditures</u> ^{1/}	<u>Financial Aid</u> ^{2/}	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
ASU	\$1,292,466,500	\$401,779,500	\$20,000,000	\$59,588,000	\$1,773,834,000
NAU	247,119,200	132,894,800	1,000,000	16,000,000	397,014,000
UA	<u>652,630,700</u>	<u>214,948,100</u>	<u>4,000,000</u>	<u>28,152,400</u>	<u>899,731,200</u>
Total	\$2,192,216,400	\$749,622,400	\$25,000,000	\$103,740,400	\$3,070,579,200

Increase in FY 2019 over FY 2018

<u>University</u>	<u>Operating Expenditures</u> ^{1/}	<u>Financial Aid</u> ^{2/}	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
ASU	\$61,598,100	\$27,934,400	\$0	\$13,162,600	\$102,695,100
NAU	8,257,600	12,753,400	0	1,500,000	22,511,000
UA	<u>(2,785,100)</u>	<u>15,662,600</u>	<u>0</u>	<u>0</u>	<u>12,877,500</u>
Total	\$67,070,600	\$56,350,400	\$0	\$14,662,600	\$138,083,600

^{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.

^{2/} Estimated FY 2019 financial aid distributions compare to \$754.7 million reported in the Arizona University System - Tuition and Fees schedule provided by ABOR. That document indicates a \$67.4 million increase in financial aid compared to FY 2018.

MB:kp



July 2, 2018

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

Dear Senator Kavanagh:

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 2019 tuition and fee revenues. This annual report also updates the JLBC staff FY18 tuition estimates. Final revenue amounts will be reported with the FY 2018 university financial statements.

Enclosed is the report of projected gross tuition and fee revenues and planned uses as presented to the board at its June 2018, meeting. Gross tuition and fee revenues are estimated to increase about 5 percent due to enrollment growth and changes in enrollment mix between resident and non-resident students. For Fall 2018, all continuing students will see no tuition increases, and modest increases for new students at NAU and UA. Both NAU and UA guarantee their tuition rates for 8 semesters.

Gross tuition and fee revenue estimates for fiscal year 2019 presented in this report are \$3.07 billion. These revenues are allocated between state appropriated funds (university collections fund) and university non appropriated funds as shown on the attached schedules.

Even with the increased tuition estimates, combined with operating general fund impacts, total general fund and tuition and fee revenue per student will be lower in FY 2019 than FY 2018.

If you have any questions, please do not hesitate to call me at (602) 229-2507.

Sincerely,


John Arnold

Interim Managing Director

xc: Richard Stavneak, Director, JLBC

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**ARIZONA UNIVERSITY SYSTEM
TUITION AND FEES IN SUPPORT OF THE
2018-19 STATE OPERATING BUDGET**

	STATE COLLECTIONS		
	As Reported in the FY 2018-19 Annual Budget approved by ABOR	2018-19 University Collections Fund as reported in Appropriations Bill (1)	CHANGE
Arizona State University	660,074,400	684,347,600	(24,273,200)
Northern Arizona University	160,958,900	157,620,700	3,338,200
University of Arizona	385,101,700	412,085,600	(26,983,900)
University of Arizona Health Sciences Center	53,623,800	49,776,300	3,847,500
TOTAL UA	438,725,500	461,861,900	(23,136,400)
TOTAL	1,259,758,800	1,303,830,200	(\$44,071,400)

Total State Collections	\$1,259,758,800
Total Non-Appropriated Tuition & Fees Collections	\$1,633,588,200
Total Estimated Tuition Revenue (Gross)	\$3,070,579,000

(1) University Collections Fund also includes revenues from federal agriculture payments, land grant monies and other miscellaneous revenues.

ARIZONA STATE UNIVERSITY
FY19 USES OF OTHER APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
APPROVED ANNUAL BUDGET vs. APPROPRIATIONS REPORT

	Other Appropriated Tuition and Fees	Non-appropriated Tuition and Fees
Collections Fund As Reported in the FY19 Annual Budget Report	660,074,400	1,113,759,600
Collections Fund As Reported in the JLBC FY 2019 Appropriations Report	684,347,600	
Collections Fund Increase/(Decrease) from FY 2019 Appropriations Report	(24,273,200)	1,113,759,600
ALLOCATIONS BY PROGRAM		
Instruction		
Investments in Programs Supported by Program Fees and Differential Tuition		107,108,600
Investments in Programs Supported by Class and Course Fees		25,687,000
Investments in Programs Supported by Summer Sessions Tuition		132,485,000
Investments in Faculty Hiring and Academic Support		41,153,900
EdPlus at ASU		225,345,000
Overseas Study Abroad Program Costs		2,482,800
Research Asst./Teaching Asst. Benefit Costs		23,977,300
Local Account Operating Support		26,042,000
Organized Research		-
Public Service		-
Local Account Operating Support		346,800
Academic Support		-
Local Account Operating Support		376,100
Student Services		-
Investments in Programs Supported by Mandatory Fees		27,637,600
Local Account Operating Support		6,237,900
Institutional Support		-
Operations and Maintenance		-
Local Account Operating Support		698,400
Scholarships/Fellowships/Financial Aid		-
Financial Aid Set Aside/Other Financial Aid		401,779,500
Auxiliary Enterprises		-
Investments in Programs Supported by Mandatory Fees		10,857,400
Auxiliary Operating Support		1,956,300
Debt Service		-
Debt Service/COPs/Lease Purchase		59,588,000
Plant Funds		-
Minor Capital Projects		20,000,000
	(24,273,200)	1,113,759,600

1. The Uses of Appropriated Collections report format calls for a line item explanation of the increase between the Board approved Annual Budget Base Collections and the JLBC Appropriations Report Base Collections.
2. The Other Appropriated and Non-appropriated tuition and fees in total match the total as presented to the Board for the April tuition setting meeting purposes, or \$1,773,834,000.
3. The JLBC Appropriations Report shows an increase of \$2,715,000 in University Collections Funds over the Baseline Collections Funds amount to reflect the Other Appropriated Funds cost increase related to the HITF Premium and Retirement Contribution increases.

ARIZONA STATE UNIVERSITY - TUITION AND FEES REVENUE
(\$000)

	FY17	FY18 BGT	FY19 EST	Δ FY19/FY18	
TUITION	1,010,613	1,037,250	1,053,154	15,904	2%
NR UG	463,550	467,217	461,955	(5,262)	-1%
RES UG	378,925	396,109	402,635	6,527	2%
NR Grad	118,093	123,738	138,135	14,398	12%
RES Grad	50,045	50,186	50,428	242	0%
Online	230,623	265,397	323,206	57,809	22%
NR UG	149,629	162,788	200,111	37,323	23%
RES UG	33,191	37,836	40,358	2,522	7%
NR Grad	34,925	47,363	58,575	11,212	24%
RES Grad	12,878	17,410	24,162	6,752	39%
Prog Fees/Diff	123,045	138,890	146,646	7,756	6%
UG	57,660	59,662	64,444	4,781	8%
Grad	65,385	79,228	82,202	2,974	4%
Course Fees	23,580	24,749	25,687	938	4%
UG	22,564	23,563	24,538	975	4%
Grad	1,016	1,186	1,149	(37)	-3%
Extended Ed				-	
Summer & Winter Sessions	116,792	127,291	143,485	16,194	13%
Mandatory Fees	46,892	47,484	50,045	2,562	5%
UG	39,167	39,602	41,801	2,199	6%
Grad	7,725	7,882	8,244	362	5%
Other Misc	33,906	30,078	31,612	1,534	5%
Total Tuition & Fees	1,585,451	1,671,139	1,773,834	102,695	6%
Yearly Change	9%	5%	5%		
Scholarship Allowance	334,623	336,300	386,600		
Net Tuition and Fees	1,250,828	1,334,839	1,388,234		

NORTHERN ARIZONA UNIVERSITY
FY19 PLANNED USES OF ESTIMATED STATE COLLECTIONS AND LOCALLY RETAINED TUITION AND FEE REVENUES
ANNUAL BUDGET vs. APPROPRIATIONS REPORT

	<u>Other Appropriated Tuition and Fees</u>	<u>Non Appropriated Tuition and Fees</u>
As Reported in the FY19 Annual Budget	160,958,900	236,055,100
As Reported in the FY19 JLBC Appropriations Report	157,620,700	
Amount Reportable	<u>3,338,200</u>	<u>236,055,100</u>

STATE COLLECTIONS INCREASE ALLOCATION BY PROGRAM

Instruction		
Undergraduate Enrollment Growth and Course Support	3,000,000	
High Demand Degree Program Growth including Allied Health Programs	338,200	
Online Education Investment		10,610,000
Investments in programs supported by program fees		7,673,200
Investments in programs supported by class fees		10,103,400
Investments in programs supported by summer session tuition		20,055,000
Investments in graduate assistants		2,400,000
Local Account Operating Support		500,000
Student Services		
Investments in programs supported by mandatory fees		28,597,600
Local Account Operating Support		3,421,900
Academic Support		
Local Account Operating Support		502,000
Institutional Support		
Local Account Operating Support		552,300
Auxiliary Enterprises		
Local Account Operating Support		1,744,900
Scholarships/Fellowships/Financial Aid		132,894,800
Plant Funds		1,000,000
Debt Service Payments		16,000,000
	<u>3,338,200</u>	<u>236,055,100</u>

NORTHERN ARIZONA UNIVERSITY
(\$000)

	FY17	FY18 BGT	FY19 EST	Δ FY19/FY18	
TUITION	250,962	267,600	282,358	14,758	6%
NR UG	107,588	114,824	118,339	3,515	3%
RES UG	123,677	132,600	142,054	9,454	7%
NR Grad	4,871	4,676	5,600	925	20%
RES Grad	14,825	15,501	16,364	864	6%
Online	31,497	36,685	40,034	3,349	9%
NR UG	5,656	7,015	6,107	(907)	-13%
RES UG	17,270	19,937	22,777	2,840	14%
NR Grad	2,464	2,757	2,800	43	2%
RES Grad	6,108	6,977	8,349	1,373	20%
Prog Fees	7,816	8,600	8,856	257	3%
UG	2,671	2,864	3,285	421	15%
Grad	5,145	5,736	5,572	(164)	-3%
Course Fees	11,163	10,850	10,103	(747)	-7%
UG	11,014	10,706	9,966	(740)	-7%
Grad	149	145	138	(7)	-5%
Ext Ed Fees	152	175	125	(50)	-29%
Summer & Winter Sessions	21,592	21,194	21,755	561	3%
Mandatory Fees	23,546	24,498	28,598	4,100	17%
UG	21,545	22,429	26,167	3,738	17%
Grad	2,001	2,069	2,430	361	17%
Other Misc	4,344	4,900	5,184	284	6%
Total Tuition & Fees	351,072	374,503	397,014	22,511	6%
Yearly Change	10%	7%	8%		
Scholarship Allowance	113,142	127,700	139,700		
Net Tuition and Fees	237,930	246,803	257,314		

UNIVERSITY OF ARIZONA
FY19 USES OF OTHER APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
ANNUAL OPERATING BUDGET vs. APPROPRIATIONS REPORT

	Other Appropriated Tuition and Fees	Non-Appropriated Tuition and Fees
Base Collections As Reported in the FY19 Annual Budget Report	438,725,500	467,705,700
Collections As Reported in the FY 2019 Appropriations Report	461,861,900	
Base Collections Increase/(Decrease) from FY 2019 Appropriations Report	<u>(23,136,400)</u>	<u>467,705,700</u>

ALLOCATION BY PROGRAM

Instruction		
Investments in Programs Supported by Program Fees and Differential Tuition		30,343,100
Investments in Programs Supported by Class and Course Fees		5,808,400
Investments in Programs Supported by Summer Session Tuition		30,906,500
Online Instruction		49,045,200
Local Account Operating Support		23,112,800
Organized Research		
Public Service		
Local Account Operating Support		28,000
Academic Support		
Local Account Operating Support		4,796,500
Student Services		
Local Account Operating Support		28,221,600
Investments in Programs Supported by Mandatory Fees		43,067,200
Institutional Support		
Local Account Operating Support		2,215,600
Scholarships/Fellowships/Financial Aid		
ABOR Financial Aid Set Aside		49,800,000
Program Fees and Differential Tuition Set Aside		4,637,500
Student Aid Awards (formerly waivers)		160,510,600
Auxiliary Enterprises		
Investments in Programs Supported by Mandatory Fees		2,283,800
Debt Service		
Debt Service Payments		28,152,400
Plant Funds		
Building Renewal		4,000,000
Minor Capital Projects		776,500
	<u>(23,136,400)</u>	<u>467,705,700</u>

UNIVERSITY OF ARIZONA - TUITION AND FEE REVENUE
(\$000)

	FY17	FY18 BGT	FY19 EST	Δ FY19/FY18	
TUITION	651,728	682,659	693,158	10,498	2%
NR UG	344,403	362,797	354,707	(8,090)	-2%
RES UG	209,400	216,829	223,792	6,963	3%
NR Grad	55,529	57,910	58,042	132	0%
RES Grad	42,396	45,125	56,617	11,492	25%
Online	29,851	\$34,422	49,045	14,623	42%
NR UG	2,687	3,829	4,414	585	15%
RES UG	2,388	3,550	3,924	374	11%
NR Grad	12,538	13,398	20,599	7,201	54%
RES Grad	12,239	13,646	20,109	6,463	47%
Prog Fees/Diff	50,779	52,913	32,047	(20,866)	-39%
UG	17,955	16,622	14,615	(2,007)	-12%
Grad	32,824	36,291	17,432	(18,859)	-52%
Course Fees	5,863	5,846	5,808	(38)	-1%
UG	5,394	4,677	4,647	(30)	-1%
Grad	469	1,169	1,162	(8)	-1%
Ext Ed Fees	11,511	\$11,085	14,705	3,620	33%
Non Degree	4,393	\$4,327	4,432	105	2%
Summer & Winter Sessions	40,944	34,101	33,807	(294)	-1%
Mandatory Fees	39,899	42,575	45,351	2,776	7%
UG	33,116	34,911	37,188	2,277	7%
Grad	6,783	7,664	8,163	499	7%
Other Misc	19,325	\$18,926	21,379	2,453	13%
Total Tuition & Fees	854,294	886,854	899,731	12,878	1%
Yearly Change	6.1%	3.8%	3.3%		
Scholarship Allowance	200,568	223,300	229,400		
Net Tuition and Fees	653,726	663,554	670,331		



STATE OF ARIZONA

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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Matt Beienburg, Senior Fiscal Analyst MB
Steve Schimpp, Deputy Director SS

SUBJECT: Arizona Department of Education - Review of K-12 Broadband Connectivity Projects

Request

Pursuant to A.R.S. § 15-249.07, the Arizona Department of Education (ADE) requests Committee review of its most recent report on K-12 broadband connectivity construction projects. While statute requires an annual review, ADE reports the status of these projects twice a 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. ADE shall include in each report that it submits pursuant to A.R.S. § 15-249.07 an updated estimate of the number of Arizona K-12 students lacking sufficient broadband access in their schools. ADE shall differentiate between the number of students with access to broadband speeds less than 100 kilobits per second, less than 500 kilobits per second, and less than 1,000 kilobits (1 megabit) per second.

(Continued)

Key Points

- 1) The federal government pays up to 95% of costs to establish broadband connectivity.
- 2) ADE certified \$11.1 M of state matching monies to help fund \$137 M in total projects for '18 and '19
 - a. \$1.0 M for projects that are complete or in progress.
 - b. \$4.9 M for projects that are pending federal approval.
 - c. \$5.2 M for projects subsequently denied federal funding.
- 3) Reasons for denial of federal funding include not selecting cost effective vendors.
- 4) Applicants have 1 more year to access available state matching funds from the Arizona Corporation Commission. Applicants who were denied federal funding may reapply.
- 5) 51 broadband projects were complete as of June 30, 2018, serving over 48,000 students.

Analysis

As of spring 2017, an estimated 250,000 Arizona students did not have sufficient access to broadband internet services. At the time, the Education SuperHighway (a nonprofit that assists schools with upgrading their internet access) estimated that providing broadband internet to Arizona schools and libraries without that capability could cost roughly \$130 million.

To address this need, the FY 2018 General Appropriation Act included a one-time \$3 million appropriation to the newly-established Broadband Expansion Fund (BEF) for state matching contributions for broadband construction projects for schools and libraries.

In addition, the Arizona Corporation Commission (ACC) on March 14, 2017 approved a temporary 12-month surcharge on Arizona consumers' phone bills (approximately 15 cents per month) in order to generate \$8 million of additional state matching funds. Together, the \$3 million legislative appropriation and the \$8 million surcharge are intended to provide \$11 million of state matching contributions to draw down approximately \$130 million in federal "E-Rate" monies.

The E-Rate program provides matching Federal Funds that can cover up to roughly 95% of the installation costs of telecommunications and internet services to schools and libraries. Before any state matching funds are released, each project proposal must be certified by ADE and approved for federal E-Rate funding by the Universal Service Administrative Company (USAC), which administers the program.

ADE must give priority to schools with higher "discount rates" (a measure of poverty and rural/urban status, defined by the federal E-Rate program) when certifying projects.

Completed and Planned Construction Projects

Through June 2018, ADE reports that it certified \$11.1 million of requests for state funding for broadband construction projects totaling \$137 million.

As shown in *Table 1*, ADE reports that projects serving an estimated 48,567 students have already been completed. These projects drew upon \$415,900 of the available state funds and cost a total of \$5.2 million. ADE estimated that the projects they have certified would serve approximately 205,000 students at a total cost of \$137 million, including \$11.1 million of state resources.

(Continued)

Table 1

K-12 Broadband Construction Projects Status

	<u>Sites</u>	<u>Students Served^{1/}</u>	<u>State Matching Funds (\$)</u>	<u>Total Project Cost (\$)</u>
Complete ^{2/}	51	48,567	\$ 415,900	\$ 5,240,600
In Progress ^{2/}	13	4,062	628,400	8,300,000
ADE Certified/ Pending Federal \$ ^{3/}	<u>119</u>	<u>116,518</u>	<u>4,880,900</u>	<u>62,673,900</u>
Subtotal	183	169,147	5,925,200	76,214,500
Federal Funding Denied ^{4/}	<u>51</u>	<u>35,907</u>	<u>5,185,100</u>	<u>60,902,300</u>
Total	234	205,054	11,110,300	137,116,800

^{1/} For projects that are complete or in progress, numbers of students served are as reported by ADE. For projects pending federal approval, the number of students served has been adjusted by JLBC Staff to remove duplicated student counts associated with overlapping project proposals.

^{2/} Denotes projects that received ADE certification and federal USAC approval for the 2017 E-Rate cycle (July 2017 – June 2018).

^{3/} Denotes projects submitted for the 2018 E-Rate cycle (July 2018 – June 2019) that ADE certified as of June 30, 2018 and are awaiting federal approval.

^{4/} Denotes projects that ADE certified that were subsequently denied federal USAC approval as of August 28, 2018.

Not all ADE-certified projects receive federal approval, however, and after the submission of ADE's semi-annual report on June 30, 2018, some project applications were denied federal funding.

For example, \$60.8 million of projects submitted by the Navajo-Gila County Consortium—which would have included \$5.2 million of state matching funding—were denied federal funding in July 2018 for not selecting cost effective vendors, among other reasons. As a result, the amount of state funding that will be disbursed for currently certified projects remains less than the \$11 million of state funding available.

ADE has indicated that the timing of federal approval of ADE-certified projects can vary, and that some projects approved by ADE in the spring of 2017 did not receive federal approval until January 2018. Among applications still pending approval, the Pinal County Consortium received ADE certification for \$2.8 million of state funding for \$37.4 million of projects. ADE has certified no more than \$1 million of state contributions for each other county.

ADE has stated that schools—including those whose applications were previously denied—have 1 more year to (re)apply for the state matching funds under the Arizona Corporation Commission's rules for the \$8 million generated by the Commission. The \$3 million of state funds appropriated by the Legislature are non-lapsing and do not have a deadline for use. As the federal E-Rate program may continue to be available in future years, the Legislature could also make additional appropriations to draw down more Federal Funds in subsequent years if deemed necessary.

The majority of projects that ADE has certified have a federal funding rate of at least 80%, meaning the federal E-Rate program covers 80% of project costs (90% once the currently available, temporary federal "enhanced match" is included). For those projects, \$100,000 of state matching funding for a \$1 million project, for example, generates \$900,000 in Federal Funds (\$800,000 from the 80% E-Rate federal rate + an additional \$100,000 for the "enhanced" 10% match = \$900,000).

In addition to schools and districts, the 234 sites that received ADE certification include 73 libraries. ADE states that it has begun working with the nonprofit Education Superhighway to identify over 100 additional schools and libraries that could pursue remaining dollars in FY 2020.

(Continued)

As with completed projects, any future projects funded by the state matching contributions must provide bandwidth sufficient to meet the standards for educational services for the relevant funding year by the Federal Communications Commission and may not exceed those standards without good cause.

Due to increases in bandwidth requirements associated with internet resources, the FCC is increasing the minimum broadband connection speed guidelines from 100 kilobits per second to 1,000 kilobits (1 megabit) per second in 2018. According to the Education SuperHighway, at 100 kbps, students are able to complete basic web browsing and online testing. At 500 kbps, students can stream light video resources, and at 1 mbps, students can engage in heavier video streaming, online educational gaming, and remote instruction. Given the range of speeds that are deemed sufficient for various purposes, the Committee may wish to adopt Provision A, which would require ADE to report an estimate of the number of students falling under each threshold up to 1 mbps.

MB:kp



ARIZONA BROADBAND FOR EDUCATION INITIATIVE

2018 Q2 Project Update

"High-speed Internet is the necessary foundation for taking advantage of technology in the classroom. I support expanding broadband connectivity in every classroom in our state to ensure our students have the tools and skills they need to succeed in school and beyond".

Arizona Governor Doug Ducey

The Arizona Broadband for Education Initiative is a partnership between the Governor's Office of Education, the Arizona Department of Education, the Arizona Corporation Commission and the nonprofit organization EducationSuperHighway. The program's goal is to ensure that every public K-12 instructional building in the state is connected via high-speed and reliable broadband connections to enable digital learning in the classroom.

One major component of the Initiative includes supporting schools and libraries as they take advantage of the federal Schools and Libraries (E-rate) Program. The E-rate program provides discounts of up to 90% of the monthly cost of telecommunications services to keep students and library patrons connected to high-speed broadband. It is administered by the Universal Service Administrative Company (USAC), a non-profit designated by the Federal Communications Commission (FCC).

The E-rate Modernization Order, adopted in July 2014, allows states to establish "matching funds" that may contribute up to ten percent in funding to subsidize the cost of Category 1 "special construction" projects. If a state provides eligible schools and libraries with funding for special construction charges for high-speed broadband that meets the FCC's long-term connectivity targets, the E-rate Program will increase an applicant's discount rate for these charges up to an additional ten percent to match the state funding on a one-to-one dollar basis. The combination of E-rate and state match funding can cover up to 100% of an applicant's out of pocket cost for the infrastructure necessary to supply high speed Internet.

In March 2017, the Arizona Corporation Commission updated the Arizona Universal Service Fund (AUSF) rules to provide \$8M in funding for "Special Construction" projects in Arizona. Used in combination with the E-rate program, this funding will result in approximately \$150M in new construction projects within the state. In April 2017 the Arizona State Legislature approved an additional \$3M for "Special Construction" projects after the AUSF funds are depleted or expire.

2017 Year End Status (July 2017 – June 2018)

During the E-rate funding year 2017-2018 (July 2016-June 2017), the Department of Education approved requests for \$1,108,119.85 which provided \$14,419,681.19 in total construction projects for 84 sites and over 48,000 students in Arizona. Please see the following page for a complete list of "Complete Projects" as well as "Under Construction".

- 51 Complete
- 13 Under Construction

2018 Status (July 2018 – June 2019)

During the E-rate funding year 2017-2018 (July 2017-June 2018), the Department of Education approved requests for \$10,065,991 which provided \$123,576,186 in total construction projects for 170 sites in Arizona.

- 145 In Review with USAC

2019 Status (July 2019 – June 2020)

Our next E-rate funding cycle begins July 1, 2018 (2019-2020 funding year). We are working with Education SuperHighway to identify over 100 schools and libraries that are currently underserved to take advantage of this once in a generation opportunity.

• **Complete End of Year #1 (6-31-18):**

School / Library	Service	Students	Total Cost	State Match
Arizona Call A Teen	ISP	261	\$61,000	\$3,095
Bicentennial High School	ISP	113	\$40,000	\$2,000
Agua Fria High School District	WAN	7649	\$750,000	\$75,000
Payson Unified District	WAN	2843	\$159,000	\$15,900
JO Combs District	WAN	4634	\$360,000	\$36,000
Stanfield District	ISP	529	\$950,000	\$47,500
Santa Cruz Valley HSD	WAN	395	\$875,000	\$43,716
Page Unified	ISP	2,200	\$750	\$75
Tombstone District	ISP	970	\$500	\$25
Somerton District	WAN	2,973	\$236,000	\$11,800
Yavapai County Consortium	ISP	26,000	\$1,808,320	\$180,832
• MIJTED				
• VACTE #1				
• VACTE #2				
• Mingus Union High				
• Cottonwood Library				
• La Tierra				
• Northpoint				
• Pace School				
• Pace District Office				
• Skyview School				
• Tri-City School				
• Ash Fork				
• Cottonwood-Oak Creek				
• Prescott USD				
• Yavapai Accomodation				
• Ash Fork Library				
• Camp Verde Library				
• Beaver Creek School				
• Chino Valley School				
• Jerome Public Library				
• Paulden Public Library				
• Crown King School				
• Dewey-Humboldt Library				
• Mayer Library				
• Seligman Library				
• Wilhoit Library				
• Yarnell Library				
• Yavapai Library District O				
• Humboldt School District				
• Bagdad School District				
• Mountain Oak School				
• Prescott Valley Library				
• Franklin Phonetic Academy				
• Paulden Community School				
• Clarkdale – Jerome School				
• Sedona – Oak Creek School				
• Yarnell School				
• Sedona Public Library				

- Prescott Valley Charter
- Sedona Charter
- Seligman School

• **In process (Construction underway):**

School / Library		Service	Students	Total Cost	State Match
Apache County Consortium		WAN	4062	\$8,300,000	\$628,448
• McNary School District					
• Red Mesa School District					
• Round Valley School					
• Sanders USD					
• St Johns USD					
• Vernon Elementary					
Yavapai County Consortium					
• Canon School					
• Congress School					
• Hillside School					
• Mayer High School					
• Skull Valley School					
• Prescott Public Library					
• Mingus Springs Charter					

• **Program Integrity Assurance (PIA) process and awaiting funding:**

School / Library	Service	Students	Total Cost	State Match
Pinal County Library District	ISP	0	\$41,000	\$2,050
Pinal County Consortium	ISP	46,291	\$33,779,395	\$2,533,454
<ul style="list-style-type: none"> Apache Junction Library Apache Junction USD Arizona City Library Blackwater Community School Casa Blanca Community School Casa Grande ESD Casa Grande Library Casa Grande UHSD Central Arizona Valley Institute of Technology (CAVIT) Coolidge Library Coolidge USD Eloy ESD Eloy Santa Cruz Library Florence Community Library Florence USD JO Combs USD Kearny Public Library Mammoth Library Mammoth San Manuel Maricopa Public Library Maricopa USD Oracle ESD Oracle Public Library Picacho ESD Pinal County Consortium Florence Library Pinal County Schools Ray USD Red Rock ESD Sacaton ESD San Manuel Public Library Santa Cruz Valley UHSD Stanfield ESD Superior Public Library Superior USD Toltec ESD 				
Apache Consortium	ISP	350	\$1,391,054	\$104,329
<ul style="list-style-type: none"> Alpine Library Alpine School District Concho ESD Concho Library Greer Library Round Valley Library 				

	• Sanders Library				
	• St Johns Library				
	• Vernon Library				
Cochise Consortium		ISP	9,000	\$1,936,500	\$174,285
	• Apache ESD				
	• Ash Creek ESD				
	• Benson USD				
	• Bisbee Library				
	• Bowie USD				
	• Cochise Library District				
	• Cochise School District				
	• Cochise Tech JTED				
	• Double Adobe School				
	• Douglas USD				
	• Elfrida Library				
	• Jimmy Libhart Library				
	• Portal Library				
	• San Simon USD				
	• St David USD				
	• Sunizona Library				
	• Sunsites Library				
	• Tombstone USD				
	• Wilcox USD				
La Paz County Consortium		ISP	2350	\$3,974,976	\$198,748
	• Bouse ESD				
	• Bouse Library				
	• Centennial Library				
	• Parker Apostolic School				
	• Parker Library				
	• Parker USD				
	• Quartzsite School				
	• Ehrenburg School				
	• Quartzsite Library				
	• Wenden ESD				
Yavapai Accommodation District		ISP		\$30,828	\$3,082
PPEP, Charters		WAN	800	\$7,500	\$375
Prescott USD		WAN	4003	\$101,180	\$10,118
Saddle Mountain District		ISP	1764	\$1,149,000	\$114,900
Show Low District		ISP	2224	\$199,598	\$19,954
Snowflake District		ISP	2542	\$217,800	\$21,780
Superior District		ISP	358	\$29,364	\$2,936
Tombstone Library		ISP	0	\$25,000	\$2,500
Tombstone USD		WAN	742	\$4,000	\$400
Vail School District		WAN	12,860	\$4,545,792	\$454,579
Santa Cruz County Consortium		ISP	6,369	\$265,000	\$21,200
	• Mexicayotl Academy, Inc.				
	• Nogales Library				
	• Nogales Unified District				
	• Patagonia Elementary School District				
	• Patagonia High School District				

ARIZONA BROADBAND FOR EDUCATION INITIATIVE

	<ul style="list-style-type: none"> • Rio Rico Library • Sacred Heart Catholic School • Santa Cruz County • Santa Cruz Training Programs • Sonoita Elementary District • Sonoita Library • Tubac Library 				
Navajo –	Gila Consortium	ISP	21,122	\$60,812,000	\$5,169,091
	<ul style="list-style-type: none"> • Biyagozhoo Center-San Carlos • Blue Ridge Unified SD • Cibecue Community Library • Clay Springs Public Library • Destiny School • Gila County Board of Supervisors/Library District • Gila County School Superintendent • Globe Public Library • Globe Unified School District #1 • Hayden Public Library • Hayden Winkelman Unified School District #41 • HEBER-OVERGAARD UNIFIED SCH DST • Holbrook Public Library • Holbrook USD • Hopi Public Library Main Branch • Isabelle Hunt Memorial Library -Pine • Joseph City USD • Kayenta Community Library • Liberty High School • McNairy Community Library • Miami Public Library • Miami Unified School District #40 • Navajo Accommodation • Navajo County Library District • Payson Christian • Payson Public Library • Payson USD 				

-
- Peridot Lutheran
 - Pinedale Public Library
 - Pines Strawberry School
District #12
 - Pinetop-Lakeside Public
Library
 - Rim Community Library
 - San Carlos Public Library
 - San Carlos Unified School
District #20
 - Show Low Public Library
 - Show Low USD
 - Snowflake -Taylor Public
Library
 - Snowflake USD
 - St. Charles Parochial
 - The Shelby School
 - Tonto Basin Public Library
 - Tonto Basin Unified
School District #33
 - Whiteriver Public Library
 - Winslow Public Library
 - Winslow USD
 - Woodruff Community
Library
 - Young Public Library
 - Young Public School #5

The AUSF funds set aside by the Corporation Commission will be used before the funding is allocated by the Governor's budget office. We project the Governor's budgeted amount to begin distribution for the 2019 – 2020 funding year.

Link to the complete online tracking sheet updated daily:

<https://drive.google.com/open?id=15zxNmVjd7WROF3mEZplsumr69gWz707dCBHkAt-3lb0>

- Spreadsheet Tabs:
 - 2019 Broadband Targets – Sites identified that still need broadband access
 - 2019 Category 2 Targets – Sites that have funding available for internal connections
 - 2018 Final Broadband – Final list for 2018 submissions (Year 2)
 - 2017 Final Broadband – Final list for 2017 submissions (Year 1)
 - 2017 Cost per meg – Internet bandwidth broken down by cost per meg (\$10 per meg is our target)
 - 2016 Cost Per Meg – Internet bandwidth broken down by cost per meg (\$10 per meg is our target)
 - Charters with no BEN – Charter schools identified that need to use the Erate Program
 - AZ SPIN Report – Companies in Arizona with a Service Provider Number from USAC

This program has been hugely successful and is a model for other states in providing high speed internet access to schools in rural areas. Made possible by;

Funding for this initiative:

- Governor's Office – Doug Ducey
- Corporation Commission – Andy Tobin

Fully Supported by:

- Arizona State School Superintendent – Diane Douglas
- Education SuperHighway
- Apache County School Superintendent – Barry Williams
- Yavapai County School Superintendent – Tim Carter
- Cochise County School Superintendent – Jacqui Clay
- Gila County School Superintendent – Roy Sandoval
- Navajo County School Superintendent – Jalyn Gerlich
- La Paz County School Superintendent – Jacqueline Price
- Coconino County School Superintendent – Risha Vanderway
- Santa Cruz County School Superintendent – Alfredo Velasquez
- Yuma County School Superintendent – Tom Tyree
- Mohave County School Superintendent – Mike File

For questions or concerns regarding the “Arizona Broadband for Education Initiative”, contact:

Milan Eaton

State Erate Director for Schools

Milan.eaton@azed.gov

623-332-6357



STATE OF ARIZONA

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491
azleg.gov

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VACANT

DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Jordan Johnston, Fiscal Analyst JJ

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 Laws 2018, Chapter 278 (the FY 2019 Criminal Justice Budget Reconciliation Bill) and A.R.S. § 41-1724G, the Arizona Department of Public Safety (DPS) is required to submit for Committee review the entire FY 2019 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 \$1,050,000 of the \$2,395,800 appropriation from the Subaccount to fund the Border Security and Law Enforcement Grants program. Seven county sheriffs will receive funding from the program, which is up from the 3 that were funded last 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.

(Continued)

Key Points

- 1) The Committee gave a favorable review of \$1.3 M of the \$2.4 M GIITEM Subaccount appropriation in June to continue funding 3 existing programs.
- 2) DPS is requesting review of the expenditure plan for the remaining \$1.1 M to continue funding the Border Security and Law Enforcement Grants program.
- 3) 7 rural counties would receive funding, up from the 3 counties funded in FY 2018.
- 4) DPS worked with the Arizona Sheriff's Association to determine the FY 2019 allocation of these funds.

Analysis

Pursuant to A.R.S. § 12-116.04, the GIITEM Border Security and Law Enforcement Subaccount receives revenues from a \$4.00 surcharge 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 safety equipment. At its June meeting, the Committee gave a favorable review of \$1.3 million of the total \$2.4 million Subaccount appropriation to continue funding the Detention Liaison Officers Program (\$500,000), Border County Officers Program (\$495,800) and the Pima County Border Crimes Unit (\$350,000).

The department has worked 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 amount is unchanged from FY 2018. In FY 2018, Cochise, Santa Cruz and Yuma County Sheriffs' offices each received \$350,000. In FY 2019, at the request of the ASA, DPS proposes allocating \$230,000 to Cochise, Santa Cruz, and Yuma County Sheriffs' offices, \$100,000 to Graham, Greenlee, and La Paz County Sheriffs' offices, and \$60,000 to Navajo County Sheriff's office.

Table 1 provides the FY 2018 GIITEM Border Security and Law Enforcement Grants expenditure plan approved by the Committee and the proposed FY 2019 plan. Table 2 displays the entire expenditure plan for the DPS GIITEM Subaccount.

