

JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, November 16, 2017

9:30 a.m.

House Hearing Room 1

JLBC

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

DEBBIE LESKO
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JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, November 16, 2017

9:30 A.M.

House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of September 19, 2017.](#)
- DIRECTOR'S REPORT (if necessary).
- EXECUTIVE SESSION - JLBC Annual Performance Review per Rule 7.
- 1. ARIZONA DEPARTMENT OF EDUCATION
 - [A. Review of State Aid Correction for Bonita Elementary.](#)
 - [B. Review of Joint Technical Education District Quarterly Reports.](#)
 - [C. Review of Additional Empowerment Scholarship Account Administrative Funding.](#)
- 2. STATE BOARD OF EDUCATION - [Review of K-6 Technology-Based Language Development and Literacy Intervention Pilot Program.](#)
- 3. ATTORNEY GENERAL - [Review of Allocation of Settlement Monies - State v. McKesson Corporation.](#)
- 4. DEPARTMENT OF CHILD SAFETY - [Review of FY 2018 First Quarter Benchmarks.](#)
- 5. DEPARTMENT OF ECONOMIC SECURITY - [Review of Staffing Plan for the Division of the Developmental Disabilities.](#)

6. ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Public Safety Broadband.

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

11/6/17

lm

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

September 19, 2017

The Chairman called the meeting to order at 1:00 p.m., Tuesday, September 19, 2017, in House Hearing Room 1. The following were present:

Members:	Senator Lesko, Vice-Chairman	Representative Shooter, Chairman
	Senator Cajero Bedford	Representative Allen
	Senator Farley	Representative Alston
	Senator Farnsworth	Representative Fernandez
	Senator Hobbs	Representative Leach
	Senator Kavanagh	Representative Livingston
	Senator Petersen	Representative Ugenti-Rita
	Senator Yee	

Absent: Representative Bowers

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 6, 2017, Chairman Don Shooter stated that the minutes would stand approved.

CONSENT AGENDA

Senator Farley moved that the Committee remove 3B DEPARTMENT OF CHILD SAFETY – Review of FY 2017 Fourth Quarter Benchmarks from the consent agenda. The motion carried.

The following items were considered without discussion.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/LOTTERY - Review of Arizona State Lottery Commission (Lottery) IT System Replacement Project (Automation Projects Fund).

Pursuant to A.R.S. § 41-714, the Joint Legislative Budget Committee is required to review Automation Projects Fund (APF) expenditures prior to expenditure. The Lottery requested that the Committee review its \$2,900,000 in proposed FY 2018 expenditures from the APF for an Information Technology (IT) system replacement project. The JLBC Staff provided options and potential provisions:

- A. Prior to the expenditure of any monies, Lottery shall receive approval of the project from the Information Technology Authorization Committee (ITAC).*
- B. Prior to the expenditure of the remaining \$597,400 of the appropriation, Lottery shall submit for Committee review a report of the intended use of those monies.*
- C. Committee review does not commit the Legislature to any ongoing funding.*

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Microwave System Upgrade Project (Automation Projects Fund).

Pursuant to A.R.S. § 41-714, the Joint Legislative Budget Committee is required to review Automation Projects Fund (APF) expenditures prior to expenditure. The FY 2018 APF appropriation included \$2,500,000 for continued work on the Microwave System Upgrade project. DPS requested that the Committee review \$1,000,000 for the Microwave System Upgrade project. The remaining \$1.5 million will be reviewed at a later date. The JLBC Staff provided options.

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

The FY 2017 General Appropriation Act requires DCS to submit proposed line item transfers to the Committee for review. DCS requested Committee review for the following FY 2017 line item transfers:

General Fund

\$200,000 into the Grandparent Stipends line item.

\$(200,000) out of the Foster Care Placement line item.

Expenditure Authority

\$2,536,000 into the Emergency and Residential Placement line item.

\$1,134,000 into the Prevention line item.

\$(3,670,000) out of the Foster Care Placement line item.

The JLBC Staff provided options.

ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2017 Bed Capacity Report.

Pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Joint Legislative Budget Committee is required to review a report by the Arizona Department of Corrections detailing the bed capacity changes in FY 2017 and the proposed changes in FY 2018. The JLBC Staff provided options.

(Continued)

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

Pursuant to the FY 2018 Criminal Justice Budget Reconciliation Bill (Laws 2017, Chapter 303) and A.R.S. § 41-1724G, the Joint Legislative Budget Committee is required to review DPS's expenditure plan for the GIITEM Subaccount prior to expenditure. At an earlier meeting, the Committee had favorably reviewed DPS's \$2,390,000 plan. DPS has now revised its \$1,050,000 allocation for Border Security and Law Enforcement Grants and requested Committee review the revised plan. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Approval of Maximum Lodging Reimbursement Rates.

A.R.S. § 38-624C requires the Committee to approve any changes to ADOA's maximum reimbursement rates for lodging and meal expenses. ADOA requested Committee review its proposed changes to the maximum reimbursement amounts. The JLBC Staff provided options and a potential provision:

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

Representative Shooter moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 6 consent agenda items listed above. The motion carried.

REGULAR AGENDA

DIRECTOR'S REPORT

Richard Stavneak, JLBC Director, spoke, letting the Committee know that the health insurance decisions talked about at the September 6, 2017 meeting were now made public by ADOA. The changes were implemented as discussed in the meeting.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2017 Fourth Quarter Benchmarks.

The FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit a report to the Committee for its review of quarterly benchmarks for assessing progress made in increasing the department's number of FTE Positions, meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care. The JLBC Staff provided options.

Mr. Gregory McKay, Director, DCS, responded to member questions and circulated a document. (Attachment 1).

Senator Yee moved that the Committee give a favorable review of the department's fourth quarter FY 2017 benchmark report. The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Human Resources Information System Replacement Study (Automation Projects Fund).

Ms. Rebecca Perrera, JLBC Staff, stated that pursuant to A.R.S. § 41-714, the Committee is required to review ADOA's expenditure plan for the APF prior to expenditure. ADOA requested that the Committee review \$500,000 in proposed FY 2018 expenditures from the APF for a feasibility study to replace the State's Human Resource Information System (HRIS). The JLBC Staff provided options and potential provisions.

Senator Lesko moved that the Committee give a favorable review of \$500,000 in proposed FY 2018 expenditures from the APF for a feasibility study to replace the state's HRIS with the following provisions:

- A. *ADOA shall report to the Committee within 10 days of awarding the contract for the study on: 1) the number of respondents solicited for a bid by the department, 2) the number of bids submitted along with the dollar value for each, and 3) the justification for selecting the winning bidder.*
- B. *ADOA shall report to the Committee by February 28, 2018 on the outcome of the study including the expected project costs, timeline, deliverables, and proposed funding sources.*

The motion carried.

EXECUTIVE SESSION

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of E-Procurement Project (Automation Projects Fund).

Pursuant to A.R.S. § 41-714, the Committee is required to review ADOA's expenditure plan for the Automation Projects Fund (APF) prior to expenditure. ADOA requested Committee review of \$8,700,000 in proposed FY 2018 expenditures for the replacement of the state's e-procurement system. The Committee met in Executive Session pursuant to House Rule 33F to hear testimony pursuant to A.R.S § 38-431A.

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

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

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

At 2:35 p.m. the Committee reconvened into open session.

Senator Lesko moved that the Committee give a favorable review to the \$8,700,000 in proposed FY 2018 expenditures for the replacement of the state's e-procurement system with the following provisions:

- A. *Committee review does not commit the Legislature to any additional funding above the currently appropriated \$9,000,000 to replace the e-procurement system.*
- B. *ADOA shall report on or before November 3, 2017 any project modifications required to keep the development costs within the \$9,000,000 available.*

(Continued)

- C. ADOA shall use its remaining \$8,700,000 to pay the e-procurement vendor. Any other use of the funding would require further JLBC review.
- D. ADOA shall provide the Committee by November 3, 2017: 1) a more detailed analysis of the derivation of ADOA's internal costs for the project and 2) options for funding these costs.
- E. ADOA shall submit monthly reports beginning November 1, 2017 to the JLBC Staff with detailed project expenditures, cost projections, and progress in meeting the projects timeline and deliverables.
- F. Should the final costs exceed the estimated costs by 10% or more, or should there be significant changes to the proposed technology, scope of work or implementation schedule, the ADOA must amend the Project Investment Justification (PIJ) to reflect the changes and submit it to ADOA-ASET for review and approval prior to further expenditure of funds.

Representative Allen made a substitute motion that the item be removed from the agenda.

Representative Shooter made a substitute motion to the Allen motion that the item stay on the agenda and that the Committee has heard the item. The Shooter substitute motion failed by a roll call vote of 6-9-0-1. (Attachment 2)

Representative Allen withdrew his substitute motion.

Representative Shooter made a motion (the same as the original Lesko motion) that the Committee give a favorable review with provisions outlined above. The substitute motion failed by a roll call vote of 6-8-0-2. (Attachment 2)

The Committee failed to pass a motion to give Item 7A a favorable review.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Criminal Justice Information System Replacement (Automation Projects Fund).

Mr. Geoffrey Paulsen, JLBC Staff, stated that pursuant to A.R.S. § 41-714, the Committee is required to review ADOA's expenditure plans for the APF prior to expenditure. ADOA/DPS requested that the Committee review \$2,343,000 in proposed FY 2018 expenditures from the APF for upgrades to the Criminal Justice Information System. The JLBC Staff provided options and potential provisions.

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

Senator Lesko moved that the Committee give a favorable review to the proposed expenditure plan with the following provisions:

- A. A favorable review does not constitute endorsement of General Fund appropriations to pay for future development costs or operating costs.
- B. DPS shall report to the Committee by September 29, 2017 on 1) the number of respondents solicited for a bid on the message switch contract by the department, 2) the number of bids submitted along with the dollar value for each, and 3) the justification for selecting the winning vendor.

The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF CHILD SAFETY (DCS) - Review of CHILDS (Automation Projects Fund).

Mr. Patrick Moran, JLBC Staff, stated that A.R.S. § 41-714 requires Joint Legislative Budget Committee review prior to any monies being expended from ADOA's Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. ADOA/DCS requested Committee review of \$13,884,400 to implement technical integration, the system platform, the mobile solution and other components of the project. The JLBC Staff provided options and a potential provision.

Mr. Robert P. Navarro, Assistant Director of Budget and Finance, DCS, responded to member questions.

Senator Lesko moved that the Committee give a favorable review of \$7,600,000 in APF expenditures for the CHILDS replacement project in FY 2018, with the following provision:

- A. *DCS shall report to the JLBC Chairman if the cost for any project component changes by more than \$500,000 in total funds in FY 2018. The Chairman would then determine whether any such changes require review by the full Committee.*

The motion carried.

The remaining \$6,284,400 from the FY 2018 appropriation would be reviewed by the Committee at a future meeting once ADOA/DCS have finalized contract awards for technical integration and document management.

ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2018 Tuition Revenues.

Mr. Matt Beienburg, JLBC Staff, stated that pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Joint Legislative Budget Committee is required to review the expenditure plan of ABOR for tuition revenue amounts greater than the amounts appropriated by the Legislature, and all non-appropriated tuition and fee revenue expenditures for the current fiscal year. The JLBC Staff provided options.

Mr. Kody Kelleher, Assistant Vice President, Governmental Affairs, ABOR, responded to member questions.

Representative Shooter moved that the Committee give a favorable review of ABOR's FY 2018 plan. The motion carried.

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

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

At 3:30 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

(Continued)

At 4:39 p.m. the Committee reconvened into open session.

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

- *Caughlin, et al. v. State of Arizona*
- *Chevalier v. State of Arizona, et al.*
- *Curtis v. State of Arizona, et al.*
- *Grimmius, et al. v. Banner UMC, et al.*

The motion carried.

Without objection, the meeting adjourned at 4:40 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



