

JOINT LEGISLATIVE BUDGET COMMITTEE

Wednesday, December 14, 2016

1:00 p.m.

Senate Appropriations Room 109

JLBC

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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**** REVISED ****

JOINT LEGISLATIVE BUDGET COMMITTEE
Wednesday, December 14, 2016
1:00 P.M.
Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order
- [Approval of Minutes of September 21, 2016.](#)
- DIRECTOR'S REPORT (if necessary).
- EXECUTIVE SESSION
 - A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.
 - B. JLBC Annual Performance Review per Rule 7.
- 1. [ARIZONA DEPARTMENT OF EDUCATION - Review of Joint Technical Education District \(JTED\) Quarterly Report.](#)
- 2. [JLBC STAFF - Consider Approval of Index for School Facilities Board Construction Costs.](#)
- 3. DEPARTMENT OF CHILD SAFETY
 - A. [Review of FY 2017 First Quarter Benchmarks.](#)
 - B. [Review of FY 2017 Third Quarter Funding for New Case Aides and Overtime.](#)
- 4. [DEPARTMENT OF PUBLIC SAFETY - Review of Sexual Assault Kit Report and Expenditure Plan.](#)
- 5. [ARIZONA BOARD OF REGENTS - Review of FY 2017 Tuition Revenues.](#)

6.* ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2017 Adult Inmate Management System. (Automation Projects Fund)

7.* ARIZONA DEPARTMENT OF ADMINISTRATION
*A. Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan.
*B. Review of Public Safety Broadband.



8.* ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Automation Projects Fund Expenditure Reallocation.



9. DEPARTMENT OF ECONOMIC SECURITY - Review of Division of Developmental Disabilities Operating Budget and Case Management Appropriation Transfers.



10. ARIZONA BOARD OF REGENTS - Review of Qualifying College Credit Examinations.

* 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.

~~12/6/16~~

12/12/16

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

September 21, 2016

The Chairman called the meeting to order at 1:05 p.m., Wednesday, September 21, 2016, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Olson, Vice-Chairman
	Senator Cajero Bedford	Representative Alston
	Senator Farley	Representative Bowers
	Senator Griffin	Representative Leach
	Senator Hobbs	Representative Mach
	Senator Kavanagh	Representative Mitchell
	Senator Yarbrough	

Absent:	Senator Lesko	Representative Montenegro
		Representative Ugenti-Rita

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of June 16, 2016, Chairman Don Shooter stated that the minutes would stand approved.

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Border Strike Task Force Expenditure Plans.

Mr. Eric Billings, JLBC Staff, stated that the Committee is required to review the expenditure plan for the \$1,261,700 FY 2017 General Fund appropriation to the Border Strike Task Force (BSTF) Local Support line item prior to expenditure. The JLBC Staff presented options to the Committee.

Mr. Phil Case, Chief Financial Officer, DPS, responded to member questions.

Representative Olson moved that the Committee give a favorable review of DPS' proposed expenditure plan for the BSTF Local Support line item. The motion carried.

(Continued)

CONSENT AGENDA

The following items were considered without discussion.

ATTORNEY GENERAL (AG) - Review of Uncollectible Debts.

Pursuant to A.R.S. § 35-150E, AG requests Committee review of its listing of uncollectible debts referred to the AG by state agencies for collection. The listing totals \$78,300,000 for debts listed as uncollectible in FY 2016 and prior years.

ATTORNEY GENERAL (AG) - Review of FY 2017 Internet Crimes Against Children Expenditure Plan.

The FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires the AG to submit, for Committee review, an expenditure plan for the \$1,250,000 FY 2017 appropriation from the Internet Crimes Against Children (ICAC) Enforcement line item.

ARIZONA COMMERCE AUTHORITY (ACA) - Review of Progress on Auditor General Recommendations.

Pursuant to a footnote in the FY 2017 General Appropriation Act (Laws 2016, Chapter 117), ACA is required to report for Committee review on the progress the agency has made towards implementing a series of Auditor General recommendations as a result of a September 2015 audit. In its analysis, the JLBC Staff offered the following provision: ACA is to report back to the Committee once all of the Auditor General's recommendations have been fully implemented.

DEPARTMENT OF ENVIRONMENTAL QUALITY (ADEQ) - Review of Safe Drinking Water Expenditure Plan.

Pursuant to an FY 2017 General Appropriation Act footnote, ADEQ has requested Committee review of its expenditure plan for \$1,800,000 from the Emissions Inspection Fund for the Safe Drinking Water Program in FY 2017.

Representative Olson moved that the Committee give favorable reviews to the 4 agenda items listed above with the ACA provision as offered by JLBC Staff. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of DCS' Financial Processes.

Mr. Ben Beutler, JLBC Staff, stated the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to provide a summary of the Moss-Adams audit on or before July 1, 2016 to the JLBC for its review. The JLBC Staff presented options to the Committee.

Mr. Greg McKay, Director, DCS, responded to member questions and circulated documents. (Attachment 1)

Representative Olson moved that the Committee give a favorable review of the department's summary, with the provision that DCS contract with Moss-Adams for follow-up audits in October 2016 and April 2017. These audits would measure DCS' progress in meeting the recommendations in Moss-Adams' initial report. Moss-Adams' full report for both of the audits would be shared with the Committee in Executive Session. The motion carried.

(Continued)

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2016 Fourth Quarter Benchmarks.

Mr. Ben Beutler, JLBC Staff, stated Laws 2014, 2nd Special Session, Chapter 2 requires DCS to submit a report to the JLBC for its review of quarterly benchmarks for assessing progress made in increasing the department's number of FTE Positions and in reducing the number of backlog cases. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review of the department's fourth benchmark report as outlined in the department's submission. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2017 Second Quarter Funding for New Case Aides and Overtime.

Mr. Ben Beutler, JLBC Staff, stated FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit a report to the JLBC for its review on private contractor awards to address the backlog of non-active cases prior to the expenditure of monies appropriated for New Case Aides and Overtime Pay. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review of DCS' expenditure plan, which includes \$765,200 for New Case Aides and \$2,092,500 for Overtime Pay in the second quarter of FY 2017. A total of \$1,530,300 for New Case Aides and \$4,185,000 for Overtime Pay will be reviewed upon further updates on progress of reducing the backlog of non-active cases. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of Alternative Use of Backlog Privatization Resources.

Mr. Ben Beutler, JLBC Staff, stated the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit proposed line item transfers to the JLBC for its review. DCS proposed transferring \$2,200,000 from the Backlog Privatization line item to the Out-of-Home Support Services line item. The JLBC Staff presented options to the Committee.

Mr. Greg McKay, Director, DCS, responded to member questions.

Mr. Jeff Taylor, Salvation Army, spoke.

Representative Olson moved that the Committee give a favorable review of the department's plan to transfer \$2,200,000 from the FY 2016 Backlog Privatization line item to the Out-of-Home Support Services line item for contracted permanency services, with the following provisions:

- A. The transfer of funds shall not occur until the backlog of 60-day cases is under 1,000 cases. If the backlog falls below 1,000 cases, DCS shall report to the Committee 30 days before transferring the funds. The transferred funds may only be used for contracted permanency services unless a new expenditure plan is submitted to the JLBC for review.*
- B. Upon having signed contracts for permanency services, DCS shall report the terms and conditions of the contracts to the JLBC.*
- C. Effective upon transfer of the \$2,200,000 to the Out-of-Home Support Services line for contracted permanency services, DCS shall provide reports by the last day of each quarter to the JLBC on the*

(Continued)

number of children who achieve permanency in the most recent quarter compared to the fourth quarter of FY 2016. Permanency placements include reunification, adoption, permanent guardianship and independent living. This provision shall expire once the \$2,200,000 has been expended.

The motion carried.

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

Mr. Ben Beutler, JLBC Staff, stated the Committee is required to review prior to any monies being expended from the Arizona Department of Administration's (ADOA) Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. The JLBC Staff presented options to the Committee.

Mr. Greg McKay, Director, DCS, responded to member questions.

Ms. Linda Jewell, Chief Information Officer, DCS, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the ADOA and the Department of Child Safety's (DCS) \$6,200,000 expenditure plan for CHILDS, with the following provisions:

- A. Prior to submitting any future expenditure request for the CHILDS replacement project to the JLBC, the Committee recommends that DCS seek a vote of approval from the Information Technology Authorization Committee (ITAC) for that specific request.
- B. DCS is to report its project milestones for this expenditure plan to the JLBC by October 28, 2016. In addition, DCS is to include project milestones as part of any future submissions for the CHILDS replacement project.

The motion carried.

AHCCCS/DEPARTMENT OF ECONOMIC SECURITY/DCS - Review of Proposed Capitation Rate Changes.

Mr. Jon Stall, JLBC Staff, stated that the Committee is required to review Arizona Health Care Cost Containment System (AHCCCS), the Department of Economic Security (DES) and DCS capitation rate changes prior to implementation. The JLBC Staff presented options to the Committee.

Ms. Beth Kohler, Deputy Director, AHCCCS, responded to member questions.

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

At 2:35 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:50 p.m. the Committee reconvened into open session.

(Continued)

Representative Olson moved that the Committee give a favorable review to the proposed plan year (CYE) 2017 capitation rates for the following programs:

- AHCCCS Acute Care
- Arizona Long Term Care System (ALTCS) Elderly & Physically Disabled
- Children's Rehabilitative Services
- DCS/Comprehensive Medical & Dental Program
- ALTCS/DES Developmentally Disabled (DD)

The Committee review included the following provisions:

- A. AHCCCS is to submit behavioral health services (BHS) capitation rates for CYE 2017 for Committee review.
- B. AHCCCS is to report to the Committee by October 28, 2016 on the expansion of Hepatitis C drug coverage. At a minimum, the report will include prices and a description of treatment cycles for each covered Hepatitis C drug with a focus on direct-acting-antiviral medications, the number of members that received the drugs in CYE 2016 and CYE 2017, and a description and justification of the changes to eligibility criteria for drug coverage in CYE 2017.

The motion carried.

DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Division of Developmental Disabilities Salary Adjustments and Hiring.

Mr. Patrick Moran, JLBC Staff, stated that the Committee is required to review an expenditure plan for any Division of Developmental Disabilities (DDD) salary adjustments not previously reviewed by the Committee. The JLBC Staff presented options to the Committee.

Ms. Gina Griffiths, Director of Programs, Scottsdale Training and Rehabilitation Services, spoke.

Mr. Timothy Jeffries, Director, DES, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the Department of Economic Security's (DES) plan for DDD salary adjustments and hiring with the following provisions:

- A. DES shall submit a report to the Committee on or before September 1, 2017 on the change in the turnover rate from FY 2016 to FY 2017 for the job classifications receiving salary adjustments.
- B. DES shall submit all future DDD capitation rate changes and DDD salary adjustments to the Committee for its review prior to implementation.

The motion carried.

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

Mr. Steve Schimpp, JLBC Staff, stated that the Committee is required to review quarterly reports

(Continued)

through December 31, 2018 on ADE's review of currently eligible JTED programs and courses. The JLBC Staff presented options to the Committee.

Ms. Jean Roberts, Director of Technical Education, ADE, responded to member questions.

Representative Olson moved that the Committee give a favorable review to ADE's June 30, 2016 JTED quarterly report, with the exception of the Food Products and Processing systems program, which was held for further consideration at the next JLBC meeting. The motion carried.

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

Ms. Rebecca Perrera, JLBC Staff, stated that the Committee is required to approve any changes to ADOA's maximum reimbursement rates for lodging and meal expenses. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee approved ADOA's proposal to adopt the Federal Fiscal Year (FFY) 2017 lodging rates and to establish a flat meal reimbursement rate of \$13 and \$20 for employees who travel for at least 6 hours or 12 hours, respectively, without an overnight stay. As part of its approval, the Committee included a provision stating that Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of ASET Projects (Automation Projects Fund).

Ms. Rebecca Perrera, JLBC Staff, stated that the Committee is required to review the expenditure plan presented by ADOA from the Automation Projects Fund (APF) prior to expenditure. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review of ADOA's request, which includes \$1,007,700 in non-lapsing FY 2016 monies and \$13,448,400 in proposed FY 2017 expenditures from APF for Information Technology (IT) projects for the Arizona Strategic Enterprise Technology (ASET) Office. As part of its review, the Committee included the following provisions:

- A. Committee review does not commit the Legislature to any ongoing ASET funding.
- B. ADOA shall report to the JLBC Staff on or before November 30, 2016, its efforts to increase the level of background information provided in the Project Investment Justification (PIJ) documents.
- C. In its next APF quarterly report, ADOA shall include the project milestones for the FY 2017 projects. ADOA shall report on the progress of these reaching these milestones on or before April 28, 2017.
- D. ADOA shall report to the JLBC Staff on the self-funding implementation plan and FY 2018 revenue estimates for the Arizona Enterprise Services Platform on or before April 28, 2017.
- E. Upon completion of the IT consolidation assessment, the ADOA shall submit a report that summarizes the assessment to the JLBC for its review.