Table 1 FY 2019 GIITEM Border Security and Law Enforcement Grants Proposed Expenditure Plan		
	FY 2018 Approved Allocation	FY 2019 Proposed Allocation
County Sheriff		
Cochise County Sheriff's Office	\$ 350,000	\$ 230,000
Graham County Sheriff's Office	-	100,000
Greenlee County Sheriff's Office	-	100,000
La Paz County Sheriff's Office	-	100,000
Navajo County Sheriff's Office	-	60,000
Santa Cruz Sheriff's Office	350,000	230,000
Yuma County Sheriff's Office	350,000	230,000
Total	\$1,050,000	\$1,050,000

(Continued)

Table 2

DPS Expenditure Plan – GIITEM Subaccount

	FY 2018 Approved Allocation	FY 2019 Proposed Allocation
<u>Detention Liaison Officers Program</u>		
Cochise County Sheriff's Office	\$ 37,500	\$ 40,500
Pima County Sheriff's Office	87,300	94,300
Pinal County Sheriff's Office	47,700	51,500
Santa Cruz County Sheriff's Office	52,100	56,300
Yuma County Sheriff's Office	52,100	-
Department of Corrections	<u>238,300</u>	<u>257,400</u>
Subtotal	\$515,000	\$500,000
<u>Border County Officers Program</u>		
Casa Grande Police Department	-	\$ 67,500
Cochise County Sheriff's Office	201,900	210,800
Coolidge Police Department	74,500	-
Oro Valley Police Department	77,000	80,400
San Luis Police Department	66,700	69,600
Somerton Police Department	54,900	-
Yuma County Sheriff's Office	-	<u>67,500</u>
Subtotal	\$475,000	\$495,800
<u>Pima County Border Crimes Unit</u>	\$350,000	\$350,000
<u>Border Security and Law Enforcement Grants</u>		
Cochise County Sheriff's Office	\$ 350,000	\$ 230,000
Graham County Sheriff's Office	-	100,000
Greenlee County Sheriff's Office	-	100,000
La Paz County Sheriff's Office	-	100,000
Navajo County Sheriff's Office	-	60,000
Santa Cruz County Sheriff's Office	350,000	230,000
Yuma County Sheriff's Office	<u>350,000</u>	<u>230,000</u>
Subtotal	\$1,050,000	\$1,050,000
Total	\$2,390,000	\$2,395,800

JJ:kp



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 FRANK L. MILSTEAD
Governor Director

July 18, 2018

The Honorable John Kavanagh, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007



Dear Senator Kavanagh:

The Department of Public Safety is submitting a FY2019 expenditure plan for the Border Security and Law Enforcement Grant program in Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount ("Subaccount"). Pursuant to Laws 2018, Chapter 278, Section 8, the Department previously submitted a FY 2019 expenditure plan for the other three program areas in the Subaccount to the Joint Legislative Budget Committee and received a favorable review at the June 19, 2018 meeting.

The Department intends to spend the remaining \$1,050,000 in the Subaccount for Border Security and Law Enforcement Grants, while the other three program areas will be unaffected.

Detention Liaison Officer Program	\$500,000	Expenditure plan received a favorable review by JLBC on June 19, 2018.
Border County Officers	495,800	
Border Crimes Unit	350,000	
Border Security and Law Enforcement Grants	1,050,000	See expenditure plan below.
TOTAL	\$2,390,000	

Border Security and Law Enforcement Grants

Consistent with the previous years the Department of Public Safety consulted with the Arizona Sheriffs' Association (ASA) on the distribution of the Border Security and Law Enforcement Grants. As an association, they voted for the money to be distributed to the following counties outlined in the table below:

County Sheriff	FY 2019 Plan
Cochise	230,000
Graham	100,000
Greenlee	100,000
La Paz	100,000
Navajo	60,000
Pima ^{1/}	0
Pinal ^{2/}	0

Santa Cruz	230,000
Yuma	230,000
TOTAL	\$1,050,000

^{1/} The Pima County Sheriff's Office has been allocated \$400,000 in FY 2019 from the GIITEM Fund.

^{2/} The Pinal County Sheriff's Office has been allocated \$500,000 in FY 2019 from the GIITEM Fund pursuant to A.R.S. § 41-1724.

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.

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

Sincerely,



Frank L. Milstead, Colonel
Director

C: The Honorable David Livingston, Vice-Chairman
Matthew Gress, OSPB Director
Richard Stavneak, JLBC Director



STATE OF ARIZONA

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

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DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Senior Fiscal Analyst **PM**

SUBJECT: Department of Child Safety - Review of FY 2018 Fourth Quarter Benchmarks

Request

The FY 2018 General Appropriation Act (Laws 2017, Chapter 305) requires the Department of Child Safety (DCS) to submit for Committee review a report of quarterly benchmarks for assessing progress made in increasing the department's number of FTE Positions, meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care.

Committee Options

The Committee has at least the following 2 options:

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

Key Points

- 1) DCS has filled 1,340 out of 1,406 funded direct line staff positions (caseworkers and hotline).
- 2) The department continues to meet its benchmarks for the backlog (less than 1,000 cases) and open reports (less than 8,000).
- 3) DCS has met the FY 2018 Out-of-Home population benchmark (14,501 children as of June).
- 4) Caseworker workload continues to be above the caseload standard.

(Continued)

Analysis

An FY 2018 General Appropriation Act footnote requires DCS to report on caseworker hiring, caseworker workload, the backlog, the number of open reports, and the number of children in out-of-home care at the end of each quarter. DCS has submitted its report for the fourth quarter of FY 2018. We have updated the fourth quarter report with newer information when available.

Filled FTE Positions

Table 1 outlines DCS' progress in hiring caseworkers by quarter. DCS is funded for 1,406 caseworkers. The department has filled 1,340 directly line positions, or (66) fewer positions than the benchmark. Compared to last quarter, the total number of direct line staff increased by 24 positions, while the number of case-carrying caseworkers declined by (75) positions.

Table 1

Caseworker Hiring by Quarter

<u>Direct Line Staff Type</u>	<u>Benchmark</u>	<u>Sept. 2017</u>	<u>Dec. 2017</u>	<u>March 2018</u>	<u>July 2018</u>
Case-Carrying Caseworkers	1,190	1,038	1,054	1,104	1,029
Caseworkers in Training	140	227	202	147	240
Hotline Staff	76	68	65	65	71
Total	1,406	1,333	1,321	1,316	1,340

Backlog and Open Reports

The backlog is defined as non-active cases for which documentation has not been entered into the child welfare automated system for at least 60 days and for which services have not been authorized for at least 60 days. Open reports are either under investigation or awaiting closure by a supervisor. DCS is to have no more than 1,000 backlog cases and fewer than 8,000 open reports. *Table 2* outlines DCS' progress in reducing the backlog and open reports by quarter. As of September 2018, DCS had 176 backlog cases and 5,483 open reports, continuing to meet both benchmarks.

Table 2

Progress in Reducing the Backlog and Open Reports by Quarter

<u>Backlog Cases and Open Reports</u>	<u>Benchmark</u>	<u>Dec. 2017</u>	<u>March 2018</u>	<u>June 2018</u>	<u>Sept. 2018</u>
Total Backlog Cases	1,000	265	176	225	176
Total Open Reports	8,000	6,621	6,087	5,871	5,483

Out-of-Home Children

DCS' benchmark was to reduce the out-of-home population to 15,191 by June 30, 2018. As shown in *Table 3*, the out-of-home population had declined to 14,501 by that time. The FY 2019 General Appropriation Act (Laws 2018, Chapter 276) requires a further decline to 13,964 by June 2019.

Table 3

Progress in Reducing the Out-of-Home Population

	<u>June 2017</u>	<u>Sept. 2017</u>	<u>Dec. 2017</u>	<u>March 2018</u>	<u>June 2018</u>	<u>June 2019</u>
Actual	16,635	15,867	15,117	14,936	14,501	--
Benchmark ^{1/}	16,470	16,141	15,818	15,501	15,191	13,964

(Continued)

Caseload Standard

DCS established revised caseload goals during the May 2014 Special Session for case-carrying caseworkers. These goals include the following number of cases per worker: 13 for investigations, 33 for in-home cases, and 20 for out-of-home cases. The FY 2018 General Appropriation Act requires DCS to report the caseload for each DCS field office. Estimated caseworker caseload for individual offices can be found on page 6 of DCS' attached submission. DCS estimates that most field offices are above at least one of the caseload standards.

PM:lm



Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

June 29, 2018



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

Re: Department of Child Safety Quarterly Benchmark Progress Report

Dear Chairman Kavanagh:

Pursuant to Laws 2016, 2nd Regular Session, Chapter 8, Section 24, the Department submits its report on the progress made increasing the number of filled FTE positions, meeting the caseload standard and reducing the number of backlog cases and out-of-home children for the fourth quarter of FY 2018.

If you have any questions, please contact our office at (602) 255-2500.

Sincerely,


For Director McKay

Gregory McKay
Director

Enclosure

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Representative David Livingston, Chairman, Joint Legislative Budget Committee
Matt Gress, Director, Governor's Office and Strategic Planning and Budgeting
Patrick Moran, Joint Legislative Budget Committee
Sarah Pirzada, Governor's Office and Strategic Planning and Budgeting



DEPARTMENT OF CHILD SAFETY

Quarterly Progress Report (Filling FTE Positions and Reducing the Backlog) June 2018

PROGRESS MADE IN INCREASING THE NUMBER OF FILLED FTE POSITIONS

The Department of Child Safety (DCS) maintains continuous efforts to reduce turnover in order to sustain sufficient staff resources that provide quality services to the children and families it serves. In state fiscal year 2018 (FY18), one of the Department's strategic objectives is to develop and retain a highly effective workforce that engages the child welfare partners to serve children.

DCS identified several key actions in FY17 and FY18, which were implemented, including realignment of pay structure and job classification for the DCS Specialists, improvements to CORE training curriculum and improving the onboarding experience of all new DCS employees. These enhancements also include the development of general management and leadership skills for supervisors and managers and plans to provide coaching of all case carrying staff and supervisors.

DCS Human Resources (HR) have been diligently enhancing their recruitment activities for DCS child safety Specialists as well intake (Child Abuse Hotline) Specialists. HR implemented new interview guides for DCS Specialists statewide. These focus on job competencies and also written in a manner that provide applicants a realistic preview of the work and scenarios they will encounter on the job. During the pilot 38 trainees were hired with this tool beginning in January 2018 and, to date, none have resigned. DCS will continue to monitor this cohort to verify whether this process will help improve retention.

HR partnered with the DCS Child Abuse Hotline/Intake to develop interview guides that are specific to working as a DCS Specialist in a call center environment. This will help identify candidate who have a good knowledge and/or practice with child welfare as well as being able to work as an intake Specialist.

DCS HR in collaboration with DCS Communications created a new recruitment video and posted it on the DCS website for applicants to view prior to interviewing. This video will provide an overview of the job experience with an inspiring message of hope that Specialists can bring to children and families in their role. Additionally, HR implemented an alternative application process on the DCS Website for applicants to apply. This will help streamline the submission of applications and provide critical information to applicants about the job salary, duties, and qualifications.

The stipend student program continues to be successful in hiring. In May 2018, DCS placed 61 social work graduates in the Maricopa and Pima geographic locations with a two-year employment commitment. 63 staff graduated, five scheduled for Fall 2018 graduation. In CY 2018, DCS will conduct an analysis of students who have remained with the Department beyond their commitment to develop retention strategies.

DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE
June 2018

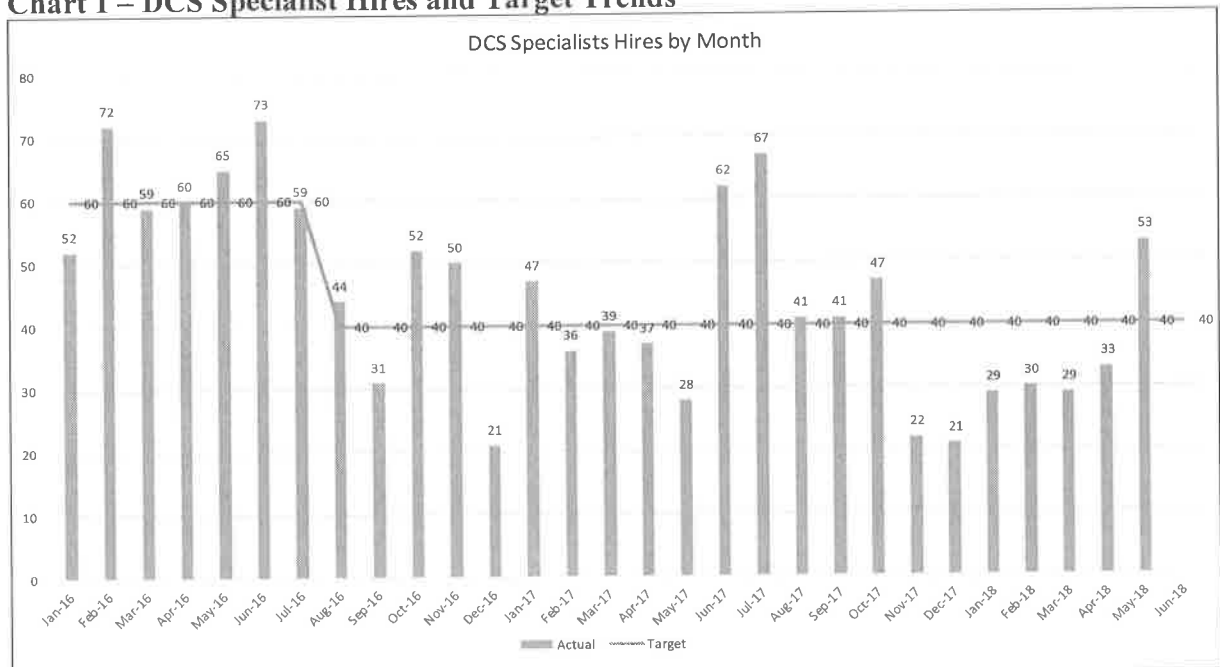
HR continues to conduct routine planning and information sharing meetings between Executive management, the Regional Program Administrators and HR Managers to help ensure initiatives are communicated clearly, carried out with accountability and to remain informed about the needs and challenges experienced at local DCS offices.

The Department has been sustaining its active recruitment process to fill all Child Safety Specialist positions. As of May 2018, the Department had filled 1,307 (93 percent) of the 1,406 funded positions. DCS funds 232 supervisor positions, 222 (96 percent) of which are filled. The breakdown of funded supervisor positions by Region and the Hotline are as follows: Hotline-14, Central-69, Pima-50, Northern-23, Southeast-9, Southwest-64 and the Placement Unit-3. The Department is actively recruiting to fill the vacant supervisor positions, which will further reduce the DCS Specialist to supervisor ratio, which is 1:5.8 as of May 2018.

To support DCS Specialists, Supervisors, case aides and other front line staff experiencing secondary trauma, DCS developed and has implemented a peer-to-peer support program. This program seeks to enhance a healthy workforce, provide staff a safe and supportive environment when coping with the experiences inherent in child welfare and help address burnout staff may experience.

The Department continues its efforts to minimize the overall attrition of all DCS employees. Chart 1 shows the number of DCS Specialist hires for CY 2016 through CY 2018 to date, along with hiring targets. These targets were established against historically observed attrition rates.

Chart 1 – DCS Specialist Hires and Target Trends

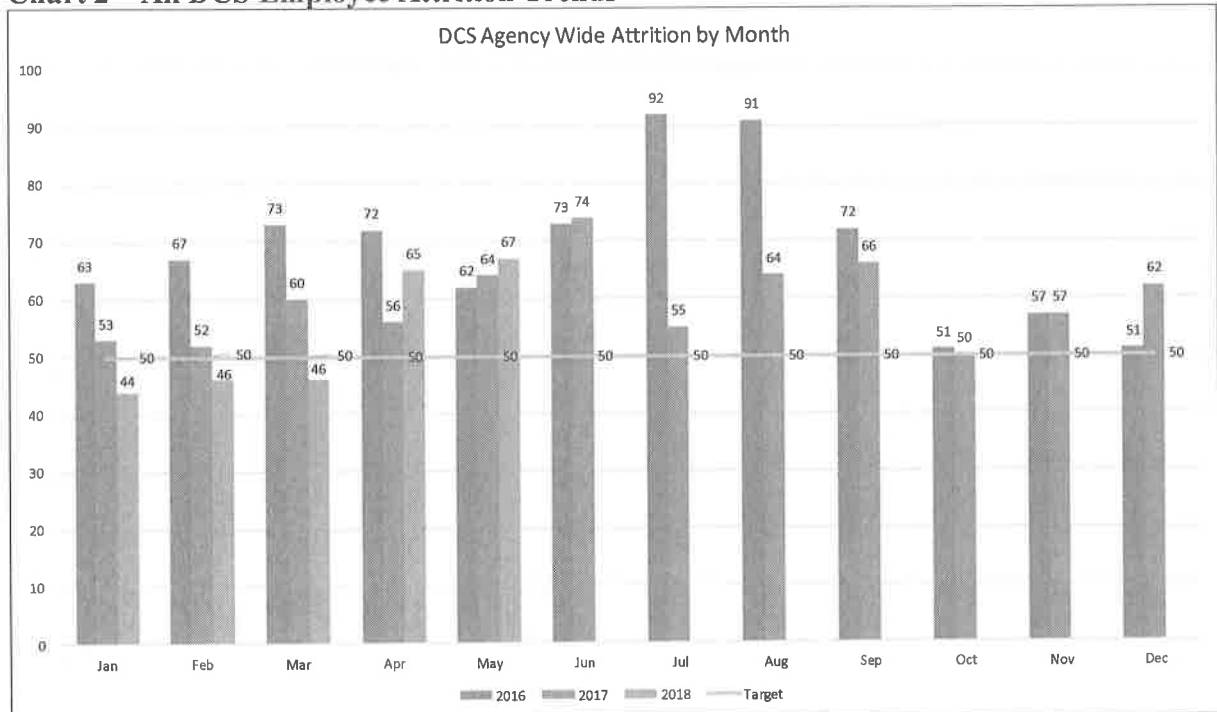


*Data has been updated from prior reporting periods. June data is not available as this report is required prior to the end of the reporting period.

Chart 2 shows the Department's reduction in turnover for all employees for CY 2016 through CY 2018.

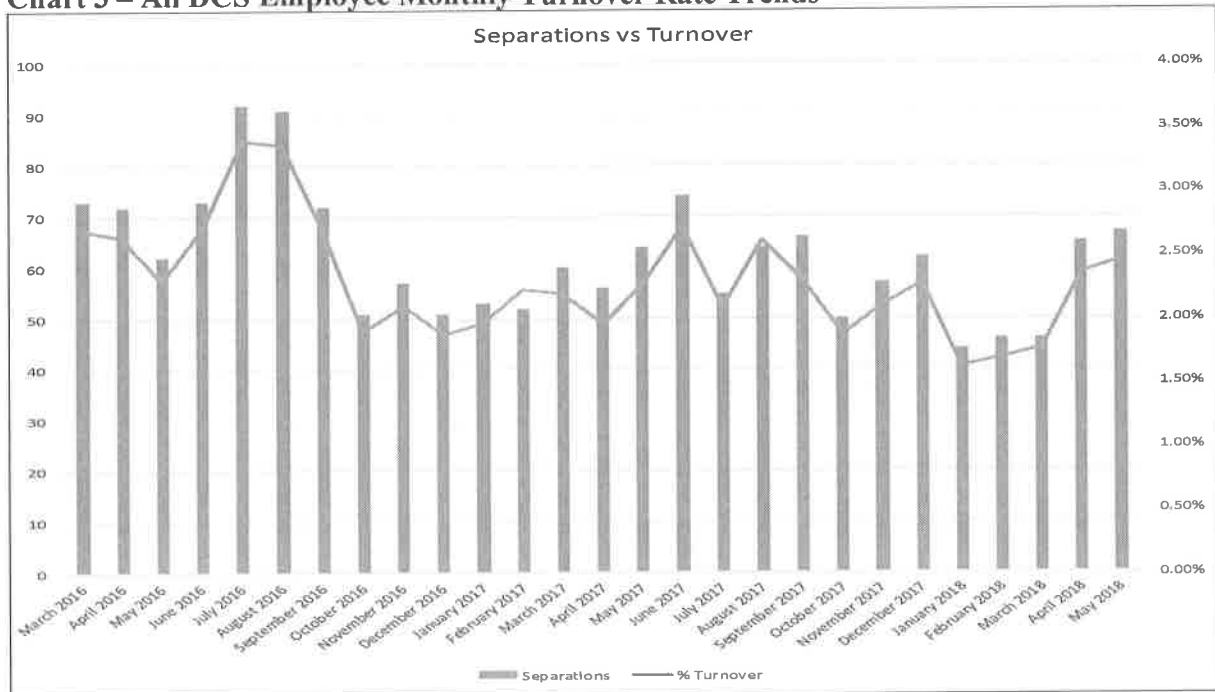
DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE June 2018

Chart 2 – All DCS Employee Attrition Trends



*DCS Employee Attrition for June 2018 will be updated in the next quarterly report.

Chart 3 – All DCS Employee Monthly Turnover Rate Trends



*June 2018 turnover rate data will be updated in the next quarterly report.

PROGRESS MAINTAINING INACTIVE CASES AND IMPROVING CASELOADS

During all of FY17 and continuing into the fourth quarter of FY18, the Department's historical activities and initiatives across the state to reduce the backlog continued in its effort to maintain the backlog well below the legislatively required benchmark of 1,000. Additionally, the Department reduced the number of open reports from 13,477 in September of 2016 to 5,871 in June 2018. In March 2017, the Department experienced a stabilization in the number of open reports where it has remained between 5,600 and 6,600 for the past twelve months.

Additionally, the DCS HR continues its efforts to hire and place Specialists at a rate equal to or greater than departures from the Department. Sustained staffing levels help contribute to the reduced number of backlog inactive cases, total open reports, and foster care population, the overall caseloads for DCS investigators continue to decline across most offices (see Table 2).

In March 2017, DCS fell below the legislatively required benchmark of 1,000 backlog cases. From a peak of 16,014 in January of 2015, the Department now has only 225 backlog cases as of June 18, 2018, representing a 99 percent decrease. To avoid a return to higher numbers of backlog cases, the Department uses performance management and other elements of the management system to maintain caseload levels. Across the state, sustainment measures include the implementation of performance management metrics to monitor and control the total number of open reports and the percentage of those reports that are overdue for investigation completion and closure, and the implementation of leader standard work to ensure routine follow-up.

Although completed, DCS used selected assistance work teams and Regional action plans, while leveraging provider partnerships and maintaining weekly performance huddle calls to maintain progress and performance accountability. As a result of these efforts, the Department achieved the benchmark of less than 13,000 open reports six months ahead of the established target date. From a peak of 33,245 open reports in April 2015, the Department reduced that to only 5,871 as in June 2018, representing an 82 percent reduction (see Table 1).

PROGRESS MADE REDUCING THE OUT-OF-HOME POPULATION

The Department continues to achieve a safe reduction in the out-of-home foster care population. In the fourth quarter of SFY 2018 the Department reduced the out-of-home foster care population by 7.8 percent (270 children) from the previous quarter (see Table 1). The progress made since the baseline period of March 31, 2016 is a 18.2 percent reduction (3,314 children).

By slowing the entry rate and sustaining performance for children exiting care, the Department has been able to maintain a safe reduction of the foster care population. In addition, this highlighted by no significant change in the re-entry rate for children who left care within the past 12 months. The reduction in the number of children entering out-of-home care can be attributed to several factors. These include, but are not limited to, the additional standardized process tools including supervisory administrative and case progress review checklists, as well as standardized safety discussions guides and training staff to better engage a family's network to identify in-home options in order to maintain children safely in the home. Improved response times also contributes

DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE
June 2018

to the reduction of children entering care as this enables Child Safety Specialists to make decisions that will help support families, provide services in a timely manner and avoid entry into care.

Through the continued application of monthly clinical staffings on reunification cases using a standardized process, ongoing workers have been able to maintain the rate of children exiting care. Through these standard process activities, paired with the continued to use of cursory case reviews and Fostering Sustainable Connections (the Title IV-E Waiver demonstration project), the Department seeks to continue realizing safe and sustainable out-of-home care population reductions.

Table 1 – Benchmark Performance

		Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Backlog Cases	<i>Benchmark (less than)</i>	10,000	7,000	4,000	1,000	1,000	1,000	1,000	1,000
	<i>Actual</i>	4,790	2,854	746	354	212	265	176	225
Backlog Case by disposition	<i>Investigation Phase</i>	4,554	2,671	633	222	125	165	84	115
	<i>In-Home Cases</i>	222	160	99	111	77	89	84	98
	<i>Out-of-Home Cases</i>	14	23	14	21	10	11	8	12
Number of Open Reports	<i>Benchmark (less than)</i>	---	---	---	13,000	13,000	13,000	13,000	13,000
	<i>Actual</i>	13,477	9,611	6,610	5,644	6,444	6,621	6,087	5,871
Number of Out-of-Home Children	<i>Benchmark (less than)</i>	---	17,500	17,150	16,807	16,471	16,142	15,819	15,503
	<i>Benchmark (% reduction)</i>			2%	2%	2%	2%	2%	2%
	<i>Actual</i>	18,183	17,936	17,174	16,917	16,316	15,744	15,139	14,869

Footnotes

- Number of open reports is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.
- Number of inactive cases is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.
- Out-of-home population figures are directly from the 20th of the Month Trigger which is a lagging 60 day metric.

DCS Quarterly Benchmark Progress Report
March 2018

Table 2 – Headcount and Caseload Performance

Region			March 31, 2016 Baseline			Quarter 3 FY 2018							Quarter 4 FY 2018								
			Workload			FTE		Workload					FTE		Workload						
			# of open reports (Investigations)	# of In Home cases	# of Out-of-Home Children			# of open reports (Investigations)	# of In Home cases	# of Out-of-Home Children	Investigation (reports per worker)	In Home (cases per worker)			Out of Home (children per worker)	# of open reports (Investigations)	# of In Home cases	# of Out-of-Home Children	Investigation (reports per worker)	In Home (cases per worker)	Out of Home (children per worker)
Section #	Section name																				
10 - Central	0.1	Apache Junction/Kearney	576	0	601	14	14	167		525	12	0	38	14	14	181		506	13		37
	2	Casa Grande/Coolidge	834	0	688	15	15	236		529	20	0	35	15	15	141		521	10		35
	3	Osborn	1005	0	543	21	21	158		710	8	0	34	19	19	150		659	10		25
	4	In Home	17	495	111		36	15	382	21	0	11	1		36	13	397	10	11	0	
	5	Mesa	1423	0	615	18	14	244		519	17	0	36	25	15	227		491	15		32
	6	Gilbert	1236	0	824	17	17	264		497	15	0	29	15	15	259		443	16		30
	7	Tempe	1796	0	913	30	20	241		512	12	0	25	19	19	205		511	11		27
	8	South Mountain	1493	0	663	17	17	211		616	13	0	37	19	19	285		580	15		31
	9	North Central	1522	0	775	17	17	164		461	11	0	24	16	16	289		495	15		26
	10	19th Avenue	2	0	1520		36	0		1565	0	0	42		17	0		1621	0		45
20 - Pima	1	East Broadway	380	49	342	17	22	201	37	243	12	2	11	18	23	188	61	237	8	2	19
	2	Wetmore	127	27	398	11	21	115	36	381	11	2	18	12	23	153	26	368	13	1	16
	3	Country Club	137	18	379	12	23	116	61	323	10	3	14	10	20	54	48	316	5	2	16
	4	Wetmore	116	19	313	11	20	102	19	166	17	1	6	11	22	175	25	344	15	1	6
	5	Madera A	599	39	164	8	16	124	0	206	15	0	13	9	17	148	0	218	17	0	13
	6,8	AHIT/Adoptions*	7	0	555	0	34	0	0	672	0	0	20	11	22	4	0	650	0	0	30
	7	12nd/Alverton	526	53	379	11	22	116	40	251	10	2	11	10	20	148	40	355	15	2	13
	9	Madera B	174	15	312	10	19	101	42	213	10	2	11	10	20	134	32	200	11	2	10
	10	Alverton	62	0	340	5	6	77	0	78	5	0	0	2	3	0	0	61	0	0	25
	30 - Northern	1	Prescott/Prescott Valley	266	---	398	16	14	236	15	207	17	1	15	13	13	232	58	194	19	5
2		St. Johns/Winstlow/Show Low	127	---	188	8	8	71	12	341	9	2	44	9	9	60	9	121	7	1	37
3		Flagstaff/Page/Cottonwood/Fredonia	200	---	220	9	9	121	48	140	13	5	15	11	11	130	15	140	13	1	13
4		Bullhead City/Lake Havasu	176	---	289	11	11	35	50	310	9	5	29	8	8	85	48	289	10	6	35
5,00		Kingman	195	---	132	9	9	104	17	233	12	2	27	9	9	81	13	270	10	1	31
40 - Southeast	1	Benson, Douglas, Nogales, SV	254	30	245	6	12	195	7	105	32	1	5	7	14	226	23	107	32	2	8
	2	SV, Safford	645	34	188	4	7	64	14	239	18	2	34	7	5	45	29	228	18	6	48
	3	Globe, Payson	383	34	118	3	5	47	7	68	17	1	13	3	6	51	16	71	17	8	13
50 - Southwest	0.1	CHILDHELP Advocacy	483	0	4		6	0		1	0	0	0		6	1		0	6		0
	3	In Home	44	---	101		44	25	399	7	1	8	0		43	30	424	12	0	10	0
	4	Thunderbird	937	0	774	29	29	244		541	13	0	29	26	16	275		541	15		30
	5	Peoria	1999	0	839	18	18	263		498	17	0	28	18	18	272		502	15		28
	6	Glendale/Durango	1558	0	544	22	22	353		519	16	0	24	18	18	309		426	17		23
	7	Arsendale/Advocacy	614	0	804	18	18	145		683	8	0	58	18	18	155		879	9		18
	8	Adoptions	0	0	1667		40	2		1467	0	0	32		41	0		1541	0		38
	9	Yuma, Parker, Summererton	347	0	418	17	17	116		401	7	0	24	17	17	150		392	9		23
	12	West 101	953	0	670	17	17	310		518	19	0	31	17	17	231		487	14		28
	13	Pinnacle Peak	207	0	713	16	16	132		401	9	0	26	13	13	150		373	14		28
	14	Various	370		48			76		34						66		31			
	15	Various	370		48			76		34						66		31			
	16	Various	370		48			76		34						66		31			
Totals			22,696	793	18,917			6,067	1,385	15,138						5,871	1,244	14,869			

Footnotes:

- *FTE reporting for March 31, 2016: The process of reporting FTEs, in particular the specific section assignment of trainees, was not yet established in March 2016. As a result, the FTE counts for that period are not available since they do not match the information on the total number of filled FTE positions as is required by the monthly hiring report.
- *Number of open reports is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.
- *Trainees are accounted for in FTE figures in each section with an equal distribution of 20% caseload.
- *Out-of-home population figures are directly from the Monthly Out-of-Home Care run on the 20th of the month which is a lagging 60 day metric.
- *In Home cases are based on a handcount of cases actively managed in each respective Region. March 2016 values for Northern Region are not available given that the Region counted the number of children and not the number of cases.
- *In Home case figures were not handcounted in Southwest Region in March 2016. The handcount only included total child count.
- *In Home cases assignments differ Regionally. Central and Southwest Regions employ specific in home units who manage in home cases only while Northern, Pima and Southeast Regions have mixed units that may carry in home or out of home cases.
- *FTE assignments to investigate/cases of case management are based on assignment of 50% investigative and 50% ongoing in Central, Northern and Southwest Regions. Pima and Southeast Regions employ a distribution of 34% investigations and 66% ongoing.



STATE OF ARIZONA

Joint Legislative Budget Committee

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

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MICHELLE UGENTI-RITA
VACANT

DATE: September 17, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Rebecca Perrera, Senior Fiscal Analyst *RP*

SUBJECT: Arizona Department of Administration - Consider Approval of Maximum Lodging and Meal Reimbursement Rates

This memo has been updated to include ADOA's proposal to adjust the meals and incidental per diem to the new federal rate effective on October 1, 2018, less \$10. Changes to the memo are reflected with an underline.

Request

A.R.S. § 38-624C requires the Arizona Department of Administration (ADOA) to establish maximum reimbursement amounts for lodging and meal expenses taking into consideration the amounts established by the federal government. These reimbursements compensate state employees traveling on official state business. Statute requires Committee approval of any rate change.

ADOA proposes adjusting the maximum lodging rates to match the new federal government rates, which are effective on October 1, 2018.

Committee Options

The Committee has at least the following 2 options:

1. Approve the ADOA recommended maximum lodging and meal rates.
2. Approve some other adjustment or maintain the current lodging and meal reimbursement rates.

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

- A. Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs.

(Continued)

Key Points

- 1) ADOA proposes increasing the lodging rates. The standard rates would increase by \$1 or 1% to match the federal rate. Non-standard lodging rates will increase on average \$5 or 3.8%.
- 2) ADOA proposes adjusting meal reimbursement rates. The standard daily rate would increase from \$41 to \$45.
 - This change maintains ADOA's traditional \$10 gap between the federal and state rates.
- 3) ADOA cannot estimate the fiscal impact of the proposed changes.
- 4) ADOA has the authority to waive the reimbursement caps if circumstances warrant.

Analysis

Lodging

The U.S. General Services Administration annually publishes a reimbursement schedule for room rentals based on lodging industry economic data, effective at the beginning of the federal fiscal year (FFY) (October). The federal rate schedule establishes a standard rate but specifies additional non-standard rates for many cities, with seasonal distinctions in some cases. Lodging is more expensive in non-standard areas than in standard areas, depending on the season. For example, the current federal rate in the District of Columbia (DC) in March is \$253 while the rate in July is \$175.

In each of the last 3 years, the Committee has approved adjustments to match the federal rate. ADOA recommends adopting the FFY 2019 federal lodging rate, effective October 1, 2018, as the state's maximum lodging reimbursement rate. ADOA's request would change the standard rate from \$93 to \$94, which is an increase of \$1, or 1%. In addition, the request would increase most of the non-standard rates and make a few decreases. For non-standard locations, the average change is \$5 or 3.8%. Due to its length, the list of federal rates appears as an attachment only in the JLBC's online agenda materials.

ADOA does not have an estimated fiscal impact for their proposal. In addition, ADOA does not have an estimate for the fiscal impact from last year's rate adjustment because it does not have data for travel reimbursements by location. ADOA reports that once it fully implements its Travel Module in the Arizona Financial Information System (AFIS), it will be better able to track travel expenses.

Lodging Waivers

There are 2 mitigating factors in evaluating the state lodging rate:

1. The state rate does not apply to conference meetings. State agencies are allowed to pay the conference rate regardless of the specific city rate but are encouraged to ensure the conference rate is the lowest available rate or adequate housing is located within walking distance of the event.
2. The General Accounting Office (GAO) can waive the state rate for non-conference meetings. In addition, GAO may approve reimbursements above the federal rate. At its April 2016 meeting, the Committee favorably reviewed GAO's formal guidelines for reviewing and approving waivers. If the federal rate is not adopted, GAO would likely receive more requests for rate waivers.

(Continued)

Meals Per Diem

Per diem rates are used to reimburse meal expenses for in-state and out-of-state travel. The federal government conducts a nationwide meals study every 3 to 5 years to determine the average prices charged by restaurants in areas frequented by federal travelers. The federal 2019 standard per diem rate will increase from \$51 to \$55 which is an increase of \$4 or 7.8%.

Depending on the geographic area this federal schedule has 5 other tiers that increase incrementally to \$76 per day. ADOA traditionally sets the state per diem rates to be \$10 less than the federal reimbursement rates in every tier. ADOA recommends the lower rates due to its belief that the amounts provide for reasonable reimbursements. These rates apply to employees who are on travel status with an overnight stay. *Table 1* shows the federal and ADOA recommended per diem rate for Arizona. The state meal per rate will increase from \$41 to \$45, which will maintain the \$10 differential with the federal level.

Table 1		
Comparison of Federal and State Per Diem Rates		
<u>Location</u> ^{1/}	<u>FY 2019 Federal Rate</u>	<u>FY 2019 State Rate</u>
Yuma	\$55.00	\$45.00
Sierra Vista	\$55.00	\$45.00
Flagstaff/Grand Canyon	\$66.00	\$56.00
Tucson	\$61.00	\$51.00
Kayenta	\$66.00	\$56.00
Phoenix/Scottsdale	\$56.00	\$46.00
Sedona	\$76.00	\$66.00
All Other Areas in Arizona	\$55.00	\$45.00

^{1/} Rates for locations outside Arizona vary.