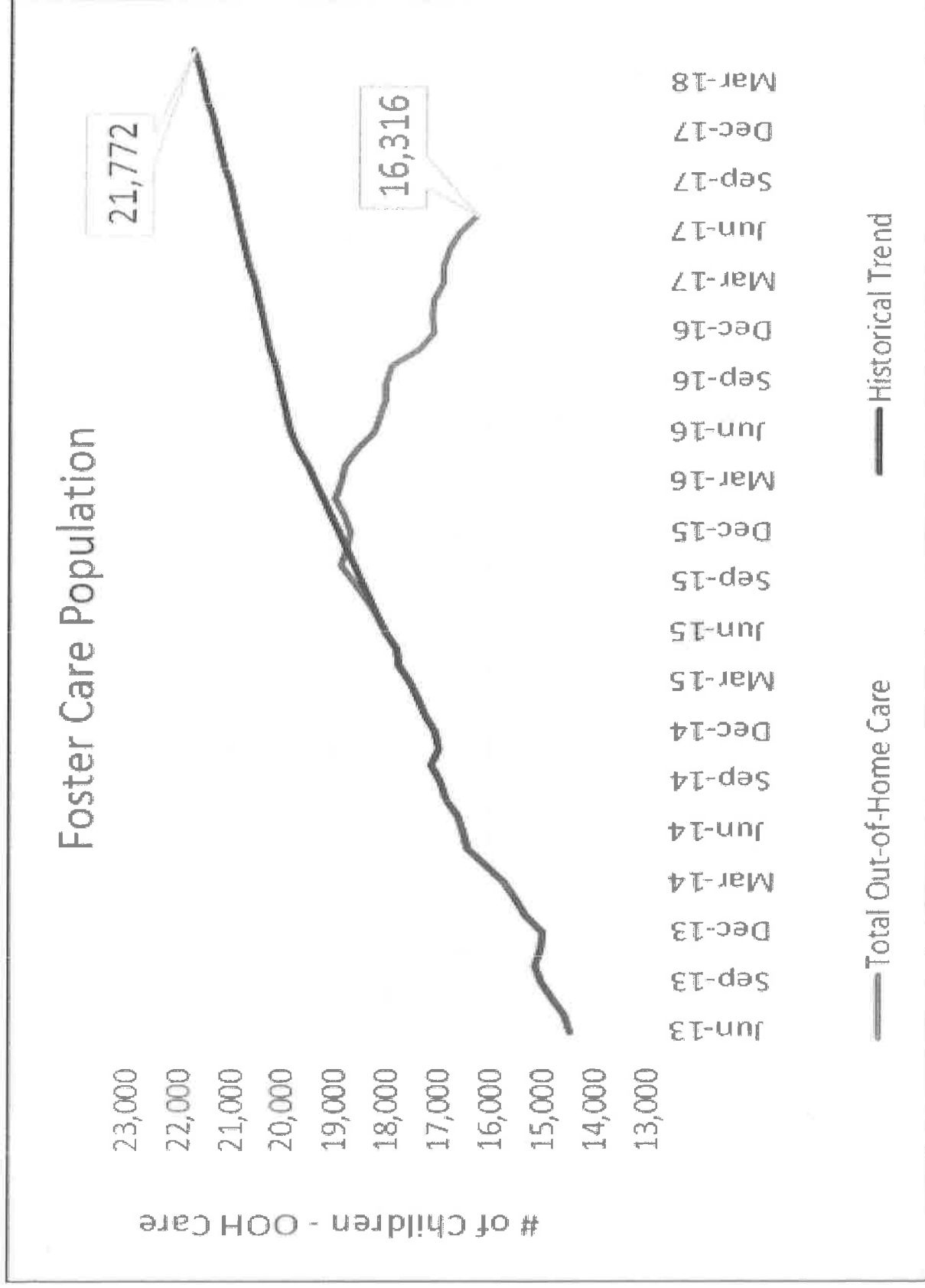
Representative Don Shooter, Chairman



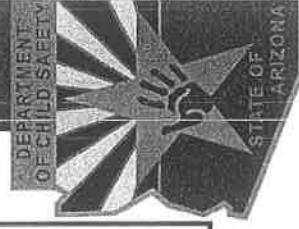
Department of Child Safety

Data charts as of week beginning 9.18.17

Out-of-Home Care Projection

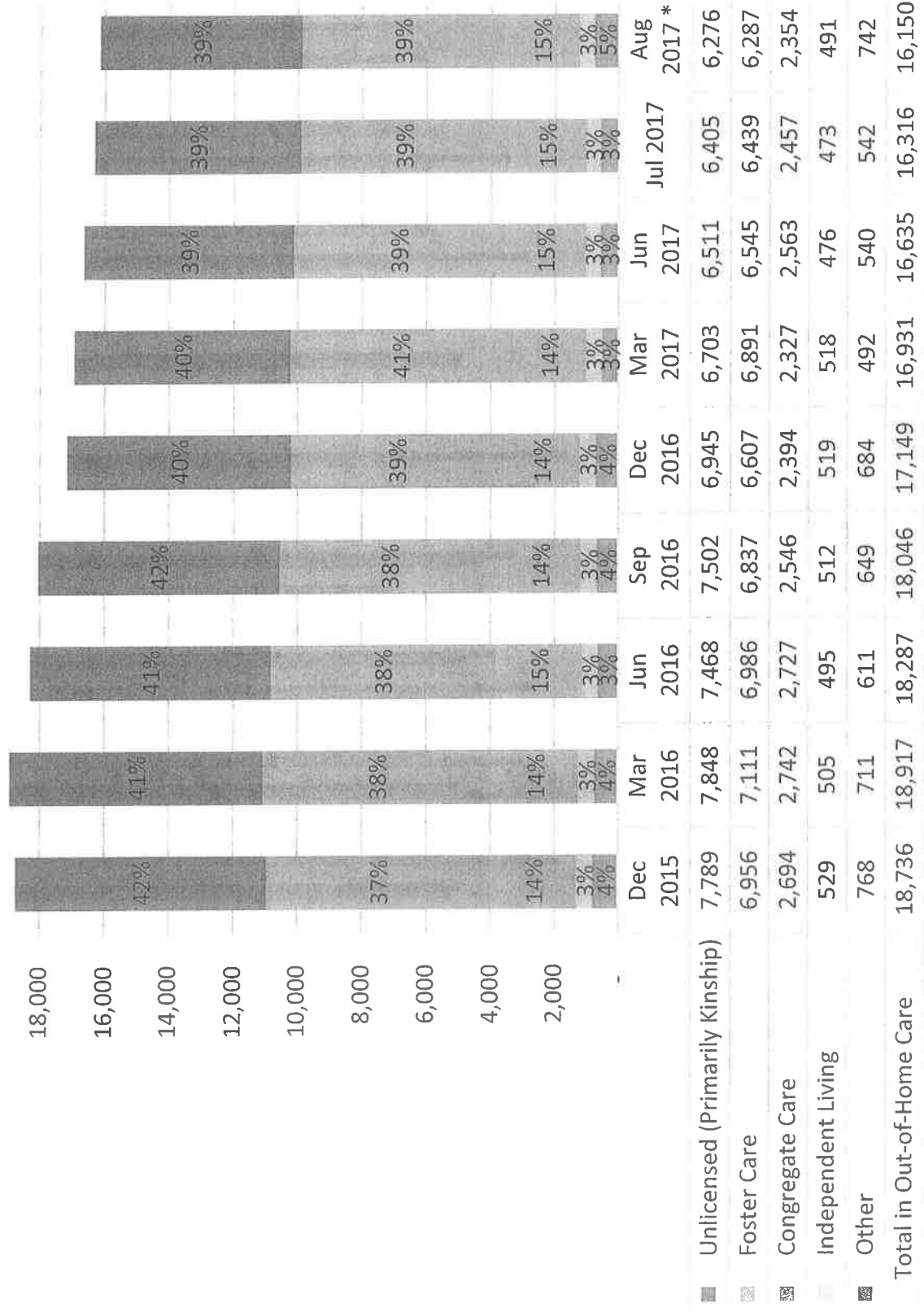


NOTE: Current OOH population reflects July 2017 data
 Data Source: DCS Monthly Out-of-Home Care Report, 9.18.17



Children in Out-of-Home Care

Children in Out-of-Home Care by Placement Type

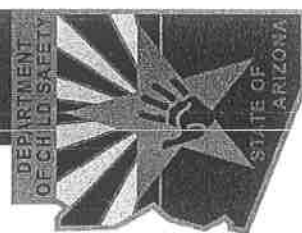
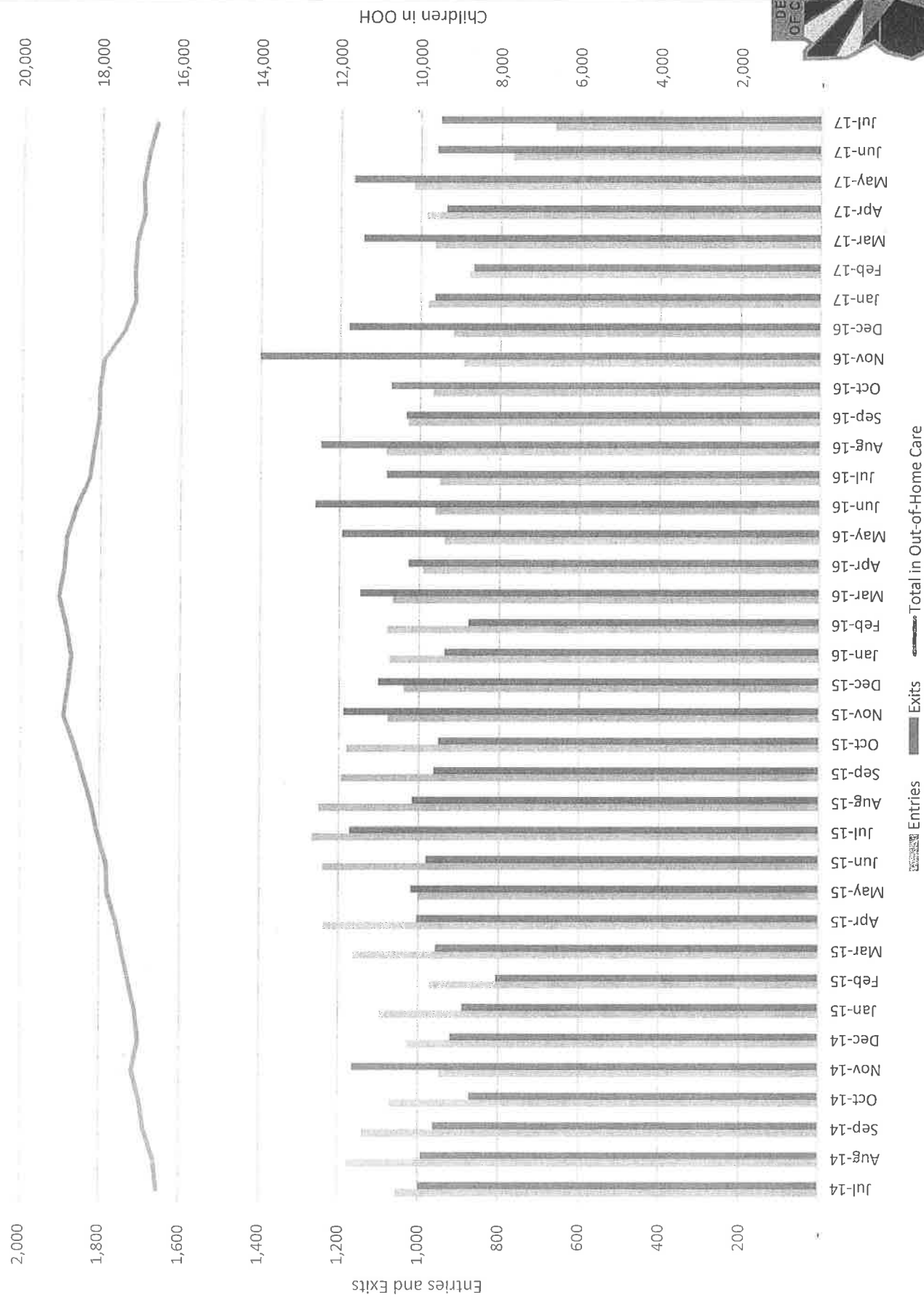


