

JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, September 25, 2019

1:00 p.m.

House Hearing Room 1

JLBC

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

DAVID M. GOWAN
VICE-CHAIRMAN
LELA ALSTON
SEAN BOWIE
RICK GRAY
VINCE LEACH
DAVID LIVINGSTON
J.D. MESNARD
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BEN TOMA

JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, September 25, 2019

1:00 P.M.

House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of June 18, 2019.](#)
- 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 - Review of Capitation Rate Changes for Plan Year 2020.](#)
- 2. [ARIZONA DEPARTMENT OF CORRECTIONS](#)
 - A. [Review of FY 2020 First Quarter Correctional Officer Staffing Report.](#)
 - ***B. [Review of FY 2019 Bed Capacity Report.](#)
- 3. [ARIZONA BOARD OF REGENTS - Review of FY 2020 Tuition Revenues.](#)
- 4. [ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND - Review of FY 2020 Projects.](#)
- 5. [ARIZONA DEPARTMENT OF EDUCATION - Review of K-12 Broadband Connectivity Projects.](#)
- 6. [***DEPARTMENT OF CHILD SAFETY - Review of FY 2019 Fourth Quarter Benchmarks.](#)
- 7. [***ARIZONA STATE PARKS BOARD - Review of FY 2020 Arizona Trail Expenditure Plan.](#)

8. ***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.
9. ***DEPARTMENT OF VETERANS' SERVICES - Review of Veterans' Suicide Prevention Program.

*** 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.

9/18/19

Im

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 18, 2019

The Chairman called the meeting to order at 1:05 p.m., Tuesday, June 18, 2019, in House Hearing Room

1. The following were present:

Members:	Senator Gowan, Vice-Chairman	Representative Cobb, Chairman
	Senator Alston	Representative Espinoza
	Senator Bowie	Representative Fernandez
	Senator Gray	Representative Frieze
	Senator Leach	Representative Kavanagh
	Senator Otondo	Representative Roberts
	Senator Mesnard	
Absent:	Senator Livingston	Representative Petersen
		Representative Toma

APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of April 10, 2019. The motion carried.

CONSENT AGENDA

The following items were considered without discussion.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of 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 Joint Legislative Budget Committee (JLBC) for its review. ADOA requested JLBC review of its proposed 34-cent transaction fee charged to state agencies for the operation of AFIS. The JLBC Staff provided options.

(Continued)

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 AG requested Committee review of \$31,219,542 of debts listed as uncollectible in FY 2019 and prior years. The JLBC Staff provided options.

ARIZONA CRIMINAL JUSTICE COMMISSION (ACJC) - Review of Edward Byrne Memorial Justice Assistance Grant Federal Application.

A.R.S. § 41-2403 requires ACJC to submit its federal application for the Edward Byrne Memorial Justice Assistance Grant (JAG) to the JLBC for review 30 days prior to the submission to the federal government. ACJC requested Committee review of the federal application for the Byrne JAG award that is administered by the United States Department of Justice, Bureau of Justice Assistance. The JLBC Staff provided options and a potential provision:

ACJC shall submit a preliminary proposal to the Committee by May 15, 2020 if the federal guidelines have not yet been received for 2020.

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

An FY 2018 General Appropriation Act footnote requires DES to submit a report for review by the JLBC before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items. DES requested Committee review of a retroactive transfer of \$3,500,000 of Long Term Care System Fund monies out of the FY 2018 Home and Community Based Services - Medicaid line item as follows:

- \$1,000,000 into the FY 2018 line item for the DDD operating budget.
- \$2,500,000 into the FY 2018 line item for Medical Services - Medicaid.

The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of AzMERIT Contract Renewal.

A.R.S. § 15-741.03 requires ADE to provide to the JLBC for review any contract renewal proposed by ADE for any portion of the statewide assessment adopted pursuant to A.R.S. § 15-741. ADE requested Committee review of its contract renewal for the statewide assessment ("AzMERIT"). ADE proposed to extend the current AzMERIT contract for 2 more years (through FY 2021). The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Career Technical Education District Annual Report.

A.R.S. § 15-393.01 requires ADE to provide to the JLBC for review its annual report on Career Technical Education Districts (CTEDs). ADE requested Committee review of its annual CTED report for FY 2018. The JLBC Staff provided options and a potential provision:

(Continued)

- A. *For future reports, ADE shall include data totals or averages for each CTED, including their satellite site data, for each data element appearing in Table 1 of the June 11, 2019 JLBC Staff memo.*

DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) - Review of Amendment to the Vehicle Emissions Inspection Contract.

A.R.S. § 49-545G requires DEQ to submit any proposed modification or amendment to the Vehicle Emissions Inspection (VEI) contract to the JLBC for review. DEQ requested Committee review of an amendment to the VEI contract with Gordon-Darby Testing, Inc (GDAT). The amendment would extend the contract's expiration date by 1 year from June 30, 2020 to June 30, 2021. The JLBC Staff provided options.

DEPARTMENT OF TRANSPORTATION (ADOT) - Review of Motor Vehicle Modernization (MvM) Project Annual Progress Report.

An FY 2019 General Appropriation Act footnote requires ADOT to submit for review by the JLBC its annual progress report on the MvM Project. ADOT requested Committee review of its annual progress report on the MvM Project. Subsequent to this February report, however, ADOT changed its revenue sharing agreement with its vendor. In response to a JLBC Staff request, ADOT submitted an update to its report.

Pursuant to a provision from the Committee's September 2018 favorable review of last year's annual progress report, ADOT also submitted a report on its progress in remediating risks associated with the MvM Project's interface/integration implementation and its proposal for how to spend the ADOT-dedicated portion of the ServiceArizona vendor's fee retention upon completion of the MvM Project in FY 2020. The JLBC Staff provided options and a potential provision:

- A. *On or before July 31, 2019, ADOT shall submit to the Joint Legislative Budget Committee a report detailing revenue estimates for FY 2019, FY 2020, and FY 2021 for the ServiceArizona vendor's fee retention. This report shall categorize the revenue as ServiceArizona retention, AZ MVD Now retention or any other retention and detail the revenue according to where it is deposited, including the ADOT Technology Reserve Fund, ADOT Portal Enhancement Fund, or any other ServiceArizona vendor accounts.*

Senator Gowan moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 8 consent agenda items listed above. The motion carried.

REGULAR AGENDA

EXECUTIVE SESSION

Senator Gowan moved that the Committee go into Executive Session. The motion carried.

At 1:07 p.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Gowan moved that the Committee reconvene into open session. The motion carried.

At 2:13 p.m. the Committee reconvened into open session.

(Continued)

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

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

- *Lafreniere v. State of Arizona, et al.*
- *Birair v. State of Arizona, et al.*
- *Etcitty v. State of Arizona, et al.*

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 Under A.R.S. § 38-658A.

Senator Gowan moved that the Committee accept the report for the planned contribution strategy for state employee and retiree medical plans. The motion carried.

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

Mr. Jack Brown, Assistant Director, stated that an FY 2019 General Appropriation Act footnote requires SOS to submit an expenditure plan for the "Other Help America Vote Act (HAVA) Projects" line item to the JLBC for review. SOS requested review of its expenditure plan for the remaining Help America Vote Act monies. These monies were allocated by the federal government to the state in March 2018. At its June 2018 meeting, the Committee favorably reviewed SOS's FY 2019 HAVA expenditure plan of \$2,298,800 for the cost of completing the development of a new statewide voter registration system and \$479,100 for an election security assessment.

After accounting for the voter registration spending and the election security assessment (which had an actual cost of \$380,000), there will be up to \$5,503,200 of HAVA monies available from the 2018 federal grant. The JLBC Staff provided options and potential provisions.

Ms. Katie Hobbs, Secretary of State, responded to member questions.

Ms. Allie Bones, Assistant Secretary of State, responded to member questions.

Ms. Sarah Schnupp, Chief Financial Officer, SOS, responded to member questions.

Senator Gowan moved that the Committee give a favorable review of the FY 2020 expenditure plan as presented by the SOS.

As part of its review, the Committee included the following provisions:

- The Committee's review only addresses FY 2020 expenditures. SOS shall return to the Committee for further review prior to expending any funds in FY 2021.*
- The SOS shall notify the Committee of any changes to the FY 2020 expenditure plan that exceed \$100,000 and the Chairman may determine whether the changes require further Committee review.*

(Continued)

- C. *The SOS shall submit their monthly ASET status report on AVID to JLBC.*
- D. *The SOS shall submit to the Committee a report on the recipients of "security fortification" grants prior to distributing the funds.*

The motion carried.

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

Mr. Geoff Paulsen, JLBC Staff, stated that an FY 2019 General Appropriation Act footnote requires ADC to submit an expenditure plan for the inmate health care contracted services to the JLBC for review. ADC requested Committee review of its expenditure plan for inmate health care contracted services. The FY 2020 budget included \$31,000,000 to implement the new contract. The JLBC Staff provided options.

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

Mr. Richard Pratt, Assistant Director, Health Services Contract Monitoring Bureau, ADC, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review of the department's expenditure plan. As part of its review, the Committee included the following provision:

- A. *ADC shall provide to the JLBC by August 1, 2020 the FY 2022 contract changes requested by the vendor for health care inflation and any other adjustments.*

The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Adult Inmate Management System Expenditures.

Mr. Geoff Paulsen, JLBC Staff, stated that a FY 2020 General Appropriation Act footnote requires ADC to submit an expenditure plan detailing any expenditures for the Adult Inmate Management System (AIMS) upgrade to the JLBC for review. ADC requested Committee review to expend \$6,877,200 above the projected \$24,000,000 cost of the Adult Inmate Management System (AIMS) project. The JLBC Staff provided options and potential provisions.

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

Senator Gowan moved that the Committee give an unfavorable review of the department's \$6.9 million expenditure plan. As part of its review, the Committee included the following provisions:

- A. *Until the project is completed, the department shall submit the standard ASET monthly progress report to both the ASET and JLBC in a timely manner.*
- B. *Before spending any additional monies on the system above the current \$6.9 million request, the department shall submit an expenditure report to the Committee for review.*

The motion carried.

(Continued)

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. Jack Brown, Assistant Director, stated that pursuant to Laws 2019, Chapter 268 (the FY 2020 Criminal Justice Budget Reconciliation Bill) and A.R.S. § 41-1724G, DPS is required to submit for Committee review the entire FY 2020 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 requested JLBC review of its proposal to distribute \$1,345,800 of the \$2,395,800 FY 2020 appropriation from the Subaccount to continue to fund 3 existing programs: Detention Liaison Officer Program (\$456,800), Border County Officers (\$539,000), and Border Crimes Unit (\$350,000). DPS plans to submit to the Committee an allocation plan for the Border Security and Law Enforcement Grants (\$1,050,000) for review at a later date this year. The JLBC Staff provided options and a potential provision.

Mr. Phil Case, Budget Director, DPS, responded to member questions.

Senator Gowan moved that the Committee give a favorable review for the expenditure plan of \$1,345,800 of the \$2,395,800 FY 2020 appropriation to fund 3 existing programs: Detention Liaison Officer Program (\$456,800), Border County Officers (\$539,000), and Border Crimes Unit (\$350,000). As part of its review, the Committee included the following provision:

DPS shall report to the Committee prior to implementing any changes to the proposed FY 2020 allocation of the grants. The Chairman shall decide whether the revisions require Committee review.

The motion carried.

OFFICE OF TOURISM (AOT) - Certification of Expenditures Related to ISM Raceway Renovations.

Mr. Henry Furtick, JLBC Staff, stated that A.R.S. § 41-2308 requires that AOT receive certification of expenditures totaling at least \$100.0 million related to the renovation of an Arizona race track facility from the JLBC prior to AOT receiving an annual appropriation of \$1,500,000 starting in FY 2022 for promotional funding of a special sporting event at the facility. ISM Raceway, acting on behalf of AOT, requested Committee certification of expenditures related to the ISM Raceway Renovation Project in Avondale. The JLBC Staff provided options.

Mr. Ben Stewart, Director of Government and Community Affairs, AOT, responded to member questions.

Senator Gowan moved that the Committee certify that International Speedway Corporation (ISC) expended at least \$100,000,000 in race track renovations at the ISM Raceway in Avondale.

Without objection, the meeting adjourned at 4:42 p.m.

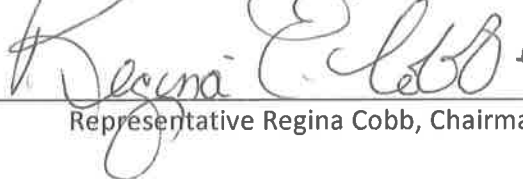
Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Representative Regina Cobb, Chairman



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DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Elizabeth Dagle, Fiscal Analyst
Maggie Rocker, Fiscal Analyst *ED* *MR*

SUBJECT: AHCCCS/Department of Economic Security - Review of Capitation Rate Changes for Plan Year 2020

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the state's Medicaid agencies must present their plans to the Committee for review prior to implementing any changes in capitation rates. The request includes CYE 2020 capitation rates (October 2019 – September 2020) for the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Economic Security's (DES) Arizona Long Term Care System (ALTCs) program.

In addition, an FY 2020 General Appropriation Act footnote states that DES shall submit an expenditure plan of its staffing level for review by the Committee if DES plans to hire non-case manager, non-case aide, non-case unit supervisor, and non-case section manager positions above those reported in August 2019. The capitation rates in this request assume 50 positions above those reported in August 2019.

Key Points

- 1) Proposed CY 2020 capitation rates for AHCCCS would effectively increase by 5.0%, which would generate approximately \$54 million in GF costs.
- 2) The FY 2020 budget added \$30 million for AHCCCS GF formula expenses, including caseload, or \$(24) million less than the cost of AHCCCS' proposed capitation rates.
- 3) Unlike past years, caseloads are unlikely to provide offsetting savings.
- 4) Higher-than-budgeted costs are primarily the result of higher utilization and higher per-unit costs in the AHCCCS budget.
- 5) DES/DD capitation rate increases are within budget.
- 6) The DD capitation rate also includes 50 new non-case management administrative staff; such an increase requires Committee review.

(Continued)

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the capitation rates and DES' proposed staffing levels.
2. An unfavorable review.

Analysis

The Federal government agrees to pay a flat per-member, per-month amount for each type of Medicaid enrollee.¹ Below, we discuss proposed changes to capitated programs within AHCCCS and DES.

AHCCCS Rate Adjustment

Within AHCCCS, the rates are approximately 5.0% higher in aggregate compared to the CYE 2019 rates, which AHCCCS estimates will generate approximately \$452 million in additional Total Funds costs on an annualized basis. The JLBC Staff estimates that the 5.0% capitation rate increase will generate \$54 million in General Fund costs in FY 2020, excluding funding for legislatively enacted provider rate changes. By comparison, the FY 2020 budget included \$30 million for all AHCCCS formula adjustments, including caseload, or \$(24) million less than the cost of AHCCCS' proposed rates. AHCCCS states that it will "continue to evaluate enrollment trends to determine if a budgetary shortfall is anticipated as a result of capitation and enrollment trends." Since capitation rates are above budget, AHCCCS would need enrollment to be below budget to remain within their overall appropriation.

AHCCCS enrollment has been below forecasted levels in the recent past. We do not believe AHCCCS will realize such savings in the upcoming plan year, as the FY 2020 budget already only assumed 0.2% enrollment growth in FY 2020 above FY 2019. By comparison, the AHCCCS traditional population, which drives most AHCCCS General Fund cost growth, has already grown by approximately 11,000 enrollees, or 1.1%, on a year-to-date basis.

The 5.0% increase consists of the following components:

1. Rebase and Trend Changes: \$355 million, or 3.9%, is for rebase and trend changes, including:
 - \$65 million, or 0.7%, for a "rebase" associated with higher-than-anticipated utilization than the actuaries initially projected in developing the capitation rates last year. Most of the rebase costs are associated with higher utilization within the ALTCS program.
 - \$311 million, or 3.4%, for projected increases in utilization (i.e., more use of services) and unit cost changes (i.e. changes in the "mix" of services used). AHCCCS believes the primary drivers of such changes are pharmacy costs and inpatient hospital services, which AHCCCS projects will grow at rates of 7.2% and 4.2%, respectively.

¹ The capitation rates are updated annually for changes in utilization and unit costs, as well as AHCCCS fee schedule changes and programmatic adjustments. Federal regulations require that AHCCCS establish rates that are "actuarially sound," meaning that the rates "are projected to provide for all reasonable, appropriate, and attainable costs that are required under the terms of the contract" with the managed care plan. The proposed rates must be certified by an actuary and approved by the federal Centers for Medicare and Medicaid Services (CMS), among other requirements specified in federal law.

- \$(21) million, or (0.2)%, for projected savings based on AHCCCS' assumption that its contracted plans have capacity to reduce their contracted pharmacy reimbursement rates, which AHCCCS currently estimates are about 5.6% above the amount that pharmacies would receive under the AHCCCS fee schedule.
2. Legislatively Enacted Long-Term Care Rate Increases: An increase of \$98 million, or 1.1%, is associated with legislatively-enacted provider rate changes to the Arizona Long Term Care System. The enacted FY 2020 budget included \$11.8 million from the General Fund for such changes. AHCCCS used the funding to implement the following increases in the long term care fee schedule:
 - 8.7% for services provided by direct care workers, such as respite and attendant care, that had cost increases resulting from Proposition 206 minimum wage increases.
 - 5.0% for other home and community-based services without direct care workers, such as nursing and therapies.
 - 4.4% for skilled nursing facilities.
 3. APSI Changes: A decrease of \$(49) million or, (0.5)%, is associated with removal of the Access to Professional Services Initiative (APSI) from the capitation rates. The APSI program currently provides a 40% increase of the base AHCCCS fee schedule for select practitioners (e.g. physicians, nurse practitioners, etc.) based in hospitals with graduate medical education programs. While previous APSI funding was included in capitation rates, AHCCCS is transitioning to quarterly lump sum payments outside of capitation. This decrease is not anticipated to generate General Fund savings, however, because the state match for the APSI program is funded by political subdivision funds. *(See the "Other Provider Rates" section below for more information on how AHCCCS is adjusting APSI reimbursement outside of the capitation rates.)*
 4. Other Provider Rate Changes: An increase of \$30 million, or 0.3%, is for other provider rate adjustments, including:
 - \$20 million, or 0.2%, for miscellaneous changes to the AHCCCS fee schedule across several provider categories, including the physician drug schedule, behavioral health residential facilities, ground ambulances, and inpatient hospital rates, among others. These updates are based on links to Medicare rates or access to care needs as identified by AHCCCS.
 - \$10 million, or 0.1%, is for expansion of the Differential Adjusted Payments (DAP) program which provides increases to providers that meet select quality metrics determined by AHCCCS. The expansion includes select behavioral health providers and long-term care providers.

In addition to rate increases funded through the capitation rate, AHCCCS will also separately increase reimbursement through the APSI program discussed above from a 40% increase of the base fee schedule currently to 85%. The total funds cost of the program will increase from \$49 million currently to \$180 million in CYE 2020, and the state match will continue to be funded by political subdivisions.

Similarly, AHCCCS is increasing reimbursement under the Pediatric Services Initiatives (PSI), which will provide a uniform percentage increase for hospital services provided by a freestanding children's hospital or pediatric unit with more than 100 beds. Base rates under PSI will increase by 19% in CYE 2020, which will increase reimbursement by \$50 million Total Funds for qualifying hospitals.

(Continued)

5. Miscellaneous Adjustments: An increase of \$18 million, or 0.2%, is for other miscellaneous adjustments. This amount includes an increase of \$2 million for DCS' administrative expenses in anticipation of transferring CMDP behavioral health services from the Regional Behavioral Health Authorities (RBHAs) to DCS in CYE 2021. The expenses include claims processing, information technology services, and care management. Pursuant to Laws 2019, Chapter 305, DCS and AHCCCS must receive legislative authorization prior to integrating CMDP behavioral health within DCS.

DES – DD Rate Increase

AHCCCS is also requesting to adjust capitation rates for the DD program administered by DES. In total, the rates will increase by 14.7%, or \$257 million Total Funds on an annualized basis. Within FY 2020, the JLBC Staff estimates that the General Fund cost of the rate increase is approximately \$58 million. By comparison, the FY 2020 budget included a General Fund increase of \$62 million General Fund for DD formula adjustments, excluding caseload growth, so the cost of the rates is approximately \$(4) million below budget.

The DD increase includes the following components:

1. Legislatively Enacted Provider Rate Changes: \$123 million, or 7.0%, is for legislatively enacted provider rate changes to address Proposition 206 minimum wage expenses and provide funding for additional rate increases. DES estimates that, of the \$123 million in annualized costs, \$94 million would be incurred in FY 2020. The agency plans to distribute the \$94 million through rate increases as follows:
 - \$69 million for services with direct care workers that have been affected by Proposition 206 minimum wage increases, including group homes, day programs, respite, and attendant care, among other categories. This also includes funding to address services affected by the local minimum wage in Flagstaff. DES estimates that higher rates in Flagstaff generate \$200,000 in additional costs for the agency.
 - \$25 million for all other services, which primarily include therapists and in-home nursing services.
2. DD Behavioral Health Transfer: \$77 million, or 4.4%, is to integrate DD behavioral health services within DES as authorized by the FY 2020 budget. This increase is budget neutral, as DD behavioral health funding was removed from the AHCCCS budget as part of the FY 2020 spending plan.
3. Miscellaneous Adjustments: \$46 million, or 2.6%, is for miscellaneous adjustments. This amount includes \$6 million for additional DES administrative expenses associated with the DES/DD Quality Management Unit (QMU). The QMU ensures the quality of care of DD enrollees by investigating member complaints about services received, ensures that providers retain qualified staff through ongoing monitoring, and develops corrective action plans in response to identified quality of care issues. A July 2018 audit identified deficiencies in Quality Management implementation, resulting in DES intending to hire 50 additional QMU staff in CY 2020.

An FY 2020 General Appropriation Act footnote states that DES shall submit an expenditure plan of its staffing level for review by the Committee if DES plans to hire non-case manager, non-case aide, non-case unit supervisor, and non-case section manager positions above those reported in August 2019. The intent of the footnote is to ensure legislative oversight when DES increases its

(Continued)

administrative resources through the capitation rate. DES's August 2019 report accounted for 62 QMU positions, and the AHCCCS capitation rates assume 50 additional staff above the reported number.

4. Rebase and Trend Changes: \$11 million, or 0.7%, is for rebase, utilization and unit cost trends, pharmacy reimbursement changes, and removing APSI from the capitation rate, as described above in the AHCCCS section.

ED/MR:lm

September 4, 2019

The Honorable Regina E. Cobb
Chairman, Joint Legislative Budget Committee
1700 W Washington St.
Phoenix, Arizona 85007



Dear Representative Cobb:

The Arizona Health Care Cost Containment System (AHCCCS) has completed actuarial analysis on Managed Care Organization (MCO) capitation rates that are effective beginning October 1, 2019 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 (PMPM) expenditure to AHCCCS Contractors (including other state agencies, the Arizona Department of Economic Security/Developmental Disabilities (DES/DD) 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 also be recertified every year to coincide with MCO annual contract periods. AHCCCS contracts are on an October 1 through September 30 schedule.

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 the annual renewal of rates for Contract Year Ending (CYE) 2020 from October 1, 2019 through September 30, 2020 for the following programs:

- AHCCCS Complete Care (ACC)
- Arizona Long Term Care System/Elderly and Physical Disability (ALTCS/EPD)
- Regional Behavioral Health Authorities (RBHAs)
- DCS/CMDP
- DES/DD

Background and Summary

Rates outlined in this letter were submitted to CMS to be effective October 1, 2019. 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, including DES/DD, is 3.8%. Baseline capitation rate growth for all AHCCCS programs, except DES/DD, is 3.9%. Baseline capitation rate growth for DES/DD is 3.2%. The baseline capitation rate growth budgeted for SFY 2020 was 3.0% for

all programs. AHCCCS will continue to evaluate enrollment trends to determine if a budgetary shortfall is anticipated as a result of capitation and enrollment growth rates.

Non-baseline capitation rate adjustments reflect items that received discrete appropriations, over and above the baseline growth amounts that were funded. These items include provider rate increases for ALTCS providers and Proposition 206 minimum wage adjustments.

Including both baseline and non-baseline items, overall capitation rate growth for AHCCCS programs, including DES/DD, is 5.8%, excluding DES/DD is 5.0%, and for DES/DD is 9.9%.

Table I. CYE 2020 Capitation Rate Changes

Program	Change		
	Baseline	Non-Baseline	Total
ACC	2.9%	0.1%	3.0%
RBHA	5.7%	0.2%	5.9%
CMDP	6.8%	0.0%	6.8%
EPD	6.9%	6.8%	13.7%
AHCCCS Total	3.9%	1.1%	5.0%
DD	3.1%	6.7%	9.9%
Targeted Case Management (TCM)	12.1%	0.0%	12.1%
DES	3.2%	6.7%	9.9%
AHCCCS & DES Total	3.8%	2.0%	5.8%

Drivers of Baseline Growth

Overall baseline growth of 3.8% in the capitation rates is attributable to the following factors:

1. Rebase – Adjustments to medical expenses to reflect more recent incurred experience account for a net change of 0.0%.
2. Trend – The assumed change in utilization and unit cost trends for medical services accounts for an increase of 3.6%.
3. Pharmacy Savings – Assumed savings that MCOs are expected to achieve in CYE 2020 accounts for a decrease of (0.2%).
4. APSI Savings – The removal of funding associated with the Access to Professional Services Initiative (APSI) from capitation rates and transition to payment on a lump sum basis accounts for a decrease of (0.5%). (This action is specifically permitted under Federal regulation.)
5. Administration, Case Management, and Care Management – Adjustments to the non-benefit component of the rates to reflect the costs to administer and manage the programs account for an increase of 0.3%.

6. Other – Factors such as fee schedule adjustments, changes to pharmacy rebates, and anticipated changes in utilization from policy changes account for an increase of 0.6%.

The relative impacts of each of these drivers on the capitation rates for each program are summarized on Table II below.

Table II. CYE 20 Capitation Rate Change by Component - Baseline

Program	Rebase (Services)	Trend (Services)	Pharmacy Savings	APSI Savings	Admin, Care Mgt, Case Mgt	Other	Baseline
ACC	-0.4%	3.7%	-0.2%	-0.7%	0.2%	0.4%	2.9%
RBHA	2.7%	3.1%	-0.5%	-0.3%	0.3%	0.3%	5.7%
CMDP	-0.6%	3.0%	-0.3%	0.0%	4.1%	0.7%	6.8%
EPD	4.5%	2.4%	-0.1%	0.0%	-0.2%	0.3%	6.9%
DD	-3.7%	4.5%	-0.1%	-0.04%	0.9%	1.7%	3.1%
Total	0.0%	3.6%	-0.2%	-0.5%	0.3%	0.6%	3.8%

Rebase and Trends

Capitation rates for all programs were rebased using actual experience incurred for the period of October 1, 2017 through September 30, 2018. Across all programs, this adjustment results in a net change of 0.0%.

The inclusion of funding associated with increases for medical expense utilization and inflation is required in order to ensure that capitation rates are actuarially sound. AHCCCS actuaries developed and applied utilization and unit cost trends for categories of service based on actual experience incurred during the period October 1, 2015 through December 30, 2018. Across all programs, the anticipated increase to capitation rates attributable to medical trend is 3.6%. As can be seen in Table III below, a key driver of medical trend is pharmacy, which is expected to grow at a trend rate of 7.2%. Pharmacy trend growth is responsible for 0.8% of AHCCCS capitation rate growth.