RP:kp

Douglas A. Ducey
Governor



Gilbert Davidson
Chief Operating Officer and
Interim Director

ARIZONA DEPARTMENT OF ADMINISTRATION

GENERAL ACCOUNTING OFFICE

100 NORTH FIFTEENTH AVENUE • SUITE 302
PHOENIX, ARIZONA 85007

Phone: (602) 542-5601 • Fax: (602) 542-5749

August 30, 2018

The Honorable John Kavanagh, Chairman 2018
Joint Legislative Budget Committee
Arizona Senate
1700 West Washington
Phoenix, AZ 85007



Dear Senator Kavanagh:

We request placement on the next Joint Legislative Budget Committee (JLBC) meeting agenda to address State travel rate changes for lodging and meal reimbursement. The Federal government has announced changes in lodging and meals for the upcoming Federal fiscal year, effective October 1. Consistent with our established approach, we are recommending adopting the Federal lodging rate as the State's maximum lodging reimbursement rate, and adjusting the State meal rate for the Federal changes. Essentially, the State meal rate is \$10 less than the applicable Federal meal rate.

As you are aware, the government lodging rate generally offered by establishments is essentially driven by the Federal lodging rates. The Federal Government annually adjusts their lodging allowances for several locations. The Federal adjustments incorporate many seasonal adjustments as well. Although most of the Federal adjustments are increases (which is reflective of the overall industry), there are some decreases. We have reviewed these changes and have provided the rate detail to staff.

Thank you for your attention to this request. If you have any questions or need any additional information, please call me at 602-542-5405.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. Clark Partridge".

D. Clark Partridge
State Comptroller

cc: Richard Stavneak ✓
Rebecca Perrera
Gilbert Davidson
Derik Leavitt

Matthew Gress
Bill Greeney
Jacob Wingate
Elizabeth Bartholomew

FY2019 Per Diem Rates - Effective October 1, 2018

STATE	DESTINATION	COUNTY/LOCATION DEFINED	SEASON BEGIN	SEASON END	FY19 Lodging Rate	FY19 M&IE Rate
	Standard CONUS rate applies to all counties not specifically listed. Cities not listed may be located in a listed county.				\$ 94	\$ 55
AL	Birmingham	Jefferson			\$ 107	\$ 56
AL	Gulf Shores	Baldwin	October 1	February 28	\$ 105	\$ 61
AL	Gulf Shores	Baldwin	March 1	May 31	\$ 126	\$ 61
AL	Gulf Shores	Baldwin	June 1	July 31	\$ 165	\$ 61
AL	Gulf Shores	Baldwin	August 1	September 30	\$ 105	\$ 61
AL	Mobile	Mobile	October 1	December 31	\$ 94	\$ 61
AL	Mobile	Mobile	January 1	February 28	\$ 107	\$ 61
AL	Mobile	Mobile	March 1	September 30	\$ 94	\$ 61
AR	Hot Springs	Garland			\$ 105	\$ 61
AZ	Grand Canyon / Flagstaff	Coconino / Yavapai less the city of Sedona	October 1	October 31	\$ 146	\$ 66
AZ	Grand Canyon / Flagstaff	Coconino / Yavapai less the city of Sedona	November 1	February 28	\$ 94	\$ 66
AZ	Grand Canyon / Flagstaff	Coconino / Yavapai less the city of Sedona	March 1	April 30	\$ 119	\$ 66
AZ	Grand Canyon / Flagstaff	Coconino / Yavapai less the city of Sedona	May 1	September 30	\$ 146	\$ 66
AZ	Kayenta	Navajo	October 1	October 31	\$ 131	\$ 66
AZ	Kayenta	Navajo	November 1	February 28	\$ 105	\$ 66
AZ	Kayenta	Navajo	March 1	September 30	\$ 131	\$ 66
AZ	Phoenix / Scottsdale	Maricopa	October 1	December 31	\$ 121	\$ 56
AZ	Phoenix / Scottsdale	Maricopa	January 1	March 31	\$ 172	\$ 56
AZ	Phoenix / Scottsdale	Maricopa	April 1	May 31	\$ 133	\$ 56
AZ	Phoenix / Scottsdale	Maricopa	June 1	August 31	\$ 94	\$ 56
AZ	Phoenix / Scottsdale	Maricopa	September 1	September 30	\$ 121	\$ 56
AZ	Sedona	City Limits of Sedona	October 1	February 28	\$ 166	\$ 76
AZ	Sedona	City Limits of Sedona	March 1	August 31	\$ 178	\$ 76
AZ	Sedona	City Limits of Sedona	September 1	September 30	\$ 166	\$ 76
AZ	Tucson	Pima	October 1	December 31	\$ 94	\$ 61
AZ	Tucson	Pima	January 1	February 28	\$ 119	\$ 61
AZ	Tucson	Pima	March 1	September 30	\$ 94	\$ 61
CA	Antioch / Brentwood / Concord	Contra Costa			\$ 158	\$ 66
CA	Bakersfield / Ridgecrest	Kern			\$ 105	\$ 61
CA	Barstow / Ontario / Victorville	San Bernardino			\$ 102	\$ 61
CA	Death Valley	Inyo			\$ 118	\$ 66
CA	Eureka / Arcata / McKinleyville	Humboldt	October 1	May 31	\$ 103	\$ 71
CA	Eureka / Arcata / McKinleyville	Humboldt	June 1	August 31	\$ 135	\$ 71
CA	Eureka / Arcata / McKinleyville	Humboldt	September 1	September 30	\$ 103	\$ 71
CA	Fresno	Fresno			\$ 105	\$ 66
CA	Los Angeles	Los Angeles / Orange / Ventura / Edwards AFB less the city of Santa Monica	October 1	October 31	\$ 180	\$ 66
CA	Los Angeles	Los Angeles / Orange / Ventura / Edwards AFB less the city of Santa Monica	November 1	December 31	\$ 161	\$ 66
CA	Los Angeles	Los Angeles / Orange / Ventura / Edwards AFB less the city of Santa Monica	January 1	September 30	\$ 180	\$ 66
CA	Mammoth Lakes	Mono	October 1	November 30	\$ 101	\$ 76
CA	Mammoth Lakes	Mono	December 1	June 30	\$ 122	\$ 76
CA	Mammoth Lakes	Mono	July 1	August 31	\$ 135	\$ 76
CA	Mammoth Lakes	Mono	September 1	September 30	\$ 101	\$ 76
CA	Mill Valley / San Rafael / Novato	Marin			\$ 161	\$ 76
CA	Monterey	Monterey	October 1	June 30	\$ 154	\$ 76
CA	Monterey	Monterey	July 1	August 31	\$ 206	\$ 76
CA	Monterey	Monterey	September 1	September 30	\$ 154	\$ 76
CA	Napa	Napa	October 1	October 31	\$ 214	\$ 66
CA	Napa	Napa	November 1	April 30	\$ 164	\$ 66
CA	Napa	Napa	May 1	September 30	\$ 214	\$ 66
CA	Oakhurst	Madera	October 1	May 31	\$ 107	\$ 71
CA	Oakhurst	Madera	June 1	August 31	\$ 139	\$ 71
CA	Oakhurst	Madera	September 1	September 30	\$ 107	\$ 71
CA	Oakland	Alameda			\$ 175	\$ 66
CA	Palm Springs	Riverside	October 1	April 30	\$ 137	\$ 66
CA	Palm Springs	Riverside	May 1	September 30	\$ 106	\$ 66
CA	Point Arena / Gualala	Mendocino			\$ 121	\$ 76
CA	Sacramento	Sacramento			\$ 135	\$ 66
CA	San Diego	San Diego	October 1	December 31	\$ 160	\$ 71
CA	San Diego	San Diego	January 1	July 31	\$ 174	\$ 71
CA	San Diego	San Diego	August 1	September 30	\$ 160	\$ 71
CA	San Francisco	San Francisco	October 1	October 31	\$ 299	\$ 76
CA	San Francisco	San Francisco	November 1	December 31	\$ 247	\$ 76
CA	San Francisco	San Francisco	January 1	August 31	\$ 270	\$ 76
CA	San Francisco	San Francisco	September 1	September 30	\$ 299	\$ 76
CA	San Luis Obispo	San Luis Obispo			\$ 123	\$ 71

CA	San Mateo / Foster City / Belmont	San Mateo	October 1	October 31	\$ 211	\$ 66
CA	San Mateo / Foster City / Belmont	San Mateo	November 1	December 31	\$ 196	\$ 66
CA	San Mateo / Foster City / Belmont	San Mateo	January 1	September 30	\$ 211	\$ 66
CA	Santa Barbara	Santa Barbara	October 1	June 30	\$ 168	\$ 76
CA	Santa Barbara	Santa Barbara	July 1	August 31	\$ 223	\$ 76
CA	Santa Barbara	Santa Barbara	September 1	September 30	\$ 168	\$ 76
CA	Santa Cruz	Santa Cruz	October 1	May 31	\$ 126	\$ 61
CA	Santa Cruz	Santa Cruz	June 1	August 31	\$ 160	\$ 61
CA	Santa Cruz	Santa Cruz	September 1	September 30	\$ 126	\$ 61
CA	Santa Monica	City limits of Santa Monica	October 1	June 30	\$ 247	\$ 76
CA	Santa Monica	City limits of Santa Monica	July 1	August 31	\$ 299	\$ 76
CA	Santa Monica	City limits of Santa Monica	September 1	September 30	\$ 247	\$ 76
CA	Santa Rosa	Sonoma			\$ 158	\$ 71
CA	South Lake Tahoe	El Dorado	October 1	November 30	\$ 119	\$ 66
CA	South Lake Tahoe	El Dorado	December 1	June 30	\$ 128	\$ 66
CA	South Lake Tahoe	El Dorado	July 1	August 31	\$ 159	\$ 66
CA	South Lake Tahoe	El Dorado	September 1	September 30	\$ 119	\$ 66
CA	Stockton	San Joaquin			\$ 116	\$ 61
CA	Sunnyvale / Palo Alto / San Jose	Santa Clara	October 1	December 31	\$ 229	\$ 66
CA	Sunnyvale / Palo Alto / San Jose	Santa Clara	January 1	March 31	\$ 239	\$ 66
CA	Sunnyvale / Palo Alto / San Jose	Santa Clara	April 1	September 30	\$ 229	\$ 66
CA	Tahoe City	Placer			\$ 113	\$ 61
CA	Truckee	Nevada			\$ 126	\$ 76
CA	Visalia	Tulare			\$ 106	\$ 61
CA	West Sacramento / Davis	Yolo			\$ 125	\$ 71
CA	Yosemite National Park	Mariposa	October 1	May 31	\$ 120	\$ 76
CA	Yosemite National Park	Mariposa	June 1	August 31	\$ 139	\$ 76
CA	Yosemite National Park	Mariposa	September 1	September 30	\$ 120	\$ 76
CO	Aspen	Pitkin	October 1	November 30	\$ 175	\$ 76
CO	Aspen	Pitkin	December 1	March 31	\$ 349	\$ 76
CO	Aspen	Pitkin	April 1	May 31	\$ 151	\$ 76
CO	Aspen	Pitkin	June 1	September 30	\$ 175	\$ 76
CO	Boulder / Broomfield	Boulder / Broomfield	October 1	April 30	\$ 131	\$ 66
CO	Boulder / Broomfield	Boulder / Broomfield	May 1	August 31	\$ 159	\$ 66
CO	Boulder / Broomfield	Boulder / Broomfield	September 1	September 30	\$ 131	\$ 66
CO	Colorado Springs	El Paso	October 1	May 31	\$ 105	\$ 66
CO	Colorado Springs	El Paso	June 1	August 31	\$ 134	\$ 66
CO	Colorado Springs	El Paso	September 1	September 30	\$ 105	\$ 66
CO	Cortez	Montezuma	October 1	May 31	\$ 94	\$ 61
CO	Cortez	Montezuma	June 1	September 30	\$ 118	\$ 61
CO	Crested Butte / Gunnison	Gunnison	October 1	November 30	\$ 120	\$ 76
CO	Crested Butte / Gunnison	Gunnison	December 1	March 31	\$ 160	\$ 76
CO	Crested Butte / Gunnison	Gunnison	April 1	May 31	\$ 103	\$ 76
CO	Crested Butte / Gunnison	Gunnison	June 1	September 30	\$ 120	\$ 76
CO	Denver / Aurora	Denver / Adams / Arapahoe / Jefferson			\$ 181	\$ 76
CO	Douglas	Douglas			\$ 127	\$ 61
CO	Durango	La Plata	October 1	May 31	\$ 105	\$ 71
CO	Durango	La Plata	June 1	September 30	\$ 153	\$ 71
CO	Fort Collins / Loveland	Larimer			\$ 116	\$ 61
CO	Grand Lake	Grand	October 1	November 30	\$ 128	\$ 76
CO	Grand Lake	Grand	December 1	March 31	\$ 196	\$ 76
CO	Grand Lake	Grand	April 1	May 31	\$ 110	\$ 76
CO	Grand Lake	Grand	June 1	September 30	\$ 128	\$ 76
CO	Montrose	Montrose			\$ 99	\$ 56
CO	Silverthorne / Breckenridge	Summit	October 1	November 30	\$ 137	\$ 76
CO	Silverthorne / Breckenridge	Summit	December 1	March 31	\$ 224	\$ 76
CO	Silverthorne / Breckenridge	Summit	April 1	May 31	\$ 116	\$ 76
CO	Silverthorne / Breckenridge	Summit	June 1	September 30	\$ 137	\$ 76
CO	Steamboat Springs	Routt	October 1	November 30	\$ 100	\$ 76
CO	Steamboat Springs	Routt	December 1	March 31	\$ 124	\$ 76
CO	Steamboat Springs	Routt	April 1	May 31	\$ 94	\$ 76
CO	Steamboat Springs	Routt	June 1	August 31	\$ 131	\$ 76
CO	Steamboat Springs	Routt	September 1	September 30	\$ 100	\$ 76
CO	Telluride	San Miguel	October 1	December 31	\$ 218	\$ 76
CO	Telluride	San Miguel	January 1	March 31	\$ 383	\$ 76
CO	Telluride	San Miguel	April 1	September 30	\$ 218	\$ 76
CO	Vail	Eagle	October 1	November 30	\$ 153	\$ 76
CO	Vail	Eagle	December 1	March 31	\$ 394	\$ 76
CO	Vail	Eagle	April 1	June 30	\$ 163	\$ 76
CO	Vail	Eagle	July 1	August 31	\$ 212	\$ 76
CO	Vail	Eagle	September 1	September 30	\$ 153	\$ 76
CT	Bridgeport / Danbury	Fairfield			\$ 127	\$ 66
CT	Cromwell / Old Saybrook	Middlesex			\$ 95	\$ 61
CT	Hartford	Hartford			\$ 128	\$ 61
CT	New Haven	New Haven			\$ 111	\$ 61
CT	New London / Groton	New London			\$ 105	\$ 71

DC	District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	October 1	October 31	\$ 251	\$ 76
DC	District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	November 1	February 28	\$ 181	\$ 76
DC	District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	March 1	June 30	\$ 251	\$ 76
DC	District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	July 1	August 31	\$ 179	\$ 76
DC	District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	September 1	September 30	\$ 251	\$ 76
DE	Dover	Kent	October 1	May 31	\$ 94	\$ 56
DE	Dover	Kent	June 1	July 31	\$ 118	\$ 56
DE	Dover	Kent	August 1	September 30	\$ 94	\$ 56
DE	Lewes	Sussex	October 1	April 30	\$ 94	\$ 61
DE	Lewes	Sussex	May 1	June 30	\$ 131	\$ 61
DE	Lewes	Sussex	July 1	August 31	\$ 193	\$ 61
DE	Lewes	Sussex	September 1	September 30	\$ 94	\$ 61
DE	Wilmington	New Castle			\$ 128	\$ 56
FL	Boca Raton / Delray Beach / Jupiter	Palm Beach / Hendry	October 1	November 30	\$ 121	\$ 61
FL	Boca Raton / Delray Beach / Jupiter	Palm Beach / Hendry	December 1	April 30	\$ 199	\$ 61
FL	Boca Raton / Delray Beach / Jupiter	Palm Beach / Hendry	May 1	September 30	\$ 121	\$ 61
FL	Bradenton	Manatee	October 1	January 31	\$ 107	\$ 56
FL	Bradenton	Manatee	February 1	March 31	\$ 157	\$ 56
FL	Bradenton	Manatee	April 1	September 30	\$ 107	\$ 56
FL	Cocoa Beach	Brevard	October 1	January 31	\$ 128	\$ 71
FL	Cocoa Beach	Brevard	February 1	March 31	\$ 168	\$ 71
FL	Cocoa Beach	Brevard	April 1	September 30	\$ 128	\$ 71
FL	Daytona Beach	Volusia	October 1	January 31	\$ 99	\$ 56
FL	Daytona Beach	Volusia	February 1	March 31	\$ 131	\$ 56
FL	Daytona Beach	Volusia	April 1	July 31	\$ 113	\$ 56
FL	Daytona Beach	Volusia	August 1	September 30	\$ 99	\$ 56
FL	Fort Lauderdale	Broward	October 1	December 31	\$ 157	\$ 66
FL	Fort Lauderdale	Broward	January 1	April 30	\$ 208	\$ 66
FL	Fort Lauderdale	Broward	May 1	September 30	\$ 124	\$ 66
FL	Fort Myers	Lee	October 1	January 31	\$ 121	\$ 61
FL	Fort Myers	Lee	February 1	March 31	\$ 214	\$ 61
FL	Fort Myers	Lee	April 1	September 30	\$ 121	\$ 61
FL	Fort Walton Beach / De Funiak Springs	Okaloosa / Walton	October 1	October 31	\$ 143	\$ 66
FL	Fort Walton Beach / De Funiak Springs	Okaloosa / Walton	November 1	February 28	\$ 94	\$ 66
FL	Fort Walton Beach / De Funiak Springs	Okaloosa / Walton	March 1	May 31	\$ 162	\$ 66
FL	Fort Walton Beach / De Funiak Springs	Okaloosa / Walton	June 1	July 31	\$ 229	\$ 66
FL	Fort Walton Beach / De Funiak Springs	Okaloosa / Walton	August 1	September 30	\$ 143	\$ 66
FL	Gainesville	Alachua			\$ 106	\$ 61
FL	Gulf Breeze	Santa Rosa	October 1	February 28	\$ 94	\$ 71
FL	Gulf Breeze	Santa Rosa	March 1	May 31	\$ 101	\$ 71
FL	Gulf Breeze	Santa Rosa	June 1	July 31	\$ 129	\$ 71
FL	Gulf Breeze	Santa Rosa	August 1	September 30	\$ 94	\$ 71
FL	Key West	Monroe	October 1	November 30	\$ 200	\$ 66
FL	Key West	Monroe	December 1	January 31	\$ 231	\$ 66
FL	Key West	Monroe	February 1	April 30	\$ 282	\$ 66
FL	Key West	Monroe	May 1	September 30	\$ 192	\$ 66
FL	Miami	Miami-Dade	October 1	November 30	\$ 140	\$ 66
FL	Miami	Miami-Dade	December 1	March 31	\$ 192	\$ 66
FL	Miami	Miami-Dade	April 1	May 31	\$ 141	\$ 66

FL	Miami	Miami-Dade	June 1	September 30	\$ 118	\$ 66
FL	Naples	Collier	October 1	November 30	\$ 122	\$ 66
FL	Naples	Collier	December 1	January 31	\$ 161	\$ 66
FL	Naples	Collier	February 1	April 30	\$ 190	\$ 66
FL	Naples	Collier	May 1	September 30	\$ 96	\$ 66
FL	Orlando	Orange	October 1	December 31	\$ 122	\$ 66
FL	Orlando	Orange	January 1	March 31	\$ 152	\$ 66
FL	Orlando	Orange	April 1	September 30	\$ 122	\$ 66
FL	Panama City	Bay	October 1	February 28	\$ 94	\$ 66
FL	Panama City	Bay	March 1	May 31	\$ 120	\$ 66
FL	Panama City	Bay	June 1	August 31	\$ 150	\$ 66
FL	Panama City	Bay	September 1	September 30	\$ 94	\$ 66
FL	Pensacola	Escambia	October 1	February 28	\$ 108	\$ 61
FL	Pensacola	Escambia	March 1	May 31	\$ 128	\$ 61
FL	Pensacola	Escambia	June 1	July 31	\$ 166	\$ 61
FL	Pensacola	Escambia	August 1	September 30	\$ 108	\$ 61
FL	Punta Gorda	Charlotte	October 1	January 31	\$ 94	\$ 61
FL	Punta Gorda	Charlotte	February 1	March 31	\$ 172	\$ 61
FL	Punta Gorda	Charlotte	April 1	September 30	\$ 94	\$ 61
FL	Sarasota	Sarasota	October 1	November 30	\$ 108	\$ 61
FL	Sarasota	Sarasota	December 1	April 30	\$ 149	\$ 61
FL	Sarasota	Sarasota	May 1	September 30	\$ 108	\$ 61
FL	Sebring	Highlands			\$ 100	\$ 61
FL	St. Augustine	St. Johns			\$ 125	\$ 61
FL	Stuart	Martin	October 1	April 30	\$ 120	\$ 66
FL	Stuart	Martin	May 1	June 30	\$ 97	\$ 66
FL	Stuart	Martin	July 1	September 30	\$ 120	\$ 66
FL	Tallahassee	Leon	October 1	December 31	\$ 102	\$ 61
FL	Tallahassee	Leon	January 1	April 30	\$ 125	\$ 61
FL	Tallahassee	Leon	May 1	September 30	\$ 102	\$ 61
FL	Tampa / St. Petersburg	Pinellas / Hillsborough	October 1	December 31	\$ 121	\$ 61
FL	Tampa / St. Petersburg	Pinellas / Hillsborough	January 1	April 30	\$ 155	\$ 61
FL	Tampa / St. Petersburg	Pinellas / Hillsborough	May 1	September 30	\$ 121	\$ 61
FL	Vero Beach	Indian River	October 1	November 30	\$ 126	\$ 61
FL	Vero Beach	Indian River	December 1	April 30	\$ 183	\$ 61
FL	Vero Beach	Indian River	May 1	September 30	\$ 126	\$ 61
GA	Athens	Clarke			\$ 103	\$ 56
GA	Atlanta	Fulton / Dekalb	October 1	October 31	\$ 159	\$ 66
GA	Atlanta	Fulton / Dekalb	November 1	August 31	\$ 152	\$ 66
GA	Atlanta	Fulton / Dekalb	September 1	September 30	\$ 159	\$ 66
GA	Augusta	Richmond			\$ 102	\$ 61
GA	Jekyll Island / Brunswick	Glynn	October 1	February 28	\$ 128	\$ 76
GA	Jekyll Island / Brunswick	Glynn	March 1	July 31	\$ 167	\$ 76
GA	Jekyll Island / Brunswick	Glynn	August 1	September 30	\$ 128	\$ 76
GA	Marietta	Cobb			\$ 116	\$ 61
GA	Savannah	Chatham	October 1	February 28	\$ 116	\$ 61
GA	Savannah	Chatham	March 1	April 30	\$ 134	\$ 61
GA	Savannah	Chatham	May 1	September 30	\$ 116	\$ 61
IA	Dallas	Dallas			\$ 114	\$ 56
IA	Des Moines	Polk			\$ 108	\$ 61
ID	Coeur d'Alene	Kootenai	October 1	May 31	\$ 94	\$ 61
ID	Coeur d'Alene	Kootenai	June 1	August 31	\$ 135	\$ 61
ID	Coeur d'Alene	Kootenai	September 1	September 30	\$ 94	\$ 61
ID	Sun Valley / Ketchum	Blaine / Elmore	October 1	May 31	\$ 108	\$ 66
ID	Sun Valley / Ketchum	Blaine / Elmore	June 1	August 31	\$ 146	\$ 66
ID	Sun Valley / Ketchum	Blaine / Elmore	September 1	September 30	\$ 108	\$ 66
IL	Bolingbrook / Romeoville / Lemont	Will			\$ 102	\$ 56
IL	Chicago	Cook / Lake	October 1	November 30	\$ 223	\$ 76
IL	Chicago	Cook / Lake	December 1	March 31	\$ 131	\$ 76
IL	Chicago	Cook / Lake	April 1	June 30	\$ 219	\$ 76
IL	Chicago	Cook / Lake	July 1	August 31	\$ 183	\$ 76
IL	Chicago	Cook / Lake	September 1	September 30	\$ 223	\$ 76
IL	East St. Louis / O'Fallon / Fairview Heights	St. Clair			\$ 133	\$ 66
IL	Oak Brook Terrace	Dupage			\$ 113	\$ 61
IN	Bloomington	Monroe	October 1	April 30	\$ 97	\$ 61
IN	Bloomington	Monroe	May 1	August 31	\$ 112	\$ 61
IN	Bloomington	Monroe	September 1	September 30	\$ 97	\$ 61
IN	Ft. Wayne	Allen			\$ 104	\$ 56
IN	Hammond / Munster / Merrillville	Lake			\$ 98	\$ 61
IN	Indianapolis / Carmel	Marion / Hamilton			\$ 125	\$ 56
IN	Lafayette / West Lafayette	Tippecanoe			\$ 106	\$ 56
IN	South Bend	St. Joseph			\$ 98	\$ 61
KS	Kansas City / Overland Park	Wyandotte / Johnson / Leavenworth			\$ 125	\$ 66
KS	Wichita	Sedgwick			\$ 101	\$ 61
KY	Boone	Boone			\$ 113	\$ 56
KY	Kenton	Kenton			\$ 142	\$ 76
KY	Lexington	Fayette	October 1	October 31	\$ 112	\$ 56
KY	Lexington	Fayette	November 1	March 31	\$ 102	\$ 56
KY	Lexington	Fayette	April 1	September 30	\$ 112	\$ 56
KY	Louisville	Jefferson	October 1	January 31	\$ 122	\$ 61
KY	Louisville	Jefferson	February 1	May 31	\$ 136	\$ 61

KY	Louisville	Jefferson	June 1	September 30	\$ 122	\$ 61
LA	Alexandria / Leesville / Natchitoches	Allen / Jefferson Davis / Natchitoches / Rapides / Vernon Parishes			\$ 98	\$ 66
LA	Baton Rouge	East Baton Rouge Parish			\$ 100	\$ 61
LA	New Orleans	Orleans / Jefferson Parishes	October 1	January 31	\$ 150	\$ 71
LA	New Orleans	Orleans / Jefferson Parishes	February 1	June 30	\$ 161	\$ 71
LA	New Orleans	Orleans / Jefferson Parishes	July 1	September 30	\$ 118	\$ 71
MA	Andover	Essex	October 1	October 31	\$ 128	\$ 61
MA	Andover	Essex	November 1	April 30	\$ 107	\$ 61
MA	Andover	Essex	May 1	September 30	\$ 128	\$ 61
MA	Boston / Cambridge	Suffolk, city of Cambridge	October 1	November 30	\$ 273	\$ 71
MA	Boston / Cambridge	Suffolk, city of Cambridge	December 1	February 28	\$ 163	\$ 71
MA	Boston / Cambridge	Suffolk, city of Cambridge	March 1	September 30	\$ 273	\$ 71
MA	Burlington / Woburn	Middlesex less the city of Cambridge	October 1	October 31	\$ 162	\$ 61
MA	Burlington / Woburn	Middlesex less the city of Cambridge	November 1	February 28	\$ 140	\$ 61
MA	Burlington / Woburn	Middlesex less the city of Cambridge	March 1	September 30	\$ 162	\$ 61
MA	Falmouth	City limits of Falmouth	October 1	April 30	\$ 127	\$ 71
MA	Falmouth	City limits of Falmouth	May 1	June 30	\$ 162	\$ 71
MA	Falmouth	City limits of Falmouth	July 1	August 31	\$ 257	\$ 71
MA	Falmouth	City limits of Falmouth	September 1	September 30	\$ 127	\$ 71
MA	Hyannis	Barnstable less the city of Falmouth	October 1	June 30	\$ 113	\$ 71
MA	Hyannis	Barnstable less the city of Falmouth	July 1	August 31	\$ 192	\$ 71
MA	Hyannis	Barnstable less the city of Falmouth	September 1	September 30	\$ 113	\$ 71
MA	Martha's Vineyard	Dukes	October 1	May 31	\$ 145	\$ 76
MA	Martha's Vineyard	Dukes	June 1	September 30	\$ 323	\$ 76
MA	Nantucket	Nantucket	October 1	May 31	\$ 143	\$ 76
MA	Nantucket	Nantucket	June 1	September 30	\$ 294	\$ 76
MA	Northampton	Hampshire			\$ 110	\$ 71
MA	Pittsfield	Berkshire	October 1	May 31	\$ 119	\$ 71
MA	Pittsfield	Berkshire	June 1	August 31	\$ 146	\$ 71
MA	Pittsfield	Berkshire	September 1	September 30	\$ 119	\$ 71
MA	Plymouth / Taunton / New Bedford	Plymouth / Bristol			\$ 115	\$ 61
MA	Quincy	Norfolk	October 1	October 31	\$ 165	\$ 66
MA	Quincy	Norfolk	November 1	April 30	\$ 134	\$ 66
MA	Quincy	Norfolk	May 1	September 30	\$ 165	\$ 66
MA	Springfield	Hampden			\$ 111	\$ 56
MA	Worcester	Worcester			\$ 126	\$ 61
MD	Aberdeen / Bel Air / Belcamp	Harford			\$ 107	\$ 61
MD	Annapolis	Anne Arundel	October 1	October 31	\$ 134	\$ 66
MD	Annapolis	Anne Arundel	November 1	April 30	\$ 109	\$ 66
MD	Annapolis	Anne Arundel	May 1	September 30	\$ 134	\$ 66
MD	Baltimore City	Baltimore City	October 1	November 30	\$ 157	\$ 71
MD	Baltimore City	Baltimore City	December 1	February 28	\$ 117	\$ 71
MD	Baltimore City	Baltimore City	March 1	August 31	\$ 149	\$ 71
MD	Baltimore City	Baltimore City	September 1	September 30	\$ 157	\$ 71
MD	Baltimore County	Baltimore			\$ 102	\$ 61
MD	Cambridge / St. Michaels	Dorchester / Talbot	October 1	May 31	\$ 118	\$ 61
MD	Cambridge / St. Michaels	Dorchester / Talbot	June 1	August 31	\$ 163	\$ 61
MD	Cambridge / St. Michaels	Dorchester / Talbot	September 1	September 30	\$ 118	\$ 61
MD	Centreville	Queen Anne			\$ 118	\$ 71
MD	Columbia	Howard			\$ 106	\$ 66
MD	Frederick	Frederick			\$ 100	\$ 61
MD	Ocean City	Worcester	October 1	June 30	\$ 106	\$ 66
MD	Ocean City	Worcester	July 1	August 31	\$ 245	\$ 66
MD	Ocean City	Worcester	September 1	September 30	\$ 106	\$ 66
ME	Bar Harbor / Rockport	Hancock / Knox	October 1	October 31	\$ 164	\$ 66
ME	Bar Harbor / Rockport	Hancock / Knox	November 1	June 30	\$ 125	\$ 66
ME	Bar Harbor / Rockport	Hancock / Knox	July 1	August 31	\$ 218	\$ 66
ME	Bar Harbor / Rockport	Hancock / Knox	September 1	September 30	\$ 164	\$ 66
ME	Kennebunk / Kittery / Sanford	York	October 1	October 31	\$ 110	\$ 76
ME	Kennebunk / Kittery / Sanford	York	November 1	June 30	\$ 94	\$ 76
ME	Kennebunk / Kittery / Sanford	York	July 1	August 31	\$ 147	\$ 76
ME	Kennebunk / Kittery / Sanford	York	September 1	September 30	\$ 110	\$ 76
ME	Portland	Cumberland / Sagadahoc	October 1	October 31	\$ 146	\$ 61
ME	Portland	Cumberland / Sagadahoc	November 1	June 30	\$ 110	\$ 61
ME	Portland	Cumberland / Sagadahoc	July 1	August 31	\$ 174	\$ 61
ME	Portland	Cumberland / Sagadahoc	September 1	September 30	\$ 146	\$ 61
MI	Ann Arbor	Washtenaw			\$ 120	\$ 61
MI	Benton Harbor / St. Joseph / Stevensville	Berrien	October 1	June 30	\$ 94	\$ 61
MI	Benton Harbor / St. Joseph / Stevensville	Berrien	July 1	August 31	\$ 113	\$ 61
MI	Benton Harbor / St. Joseph / Stevensville	Berrien	September 1	September 30	\$ 94	\$ 61
MI	Detroit	Wayne			\$ 131	\$ 56