NOTE: August 2017 data is preliminary

Data Source: DCS Monthly Out-of-Home Care Report, 9.18.17

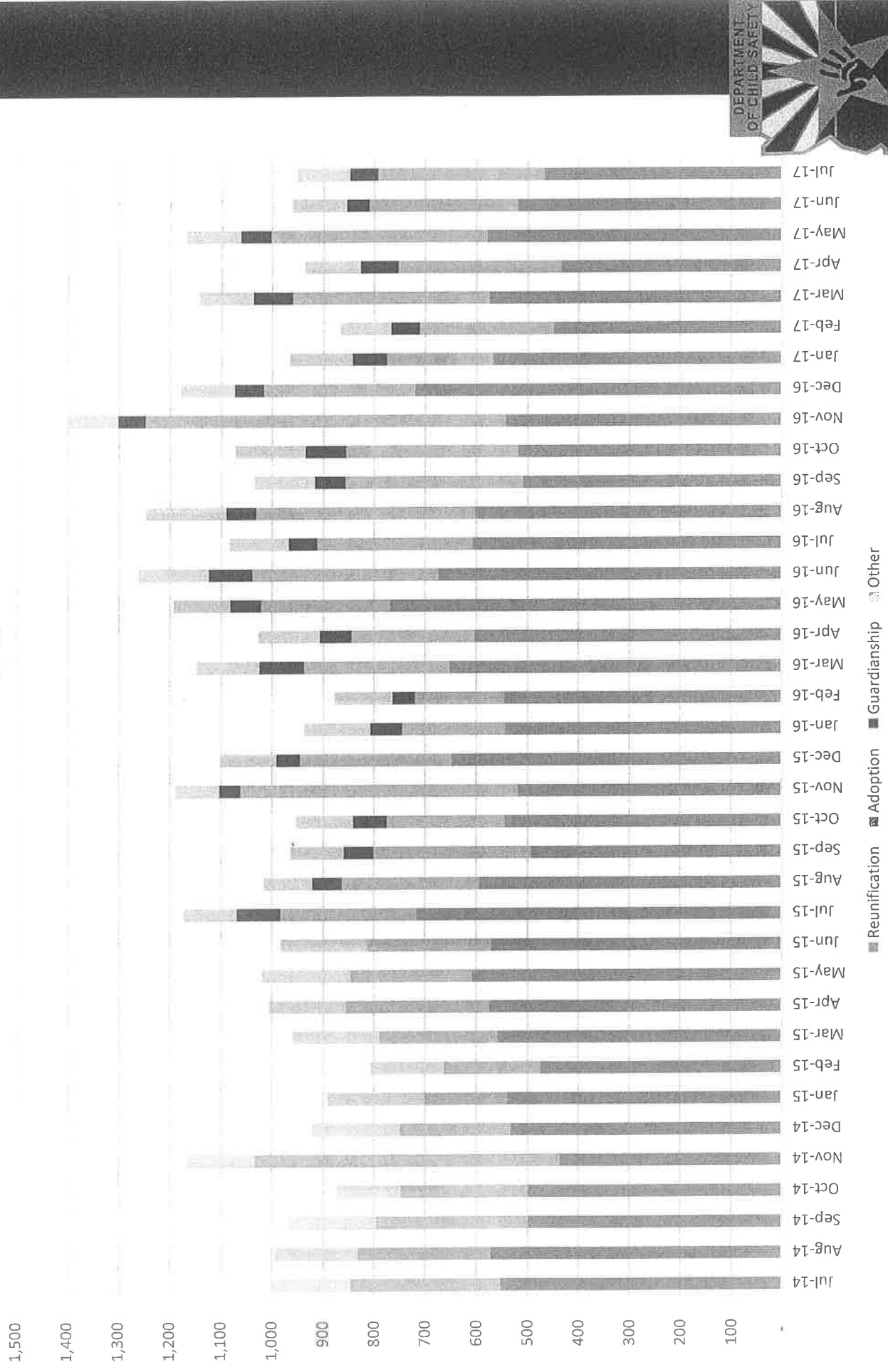


Entries and Exits



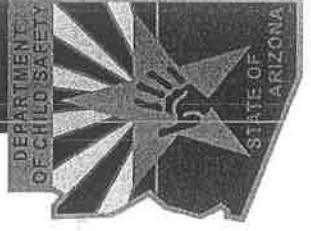
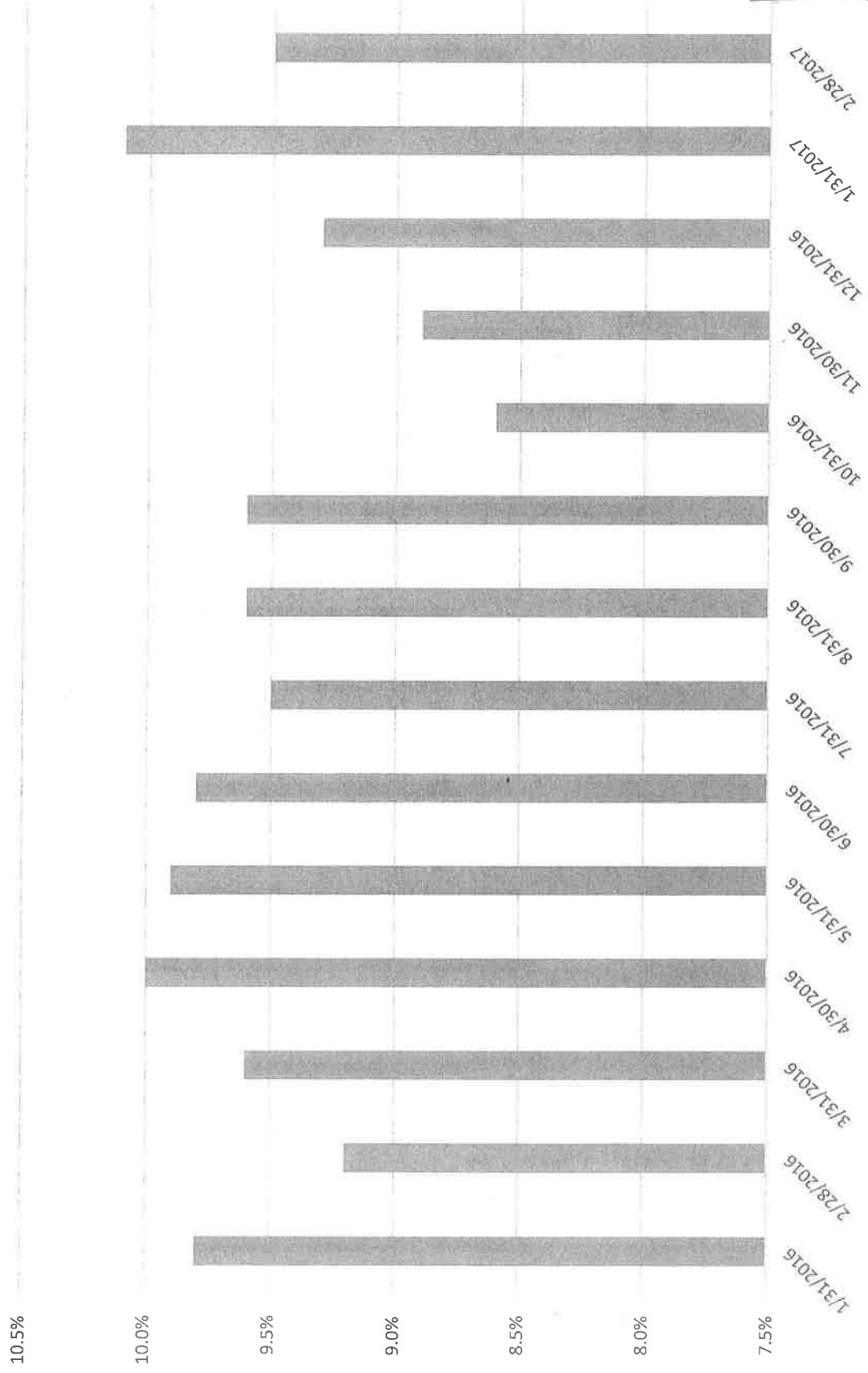
Data Source: Removals & Returns Dashboard, 9.18.17.

Exits by Type



Re-entry within 6 months of Exiting Care

Children who exited care 6 months ago this month,
what % reentered care in the last 6 months



NOTE: Rolling 6 month average
Data Source: DCS Einstein, 9.13.17

Re-report within 12 months of Exiting Care

Children who exited care 1 year ago this month,
what % had a re-report of abuse or neglect in the last 12 months



JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: 9/19/17

ITEM # 7a substitute
motion

ITEM # 7a favorable
review

	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT
REP. ALLEN	/	—			/		
REP. ALSTON	/	—			/		
REP. BOWERS	—	/				/	
SEN. CAJERO BEDFORD	/	—		/			
SEN. FARLEY	/	—			/		
SEN. FARNSWORTH	/	—		/			
REP. FERNANDEZ	/	—			/		
SEN. HOBBS	/	—			/		
SEN. KAVANAGH	/	—		/			
REP. LEACH	/	—			/		
REP. LIVINGSTON	/	—			/		
SEN. PETERSEN	/	—		/			
REP. UGENTI-RITA	/	—			/		
SEN. YEE	/	—		/			
REP. SHOOTER	/	—			/		
SEN. LESKO	/	—		/			
TOTALS	15	1		6	9	0	1

	PASS	AYE	NAY	PRESENT	ABSENT
REP. ALLEN			/		
REP. ALSTON			/		
REP. BOWERS					/
SEN. CAJERO BEDFORD		/			
SEN. FARLEY		/			
SEN. FARNSWORTH		/			
REP. FERNANDEZ			/		
SEN. HOBBS			/		
SEN. KAVANAGH		/			
REP. LEACH			/		
REP. LIVINGSTON			/		
SEN. PETERSEN					/
REP. UGENTI-RITA			/		
SEN. YEE		/			
REP. SHOOTER		/			
SEN. LESKO			/		
TOTALS		6	8	0	2

Attachment 2



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DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Steve Schimpp, Deputy Director 

SUBJECT: Arizona Department of Education - Review of State Aid Correction for Bonita Elementary

Request

Pursuant to A.R.S. § 15-915B, the Arizona Department of Education (ADE) requests favorable review of its plan to provide the Bonita Elementary School District (BESD) with \$115,600 in corrected state aid funding due to a settlement in Arizona Tax Court regarding property taxes paid in prior years by Naturesweet USA.

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) Naturesweet USA in Bonita Elementary recently won 2 property tax appeals in Arizona Tax Court.
- 2) As a result, the district must refund \$115,600 in K-12 QTR and SETR taxes that it received from the company from FY 2015 through FY 2017.
- 3) A.R.S. § 15-901B requires the state to reimburse the district for the refund, subject to JLBC review.

Analysis

Subject to review by the JLBC, A.R.S. § 15-915B requires ADE to reimburse a school district for K-12 "local share" taxes that it must refund to a taxpayer due to an Arizona Tax Court ruling that reduces the

(Continued)

taxpayer's assessed property value for prior fiscal years. In that regard, Arizona Tax Court recently ruled that property owned by Naturesweet USA was overvalued for taxation purposes between FY 2015 and FY 2017.

As a result, the BESD must refund \$115,600 in QTR and SETR taxes that the property owner paid to it for FY 2015 through FY 2017. ADE therefore requests Committee review of its plan to provide BESD with \$115,600 in corrected state aid to reimburse it for monies that it must refund.

The \$115,600 refund would correct BESD's net state aid for FY 2015 through FY 2017 to what it would have been if the property owner had paid correct QTR and SETR taxes originally.

SSc:kp



State of Arizona
Department of Education



School Finance



TO: Senator Don Shooter, Chairman
Joint Legislative Budget Committee

FROM: Lyle Friesen, Deputy Associate Superintendent of School Finance

DATE: 11/3/2018

SUBJECT: Correction of State Aid 15-915(B)

Bonita Elementary School District has requested state aid corrections for prior fiscal years. Pursuant to A.R.S §15-915(B), review by the JLBC is required.

A.R.S. §15-915 B: Subject to the review by the joint legislative budget committee, the superintendent of public instruction shall adjust state aid for a school district in the current year if the governing board of a school district requests the recalculation of state aid for a prior year due to a change in assessed valuation that occurred as the result of a judgment in accordance with section 42-16213.

The Graham County Superior Court has issued stipulated judgements in favor of Naturesweet USA, LLC. in regard to the tax year 2014, 2015 and 2016 assessed valuation of property owned by them. Thus, the state aid is recalculated by School Finance as \$115,591.62 for FY15, (\$37.72) for FY16 and \$5.96 for FY17 and will be distributed with FY18 state aid funding to Bonita Elementary School District.

If you have any further questions, please contact Lyle Friesen, School Finance Director at 602-542-8250 or Lyle.Friesen@azed.gov.

Thank you.

cc: Richard Stavneak, Director of Joint Legislative Budget Committee
Steve Schimpp, Analyst of Joint Legislative Budget Committee



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DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Steve Schimpp, Deputy Director 

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

Request

The Arizona Department of Education (ADE) requests Committee review of its 2 most recent quarterly reports on JTED programs and courses pursuant to Laws 2016, Chapter 4.

Committee Options

The Committee has at least the following 2 options:

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

Key Points

- 1) ADE has reviewed 518 local JTED programs to date (195 during the past 2 quarters).
- 2) All but 5 were approved for continued state funding.
- 3) Non-compliant programs lacked a certified teacher, Career and Technical Student Organization or adequate instructional time.
- 4) The remaining 1,500+ local programs will be reviewed by December 31, 2018.

Analysis

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

(Continued)

funding under the new requirements. Chapter 4 requires ADE to submit quarterly reports to the Committee through December 31, 2018 for review on its progress and the subsequent approval or rejection of currently-eligible JTED programs and courses.

Prior Reports

ADE previously submitted quarterly reports to the Committee for JTED reviews conducted between April 1, 2016 and March 31, 2017. Those reviews covered 66 of 73 state-level JTED programs and 323 of 2,200+ local level programs. The remaining 7 state-level programs did not have any enrolled students, so could not be reviewed. The remaining 1,900 (approximately) local-level programs were not visited by March 30, 2017, but ADE plans to do so before December 31, 2018 (the Chapter 4 deadline for completing JTED program reviews).

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

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

No local-level programs were found to be ineligible for continued BSA funding prior to March 31, 2017.

New Reports

ADE reviewed an additional 195 local level programs (518 cumulatively) between April 1, 2017 and September 30, 2017. No additional state level programs were reviewed during that time.

Of the 518 local level programs reviewed to date, only 5 have been found ineligible for continued BSA funding. Those programs were found ineligible because they lacked a certificated teacher, Career and Technical Education Student Organization (CTSO) or adequate instructional time (*see Table 1*).

Table 1 Ineligible Local Level JTED Programs			
<u>Program</u>	<u>District/School</u>	<u>JTED</u>	<u>Deficiency</u>
Medical Assisting Services	Peoria USD/Peoria HS	West-MEC	Program closed
Sports Medicine and Rehabilitation Services	Kingman USD/Lee Williams HS	WAVE	Teacher certification
Construction Technologies	Peoria USD/Cactus HS	West-MEC	CTSO
Automotive Technologies	Peoria USD/Ironwood HS	West-MEC	CTSO
Automotive Technologies	Parker USD/Parker HS	WAVE	Instructional time & CTSO

Laws 2017, Chapter 279

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

RS:kp



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

October 19, 2017

Dear Chairman Shooter,

The purpose of this letter is to fulfill statutory requirements pursuant to Senate Bill 1525 (Laws 2016, Chapter 4, Section 6). The Department of Education (Department) is required to submit a quarterly report to the Joint Legislative Budget Committee (JLBC) to evaluate Joint Technical Education (JTED) programs progress, the approval or rejection of current eligible JTED programs and JTED courses. Additionally, the Department shall submit a copy of this report to the JLBC for review. Attached is the JTED Quarterly Reports dated June 30, 2017 and September 30, 2017.

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

Sincerely,

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

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

**Quarterly Report to the Joint Legislative Budget Committee
Per A.R.S. § 15-391.01 and 15-393
April 1-June 30, 2017**

Submitted By

**Cathie Raymond, State CTE Director
Deputy Associate Superintendent**

**Career and Technical Education
High Academic Standards for Students Division
Arizona Department of Education**

EXECUTIVE SUMMARY
A.R.S. § 15-393.01 Quarterly Report
April 1-June 30, 2017

Per A.R.S. § 15-391.01, and 15-393 the Arizona Department of Education shall immediately start reviewing the compliance and eligibility of all joint technical education district programs and courses currently in effect with the new requirements set forth in this act. Through December 31, 2018, the Department of Education shall submit quarterly reports to the Joint Legislative Budget Committee. This quarterly report provides information on the implementation activities through June 30, 2017.

The following is a summary of the implementation activities during this quarter:

- Joint Technical Education District (JTED) Superintendents and the Arizona Department of Education (ADE) / Career and Technical Education (CTE) held two meetings to discuss the implementation of A.R.S. § 15-391.01 and 15-393.
- The 2017 list of CTE Programs with Identified Industry Certifications for JTED Eligibility was updated with additional industry verified certifications to some of the 53 programs. This program list will also be effective during the 2017-2018 school year.
- ADE/CTE has begun implementing the changes from SB1525 to HB2229 by revising the compliance review documents.
- CTE/JTED Program Monitoring at the district/site level have been conducted in all 14 Joint Technical Education Districts reviewing 407 programs. 405 programs have met the JTED program/course requirements and will remain eligible for JTED funding.

**Quarterly Report to the Joint Legislative Budget Committee
Per A.R.S. § 15-391.01 and 15-393
July 1-September 30, 2017**

Submitted By

**Cathie Raymond, State CTE Director
Deputy Associate Superintendent**

**Career and Technical Education
High Academic Standards for Students Division
Arizona Department of Education**

EXECUTIVE SUMMARY
A.R.S. § 15-393.01 and 15-393 Quarterly Report
July 1-September 30, 2017

Per A.R.S. § 15-391.01 and 15-393 the Arizona Department of Education shall immediately start reviewing the compliance and eligibility of all joint technical education district programs and courses currently in effect with the new requirements set forth in this act. Through December 31, 2018, the Department of Education shall submit quarterly reports to the Joint Legislative Budget Committee. This quarterly report provides information on the implementation activities through September 30, 2017.

The following is a summary of the implementation activities during this quarter:

- Joint Technical Education District (JTED) Superintendents and the Arizona Department of Education (ADE) / Career and Technical Education (CTE) held seven meetings to discuss the implementation of A.R.S. § 15-391.01 and 15-393.
- A new application for *"Industry Credentials to be Considered for JTED Funding and A-F College Career Rubric"* was developed and distributed to the field.
- New compliance documents including Guidance Document and Monitoring Form were created and distributed to the field.
- CTE/JTED Program Monitoring at the district/site level have been conducted in all 14 Joint Technical Education Districts reviewing 518 programs. 513 programs have met the JTED program/course requirements and will remain eligible for JTED funding.



