

JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, December 11, 2019

1:15 p.m.

**Or Upon Adjournment of the Joint Appropriations Committee of
Reference**

House Hearing Room 1

JLBC

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

DAVID M. GOWAN
VICE-CHAIRMAN
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SEAN BOWIE
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#2

JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, December 11, 2019

1:15 P.M.

Or Upon Adjournment of the Joint Appropriations Committee of Reference
House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of September 25, 2019.](#)
- DIRECTOR'S REPORT (if necessary).
- EXECUTIVE SESSION
 - A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.
 - B. Arizona Department of Administration - Risk Management Annual Report.
 - C. JLBC Annual Performance Review per Rule 7.
- 1. [JLBC STAFF - Consider Approval of Index for School Facilities Board Construction Costs.](#)
- 2. ARIZONA DEPARTMENT OF CORRECTIONS
 - A. [Review of FY 2020 Second Quarter Correctional Officer Staffing Report.](#)
 - ***B. [Review of FY 2020 Proposed Bed Capacity Changes.](#)
- 3. ***[DEPARTMENT OF ECONOMIC SECURITY - Review of Plan for the Arizona Training Program at Coolidge.](#)

4. ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA DEPARTMENT OF EDUCATION - Review of APOR/CHAR Replacement Project (Automation Projects Fund).



5. **ATTORNEY GENERAL - Review of Consumer Restitution and Remediation Revolving Fund - Consumer Remediation Subaccount Expenditure Plan.**

*** Consent Agenda - These items will be considered in one motion and no testimony will be taken.

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

~~12/05/19~~

12/10/19

lm

kp

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

September 25, 2019

The Chairman called the meeting to order at 1:07 p.m., Wednesday, September 25, 2019, in House Hearing Room 1. The following were present:

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

APPROVAL OF MINUTES

Senator Gowan moved that the Committee approve the minutes of June 18, 2019. The motion carried.

CONSENT AGENDA

The following items were considered without discussion.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2019 Fourth Quarter Benchmarks.

Pursuant to an FY 2019 General Appropriation Act footnote, DCS submitted for Committee review a report of quarterly benchmarks for assessing progress made in increasing the department's number of Full-Time Equivalent (FTE) Positions, meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care. The JLBC Staff provided options.

(Continued)

ARIZONA STATE PARK BOARD (ASPB) - Review of FY 2020 Arizona Trail Expenditure Plan.

An FY 2020 General Appropriation Act footnote requires ASPB to submit an expenditure plan to the Committee for review prior to any monies being expended from the Arizona Trail line item. The JLBC Staff provided options.

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

Pursuant to the FY 2020 Criminal Justice Budget Reconciliation Bill and A.R.S. § 41-1724G, DPS is required to submit for Committee review the entire FY 2020 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expending any monies. The Subaccount is funded primarily from a \$4.00 surcharge on criminal violations.

DPS submitted for review its proposal to distribute \$1,050,000 of the \$2,395,800 appropriation from the Subaccount to fund the Border Security and Law Enforcement Grants program. Six County Sheriffs will receive funding from the program, which is down from the 7 that were funded last year. The JLBC Staff provided options and a potential provision:

- A. DPS shall report to the Committee prior to implementing any changes to the proposed FY 2020 allocation of the grants (see Table 1). The Chairman shall decide whether the revisions require Committee review.*

DEPARTMENT OF VETERANS' SERVICES (DVS) - Review of Veterans' Suicide Prevention Program.

Pursuant to an FY 2020 General Appropriation Act footnote, DVS submitted for Committee review its report on expenditures related to the Veterans' Suicide Prevention line item as well as the status of non-state matching funds. The JLBC Staff provided options and a potential provision:

- A. On or before December 31, 2019, DVS shall report to the Committee on the status of the contract with the United States Department of Veterans' Affairs.*

Senator Gowan moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 4 consent agenda items listed above. The motion carried.

REGULAR AGENDA

EXECUTIVE SESSION

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

At 1:09 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:16 p.m. the Committee reconvened into open session.

(Continued)

	FY 2019 Reviewed Allocation	FY 2019 Current Allocation ^{1/}	FY 2020 Proposed Allocation ^{2/}
<u>Detention Liaison Officers Program</u>			
Cochise County Sheriff's Office	\$ 40,500	\$ 38,100	\$ 50,800
Pima County Sheriff's Office	94,300	96,400	101,500
Pinal County Sheriff's Office	51,500	-	-
Santa Cruz County Sheriff's Office	56,300	-	-
Department of Corrections	257,400	212,000	253,700
Department of Juvenile Corrections	-	<u>49,400</u>	<u>50,800</u>
Subtotal	\$500,000	\$395,900	\$456,800
<u>Border County Officers Program</u>			
Casa Grande Police Department	\$ 67,500	\$ 56,300	\$ -
Cochise County Sheriff's Office	210,800	174,600	231,000
Coolidge Police Department	-	-	77,000
Eloy Police Department	-	-	77,000
Oro Valley Police Department	80,400	59,100	77,000
San Luis Police Department	69,600	2,100	-
Yuma County Sheriff's Office	<u>67,500</u>	<u>22,100</u>	<u>77,000</u>
Subtotal	\$495,800	\$314,200	\$539,000
<u>Pima County Border Crimes Unit</u>	\$350,000	\$350,000	\$350,000
<u>Border Security and Law Enforcement Grants</u>			
Cochise County Sheriff's Office	\$ 230,000	\$ 230,000	\$ 250,000
Graham County Sheriff's Office	100,000	100,000	100,000
Greenlee County Sheriff's Office	100,000	100,000	100,000
La Paz County Sheriff's Office	100,000	100,000	100,000
Navajo County Sheriff's Office	60,000	60,000	-
Santa Cruz County Sheriff's Office	230,000	230,000	250,000
Yuma County Sheriff's Office	<u>230,000</u>	<u>230,000</u>	<u>250,000</u>
Subtotal	\$1,050,000	\$1,050,000	\$1,050,000
Total	\$2,395,800	\$2,110,100	\$2,395,800
^{1/} Represents allocation from the Subaccount through June 6, 2019. Figures are expected to increase when the final expenditure data is reported by DPS.			
^{2/} Represents proposed allocation from the Subaccount.			

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

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

- *Turner v. State of Arizona, et al.*
- *DeGroote v. State of Arizona, et al.*
- *Anderson v. State of Arizona, et al.*

The motion carried.

(Continued)

AHCCCS/DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Capitation Rate Changes for Plan Year 2020.

Ms. Maggie Rocker and Ms. Elizabeth Dagle, JLBC Staff, stated that pursuant to an FY 2020 General Appropriation Act footnote, the state's Medicaid agencies must present their plans to the Committee for review prior to implementing any changes in capitation rates. The request included CYE 2020 capitation rates (October 2019 – September 2020) for the Arizona Health Care Cost Containment System (AHCCCS) and DES Arizona Long Term Care System (ALTCS) program.

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

Ms. Jami Snyder, Director, AHCCCS, responded to member questions.

Ms. Shelli Silver, Deputy Director, Health Plan Operations, AHCCCS, responded to member questions.

Senator Gowan moved that the Committee give a unfavorable review of AHCCCS' proposed capitation rate changes. The motion carried by a roll call vote of 7-5-0-4. (Attachment 1)

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2020 First Quarter Correctional Officer Staffing Report.

Mr. Geoff Paulsen, JLBC Staff, stated pursuant to an FY 2020 General Appropriation Act footnote, ADC submitted for Committee review its quarterly staffing report for correctional officers. The report also includes the department's proposed benchmarks and how the department plans to reach those benchmarks. The JLBC Staff provided options and potential provisions.

Mr. Joe Profiri, Interim Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give a favorable review of the department's first quarterly report. As part of its review, the Committee included the following provisions:

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

The motion carried.

(Continued)

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2019 Bed Capacity Report.

Mr. Geoff Paulsen, JLBC Staff, stated that pursuant to an FY 2020 General Appropriation Act footnote, ADC submitted for Committee review its report detailing bed capacity changes in FY 2019 and proposed changes in FY 2020. The JLBC Staff provided options.

Mr. Joe Profiri, Interim Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give an favorable review of the department's bed capacity report. The motion carried.

ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2020 Tuition Revenues.

Ms. Morgan Dorcheus, JLBC Staff, stated that an FY 2020 General Appropriation Act footnote requires the Arizona Board of Regents (ABOR) to submit to the Joint Legislative Budget Committee for review of an expenditure plan for all projected FY 2020 tuition and fee revenues by expenditure category. The JLBC Staff provided options.

Mr. Lorenzo Martinez, Vice President, Finance and Administration, ABOR, responded to member questions.

Senator Gowan moved that the Committee give a favorable review of ABOR's FY 2020 plan. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/AUTOMATION PROJECTS FUND - Review of FY 2020 Projects.

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

Mr. J.R. Sloan, Interim Chief Information Officer, ADOA, responded to member questions.

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

Ms. Kerilee Baehre, Acting Chief Information Officer, DPS, responded to member questions.

Mr. Mark Killian, Director, Department of Agriculture, responded to member questions.

Senator Leach moved that the Committee give a favorable review of ADOA's proposed APF expenditures with the following provision:

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

The motion carried.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of K-12 Broadband Connectivity Projects.

By way of introduction Mr. Richard Stavneak, JLBC Director, noted that Mr. Steve Schimpp was retiring from the JLBC Staff after almost 25 years of service. Mr. Schimpp, JLBC Staff, stated that A.R.S. § 15-249.07 requires the Committee to review the ADE annual June 30 report on broadband connectivity construction projects that it has certified to receive state matching contributions. The JLBC Staff provided options and a potential provision.

Several members of the Committee thanked Steve Schimpp for his many years of service.