MI	East Lansing / Lansing	Ingham / Eaton			\$ 108	\$ 56
MI	Grand Rapids	Kent			\$ 118	\$ 61
MI	Holland	Ottawa	October 1	April 30	\$ 106	\$ 56
MI	Holland	Ottawa	May 1	August 31	\$ 126	\$ 56
MI	Holland	Ottawa	September 1	September 30	\$ 106	\$ 56
MI	Kalamazoo / Battle Creek	Kalamazoo / Calhoun			\$ 102	\$ 56
MI	Mackinac Island	Mackinac	October 1	June 30	\$ 94	\$ 56
MI	Mackinac Island	Mackinac	July 1	August 31	\$ 119	\$ 56
MI	Mackinac Island	Mackinac	September 1	September 30	\$ 94	\$ 56
MI	Midland	Midland			\$ 113	\$ 56
MI	Muskegon	Muskegon	October 1	May 31	\$ 94	\$ 61
MI	Muskegon	Muskegon	June 1	August 31	\$ 123	\$ 61
MI	Muskegon	Muskegon	September 1	September 30	\$ 94	\$ 61
MI	Petoskey	Emmet	October 1	June 30	\$ 101	\$ 56
MI	Petoskey	Emmet	July 1	August 31	\$ 157	\$ 56
MI	Petoskey	Emmet	September 1	September 30	\$ 101	\$ 56
MI	Pontiac / Auburn Hills	Oakland			\$ 117	\$ 56
MI	South Haven	Van Buren	October 1	May 31	\$ 94	\$ 61
MI	South Haven	Van Buren	June 1	August 31	\$ 117	\$ 61
MI	South Haven	Van Buren	September 1	September 30	\$ 94	\$ 61
MI	Traverse City	Grand Traverse	October 1	June 30	\$ 107	\$ 66
MI	Traverse City	Grand Traverse	July 1	August 31	\$ 184	\$ 66
MI	Traverse City	Grand Traverse	September 1	September 30	\$ 107	\$ 66
MN	Duluth	St. Louis	October 1	October 31	\$ 154	\$ 76
MN	Duluth	St. Louis	November 1	May 31	\$ 121	\$ 76
MN	Duluth	St. Louis	June 1	August 31	\$ 171	\$ 76
MN	Duluth	St. Louis	September 1	September 30	\$ 154	\$ 76
MN	Eagan / Burnsville / Mendota Heights	Dakota			\$ 99	\$ 71
MN	Minneapolis / St. Paul	Hennepin / Ramsey	October 1	October 31	\$ 151	\$ 76
MN	Minneapolis / St. Paul	Hennepin / Ramsey	November 1	March 31	\$ 135	\$ 76
MN	Minneapolis / St. Paul	Hennepin / Ramsey	April 1	September 30	\$ 151	\$ 76
MN	Rochester	Olmsted			\$ 124	\$ 61
MO	Kansas City	Jackson / Clay / Cass / Platte			\$ 125	\$ 66
MO	St. Louis	St. Louis / St. Louis City / St. Charles			\$ 133	\$ 66
MS	Oxford	Lafayette			\$ 105	\$ 61
MS	Southaven	Desoto			\$ 108	\$ 56
MS	Starkville	Oktibbeha			\$ 98	\$ 66
MT	Big Sky / West Yellowstone	Gallatin	October 1	May 31	\$ 95	\$ 61
MT	Big Sky / West Yellowstone	Gallatin	June 1	September 30	\$ 160	\$ 61
MT	Helena	Lewis and Clark			\$ 101	\$ 66
MT	Missoula / Polson / Kalispell	Missoula / Lake / Flathead	October 1	June 30	\$ 95	\$ 61
MT	Missoula / Polson / Kalispell	Missoula / Lake / Flathead	July 1	August 31	\$ 146	\$ 61
MT	Missoula / Polson / Kalispell	Missoula / Lake / Flathead	September 1	September 30	\$ 95	\$ 61
NC	Asheville	Buncombe	October 1	October 31	\$ 122	\$ 56
NC	Asheville	Buncombe	November 1	December 31	\$ 115	\$ 56
NC	Asheville	Buncombe	January 1	March 31	\$ 95	\$ 56
NC	Asheville	Buncombe	April 1	September 30	\$ 122	\$ 56
NC	Atlantic Beach / Morehead City	Carteret	October 1	May 31	\$ 94	\$ 61
NC	Atlantic Beach / Morehead City	Carteret	June 1	August 31	\$ 127	\$ 61
NC	Atlantic Beach / Morehead City	Carteret	September 1	September 30	\$ 94	\$ 61
NC	Chapel Hill	Orange			\$ 116	\$ 66
NC	Charlotte	Mecklenburg			\$ 130	\$ 56
NC	Durham	Durham			\$ 107	\$ 61
NC	Fayetteville	Cumberland			\$ 106	\$ 56
NC	Greensboro	Guilford	October 1	October 31	\$ 109	\$ 56
NC	Greensboro	Guilford	November 1	March 31	\$ 100	\$ 56
NC	Greensboro	Guilford	April 1	September 30	\$ 109	\$ 56
NC	Kill Devil Hills	Dare	October 1	March 31	\$ 95	\$ 66
NC	Kill Devil Hills	Dare	April 1	September 30	\$ 168	\$ 66
NC	Raleigh	Wake			\$ 117	\$ 56
NC	Wilmington	New Hanover			\$ 106	\$ 61
NE	Omaha	Douglas			\$ 109	\$ 61
NH	Concord	Merrimack			\$ 102	\$ 66
NH	Conway	Carroll	October 1	February 28	\$ 131	\$ 66
NH	Conway	Carroll	March 1	June 30	\$ 119	\$ 66
NH	Conway	Carroll	July 1	August 31	\$ 158	\$ 66
NH	Conway	Carroll	September 1	September 30	\$ 131	\$ 66
NH	Durham	Strafford	October 1	May 31	\$ 108	\$ 61
NH	Durham	Strafford	June 1	August 31	\$ 128	\$ 61
NH	Durham	Strafford	September 1	September 30	\$ 108	\$ 61
NH	Laconia	Belknap	October 1	October 31	\$ 150	\$ 61
NH	Laconia	Belknap	November 1	May 31	\$ 120	\$ 61
NH	Laconia	Belknap	June 1	September 30	\$ 150	\$ 61
NH	Lebanon / Lincoln / West Lebanon	Grafton			\$ 132	\$ 71
NH	Manchester	Hillsborough			\$ 110	\$ 61
NH	Portsmouth	Rockingham	October 1	October 31	\$ 143	\$ 61
NH	Portsmouth	Rockingham	November 1	June 30	\$ 115	\$ 61
NH	Portsmouth	Rockingham	July 1	August 31	\$ 166	\$ 61
NH	Portsmouth	Rockingham	September 1	September 30	\$ 143	\$ 61

NJ	Atlantic City / Ocean City / Cape May	Atlantic / Cape May	October 1	June 30	\$ 94	\$ 66
NJ	Atlantic City / Ocean City / Cape May	Atlantic / Cape May	July 1	August 31	\$ 97	\$ 66
NJ	Atlantic City / Ocean City / Cape May	Atlantic / Cape May	September 1	September 30	\$ 94	\$ 66
NJ	Cherry Hill / Moorestown	Camden / Burlington			\$ 99	\$ 61
NJ	Eatontown / Freehold	Monmouth			\$ 109	\$ 61
NJ	Edison / Piscataway	Middlesex			\$ 108	\$ 61
NJ	Flemington	Hunterdon			\$ 123	\$ 66
NJ	Newark	Essex / Bergen / Hudson / Passaic			\$ 141	\$ 61
NJ	Parsippany	Morris			\$ 152	\$ 61
NJ	Princeton / Trenton	Mercer			\$ 128	\$ 61
NJ	Somerset	Somerset			\$ 149	\$ 66
NJ	Springfield / Cranford / New Providence	Union			\$ 120	\$ 66
NJ	Toms River	Ocean			\$ 116	\$ 61
NM	Carlsbad	Eddy			\$ 166	\$ 56
NM	Santa Fe	Santa Fe	October 1	December 31	\$ 123	\$ 61
NM	Santa Fe	Santa Fe	January 1	February 28	\$ 100	\$ 61
NM	Santa Fe	Santa Fe	March 1	September 30	\$ 123	\$ 61
NM	Taos	Taos			\$ 105	\$ 66
NV	Incline Village / Reno / Sparks	Washoe	October 1	June 30	\$ 114	\$ 66
NV	Incline Village / Reno / Sparks	Washoe	July 1	August 31	\$ 142	\$ 66
NV	Incline Village / Reno / Sparks	Washoe	September 1	September 30	\$ 114	\$ 66
NV	Las Vegas	Clark	October 1	December 31	\$ 108	\$ 61
NV	Las Vegas	Clark	January 1	March 31	\$ 130	\$ 61
NV	Las Vegas	Clark	April 1	August 31	\$ 102	\$ 61
NV	Las Vegas	Clark	September 1	September 30	\$ 108	\$ 61
NY	Albany	Albany			\$ 113	\$ 61
NY	Binghamton	Broome			\$ 96	\$ 61
NY	Buffalo	Erie			\$ 104	\$ 66
NY	Floral Park / Garden City / Great Neck	Nassau			\$ 149	\$ 71
NY	Glens Falls	Warren	October 1	June 30	\$ 103	\$ 66
NY	Glens Falls	Warren	July 1	August 31	\$ 164	\$ 66
NY	Glens Falls	Warren	September 1	September 30	\$ 103	\$ 66
NY	Ithaca	Tompkins			\$ 126	\$ 66
NY	Kingston	Ulster			\$ 116	\$ 66
NY	Lake Placid	Essex	October 1	February 28	\$ 132	\$ 66
NY	Lake Placid	Essex	March 1	June 30	\$ 119	\$ 66
NY	Lake Placid	Essex	July 1	August 31	\$ 184	\$ 66
NY	Lake Placid	Essex	September 1	September 30	\$ 132	\$ 66
NY	New York City	Bronx / Kings / New York / Queens / Richmond	October 1	December 31	\$ 288	\$ 76
NY	New York City	Bronx / Kings / New York / Queens / Richmond	January 1	February 28	\$ 165	\$ 76
NY	New York City	Bronx / Kings / New York / Queens / Richmond	March 1	June 30	\$ 253	\$ 76
NY	New York City	Bronx / Kings / New York / Queens / Richmond	July 1	August 31	\$ 223	\$ 76
NY	New York City	Bronx / Kings / New York / Queens / Richmond	September 1	September 30	\$ 288	\$ 76
NY	Niagara Falls	Niagara	October 1	June 30	\$ 94	\$ 56
NY	Niagara Falls	Niagara	July 1	August 31	\$ 123	\$ 56
NY	Niagara Falls	Niagara	September 1	September 30	\$ 94	\$ 56
NY	Nyack / Palisades	Rockland			\$ 115	\$ 66
NY	Poughkeepsie	Dutchess			\$ 104	\$ 66
NY	Riverhead / Ronkonkoma / Melville	Suffolk			\$ 136	\$ 71
NY	Rochester	Monroe			\$ 110	\$ 61
NY	Saratoga Springs / Schenectady	Saratoga / Schenectady	October 1	June 30	\$ 117	\$ 61
NY	Saratoga Springs / Schenectady	Saratoga / Schenectady	July 1	August 31	\$ 177	\$ 61
NY	Saratoga Springs / Schenectady	Saratoga / Schenectady	September 1	September 30	\$ 117	\$ 61
NY	Syracuse / Oswego	Onondaga / Oswego			\$ 98	\$ 61
NY	Tarrytown / White Plains / New Rochelle	Westchester			\$ 145	\$ 76
NY	Troy	Rensselaer			\$ 108	\$ 61
NY	West Point	Orange			\$ 110	\$ 61
OH	Akron	Summit			\$ 102	\$ 56
OH	Canton	Stark	October 1	June 30	\$ 94	\$ 56
OH	Canton	Stark	July 1	August 31	\$ 107	\$ 56
OH	Canton	Stark	September 1	September 30	\$ 94	\$ 56
OH	Cincinnati	Hamilton / Clermont			\$ 142	\$ 76
OH	Cleveland	Cuyahoga			\$ 131	\$ 66
OH	Columbus	Franklin			\$ 122	\$ 61
OH	Dayton / Fairborn	Greene / Montgomery			\$ 103	\$ 56
OH	Hamilton	Butler / Warren			\$ 113	\$ 56
OH	Medina / Wooster	Wayne / Medina			\$ 102	\$ 56
OH	Mentor	Lake			\$ 105	\$ 56
OH	Sandusky	Erie	October 1	May 31	\$ 102	\$ 56
OH	Sandusky	Erie	June 1	August 31	\$ 120	\$ 56
OH	Sandusky	Erie	September 1	September 30	\$ 102	\$ 56

OK	Oklahoma City	Oklahoma			\$ 95	\$ 61
OR	Beaverton	Washington			\$ 133	\$ 61
OR	Bend	Deschutes	October 1	May 31	\$ 113	\$ 61
OR	Bend	Deschutes	June 1	August 31	\$ 158	\$ 61
OR	Bend	Deschutes	September 1	September 30	\$ 113	\$ 61
OR	Clackamas	Clackamas			\$ 116	\$ 56
OR	Eugene / Florence	Lane			\$ 115	\$ 61
OR	Lincoln City	Lincoln	October 1	June 30	\$ 107	\$ 66
OR	Lincoln City	Lincoln	July 1	August 31	\$ 151	\$ 66
OR	Lincoln City	Lincoln	September 1	September 30	\$ 107	\$ 66
OR	Portland	Multnomah	October 1	October 31	\$ 184	\$ 66
OR	Portland	Multnomah	November 1	March 31	\$ 150	\$ 66
OR	Portland	Multnomah	April 1	September 30	\$ 184	\$ 66
OR	Seaside	Clatsop	October 1	June 30	\$ 110	\$ 71
OR	Seaside	Clatsop	July 1	August 31	\$ 182	\$ 71
OR	Seaside	Clatsop	September 1	September 30	\$ 110	\$ 71
PA	Allentown / Easton / Bethlehem	Lehigh / Northampton			\$ 105	\$ 61
PA	Bucks	Bucks			\$ 104	\$ 61
PA	Chester / Radnor / Essington	Delaware			\$ 112	\$ 56
PA	Erie	Erie			\$ 97	\$ 56
PA	Gettysburg	Adams	October 1	October 31	\$ 109	\$ 66
PA	Gettysburg	Adams	November 1	March 31	\$ 94	\$ 66
PA	Gettysburg	Adams	April 1	September 30	\$ 109	\$ 66
PA	Harrisburg	Dauphin County excluding Hershey			\$ 116	\$ 61
PA	Hershey	Hershey	October 1	October 31	\$ 137	\$ 71
PA	Hershey	Hershey	November 1	May 31	\$ 117	\$ 71
PA	Hershey	Hershey	June 1	August 31	\$ 181	\$ 71
PA	Hershey	Hershey	September 1	September 30	\$ 137	\$ 71
PA	Lancaster	Lancaster			\$ 111	\$ 61
PA	Malvern / Frazer / Berwyn	Chester			\$ 129	\$ 61
PA	Montgomery	Montgomery			\$ 125	\$ 66
PA	Philadelphia	Philadelphia	October 1	November 30	\$ 192	\$ 61
PA	Philadelphia	Philadelphia	December 1	March 31	\$ 162	\$ 61
PA	Philadelphia	Philadelphia	April 1	August 31	\$ 180	\$ 61
PA	Philadelphia	Philadelphia	September 1	September 30	\$ 192	\$ 61
PA	Pittsburgh	Allegheny			\$ 125	\$ 56
PA	Reading	Berks			\$ 105	\$ 61
PA	State College	Centre			\$ 101	\$ 61
RI	East Greenwich / Warwick	Kent			\$ 104	\$ 61
RI	Jamestown / Middletown / Newport	Newport	October 1	October 31	\$ 174	\$ 66
RI	Jamestown / Middletown / Newport	Newport	November 1	May 31	\$ 116	\$ 66
RI	Jamestown / Middletown / Newport	Newport	June 1	August 31	\$ 209	\$ 66
RI	Jamestown / Middletown / Newport	Newport	September 1	September 30	\$ 174	\$ 66
RI	Providence / Bristol	Providence / Bristol			\$ 156	\$ 61
SC	Aiken	Aiken			\$ 96	\$ 56
SC	Charleston	Charleston / Berkeley / Dorchester	October 1	October 31	\$ 198	\$ 71
SC	Charleston	Charleston / Berkeley / Dorchester	November 1	February 28	\$ 166	\$ 71
SC	Charleston	Charleston / Berkeley / Dorchester	March 1	May 31	\$ 226	\$ 71
SC	Charleston	Charleston / Berkeley / Dorchester	June 1	August 31	\$ 183	\$ 71
SC	Charleston	Charleston / Berkeley / Dorchester	September 1	September 30	\$ 198	\$ 71
SC	Columbia	Richland / Lexington			\$ 109	\$ 61
SC	Hilton Head	Beaufort	October 1	March 31	\$ 114	\$ 61
SC	Hilton Head	Beaufort	April 1	August 31	\$ 166	\$ 61
SC	Hilton Head	Beaufort	September 1	September 30	\$ 114	\$ 61
SC	Myrtle Beach	Horry	October 1	February 28	\$ 94	\$ 61
SC	Myrtle Beach	Horry	March 1	May 31	\$ 111	\$ 61
SC	Myrtle Beach	Horry	June 1	August 31	\$ 166	\$ 61
SC	Myrtle Beach	Horry	September 1	September 30	\$ 94	\$ 61
SD	Deadwood / Spearfish	Lawrence	October 1	May 31	\$ 94	\$ 61
SD	Deadwood / Spearfish	Lawrence	June 1	September 30	\$ 130	\$ 61
SD	Hot Springs	Fall River / Custer	October 1	October 31	\$ 114	\$ 71
SD	Hot Springs	Fall River / Custer	November 1	March 31	\$ 94	\$ 71
SD	Hot Springs	Fall River / Custer	April 1	September 30	\$ 114	\$ 71
SD	Rapid City	Pennington	October 1	June 30	\$ 94	\$ 61
SD	Rapid City	Pennington	July 1	August 31	\$ 148	\$ 61
SD	Rapid City	Pennington	September 1	September 30	\$ 94	\$ 61
TN	Brentwood / Franklin	Williamson			\$ 129	\$ 61
TN	Chattanooga	Hamilton			\$ 107	\$ 61
TN	Knoxville	Knox			\$ 97	\$ 56
TN	Memphis	Shelby			\$ 121	\$ 61
TN	Nashville	Davidson	October 1	June 30	\$ 179	\$ 61
TN	Nashville	Davidson	July 1	September 30	\$ 173	\$ 61
TX	Arlington / Fort Worth / Grapevine	Tarrant County / City of Grapevine			\$ 164	\$ 61
TX	Austin	Travis	October 1	December 31	\$ 145	\$ 61
TX	Austin	Travis	January 1	March 31	\$ 160	\$ 61
TX	Austin	Travis	April 1	September 30	\$ 145	\$ 61
TX	Big Spring	Howard			\$ 101	\$ 61
TX	College Station	Brazos			\$ 101	\$ 56
TX	Corpus Christi	Nueces			\$ 110	\$ 56
TX	Dallas	Dallas	October 1	November 30	\$ 157	\$ 66
TX	Dallas	Dallas	December 1	August 31	\$ 149	\$ 66
TX	Dallas	Dallas	September 1	September 30	\$ 157	\$ 66

TX	El Paso	El Paso			\$ 96	\$ 61
TX	Galveston	Galveston	October 1	May 31	\$ 105	\$ 61
TX	Galveston	Galveston	June 1	July 31	\$ 131	\$ 61
TX	Galveston	Galveston	August 1	September 30	\$ 105	\$ 61
TX	Houston (L.B. Johnson Space Center)	Montgomery / Fort Bend / Harris	October 1	May 31	\$ 131	\$ 61
TX	Houston (L.B. Johnson Space Center)	Montgomery / Fort Bend / Harris	June 1	September 30	\$ 120	\$ 61
TX	Midland / Odessa	Midland / Andrews / Ector / Martin			\$ 142	\$ 61
TX	Pecos	Reeves	October 1	December 31	\$ 154	\$ 66
TX	Pecos	Reeves	January 1	March 31	\$ 216	\$ 66
TX	Pecos	Reeves	April 1	September 30	\$ 154	\$ 66
TX	Plano	Collin			\$ 121	\$ 56
TX	Round Rock	Williamson			\$ 103	\$ 56
TX	San Antonio	Bexar			\$ 126	\$ 61
TX	South Padre Island	Cameron	October 1	February 28	\$ 94	\$ 56
TX	South Padre Island	Cameron	March 1	May 31	\$ 96	\$ 56
TX	South Padre Island	Cameron	June 1	July 31	\$ 117	\$ 56
TX	South Padre Island	Cameron	August 1	September 30	\$ 94	\$ 56
TX	Waco	McLennan			\$ 105	\$ 56
UT	Moab	Grand	October 1	October 31	\$ 181	\$ 71
UT	Moab	Grand	November 1	February 28	\$ 94	\$ 71
UT	Moab	Grand	March 1	September 30	\$ 181	\$ 71
UT	Park City	Summit	October 1	November 30	\$ 139	\$ 76
UT	Park City	Summit	December 1	March 31	\$ 259	\$ 76
UT	Park City	Summit	April 1	September 30	\$ 139	\$ 76
UT	Provo	Utah			\$ 101	\$ 56
UT	Salt Lake City	Salt Lake / Tooele			\$ 125	\$ 56
VA	Abingdon	Washington			\$ 95	\$ 71
VA	Blacksburg	Montgomery	October 1	June 30	\$ 98	\$ 56
VA	Blacksburg	Montgomery	July 1	September 30	\$ 117	\$ 56
VA	Charlottesville	City of Charlottesville / Albemarle			\$ 132	\$ 71
VA	Loudoun	Loudoun			\$ 107	\$ 61
VA	Lynchburg	Campbell / Lynchburg City			\$ 99	\$ 61
VA	Richmond	City of Richmond			\$ 147	\$ 66
VA	Roanoke	City limits of Roanoke			\$ 111	\$ 61
VA	Virginia Beach	City of Virginia Beach	October 1	May 31	\$ 99	\$ 61
VA	Virginia Beach	City of Virginia Beach	June 1	August 31	\$ 180	\$ 61
VA	Virginia Beach	City of Virginia Beach	September 1	September 30	\$ 99	\$ 61
VA	Wallops Island	Accomack	October 1	June 30	\$ 110	\$ 61
VA	Wallops Island	Accomack	July 1	August 31	\$ 205	\$ 61
VA	Wallops Island	Accomack	September 1	September 30	\$ 110	\$ 61
VA	Williamsburg / York	James City / York Counties / City of Williamsburg	October 1	December 31	\$ 98	\$ 61
VA	Williamsburg / York	James City / York Counties / City of Williamsburg	January 1	February 28	\$ 94	\$ 61
VA	Williamsburg / York	James City / York Counties / City of Williamsburg	March 1	August 31	\$ 115	\$ 61
VA	Williamsburg / York	James City / York Counties / City of Williamsburg	September 1	September 30	\$ 98	\$ 61
VT	Burlington	Chittenden	October 1	October 31	\$ 134	\$ 71
VT	Burlington	Chittenden	November 1	April 30	\$ 103	\$ 71
VT	Burlington	Chittenden	May 1	September 30	\$ 134	\$ 71
VT	Manchester	Bennington	October 1	October 31	\$ 125	\$ 76
VT	Manchester	Bennington	November 1	July 31	\$ 105	\$ 76
VT	Manchester	Bennington	August 1	September 30	\$ 125	\$ 76
VT	Montpelier	Washington			\$ 126	\$ 66
VT	Stowe	Lamoille			\$ 135	\$ 76
VT	White River Junction	Windsor	October 1	October 31	\$ 110	\$ 71
VT	White River Junction	Windsor	November 1	May 31	\$ 98	\$ 71
VT	White River Junction	Windsor	June 1	September 30	\$ 110	\$ 71
WA	Everett / Lynnwood	Snohomish	October 1	May 31	\$ 113	\$ 66
WA	Everett / Lynnwood	Snohomish	June 1	August 31	\$ 138	\$ 66
WA	Everett / Lynnwood	Snohomish	September 1	September 30	\$ 113	\$ 66
WA	Ocean Shores	Grays Harbor	October 1	June 30	\$ 102	\$ 66
WA	Ocean Shores	Grays Harbor	July 1	August 31	\$ 133	\$ 66
WA	Ocean Shores	Grays Harbor	September 1	September 30	\$ 102	\$ 66
WA	Olympia / Tumwater	Thurston			\$ 127	\$ 66
WA	Port Angeles / Port Townsend	Clallam / Jefferson	October 1	June 30	\$ 108	\$ 76
WA	Port Angeles / Port Townsend	Clallam / Jefferson	July 1	August 31	\$ 161	\$ 76
WA	Port Angeles / Port Townsend	Clallam / Jefferson	September 1	September 30	\$ 108	\$ 76
WA	Richland / Pasco	Benton / Franklin			\$ 97	\$ 66
WA	Seattle	King	October 1	May 31	\$ 189	\$ 76
WA	Seattle	King	June 1	September 30	\$ 257	\$ 76
WA	Spokane	Spokane			\$ 105	\$ 61
WA	Tacoma	Pierce			\$ 121	\$ 71
WA	Vancouver	Clark / Cowlitz / Skamania	October 1	October 31	\$ 184	\$ 66
WA	Vancouver	Clark / Cowlitz / Skamania	November 1	March 31	\$ 150	\$ 66
WA	Vancouver	Clark / Cowlitz / Skamania	April 1	September 30	\$ 184	\$ 66
WI	Appleton	Outagamie			\$ 100	\$ 61
WI	Brookfield / Racine	Waukesha / Racine			\$ 107	\$ 56
WI	Madison	Dane	October 1	October 31	\$ 127	\$ 61

WI	Madison	Dane	November 1	March 31	\$ 107	\$ 61
WI	Madison	Dane	April 1	September 30	\$ 127	\$ 61
WI	Milwaukee	Milwaukee			\$ 120	\$ 66
WI	Sheboygan	Sheboygan	October 1	May 31	\$ 94	\$ 56
WI	Sheboygan	Sheboygan	June 1	August 31	\$ 105	\$ 56
WI	Sheboygan	Sheboygan	September 1	September 30	\$ 94	\$ 56
WI	Sturgeon Bay	Door	October 1	October 31	\$ 98	\$ 61
WI	Sturgeon Bay	Door	November 1	May 31	\$ 94	\$ 61
WI	Sturgeon Bay	Door	June 1	September 30	\$ 98	\$ 61
WI	Wisconsin Dells	Columbia	October 1	February 28	\$ 100	\$ 61
WI	Wisconsin Dells	Columbia	March 1	August 31	\$ 120	\$ 61
WI	Wisconsin Dells	Columbia	September 1	September 30	\$ 100	\$ 61
WV	Charleston	Kanawha			\$ 107	\$ 56
WV	Morgantown	Monongalia			\$ 97	\$ 56
WY	Cody	Park	October 1	May 31	\$ 115	\$ 71
WY	Cody	Park	June 1	September 30	\$ 172	\$ 71
WY	Jackson / Pinedale	Teton / Sublette	October 1	June 30	\$ 152	\$ 76
WY	Jackson / Pinedale	Teton / Sublette	July 1	August 31	\$ 245	\$ 76
WY	Jackson / Pinedale	Teton / Sublette	September 1	September 30	\$ 152	\$ 76
WY	Rock Springs	Sweetwater			\$ 95	\$ 61
				Average	\$ 135	



STATE OF ARIZONA

Joint Legislative Budget Committee

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MICHELLE UGENTI-RITA
VACANT

DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Steve Schimpp, Deputy Director *SS*

SUBJECT: Arizona Department of Education - Review of Joint Technical Education District Quarterly Report

Request

The Arizona Department of Education (ADE) requests Committee review of its most recent quarterly report on JTED program and courses pursuant to Laws 2016, Chapter 4.

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) ADE has reviewed 1,141 of 2,200 local JTED programs to date (219 during the past quarter).
- 2) All but 9 were approved for continued Basic State Aid funding (6 disapproved during past quarter; 3 prior disapprovals now compliant).
- 3) Non-compliant programs typically lacked a properly certified teacher or approved curriculum.
- 4) The remaining 1,000+ local programs will be reviewed by December 31, 2018.

Analysis

Laws 2016, Chapter 4, Section 6 added new requirements for JTED programs and courses and requires ADE to review existing JTED programs and courses to see if they remain eligible for Basic State Aid (BSA)

(Continued)

funding under the new requirements. JTED programs or courses that do not meet the new requirements are not eligible for continued BSA funding. Chapter 4 requires ADE to submit quarterly reports to the Committee through December 31, 2018 for review on its progress and the subsequent approval or rejection of currently-eligible JTED programs and courses.

Prior Reports

ADE previously submitted quarterly reports to the Committee for JTED reviews conducted between April 1, 2016 and March 31, 2018. Those reviews covered 66 of 73 state-level JTED programs and 922 of 2,200+ local level programs. The remaining 7 state-level programs did not have any enrolled students, so could not be reviewed. The remaining 1,300 (approximately) local-level programs were not visited by March 31, 2018, but ADE planned to do so by December 31, 2018 (the Chapter 4 deadline for completing JTED program reviews).

Of the 66 state-level programs reviewed prior to December 31, 2017:

- 58 are eligible for continued BSA funding
- 7 are ineligible
- 1 is on hold and has not been reviewed (the Food Products and Processing Systems program)

Six local-level programs were ineligible for continued BSA funding as of March 31, 2018.

ADE reviewed an additional 219 local level programs (1,141 cumulatively) between April 1, 2018 and June 30, 2018. Six of those programs were found to be ineligible for continued BSA funding (*see last 6 programs listed in Table 1*). Three previously disapproved programs became compliant during the quarter. No additional state level programs were reviewed during that time.

Of the 1,141 local level programs reviewed to date, only 9 are ineligible for BSA funding. Those programs typically are ineligible because they lack a properly-certified teacher or approved curriculum (*see Table 1*).

Table 1			
Ineligible Local Level JTED Programs			
<u>Program</u>	<u>District/School</u>	<u>JTED</u>	<u>Deficiency</u>
<i>Previously Found Ineligible</i>			
Air Force JROTC	Peoria USD/Cactus HS	West-MEC	Certified Teacher & misc.
Automotive Technologies	Peoria USD/Ironwood HS	West-MEC	Assessments
Music and Audio Production	Antelope Union/Antelope Union HS	STEDY	Curriculum & misc.
<i>Newly-Found Ineligible</i>			
Plant Systems	Sunnyside USD	Pima	Certified Teacher & misc
Culinary Arts	Sanders USD	NATIVE	Curriculum & misc
Law and Public Safety	Heber-Overgaard USD	NAVIT	Instructional Setting/misc
Automotive Technologies	Whiteriver USD	NAVIT	Certified Teacher & misc
Construction Technologies	Red Mesa USD	NATIVE	Industry Support
Construction Technologies	Window Rock USD	NATIVE	Industry Support/misc

Reviews of JTED programs and courses are now based on modified statutory requirements established by Laws 2017, Chapter 279 (*see Appendix 1*). Chapter 279 no longer requires a JTED program to lead to industry-based certification or licensure if not available, which could make it easier for some JTED programs and courses to remain eligible for BSA funding under Chapter 4.

Criteria for Evaluating JTED Programs
(A.R.S. §15-391, paragraph 5)

15-391. Definitions

In this article, unless the context otherwise requires:

5. "Joint technical education district program" means a sequence of courses that is offered by a joint technical education district and that meets all of the following requirements:

(a) Is taught by an instructor who is certified to teach career and technical education by the state board of education or by a postsecondary educational institution.

(b) Requires an assessment that demonstrates the level of skills, knowledge and competencies necessary to be successful in the designated vocation or industry or an assessment necessary for certification, if appropriate, or for career readiness and entry-level employment, in and acceptance by that vocation or industry. Any assessment adopted pursuant to this subdivision shall require a passing score of at least sixty percent.

(c) Requires specialized equipment and specialized materials in order to provide instruction to students that exceeds the cost of a standard educational course.

(d) Requires a majority of instructional time to be conducted in a laboratory environment, field-based environment or work-based learning environment, and requires career and technical student organization participation, except for community college courses.

(e) Demonstrates alignment through a curriculum, instructional model and course sequence to meet the standards of a career and technical education preparatory program as determined by the career and technical education division of the department of education.

(f) Has a defined pathway to career and postsecondary education in a specific vocation or industry as determined by the career and technical education division of the department of education.

(g) Is approved by the career and technical education division of the department of education based only on the requirements prescribed in this paragraph after the submission of all required documentation.

(h) Is certified by the joint technical education district governing board to have met all the requirements prescribed in this article.

(i) Is offered only to students in grades nine, ten, eleven and twelve.

(j) Fills a high-need vocational or industry need as determined by the career and technical education division of the department of education.

(k) Requires a single or stackable credential as described in subdivision (l) of this paragraph or a skill that will allow a student to obtain work as described in subdivision (l) of this paragraph on graduation before receiving an associate degree or baccalaureate degree.

(l) Leads to certification or licensure, if available, or to career readiness and entry-level employment where relevant certification or licensure does not exist in that industry, in the designated vocation or industry that has been verified and accepted by that vocation or industry and that qualifies the person for employment. If there is no certification or licensure that is accepted by the vocation or industry, or if business practicalities do not require certification or licensure, completion of the program must qualify the student for at least entry-level employment.

(m) Requires instruction and instructional materials in courses that are substantially different from and exceed the scope of standard instruction and that include vocational skills, competencies and knowledge to be successful in the designated joint technical education district program vocation or industry.

(n) An industry or vocation has agreed to provide financial or technical support to the joint technical education district for a specific joint technical education district program. For the purposes of this subdivision, "financial support" includes in-kind contributions and donations.

(o) A joint technical education district has demonstrated a need for extra funding in order to provide the joint technical education district program.



State of Arizona
Department of Education
Office of Diane M. Douglas
Superintendent of Public Instruction

August 6, 2018

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

Dear Senator Kavanagh,

The purpose of this letter is to fulfill statutory requirements pursuant to Senate Bill 1525 (Laws 2016, Chapter 4, Section 6). The Department of Education (Department) is required to submit a quarterly report to the Joint Legislative Budget Committee (JLBC) to evaluate Joint Technical Education (JTED) programs progress, the approval or rejection of current eligible JTED programs and JTED courses. Additionally, the Department shall submit a copy of this report to the JLBC for review. Attached is the JTED Quarterly Report for April 1 to June 30, 2018.

Please do not hesitate to contact my office with any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles Tack".

Charles Tack
Associate Superintendent, Policy Development and Government Relations
Arizona Department of Education



STATE OF ARIZONA

Joint Legislative Budget Committee

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VINCE LEACH
MICHELLE UGENTI-RITA
VACANT

DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Josh Hope, Fiscal Analyst *JH*

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 the Edward Byrne Memorial Justice Assistance Grant (JAG) that is administered by the United States Department of Justice, Bureau of Justice Assistance. The federal government and state statute require ACJC to submit its application 30 days prior to federal submission to the Legislature. The federal government, however, gave ACJC 33 days to complete its application and ACJC has already submitted the application to the federal government.

Committee Options

The Committee has at least the following 3 options:

1. A favorable review of the request.
2. An unfavorable review of the request.
3. No action since the request has already been submitted to the federal government.

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

- A. ACJC shall submit a preliminary proposal by May 15, 2019 if the federal guidelines have not yet been received for 2019.

(Continued)

Key Points

- 1) Arizona receives \$3.6 M in federal "Byrne" Justice Assistance Grants.
- 2) The federal government now requires legislative review of the state's grant application.
- 3) A total of \$3.2 M (90%) will be distributed to counties and state agencies; the other 10% will be retained by ACJC for administration costs.
- 4) Due to federal timing delays, ACJC has already submitted its application.

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.

ACJC is Arizona's designated State Administering Agency for the JAG program. As part of the application process, the federal Bureau of Justice Administration just started to require 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. The FY 2019 Criminal Justice Budget Reconciliation Bill (Laws 2018, Chapter 278) tasked the JLBC with reviewing the application.

The application has already been submitted to the federal government. The federal government announced the FFY 2018 State Solicitation for JAG on July 20, 2018 with a submission deadline of August 22, 2018. ACJC said that due to the short application window, there was not sufficient time for Committee review prior to the submission of the application.

Table 1 shows the estimated budget for the FFY 2018 JAG award. The monies can be expended through September 30, 2021. The proposed splits of funds are based on the actuals from the FFY 2017 JAG award. (See the FFY 2017 JAG Award section for more information).

Table 1	
Proposed FFY 2018 JAG Spending	
<u>Projects</u>	
Apprehension/Prosecution	\$2,775,700
Forensic Support/Adjudication/Corrections	308,400
IT Infrastructure Set-aside	162,300
Subtotal for Projects	\$3,246,400
Administration (10%)	360,700
Total Projects and Administration	\$3,607,100

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.

(Continued)

DGVCC Grant monies are awarded for programs and projects that align with the 2016-2019 Arizona Drug, Gang and Violent Crime Control Strategy.

A total of 85% of JAG monies will be used for grants, roughly 5% is for information technology (IT) infrastructure, and 10% is for ACJC administration. The \$3.6 million in grant monies must be expended by September 30, 2021. There is no breakout by recipient because the grant will be disbursed based on applications received.

For the IT infrastructure component, ACJC proposes to set aside \$162,300 for local law enforcement agencies to upgrade systems that support the National Incident-Based Reporting System (NIBRS) administered by the Arizona Department of Public Safety. NIBRS is an incident-based reporting system used by law enforcement agencies for collecting and reporting data on crimes. JAG funding will help facilitate the transmission of NIBRS data to the National Data Exchange (N-DEx), which is an unclassified national information sharing system that enables criminal justice agencies to search, link, analyze, and share local, state, tribal, and federal records.

ACJC proposes using the final 10% (\$360,700) of the amount awarded as administrative funds to oversee the JAG Program. These monies would be used, in part, to fund 3.35 FTE Positions.

FFY 2017 JAG Award

The FFY 2017 Byrne JAG award was \$3,519,600. Of the \$3,519,600, \$2,997,400 (85%) is allocated to drug control projects, \$158,400 (5%) is allocated for information technology infrastructure, and \$352,000 (10%) is allocated for administrative expenses.

Table 2 shows the awards made by purpose area and recipient. Project totals are broken out by funding source: federal FY 2017 Byrne JAG, state FY 2019 Drug and Gang Enforcement Fund, and local match monies.