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Matt Beienburg, Senior Fiscal Analyst MB

SUBJECT: Arizona Department of Education - Review of Additional Empowerment Scholarship Account Administrative Funding

Request

Pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Arizona Department of Education (ADE) has submitted for review its expenditure plan for the additional \$400,000 appropriated for Empowerment Scholarship Account (ESA) administration in FY 2018.

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. By December 31, 2017, ADE shall provide to the JLBC Staff a dataset that includes the following information for each current ESA participant: FY 2018 award amount, prior local education agency (LEA) (if applicable), grade level, relevant eligibility criteria, and special education weight (if applicable).

Key Points

- 1) FY 2018 budget increased ADE's ESA administrative appropriation by \$400,000 to \$1,202,000.
- 2) Increased appropriation will fund additional staff, automate application and expense reporting processes, and support capital/indirect costs.
- 3) Appropriation remains below amount generated by 5% administrative set-aside from ESA awards.

(Continued)

Analysis

The FY 2018 General Appropriation Act (Laws 2017, Chapter 305) appropriated \$1,202,000 from the Department of Education ESA Fund for administration of the ESA program authorized in A.R.S. § 15-2402. This amount included a \$400,000 increase over the prior year.

ADE reports that it will use the additional \$400,000 to increase ESA program staffing and complete IT projects that will simplify the application and expense reporting process for parents and increase automation of ESA expenditure monitoring.

As shown in *Table 1*, ADE indicates it will use approximately \$263,000 of the additional funds for salaries and benefits, \$95,700 for IT upgrades, and \$41,300 for indirect and capital costs.

Table 1	
Additional ESA Administration Funding FY 2018 Expenditure Plan ^{1/}	
<u>Additional Staff</u>	
Salaries	\$190,000
Employee Benefits	73,000
Subtotal	\$263,000
<u>Information Technology</u>	
Adobe DocuSign for ESA Contracts	\$ 20,000
Parent Reminders	21,000
Bank Data for Parent Expense Reporting	28,000
2018 Update Award Calculator	6,000
Application Enhancements (AzEDS)	16,000
Internal Telecom	4,035
Software Support and Maintenance	665
Subtotal	\$ 95,700
<u>Capital, Supplies, Indirect Costs</u>	
Office Supplies	\$ 300
Capital Equipment	1,000
Indirect Cost	40,000
Subtotal	\$ 41,300
Total	\$400,000
^{1/} Reflects only the \$400,000 of additional FY 2018 funding. ADE ESA Fund appropriations total \$1,202,000 in FY 2018, including statewide adjustments.	

As ADE continues to upgrade its ESA IT infrastructure, the Committee may consider Provision A, which would facilitate more detailed analyses of ESA program usage by requiring ADE to provide information on current participants. The provision would require that ADE include the award amount, the district or charter school that each participant previously attended before switching to the ESA program (excluding kindergarteners), and the student's current grade level. ADE would also be required to include the relevant eligibility criteria that each ESA participant qualifies under (e.g., coming from a D or F-rated school, having a disability, etc.) and, as applicable, the additional special education funding weight for which each participant qualifies.

(Continued)

Background

ESA Fund revenues consist of monies retained from Basic State Aid pursuant to A.R.S. § 15-2402C. That law allows ADE to retain for ESA program administration 5% of the sum of the base support level (BSL) and additional assistance prescribed in A.R.S. § 15-185 and A.R.S. § 15-943 for each student participating in the ESA program. Of this amount, 4% is deposited into ADE's ESA Fund, while 1% is transferred to the Treasurer's ESA Fund to cover costs associated with managing ESA debit accounts.

The JLBC Staff estimates that the 5% ESA administrative set-aside will generate approximately \$3.0 million in FY 2018. Of this amount, ADE would retain \$2.4 million in its ESA Fund and transfer \$600,000 to the Treasurer's ESA Fund.

The actual expenditure of the retained monies, however is subject to legislative appropriation. For FY 2018, the amount appropriated for ESA administration to ADE is \$1,202,000.

Because the amount generated by the set-aside exceeds the amount appropriated—as it has in each year since the program's inception—ADE estimates that the ESA Fund will have a non-lapsing FY 2018 ending balance of \$2.9 million.

MB:kp



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



October 23, 2017

The Honorable Don Shooter, Chairman 2017
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

RE: Expenditure Plan for Fiscal Year 2018 Additional ESA Appropriation

Dear Chairman Shooter:

Pursuant to Laws 2017, Chapter 305, Section 121, I am submitting for the Committee's review an expenditure plan for the additional \$400,000 appropriated in fiscal year 2018 to the Arizona Department of Education (ADE) for the department's costs in administering the Empowerment Scholarship Account (ESA) program.

As part of its commitment to delivering outstanding customer service, ADE will use much of the additional appropriation to support increased staffing levels within the ESA program, which is currently serving over 4,300 students and their families. ADE also will use a portion of the funding to complete high impact information technology projects that will simplify the application and expense reporting process for parents and deliver enhanced automated monitoring of ESA expenditures.

Please feel free to contact my office with any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "CTack".

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

Enclosure

cc: Richard Stavneak, JLBC
Matt Beienburg, JLBC

Steve Schimpp, JLBC





Department of Education

FY18 Additional ESA Appropriation

October 23, 2017

FY18 Expenditure Plan for Additional \$400,000 ESA Appropriation:

Projected Expenditures

Personnel Services	\$190,000.00
Employee Related Expenses	\$73,000.00
Information Technology	
Adobe DocuSign for ESA Contracts	\$20,000.00
Parent Reminders	\$21,000.00
Bank Data for Parent Expense Reporting	\$28,000.00
2018 Update Award Calculator	\$6,000.00
Application Enhancements (AzEDS)	\$16,000.00
Information Technology Total	\$91,000.00
Internal Telecom	\$4,035.00
Software Support and Maintenance	\$665.00
Office Supplies	\$300.00
Capital Equipment	\$1,000.00
Indirect Cost	\$40,000.00
TOTAL	\$400,000.00





STATE OF ARIZONA

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DAVID LIVINGSTON
MICHELLE UGENTI-RITA

DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Matt Beienburg, Senior Fiscal Analyst MB

SUBJECT: State Board of Education - Review of K-6 Technology-Based Language Development and Literacy Intervention Pilot Program

Request

The State Board of Education (SBE) requests Committee review of its progress report on the K-6 Technology-Based Language Development and Literacy Intervention Pilot Program, as required by A.R.S. § 15-217F.

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) Goal is to help English language learners improve English reading abilities using language software.
- 2) 3,326 students from 77 schools participated during first year of pilot.
- 3) Results indicate positive impact on reading levels, but do not compare participants' progress against a control group.
- 4) SBE says implementation hurt by lack of staff, computer access, and student IT skills.
- 5) 2-year pilot program funded with \$546,800 through FY 2018.
- 6) Not in FY 2019 Baseline because currently funded with one-time monies.
- 7) In September 2018, SBE will recommend whether to expand into permanent statewide program.
- 8) ADE has not requested funding for FY 2019.

(Continued)

Analysis

The FY 2015 K-12 Education Budget Reconciliation Bill (BRB) (Laws 2014, Chapter 17) established a 2-year pilot program for a Technology-Based Language Development and Literacy Intervention for English language learners in kindergarten to 6th grade. The goal of the program is to help these students learn to read English faster through the use of software that provides individualized reading instruction. The software selected for the program is from a company called Scientific Learning.

To fund the program, Chapter 17 transferred \$546,800 of unused monies from the now-repealed Early Graduation Scholarship Program into a new Technology-Based Language Development and Literacy Intervention Fund established in Chapter 17. While scheduled to begin in FY 2015, the program did not start until FY 2017.

Participation & Implementation

SBE reports that 77 schools at 19 school districts and charter schools voluntarily participated in the program in its first year, FY 2017. The 3,326 students who enrolled in the pilot "include the lowest performing [English Language Learners], students who have not been able to test into a basic, intermediate, or proficient performance classification, students enrolled in Structured English Immersion classrooms, and refugee students."

SBE reports that 34% of schools met the pilot's implementation goals (e.g., students using the program as frequently as intended), 64% were "approaching target", and 2% were below target. SBE indicates that participation and attendance were below target levels due to "a substitute teacher shortage limiting staff availability for training, a limited number of teachers to oversee the program effectively, an initial lack of student technology skills especially among refugee students, and a lack of access to technology during state testing windows."

While adjustments to staff training or the allocation of available computer resources could improve program implementation, it is unclear that students' initial lack of technological literacy represents an implementation shortcoming rather than an underlying challenge that would persist under any circumstance.

Academic Impact

Participating students completed a pre- and post-assessment of their reading levels. SBE reports that participants began the program an average of 1-2 reading grade levels below their grade. Participants averaged reading gains of roughly 7 months between their pre- and post-assessments, which were taken 4-6 months apart. As a result, participants typically gained more than 1 month of reading competence for every month of participation in the program.

SBE also reports that participants' reading gains increased more if they use the software more frequently. As shown in *Table 1*, those who completed 0 modules achieved only about 4 months of reading gains over roughly 7 months of time, while those who completed 1 module achieved roughly 10 months of reading gains over the same period. Those who completed 2-3 modules achieved roughly 13 months of reading gains over approximately 10 months

However, the results do not control for possible underlying differences between students who completed more versus fewer products. For example, students who completed 2-3 modules may tend to be more motivated students or students with greater parental support than students who completed

(Continued)

0 modules. As a result, it is difficult to conclude that the higher reading gains are attributable only to the program without data from a control group of comparable non-participating students.

ADE and SBE have indicated that an analysis of AZELLA / AzMERIT scores will provide a more comprehensive comparison of reading gains between participants and non-participants. ADE has indicated that Scientific Learning has already requested this data from the state in order to make the comparison.

Table 1

**Reading Gains Among Pilot Program Participants
By Number of Modules Completed ^{1/}**

<u>Modules Completed</u>	<u>Reading Gains ^{2/}</u>	<u>Time Between Tests ^{2/}</u>
0	4 months	7 months
1	8 months	7 months
2-3	13 months	10 months

^{1/} Measured by increase in scores on pre- and post-assessment administered by Scientific Learning to 60% of program participants as of September 11, 2017.

^{2/} Gains originally reported in years have been converted by the JLBC Staff to equivalent in months.

Ongoing Pilot Objectives

SBE reports the following objectives for the pilot's second year:

- Improve program implementation via additional staff training and site visits
- Review preliminary data with participating schools to highlight link between higher achievement and more program consistent usage
- Host technical overview and update for IT staff
- Conduct additional analysis to evaluate the impact on AZELLA and AzMERIT outcomes

Next Steps

The pilot has funding through FY 2018, and A.R.S. § 15-217G requires SBE to submit a final report on the program's effectiveness by September 2018 with a recommendation as to whether it should be continued and/or expanded into a permanent statewide program.

Due to the timing of when SBE's recommendation will be provided, the Legislature will have to decide during the upcoming session—prior to receiving the recommendation—whether to appropriate additional funds for the program in FY 2019. Since the pilot's original funding source was provided by one-time monies, there is no funding for the program in the FY 2019 Baseline. ADE has not requested funding for the program in its FY 2019 agency budget request.

MB:kp



Arizona State Board of Education

1700 W. Washington Street
Executive Tower, Suite 300
Phoenix, Arizona 85007
(602) 542-5057
FAX (602) 542-3046
azsbe.az.gov
inbox@azsbe.az.gov

September 11, 2017

Representative Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona State House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007



RE: K-6 Technology-Based Language Development and Literacy Intervention Pilot Program Progress Report

Dear Representative Shooter:

Pursuant to A.R.S. § 15-217, the State Board of Education respectfully submits for review a progress report on the K-6 Technology-Based Language Development and Literacy Intervention Pilot Program (Pilot Program).

If you have any questions, please contact Karol Schmidt, Executive Director of the State Board of Education, at (602) 542-5057.

Sincerely,

Karol Schmidt
Executive Director

Cc: Senator Debbie Lesko, Chair, Joint Legislative Budget Committee
Richard Stavneak, Director, Joint Legislative Budget Committee
Matt Beienburg, Analyst, Joint Legislative Budget Committee
Tim Carter, President, State Board of Education

Board Members: President: Tim Carter Vice President: Luke Narducci
Superintendent of Public Instruction: Diane Douglas
Calvin Baker Dr. Rita H. Cheng Janice Mak
Jared Taylor Dr. Daniel Corr Michele Kaye Patricia Welborn
Executive Director: Dr. Karol Schmidt



Arizona State Board of Education

1700 W. Washington Street
Executive Tower, Suite 300
Phoenix, Arizona 85007
(602) 542-5057
FAX (602) 542-3046
azsbe.az.gov
inbox@azsbe.az.gov

Summary

- The Pilot Program met initial year 1 goals for schools and students enrolled
- Staff availability for training and program oversight remains a challenge
- Implementation fidelity was variable and can be improved
- Initial gains analysis indicates positive impact on achievement and proficiency for the most struggling English Language Learners (ELL)

Background

Laws 2014, Chapter 17, directed the State Board of Education to develop a two-year pilot program for K-6 technology-based language development and literacy intervention. The Board was also directed to do the following: 1) develop application procedures and selection criteria for school districts and charter schools; and 2) award a contract to one educational technology provider to deliver K-6 technology-based language development and literacy intervention software. The software is required to differentiate instruction for each pupil and meet certain requirements outlined in statute.

At its September 28, 2015 meeting, the Board tasked the Arizona Department of Education's Office of English Language Acquisition Services with carrying out the Pilot Program. Schools were selected to participate in the two-year Pilot Program in the Spring of 2016. In July, the Pilot Program was launched and from August 2016 through May 2017 students enrolled, teachers were trained and progress was monitored. Students were assessed by AZELLA and AzMERIT in April and May of 2017.

Participation

- 77 participating schools representing 19 local education agencies
- 4 schools dropped out due to school closures, lack of staff or scheduling issues
- 320 educators trained
- 296 staff accounts created and active
- 24 training sessions and 79 school support days that included site visits, coaching modeling and mentoring
- 3,326 students enrolled. The students participating in the program include the lowest performing ELL, students who have not been able to test into a basic, intermediate or proficient performance classification, students enrolled in Structured English Immersion classrooms and refugee students. The average reading proficiency of all students was 14%.