(Continued)

- F. *Committee review additionally includes \$222,400 from the FY 2016 APF Department of Economic Security (DES) appropriation for its network access control and fraud protection project.*

The motion carried.

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

Ms. Rebecca Perrera, JLBC Staff, stated that the Committee is required to review the expenditure plan presented by ADOA from the APF prior to expenditure. The JLBC Staff presented options to the Committee.

Mr. Jason Simpson, Chief Technical Officer, ADOA, responded to member questions.

Representative Olson moved that the Committee give a favorable review of ADOA's \$300,000 allocation for the replacement of the state's e-procurement system with the provision that Committee review does not commit the Legislature to any additional funding above the currently allocated \$15,103,000 to replace the e-procurement system.

The motion carried.

EXECUTIVE SESSION

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

At 4:03 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 4:45 p.m. the Committee reconvened into open session.

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

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

- *Teschner v. State of Arizona*
- *Rodriguez, et al. v. State of Arizona*
- *LaBarbera v. State of Arizona.*

The motion carried.

B. Arizona Department of Administration - Risk Management Annual Report.

This item was for information only. The Committee received the Risk Management Annual Report pursuant to JLBC Rule 14. The Committee requests that future annual reports continue to include the following information:

(Continued)

- Status of open claims and lawsuits.
- Status of claims and lawsuits reported on the prior year annual report.
- Total number of claims and lawsuits filed with Risk Management during the prior fiscal year.
- Total settlement and judgment costs during the prior fiscal year.
- Number of liability settlements greater than the JLBC level and cost of each settlement.
- Number of liability cases taken to trial by Risk Management categorized by:
 - Number of verdicts for the state with detail of the associated judgment amounts.
 - Number of verdicts against the state with detail of the associated judgment amounts.
- Projected Risk Management Fund balance.
- Proposed changes to state insurance coverage, state statutes, and claim procedures.

Without objection, the meeting adjourned at 4:45 p.m.

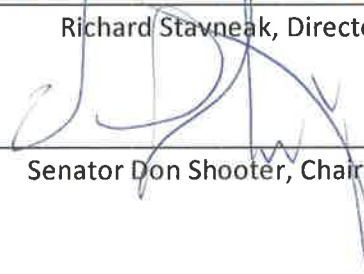
Respectfully submitted:



Kristy Paddack, Secretary

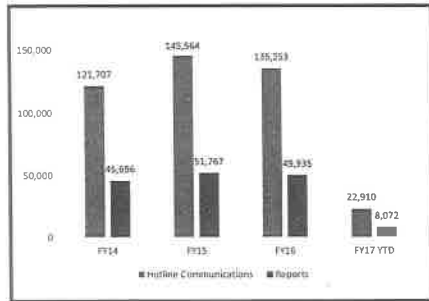


Richard Stavneak, Director

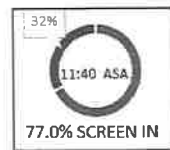


Senator Don Shooter, Chairman

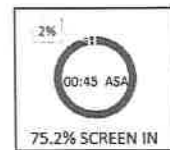
INCOMING CALLS



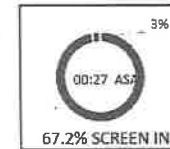
FY14 - Abandon Rate



FY15 - Abandon Rate

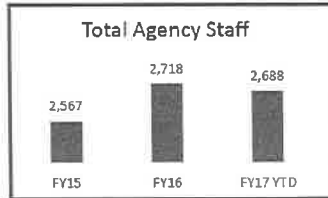


AUG 16 - Abandon Rate



ASA = Average Speed to Answer

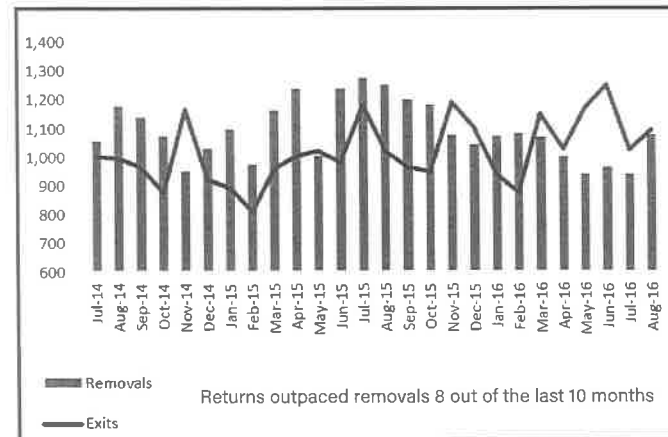
AGENCY RESOURCES



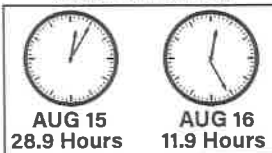
CHILDREN ENTERING & EXITING CARE

	FY 15	FY 16	FY 17 YTD
REMOVALS	13,126	13,135	2,975
EXITS	11,574	12,810	3,369

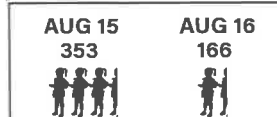
Placement Unit achieved significant gains since its creation 6/2015



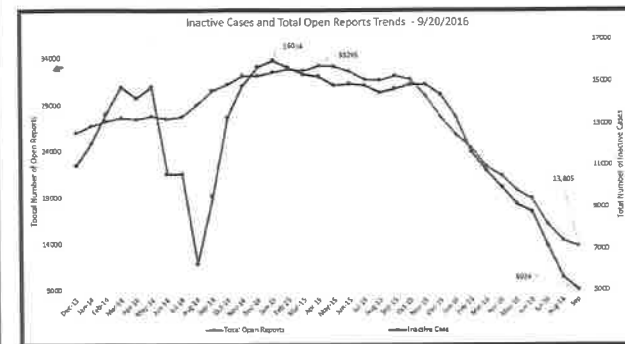
PLACEMENT UNIT DURATION TO PLACE CHILDREN



NUMBER OF CHILDREN VISITING PLACEMENT UNIT



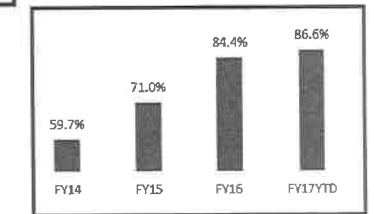
INVESTIGATIONS PERFORMANCE



Inactive Cases Leg Benchmark = < 1,000;
Open reports Leg Benchmark = < 13,000

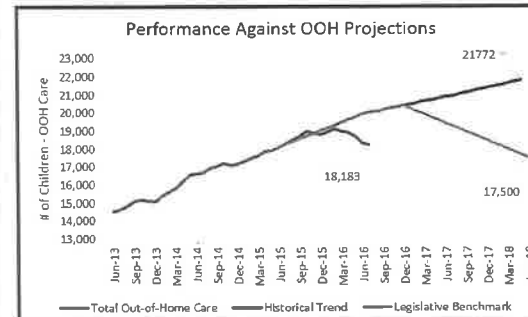


ON TIME INVESTIGATIONS RESPONSE



OUT OF HOME POPULATION

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 YTD
POPULATION	13,385	14,494	15,556	18,059	18,287	18,183
Growth rate YOY	22.90%	8.30%	14.20%	9.08%	1.30%	-0.6%



SAFETY - Arizona ranks 4th lowest nationally in substantiated abuse while in OOH Care.

NUMBER OF LICENSED FOSTER BEDS

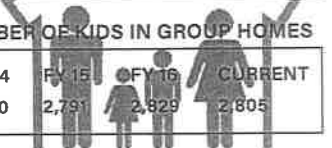
JUN 14	JUN 15	CURRENT
10,057	10,490	10,749

NUMBER OF LICENSED FOSTER HOMES

JUN 14	JUN 15	CURRENT
4,358	4,465	4,666

NUMBER OF KIDS IN GROUP HOMES

FY 14	FY 15	FY 16	CURRENT
2,510	2,791	2,829	2,805





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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Steve Schimpp, Deputy Director *SS*

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

Request

The Arizona Department of Education (ADE) requests Committee review of its recent quarterly report on joint technical education district (JTED) programs and courses, as required by Laws 2016, Chapter 4, Section 6.

Recommendation

The Committee has at least the following 2 options:

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

This request does not address the Food Products and Processing Systems program, which was not reviewed by the Committee at its September meeting.

Analysis

Laws 2016, Chapter 4, Section 6 added new requirements for JTED programs and courses and requires ADE to review existing JTED programs and courses to see if they remain eligible for state funding under the new requirements. Chapter 4, for example, now requires JTED programs and courses to be taught primarily in a "laboratory environment, field-based environment or work-based learning environment."

(Continued)

JTED programs or courses that do not meet the new Chapter 4 requirements are not eligible for continued state JTED funding.

Background

Chapter 4 requires ADE to submit quarterly reports to the Committee through December 31, 2018 for review on its progress and the subsequent approval or rejection of currently eligible JTED programs and courses. In September, the Committee favorably reviewed making the following 4 programs ineligible:

- Environmental Service Systems
- Natural Renewable Resource Systems
- Power, Structural and Technical Systems
- Advertising and Public Relations

Based on input from 5 recent JTED meetings, ADE reviewed an additional 43 (of 73) Career and Technical Education (CTE) programs and determined that 3 more programs do not qualify for state JTED funding:

- Arts Management
- Entrepreneurship
- Entertainment Marketing

Disqualified Program Summary

Table 1 lists the instructional focus of all 7 disqualified programs and requirements for state JTED funding that they do not meet, as determined by recent ADE program reviews. Requirements typically not met include the following: 1) industry recognized certifications, 2) a passing score of at least 60% on an end of program exam that measures job readiness; 3) specialized equipment, 4) taught primarily in a laboratory environment, field-based environment or work-based learning environment; and 5) has a defined pathway to career and postsecondary education in a specific vocation or industry.

ADE's first 2 quarterly reports have both stated that the disqualified programs all comply with some JTED requirements in A.R.S. § 15-391, as amended by Chapter 4, but that they do not meet all of them. They note, however, that all of the disqualified programs can continue to develop using non-Basic State Aid (BSA) JTED funding, such as from federal Carl D. Perkins grants, and may be reconsidered for BSA funding eligibility in the future if they begin to meet all statutory requirements.

Overall Summary

To date, ADE has reviewed 66 of the 73 state-level JTED programs. The remaining 7 programs have not been reviewed because they have no enrollment. Of the 67 programs reviewed:

- 58 are eligible for continued state funding
- 7 are ineligible (*see Table 1*)
- 1 is on hold and has not yet been reviewed

Next Steps

ADE's JTED reviews thus far have focused only on whether the 73 state-level Career and Technical Education (CTE) programs are designed to meet statutory requirements under Laws 2016, Chapter 4. They have not determined whether individual local programs and courses are implemented in a manner

(Continued)

that complies with those state-level requirements. ADE therefore now needs to review each local JTED program and course to see if it does comply. If not, it is no longer eligible for state JTED funding retroactive to February 17, 2016 (the effective date of Laws 2016, Chapter 4).