Table III. CYE 2020 Capitation Trends by Category of Service

	% Contribution to Cap Rate Change	Trend Rate
ACC, RBHA and CMDP Programs		
Pharmacy	0.8%	7.2%
Inpatient Hospital	0.6%	4.2%
Practitioner	0.4%	2.7%
Outpatient Hospital	0.4%	4.6%
Community Health Centers	0.1%	4.4%
Transportation	0.1%	2.6%

Laboratory & Radiology	0.1%	2.3%
Other	0.2%	2.6%
Sub-Total Non-ALTCS Trend	2.6%	
Home & Community Based Services	0.7%	4.4%
Acute Care & Behavioral Health	0.3%	4.7%
Nursing Facilities	0.1%	1.5%
Sub-Total ALTCS Trends	1.0%	
TOTAL TRENDS ALL COS	3.6%	

Note: Totals may not add due to rounding

Pharmacy Reimbursement Savings

In recognition that pharmacy costs are a significant driver of overall medical expense trends, AHCCCS analyzed pharmacy reimbursement by MCO to determine if savings is achievable. Based on this analysis, AHCCCS determined that MCO pharmacy reimbursement is on average greater than reimbursement would be under the AHCCCS Fee-for-Service program. AHCCCS estimates that revaluing encounters to the lesser of Health Plan Paid amounts or the AHCCCS FFS repriced amounts would result in annual savings of \$68.2 million or 5.6% of pharmacy spend for Federal Fiscal Year (FFY) 2018 across all programs. AHCCCS MCOs should reasonably be able to achieve pharmacy pricing that is at or near that achieved by the AHCCCS FFS program and so AHCCCS has assumed pharmacy savings in the CYE 2020 capitation rates. Recognizing that the full savings amount may not be reasonably achievable in a single year, only 33% of the total estimated potential savings has been assumed. Based on continued analysis, further adjustments may be made to phase-in larger savings amounts in subsequent contract periods. The impact on overall AHCCCS capitation rates is a decrease of approximately (0.2%).

Removal of Access to Professional Services Initiative

In CYE 2018 and 2019, funding for APSI was included in capitation rates in order to provide a uniform percentage increase of 40% to otherwise contracted rates for qualified practitioners for all claims for which AHCCCS was the primary payer. This initiative is funded by Intergovernmental Transfers (IGTs), as permitted by Arizona law, and includes no State General Fund (GF). The rate increase was intended to supplement, not supplant payments to eligible providers. Beginning CYE 2020, APSI will no longer be included in capitation rates and will instead be paid on a lump sum payment basis, outside of capitation. The removal of this component results in a decrease of (0.5%).

Administration, Care Management, and Case Management

Across all programs, the adjustment of rates to address the costs to administer the programs and manage care for enrollees accounts for an increase of 0.3%. Specific items are described further in the program information summarized below.

Other Factors

AHCCCS makes adjustments to provider rates based on access to care issues, when rates are tied to Medicare, and to meet federal or state requirements. The impact on overall AHCCCS capitation rates

from these fee schedule adjustments is an increase of 0.2%. AHCCCS also revised the criteria for its Differential Adjusted Payments (DAP) programs, resulting in an additional increase of 0.2%.

In order to ensure the actuarial soundness of capitation rates, AHCCCS estimated the financial impact of programmatic and policy changes and included corresponding adjustments to capitation rates as applicable. These items included changes to the AHCCCS preferred drug list, pharmacy rebates, and shifts in utilization associated with non-emergency transportation (NEMT) services and changes to the telehealth policy.

Changes implemented as a result of recommendations from the AHCCCS Pharmacy and Therapeutics (P&T) committee resulted in a capitation rate reduction of (0.04%).

Effective May 1, 2019, AHCCCS implemented a new Transportation Network Company (TNC) provider type that delivers NEMT services through a ride-sharing model. The TNC-specific fee schedule is lower than ordinary NEMT base rates. The projected shift in utilization of services from traditional NEMT providers to TNCs results in anticipated savings of \$2.7 million, and a (0.03%) reduction in capitation rates.

Effective October 1, 2019, AHCCCS is implementing changes to its telehealth policy in order to ensure access to care in rural and urban areas. The policy changes will remove current restrictions on the service categories for which telehealth and telemonitoring can be used and remove restrictions on the distant and originating sites of service. These changes are anticipated to increase the use of telehealth services, resulting in additional utilization associated with increased office visits, partially offset by a reduction in the use of NEMT. The estimated financial impact is a cost of \$4.1 million in CYE 2020, and a 0.04% increase in capitation rates.

Drivers of Non-Baseline Growth

Provider Rate Changes

Non-baseline issues include those receiving a specific legislative appropriation. For CYE 2020, the Legislature provided funding for provider rates to ensure access to care for the ALTCS EPD and DD programs.

Several provider rate adjustments are included in capitation rates addressed in this letter:

- Legislative funding of \$7.0 million GF in the AHCCCS budget for ALTCS EPD and \$13.0 million GF in the DES budget for ALTCS DD provider rate changes effective October 1, 2019 result in an overall increase to capitation rates of 0.8%. This amount represents an increase to AHCCCS ALTCS EPD rates of 3.2% and to DES/DD rates of 2.5%.
- Legislative funding of \$4.8 million GF in the AHCCCS budget for ALTCS EPD and \$11.0 million GF in the DES budget for ALTCS DD provider rate changes effective October 1, 2019 to address the impact of prior year Proposition 206 minimum wage increases results in an overall increase to AHCCCS capitation rates of 0.8%. This amount represents an increase to AHCCCS ALTCS EPD rates of 2.3% and to DES/DD rates of 2.7%.
- Legislative funding of \$1.9 million GF in the AHCCCS budget for ALTCS EPD and \$3.9 million GF in the DES budget for ALTCS DD provider rate changes to address the impact of the Proposition 206 minimum wage increase, effective January 1, 2020, results in an overall increase

to AHCCCS capitation rates of approximately 0.4%. This amount represents an increase to AHCCCS EPD rates of 1.3% and to DES/DD rates of 1.5%.

ACC Renewal Rates

CYE 2020 renewal rates for ACC were submitted as an integrated program to CMS and reflect the October 1, 2018 integration of physical health, behavioral health, and Children's Rehabilitative Services (CRS) services previously provided under the Acute Care, CRS, and RBHA programs. The CYE 2020 rates for ACC reflect a baseline increase of 2.9% and overall increase of 3.0% from the most recently submitted rates. Several factors contributed to the baseline increase:

- 3.3% for rebase and trend adjustments
- (0.7%) for shift of APSI out of capitation rates to lump sum payments
- 0.2% for fee schedule changes
- 0.2% for administration costs
- (0.2%) for pharmacy reimbursement savings
- 0.1% for telehealth services to improve rural and urban access to care

The non-baseline increase of 0.1% is attributable to provider rate increases.

Please see Appendix Table 2 for more detail.

RBHA Renewal Rates

In CYE 2020, the RBHA program will provide behavioral health services to members enrolled with DCS/CMDP, as well as integrated physical health and behavioral health services to most members diagnosed with a Serious Mental Illness (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, and children not enrolled in DCS/CMDP.

CYE 2020 renewal rates for the RBHA program, including DCS/CMDP and SMI Integrated members, reflect a baseline increase of 5.7% and an overall increase of 5.9% from the most recently submitted rates effective October 1, 2018. Several factors contributed to the baseline increase:

- 5.8% for rebase and trend adjustments
- (0.5%) for pharmacy reimbursement savings
- 0.3% for fee schedule changes
- (0.3%) for shift of APSI out of capitation rates to lump sum payments
- 0.3% for administration
- 0.2% for other program changes
- (0.2%) for DAP
- (0.1%) for the shift of NEMT to TNCs

The non-baseline increase of 0.2% is attributable to several provider reimbursement increases:

- 0.1% for additional funding for provider rate increases
- 0.1% for Prop 206 rate adjustments, effective October 1, 2019
- 0.03% for Prop 206 rate adjustments, effective January 1, 2020

Laws 2019, Chapter 263 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 20 RBHA capitation rates, 8.7% funds Contractor administrative costs and underwriting gain.

Please see Appendix Table 3 for more detail.

DCS/CMDP Renewal Rates

CYE 2020 renewal rates for DCS/CMDP reflect a baseline increase of 6.8% and an overall increase of 6.8% from the most recently submitted rates effective April 1, 2019. Several factors contributed to the baseline increase:

- 2.4% for rebase and trend adjustments
- 2.6% for administration, including a 2.3% adjustment for costs of contracting with an Administrative Services Organization (ASO). Beginning in CYE 2021, Laws 2019, Chapter 305 transfers coverage of behavioral health services of the CMDP population from RBHAs to DCS. To ensure provision of high quality integrated care starting in CYE 2021, DCS is contracting with an ASO to begin performing certain administrative functions in CYE 2020, including development of an integrated care provider network, claims processing, information technology services, and project management.
- 1.5% for care management
- 0.6% for DAP
- (0.3%) for pharmacy reimbursement savings
- 0.1% for fee schedule and program changes

There was no non-baseline increase. Please see Appendix Table 4 for more detail.

ALTCS/EPD Renewal Rates

CYE 2020 renewal rates for ALTCS/EPD reflect a baseline increase of 6.9% and overall increase of 13.7% from the most recently submitted rates effective January 1, 2019. Several factors contributed to the baseline increase:

- 6.9% for rebase and trend adjustments
- (0.2%) for Administration and Case Management
- 0.3% for DAP
- (0.1%) for pharmacy reimbursement savings

The non-baseline increase of 6.8% is attributable to several provider reimbursement increases:

- 3.2% for additional funding for Nursing Facility (NF) and Home and Community Based Services (HCBS) provider rate increases
- 2.3% for Prop 206 rate adjustments, effective October 1, 2019
- 1.3% for Prop 206 rate adjustments, effective January 1, 2020

Overall AHCCCS EPD baseline capitation growth exceeds the 3.0% assumed in the appropriation, which includes both General Fund and County Fund components. 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 5 for more detail.

DES/DD Renewal Rates

CYE 2020 renewal rates for DES/DD reflect a baseline increase of 3.1% and an overall increase of 9.9% from the most recently submitted rates effective January 1, 2019. Several factors contributed to the baseline increase:

- 0.7% for rebase and trend adjustments
- 0.6% for administrative costs, primarily for additional staff and consulting services for the DES/DD Quality Management Unit. AHCCCS conducted an audit of the DES/DD Quality Management Unit (QMU) in July 2018, in which it identified deficiencies in implementation of quality management and performance improvement processes. To address these issues in part, the agency intends to hire 50 additional QMU staff in CYE 2020. DES/DD is additionally contracting for consulting services to improve its quality management policies and standard of work processes during the 3 year period from CYE 2020 through CYE 2022.
- 0.5% for differential adjusted payments increases
- 0.3% for case management
- (0.1%) for pharmacy reimbursement savings
- 1.2% for fee schedule and program changes

The non-baseline increase of 6.7% is attributable to several provider reimbursement increases:

- 2.5% for additional funding for provider rate increases
- 2.7% for Prop 206 rate adjustments, effective October 1, 2019
- 1.5% for Prop 206 rate adjustments, effective January 1, 2020

Additionally, CYE 2020 rates for TCM reflect an increase of 12.1% from the most recently submitted rates effective October 1, 2018 to reflect a rebase of services. This increase fully funds TCM services in CYE 2020.

Please see Appendix Table 6 for more detail.

Lump Sum Payments

In addition to capitation amounts that are paid on a PMPM basis, AHCCCS also makes lump sum payments to MCOS that are associated with specific initiatives. Key initiatives are highlighted and summarized below.

Access to Professional Services Initiative

As described above, APSI provides a uniform percentage increase to reimbursement for qualified practitioners. Under 42 CFR §438.6(c), this is considered a directed payment arrangement and is subject to prior approval by CMS. The increase in reimbursement under this initiative ensures access to care for AHCCCS members and will allow providers to achieve quality outcomes, including reducing readmissions and increasing preventative screenings, that help to bend the health care cost curve. Funding for APSI was previously included in capitation rates, but is being removed this year. Effective

CYE 2020, this funding will be paid on a quarterly lump sum basis to MCOs and the uniform percentage increase will increase from 40% to 85%. The total estimated payment amount for CYE 2020 is \$179.8 million Total Fund. As stated previously, no GF monies are utilized for APSI.

Pediatric Services Initiative

The Pediatric Services Initiative (PSI) is also a directed payment arrangement under 42 CFR §438.6(c) and is subject to prior approval by CMS. Beginning in CYE 2020, PSI provides a uniform percentage increase of 19% for hospital services provided by a freestanding children's hospital or pediatric unit of a general acute care hospital with more than 100 beds. The increase in reimbursement under PSI ensures access to care for pediatric members and will support provider strategies to manage care for those members with complex conditions. Specifically, this program is anticipated to help reduce unplanned readmissions and hospital-acquired conditions, and thereby bend the health care cost curve. Like APSI, this initiative is funded via IGTs and no State GF is required. The total estimated payment amount for CYE 2020 is \$50.0 million Total Fund.

Health Insurance Provider Fee

The Affordable Care Act (ACA) implemented a Health Insurance Provider Fee (HIPF) impacting nearly all insurers, including the majority of the AHCCCS MCOs. A moratorium was in effect for tax year 2018 and so no payment is anticipated in State Fiscal Year (SFY) 2020. However, the fee is currently anticipated to be in effect for tax year 2019. The corresponding payment will result in a future amendment of the capitation rates for the month of October 2019 (CYE 2020) and be made in SFY 2021. The total estimated payment amount is \$140.5 million Total Fund.

Alternative Payment Model Initiative – Performance-Based Payments

Beginning CYE 2016, AHCCCS reimburses MCOs under the Alternative Payment Model (APM) Initiative for Performance-Based Payments (PBP). Under 42 CFR §438.6(a) and (b), these payments are considered an incentive arrangement that provides limited funding to MCOs to support activities that advance the AHCCCS quality strategy. The purpose of the initiative is specifically to promote MCO activities that focus on quality improvement and that result in improved health outcomes and cost containment. This initiative is a key component to the AHCCCS goal to pursue and implement long term strategies that bend the cost curve while improving member health outcomes. The AHCCCS target is to have 53% of MCO spend in APMs for SFY 2020, which will be accomplished by contractually requiring MCOs to have a specified percentage of their payments under these models. PBP funding allows MCOs to make incentive payments to providers that meet specific performance objectives or criteria. Excluding ALTCS DD, for CYE 2018 the total payment amount, which will be paid during CYE 2020, is \$29.1 million Total Fund.

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 IV below shows a significant increase in encounter-reported COB cost avoidance from state fiscal year (SFY) 2008 to SFY 2019 among all Contractors. Those services are excluded completely from capitation rate development. AHCCCS continues to emphasize the importance of COB activities with Contractors.

Table IV. Coordination of Benefits (COB) Cost Avoidance

Program	COB Cost Avoidance (Encounters) (millions)		
	SFY 2008	SFY 2019	Δ
Acute ¹ /ACC	\$391	\$677	↑ by 73%
ALTCS/EPD	\$130	\$220	↑ by 69%
RBHAs ²	\$8	\$44	↑ by 450%
CRS ¹	\$0.03	\$3	↑ by 8233%
DES/DD	\$16	\$44	↑ by 175%
DCS/CMDP	\$0.0075	\$0.04	↑ by 433%
Total	\$545	\$988	↑ by 81%

¹ Acute and CRS ended 9/30/18 and are included in ACC.

² Behavioral Health (GMHSA & Non CMDP Child) populations moved to ACC from RBHAs.

The actuarial certifications for the rates are attached. Should you have any questions on any of these issues, please feel free to contact Matthew Isiogu, Assistant Director, at (602) 417-4168.

Sincerely,



Jami Snyder
Director

Cc: The Honorable David Gowan, Arizona State Senate
Matthew Gress, Office of Strategic Planning and Budgeting
Richard Stavneak, Joint Legislative Budget Committee
Christina Corieri, Senior Policy Advisor, Office of the Governor
Brittany Dettler, Office of Strategic Planning and Budgeting

**TABLE 1A
CYE 2020 MEDICAID CAPITATION RATES**

Program	CYE 19 Rate ¹	CYE 20 Rate			Change		
		Baseline	Non-Baseline ²	Total	Baseline	Non-Baseline ²	Total
ACC	\$ 358.86	\$ 369.42	\$ 0.28	\$ 369.70	2.9%	0.1%	3.0%
RBHA	\$ 70.02	\$ 74.00	\$ 0.13	\$ 74.12	5.7%	0.2%	5.9%
CMDP	\$ 304.71	\$ 325.55	\$ -	\$ 325.55	6.8%	0.0%	6.8%
EPD	\$ 3,626.48	\$ 3,876.90	\$ 246.86	\$ 4,123.76	6.9%	6.8%	13.7%
AHCCCS Total					3.9%	1.1%	5.0%
DD	\$ 4,385.97	\$ 4,523.65	\$ 295.06	\$ 4,818.70	3.1%	6.7%	9.9%
TCM	\$ 154.28	\$ 172.92	\$ -	\$ 172.92	12.1%	0.0%	12.1%
DES Total					3.2%	6.7%	9.9%
AHCCCS and DES Total					3.8%	2.0%	5.8%

1/ For comparison to CYE 20 rates, the CYE 19 rates have been modified to reflect incorporation of DDD behavioral health services components into DES DDD rates that begin October 1, 2019.

2/ "Non-Baseline" items include rate increases for nursing facilities and home and community based service providers for Fee For Service adjustments and Proposition 206 minimum wage increases.

APPENDIX TABLE 1B
CYE20 CAPITATION RATES BY RISK GROUP

	CYE20 MM	CYE19 Rates 1/			CYE20 Rates			Projected Expenditures				Change from CYE19 Rates		
		ACC	RBHA	Tot	Baseline	Non-Baseline 2/	Tot	CYE19 Rates CYE20 MM	CYE20 Baseline Rates CYE20 MM	CYE20 Non- Baseline Rates CYE20 MM	CYE20 Total Rates CYE20 MM	Baseline	Non-Baseline	Tot
ACC														
AGE < 1	\$ 516,118	\$ 569.88	\$ 569.88	\$ 569.88	\$ 587.42	\$ 0.04	\$ 587.47	\$ 294,124,400	\$ 303,180,500	\$ 21,600	\$ 303,202,100	3.1%	0.0%	3.1%
Age 1-20	\$ 8,131,218	\$ 179.26	\$ 179.26	\$ 179.26	\$ 187.27	\$ 0.19	\$ 187.46	\$ 1,457,606,100	\$ 1,522,718,200	\$ 1,523,600	\$ 1,524,241,800	4.5%	0.1%	4.6%
Age 21+	\$ 3,037,806	\$ 362.98	\$ 362.98	\$ 362.98	\$ 371.38	\$ 0.11	\$ 371.48	\$ 1,102,658,300	\$ 1,128,165,500	\$ 330,700	\$ 1,128,496,200	2.3%	0.0%	2.3%
Duals	\$ 1,341,519	\$ 143.66	\$ 143.66	\$ 143.66	\$ 130.64	\$ 0.29	\$ 130.93	\$ 192,717,900	\$ 175,257,800	\$ 383,500	\$ 175,641,300	-9.1%	0.2%	-8.9%
SSIWO	\$ 610,736	\$ 1,231.37	\$ 1,231.37	\$ 1,231.37	\$ 1,220.84	\$ 1.39	\$ 1,222.24	\$ 752,039,400	\$ 745,612,500	\$ 851,100	\$ 746,463,600	-0.9%	0.1%	-0.7%
ESA	\$ 3,327,723	\$ 622.01	\$ 622.01	\$ 622.01	\$ 646.33	\$ 0.49	\$ 647.22	\$ 2,069,889,300	\$ 2,152,124,900	\$ 1,645,200	\$ 2,153,770,100	4.0%	0.1%	4.1%
NEA	\$ 834,126	\$ 405.98	\$ 405.98	\$ 405.98	\$ 428.73	\$ 0.21	\$ 428.93	\$ 338,642,200	\$ 357,614,000	\$ 171,300	\$ 357,785,300	5.6%	0.1%	5.7%
Delivery	\$ 32,669	\$ 8,861.43	\$ 8,861.43	\$ 8,861.43	\$ 8,207.72	\$ -	\$ 8,207.72	\$ 191,488,800	\$ 202,800,100	\$ -	\$ 202,800,100	5.9%	0.0%	5.9%
Total	\$ 17,831,913	\$ 338.60	\$ 338.60	\$ 338.60	\$ 369.42	\$ 0.28	\$ 369.70	\$ 6,399,164,500	\$ 6,597,473,500	\$ 4,927,000	\$ 6,592,400,500	2.9%	0.1%	3.0%
Projected Expenditures														
RBHA														
	CYE20 MM	CYE19 Rates 1/			CYE20 Rates			CYE19 Rates CYE20 MM	CYE20 Baseline Rates CYE20 MM	CYE20 Non- Baseline Rates CYE20 MM	CYE20 Total Rates CYE20 MM	Baseline	Non-Baseline	Tot
Acute														
RBHA														
SMI	\$ 513,166	\$ 2,028.63	\$ 2,028.63	\$ 2,028.63	\$ 2,121.28	\$ 3.63	\$ 2,124.91	\$ 1,041,022,400	\$ 1,088,570,700	\$ 1,863,000	\$ 1,090,433,700	4.6%	0.2%	4.7%
CMDP	\$ 154,787	\$ 868.86	\$ 868.86	\$ 868.86	\$ 910.27	\$ 2.48	\$ 912.75	\$ 134,488,800	\$ 140,897,900	\$ 383,600	\$ 141,281,500	4.8%	0.3%	5.1%
Crisis Adult	\$ 8,846,625	\$ 7.56	\$ 7.56	\$ 7.56	\$ 9.17	\$ -	\$ 9.17	\$ 66,913,800	\$ 81,116,900	\$ -	\$ 81,116,900	21.2%	0.0%	21.2%
Crisis Child	\$ 8,393,968	\$ 1.37	\$ 1.37	\$ 1.37	\$ 1.74	\$ -	\$ 1.74	\$ 11,517,400	\$ 14,622,100	\$ -	\$ 14,622,100	27.0%	0.0%	27.0%
Total	\$ 17,908,548	\$ 70.02	\$ 70.02	\$ 70.02	\$ 74.00	\$ 0.13	\$ 74.12	\$ 1,253,941,600	\$ 1,325,201,600	\$ 2,246,600	\$ 1,327,448,200	5.7%	0.2%	5.9%
Projected Expenditures														
EPD														
	CYE20 MM	CYE19 Rates 1/			CYE20 Rates			CYE19 Rates CYE20 MM	CYE20 Baseline Rates CYE20 MM	CYE20 Non- Baseline Rates CYE20 MM	CYE20 Total Rates CYE20 MM	Baseline	Non-Baseline	Tot
Acute, CRS, LTC														
RBHA														
Dual	\$ 307,770	\$ 3,121.46	\$ 3,121.46	\$ 3,121.46	\$ 3,254.45	\$ 239.38	\$ 3,493.83	\$ 960,692,300	\$ 1,001,623,300	\$ 73,674,600	\$ 1,075,297,900	4.3%	7.7%	11.9%
Non-Dual	\$ 59,382	\$ 6,243.96	\$ 6,243.96	\$ 6,243.96	\$ 7,102.96	\$ 215.62	\$ 7,318.58	\$ 370,788,900	\$ 421,790,600	\$ 16,980,700	\$ 438,771,300	13.5%	4.6%	18.1%
Total	\$ 367,153	\$ 3,626.48	\$ 3,626.48	\$ 3,626.48	\$ 3,876.90	\$ 246.86	\$ 4,123.76	\$ 1,331,473,200	\$ 1,423,414,100	\$ 90,655,300	\$ 1,514,069,400	6.9%	6.8%	13.7%
Projected Expenditures														
CMDP														
	CYE20 MM	CYE19 Rates 1/			CYE20 Rates			CYE19 Rates CYE20 MM	CYE20 Baseline Rates CYE20 MM	CYE20 Non- Baseline Rates CYE20 MM	CYE20 Total Rates CYE20 MM	Baseline	Non-Baseline	Tot
Acute & CRS														
RBHA														
CMDP	\$ 154,787	\$ 304.71	\$ 304.71	\$ 304.71	\$ 325.55	\$ -	\$ 325.55	\$ 47,165,200	\$ 50,391,000	\$ -	\$ 50,391,000	6.8%	0.0%	6.8%
AHCCCS TOTAL	\$ 19,021,807							\$ 9,031,744,600	\$ 9,386,480,200	\$ 97,808,900	\$ 9,484,289,100	3.9%	1.1%	5.0%
Projected Expenditures														
DES DD														
	CYE20 MM	CYE19 Rates 1/			CYE20 Rates			CYE19 Rates CYE20 MM	CYE20 Baseline Rates CYE20 MM	CYE20 Non- Baseline Rates CYE20 MM	CYE20 Total Rates CYE20 MM	Baseline	Non-Baseline	Tot
Acute, CRS, LTC														
RBHA														
DD Regular	\$ 416,465	\$ 4,201.06	\$ 4,201.06	\$ 4,201.06	\$ 4,523.65	\$ 295.06	\$ 4,818.70	\$ 1,826,602,600	\$ 1,883,940,900	\$ 122,880,900	\$ 2,006,821,800	3.1%	6.7%	9.9%
DD TCM	\$ 60,463	\$ 154.28	\$ 154.28	\$ 154.28	\$ 172.92	\$ -	\$ 172.92	\$ 9,328,300	\$ 10,455,600	\$ -	\$ 10,455,600	12.1%	0.0%	12.1%
Total	\$ 476,929				\$ 3,972.07	\$ 257.65	\$ 4,229.73	\$ 1,835,930,900	\$ 1,894,396,500	\$ 122,880,900	\$ 2,017,277,400	3.2%	6.7%	9.9%
AHCCCS & DES TOTAL	\$ 19,498,736							\$ 10,867,675,500	\$ 11,280,876,700	\$ 220,689,800	\$ 11,501,566,500	3.8%	2.0%	5.8%

Notes:

1/ For comparison to CYE 20 rates, the CYE 19 rates have been modified to reflect incorporation of DDD behavioral health services components into DES DDD rates that begin October 1, 2019.

2/ "Non-Baseline" items include rate increases for nursing facilities and home and community based service providers for Fee For Service adjustments and Proposition 206 minimum wage increases.

Appendix Table 2
AHCCCS Complete Care (ACC) Program
CYE20 Capitation Rate Development

Average CYE 19 Rate	<u>PMPM</u>	
	\$	358.86
<u>CYE 20 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg</u>
Rebase Services	\$ (1.61)	-0.4%
Trend (Utilization and Unit Cost)	\$ 13.39	3.7%
Shift Access to Professional Services Initiative to Lump Sum Payments	\$ (2.54)	-0.7%
Fee Schedule Changes (Excludes Non-Baseline Changes)	\$ 0.86	0.2%
Administration Costs	\$ 0.83	0.2%
Pharmacy Reimbursement Savings	\$ (0.77)	-0.2%
Differential Adjusted Payments (above CYE 19)	\$ 0.44	0.1%
Telehealth for Rural and Urban Access to Care	\$ 0.19	0.1%
Other Program Changes	\$ (0.23)	-0.1%
CYE 20 Baseline Rate	\$	369.42
		2.9%
<u>CYE 20 Non-Baseline Adjustments</u>¹	<u>PMPM</u>	<u>% Chg</u>
Additional Funding for ALTCS Provider Rate Increases (effective 10/1/19)	\$ 0.15	0.04%
Proposition 206 Rate Increase (10/1/19)	\$ 0.08	0.02%
Proposition 206 Rate Increase (1/1/20)	\$ 0.04	0.01%
Non-Baseline Adjustments	\$	0.28
		0.1%
Average CYE 20 ACC Rate	\$	369.70
		3.0%

1/ Laws 2019, Chapter 263 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

Appendix Table 3

**Regional Behavioral Health Authority (RBHA) Program
CYE 20 Capitation Rate Development**

Average CYE 19 Rate ¹	<u>PMPM</u>	
	\$	70.02
<u>CYE 20 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg</u>
Rebase Services	\$ 1.88	2.7%
Trend (Utilization and Unit Cost)	\$ 2.18	3.1%
Pharmacy Reimbursement Savings	\$ (0.33)	-0.5%
Fee Schedule Changes (Excludes Non-Baseline Changes)	\$ 0.24	0.3%
Shift Access to Professional Services Initiative to Lump Sum Payments	\$ (0.18)	-0.3%
Administration Costs	\$ 0.18	0.3%
Differential Adjusted Payments (above CYE 19)	\$ (0.11)	-0.2%
Transport Network Company Non-Emergency Medical Transportation	\$ (0.06)	-0.1%
Other Program Changes	\$ 0.16	0.2%
CYE 20 Baseline Rate	\$ 74.00	5.7%
<u>CYE 20 Non-Baseline Adjustments ²</u>	<u>PMPM</u>	<u>% Chg</u>
Additional Funding for ALTCS Provider Rate Increases (effective 10/1/19)	\$ 0.06	0.1%
Proposition 206 Rate Increase (10/1/19)	\$ 0.04	0.1%
Proposition 206 Rate Increase (1/1/20)	\$ 0.02	0.0%
Non-Baseline Adjustments	\$ 0.13	0.2%
Average CYE 20 RBHA Rate	\$ 74.12	5.9%

1/ Represents an average of CYE 19 SMI, CMDP, Crisis Services Adults, and Crisis Services Children rates. For purposes of comparison to CYE 20 RBHA rates, the displayed average CYE 19 rate excludes components for the Developmental Disabilities population that are incorporated into the DES DDD program beginning October 1, 2019.