Senator Leach moved that the Committee give a favorable review of ADE's broadband report for the period ending June 30, 2019 with the following provision:

- A. *ADE shall include in each report that it submits pursuant to A.R.S. § 15-249.07 an updated estimate of the number of Arizona K-12 students lacking access to bandwidth of at least 1.5 megabits per second (Mbps) per pupil.*

The motion carried.

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

Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Representative Regina Cobb, Chairman

JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: 9/25/19ITEM # 1ITEM #

	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON	/				/		
SEN. BOWIE	/				/		
REP. ESPINOZA		/					/
REP. FERNANDEZ	/				/		
REP. FRIESE	/				/		
SEN. GRAY	/			/			
REP. KAVANAGH	/			/			
SEN. LEACH	/			/			
SEN. LIVINGSTON		/					/
SEN. MESNARD		/					/
SEN. OTONDO	/				/		
REP. PETERSEN	/						/
REP. ROBERTS	/			/			
REP. TOMA	/			/			
SEN. GOWAN	/			/			
REP. COBB	/			/			
TOTALS	<u>13</u>	<u>3</u>	<u>0</u>	<u>7</u>	<u>5</u>	<u>0</u>	<u>4</u>

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON					
SEN. BOWIE					
REP. ESPINOZA					
REP. FERNANDEZ					
REP. FRIESE					
SEN. GRAY					
REP. KAVANAGH					
SEN. LEACH					
SEN. LIVINGSTON					
SEN. MESNARD					
SEN. OTONDO					
REP. PETERSEN					
REP. ROBERTS					
REP. TOMA					
SEN. GOWAN					
REP. COBB					
TOTALS	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>



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DATE: December 4, 2019

TO: Members, Joint Legislative Budget Committee

FROM: Rebecca Perrera, Principal Fiscal Analyst *RP*

SUBJECT: JLBC Staff - Consider Approval of Index for School Facilities Board Construction Costs

Request

A.R.S. § 15-2041D3(c) requires that the cost-per-square-foot factors used in the School Facilities Board (SFB) new school construction formula “shall be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee (JLBC) as necessary but not less than once each year.” The cost-per-square-foot factors were last adjusted in December 2018.

Committee Options

The Committee has at least the following options:

1. Approve a 5.29% adjustment in the cost-per-square-foot factors. The adjustment is based on the change in the Rider Levett Bucknall (RLB) Phoenix construction cost index since the cost factors were last adjusted. The Committee has used this methodology for the last 5 years. *Table 1* lists the cost-per-square-foot amounts for this recommendation.
2. A different adjustment factor. SFB has not offered a recommended adjustment.

Key Points

- 1) JLBC is annually required to adjust SFB new construction cost-per-square-foot factors.
- 2) Based on a local Phoenix construction cost index, prices have increased by 5.29% in the last year.
- 3) The Committee has used this same index for the last 6 years.
- 4) The 5.29% adjustment would increase costs by \$2.4 million in FY 2021.

(Continued)

Table 1

Cost-Per-Square-Foot Amounts for Each Option

	<u>K-6</u>	<u>7-8</u>	<u>9-12</u>
Current Cost-Per-Square Foot Amounts	\$ 156.10	164.80	190.81
Committee Option - Phoenix Construction Index (5.29%)	164.36	173.52	200.90

Analysis

Background Information

The original Students FIRST legislation (Laws 1998, 5th Special Session, Chapter 1) established funding amounts per-square-foot of space for new construction. There are different per-square-foot factors for grades K-6, 7-8, and 9-12 space. Current statute requires that SFB use the cost-per-square-foot in effect at the time a new construction project is approved, except that SFB may adjust the formula based on geographic or site conditions as defined in statute. Statute requires that the Committee adjust the cost-per-square-foot amounts at least once per year. The Committee traditionally only considers base construction inflation (such as changes to the price of labor and materials) and not cost adjustments for changes in school design elements over time.

In November 2008, the Committee approved a 1.98% adjustment in construction costs. Between 2008 and 2016, the Committee approved a 0% adjustment in construction costs in each year due to the decline in construction costs during the recession. Since 2016, the Committee has approved increases to the new construction cost-per-square-foot as follows: 4.31% (December 2016), 3.12% (January 2018) and 6.19% (December 2018).

Adjustment Options

The Committee has used the RLB Phoenix construction cost index methodology since 2013. Since the Committee last approved an adjustment in December 2018, the RLB index has increased by 5.29%. In comparison, the Phoenix Consumer Price Index (CPI) increased by 2.46% in the same time period. The Phoenix CPI is not specifically related to construction costs.

Fiscal Impact

Statute does not require that the JLBC adjustment apply to projects already awarded. At the time of this publication, 3 schools are projected to be awarded for FY 2021 based on the FY 2020 enacted budget spending plan and SFB's September budget request. An adjustment of 5.29% would result in increased expenses of \$2.4 million for these projects (*see Table 2*). If SFB awards more than 3 schools, the cost of this adjustment would increase.

Table 2

Fiscal Impact on FY 2021 New Construction Projects

<u>School District</u>	<u>Current Rates</u>	<u>5.29% Increase (RLB)</u>
Sahuarita USD (9-12)	\$23,851,400	\$25,113,100
Tanque Verde USD (7-12)	2,235,200	2,353,400
Yuma Union (9-12)	<u>19,081,000</u>	<u>20,090,400</u>
Total ^{1/}	\$45,167,600	\$47,556,900
<i>Increase from Current Rates</i>		<i>\$2,389,300</i>

^{1/} Amount excludes land costs which are not impacted by the adjustment

(Continued)

The board is set to award new schools at its meeting the morning of December 11 prior to the scheduled start of the JLBC meeting.

These additional costs listed above would likely be spread over 2 fiscal years, as recent projects have been funded on a 2-year construction timeline. In addition, SFB is currently in the process of conceptually approving schools which would be funded in FY 2022 and beyond. This process does not represent formal SFB approval and is subject to change in the future. Any additional long-term costs resulting from the proposed adjustments would depend on future SFB new construction approvals.

RP:kp



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DATE: December 4, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Senior Fiscal Analyst *GP*

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

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona Department of Corrections (ADC) submitted for Committee review its quarterly staffing report for correctional officers. At the September JLBC meeting, the Committee included provisions requiring the next report to include a summary of responses from correctional officer (CO) exit surveys since January 2019, the average CO salary including overtime, and information on competitor salary information.

Committee Options

The Committee has at least the following 3 options:

1. Favorably review the report.
2. Unfavorably review the report.
3. Receive the report without comment.

Analysis

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

(Continued)

Key Points

- 1) By June 2020, ADC has a goal of adding 812 net additional CO positions above June 2019.
- 2) At the last meeting, ADC had lost (92) COs. The loss has been reduced to (40) compared to June 2019.
- 3) ADC's current CO vacancy rate is 19.9%.
- 4) ADC also provided supplemental information:
 - a. Reasons COs left ADC included salary (39%), safety concerns (37%), personal reasons (34%), and negative work environment (32%).
 - b. The average CO earned \$7,200 in overtime in FY 2019. This is projected to be \$9,700 in FY 2020, a 35% increase.
 - c. Competitor starting salaries range from \$29,700 to \$48,600. ADC's starting salary is \$36,200.

At the September meeting, ADC reported a net decrease of (92) correctional officers through August 26 (for technical reasons, the September JLBC memo reported a decrease of (74) officers). Through October 28, 2019, ADC now reports that the loss has declined to (40) compared to June 2019 (see *Table 1* for details).

Table 1

Quarterly CO Staffing Levels in FY 2020

	June 24, 2019	1st Quarter	2nd Quarter
	<u>(Base Level)</u>	<u>(Thru August 26)</u>	<u>(Thru October 28)</u>
Filled Positions (including COTA)	5,372	5,280	5,332
Vacant Positions	<u>1,283</u>	<u>1,375</u>	<u>1,323</u>
Total Positions	6,655	6,655	6,655
YTD Filled Positions Relative to Base	N/A	(92)	(40)

ADC has a statewide CO vacancy rate of 19.9% as of October 28. *Table 2* below details the staffing levels by prison complex through October 28.

Table 2

Correctional Officer Staffing Levels by Location

(As of October 28, 2019)

	<u>Filled CO</u>	<u>Vacant CO</u>	<u>Officers in</u>	<u>Vacancy</u>
	<u>Positions</u>	<u>Positions</u>	<u>Training</u>	<u>Rate (%)</u>
Eyman	642	411	15	38.5
Florence	505	250	19	32.3
Perryville	515	100	34	15.4
Lewis	786	234	24	22.4
Phoenix	207	16	18	6.6
Tucson	883	141	52	13.1
Douglas	348	52	12	12.6
Safford	219	34	23	12.3
Winslow	249	77	13	22.7
Yuma	720	8	16	1.1
Maricopa Re-Entry	17	0	0	0.0
Pima Re-Entry	<u>15</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total	5,106	1,323	226	19.9

(Continued)

Responses to September JLBC Meeting Provisions

The September JLBC meeting provisions required that ADC submit the following information in its next quarterly report:

- a summary of responses from CO exit surveys since January 2019, including the reasons for leaving the department and employees' new employer if available;
- the average ADC CO salary including overtime;
- competitor salaries, including whether they awarded salary increases in the past 12 months.

CO Exit Survey Responses

According to ADC, 306 employees who have left the department since January 1, 2019 responded to the optional exit survey. Of those respondents, 54% were between the ages of 20-29, and 21% had less than 1 year of service with the department. Respondents could cite multiple reasons for leaving the department.

Salary was cited by 39% of respondents as a significant influence on their decision, followed by safety concerns (37%), personal reasons (34%), and negative work environment (32%). *Table 3* below details the most common responses.