Table 1

Disqualified Programs Summary

December JLBC Review

<u>Program</u>	<u>Instructional Focus</u>	<u>Requirement Not Met ^{1/}</u>
Arts Management	Performing arts and entertainment industries, with an emphasis on managing an arts-related business or organization	Industry recognized certifications; specialized equipment
Entrepreneurship	Small business ownership, development of a business and financial plan, marketing strategies, human resources	Industry recognized certifications; specialized equipment; need for extra funding
Entertainment Marketing	Marketing/management functions applied to sporting events; entertainment, hospitality, travel and tourism services and media relations	Industry recognized certifications; specialized equipment

September JLBC Review

Advertising and Public Relations	Advertising and Public Relations	Industry recognized certifications; minimum 60% score on end of program assessment; majority of instruction in non-classroom setting
Environmental Service Systems	Pollution Prevention, Water & Air Quality, Hazardous Materials, Solid Waste Management, Health & Safety Sanitation	Specific credential or skill; minimum 60% score on end of program assessment; defined pathway to career and postsecondary education
Natural Renewable Resource Systems	Habitat Conservation, Forest Products, Parks and Recreation, Mining, Environmental Sciences, Fisheries, Soil Conservation	Minimum 60% score on end of program assessment; qualify student for employment in program area; defined pathway to career and postsecondary education
Power, Structural and Technical Systems	Power, Structures, Controls, Geospatial Technology, Computer Systems, Electronics, Hydraulics, Pneumatics	Industry recognized certifications; minimum 60% score on end of program assessment; defined pathway to career and postsecondary education

^{1/} Examples only (not all inclusive)

(Continued)

ADE indicates that school districts and JTEDs currently offer 2,200+ CTE programs and 6,000+ CTE courses. As a result, ADE anticipates that the required local-level reviews will be ongoing through December 2018. ADE's tentative schedule for local-level reviews appears as Attachment G in the overall report, which is available in the agenda book posted on the JLBC website. That schedule is designed to have ADE review at least one program area per JTED central and satellite site each semester.

RS/SSc:kp



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



October 31, 2016

Dear Chairman Shooter,

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

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

Sincerely,

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

Ashley Berg

Department of Education

Associate Superintendent of Policy Development and Government Relations



Quarterly Report to the Joint Legislative Budget Committee
Per Senate Bill 1525, Chapter 4, Section 6
July 1 – September 30, 2016

Submitted By

Jeanne Roberts, State CTE Director
Deputy Associate Superintendent

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

EXECUTIVE SUMMARY
SB1525 Quarterly Report
July 1-September 30, 2016

Per SB1525, Chapter 4, Section 6, the Arizona Department of Education shall immediately start reviewing the compliance and eligibility of all joint technical education district programs and courses currently in effect with the new requirements set forth in this act. Through December 31, 2018, the Department of Education shall submit quarterly reports to the Joint Legislative Budget Committee. This quarterly report provides information on the implementation activities through September 30, 2016.

Joint Technical Education District (JTED) Superintendents and the Arizona Department of Education (ADE) / Career and Technical Education (CTE) held three meetings between June 23, 2016 and September 30, 2016 and two meetings were held during this timeframe with all CTE Administrators, JTED Superintendents and ADE/CTE to discuss the implementation of SB1525.

Based on the program reviews, input from these collaborative meetings and the working groups, the following is the status of the CTE programs meeting course/program requirements or JTED eligibility as of 9/30/16:

- 53 CTE Programs are JTED eligible and have industry recognized certifications identified A.R.S. § 15-391(5)(k-l). (See Green programs on **Appendix C** and **Appendix A** for Industry Certification List)
- Five CTE Programs are JTED eligible and completion of the program qualifies the students for employment that they would not otherwise qualify without completion of the JTED program A.R.S. § 15-391(5)(l). (See Orange programs on **Appendix C**).
- The Food Products and Processing Systems program was placed on hold at the September 21, 2016 Joint Legislative Budget Committee (JLBC) meeting. Further consideration will take place at the next scheduled JLBC meeting. (See Blue program on **Appendix C**).
- Seven CTE Programs have not been reviewed for JTED eligibility because currently there are no programs with enrollment. (See Lavender on **Appendix C**).
- Seven CTE programs were determined to not meet all of the requirements for JTED program eligibility. This includes four programs identified in the previous quarterly report and three additional programs that have been identified in this report. (See Red programs on **Appendix C**).

The following table provides information on the three additional programs determined to not meet all of the JTED program requirements as of 9/30/16:

CIP Code and Program	Instructional Focus	# of Programs FY16	# of Students Enrolled FY16	Evidence of Ineligibility
50.0500.30 Arts Management*	Performing arts and entertainment industries, with an emphasis on managing an arts-related business or organization	1	22	No industry recognized certifications or specific skills to qualify student for employment; no specialized equipment identified.

52.1800.50 Entrepreneurship*	Small business ownership, development of a business and financial plan, marketing strategies, human resources.	28	1638	No industry recognized certifications; skills identified, but not program specific; minimal specialized equipment and need for extra funding not applicable to all Entrepreneurship programs.
52.1800.40 Entertainment Marketing*	Marketing/management functions applied to sporting events; entertainment, hospitality, travel and tourism services and media relations.	12	348	No industry recognized certifications; skills identified, but not program specific; minimal specialized equipment.

*See **Appendix D** for Program Review Verification for these three CTE programs to show evidence of ineligibility.

During this quarter, the CTE/JTED Program Monitoring Document for JTED Eligibility and Compliance has been further revised and updated to include the new requirements. CTE Program Monitoring Guidance was developed to assist the JTED and CTE Administrators and teachers in preparing for the monitoring review process and includes examples of evidence of compliance by each core indicator. A tentative monitoring rotation schedule was developed by semester through December 2018 to review at minimum one program area per JTED Central and Satellite site each semester. Reviews are scheduled to begin the week of 10/3/16. Results of the quarterly scheduled reviews will be included in the next quarterly report which will cover 10/1/16-12/31/16 and in each quarterly report thereafter.

Quarterly Report for July 1-September 30, 2016
Career and Technical Education/ADE Implementation of SB1525

The following provides an overview of the activities that have been completed by the Career and Technical Education (CTE) Division at the Arizona Department of Education (ADE) regarding the implementation of SB1525 and CTE programs meeting the course/program requirements. Per SB1525 Chapter 4, Section 6, the ADE shall immediately start reviewing the compliance and eligibility of all joint technical education district (JTED) programs and courses currently in effect with the new requirements set forth in this act. Through December 31, 2018, the ADE shall submit quarterly reports to the Joint Legislative Budget Committee (JLBC). This quarterly report provides information on the implementation activities through September 30, 2016.

Meetings and Timeline:

The following meetings were held to continue the SB1525 implementation process and were not previously reported.

Date	Location	Attendees Summary	Purpose
6/23-6/24/16	Safford	JTED Superintendents annual retreat, ADE/CTE staff attended.	Discussion continued on program reviews, eligibility of CTE programs for JTED funding, industry certifications, interpretation and implementation of SB1525.
7/17/16	Tucson	CTE Administrators meeting at ACTEAz Summer Conference. CTE District administrators, JTED Representatives, Postsecondary administrators, and ADE/CTE Staff attended. (Approximately 175 participants). Facilitated by Jeanne Roberts, CTE State Director.	Agenda included an overview of SB1525 implementation. The following information was disseminated: Draft CTE Program List for JTED Eligibility, Draft Industry Certification List, Sample Verification Template, Industry Certification Submission for Consideration to Meet JTED Eligibility form.
8/10/16	EVIT	JTED Superintendents monthly meeting, ADE/CTE Staff attended.	Discussion continued on implementation process, program reviews for compliance and eligibility, and industry certifications.
9/7/16	Phoenix	JTED Superintendents monthly meeting, ADE/CTE Staff attended.	Discussion on program eligibility, upcoming program monitoring reviews, technical skill assessments and industry certifications. ADE/CTE requested assistance from JTED superintendents to reach out to business and industry partners for supporting documentation for three CTE marketing programs.
9/21/16	EVIT	CTE Administrators meeting. CTE District administrators, JTED Representatives, Postsecondary administrators, and ADE/CTE Staff attended. (Approximately 175 participants). Facilitated by Jeanne Roberts, CTE State Director.	Agenda included sessions on new JTED requirements regarding CTE/JTED Program Monitoring for Compliance and Eligibility, CTE Technical Skill Assessments, CTE Programs Eligibility for JTED Funding and Industry Certifications.

Program Review Process: Using the program verification template previously submitted with the first quarterly report, CTE/ADE continued the program review process on those programs where it had not been determined if the program meets the course/program requirements per Arizona Revised Statute (A.R.S.) §15-391(3)(a-g) and §15-391(5)(a-o).

At the CTE Administrators meeting on July 17, 2016, attendees were provided with a 2017 CTE Program List-Draft for JTED Eligibility. This list indicated the five CTE programs that did not meet all of the requirements for JTED eligibility that had been reported in the previous quarterly report and 1 additional program:

- 01.0100.00 Environmental Service Systems
- 01.0100.20 Food Products and Processing Systems
- 01.0100.50 Natural Renewable Resources Systems
- 01.0100.60 Power, Structural and Technical Systems
- 52.1800.30 Advertising and Public Relations
- 50.0500.30 Arts Management

Through internal review, Arts Management was determined to not meet all the requirements of A.R.S. § 15-391(5)(a-o). This included: no industry recognized certifications, the identified skills are not specific to the Arts Management program and could be attained in other business management programs and specialized equipment is minimal. In FY16, there was 1 Arts Management program in the state serving 22 students.

Additionally, there were four CTE programs identified as “To Be Determined” meaning they were potentially JTED eligible programs; however, the programs needed additional review to document program completion qualifies the student for employment for which they would not otherwise qualify without completing the JTED program per A.R.S. § 15-391(5)(l). The CTE programs were:

- 52.1800.20 Professional Sales and Marketing
- 52.1800.50 Entrepreneurship
- 52.1800.40 Entertainment Marketing
- 52.0800.00 Financial Services

These programs have gone under further review and determinations have been made with JTED eligibility provided in a later section of this report.

A decision was made to further review the Digital Photography program to provide supporting evidence for all of the program requirements for JTED eligibility. A working group for this program convened on August 22, 2016 to provide supporting evidence and documentation for each of the eligibility requirements. There were 35 in attendance including 21 teachers, four CTE Administrators, one JTED Administrator, five Business and Industry Representatives and four CTE/ADE staff. The group identified specific jobs along with knowledge, skills and abilities that students would obtain by completing the program and thus qualify them for employment that they would not otherwise qualify without completing the JTED program.

Final Analysis of the Three Marketing Programs: Although some additional testimonials were provided to ADE/CTE regarding the three marketing programs, there was not enough concrete evidence to show the programs could meet all of the requirements for JTED eligibility. The final determinations for the three marketing programs were made by the following process:

- A program verification form for each of the three programs was sent to the JTED Superintendents on 9/1/16 requesting them to reach out to business and industry partners in the three program areas for further documentation that would support meeting the requirements.
- Since the working group was not able to identify an industry certification verified by that industry that would qualify the student for employment, the documentation needed to address the second part of A.R.S. § 15-391(5)(I) and specifically address how completing the program qualifies the student for employment that they would not otherwise qualify without completion of the JTED program.
- ADE/CTE received feedback from 23 business and industry partners. The difficulty in determination was identifying how the program qualified a student for employment as many of the skills identified were employability skills, but not skills specifically tied to Entrepreneurship or Entertainment Marketing program completion and technical standards.
- After careful review and consideration, the Professional Sales and Marketing program was determined to meet all of the program requirements for JTED eligibility and the other two programs did not meet all the requirements. In a table that follows, specific information will be provided on what requirements were not met along with the program review verification forms.

CTE Programs with Industry Certifications: ADE/CTE created a **draft** list of 2017 CTE Programs with Identified Industry Certifications for JTED Eligibility that was originally disseminated to CTE Administrators and JTED representatives in June. The latest draft list dated 9/19/16 was disseminated to CTE and JTED Administrators at the CTE Administrators meeting on 9/21/16. See **Appendix A** for the latest list. This list includes industry recognized certifications for 53 of the CTE programs. The program must offer one or more of the identified certifications for JTED eligibility.

If a JTED Central or Satellite program has a different certification that may potentially meet the requirement for A.R.S. § 15-391(5)(I), the JTED Administrator can still submit a form *“Industry Certification Submission for Consideration to Meet JTED Eligibility”* for review. See **Appendix B**. As these submissions are reviewed and verified the certification list will be updated and for that reason, the certification list will continue to be a draft list.

JTED Eligibility CTE Program List Status Update as of 9/30/16: Refer to **Appendix C**.

- 53 CTE Programs are JTED eligible and have industry recognized certifications identified A.R.S. § 15-391(5)(k-l). (See Green programs on **Appendix C**).
- Five CTE Programs are JTED eligible and completion of the program qualifies the students for employment that they would not otherwise qualify without completion of the JTED program A.R.S. § 15-391(5)(l). (See Orange programs on **Appendix C**).
- The Food Products and Processing Systems program was placed on hold at the September 21, 2016 JLBC meeting. Further consideration will take place at the next scheduled JLBC meeting. (See Blue program on **Appendix C**).
- Seven CTE Programs have not been reviewed for JTED eligibility because currently there are no programs with enrollment. (See Lavender on **Appendix C**). These include:
 - 46.0300.20 Residential Electrician
 - 51.0900.20 Respiratory Therapy Technician
 - 51.0900.40 Surgical Technician
 - 47.0300.00 Heavy/Industrial Equipment Maintenance Technologies
 - 51.0707.00 Health Information Technology
 - 51.0800.40 Medical Imaging support Services
 - 15.1300.30 Electronic Drafting
- Seven CTE programs were determined to not meet all of the requirements for JTED program eligibility. This includes 4 programs identified in the previous quarterly report and 3 additional programs that have been identified in this report. (See Red programs on **Appendix C**).