2/ Laws 2019, Chapter 263 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

Appendix Table 4
Comprehensive Medical and Dental Program (CMDP)
CYE 20 Capitation Rate Development

	<u>PMPM</u>	
CYE 19 Rate (4/1/19)	\$ 304.71	
<u>CYE 20 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg from</u>
		<u>4/1/19</u>
Rebase Services	\$ (1.69)	-0.6%
Trend (Utilization and Unit Cost)	\$ 9.12	3.0%
Administration	\$ 8.02	2.6%
Care Management	\$ 4.45	1.5%
Differential Adjusted Payments (above CYE 19)	\$ 1.90	0.6%
Pharmacy Reimbursement Savings	\$ (1.05)	-0.3%
Fee Schedule Changes (Excludes Non-Baseline Changes)	\$ 0.16	0.1%
Program Changes	\$ (0.07)	0.0%
CYE 20 Baseline Rate	\$ 325.55	6.8%
<u>CYE 20 Non-Baseline Adjustments</u>¹	<u>PMPM</u>	<u>% Chg from</u>
NA	\$0.00	0.0%
CYE 20 CMDP Rate	\$ 325.55	6.8%

1/ Laws 2019, Chapter 263 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

Appendix Table 5
Arizona Long Term Care System/Elderly and Physical Disability (ALTCS/EPD)
CYE 20 Capitation Rate Development

Average CYE 19 Rate (1/1/19)	<u>PMPM</u>	
	\$ 3,626.48	
<u>CYE 20 Baseline Adjustments</u>	<u>PMPM</u>	<u>% Chg</u>
Rebase Services	\$ 164.38	4.5%
Trend (Utilization and Unit Cost)	\$ 85.40	2.4%
Administration and Case Management	\$ (6.85)	-0.2%
Differential Adjusted Payments (above CYE 19)	\$ 11.27	0.3%
Pharmacy Reimbursement Savings	\$ (2.30)	-0.1%
Other Program and Fee Schedule Changes	\$ (1.49)	0.0%
CYE 20 Baseline Rate	\$ 3,876.90	6.9%
<u>CYE 20 Non-Baseline Adjustments</u> ¹	<u>PMPM</u>	<u>% Chg</u>
Additional Funding for ALTCS Provider Rate Increases (effective 10/1/19)	\$ 115.82	3.2%
Proposition 206 Rate Increase (10/1/19)	\$ 84.54	2.3%
Proposition 206 Rate Increase (1/1/20)	\$ 46.49	1.3%
Non-Baseline Adjustments	\$ 246.86	6.8%
Average CYE 20 ALTCS EPD Rate ²	\$ 4,123.76	13.7%

1/ Laws 2019, Chapter 263 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

2/ Averages the ALTCS EPD capitation rates that are effective 10/1/19 and 1/1/20.

Appendix Table 6
Arizona Long Term Care System/Developmental Disabilities
CYE 20 Capitation Rate Development

	<u>REGULAR DD</u>		<u>TARGETED CASE MANAGEMENT</u>	
	<u>PMPM (1/19)</u>		<u>PMPM</u>	
CYE 19 Rate ¹	\$	4,385.97	\$	154.28
	<u>% Chg from</u>			
<u>CYE 20 Baseline Adjustments</u>	<u>PMPM</u>	<u>1/1/19</u>	<u>PMPM</u>	<u>% Chg</u>
Rebase Services	\$ (165.70)	-3.8%	\$ 18.64	12.1%
Trend (Utilization and Unit Cost)	\$ 197.68	4.5%	\$ -	0.0%
Administrative Costs	\$ 25.08	0.6%	\$ -	0.0%
Differential Adjusted Payments (above CYE 19)	\$ 21.77	0.5%	\$ -	0.0%
Case Management	\$ 12.69	0.3%	\$ -	0.0%
Pharmacy Reimbursement Savings	\$ (3.29)	-0.1%	\$ -	0.0%
Shift Access to Professional Services Initiative to Lump Sum Payments	\$ (1.79)	-0.04%	\$ -	0.0%
Other Program and Fee Schedule Changes	\$ 51.25	1.2%	\$ -	0.0%
CYE 20 Baseline Rate	\$ 4,523.65	3.1%	\$ 172.92	12.1%
	<u>% Chg from</u>			
<u>CYE 20 Non-Baseline Adjustments ²</u>	<u>PMPM</u>	<u>1/1/19</u>	<u>PMPM</u>	<u>% Chg</u>
Additional Funding for ALTCS Provider Rate Increases (effective 10/1/19)	\$ 109.88	2.5%	\$ -	0.0%
Proposition 206 Rate Increase (10/1/19)	\$ 119.11	2.7%	\$ -	0.0%
Proposition 206 Rate Increase (1/1/20)	\$ 66.07	1.5%	\$ -	0.0%
Non-Baseline Adjustments	\$ 295.06	6.7%	\$ -	0.0%
Average CYE 20 Rate ³	\$ 4,818.70	9.9%	\$ 172.92	12.1%

1/ For purposes of comparison to CYE 20 RBHA rates, the displayed average CYE 19 rate includes components for the Developmental Disabilities population that will be incorporated into the DES DD program beginning October 1, 2019.

2/ Laws 2019, Chapter 263 included appropriations for these adjustments, in addition to appropriations for baseline capitation rate growth.

3/ The CYE 20 rate displayed for ALTCS DD Regular represents the weighted average of capitation rates that are effective 10/1/19 and 1/1/20.



STATE OF ARIZONA

Joint Legislative Budget Committee

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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Senior Fiscal Analyst *GP*

SUBJECT: Arizona Department of Corrections - Review of FY 2020 First Quarter Correctional Officer Staffing Report

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona Department of Corrections (ADC) submitted for Committee review its quarterly staffing report for correctional officers. The report also includes the department's proposed benchmarks and how the department plans to reach those benchmarks.

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 also consider the following provisions:

- A. In the next quarterly report, ADC shall include a summary of responses from CO exit surveys since January 2019, including the reasons for leaving the department, and employees' new employer if available.
- B. In the next quarterly report, ADC shall report on the average ADC CO salary including overtime.
- C. In the next quarterly report, ADC shall report on competitor salary information. The report shall include the starting salary by competitor, whether the competitor awarded a salary increase in the past 12 months and the size of the increase, and the number of vacant positions by competitor.

(Continued)

Key Points

- 1) There are currently 5,158 filled correctional officer (CO) positions, 1,290 vacant positions, and 207 officers in training for a vacancy rate of 19.4%.
- 2) Eyman, Florence and Lewis prisons have 837 of the 1,290 total vacancies.
- 3) To address this issue, the FY 2020 budget included a 10% CO salary increase, including vacant positions.
- 4) ADC has set a goal of a 6.8% vacancy rate, or 453 vacant CO positions by the end of FY 2020.
- 5) ADC has proposed filling a net 203 CO vacancies each quarter, or 812 by June.
- 6) Through August 26, ADC has a net decrease of (74) officers.
- 7) Recruitment initiatives include targeted online advertising, additional regional training academies, and high school outreach.

Analysis

In January 2019, ADC reported a vacancy rate for correctional officers of about 17%. In exit interviews from January 1, 2019 to August 21, 2019, salary was the primary reason cited for leaving the department for 41% of respondents. Since the 10% salary increase came into effect on July 1, 2019, ADC reports that 65% of respondents to exit surveys have cited salary as the primary reason. It is unclear what other factors besides salary contribute to a high vacancy rate in the department. As a result, the Committee may consider Provision A, which would require the department to include a summary of exit survey responses since January in the next quarterly staffing report.

The FY 2020 budget included an increase to ADC of \$35.5 million for staff salary increases. Of that amount, about \$33.5 million was for correctional officers. In addition to that amount, ADC planned to utilize \$13.0 million in existing vacancy savings for a total of \$46.5 million in salary increases for COs. This amount was estimated to provide a 10% salary increase for all correctional officers, including vacant positions, and increase the average base salary from \$39,300 to \$43,200 per year, excluding overtime. We have asked ADC for the average salary with overtime included. The Committee may consider Provision B, which would require ADC to include the average CO salary including overtime in the next quarterly report.

The budget also required ADC to submit a quarterly report detailing the department's progress in meeting correctional officer staffing needs. The report is to include, by complex and departmentwide, the number of filled correctional positions, the number of vacant correctional officer positions, the number of people in training, the number of separations and the number of hours of overtime worked during the quarter.

Proposed Benchmarks

ADC has set a goal of a 6.8% vacancy rate, or 453 vacant CO positions, by the end of FY 2020. To achieve this, ADC has set quarterly benchmarks of 453 new hires compared to 173 separations. ADC has also set a goal of 77 promotions for correctional officers, typically to the position of Sergeant, which would in effect reduce filled CO positions. The ADC benchmarks would result in a net gain of 203 new filled CO positions per quarter, or 812 by the end of June.

ADC has hired 188 new officers, lost 192 to separations, and promoted 70 COs for a net decrease of (74) CO positions through August 26, compared to a benchmark increase of 203 net filled CO positions. In addition to the 192 CO separations, ADC reported 18 officers left the department prior to completing training.

As of August 26, 2019, ADC reports a total of 5,158 filled CO positions, 1,290 vacant positions, and 207 officers in training for a vacancy rate of 19.4%. *Table 1* details the staffing levels at each of the prisons and Re-Entry Centers.

(Continued)

Table 1 Correctional Officer Staffing Levels by Location (As of August 26, 2019)					
	<u>Filled CO</u> <u>Positions</u>	<u>Vacant CO</u> <u>Positions</u>	<u>Officers in</u> <u>Training</u>	<u>Vacancy</u> <u>Rate (%)</u>	<u>Net Change</u> <u>(YTD)</u>
Eyman	663	389	16	36.4	(7)
Florence	501	248	25	32.0	9
Perryville	536	94	19	14.5	(13)
Lewis	821	200	23	19.2	(56)
Phoenix	212	18	11	7.5	(6)
Tucson	886	155	35	14.4	(14)
Douglas	346	56	10	13.6	6
Safford	222	47	7	17.0	(13)
Winslow	251	78	10	23.0	(1)
Yuma	689	4	51	0.5	23
Maricopa Re-Entry	17	0	0	0.0	(1)
Pima Re-Entry	14	1	0	6.7	(1)
Total	5,158	1,290	207	19.4	(74)

The prisons with the largest vacancy rates are Eyman at 36% and Florence at 32%. Those 2 prisons, combined with Lewis prison, make up 837, or 65%, of the 1,290 total vacant positions. Lewis has the largest net change in officers through August 26, with a decrease of (56) officers. The prisons with the lowest vacancy rates are Yuma and Phoenix.

Regarding the vacancy rates and hiring difficulties, Eyman and Florence prisons face significant competition for staff with private, county, and federal facilities in the area. A recent report from former Arizona Supreme Court Justices Rebecca White Berch and Ruth V. McGregor detailed the ongoing locking issue at Lewis prison, which may contribute to poor retention and recruitment. In addition, the report cited a morale problem among officers due to the job environment and leadership in the prison.

Due to the continued focus on CO salaries, the Committee may consider Provision C, which would require ADC to provide information on the salaries of direct competitors for staff. The information shall include the starting salaries for each of the competitive agencies, whether that employer awarded a salary increase in the last 12 months and the size of the increase, and the number of vacant positions by employer.

ADC utilizes overtime for existing officers to make up for vacancies. In May 2019, ADC raised the overtime cap from 24 hours to 32 hours per week and reported that the change resulted in a roughly 30% increase in average overtime worked per employee. Through August 26, ADC reports a total of 317,164 hours of overtime worked by correctional officers.

Recruitment/Retention Initiatives

ADC has outlined 4 main activities aimed at reaching their stated goal of a 6.8% vacancy rate:

1. Online recruitment efforts - continue to expand online recruitment including a mobile-friendly website, Facebook, LinkedIn and other geographically-targeted advertisement.
2. Regional training academies - ADC currently operates the Correctional Officer Training Academy (COTA) in Tucson. In addition, ADC operates some regional academies for applicants who are unable or unwilling to go to Tucson for a 2-month training. ADC plans to expand current regional academies to at least 15 new cohorts (usually 20-30 cadets) to appeal to more potential applicants.

(Continued)

3. High school outreach - A recent rule change, permitted by Laws 2019, Chapter 93, reduced the minimum age for a state correctional officer from 21 years old to 18 years old. ADC plans to reach out to high schools to take advantage of the new rule.
4. Retention - ADC will provide forums for staff feedback and respond to and act on comments from staff to increase staff retention.

GP:lm



DOUGLAS A. DUCEY
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CHARLES L. RYAN
DIRECTOR

August 27, 2019



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

Dear Representative Cobb:

In accordance with section 24, General Appropriation Act for FY 2020, (Laws 2019, 1st Regular Session, Chapter 263), the following report is being provided. A footnote requires a report that includes the following:

- Filled Correctional Officer Positions
- Number of Vacant Correctional Officer Positions
- Number of people in training
- Number of separations
- Number of hours of overtime worked during the quarter
- Information shall be reported on each prison complex, along with overall Department totals

Background

During the last several years, the Department of Corrections has experienced issues with retaining Correctional Officers. Despite a robust recruitment program, which hired 1,213 Correctional Officers in FY18 and 1,187 Correctional Officers and Correctional Trainees in FY19, the number of vacancies has not depreciatively diminished. The primary issue cited amongst the ADOA Exit Survey responses, from January 1, 2019 to August 21, 2019, was "compensation not competitive"; this was consistent with earlier feedback received during 2017. During 2017 team members from the A3 on Correctional Officer Retention group conducted a survey with staff members and found that low pay was a leading reason that fifty percent of Correctional Officers surveyed considered leaving the agency. These findings, along with a review of our competitor's salaries, eventually resulted in ADC receiving a 10% increase in salary for the Correctional Officer series from the legislature.

Current Metrics

The following chart illustrates the current (as of August 26, 2019) Correctional Officer staffing information, as outlined above:

Location	Hired	Filled Positions	In Training (COTA)	Vacant Positions	Separations	Promotions	Overtime Hours Worked
Eyman	15	663	16	389	11	11	55,782.05
Florence	22	465	23	232	9	3	41,295.33
Globe	0	36	2	16	1	0	1,585.00
Perryville	13	536	19	94	17	9	23,328.20
Lewis	14	821	23	200	61	9	72,265.85
Phoenix	5	212	11	18	10	1	13,454.50
Tucson	32	886	35	155	36	10	60,241.45
Douglas	13	346	10	56	3	4	9,043.78
Safford	3	156	7	27	9	3	6,506.60
Fort Grant	0	66	0	20	3	1	2,550.05
Winslow	16	194	8	75	9	9	19,946.62
Apache	2	57	2	3	1	0	0
Yuma	53	689	51	4	20	10	11,144.25
Maricopa County Re-Entry Center	0	17	0	0	1	0	0
Pima County Re-Entry Center	0	14	0	1	1	0	0
COTA	0	0	0	0	0	0	20.75
TOTALS	<i>188</i>	<i>5158</i>	<i>207</i>	<i>1290</i>	<i>210</i>	<i>70</i>	<i>317,164.43</i>

Future Benchmarks

In order to achieve the Department's goal of reaching a Correctional Officer vacancy rate of 6.8%, which would be a 12.12% reduction from the metric of 18.92% on June 24, 2019 (last reporting date of FY19), many targeted activities are occurring. Please see the following for some highlights:

- Continued expansion of online recruitment efforts, spearheaded by the mobile-friendly recruitment website: www.joinadc.com; along with using Facebook, LinkedIn and other websites for geo-targeted advertisements.
- Further expand the use of Regional Correctional Officer Training Academies. A Regional Academy is one that takes place at a specific prison location, instead of at our Correctional Officer Training Academy (COTA) facility in Tucson. Our recruiters have found that some applicants are unable or unwilling to commit to attending training in Tucson; so the regional academy allows us to bring on staff we otherwise would not be able to hire. The goal is to expand this model to run 15 Regionals during CY20, these occur simultaneously with COTA, they do not replace the recurring training program cycle at that facility.
- Cultivate our applicant pipeline, including expanding the reach into our local high schools, due to the recent rule change that allows us to hire Correctional Officers at age 18 (previously age 21 was required). Our three most recent COTA classes were comprised of 22% hires from the age range of 18-20, so this demographic can continue to be used to help us increase staffing levels.
- Respond and act upon feedback from staff, which is received via the Director's link, or outreach from the A3 on Correctional Officer Retention. These forums allow staff to provide insightful ideas which can lead to improvements in their workplace culture, such as recent changes to the dress and grooming policy which allows for well-maintained beards and loosened restrictions on nail polish.

These efforts, along with ensuring a continued focus on the lack of a competitive salary issue, have generated the following as benchmarked metrics to achieve our goal by the end of June 2020:

Separations

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly Goal (Annually: 692)	173	173	173	173
To Date	210	0	0	0

Hires

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly Goal (Annually: 1,812)	453	453	453	453
To Date	188	0	0	0

Correctional Officer Promotions (*typically to Sergeant*)

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly Estimate (Annually: 308, estimate)	77	77	77	77
To Date	70	0	0	0

*Separations, hires and promotions are current as of Friday, August 23, 2019

Conclusion

The Department of Corrections has many efforts underway to help to increase staffing levels. As demonstrated by our current goals and performance, the current trends in separations must diminish, while hiring must increase, in order for the vacancy rate to decrease to our targeted goal of 6.8% by the end of June 2020.

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

Sincerely,



Charles L. Ryan
Director

cc: The Honorable David M. Gowan, 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 Manager, Governor's Office of Strategic Planning and Budgeting
Geoffrey Paulsen, Fiscal Analyst, Joint Legislative Budget Committee



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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Senior Fiscal Analyst *GP*

SUBJECT: Arizona Department of Corrections - Review of FY 2019 Bed Capacity Report

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona Department of Corrections (ADC) submitted for Committee review its report detailing bed capacity changes in FY 2019 and proposed changes in FY 2020.

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) In FY 2019, ADC added 217 permanent beds and 836 temporary beds statewide for a total bed capacity increase of 1,053 operating beds.
- 2) Most of the permanent bed changes were reported to the Committee in ADC's September 2018 report and a December 2018 revised report.
- 3) In comparison to bed capacity changes, the inmate population increased by 199 in FY 2019.
- 4) At the end of FY 2019, ADC has a permanent bed shortfall of (3,440), but including temporary beds has an overall surplus of 2,779.
- 5) ADC does not plan to add or close any permanent or temporary beds in FY 2020.

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
(Continued)

track the impact of the department's revisions, the FY 2020 General Appropriation Act requires ADC to submit bed capacity data for FY 2019, explain any adjustments since FY 2018, and provide projections for FY 2020.

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.

In September 2018, ADC reported they planned in FY 2019 to close (120) male permanent beds in the Florence Central Unit due to poor structural conditions, and partially offset this loss by reallocating 64 existing mental health beds to maximum security beds. The September plan would have resulted in a net decrease of (56) permanent beds.

In December 2018, ADC submitted a revised plan to the Committee that included further plans to add 370 permanent beds at the Douglas prison back to the bed counts, close (100) permanent tent beds at the Florence facility due to poor conditions, close (10) permanent beds at the Perryville prison as part of a reorganization of the complex, and close (5) permanent beds at the Tucson prison to make space for female minor prisoners transferred from Perryville. The December revision proposed a net increase of 255 permanent beds.

In total, ADC's FY 2019 plans submitted to the Committee would have resulted in a net increase of 199 permanent beds. With the exception of closing the (10) permanent beds at Perryville, ADC completed all of these changes in FY 2019.

In addition to the submitted plans, ADC added 8 permanent beds at the Eyman prison by reallocating maximum custody beds to close custody to make room for sex offenders.

ADC also made other major changes in FY 2019 to temporary bed counts. ADC added 558 state-operated beds to minimum custody, 209 to medium custody, 13 to close custody, and 32 to maximum custody. In addition, ADC added 24 temporary medium custody beds at the Red Rock private prison complex. The Red Rock facility has 2,024 beds, but the current ADC contract only includes 2,000 beds. As a result, additional action is required before ADC can utilize these beds.

For FY 2019, ADC reported a total capacity increase of 1,053 beds for a total capacity of 45,091 beds. As discussed above, the net increase included an increase of 217 permanent beds and 836 temporary beds. *Appendix A* provides a summary of the adjustments for FY 2019.

In comparison to bed capacity changes, the ADC population increased by 199 inmates from June 30, 2018 to June 30, 2019, driven mostly by increases in minimum and maximum custody.

ADC does not plan to add any permanent or temporary beds in FY 2020. Instead, ADC expects to reallocate existing beds between custody levels to address population needs. ADC is required to report to the Committee if they develop a plan to open or close permanent beds not included in this report.

FY 2019 Bed Surplus/Shortfall

Table 1 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

(Continued)

(3,440) beds. The second method of evaluating bed status is to determine ADC's total bed capacity, including both permanent and temporary beds. After adjusting for 6,219 temporary beds in the ADC system, the permanent bed shortfall of (3,440) becomes a 2,779 total bed surplus.

	Permanent Beds	Total Beds (Incl. Temp.)	Inmate Population 6/30/19	Permanent Surplus (+) Shortfall (-)	Total Surplus (+) Shortfall (-)
ADC System					
Minimum	13,585	14,965	13,864	(279)	1,101
Medium	15,327	19,330	19,112	(3,785)	218
Close	7,800	8,175	6,983	817	1,192
Maximum	1,809	2,141	1,977	(168)	164
Reception ^{1/}	351	480	376	(25)	104
Total – ADC System	38,872	45,091	42,312	(3,440)	2,779

^{1/} Reception: These units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the 144 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.

Appendix B delineates the bed surpluses and shortfalls by custody level and gender.

ADC faces the largest permanent bed shortfall in the medium custody level at (3,785). Medium custody is the largest population category at ADC, and the department makes up for the permanent bed shortfall with temporary beds, leaving a surplus of 218 medium beds. From June 2018 to June 2019 the medium custody population declined by (219) inmates.

In FY 2019, ADC added the most capacity in minimum and close custody, despite large surpluses in those categories. ADC reports that some of the close custody permanent beds added in FY 2019 remain unused but were added back to the count sheet to provide a full accounting of bed capacity in the system. In addition, emergency closures at Winslow and Lewis prison in FY 2019 required the closing of several units of close custody inmates. The additional capacity in close custody provides ADC flexibility to deal with unit closures and to relocate inmates as needed.

GP:kp
Attachment

1/ Reception: These units are used for intake of inmates before the assessment of the custody level. ADC's capacity report shows the 144 rated female beds for this purpose as other and 207 rated male beds and 129 temporary beds as maximum custody beds. This table breaks out the reception beds for comparison purposes.

Appendix B: End of FY 2019 Bed Surplus/Shortfall by Gender

End of FY 2019 Male Bed Surplus(+)/Shortfall (-)					
	Permanent Beds	Total Operating Capacity (Perm. + Temp. Beds)	Inmate Population June 30, 2019	Permanent Beds Surplus (Shortfall)	Total (Operating) Capacity Surplus (Shortfall)
State Prisons					
Minimum	7,753	8,803	7,895	(142)	908
Medium	9,631	13,218	13,045	(3,414)	173
Close	7,313	7,631	6,540	773	1091
Maximum	1,809	2,141	1,977	(168)	164
Reception ^{1/}	207	336	230	(23)	106
Total - State Prisons	26,713	32,129	29,687	(2,974)	2,442
Private Prisons					
Minimum	3,500	3,750	3,551	(51)	199
Medium	4,400	4,812	4,748	(348)	64
Total - Private Prisons	7,900	8,562	8,276	(399)	263
ADC System					
Minimum	11,253	12,553	11,446	(193)	1,107
Medium	14,031	18,030	17,793	(3,762)	237
Close	7,313	7,631	6,540	773	1,091
Maximum	1,809	2,141	1,977	(168)	164
Reception ^{1/}	207	336	230	(23)	106
Total - Male ADC System	34,613	40,691	37,986	(3,373)	2,705
^{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 2019 Female Bed Surplus(+)/Shortfall (-)					
	Permanent Beds	Total Operating Capacity (Perm. + Temp. Beds)	Inmate Population June 30, 2019	Permanent Beds Surplus (Shortfall)	Total (Operating) Capacity Surplus (Shortfall)
State Prisons					
Minimum	2,332	2,412	2,418	(86)	(6)
Medium	1,296	1,300	1,319	(23)	(19)
Close	487	544	443	44	101
Maximum	0	0	0	-	0
Reception ^{1/}	144	144	146	(2)	(2)
Total - Female ADC System ^{2/}	4,259	4,400	4,326	(67)	74
^{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
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CHARLES L. RYAN
DIRECTOR

July 31, 2019



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

Dear Representative Cobb:

Enclosed you will find the Arizona Department of Corrections Bed Capacity Report which is being submitted pursuant to Laws 2019, 1st Regular Session, Chapter 263, Section 24.

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, 2018 to June 30, 2019 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, 2020 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 2019 the ADC operating capacity (rated beds + temporary beds = operating capacity) increased by 1,053 beds (217 rated and 836 temporary) from 44,038 on June 30, 2018 to 45,091 on June 30, 2019. In addition, special use beds were increased by 17 from 1,820 on June 30,

2018 to 1,837 on June 30, 2019. The following table summarizes the changes by custody and bed type.

	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Minimum	(80)	558	478	0	478
Medium	(362)	233	(129)	0	(129)
Close	584	13	597	(1)	596
Maximum	27	32	59	0	59
Other	48	0	48	18	66
	217	836	1,053	17	1,070

The increase of 217 rated beds during FY 2019 are summarized in the table below.

Location	Explanation	Beds
ASPC-Douglas Maricopa Unit	Transparency; currently vacant ¹	130
ASPC-Douglas Eggers Unit	Transparency; bed need ¹	240
ASPC-Florence Central Unit	CB 1 demo due to age (1965) and condition of physical plant ²	(120)
ASPC-Florence Central Unit	Maximum custody mental health beds ²	64
ASPC-Florence North Unit	Elimination of tent beds due to poor condition ¹	(100)
ASPC-Tucson Minors Unit	Elimination of beds to accommodate female minors ¹	(5)
ASPC-Eyman SMU I	Additional close custody rated beds	8
		217

¹ Included as an update to the Bed Capacity Report. Reviewed by JLBC on December 18, 2018.

² Included in July 2018 Bed Capacity Report. Reviewed by JLBC on September 20, 2018.

During FY 2019 812 temporary beds were added to the operating capacity and reported on the count sheet. These beds were added to the operating capacity due to an existing bed need and/or to provide a better understanding of the existing bed capacity. Significant additions of temporary beds include ASPC-Eyman Cook Unit (159), ASPC-Florence Globe Unit (52), ASPC-Perryville San Carlos Unit (80), ASPC-Safford Fort Grant (160), ASPC-Safford Graham (96), ASPC-Winslow Apache Unit (80), ASPC-Winslow Coronado Unit (136), and ASP-Red Rock (24 beds).


Details on all bed changes (rated, temporary, and special use) during FY 2019 can be found in Section I of the enclosed report.

No new prison units will be activated during FY 2020 and there are no plans to add or close rated beds during FY 2020. However, ADC does anticipate some reallocation of existing beds between custody levels as bed needs change among specialized populations and/or custody levels.

The Honorable Regina E. Cobb
July 31, 2019
Page 3

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles L. Ryan', with a long, sweeping horizontal line extending to the right.

Charles L. Ryan
Director

Enclosure

cc: The Honorable David M. Gowan, 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 2019

**ARIZONA DEPARTMENT OF CORRECTIONS
BED CAPACITY REPORT**

Pursuant to Laws 2019, 1st Regular Session, Chapter 263 ADC is required to "provide a report on bed capacity to the Joint Legislative Budget Committee for its review. 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, 2018 and June 30, 2019 and the projected capacity for June 30, 2020, 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. The report shall also address the department's rationale for eliminating any permanent beds rather than reducing the level of temporary beds. If the department develops a plan after its August 1 report to open or close state-operated prison rated beds or cancel or not renew contracts for privately operated prison beds, the department shall submit a bed plan detailing the proposed bed closures for review by the Joint Legislative Budget Committee before implementing these changes."