Table 3	
Reasons Cited for Leaving Department	
	<u>% of Respondents</u>
Compensation not competitive	39%
Safety concerns	37%
Personal reasons (family, health, school, etc.)	34%
Negative work environment	32%
Wanted a career change	30%
Did not feel valued/recognized	26%

Average CO Salary Including Overtime

According to ADC, the average base salary in FY 2019 was \$35,600. With overtime, stipends and other payouts, the average total salary for COs was \$46,300. Thus far in FY 2020, the average base pay is \$39,200 and the total salary is \$51,200.

Table 4			
Average CO Salary by Component			
	<u>FY 2019</u>	<u>FY 2020 YTD</u>	<u>% Change</u>
Base Pay	\$35,600	\$39,200	10%
Overtime	7,200	9,700	35%
Stipends	2,100	2,100	0%
Other Salary	1,400	200	(86)%
Total Salary	\$46,300	\$51,200	11%

The average CO earned about \$7,200 in overtime in FY 2019. ADC estimates that average overtime earnings in FY 2020 are \$9,700, a 35% increase. Based on the average CO salary, this equates to about 7 overtime hours per CO per week.

(Continued)

In October, ADC provided the JLBC Staff a breakout of the distribution of overtime hours worked by COs. According to ADC, 34% of COs didn't work any overtime in FY 2019, and an additional 34% worked 10 hours or less. The FY 2020 numbers through August 26 show a slight increase in the number of COs working overtime but is relatively consistent with FY 2019 (see *Table 5* below).

Table 5		
Average CO Overtime Hours Earned Per 2-Week Period		
	FY 2019	FY 2020 (thru August 26)
No Overtime	34%	32%
0.1-10 hours	34%	31%
10.1-20 hours	11%	12%
20.1-30 hours	7%	8%
30.1- 40 hours	5%	6%
40.1-50 hours	3%	4%
50+ hours	5%	7%

Competitor Salary Information

ADC reported the starting salaries for 16 Arizona employers besides ADC that compete for correctional officers. The salaries ranged from \$29,700 to \$48,600 and included federal prison facilities, county sheriff's offices, the Bureau of Indian Affairs, and private prison complexes (see *Table 6* for details). Of the 16 competitors, ADC reported 10 had higher starting salaries than ADC. Additionally, 10 of the 16 provided salary increases over the past 12 months. These increases ranged from 2% to 23%.

Table 6	
Starting Salary of ADC COs and Competitors	
	<u>Starting Salary</u>
Florence Correctional Center (CoreCivic)	\$48,600
Eloy Detention Center (CoreCivic)	44,200
La Palma Correctional Center (CoreCivic)	44,200
Federal Bureau of Prisons, Safford & Tucson	41,900
Maricopa County Sheriff	40,400
Pima County Sheriff	40,200
Bureau of Indian Affairs - Navajo Nation	39,000
Central Arizona Correctional Facility, Florence (GEO)	38,100
Red Rock Correctional Center (CoreCivic)	37,800
Arizona State Prison - Florence (GEO)	36,600
ADC - Current	36,200
Pinal County Sheriff	36,200
San Luis Detention Center (LaSalle)	35,300
Arizona State Prison - Kingman (GEO)	35,300
Saguaro Correctional Center (CoreCivic)	34,300
Marana Comm. Corr. Treatment Facility (MTC)	33,200
Arizona State Prison - Phoenix West (GEO)	29,700



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DAVID SHINN
DIRECTOR

November 22, 2019



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

RE: Second Quarter Correctional Officer Staffing Report

Dear Representative Cobb:

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

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

When the committee met on September 25, 2019, additional provisions were added to the requirement. The additional requirements include the following:

- A summary of responses from CO exit surveys since January 2019
- The average CO Salary including overtime
- Competitor Salary information

Background

During the last several years, the Arizona Department of Corrections (ADC) has experienced issues with retaining CO. Despite a robust recruitment program, which hired 1,213 COs in FY 2018 and 1,187 COs and Correctional Trainees in FY 2019, the number of vacancies continued to increase. In July 2017 the vacancy rate was 12.2% (814 positions) and by July 2019 it had increased to 19.3% (1,283 positions). In November 2019, the vacancy at hard-to-fill prisons, including ASPC-Florence, ASPC-Eyman, and ASPC-Winslow, ranged from 23.1% to as 39.0%. These same prison complexes contain high custody level populations wherein high CO vacancy rates causes additional operational strain and contributes to unsafe working conditions for staff, unsafe living conditions for inmates, and curtails access to inmate programming.

In FY 2020 the CO Series received a 10% salary increase. The vacancy among COs continues to challenge the safe and secure operation of prisons.

FY 2020 Hiring Benchmarks

The following table illustrates the FY 2020 Hiring Benchmarks. The goal to increase the number of filled CO positions by 812 during FY 2020 has not changed. ADCs ability to meet the benchmarks relies heavily on our ability to retain staff.

FY 2020 Hiring Benchmarks					
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Total
Hires	453.00	453.00	453.00	453.00	1,812.00
Separations	- 173.00	- 173.00	- 173.00	- 173.00	- 692.00
Promotions	- 77.00	- 77.00	- 77.00	- 77.00	- 308.00
Net CO Hiring Activity	203.00	203.00	203.00	203.00	812.00

A net increase of 812 filled CO positions would reduce the number of vacant CO positions from 1,283 as of June 24, 2019 to 471 by June 30, 2019.

	24-Jun-19	Annual Projection	Projected 30-Jun-20
Filled Positions	5,372.00	812.00	6,184.00
Vacant Positions	1,283.00	- 812.00	471.00
Net CO Hiring Activity	6,655.00	0.00	6,655.00

Year-To-Date Hiring Activity

During the 1st quarter filled CO positions decreased by 108 but in the 2nd quarter there has been a net increase of 68.25 filled CO positions. This development is promising as it is the first time since before FY 2018 that this type of increase has occurred.

FY 2020 Year-To-Date Actual					
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Total
Hires	322.00	169.25			491.25
Separations	- 344.00	- 83.00			- 427.00
Promotions	- 86.00	- 18.00			- 104.00
Net CO Hiring Activity	- 108.00	68.25			- 39.75

Year-to-date the number of filled CO positions has decreased by 39.75.

	24-Jun-19	YTD	28-Oct-19
Filled Positions	5,372.00	- 39.75	5,332.25
Vacant Positions	1,283.00	39.75	1,322.75
Net CO Hiring Activity	6,655.00	0.00	6,655.00

The following table illustrates the current (as of October 28, 2019) CO staffing information by complex. "Hired" includes employees that started COTA, CO Trainees, and rehires. The previous report included COs and CO Trainees with a scheduled start date. There are currently 67 employees that meet these criteria.

From June 24, 2019 through October 28, 2019							
Location	Filled Positions	Filled – In Training (COTA)	Vacant Positions	Hired	Separations	Promotions	Overtime Hrs Worked ¹
Eyman	642.00	15.00	411.00	37.00	35.00	22.00	129,874
Florence	470.00	17.00	233.00	48.00	26.00	7.00	93,223
Globe	35.00	2.00	17.00	1.00	2.00	0	2,836
Perryville	515.25	34.00	99.75	56.25	49.00	12.00	55,184
Lewis	786.00	24.00	234.00	44.00	109.00	11.00	169,505
Phoenix	207.00	18.00	16.00	34.00	23.00	1.00	29,570
Tucson	883.00	52.00	141.00	104.00	70.00	13.00	140,715
Douglas	348.00	12.00	52.00	27.00	8.00	9.00	20,896
Safford	158.00	23.00	9.00	30.00	13.00	4.00	14,582
Fort Grant	61.00	0	25.00	0	4.00	2.00	6,913
Winslow	192.00	11.00	74.00	29.00	14.00	11.00	41,365
Apache	57.00	2.00	3.00	4.00	2.00	1.00	2,572
Yuma	720.00	16.00	8.00	77.00	36.00	11.00	24,016
MRC	17.00	0	0	0	1.00	0	0
PRC	15.00	0	0	0	1.00	0	21
COTA	0	0	0	0	34.00	0	0
TOTAL	5,106.25	226.00	1,322.75	491.25	427.00	104.00	731,272

¹ Includes all overtime/comp time worked through pay period ending 10-18-2019 at these locations.