The following table provides information on each program not meeting all of the JTED program requirements as of 9/30/16:

CIP Code and Program	Instructional Focus	# of Programs FY16	# of Students Enrolled FY16	Evidence of Ineligibility
52.1800.30 Advertising and Public Relations	Elements of advertising, design, graphics, and copyright for successful advertising, digital marketing and public relations campaigns, consumer buying motives, brand communication plan	3	93	No industry recognized certifications; insufficient lab/field/work-based learning environment; completing program does not qualify student for employment.
01.0100.00 Environmental Service Systems	Pollution Prevention, Water & Air Quality, Hazardous Materials, Solid Waste Management, Health & Safety Sanitation	2	183	No defined pathway to career and postsecondary education; no industry recognized certification or specific skills.
01.0100.50 Natural Renewable Resources Systems	Habitat Conservation, Forest Products, Parks and Recreation, Mining, Environmental Services, Fisheries, Soil Conservation	5	413	No defined pathway to career and postsecondary education; no industry recognized certification or specific skills to qualify student for employment
01.0100.60 Power, Structural and Technical Systems	Power, Structures, Controls, Geospatial Technology, Computer Systems, Electronics, Hydraulics, Pneumatics	2	35	No assessment with 60% pass score; no defined pathway to career and postsecondary education; no industry recognized certifications.

50.0500.30 Arts Management*	Performing arts and entertainment industries, with an emphasis on managing an arts-related business or organization	1	22	No industry recognized certifications or specific skills to qualify student for employment; no specialized equipment identified.
52.1800.50 Entrepreneurship*	Small business ownership, development of a business and financial plan, marketing strategies, human resources.	28	1638	No industry recognized certifications; skills identified, but not program specific; minimal specialized equipment and need for extra funding not applicable to all Entrepreneurship programs.
52.1800.40 Entertainment Marketing*	Marketing/management functions applied to sporting events; entertainment, hospitality, travel and tourism services and media relations.	12	348	No industry recognized certifications; skills identified, but not program specific; minimal specialized equipment.

*See **Appendix D** for Program Review Verification for these three CTE programs to show evidence of ineligibility. **NOTE:** The Program Review Verification Forms for the other four ineligible programs were previously submitted to JLBC prior to the 9/21/16 meeting.

CTE/JTED Eligibility/Compliance Monitoring Process: At this point all of the CTE program reviews have been at the state level, determining if the current CTE programs have the potential to meet all of the JTED course and program requirements. The next step is to begin the monitoring process at the district/site level.

The CTE/JTED Program Monitoring Document for JTED Eligibility and Compliance has been further revised and updated to include the new requirements. ADE/CTE will be using the same form to review all JTED Central and Satellite programs and courses for compliance and eligibility. This form will determine JTED eligibility and compliance at the site level and it will also be used to perform Perkins program review as applicable. See **Appendix E** for the revised Monitoring Document.

CTE Program Monitoring Guidance was developed to assist the JTED and CTE Administrators and teachers in preparing for the monitoring review process. The Guidance document includes examples of items that evaluators (CTE Program Specialists) will look for as evidence of compliance by each core indicator. See **Appendix F** for CTE Program Monitoring Guidance.

A tentative monitoring rotation schedule was developed by semester through December 2018. See **Appendix G** for tentative schedule. The schedule has been arranged by ADE/CTE Program Specialist

program areas and is designed to review at minimum one program area per JTED Central and Satellite site each semester. Since there are over 2200 CTE programs and over 6000 courses, the goal was to ensure that some programs would be reviewed in every JTED every semester. The first reviews will begin the week of October 3, 2016. It should be noted that even if CTE/ADE has determined a CTE Program has the potential to meet all the JTED course and program requirements, there may be JTED central or satellite programs that do not meet all of the course/program requirements and therefore, would become ineligible for JTED funding until the programs come into compliance. Results of the quarterly scheduled reviews will be included in the next quarterly report which will cover 10/1/16-12/31/16 and in each quarterly report thereafter.

CTE Technical Skills Assessments: During the September 21, 2016 Joint Legislative Budget Committee Meeting review of the Quarterly Joint Technical Education District (JTED) Report, questions arose about the minimum 60% pass score requirement on technical skill assessments.

Arizona's technical skill assessment system is known as the Arizona Skill Standards Assessment system, which is owned by the state and administered by the Arizona Department of Education. It has been validated by the Arizona Career and Technical Education Quality Commission, which is comprised of business and industry representatives from different labor market sectors.

A student takes the technical skill assessment during their final course of their CTE/JTED program. CTE/JTED programs usually consist of multiple courses and take a few semesters for a student to complete. When a student passes the assessment, they receive a congratulatory letter and certificate endorsed by Arizona's business and industry representatives which they can use when applying for a job.

The technical skill assessments, starting in Fall 2016, will have 100 multiple-choice items that test a wide range of knowledge, application, and reasoning skills such as analysis and evaluation. The assessment will have up-to 80 operational items with the remaining items being field-testing items. Operational items are questions that have been valid and reliable over several testing cycles. Per A.R.S. §15-391.5(b), as passed in the 2016 legislative session, all assessments will have a minimum pass score of 60%. Student performance is based on the total number of operational items answered correctly; therefore, a score of 60% or more on the operational items indicates the student passed the assessment. Data on field-tested items are not included in the assessment score because these are new or edited test items covering updated industry validated standards.

Previously, passing scores on the technical skill assessments were determined by the percentage on the whole test, including the field-tested items. Additionally, there used to be only 50 to 60 valid and reliable items with the remainder 40 to 50 being field-tested items. For these reasons, in the past there were fewer number of technical skill assessments meeting the 60% threshold. Due to frequent changes in industry needs and as the technical knowledge and skills needed to perform the work changes, industry validated standards are revised and updated. As standards are revised, test items must be edited, revised and field tested, thus creating a high number of field-tested items per assessment.

For questions or clarifications, contact Jeanne Roberts, ADE/CTE State Director, Deputy Associate Superintendent, 602-364-2211, jeanne.roberts@azed.gov.

**2016-2017 CTE Programs with Identified Industry Certifications to meet
A.R.S. §15-391(5)(k)* and (l)** for JTED Eligibility
DRAFT
Updated 9-19-16**

CIP #	CTE PROGRAM	Industry Certification
52.0300.00	Accounting and Related Services	Must offer one or more of the following Certifications: <ul style="list-style-type: none"> • Microsoft Office Specialist Certification in Excel • QuickBooks Certification • Eastern Arizona College <ul style="list-style-type: none"> ◦ Bookkeeping - Certificate of Proficiency
01.0100.90	Agribusiness Systems	Must offer one or more of the following Certifications: <ul style="list-style-type: none"> • Environmental Protection Agency (EPA) <ul style="list-style-type: none"> ◦ Section 608 Technician • Agricultural Biotechnology Certification • Agriculture Technician Certification • Arizona Certification Nursery Professional (ACNP) • Arizona Landscape Contractors Association (ALCA) • Global Logistics Associate • Beef Quality Assurance (BQA) • Beef Check Off Certification • Animal Care Training
49.0100.00	Air Transportation	Must offer one or more of the following FAA Certifications: <ul style="list-style-type: none"> • Ground Instruction Basic • Fundamentals of Instrumentation • Control Tower Operator • Ground School • Instrument Pilot • Private Pilot • Remote Pilot Certificate (Unmanned Aircraft Systems)
47.0600.50	Aircraft Mechanics	Must offer one or more of the following FAA Certifications: <ul style="list-style-type: none"> • FAA Airframe Mechanic • FAA Powerplant Mechanic
01.0100.40	Animal Systems	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Beef Quality Assurance; Beef Check Off Certification (BQA) • Pork Quality Assurance; Pork Check Off Certification (PQA) • NAVTA - Veterinary Certificate • Texas Veterinary Medical Association <ul style="list-style-type: none"> ◦ Certified Veterinary Assistant (nationally recognized)
10.0200.60	Animation	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Adobe Certified Associate in After Effects • Apple Certified Pro in Motion Level One • Autodesk Certified Specialist in Maya • Autodesk Certified Specialist in 3ds Max
15.1300.20	Architectural Drafting	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Autodesk Certified User: minimum 50 hours or more in one area below: <ul style="list-style-type: none"> ◦ 3ds Max ◦ AutoCAD ◦ AutoCAD Civil 3D ◦ Inventor ◦ Maya ◦ Revit Architecture ◦ Revit MEP

**2016-2017 CTE Programs with Identified Industry Certifications to meet
A.R.S. §15-391(5)(k)* and (l)** for JTED Eligibility
DRAFT
Updated 9-19-16**

CIP #	CTE PROGRAM	Industry Certification
	Architectural Drafting - <i>continued</i>	<ul style="list-style-type: none"> ○ Revit Structure ○ Autodesk Certified BIM Specialist ● Autodesk Certified Professional: 400 hours or more in one area below: <ul style="list-style-type: none"> ○ 3ds Max ○ AutoCAD ○ AutoCAD Civil 3D ○ Inventor ○ Maya ○ Revit Architecture ○ Revit MEP ○ Revit Structure ○ Autodesk Certified BIM Specialist ● Chief Architect <ul style="list-style-type: none"> ○ Certified User ○ Certified Professional ● SolidWorks: <ul style="list-style-type: none"> ○ Certified SolidWorks Associate (CSWA) ○ Certified SolidWorks Associate Academic (CSWA Academic) ● ESRI ArcGIS® <ul style="list-style-type: none"> ○ ArcGIS® Certified Desktop Entry Certification ● American Design and Drafting Association (ADDA) <ul style="list-style-type: none"> ○ Certified Apprentice Drafter - High School ○ Certified Drafter - Advanced High School ● Computer Assisted Design and Drafting Technology Level 1 <ul style="list-style-type: none"> ○ Certificate of Proficiency (Eastern Arizona College)
48.0500.20	Automation/Robotics	Must offer one or more of the following certifications: <ul style="list-style-type: none"> ● Electronics Systems Associate (ESA) ● IPC J-STD-001 Certification ● ISA Certified Automation Professional® (CAP®) 700 ● CCST Certified Control Systems Technician 700 ● ROBOTC 70% ● NCCER <ul style="list-style-type: none"> ○ Electronics Systems Technician - Level 1 ○ Electronics Systems Technician - Level 2 ○ Electronics Systems Technician - Level 3 ● OpenSpan Developer 70% ● Robotics Engineering Curriculum (REC) robotics 68% ● Machining Manufacturing Skill Standards Council (MSSC) Level 1 ● National Institute for Metalworking Skills (NIMS) Level 1 ● National Career Readiness Certificate (NCRC) Level 1
47.0600.30	Automotive Collision Repair	Must offer one or more of the following ASE Student Certifications: <ul style="list-style-type: none"> ● Paint and Refinishing ● Non-Structural Repair ● Mechanical and Electrical
47.0600.20	Automotive Technologies	Must offer one or more of the following ASE Student Certifications: <ul style="list-style-type: none"> ● Auto Maintenance and Light Repair - G1 ● Auto and Light Truck Certification - A1 - Engine Repair ● Auto and Light Truck Certification - A2 - Automatic Transmission/Transaxle ● Auto and Light Truck Certification - A3 - Manual Drive Train and Axles ● Auto and Light Truck Certification - A4 - Suspension and Steering

**2016-2017 CTE Programs with Identified Industry Certifications to meet
A.R.S. §15-391(5)(k)* and (l)** for JTED Eligibility
DRAFT
Updated 9-19-16**