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Arizona Department of Corrections

Bed Capacity Report

Section I

Change from June 30, 2018 to June 30, 2019

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

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	(80)	558	478	0	478
Medium	(362)	209	(153)	0	(153)
Close	584	13	597	(1)	596
Maximum	27	32	59	0	59
Other	48	0	48	18	66
Total State Operated	217	812	1,029	17	1,046
Private Prisons					
Minimum	0	0	0	0	0
Medium	0	24	24	0	24
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	0	0
Total Private Prisons	0	24	24	0	24

ADC Summary					
Minimum	(80)	558	478	0	478
Medium	(362)	233	(129)	0	(129)
Close	584	13	597	(1)	596
Maximum	27	32	59	0	59
Other	48	0	48	18	66
Total ADC Summary	217	836	1,053	17	1,070

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

Complex	Custody	Gender	Comment	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC-Douglas								
Maricopa Unit	Minimum	Male	Added back to count sheet for transparency but does not currently house inmates. ²	130	0	130	0	130
Eggers Unit	Medium	Male	Reactivated and converted to medium custody due to bed need. ²	240	0	240	0	240
Total ASPC-Douglas				370	0	370	0	370
ASPC-Eyman								
Browning Unit	Maximum	Male	Reallocate beds from maximum to close custody. ¹	(5)	0	(5)	0	(5)
Browning Unit	Close	Male	Reallocate beds from maximum to close custody. ¹	5	0	5	0	5
Cook Unit	Medium	Male	Temporary beds added to count sheet for transparency and bed need.	0	159	159	0	159
SMU I Unit	Maximum	Male	Reallocated beds between maximum and close custody and added temp beds.	(32)	32	0	0	0
SMU I Unit	Close	Male	Reallocated beds between maximum and close custody due to sex offender bed need.	40	(8)	32	0	32
SMU I Detention	Other	Male	Added 96 double bunk beds to detention. Related to mental health changes at Central Unit.	0	0	0	96	96
Total ASPC-Eyman				8	183	191	96	287
ASPC-Florence								
Central Unit	Close	Male	CB 1 demo due to age (1965) and condition of physical plant. ¹	(120)	0	(120)	0	(120)
Central Unit	Maximum	Male	Reallocate Kasson detention to maximum custody mental health beds. ¹	64	0	64	0	64
Central Unit	Other	Male	Reallocate Kasson detention to maximum custody mental health beds. ¹	0	0	0	(64)	(64)
Globe Unit	Minimum	Male	Temporary beds added to count sheet for transparency and bed need.	0	52	52	0	52
North Unit	Minimum	Male	Elimination of 100 rated tent beds due to their poor condition. ²	(100)	0	(100)	0	(100)
Total ASPC-Florence				(156)	52	(104)	(64)	(168)
ASPC-Lewis								
Bachman Unit	Medium	Male	Reallocate beds from minimum to medium custody.	110	46	156	0	156
Bachman Unit	Minimum	Male	Reallocate beds from minimum to medium custody.	(110)	(46)	(156)	0	(156)
Total ASPC-Lewis				0	0	0	0	0
ASPC-Perryville								
Reception & Assessment	Other	Female	48 additional reception beds converted from complex detention.	48	0	48	0	48
Lumley Unit	Close	Female	Realignment of beds for mental health treatment. ²	24	16	40	2	42
Lumley Unit	Close	Female	Inpatient care (IPC) bed changes. ²	10	5	15	0	15
Lumley Unit	Close	Female	Transfer of Minors Unit to ASPC-Tucson. Repurpose of existing beds. ²	(22)	0	(22)	(3)	(25)
Lumley Unit	Close	Female	Reallocation of close beds for other bed management purposes (mental health, IPC)	(12)	0	(12)	0	(12)
Lumley Unit	Close	Female	Reallocate beds from close to medium custody.	(288)	0	(288)	0	(288)
Lumley Unit	Medium	Female	Reallocate beds from close to medium custody.	288	0	288	0	288
Lumley Unit	Medium	Female	Reallocation of reception from Lumley to Santa Maria.	144	0	144	0	144
Lumley Unit	Other	Female	Inpatient care (IPC) bed changes. ²	0	0	0	(10)	(10)
Santa Cruz Unit	Close	Female	Reallocate beds from medium to close custody.	192	0	192	0	192
Santa Cruz Unit	Medium	Female	Reallocate beds from medium to close custody.	(192)	0	(192)	0	(192)
San Carlos Unit	Minimum	Female	Addition of temporary beds due to bed need.	0	80	80	0	80
Santa Maria Unit	Medium	Female	48 rated beds converted to temp protective custody (4) and detention beds (44).	(48)	4	(44)	0	(44)
Santa Maria Unit	Medium	Female	Reallocation of reception from Lumley to Santa Maria.	(144)	0	(144)	0	(144)
Santa Maria Unit	Other	Female	44 beds converted from rated to special use detention beds.	0	0	0	44	44
Complex Detention	Other	Female	Complex detention converted to reception beds	0	0	0	(48)	(48)
Total ASPC-Perryville				0	105	105	(15)	90
ASPC-Safford								
Fort Grant Unit	Minimum	Male	Temporary beds added to count sheet for transparency and bed need.	0	160	160	0	160
Graham Unit	Minimum	Male	Temporary beds added to count sheet for transparency and bed need.	0	96	96	0	96
Total ASPC-Safford				0	256	256	0	256
ASPC-Tucson								
Minors Unit	Close	Female	Reallocation of beds for housing female minors. ²	25	0	25	0	25
Minors Unit	Close	Male	Reallocation of beds for housing female minors. ²	(30)	0	(30)	0	(30)
Cimarron Unit	Medium	Male	Reallocate beds from medium to close custody.	(360)	0	(360)	0	(360)
Cimarron Unit	Close	Male	Reallocate beds from medium to close custody.	360	0	360	0	360
Total ASPC-Tucson				(5)	0	(5)	0	(5)
ASPC-Winslow								
Apache Unit	Minimum	Male	Temporary beds added to count sheet for transparency and bed need.	0	80	80	0	80
Coronado Unit	Minimum	Male	Temporary beds added to count sheet for transparency and bed need.	0	136	136	0	136
Kaibab Unit	Close	Male	Reallocate beds from medium to close custody.	400	0	400	0	400
Kaibab Unit	Medium	Male	Reallocate beds from medium to close custody.	(400)	0	(400)	0	(400)
Total ASPC-Winslow				0	216	216	0	216
State Operated								
Minimum				(80)	558	478	0	478
Medium				(362)	209	(153)	0	(153)
Close				584	13	597	(1)	596
Maximum				27	32	59	0	59
Other				48	0	48	18	66
Total State Operated				217	812	1,029	17	1,046
Private Prisons								
Red Rock	Medium	Male	Facility has 24 additional beds. Additional authorization required before utilization.	0	24	24	0	24
Total Private Prisons				0	24	24	0	24
All Bed Changes								
Minimum				(80)	558	478	0	478
Medium				(362)	233	(129)	0	(129)
Close				584	13	597	(1)	596
Maximum				27	32	59	0	59
Other				48	0	48	18	66
Total Bed Changes				217	836	1,053	17	1,070

¹ Included in July 2018 Bed Capacity Report. Reviewed by JLBC on September 20, 2018.

² Included as an update to the Bed Capacity Report. Reviewed by JLBC on December 18, 2018.

Arizona Department of Corrections

Bed Capacity Report

Section II

Projected Change from June 30, 2019 to June 30, 2020

Arizona Department of Corrections
Bed Capacity Report
ADC Summary - Projected Change from June 30, 2019 to June 30, 2020

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
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 State Operated	0	0	0	0	0
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	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 ADC Summary	0	0	0	0	0

Arizona Department of Corrections
Bed Capacity Report
State & Privately Operated Prisons - Detail of Projected Bed Changes from June 30, 2019 to June 30, 2020

Complex	Custody	Gender	Comment	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Prisons								
N/A				0	0	0	0	0
Total State Prisons				0	0	0	0	0
State Operated								
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 State Operated				0	0	0	0	0
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				0	0	0	0	0
Maximum				0	0	0	0	0
Other				0	0	0	0	0
Total Bed Changes				0	0	0	0	0

Arizona Department of Corrections

Bed Capacity Report

Section III

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

<u>Complex</u>	<u>Gender</u>	<u>Rated</u>	<u>Temporary</u>	<u>Operating Capacity</u>	<u>Special Use</u>	<u>Total Beds</u>
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

<u>Complex</u>	<u>Gender</u>	<u>Rated</u>	<u>Temporary</u>	<u>Operating Capacity</u>	<u>Special Use</u>	<u>Total Beds</u>
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		<u>26,521</u>	<u>4,709</u>	<u>31,230</u>	<u>1,435</u>	<u>32,665</u>
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		<u>4,234</u>	<u>36</u>	<u>4,270</u>	<u>63</u>	<u>4,333</u>
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		<u>30,755</u>	<u>4,745</u>	<u>35,500</u>	<u>1,498</u>	<u>36,998</u>

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 - 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, 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		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, 2019

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

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	10,085	1,130	11,215	0	11,215
Medium	10,927	3,591	14,518	0	14,518
Close	7,800	375	8,175	127	8,302
Maximum	2,016	461	2,477	31	2,508
Other	144	0	144	1,357	1,501
Total State Operated	30,972	5,557	36,529	1,515	38,044
Private Prisons					
Minimum	3,500	250	3,750	131	3,881
Medium	4,400	412	4,812	113	4,925
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	78	78
Total Private Prisons	7,900	662	8,562	322	8,884
ADC Summary					
Minimum	13,585	1,380	14,965	131	15,096
Medium	15,327	4,003	19,330	113	19,443
Close	7,800	375	8,175	127	8,302
Maximum	2,016	461	2,477	31	2,508
Other	144	0	144	1,435	1,579
Total ADC Summary	38,872	6,219	45,091	1,837	46,928

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

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Douglas						
Minimum	Male	762	203	965	0	965
Medium	Male	1,043	140	1,183	0	1,183
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	89	89
Total ASPC - Douglas		1,805	343	2,148	89	2,237
ASPC - Eyman						
Minimum	Male	0	0	0	0	0
Medium	Male	1,592	1,201	2,793	0	2,793
Close	Male	1,157	288	1,445	0	1,445
Maximum	Male	1,235	304	1,539	8	1,547
Other	Male	0	0	0	464	464
Total ASPC - Eyman		3,984	1,793	5,777	472	6,249
ASPC - Florence						
Minimum	Male	1,122	176	1,298	0	1,298
Medium	Male	1,144	501	1,645	0	1,645
Close	Male	804	0	804	0	804
Maximum	Male	214	20	234	23	257
Other	Male	0	0	0	9	9
Total ASPC - Florence		3,284	697	3,981	32	4,013
ASPC - Perryville						
Minimum	Female	2,332	80	2,412	0	2,412
Medium	Female	1,296	4	1,300	0	1,300
Close	Female	442	57	499	2	501
Maximum	Female	0	0	0	0	0
Other	Female	144	0	144	44	188
Total ASPC - Perryville		4,214	141	4,355	46	4,401
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	88	788	0	788
Medium	Male	1,900	782	2,682	0	2,682
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, 2019

<u>Complex</u>	<u>Gender</u>	<u>Rated</u>	<u>Temporary</u>	<u>Operating Capacity</u>	<u>Special Use</u>	<u>Total Beds</u>
ASPC - Safford						
Minimum	Male	1,203	256	1,459	0	1,459
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		<u>1,453</u>	<u>416</u>	<u>1,869</u>	<u>55</u>	<u>1,924</u>
ASPC - Tucson						
Minimum	Male	1,610	0	1,610	0	1,610
Medium	Male	1,502	463	1,965	0	1,965
Close	Male	1,463	30	1,493	66	1,559
Close	Female	25	0	25	0	25
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	239	239
Total ASPC - Tucson		<u>4,600</u>	<u>493</u>	<u>5,093</u>	<u>305</u>	<u>5,398</u>
ASPC - Winslow						
Minimum	Male	826	216	1,042	0	1,042
Medium	Male	0	0	0	0	0
Close	Male	800	0	800	0	800
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	51	51
Total ASPC - Winslow		<u>1,626</u>	<u>216</u>	<u>1,842</u>	<u>51</u>	<u>1,893</u>
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		<u>4,350</u>	<u>420</u>	<u>4,770</u>	<u>175</u>	<u>4,945</u>

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

<u>Complex</u>	<u>Gender</u>	<u>Rated</u>	<u>Temporary</u>	<u>Operating Capacity</u>	<u>Special Use</u>	<u>Total Beds</u>
Male State Operated						
Minimum	Male	7,753	1,050	8,803	0	8,803
Medium	Male	9,631	3,587	13,218	0	13,218
Close	Male	7,313	318	7,631	123	7,754
Maximum	Male	2,016	461	2,477	31	2,508
Other	Male	0	0	0	1,313	1,313
Male State Operated		<u>26,713</u>	<u>5,416</u>	<u>32,129</u>	<u>1,467</u>	<u>33,596</u>
Female State Operated						
Minimum	Female	2,332	80	2,412	0	2,412
Medium	Female	1,296	4	1,300	0	1,300
Close	Female	487	57	544	4	548
Maximum	Female	0	0	0	0	0
Other	Female	144	0	144	44	188
Female State Operated		<u>4,259</u>	<u>141</u>	<u>4,400</u>	<u>48</u>	<u>4,448</u>
Total State Operated						
Minimum	Total	10,085	1,130	11,215	0	11,215
Medium	Total	10,927	3,591	14,518	0	14,518
Close	Total	7,800	375	8,175	127	8,302
Maximum	Total	2,016	461	2,477	31	2,508
Other	Total	144	0	144	1,357	1,501
Total State Operated		<u>30,972</u>	<u>5,557</u>	<u>36,529</u>	<u>1,515</u>	<u>38,044</u>

Arizona Department of Corrections
Bed Capacity Report
Private Prisons 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 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	24	2,024	0	2,024
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	24	2,024	78	2,102
Private Prisons						
Minimum	Male	3,500	250	3,750	131	3,881
Medium	Male	4,400	412	4,812	113	4,925
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	662	8,562	322	8,884

Arizona Department of Corrections

Bed Capacity Report

Section V

Projected Status of ADC Prison Beds as of June 30, 2020

Arizona Department of Corrections
Bed Capacity Report
ADC Summary Projected as of June 30, 2020

Complex	Rated	Temporary	Operating Capacity	Special Use	Total Beds
State Operated					
Minimum	10,085	1,130	11,215	0	11,215
Medium	10,927	3,591	14,518	0	14,518
Close	7,800	375	8,175	127	8,302
Maximum	2,016	461	2,477	31	2,508
Other	144	0	144	1,357	1,501
Total State Operated	30,972	5,557	36,529	1,515	38,044
Private Prisons					
Minimum	3,500	250	3,750	131	3,881
Medium	4,400	412	4,812	113	4,925
Close	0	0	0	0	0
Maximum	0	0	0	0	0
Other	0	0	0	78	78
Total Private Prisons	7,900	662	8,562	322	8,884
ADC Summary					
Minimum	13,585	1,380	14,965	131	15,096
Medium	15,327	4,003	19,330	113	19,443
Close	7,800	375	8,175	127	8,302
Maximum	2,016	461	2,477	31	2,508
Other	144	0	144	1,435	1,579
Total ADC Summary	38,872	6,219	45,091	1,837	46,928

Arizona Department of Corrections
Bed Capacity Report
State Operated Prisons Projected as of June 30, 2020

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Douglas						
Minimum	Male	762	203	965	0	965
Medium	Male	1,043	140	1,183	0	1,183
Close	Male	0	0	0	0	0
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	89	89
Total ASPC - Douglas		1,805	343	2,148	89	2,237
ASPC - Eyman						
Minimum	Male	0	0	0	0	0
Medium	Male	1,592	1,201	2,793	0	2,793
Close	Male	1,157	288	1,445	0	1,445
Maximum	Male	1,235	304	1,539	8	1,547
Other	Male	0	0	0	464	464
Total ASPC - Eyman		3,984	1,793	5,777	472	6,249
ASPC - Florence						
Minimum	Male	1,122	176	1,298	0	1,298
Medium	Male	1,144	501	1,645	0	1,645
Close	Male	804	0	804	0	804
Maximum	Male	214	20	234	23	257
Other	Male	0	0	0	9	9
Total ASPC - Florence		3,284	697	3,981	32	4,013
ASPC - Perryville						
Minimum	Female	2,332	80	2,412	0	2,412
Medium	Female	1,296	4	1,300	0	1,300
Close	Female	442	57	499	2	501
Maximum	Female	0	0	0	0	0
Other	Female	144	0	144	44	188
Total ASPC - Perryville		4,214	141	4,355	46	4,401
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, 2020

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
ASPC - Lewis						
Minimum	Male	700	88	788	0	788
Medium	Male	1,900	782	2,682	0	2,682
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	256	1,459	0	1,459
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	416	1,869	55	1,924
ASPC - Tucson						
Minimum	Male	1,610	0	1,610	0	1,610
Medium	Male	1,502	463	1,965	0	1,965
Close	Male	1,463	30	1,493	66	1,559
Close	Female	25	0	25	0	25
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	239	239
Total ASPC - Tucson		4,600	493	5,093	305	5,398
ASPC - Winslow						
Minimum	Male	826	216	1,042	0	1,042
Medium	Male	0	0	0	0	0
Close	Male	800	0	800	0	800
Maximum	Male	0	0	0	0	0
Other	Male	0	0	0	51	51
Total ASPC - Winslow		1,626	216	1,842	51	1,893
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, 2020

Complex	Gender	Rated	Temporary	Operating Capacity	Special Use	Total Beds
Male State Operated						
Minimum	Male	7,753	1,050	8,803	0	8,803
Medium	Male	9,631	3,587	13,218	0	13,218
Close	Male	7,313	318	7,631	123	7,754
Maximum	Male	2,016	461	2,477	31	2,508
Other	Male	0	0	0	1,313	1,313
Male State Operated		26,713	5,416	32,129	1,467	33,596
Female State Operated						
Minimum	Female	2,332	80	2,412	0	2,412
Medium	Female	1,296	4	1,300	0	1,300
Close	Female	487	57	544	4	548
Maximum	Female	0	0	0	0	0
Other	Female	144	0	144	44	188
Female State Operated		4,259	141	4,400	48	4,448
Total State Operated						
Minimum	Total	10,085	1,130	11,215	0	11,215
Medium	Total	10,927	3,591	14,518	0	14,518
Close	Total	7,800	375	8,175	127	8,302
Maximum	Total	2,016	461	2,477	31	2,508
Other	Total	144	0	144	1,357	1,501
Total State Operated		30,972	5,557	36,529	1,515	38,044

Arizona Department of Corrections
Bed Capacity Report
Private Prisons Projected as of June 30, 2020

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, 2020

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	24	2,024	0	2,024
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	24	2,024	78	2,102
Private Prisons						
Minimum		3,500	250	3,750	131	3,881
Medium		4,400	412	4,812	113	4,925
Close		0	0	0	0	0
Maximum		0	0	0	0	0
Other		0	0	0	78	78
Total Private Prisons		7,900	662	8,562	322	8,884



STATE OF ARIZONA

Joint Legislative Budget Committee

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BEN TOMA

DATE: September 18, 2018

TO: Members of the Joint Legislative Budget Committee

FROM: Morgan Dorcheus, Senior Fiscal Analyst MD

SUBJECT: Arizona Board of Regents - Review of FY 2020 Tuition Revenues

Request

Pursuant to a FY 2020 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 2020.

Committee Options

The Committee has at least the following 2 options:

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

Gross FY 2020 tuition and fee collections are projected to be \$3.29 billion, or \$217.6 million higher than FY 2019. 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 \$(851.1) million in tuition waivers and awards in FY 2020, resulting in \$2.44 billion of net tuition.

Analysis

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.

(Continued)

Key Points

- 1) Resident undergraduate tuition rates will increase 4.8% at ASU, 2.9% at NAU, and 1.8% at UA in FY 2020.
- 2) Approximately 26% of all gross tuition revenues are applied toward financial aid; This amount is increasing, with 47% of the FY 2020 tuition increase going to financial aid.
- 3) Net tuition + General Fund revenues increased 5.4% systemwide in FY 2020, compared to 3.4% in student FTE counts.
- 4) Arizona residents make up 60% of enrollment and get 60% of financial aid. Residents, however, only generate 45% of tuition revenues.

Table 1 shows ABOR-approved changes to resident and non-resident undergraduate tuition in FY 2020.

Table 1 Arizona University System FY 2020 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	\$11,338	4.8%	\$12,608	4.1%	\$29,428 ^{2/}	3.9%	\$32,288	4.5%
NAU	\$11,896	2.9%	\$11,726	6.9%	\$26,516	2.7%	\$25,730	7.0%
UA	\$12,671	1.8%	\$13,207	1.7%	\$36,698	1.0%	\$33,334	0.0%
^{1/} Reflects tuition rates for new students at NAU and UA and all classes at ASU. NAU and UA provide a guaranteed tuition rate for each incoming class, whereas ASU does not.								
^{2/} ABOR approved a rate of \$31,828 for international undergraduate students at ASU.								

Table 2 displays FY 2019 and FY 2020 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 \$3.29 billion in gross tuition/fee monies in FY 2020. After accounting for financial aid awards, net tuition will total an estimated \$2.44 billion, which represents an increase of \$116.1 million, or 5%, compared to FY 2019.

In addition to growing tuition revenues, state General Fund support increased \$48.8 million from FY 2019 to FY 2020, driven primarily by \$15 million appropriated for the Arizona Teachers Academy and \$35.0 million in one-time funding for operating or capital expenditures. In total, General Fund and net tuition/fee resources will increase by \$164.9 million, or 5.4%, from \$3.05 billion in FY 2019 to \$3.21 billion in FY 2020 after the tuition/fee increase.

ABOR projects that during that same time period, overall fall semester (unadjusted, 21-day full-time equivalent) student enrollment will have grown 3.4%, from 176,594 in fall 2019 to 182,521 in fall 2020.

As shown in Table 2, all 3 universities reduced the amount of tuition labeled as appropriated by total of \$(39.9) million compared to FY 2019. Of this amount, \$(5.5) million is for ASU, \$(4.8) million is for NAU, and \$(29.6) million is for UA. These decreases are more than offset by a total increase of \$257.5 million in non-appropriated tuition expenditures.

As shown in Table 3, approximately \$2.30 billion of the \$3.29 billion in gross FY 2020 tuition will be used for operating expenditures. Approximately \$851.1 million, or 26%, will be used to provide financial aid, while \$107.7 million and \$25.0 million will support debt service and plant funds, respectively.

(Continued)

Table 2

Arizona University System General Fund and Tuition Revenues (in \$ Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Increase</u>	<u>% Increase</u>
General Fund	\$ 725.5	\$ 774.3	\$ 48.8	6.7%
Appropriated Tuition/Fees ^{1/}	\$1,259.8	\$1,219.9	\$ (39.9)	(3.2)%
Non-Appropriated Tuition/Fees	<u>1,810.8</u>	<u>2,068.3</u>	<u>257.5</u>	<u>14.2%</u>
Subtotal Gross Tuition/Fees	\$3,070.6	\$3,288.2	\$217.6	7.1%
Scholarship Allowance ^{2/}	<u>(749.6)</u>	<u>(851.1)</u>	<u>(101.5)</u>	<u>(13.5)%</u>
Net Tuition	\$2,320.9	\$2,437.1	\$116.1	5.0%
Total Net Tuition + General Fund	\$3,046.5	\$3,211.4	\$164.9	5.4%

^{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.

^{2/} 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.

Table 3

Use of FY 2020 Tuition/Fees by University

<u>University</u>	<u>Operating Expenditures ^{1/}</u>	<u>Financial Aid</u>	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
ASU	\$1,402,134,100	\$485,399,900	\$20,000,000	\$62,503,000	\$1,970,037,000
NAU	240,692,100	145,393,900	1,000,000	17,000,000	404,086,000
UA	<u>661,617,100</u>	<u>220,326,200</u>	<u>4,000,000</u>	<u>28,152,400</u>	<u>914,095,700</u>
Total	\$2,304,443,300	\$851,120,000	\$25,000,000	\$107,655,400	\$3,288,218,700

Increase in FY 2020 over FY 2019

<u>University</u>	<u>Operating Expenditures ^{1/}</u>	<u>Financial Aid</u>	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
ASU	\$109,667,600	\$83,620,400	\$0	\$2,915,000	\$196,203,000
NAU	(6,427,100)	12,499,100	0	1,000,000	7,072,000
UA	<u>8,986,400</u>	<u>5,378,100</u>	<u>0</u>	<u>0</u>	<u>14,364,500</u>
Total	\$112,226,900	\$101,497,600	\$0	\$3,915,000	\$217,639,500

^{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.

Of the total \$217.6 million increase in gross tuition revenues in FY 2020, 47%, will be applied to financial aid awards, indicating that the universities are applying an increasingly higher share of tuition revenues to financial aid.

Compared to the amounts reported in the FY 2019 Tuition Revenue Report submitted in July 2018, tuition expenditures on financial aid increased \$101.5 million in FY 2020 compared to FY 2019. Expenditures on operating costs increased \$112.2 million, expenditures on debt service increased \$3.9 million, while expenditures on plant funds were 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 2018 (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.



June 27, 2019

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



Dear Representative Cobb:

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 2020 tuition and fee revenues. Enclosed is the report of projected gross tuition and fee revenues and planned uses as presented to the board at its June 2019, meeting.

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

Sincerely,

John Arnold
Executive Director

cc: Richard Stavneak, Director, JLBC

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**ARIZONA UNIVERSITY SYSTEM
TUITION AND FEES IN SUPPORT OF THE
2019-20 STATE BUDGET**

	STATE COLLECTIONS		
	As Reported in the FY 2019-20 Annual Budget approved by ABOR	2019-20 University Collections Fund as reported in Appropriations Bill	CHANGE
Arizona State University	654,596,600	660,074,600	(5,478,000)
Northern Arizona University	156,154,500	160,958,900	(4,804,400)
University of Arizona	353,430,100	385,101,700	(31,671,600)
University of Arizona Health Sciences Center	55,697,400	53,623,800	2,073,600
TOTAL UA	409,127,500	438,725,500	(29,598,000)
TOTAL	1,219,878,600	1,259,759,000	(\$39,880,400)

Total State Collections	\$1,219,878,600
Total Non-Appropriated Tuition & Fees Collections	\$2,068,340,400
Total Estimated Tuition Revenue (Gross)	\$3,288,219,000

ARIZONA STATE UNIVERSITY
FY 2020 USES OF APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
APPROVED FY 2020 ANNUAL BUDGET vs. FY 2020 GENERAL APPROPRIATIONS ACT

	Other Appropriated Tuition and Fees	Non-appropriated Tuition and Fees
Collections Fund As Reported in FY 2020 Annual Budget Report	654,596,600	1,315,440,400
Collections As Reported in the FY 2020 General Appropriations Act	660,074,600	
Increase/(Decrease) from the FY 2020 General Appropriations Act	(5,478,000)	1,315,440,400
ALLOCATIONS BY PROGRAM		
Instruction		
Investments in Programs Supported by Program Fees/Differential Tuition/College Tuition		130,657,600
Investments in Programs Supported by College Course and Class Fees		50,264,400
Investments in Programs Supported by Summer Sessions Tuition		153,530,000
Investments in Faculty Hiring and Academic Support		41,153,900
EdPlus at ASU		272,612,500
Overseas Study Abroad Program Costs		2,482,800
Research Asst./Teaching Asst. Benefit Costs		24,722,700
Local Account Operating Support		25,019,100
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		27,402,700
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		485,399,900
Auxiliary Enterprises		
Investments in Programs Supported by Mandatory Fees		10,076,300
Auxiliary Operating Support		1,956,300
Debt Service		
Debt Service/COPs/Lease Purchase		62,503,000
Plant Funds		
Minor Capital Projects		20,000,000
	(5,478,000)	1,315,440,400

1. The sum of Appropriated and Non-appropriated tuition and fees ties to the total as presented to the Board at April meeting, or \$1,970,037,000.