Table 2

Drug, Gang, & Violent Crime Control Grant Approved Awards

<u>Award Recipient Agency</u>	<u>Total Proposed Project</u>	<u>FFY 17 Federal Byrne JAG</u>	<u>SFY 19 State Drug & Gang Enforcement Fund</u>	<u>Recipient Match Funds</u>
<u>Apprehension</u>				
Apache County SO	\$ 216,300	\$ 75,700	\$ 86,500	\$ 54,100
Cochise County SO	120,200	42,100	48,100	30,000
Flagstaff PD	269,300	94,300	107,700	67,300
Gila County SO	302,300	105,800	120,900	75,600
Greenlee County SO	30,400	10,600	12,200	7,600
Kingman PD	315,400	110,400	126,200	78,900
La Paz County SO	67,100	23,500	26,800	16,800
Navajo County SO	225,000	78,800	90,000	56,300
Pinal County SO	138,600	48,500	55,500	34,700
Santa Cruz County SO	153,000	53,500	61,200	38,200
Tucson PD	661,900	231,700	264,800	165,500
Yavapai County SO	371,500	130,000	148,600	92,900
Yuma County SO	226,800	79,400	90,700	56,700
Subtotal	\$ 3,097,800	\$ 1,084,300	\$ 1,239,200	\$ 774,600
<u>Prosecution</u>				
AG's Office - Medicaid Fraud	\$ 98,800	\$ -	\$ 98,800	\$ -
Apache County Attorney	83,100	29,100	33,200	20,800
Cochise County Attorney	145,700	51,000	58,300	36,400
Coconino County Attorney	125,400	43,900	50,200	31,400
Gila County Attorney	59,500	20,800	23,800	14,900
Graham County Attorney	50,000	17,500	20,000	12,500
Greenlee County Attorney	34,100	11,900	13,700	8,500
La Paz County Attorney	66,500	23,300	26,600	16,600
Maricopa County Attorney	1,021,100	659,400	106,400	255,300
Mohave County Attorney	143,900	50,400	57,600	36,000
Navajo County Attorney	106,200	37,200	42,500	26,600
Pima County Attorney	396,600	138,800	158,600	99,200
Pinal County Attorney	169,600	59,400	67,800	42,400
Santa Cruz County Attorney	46,600	16,300	18,700	11,700
Tucson City Attorney	256,400	89,700	102,600	64,100
Yavapai County Attorney	117,800	41,200	47,100	29,400
Yuma County Attorney	247,100	86,500	98,800	61,800
Subtotal	\$ 3,168,400	\$ 1,376,400	\$ 1,024,700	\$ 767,600
<u>Prosecution - Forfeitures</u>				
Attorney General's Office	\$ 620,200	\$ 217,100	\$ 248,100	\$ 155,000
Subtotal	\$ 620,200	\$ 217,100	\$ 248,100	\$ 155,000
<u>Forensic Support</u>				
Department of Public Safety	\$ 355,500	\$ 266,600	\$ -	\$ 88,900
Tucson PD - Forensics	51,300	18,000	20,500	12,800
Subtotal	\$ 406,800	\$ 284,600	\$ 20,500	\$ 101,700
<u>Drug Adjudication/Corrections</u>				
Administrative Office of the Courts	\$ 1,269,100	\$ -	\$ 951,800	\$ 317,300
Department of Corrections	100,000	35,000	40,000	25,000
Subtotal	1,369,100	35,000	991,800	342,300
TOTAL	\$ 8,662,300	\$ 2,997,400	\$ 3,524,300	\$ 2,141,200



Arizona Criminal Justice Commission



September 6, 2018

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Yavapai County Attorney

Vice-Chairperson
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Safford Police Department

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Administrative Office of the Courts

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Maricopa County Attorney

MARK NAPIER
Pima County Sheriff

PAUL PENZONE
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Agency of Corrections

DAVID SANDERS
Pima County Chief Probation Officer

DANIEL SHARP, Chief
Oro Valley Police Department

STEVE STAHL
Law Enforcement Leader

STEVE WILLIAMS
Navajo County Supervisor

C.T. WRIGHT, Chairperson
Board of Executive Clemency

Executive Director
Andrew T. LeFevre

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

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

Dear Senator Kavanagh:

Pursuant to Laws 2018, Chapter 278, Section 5, the Arizona Criminal Justice Commission (ACJC) is submitting the 2018 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 U.S.C. § 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 amount of the federal fiscal year (FFY) 2018 grant is \$3,607,168. The following table summarizes the budget plan in the FFY 2018 Byrne JAG application.

Summary of 2018 Byrne JAG Budget Plan	
Federal FY 2018 Grant Award	\$3,607,168
Proposed Expenditure Plan:	
Drug Control Projects ^{1/}	\$3,084,129
NIBRS Projects ^{2/}	\$162,322
Administration Expense Allotment ^{3/}	\$360,717
Total: Projects and Administration	\$3,607,168
1/ These funds will <u>be used</u> as part of the state FY 2020 Drug Control Grant. 2/ The FFY 2018 Byrne grant requires at least a 3% set-aside to <u>be used</u> toward National Incident-Based Reporting System compliance. 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 critical activity supported by the Byrne JAG grant from the most recent EDGE report (FY 2017).

- 35 criminal justice projects funded
- 4,688 Drug-related arrests by funded task-forces
- Over \$90 million in illicit drugs seized by funded task-forces
- 476 weapons seized by funded task-forces
- 28,834 drug prosecutions reported by prosecution projects
- 21,900 drug convictions reported by prosecution projects
- 17,924 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



BJA FY 18 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - State Solicitation 2018-H4136-AZ-DJ


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Application Handbook

Overview

[Overview](#)

This handbook allows you to complete the application process for applying to the BJA FY 18 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - State Solicitation. At the end of the application process you will have the opportunity to view and print the SF-424 form.

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*Type of Submission	<input type="radio"/> Application Construction <input type="radio"/> Preapplication Construction <input checked="" type="radio"/> Application Non-Construction <input type="radio"/> Preapplication Non-Construction
*Type of Application	New ▼ If Revision, select appropriate option Type of Revision ▼ If Other, specify <input type="text"/>
*Is application subject to review by state executive order 12372 process?	<input checked="" type="radio"/> Yes This preapplication/application was made available to the state executive order 12372 process for review on August ▼ 03 ▼ 2018 ▼ <input type="radio"/> No Program is not covered by E.O. 12372 <input type="radio"/> N/A Program has not been selected by state for review

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BJA FY 18 Edward Byrne Memorial Justice Assistance Grant
(JAG) Program - State Solicitation 2018-H4136-AZ-DJ[Application](#)[Correspondence](#)Application: [Switch to ...](#) ▼**Application Handbook****Applicant Information**[Overview](#)

Verify that the following information filled is correct and fill out any missing information. To save changes, click on the "Save and Continue" button.

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* - Indicates required field

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*Is the applicant delinquent on any federal debt? (If Yes is selected, please upload an explanation)	<input type="radio"/> Yes <input checked="" type="radio"/> No
*Employer Identification Number (EIN)	86 - 6003791
*Type of Applicant	State ▼
Type of Applicant (Other):	
*Organizational Unit	Arizona Criminal Justice Con
*Legal Name (Legal Jurisdiction Name)	Arizona Criminal Justice Con
*Vendor Address 1	1110 W. Washington
Vendor Address 2	Suite 230
*Vendor City	Phoenix
Vendor County/Parish	
*Vendor State	Arizona ▼
*Vendor ZIP	85007 -2935 Zip+4 Lookup
Please provide Point of Contact Information for matters involving this application	
*Contact Prefix:	Mr. ▼
Contact Prefix (Other):	
*Contact First Name:	Tony
Contact Middle Initial:	
*Contact Last Name:	Vidale
Contact Suffix:	Select a Suffix ▼
Contact Suffix (Other):	

*Contact Title:	Program Manager		
*Contact Address Line 1:	1110 W. Washington		
Contact Address Line 2:	Suite 230		
*Contact City	Phoenix		
Contact County:			
*Contact State:	Arizona ▼		
*Contact Zip Code:	85007	- 2935	Zip+4 Lookup
*Contact Phone Number:	602	364	1146 Ext:
Contact Fax Number:	602	364	1175
*Contact E-mail Address:	dcadmin@azcjc.gov		Email Help

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BJA FY 18 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - State Solicitation 2018-H4136-AZ-DJ

[Application](#)[Correspondence](#)Application: [Switch to ...](#)**Application Handbook****Project Information**[Overview](#)[Applicant
Information](#)[Project Information](#)[Budget and
Program
Attachments](#)[Assurances and
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Asked Questions](#)[GMS Home](#)[Log Off](#)***Descriptive Title of Applicant's Project**

Arizona Drug, Gang, and Violent Crime Control Program

***Areas Affected by Project**

Cities, Counties, and the State of Arizona

Proposed Project***Start Date**

October

01

2018

***End Date**

September

30

2022

***Congressional Districts of**

Project

Congressional District 01, AZ
 Congressional District 02, AZ
 Congressional District 03, AZ
 Congressional District 04, AZ

***Estimated Funding**

Federal	\$ 3607168	.00
Applicant	\$ 0	.00
State	\$ 0	.00
Local	\$ 0	.00
Other	\$ 0	.00
Program Income	\$ 0	.00
TOTAL	\$ 3607168	.00

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BJA FY 18 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - State Solicitation 2018-H4136-AZ-DJ

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Application Handbook This page allows you to upload the Budget Detail Worksheet, Financial Management and System of Internal Controls Questionnaire (FCQ) form, Program Narrative, and other Program attachments. Click the attach button to continue.

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FCQ Attachment

In accordance with the Part 200 Uniform Requirements as set out at 2 C.F.R. 200.205, Federal agencies must have in place a framework for evaluating the risks posed by applicants before they receive a Federal award. To facilitate part of this risk evaluation, all applicants are to download, complete, and submit the Financial Management and System of Internal Controls Questionnaire.

For your convenience your most recently submitted FCQ Form is attached below. Please review it for accuracy. If you need to make changes, please submit an updated [FCQ form](#), that will replace your most recently submitted FCQ Form.

Most Recently Submitted FCQ form	Update FCQ
--	----------------------------

Budget and other Program Attachments

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Attachment 2 - Program Narrative 2018.pdf	Delete
Attachment 3- Budget Detail Worksheet 2018.pdf	Delete
Attachment 4 - Budget Narrative 2018.pdf	Delete
Attachment 5 - Disclosure of High Risk Status 2018.pdf	Delete
Attachment 6 - Review Narrative 2018.pdf	Delete
Attachment 7 - AZ Drug Gang and Violent Crime Control Strategy 2016-2019.pdf	Delete
Attachment 8 - Disclosure of Pending Applications 2018.pdf	Delete
Attachment 9 - SAI Letter #JCA-19-001.pdf	Delete
Attachment 11 - Chief Legal Officer Cert.pdf	Delete
Attachment 12 - Financial Mgmt and Internal Controls.pdf	Delete
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BJA FY 18 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - State Solicitation 2018-H4136-AZ-DJ

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- You need to sign your application by checking the box below.

[Applicant Information](#)

To the best of my knowledge and belief, all data in this application/preapplication is true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is awarded.

[Project Information](#)[Budget and Program Attachments](#)[Assurances and Certifications](#)

Your typed name, in lieu of your signature represents your legal binding acceptance of the terms of this application and your statement of the veracity of the representations made in this application. The document has been duly authorized by the governing body of the applicant and the applicant will comply with the following:

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- [Assurances](#)
- [Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace requirements.](#)

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If you are an applicant for any Violence Against Women grants, this includes the Certification of Compliance with the Statutory Eligibility Requirements of the Violence Against Women Act.

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* - Indicates required field

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*Prefix:	<input type="text" value="Mr."/>
Prefix (Other):	<input type="text"/>
*First Name:	<input type="text" value="Andrew"/>
Middle Initial:	<input type="text" value="T"/>
*Last Name:	<input type="text" value="Lefevre"/>
Suffix	<input type="text" value="Suffix:"/>
Suffix (Other):	<input type="text"/>
*Title:	<input type="text" value="Executive Director"/>
*Address Line 1:	<input type="text" value="1110 W. Washington"/>
Address Line 2:	<input type="text" value="Suite 230"/>
*City:	<input type="text" value="Phoenix"/>
County:	<input type="text"/>
*State:	<input type="text" value="Arizona"/>
*Zip Code:	<input type="text" value="85007"/> - <input type="text" value="2935"/> Zip+4 Lookup
*Phone:	<input type="text" value="602"/> - <input type="text" value="364"/> - <input type="text" value="1146"/> Ext : <input type="text"/>
Fax:	<input type="text"/>

	602	- 364	- 1175
*E-mail:	alefevre@azcjc.gov		Email Help
<p>* <input checked="" type="checkbox"/> I have examined the information provided here regarding the signing authority and certify it is accurate. I am the signing authority, or have been delegated or designated formally as the signing authority by the appropriate authority of official, to provide the information requested throughout this application system on behalf of this jurisdiction. Information regarding the signing authority, or the delegation of such authority, has been placed in a file and is available on-site for immediate review.</p>			

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**BJA FY 18 Edward Byrne Memorial Justice Assistance Grant
(JAG) Program - State Solicitation** 2018-H4136-AZ-DJ

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APPLICATION FOR FEDERAL ASSISTANCE		2. DATE SUBMITTED	Applicant Identifier
1. TYPE OF SUBMISSION Application Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION			
Legal Name Arizona Criminal Justice Commission		Organizational Unit Arizona Criminal Justice Commission	
Address 1110 W. Washington Suite 230 Phoenix, Arizona 85007-2935		Name and telephone number of the person to be contacted on matters involving this application Vidale, Tony (602) 364-1146	
6. EMPLOYER IDENTIFICATION NUMBER (EIN) 86-6003791		7. TYPE OF APPLICANT State	
8. TYPE OF APPLICATION New		9. NAME OF FEDERAL AGENCY Bureau of Justice Assistance	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 16.738 CFDA Edward Byrne Memorial Justice Assistance TITLE: Grant Program		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT Arizona Drug, Gang, and Violent Crime Control Program	
12. AREAS AFFECTED BY PROJECT Cities, Counties, and the State of Arizona			
13. PROPOSED PROJECT Start Date: October 01, 2018 End Date: September 30, 2022		14. CONGRESSIONAL DISTRICTS OF a. Applicant b. Project AZ03 AZ04 AZ05 AZ06 AZ07 AZ01 AZ08 AZAL AZ00 AZ09 AZ02	
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
Federal	\$3,607,168	This preapplication/application was made available to the state executive order 12372 process for review on 08/03/2018	
Applicant	\$0		
State	\$0		
Local	\$0		
Other	\$0		
Program Income	\$0	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
TOTAL	\$3,607,168	N	

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS REQUIRED.

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BJA FY 18 Edward Byrne Memorial Justice Assistance Grant
(JAG) Program - State Solicitation 2018-H4136-AZ-DJ

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Status	Requirement
Complete	Overview
Complete	Applicant Information
Complete	Project Information
Complete	Budget and Program Attachments
Complete	Certified to the Assurances and Certifications Regarding Lobbying, Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace
Incomplete	<input type="button" value="Submit Application"/>

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OMB APPROVAL NUMBER
1121-0140

EXPIRES 05/31/2019

U.S. DEPARTMENT OF JUSTICE

CERTIFIED STANDARD ASSURANCES

On behalf of the Applicant, and in support of this application for a grant or cooperative agreement, I certify under penalty of perjury to the U.S. Department of Justice ("Department"), that all of the following are true and correct:

(1) I have the authority to make the following representations on behalf of myself and the Applicant. I understand that these representations will be relied upon as material in any Department decision to make an award to the Applicant based on its application.

(2) I certify that the Applicant has the legal authority to apply for the federal assistance sought by the application, and that it has the institutional, managerial, and financial capability (including funds sufficient to pay any required non-federal share of project costs) to plan, manage, and complete the project described in the application properly.

(3) I assure that, throughout the period of performance for the award (if any) made by the Department based on the application--

- a. the Applicant will comply with all award requirements and all federal statutes and regulations applicable to the award;
- b. the Applicant will require all subrecipients to comply with all applicable award requirements and all applicable federal statutes and regulations; and
- c. the Applicant will maintain safeguards to address and prevent any organizational conflict of interest, and also to prohibit employees from using their positions in any manner that poses, or appears to pose, a personal or financial conflict of interest.

(4) The Applicant understands that the federal statutes and regulations applicable to the award (if any) made by the Department based on the application specifically include statutes and regulations pertaining to civil rights and nondiscrimination, and, in addition--

- a. the Applicant understands that the applicable statutes pertaining to civil rights will include section 601 of the Civil Rights Act of 1964 (42 U.S.C. § 2000d); section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794); section 901 of the Education Amendments of 1972 (20 U.S.C. § 1681); and section 303 of the Age Discrimination Act of 1975 (42 U.S.C. § 6102);
- b. the Applicant understands that the applicable statutes pertaining to nondiscrimination may include section 809(c) of Title I of the Omnibus Crime Control and Safe Streets Act of 1968 (34 U.S.C. § 10228(c)); section 1407(e) of the Victims of Crime Act of 1984 (34 U.S.C. § 20110(e)); section 299A(b) of the Juvenile Justice and Delinquency Prevention Act of 2002 (34 U.S.C. § 11182(b)); and that the grant condition set out at section 40002(b)(13) of the Violence Against Women Act (34 U.S.C. § 12291(b)(13)), which will apply to all awards made by the Office on Violence Against Women, also may apply to an award made otherwise;
- c. the Applicant understands that it must require any subrecipient to comply with all such applicable statutes (and associated regulations); and
- d. on behalf of the Applicant, I make the specific assurances set out in 28 C.F.R. §§ 42.105 and 42.204.

(5) The Applicant also understands that (in addition to any applicable program-specific regulations and to applicable federal regulations that pertain to civil rights and nondiscrimination) the federal regulations applicable to the award (if any) made by the Department based on the application may include, but are not limited to, 28 C.F.R. Part 2800 (the DOJ "Part 200 Uniform Requirements") and 28 C.F.R. Parts 22 (confidentiality - research

and statistical information), 23 (criminal intelligence systems), 38 (regarding faith-based or religious organizations participating in federal financial assistance programs), and 46 (human subjects protection).

(6) I assure that the Applicant will assist the Department as necessary (and will require subrecipients and contractors to assist as necessary) with the Department's compliance with section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. § 306108), the Archeological and Historical Preservation Act of 1974 (54 U.S.C. §§ 312501-312508), and the National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321-4335), and 28 C.F.R. Parts 61 (NEPA) and 63 (floodplains and wetlands).

(7) I assure that the Applicant will give the Department and the Government Accountability Office, through any authorized representative, access to, and opportunity to examine, all paper or electronic records related to the award (if any) made by the Department based on the application.

(8) I assure that, if the Applicant is a governmental entity, with respect to the award (if any) made by the Department based on the application--

- a. it will comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655), which govern the treatment of persons displaced as a result of federal and federally-assisted programs; and
- b. it will comply with requirements of 5 U.S.C. §§ 1501-1508 and 7324-7328, which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by federal assistance.

(9) If the Applicant applies for and receives an award from the Office of Community Oriented Policing Services (COPS Office), I assure that as required by 34 U.S.C. § 10382(c)(11), it will, to the extent practicable and consistent with applicable law—including, but not limited to, the Indian Self-Determination and Education Assistance Act—seek, recruit, and hire qualified members of racial and ethnic minority groups and qualified women in order to further effective law enforcement by increasing their ranks within the sworn positions, as provided under 34 U.S.C. § 10382(c)(11).

I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification, or in the application that it supports, may be the subject of criminal prosecution (including under 18 U.S.C. §§ 1001 and/or 1621, and/or 34 U.S.C. §§ 10271-10273), and also may subject me and the Applicant to civil penalties and administrative remedies for false claims or otherwise (including under 31 U.S.C. §§ 3729-3730 and 3801-3812). I also acknowledge that the Department's awards, including certifications provided in connection with such awards, are subject to review by the Department, including by its Office of the Inspector General.

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U.S. DEPARTMENT OF JUSTICE

CERTIFICATIONS REGARDING LOBBYING; DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG-FREE WORKPLACE REQUIREMENTS

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Applicants should also review the instructions for certification included in the regulations before completing this form. The certifications shall be treated as a material representation of fact upon which reliance will be placed when the U.S. Department of Justice ("Department") determines to award the covered transaction, grant, or cooperative agreement.

1. LOBBYING

As required by 31 U.S.C. § 1352, as implemented by 28 C.F.R. Part 69, the Applicant certifies and assures (to the extent applicable) the following:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;

(b) If the Applicant's request for Federal funds is in excess of \$100,000, and any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal grant or cooperative agreement, the Applicant shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities" in accordance with its (and any DOJ awarding agency's) instructions; and

(c) The Applicant shall require that the language of this certification be included in the award documents for all subgrants and procurement contracts (and their subcontracts) funded with Federal award funds and shall ensure that any certifications or lobbying disclosures required of recipients of such subgrants and procurement contracts (or their subcontractors) are made and filed in accordance with 31 U.S.C. § 1352.

2. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

A. Pursuant to Department regulations on nonprocurement debarment and suspension implemented at 2 C.F.R. Part 2867, and to other related requirements, the Applicant certifies, with respect to prospective participants in a primary tier "covered transaction", as defined at 2 C.F.R. § 2867.20(a), that neither it nor any of its principals--

(a) is presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) has within a three-year period preceding this application been convicted of a felony criminal violation under any Federal law, or been convicted or had a civil judgment rendered against it for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, tribal, or local) transaction or private agreement or transaction;

(c) is presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, tribal, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and/or

(d) has within a three-year period preceding this application had one or more public transactions (Federal, State, tribal, or local) terminated for cause or default.

B. Where the Applicant is unable to certify to any of the statements in this certification, it shall attach an explanation to this application. Where the Applicant or any of its principals was convicted, within a three-year period preceding this application, of a felony criminal violation under any Federal law, the Applicant also must disclose such felony criminal conviction in writing to the Department (for OJP Applicants, to OJP at Ojpcompliance@usdoj.gov; for OVW Applicants, to OVW at OVW.GFMD@usdoj.gov; or for COPS Applicants, to COPS at AskCOPSRC@usdoj.gov), unless such disclosure has already been made.

3. FEDERAL TAXES

A. If the Applicant is a corporation, it certifies either that (1) the corporation has no unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, or (2) the corporation has provided written notice of such an unpaid tax liability (or liabilities) to the Department (for OJP Applicants, to OJP at Ojpcompliancereporting@usdoj.gov; for OVW Applicants, to OVW at OVW.GFMD@usdoj.gov; or for COPS Applicants, to COPS at AskCOPSRC@usdoj.gov).

B. Where the Applicant is unable to certify to any of the statements in this certification, it shall attach an explanation to this application.

4. DRUG-FREE WORKPLACE (GRANTEES OTHER THAN INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988, as implemented at 28 C.F.R. Part 83, Subpart F, for grantees, as defined at 28 C.F.R. §§ 83.620 and 83.650:

A. The Applicant certifies and assures that it will, or will continue to, provide a drug-free workplace by--

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in its workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an on-going drug-free awareness program to inform employees about--

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the award, the employee will--

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of the employee's conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the Department, in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title of any such convicted employee to the Department, as follows:

For COPS award recipients - COPS Office, 145 N Street, NE, Washington, DC, 20530;

For OJP and OVW award recipients - U.S. Department of Justice, Office of Justice Programs, ATTN: Control Desk, 810 7th Street, N.W., Washington, D.C. 20531.

Notice shall include the identification number(s) of each affected award;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

5. COORDINATION REQUIRED UNDER PUBLIC SAFETY AND COMMUNITY POLICING PROGRAMS

As required by the Public Safety Partnership and Community Policing Act of 1994, at 34 U.S.C. § 10382(c)(5), if this application is for a COPS award, the Applicant certifies that there has been appropriate coordination with all agencies that may be affected by its award. Affected agencies may include, among others, Offices of the United States Attorneys; State, local, or tribal prosecutors; or correctional agencies.

I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification, or in the application that it supports, may be the subject of criminal prosecution (including under 18 U.S.C. §§ 1001 and/or 1621, and/or 34 U.S.C. §§ 10271-10273), and also may subject me and the Applicant to civil penalties and administrative remedies for false claims or otherwise (including under 31 U.S.C. §§ 3729-3730 and 3801-3812). I also acknowledge that the Department's awards, including certifications provided in connection with such awards, are subject to review by the Department, including by its Office of the Inspector General.



BJA FY 18 Edward Byrne Memorial Justice Assistance Grant
(JAG) Program - State Solicitation 2018-H4136-AZ-DJ



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Your application for the BJA FY 18 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - State Solicitation has been successfully submitted. You will no longer be able to edit any information submitted. However, you can log in any time to view the application information.

You will be contacted by the Program Office when your application is processed or any other action is required by you.

Abstract

The Arizona Criminal Justice Commission is a statutorily authorized entity mandated to carry out various coordinating, monitoring, and reporting functions regarding the administration and management of criminal justice programs in Arizona.

The Commission, as the state-administering agency for the Byrne/JAG program, distributes these funds via competitive grants to state, tribal, county, and local government agencies to support the Drug, Gang, and Violent Crime Control (DGVCC) program. The *2016-2019 Drug, Gang, and Violent Crime Control State Strategy* is the Commission's primary decision-making tool for the allocation of funds and to guide project activity for the DGVCC program.

The goals of the project in accordance with the Strategy are to curtail the flow of illicit drugs, drug proceeds and instruments used to perpetuate violence across Arizona, and reduce violent crime and illicit drug use, and deter repeat offenders in Arizona. In response to drug, gang, and violent crime in Arizona, the following seven purpose areas have been identified as potential funding areas for the 2016-2019 time period:

- Apprehension
- Prosecution
- Forensic Support Services
- Adjudication and Sentencing
- Corrections and Community Corrections
- Substance Abuse Treatment for Corrections-Involved Individuals
- Prevention and Education

In addition to the seven purpose areas, a listing of strategic principles has been developed based on a thorough analysis of the strengths, weaknesses, opportunities and challenges of the DGVCC program. Both the seven purpose areas and strategic principles serve as the Commission's criteria for establishing funding priorities.

The top ten project identifiers associated with proposed project activities include the following: Task Forces, Prosecution, Asset Forfeiture, Forensic Science, Adjudication, Gangs, Drugs, Fraud, Drug Courts, and Policing.

Program Narrative

Statewide Strategic Plan:

The Arizona Criminal Justice Commission (ACJC) is the designated State Administering Agency (SAA) responsible for the coordinating, monitoring and reporting functions associated with the administration and management of criminal justice programs in the State of Arizona.

To make the best possible use of funds, ACJC developed a strategic plan to establish funding priorities. The first plan, the Arizona Drug Control Strategy, was developed in 1987 with extensive input from local, state, and federal agencies. Meetings were held in various parts of the state with members of the criminal justice system, related professional associations, and the general public. Information was provided in the following three areas: (1) drug control problems; (2) current resources devoted, and (3) resource needs.

Through the years, the Drug Control Strategy was updated, refined, and expanded to include gang and violent crime. The plan has followed an orderly progression with annual updates, culminating in an enhanced statewide drug, gang, and violent crime control strategy. The first multi-year strategy was written in 2000 and continued for three years, followed by four-year strategies developed in 2004, 2008, 2012 and most recently in 2016. The *2016-2019 Drug, Gang, and Violent Crime Control State Strategy* was approved by the Commission on January 21, 2016, and serves as the Commission's primary decision-making tool for the allocation of funds and to guide project activity for the Drug, Gang, and Violent Crime Control (DGVCC) program.

The 2016-2019 State Strategy was developed by utilizing data and analysis from the FBI's Uniform Crime Reports, Arizona Gang Threat Assessment, Arizona Department of Public Safety Crime in Arizona Report, National Survey on Drug Use and Health, ACJC Arizona Youth Survey, Arizona Health Status and Vital Statistics Report, grant-related performance measurement data, and reports prepared by the Arizona Department of Corrections and the Arizona Department of Juvenile Corrections. A public hearing was held in October of 2015 in Phoenix to gather stakeholder input on the effectiveness of the current program areas and to identify areas for inclusion in the 2016-2019 Strategy. Also, a video of the public hearing was posted on the ACJC website to allow public input for those that could not attend the meeting.

As detailed in the 2016-2019 Strategy, the DGVCC program seeks to curtail the flow of illicit drugs, drug proceeds and instruments used to perpetuate violence across Arizona, reduce violent crime and illicit drug use, and deter repeat offenders in Arizona. In response to drug, gang, and violent crime in Arizona, the following seven purpose areas have been identified as potential funding areas for the 2016-2019 period:

Tier 1

- Apprehension
- Prosecution

Tier 2

- Forensic Support Services
- Adjudication and Sentencing
- Corrections and Community Corrections

Tier 3

- Substance Abuse Treatment for Corrections-Involved Individuals

- Prevention and Education.

In addition to the seven purpose areas, a listing of strategic principles has been developed based on a thorough analysis of the strengths, weaknesses, opportunities and challenges of the DGVCC program. The seven purpose areas and strategic principles serve as the Commission's instruments for establishing funding priorities. Each grant year, the Commission establishes priorities based on statewide needs and the funding environment.

Strategic Plan Purpose Area Descriptions:

The *2016-2019 Drug, Gang, and Violent Crime Control State Strategy* establishes seven purpose areas based on public comment, stakeholder input, identified gaps in state resources, and an analysis of drug, gang, and violent crime data pertinent to Arizona. These established purpose areas are as follows:

Apprehension: Serving as the entry point into the criminal justice system and having a primary role in maintaining public order and enforcing the law, law enforcement efforts play a critical role in contributing to the achievement of the goals of the *Strategy*. Key elements of focus include disrupting and dismantling trafficking and associated criminal networks, and interdicting drugs, proceeds, and weapons.

The apprehension purpose area may include, but is not limited to, efforts promoting enhanced information sharing and intelligence exchange, approaches to address locally distinct drug, gang, and violent crime-related challenges, and proactive policing strategies to address drug, gang, and violent crime such as multi-agency, multi-jurisdictional task forces. Over the years, the DGVCC program has provided consistent support to multi-agency, multi-jurisdictional drug, gang, and violent crime task forces and has regarded task forces and their tandem prosecution projects as the centerpiece of program efforts.

Prosecution: With the duty of seeking justice and protecting the public safety and welfare of the community, prosecutorial efforts have a critical function in cases pertaining to drug, gang, and violent crime move through the criminal justice system, from investigation to charging decisions and sentencing. Prosecutorial efforts are an important contributor to achieving the goals of the *Strategy*, with a primary role of holding offenders properly accountable.

The prosecution purpose area may include, but is not limited to, prosecutorial efforts in tandem with multi-agency, multi-jurisdictional drug, gang, and violent crime task forces, efforts to deny criminals currency, property and drugs such as statewide civil forfeiture efforts, and other effective prosecution strategies to address drug, gang, and violent crime. Historically, prosecution efforts in tandem with multi-agency, multi-jurisdictional task forces have been a primary focus for moving forward the goals of the DGVCC program.

Forensic Support Services: Forensic support services directed toward detecting crime and identifying criminals are fundamental to supporting law enforcement and prosecution agencies in addressing drug, gang, and violent crime. Providing expedient, reliable, accurate and unbiased forensic support services promotes efficient case processing and enhances the operation of law enforcement and prosecution functions in the state, contributing to the advancement of the goals of the *Strategy*. The Commission has provided continuous support to

the forensic support services purpose area over the years, as forensic support projects have provided significant utility to apprehension and prosecution efforts.

The forensic support services purpose area includes activities such as evidence examination and analysis, development of investigative leads, training, providing expert courtroom testimony and other forensic support services as they pertain to drug, gang, and violent crime-related cases.

Adjudication and Sentencing: When stability and workload balance are characteristic of adjudication and sentencing processes for drug, gang, and violent crime cases, there is greater system efficiency, offenders are held appropriately accountable and offenders often receive services to deter repeated offenses. Efficient, effective adjudication processes contribute to moving forward the goals of the *Strategy*. Traditionally, the Commission has regarded the adjudication and sentencing purpose areas as fulfilling a critical support role to apprehension and prosecution efforts and thus has provided consistent support to adjudication and sentencing projects.

The adjudication and sentencing purpose area may encompass a range of activities associated with court processes. Such activities include, but are not limited to, pre-trial services, improved criminal court case processing, supporting specialty courts and public defender services.

Corrections and Community Corrections: Corrections and community corrections are critical elements to assuring public safety and offender accountability in addition to providing opportunities to deter repeated offenses. Corrections and community corrections can be a pathway for impacting drug, gang, and violent crime and moving forward the goals of the *Strategy*.

This purpose area includes projects responding to the needs of prison and jail facilities and corrections practitioners to providing secure care for offenders of drug, gang, and violent crime. Projects could include, but are not limited to, safety and security improvements, inmate programming, corrections equipment and technology, and contraband control and detection. For community corrections, projects may include, but are not limited to, pre-release planning, coordinated reentry services, and supporting probation and parole services for offenders of drug, gang, and violent crime.

Substance Abuse Treatment for Corrections-Involved Individuals: Providing substance abuse treatment for corrections-involved individuals can reduce the likelihood of reoffending; consequently improving public safety and reducing the burden on the criminal justice system. Providing treatment and early intervention to youth involved in the juvenile justice system can prevent adjudicated youth from returning or entering the adult criminal justice system. Supporting such efforts contributes to moving forward the goals of the *Strategy*.

This purpose area includes, but is not limited to, providing residential substance abuse treatment for inmates, preparing offenders for reentry into the community, and supporting community-based treatment and other broad-based aftercare services upon release.

Prevention and Education: Effective prevention and education efforts designed to prevent and/or reduce drug, gang, and violent crime are cost-effective and result in increased public safety. A proactive approach that addresses drug, gang, and violent crime before its inception create an opportunity to thwart negative consequences related to safety, health, and academic

achievement. Prevention and education efforts are an effective means for moving forward the goals of the *Strategy*.

The prevention and education purpose area encompasses evidence-based interventions and environmental prevention strategies. Efforts should involve multiple sectors of the community and focus on reducing access and opportunity, enforcing consequences and decreasing the likelihood of engaging in drug, gang, and/or violent crime by addressing risk and protective factors.

Funding Coordination Efforts:

The Drug, Gang, and Violent Crime Control program coordinates and leverages resources with other program funding sources to further Arizona's efforts to combat drug supply/demand, reduce criminal street gang and violent crime, and sustain programs that address crime problems consistent with program guidelines and the needs of the state. The funding sources for this program include:

- *Edward Byrne Memorial Justice Assistance Grant (Byrne/JAG)*. These federal funds are from the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance (BJA).
- *Drug and Gang Enforcement Account (DEA)*. These are state funds collected pursuant to A.R.S. 41-2402. The DEA receives funds from mandatory fines and surcharges from drug offenders.
- *Matching funds*. These dollars are provided by each recipient to leverage the federal and state dollars committed to the program. Matching funds build buy-in and ownership for local criminal justice initiatives and increases the overall size and effectiveness of the program.

In the past, the Arizona Criminal Justice Commission has leveraged federal Byrne/JAG and state DEA funds to cushion the blow of sharp federal cuts. These funds have ensured that the Drug, Gang, and Violent Crime Control program continues to operate at consistent funding levels.

Given the economic downturn, offenders are frequently unable to pay the fines and surcharges that fund the state DEA account, therefore, the revenue stream to fund the program has declined. Although revenue collections are still lower than levels before the downturn, they appear to be rebounding. The program, therefore, will be in a better position to rely on state DEA funds along with federal Byrne/JAG funds.

Since 1990, Arizona has been part of the Southwest Border High Intensity Drug Trafficking Area (SWB HIDTA). The Arizona counties designated as a part of the SWB HIDTA are Cochise, La Paz, Maricopa, Mohave, Navajo, Pima, Pinal, Santa Cruz, and Yuma. Several of the ACJC Commissioners serve on the HIDTA Executive Committee. This dual role provides coordination between the Drug, Gang, and Violent Crime Control program and HIDTA Initiatives, so they work in concert with each other.

In addition, the Commission and its members are active participants in the Law Enforcement Coordinating Committee (LECC), the Arizona Prosecuting Attorney's Advisory Council (APAAC), the Arizona Substance Abuse Partnership (ASAP), and other working groups, task forces and

committees. These efforts ensure that complementary goals and objectives and non-duplicative efforts are effectively instituted and followed.

Timeline of Project and Sub-grantee Award Process:

The Arizona Criminal Justice Commission's sub-grantee award process begins when a grant solicitation is simultaneously published online and transmitted to all known eligible agencies. After the application deadline passes, ACJC staff review grant applications and prepare funding recommendations for Commission consideration. At the designated ACJC Commission meeting, the Commission makes awards based on staff recommendations, the Drug Committee recommendations, and public comment. Agencies selected for funding receive grant agreements soon after the commission meeting.