CIP #	CTE PROGRAM	Industry Certification
	Automotive Technologies - <i>continued</i>	<ul style="list-style-type: none"> • Auto and Light Truck Certification - A5 - Brakes • Auto and Light Truck Certification - A6 - Electrical/Electronic Systems • Auto and Light Truck Certification - A7 - Heating and Air Conditioning • Auto and Light Truck Certification - A7 - Heating and Air Conditioning • Auto and Light Truck Certification - A8 - Engine Performance • Automotive Services Technology (AST) • Eastern Arizona College <ul style="list-style-type: none"> ◦ Automotive Technician - Certificate of Proficiency
41.0100.00	Bioscience	Must offer the following certification: <ul style="list-style-type: none"> • Biotechnology-University of Florida's Center of Excellence for Regenerative Health Biotechnology (UF CERHB) <ul style="list-style-type: none"> ◦ Biotechnician Assistant Credential (BACE)
52.0200.00	Business Management and Administrative Services	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Microsoft Office Specialist <ul style="list-style-type: none"> ◦ Excel ◦ PowerPoint ◦ Word
52.0400.00	Business Operations Support and Assistant Services	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Microsoft Office Specialist <ul style="list-style-type: none"> ◦ Access ◦ Excel ◦ PowerPoint ◦ Word
46.0400.40	Cabinetmaking	Occupational Safety and Health Administration (OSHA) 10 Hour Training for Construction Industry -and- Must offer one or more of the following certifications <ul style="list-style-type: none"> • United Brotherhood of Carpenters (UBC) <ul style="list-style-type: none"> ◦ Career Connections Certification: <ul style="list-style-type: none"> ▪ Level 1: Basic ▪ Level 2: Projects ▪ Level 3: (Residential or Commercial) Advanced Carpentry • NCCER Core - 87.5 hours • NCCER Carpentry <ul style="list-style-type: none"> ◦ Level 1 - 235 hours ◦ Level 2 - 210 hours • NCCER Cabinetmaking
46.0400.30	Carpentry	Occupational Safety and Health Administration (OSHA) 10 Hour Training for Construction Industry -and- Must offer one or more of the following certifications: <ul style="list-style-type: none"> • NCCER Core - 87.5 hours • NCCER Carpentry: <ul style="list-style-type: none"> ◦ Level: 1 - 235 hours ◦ Level: 2 - 210 hours ◦ Level: 3 - 160 hours ◦ Level: 4 - 182.5 hours

**2016-2017 CTE Programs with Identified Industry Certifications to meet
A.R.S. §15-391(5)(k)* and (l)** for JTED Eligibility
DRAFT
Updated 9-19-16**

CIP #	CTE PROGRAM	Industry Certification
	Carpentry - <i>continued</i>	<ul style="list-style-type: none"> • United Brotherhood of Carpenters (UBC) <ul style="list-style-type: none"> ◦ Career Connections Certification <ul style="list-style-type: none"> ▪ Level 1: Basic ▪ Level 2: Projects ▪ Level 3: (Residential or Commercial) Advanced Carpentry
15.1200.20	Computer Maintenance	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • CompTIA A+ • Testout PC pro <ul style="list-style-type: none"> ◦ TestOut PC Pro Certification exam ◦ CompTIA 220-901 Certification exam ◦ CompTIA 220-902 certification exam • CISA Certified Information Systems • Desktop Pro (Word, Excel, PowerPoint, Access, Computer Basics) • PC Pro (prep for following) • TestOut CompTIA <ul style="list-style-type: none"> ◦ A+ ◦ Network+ ◦ Security+ ◦ Linux+ • Microsoft <ul style="list-style-type: none"> ◦ MCSA 2012 ◦ Certified Professional (MCP)
46.0400.20	Construction Technologies	<p>Occupational Safety and Health Administration (OSHA) 10 Hour Training for Construction Industry</p> <p>-and-</p> <p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • NCCER Core - 87.5 hours • NCCER Construction Technology - 352 Hours
12.0400.00	Cosmetology and Related Personal Grooming Services	<p>Must offer the following certification:</p> <p>Arizona Board of Cosmetology (AZBOC)</p> <p>-and-</p> <p>Program may <u>elect</u> to add:</p> <ul style="list-style-type: none"> • Licensed Aesthetician (AZBOC)
12.0500.00	Culinary Arts	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • National Restaurant Association (NRA) <ul style="list-style-type: none"> ◦ ServeSafe® Food Protection Manager ◦ National ProStart Certificate of Achievement (NRAEF) • ANSI-Conference for Food Protection (CFP) <ul style="list-style-type: none"> ◦ Certified Food Manager (CFM) Associate (CFA) ◦ Learn2Serve Food Protection Manager (ANSI-CFP) • American Culinary Federation (ACF) <ul style="list-style-type: none"> ◦ ACF Certified Junior Culinarian
51.0600.00	Dental Assisting	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • Dental Assisting National Board (DANB) certification <ul style="list-style-type: none"> ◦ National Entry Level Dental Assistant (NELDA) <ul style="list-style-type: none"> ▪ Anatomy, Morphology and Physiology (AMP) ▪ Radiation Health and Safety (RHS) ▪ Infection Control Exam (ICE)

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CIP #	CTE PROGRAM	Industry Certification
	Dental Assisting - <i>continued</i>	<ul style="list-style-type: none"> • Arizona State Board of Dental Examiners <ul style="list-style-type: none"> ◦ Dental Assistant Radiography Certification
47.0600.40	Diesel Engine Repair	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • ASE Medium/Heavy Truck Student Certification: <ul style="list-style-type: none"> ◦ T2 - Diesel Engines ◦ T4 – Brakes ◦ T5 - Suspension and Steering ◦ T6 - Electrical/Electronics Systems • Snap-on Certification <ul style="list-style-type: none"> ◦ Automotive Scanner Diagnostics ◦ Diesel Scanner Diagnostics ◦ Mechanical and Electrical Torque ◦ Multimeter ◦ Wheel Service and Alignment
10.0200.40	Digital Communications	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Adobe Certified Associate in InDesign • Adobe Certified Associate in Photoshop
10.0200.20	Digital Printing	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Adobe Certified Associate in InDesign • Adobe Certified Associate in Illustrator • Adobe Certified Associate in Photoshop • PrintED <ul style="list-style-type: none"> ◦ Digital File Preparation/Digital File Output ◦ Offset Press Operations/Bindery & Finishing ◦ Screen Printing • Idealliance
13.1210.00	Early Childhood Education	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Child Development Associate Credential (CDA) • Pima County Health Department <ul style="list-style-type: none"> ◦ Health and Safety Specialist
13.1200.00	Education Professions	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Praxis Paraprofessional Certificate • ACT WorkKeys • Master Teacher ParaEducator
15.0300.00	Electronic Technologies	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Electronics Systems Associate (ESA) • IPC J-STD-001 Certification • ISCET - International Society of Certified Technicians • NICET - National Institute for Certification in Engineering Technologies • NCCER <ul style="list-style-type: none"> ◦ Electronics Systems Technician - Level 1 ◦ Electronics Systems Technician - Level 2 ◦ Electronics Systems Technician - Level 3 • Hand Soldering 80% • Machining (application only)

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CIP #	CTE PROGRAM	Industry Certification
51.0900.30	Emergency Medical Services	Must offer the following certification: <ul style="list-style-type: none"> • Commission on Accreditation of Allied Health Programs (CAAHP) <u>OR</u> • National Registry of Emergency Medical Technicians (NREMT) <ul style="list-style-type: none"> ◦ Emergency Medical Technician (EMT)
15.0000.00	Engineering Sciences	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Manufacturing Skill Standards Council (MSSC) - <ul style="list-style-type: none"> ◦ Certified Production Tech (CPT) • NICET - National Institute for Certification in Engineering Technologies <ul style="list-style-type: none"> ◦ ISCET - International Society of Certified Technicians CET 75% • American Society for Quality Training (ASQ) <ul style="list-style-type: none"> ◦ ASQ scale score 550 • Manufacturing Skills Standards Council (MSSC) <ul style="list-style-type: none"> ◦ CLA certified logistics 76% ◦ CLT certified logistics tech 78% ◦ MSSC green 78% ◦ MSSC Quality 75% ◦ MSSC Production 74% ◦ MSSC safety 76% • Environmental Systems Research Institute <ul style="list-style-type: none"> ◦ Geographic Information Systems Technician (GIS) • Robotics Education and Certification Foundation (REC) <ul style="list-style-type: none"> ◦ REC Foundation Pre-Engineering Certification • SolidWorks CSWA -70% • Autodesk Certified User-Inventor
10.0200.90	Film & TV	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Adobe Certified Associate in Premiere Pro • Apple Certified Pro in Final Cut Pro Level One • Apple Certified Pro in Final Cut Pro Level Two
52.0800.00	Financial Services	<ul style="list-style-type: none"> • National Academy Foundation <ul style="list-style-type: none"> ◦ NAFTrack Certification • Arizona Department of Insurance <ul style="list-style-type: none"> ◦ Property and Casualty License
43.0200.00	Fire Service	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • IEMSR <ul style="list-style-type: none"> ◦ Emergency Medical Responder • Wildland Fire Fighter (Red Card) • Arizona Center for Fire Service Excellence <ul style="list-style-type: none"> ◦ Fire Fighter I and II
10.0200.30	Graphic/Web Design	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Adobe Certified Associate in InDesign • Adobe Certified Associate in Illustrator • PrintED <ul style="list-style-type: none"> ◦ Advertising Design

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CIP #	CTE PROGRAM	Industry Certification
47.0200.00	Heating, Ventilation and Air Conditioning	Occupational Safety and Health Administration (OSHA) 10 Hour Training for Construction Industry -and- Must offer one or more of the following: <ul style="list-style-type: none"> • NCCER Core - 87.5 hours • NCCER HVAC <ul style="list-style-type: none"> ○ Level 1 - 192.5 hours ○ Level 2 - 170 hours ○ Level 3 - 157.5 hours ○ Level 4 - 155 hours
49.0200.00	Heavy Equipment Operations	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • NCCER Core - 87.5 hours • NCCER Heavy Equipment Operations : <ul style="list-style-type: none"> ○ Level 1 - 165 hours ○ Level 2 - 167.5 hours ○ Level 3 - 170 hours -and- Program may <u>elect</u> to add: ATSSA Certified Flagger
52.0900.00	Hospitality Management	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • National Restaurant Association (NRA) <ul style="list-style-type: none"> ○ ProStart National Certificate of Achievement (NRAEF) ○ ServeSafe® Food Protection Manager • American Hotel Lodging Association <ul style="list-style-type: none"> ○ Certified Guest Service Professional (CGSP®) ○ Certified Front Desk Representative ○ Certified Restaurant Server • National Academy Foundation <ul style="list-style-type: none"> ○ NAFTrack Certification
46.0300.30	Industrial Electrician	Occupational Safety and Health Administration (OSHA) 10 Hour Training for Construction Industry -and- Must offer one or more of the following certifications: <ul style="list-style-type: none"> • NCCER Core-87.5 hours • NCCER Electrical <ul style="list-style-type: none"> ○ Level 1 - 185 hours ○ Level 2 - 157.5 hours ○ Level 3 - 157.5 hours ○ Level 4 - 155 hours • NCCER Powerline Worker <ul style="list-style-type: none"> ○ Level 1 - 404.5 hours
52.1900.30	Interior Design and Merchandising	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Chief Architect • Autodesk Certified user - Auto CAD • SoftPlan Drafting and Design Certification

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CIP #	CTE PROGRAM	Industry Certification
51.0800.30	Laboratory Assisting	Must offer the following certification: <ul style="list-style-type: none"> American Society of Phlebotomy Technicians <u>OR</u> National Phlebotomy Association <ul style="list-style-type: none"> Certified Phlebotomy Technician
43.0100.00	Law, Public Safety and Security	Must offer one or more of the following certifications: <ul style="list-style-type: none"> Arizona Department of Public Safety <ul style="list-style-type: none"> Security Guard Certification International Foundation for Protection Officers <ul style="list-style-type: none"> Certified Protection Officer
15.1300.40	Mechanical Drafting	Must offer one or more of the following certifications: <ul style="list-style-type: none"> Autodesk Certified User: minimum 50 hours or more in one area below: <ul style="list-style-type: none"> 3ds Max AutoCAD AutoCAD Civil 3D Inventor Maya Revit MEP Revit Structure Autodesk Certified BIM Specialist Autodesk Certified Professional: 400 hours or more in one area below: <ul style="list-style-type: none"> 3ds Max AutoCAD AutoCAD Civil 3D Inventor Maya Revit MEP Revit Structure Autodesk Certified BIM Specialist SolidWorks: <ul style="list-style-type: none"> Certified SolidWorks Associate (CSWA) Certified SolidWorks Associate Academic (CSWA Academic) ESRI ArcGIS® <ul style="list-style-type: none"> ArcGIS® Certified Desktop Entry Certification American Design and Drafting Association (ADDA) <ul style="list-style-type: none"> Certified Apprentice Drafter - High School Certified Drafter - Advanced High School
51.0800.60	Medical Assisting Services	Must offer one or more of the following certifications: <ul style="list-style-type: none"> Cardiovascular Credentialing International (CCT) <ul style="list-style-type: none"> Certified Cardiographic Technician (CCT) Association for Healthcare Documentation Integrity <ul style="list-style-type: none"> Certified Healthcare Documentation Specialist Transcriptionist (CHDS) American Association of Medical Assistants <ul style="list-style-type: none"> Certified Medical Assistant (CMA) American Society of Phlebotomy Technicians, <u>OR</u> National Phlebotomy Association, <u>OR</u> National Credentialing Agency for Medical Lab Personnel <ul style="list-style-type: none"> Certified Phlebotomy Technician National Certification Medical Association (NCMA) <ul style="list-style-type: none"> Registered Clinical Medical Assistant Specialist (RCMAS) National Health Career Association <ul style="list-style-type: none"> Clinical Medical Assistant (CCMA)