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

	FY18	FY19 BGT	FY20 EST	Δ FY20 EST/FY19 BGT	
TUITION	1,005,368	1,053,154	1,130,679	77,525	7%
NR UG	445,791	461,955	499,503	37,548	8%
RES UG	390,010	402,635	437,312	34,677	9%
NR Grad	120,736	138,135	145,132	6,997	5%
RES Grad	48,831	50,428	48,732	-1,697	-3%
Online	296,869	323,206	395,027	71,822	22%
NR UG	193,758	200,111	258,780	58,669	29%
RES UG	40,523	40,358	46,553	6,195	15%
NR Grad	46,644	58,575	67,357	8,783	15%
RES Grad	15,944	24,162	22,337	-1,824	-8%
Prog Fees/Diff	144,140	146,646	126,363	-20,283	-14%
UG	66,951	64,444	36,407	-28,036	-44%
Grad	77,189	82,202	89,956	7,754	9%
College Fee	0	0	52,662	52,662	---
UG			52,662	52,662	---
Grad			0	0	---
Course Fees	25,574	25,687	6,555	-19,131	-74%
UG	24,435	24,538	6,273	-18,265	-74%
Grad	1,139	1,149	282	-867	-75%
Extended Ed				0	---
Summer & Winter Sessions	131,310	143,485	166,280	22,795	16%
Mandatory Fees	47,701	50,045	44,453	-5,593	-11%
UG	39,784	41,801	37,130	-4,671	-11%
Grad	7,917	8,244	7,323	-921	-11%
Other Misc	46,403	31,612	48,018	16,406	52%
Total Tuition & Fees	1,697,365	1,773,834	1,970,037	196,203	11%
Scholarship Allowance	374,097	385,600	434,200		
Net Tuition and Fees	1,323,268	1,388,234	1,535,837		

NORTHERN ARIZONA UNIVERSITY
FY 2020 USES OF APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
APPROVED FY20 ANNUAL BUDGET vs. FY20 GENERAL APPROPRIATIONS ACT

	Other Appropriated Tuition and Fees	Non Appropriated Tuition and Fees
Collections Fund as Reported in the FY 2020 Annual Budget Report	156,154,500	247,931,500
Collections as Reported in the FY 2020 General Appropriations Act	160,958,500	
Increase/(Decrease) from FY 2020 General Appropriations Act	(4,804,000)	247,931,500
ALLOCATIONS BY PROGRAM		
Instruction		
Online and Educational Innovation and Partnership Investment		11,578,700
Investments in programs supported by program fees		9,203,720
Investments in programs supported by class fees		4,256,000
Investments in programs supported by summer session tuition		23,575,000
Investments in graduate assistants		2,400,000
Organized Research		-
Public Service		-
Academic Support		
Local Account Operating Support		502,000
Student Services		
Investments in programs supported by mandatory fees		29,934,000
Local Account Operating Support		2,535,880
Institutional Support		
Local Account Operating Support		552,300
Scholarships/Fellowships/Financial Aid		145,393,900
Debt Service Payments		17,000,000
Plant Funds		1,000,000
	(4,804,000)	247,931,500

NORTHERN ARIZONA UNIVERSITY
(\$000)

	FY18	FY19 BGT	FY20 EST	Δ FY20 EST/FY19 BGT	
TUITION	267,040	287,082	\$293,748	6,666	2%
NR UG	115,635	121,764	122,000	236	0%
RES UG	130,788	143,326	145,821	2,495	2%
NR Grad	15,506	5,620	7,985	2,365	42%
RES Grad	5,110	16,373	17,942	1,569	10%
Online	32,922	40,034	34,720	-5,314	-13%
NR UG	5,912	6,107	8,357	2,249	37%
RES UG	18,051	22,777	15,596	-7,181	-32%
NR Grad	2,576	2,800	3,678	878	31%
RES Grad	6,384	8,349	7,089	-1,260	-15%
Prog Fees	7,486	8,856	10,703	1,846	21%
UG	2,710	3,285	5,184	1,899	58%
Grad	4,776	5,572	5,519	-53	-1%
College Fee	0	0	0	0	--
UG				0	--
Grad			0	0	--
Course Fees	5,452	5,379	4,256	-1,123	-21%
UG	5,355	5,272	4,169	-1,103	-21%
Grad	97	107	87	-20	-19%
Ext Ed Fees	121	125	150	25	20%
Summer & Winter Sessions	23,265	21,755	25,775	4,021	18%
Mandatory Fees	24,131	28,598	29,934	1,336	5%
UG	22,139	26,167	27,462	1,295	5%
Grad	1,992	2,430	2,471	41	2%
Other Misc	4,389	5,184	4,800	-384	-7%
Total Tuition & Fees	364,805	397,014	404,086	7,072	2%
Scholarship Allowance	128,015	139,709	154,000		
Net Tuition and Fees	236,790	257,305	250,086		

UNIVERSITY OF ARIZONA
FY 2020 USES OF APPROPRIATED AND NON-APPROPRIATED TUITION AND FEE REVENUES
APPROVED FY20 ANNUAL BUDGET vs. FY20 GENERAL APPROPRIATIONS ACT

	Other Appropriated Tuition and Fees	Non-Appropriated Tuition and Fees
Collections Fund as Reported in the FY 2020 Annual Budget Report	409,127,500	504,968,200
Collections as Reported in the FY 2020 General Appropriations Act	438,725,500	
Increase/(Decrease) from FY 2020 General Appropriations Act	(29,598,000)	504,968,200
ALLOCATIONS BY PROGRAM		
Instruction		
Investments in programs supported by program fees and differential tuition		29,206,300
Investments in programs supported by class and course fees		6,153,600
Investments in programs supported by summer session tuition		34,126,400
Online instruction		62,247,100
Local account operating support		40,100,300
Organized Research		-
Public Service		
Local account operating support		29,000
Academic Support		
Local Account Operating Support		5,614,400
Student Services		
Local Account Operating Support		29,076,900
Investments in programs supported by mandatory fees		42,343,800
Institutional Support		
Local Account Operating Support		282,700
Scholarships/Fellowships/Financial Aid		
ABOR Financial Aid Set Aside		51,098,800
Program Fees and Differential Tuition Set Aside		4,530,800
Student Financial Aid awards		164,696,600
Auxiliary Enterprise		
Investments in programs supported by mandatory fees		2,532,600
Debt Service Payments		28,152,400
Plant Funds		
Building Renewal		4,000,000
Minor capital projects		776,500
	(29,598,000)	504,968,200

UNIVERSITY OF ARIZONA - TUITION AND FEE REVENUE

(\$000)

	FY18	FY19 BGT	FY20 EST	Δ FY20 EST/FY19 BGT	
TUITION	664,746	693,158	682,374	-10,784	-2%
NR UG	336,825	354,707	346,947	-7,760	-2%
RES UG	215,301	223,792	219,005	-4,787	-2%
NR Grad	57,239	58,042	59,748	1,706	3%
RES Grad	55,382	56,617	56,674	57	0%
Online	40,476	49,045	62,247	13,202	27%
NR UG	5,616	4,414	10,757	6,343	144%
RES UG	4,992	3,924	9,562	5,638	144%
NR Grad	15,114	20,599	21,217	618	3%
RES Grad	14,754	20,109	20,712	603	3%
Prog Fees/Diff	34,006	32,047	33,737	1,690	5%
UG	17,452	14,615	17,263	2,648	18%
Grad	16,554	17,432	16,474	-957	-5%
College Fee	0	-	0	0	-
UG				0	-
Grad			0	0	-
Course Fees	6,156	5,808	6,154	345	6%
UG	5,664	4,647	5,661	1,015	22%
Grad	493	1,162	492	-669	-58%
Ext Ed Fees	16,761	14,705	21,985	7,280	50%
Non Degree	4,499	4,432	4,474	42	1%
Summer & Winter Sessions	36,875	33,807	37,026	3,220	10%
Mandatory Fees	43,916	45,351	44,876	-475	-1%
UG	36,450	29,542	37,248	7,706	26%
Grad	7,466	8,163	7,629	-534	-7%
Other Misc	21,136	21,379	21,223	-156	-1%
Total Tuition & Fees	868,571	899,731	914,096	14,364	2%
Scholarship Allowance	214,044	229,400	233,800		
Uncollectible - Bad Debt	1,009				
Net Tuition and Fees	653,519	670,331	680,296		



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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Senior Fiscal Analyst *GP*

SUBJECT: Arizona Department of Administration/Automation Projects Fund - Review of FY 2020 Projects

Request

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Automation Projects Fund (APF). The Arizona Department of Administration (ADOA) is requesting review of a total of \$12,301,000 for 5 projects. The ADOA request includes \$1,000,000 for the assessment and design of an ADOA Business One-Stop Shop web portal, \$200,000 for ADOA to assess upgrading the Department of Agriculture's IT systems, \$8,500,000 for the Department of Child Safety (DCS) CHILDS Replacement project, \$2,301,000 for the Department of Public Safety (DPS) Criminal Justice Information System (CJIS) conversion, and \$300,000 for the Arizona Medical Board (AMB) Cloud Migration project.

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. On or before October 15, 2019, ADOA shall submit to the Joint Legislative Budget Committee a report on the scale of the planned prototype, including whether the prototype will be available to the public, the state agencies participating, and the number of expected business and licensing requirements included.

(Continued)

Key Points

ADOA requests the review of 5 automation projects:

- 1) \$1 million for the assessment and design of a Business One-Stop Shop web portal.
 - Funds a prototype and assessment of statewide costs.
- 2) A \$200,000 feasibility study to upgrade the Department of Agriculture's IT systems.
- 3) \$8.5 million for continued implementation of DCS's CHILDS project.
 - Third party reviewer says project remains on schedule and on budget.
- 4) \$300,000 to complete development for the Arizona Medical Board's cloud migration.
- 5) \$2.3 million to complete updates to DPS's Criminal Justice Information System.

Analysis

ADOA – Business One-Stop Show Web Portal

The FY 2020 budget included a \$1.0 million appropriation from the General Fund for the design costs associated with the development of a Business One-Stop Shop Web Portal. The web portal would serve as a streamlined application center for starting a business in Arizona including licensing requirements, trade name registration and transition privilege tax and municipal privilege tax registration. ADOA is requesting review of the \$1.0 million for initial development costs.

ADOA's plan allocates \$160,000 to develop an initial prototype for the web portal which could connect existing business licensing processes at the Corporation Commission, Department of Revenue (DOR), and Secretary of State with the Arizona Department of Transportation (ADOT) portal. The plan also allocates \$140,000 to the participating agencies to aid in connecting their system with the prototype. As of this writing, we lack sufficient information about the breadth of the prototype. We do not know whether the portal will be available only to a small number of potential users or whether it will be more broadly available for any business needing to register with DOR and the Corporation Commission. As a result, the Committee may consider Provision A, which would require ADOA to report to the JLBC Staff on the scope of the prototype on or before October 15, 2019.

In addition to that \$300,000 allocation, ADOA reserves \$640,000 for contracts with outside vendors to complete a series of evaluations and assessments for future development.

ADOA has set aside \$60,000 from the budget for contingencies and expects the project will be completed by June 20, 2020.

Department of Agriculture – IT Modernization Project (Feasibility Study)

The FY 2020 budget included a \$200,000 appropriation from the Air Quality Fund to conduct a feasibility study for upgrading or replacing the existing IT systems used by the Arizona Department of Agriculture. On behalf of the department, ADOA is requesting review of the \$200,000 for the feasibility study.

The department currently uses several IT systems that are past their end-of-life expectancy. The department will partner with the Arizona Strategic Enterprise Technology (ASET) office to conduct a feasibility study to assess the current condition of the department's IT systems and determine the most effective strategy for upgrading or replacement. ADOA expects the feasibility study to be completed by December 2019.

Department of Child Safety (DCS) – CHILDS Replacement

CHILDS is the DCS information management system. DCS is replacing CHILDS with "Guardian." The new system is a "synthesized solution" in which a contracted "technical integrator" will be responsible for

(Continued)

incrementally bringing together independent subsystems ("modules") within the Guardian platform. The FY 2020 budget appropriated \$10.1 million from the General Fund to continue the development of Guardian.

ADOA and DCS are proposing to expend \$8.5 million of that amount through April of 2020 and intend to request review of the remaining \$1.6 million in the spring of 2020.

DCS estimates that the Total Funds cost of the project will be \$86.0 million by the time Guardian is fully implemented in December 2020. The original estimate of the state's share for project development costs was \$43.0 million, or 50% of the total cost, of which the Legislature has appropriated \$35.8 million through FY 2020. DCS has identified, however, \$6.8 million one-time Federal Funds associated with the agency's IV-E waiver program that will be available to cover project costs in FY 2021. As a result, in its FY 2021 budget submittal, DCS is not requesting any new General Fund monies to complete the project.

Consistent with several Committee 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 in August 2019. The independent consultant concluded that the project is "making the necessary adjustments to ensure go-live success." The project demonstrates "strong health" on 5 of 10 metrics of plan viability and 6 of 9 metrics on project management practice, with all remaining metrics rated as "moderate health."

Arizona Medical Board (AMB) – Information Technology System

The FY 2020 budget included a \$300,000 appropriation from the Arizona Medical Board Fund for development of its Cloud Migration IT project. On behalf of the department, ADOA is requesting review of the \$300,000 to complete the cloud migration.

AMB's current file server network, which relies on several redundant hardware-based servers, is used for all non-licensing/non-investigation data. To modernize its software platforms and move to cloud computing, the board plans to partner with an outside vendor to migrate the board server to the cloud and decommission multiple hardware components. The collaboration would occur across 17 weeks with a completion date in May 2020.

Department of Public Safety (DPS) – Criminal Justice Information System Upgrade

The FY 2020 budget included \$2.3 million from the Arizona Highway Patrol Fund for the Criminal Justice Information System (CJIS) conversion project. CJIS is the state's central repository for criminal history information. On behalf of DPS, ADOA is requesting review of the \$2.3 million for the third and final phase of the CJIS conversion.

Currently, CJIS utilizes an old coding language which is incompatible with many applications. The CJIS conversion seeks to modernize the applications, databases, and software languages. The project has already received \$5.1 million for the first 2 phases of the project. The \$2.3 million final phase will consist of 2 parts:

- Professional Services (\$2,139,000) – Includes the installation, set-up, configuration, testing, and production rollout of CJIS components.
- Independent Third-Party Assessment (\$162,000) – Includes 4-quarterly assessments provided by a third party to ensure the project remains on track.

The plan anticipates that the CJIS project will be completed and on-line by the end of 2020.

GP:kp

Douglas A. Ducey
Governor



Andrew Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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August 31, 2019

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

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



Dear Representative Cobb and Senator Gowan:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2020 Automation Projects Fund (APF) with projects related to the Department of Administration, Department of Agriculture, Department of Child Safety, Arizona Medical Board, 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 projects. We will be happy to meet with your staff to provide further explanation as appropriate.

Sincerely,

A handwritten signature in dark ink, appearing to read "JR Sloan".

JR Sloan
Interim State CIO

Enclosures

cc: Richard Stavneak, Director, JLBC
Matthew Gress, Director, OSPB
Andrew Tobin, Director ADOA
Derik Leavitt, Assistant Director, ADOA
Rebecca Perrera, JLBC Staff
Jacob Wingate, OSPB Staff
JR Sloan, Interim State CIO

FY 2020 Automation Projects Fund (APF; A.R.S. § 41-714)

Favorable Review Request for September 2019 JLBC Meeting

Agency-Division	Project Name	JLBC Favorable Review Request	PIJ/ITAC Status
Dept. of Administration	Assessment and Design of a business one-stop shop web portal	\$1,000,000	Pending*
Dept. of Agriculture	Feasibility study to replace or upgrade IT systems	\$200,000	Pending*
Dept. of Child Safety	Implement upgrade to Children's Information Library and Data Source System	\$8,500,000	Approved
Medical Board	Information Technology System	\$300,000	Pending*
Dept. of Public Safety	Implement updates to the Criminal Justice Information System	\$2,301,000	Approved
Total FY20 APF June 2019 Request		\$12,301,000	
Total FY20 APF Funds No Review Requested		\$5,010,000	
Total FY20 APF Funds Favorably Reviewed		\$0	
Total FY20 Appropriated APF Budget		\$17,311,000	

* PIJ will be approved prior to scheduled JLBC meeting

Favorably Reviewed FY19 APF Projects

Agency	Appropriation Name	FY19 APF Appropriation	JLBC Favorable Review Amount	PIJ/ITAC Status
Dept. of Administration	Relocate State Data Center	\$4,697,000	\$4,697,000	JLBC Favorable Review 06/19/18
Dept. of Administration	HRIS	\$821,900	\$821,900	JLBC Favorable Review 06/19/18
Dept. of Administration	eProcurement	\$3,000,000	\$3,000,000	JLBC Favorable Review 06/19/18
Dept. of Administration	Projects related to e-Government	\$500,000	\$500,000	JLBC Favorable Review 12/18/18
Dept. of Environmental Quality	Projects related to e-Licensing	\$3,200,000	\$3,200,000	JLBC Favorable Review 12/18/18
Dept. of Financial Institutions	eLicensing	\$1,400,000	\$1,400,000	JLBC Favorable Review 06/19/18

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Favorably Reviewed FY19 APF Projects (continued)

Agency	Appropriation Name	FY19 APF Appropriation	JLBC Favorable Review Amount	PIJ/ITAC Status
Dept. of Public Safety	Microwave Upgrade System Project	\$1,250,000	\$1,250,000	JLBC Favorable Review 09/20/2018
Dept. of Public Safety	Criminal Justice Information System (CJIS)	\$2,806,200	\$2,806,200	JLBC Favorable Review 06/19/18
Total Favorably Reviewed FY19 APF Projects			\$17,675,100	

Favorably Reviewed FY17 APF Projects

Agency	Appropriation Name	FY17 APF Appropriation	JLBC Favorable Review Amount	PIJ/ITAC Status
Dept. of Corrections	Adult Inmate Management System	\$11,390,888	\$11,390,888	JLBC Favorable Review 06/19/18
Total Favorably Reviewed FY17 APF Projects			\$11,390,888	

Agency:	Department of Administration
Project:	Business One Stop Assessment & Solution Design
Appropriation:	Assessment & Design of a Business One-Stop Shop Web Portal

CURRENT REQUEST

The Arizona Department of Administration is requesting favorable review of \$1,000,000 appropriated from the Automation Projects Fund in FY20 to complete the initial simplified solution, readiness assessment and design plan for the Business One Stop, including the development of a functional prototype of Business One Stop.

FY 2020 Appropriation	FY 2020 Favorably Reviewed	FY 2020 Current Request	FY 2020 APF Remaining Balance
\$1,000,000	\$0	\$1,000,000	\$0

PROJECT DESCRIPTION

Background

ADOA-ASET (Arizona Department of Administration - Arizona Strategic Enterprise Technology) will utilize \$1M in APF funding to begin engineering a Business One Stop prototype that includes overlaying existing business licensing processes at Corporation Commission, Department of Revenue, and Secretary of State with the Department of Transportation eAZ Super Portal. In parallel, the agency will utilize qualified outside contractors to conduct a readiness assessment and create a detailed solution design on how best to achieve the goal of creating a comprehensive Business One Stop online portal. The initial prototype solution, readiness assessment and detailed solution design will be conducted beginning September 26, 2019 (assuming favorable review) and be completed by June 30, 2020.

Benefits

The initial prototype solution will enable the State to provide businesses with a clean interface to access each required step in starting a business, while clearly showing the progress in completing each step. The initial solution will be a significant user-experience improvement for Arizonans starting a business. Instead of navigating several agency websites independently, businesses will have one common interface and workflow to complete the required steps. The initial simplified solution will include the most common and straightforward business types, for example prioritizing LLC's over domestic corporations and nonprofits.

The current state documentation, future state recommendations and detailed solution design will enable the State to make an informed decision on how to achieve the long-term goals of Business One Stop in the most advantageous manner. With a proper understanding of the current state of involved systems, processes and applications the State will be in a better position to evaluate potential options for creating the Business One Stop portal. By documenting the detailed business requirements and shared understanding of the future state of the portal, the State will be in a position to execute and deliver on a comprehensive Business One Stop online portal that provides a single online location to help citizens & businesses plan, start, grow, move, & close businesses in Arizona. Successfully delivering a Business One

Stop portal will allow the involved agencies to decide faster, respond faster, resolve faster and save tax dollars.

PROJECT GOALS/MILESTONES

Description	Start Date (Est.)	End Date (Est.)	Duration (weeks/months)
BOS prototype solution Development	09/25/2019	03/27/2019	6 months
Issue of SOW/Project Request For Services	08/08/2019	08/08/2019	1 day
Vendor Proposals Due	08/26/2019	08/26/2019	1 day
Receive Favorable Review from IT Steering Committee	08/24/2019	08/24/2019	1 day
JLBC Submission Due	09/4/2019	09/4/2019	1 day
Vendor Proposal Presentations	09/13/2019	09/16/2019	4 days
JLBC Review Completed	09/25/2019	09/25/2019	1 day
Current State Deliverable	09/25/2019	12/31/2019	3 months
Future State Recommendations Deliverable	09/25/2019	02/15/2020	5 months
Solution Design Recommendations Deliverable	09/25/2019	03/30/2020	6 months
Issuing Procurement and Solicitation Process	03/30/2020	06/30/2020	3 months

PROJECT COST DETAIL

Prototype Solution - to be made available to the Department of Transportation to support integrating agency systems with the initial functional prototype solution; to complete necessary tasks for the readiness assessment; and to perform engineering work to complete the initial simplified solution.	\$160,000
Current State Documentation - conduct interviews and research to meet the objectives of the project and compile a report with detailed findings to include: the current state of business formation describing how the current processes within the identified core agencies work today - both from a citizen perspective and an internal business perspective; and the IT infrastructure, architecture and environments of relevant information technology systems, including capabilities and limitations, within the identified core agencies.	\$250,000
Future State Recommendations - recommendations concerning business processes, technologies and implementation approaches which will help the State achieve a streamlined comprehensive business one-stop in the most cost effective manner with a more unified and secure customer portal experience. The future state recommendations will document the business processes, technology and implementation steps required prior to developing a comprehensive one-stop. The recommendations will verify the compatibility of the ADOT Super Portal and if needed propose an alternative model consistent with the State's IT strategy. Recommendations to include rationale for selections, process improvements, system approach, assumptions and constraints and a roadmap including estimated costs for the development and operations of a comprehensive Business One-Stop solution (not to exceed 3 years).	\$200,000
Detailed Solution Design - production of a Detailed Solution Design document sufficient to implement the comprehensive Business One-Stop solution within the ADOT Super Portal (or issue an RFP if an alternative approach is recommended) and provide the necessary detail on business processes, technology and implementation strategy to develop the Business One Stop portal	\$190,000
Agency Readiness - to be made available to support participating state agencies integrating agency systems with the initial prototype solution and to complete necessary tasks for the readiness assessment.	\$140,000
Contingency Reserve - to be made available in the event that initial estimates for the above project activities are insufficient to achieve their goals.	\$60,000
Total Development Cost for FY20	\$1,000,000

Agency: Arizona Department of Agriculture

Project: Agriculture IT Modernization Project (Phase I - Assessment)

Appropriation: Feasibility Study to Replace/Upgrade Information Technology Systems

CURRENT REQUEST

The Arizona Department of Administration, on behalf of the Arizona Department of Agriculture, is requesting favorable review of \$200,000 appropriated from the Automation Projects Fund in FY2020 to conduct a feasibility study to replace/upgrade information technology systems.

FY 2020 Appropriation	FY 2020 Favorably Reviewed	FY 2020 Current Request	FY 2020 APF Remaining Balance
\$200,000	\$0	\$200,000	\$0

PROJECT DESCRIPTION

Background

The Department of Agriculture (AZDA) has several IT systems within a multi departmental structure that are supporting different department functions within silos. The Department is looking to transition to a platform that is forward looking and fits within the appropriate architecture framework. Due to this siloed environment, the Department is partnering with ADOA-ASET in a feasibility study to identify other solutions that could provide an enterprise-wide solution for their current siloed program environment. ADOA-ASET is partnering with the agency to engage with potential industry IT modernization vendors.

Solution

Department of Agriculture in partnership with ADOA-ASET plans to utilize outside vendors (experienced IT modernization) to document the current agency IT infrastructure, inventory applications/systems then roadmap a future state architecture. Two overall goals have been identified:

1. Produce an assessment and actionable roadmap to modernizing AZDA's Information Technology infrastructure and the applications used to run the everyday business of the Department.
2. Modernizing aging software platforms and reposition to highly efficient and scalable cloud computing this will result in the following deliverables:

Application Assessments:

Recommendation on consolidation and modernization of the Department's application stacks to support a single Department of Agriculture citizen experience IT Resource Readiness Assessment. Assessment of the existing IT resources against the overall needs of the Department going into a new modernized application era.

Assessment and Roadmap:

- A. Structured to align with and support the State of Arizona's fiscal year budgeting cycle.
- B. Roadmap must contain specific strategic goals with timelines, required resources with budgets and supporting budget requests. The timeline should be three to five years in length.

Executive Presentations:

- A. Presentation must include findings and a roadmap at an executive level with target audience of both Agriculture Executives and ASET/ADOA executives.
- B. Vendor must attend and be prepared to speak in a supporting manner at up to three executive presentations in coordination with the ASET Engagement Manager and their supporting staff.

PROJECT GOALS/MILESTONES

Description	Start Date (Est.)	End Date (Est.)	Duration (weeks / months)
Phase I: Discover & Define <ul style="list-style-type: none"> ● Establish current capabilities baseline ● Engage key AZDA personnel ● Kick off technical and architectural assessments and discovery sessions ● Requirements gathering and prioritization ● Environment requirements and setup 	10/01/19	10/25/19	4 weeks
Phase II: Assess <ul style="list-style-type: none"> ● Assessment Development ● Roadmap Development ● Validation of key metrics and definitions ● Conduct gap analysis workshop(s) ● Install AWS Application Discovery Service ● UX Immersion and ideation ● API design and documentation development 	10/28/19	11/22/19	4 weeks
Phase III: Recommendations <ul style="list-style-type: none"> ● Knowledge Transfer ● Formalize and Socialize Reports and ● Validate/Review Documents with Key Stakeholders to account for any changes/new information 	11/25/19	11/30/19	1 week

PROJECT COST DETAIL:

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Professional Services - Document the current agency IT infrastructure, inventory applications/systems then roadmap a future state architecture.	166,500
Total Development Cost for FY 2020	\$166,500

Agency: Department of Child Safety
Project: CHILDS Replacement (Guardian)
Appropriation: CHILDS Upgrade

CURRENT REQUEST

The Arizona Department of Administration, on behalf of the Department of Child Safety, is requesting favorable review \$8,500,000 of the \$10,100,000 appropriated from the Automation Projects Fund in FY 2020 to continue the CHILDS replacement Program (Guardian) development. DCS is requesting enough funding to support the program through April 2020, and will request the remaining \$1.6M at the March 2020 JLBC meeting.

FY 2020 Appropriation	FY 2020 Favorably Reviewed	FY 2020 Current Request	Remaining FY 2020 Appropriation Requiring Future Review
\$10,100,000	\$0	\$8,500,000	\$1,600,000

PROJECT DESCRIPTION

Background

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.

Proposed Solution

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.