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Implementation Fidelity

The following implementation goals were established:

- Pace of Student Progress: >65%
- Days per week students use the program: 80-90%
- Percent of scheduled minutes per day completed: 95%

Implementation fidelity in the first year is as follows:

- 2% of schools above target
- 32% of schools on target
- 64% of schools approaching target
- 2% of schools below target

Participation and attendance are below target levels due to several challenges including a substitute teacher shortage limiting staff availability for training, a limited number of teachers to oversee the program effectively, an initial lack of student technology skills especially among refugee students, and a lack of access to technology during state testing windows.

Preliminary Gains Analysis

Students in the Pilot Program complete a pre-assessment, the Reading Progress Indicator, which determines their initial reading grade level. Post-assessment data is in the process of being collected; however, a total of 1,989 students have completed a post-assessment. Their results are reflected below.

Grade Range	Average Grade	Initial Reading Grade Level	Final Reading Grade Level	Reading Gains	Years Between Tests
K to 3	1.5	0.3	0.9	0.6	0.4
4 to 7	4.6	3.0	3.6	0.6	0.5

Students in the Pilot Program improved their proficiency on the assessment from 14% to 24%.

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Students who use the program more frequently (Products Finished) saw greater reading gains.

Products Finished	Average Grade	Initial Reading Grade Level	Final Reading Grade Level	Reading Gains	Years Between Tests
0	3.0	1.6	1.9	0.3	0.6
1	2.0	0.8	1.6	0.8	0.6
2-3	3.4	2.3	3.4	1.1	0.8

Year 2 Plans

- Increase implementation fidelity and continue to improve outcomes for targeted students.
- Provide additional staff training and site visits
- Review preliminary data with participating schools to highlight stronger achievement with more consistent usage;
- Host technical overview and update for IT staff; and
- Conduct additional analysis to evaluate the impact on AZELLA and AzMERIT outcomes.

On or before September 15, 2018, the Board is required to submit a report to the Governor, the President of the Senate and the Speaker of the House of Representatives that includes a recommendation of whether the Legislature should consider expanding the Pilot Program as a permanent statewide program.

Board Members: President: Tim Carter Vice President: Luke Narducci
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Executive Director: Dr. Karol Schmidt



STATE OF ARIZONA

Joint Legislative Budget Committee

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(602) 926-5491

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DAVID LIVINGSTON
MICHELLE UGENTI-RITA

DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Sam Beres, Fiscal Analyst *SB*

SUBJECT: Attorney General - Review of Allocation of Settlement Monies - State v. McKesson Corporation

Request

Pursuant to A.R.S § 44-1531.02, the Attorney General (AG) must submit for Committee review an expenditure plan of legal settlement monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund prior to spending those monies. The AG requests review of a \$469,000 expenditure plan for monies deposited into the Consumer Remediation Subaccount resulting from a 2013 settlement with McKesson Corporation.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. Committee review does not constitute an agreement to fund the temporary staff attorney position once these one-time monies are depleted.

Key Points

- 1) The state received \$8.8 million from a 2013 settlement with McKesson Corporation regarding wholesale drug pricing.
- 2) A total of \$469,000 remains to be allocated.
- 3) The AG proposes using \$378,000 to fund a staff attorney for 3 years who will focus on casework related to opioid manufacturers.
- 4) The remaining \$91,000 would be used to support other litigation costs in cases involving opioid manufacturers.

(Continued)

Analysis

In September 2012, Arizona sued the McKesson Corporation for artificially raising the reported average wholesale price (AWP) of hundreds of brand-name drugs. McKesson denied wrongdoing but reached a settlement with the state in December 2013. Arizona received \$8.8 million in damages. Several other states and the federal government sued McKesson for similar reasons, reaching separate legal settlements with the company.

Of the \$8.8 million McKesson paid to the AG, \$1.0 million was deposited into the Restitution Subaccount to directly compensate Arizona consumers. Another \$2.0 million from the settlement was deposited into the Consumer Protection-Consumer Fraud (CPCF) Revolving Fund. Statute permits funds in the CPCF Revolving Fund to be used for direct consumer fraud activities as well as general operating expenses of the AG's office. Monies in the CPCF Revolving Fund do not require Committee review prior to expenditure.

Remediation Subaccount

The AG deposited \$5.8 million remaining from the McKesson settlement after the 2 deposits above into the Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund.

The FY 2016 budget transferred \$5.4 million from McKesson settlement monies from the Remediation Subaccount to the General Fund. After the fund transfer, \$407,500 remained in the Remediation Subaccount from the McKesson Settlement. These funds have since accrued interest, bringing the balance of the remaining settlement funds to \$469,000. The AG is required to seek Committee review prior to expending these funds. Funds in the Consumer Remediation Subaccount may be used by the AG for operating expenses incurred in administering programs intended to rectify violations of consumer protection laws. The McKesson settlement further stipulates that these funds be used to enhance law enforcement efforts in relation to the prescription drug industry.

Expenditure Plan

The AG proposes utilizing the \$469,000 to support its casework involving current and potential litigation against opioid manufacturers. The AG is currently suing Insys Therapeutics Inc., a Chandler-based prescription opioid manufacturer. The AG contends that Insys engaged in fraudulent marketing practices for its drug Subsys, which is a highly addictive opioid drug. In addition to this active litigation, the AG anticipates potential further action related to the prescription opioid industry.

The AG would designate \$378,000 of the McKesson settlement money to pay 3 years of salary and Employee Related Expenditure costs of a staff attorney to specifically work on the Insys lawsuit and other cases involving the opioid industry. The remaining \$91,000 would be used to fund staff support and other litigation costs incurred in actions taken against opioid manufacturers. Any funds that were not expended would be distributed to the Consumer Protection and Consumer Fraud Revolving Fund.

SB:kp



MARK BRNOVICH
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL
CIVIL LITIGATION DIVISION

PAUL WATKINS
DIVISION CHIEF COUNSEL

October 23, 2017

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

The Honorable Debbie Lesko, Co-Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007

Re: *State of Arizona v. McKesson Corporation*

Dear Representative Shooter and Senator Lesko:

Pursuant to A.R.S. § 44-1531.02(C), the Attorney General's Office respectfully submits the enclosed expenditure plan for review. As a result of a December 2013 settlement with the McKesson Corporation, the Attorney General secured approximately \$5.7 million in remediation funds, and as a result of legislative action through Senate Bill 1469 (First Regular Session 2015, Section 133), \$5.4 million of the remediation funds obtained were redistributed to the state general fund. The Attorney General has developed a specific plan for expending the remaining McKesson settlement funds. According to the court order, the funds may be used to enhance law enforcement efforts to prevent and prosecute unfair or deceptive acts or practices related to the pricing or marketing of prescription drugs. The Attorney General respectfully submits for review the enclosed McKesson Settlement Expenditure Plan allocating the remaining \$469,017 (with accrued interest) in settlement funds. For reference, copies of the court order and settlement agreement, as well as the complaint, are attached.

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

Sincerely,

Paul Watkins
Division Chief Counsel

cc: Richard S. Stavneak
Sam Beres

Enclosures



OFFICE OF THE ARIZONA ATTORNEY GENERAL

CIVIL LITIGATION DIVISION

CONSUMER PROTECTION & ADVOCACY SECTION

MCKESSON SETTLEMENT EXPENDITURE PLAN

OCTOBER 2017

Pursuant to A.R.S. § 44-1531.02(C), this plan is submitted to the Joint Legislative Budget Committee for review at its next meeting. It outlines the expenditure of McKesson settlement funds totaling approximately \$469,000 including accrued interest, secured by the Arizona Office of the Attorney General.

The McKesson Enforcement Action

In December 2013, a consumer protection enforcement settlement was reached between the Arizona Attorney General and McKesson Corporation (Case # CV-2012-013707) to resolve allegations that McKesson violated Arizona's Consumer Fraud Act by artificially inflating the prices of more than 400 brand-name prescription drugs, costing consumers millions of dollars. The terms of the court order approving the settlement require that \$5.787 million of the funds be used for any of a number of enumerated purposes, including enhancing law enforcement efforts to prevent and prosecute unfair or deceptive acts or practices related to the pricing or marketing of prescription drugs.

As a result of legislative action through Senate Bill 1469 (First Regular Session 2015, Section 133), \$5.4 million of the remediation funds obtained by the Office of the Attorney General in the McKesson settlement was redistributed to the state general fund. The plan to use the remaining funds is described below.

Expenditure Plan

The AGO has identified an important use for the funds, aligned with the terms of the settlement agreement. In June, the Arizona Republic reported that our state has seen a 74% surge in deaths since 2012, due to overdoses of opioid prescription medications and heroin.

The AGO desires to address this critical public health issue by using the McKesson settlement funds to build its law enforcement capacity for investigations and litigation against opioid manufacturers whose marketing practices may violate the Consumer Fraud Act. The AGO proposes to use the remaining McKesson settlement monies that now total \$469,017 with accrued interest to hire a staff attorney to focus on casework involving the marketing of opioids by manufacturers. In particular, the attorney position will be dedicated to the Insys Therapeutics ("Insys") lawsuit that was filed by the AGO on August 31, 2017. In addition to the State's action, Insys, which is located in Chandler, Arizona is facing multiple investigations by state and federal law enforcement agencies over its sales and marketing practices for its opioid spray; charges filed against former executives for arranging kickbacks for medical professionals; a pending lawsuit filed by the New Hampshire Attorney; \$5.6 million in payments from settlement agreements reached with the Attorneys General of Oregon and Illinois; a lawsuit filed by health insurer Anthem Inc.; and a number of suits brought by alleged victims. In addition to working on the Insys litigation, the attorney would provide the manpower needed for potential litigation against other manufacturers and players in the prescription opioid industry, as warranted, either in the State's individual capacity or as a part of a multistate effort by state attorneys general.

The goal of this approach is to minimize the impact of the opioids crisis to Arizona consumers, both by deterring misleading representations in the marketing of opioids, and by funding remediation programs from judgment or settlement monies that will provide treatment for those who have become addicted to opioid medications. We are learning too often in the news of incidents where consumers or a young family member with access to the drugs are suffering the consequences of addiction or death due to overdose. The strategy is intended to complement the work being done in Arizona by the Governor's office, the Arizona Substance Abuse Partnership (ASAP), state agencies, and law enforcement partners to combat prescription drug misuse and abuse.

The AGO proposes to fund the hire of a staff attorney for three years (see below).

	Annual	3 Year
Attorney - 1.00 FTE	80,000.00	
ERE @ 39%	31,200.00	
Total Salary	111,200.00	
Indirect @ 13.3%	14,789.60	
Total	\$125,989.60	\$377,968.80

The remaining monies of approximately \$91,031.20 could be used for, staff support, expert witnesses, or other costs of litigation against opioid manufacturers. Any unexpended funds shall be distributed to the consumer protection-consumer fraud revolving fund established by A.R.S. 44-1531.01.



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

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

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

Request

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

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) DCS has filled 1,336 out of 1,406 funded direct line staff positions (caseworkers and hotline).
- 2) The department continues to meet its benchmarks for the backlog (less than 1,000 cases) and open reports (less than 8,000).
- 3) The Out-of-Home population is 16,005, a decrease of (15.4)% compared to March 2016.
- 4) Caseworker workload continues to decline, but is still above the caseload standards.

(Continued)

Analysis

A FY 2018 General Appropriation Act footnote requires DCS to report on caseworker hiring, caseworker workload, the backlog, the number of open reports, and the number of children in out-of-home care at the end of each quarter in FY 2018 relative to March 31, 2016.

Filled FTE Positions

Table 1 outlines DCS' progress in hiring caseworkers by quarter. DCS is funded for 1,406 caseworkers. As of October, DCS had 1,336 filled direct line staff, including 1,019 case-carrying caseworkers. While DCS has already made progress since the original March 2016 comparison point, its filled case-carrying total statewide has averaged 1,075 over the last 9 months. In September, the number of case-carrying caseworkers declined to 1,038 and further declined to 1,019 in October. More data is needed to determine if these reductions are part of a larger trend.

The original 1,406 caseworker benchmark presumed 1,190 of these positions would be case-carrying. To achieve the 1,190 hiring level, DCS would need to increase the number of case-carrying caseworkers by 171 positions.

Table 1

Progress in Hiring Caseworkers by Quarter

Direct Line Staff Type	Benchmark	Actuals ^{1/}				
		March 2016	Dec. 2016	March 2017	June 2017	Oct. 2017
Case-Carrying Caseworkers	1,190	923	1,085	1,068	1,072	1,019
Caseworkers in Training	140	273	189	216	192	246
Hotline Staff	76	74	66	69	71	71
Total	1,406	1,270	1,340	1,353	1,335	1,336

^{1/} Source: DCS Monthly Hiring Report

Reducing the Backlog and Open Reports

In June 2014, DCS set benchmarks for reducing the backlog. At the time, there were 13,024 backlog cases. 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. DCS is to have no more than 1,000 backlog cases. DCS' benchmark is also to have fewer than 8,000 open reports. Open reports are either under investigation or awaiting closure by a supervisor. *Table 2* outlines DCS' progress in reducing the backlog and open reports by quarter. As of October 30, 2017, DCS had reduced the backlog to 331 cases and had 6,849 open reports, continuing to meet both of the benchmarks.

Table 2

Progress Reducing the Backlog and Open Reports by Quarter

	Current	Actuals				
	Benchmark	March 2016	March 2017	June 2017	Sept. 2017	Oct. 2017
Total Backlog Cases	1,000	10,751	746	354	212	331
Total Open Reports	8,000	22,698	6,401	5,644	6,444	6,849

(Continued)

Out-of-Home Children

DCS' benchmark is to reduce the out-of-home population by (2)% each quarter relative to the out-of-home population as of December 31, 2016. Given the out-of-home population of 17,149 as of December 31, 2016, DCS would need to reduce the out-of-home population to 15,191 children or less on or before June 30, 2018 to meet the benchmark.

Table 3 below shows the actual out-of-home population at the end of each quarter compared to the benchmark, and shows the cumulative percentage reduction compared to the baseline population level. By August 30, 2017, the out-of-home population had declined to 16,005, a decrease of (15.4)% compared to the March 31, 2016 baseline. To meet the Chapter 305 benchmark by June 2018, DCS must achieve a cumulative reduction of (19.7)% compared to the March 31, 2016 population.