YTD employees have worked 731,272 hours of overtime. The average correctional officer salary for FY 2019 and YTD FY 2020 breaks down as follows:

Object	FY 2019	FY 2020 YTD
6011 - Regular Base Salary	\$31,501	\$34,835
6041 - Annual Leave	1,933	2,291
6042 - Sick Leave	982	1,068
6043 - Compensatory Leave	243	230
6044 - Military Leave	79	57
6043 - Holiday Leave Taken	863	720
Base Pay	35,601	39,201
6031 - Overtime	7,187	9,716
6032 - Stipends	2,055	2,122
6047 - Annual Leave Payout	8	25
6049 - Other Compensated Leave	70	76
6051 - Holiday Leave Payout	915	15
6052 - Comp Leave Payout	423	1
Overtime/Stipends/Payouts	10,658	11,955
Grand Total	\$46,259	\$51,156

Summary of Exit Surveys

There were 306 ADOA Correctional Officer Exit Surveys from January 1, 2019 through October 29, 2019. Compensation not being competitive was indicated as a significant influence on the decision to

leave ADC employment. The following summarizes the responses to the exit survey (note: respondents may select more than one option):

Who Is Leaving <ul style="list-style-type: none"> • 54% leave the agency are between the ages of 20-29 • 21% leave the agency during their 1st year of service 	Resign, Retire or Transfer to Another Agency <ul style="list-style-type: none"> • 87% resign their positions • 6% of respondents transferred to another agency • 7% of respondents retired
Significant Factors Cited for Leaving <ul style="list-style-type: none"> • 39% compensation not competitive • 37% safety concerns • 34% personal considers (family, health, school, etc.) • 32% negative work environment • 30% wanted a career change • 26% did not feel valued/recognized 	Where Are They Going <ul style="list-style-type: none"> • 77% report they are going to work in the public sector • 68% leave for another full time job

Competitor Salary Information

A survey of the agency's local competitors has been ongoing. Results are indicated below:

In-State Competitors	Starting Salary	Salary Increase Last 12 months	Increase Amount	Vacancy Rate
Florence Correctional Center (CoreCivic)	\$48,630	Y	\$956	10.0%
Eloy Detention Center (CoreCivic)	\$44,158	N	\$0	N/A
La Palma Correctional Center (CoreCivic)	\$44,158	N	\$0	6.6%
Federal Bureau of Prisons, Safford & Tucson	\$41,868	Y	\$681	0.0%
Maricopa County Sheriff	\$40,414	N	\$0	N/A
Pima County Sheriff	\$40,185	Y	\$3,743	4.0%
Bureau of Indian Affairs – Navajo Nation	\$38,958	Y	\$1,331	N/A
Central Arizona Correctional Facility, Florence (GEO)	\$38,085	Y	\$4,805	11.7%
Red Rock Correctional Center (CoreCivic)	\$37,752	Y	\$3,432	6.3%
Arizona State Prison-Florence West (GEO)	\$36,608	Y	\$3,328	N/A
ADC – current	\$36,208	Y	\$3,291	19.9%
Pinal County Sheriff	\$36,157	N	\$0	12.0%
San Luis Detention Center (LaSalle)	\$35,339	N	\$0	0%
Arizona State Prison-Kingman (GEO)	\$35,277	Y	\$3,203	14.3%
Saguaro Correctional Center (CoreCivic)	\$34,320	N	\$0	N/A
Marana Comm. Corr. Treatment Facility (MTC)	\$33,176	Y	\$6,136	2.2%
Arizona State Prison-Phoenix West (GEO)	\$29,744	Y	\$4,784	25.5%

Recruitment & Retention Initiatives:

ADC is engaged in many recruitment and retention efforts across the entire department. Please see the following for some highlights:

- Continued expansion of online recruitment efforts, spearheaded by the mobile-friendly recruitment website: www.joinadc.com; along with using Facebook, LinkedIn, Instagram and other websites for geo-targeted advertisements.
- Created an online submission form on www.joinadc.com allowing those interested in a Correctional Officer position the ability to submit their contact information without the necessity of being redirected to the applications page. This allows the interested person to ask questions and commit to applying before being forced to fill out the application.
- Further expand the use of Regional Correctional Officer Training Academies. A Regional Academy is one that takes place at a specific prison location, instead of at our Correctional Officer Training Academy (COTA) facility in Tucson. Our recruiters have found that some applicants are unable or unwilling to commit to attending training in Tucson; so the regional academy allows us to bring on staff we otherwise would not be able to hire. The goal is to expand this model to run 15 Regionals during CY20, these occur simultaneously with COTA, they do not replace the recurring training program cycle at that facility.
- Cultivate our applicant pipeline, including expanding the reach into our local high schools, due to the recent rule change that allows us to hire Correctional Officers at age 18 (previously age 21 was required). Our three most recent COTA classes were comprised of 22% hires from the age range of 18-20, so this demographic can continue to be targeted to help us increase staffing levels.
- Respond and act upon feedback from staff, which is received via the Director's link, or outreach from the work group on Correctional Officer Retention. These forums allow staff to provide insightful ideas which can lead to improvements in their workplace culture, such as recent changes to the dress and grooming policy which allows for well-maintained beards and loosened restrictions on nail polish.

Conclusion

Staff safety is my number one priority. Filling vacant correctional officer positions and reducing reliance on overtime is critical to improving officer safety. ADC is focused on maximizing existing resources to increase hiring and retain correctional officers. I appreciate your interest in understanding this most critical issue for ADC.

The Honorable Regina E. Cobb

November 20, 2019

Page 6

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'David Shinn', with a large, stylized flourish extending from the end of the signature.

David Shinn

Director

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



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 4, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Geoffrey Paulsen, Senior Fiscal Analyst *GP*

SUBJECT: Arizona Department of Corrections - Review of FY 2020 Proposed Bed Capacity Changes

Request

Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona Department of Corrections (ADC) previously submitted for Committee review its report detailing proposed bed capacity changes in FY 2020. The Committee favorably reviewed the plan at its September JLBC meeting. ADC is now requesting the Committee review its revised FY 2020 changes.

Committee Options

The Committee has at least the following 2 options:

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

Key Points

- 1) At its September meeting, the Committee favorably reviewed ADC's FY 2019 Bed Capacity Report.
- 2) Since that time, the female general population has exceeded current capacity.
- 3) To address this, ADC is now proposing to reopen the Papago Unit at Douglas Prison to add 250 permanent beds and 90 temporary beds for female inmates.

Analysis

Apart from any legislative changes, ADC may alter its bed capacity during the year. The department can establish or decommission beds and has flexibility to shift beds between inmate classifications. To

(Continued)

better track the impact of the department's revisions, an FY 2020 General Appropriation Act footnote required ADC to submit bed capacity data for FY 2019, explain any adjustments since FY 2018, and provide projections for FY 2020. ADC submitted its plan in August 2019 and the plan was favorably reviewed by the Committee at the September meeting. The same General Appropriation Act footnote also requires ADC to submit a revised plan for review if ADC plans to open or close additional state-operated permanent prison beds.

As part of the September bed capacity report, ADC reported it did not plan to add or close any permanent or temporary beds in FY 2020. However, since the end of FY 2019 ADC's female population has increased by 94 inmates, or 2.2%. As a result, ADC now faces a female bed deficit. ADC projects that growth in the female inmate population will continue.

ADC has an operating capacity (including both permanent and temporary beds) of 4,355 for adult female inmates at the Perryville prison in Goodyear.

ADC reports that as of October 31, ADC's population at Perryville was 4,422, which resulted in a bed shortfall of (67) beds. As of November 30, the Perryville population has declined slightly to 4,417, with a bed shortfall of (62) beds.

To address this deficit, ADC now proposes to reopen the Papago Unit in Douglas, which is a converted motel apart from the state prison facility. The Papago Unit is a minimum-security unit with 250 permanent beds and 90 temporary beds. ADC had previously planned to sell the property, and the Arizona Department of Administration (ADOA) placed it on sale January 12, 2018 for \$560,000, but ADOA was unable to sell the facility.

ADC's revised plan would initially utilize 100 beds in the Papago Unit to address the bed shortfall. The remaining beds would provide additional capacity if the female population continues to increase. The September bed capacity report indicated ADC planned to address female bed needs by converting the Florence Globe Unit from male beds to female beds. With the reopening of the Papago Unit, ADC reports that conversion is no longer necessary.

GP:kp



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DAVID SHINN
DIRECTOR



November 22, 2019

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

RE: Bed Capacity Report Update

Dear Representative Cobb:

On July 31, 2019, the Arizona Department of Corrections (ADC) submitted the Bed Capacity Report for review by the Joint Legislative Budget Committee (JLBC). JLBC gave a favorable review of the Bed Capacity Report at its September 25, 2019 meeting.

Pursuant to Laws 2019, 1st Regular Session, Chapter 263 (HB 2747), Section 24 ADC is providing an update on changes to the operating capacity.

As of October 31, 2019, the female inmate population at ASPC-Perryville is 4,422. The operating capacity of 4,355 beds includes 4,214 rated beds and 141 temporary beds. 80 of the 141 temporary beds were added during June 2019 due to the increasing female inmate population. Despite the increase in temporary beds, the October 31, 2019 population exceeds the operating capacity by 67 inmates.

The female inmate population increase averaged 11 per month during FY 2018 – FY 2019 and it is forecasted that growth in the female population will continue.

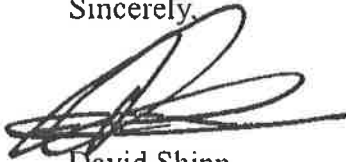
ADC plans to reactivate the ASPC-Douglas Papago Unit to house the increased population. The unit has a total of 340 minimum custody beds (250 rated and 90 temporary). Initially ADC will utilize 100 of the 340 beds based on the current bed need. As the population increases the remaining 240 beds will provide additional capacity for inmates.

The Honorable Regina E. Cobb
November 20, 2019
Page 2

The aforementioned bed report submitted on July 31, 2019 projected that ASPC-Florence Globe Unit would be converted from a male to a female unit. The activation of ASPC-Douglas Papago Unit makes the conversion of ASPC-Florence Globe Unit unnecessary at this time.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'David Shinn', with a stylized, overlapping flourish at the end.

David Shinn
Director

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

x



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BEN TOMA

DATE: December 4, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Elizabeth Dagle, Fiscal Analyst *ED*

SUBJECT: Department of Economic Security - Review of Plan for the Arizona Training Program at Coolidge

Request

A.R.S. § 36-570 requires the Department of Economic Security (DES) to submit a report for review by the Joint Legislative Budget Committee (JLBC) on or before November 1 of each year on the department's plans for the Arizona Training Program at Coolidge (ATP-C) and associated group homes, including any plans to close the facilities.

Committee Options

The Committee has at least the following 2 options:

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

Analysis

ATP-C is a state-run 24-hour residential facility for persons with a severe or profound cognitive disability. ATP-C consists of 6 intermediate care facilities (ICF), which provide institutional services to clients, as well as 5 state-operated group homes (SOGHs). In September 2019, there were 75 clients receiving services at the facility, with 18 of the 75 residing in SOGHs. As of the November 2019 report, DES reported 16 SOGH residents. Due to a zero-growth policy established in 1979 (A.R.S. § 36-554.8), the population at ATP-C has been declining.