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FY20 Program Roadmap

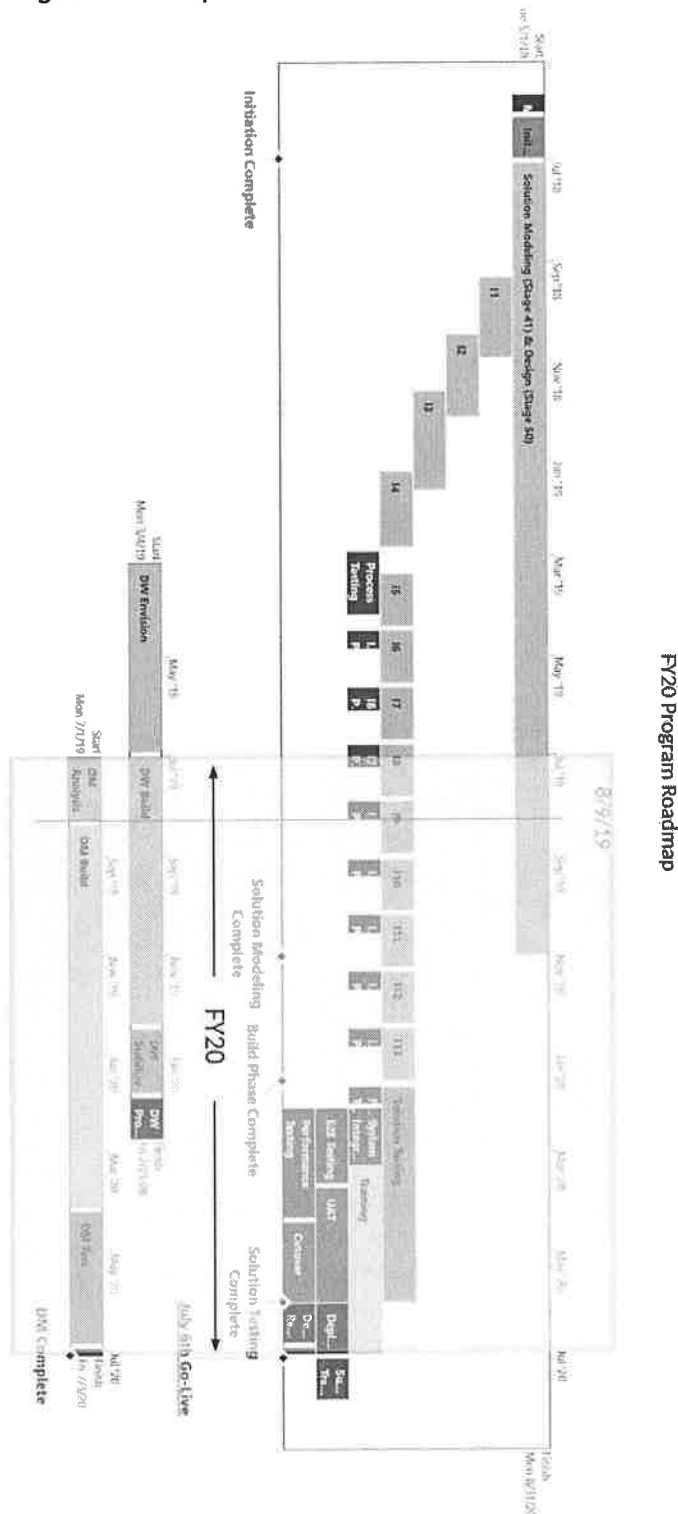


Figure 1 – Program Roadmap As of 8/9/19

FY20 PROJECT MILESTONES/COSTS

Program	Start Date (Est.)	End Date (Est.)	Duration
Build Iteration 10 Complete A Build iteration is a time bound repetition (5 weeks) in which development and functional testing are completed.	Sep - 19	Nov - 19	2.5 months
Solution Modeling Complete Where requirements have acceptance criteria and design complete for a release.	Jul - 19	Nov-19	5 months
Build Iteration 12 Complete A Build iteration is a time bound repetition (5 weeks) in which development and functional testing are completed.	Oct - 19	Jan-20	2.5 months
Solution Testing Solution Testing involves several types of testing including Process, Performance, Regression, End-to-End, and User Acceptance (UAT) Testing.	Feb - 20	Apr - 20	3 months
IV&V Reports Complete Per Statute, the program is required to have a quarterly independent third party review. The program is provided with an independent status and recommendations based upon two factors, Plan Viability and Program Management Practice.	Aug - 20	Feb-20	7 months
Training FY20 Effort Complete Training is responsible for creating and delivering the program curriculum for the users.	July - 19	Apr-20	7 months



PROJECT COST DETAIL:

Program Management – Supports the organization and management of the program scope, schedule, budget, and the sub projects.	\$369,878
Business Integration – Ensures that the business requirements are met through, program outreach, user acceptance testing, and operational readiness.	\$2,250,866
IV&V – Provides independent reviews and feedback on the health of the program.	\$171,000
Quality Management – Responsible for the complete solution testing and quality of the solutions throughout the build, and in preparation for go-live	\$490,928
Platform – The platform is the foundation from which the solution is configured and built upon (MS Dynamics). This includes the software and licensing costs during the development of the solution.	\$100,000
Enterprise Content Management – Provides the repository and workflow for the different types of document/artifact types.	\$2,088,294
Integrated Shared Services – The development and implementation of the interfaces and exchanges required to share information between other agencies.	\$534,240
Data Management – The data migration of data from the legacy system to the new solution, the implementation of the new data warehouse, and the establishment of the agency reports from the new warehouse.	\$1,183,658
CRM – The solution modeling, build, test, and deployment of the CRM piece of the final solution.	\$8,604,998
Training – The training of the final solution to all users, and the documentation to support.	\$601,000

Total Development Cost for FY 2020 Through April	\$16,394,862
APF	\$8,197,431
Non-APF	\$8,197,431

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Agency: Arizona Medical Board

Project: Cloud Migration

Appropriation: Information Technology System

CURRENT REQUEST

The Department of Arizona, on behalf of the Arizona Medical Board, is requesting favorable review of \$300,000.00 appropriated from the Automation Projects Fund in FY 2020 to complete the development of the Cloud Migration.

FY 2020 Appropriation	FY 2020 Favorably Reviewed	FY 2020 Current Request	FY 2020 APF Remaining Balance
\$300,000	\$0	\$300,000	\$0

PROJECT DESCRIPTION

Background

The current Arizona Medical Board (AMB) network of file servers is used for all on-licensing / non-investigation files and data. There are multiple primary and redundant hardware based servers in use, as well as those hardware devices utilized for disaster recovery.

Solution

The AMB plans to use outside vendors (experienced in cloud migration strategies and migration) to roadmap and migrate the Board server and application portfolio to the cloud and decommission multiple components and systems currently utilized in a hardware environment. Overall, this will give the Board an overall strategic cloud blueprint that will assist them in a sustainable IT infrastructure in the future.

The AMB plans to utilize the funds to accomplish the following:

1. Assess current environment (on-premise servers, application(s), architecture)
2. Develop strategic cloud migration road map
3. Lift from on-premises location to a cloud environment.

This collaboration will consist of three phases:

Phase I consists of discovery activities, analysis of the discovery manifest, high level design, and an estimation of effort to implement.

Phase II consists of low level design activities, implementation and migration activities, acceptance testing, and As-Built documentation.

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Phase III consists of implementation and migration activities, user acceptance testing, and As-Built documentation.

Deliverables:

Deliverable #1: one (1) Server and Application Assessment report produced from a discovery and assessment tool the Nerdery selects.

Deliverable #2: one (1) Technology Roadmap expressed on slide/s that summarizes Nerdery recommendations around strategy, planning, and budgeting to help convey the recommended path of modernization.

Deliverable #3: A completed ADOA Application Assessment Summary Report (as depicted in Exhibit A).

Benefits

The solution's approach will move the agency toward modernizing aging software platforms, moving to highly efficient and scalable cloud computing and leveling-up the agencies skills to competently operate your new tools and systems.

PROJECT GOALS/MILESTONES

Description	Start Date (Est.)	End Date (Est.)	Duration
Phase I: Discovery <ol style="list-style-type: none"> 1. Analyze the discovery information / high-level design. Map Out the lift and shift scope of activities. 2. Assemble an inventory list of servers and applications known to the Client in their existing environment. 3. Analyze information, recommend applicable modernization activities, and estimate the associated effort to implement. 4. Budgetary input to the Client as best estimate of the effort associated with future modernization of their known and existing applications and services. 	10/01/19	01/03/20	13 weeks
Create a scope of work for Phase II / Vendor selection and award	01/03/20	01/17/20	2 weeks
Phase II: Planning <p>Review of discovery activities from phase I, analysis of the discovery manifest, high level design, and an estimation of effort to implement.</p>	01/20/20	01/31/20	2 weeks

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Phase III: Execution Implementation - consists of low level design activities, implementation and migration activities, acceptance testing, and As-Built documentation.	02/03/20	05/29/20	17 weeks
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PROJECT COST DETAIL:

Professional Services - Project tracking / management / reporting services	\$59,376
Independent 3rd Party Assessment - Scope of Work to include roadmap and high-level design to migrate Agency's Server and Application portfolio to the cloud and decommission multiple components and systems currently utilized in a hardware environment.	\$19,600
Design - Document current and future Cloud architecture	\$25,000
Migration - Lift and shift of server and applications to a cloud-based platform	\$100,000
Quality Management/Testing - Test and quality assurance	\$15,000
License & Maintenance Fees - Initial License set up (will be rolled into operational there after)	\$50,000
Total Development Cost for FY20	\$268,976

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Agency: Arizona Department of Public Safety (AZDPS)

Project: CJIS Applications Conversion from Mainframe to Open Systems

Appropriation: Implement Updates to the Criminal Justice Information System

CURRENT REQUEST

The Department of Arizona, on behalf of the Arizona Department of Public Safety (DPS), is requesting favorable review of \$2,301,000 appropriated from the Automation Projects Fund in FY2020 to complete the development of the CJIS Applications Conversion from Mainframe to Open Systems (CJIS) project.

FY 2020 Appropriation	FY 2020 Favorably Reviewed	FY 2020 Current Request	FY 2020 APF Remaining Balance
\$2,301,000	\$0	\$2,301,000	\$0

PROJECT DESCRIPTION

Background/Solution

The Department of Public Safety is responsible for the effective operation of the central state repository in order to collect, store and disseminate complete and accurate Arizona Criminal History (CCH) records and related criminal justice information as mandated by Arizona Revised Statute, A.R.S. 41-1750. In order to move CJIS applications (Hot Files, e.g., Wanted Persons and Stolen vehicles, and the Arizona Criminal History Files), that utilize 30+ year old programming languages and technologies from the existing AZDPS mainframe to a new computer off the shelf (COTS) application, the AZDPS has been working on a multi-year project which started on October 2, 2017.

To date, the following has been completed for the Hot File portion of the project: Hardware (VM) set-up and configuration, SQL Server installation and configuration, Hot File discovery, Hot File database model set-up and configuration, Hot File database architecture and data builds, data mapping and data conversion builds, Hot File application configuration, unit testing and integration testing, promoting code to test and 1 round of AZDPS User Acceptance Testing (UAT). Round 2 of AZDPS User testing and outside agency testing will be completed by the end of September as well as moving Hot Files to production.

To date, the following have been started for the Criminal History portion of the project: CCH discovery, CCH database model set-up and configuration, CCH database architecture and table builds, data mapping and data conversion rules and application development. The On-line Validation portion of the project has been started. Discovery for the remaining portion of the project, referred to as "Other" has started.

Benefits

Transitioning existing archaic applications, databases and languages to the new open system will allow DPS to utilize a COTS application which will be supported by the vendor and will enable other systems that will connect to this application to utilize standard based interfaces. This project will also allow for a more flexible environment for future applications and will make hiring on-site personnel easier due to the larger number of candidates with more modern programming skills.

PROJECT GOALS/MILESTONES

Description	Start Date (Est.)	End Date (Est.)	Duration (weeks/months)
Criminal History (CCH) Hardware (VM) Set Up & Configuration, SQL Server installation & Configuration.	1/6/2020	2/28/2020	8 weeks
CCH Database Model Set up & Configuration, CCH database architecture and table builds, data mapping & data conversion rules.	9/18/2018	6/18/2020	21 Months
CCH Application Development, Unit testing & integration testing, promoting code to Test.	09/18/2018	09/28/2020	24 months
On-Line Validations	03/25/2019	02/04/2020	10 months
CCH User Acceptance Testing (UAT) & UAT Sign Off	9/8/2020	11/13/2020	2 months
CCH Production rollout, Promote Code to Production.	11/13/2020	11/16/2020	3 days
CJIS Other – Other CJIS Applications on the existing DPS mainframe migration to the CPI Message Switch	4/24/2019	10/28/2020	18 months

PROJECT COST DETAIL

Professional Services - Project professional services include the CCH Hardware set-up & configuration and SQL server installation & Configuration; CCH database model set-up & configuration, CCH database architecture and table builds, data mapping & data conversion rules; CCH application development, unit testing & integration testing, promoting code to test; CCH UAT & UAT sign off; CCH production rollout & promote code to production; coding, promoting code to test, integration testing, UAT testing and production rollout of the On-line Validation \$2,139,000

Independent 3rd Party Assessment - This will be 4-Quarterly assessments provided by a third-party, Public Consulting Group, to ensure projects remain on track. Cost is \$27,000 per quarter. \$162,000

Total Development Cost for FY20	\$2,301,000
--	--------------------

JBLC Cover Letter and Ask Report

Final Audit Report

2019-09-04

Created:	2019-09-04
By:	Sierra Rose (sierra.rose@azdoa.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAmvgFtm9I7hKjqO2gylUr5LGoUmX87djE

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DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

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

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.

Key Points

- 1) Additional federal "E-rate" funding has been available in recent years to help schools and libraries fund broadband construction.
- 2) ADE received \$11 million one-time to help school districts and libraries draw down the additional E-rate funding:
 - a. \$8 million from Corporation Commission (from temporary cell phone service surcharge).
 - b. \$3 million from one-time Automation Projects Fund balances.
- 3) The \$11 million "state match" is drawing down roughly \$130 million in Federal Funds (match rate varies)
- 4) ADE has approved funding for 234 projects costing \$122 million and serving 282,200+ students. 68 of these projects costing \$50 million are awaiting federal approval.
- 5) At least \$545,000 in non-expiring ADE state match remains.

(Continued)

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 access to bandwidth of at least 1.5 megabits per second (Mbps) per pupil.

Analysis

As of spring 2017, 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 from the Automation Projects Fund 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 were 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.

Project Status

ADE indicates that it has certified 234 projects costing \$122.2 million through of FY 2019. Of the 234 projects, ADE reports that 79 were completed, 87 were in progress and 68 are currently awaiting USAC approval as of September 12, 2019. Based on information from ADE, approximately \$49.7 million of ADE-certified projects are still pending-approval. The 234 completed, in-progress, or pending-approval sites include 73 libraries.

Table 1 summarizes project data by fiscal year. It shows that the 234 projects certified by ADE through FY 2019 are serving or will serve upon completion more than 282,000 students statewide. It also shows that the \$122.2 million cumulative funding total for approved projects through FY 2019 consisted of \$110.6 million (91%) from E-rate funding, \$10.5 million (8%) from the "state match," and \$1.1 million (1%) from local funding. The latter is required from participating schools with a federal free and reduced price lunch eligibility rate of less than 60%.

Table 1 shows that approximately \$10.5 million of the \$11.0 million in state matching funds for broadband construction have been spent or committed, so approximately \$0.5 million remain. Those monies will be used to draw down additional E-rate monies in the future as additional project applications are approved by the USAC.

(Continued)

Table 1

K-12 Broadband Construction Project Summary ^{1/}

Fiscal Year	Students Served	ADE- Certified Projects ^{2/}	E-rate Portion	State Portion	School Portion ^{2/}
2017	96,652	\$13,604,600	\$12,411,100	\$1,043,800	\$149,800
2018	152,425	55,166,600	50,077,000	4,135,400	954,200
2019	33,160	53,397,800	48,119,400	5,275,700	2,800
Cumulative	282,237	\$122,170,900	\$110,607,500	\$10,454,800	\$1,106,800
% of Total		100%	91%	8%	1%

^{1/} Numbers may not add properly due to rounding.

^{2/} Represents dollar value of projects certified by ADE. Based on information from ADE, approximately \$49.7 million of ADE-certified projects are still awaiting USAC approval.

^{3/} Schools with less than 60% pupil eligibility for federal free or reduced price lunches must fund part of their own project costs.

The majority of projects ADE certified by ADE 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).

Long-Term Status of "Enhanced" Federal Match

The long-term status of the additional (up to) 10% "enhanced" federal E-rate match for broadband construction is uncertain, as it will depend on how long the U.S. Congress continues to appropriate funding for that program. As long as it remains funded, however, the state could continue to provide "state match" funding to draw down additional "enhanced" E-rate funding and help more schools and libraries fund broadband expansion.

In addition, the state could continue to provide state matching funds for broadband expansion even if the "enhance match" program becomes discontinued because the federal E-rate program would continue to fund up to 80% of broadband construction costs for most eligible schools (the long-term historical rate) even without the "enhanced" match. In this case, the additional "state matching" funds would continue to help school districts qualify for federal E-rate monies for broadband construction, but at a lower federal-to-state dollar matching rate.

FCC Bandwidth Guidelines

Projects funded by the state matching contributions must provide bandwidth sufficient to meet the guidelines for educational services for the relevant funding year by the Federal Communications Commission (FCC) and may not exceed those guidelines without good cause. *Table 2* shows the current bandwidth guidelines and the higher guidelines that the FCC will establish starting in the 2020-21 school year. For example, the FCC recommended a minimum of 1.5 megabits per second (Mbps) per student for schools with fewer than 1,000 students for the 2017-2018 school year but will increase that recommendation to a minimum of 4.3 Mbps per student for the 2020-2021 school year. Under the higher requirements, it is anticipated that additional schools and libraries will fall below FCC-recommended bandwidth levels in the future.

(Continued)

Table 2

National Guidelines for Available Bandwidth in Schools

<u>School Year</u>	<u>2017-18</u>	<u>2020-21</u>
Small School District (fewer than 1,000 students)	At least 1.5 Mbps per user (Minimum 100 Mbps for district)	At least 4.3 Mbps per user (Minimum 300 Mbps for district)
Medium School District (1,000 – 10,000 students)	At least 1.0 Gbps per 1,000 users	At least 3.0 Gbps per 1,000 users
Large School District (more than 10,000 students)	At least 0.7 Gbps per 1,000 users	At least 2.0 Gbps per 1,000 users

At its September 20, 2018 meeting the Committee favorably reviewed ADE's 2018 report with the following provision: "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."

ADE's submitted report for FY 2019 does not include this information, but the agency is working on putting together a response as of this writing that focuses on students with less than 1.5 Mbps of bandwidth per student, which they believe is most feasible to report and most indicative of pupils having sufficient bandwidth currently. As a result, the Committee may consider Provision A, which would require ADE to incorporate estimates of students lacking at least 1.5 Mbps of broadband access in their next report, which is due in December 2019. A 1.5 Mbps per student level of broadband would meet current FCC guidelines but not the guideline of 4.3 Mbps per pupil that it recommends for small schools, for example, for the 2020-2021 school year and thereafter.

PM:lm

ARIZONA BROADBAND FOR EDUCATION INITIATIVE

2019 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 I "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.

Year	Students Served	Total Funding Requested	Total USAC Denied	Projects In Process	State Portion	School Portion	Total Paid Out
2017	96652	\$ 14,403,208.25	\$ 796,784.33	\$ 13,606,423.92	\$ 1,043,757.54	\$ 149,800.00	\$415,309.01
2018	152,425	\$ 122,763,344.53	\$ 67,596,700.37	\$ 55,166,644.16	\$ 4,135,395.01	\$ 954,170.26	\$163,600.92
2019	33160	\$ 53,397,844.66	\$ -	\$ 53,397,844.66	\$ 5,275,657.63	\$ 2,780.10	\$0.00
Program	282,237	\$ 190,564,397.44	\$ 68,393,484.70	\$ 122,170,912.74	\$ 10,454,810.18	\$ 1,106,750.36	\$578,909.93
AVAIL					\$ 545,189.82		

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 \$1,043,757 which provided \$14,403,209 in total construction projects for 84 sites and over 48,000 students in Arizona. 96,652 Students served.

- Apache County
 - 7 sites
 - Construction Cost: \$8.3M
 - Current Status: In process to be completed by 3-30-20
- Cochise County
 - 1 site, Tombstone School District
 - Construction Cost: \$500
 - Current Status: Complete
- Coconino County
 - 1 site, Page School District
 - Construction Cost: \$750
 - Current Status: Complete
- Gila County
 - 1 WAN, Payson USD
 - Construction Cost: \$159,000
 - Current Status: Complete
- La Paz
 - 1 Site, Bicentennial HS
 - Construction Cost: \$25,303.25
 - Current Status: Complete
- Maricopa
 - 2 Districts
 - Construction Cost: \$810,917
 - Current Status:
 - Arizona Call A Teen – Complete
 - Agua Fria District WAN - Complete
- Mohave
 - None approved
- Navajo
 - None approved
- Pima
 - None approved

- Pinal
 - 2 Districts
 - Construction Cost: \$1.4M
 - Current Status:
 - JO Combs – Complete
 - Stanfield - Complete
- Santa Cruz
 - 1 District, Santa Cruz HS
 - Construction Cost: \$874,320
 - Current Status: Complete
- Yavapai
 - 53 sites (County Wide Consortium)
 - Construction Cost: \$1.8M
 - Current Status: Complete
- Yuma
 - 1 WAN
 - Construction cost: \$236,000
 - Current status: Complete

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 \$4,135,395 which provided \$122,763,344 in total construction projects for 170 sites in Arizona. 152,425 students served.

- Apache County
 - 11 Districts
 - Construction Cost: \$2,500,000
 - Current Status:
 - Awaiting funding
- Cochise County
 - 6 Districts
 - Construction Cost: \$408,000
 - Current Status:
 - Cochise Elementary complete
 - Tombstone Library / ESD complete by 6-30-19
 - Douglas WAN – In process
 - Huachuca Library – Complete
 - Tombstone USD WAN - Complete
- Coconino County
 - 1 District (Grand Canyon)
 - Construction Costs: \$5M
 - Current Status: Extension Form 500 denied by USAC, resubmitted for 2020.
- Gila County
 - 1 District (Globe WAN)
 - Construction Cost: \$587,000
 - Current Status: Working with town of Globe on permitting and right of ways.
- Graham
 - 1 District

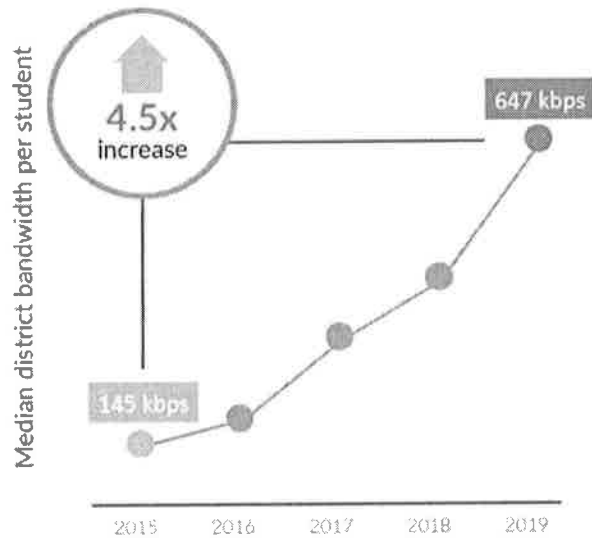
- Construction Cost: \$14,518
 - Discovery Plus Academy - Complete
 - La Paz
 - 11 Districts (County wide consortium)
 - Construction cost: \$4M
 - Current Status:
 - Vendor has walked all sites, bi-weekly project calls, permitting in process.
 - Maricopa
 - 2 Districts funded
 - Construction Cost: \$2,400,000
 - Current Status: All 4 in process, bi-weekly projects calls
 - Mohave
 - 2 Districts
 - Construction Cost: \$1,000,000
 - Current Status:
 - Lake Havasu district WAN – in process, bi-weekly status calls.
 - Cedar Hills – Hackberry - Complete
 - Navajo
 - 3 Districts
 - Construction Cost: \$500,000
 - Current Status:
 - Show Low Complete
 - Snowflake in process
 - Holbrook Complete
 - Pima
 - 2 Districts
 - Construction Cost: \$5,500,000
 - Current Status:
 - PPEP Complete
 - Vail in process
 - Pinal
 - 38 Districts (County wide consortium)(
 - Construction Cost: \$35.7M
 - Current Status: All in process
 - Santa Cruz
 - 12 Districts
 - Construction Cost: \$1.2M
 - Current Status: CenturyLink backed out of the contract. Rebidding for 2020.
 - Yavapai
 - 4 Districts
 - Construction Cost: \$485,000
 - Current Status:
 - Cottonwood – Oak Creek - in process
 - Cupertino – Complete
 - Yavapai ACD - Complete
 - Yuma
 - 2 sites
 - Construction Cost: \$837,550
 - Current Status:
 - Antelope – Complete
 - Mohawk - Complete
-

2019 Status (July 2019 – June 2020)

During the E-rate funding year 2019-2020, the Department of Education approved requests for \$5,275,657 which provided \$53,397,844 in total construction projects for 170 sites in Arizona. 33,160 students served.

- Cochise County
 - 21 sites – County wide Consortium
 - Construction Costs - \$29,858,515
 - Current Status:
 - Awaiting USAC approval
- Coconino County
 - 1 Site – Shonto Prep
 - Current Status:
 - Awaiting USAC approval
- Gila County
 - 23 sites – County Wide Consortium
 - Construction Costs: \$19,490,128
 - Current Status:
 - Awaiting USAC Approval
- Mohave County
 - 2 Sites
 - Construction costs: \$380,000
 - Current Status:
 - Desert Star Academy – Approved and in process.
 - Yucca School – Approved and in process.
- Navajo County
 - 3 sites
 - Construction costs: \$2,125,446
 - Current Status:
 - Heber – Overgaard – Approved and in process
 - Little Singer School – Awaiting USAC approval
 - Navajo County Consortium – Awaiting USAC approval
- Pinal County
 - 1 Site (WAN)
 - Construction costs: \$27,801
 - Current Status:
 - Awaiting USAC approval
- Yavapai County
 - 2 sites
 - Construction costs: \$1,255,058
 - Current Status:
 - Orme School – Funded, in process
 - Beaver Creek School – Awaiting USAC approval

Arizona has made huge improvements in our goal of providing 1 Mbps per student regardless of physical location



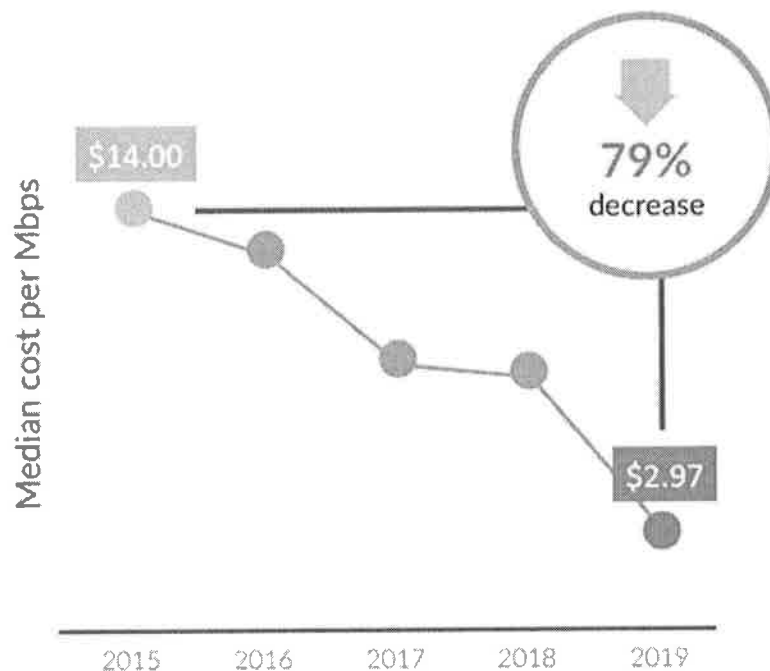
**MEETING FCC
BANDWIDTH GOALS:**

96% of your students
are meeting 100 kbps
per student, and

16%

of your students are
meeting 1 Mbps per
student, in comparison
to 24% nationally

Amazing progress has been made in creating bandwidth that's both reliable and affordable



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

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



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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Principal Fiscal Analyst *PM*

SUBJECT: Department of Child Safety - Review of FY 2019 Fourth Quarter Benchmarks

Request

Pursuant to an FY 2019 General Appropriation Act footnote, the Department of Child Safety (DCS) is submitting for Committee review a report of quarterly benchmarks for assessing progress made in increasing the department's number of Full-Time Equivalent (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 1,272 out of 1,406 funded direct line staff positions (caseworkers and hotline).
- 2) Caseworker workload continues to be above the caseload standard.
- 3) The department continues to meet its benchmarks for the backlog (less than 1,000 cases) and open reports (less than 8,000).
- 4) The out-of-home population of 14,226 exceeds DCS' benchmark by 262 children, but remains (1.7)% lower than last year.

(Continued)

Analysis

An FY 2019 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 2019.

Filled FTE Positions

Table 1 outlines DCS' progress in hiring caseworkers by quarter. DCS is funded for 1,406 caseworkers. The department has filled 1,272 direct line positions, or (134) fewer positions than the benchmark.