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CIP #	CTE PROGRAM	Industry Certification
	Medical Assisting Services - <i>continued</i>	<ul style="list-style-type: none"> American Registry of Medical Assistants <ul style="list-style-type: none"> Registered Medical Assistant (RMA) Eastern Arizona College <ul style="list-style-type: none"> Medical Assistant - Certificate of Proficiency
51.1500.00	Mental and Social Health Services	Must offer the following certification: <ul style="list-style-type: none"> Association of Psychiatric Technicians (AAPT) <ul style="list-style-type: none"> Mental Health Technician Certification
15.1200.30	Network Technologies	Must offer one or more of the following certifications: <ul style="list-style-type: none"> Cisco <ul style="list-style-type: none"> Certified Entry Network Technician (CCENT) Certified Network Associate (CCNA) Routing and Switching Certification Certified Design Associate (CCDA) Certified Entry Networking Technician (CCENT) CompTIA A+, 70% Testout PC pro includes <ul style="list-style-type: none"> TestOut PC Pro Certification Network+ 720/900 score Global Information Assurance Certification <ul style="list-style-type: none"> Global Security Essentials Certification (GSEC) Network Pro (networking basics) Security Pro (entry-level IT security administrator) Linux Pro (Linux prep certification) Client Pro (Windows 7-8 management troubleshooting certification) Server Pro (Windows server skills) Microsoft <ul style="list-style-type: none"> Certified Solutions Associate (MCSA) certification Certified IT Professional (MCITP) Certified Technology Specialist (MCTS) Microsoft Certified Professional (MCP) 70% ISACA <ul style="list-style-type: none"> Cybersecurity Fundamentals Certificate
51.3900.00	Nursing Services	Must offer one or more of the following certifications: <ul style="list-style-type: none"> Certified Nursing Assistant (CNA) Licensed Nursing Assistant (LNA) Certified Caregiver Direct Care Worker (DCW)
51.0800.20	Pharmacy Support Services	Must offer the following certification: <ul style="list-style-type: none"> Pharmacy Technician Certification Board <ul style="list-style-type: none"> Certified Pharmacy Technician (CPhT)
01.0100.30	Plant Systems	Must offer one or more of the following certifications: <ul style="list-style-type: none"> Arizona Certification for Nursery Professionals (ACNP) Arizona Landscape Contractors Association (ALCA) Turf Management Water Harvesting

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CIP #	CTE PROGRAM	Industry Certification
48.0500.30	Precision Machining	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • HAAS <ul style="list-style-type: none"> ◦ CNC Operator Certificate ◦ Tool Setter Certificate • Manufacturing Skill Standards Council (MSSC) <ul style="list-style-type: none"> ◦ Certified Production Tech (CPT) • Mastercam <ul style="list-style-type: none"> ◦ Associate Certification - Mill Design and Toolpaths ◦ Certified Programmer Mill Level 1 (CPgM1) • NIMS EDM <ul style="list-style-type: none"> ◦ Plunge ◦ Wire • NIMS Machining Level I • NIMS Machining Level II <ul style="list-style-type: none"> ◦ Grinding Skills II ◦ Manual Milling • NIMS Machining Level III <ul style="list-style-type: none"> ◦ CNC Milling: Programming Setup & Operations ◦ CNC Turning: Programming Setup & Operations ◦ Turning Operations: Turning Between Centers • Machining Manufacturing Skill Standards Council (MSSC) level 1 • National Career Readiness Certificate (NCRC) Level 1 • NCCER <ul style="list-style-type: none"> ◦ Industrial maintenance ◦ Millwright
15.1200.40	Software Development	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • Certified Internet Web (CIW) - JavaScript Specialist • Microsoft Technology Associate (MTA) in one or more of the following: <ul style="list-style-type: none"> ◦ Gaming Development Fundamentals ◦ HTML5 Application Development Fundamentals ◦ Mobile Development Fundamentals ◦ Software Development Fundamentals • Programmer Level 1 - Java Basics • Oracle Java certification • Oracle one <ul style="list-style-type: none"> ◦ Oracle Java SE 8 Programmer I 1Z0-808 ◦ CIW JavaScript Specialist Certification ◦ Cybersecurity Fundamentals Certificate from ISACA
51.0800.50	Sports Medicine and Rehabilitation Services	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • Certified Personal Trainer Certificate (ACE.NASM) • Certified Chiropractic Assistant (option for programs that are approved by the State Chiropractic Board) • Emergency Medical Responder (IEMSR) • Eastern Arizona College <ul style="list-style-type: none"> ◦ Sports Medicine and Rehabilitative Therapies - Certificate of Proficiency
51.3500.00	Therapeutic Massage	<p>Must offer one or more of the following certifications:</p> <ul style="list-style-type: none"> • Registered Massage Therapist (RCMT) • Arizona State Board of Massage Therapy <ul style="list-style-type: none"> ◦ Licensed Massage Therapist (LMT)

**2016-2017 CTE Programs with Identified Industry Certifications to meet
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CIP #	CTE PROGRAM	Industry Certification
51.0808.00	Veterinary Assistant	Must offer one or more the following certifications: <ul style="list-style-type: none"> • Certified Veterinary Technician • Certified Veterinary Assistant
15.1200.50	Web Page Development	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • Certified Internet Web (CIW) in one or more of the following: <ul style="list-style-type: none"> ◦ Commerce Specialists ◦ Web Foundations Associate ◦ Web Professional • CIW JavaScript Specialist • MTA Microsoft Technology Associate 70% • Microsoft Visual Studio.net (Gaming Development) • Web development program(HTML5) • ACA in Web Authoring Using Adobe Dreamweaver
48.0508.00	Welding Technologies	Must offer one or more of the following certifications: <ul style="list-style-type: none"> • AWS American Welding Society Certification • Certified Welder (AWSJ) SENSE • NCCER Sheet Metal - Level 1, 2 • NCCER Welder - Level 1, 2 • Eastern Arizona College <ul style="list-style-type: none"> ◦ Welding Technology - Certificate of Proficiency

*ARS §15-391(5)(k): "Requires a single or stackable credential as described in subdivision (l) of this paragraph or a skill that will allow a student to obtain work as described in subdivision (l) of this paragraph on graduation before receiving an associate's degree or baccalaureate degree.

**ARS §15-391(5)(l): "Leads to certification or licensure in the designated vocation or industry that has been verified and accepted by that vocation or industry and that qualifies the recipient of the certification or licensure for employment for which the student would not otherwise qualify. If there is no certification or licensure that is accepted by the vocation or industry, completion of the program must qualify the student for employment for which the student would not otherwise qualify without completion of the Joint Technical Education District program."

Industry Certification Submission for Consideration to Meet JTED Eligibility

District/JTED	Program Title/CIP	JTED Program - Central/Satellite	JTED Program - Yes/No	Date
	Select from the dropdown below - click in the cell to access the dropdown arrow	Select below	Select below	
	-SELECT-	-SELECT-	-SELECT-	
CTE Administrator Name	CTE Administrator Email		CTE Administrator Phone	
<p>Please submit this form for industry verified certifications that should be considered for inclusion on this list - "CTE Programs with Identified Industry Certifications to meet ARS §15-391(5)(k-l) for JTED Eligibility".</p>				
Name of the Certification and Certifying Agency				
Description of Certification				
Continued on Page 2...				

Industry Certification Submission for Consideration to Meet JTED Eligibility

Business and Industry Verification of Certification

(Be specific, list business and industry that accept and have verified the certification. Is the certification required for employment?)

Justification

(Why should this certification be included to meet JTED eligibility requirements in ARS §15-391(5)(k-l)?)

Submit a completed copy of this form to: JTED@azed.gov

2017 CTE PROGRAM LIST-Draft for JTED Eligibility-9/30/16

Rank	CIP #	CTE PROGRAM	JTED Eligible	Carnegie Units Required	Non-Traditional Designation
E	15.0000.00	Engineering Sciences	Y	3	Female
E	41.0100.00	Bioscience	Y	2	*
1	46.0300.20	Residential Electrician	NR	2	Female
2	46.0300.30	Industrial Electrician	Y	2	Female
3	43.0100.00	Law, Public Safety and Security	Y	2	Female
4	51.0900.30	Emergency Medical Services	Y	2	*
5	51.0900.20	Respiratory Therapy Technician	NR	2	*
6	51.0900.40	Surgical Technician	NR	2	*
7	43.0200.00	Fire Service	Y	2	Female
8	47.0300.00	Heavy/Industrial Equipment Maintenance Technologies	NR	3	Female
9	52.0200.00	Business Management and Administrative Services	Y	2	*
10	49.0100.00	Air Transportation	Y	3	Female
11	47.0600.20	Automotive Technologies	Y	3	Female
12	47.0600.40	Diesel Engine Repair	Y	3	Female
13	47.0600.30	Automotive Collision Repair	Y	3	Female
14	47.0600.50	Aircraft Mechanics	Y	3	Female
15	47.0200.00	Heating, Ventilation and Air Conditioning	Y	2	Female
16	51.3900.00	Nursing Services	Y	2	Male
17	49.0200.00	Heavy Equipment Operations	Y	2	Female
18	52.0900.00	Hospitality Management	Y	2	*
19	46.0400.20	Construction Technologies	Y	2	Female
20	46.0400.30	Carpentry	Y	2	Female
21	46.0400.40	Cabinetmaking	Y	2	Female
22	48.0500.30	Precision Machining	Y	3	Female
23	48.0508.00	Welding Technologies	Y	2	Female
24	48.0500.20	Automation/Robotics	Y	3	Female
25	52.1800.20	Professional Sales and Marketing	Y	2	*
26	52.1800.30	Advertising and Public Relations	N	2	*
27	52.1800.50	Entrepreneurship	N	2	*
28	52.1800.40	Entertainment Marketing	N	2	*
29	52.1900.20	Fashion Design and Merchandising	Y	2	*
30	52.1900.30	Interior Design and Merchandising	Y	2	*
31	01.0100.90	Agribusiness Systems	Y	3	Female
32	01.0100.40	Animal Systems	Y	3	Female
33	01.0100.30	Plant Systems	Y	3	Female
34	01.0100.00	Environmental Service Systems	N	3	Female
35	01.0100.20	Food Products and Processing Systems	OH	3	Female
36	01.0100.50	Natural Renewable Resources Systems	N	3	Female
37	01.0100.60	Power, Structural and Technical Systems	N	3	Female
38	51.0600.00	Dental Assisting	Y	2	Male
39	15.0300.00	Electronic Technologies	Y	3	Female
40	15.1200.20	Computer Maintenance	Y	2	*
41	15.1200.40	Software Development	Y	2	*
42	15.1200.30	Network Technologies	Y	2	*
43	15.1200.50	Web Page Development	Y	2	*
44	51.0707.00	Health Information Technology	NR	3	Male
45	10.0200.20	Digital Printing	Y	3	Female