(Continued)

ATP-C Closure Plans

DES is currently planning to close the SOGHs at ATP-C by May 20, 2020. This would require 16 residents to be relocated to a different setting. The closure of the homes is partly in response to federal regulations concerning home and community-based services that no longer allow group homes to be co-located with an ICF. At this time, DES has no plans to close the ATP-C ICFs.

Over the past year, DES has held stakeholder meetings to provide Person-Centered Planning for individuals potentially impacted by the transition. This planning resulted in arrangements allowing all 16 members to stay on the ATP-C campus. Renovations to the ICFs on campus are nearly complete and will provide space for all of the members. These facilities will be state licensed and Medicare certified.

Outside of the initial investment for renovations, DES does not anticipate any cost increases associated with this transition.

Compared to ATP-C's SOGHs, however, the ATP-C ICFs may cost more due to the higher level of care provided. DES reported to the JLBC Staff that the average daily cost per client was \$402 for the SOGHs and \$620 for the ICFs. Assuming those same rates for the 16 clients with a transition plan, DES' proposal would increase the operating costs of ATP-C by up to \$1.3 million Total Funds annually (16 clients X (620 ICF cost – 402 SOGH cost) X 365 days = \$1.3 million). The actual cost could be different depending on how DES' adjusts its staffing levels to account for the lower number of ICF vacancies.

DES anticipates "resource efficiencies" as a result of all members being in one setting. DES has not specified the type or level of these efficiencies.

ED:kp



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Douglas A. Ducey
Governor

Cara M. Christ, MD, MS
Interim Director

NOV 01 2019

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

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



Dear Representative Cobb and Senator Gowan:

The Arizona Department of Economic Security (Department) is requesting a Joint Legislative Budget Committee review of its annual update on the Department's plans for the Arizona Training Program (ATPC) and associated group homes within the Division of Developmental Disabilities (DDD) pursuant to A.R.S § 36-570:

Beginning on or before November 1, 2016, the department shall submit an annual update for review by the joint legislative budget committee on the department's plans for the Arizona training program and associated group homes. The update shall include a potential timetable for the closure of any facilities, a timeline for the completion of the transition of the residents in those facilities to new residential settings and the estimated fiscal impact. The estimated fiscal impact shall include an estimate of costs necessary to maintain existing service levels for transitioning individuals, to build capacity in the community to support transitioning individuals, to provide enhanced and independent monitoring and oversight of each new placement and to provide protection and advocacy services and medical and behavioral health care support for transitioning individuals. Before the department submits its initial update, the department shall send to each affected individual and the individual's legal guardian a written notice of the department's intention to develop a person-centered service plan for each affected individual to identify potential residential setting and in-home service options that are based on the individual's needs and personal choice. The department shall conduct meetings with all affected individuals and their legal guardians regarding the transition process and shall provide each individual and guardian with a list of potential residential settings and in-home service options. Final decisions regarding residential settings and services shall be based on person-centered plans, individual assessed needs and individual preferences.

Background Summary

Over the past year, DDD has continued to improve the clinical care, infrastructure, and overall service provision to its members at ATPC. These improvements reflect a commitment to helping the members at ATPC live self-directed, healthy, and meaningful lives. DDD is executing plans to maintain that standard

for its members while also complying with the Centers for Medicare and Medicaid Services' (CMS) revised home and community-based service rules. Sixteen members will be transferred from the group homes on campus, where they currently reside, to an Intermediate Care Facility (ICF) on campus or to a setting agreed upon by guardian or DDD before May 20, 2020. As a result of these changes and consultations with members and families, DDD currently has no plan to close the ATPC Intermediate Care Facilities (ICFs).

The CMS home and community-based service rules prohibit these settings, including group homes, from having the qualities of an institutional setting. Under these rules, a setting on the grounds of or adjacent to an institution, or a setting that has the effect of isolating individuals receiving Medicaid home and community based services from the broader community of individuals not receiving Medicaid home and community based services, is presumed to have the qualities of an institutional setting. The State Operated Group Homes (SOGHs) at ATPC currently serve sixteen (16) member residents that will be affected by these new rules.

Member Transitions on Campus

Over the course of the past year, monthly meetings have occurred with ATPC stakeholders (members, families, guardians, the 'Friends of ATPC' advocacy group, and others). The Department engaged the Sonoran University Centers for Excellence in Developmental Disabilities (UCEDD), located at the University of Arizona, to provide Person-Centered Planning for all individuals potentially impacted by the transition. This process encourages the participation of stakeholders from each of the groups mentioned above and provides due diligence for all parties regarding the movement of a member to a new home.

Stakeholders made it clear that they would prefer members stay in the group homes where they currently live. However, since that is not an option, they prefer staying on campus and moving to an ICF residence as opposed to moving to a group home residence off campus. Many of these members have lived on this campus for more than 40 years.

The outcome of the Person-Centered Planning determined that all sixteen (16) members currently living in the group homes on the ATPC campus would like to stay on the campus. Therefore, arrangements have been made to allow them to stay, including renovations to two ICFs that will allow space for all of the members to reside. Renovations are nearly complete at both ICFs on campus: 40 Oasis and 50 Sandstone. These ICFs will be state licensed as well as Medicare certified.

DDD will continue to consult with stakeholders as they begin transitioning and make accommodations as necessary. Each member's physical and behavioral health needs will continue to be met. All members will be made aware of their due process rights as well as information regarding Arizona's protection and advocacy organizations.

DDD expects no reductions in service levels for members, and services will continue to meet members' medical needs. DDD does plan to provide follow-up visits for each member at the time of his/her transition. The purpose of these visits is to identify any change in the condition of the member and obtain supports as needed. The frequency of these visits will decrease as the member demonstrates a stable and successful transition. As previously shared with the Joint Legislative Budget Committee, outside of the initial investment for renovating the two ICFs; DDD does not anticipate any long-term cost increases associated with this transition as staff will transfer from the group homes to the ICFs and resource efficiencies will occur based on having members in one setting.

The Honorable Regina Cobb
The Honorable David Gowan
Page 3

Plan for Future Use of State-Operated Group Homes

The Department continues to explore the utilization ATPC as a mixed-use facility with private and/or public entities. Conversations are on-going with community partners and other state agencies to leverage existing infrastructure for the benefit of multiple initiatives, as well as supporting the community of members residing at ATPC. The Department intends to keep the legislature updated on its progress towards securing a partner for a mutually beneficial use of the land and infrastructure.

If you have any questions, please contact Kathy Ber, Director, Office of Legislative Services, at (602) 542-4669.

Sincerely,



Cara M. Christ, MD
Interim Director

cc: Karen Fann, President, Arizona State Senate
Russell Bowers, Speaker, Arizona House of Representatives
Members of the Joint Legislative Budget Committee
Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
✓ Richard Stavneak, Director, Joint Legislative Budget Committee
Holly Henley, Director, Arizona State Library, Archives and Public Records
Gilbert Davidson, Chief of Operations, Governor's Office



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 5, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Patrick Moran, Principal Fiscal Analyst *PM*

SUBJECT: Arizona Department of Administration/Arizona Department of Education - Review of APOR/CHAR Replacement Project (Automation Projects Fund)

Request

Pursuant to A.R.S § 41-714, the Arizona Department of Administration (ADOA) and the Department of Education (ADE) have requested Committee review of \$3,000,000 in proposed FY 2020 expenditures from the Department of Education Subaccount of the Automation Projects Fund (APF) for the Department of Education's school finance system replacement project.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. Before expending monies on the FY 2020 school finance system replacement expenditure plan, ADE shall receive review and approval of the plan by the Information Technology Authorization Committee (ITAC).
- B. ADE shall report any changes in the timeline for the completion of the project to the Joint Legislative Budget Committee within 30 days of the approval of the changes. The report shall address how the revised timeline will affect ADE's plans to request additional funding for the project.

(Continued)

- C. ADE shall report to the Committee within 10 days of contracting with an independent third party vendor that will provide quarterly assessments of the project pursuant to A.R.S. § 18-104A1g. ADE shall provide the quarterly assessments to the Committee.

Key Points

- 1) The FY 2020 budget appropriated \$3.0 million to replace the state aid calculation component of ADE's 20-year old IT system.
- 2) This is the final phase of the long term replacement of ADE's IT system to count and fund students.
- 3) The \$3.0 million would replace CHAR, which calculates charter school payments.
- 4) ADE would use internal IT staff. An RFP for a contracted vendor was cancelled due to lack of qualified bidders.
- 5) ADE estimates an additional \$6.0 million is needed to replace APOR (for school districts) and its related budget component in future years.
- 6) Replacement is currently expected to be completed by June 2023.

Analysis

Background

ADE started a multi-year information technology project in FY 2012 called the Arizona Education Learning and Accountability System (AELAS). AELAS is intended to replace the old system ADE has used to count and fund students (the Student Accountability Information System (SAIS) as well as replace other ADE data systems. AELAS also will provide statewide access to data on student achievement and teacher effectiveness for individual courses. *Table 1* provides an overview of the total AELAS funding from all sources to date. Through FY 2020 ADE will have received an estimated \$74.7 million, including \$56.4 million from the General Fund.