Table 1					
Caseworker Hiring by Quarter					
<u>Direct Line Staff Type</u>	<u>Benchmark</u>	<u>Sept. 2018</u>	<u>Dec. 2018</u>	<u>March 2019</u>	<u>June 2019</u>
Case-Carrying Caseworkers	1,190	1,026	1,054	1,034	990
Caseworkers in Training	140	233	204	186	210
Hotline Staff	76	71	71	71	72
Total	1,406	1,330	1,329	1,291	1,272

Caseload Standard

DCS' caseload standards for case-carrying caseworkers 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 2019 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.

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. As of June 2019, DCS had 179 backlog cases and 6,586 open reports, continuing to meet both benchmarks.

Out-of-Home Children

DCS' benchmark is to reduce the out-of-home population to 13,964 by June 2019. As shown in Table 2, the out-of-home population had declined to 13,763 by December 2018, initially meeting the benchmark 6 months early. Since that time, the out-of-home population has risen by 463 children, to 14,226. As a result, DCS is no longer meeting the out-of-home benchmark. Despite the increase in the last 6 months, the June 2019 caseload was still (1.7)% lower than the out-of-home population in June 2018.

Table 2					
Progress in Reducing the Out-of-Home Population					
	<u>June 2018</u>	<u>Sept. 2018</u>	<u>Dec. 2018</u>	<u>March 2019</u>	<u>June 2019</u>
Actual ^{1/}	14,477	14,171	13,763	14,021	14,226
Benchmark	15,191	14,836	14,539	14,248	13,964

^{1/} Child Safety Monthly Program Report figures as of August 20, 2019.



Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

July 1, 2019

The Honorable Regina Cobb
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 Cobb:

Pursuant to Laws 2018, 2nd Regular Session, 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 2019.

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

Sincerely,

Gregory McKay
Director

Enclosure

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



DEPARTMENT OF CHILD SAFETY

Quarterly Progress Report

(Filling FTE Positions and Reducing the Inactive)

June 2019

INTRODUCTION

In the spring of 2019, House Bill 2747 was passed that requires the Arizona Department of Child Safety (DCS) to continue this report through June 2020. Previous versions of this report required data be reported on the last day of the quarter of the reporting period. This does not allow the Department time to run data as of the last day of the quarter and still have reasonable time to compile, review and publish this report. This has obliged the Department to report lagging data for the out-of-home (OOH) population and full time employee (FTE) data that is partial for the last month of the quarter.

Additionally, during the third and fourth quarters of state fiscal year 2019 (FY19), DCS has been progressively realigning the five Regions. This action was necessary and driven by several factors. Chief among them were the growth and distribution of the population not only inside Maricopa County but also Pima, Pinal and Yavapai Counties. The logistics of providing case management and services in northern Arizona and other rural areas of Arizona were also a consideration. The implementation of these changes were footnoted in the March 2019 version of this report.

The Department provides most of the data in this report in other published reports; Monthly Operational and Outcomes Report (MOOR), and the Semi-Annual Child Welfare Report. However, those reports provide data *after* the completion of the reporting period ('lagging data') allowing time to ensure data quality. For example, the MOOR provides OOH data 60 days lagging. The changes in realignment meant that the out-of-home data and staffing distribution across offices from previous versions of this report cannot be compared to current data and changes made this quarter impact the caseloads by office. Therefore, the Department will provide preliminary out-of-home data to June for the fourth quarter of FY19. The next report is due in September 2019. DCS will provide updated data that is current through June 2019 and will begin providing this report each quarter for the previous quarter. This will ensure that all data reported will be lagging as of the last day of the previous reporting period.

The Regional realignment resulted in changes in the regional names, reassignment of several counties to new regions; and moving specific sections and units to different regions and/or sections. A map of the new DCS Regions is provided as an attachment to this report (Attachment A).

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 2019 (FY19), one of the Department's strategic objectives has been to develop and retain a highly effective workforce by improving employee retention through improved supervision.

In FY19, Governor Ducey signed HB2747 passed by the Arizona State Legislature that approved pay raises for DCS Child Safety Specialists, Case Aides, Program Supervisors, Program Specialists and entry-level administration. This will allow the Department to compete for high quality staff with other agencies and

DCS Quarterly Progress Report on Reducing the Inactive and Filling FTE June 2019

private entities and retain those employees who have dedicated themselves to protecting children and supporting the Department's mission.

DCS continues its effort improve employee retention by improving supervision. The Department has been developing roles and responsibilities for supervision coaches, developing the standard work, filling coaching positions and developing training. DCS also implemented a hiring selection process and interview guide for new field supervisors and standardized onboarding and on the job training experience for new field supervisors.

DCS HR works closely with local hiring managers to identify candidates based on selective preferences. Since different offices may have different or unique needs, HR's work with managers will help identify candidates who more closely meet the office's needs. HR continues to refine the interviewing process to have candidates interview at the actual site for which they are being considered to diminish confusion for both candidate and hiring manager. These efforts are showing improvements in the process. Additionally, DCS HR has been utilizing career focused social media bulletins, rather than job boards to allow easier sharing among colleagues and individuals in the specific job field.

DCS has developed multiple partnerships with local colleges and universities to attract potential candidates for employment. DCS maintains its partnership with ASU participating in the ASU Title IV-E Strategic Planning Meeting and Quarterly meeting. Additionally, DCS is assisting with implementation of a rural MSW Part-Time program for current employees.

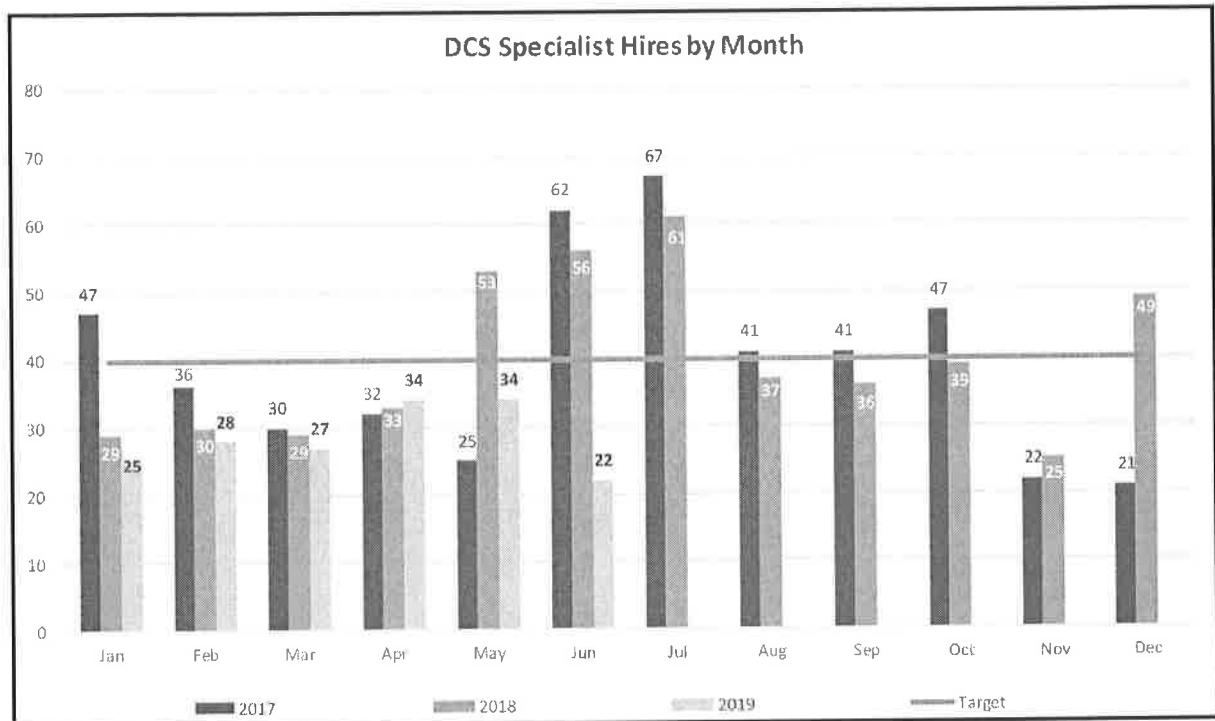
To support DCS Specialists, Supervisors, case aides and other front line staff experiencing secondary trauma, DCS implemented its peer-to-peer support program, Workforce Resilience. This program seeks to enhance a healthy workforce and provide staff a safe and supportive environment when coping with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

The Department has been sustaining its active recruitment process to fill all Child Safety Specialist positions. As of May 2019, the Department filled 1,271 (90 percent) of the 1,406 funded positions. DCS funds 236 supervisor positions, 232 (98 percent) of which are filled.

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 2017 through CY 2019 to date, along with hiring targets. These targets were established against historically observed attrition rates.

DCS Quarterly Progress Report on Reducing the Inactive and Filling FTE
June 2019

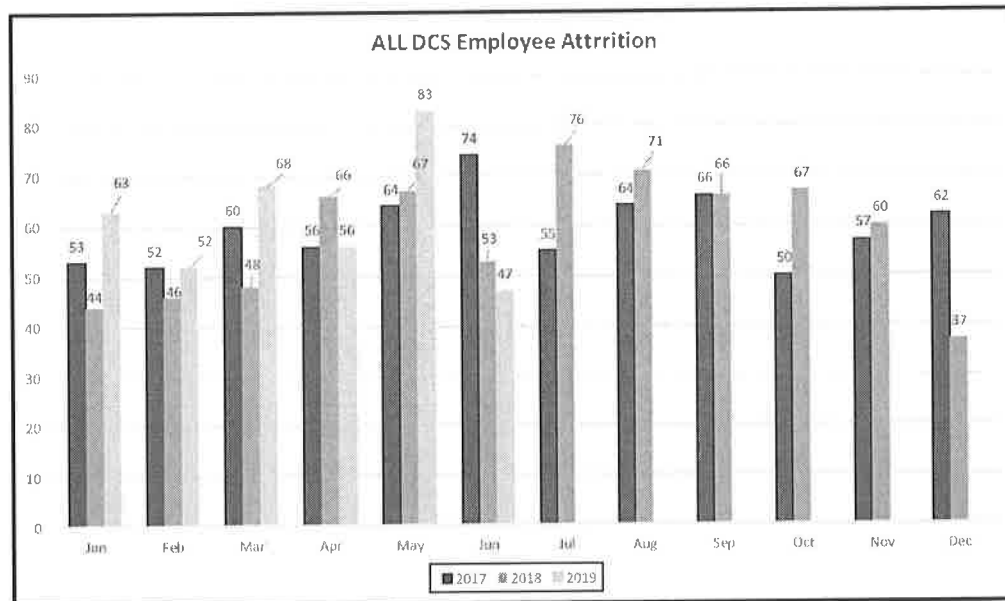
Chart 1 – DCS Specialist Hires and Target Trends



*Data has been updated from prior reporting periods. June data will be updated in future reports 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 2017 through CY 2019.

Chart 2 – All DCS Employee Attrition Trends

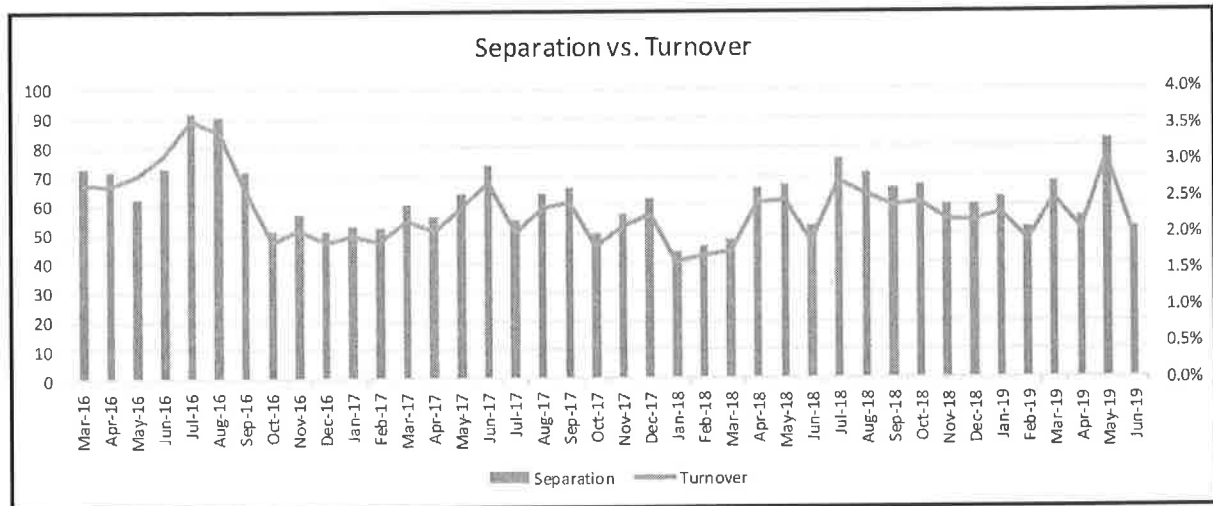


*DCS Employee Attrition for June 2019 will be updated in the next quarterly report.

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Chart 3 demonstrates the Department's monthly separation data and monthly turnover rate since March 2016.

Chart 3 – All DCS Employee Monthly Turnover Rate Trends



*June 2019 turnover rate data will be updated in the next quarterly report.

PROGRESS MAINTAINING INACTIVE CASES AND IMPROVING CASELOADS

DCS has maintained the inactive cases well below the legislative benchmark of 1,000 since April 2017. Additionally, the Department reduced the number of open reports from 9,611 in December of 2016 to 6,586 in June 2019. The Department has experienced a stabilization in the number of open reports where it has remained below 7,500 since February 2017.

Additionally, 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 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 inactive cases. From a peak of 16,014 in January of 2015, the Department now has only 179 inactive cases as of June 24, 2019, representing a 99 percent decrease. To avoid a return to higher numbers of inactive 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; and completion and closure and the implementation of leader standard work to ensure routine follow-up.

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 6,586 as of June 24, 2019, representing an 80 percent reduction (see Table 1).

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PROGRESS MADE REDUCING THE OUT-OF-HOME POPULATION

As noted earlier, the data for the OOH population is preliminary and will be updated in the September 2019 edition of this report. The Department continues to achieve a safe reduction in the historical out-of-home foster care population. The Department experienced an increase in the number of children in OOH care (424) in the fourth quarter of SFY 2019 (preliminary data as of May 31, 2019) compared to the third quarter. However, the Department has still made progress made since the baseline period of March 31, 2016 (18,917 children) in reducing the OOH population by 25 percent (4,652 children) to the current number of children in out-of-home care (14,265).

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 preliminary entry rate per 1,000 of Arizona's general population was 6.4 in May 2019. 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 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. By way of 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

		Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Inactive Cases ¹	<i>Benchmark (less than)</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	<i>Actual</i>	354	212	265	176	225	183	302	355	179
Inactive Cases by disposition	<i>Investigation Phase</i>	222	125	165	84	115	74	188	227	155
	<i>In-Home Cases</i>	111	77	89	84	98	93	98	112	22
	<i>Out-of-Home Cases</i>	21	10	11	8	12	16	16	16	2
Number of Open Reports ²	<i>Benchmark (less than)</i>	13,000	13,000	13,000	13,000	13,000	8,000	8,000	8,000	8,000
	<i>Actual</i>	5,644	6,444	6,621	6,087	5,871	6,562	6,695	6,554	6,586
Number of Out-of-Home Children ³	<i>Benchmark (less than)</i>	16,807	16,471	16,142	15,819	15,503	15,192	14,889	14,591	14,299
	<i>Benchmark (% reduction)</i>	2%	2%	2%	2%	2%	2%	2%	2%	2%
	<i>Actual</i>	16,917	16,316	15,744	15,139	14,869	14,241	14,209	13,841	14,265 ³

Footnotes

¹ Number of inactive cases is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.

² Number of open reports is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.

³ Out-of-home population figures are preliminary and will be updated in the next Quarterly Progress Report on September 30, 2019.

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Table 2 – Headcount and Caseload Performance

Region ¹ Section # Section name			March 31, 2016 Baseline			Quarter 3 - FY 2019							Region ¹ Section # Section name			Quarter 4 - FY 2019										
			Workload			FTE		Workload								FTE		Workload								
			# Open Reports (investigations)	# of In home cases	# of Out-of-Home Children	Investigators	Case Managers	# 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)	Investigators	Case Managers	# 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)		
Central (10)	0.1	Apache Junction/Kearney	576	---	601	17	17	197	---	477	11	---	27	Maricopa-East (10)	n/a	Moved to Northwest under realignment	---	---	---	---	---	---	---			
	2	Casa Grande/Coville	834	---	688	18	18	145	---	457	8	---	25		n/a	Moved to Northwest under realignment	---	---	---	---	---	---	---			
	3	Osborn	1005	---	542	19	19	327	---	585	17	---	31		3	Osborn	19	19	318	---	514	17	---	27		
	4	In Home	17	495	111	---	37	33	562	24	1	15	1		4	In Home	---	39	6	436	23	0	11	1		
	5	Mesa	1423	---	615	20	20	239	---	414	12	---	21		5	Mesa	18	18	317	---	514	17	---	28		
	6	Gilbert	1236	---	824	20	20	292	---	362	15	---	18		6	Gilbert	18	18	231	---	475	13	---	26		
	7	Tempe	1786	---	913	20	20	270	---	498	14	---	25		7	Tempe	20	20	336	---	597	17	---	30		
	8	South Mountain	1493	---	663	16	16	447	---	567	27	---	34		8	South Mountain	16	16	522	---	488	23	---	31		
	9	North Central	1522	---	775	17	17	208	---	499	12	---	30		9	North Central	18	18	287	---	378	16	---	21		
	10	University	2	---	1520	---	42	---	---	1484	0	---	35		10	Peoria/Phoenix - South Mountain	0	41	---	---	1514	0	---	37		
Pima (20)	1	Lanvale Loop	980	49	342	16	20	181	---	223	11	---	11	South (20)	1	Lanvale Loop	13	14	156	---	226	12	---	16		
	2	Oracle	227	27	398	11	21	125	---	248	11	---	12		2	Tucson North - Oracle	12	12	128	---	256	11	---	22		
	3	Country Club	132	18	370	9	18	133	---	269	14	---	15		3	Tucson South - Valencia	12	12	139	---	321	11	---	26		
	4	Oracle	126	19	313	7	13	211	---	141	31	---	11		4	Tucson Midtown - Oracle	11	11	255	---	186	22	---	17		
	5	Madera A	599	39	164	20	10	161	---	187	8	---	18		5	Madera A - 4th Ave.	15	15	155	---	173	10	---	12		
	6.0	AHRT/Adoptions	7	0	555	---	31	7	---	537	---	---	17		6	Peoria/Phoenix - Abertson	0	28	---	---	587	---	---	21		
	7	25th/Adoptions	326	53	379	9	17	180	---	215	21	---	13		7	Adoptions	15	15	166	---	239	11	---	16		
	8	Santa Cruz	---	---	---	---	7	---	---	---	---	---	---		8	Cochise County	12	12	130	---	205	11	---	17		
	9	Madera B	174	15	312	11	20	170	6	244	16	0	12		9	Madera C / Nogales	15	15	190	0	302	13	0	20		
	10	Abertson	82	0	340	0	29	8	196	149	0	7	5		10	In Home	0	29	19	198	94	0	9	3		
	n/a	Not Applicable during Q3	---	---	---	---	---	---	---	---	---	---	---		11	Yuma	12	12	134	39	266	12	13	23		
Northern (30)	1	Prescott/Prescott Valley	266	---	398	12	12	201	38	283	16	3	23	Northwest (30)	1	Prescott/Prescott Valley	12	12	168	5	194	14	0.4	16		
	2	St. Johns/Window/Snow low	127	---	188	11	11	60	12	192	5	1	17		n/a	Moved to Northwest under realignment	---	---	---	---	---	---	---	---		
	3	Flagstaff/Flag/Cottonwood/Verde	200	---	220	6	12	78	---	158	13	---	12		3	Cocconino County / Cottonwood	10	10	150	51	271	14	5	26		
	4	Bullhead City/Lake Havasu	176	---	399	8	15	119	39	320	15	3	21		4	Bullhead City/Lake Havasu	12	12	155	45	324	13	4	27		
	5.00	Kingman	198	---	132	7	15	66	8	448	9	1	31		5	Kingman	9	17	87	9	457	10	1	27		
Southeast (40)	1	Berren, Douglas, Nogales, SV	254	30	245	1	2	9	5	56	7	2	23	Northeast (40)	n/a	Moved to South under realignment	---	---	---	---	---	---	---	---		
	2	SV, Safford	645	34	169	3	6	2	30	180	1	3	29		n/a	Moved to South under realignment	---	---	---	---	---	---	---	---		
	3	Globe, Payson	383	14	119	5	5	69	20	103	14	4	21		3	Globe / Payson / Safford	7	13	96	21	164	15	2	13		
	n/a	Not Applicable during Q3	---	---	---	---	---	---	---	---	---	---	---		4	St. Johns/Window/Snow low	4	9	56	21	200	13	2	23		
	n/a	Not Applicable during Q3	---	---	---	---	---	---	---	---	---	---	---		5	Apache Junction/Kearney	15	15	156	34	516	10	17	33		
Southwest (50)	n/a	Not Applicable during Q3	---	---	---	---	---	---	---	---	---	---	---	Maricopa-West (50)	6	Casa Grande/Coville	17	17	159	36	458	9	18	26		
	0.1	AHRT	483	---	4	18	---	1	---	1	0	---	0		1	AHRT	19	---	0	---	3	0	---	0.2		
	3	In Home	44	---	101	2	39	33	617	35	17	16	1		3	In Home	0	37	18	656	42	0.5	18	1		
	4	Thunderbolt	937	---	774	19	19	273	---	533	14	---	27		4	Thunderbolt	19	19	230	---	524	12	---	27		
	5	Peoria	1999	---	839	17	17	277	---	476	16	---	27		5	Peoria	17	17	266	---	414	16	---	25		
	6	Glendale/Durango	1558	---	584	17	17	307	---	390	18	---	23		6	Glendale/Durango	16	16	198	---	419	13	---	27		
	7	Avondale/Advocacy	614	---	894	21	21	252	---	592	12	---	28		7	Avondale/Advocacy	18	18	291	---	533	17	---	30		
	8	Adoptions	0	---	1667	---	42	---	---	1258	0	---	30		8	Peoria/Phoenix	---	41	---	---	1299	---	---	32		
	9	Yuma, Parker, Sunmanon	347	---	478	13	13	153	---	285	12	---	22		n/a	Moved to Pima under realignment	---	---	---	---	---	---	---	---		
	12	West 101	953	---	670	18	18	310	---	534	17	---	29		12	West 101	22	22	232	---	622	11	---	29		
	13	Pinacle Peak	597	---	713	17	17	137	---	373	8	---	22		13	Pinacle Peak	19	19	176	---	396	9	---	21		
	105, 106, Other u/cus OCW1, GHFI, Other			370	---	48	69	---	781	---	65	11	---		---	105, 106 - Other u/cus OCW1, GHFI, Other			64	---	679	---	71	11	---	---
	Totals			22,698	793	18,917			6,554	1,533	13,841										6,586	1,551	14,265			

Footnotes
 - FTE reporting for March 31, 2016: The process of reporting FTE, 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.
 - As of Q1 FY2019, Specialists in a trainee status are accounted for in FTE figures in each section with an equal distribution of 66% caseload.

DCS Quarterly Progress Report on Reducing the Inactive and Filling FTE
June 2019

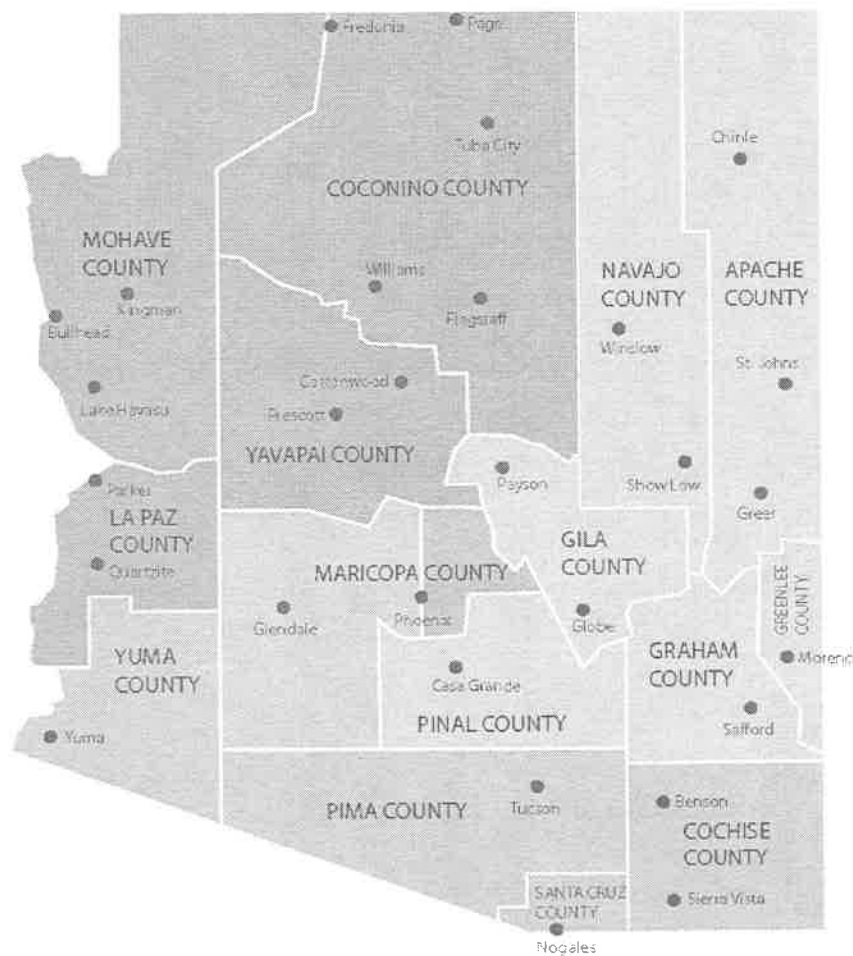
Table 2 Footnotes (con't.)

- Out-of-home population figures are directly from the Monthly Out-of-Home Care run for the Monthly Outcome and Operational Report (MOOR) which is a lagging 60 day metric.
 - In Home cases are based on a hand count 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 hand counted in Southwest Region in March 2016. The hand count 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 investigations or case management are based on assignment of 50% investigative and 50% ongoing in Central, Northern and Southwest Regions. Pima and Southeast Regions and certain Northern Region sections employ a distribution of 34% Investigations and 66% ongoing.
 - As of Q1 FY2019, Specialists in a trainee status are accounted for in FTE figures in each section with an equal distribution of 66% caseload.
- ¹ During Q3 and Q4 of FY2019, DCS began realignment of regional offices. Select units from the Southeast Region were moved to the Pima Region, from the Northern Region to the Southeast Region, from the Southwest Region to the Pima Region and from the Central Region to the Southeast Region. These changes reflect Yuma and Cochise Counties moving to Pima Region. Pinal, Apache and Navajo County being combined with Graham, Greenlee, and Gila Counties as part of a regional realignment of Southeast Region. Additionally there were units moved across sections (offices) within the same Region. This included assigning sections to the previously inactive Section 8 in the Pima Region. In Q4, a new section (11) was added to Pima Region. Additionally, Northern Region changes include reassigning Section 03 in home cases to Section 01 and moving Section 2 to the Southeast Region. A map of the new Regional realignment is included in this edition of this report. Effective 7/1/19, Regional names will change and are described below and captured in the table above:

CURRENT NAME	NEW NAME
Central Region	Maricopa-East Region
Southwest Region	Maricopa-West Region
Northern Region	Northwest Region
Southwest Region	Northeast Region
Pima Region	South Region

² Out-of-Home data for the fourth quarter of FY19 is preliminary and will be updated in the next Quarterly Progress Report on September 30, 2019.