Project period and activities typically commence July 1 and terminate June 30. During this period, ACJC program staff will monitor sub-grantee performance by conducting programmatic and financial reviews, in addition to reviewing financial and activity reports. Periodically, program staff will provide technical assistance to a sub-grantee by telephone or e-mail. Program staff conducts a quality assurance review of quarterly activity reports submitted by sub-grantees. Also, program staff may request assistance with data analysis from the in-house Statistical Analysis Center (SAC) staff to further assess project performance.

All interactions with the sub-grantees provide insight into their progress and allow program staff to address any areas that need assistance to guarantee that the grant-funded activities will be completed successfully.

Performance Measurement Data:

Arizona Criminal Justice Commission staff provides guidance through the competitive solicitation process to assure sub-grantees develop appropriate performance measures. Prior to funding, a thorough review of each applicant's goals, objectives, and performance measures is conducted, and feedback, including requested performance measurement changes is provided to each funded applicant. On an as needed basis, ACJC staff will provide customized training and technical assistance regarding the development of performance measures. Performance measures data is collected and reported on a quarterly basis.

The quarterly performance measurement collection and reporting process is designed to document project progress toward achieving stated objectives and is designed for periodic review with the project official. Performance measurement data is utilized for continual project evaluation and improvement.

All sub-grantees are required to adopt prescribed goals, objectives and performance measures in tracking progress and measuring project success. Sub-grantees will be required to report on a quarterly basis the accountability measures developed by BJA that are applicable to the agency's respective project. All of the measures will be reported through BJA's PMT utilizing the measures outlined in the attached handout:

<https://www.bjaperformancetools.org/help/jagdocs.html>

BUDGET DETAIL

A. **Personnel**- List each position by title and name of employee, if available. Show the annual salary rate and the percentage of time to be devoted to the project. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization.

<u>Name/Position</u>	<u>Computation</u>	<u>Cost</u>
1 Drug Program Manager	85% @ \$ 79,800.00	67,830
2 Drug Grant Coordinator	85% @ \$ 55,000.00	46,750
3 Grant Program Coordinator	40% @ \$ 47,476.00	18,990
4 Program Compliance Auditor	50% @ \$ 50,354.00	25,177
5 Records Improv. Prog Manager	50% @ \$ 79,800.00	39,900
6 Records Improv. Grant Coor	25% @ \$ 53,040.00	13,260
7		
8		
A. TOTAL		211,907

B. **Fringe Benefits** - Fringe benefits should be based on actual known costs or an established formula. Fringe benefits are for the personnel listed in budget category (A) and only for the percentage of time devoted to the project. Fringe benefits on overtime hours are limited to FICA, Workman's Compensation, and Unemployment Compensation.

<u>Name/Position</u>	<u>Computation</u>	<u>Cost</u>
1 Drug Program Manager	29.94%	20,393
Health /Dental/Life	8.60% @ \$ 67,830	5,833
FICA/Medicare	7.65% @ \$ 67,830	5,189
Retirement	11.63% @ \$ 67,830	7,889
Workers Comp	0.63% @ \$ 67,830	427
Unemployment Ins	0.10% @ \$ 67,830	65
Accum Sick Leave	0.40% @ \$ 67,830	271
Pro Rata Personnel	0.86% @ \$ 67,830	583
IT Charge	0.20% @ \$ 67,830	136
2 Drug Grant Coordinator	31.82%	21,783
Health /Dental/Life	28.47% @ \$ 43,623	12,419
FICA/Medicare	7.65% @ \$ 43,623	3,337
Retirement	11.63% @ \$ 43,623	5,073
Workers Comp	0.63% @ \$ 43,623	275
Unemployment Ins	0.10% @ \$ 43,623	43
Accum Sick Leave	0.40% @ \$ 43,623	174
Pro Rata Personnel	0.86% @ \$ 43,623	375
IT Charge	0.20% @ \$ 43,623	87
3 Grant Program Coordinator	35.94%	6,827
Health /Dental/Life	14.60% @ \$ 18,990	2,774
FICA/Medicare	7.65% @ \$ 18,990	1,453
Retirement	11.50% @ \$ 18,990	2,184
Workers Comp	0.63% @ \$ 18,990	120

Arizona Criminal Justice Commission**2018 Byrne/Justice Assistance Grant**

Unemployment Ins	0.10% @	\$	18,990	19
Accum Sick Leave	0.40% @	\$	18,990	76
Pro Rata Personnel	0.86% @	\$	18,990	163
IT Charge	0.20% @	\$	18,990	38
4 Program Compliance Auditor	54.83%		13,839	
Health /Dental/Life	33.49% @	\$	25,177	8,433
FICA/Medicare	7.65% @	\$	25,177	1,926
Retirement	11.63% @	\$	25,177	2,928
Workers Comp	0.63% @	\$	25,177	159
Unemployment Ins	0.10% @	\$	25,177	25
Accum Sick Leave	0.40% @	\$	25,177	101
Pro Rata Personnel	0.86% @	\$	25,177	217
IT Charge	0.20% @	\$	25,177	50
5 Records Improv. Prog Manager	40.91% @		17,286	
Health /Dental/Life	21.86% @	\$	39,900	8,722
FICA/Medicare	7.65% @	\$	39,900	3,052
Retirement	11.63% @	\$	39,900	4,640
Workers Comp	0.63% @	\$	39,900	251
Unemployment Ins	0.10% @	\$	39,900	38
Accum Sick Leave	0.40% @	\$	39,900	160
Pro Rata Personnel	0.86% @	\$	39,900	343
IT Charge	0.20% @	\$	39,900	80
6 Records Improv. Grant Coor	31.82%		4,237	
Health /Dental/Life	10.48% @	\$	13,260	1,390
FICA/Medicare	7.65% @	\$	13,260	1,014
Retirement	11.63% @	\$	13,260	1,542
Workers Comp	0.63% @	\$	13,260	84
Unemployment Ins	0.10% @	\$	13,260	13
Accum Sick Leave	0.40% @	\$	13,260	53
Pro Rata Personnel	0.86% @	\$	13,260	114
IT Charge	0.20% @	\$	13,260	27

B. TOTAL 84,365**TOTAL A. Personnel & B. Fringe Benefits from above****296,273**

C. **Travel** - Itemize travel expenses of project personnel by purpose (e.g., staff to training, field interviews, advisory group meeting, etc.). Show the basis of computation (e.g., two people to 3-day training at \$X airfare, \$X lodging, \$X subsistence). In training projects, travel and meals for trainees should be listed separately. Show the number of trainees and unit costs involved. Identify the location of travel, if known. Indicate source of Travel Policies applied, Applicant or Federal Travel Regulations.

<u>Purpose of Travel</u>	<u>Location</u>	<u>Computation</u>	<u>Source of Policy</u>	<u>Cost</u>
1 In-state site visits	15 counties	1500 miles @	\$.445/ml	668

Arizona Criminal Justice Commission**2018 Byrne/Justice Assistance Grant**

	15 nights@ 72/night X 1 staff	1,080
	25 days @ 34/day X 1 staff	850
2 In-state financial reviews 15 counties	1500 m @ \$.445/ml	668
	15 nights@ 72/night X 1 staff	1,080
	25 days @ 34/day X 1 staff	850
2 Out-of-State Conferences	Airfare 2 trips @ \$550/trip x 2 staff	2,200
NAJIS & NCJA	Hotel 3 nights@ 200/night X 2 staff	1,200
	Per Diem 4 days @ 64/day X 2 staff	512
C. TOTAL		9,108

D. Equipment - List non-expendable items that are to be purchased. (Note: Organization's own capitalization policy for classification of equipment should be used). Expendable items should be included in the "Supplies" category. Applicants should analyze the cost benefits of purchasing versus leasing equipment, especially high cost items and those subject to rapid technical advances. Rented or leased equipment costs should be listed in the "Contractual" category. Explain how the equipment is necessary for the success of the project. Attach a narrative describing the procurement method to be used.

<u>Item</u>	<u>Computation</u>	<u>Cost</u>
1	@	-
2	@	-
3	@	-
4	@	-
D. TOTAL		-

E. Supplies - List items by type (office supplies, postage, training materials, copy paper, and other expendable items such as books, hand held tape recorders) and show the basis for computation. Generally, supplies include any materials that are expendable or consumed during the course of the project.

<u>Supply Item</u>	<u>Computation</u>	<u>Cost</u>
1 Office supplies/Printing/Paper/Toner		4,390
2		-
3		-
4	@	-
E. TOTAL		4,390

F. Construction

<u>Supply Item</u>	<u>Cost</u>	
1	-	
2	-	
3	-	
4	-	
F. TOTAL \$		-

G. Consultants/Contracts - Indicate whether applicant's formal, written Procurement Policy or the Federal Acquisition Regulations are followed.

Consultant Fees: For each consultant enter the name, if known, service to be provided, hourly or daily fee (8-hour day), and time on the project. Consultant fees in excess of \$450 per day require additional justification and prior approval from OJP. Name of Consultant

<u>Name of Consultant</u>	<u>Computation</u>	<u>Service Provided</u>	<u>Cost</u>
1			
2	@		-
Sub-TOTAL			-

Consultant Expenses: List all expenses to be paid from the grant to the individual consultant in addition to their fees (i.e., travel, meals, lodging, etc.)

<u>Item</u>	<u>Computation</u>	<u>Location</u>	<u>Cost</u>
1	@		
2	@		-
3	@		-
4	@		-
Sub-TOTAL \$			-

Contracts: Provide a description of the product or services to be procured by contract and an estimate of the cost. Applicants are encouraged to promote free and open competition in awarding contracts. A separate justification must be provided for sole source contracts in excess of \$100,000.

<u>Item - Sub Grants</u>	<u>Cost</u>
1	
2	
3	
4	
5	
6	
Sub-TOTAL \$ -	

TOTAL **G. Consultants/Contracts from** \$ -

H. Other Costs - List items (e.g., rent, reproduction, telephone, janitorial or security services, and investigative or confidential funds) by major type and the basis of the computation. For example, provide the square footage and the cost per square foot for rent, and provide a monthly rental cost and how many months to rent.

<u>Description</u>	<u>Computation</u>	<u>Cost</u>
1 Rent	183,000/yr X 21%	37,380.00
2 Phones	30,000 X 21%	6,300.00
3 Network/Technical Support	13,000 X 21%	2,730.00

Arizona Criminal Justice Commission**2018 Byrne/Justice Assistance Grant**

4 State Risk Management	8,800 X 21%	1,806.00
5 Maintenance	13,000 X 21%	2,730.00
6		

H. TOTAL \$ 50,946.00

I. Indirect Costs- Indirect cost are allowed only if the applicant has a Federally approved indirect cost rate. A copy of the rate approval, (a fully executed, negotiated agreement), must be attached. If the applicant does not have an approved rate, one can be requested by contacting the applicant's cognizant Federal agency, which will review all documentation and approve a rate for the applicant organization, or if the applicant's accounting system permits, cost may be allocated in the direct costs categories.

<u>Description</u>	<u>Computation</u>	<u>Cost</u>
1	@	-
2	@	-
		I. TOTAL \$ -

Budget Summary: When you have completed the budget worksheet, transfer the totals for each category to the spaces below. Compute the total project costs.

<u>Budget Category</u>	<u>Amount</u>
A. Personnel	\$ 211,907
B. Fringe Benefits	\$ 84,365
C. Travel	\$ 9,108
D. Equipment	\$ -
E. Supplies	\$ 4,390
F. Construction	\$ -
G. Consultant/Contracts	\$ -
H. Other	\$ 50,946
TOTAL DIRECT COSTS	\$ 360,717
I. Indirect Cost	\$ -
TOTAL PROJECT COSTS	\$ 360,717

Budget Narrative

Invitations to apply for Drug, Gang and Violent Crime Control grant funds from the Byrne/JAG funds will be sent to all current recipients and potentially eligible future recipients. Arizona continues to leverage state and federal funds to increase the effectiveness and collaborative enforcement efforts through continued funding of projects that reduce drug, gang, and violent crime in Arizona.

Byrne/JAG funds are anticipated to be used to fund apprehension and prosecution projects. Funding will also be used for the criminal justice information sharing projects, forensic analysis, detention, adjudication, which are all components of the criminal justice system. Funding priorities focus on personnel salaries, employee-related expenses (ERE), overtime, and professional/contractual services.

NIBRS Compliance: Arizona Criminal Justice Commission proposes to solicit applications for projects to local law enforcement agencies to upgrade technology infrastructure to allow for and support National Incident-Based Reporting System (NIBRS) to the Arizona Department of Public Safety (DPS) with special consideration given to solutions that support the subsequent submission of incident data to the National Data Exchange (N-DEx).

Request for Administrative Funds

The Arizona Criminal Justice Commission is applying for FFY 2018 Edward Byrne Justice Assistance Grant and is requesting to use 10 percent (\$360,717) of the amount awarded as administrative funds. **Please see the attached budget detail worksheet for a full breakdown of requested administrative funds.**

The administrative funds are needed to cover the expenses incurred by Commission staff for administration of the federal grant program. Administrative expenses include personnel and office resources to set up, maintain and process program and individual project files, project monitoring activities, progress reporting, and ensuring proper compliance with all mandates and restrictions applicable to the Byrne JAG program.

Staff expends a significant amount of time conferring with sub-grantee agencies and other stakeholders interested in pursuing these funds. Every effort is made to provide information, answer questions, consult reference and technical assistance sources and ensure that sub-grantees have every opportunity for successful projects. Staff is required to travel to and from Byrne/JAG funded projects to conduct on-site programmatic and financial compliance monitoring visits, in addition to providing technical assistance.

FFY 2018 Budget Plan

The following budget is an estimate based on the current state fiscal year funding plan. Funding estimates are provided as an overall total because specific budget category breakdown information is not available at this time. The Arizona Criminal Justice Commission will continue to recommend personnel salaries, employee-related expenses, overtime (including overtime ERE), and professional/contractual services as the main priority for funding.

The Arizona Criminal Justice Commission plans to initiate a sub-grantee solicitation for applications meeting the identified purpose areas. ACJC staff will conduct application reviews before presenting a recommendation for award to the Drug, Gang, and Violent Crime Committee and the full Commission. In addition, the Commission will solicit applications for projects to assist state and local jurisdictions in becoming NIBRS compliant.

The Arizona Criminal Justice Commission's budget plan is an estimate and is subject to change based on applications received within each purpose area. The estimated budget plan for the Edward Byrne Justice Assistance Grant award for the period through September 30, 2022, is as follows:

Budget Plan

Projects

Tier I Projects:	\$2,775,717
Tier II Projects:	\$308,412
NIBRS Set-aside:	<u>\$162,322</u>
Subtotal for Projects:	\$3,246,451

Pass-through

Initial 60% Allocation	\$3,526,752
Allowable Administrative Costs	<u>\$360,717</u>
Subtotal for Pass-through	\$3,166,035
Variable Pass Through Rate	66.9%
Required VPT Amount:	\$2,118,077

Administration

Admin (10%)	<u>\$360,717</u>
Subtotal for Admin:	\$360,717

Total Projects and Administration	\$3,607,168
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Disclosure of High Risk Status

The Arizona Criminal Justice Commission hereby affirms that the agency is not currently designated high risk by any federal grant making agency.

Review Narrative

The Edward Byrne Memorial Justice Assistance Grant Program FY 2018 application was made available for review by the governing body of the state before the application was submitted to BJA.

This application has also been made public and an opportunity made available to citizens and neighborhood or community organizations in Arizona for public comment.



STATE OF ARIZONA

Joint Legislative Budget Committee

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KAREN FANN
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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491
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VACANT

DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Jordan Johnston, Fiscal Analyst JJ

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of the Microwave System Upgrade Project (Department of Public Safety Subaccount)

Request

Pursuant to A.R.S. § 41-714, the Department of Public Safety (DPS) requests that the Committee review \$1,250,000 for the Microwave System Upgrade project. The FY 2019 budget appropriated \$1,250,000 from the Automation Projects Fund (APF) for continued work on the ongoing project to upgrade the statewide radio system's microwave backbone. Of the appropriation, \$1,000,000 will go toward upgrading the commercial and backup power systems to the DPS Network Operations Center (NOC). The remaining \$250,000 will go toward completing load capacity assessments and preventative maintenance to 28 of its communication towers.

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 submit cost estimates on the completion of the Microwave System Upgrade project by July 1, 2019.

(Continued)

Key Points

- 1) Since 2007, DPS has partially upgraded the Microwave Communication System from analog to digital.
- 2) DPS proposes spending \$1.25 million of their APF appropriation as a part of their ongoing upgrades.
- 3) The latest upgrade does not convert more towers to digital, instead the upgrade would improve the support system.
- 4) \$1 million of the proposal will upgrade the commercial and backup power systems to their Network Operations Center.
- 5) The remaining \$250,000 of the proposal will complete load capacity assessments and preventative maintenance to 28 communication towers.

Analysis

Background

The statewide Microwave Radio System is a series of towers situated on mountain tops and divided into 3 loops that allow law enforcement and other state and local agencies to communicate with dispatch centers while in the field. In 2007, DPS began upgrading the statewide Microwave Radio System from analog to digital technology. Of the 3 loops, work on the southern loop was completed in FY 2011 and work on the western loop was completed in FY 2018. The remaining northern microwave loop has not yet been upgraded.

According to the most recent DPS estimates, completing the northern loop microwave system upgrades will require \$12.5 million. At its December 2017 meeting, the Committee favorably reviewed an engineering study of the northern loop. Upon finishing the study, which is expected to be completed in June 2019, DPS will have updated cost estimates on the completion of the microwave project. The Committee may consider a provision which would require DPS to report the revised cost estimates by July 1, 2019 (after completion of the engineering study).

The current DPS request does not complete the northern loop, but rather it serves to upgrade related supporting systems.

Current Request

As part of the statewide Microwave Radio System, the Network Operations Center (NOC), located at the DPS headquarters at 21st Avenue and Encanto Boulevard in Phoenix, is the network consolidation point for public safety radio and dispatch services provided by the department. The commercial power feed has been ungraded once before, but it has reached its recommended operating capacity due to continued growth of services by DPS. The project will create a dedicated commercial power feed from the APS power grid to the NOC and will also include an expansion of the NOC battery backup system with a dedicated shelter. Overall, the project is intended to improve the reliability of the room that serves as the central consolidation facility for all public safety radio in the state. DPS estimates that the NOC upgrade would be completed in May 2020. A DPS engineering group worked with a state contract vendor to determine the scope and cost estimates for the project. The proposed expenditure plan is provided in *Table 1*.

(Continued)

Table 1

**DPS NOC Power Upgrade
Expenditure Plan**

<u>Phase</u>	<u>Cost</u>
Engineering	\$ 105,000
APS Project Initiation	105,000
Permitting	30,000
Building Construction	280,000
Mechanical/Electrical Installation	240,000
Equipment Migration	160,000
System Testing/Project Closeout	<u>80,000</u>
Total	\$1,000,000

Another aspect of the statewide Microwave Radio System includes the use of 80 communication towers throughout the state. With recent structural modifications to many of its towers, DPS is required to obtain an assessment of the current tower loading capacity under modern structural standards. DPS is requesting to conduct tower loading assessments for 28 of its communication towers located in the Northwest and Southeast regions of the state.

In addition to meeting the regular tower maintenance requirements for load capacity, the study data will be utilized in formulating new design requirements and in assessing the loading capacity of current structures for future projects. DPS estimates that the tower loading assessments would be completed in April 2020. The proposed expenditure plan is provided below in *Table 2*.

Table 2

**DPS Tower Loading Assessments
Expenditure Plan**

<u>Phase</u>	<u>Cost</u>
Tower Site Surveys	\$ 107,000
Loading Engineering	83,000
Retrofit/Additional Sites	55,000
Project Closeout	<u>5,000</u>
Total	\$250,000

ITAC Review

The Information Technology Authorization Committee (ITAC) within the Department of Administration is responsible for reviewing all information technology projects that cost at least \$1 million. However, because the IT component of this project is less than \$1 million, DPS was not required to submit a Project Investment Justification (PIJ) and seek ITAC approval.

JJ:kp

Douglas A. Ducey
Governor



Gilbert Davidson
Interim Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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

September 1, 2018

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



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

Dear Senator Kavanagh and Representative Livingston:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal years 2018 and 2019 of the Automation Projects Fund (APF) projects related to Department of Child Safety and Department of Public Safety. 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,

Kevin Donnellan

Kevin Donnellan
Deputy Director

Enclosures

cc: Richard Stavneak, Director, JLBC
Matthew Gress, Director, OSPB
Derik Leavitt, Assistant Director, ADOA
Rebecca Perrera, JLBC Staff
Jacob Wingate, OSPB Staff
Morgan Reed, State CIO

Request for JLBC Committee Review of FY 2019

Department of Public Safety

Microwave System Upgrade Project

Description

As part of the multi-year effort led by The Department of Public Safety (DPS) to upgrade the microwave backhaul throughout the state, DPS was appropriated \$1.25M to complete two additional projects in FY-19 and FY-20. DPS will be upgrading the commercial and backup power systems to the DPS Network Operations Center (NOC), and completing load capacity assessments and preventative maintenance to 28 of its communication towers. The efforts are planned and managed independently of each other, but are both integral components of the overall Microwave System Upgrade Project (MSUP) effort.

MSUP - NOC Power Upgrade - \$1M

Summary

The DPS Network Operations Center (NOC), located at the DPS headquarters at 21st Ave. and Encanto Blvd. in Phoenix, is the network consolidation point for all public safety radio and dispatch services provided by DPS. The NOC is located in a building originally intended for office space. The commercial power feed has been upgraded once already and has again reached its recommended operating capacity due to continued growth of services by DPS.

Requirements

This project will establish a dedicated commercial power feed to the NOC from the APS power grid with capacity for current needs and future growth. Also included will be an expansion of the NOC battery backup system with a dedicated shelter, and a replacement generator.

Benefits

Upon completion of the NOC power upgrade, the DPS NOC will have more capacity for future equipment installation and growth, more redundant power backups, a dedicated, properly vented, and temperature controlled shelter for the backup battery systems, and a larger backup generator. Overall this improvement increases the reliability of the room that serves as the central consolidation facility for all public safety radio in the state.

Current Request

During a replacement battery backup project in FY17 electrical contractors assigned to the project completed an assessment of the NOC power infrastructure and the NOC power feed through the DPS compound. DPS Engineering and the contractors identified this opportunity for significant improvement to the network and began developing a scope of work.

Expenditure Budget by Appropriation and Phase

Description	FY19
Engineering	\$105,000
APS Project Initiation	\$105,000
Permitting	\$30,000
Building Construction	\$280,000
Mech/Electrical Installation	\$240,000
Migration	\$160,000
Closing	\$80,000
Total Cost	\$1,000,000

Engineering - Completion of detailed assessment of DPS NOC electrical grid and existing draw, as well as compound layout and shelter design for new battery backup shelter.

APS Project Initiation - APS will be contracted to design and install and dedicated power feed from the available commercial services near 21st Ave. and Encanto Blvd to the DPS NOC.

Permitting - City of Phoenix permitting process for APS construction. This cost includes the permit fees and the management fees of the state contract vendor that will manage the process.

Building Construction - Erection of battery shelter outside of the DPS NOC to include shelter materials and labor.

Mechanical and Electrical Installation - Construction of the new battery shelter and interface to the existing DPS facilities. Installation of new battery backup systems, new generator.

Migration - Upon completion of the new power backup system, active DPS equipment must be migrated from the existing power systems, onto the new, and tested. This requires careful planning and controlled outages.

Closing - Final system testing and acceptance, as-built documentation submission.

Project Plan

Task Name	Duration	Start	Finish
NOC Power Upgrade	462 days	Thu 8/23/2018	Fri 5/29/2020
JLBC Favorable Review	27 days	Thu 8/23/2018	Fri 9/28/2018
Engineering	70 days	Mon 10/1/2018	Fri 1/4/2019
APS Project Initiation	40 days	Mon 1/7/2019	Fri 3/1/2019
Permitting	25 days	Mon 3/4/2019	Fri 4/5/2019
Building Construction	170 days	Mon 4/8/2019	Fri 11/29/2019
Mech/Electrical Installation	65 days	Mon 12/2/2019	Fri 2/28/2020
Migration	45 days	Mon 3/2/2020	Fri 5/1/2020
Closing	20 days	Mon 5/4/2020	Fri 5/29/2020

MSUP - Tower Loading Assessments - \$250,000

Summary

The Department of Public Safety (DPS) owns and maintains 80 public safety communications sites with tower structures throughout Arizona. When any structural modification is made to a tower, DPS is required to obtain an assessment of current tower loading capacity under the most modern structural standards. Loading capacity is determined by an engineering review of the tower steel and the tower foundation, in relation to the surrounding environmental factors such as average wind, estimated peak wind, ice loading, and soil composition of the earth, to determine how much equipment the tower can safely hold. Loading capacity is provided in an engineering packet and is scored by percentage of utilized capacity for the tower legs, crossmembers, and foundation, with some variation depending on the makeup of the tower. Structural modification is inclusive of any new equipment addition, or ever replacement of damaged equipment, if not an exact model replacement. For example, if DPS were to incur lightning damage and decide to replace the damaged antenna with a different model, a loading assessment must be completed to include the change.

Requirements

DPS will be utilizing a current state contract vendor to assess 28 communication sites by the close of FY-20. Tower load studies require extensive work on site to complete structural mapping (measurement of steel components), equipment mapping (inventory of all apparatuses mounted to the structure), and foundation mapping (ultrasound of underground foundation), and typically requires a 3-5 person crew for a full day. To maximize onsite efforts, the project also includes the required preventative maintenance and safety inspections. The project is estimated to take 18 months. Site surveys to collect structural, equipment, and foundation mapping will be completed in 14-16 months, and the tower load engineering and tower retrofit design will be completed in months 16-18. Tower retrofit design is the engineering of tower and/or foundation modifications that can be completed to increase the strength of the structure. This can be required if a tower is found to be currently overloaded, or if proposed installations will make the tower overloaded. The remaining 3 months are included for contingency to allow for any additional sites that may be able to be completed due to cost savings throughout the project.

Benefits

In addition to meeting the requirements of regular tower maintenance and retaining a current tower load capacity rating per industry standards, the tower load capacity study data will be utilized as the foundation to build new design requirements and assess the available loading capacity of current structures for future projects.

Current Request

In FY17 DPS began a new tower preventive maintenance program and identified baseline tower documentation for tower loading as too old to be relevant, or not on record, throughout the state. Retention of up to date tower loading documentation is critical supporting documentation in the event of any tower safety related issue, and saves significant time when looking to engineer changes, or review applications of other agencies requesting to add equipment to a DPS tower. Funded under the North Loop Microwave Replacement project, and the Network Design Project, approximately 40 of the 80 DPS towers in the Southwest and Northeast regions of the state will be getting updated as part of the equipment replacement design requirements for those efforts. DPS requested this funding to

complete the same documentation updates for 28 additional sites in the Northwest and Southeast regions of the state.

Expenditure Budget by Appropriation and Phase

Description	FY19
Tower Site Surveys	\$107,000
Loading Engineering	\$83,000
Retrofit/Additional Sites	\$55,000
Closing	\$5,000
Total Cost	\$250,000

Tower Site Surveys - Completion of tower structural mapping of all components, equipment inventory, and foundation, including travel.

Loading Engineering - Certified engineering review and analysis of all tower structural, equipment, and foundation mapping to determine the official status of each structure. Includes certified documentation.

Retrofit/Additional Sites - Site found to not be within tolerable loading will have tower retrofit designs ordered. Tower retrofit designs are engineering packets with specific instructions on modification that can be made to the tower structure or foundation to bring it back into an acceptable loading capacity. If there is budget remaining due to a lower than estimated number of sites needing retrofit design, additional sites will be added to the project for loading assessment.

Closing - All documentation must be collected, reviewed, and indexed into the DPS tower site documentation library for future engineering reference.

Project Plan

Task Name	Finish
Complete Site Surveys	11/29/2019
Tower Load Engineering	1/24/2020
Additional Sites/Retrofit Design	3/20/2020
Closeout Documentation	4/3/2020

Milestone Detail

Task Name	Duration	Start	Finish
Tower Loading Assessments	422 days	Thu 8/23/2018	Fri 4/3/2020
JLBC Favorable Review	28 days	Thu 8/23/2018	Mon 10/1/2018
Tower Site Surveys	304 days	Tue 10/2/2018	Fri 11/29/2019
Site 1	12 days	Tue 10/2/2018	Wed 10/17/2018
Site 2	10 days	Thu 10/18/2018	Wed 10/31/2018
Site 3	10 days	Thu 11/1/2018	Wed 11/14/2018
Site 4	12 days	Thu 11/15/2018	Fri 11/30/2018
Site 5	10 days	Mon 12/3/2018	Fri 12/14/2018
Site 6	11 days	Mon 12/17/2018	Mon 12/31/2018
Site 7	11 days	Tue 1/1/2019	Tue 1/15/2019
Site 8	12 days	Wed 1/16/2019	Thu 1/31/2019
Site 9	10 days	Fri 2/1/2019	Thu 2/14/2019
Site 10	10 days	Fri 2/15/2019	Thu 2/28/2019
Site 11	10 days	Fri 3/1/2019	Thu 3/14/2019
Site 12	11 days	Fri 3/15/2019	Fri 3/29/2019
Site 13	12 days	Mon 4/1/2019	Tue 4/16/2019
Site 14	10 days	Wed 4/17/2019	Tue 4/30/2019
Site 15	11 days	Wed 5/1/2019	Wed 5/15/2019
Site 16	12 days	Thu 5/16/2019	Fri 5/31/2019
Site 17	10 days	Mon 6/3/2019	Fri 6/14/2019
Site 18	11 days	Mon 6/17/2019	Mon 7/1/2019
Site 19	10 days	Tue 7/2/2019	Mon 7/15/2019
Site 20	12 days	Tue 7/16/2019	Wed 7/31/2019
Site 21	11 days	Thu 8/1/2019	Thu 8/15/2019
Site 22	11 days	Fri 8/16/2019	Fri 8/30/2019
Site 23	10 days	Mon 9/2/2019	Fri 9/13/2019
Site 24	11 days	Mon 9/16/2019	Mon 9/30/2019
Site 25	11 days	Tue 10/1/2019	Tue 10/15/2019
Site 26	12 days	Wed 10/16/2019	Thu 10/31/2019
Site 27	10 days	Fri 11/1/2019	Thu 11/14/2019
Site 28	11 days	Fri 11/15/2019	Fri 11/29/2019
Tower Load Engineering	40 days	Mon 12/2/2019	Fri 1/24/2020
Additional sites/Retrofit	40 days	Mon 1/27/2020	Fri 3/20/2020
Closeout all documentation	10 days	Mon 3/23/2020	Fri 4/3/2020



STATE OF ARIZONA

Joint Legislative Budget Committee

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MICHELLE UGENTI-RITA
VACANT

DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst *BM*

SUBJECT: Arizona Game and Fish Department - Review of Watercraft Grants Line Item Transfer

Request

Pursuant to an FY 2019 General Appropriation Act footnote (Laws 2018, Chapter 276), the Arizona Game and Fish Department (AGFD) is requesting review of a transfer of \$1,000,000 from its Watercraft Grants line item appropriation to its operating lump sum appropriation.

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 '19 budget allows AGFD to transfer \$1.0 M from an inactive line item to its operating lump sum upon JLBC review.
- 2) AGFD plans to spend the \$1.0 M on containing invasive species, improving boating safety, and enhancing boating facilities.
- 3) Of the \$1.0 M, \$385K is for ongoing expenses and \$615K is for one-time expenses.

(Continued)

Analysis

Background

The FY 2019 budget included \$1,000,000 from the Watercraft Licensing Fund for AGFD's Watercraft Grants line item appropriation. Established in FY 2008, the line item provided funding for a competitive grant program for Arizona watercraft enforcement agencies. In each of FY 2011 and FY 2012, the State Parks Board was authorized to use a major portion of Law Enforcement and Boating Safety Fund (LEBSF) monies for operating costs, rather than local law enforcement grants for boating safety and enforcement. To partially compensate enforcement entities for the loss in funding, the Legislature diverted AGFD funding from other agency programs to the Watercraft Grants program.

In FY 2013, the Legislature redirected LEBSF monies back to their previous purpose of funding local grants. The Legislature continued to appropriate \$1.0 million annually in Game and Fish local grants. The department has chosen, however, to not distribute any monies from its Watercraft Grants line item since FY 2013.

An FY 2019 General Appropriation Act (Laws 2018, Chapter 276) footnote allows AGFD to transfer \$1.0 million from the Watercraft Grants line item appropriation to the operating lump sum appropriation upon review by the JLBC.

Expenditure Plan

The department plans to add \$385,000 to its base operating lump sum appropriation for 3 items:

- \$285,000 for statewide contracting for the prevention and containment of aquatic invasive species. Established in 2009, the department's Aquatic Invasive Species (AIS) Program manages and contains non-native, invasive plants and animals, which can damage habitats, waterways, irrigation and hydropower infrastructure, and recreational sites. To prevent the spread of its primary AIS concern, quagga mussels, AGFD contracts with watercraft decontamination and inspection companies to provide services at marinas statewide. The funds will be used to reimburse those contractors for services rendered. The department was appropriated initial ongoing program funding of \$220,000 in FY 2011 and additional ongoing funding of \$228,800 in FY 2018, for a total of \$448,800 in current AIS program funding.
- \$65,000 for AIS data collection enhancement and research opportunities. The funding will be used in part to enhance data collection for boater visitation, movement, and attitudes to further refine outreach efforts. Quagga mussels often move from state to state and from lake to lake via contaminated boats. Additionally, the funding will be used to pursue research with state universities and biological consulting firms on the impact of AIS on habitats and waterways.
- \$35,000 for the purchase of personal flotation devices (PFDs). The department manages programs where boaters can use and return a PFD on an honor system, swap unserviceable PFDs for new ones, and provide PFDs to boaters in noncompliance with PFD requirements.

AGFD also plans to spend \$615,000 on 3 one-time items:

- \$300,000 for the department's portion of funding for construction of a shared boat storage facility at Lake Pleasant. AGFD currently stores its boats at a privately-owned marina that is undergoing a redevelopment. As part of a public-private partnership, the owner has offered an improved

(Continued)

location, secure access, utilities and a gangway, and AGFD, Maricopa County Sheriff's Office, and Maricopa County Parks will fund the construction of the new storage facility, which includes 2 covered and 2 uncovered patrol boat slips.

- \$215,000 for 2 patrol boats. As a boating law enforcement entity, AGFD operates 49 patrol boats on about 42 bodies of water statewide. Of those boats, 19 have been in service for over 10 years. The department has determined that due to maintenance costs, a 10-year replacement schedule would be optimal for its fleet. An average 23-foot patrol boat costs \$107,000 without any modifications. The funding would allow the purchase of 2 new patrol boats in FY 2019. The boat equipment and modifications would be paid with department operating funds.
- \$100,000 for the development of an architectural master plan for a multi-agency boating safety center at Lake Havasu. Due to the lake's high volume of visitors, public safety is managed by several agencies, including the Lake Havasu Police Department, Mohave County Sheriff, Arizona State Parks, AGFD and other agencies. The agencies coordinate law enforcement efforts and have collectively identified the lack of a multi-agency boating safety facility as an issue. The new facility would provide work space for processing arrestees, an interview room, a medical care area, and space for search and rescue response coordination efforts.

Please see *Table 1* below for a summary of the department's expenditure plan.