Rank	CIP #	CTE PROGRAM	JTED Eligible	Carnegie Units Required	Non-Traditional Designation
46	10.0200.30	Graphic/ Web Design	Y	3	*
47	10.0200.40	Digital Communications	Y	3	*
48	10.0200.50	Digital Photography	Y	3	Female
49	10.0200.60	Animation	Y	3	*
50	10.0200.90	Film & TV	Y	3	Female
51	10.0200.00	Music/Audio Production	Y	3	Female
52	51.0800.30	Laboratory Assisting	Y	2	Male
53	51.0800.20	Pharmacy Support Services	Y	2	Male
54	51.0800.60	Medical Assisting Services	Y	2	Male
55	51.0800.40	Medical Imaging Support Services	NR	2	Male
56	51.0800.50	Sports Medicine and Rehabilitation Services	Y	2	Male
57	51.0808.00	Veterinary Assistant	Y	3	Male
58	51.1500.00	Mental and Social Health Services	Y	2	Male
59	12.0500.00	Culinary Arts	Y	2	Female
60	52.0800.00	Financial Services	Y	2	*
61	15.1300.40	Mechanical Drafting	Y	2	Female
62	15.1300.30	Electronics Drafting	NR	2	Female
63	15.1300.20	Architectural Drafting	Y	2	Female
64	52.0400.00	Business Operations Support and Assistant Services	Y	2	Male
65	12.0400.00	Cosmetology and Related Personal Grooming Services	Y	2	Male
66	13.1200.00	Education Professions	Y	2	Male
67	13.1210.00	Early Childhood Education	Y	2	Male
68	51.3500.00	Therapeutic Massage	Y	2	Male
69	52.0300.00	Accounting and Related Services	Y	2	Male
70	50.0500.30	Arts Management	N	2	Female
71	50.0500.20	Technical Theatre	Y	2	Female
Y (Yes) Green-JTED eligible program with Certification identified. A.R.S. § 15-391(5)(k-l). See Certification List.					
Y (Yes) Orange-JTED eligible program. Completion of program qualifies student for employment A.R.S. § 15-391(5)(l)					
N (No) Red-Programs determined not eligible for JTED funding. Still approved CTE programs for CTE Federal Perkins and CTE State Priority funding eligibility.					
NR (Not Reviewed) Lavender-Programs not yet reviewed for JTED eligibility. Currently no existing programs with enrollment.					
OH (On Hold) Blue-Per JLBC meeting on 9/21/16. Further consideration at next JLBC meeting.					
* Program not designated as Nontraditional					

Program Name	Arts Management
Program CIP Code	50.0500.30
Program Description and Coherent Sequence	<p>Arts Management instructional program is designed to prepare students for employment or advanced postsecondary coursework in the performing arts and entertainment industries with an emphasis on managing an arts-related business or organization. A student completing this program will possess essential knowledge and skills associated with the management of a performing arts or entertainment industry organization, including for-profit and non-profit program development and special event planning; front-of-the-house theatrical production (including ticketing, cash handling, customer service, and safety); back-of-the-house theatrical production (including production planning, crew and stage management and general theatrical design and production techniques); fundraising, budgeting and accounting for arts organizations; public relations and marketing strategies; personnel management, volunteer solicitation, and staffing; and business administration and operations management.</p> <p>In addition to technical skills and knowledge, students completing this program will develop critical workplace employability skills, including complex communication, collaboration and critical thinking skills; professionalism, initiative and self-direction; organizational, intergenerational and cross-cultural competence; and legal, ethical and financial practices related to the performing arts and entertainment industries.</p> <p>The Arts Management instructional program utilizes a delivery system comprised of four critical, interrelated components: formal/technical; instruction; hands-on, experiential learning; supervised, real-world occupational experiences; active participation in the state-recognized Career and Technical Student Organization, SkillsUSA</p> <p>Fundamentals of Performing Arts and Entertainment Industry - Arts Management: This course prepares students to apply knowledge and skills from the world of business to the management of non-profit performing arts and for-profit entertainment companies. This program includes instruction in financial management practices for performing arts businesses, legal and ethical behaviors in the entertainment industry, safety rules and procedures, marketing, administrative management and leadership, human resource management, information systems and technology, fundraising and development and operations (front and back of house) management.</p> <p>Performing Arts and Entertainment Industry - Arts Management I: Prepares individuals to manage the planning,</p>

	<p>preparation and application of arts management practices to performing arts and entertainment businesses as described above.</p> <p>Work-based Learning: Students have the opportunity to participate in either an Arts Management Cooperative Education experience or an Internship.</p>
Industry Validated Standards	http://www.azed.gov/career-technical-education/files/2011/11/technical-standards-arts-management-50050030.pdf
Specialized Equipment	Not Developed
Industry Recognized Certifications	The Arts Management industry does not currently have industry-recognized certifications.
CTE End-Of- Program (EOP) Technical Skill Assessment (TSA) Y/N	Y
Current EOP TSA Pass Score	60%
Participation in JTED Program Qualifies Students for These Employment Opportunities	<ul style="list-style-type: none"> • Arts Administrator • Arts Consultant • Arts Marketing Strategist • Community and Regional Theatre Director • Customer Service Associate (Reservations, Ticketing, Box Office, Cash Handling) • Fundraising and Philanthropic Director • Public Relations Associate

SB1525 JTED Course and Program Requirements

Requires students obtain passing score of 60% on assessment 15-391(3)(b) Page 1/20-24 & 15-391(5)(b) Page 2/1-6	Arts Management Technical Skill Assessment
Not a Course Required under Minimum Course of Study including Honors 15-391(3)(d) Page 1/27-29	Yes Courses in this program <u>are not required for graduation.</u>
Majority of Instructional Time in Lab / Field / Work Based Learning Environment 15-391(3)(e) Page 1/30-32 and Requires CTSO Participation 15-391(5)(d) Page 2/10-13	Yes Project-based learning and participation in SkillsUSA are required components of this program.
Demonstrated Need for Extra Funding for a course 15-391(3)(f) Page 1/33-34	Yes Extra funding is required for the CTE Arts Management program, as demonstrated by the cost of specialized equipment: <ul style="list-style-type: none"> • Computers • Computer software • Digital cameras and peripherals • Video cameras and peripherals • Photocopier • Color inkjet or laser printer • Large-format printer • Point-of-sale/ticketing system • Safe Further, extra funding is required for the CTE Arts Management program as demonstrated by the cost of program consumables and supplemental materials and texts.
Specialized Equipment Exceeds Cost of Standard Course 15-391(3)(g) Page 1/35-36 and 15-391(5)(c) Page 2/7-9	<ul style="list-style-type: none"> • Specialized Equipment list under development
Alignment through Curriculum, Instructional Model and Courses Sequence 15-391(5)(e) Page 2/15-18	Yes State-established course sequence for the Arts Management program consists of two Carnegie Units of Instruction.
Defined Pathway to Career and Postsecondary Ed in Specific Vocation or Industry 15-391(5)(f)	Yes CTE Arts Management students could potentially earn dual

Page 2/19-21	enrollment college credit from postsecondary institutions pending appropriate collaborative agreements, instructor qualifications, etc. between the college and the LEA.
Fills High Need Vocation or Industry as Determined by CTE/ADE 15-391(5)(j) Page 2/30-31	No. Ranks low on CTE program list. The CTE Arts Management program is ranked 70 th on the 2016 CTE Program List. Ranking is based on "high demand, high wage, high skills" occupations as determined by Arizona labor market data from the Arizona Office of Employment and Population Statistics.
Requires a Single or Stackable Credential or a <u>Skill</u> that allows a student to obtain work 15-391(5)(k) Page 2/32-35	No credentials identified Program completers will develop the following workplace skills: <ul style="list-style-type: none"> • Planning/fundraising/scheduling/pre-production phase of Fine Arts production, concert, showcase, gallery • Marketing/promotion/implementation phase of Fine Arts production, concert, showcase, gallery • Reservations/ticketing/sales/management/curating/customer service/production phase of Fine Arts production, concert, showcase, gallery
Leads to certification or licensure verified by that vocation or industry that qualifies student for employment which the student would not otherwise qualify. 15-391(5)(l) Page 2/36-39	No
If no certification or licensure is accepted by vocation or industry, completion of program must qualify student for employment for which student would not otherwise qualify without completing JTED program. 15-391(5)(l) Page 2/39-43	Skills were identified but found to not be specific to the program and could be attained in other business management or marketing programs with broader application.
Requires instruction and instructional materials substantially different from and exceed scope of standard instruction and include skills, competencies and knowledge to be successful in JTED program vocation or industry. 15-391(5)(m) Page 2/44-45 and 3/1-3	Yes The CTE Arts Management program requires hands-on instruction in a lab-/work-based learning environment. The CTE Arts Management program requires instructional materials and resources that are substantially different from and exceed the scope of standard instruction: <ul style="list-style-type: none"> • Equipment: list has not yet been developed. Further, extra funding is required for the CTE Arts Management

	<p>program as demonstrated by the cost of program consumables and supplemental materials and texts.</p> <p>The CTE Arts Management program includes instruction in program-specific skills, competencies and knowledge required to be successful in the Arts Management industry; however, they could be attained in other business management and marketing programs with broader application such as:</p> <ul style="list-style-type: none"> • Arts administration, consulting and marketing • Front-of-the-house theatre management • Customer service • Fundraising • Production management • Public relations • Stage management
Industry provided financial or technical support. 15-391(5)(n) Page 3/4-8	<p>Yes</p> <p>Shared production resources, guest speakers, internships</p>
Demonstrated need for extra funding in order to provide JTED program 15-391(5)(o) Page 3/9-11	<p>Yes</p> <p>Equipment, consumables and supplemental materials</p>

Eligibility		Yes	No
JTED	The Arts Management program meets the requirements for <u>JTED</u> compliance and eligibility		x
CTE Federal Perkins and State Priority	The Arts Management program meets the requirements for <u>Perkins</u> and is eligible to generate <u>CTE State Priority funding</u> .	x	
Comments:			
<p>The Arts Management program was reviewed and found not to be compliant with the requirements of JTED legislative requirements. While it has some areas of compliance, it does not meet all the criteria required in the JTED legislation. The program has no identified industry certifications. The identified skills are contextualized but not specific to the Arts Management program and could be attained in other business management or marketing programs with broader application. Specialized equipment required is minimal. The program can continue to develop utilizing funding from local, State Priority and Federal Carl D Perkins sources. At such time the program strengthens and meets all components of the JTED legislation, it may be reconsidered.</p>			

Program Name	Entrepreneurship
Program CIP Code	52.1800.50
Program Description and Coherent Sequence	<p>The Entrepreneurship instructional program prepares students to become young entrepreneurs, who are the key drivers of tomorrow's innovations and integral to creating a thriving economy. The skills associated with entrepreneurship include the ability to take initiative and creatively seek out and identify opportunities; develop budgets and project resource needs and potential income; understand options for developing needed capital and trade-offs associated with different options; and communicate effectively and market oneself and one's ideas. Students will leave the program with a full Business Model/Plan.</p> <p>This program is designed and delivered as a coherent sequence of school-based and work-based supervised learning. Students learn leadership skills and develop their leadership abilities through participating in the state-recognized Career and Technical Student Organization, DECA.</p> <p>Fundamentals of Marketing, Management and Entrepreneurship: This course is designed to introduce the students to basic marketing concepts and principles as they relate to Professional Sales and Marketing, Advertising and Public Relations, Entertainment Marketing and Entrepreneurship.</p> <p>Entrepreneurship: This course prepares students for small business ownership through the development of a business plan, marketing strategies and a financial plan while also gaining an understanding of Human Resources and Management functions within a small business.</p> <p>Work-based learning: Students have the opportunity to participate in either an Entrepreneurship Cooperative Education experience or an Internship.</p>
Industry Validated Standards	http://www.azed.gov/career-technical-education/files/2016/06/technical-standards-entrepreneurship-52180050.pdf
Specialized Equipment	Equipment list can be accessed at: http://www.azed.gov/career-technical-education/files/2011/11/equipment-list-entrepreneurship-52180050.pdf
Industry Recognized Certifications	None available
CTE End-Of- Program (EOP) Technical Skill Assessment (TSA) Y/N	Yes

Current EOP TSA Pass Score	60%
Participation in JTED Program Qualifies Students for These Employment Opportunities	<p>The Entrepreneurship program is designed to prepare students for employment in various sales, customer service, first-line supervisory positions, sports marketing, hospitality and tourism, small business ownership, advertising/promotion, public relations and/or postsecondary education related to the field of Entrepreneurship.</p> <ul style="list-style-type: none"> • Sales Consultant • Customer Service Representative • First Line Supervisory Positions • Small Business Ownership • Public Relations Representative • Advertising • Incubator and Small Start-up Assistant • Front line project management specialist • Entrepreneur