Table 1

**AELAS Funding by Fiscal Year
(\$ in Millions)**

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Misc. ^{1/}</u>	<u>Federal Grants</u>	<u>Total</u>
2012	5.0	1.6	0.1	6.7
2013	5.0	1.6	1.8	8.4
2014	5.4	1.6	2.8	9.8
2015	10.4	1.6	2.6	14.6
2016	5.4	1.6	0.0	7.0
2017	7.3	0.0	0.0	7.3
2018	7.3	0.0	0.0	7.3
2019	5.3	0.0	0.0	5.3
2020	<u>5.3</u>	<u>3.0</u>	<u>0.0</u>	<u>8.3</u>
Total	56.4	11.0	7.3	74.7

^{1/} Amounts for FY 2012 through FY 2016 were generated from a \$6 per FTSE fee from university and community college pupils. Amount for FY 2020 is an appropriation of balances from the Department of Education Empowerment Scholarship Account Fund.

(Continued)

AELAS funding from previous years has been used to automate School Finance calculations for the Classroom Site Fund and other non-Basic State Aid (BSA) formulas within AELAS, but Basic State Aid formula calculations continue to take place within SAIS. The school finance portion of SAIS consists of CHAR (payments to charter schools) APOR (payments to school districts), and AFR/Budget (allows districts/charter schools to upload Annual Financial Reports and adopted budgets).

The systems were developed in 1999 and are operating on a platform that is no longer supported. ADE reports that the current systems require a large number of manual processes, causing processing of payments to take 1-2 weeks. The department expects this time could be reduced to a few hours under the new system. Some components of the system are currently not functional. For example, in October, ADE reported that the system is no longer able to generate "APOR/CHAR-64" reports, which tell districts and charter schools how much Basic State Aid/Additional State Aid they will receive each month. As a temporary measure, ADE is reporting this data in Excel spreadsheets posted on its website.

The FY 2020 budget appropriated \$3.0 million from the Department of Education Empowerment Scholarship Account Fund for ADE to begin replacement of the school finance database. In its FY 2021 budget submittal, ADE initially reported that it did not plan to expend the \$3.0 million until FY 2021. While ADE had submitted a project investment justification (PIJ) to ADOA, the department reports that ADOA did not forward the PIJ to the Information Technology Authorization Committee (ITAC) for review. Instead, ADOA requested that ADE issue a Requests for Proposals (RFP) for prospective vendors to assist in development of the system.

Per ADOA's direction, ADE issued an RFP in September 2019 and closed the RFP the following month. After review of bids by prospective vendors, ADE concluded that none of the bidders had sufficient qualifications to complete the project. As a result, ADE cancelled the RFP, and now intends to develop the school finance system internally with ADE Information Technology staff. ADE used this same approach for the prior AELAS changes.

As a result, ADE and ADOA are now proposing that ADE begin spending the \$3.0 million in FY 2020, conditional on ITAC approval of ADE's PIJ prior to beginning development. The Committee may therefore consider Provision A, which would require ADE to receive ITAC approval before beginning work on the project. ADE intends to have the project reviewed by ITAC at its January meeting.

ADE's FY 2020 expenditure plan classified by expense category can be found below in *Table 2*. The department plans to use the \$3.0 million to begin development of the replacement for "CHAR," which is the school finance calculation portion of SAIS for charter schools. ADE's estimated date of completion for development of CHAR's replacement is May 2021, although ADE/ADOA report having "the intention of accelerating the project and having a new system available as quickly as possible." Given potential changes in the timeframe for project completion, the Committee may consider Provision B, which would require ADOA/ADE to report to the Committee any proposed changes in the project timeline as listed in the agency submission.

The \$3.0 million was labeled as one-time in the FY 2020 budget's 3-year spending plan. ADE will continue to need funding past FY 2020, however, if the project is to be completed. ADE estimates that it will have \$6.0 million in development costs for the school system remaining after FY 2020. The \$6.0 million would be used to replace the APOR and AFR/Budget components of SAIS. ADE does not believe there would be any material increases in its ongoing operating expenses for the school finance system.

(Continued)

Table 2

FY 2020 School Finance System Replacement Expenditure Plan

<u>Project</u>	<u>FY 2020</u>
Professional Services	\$2,649,800
Contingency Build Costs	128,000
Third Party Review	100,000
License & Maintenance Fees	56,000
Software	43,400
Hardware	22,800
Total	\$3,000,000

Third-Party Review

Pursuant to A.R.S. § 18-104A1g, ADE intends to spend \$100,000 to contract with a third-party vendor to provide quarterly reports on the development of the school finance system. We have asked ADE when they plan to contract with such a vendor. Provision C would require ADE to report to the Committee: A) the completion of its contract for independent third party review and B) provide the quarterly reports to the Committee.

PM:lm

Douglas A. Ducey
Governor



Andrew Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE · SUITE 403
PHOENIX, ARIZONA 85007

(602) 542-1500

December 3, 2019

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

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



Dear Representative Cobb and Senator Gowan:

The Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2020 Automation Projects Fund (APF) with projects related to the Department of Education (DOE). The monies have been appropriated to support APF expenditure plans.

The request has been delayed while ADOA and DOE worked to review the results of a Request for Proposal (RFP) which explored the option of using vendors to develop the School Finance Payment Systems. A determination to develop the systems with DOE staff and contractors has been made in collaboration between ADOA and DOE.

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

Sincerely,

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

JR Sloan
Interim State CIO

Enclosures

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

ARIZONA

DEPARTMENT OF ADMINISTRATION
ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

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

Favorable Review Request for December 2019 JLBC Meeting

Agency-Division	Project Name	JLBC Favorable Review Request	PIJ/ITAC Status
Dept. of Education	Replace the school finance data system	\$3,000,000	Pending*
	Total FY20 APF December 2019 Request	\$3,000,000	
	Total FY20 APF Funds Not Review Requested	\$2,010,000	
	Total FY20 APF Funds Favorably Reviewed	\$12,301,000	
	Total FY20 Appropriated APF Budget	\$17,311,000	

* PIJ will be approved prior to scheduled JLBC meeting

Favorably Reviewed FY20 APF Projects

Agency	Appropriation Name	FY20 APF Appropriation	JLBC Favorable Review Amount	PIJ/ITAC Status
Dept. of Administration	Feasibility study of a business one-stop shop web portal and to initiate the system design	\$1,000,000	\$1,000,000	JLBC Favorable Review 9/25/2019
Dept. of Agriculture	Conduct a feasibility study to replace or upgrade information technology systems	\$200,000	\$200,000	JLBC Favorable Review 9/25/2019
Dept. of Child Safety	Implement upgrades to the children's information library and data source system (CHILDS)	\$10,100,000	\$8,500,000	JLBC Favorable Review 9/25/2019
Dept. of Education	Replace the school finance data system	\$3,000,000	\$0	Pending
Arizona Medical Board	Information technology projects	\$300,000	\$300,000	JLBC Favorable Review 9/25/2019
Dept. of Public Safety	Concealed weapons tracking system	\$410,000	\$0	Pending
Dept. of Public Safety	Criminal Justice Information System (CJIS)	\$2,301,000	\$2,301,000	JLBC Favorable Review 9/25/2019

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ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Total Favorably Reviewed FY20 APF Projects		\$12,301,000
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Favorably Reviewed FY19 APF Projects

Agency	Appropriation Name	FY19 APF Appropriation	JLBC Favorable Review Amount	PIJ/ITAC Status
Dept. of Administration	Relocate State Data Center	\$4,697,000	\$4,697,000	JLBC Favorable Review 06/19/18
Dept. of Administration	HRIS	\$821,900	\$821,900	JLBC Favorable Review 06/19/18
Dept. of Administration	eProcurement	\$3,000,000	\$3,000,000	JLBC Favorable Review 06/19/18
Dept. of Administration	Projects related to e-Government	\$500,000	\$500,000	JLBC Favorable Review 12/18/18
Dept. of Environmental Quality	Projects related to e-Licensing	\$3,200,000	\$3,200,000	JLBC Favorable Review 12/18/18
Dept. of Financial Institutions	eLicensing	\$1,400,000	\$1,400,000	JLBC Favorable Review 06/19/18
Dept. of Public Safety	Microwave Upgrade System Project	\$1,250,000	\$1,250,000	JLBC Favorable Review 09/20/2018
Dept. of Public Safety	Criminal Justice Information System (CJIS)	\$2,806,200	\$2,806,200	JLBC Favorable Review 06/19/18
Total Favorably Reviewed FY19 APF Projects			\$17,675,100	

Favorably Reviewed FY17 APF Projects

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



DEPARTMENT OF ADMINISTRATION
ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Agency: Arizona Department of Education

Project: School Finance Payment Systems

Appropriation: School Finance Data System

CURRENT REQUEST

The Department of Administration on behalf of the Department of Education, is requesting favorable review of \$3,000,000 appropriated from the Automation Projects Funds in FY 2020 to begin development of the School Finance Payment Systems project, for components APOR, CHAR and AFR/Budget. This is a request for \$3,000,000 for the first year of development of a three-year \$9,000,000 project. The entire project cost is \$9,000,000 of which the remaining \$6,000,000 will be requested in future budget appropriations.

The purpose of this Request is to develop and implement a customized Payment and Budget System which would align with all Title 15 Statutes, Propositions, Federal and State mandated legislative changes, to effectively and efficiently manage data input, feedback, validation, calculations, activities, tracking, reporting, and output for all supported state entities, as well as provide an auditable budget tool which can capture, analyze, and report on district budgets while ensuring statutory compliance and constitutional expenditure limits.