Table 1	
Watercraft Grants Line Item Transfer Expenditure Plan	
<u>Base</u>	<u>Amount</u>
AIS Inspection and Decontamination	\$ 285,000
AIS Data and Research	65,000
PFD Purchases	<u>35,000</u>
Subtotal	\$ 385,000
 <u>One-Time</u>	
Multi-Agency Boat Storage Facility	\$ 300,000
Patrol Boat Replacements	215,000
Multi-Agency Safety Center Master Plan	<u>100,000</u>
Subtotal	\$ 615,000
 Total	 \$1,000,000

BM:lm



August 30, 2018



Senator John Kavanagh, Chairman
Joint Legislative Budget Committee
Capitol Complex
1700 W. Washington
Phoenix, AZ 85007-2890

Re: Request for Placement on Joint Legislative Budget Committee Agenda

Honorable Representative Livingston:

Pursuant to Section 41 of *Laws, 2018, Chapter 276*, the Arizona Game and Fish Department respectfully submits the attached watercraft licensing fund expenditure plan and requests that its review be included on the next scheduled agenda of the Joint Legislative Budget Committee.

Sincerely,

A handwritten signature in cursive script that reads "Tom Finley".

Tom Finley
Deputy Director

cc: Representative David Livingston, Vice Chairman, JLBC
Richard Stavneak, Staff Director, JLBC
Matthew Gress, Director, OSPB



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

Proposed Spending Plan Overview		FY2019	
DESCRIPTION		One-time	Base
AIS Inspection & Decontamination Service Contracts			\$285,000
AIS Adaptive Management & Human Dimensions			\$65,000
Patrol Boat Replacements		\$215,000	
PFD Exchange & Life Jacket Loaner Station Supply			\$35,000
Multi-Agency RBS LE Facility Master Plan		\$100,000	
Multi-Agency Patrol Boat Storage Complex		\$300,000	
PLANNED INCREASE TO BASE			\$385,000
PLANNED ONE-TIME EXPENDITURES		\$615,000	

Control of Aquatic Invasive Species:

The introduction of aquatic invasive species (AIS) in Arizona poses serious ecological, economic and human health risks. AIS are invasive plants (e.g. giant salvinia, hydrilla) and animals (e.g. quagga mussel, Asian carp) that are transported and released outside of their native range. There are few natural controls in new habitats, resulting in the rapid spread of AIS and permanent disruption of the ecosystem. Many invasive species also carry disease or cause conditions that can affect wildlife and/or human health. Once established, AIS are difficult to manage or eradicate.

Main pathways of introduction include movement of recreational watercraft, and the release of live wildlife and plants (e.g. pets, decorative plants) into local waters. Impacts from AIS include the destruction of habitat, damaged recreational sites and opportunities, lowered property values, clogged waterways, degraded irrigation and hydropower infrastructure, and decreased biodiversity. It is essential that state, federal, private and local agencies coordinate activities to comprehensively manage the full range of AIS impacts.

The Department has implemented an AIS Program pursuant to statute (A.R.S. §17-255) since 2009 and numerous management efforts have been unsuccessful in achieving public compliance with AIS laws and rules. The Department recognizes the importance of Arizona's aquatic resources to its citizens, and proper stewardship requires a more comprehensive,



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

collaborative, and coordinated statewide response to the threat posed by aquatic invaders.

The ultimate goal of the Department is 100% containment of AIS. Establishment of AIS in new waters would lead to increased costs for boaters and anglers and restrictions on recreation that would likely reduce participation in these activities. Additionally, increases in utility rates are very likely due to the increases in the cost of infrastructure maintenance and other associated expenses incurred by utilities operating in an AIS infested water. The estimated economic damage resulting from AIS presence is in excess of \$5 million annually, an impact that is incurred directly by utilities and the boating public.

The Department intends to utilize \$285,000 to prevent the introduction of new AIS into Arizona and contain the spread of listed AIS already affecting Arizona waters.

The primary approach to containment will involve statewide contracting with marina operators, transporters, detail and/or repair businesses, and land management agencies to implement AIS prevention and containment. Potential contractors have been identified in businesses that currently provide services to boaters or are able to establish an effective presence. The Department will provide equipment and tools to contractors and train contracted personnel to operate and maintain that equipment and to perform watercraft inspections. Department staff will also assist contractors in a support capacity to ensure consistency of implementation.

The state of Arizona is seeking voluntary rather than punitive compliance with AIS statutes; an approach that involves incentivizing boaters. Decontamination can cost between \$50 and \$1250 per vessel and over 160 mussel infested boats have already been decontaminated by the Department and its partners in 2018. Requested funds will be used to reimburse contractors for inspections and decontamination so that containment services are provided at no cost to the boater. Documentation of prior inspection and/or decontamination will be provided, enhancing boater experience by allowing for easier movement of watercraft across state lines and into different jurisdictions. Documentation reduces the likelihood of costly fines, impoundment and storage fees. Compliance with inspection and decontamination protocols reduces the risk of spreading AIS to uncontaminated waters within and outside of this state.



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

Of the amount requested, \$65,000 will be used to measure success and adaptively manage the AIS containment program. Funding will allow Department staff to take advantage of existing data collection opportunities to better understand the human dimensions of boaters in this state. Data such as visitor use and traffic routes will inform management decisions such as ideal locations, optimal hours and the best protocols for inspection and decontamination. This data will also help the Department to identify and address the risk of watercraft traveling and quantify the seasonality of travel. Information collected regarding boater visitation, movement and attitudes will help to understand the effectiveness of outreach efforts. Analysis of the success of outreach and education efforts and compliance with AIS laws will serve as a basis to adapt future messaging and outreach tools. Funding will also be used to promote and facilitate statewide AIS research opportunities with in-state colleges and universities or biological consulting firms through contracts and agreements to conduct studies that further the Department's understanding of impacts to native fish and sportfish populations. For example, a study that enhances understanding of the effects of quagga mussels on planktonic communities will improve the management of fisheries and overall reservoir health. Such research will build a more thorough understanding of the effects of AIS on the local environment, economy and human health issues.

Boating Safety - Patrol Boats

A.R.S. § 5-311 provides Legislative authorization and directs the administration of law enforcement and boating safety programs to the Arizona Game and Fish Commission. Under the Commission's guidance, The Arizona Game and Fish Department is working to continue providing a safe watercraft recreation environment so that Arizona's lakes will be used, enjoyed and appreciated by present and future generations

The Department's statewide recreational boating safety mission consists of providing enforcement presence at smaller lakes around Flagstaff, Mogollon Rim and the White Mountains to over 510 miles of the Colorado River to Arizona's border with Mexico, the major impoundments of Lake Powell, Lake Mead, Lake Mohave and Lake Havasu, as well as the very crowded stretches of river channel that connect them. Arizona's waters see 3.4 million boater



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

use days every year and the Department registered 123,403 watercraft in calendar year 2017.

Increased law enforcement ensures safety by educating the public and helping to reduce the number of boating accidents, many of which result from impairment by drugs or alcohol. Responsive management surveys of the boating public indicate they are most concerned with operation of a watercraft under the influence of alcohol or drugs. Additional concerns included careless, reckless operation and navigation rule violations.

As base patrol budgets remain level, increases in officer employee related expenses has dramatically increased the cost per hour of the Department's law enforcement efforts and effectively reduced on-water officer presence. In FY2017, Department officers performed approximately 6,200 hours of watercraft patrols; the lowest number of hours in 10 years. The numbers of statewide impaired operator arrests were lowest during this same period.

To provide an officer presence statewide, the Department has 49 patrol boats patrolling approximately 42 bodies of water. Patrol boats range in size and type from a simple 16' aluminum boat, to purpose specified 23' fiberglass and aluminum patrol boats equipped with radar masts and superstructure designed for EMS response, search and rescue, or patrolling larger bodies of water in life threatening situations. The average 23' patrol boat costs approximately \$107,000 with an additional \$20,500 for electronics, enforcement lights, siren, required safety and emergency response equipment and interoperability mobile radios at a cost of \$8,000 each.

Of the 49 patrol boats, 16 have been in service between 5 and 10 years and 19 have been in service for 10 years or more. Due to the extreme conditions in which our patrol boats are operated, the usable life of a patrol boat is less than that of a boat used only recreationally. Law enforcement use wears power units out at faster rates, and hulls begin to experience stress fractures much sooner. The cost of operating and maintaining a patrol boat increases steadily over its lifetime, until the boat is no longer serviceable and requires replacement.

The Department has determined that replacement of patrol boats on a 10 year schedule is a reasonable useful service life that reduces maintenance costs, downtimes and officer inability to patrol. The Department estimates that the current age of our fleet will require the replacement of an



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

anticipated 2 patrol boats in each of the next 5 years to maintain the readiness of the boating safety enforcement fleet.

Boating Education and Outreach:

A Department's key performance measure for the statewide boating safety program is to increase personal flotation device (PFD) wear and compliance. In 2017 Arizona experienced 13 fatalities of which nine were drownings; eight of those could have been prevented by wearing a personal flotation device. The Department employs a multifaceted educational and informational approach to increase public awareness of opinion about the importance of PFD wear, enhance public opinion and offer opportunities for compliance with law and safe boating practice.

The most visible program deployed by the Department builds and maintains PFD loaner stations at boat ramps throughout the state. Outdoor conditions and the continued use of these PFD loaners means that PFDs must be replaced at a regular interval, however additional funding beyond a one-time \$20,000 infusion in FY2018 has not been made available.

The Department purchases life jackets for three interrelated programs. The "PFD exchange" program consists of scheduled boating safety outreach events where the public may exchange their unserviceable PFDs for new Department provided PFDs to promote boating safety. Department purchased PFDs are distributed by public safety officers from AGFD as well as other agencies when a boat that has insufficient PFDs on board is contacted. While the Department primarily seeks to ensure compliance with voluntary practices, certain requirements are enumerated in statute and the operator of a vessel can be cited for a violation. The availability of PFDs in this program allows an officer to provide a PFD to a boat operator, allowing them to continue recreating rather than end their voyage due to noncompliance with safety equipment requirements. This program allows the officer to create a positive outcome and convey the importance of the message. Finally, the Department also develops a unique boating safety message for deployment on throwable PFDs that are required for each watercraft over 16'. A throwable PFD is usually a square cushion with ample space to provide a unique message for boating safety. This fiscal year the message for throwable PFDs is "Zero Tolerance designate a sober driver". The



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

Department currently expends approximately \$66,000 each year to fund these public safety outreach programs .

Design and Architecture of Lake Havasu Multi-Agency Boating Safety Facility:

Lake Havasu is the busiest recreational boating waterway in Arizona, and watercraft recreation forms the foundation of the robust tourism-driven economy of the Lake Havasu community. The most recent comprehensive management survey completed on Lake Havasu indicated that there were 908,000 boater use days in 2015. Public safety in this busy environment is maintained by several cooperating agencies including the Lake Havasu Police Department, Mohave County Sheriff's Office, Arizona State Parks, the Arizona Game and Fish Department, the U.S. Fish and Wildlife Service, the Bureau of Land Management, the U.S. Coast Guard as well as San Bernardino County and California Fish and Wildlife. During busy times as many as 20 law enforcement officers are working at the lake.

Effective coordination of the many agencies and individual officers is essential in this environment, however efforts are complicated by the lack of a multi-agency aid station. Similar facilities exist on other busy lakes in this state, and in addition to maintaining effective coordination on those waters, they serve as a public interface or for public safety and enforcement activities. On Lake Havasu, a converted garage is being utilized as office space. This facility has insufficient space and restroom facilities for the number of officers operating on the lake. Arrestees and intoxicated boaters must be brought to this already crowded facility, creating a potentially unsafe environment for officers and for interfacing with the public.

Cooperating agencies have met on multiple occasions to discuss each agencies needs and funding requirements and determined that a modern and effective public safety center is needed. There is agreement that such a facility must provide adequate space for the eight cooperating agencies and create secure lake access which does not currently exist. This facility will enhance all public safety functions by providing the work space necessary to hold and process arrestees, an interview room, and sufficient space to facilitate medical care and coordinate search and rescue responses. Enhanced public safety and safe watercraft operation on the lake will ensure



ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

a better experience for boaters and support Lake Havasu's tourism driven economy.

In addition to public safety functions, the Lake Havasu Multi-Agency Boating Safety Facility would benefit the public by providing services such as boating safety education and watercraft registration to the community. The need for registration services in the Lake Havasu has been demonstrated by the Department's current pilot program in Lake Havasu City, where 214 watercraft transactions were conducted over a two day effort in July. Members of the boating public have consistently expressed their support for this service, as it obviates the need to transport watercraft to the next nearest registration location: the Department's regional office in Kingman.

Development of an architectural master plan for a multi-agency boating safety center, including redesign of the existing patrol boat storage facility and police dock will be facilitated with a one-time expenditure of \$100,000. The master plan is necessary for the existing partnership between a private developer and state, federal, county and local enforcement agencies to seek mutual funding, gain regulatory approval and initiate construction of a new boating safety aid station at Contact Point on leased BLM property.

Construction of Lake Pleasant Multi-Agency Patrol Boat Storage Facility:

The Arizona Game and Fish Department and Maricopa County Sheriff's Office currently utilize a boat storage facility that is incorporated into the Scorpion Bay Marina for the storage of patrol boats. Due to contamination of Lake Pleasant with quagga mussels and other AIS, boats are stored in an elevated system that prevents prolonged contact with water and minimizes AIS related hull degradation.

The Scorpion Bay Marina is a private facility that is owned by Desert Troon and is undergoing redevelopment. Proposed redevelopment plans include relocation and improvement of the boat storage space currently used by law enforcement. Desert Troon has offered an easily accessible location, secure access, utilities and gangway for a new boat storage facility, provided that the agencies fund the cost of their construction in a public-private partnership. This partnership includes Desert Troon as the private developer, the Department, the Maricopa County Sheriff's Office and Maricopa County Parks.



CONSERVE AND PROTECT

ARIZONA GAME AND FISH DEPARTMENT WATERCRAFT TRANSFER EXPENDITURE PLAN

The proposed one-time expenditure of \$300,000 represents the Department's apportionment of equal funding that will pay construction costs for two covered and two uncovered patrol boat slips and utilities. This expenditure will give the Department use of a climate-controlled, common agency space for administration, storage and processing of arrested subjects, as well as an access gangway and emergency evacuation access. All agencies involved in the partnership will transfer funds under an existing MOU between Maricopa County Parks and Desert Troon for construction of the proposed facility. The facility is scheduled to be completed in June, 2019.





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MICHELLE UGENTI-RITA
VACANT

DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Adam Golden, Assistant Fiscal Analyst *AG*

SUBJECT: Attorney General - Review of Allocation of Settlement Monies - State v. Hyundai Motor Company

Request

Pursuant to A.R.S. § 44-1531.02, the Attorney General (AG) must submit for Committee review an expenditure plan of legal settlement monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund prior to spending those monies. The AG requests review of a \$510,700 expenditure plan for monies deposited into the Consumer Remediation Subaccount resulting from a 2016 settlement with Hyundai Motor Company.

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 consider the following provision.

- A. Committee review does not constitute an agreement to fund the proposed initiatives once the one-time monies are depleted.

(Continued)

Key Points

- 1) The state received \$1.1 M from a 2016 settlement with Hyundai Motor Company regarding false advertising of vehicle fuel economies.
- 2) A total of \$510,700 was deposited into the Consumer Remediation Subaccount.
- 3) The AG proposes using these funds for a short-term operation aimed at reducing auto-related fraud in Arizona.
- 4) This operation calls for 2 FTE Positions, upgrades to sting operation materials, increased awareness of common illegal practices, and educating businesses on the Consumer Fraud Act.

Analysis

In November 2012, the United States Environmental Protection Agency found discrepancies between the reported and actual fuel economies of Hyundai vehicles sold in 2011, 2012, and 2013. The automaker and its sister companies, such as Kia Motors, subsequently paid out more than \$300 million in reimbursements to vehicle owners to account for the differences. Additionally, 33 states and the District of Columbia formed a Multistate Working Group (MSWG) to investigate Hyundai's possible violations of consumer protection laws. In November of 2016, the MSWG and Hyundai reached a settlement that awarded the plaintiffs a total of \$41.2 million. Arizona's share of this settlement was \$1.1 million, of which \$555,900 was deposited into the Consumer Protection-Consumer Fraud (CPCF) Revolving Fund to be used for consumer protection investigative and enforcement operations. Monies in the CPCF Revolving Fund do not require Committee review prior to expenditure.

Remediation Subaccount

The AG deposited the remaining \$500,000 from the Hyundai settlement into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. These funds have since accrued interest, bringing the balance of the settlement funds in the Consumer Remediation Subaccount to \$510,700.

A.R.S. § 44-1521.02 requires the AG to seek Committee review prior to expending these funds. Funds in the Consumer Remediation Subaccount may be used by the AG for operating expenses incurred in the administering programs intended to rectify violations of consumer protection laws. The Hyundai settlement further stipulates that these funds be used to educate consumers purchasing automobiles, enhance consumer protection against auto fraud and other deceptive practices, and/or rectify the alleged violations in the settlement.

Expenditure Plan

The AG proposes utilizing these \$510,700 to fund a short-term operation aimed at reducing auto-related fraud in the state. The prospective expenditure plan consists of the 4 items detailed below. Exact expenditures for each was not provided.

1. Auto fraud litigation: The AG seeks to hire an attorney in the Consumer Litigation Unit and a complaint specialist for the Consumer Information and Complaints Unit to detect and litigate a larger number of auto fraud related crimes.

(Continued)

2. Auto repair stings and undercover shopping operations: The AG currently investigates potential auto fraud via undercover operations which require the use of "bait" vehicles and expert witness testimony. The AG plans to use some of the settlement funds to upgrade and continue these pursuits.
3. Auto fraud awareness: The AG intends to use settlement funds to boost consumer awareness of common deceptive practices through existing relationships with consumer organizations.
4. Dealership and repair shop knowledge of the law: Due to widespread malpractice, the AG claims that many auto dealerships and repair shops are unaware of what is and is not permissible under the Consumer Fraud Act, and therefore, plans to use settlement funds to educate these businesses to increase compliance with the law.

Any unexpended funds would be distributed to the CPCF Revolving Fund.

AG:kp



MARK BRNOVICH
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL
CIVIL LITIGATION DIVISION
CONSUMER PROTECTION & ADVOCACY SECTION

September 6, 2018

Sen. John Kavanagh, Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007

Rep. David Livingston, Vice Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

Re: Hyundai Enforcement Action Plan

Dear Senator Kavanagh and Representative Livingston:

Pursuant to A.R.S. § 44-1531.02(C), the Arizona Attorney General's Office respectfully submits the enclosed expenditure plan to the Joint Legislative Budget Committee for review at its next meeting. As a result of a November 2016 settlement with the Hyundai Motor Company, the Attorney General secured approximately \$500,000 for the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund established by A.R.S. § 44-1531.02. According to the court order, the Hyundai funds may be used to educate consumers regarding auto purchases, auto fraud, and deceptive or false advertising; to enhance consumer protection law enforcement efforts by the Attorney General in areas related to auto fraud, deceptive or false advertising, and unfair or deceptive acts or practices; and for other programs intended to rectify violations alleged in the Complaint. The enclosed Hyundai Enforcement Action Plan allocates approximately \$500,000 in compliance with the court order and A.R.S. § 44-1531.02(C).

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew du Mee".

Matthew du Mee
Unit Chief Counsel
Consumer Litigation Unit

cc: The Honorable Steve Yarbrough
The Honorable JD Mesnard
Richard Stavneak



OFFICE OF THE ARIZONA ATTORNEY GENERAL
CIVIL LITIGATION DIVISION
CONSUMER PROTECTION & ADVOCACY SECTION

HYUNDAI SETTLEMENT EXPENDITURE PLAN
SEPTEMBER 2018

Pursuant to A.R.S. § 44-1531.02(C), this plan is submitted to the Joint Legislative Budget Committee for review at its next meeting. It outlines the expenditure of Hyundai settlement funds totaling approximately \$510,692, including accrued interest, secured by the Arizona Attorney General's Office (AGO).

The Hyundai Enforcement Action

In November 2016, the AGO and Hyundai Motor Company reached a settlement (Case # CV2016-016307) resolving allegations that Hyundai violated Arizona's Consumer Fraud Act in advertising the estimated fuel economy of certain new vehicles (the "Settlement"). The terms of the court order approving the Settlement require that \$500,000 of the \$1,055,841 settlement award be used for any of the following purposes:

- To educate consumers regarding auto purchases, auto fraud, and deceptive or false advertising;
- To enhance consumer protection law enforcement efforts in areas related to auto fraud, deceptive or false advertising, and unfair or deceptive acts or practices; or
- Other programs intended to rectify violations or alleged violations of consumer protection laws as alleged in the Complaint.

Expenditure Plan

Complaints related to motor vehicle sales and repairs routinely fall within the top ten types of complaints the AGO receives every year. In recent years, these complaints have ranked only second to complaints regarding telemarketing calls and scams. As noted in the AGO's 2018 Annual Report, the AGO received over 1,300 motor vehicle sales and repairs complaints in fiscal year 2018 alone. Likewise, auto-related complaints rank ninth in the top thirty complaint types filed with the Federal Trade Commission (FTC). See Consumer Sentinel Network Data Book 2017, *available at* https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-2017/consumer_sentinel_data_book_2017.pdf.

These complaints also top the Better Business Bureau's (BBB) 2017 list, with complaints against new car dealers (#4), used car dealers (#7), and auto repair businesses (#16) falling within the top twenty types of complaints, across hundreds of complaint/industry types, nationwide. See US BBB 2017 Statistics Sorted by Complaints, *available at* <https://www.bbb.org/globalassets/local-bbbs/council-113/media/complaint-stats/2017/2017-us-bbb-statistics-sb-complaints.pdf>.

In just the last year, the AGO's Consumer Protection & Advocacy Section ("CPA") has resolved a number of significant investigations related to motor vehicle issues, including, for example:

- A multi-million-dollar settlement of the State's lawsuit against Volkswagen—of which \$20 million went to the State's general fund for education purposes and \$10.5 million will go to consumers in restitution—relating to Volkswagen's advertising of its "clean diesel" cars. The AGO alleged that the cars were actually far dirtier than conventional engines, but Volkswagen had concealed this fact by installing software in the cars that tricked governmental authorities into thinking that the cars met emissions standards. Although other states settled with VW, Arizona was the only one to obtain direct restitution for consumers.

- A \$7.2-million settlement of the State's lawsuit against GM, of which up to \$6.2 million will go to consumers in restitution. The AGO's lawsuit related to various defects in GM vehicles, including defects in ignition switches that resulted in some vehicles switching off while consumers were driving. Although other states settled with GM, Arizona was the only one to obtain direct restitution for consumers.
- A \$2.25 million judgment after a six-week trial against Phoenix Car Rental, also known as Saban's Rent-A-Car, and its principal, Dennis N. Saban. The Court found that Phoenix Car Rental engaged in practices of quoting inaccurate prices, charging hidden fees, and renting unsafe cars. The Court ordered defendants to pay nearly \$1 million in restitution to consumers and entered injunctive relief to protect consumers in the future.
- Resolution of the State's investigation of local auto dealership ABC Nissan with a \$175,000 settlement, of which up to \$130,000 will go to consumers in restitution. The AGO's investigation related to false advertising practices, including allegedly listing vehicles on the Internet for an "Internet Price" that included every potential rebate and excluded mandatory dealer "add-ons" that had already been applied to vehicles. The investigation also related to the alleged practice of falsifying credit applications. As part of the settlement, Defendants agreed to engage in truthful advertising and credit applications in the future.

Additionally, the FTC recently filed an action in Arizona federal court, charging four auto dealerships operating in Arizona and New Mexico, near the border of the Navajo Nation, with a range of illegal activities, including falsifying consumers' income and down payment information on vehicle financing applications and misrepresenting important financial terms in vehicle advertisements. See <https://www.ftc.gov/news-events/press-releases/2018/08/ftc-charges-auto-dealerships-arizona-new-mexico-falsifying>.

Despite the recent victories by the AGO and the FTC's lawsuit, more work can and must be done to combat the deceptive and misleading motor vehicle sales and repair practices that befall many Arizona consumers. Pursuant to paragraph 6.2(b) of the Settlement, the AGO requests to utilize the Hyundai funds for a short-term operation designed to significantly reduce auto-related fraud in Arizona. This operation, which will benefit both consumers and the many good actors within the auto industry, consists of the following four prongs:

- 1) In order to effectively investigate auto-related complaints and deceptive practices pursuant to this operation, the AGO requires 2 FTEs and associated costs—an attorney in the Consumer Litigation Unit and a complaint specialist for the Consumer Information and Complaints Unit. The attorney would focus on investigating/litigating auto sales and repair cases, while the complaint specialist would process auto-related complaints and analyze complaint trends (based on complaints filed with the AGO, FTC, and BBB, Yelp and Google reviews, and the like) to assist CPA management in identifying appropriate matters for investigation. Funds might also be used for support staff, expert witnesses, or other costs of investigation or litigation. While the AGO already conducts auto-related fraud investigations and analyzes data received through the complaint process, internal resources are limited to address the volume of prospective casework that exists. In hiring these additional employees to focus on auto-related fraud, it is not the intent of the AGO to target the auto industry, per se, but simply to have the resources to stop consumer fraud where it is occurring. This focus will not only benefit consumers, but will level the playing field for good actors in the industry who are advertising their products and services without the use of deceptive or misleading tactics.
- 2) Conducting auto repair stings or undercover shopping operations. Over the last seven years, the average cost of an auto repair sting operation conducted by the AGO was \$4,300. The majority of this cost consists of the fees of an auto industry expert to perform pre- and post-preparation of a

“bait” vehicle and, potentially, provide expert witness testimony at trial. The Hyundai Settlement funds would provide the necessary monies to upgrade video and audio equipment housed inside a “bait” vehicle and to outfit investigators performing undercover operations, in addition to financing expert fees.

- 3) Leveraging existing relationships with established consumer organizations, including the BBB and the AARP, to increase awareness regarding common deceptive practices relating to motor vehicle sales and repairs, and especially the need for consumers to file complaints with the AGO when they fall prey to such practices. Working with established organizations with existing constituencies will enable the AGO to maximize efficiencies and return on investment, and get its message out to more people.
- 4) Conducting outreach to auto dealerships and repair shops to educate them about the confines of the Consumer Fraud Act as it pertains to auto advertising and repair practices. Anecdotal evidence has revealed that, in some cases, auto dealerships may simply be unaware of what constitutes false advertising, especially because certain types of misleading advertising can be prevalent within the industry. Through outreach efforts, the AGO plans to provide businesses with the information they need to comply with the law, thus preventing fraud before it arises.

Conclusion

The goals of the proposed plan are to further investigate allegations of auto-related consumer fraud, stop such fraud before it happens, and recover more restitution for Arizonans who have been harmed by fraudulent practices. Since 2015, the AGO has collected more than \$40 million in restitution and pre-investigation recoveries for victims of consumer fraud. By conducting the multi-pronged operation outlined above, the AGO aims to raise awareness amongst both consumers and businesses about what constitutes auto-related fraud and send the message that deceptive sales and repair practices will not be tolerated. In so doing, the AGO hopes to create a climate that favors good actors within the auto industry and empowers consumers as they engage in auto-related transactions. Any unexpended funds shall be distributed to the Consumer Protection-Consumer Fraud Revolving Fund established by A.R.S. § 44-1531.01.



STATE OF ARIZONA

Joint Legislative Budget Committee

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(602) 926-5491

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MICHELLE UGENTI-RITA
VACANT

DATE: September 13, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Elizabeth Dagle, Fiscal Analyst *ED*

SUBJECT: Arizona Board of Regents - Review of Qualifying College Credit Examinations

Request

A.R.S. § 15-249.06 requires the Arizona Board of Regents (ABOR) to maintain a list of qualifying examinations (with passing scores) that high school students may take to receive college credit in English language arts, mathematics, science, or social science from Arizona's public universities. ABOR is required to submit this list to the Arizona Department of Education (ADE) and to the Committee for review on or before September 1 of each 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 consider the following provision:

- A. The Committee considers a favorable review of the list of qualifying college credit examinations to remain in effect in subsequent years unless changes are made to the list of examinations or passing scores. Regardless of whether or not such changes are made, ABOR shall continue to report the most current list of qualifying examinations and passing scores to ADE and the Committee by September 1 of each year.

The Committee adopted the same provision during its last review in December 2016.

(Continued)

Key Points

- 1) ABOR determines qualifying exams that allow high school students to get college credit.
- 2) English and STEM courses were covered under original legislation, and in FY 2019, the list expanded to include the social sciences.
- 3) ABOR has added 35 examinations, bringing the total number to 60.
- 4) ABOR changed the passing score for 5 examinations.
- 5) Passing scores generated \$3.9 million in bonus payments to high schools.

Analysis

ABOR compiled a list of courses and passing examination scores currently accepted at Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA). The Committee reviewed the initial list in December 2016 and adopted a provision requiring further annual review only if changes are made to the list. This list now includes social studies as required by the FY 2019 K-12 Education Budget Reconciliation Bill.

In 2016, JLBC reviewed 23 tests. The universities have now expanded the list to 60 examinations, largely due to the inclusion of social sciences examinations. The 60 eligible examinations include 23 Advanced Placement (AP), 16 Cambridge International (CIE), and 21 International Baccalaureate (IB) examinations.

Apart from 4 examinations—AP Computer Science Principles, CIE Biology AS Level, IB English A, and IB Information Technology in a Global Society—the passing scores for each examination are identical across Arizona's 3 public universities. Additionally, 5 CIEs—Biology A Level, Biology AS Level, Chemistry A Level, Mathematics A Level, Mathematics Further A Level—had the minimum level for earning college credit lowered by one score. *Table 1* shows the comprehensive list of scores required for each of the 60 examinations at each public university.

Bonus Program

Beginning in FY 2018, teachers, districts, and charter schools whose students obtain passing scores on these examinations are eligible to receive bonus funding under the College Credit by Examination Incentive Program (CCEIP).

The CCEIP provides \$450 to a district or charter school for each passing score on a qualifying examination by a student enrolled in a school with at least 50% free or reduced-price lunch (FRPL) eligibility. The program provides \$300 to a district or charter school for each passing score by a student in a school with fewer than 50% FRPL eligibility. At least half of each incentive award must be distributed to the associated teacher, and the remainder must be used for teacher professional development or student instructional support or materials.

Beyond the review of the qualifying tests, statute also requires ADE to report CCEIP program results to the Committee for review by December 15. This report will include data such as the number of qualifying examinations taken and the number of passing scores received, along with information on the bonuses awarded.

Actual award amounts are limited to the CCEIP \$5.0 million appropriation and will be reduced proportionally if the total awards earned exceed available monies. Bonus payments under the program totaled approximately \$3.9 million in FY 2018. The roughly \$1.0 million surplus will be used to reimburse the cost of assessments in the 2018-2019 school year. With the increase in examinations qualifying for CCEIP, there is likely to be an increase in total incentive payments for the program and a corresponding decrease in surplus program monies used for assessment testing.

(Continued)

Table 1

Qualifying College Credit Examinations in English Language,
Mathematics, Science, & Social Sciences

Passing Score ^{1/}

	<u>ASU</u>	<u>NAU</u>	<u>UA</u>	<u>New 2018</u>	<u>Revised Score</u>
<u>Advanced Placement (AP)</u>					
Biology	3	3	3		
Calculus AB	3	3	3		
Calculus BC	3	3	3		
Chemistry	4	4	4		
Comparative Government & Politics	4	4	4	Y	
Computer Science A	4	4	4		
Computer Science Principles	4	3	3	Y	
English Language and Composition	4	4	4		
English Literature and Composition	4	4	4		
Environmental Science	4	4	4		
European History	4	4	4	Y	
Human Geography	4	4	4	Y	
Macroeconomics	4	4	4	Y	
Microeconomics	4	4	4	Y	
Physics 1	4	4	4		
Physics 2	4	4	4		
Physics C: Electricity and Magnetism	3	3	3		
Physics C: Mechanics	3	3	3		
Psychology	4	4	4	Y	
Statistics	3	3	3		
US Government & Politics	4	4	4	Y	
US History	4	4	4	Y	
World History	4	4	4	Y	
<u>Cambridge International Exam (CIE)</u>					
Biology-A Level	E	E	E		All
Biology-AS Level	E	D	D		ASU
Chemistry-A Level	E	E	E		ASU
Chemistry-AS Level	D	D	D		
Economics A Level	D	D	D	Y	
English Language A Level	E	E	E		
Geography A Level	E	E	E	Y	
Geography AS Level	E	E	E	Y	
History A Level	C	C	C	Y	
History AS Level	C	C	C	Y	
Information Technology A Level	E	E	E	Y	
Mathematics A Level	E	E	E		NAU
Mathematics AS Level	E	E	E	Y	
Mathematics Further A Level	E	E	E		NAU
Psychology A Level	E	E	E	Y	
Psychology AS Level	E	E	E	Y	

(Continued)

		Passing Score ^{1/}			
		<u>ASU</u>	<u>NAU</u>	<u>UA</u>	<u>New 2018</u>
<u>International Baccalaureate (IB)</u>					<u>Revised Score</u>
	Biology HL	4	4	4	
	Biology SL	4	4	4	
	Chemistry	4	4	4	
	Computer Science HL	5	5	5	Y
	Computer Science SL	4	4	4	Y
	Economics	5	5	5	Y
	English A	5	4	4	Y
	Geography HL	5	5	5	Y
	Geography SL	4	4	4	Y
	History	5	5	5	Y
	History, Africa and the Middle East HL	5	5	5	Y
	History, Americas HL	4	4	4	Y
	History, Europe HL	4	4	4	Y
	Information Technology in a Global Society	5	4	5	Y
	Mathematics	5	5	5	
	Physics	5	5	5	
	Psychology HL	5	5	5	Y
	Psychology SL	4	4	4	Y
	Social and Cultural Anthropology HL	4	4	4	Y
	Social and Cultural Anthropology SL	5	5	5	Y
	World Religions	5	5	5	Y

1/ AP examination scores range from 5 (highest) to 1 (lowest). CIE scores range from A (highest), B, C, D, E, F, G, U (lowest). IB scores range from 7 (highest) to 1 (lowest).

August 31, 2018

The Honorable David Livingston
Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

RE: Arizona College Credit by Examination Incentive Program List of Qualifying Exams

Dear Chairman Livingston,

The FY 2017 K-12 budget reconciliation bill established the College Credit by Examination Incentive Program (Incentive Program) within the Arizona Department of Education to provide an incentive bonus to teachers, school districts and charter schools for students who obtain a passing score on a qualifying examination for college credit while in high school (A.R.S. § 15-249.06).

As part of the Incentive Program, the Arizona Board of Regents (ABOR) is required to maintain and submit to the JLBC each year the list of qualifying examinations high school students may take in order to receive college credit in mathematics, English language arts or science from any of Arizona's public universities, as well as the passing scores required on the exams in order to receive college credit, to serve as the qualifying exams for the Incentive Program.

Representatives from ABOR, AZTransfer and the Offices of the Provosts at Arizona State University, Northern Arizona University and the University of Arizona work together to compile a list of all examinations the three public universities currently accept for students to receive college credit and the corresponding passing scores.

The list of qualifying exams for academic year 2018-2019 now includes social studies per the FY 2018 K-12 budget reconciliation bill.

Attached to this letter, please find the list of qualifying exams and corresponding passing scores for the Arizona College Credit by Examination Incentive Program pursuant to A.R.S. § 15-249.06.

REGENTS

Chair Ron Shoopman, *Tucson* • Larry Penley, *Phoenix* • Ram Krishna, *Yuma* • Bill Ridenour, *Paradise Valley*
Jay Heiler, *Paradise Valley* • Lyndel Manson, *Flagstaff* • Rick Myers, *Tucson* • Karrin Taylor Robson, *Phoenix*
STUDENT REGENTS: Aundrea DeGravina, *ASU* • Lauren L'Ecuier, *NAU*

EX-OFFICIO: Governor Doug Ducey • Superintendent of Public Instruction Diane Douglas

ENTERPRISE EXECUTIVE COMMITTEE

Executive Director John Arnold • ASU President Michael M. Crow • NAU President Rita Cheng • UA President Robert C. Robbins

Sincerely,

A handwritten signature in dark ink, appearing to be 'John Arnold', written in a cursive style.