Table 3

Out-of-Home Children Compared to Benchmark and March 31, 2016 Baseline

	Actuals					Benchmark
	<u>March 2016</u>	<u>Dec. 2016</u>	<u>March 2017</u>	<u>June 2017</u>	<u>Aug. 2017</u>	<u>June 2018</u>
Out-of-Home Children	18,917	17,149	16,931	16,635	16,005	15,191
Cumulative Reduction ^{1/}		(9.3)%	(10.5)%	(12.1)%	(15.4)%	(19.7)%

^{1/} Represents percentage reduction in out-of-home population relative to March 31, 2016 actual out-of-home population of 18,917 children. The June 2018 figure represents the aggregate percentage reduction if DCS meets its benchmark.

Caseload Standard

DCS established revised caseload goals during the May 2014 Special Session for case-carrying caseworkers. These goals include the following number of cases per worker: 13 for investigations, 33 for in-home cases, and 20 for out-of-home cases. The FY 2018 General Appropriation Act requires DCS to report the caseload for each DCS field office. Estimated caseworker caseload for individual offices can be found on page 6 of DCS' attached submission. Since the March 31, 2016 baseline, most field offices have experienced a decline in workload, but many field offices continue to be above the workload standard in at least one category of cases.

PM:kp



Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

October 31, 2017

The Honorable Don Shooter
Chairperson, Joint Legislative Budget Committee
1700 West Washington
Phoenix, Arizona 85007



Re: Updated Quarterly Benchmark Data

Dear Chairman Shooter:

Pursuant to Laws 2016 2nd Regular Session, Chapter 8, Section 24 the Department submitted its report on September 30, 2017 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 first quarter of FY 2018.

This memo is to provide the committee with more recent information for its review.

Number of Backlog Cases (as of October 30, 2017): **331**
Number of Open Reports (as of October 30, 2017): **6,849**
Number of Out-of-Home Children (as of August 30, 2017): **16,005**

Sincerely,

Gregory McKay
Director

cc: The Honorable Debbie Lesko, Arizona State Senate
Matthew Gress, Office of Strategic Planning and Budgeting
Richard Stavneak, Joint Legislative Budget Committee
Patrick Moran, Joint Legislative Budget Committee
Sarah Pirzada, Office of Strategic Planning and Budgeting



Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

September 29, 2017

The Honorable Don Shooter
Chairman, Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007



Re: Department of Child Safety Quarterly Benchmark Progress Report

Dear Chairman Shooter:

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

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
Senator Debbie Lesko, Chairman, Joint Legislative Budget Committee
Matt Gress, Director, Governor's Office and Strategic Planning and Budgeting
Patrick Moran, Joint Legislative Budget Committee
Sarah Pirzada, Governor's Office and Strategic Planning and Budgeting



DEPARTMENT OF CHILD SAFETY

Quarterly Progress Report (Filling FTE Positions and Reducing the Backlog) September 2017

PROGRESS MADE IN INCREASING THE NUMBER OF FILLED FTE POSITIONS

The Department continues its efforts to reduce turnover in order to sustain sufficient staff resources that provide quality services to the children and families it serves. In fiscal year 2017, the Department identified a strategic objective to improve performance and quality of services through employee retention. Several key actions were identified and have been implemented, including realignment of pay structure and job classification for the DCS Specialists; improvements to CORE training curriculum and improving the onboarding experience of all new DCS employees. These enhancements also include coaching of all case carrying staff and supervisors, and the development of general management and leadership skills for supervisors and managers.

DCS Human Resources (HR) conducts routine planning and information sharing meetings between Executive management, the Regional Program Administrators and HR Managers to help ensure initiatives are communicated clearly, carried out with accountability and to remain informed about the needs and challenges experienced at local DCS offices. Additionally, recruitment and retention data is tracked and reviewed bi-monthly. Action plans are developed when areas of concern are identified through this tracking process.

The Department has been sustaining its active recruitment process to fill all Child Safety Specialist positions. As of August 2017, the Department had filled 1,338 (95%) of the 1,406 funded positions. DCS funds 231 supervisor positions, 96% of which are filled. The breakdown of funded supervisor positions by Region and the Hotline are as follows: Hotline-13, Central-70, Pima-51, Northern-23, Southeast-9, and Southwest-65. The Department is actively recruiting to fill the vacant supervisor positions, which will further reduce the DCS Specialist to supervisor ratio.

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

DCS Human Resources (HR) continues working with Arizona State University, Northern Arizona University, and DCS Office of Procurement and Contracts to monitor students in the Title IV-E University child welfare program, from 2014 to present, related to their tenure with the Department. DCS HR created a tracking system outlining the percentage of students completing the program and students leaving prior to completing their contractual obligation.

DCS HR continues to strive to achieve a goal of 40 new hires per month; contacting all applicants immediately upon receipt of the initial application, sending recruitment packets via email to speed

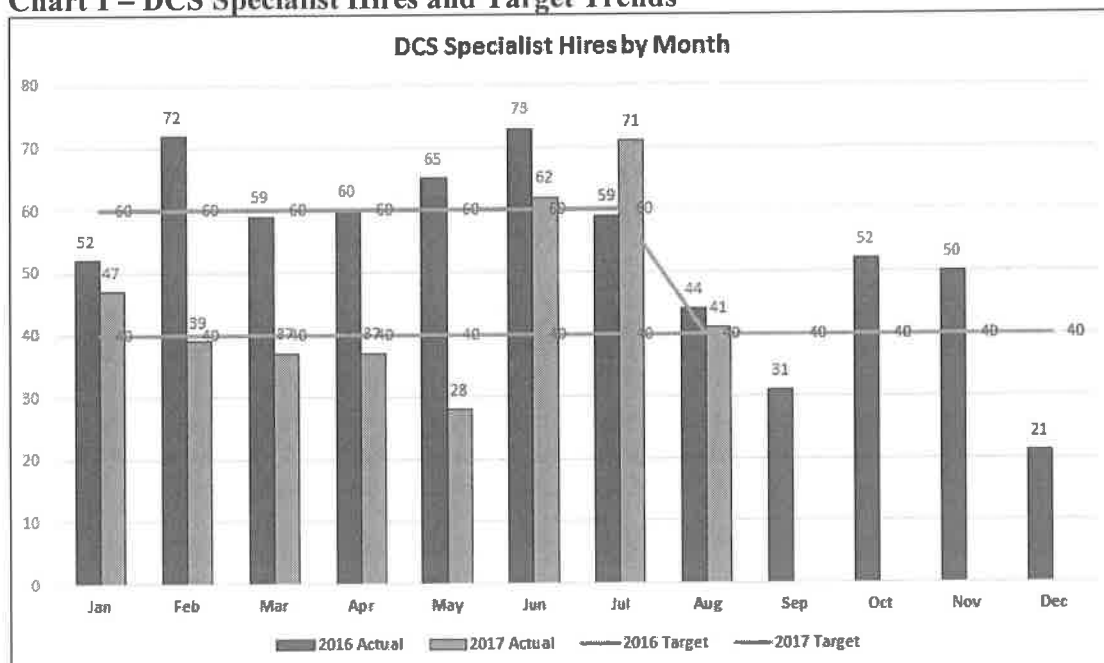
DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE
September 2017

up the transmission of information, conducting follow up emails or phone calls to applications to obtain missing or incomplete information, scheduling the new hire interview immediately upon receipt of the complete application, and adding an additional staff member to assist in completing background reference checks. To ensure continuous quality assurance, DCS HR implemented consistent monitoring of the number of new hires that leave DCS within the first year to allow future analysis of this information.

The Department has been utilizing the Predictive Index (PI) Behavior Assessment for DCS Specialists candidates since November 2016 as a pilot to establish behavioral requirements for the DCS Specialist position. This will improve the selection process, identification of the most suitable candidates and improve retention over time. The PI is a reliable resource for predicting performance potential in new hires. The assessment gathers information about the applicant's self-awareness, confidence, interpersonal relationships, self-concept, etc. The assessment also provides a list of characteristics to the position in the following areas: pace and variety of activities, focus, decision-making, communication and collaboration and delegation and leadership styles. As of March 14, 2017, all candidates for the DCS Specialist position began receiving a link to complete the PI. The Predictive Index is available, upon request of the hiring supervisor/manager, for all job classifications. Additionally, the Department currently requires DCS Specialist applicants to view a Realistic Job Preview (RJP) video, which includes core areas highlighted in child welfare research. This helps to ensure alignment of applicants' expectations with the requirements of the job.

The Department continues its efforts to minimize the overall attrition of all DCS employees. Chart 1 shows the number DCS Specialist hires for CY 2016 and 2017 to date along with hiring targets established against attrition rates historically observed.

Chart 1 – DCS Specialist Hires and Target Trends

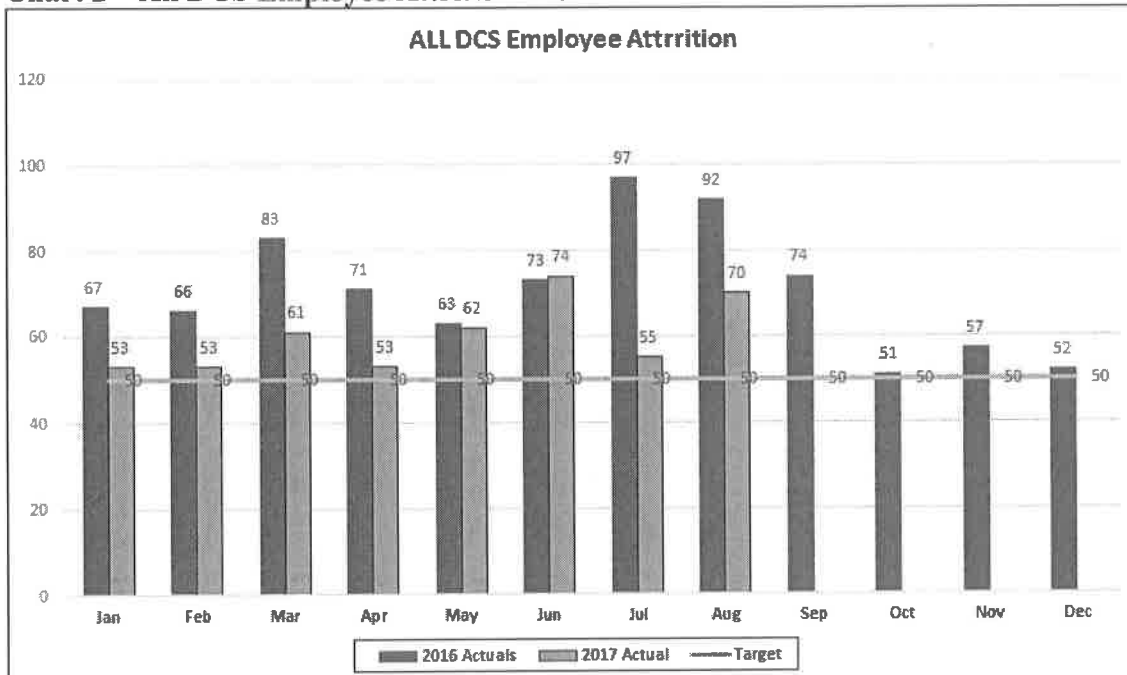


*Data has been updated from prior reporting periods.

DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE September 2017

Chart 2 shows the Department's significant improvements in reducing turnover for all DCS employees for CY 2016 and CY 2017.

Chart 2 – All DCS Employee Attrition Trends



*DCS Employee Turnover is not available for the month of September at the time this report was due and will be updated in the next quarterly report. Data has been updated from prior reporting periods.

PROGRESS MAINTAINING INACTIVE CASES AND IMPROVING CASELOADS

During the fourth quarter of FY 2017 and continuing into the first quarter of FY 2018, the Department's historical activities and initiatives across the state to reduce the backlog continued in its effort to maintain the backlog well below the legislatively required benchmark of 1,000. Additionally, the Department has reduced the number of open reports from 13,477 in September of 2016 to 6,444 in September 2017. In March 2017, the Department experienced a stabilization in the number of open reports where it has remained between 5,600 and 6,600 for the past six months.

Additionally, the DCS HR continues its efforts to hire and place Specialists at a rate equal to or greater than departures from the Department. As a result of the sustained staffing levels, reduced number of backlog inactive cases and total open reports, and reduced foster care population, the overall caseloads for DCS investigators have reduced this quarter (see Table 3). It is important to note that the Department realigned several units in the Central and Southwest Regions.

In March 2017, DCS fell below the legislatively required benchmark of 1,000 backlog cases. From a peak of 16,014 in January of 2015, the Department now has only 212 backlog cases as of

DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE September 2017

September 25, 2017, representing a 99 percent decrease. To avoid a return to higher numbers of backlog cases, the Department uses performance management and other elements of the management system to maintain caseload levels since March 2017 when it hit the legislative benchmark. 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, and the implementation of leader standard work to ensure routine follow-up. Additionally, focusing on achieving report closure in 60 days will prevent future backlog growth.

Although completed, DCS used selected assistance work teams and Regional action plans, while leveraging provider partnerships and maintaining weekly performance huddle calls to maintain progress and performance accountability. As a result of these efforts, the Department achieved the benchmark of less than 13,000 open reports six months ahead of the established target date. From a peak of 33,245 open reports in April 2015, the Department has reduced that to only 6,444 open reports as of September 25, 2017 representing an 81 percent reduction (see Table 2).

PROGRESS MADE REDUCING THE OUT-OF-HOME POPULATION

As a result of the emphasis on backlog elimination and increased family engagement, the Department has achieved a reduction in the out-of-home foster care population. The Department continues to realize progress in the first quarter of SFY 2018, reducing the out-of-home foster care population by 3.55 percent (601 children) from the previous quarter (see Table 2). The progress made since the baseline period of March 31, 2016 is a 14.3 percent reduction (2,728 children). The reduction of the foster care population can be attributed to several key factors: slowing of the entry rate and sustained performance in children exiting care.

The reduction in the number of children entering the 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. 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. Through these standard process activities, paired with the continued 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.