Attachment A



Regional Map

NORTHWEST REGION

Coconino, Mohave, La Paz Counties

NORTHEAST REGION

Apache, Graham, Greenlee, Gila and Pinal Counties

MARICOPA - WEST

Maricopa County - West of 7th Avenue

MARICOPA - EAST

Maricopa County - East of 7th Avenue

SOUTH REGION

Cochise, Pima, Santa Cruz, and Yuma Counties

OFFICE OF CHILD WELFARE INVESTIGATIONS

Maricopa and Pima Counties

CHILD ABUSE HOTLINE-1-888-SOS-CHILD

1-888-767-2445

Revised 06.18.19



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Henry Furtick, Senior Fiscal Analyst *HF*

SUBJECT: Arizona State Parks Board - Review of FY 2020 Arizona Trail Expenditure Plan

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona State Parks Board (ASPB) requests Committee review of its FY 2020 expenditure plan of maintenance work for the Arizona National Scenic Trail (Arizona Trail).

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) ASPB received a \$250,000 appropriation in FY 2020 to fund maintenance work on the Arizona Trail.
- 2) The Arizona Trail is an 800-mile long hiking trail which runs north-south through the state.
- 3) The expenditure plan includes 8 projects covering a total of 80 miles of the Arizona Trail.
- 4) The maintenance projects will be performed by members of multiple youth conservation corps.
- 5) ASPB is also using \$225,000 in local and community funding for a total funding amount of \$475,000.

Analysis

Background

The Arizona Trail is an 800-mile long, non-motorized trail beginning at the U.S.-Mexico border and running north-south through Arizona into Utah. The trail is fully traversable, excluding unforeseen

(Continued)

closures due to weather, and receives general maintenance from ASPB. The Arizona Trail is different than the Great Western Trail, for which ASPB also received funding for maintenance work in FY 2020. The Great Western Trail is a 4,500-mile long, motorized trail beginning at the U.S.-Canada border and running north-south through Montana, Idaho, Wyoming, Utah, and Arizona.

Maintenance Expenditure Plan

The FY 2020 budget includes a \$250,000 appropriation from the State Parks Revenue Fund (SPRF) to ASPB for the Arizona Trail line item. Monies in the line item are to be used to employ youth conservation corps members to perform maintenance work on sections of the Arizona Trail. An FY 2020 General Appropriation Act footnote requires ASPB to submit an expenditure plan to the JLBC for Committee review before spending any of these monies.

ASPB plans to use the \$250,000 appropriation as well as \$225,000 in local and private community funding for a total of \$475,000. That amount will fund 8 projects employing a total of 107 individuals to work on a collective 80 miles of trails. The projects will be carried out by members of both the American Conservation Experience (ACE) and the Arizona Conservation Corps (AZCC). *Table 1* provides a summary of ASPB's FY 2020 expenditure plan for the projects. Additionally, the ASPB agency submission memo includes a map detailing the location of each project. *(Please see Attachment B in the ASPB memo.)*

Table 1

Arizona Trail FY 2020 Maintenance Expenditure Plan

<u>Project Name (County)</u>	<u>Miles Treated</u>	<u>Individuals Employed</u>	<u>SPRF Funding</u>	<u>Other Funding</u>	<u>Total Funding</u>	<u>Anticipated Work Schedule</u>
Babbitt Ranch Singletrack (Coconino)	6.4	11	\$ 37,500	\$ 37,500	\$ 75,000	Sep. - Oct. 2019
Happy Jack Singletrack (Coconino)	3	8	12,500	100,000	112,500	Sep. - Oct. 2019
Mazatzal Maintenance (Yavapai/Maricopa/Gila)	18	16	25,000	25,000	50,000	October 2019
Highline Repair (Coconino)	1	8	12,500	12,500	25,000	October 2019
Sabino West Fort Trail Rehabilitation (Pima)	6	16	32,500	17,500	50,000	Oct. - Nov. 2019
Pinal County Trail Maintenance (Pinal)	30	24	25,000	12,500	37,500	Nov. - Dec. 2019
Woodbury Fire Rehabilitation (Pinal/Maricopa/Gila)	11	8	12,500	12,500	25,000	Jan. - Feb. 2020
Temporal Gulch Re-Route (Santa Cruz)	<u>4.8</u>	<u>16</u>	<u>92,500</u>	<u>7,500</u>	<u>100,000</u>	Jan. - Mar. 2020
Total	80.2	107	\$250,000	\$225,000	\$475,000	

HF:kp



Doug Ducey
Governor

ARIZONA STATE PARKS & TRAILS

Bob Broscheld
Executive Director



August 26, 2019

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



Re: Request for Placement on the Joint Legislative Budget Committee Review Agenda

Dear Chairwoman Cobb,

Arizona State Parks Board respectfully requests a review by the Joint Legislative Budget Committee of the expenditure plan for maintenance projects on the Arizona Trail pursuant to the General Appropriations Act -Laws 2019, Chapter 263, Section 71.

Upon favorable review by the Joint Legislative Budget Committee, the appropriated funds will be used to employ youth conservation corps members to perform maintenance projects on the Arizona Trail. Please see Attachment A for the expenditure plan detailing the work and Attachment B for a map identifying the areas for this work. The Arizona Trail Association is matching these state funds with private and local community fund sources to almost double the total amount of work completed on the Arizona Trail. All work will be completed prior to the end of the Fiscal Year 2020 and a final report of the work will be sent to the Arizona State Parks Board detailing the improvements to the Arizona Trail.

Thank you for your consideration of this request. If you have any other questions or need any further information, please call me at 602-542-7107.

Sincerely,

Bob Broscheld
Executive Director

ATTACHMENT A

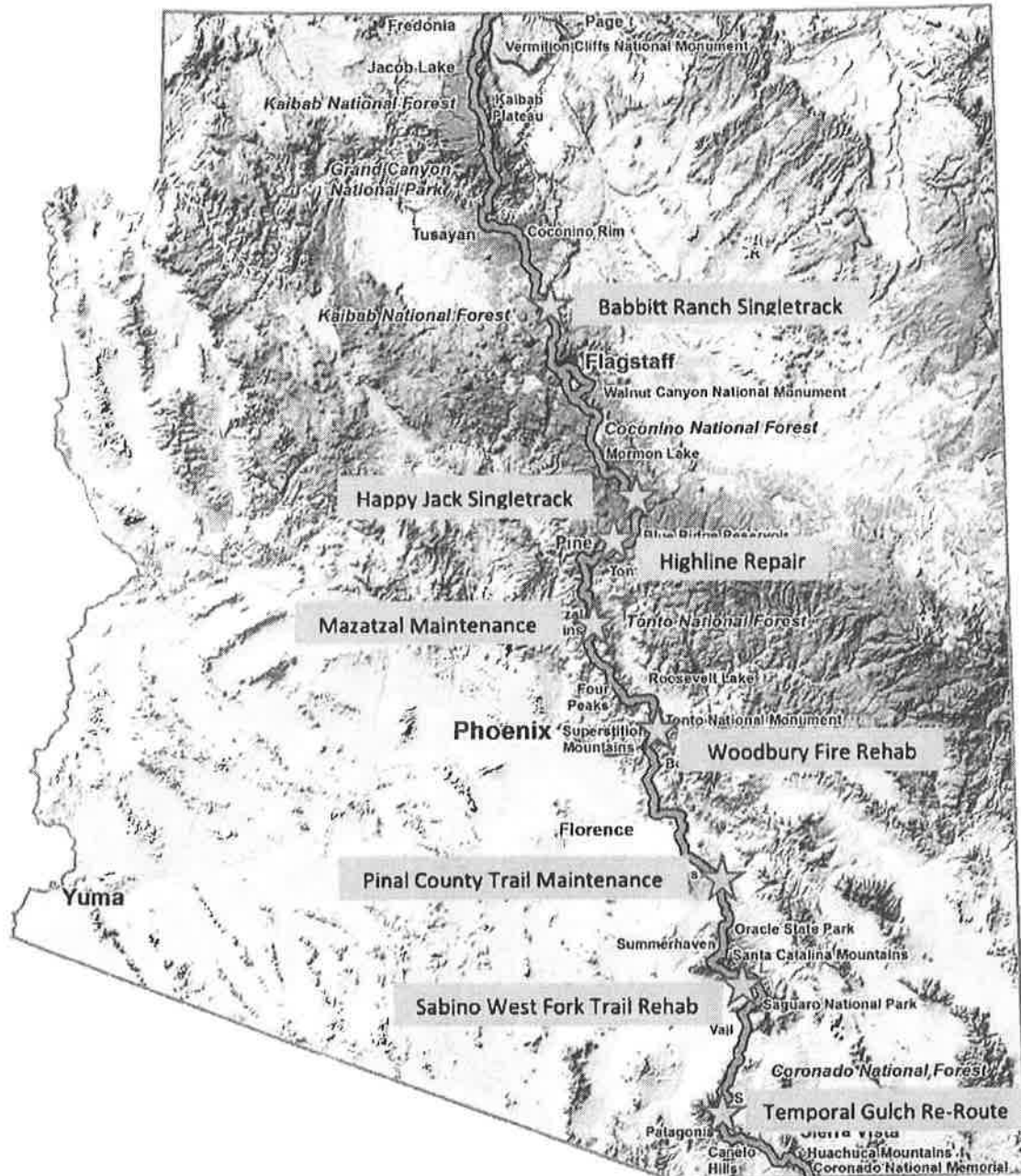
Priority Projects for Arizona Trail State Fund - FY2020

Project Name	Passage	Land Ownership	State Fund	Other Funds	TOTAL	Other Funds Source	Conservation Corps	Anticipated Work Schedule
Babbitt Ranch Singletrack - hand crew	35	Coconino County & Babbitt Ranches	\$12,500	\$12,500	\$25,000	Coconino County, REI	AZCC	Sep - Oct 2019
Happy Jack Singletrack	28	Coconino National Forest	\$12,500	\$100,000	\$112,500	RTP, USDA Forest Service, MBAA	ACE	Sep - Oct 2019
Mazatzal Maintenance	23-24	Tonto National Forest	\$25,000	\$25,000	\$50,000	USDA Forest Service	AZCC	Oct 2019
Highline Repair	26	Tonto National Forest	\$12,500	\$12,500	\$25,000	USDA Forest Service	ACE	Oct 2019
Babbitt Ranch Singletrack - machine crew	35	Coconino County & Babbitt Ranches	\$25,000	\$25,000	\$50,000	Coconino County, REI	ACE	Oct - Nov 2019
Sabino West Fork Trail Rehabilitation	11	Coronado National Forest	\$32,500	\$17,500	\$50,000	USDA Forest Service, REI	AZCC	Oct - Nov 2019
Pinal County Trail Maintenance	14-15	Pinal County	\$25,000	\$12,500	\$37,500	Pinal County	ACE	Nov - Dec 2019
Woodbury Fire Rehabilitation	19	Tonto National Forest	\$12,500	\$12,500	\$25,000	Keep it Wild!, REI	AZCC	Jan - Feb 2020
Temporal Gulch Re-Route	4	Coronado National Forest	\$92,500	\$7,500	\$100,000	ATA general fund; grant applications submitted for matching funds	ACE and AZCC	Jan - Mar 2020
TOTAL			\$250,000	\$225,000	\$475,000			

ATTACHMENT A – cont'd
Priority Projects for Arizona Trail State Fund - FY2020 Expenditure Plan

Project Name	Project Description	# people employed	Trail miles improved
Babbitt Ranch Singletrack - hand crew and machine crew	Funding will support two conservation corps hitches (160 hours/8 individuals) to finish machine construction already conducted by Coconino County over 5 miles of trail and utilize a machine crew for and additional 1.4 miles.	11	6.4
Happy Jack Singletrack	Funding will support one conservation corps hitch (80 hours of labor/ 8 individuals) along 3 miles of trail.	8	3
Mazatzal Maintenance	Funding will support four conservation corps hitches (160 hours of labor/16 individuals) to maintain a remote and rugged segment of the Arizona Trail deep in the Mazatzal Wilderness.	16	18
Highline Repair	Funding will support one conservation corps hitch (80 hours of labor/8 individuals) on a segment of trail severely impacted by storms.	8	<1
Sabino West Fork Trail Rehabilitation	Funding will support four conservation corps hitches (160 hours of labor/16 individuals) to maintain a remote and rugged segment of the Arizona Trail deep in the Pusch Ridge Wilderness.	16	6
Pinal County Trail Maintenance	Funding will support three conservation corps hitches (80 hours of labor/24 individuals) to maintain a remote segment of the Arizona Trail south of the Gila River including improved drainage and tread repair.	24	30
Woodbury Fire Rehabilitation	Funding will support two conservation corps hitches (160 hours of labor/8 individuals) to conduct trail repair near Rogers Trough Trailhead and within Superstition Wilderness as a result of the Woodbury Fire.	8	11
Temporal Gulch Re-Route	Funding will support eight conservation corps hitches (320 hours of labor/16 individuals) to construct trail near the town of Patagonia to remove the AZT from paved and dirt roads.	16	4.8

Arizona Trail State Fund Priority Projects - FY2020





STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Jordan Johnston, Fiscal Analyst *JB for 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 the FY 2020 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 2020 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. Six County Sheriffs will receive funding from the program, which is down from the 7 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.

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

- A. DPS shall report to the Committee prior to implementing any changes to the proposed FY 2020 allocation of the grants (*see Table 2*). The Chairman shall decide whether the revisions require Committee review.

(Continued)

Key Points

- 1) The Committee gave a favorable review of \$1.3 million of the \$2.4 million 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 million to continue funding the Border Security and Law Enforcement Grants program.
- 3) 6 rural counties would receive funding, down from the 7 counties funded in FY 2019.
- 4) DPS worked with the Arizona Sheriff's Association to determine the FY 2020 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 2019 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 (\$456,800), Border County Officers Program (\$539,000) 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 2019. In terms of changes in grant awards, Navajo County no longer receives \$60,000 in grants, which has been reallocated equally between Cochise, Santa Cruz, and Yuma Counties. DPS has indicated that Navajo County was allocated funding in FY 2019 to address one-time expenses in their County Sheriff's Office.

Table 1 provides the FY 2019 GIITEM Border Security and Law Enforcement Grants expenditure plan reviewed by the Committee and the proposed FY 2020 plan. Table 2 displays the entire expenditure plan for the DPS GIITEM Subaccount.

	FY 2019 Reviewed Allocation	FY 2020 Proposed Allocation
<u>County Sheriff</u>		
Cochise County Sheriff's Office	\$ 230,000	\$ 250,000
Graham County Sheriff's Office	100,000	100,000
Greenlee County Sheriff's Office	100,000	100,000
La Paz County Sheriff's Office	100,000	100,000
Navajo County Sheriff's Office	60,000	0
Santa Cruz Sheriff's Office	230,000	250,000
Yuma County Sheriff's Office	<u>230,000</u>	<u>250,000</u>
Total	\$1,050,000	\$1,050,000

(Continued)

Table 2

DPS Expenditure Plan – GIITEM Subaccount

	FY 2019 Reviewed Allocation	FY 2019 Current Allocation ^{1/}	FY 2020 Proposed Allocation ^{2/}
<u>Detention Liaison Officers Program</u>			
Cochise County Sheriff's Office	\$ 40,500	\$ 38,100	\$ 50,800
Pima County Sheriff's Office	94,300	96,400	101,500
Pinal County Sheriff's Office	51,500	-	-
Santa Cruz County Sheriff's Office	56,300	-	-
Department of Corrections	257,400	212,000	253,700
Department of Juvenile Corrections	-	49,400	50,800
Subtotal	\$500,000	\$395,900	\$456,800
<u>Border County Officers Program</u>			
Casa Grande Police Department	\$ 67,500	\$ 56,300	\$ -
Cochise County Sheriff's Office	210,800	174,600	231,000
Coolidge Police Department	-	-	77,000
Eloy Police Department	-	-	77,000
Oro Valley Police Department	80,400	59,100	77,000
San Luis Police Department	69,600	2,100	-
Yuma County Sheriff's Office	67,500	22,100	77,000
Subtotal	\$495,800	\$314,200	\$539,000
<u>Pima County Border Crimes Unit</u>	\$350,000	\$350,000	\$350,000
<u>Border Security and Law Enforcement Grants</u>			
Cochise County Sheriff's Office	\$ 230,000	\$ 230,000	\$ 250,000
Graham County Sheriff's Office	100,000	100,000	100,000
Greenlee County Sheriff's Office	100,000	100,000	100,000
La Paz County Sheriff's Office	100,000	100,000	100,000
Navajo County Sheriff's Office	60,000	60,000	-
Santa Cruz County Sheriff's Office	230,000	230,000	250,000
Yuma County Sheriff's Office	230,000	230,000	250,000
Subtotal	\$1,050,000	\$1,050,000	\$1,050,000
Total	\$2,395,800	\$2,110,100	\$2,395,800

^{1/} Represents allocation from the Subaccount through June 6, 2019. Figures are expected to increase when the final expenditure data is reported by DPS.

^{2/} Represents proposed allocation from the Subaccount.



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

August 28, 2019

Representative Regina Cobb, Chairman
Joint Legislative Budget Committee
1716 W. Adams
Phoenix, AZ 85007



Dear Representative Cobb:

Pursuant to the FY 2020 Criminal Justice Budget Reconciliation Bill, Section 10, the Department of Public Safety (DPS) is submitting the remainder of its FY 2020 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount (Subaccount). The JLBC gave a favorable review to the initial portion of the expenditure plan at its meeting on June 18, 2019.

DPS has allocated \$1,050,000 from the Subaccount in FY 2020 for border security and law enforcement grants to county sheriffs. Consistent with previous years, DPS consulted with the Arizona Sheriffs' Association (ASA) on the distribution of the grants. The ASA voted for the money to be distributed to the counties as outlined below.

County Sheriff	FY 2020 Plan
Cochise	\$ 250,000
Graham	100,000
Greenlee	100,000
La Paz	100,000
Pima ^{1/}	0
Pinal ^{2/}	0
Santa Cruz	250,000
Yuma	250,000
TOTAL	\$1,050,000

^{1/} The Pima County Sheriff's Department has been allocated \$400,000 in FY 2020 from the GIITEM Fund pursuant to the Criminal Justice Budget Reconciliation Bill.

^{2/} The Pinal Sheriff's Office has been allocated \$500,000 in FY 2020 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 A.R.S. § 41-1724, 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. 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,

A handwritten signature in black ink, appearing to read "F. Milstead", with a stylized flourish at the end.

Frank L. Milstead, Colonel
Director

c: Senator David Gowan, Vice-Chairman
 Matthew Gress, OSPB Director
 Richard Stavneak, JLBC Director



STATE OF ARIZONA

Joint Legislative Budget Committee

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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Elizabeth Dagle, Fiscal Analyst *ED*

SUBJECT: Department of Veterans' Services - Review of Veterans' Suicide Prevention Program

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the Department of Veterans' Services (DVS) submitted for Committee review its report on expenditures related to the Veterans' Suicide Prevention line item as well as the status of non-state matching funds.

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 also consider the following provision:

- A. On or before December 31, 2019, DVS shall report to the Committee on the status of the VA contract.

Key Points

- 1) In CY 2019, a nonprofit organization is receiving \$2.9 million to operate a veterans' mental health program called "Be Connected"
- 2) The CY 2019 amount includes a federal Veterans' Affairs grant and \$575,000 from a half year of a new FY 2020 General Fund appropriation.
- 3) DVS reports the appropriation will help support a team of 18 staff who connect service members, veterans, and family members to resources statewide.
- 4) The program's hotline has responded to 10,000 calls since its creation in 2017.

(Continued)

Analysis

Background

The FY 2020 General Appropriation Act appropriates \$1,225,500 from the General Fund to be distributed to a nonprofit veterans' service organization. Of this amount, DVS may spend up to \$75,700 to hire a program specialist to act as a liaison between DVS and the nonprofit organization, leaving \$1,149,800 for programmatic operations.

DVS proposes to use the appropriation to maintain, and potentially expand, the Arizona Be Connected program. Be Connected is a collaboration of partners including DVS, the Arizona Coalition for Military Families (ACMF), the United States Department of Veterans' Affairs (VA), the Arizona Health Care Cost Containment System (AHCCCS), the Arizona National Guard, TriWest Healthcare Alliance, and the Governor's Office of Youth, Faith, and Family (GOYFF).

Be Connected operates a 24/7 hotline, hosts an online match tool, and has a staff of Resource Navigators, all of which help service members, veterans, and their families connect to support services and resources. Since its founding in 2017, Be Connected has responded to 10,000 calls on its support line, offering crisis counseling as well as assistance in identifying resources. In addition to other support staff, the Be Connected website currently lists 18 Resource Navigators and Program Specialists, employed by 10 different agencies and organizations.

Funding

Be Connected receives funding from several sources as outlined in *Table 1*. In CY 2019, total funding is \$2.9 million, including a half year of funding from the General Fund. In CY 2020, the program will spend \$4.1 million if the VA contract is continued.

The current contract between Be Connected and the VA runs through September 29, 2019 and a new contract would begin on October 1, 2019. As displayed in *Table 1*, DVS assumes Be Connected will continue to receive VA funding.

DVS reports if VA funding is no longer available, the \$1.2 million General Fund appropriation will help backfill the loss of Federal Funds. If the VA funding is continued, Be Connected will expand current programming by increasing efforts in rural communities and conducting further outreach to their target population of 1.6 million service members, veterans, and family members across Arizona. Be Connected will focus its efforts on reaching vulnerable populations including veterans experiencing homelessness, veterans in transition, rural and tribal veterans, and veterans with mental health and substance use issues.

The status of VA funding after September 29, 2019 is unknown as of September 16, 2019. Under Provision A, DVS must submit a follow up report to the Committee regarding VA funding on or before December 31, 2019. If the funding is continued, DVS shall include in the report how the program will be expanded and the number of additional individuals that will be served under that expansion.

(Continued)

Table 1		
"Be Connected" Program Implementation Funding by Year		
<u>Calendar Year</u>	<u>Funding Source</u>	<u>Budget</u>
2019	DVS State Funding ^{1/}	\$574,900
	Governor's Office of Youth, Faith, and Family and AHCCCS funding	259,000
	Phoenix VA Health Care System contract (VA Funding) ^{2/}	2,000,000
	CDC Foundation Data & Evaluation Grant	50,000
	Total	\$2,883,900
2020	DVS State Funding ^{3/}	\$1,149,800
	Governor's Office of Youth, Faith, and Family and AHCCCS funding	539,000
	Phoenix VA Health Care System Contract (VA Funding) ^{2/}	2,000,000
	U.S. Department of Health and Human Services Rural Veteran Health Access Grant	300,000
	Private Foundation Grants	150,000
	Total	\$4,138,800
^{1/} Half a year of the General Fund appropriation after accounting for the full-time program coordinator. ^{2/} Includes carryover from prior year and potential renewal or future funds. This funding is not confirmed, but Be Connected believes the funding will be approved. ^{3/} One full year of General Fund appropriations after accounting for the full-time program coordinator.		

ED:lm



DOUGLAS A. DUCEY
GOVERNOR

STATE OF ARIZONA
ARIZONA DEPARTMENT OF VETERANS' SERVICES
OFFICE OF THE DIRECTOR
3839 N THIRD STREET
PHOENIX, AZ 85012
Tel 602.255.3373 • Fax 602.255.1038
www.azdvs.gov



WANDA A. WRIGHT
DIRECTOR

August 30, 2019



Joint Legislative Budget Committee
Regina E. Cobb, Chairman
David M. Gowan, Vice-Chairman
1716 West Adams
Phoenix, AZ 85007

Honorable Regina E. Cobb:

Pursuant to Section 98 of the FY2020 Appropriations Bill, the Arizona Department of Veterans' Services (ADVS) respectfully submits this expenditure report for review by the Joint Legislative Budget Committee (JLBC), including the current status of non-state matching funds.

ADVS received a \$1,225,500 appropriation from the General Fund in the FY2020 Appropriations Bill to maintain and possibly expand the Be Connected program designed to prevent suicide among Veterans and their families. ADVS understands and acknowledges that JLBC requires submission of this report before any of these appropriated monies can be spent.

ADVS will hire a full-time coordinator and will spend no more than \$75,700 annually from the \$1,225,500 appropriated for this program. This coordinator will serve as liaison between ADVS and the organization that will be contracted to ensure continuous implementation of the Be Connected program through Arizona. At least \$1,149,800 will be available in FY2020 for contracted services to be paid in quarterly installments through the end of the fiscal year.

The Department is committed to prevent suicide and to continue to advocate for Veterans and their families in compliance with best practices ensuring the most effective use of State resources.

Sincerely,

Wanda A. Wright
Director

Cc: Richard Stavneak, JLBC Director
Matt Gress, OSPB Director
John Scott, II, Deputy Director

Be Connected Expenditure Report – July 2019

Be Connected Implementation Funding by Phase				
Program Phase	Activities	Partners Added In Each Phase	Budget	Funding Sources
Phase 1 (Jan – Dec 2017)	<ul style="list-style-type: none"> ▪ Program development and launch ▪ Support line launch (1.0 FTE) ▪ Resource Match Tool launch ▪ Program management and implementation 	<ul style="list-style-type: none"> ▪ Arizona Coalition for Military Families ▪ Arizona Department of Veterans' Services ▪ U.S. Department of Veterans Affairs ▪ Crisis Response Network (support line) ▪ TriWest Healthcare Alliance 	\$200,000	<ul style="list-style-type: none"> ▪ ADVS Veteran Donation Fund grant to Crisis Response Network (\$70,000) ▪ GOYFF and AHCCCS funding (\$130,000)
Phase 2a (Jan – Dec 2018)	<ul style="list-style-type: none"> ▪ Support line expansion (1.0 to 2.0 FTEs) ▪ Addition of Navigator component (0 to 4.0 FTEs) ▪ Addition of Navigation + pilot program 	<ul style="list-style-type: none"> ▪ La Frontera Arizona (navigators) 	\$1,400,000	<ul style="list-style-type: none"> ▪ ADVS Veteran Donation Fund grant to Crisis Response Network (\$70,000) ▪ GOYFF and AHCCCS funding (\$130,000) ▪ Halle Foundation grant (\$200,000) ▪ Phoenix VA Health Care System (\$1,000,000 contract starting Oct 2018)
Phase 2b (Jan – Dec 2019)	<ul style="list-style-type: none"> ▪ Support line expansion (2.0 FTEs to 6.0 FTEs) ▪ Navigator expansion (4.0 FTEs to 12.0 FTEs) ▪ Addition of ADVS Be Connected Liaison ▪ Addition of Be Connected Coordinator and Community Coordinator ▪ Addition of data and evaluation team ▪ Addition of statewide outreach plan 	<ul style="list-style-type: none"> ▪ Arizona State University (data and evaluation) ▪ Maricopa County Department of Public Health (closed loop pilot) ▪ To be determined (based on Identification of vulnerable populations based on data) 	\$2,883,900 (rate of expansion will be based on need and available resources)	<ul style="list-style-type: none"> ▪ GOYFF and AHCCCS Funding (\$259,000) ▪ Phoenix VA Health Care System contract (\$2,000,000 - carryover from prior year and potential renewal/future funds) ▪ CDC Foundation Data & Evaluation grant (\$50,000) ▪ ADVS funding (\$574,900 – half year of state appropriation)

	<ul style="list-style-type: none"> ▪ Addition of Closed Loop Referral system pilot program ▪ Addition of Navigation + focus on identified vulnerable populations 			
Phase 3 (Jan – Dec 2020)	<ul style="list-style-type: none"> ▪ Support line expansion (6.0+ FTEs) ▪ Navigator Expansion (12.0+ FTEs) ▪ Expansion of Community Coordinator component (6+ FTEs) ▪ Focus on veterans and family members at high risk for opioid use disorder 	<ul style="list-style-type: none"> ▪ Arizona Center for Rural Health (Community Coordinators - 2.0 FTEs) 	\$4,138,800 (rate of expansion will be based on need and available resources)	Potential funding: <ul style="list-style-type: none"> ▪ GOYFF and AHCCCS Funding (\$539,000) ▪ Phoenix VA Health Care System contract (\$2,000,000) ▪ ADVS state funding (\$1,149,800) ▪ U.S. Department of Health and Human Services Rural Veteran Health Access grant (\$300,000 to Arizona Center for Rural Health) ▪ Private foundation grants (\$150,000)

Matching Funds Report – July 2019	
Source	Status
U.S. Department of Veterans Affairs	<p>The current contract extension runs through 9/29/19. If awarded the new contract will begin on 10/1/19. There is no further status update available at this time from the VA on the new contract.</p> <p>If funding from the VA is not available, the current program operations can be sustained with the state appropriation and other expected funding sources. If the VA funding is available, it will allow for more extensive implementation and expansion of Be Connected to reach the population in need.</p>