John Arnold
Executive Director

cc: John Kavanagh, Senator & Chairman of Senate Appropriations Committee
Diane Douglas, Superintendent of Public Instruction
Richard Stavneak, Director, JLBC
Matt Beienburg, Analyst, JLBC
Kwesi Pasley, Analyst, OSPB

Credit by Exam List



Exam Type	Course and Exam Name	ASU Score	NAU Score	UA Score
Advanced Placement	Biology	3	3	3
Advanced Placement	Calculus AB	3	3	3
Advanced Placement	Calculus BC	3	3	3
Advanced Placement	Chemistry	4	4	4
Advanced Placement	Comparative Government & Politics	4	4	4
Advanced Placement	Computer Science A	4	4	4
Advanced Placement	Computer Science Principles	4	3	3
Advanced Placement	English Language and Composition	4	4	4
Advanced Placement	English Literature and Composition	4	4	4
Advanced Placement	Environmental Science	4	4	4
Advanced Placement	European History	4	4	4
Advanced Placement	Human Geography	4	4	4
Advanced Placement	Macroeconomics	4	4	4
Advanced Placement	Microeconomics	4	4	4
Advanced Placement	Physics 1	4	4	4
Advanced Placement	Physics 2	4	4	4
Advanced Placement	Physics C: Electricity and Magnetism	3	3	3
Advanced Placement	Physics C: Mechanics	3	3	3
Advanced Placement	Psychology	4	4	4
Advanced Placement	Statistics	3	3	3
Advanced Placement	US Government & Politics	4	4	4
Advanced Placement	US History	4	4	4
Advanced Placement	World History	4	4	4
Cambridge International Exam	Biology A Level	E	E	E
Cambridge International Exam	Biology AS Level	E	D	D
Cambridge International Exam	Chemistry A Level	E	E	E
Cambridge International Exam	Chemistry AS Level	D	D	D
Cambridge International Exam	Economics A Level	D	D	D
Cambridge International Exam	English Language A Level	E	E	E
Cambridge International Exam	Geography A Level	E	E	E
Cambridge International Exam	Geography AS Level	E	E	E
Cambridge International Exam	History A Level	C	C	C
Cambridge International Exam	History AS Level	C	C	C
Cambridge International Exam	Information Technology A Level	E	E	E
Cambridge International Exam	Mathematics A Level	E	E	E
Cambridge International Exam	Mathematics AS Level	E	E	E
Cambridge International Exam	Mathematics Further A Level	E	E	E
Cambridge International Exam	Psychology A Level	E	E	E
Cambridge International Exam	Psychology AS Level	E	E	E
International Baccalaureate	Biology HL	4	4	4
International Baccalaureate	Biology SL	4	4	4
International Baccalaureate	Chemistry HL	4	4	4
International Baccalaureate	Computer Science HL	5	5	5
International Baccalaureate	Computer Science SL	4	4	4
International Baccalaureate	Economics HL	5	5	5
International Baccalaureate	English A HL	5	4	4
International Baccalaureate	Geography HL	5	5	5
International Baccalaureate	Geography SL	4	4	4
International Baccalaureate	History SL	5	5	5
International Baccalaureate	History, Africa and the Middle East HL	5	5	5
International Baccalaureate	History, Americas HL	4	4	4
International Baccalaureate	History, Europe HL	4	4	4
International Baccalaureate	Information Technology in a Global Society HL	5	4	5
International Baccalaureate	Mathematics HL	5	5	5
International Baccalaureate	Physics HL	5	5	5
International Baccalaureate	Psychology HL	5	5	5
International Baccalaureate	Psychology SL	4	4	4
International Baccalaureate	Social and Cultural Anthropology HL	4	4	4
International Baccalaureate	Social and Cultural Anthropology SL	5	5	5
International Baccalaureate	World Religions SL	5	5	5

New items for AY 2018-2019 are highlighted

EXECUTIVE SUMMARY

Item Name: College Credit by Examination Incentive Program

- ☒ Action Item
- ☒ Committee Recommendation to Full Board
- ☐ First Read of Proposed Policy Change
- ☐ Information or Discussion Item

Issue: The committee is asked to review and recommend for board approval a list of credit by examination subjects that Arizona high school teachers may teach in order to be eligible for the incentive bonuses. This action is necessary to be in compliance with A.R.S. 15-249.06, College credit by examination incentive program; incentive bonuses; report; program termination.

Enterprise Strategic Plan

- ☒ Empower Student Success and Learning
- ☐ Advance Educational Attainment within Arizona
- ☒ Create New Knowledge
- ☐ Impact Arizona
- ☒ Compliance
- ☐ Real property purchase/sale/lease
- ☐ Other:

Statutory/Policy Requirements

A.R.S. 15-249.06, College credit by examination incentive program; incentive bonuses; report; program termination, the Arizona Board of Regents (ABOR) is charged with providing a list of credit by examination subjects that Arizona high school teachers may teach in order to be eligible for the incentive bonuses.

ABOR maintains the list of qualifying exams and passing scores for college credit. ABOR submits the list to the Department of Education and the Joint Legislative Budget Committee by September 1st beginning in 2017-2018.

Background

The Honorable Governor Ducey has initiated an incentive program for high school teachers that was approved by the House and Senate, and the recent statute requires the Board to provide a list of approved subjects that high school teachers may teach in order to be eligible for incentive bonuses.

Contact Information:

Shelley McGrath, ABOR (602) 229-2529
Mark Denke, ABOR (602) 229-2503

shelley.mcgrath@azregents.edu
mark.denke@azregents.edu

EXECUTIVE SUMMARY

Discussion

- A.R.S. 15-249.06 requires that ABOR “shall maintain a list of qualifying examinations that a high school student may take in order to receive college credit in mathematics, English language arts or science from any university under the jurisdiction of the Arizona board of regents and the passing scores required on those examinations in order to receive college credit.”
- Shelley McGrath, Vice President of Academic and Student Affairs with ABOR and Kelly Robles, Executive Director of AZTransfer coordinated with the AZTransfer Steering Committee and University Provosts to compose a list of subjects/courses that encompass the curricular requirement of mathematics, English language arts, and science as well as the recommended passing scores by faculty at each of the universities (see Addendum 2).
- Each year ABOR will review any new courses and passing scores that the universities accept to determine if those should be added to the list and also to consider university recommendations to delete courses from the list if faculty find that changes to the exams do not meet the academic rigor expected by the universities.

Requested Action

The board office asks the committee to review and recommend for board approval the list of proposed subjects that high school teachers may teach to be eligible for the teacher incentive bonuses pursuant to A.R.S. 15-249.06 and to review recommended additions to or deletions from the list annually.

Credit by Exam List for Incentive Program

Exam Type	Course and Exam Name	ASU cut score	NAU cut score	UA cut score
Advanced Placement (AP)	Computer Science A	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Biology	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Calculus AB	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Calculus BC	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Chemistry	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	English Language and Composition	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	English Literature	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Environmental Science	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Physics 1 Mechanics Only	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Physics 2 E & M Only	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Physics C	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Statistics	Exam score 3	Exam score 3	Exam score 3
Cambridge International Exam (CIE)	English Language-A Level	Exam score E	Exam score E	Exam score E
Cambridge International Exam (CIE)	Biology-A Level	Exam score D	Exam score D	Exam score D
Cambridge International Exam (CIE)	Biology-AS Level	Exam score D	Exam score D	Exam score D
Cambridge International Exam (CIE)	Chemistry-A Level	Exam score D	Exam score E	Exam score E
Cambridge International Exam (CIE)	Chemistry-AS Level	Exam score D	Exam Score D	Exam score D
Cambridge International Exam (CIE)	Mathematics-A Level	Exam score E	Exam score D	Exam score E
Cambridge International Exam (CIE)	Mathematics-Further-A Level	Exam score E	Exam score D	Exam score E
International Baccalaureate (IB)	Biology	Exam score 4	Exam score 4	Exam score 4
International Baccalaureate (IB)	Chemistry	Exam score 4	Exam score 4	Exam score 4
International Baccalaureate (IB)	Mathematics	Exam score 5	Exam score 5	Exam score 5
International Baccalaureate (IB)	Physics	Exam score 5	Exam score 5	Exam score 5



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: September 17, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Matt Beienburg, Senior Fiscal Analyst *MB*
Steve Schimpp, Deputy Director *SS*

SUBJECT: Arizona Department of Education - Review of Statewide Assessment Contract Renewal

Request

Pursuant to A.R.S. § 15-741.03, the Arizona Department of Education (ADE) requests Committee review of the contract renewal for the statewide assessment. Laws 2018, Chapter 262 also requires that ADE provide information on each current contract for all portions of the statewide assessment.

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 consider the following provisions:

- A. By December 15, 2018, ADE shall report:
 1. The status of the request for proposal (RFP) process for the menu of assessments.
 2. The estimated AzMERIT contract savings associated with fewer students taking the exam in FY 2019.
- B. By September 1, 2019, ADE shall report the status of all contracts for the statewide assessment and the menu of assessments, including exam vendors, pricing agreements, and an estimate of the number of students taking each exam in FY 2020.

(Continued)

Key Points

- 1) ADE proposes to extend the current AzMERIT contract 1 more year (through FY 2019).
- 2) Contract extension cost of \$17.9 million for 1.6 million tests is comparable to the FY 2018 cost.
- 3) ADE also plans to continue the AIMS Science Test for the 2nd year of 3-year contract at an annual cost of \$1.6 million.
- 4) Menu of Assessments begins for high school students in FY 2019, with funding available from AzMERIT caseload savings and unspent college credit exam bonus program monies.
- 5) ADE and the State Board of Education (SBE) are currently developing an RFP for a "Menu of Assessments."
 - Allows schools to choose from a variety of tests that measure student achievement.
 - AzMERIT could continue to be part of the assessments.

Analysis

A.R.S § 15-741 requires SBE to adopt a statewide assessment to measure student achievement in reading, writing, and mathematics in at least 4 grades, and allows the administering of assessments in social studies and science.

Currently, the statewide assessment consists of the AzMERIT exam for math and English Language Arts, which is administered to students in grades 3-11, and an AIMS Science test administered in grades 4, 8, and 10. ADE's contract with the vendor for AzMERIT began in 2014 and expires in November 2018, while the current contract for AIMS Science began in 2017 and expires in April 2020.

AzMERIT

In May 2018, SBE directed ADE to seek Committee review to extend the AzMerit contract through November 2019, in order to accommodate the April 2019 testing window for the 2018-2019 school year and the delivery of technical documents in October 2019 after completion of the 2018-2019 exams.

As a result, ADE has proposed a 1-year extension of the current AzMERIT contract at an estimated cost of \$17.9 million. ADE estimates this amount based on the actual \$17.7 million FY 2018 AzMERIT costs, but assuming 2% FY 2019 enrollment growth and an increase in the percentage of students taking the more expensive paper-based version of the test.

Laws 2018, Chapter 262 allows districts and charter schools to opt for paper-based exams. ADE estimates that roughly 70% of students will take the cheaper computer-based version of the tests in FY 2019, which would be less than the 84% who took it in FY 2018. (Previously, schools were eligible to take the paper-based test only for logistical reasons).

In total, ADE estimates that students will take approximately 1.6 million AzMERIT tests in FY 2019 (roughly 800,00 math and 800,000 English), for an average cost of approximately \$11.25 per test, as shown in *Table 1*. (Computer-based AzMERIT exam costs will range from \$8.63 to \$11.27 per exam, compared to \$12.80 - \$18.43 per paper exam.) For each student taking both a math and English AzMERIT exam, therefore, the average cost is estimated at approximately \$22.50.

ADE also reports that FY 2019 costs for AzMERIT will likely be less than the current \$17.9 million estimate due to approximately 35,000 high school students opting out of AzMERIT for an exam from the

(Continued)

"menu of assessments" for FY 2019. (Please see below for more information on the menu of assessments.)

Table 1

FY 2019 AzMERIT Exams & Costs (Estimated)				
	<u># Tests</u>	<u>% Tests</u>	<u>Cost / Test</u>	<u>Total Cost ^{1/}</u>
Computer-Based	1,103,100	69.4%	\$8.63 - \$11.27	\$10,492,600
Paper-Based	487,500	30.6%	\$12.80 - \$18.43	\$7,402,700
Total	1,590,600	100.0%	\$11.25	\$17,895,300

^{1/} Assumes that reported \$(773,900) savings from automated scoring are shared proportionately across computer-based and paper-based exams.

AIMS Science

ADE reports that approximately 86,000 students in each of grades 4, 8 and 10 took the computer-based AIMS Science exam in FY 2018, for a total of 258,000 students. At a cost per exam of \$4.83, the AIMS Science contract cost a total of \$1.2 million in FY 2018.

Assuming a 2% growth in enrollment and increase in the annual cost per student to \$6.20 (explained below), the department estimates that the contract will cost \$1.6 million in FY 2019. The department may extend the contract, which otherwise expires at the end of FY 2020, for an additional 4 years.

ADE reports that costs for AIMS Science testing are increasing in FY 2019 due to additional development work and field testing associated with the upcoming adoption of new statewide science standards. As shown in *Table 2*, ADE reports that the development costs will be \$530,400 in FY 2019. ADE projects that additional development costs will average approximately \$450,000 per year for the next 5 years thereafter.

Table 2

FY 2019 Costs of AIMS Science Contract ^{1/}

Test Development	\$ 530,400	33%
Test Administration	562,900	34%
Scoring, Reporting, Technical	49,000	3%
Program Management	<u>489,300</u>	<u>30%</u>
Total	\$1,631,600	100%

^{1/} As reported by ADE.

Menu of Assessments

Laws 2016, Chapter 10 established A.R.S § 15-741.02, which allows district and charter schools to select tests other than AzMERIT and AIMS Science from a "menu of assessments" for high school students beginning in FY 2019 and elementary students beginning in FY 2020. Under the law, districts and charter school networks may adopt menu exams for some or all of their schools.

(Continued)

The menu exams approved by the State Board of Education (SBE) for FY 2019 include all tests adopted by the Arizona Board of Regents (ABOR) as part of the College Credit by Exam Incentive Program (CCEIP) authorized by A.R.S § 15-249.06 (including Advanced Placement, International Baccalaureate, and Cambridge International Exams), plus the ACT, SAT, and the Grand Canyon Diploma qualifying exams. In FY 2019, these alternative tests will be locally-procured, versus state procured starting in FY 2020.

SBE reports that ADE is in the process of holding stakeholder meetings to develop a request for proposal (RFP) for prospective menu of assessment providers for FY 2020 and expects to bring that RFP to SBE for approval later this fall. SBE states that the resulting contract could be awarded by the spring of 2019 and that beginning in FY 2020, the menu of assessment will replace AzMERIT, but that "depending on the results of the RFP, AzMERIT may qualify for the menu of assessments."

A.R.S § 15-741.02 authorizes SBE to develop rules and procedures for the menu of assessments. SBE adopted a policy requiring school districts and charters to notify ADE by July 1, 2018 if any of their schools intended to opt for a menu exam rather than the statewide assessment. ADE reports that approximately 35,000 students attend schools that selected a menu assessment for FY 2019. These students will be taking the ACT or SAT in grade 11 only.

While schools may begin using menu exams in FY 2019 before the RFP process has been completed for FY 2020, however, those schools are responsible for funding the costs of alternative assessments for FY 2019. ADE does not have an estimate of the total cost of menu exams for the 35,000 students taking them in FY 2019. Since districts will have to purchase the tests individually rather than benefit from a statewide discount, the cost per student is likely to be higher than the current cost. If purchased by an individual student, SAT and ACT tests both cost more than \$40. In a hypothetical example, 35,000 tests at \$40 a piece would cost \$1.4 million.

However, Laws 2018 Chapter 262 allows districts and charters to submit a reimbursement request to ADE once the exams have been administered. Pursuant to that law, ADE shall use any savings associated with fewer students taking the AzMERIT and AIMS Science exams in FY 2019 to defray menu exam costs. ADE is in the process of determining those savings with the vendor.

The FY 2018 budget included \$5.0 million for the College Credit Incentive Program (CCEIP). The state awards \$300 to \$425 for each student meeting at least a minimum qualifying score.

Laws 2018, Chapter 315 allows unspent monies from the \$5.0 million CCEIP appropriation for FY 2018 to be used to support menu costs in FY 2019. ADE estimates that approximately \$1.1 million is available from this funding source.

If the amount requested by districts and charters in their reimbursement requests (after subtracting any other support from private organizations) exceeds the amount available from the AzMERIT savings and CCEIP funding, the department is required to allocate the available monies proportionately among the schools.

Due to an increase in the number of examinations eligible for CCEIP bonus funding in FY 2019 as approved by ABOR, it is likely that leftover CCEIP monies will not be able to provide ongoing funding for alternative assessments in future years.

MB:kp



State of Arizona
Department of Education
Office of Diane M. Douglas
Superintendent of Public Instruction

August 30, 2018

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



Dear Senator Kavanagh,

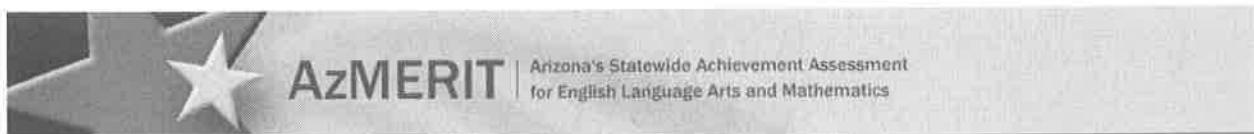
The purpose of this letter is to request that two items be included on the agenda for consideration at the September 20, 2018 meeting of the Joint Legislative Budget Committee (JLBC) in order to fulfill two statutory requirements as outlined below.

- 1) Laws 2018, Chapter 262, Section 4, relating to statewide assessment contract information. This requirement states that prior to November 15, 2018, the Department of Education must provide information to JLBC on each current contract for all portions of the statewide assessment adopted pursuant to section 15-741.
- 2) A.R.S. 15-741.03, relating to the renewal of a statewide assessment contract. Under this law, the Department of Education may not renew any current contract for any portion of the statewide assessment adopted pursuant to section 15-741 or reestablish a new contract for any portion of the statewide assessment adopted pursuant to section 15-741 without a review by JLBC.

Due to the nature of the contracts involved, the Department is still engaging with its assessment vendors to obtain the most accurate and up-to-date information for JLBC members. As a result, we will be providing additional supplemental materials as soon as possible prior to the meeting date. Please do not hesitate to contact my office with any questions.

Sincerely,

Charles Tack
Associate Superintendent, Policy Development and Government Relations
Arizona Department of Education



AzMERIT

Vendor: American Institutes of Research (AIR)

Contract Number/Contract Awarded: ADED14-0000083299 Contract Began: February 2014

Year 4 Contract Extension (November 2017-November 2018);

Year 5 Extension Request: November 2018 through November 2019. We have final deliverables of Technical Manuals in October 2019 after completion of test administration windows.

Mode: Paper-Based and Computer-Based; 2018 72% Computer; Paper 28%

Content Areas: ELA and Mathematics

Grades: 3-8 and HS End of Course (ELA 9, ELA10, ELA11, Algebra I, Geometry, and Algebra II)

Test Window 2018: April 2 - April 27; Paper-Based window-April 2 - April 10, 2018

Test Window for 2019: April 1 - April 26; Paper-Based window-April 1 - April 10, 2019

Cost: (based on approximately 85,000 students at each grade level)

2017-2018 (Year 4): \$ 17,731,554 * Increase from previous year and yr. 4 estimate due to ARS 15-742 Section F (four-week test window).

2018-2019 (Year 5 July through Nov 2018) \$4,179,627

2018-2019 (Year 5 December through Oct 2019): \$ 13,179,627

Total Year 5: \$ 17,853,440

Notes:

SB1291 requires ADE to provide an additional data file to LEAs upon request

SB1449 allows for LEAs to request a paper test resulting in the reduction of Computer-Based Tests. Paper-Based tests cost more to administer/score.

Menu of Assessments removes approximate 35,000 students from the total count at the high school level.

Year 5 Proposed : 70% CBT, 30% PBT (approx.)

Grade/Subject	Yr.5 Estimated Students	Price Yr.5	Yr.5 Total
ELA Grade 3 Online	61,738	11.27	695,656
ELA Grade 3 Paper	26,459	18.43	487,612
ELA Grade 4 Online	61,738	11.27	695,656
ELA Grade 4 Paper	26,459	18.43	487,612
ELA Grade 5 Online	64,014	11.27	721,302
ELA Grade 5 Paper	27,434	18.43	505,580
ELA Grade 6 Online	64,316	11.27	724,705
ELA Grade 6 Paper	27,564	18.43	507,976
ELA Grade 7 Online	63,337	11.27	713,674
ELA Grade 7 Paper	27,144	18.43	500,236
ELA Grade 8 Online	62,348	11.27	702,530
ELA Grade 8 Paper	26,720	18.43	492,422
Math Grade 3 Online	61,586	8.83	543,935
Math Grade 3 Paper	26,394	13.00	343,226
Math Grade 4 Online	61,586	8.83	543,935
Math Grade 4 Paper	26,394	13.00	343,226
Math Grade 5 Online	63,871	8.83	564,116
Math Grade 5 Paper	27,372	13.00	355,944
Math Grade 6 Online	64,195	8.83	566,978
Math Grade 6 Paper	27,512	13.00	357,765
Math Grade 7 Online	63,182	8.83	558,031
Math Grade 7 Paper	27,078	13.00	352,121
Math Grade 8 Online	62,029	8.83	547,847
Math Grade 8 Paper	26,583	13.00	345,684
High School Gr 9 ELA Online	60,006	11.07	664,125
High School Gr9 ELA Paper	28,238	18.22	514,520
High School Gr10 ELA Online	62,106	11.07	687,367
High School G10 ELA Paper	29,225	18.22	532,504
High School G11 ELA Online	57,010	11.07	630,966
High School G11 ELA Paper	26,828	18.22	488,828
High School Algebra 1 Online	66,107	8.63	570,660
High School Algebra 1 Paper	31,109	12.80	398,165
High School Geometry Online	54,538	8.63	470,792
High School Geometry Paper	25,664	12.80	328,474
High School Algebra 2 Online	49,469	8.63	427,034
High School Algebra 2 Paper	23,279	12.80	297,949
Total	1,590,632		18,669,154
Other Adjustments:			
Reduction of Writing Prompt Scoring Due to Automated Scoring			(773,895)
Total With Adjustments			17,895,259

Summary	Total Tests	%
Online	1,103,176	69.35%
Paper	487,456	30.65%
Grand Total	1,590,632	100.00%

Summary	Total Tests
ELA Tests	802,684
Math Tests	787,948
Grand Total	1,590,632

Installment #1

70% CBT, 30% Paper (Approx.)		
1,588,967 Total Tests		
Test Orders	Partial Payment	Total
61,738	9.00	555,642
26,459	14.00	370,426
61,738	9.00	555,642
26,459	14.00	370,426
64,014	9.00	576,126
27,434	14.00	384,076
64,316	9.00	578,844
27,564	14.00	385,896
63,337	9.00	570,033
27,144	14.00	380,016
62,348	9.00	561,132
26,720	14.00	374,080
61,586	6.85	421,864
26,394	8.50	224,349
61,586	6.85	421,864
26,394	8.50	224,349
63,871	6.85	437,516
27,372	8.50	232,662
64,195	6.85	439,736
27,512	8.50	233,852
63,182	6.85	432,797
27,078	8.50	230,163
62,029	6.85	424,899
26,583	8.50	225,956
60,006	9.00	540,054
28,238	14.00	395,332
62,106	9.00	558,954
29,225	14.00	409,150
57,010	9.00	513,090
26,828	14.00	375,592
66,107	6.85	452,833
31,109	8.50	264,427
54,538	6.85	373,585
25,664	8.50	218,144
49,469	6.85	338,863
23,279	8.50	197,872
1,590,632		14,250,240

Installment #2

70% CBT, 30% Paper (Approx.)		
1,588,967 Total Tests		
Tests Scored	Partial Payment	Total
61,738	2.27	140,014
26,459	4.43	117,186
61,738	2.27	140,014
26,459	4.43	117,186
64,014	2.27	145,176
27,434	4.43	121,504
64,316	2.27	145,861
27,564	4.43	122,080
63,337	2.27	143,641
27,144	4.43	120,220
62,348	2.27	141,398
26,720	4.43	118,342
61,586	1.98	122,071
26,394	4.50	118,877
61,586	1.98	122,071
26,394	4.50	118,877
63,871	1.98	126,600
27,372	4.50	123,282
64,195	1.98	127,242
27,512	4.50	123,913
63,182	1.98	125,234
27,078	4.50	121,958
62,029	1.98	122,949
26,583	4.50	119,728
60,006	2.07	124,071
28,238	4.22	119,188
62,106	2.07	128,413
29,225	4.22	123,354
57,010	2.07	117,876
26,828	4.22	113,236
66,107	1.78	117,827
31,109	4.30	133,738
54,538	1.78	97,206
25,664	4.30	110,330
49,469	1.78	88,172
23,279	4.30	100,077
1,590,632		4,418,913
Total		18,669,154

Year 5: SY 18-19 Student Test Counts by Grade, Subject and Mode



Adjustments applied:

1. Shift Students from Previous Grade To Next Grade.

2. Apply Enrollment Increase of:

2%

	SY 17-18*	SY 17-18*	SY 17-18*	SY 18-19	SY 18-19	SY 18-19**	SY 18-19	SY 18-19	SY 18-19
Grades	CBT Tests	PBT Tests	Total Tests Yr.4	CBT Tests	PBT Tests	Total Tests Yr.5	CBT Tests %	PBT Tests %	Total Tests Yr.5 %
ELA/L Grade 3	72,097	14,370	86,467	61,738	26,459	88,197	70.00%	30.00%	100.00%
ELA/L Grade 4	74,948	14,706	89,654	61,738	26,459	88,197	70.00%	30.00%	100.00%
ELA/L Grade 5	75,403	14,675	90,078	64,014	27,434	91,448	70.00%	30.00%	100.00%
ELA/L Grade 6	73,944	14,762	88,706	64,316	27,564	91,880	70.00%	30.00%	100.00%
ELA/L Grade 7	72,047	15,274	87,321	63,337	27,144	90,481	70.00%	30.00%	100.00%
ELA/L Grade 8	71,672	14,841	86,513	62,348	26,720	89,068	70.00%	30.00%	100.00%
ELA/L Grade 9	75,829	13,711	89,540	60,006	28,238	88,244	68.00%	32.00%	100.00%
ELA/L Grade 10	69,880	12,314	82,194	62,106	29,225	91,331	68.00%	32.00%	100.00%
ELA/L Grade 11	66,730	11,164	77,894	57,010	26,828	83,838	68.00%	32.00%	100.00%
Mathematics Grade 3	72,037	14,217	86,254	61,586	26,394	87,980	70.00%	30.00%	100.00%
Mathematics Grade 4	74,937	14,516	89,453	61,586	26,394	87,980	70.00%	30.00%	100.00%
Mathematics Grade 5	75,371	14,537	89,908	63,871	27,372	91,243	70.00%	30.00%	100.00%
Mathematics Grade 6	73,916	14,574	88,490	64,195	27,512	91,707	70.00%	30.00%	100.00%
Mathematics Grade 7	71,958	14,916	86,874	63,182	27,078	90,260	70.00%	30.00%	100.00%
Mathematics Grade 8	62,331	12,289	74,620	62,029	26,583	88,612	70.00%	30.00%	100.00%
Algebra 1	81,959	13,350	95,309	66,107	31,109	97,216	68.00%	32.00%	100.00%
Geometry	67,233	11,396	78,629	54,538	25,664	80,202	68.00%	32.00%	100.00%
Algebra 2	60,699	10,622	71,321	49,469	23,279	72,748	68.00%	32.00%	100.00%
TOTAL*	1,292,991	246,234	1,539,225	1,103,176	487,456	1,590,632	69.35%	30.65%	100.00%
TOTAL - %	84.00%	16.00%	100%	69.35%	30.65%	100.00%			

*Actual test counts for Fall'18, Spring'18 and Summer'18

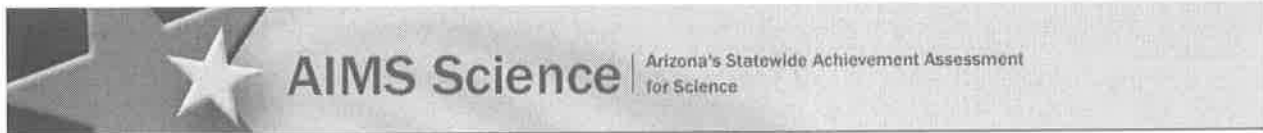
**Estimates for SY18-19 Student Test Counts currently do not include reduction for HS tests due to menu of assessments. AIR will reduce those student test counts based on estimates from ADE.

Arizona Payment Schedule (Milestone-based)

Bill Milestone	Anticipated Bill Month	Year 5 2018-2019
		Year 5
Arizona Assessments Gr. 3-8 & HS EOC		
Configure and Commit Hardware for AzMerit	Sep-30-2018	900,000
Program Management (Reports, minutes)		
7/1 through 9/30	Sep-30-2018	290,000
Award-12/31	Dec-31-2018	290,000
1/1 through 3/31	Mar-31-2019	290,000
4/1 through 6/30	Jun-30-2019	290,000
Selection of Operational and EFT Items; Approval of Forms	Sep-30-2018	2,474,627
Approval to Open TIDE (Student Registration)	Oct-31-2018	375,000
Approval to Launch Sample Tests	Oct-31-2018	100,000
Provide Help Desk Support		
7/1 through 9/30	Sep-30-2018	40,000
Setup; plus any support through 12/31	Dec-31-2018	40,000
1/1 through 3/31; support and tracking	Mar-31-2019	200,000
4/1 through 6/30; support and tracking	Jun-30-2019	200,000
Deliver Training Workshops/Webinars	Feb-28-2019	50,000
Approval to Print (Paper Based Assessments)		
Grades 3-8	Jan-31-2019	785,000
HS EOC	Jan-31-2019	315,000
Ship Tests (Paper Based Assessments)		
Grades 3-8	Mar-31-2019	190,000
HS EOC	Mar-31-2019	80,000
Deploy Online Tests; Approval to Open Test Window		
Grades 3-8	Mar-31-2019	2,265,000
HS EOC	Mar-31-2019	1,030,000
Monitor System Performance		
First week of testing window	Mar-31-2019	300,000
Second week of testing window	Apr-30-2019	300,000
Third week through close of testing window	May-31-2019	340,000
Retrieve Tests (Paper Based Assessments)		
Grades 3-8	Apr-30-2019	190,000
HS EOC	Apr-30-2019	80,000
Scan Paper Based Assessments		
Grades 3-8	May-31-2019	190,000
HS EOC	May-31-2019	80,000
Recruit and Train Scorers (Begin Scoring)		
Grades 3-8	Apr-30-2019	1,075,000
HS EOC	Apr-30-2019	485,000
Planned reduction of Writing Prompt Scoring Due to Automated Scoring: based on 556,613 ELA CBT Tests x \$1.39 Savings per test (See 'Workings' Tab for detail)	Apr-30-2019	(773,895)
Close Test Window	May-31-2019	975,000
Complete Standard Setting		

Arizona Payment Schedule (Milestone-based)

Bill Milestone	Anticipated Bill Month	Year 5 2018-2019
		Year 5
Deliver Initial State Data File		
Grades 3-8	May-31-2019	1,075,000
HS EOC	May-31-2019	485,000
Planned price adjustment based on 70% CBT, 30% PBT (See 'Workings' Tab for detail): 1,103,176 CBT Tests, 487,456 PBT Tests 802,684 ELA Tests, 787,948 Math Tests	May-31-2019	459,527
Deliver online reports		
Approval to open Online Reporting System	Mar-31-2019	1,275,000
Deliver electronic reports	May-31-2019	675,000
Ship Print Reports		
Grades 3-8	Jun-30-2019	280,000
HS EOC	Jun-30-2019	140,000
Deliver Technical Report	Oct-31-2019	60,000
End-of-Year True-up Adjustments based on Actual Students Testing (ELA, Math) and Actual Test Mode (Online, Paper)		
Changes to test order quantity from (see Workings Tab for rates): 1,103,176 CBT Tests, 487,456 PBT Tests 802,684 ELA Tests, 787,948 Math Tests	May-31-2019	TBD
Changes to tests scored quantity from (see Workings Tab for rates): 1,103,176 CBT Tests, 487,456 PBT Tests 802,684 ELA Tests, 787,948 Math Tests		
Changes to actual SY 18-19 ELA CBT test quantity: (556,613 ELA CBT tests minus Actual SY 18-19 ELA CBT tests) x (\$1.39 per ELA CBT test)	Apr-30-2019	TBD
Total Contract		17,895,259
Other Adjustments		
PLD and Item Specifications Revision	Dec-31-2018	56,367
Reduction Due to Remote Meetings (Rubric Validation and Data Review)	Jun-30-2019	(49,440)
Reduction Due to 3% materials overage instead of 5% materials overage based on 70% CBT, 30% PBT Approx.	May-31-2019	(48,746)
Grand Total		17,853,440
Bill Summary	Anticipated Bill Month	Bill Amount
Bill #1	Sep-30-2018	3,704,627
Bill #2	Oct-31-2018	475,000
Bill #3	Dec-31-2018	386,367
Bill #4	Jan-31-2019	1,100,000
Bill #5	Feb-28-2019	50,000
Bill #6	Mar-31-2019	5,630,000
Bill #7	Apr-30-2019	1,356,105
Bill #8	May-31-2019	4,230,781
Bill #9	Jun-30-2019	860,560
Bill #10	Oct-31-2019	60,000
Total Billing		17,853,440



AIMS Science

Vendor: NCS Pearson

Contract Awarded: ADED17-00006931 April 2017

Current: Year 2 of 3 year base contract with options for four additional contract extensions

Mode: Computer-Based Test

Content: Science

Grades: 4, 8, and 10

Test Window 2018: March 26 - April 20

Test Window for 2019: March 25 – April 19

Cost: (based on approximately 85,000 students at each grade level)

2017-2018 (Year 1): \$1,246,140.00

2018-2019 (Year 2): \$1,631,592.00

Note: ADE will be adopting new Science Standards. Year 2 has additional Development work and Field testing preparation.

**RFP Solicitation No.: ADED17-00006931
REVISED ATTACHMENT I - COST FORM**

Offeror:

COMPLETE THIS SHEET IF SUBMITTING A BID FOR AIMS Science								
Any exceptions or deviations from this cost form may impact Offeror's susceptibility of award.								
Contract costs if awarded only AIMS Science								
<u>Total All Inclusive Cost Per Student and Total Cost</u>								
<small>(Based on 86,000 students per grade for AIMS Science in Grade 4, 8, and HS; 2% annual growth in student population)</small>								
Year 1			Year 2			Year 3		
<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>	<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>	<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>
258,000	4.83	1,246,140.00	263,160	6.20	1,631,592.00	268,420	7.83	2,101,728.60

Year 4			Year 5			Year 6			Year 7		
<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>	<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>	<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>	<i>Number of Students Tested</i>	<i>Cost Per Student</i>	<i>Total Cost</i>
273,790	8.81	2,412,089.90	279,265	7.89	2,203,400.85	284,850	7.53	2,144,920.50	290,550	7.14	2,074,527.00

Estimated Expenses by Major Task Areas							
Evaluation of cost will be based on the total all inclusive cost per student and total cost as presented above.							
Itemize the following total estimated expenses by major task.							
<i>Task Area</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>
Test Development	214,975.94	530,352.45	632,076.69	486,178.19	408,007.35	399,805.83	310,797.89
Test Administration	607,336.77	562,887.27	660,707.82	763,562.61	728,223.40	698,695.87	690,736.94
Scoring, Reporting, Technical/Psychometrics	54,751.05	49,041.89	114,985.82	307,504.36	185,321.02	181,717.43	186,332.06
Program Management	369,076.24	489,310.39	693,958.27	854,844.74	881,849.08	864,701.37	886,660.11
Total annual cost:	1,246,140.00	1,631,592.00	2,101,728.60	2,412,089.90	2,203,400.85	2,144,920.50	2,074,527.00
	<small>must match D11</small>	<small>must match G11</small>	<small>must match J11</small>	<small>must match D15</small>	<small>must match G15</small>	<small>must match J15</small>	<small>must match M15</small>