DCS Quarterly Progress Report on Reducing the Backlog and Filling FTE
September 2017

Table 2 – Benchmark Performance

		Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Backlog Cases									
	<i>Benchmark (less than)</i>	10,000	7,000	4,000	1,000	1,000	1,000	1,000	1,000
	<i>Actual</i>	4,790	2,854	746	354	212			
Backlog Case by disposition									
	<i>Investigation Phase</i>	4,554	2,671	633	222	125			
	<i>In-Home Cases</i>	222	160	99	111	77			
	<i>Out-of-Home Cases</i>	14	23	14	21	10			
Number of Open Reports									
	<i>Benchmark (less than)</i>	---	---	---	13,000	13,000	13,000	13,000	13,000
	<i>Actual</i>	13,477	9,611	6,610	5,644	6,444			
Number of Out-of-Home Children									
	<i>Benchmark (less than)</i>	---							17,500
	<i>Benchmark (% reduction)</i>			2%	2%	2%	2%	2%	2%
	<i>Actual</i>	18,183	17,936	17,174	16,917	16,316			
Footnotes									
<ul style="list-style-type: none"> - Number of open reports is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run. - Number of inactive cases is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run. - Out-of-home population figures are directly from the 20th of the Month Tigger which is a lagging 60 day metric. 									

DCS Quarterly Benchmark Progress Report
September 2017

Table 3 – Headcount and Caseload Performance

Region	Section #	Section name	Workload			FTE		Workload					FTE		Workload						
			# of open reports (investigations)	# of in home cases	# of Out-of-Home Children	Investigators	Case managers	# of open reports (investigations)	# of in home cases	# of Out-of-Home Children	Investigation (reports per worker)	In Home (cases per worker)	Out of Home (children per worker)	Investigators	Case managers	# of open reports (investigations)	# of in home cases	# of Out-of-Home Children	Investigation (reports per worker)	In Home (cases per worker)	Out of Home (children per worker)
10 - Central	0, 1	Apache Junction/Kearney	576	0	601	13	13	218		617	16		48	14	14	177		617	12	0	43
	2	Casa Grande/Coolidge	834	0	683	16	16	230		627	14		19	17	17	196		606	12	0	36
	3	Osborn	1005	0	542	14	14	112		588	8		41	16	18	141		603	9	0	18
	4	In Home	17	495	111		51	21	502	7	1	16	0	0	31	30	453	8	1	15	0
	5	Mesa	1423	0	615	18	18	216		609	12		33	17	17	195		606	12	0	36
	6	Gilbert	1236	0	824	19	19	163		629	9		23	17	17	211		557	13	0	33
	7	Tempe	1786	0	513	20	20	208		639	14		12	15	19	301		603	16	0	32
	8	South Mountain	1493	0	663	18	18	220		651	14		43	18	19	206		694	11	0	37
	9	North Central	1522	0	775	15	15	248		501	17		34	14	14	323		467	21	0	34
	10	15th Avenue	2	0	1120		29	0		1626	0		41	0	38	0		1548	0	0	41
20 - Pima	1	East Broadway	980	49	342	19	24	193	40	303	10	2	12	18	23	210	37	267	12	2	12
	2	Westmore	227	27	698	11	21	207	25	446	13	2	21	11	22	177	32	427	15	3	18
	3	Country Club	132	18	770	11	22	66	20	407	8	1	18	10	19	100	54	329	10	3	17
	4	Westside	126	19	333	11	22	191	21	252	17	1	11	12	23	135	23	275	12	1	12
	5	Madera A	399	19	164	11	21	208	8	335	18	0	16	11	22	128	0	253	11	0	12
	6, 0	AJHT/Adoptions	7	0	550	5	27	4	0	658	1	0	24	4	0	5	0	682	2	0	0
	7	22nd/Airmon	326	53	279	10	22	102	29	305	10	1	14	10	19	196	29	328	11	1	17
	8	Madera B	174	15	112	10	20	114	51	248	11	3	13	10	20	111	47	229	11	2	12
	9	Airmon	82	0	540	5	5	17	0	65	7	0	13	10	13	41	0	69	4	0	4
	10																				
30 - Northern	1	Prescott/Prescott Valley	266	---	392	11	13	205	19	252	16	1	30	12	12	248	44	242	21	---	21
	2	St. Johns/Wendell/Show Low	127	---	358	8	8	55	18	321	7	2	40	6	5	78	8	325	14	---	16
	3	Flagstaff/Pager/Cottonwood/Fredonia	220	---	220	11	11	129	3	153	12	0	14	8	8	118	13	151	14	---	18
	4	Bullhead City/Lake Havasu	176	---	399	8	8	162	11	313	20	1	16	7	12	136	32	303	19	---	25
	5, 00	Kingman	198	---	132	11	11	91	12	304	9	1	28	11	11	106	31	313	10	---	10
40 - Southwest	1	Benson, Douglas, Nogales, SV	254	30	245	6	11	20	4	156	4	0	17	6	6	163	13	112	27	2	18
	2	RV, Safford	645	34	169	5	10	170	6	197	34	1	19	5	9	62	14	263	13	7	39
	3	Globe, Payson	383	14	119	3	5	46	11	110	19	2	12	4	8	59	5	96	14	1	12
50 - Southwest	0, 1	CHILDHELP Advocacy	483	0	4		0	0		1	0		0	0	0	1		0	0	0	0
	3	In Home	44	---	101		38	36	485	27	1	13	1	0	45	38	445	23	1	14	4
	4	Thunderbird	937	0	C	19	19	238		573	12		50	18	18	297		560	14	0	10
	5	Pearla	1990	0	859	19	19	286		622	15		39	17	17	287		563	17	0	13
	6	Glendale/Durango	1358	0	504	23	23	330		625	14		17	26	20	424		636	21	0	12
	7	Avondale/Advocacy	614	0	694	19	19	183		631	10		13	19	19	211		558	11	0	30
	8	Adoptions	0	0	1467		42	0		1559	0		37	0	39	0		1572	0	0	40
	9	Yuma, Parker, Summerton	347	0	408	16	16	112		416	7		27	15	15	190		420	11	0	19
	12	West 101	933	0	670	17	17	288		562	17		15	17	17	310		539	15	0	13
	13	Pinnacle Peak	597	0	713	17	17	227		491	13		26	16	19	301		384	18	0	34
% 105 + Other			370		48			220		42						755		48			
Totals			22698	793	18143			5544	1268	16917						6444	1291	16216			

Footnotes

- * FTE reporting for March 31, 2016: The process of reporting FTEs in particular the specific section assignment of trainees, was not yet established in March 2016. As a result the FTE counts for that period are not available since they do not match the information on the total number of filled FTE positions as is required by the monthly hiring report.
- Number of open reports is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.
- Number of inactive cases is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.
- Trainees are accounted for in FTE figures in each section with an equal distribution of 20% caseload.
- Out-of-home population figures are directly from the 26th of the Month Tigger which is a lagging 60 day metric.
- In Home cases are based on a handcount of cases actively managed in each respective Region. March values for Northern Region are not available given that the region counted the number of children and not the number of cases.
- In Home case figures were not handcounted in Southwest Region in March 2016. The handcount only included total child count.
- In Home case 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 and/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 employ a distribution of 34% investigations and 66% ongoing.
- Southwest Region Section 3 manages both in home cases and permanency planning units. The workload distribution is based on one unit of Permanency Planning Specialist and the remaining Specialist assigned to In Home.



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Senior Fiscal Analyst *PM*

SUBJECT: Department of Economic Security - Review of Staffing Plan for the Division of Developmental Disabilities

Request

The FY 2018 General Appropriation Act (Laws 2017, Chapter 305) requires Committee review of DES' hiring for the Division of Developmental Disabilities (DDD) if the department plans on non-case management staff beyond the level of filled positions in the Division as of June 30, 2017. DES has submitted its plans to hire 112 FTE Positions.

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) DES plans to fill 112 vacant positions, including 90 at the Arizona Training Program at Coolidge (ATPC).
- 2) The hiring addresses federally-identified deficiencies at ATPC. The total number of filled positions at ATPC would increase to 339. The ATPC client population is 83.
- 3) The hiring cost is \$1.6 million from the General Fund and \$5.2 million Total Funds. These expenses would be paid with existing funding.
- 4) DES no longer has immediate plans to close ATPC.

(Continued)

Analysis

DES plans to fill 112 vacant FTE Positions within DDD in FY 2018, including 90 FTE Positions at ATPC and 22 other non-case management vacancies throughout the department. The positions being hired and the associated costs are as follows:

ATPC

- \$2.4 million for Habilitation Technicians and Supervisors: Habilitation technicians are responsible for assisting ATPC clients with activities of daily living, including personal hygiene, mobility, mealtime and nutrition. Habilitation supervisors ensure habilitation staff comply with state and federal regulations and monitor staff to ensure quality of care. The hiring plan would increase the number of filled habilitation technician positions from 139 to 190 and the number of filled habilitation supervisor positions from 24 to 35.
- \$0.9 million for Therapists and Nurses: The plan would increase the number of therapists from 0 to 3 and the number of nurses from 9 to 15.
- \$0.7 million for Cooks and Housekeeping: The plan would increase the number of filled cook positions from 10 to 19 and the number of housekeeping positions from 7 to 17.

In total, the plan would increase the number of filled FTE Positions at ATPC from 249 to 339 at a cost of \$3.9 million in Total Funds. There are currently 83 DDD members residing at ATPC, including 63 clients in intermediate care facilities and 20 clients at state-operated group homes. With 83 residents and 190 direct care staff (the Habilitation Technicians), there are 2.3 staff per resident. The 190 direct line staff, however, must staff the facility for 24 hours per day, including weekends. After adjusting for this factor, there would be 1 staff person for every 2 residents during any 8-hour time period. The Coolidge staffing ratios appear to exceed the generic federal requirements for comparable institutions.

State-federal staffing ratio comparisons are challenging, however, since each facility has to be independently evaluated for the severity of residents' needs. A recent federal review of the Coolidge facility found that DES needed to do more to prevent possible abuse and neglect of the clients. We have asked DES for a copy of the federal report. DES states that their proposed hiring is part of a corrective action plan to address CMS' concerns.

In addition to its staffing plan, the department also plans to make progress on its corrective action plan by addressing health and safety risks associated with facility deficiencies. The projects include non-slip bathroom flooring, replacement of sidewalk panels and asphalt paving, improvements to fire sprinklers, door replacements, updates to classrooms, fixing electrical hazards, and ADA compliance. The department expects these projects will cost \$2.9 million in Total Funds. This plan, however, is not part of DES' request for review by the Committee.

State law requires DES to submit a report for review by November 1 of each year regarding the department's plans for ATP-C. In last year's report, DES had made a tentative plan to close ATPC by June 30, 2021 due to recent changes in federal regulations of home and community-based services (HCBS) as well as concerns about the long-term viability of the facility. The department has not submitted its report this year, but has informed the JLBC Staff that it no longer has plans to close the facility.

Temporary Vacancies

DES also plans to expend \$1.3 million on filling 22 other non-case management temporary vacancies. According to DES, these positions were vacant as of June 30, 2017 as a result of normal daily fluctuations

(Continued)

in the division's staffing levels associated with turnover. The filling of 22 temporary vacancies, combined with the 90 positions at ATPC, would bring DDD's filled non-case management positions from 951 reported for June 30, 2017 to 1,063 FTE Positions in FY 2018.

PM:kp



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Douglas A. Ducey
Governor

Michael Traylor
Director

OCT 24 2017



The Honorable Don Shooter, Chairman 2017
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Debbie Lesko, Chairman 2018
Joint Legislative Budget Committee
Arizona State House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Dear Representative Shooter and Senator Lesko,

The Department of Economic Security is hereby providing notification to the Joint Legislative Budget Committee of its plan to hire staff above the level indicated in the filled positions report as of June 30, 2017. The Department plans to hire 112 staff above current staffing levels for the Division of Developmental Disabilities in fiscal year 2018. Pursuant to Laws 2017, 1st Regular Session, Chapter 305, Section 31:

The Department shall report to the Joint Legislative Budget Committee on or before August 1, 2017 the number of filled positions for case managers and non-case managers in the Division of Developmental Disabilities as of June 30, 2017. The Department shall submit an expenditure plan of its staffing levels for review by the Joint Legislative Budget Committee if the Department plans on hiring staff for non-case manager, non-case aide, non-case unit supervisor and non-case section manager positions above the staffing level indicated in the August 1, 2017 report.

Earlier this year, the Centers for Medicare and Medicaid Services (CMS), found a part of the Arizona Training Program at Coolidge (ATPC) campus to not be in "substantial compliance." Included in the findings was a lack of necessary staff to effectively prevent abuse, neglect, and mistreatment. In response to the audit findings, the Division plans to hire a sufficient amount of staff to attain compliance.

ATPC which is located approximately 50 miles outside of Phoenix is the only remaining State operated campus. Due to the location of ATPC, the Division has experienced difficulty in hiring and retaining employees, leading to multiple temporary vacancies at the facility. Due to the report showing staffing levels as of June 30, 2017, the levels reflect temporary vacancies the Division plans to fill.

ATPC is not the only area within the Division that is affected by temporary vacancies. With staff shifting in and out of positions, the Division can experience fluctuations in the number of temporary vacancies depending on the date of the data provided. For fiscal year 2018, the Division intends to fill 22 of these temporary vacancies and therefore increase staff above the reported levels.

The Division of Developmental Disabilities expenditure plans are outlined in the table below:

	Vacancy %	Hiring Goal	Avg. Salary	Annualized Cost
ATPC	41.6%	90	38,207	3,665,200
Cooks	80.0%	9	33,341	394,600
Hab Nurses	47.4%	6	29,124	250,707
Hab Techs	35.6%	51	25,702	1,806,100
Hab Supervisor	42.1%	11	43,975	565,600
Housekeeping	80.0%	10	24,320	334,900
Therapist	100.0%	3	72,780	313,300
Temporary Vacancies	46.4%	22	40,058	1,264,400
Grant Total	45.4%	112	\$	4,929,600

While the increase in staffing levels increases Division costs, the capitated per member per month rate includes the assumption that the Division is appropriately staffed. The Department expects to fully cover the increase in costs associated with these vacancies with revenue received through the certified per member per month capitation rate.

If you have any questions, please contact Wes Fletcher, Financial Services Administrator, at (602) 542-6080.