FY 2020 Appropriation	FY 2020 Favorably Reviewed	FY 2020 Current Request	FY 2020 APF Remaining Balance
\$3,000,000	\$0	\$3,000,000	\$0

PROJECT DESCRIPTION

Background

The Arizona Department of Education (ADE) manages and administers the Payment and Budget System with more than six billion dollars in state aid processed per fiscal year. The current Payments System has been in existence since 1999, currently running on an unsupported Microsoft Windows 2000 platform. The system designates payments to a variety of educational and state entities, some of which include County facilities, Local Education Association (LEA) Districts, Charter schools, Arizona Department of Juvenile Corrections (ADJC), Arizona Department of Corrections (ADOC), County Juvenile facilities, County Jails, and Small School Districts. These payments include staff and teacher salaries, monetary support based upon student body, transportation, various administrative fees, educational program support, as well as all other fees budgeted by the educational and state institutions. The Payment and Budget System is driven by Title 15 statutes and captures documentation from the internal processes of the Arizona Department of Education to meet those requirements. The Payment System is comprised of three parts: APOR, CHAR and AFR/Budget.

The CHAR business flow is organized around six stages, each containing a variety of individual business processes resulting in monthly payments to District schools. CHAR processes include Inputs (two stages), Activities (two stages) and Outputs (two stages). The APOR business flow is organized around seven stages, each containing a variety of individual business processes. These processes include: Input (two stages), Activities (three stages) and Output (two stages). The AFR/Budget piece is an accumulation of data, submitted annually, from the public and charter schools, which results in Annual Financial Report and Budget information and annual reporting to the Auditor General's Office.

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DEPARTMENT OF ADMINISTRATION
ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Solution

ADE Information Technology is proposing to develop and implement a set of integrated components designed to provide School Finance with an integration data flow between AzEDS and the modernized School Finance payment streams. The project will use the already defined criteria gathered so far by ADE working with external sub committees and high-level design to ensure all statutory requirements and Business needs are met. Further evaluations are required of existing processes, systems and programming. These evaluative steps will include detailed overview of the existing processes, tools and systems; detailed design and development of the future solution with increased functionality; organization of automated workflow process, payment calculations and allocations; automated systematic calculations based on the business rules and formulas as defined by statutes and School Finance policies; support of manual payments when required; centralized data repository storage to support structured and ad-hoc reporting requirements.

The proposed system(s) will be developed on existing modernized School Finance payment streams and will greatly reduce the time required to process payments from 1 - 2 weeks to a few hours; it will also eliminate the need to use a multitude of tools and processes to effectuate payments, as all processes will be using the new workflow-based application. The new system will allow for a more comprehensive, organized data auditing and traceability; it will eliminate data retention in excel spreadsheets and fragmented MS Access databases. Centralized database storage enables more efficient and accurate payment structures as well as various types of reporting. The proposed system also establishes concrete data verification due to the elimination of manual processes; users can access, analyze and verify a larger stream of data in a shorter amount of time. It will provide increased accountability and monitoring through capturing calculations and storing data at a more granular level. It will provide increased internal user access controls via a configurable access and user profile management module. It will entail an automated payment reconciliation process with the Arizona Financial Information System (AFIS), decreasing the need for manual reconciliation using excel spreadsheets.

The proposed system also provides a more configurable reporting module for payment activity, reducing manual tracking which is the current norm. It will increase the ability to retrieve and share information and transparency on payment calculations to LEAs.

Benefits

The fragility of the current system results in many operations being interdependent and unable to execute concurrently. System design and implementation is also inefficient incurring a great burden on the infrastructure. The large number of manual processes required to run the system translates to days spent performing tasks that would otherwise require seconds. Simple operations are performed multiple times by staff in order to reduce errors. Due to time constraints, manual calculations are only performed during a few months per year when they should be monthly occurrences. As manual calculations are completed, the districts and charters are brought current, making up for prior month shortages or overages. The result, however, is a manual labor intensive of problematic data and jumbled reports.

Automating the entire process will greatly reduce the manual processes for payments and will give School Finance the ability to generate accurate payments to districts and charters each month. The cost and time savings from the proposed automation will reduce process times from weeks or months to days and manual labor, allowing for increased service to the districts and charters.



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ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

It is anticipated, as was the case with Arizona Educational Data Standards (AzEDS) implementation, that the newer, more modern technology will produce different results than that of the patchwork of old, unsupported code. A fully automated system will remove any human interaction with processing calculations, reducing the need to complete rework if/when an error is detected. The amount of ADE staff time processing these calculations, as well as the increased upkeep costs of outdated technologies, would be reduced.

Automation and modernization will make modifications simpler and quicker to support changing applicable statutes and the rules on how the payments are calculated, adjusted, and delivered.

ADOA-ASET ADDITIONAL INFORMATION

In order to avoid further delays in starting the development of this project, ADOA is submitting this Ask request to JLBC for conditional approval, with the condition being that ITAC must approve the PIJ prior to project kick-off and/or beginning development. ADE and ASET are working together to ensure the following are considered prior to PIJ approval:

- *Accelerated Timeline*

ADE shall partner with ASET to evaluate the project plan and make adjustments to accelerate system development; with the intention of accelerating the project and having a new system available as quickly as reasonably possible in order to reduce risks associated with ADE's current failing financial application.

- *Change Management*

ADE will work with ASET to identify a methodology of change management to be followed, and implemented into the project plan, in preparation for deployment of the new AELAS - School Finance Payment System; regardless of the method of development. At a minimum, the change management plan shall detail the following stages:

1. A plan for training ADE staff and all stakeholders/customers on the new system
2. A communications plan for all affected parties
3. A plan for adoption of the new system in stages as CHAR, APOR and AFR are developed tested and released
4. Selection of a third party vendor to perform business and system requirement documentation through development with the understanding that the product will be used for assisting in potential third party system maintenance and operational support following go-live

- *Monthly Project Status & Oversight*

In partnership with ADOA, ADE shall work with ASET Oversight in effort to establish an in-depth plan to appropriately fulfill the duties as assigned under ARS Title 18-104 and provide a clear picture of project development efforts by performing the following:

1. ASET will provide a project manager, at a cost to ADE, to provide daily oversight of the project
2. Appointment of ASET members(s) to the project Executive Steering Committee
3. Inclusion of ASET Oversight in weekly/monthly project specific status meetings
4. IV&V selection from the IT Research and Advisory Services Contract
5. Quarterly informational updates to ITAC following Project Investment Justification (PIJ) approval

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ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

6. Monthly status reports submitted by ADE will follow the status report format as defined by ADOA-ASET

PROJECT GOALS/MILESTONES

Part One: CHAR Development

****NOTE:** This is part one of a three-year plan for a project total of \$9,000,000. The following Project Goals and Milestones as well as Project Cost Detail solely reflect the first year of development of CHAR using the current appropriated funds of \$3,000,000 only.

Milestones	Timelines		Duration
	Estimated Start Date	Estimated End Date	
CHAR Payment Resource Ramp Up	2/3/2020	3/2/2020	4 weeks
CHAR Payment Project Analysis	2/3/2020	3/2/2020	4 weeks
CHAR Payment Project Design	3/2/2020	3/30/2020	4 weeks
CHAR Payment Project Requirements	3/30/2020	5/25/2020	8 weeks
CHAR Payment Configuration-Dev complete	5/25/2020	6/29/2020	5 weeks
CHAR Payment Data Input-Dev complete	6/29/2020	8/17/2020	7 weeks
CHAR Payment Adjustments-Dev complete	8/17/2020	9/14/2020	4 weeks
CHAR Payment Calculations-Dev complete	9/14/2020	10/12/2020	4 weeks
CHAR Payment Review and Approval-Dev complete	10/12/2020	11/9/2020	4 weeks
CHAR Payment Output-Dev complete	11/9/2020	1/11/2021	6.5 weeks
CHAR Payment External Interfaces-Dev complete	1/11/2021	2/15/2021	4 weeks
CHAR Integration Testing	2/15/2021	3/15/2021	4 weeks
CHAR UAT	3/15/2021	4/19/2021	5 weeks
CHAR Production Deployment	4/19/2021	5/5/2021	2.5 weeks

PROJECT COST DETAIL

Professional Services – Fees for design, development, QA/Testing (architects, developers, business analysts, quality assurance personnel) \$2,649,760

Contingency Build Costs – extraneous costs associated in building and managing the backup plan for software development \$127,958

IV&V \$100,000

Hardware- Desktop Equipment \$22,806

Software - Contractor Software Applications & Licenses \$43,388

License & Maintenance Fees- includes Storage and Migration to the Cloud \$56,088

Total Development Cost for FY [2020] \$3,000,000

The following Project Goals/Milestones and Project Cost Details are pending appropriation and are parts two and three, APOR and AFR/Budget, of the overall total \$9,000,000 project:

PROJECT GOALS/MILESTONES

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ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Part Two: APOR Development

Milestones	Timelines		Duration
	Estimated Start Date	Estimated End Date	
APOR Project Requirements	5/10/2021	6/7/2021	4 weeks
APOR Payment Configuration-Dev Complete	6/7/2021	7/6/2021	4 weeks
APOR Payment Data Input-Dev Complete	7/6/2021	8/3/2021	4 weeks
APOR Payment Adjustments-Dev Complete	8/3/2021	9/13/2021	6 weeks
APOR Payment Calculations – Dev Complete	9/13/2021	12/20/2021	14 weeks
APOR Payment Outputs –Dev Complete	12/20/2021	2/28/2022	8 weeks
APOR Integration Testing	2/28/2022	3/28/2022	4 weeks
APOR UAT	3/28/2022	5/23/2022	8 weeks
APOR Production Deployment	5/23/2022	6/20/2022	4 weeks

PROJECT COST DETAIL

Professional Services – Fees for design, development, QA/Testing(architects, developers, business analysts, quality assurance personnel) \$2,706,496

Contingency Build Costs – extraneous costs associated in building and managing the backup plan for software development \$126,684

IV&V \$100,000

Hardware - Desktop Equipment \$0

Software - Contractor Software Applications & Licenses \$8,635

License & Maintenance Fees- includes Storage and Migration to the Cloud \$58,185

Total Development Cost for FY [2021] \$3,000,000

PROJECT GOALS/MILESTONES

Part Three: AFR/Budget Development

Milestones	Timelines		Duration
	Estimated Start Date	Estimated End Date	
Budget and AFR Project Requirements	6/27/2022	7/25/2022	4 weeks
Budget and AFR Payment Configuration-Dev Complete	7/25/2022	8/22/2022	4 weeks
Budget and AFR Payment Data Integration-Dev Complete	8/22/2022	9/19/2022	4 weeks
Budget and AFR Payment Calculations – Dev Complete	9/19/2022	11/21/2022	9 weeks
Budget and AFR Payment Outputs –Dev Complete	11/21/2022	3/13/2023	14 weeks
Budget and AFR Integration Testing	3/13/2023	4/10/2023	4 weeks
Budget and AFR UAT	4/10/2023	5/8/2023	4 weeks
Budget and AFR Production Deployment	5/8/2023	6/5/2023	4 weeks

PROJECT COST DETAIL

ARIZONA

DEPARTMENT OF ADMINISTRATION
ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY

Professional Services – Fees for design, development, QA/Testing (architects, developers, business analysts, quality assurance personnel)	\$2,706,496
Contingency Build Costs – extraneous costs associated in building and managing the backup plan for software development	\$105,398
IV&V	\$100,000
Hardware- Desktop Equipment	\$0
Software - Contractor Software Applications & Licenses	\$29,921
License & Maintenance Fees- includes Storage and Migration to the Cloud	\$58,185
Total Development Cost for FY [2022]	\$3,000,000

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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HOUSE OF
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BEN TOMA

DATE: December 10, 2019

TO: Members of the Joint Legislative Budget Committee

FROM: Stefan Shepherd, Deputy Director

SUBJECT: Attorney General - Review of Consumer Restitution and Remediation Revolving Fund -
Consumer Remediation Subaccount Expenditure Plan

Request

A.R.S. § 44-1531.02C requires the Attorney General (AG) to submit an expenditure for review by the Joint Legislative Budget Committee (JLBC) prior to spending any monies in the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. The AG requests the Committee review its expenditure plan to spend \$125,000 from 2 settlements to support expenses associated with the Missing and Murdered Indigenous Women and Girls Study Committee.

Committee Options

The Committee has at least the following 2 options:

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

Analysis

A.R.S. § 44-1531.02C establishes the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund consisting of monies associated with consumer protection case awards or settlements. These monies are those not collected for the benefit of specific, identifiable persons, while monies that are for the benefit of specific identifiable persons are deposited into the Fund's Consumer *Restitution* Subaccount.

(Continued)

The first \$4,000,000 spent annually in the Consumer Remediation Subaccount is continually appropriated. Statute permits the AG to spend monies in this subaccount "for programs, including consumer fraud education programs, that are intended to rectify violations or alleged violations of consumer protection laws" but requires the AG to submit an expenditure plan to the Committee for its review before spending any monies in the subaccount.

Laws 2019, Chapter 232 established the Missing and Murdered Indigenous Women and Girls (MMIWG) Study Committee consisting of 23 members, including 4 members of the House of Representatives and 4 members of the Senate. Chapter 232 outlines the Study Committee's responsibilities, including but not limited to conducting a study to determine how to reduce and end violence against indigenous women and girls in Arizona, gathering relevant data, and submitting a report to the Governor, President of the Senate, and Speaker of the House of Representatives by November 1, 2020.

Expenditure Plan

The AG's proposed plan would spend \$125,000 from two settlements: 1) \$61,500 from a settlement with the Lenovo Corporation, which reflects all remaining funds in that settlement, and 2) \$63,500 from a settlement with the Target Corporation. It proposes to distribute the monies via a competitive bid. The AG proposes to use the monies to cover costs associated with, but not limited to, "consulting fees, travel expenses, and costs associated with independent contractors who will be conducting surveys gathering information from tribal nations and statewide law enforcement." The successful bidder will be responsible for all costs associated with implementing the Study Committee's findings.

The AG notes that on November 26, 2019, President Trump signed [Executive Order 13898](#), which established the Task Force on Missing and Murdered American Indians and Alaska Natives. The Order requires the Task Force, among other tasks, to address "cold cases" involving missing and murdered American Indians and Alaska Natives. The AG reports that the Order will provide for 11 new federal coordinators at the U.S. Attorney's Office to assist with the functions of the Task Force, of which 1 will be assigned to Arizona. The MMIWG Study Committee is expected to coordinate with the coordinator and Task Force.

SSH:kp

Richard Stavneak

From: Anderson, Ryan <Ryan.Anderson@azag.gov>
Sent: Tuesday, December 10, 2019 3:57 PM
To: Richard Stavneak
Cc: Regina Cobb; David Gowan; Fletcher Montzingo; Ryan Sullivan
Subject: Missing and Murdered Indigenous Women and Girls Study Committee Proposed Expenditure Plan
Attachments: Missing and Murdered Indigenous Women and Girls Study Committee Expenditure Plan.doc

Richard –

The Attorney General's Office requests JLBC review of the attached expenditure plan proposal for the Missing and Murdered Indigenous Women and Girls Study Committee.

Please let me know if you or any of your staff have any questions.

Ryan Anderson
602.542.8302



MARK BRNOVICH
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL

December 10, 2019

Request

Pursuant to A.R.S. § 44-1531.02(C), this plan is submitted by the Office of the Arizona Attorney General (AGO) to the Joint Legislative Budget Committee (JLBC) for review at its next meeting. It outlines the expenditure of the remaining funds in the Lenovo settlement fund totaling 61,481.78 and \$63,518.22 from the Target Corp settlement (total of \$125,000.00), secured by the AGO, for purposes of supporting expenses associated with the Missing and Murdered Indigenous Women and Girls Study Committee (MMIWG).

Funds from these accounts shall be distributed per a competitive bid grant program to be administered by the Arizona Attorney General's Office for purposes of supporting the work of the MMIWG Committee, pursuant to JLBC approval.

Overview

Arizona has 22 sovereign American Indian communities within its borders and ranks third in the United States in Native American population. Accurate data tracking measures of MMIWGs is a nationwide crisis according to the Urban Indian Health Institute (UIHI). <https://www.uihi.org/wp-content/uploads/2018/11/Missing-and-Murdered-Indigenous-Women-and-Girls-Report.pdf>

Thousands of Native American women go missing or are victims of violence every year, both on and off reservations. There is a lack of records and problems with racial misclassification in data reporting systems, oftentimes Native Americans are misclassified or are not racially classified at all. UIHI researchers reported that misclassifications can also occur due to lack of recognition of tribal nations—a tribe is not federally recognized or was recognized at one point and then terminated and re-recognized.

The National Institute of Justice reported that regardless of the fact that nationwide missing person databases exist, such as NamUs, there is a gap in information collection, sharing and reporting of all American Indian men and women who have gone missing. See *B.J. Spamer; Danielle Weiss; Charles Heurich, "Solving the Missing Indigenous Person Data Crisis: NamUs 2.0," July 12, 2019, nij.ojp.gov: <http://nij.ojp.gov/topics/articles/solving-missing-indigenous-person-data-crisis-namus-20>*

Missing and Murdered Indigenous Women and Girls Study Committee

During the First Regular Session, of the 54th Legislature, House Bill 2570 passed both legislative chambers unanimously and was signed into law on May 14, 2019. The legislation created the

Missing and Murdered Indigenous Women and Girls Study Committee. The study committee consists of 23 members; eight are House and Senate members.

The Committee's charge is to conduct a comprehensive study to determine how to reduce and end violence against indigenous women and girls in this state. The main issue within the state and across the nation pertaining to missing and murdered indigenous women and girls (MMIWG) is data collection. The Committee is tasked with establishing methods and making recommendations for law enforcement agencies across jurisdictional boundaries of tribal nations, cities, towns and counties to better improve tracking and collecting accurate data by recommending clear law enforcement protocols for the collection and reporting of data. Reliable, comprehensive data collection on MMIWG will provide state, federal, and tribal law enforcement agencies with information necessary to determine the extent of this issue in Arizona and help identify resource barriers both within and across jurisdictional boundaries to improve data collection measures within these agencies. The Committee will propose recommendations to address communication challenges across complex jurisdictional law enforcement boundaries, provide methods to accurately collect and report data, propose measures to ensure access to culturally appropriate victim services, and ensure victims/survivors/families are given the utmost trust, respect, privacy, confidentiality, resources, and referrals.

President Trump's Executive Order Establishing the Task Force on Missing and Murdered American Indians and Alaska Natives

On November 26, 2019, President Trump signed an Executive Order establishing the Task Force on Missing and Murdered American Indians and Alaska Natives. The executive order will, among other things, provide for 11 new federal coordinators with the U.S. Attorney's Office that will help with cases of murdered and missing indigenous women and girls. Arizona will be assigned a federal coordinator.

If the expenditure plan is approved by JLBC, it is anticipated that the MMIWG Committee will assist the federal coordinator and new federal task force.

Expenditure Plan

The MMIWG study committee intends to hold multiple off-site meetings on tribal lands. The appropriation will be used to determine appropriate expenditures by the study committee to cover costs associated with (but not limited to) consulting fees, travel expenses, and costs associated with independent contractors who will be conducting surveys gathering information from tribal nations and statewide law enforcement. The Committee intends to use legislative staff as much as possible, but will need additional staff skilled in tribal cultures to ensure tribal customs and practices are honored and respected throughout the duration of the study. As part of the competitive bid grant, successful bidder will be responsible for all costs associated with the implementation of the committee's work and findings.