Sincerely,



Michael Trailor
Director

cc: President Steve Yarbrough, Arizona State Senate
Speaker J.D. Mesnard, Arizona House of Representatives
Members of the Joint Legislative Budget Committee
Director Matthew Gress, Governor's Office of Strategic Planning and Budgeting
Director Richard Stavneak, Joint Legislative Budget Committee
Director Holly Henley, Arizona State Library, Archives and Public Records



STATE OF ARIZONA

Joint Legislative Budget Committee

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MICHELLE UGENTI-RITA

DATE: November 9, 2017

TO: Members of the Joint Legislative Budget Committee

FROM: Rebecca Perrera, Senior Fiscal Analyst *RP*

SUBJECT: Arizona Department of Administration - Review of Public Safety Broadband

Request

Pursuant to an FY 2018 General Appropriation Act (Laws 2017, Chapter 306) footnote, the Arizona Department of Administration (ADOA) has submitted for review its annual report on expenditures for the State and Local Implementation Grant Program (SLIGP). These monies are part of a nationwide planning effort associated with a public safety broadband effort.

Committee Options

The Committee has at least the following 2 options:

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

Key Points

- 1) ADOA is receiving \$3.6 million in federal grants to plan for a national dedicated public safety broadband network.
- 2) To date, ADOA has spent \$2.1 million.
- 3) Arizona will allow the federal vendor to build and maintain the network.
- 4) Once implemented, public safety agencies will need to replace cellphones and pay monthly subscription fee.
- 5) The state and local costs are unknown at this time.

(Continued)

Analysis

Background

Following September 11, 2001, the National 9/11 Commission recommended the establishment of a nationwide, interoperable public safety communications network to provide solutions to communications challenges facing first responders. In response, Congress passed legislation in 2012 creating the Nationwide Public Safety Broadband Network (NPSBN) initiative, administered by FirstNet, in an effort to build a nationwide, standards-based, high-speed data network by reserving a part of the electromagnetic spectrum specifically for public safety, the 700 MHz broadband spectrum, or the "D Block."

More than \$7 billion has been allocated for the NPSBN initiative, with a majority of funding being raised through the sale of rights to transmit signals over specific bands of the electromagnetic spectrum that were surrendered by television broadcasters during the transition from analog to digital television. Part of the \$7 billion allocated for this initiative includes a grant program for state and local governments, the SLIGP. Approximately \$118 million in formula-based grants were available to assist regional, state, local, and tribal government entities in preparing for the implementation of the NPSBN initiative. This initial funding is not intended to purchase new equipment, but for planning, education, and outreach.

Arizona was awarded \$2.9 million through the SLIGP formula in August 2013. The grant requires Arizona and local governments contribute an additional \$901,600 in in-kind contributions to the project. The Office of Grants and Federal Resources manages the Arizona FirstNet Program (AZNET), which is responsible for implementing SLIGP.

ADOA reports that the \$2.9 million grant will be spent in 2 phases over 4 years, each phase being approximately \$1.5 million between 2014 and 2018. The first phase concluded in 2016 and was dedicated to education and outreach. The second phase is devoted to gathering relevant data. During the data collection phase, ADOA will collect detailed data on stakeholder's broadband coverage requirements and the availability of current infrastructure that may be used by the network.

In addition to the original grant, FirstNet will provide Arizona with supplemental grant funding totaling \$700,000 through December 2019 for ongoing work required to implement the network.

Expenditures

Through June 30, 2017, ADOA has spent \$2,099,900 (72%) of its original \$2,911,100 total grant award. The grant's budget includes \$2,039,500 for professional services, \$500,000 for ADOA program support, \$222,900 for travel, and \$149,100 for supplies and equipment.

Through FY 2017, AZNET continued its education, outreach, and data collection efforts. In FY 2018, ADOA plans to establish a public safety communications governance model, develop statewide policies and agreements for the network, and develop a plan for the transition of public safety applications, software, and databases.

Public Safety Broadband Network Implementation

In FY 2017, FirstNet announced that it awarded a federal contract with AT&T to build the dedicated public safety broadband network. Through the public-private partnership, the vendor will build and maintain the network for a term of 25 years. The vendor will pay for capital construction and equipment costs using the \$7 billion NPSBN funding.

(Continued)

States also have the option to complete the project independently as long as the network is interoperable with the vendor. If a state chooses to manage their own project, they may apply for grant funding but the state is ultimately responsible for the construction, operation, and maintenance of the network. On August 10, 2017, the Governor signed a letter of intent allowing the vendor to build the network in Arizona.

It will take 5 years for the vendor to build the network. However, in the interim, the vendor will make its current commercial network available with priority to public safety. Therefore, FirstNet service will be available immediately for agencies that currently have devices on the vendor's commercial network. Once implemented, agencies will pay a monthly subscription fee to access the network. The Arizona State Procurement Office is currently negotiating Arizona-specific rates that will be made available to all public safety agencies. In addition, to access the network, agencies will need to replace their devices to operate on the network.

RP:kp



Douglas A. Ducey
Governor

Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

October 31, 2017

The Honorable Don Shooter, Chairman
House of Representatives
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, AZ 85007

The Honorable Debbie Lesko, Vice Chairman
Arizona Senate
Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, AZ 85007



Dear Representative Shooter and Senator Lesko:

At the Joint Legislative Budget Committee meeting on October 29, 2013, the Arizona Department of Administration (ADOA) was asked to provide an annual report on a three year, \$2.91 million grant, under the State and Local Implementation Grant Program (SLIGP). Since then, the Department has submitted reports for review of the expenditures of monies received from the State and Local Implementation Grant Program associated with the National Public Safety Broadband Network Initiative. A FY 2018 General Appropriation Act footnote requires ADOA to submit a report by October 1, 2017 to JLBC for review of the expenditures to date and progress of implementation for any SLIGP funds.

Should you have any questions, please contact me at 602-542-1500 or Matthew Hanson, the Statewide Grants Administrator, at 602-542-7567.

Sincerely,

A handwritten signature in blue ink, appearing to read "CCB".

Craig Brown
Director

cc:

Richard Stavneak, Director, JLBC
Rebecca Perrera, Fiscal Analyst, JLBC
Matthew Gress, Director, OSPB
Ashley Beason, Budget Analyst, OSPB
Morgan Reed, ADOA State CIO
Matthew Hanson, ADOA-GFR Statewide Grants Administrator

Attachments:

FY17 JLBC SLIGP Q1-Q16 Progress and Expenditure Report

**Arizona Department of Administration
Arizona FirstNet Program
Q1-Q16 FY17 Status Report**



BACKGROUND:

The Nationwide Public Safety Broadband Network (NPSBN) is a national wireless broadband network dedicated to public safety that will provide a single interoperable platform for emergency and daily public safety communications. The NPSBN program is administered by the First Responder Network Authority (FirstNet), an independent authority within the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA). FirstNet is comprised of members of the public and private sectors, representing public safety as well as state and local government finance and information technology interests. Approximately \$7 billion was originally allocated for the NPSBN program using funds from FCC radio frequency spectrum auctions.

This funding includes approximately \$118 million in grants (State and Local Implementation Grant Program or SLIGP) awarded to each participating state and six territories to assist regional, state, local, and tribal government entities prepare for the implementation of the NPSBN. The Arizona FirstNet Program management, was transitioned from the Arizona Department of Administration's Arizona Strategic Enterprise Technology (ASET) to the Office of Grants and Federal Resources (GFR), which is also a division within the Arizona Department of Administration. In August 2013, the state was awarded a total of \$2.91 million in grant funds to be distributed in two phases for a three-year program cycle. In March 2015, the program was extended through January 2018 and will be extended again until February 2018. The Phase I funding was allocated for education and outreach, planning, and data collection only, not for equipment or operations. Phase II funding was approved and released in December 2015 for continued efforts related to education and outreach, planning for the delivery of state plans to the Governor and a second round of data collection.

Recognizing that FirstNet and AT&T needed to continue to work with states on outreach and implementation activities, supplemental funding (SLIGP 2.0) was recently announced by NTIA. Arizona will receive an additional \$250,000 for the period of March 1, 2018 through December 31, 2018, with another \$450,000 released for the period January 1, 2019 through December 31, 2019. Funding during the SLIGP 2.0 phase will be used to support the state governance structure as well as working with federal FirstNet and AT&T on implementation of the NPSBN.

Through June 2017, the Arizona program had primarily focused on education and outreach among local public safety agencies, tribes and local governments as well as developing a process for evaluating the FirstNet State Plan for the Governor's review and decision to opt-in/opt-out. A state plan review team was created and staffed with experts in the field representing over 50 public safety personnel at the state, county, local levels and tribal agencies in all first responder disciplines – law enforcement, fire, emergency management, emergency medical services, and health services. In late June, FirstNet released draft state plans to all 56 states and territories and gave states 45 days to provide comment and feedback. FirstNet and AT&T reviewed the comments and feedback, made changes to the state plans if necessary, and released final plans in late September 2017.

In the first quarter of FY18, the focus of the SLIGP grant and planning efforts will be on evaluation of the state plans by FirstNet and the selected partner - AT&T. The state plan review team is divided into specific focus areas of operations, policy, budget, technical and legal to analyze the components of the plan and make a recommendation to the Governor. On August 10th, the Governor signed a letter of intent

to Opt-in to FirstNet and allow AT&T to build the network in Arizona. The remaining activities will now focus on implementation of the program in the state; however, there also will be continued education and outreach efforts as part of the FY18 strategy.

FY18 STRATEGIES

The FY18 plan calls for focus on the following strategies;

- Establish State Interoperability Executive Committee (SIEC) Governance model.
- Develop policies and agreements among public safety agencies and systems across Arizona that will use the NPSBN.
- Facilitate efforts between FirstNet, AT&T and the State of Arizona to gain inclusion on applicable statewide contract vehicles.
- Identify and document on-going coverage needs/gaps within the state.
- Identify and plan for the transition of public safety applications, software and databases.
- Update AZ FirstNet website to be used to disseminate information to the public and stakeholders on the progress of the Arizona's Public Safety Broadband Network project.
- Convene stakeholder outreach events to continue planning for the NPSBN implementation.
- Conduct an assessment of Arizona's Public Safety Answering Points (PSAPs) to obtain information on their readiness and ability to utilize FirstNet.
- Prepare and coordinate future FirstNet state consultation/implementation meetings with FirstNet and AT&T.

FY17 ACCOMPLISHMENTS

Completed FY17 activities

- Completed second round of data collection and submitted comprehensive report to FirstNet.
- Conducted a nationwide public safety broadband full scale exercise in conjunction with the Hualapai Tribe, Grand Canyon West Corp and state and local public safety agencies.
- Executed First Responder and Tribal Outreach and Education Plan as well as education and outreach to law enforcement, fire, forestry, emergency management, emergency medical services and utilities.
- Established Arizona State Plan Review Team; developed evaluation criteria and training for state plan reviewers in preparation for recommendation to Governor.
- Conduct Tribal outreach to Inter-Tribal Council, Indian Country Intelligence Network (ICIN), Fort McDowell-Yavapai Nation, Navajo Nation and Tohono O'odham Tribe.
- Briefed leadership on draft Executive Order to create a public safety communications governance model.
- Completed Education and Outreach stakeholder meetings – attended by over 700 public safety stakeholders.
 - Tribal Engagement – 151 stakeholders
 - Public Safety – 592 stakeholders
 - General Government – 37 stakeholders

FINANCIAL INFORMATION

A table of the budgeted and actual financial performance for the AZ FirstNet program including in-kind contributions is included as an attachment to this report.

Budget Categories

Categories included in this report are defined as follows;

- *Personnel/Employee Related Expenses/Fringe*: Allocation of existing ADOA management and administrative personnel costs.
- *Travel*: Arizona in-state and out-of-state travel for program staff and local public safety representatives funded entirely by federal grant funds.
- *Supplies*: Collateral materials and related costs funded entirely by federal grant funds.
- *Contract Staff*: Dedicated contract positions funded entirely by federal grant funds.
- *Other*: Comprised of the following two elements following to federal reporting requirements;
 - Temporary or project related sub-contractors and meeting expenses.
 - In-kind contributions of time from local public safety and public service representatives attending FirstNet briefings and events, and other contributions of time. This subcategory will comprise the majority of the in-kind contribution match requirement over the course of the grant cycle.

The grant requires a cumulative 20% in-kind match to federal dollars from State, tribal and local Arizona sources. This match is satisfied by the participation of state, tribal and local public safety personnel that are not paid from the grant.

Budget and Actuals

Cumulative

The federal grant award is \$2,911,147 with required matching funds of \$901,642. Sixteen quarters of the grant cycle have elapsed with total expenditures of \$2,099,936.75 as of June 30, 2017 or 72% of the federal funds authorized and in-kind expenditures of \$692,512.08 or 77% of the required matching funds.

Projected expenses for the project are on track to utilize funding in FY18 and through the end of the grant period of February 2018 for mainly consulting/contractual services. The ADOA Office of Grants and Federal Resources have shifted expenses from full time staffing to contractual services to more effectively and efficiently manage to the project. A small portion of salaries and fringe is allocated to the Statewide Grant Administrator to oversee the project and contractors.

FY17

STATE and LOCAL IMPLEMENTATION GRANT PROGRAM (SLIGP)

AZ FirstNet Budget Report

Cost Category	FEDERAL				NON-FEDERAL (In-Kind)				Total Budget Remaining
	Budget	Actual As of 6/30/17	Remaining Balance	% Expended	Budget	Actual	Remaining Balance	% Expended	
Personnel	410,019.60	195,473.46	214,546.14	48%	238,800.59	217,882.55	20,918.04	91%	235,464.18
Fringe	89,731.20	66,351.17	23,380.03	74%	153,175.68	81,952.86	71,222.82	54%	94,602.85
Travel	222,852.41	75,994.28	146,858.13	34%	-	-	-	-	146,858.13
Equipment	-	-	-	-	-	-	-	-	-
Supplies	149,061.27	108,013.40	41,047.87	72%	-	-	-	-	41,047.87
Contracts	2,039,482.72	1,654,104.44	385,378.28	81%	100,000.00	-	100,000.00	0%	485,378.28
Other	-	-	-	-	409,665.75	392,676.67	16,989.08	96%	16,989.08
TOTAL	2,911,147.20	2,099,936.75	811,210.45	72%	901,642.02	692,512.08	209,129.94	77%	1,020,340.39