SB1525 JTED Course and Program Requirements

<p>Requires students obtain passing score of 60% on assessment 15-391(3)(b) Page 1/20-24 & 15-391(5)(b) Page 2/1-6</p>	<p>Yes, Entrepreneurship Technical Skills Assessment has a passing score of 60%.</p>
<p>Not a Course Required under Minimum Course of Study including Honors 15-391(3)(d) Page 1/27-29</p>	<p>No course in the Entrepreneurship program is required for graduation.</p>
<p>Majority of Instructional Time in Lab / Field / Work Based Learning Environment 15-391(3)(e) Page 1/30-32 and</p>	<p>Yes, project-based learning and cooperative education; internship; school-based enterprises for work-based learning are key components to this program.</p>
<p>Requires CTSO Participation 15-391(5)(d) Page 2/10-13</p>	<p>DECA</p>
<p>Demonstrated Need for Extra Funding for a course 15-391 (3)(f) Page 1/33-34</p>	<p>The below expenditures are not applicable to all Entrepreneurship courses.</p> <ul style="list-style-type: none"> • Computer for every student • Office 2010 or above <ul style="list-style-type: none"> ◦ Can't be more than one version behind industry standard • Digital Camera • Camcorder • Photocopier • Large Format Printer • Inkjet Printers • Makerspaces-builds prototype • Applications and website costs • Industry-standard equipment necessary for operating a school-based Enterprise and Makerspace: <ul style="list-style-type: none"> ◦ Dedicated computers and POS System ◦ Refrigerator/freezer ◦ Sink for washing and sanitizing equipment ◦ Display racks ◦ Industry-standard laser cutters ◦ 3D printers ◦ T-shirt printers/silk screen ◦ Poster maker ◦ Embroidery machine
<p>Specialized Equipment Exceeds Cost of Standard Course 15-391(3)(g) Page 1/35-36 and 15-391(5)(c) Page 2/7-9</p>	<p>Minimal specialized equipment applicable to all Entrepreneurship programs. They need to purchase equipment and software which needs to remain up-to-date and current and they need to purchase instructional materials</p>

	<p>and resources.</p> <ul style="list-style-type: none"> • Computer for every student • Office 2010 or above <ul style="list-style-type: none"> ◦ Can't be more than one version behind industry standard • Digital Camera • Camcorder • Photocopier • Large Format Printer • Inkjet Printers
Alignment through Curriculum, Instructional Model and Courses Sequence 15-391(5)(e) Page 2/15-18	Yes, the Entrepreneurship consists of a course sequence of at least 2 Carnegie Units of Instruction.
Defined Pathway to Career and Postsecondary Ed in Specific Vocation or Industry 15-391(5)(f) Page 2/19-21	<p>The Entrepreneurship program is designed to prepare students for employment in various sales, customer service, first-line supervisory positions, sports marketing, hospitality and tourism, small business ownership, advertising/promotion, public relations and/or postsecondary education related to the field of Entrepreneurship.</p> <p>There are Postsecondary opportunities for Certificates, AA and BS degrees</p> <ul style="list-style-type: none"> • Phoenix College: Certificate of Completion (CCL) in Small Business Start Up • Maricopa Community College District: Certificate of Completion (CCL) in Small Business Entrepreneurship • Grand Canyon University: Bachelor of Science in Entrepreneurial Studies • Arizona State University: Bachelor of Science in Business Entrepreneurship • University of Arizona: Bachelor of Science in Business Administration-Entrepreneurship • Northern Arizona University: Bachelor of Business Administration with Entrepreneurship and Small Business - Emphasis
Fills High Need Vocation or Industry as Determined by CTE/ADE 15-391(5)(j) Page 2/30-31	Yes, the Entrepreneurship program is ranked 27 th on the 2016 CTE Program List. Ranking is based on "high demand, high wage, and high skill" occupations as determined by the AZ Office of Employment and Population Statistics.
Requires a Single or Stackable Credential or a Skill that allows a student to obtain work 15-391(5)(k) Page 2/32-35	<p>No single or stackable credential identified. The below skills were identified but found to not be specific to the program and could be attained in other business or marketing programs with broader application.</p> <ul style="list-style-type: none"> • Develop a Business Plan

	<ul style="list-style-type: none"> • Marketing Strategies to start and run a business • Ability to take initiative • Creatively seek out and identify opportunities • Develop budgets • Project resource needs and potential income • Understand options for developing needed capital and trade-offs associated with different options • Communicate effectively and market oneself and one's
Leads to certification or licensure verified by that vocation or industry that qualifies student for employment which the student would not otherwise qualify. 15-391(5)(l) Page 2/36-39	None identified
If no certification or licensure is accepted by vocation or industry, completion of program must qualify student for employment for which student would not otherwise qualify without completing JTED program. 15-391(5)(l) Page 2/39-43	<p>No certification or licensure identified.</p> <p>The below skills were identified but found to not be specific to the program and could be attained in other business or marketing programs with broader application.</p> <ul style="list-style-type: none"> • Develop a Business Plan • Marketing Strategies to start and run a business • Ability to take initiative • Creatively seek out and identify opportunities • Develop budgets • Project resource needs and potential income • Understand options for developing needed capital and trade-offs associated with different options • Communicate effectively and market oneself and one's ideas.
Requires instruction and instructional materials substantially different from and exceed scope of standard instruction and include skills, competencies and knowledge to be successful in JTED program vocation or industry. 15-391(5)(m) Page 2/44-45 and 3/1-3	<p>Yes, supplemental resources such as:</p> <ul style="list-style-type: none"> • LAPs through MBA Research and Curriculum Center • Knowledge Matters Virtual Business Software • Supplemental instructional materials
Industry provided financial or technical support. 15-391(5)(n) Page 3/4-8	<ul style="list-style-type: none"> • Arizona Business and Marketing Education Advisory Council • Business & Industry serve on Local and State Advisory Boards and curriculum committees • Business & Industry provide Work-Based Learning opportunities • Business & Industry provides opportunity for mentorships • Business & Industry serve as judges for DECA

	<ul style="list-style-type: none"> • Business & Industry are Guest Speakers in Entrepreneurship Classrooms
Demonstrated need for extra funding in order to provide JTED program 15-391(5)(o) Page 3/9-11	<p>The below expenditures are not applicable to all Entrepreneurship programs. Some apply only to programs that are pursuing entrepreneurial projects that involve the specific equipment listed.</p> <ul style="list-style-type: none"> • Computer for every student • Office 2010 or above • Can't be more than one version behind industry standard • Digital Camera • Camcorder • Photocopier • Large Format Printer • Inkjet Printers • Makerspaces-builds prototype • Applications and website costs • Industry-standard equipment necessary for operating a school-based Enterprise and a Makerspace: <ul style="list-style-type: none"> ◦ Dedicated computers and POS System ◦ Refrigerator/freezer ◦ Sink for washing and sanitizing equipment ◦ Display racks ◦ Industry-standard laser cutters ◦ 3D printers ◦ T-shirt printers/silk screen ◦ Poster maker ◦ Embroidery machine

Eligibility		Yes	No
JTED	The Entrepreneurship program meets the requirements for JTED compliance and eligibility		x
CTE Federal Perkins and State Priority	The Entrepreneurship program meets the requirements for Perkins and is eligible to generate CTE State Priority funding .	x	
Comments: The Entrepreneurship program was reviewed and found not to be compliant with the requirements of JTED legislative requirements. While it has several areas of compliance, it does not meet all the criteria required in the JTED legislation. The program has no identified industry certifications. The identified skills are contextualized but not specific to the Entrepreneurship program and could be attained in other business or marketing programs with broader application. Specialized equipment required that is applicable to all Entrepreneurship programs is minimal. Much of the identified is entrepreneurial project specific. The program can continue to develop utilizing funding from local, State Priority and Federal Carl D Perkins sources. At such time the program strengthens and meets all components of the JTED legislation, it may be reconsidered.			

Program Name	Entertainment Marketing
Program CIP Code	52.1800.40
Program Description and Coherent Sequence	<p>The Entertainment Marketing instructional program prepares students to perform technical support services to Managers in various sales and customer service industries including event planning and marketing, live entertainment marketing, sports marketing, and travel and tourism. Duties could include: Build relationships to provide repeat business, maximize cross selling opportunities and excellent customer service, proactively create opportunities for new business with existing customers, handle incoming sales calls from sales prospects for all ticket products and conduct in-arena/stadium appointments and tours to assist in closing new business and developing new relationships.</p> <p>This program is designed and delivered as a coherent sequence of school-based and work-based supervised learning. Students learn leadership skills and develop their leadership abilities through participating in the state-recognized Career and Technical Student Organization, DECA.</p> <p>Fundamentals of Marketing, Management and Entrepreneurship: This course is designed to introduce the students to basic marketing concepts and principles as they relate to Professional Sales and Marketing, Advertising and Public Relations, Entertainment Marketing and Entrepreneurship.</p> <p>Entertainment Marketing: This course prepares students to perform marketing and management functions and tasks that can be applied to amateur or professional sports or sporting events, entertainment services, hospitality services, travel and tourism services and media relations.</p> <p>Work-based Learning: Students have the opportunity to participate in either an Entertainment Marketing Cooperative Education experience or an Internship.</p>
Industry Validated Standards	http://www.azed.gov/career-technical-education/files/2016/08/entertainment-marketing-52180040.pdf
Specialized Equipment	Equipment list can be accessed at: http://www.azed.gov/career-technical-education/files/2011/11/equipment-list-entertainment-marketing-52180040.pdf
Industry Recognized Certifications	None identified
CTE End-Of- Program (EOP) Technical Skill Assessment (TSA) Y/N	Yes

Current EOP TSA Pass Score	60%
Participation in JTED Program Qualifies Students for These Employment Opportunities	<ul style="list-style-type: none"> • Assistant Coordinator for Digital Content and Engagement • Field Marketing Specialist • Inside Sales Representative (Sports Teams, Theaters and Stadiums) • Sales Coordinator (Sports Teams, Theaters and Stadiums) • Entry-level marketing position within sports/entertainment industry • Entry-level event planner • Entry-level tourism position

SB1525 JTED Course and Program Requirements

Requires students obtain passing score of 60% on assessment 15-391(3)(b) Page 1/20-24 & 15-391(5)(b) Page 2/1-6	Yes, Entertainment Marketing Technical Skills Assessment has a passing score of 60%.
Not a Course Required under Minimum Course of Study including Honors 15-391(3)(d) Page 1/27-29	No
Majority of Instructional Time in Lab / Field / Work Based Learning Environment 15-391 (3)(e) Page 1/30-32 and	Yes, project-based learning and school-based enterprises and work-based learning are key components to this program.
Requires CTSO Participation 15-391(5)(d) Page 2/10-13	DECA
Demonstrated Need for Extra Funding for a course 15-391 (3)(f) Page 1/33-34	<p>Yes, they need to purchase equipment and software which needs to remain up-to-date and current and they need to purchase instructional materials and resources.</p> <ul style="list-style-type: none"> • Computer for every student • Office 2010 or above <ul style="list-style-type: none"> ◦ Can't be more than one version behind industry standard • Digital Camera • Camcorder • Photocopier • Large Format Printer • Inkjet Printers
Specialized Equipment Exceeds Cost of Standard Course 15-391(3)(g) Page 1/35-36 and 15-391(5)(c) Page 2/7-9	<p>Minimal specialized equipment.</p> <ul style="list-style-type: none"> • Computer for every student • Office 2010 or above <ul style="list-style-type: none"> ◦ Can't be more than one version behind industry standard • Digital Camera • Camcorder • Photocopier • Large Format Printer • Inkjet Printers
Alignment through Curriculum, Instructional Model and Courses Sequence 15-391(5)(e) Page 2/15-18	Yes, the Entertainment Marketing program course sequence consists of a minimum of 2 Carnegie Units of Instruction.

Defined Pathway to Career and Postsecondary Ed in Specific Vocation or Industry 15-391(5)(f) Page 2/19-21	There are Postsecondary opportunities for: <ul style="list-style-type: none"> • Community College Certificates • AA degrees in Sports Marketing and Marketing • BS degrees in Sports Marketing and Marketing
Fills High Need Vocation or Industry as Determined by CTE/ADE 15-391(5)(j) Page 2/30-31	Yes, the Entertainment Marketing program is ranked 28 th on the 2016 CTE Program List. Ranking is based on “high demand, high wage, and high skill” occupations as determined by the AZ Office of Employment and Population Statistics.
Requires a Single or Stackable Credential or a Skill that allows a student to obtain work 15-391(5)(k) Page 2/32-35	No No single or stackable credential identified. The below skills were identified but found not to be specific to the program and could be attained in other business or marketing programs with broader application. <ul style="list-style-type: none"> • Analyze event planning strategies and techniques. • Analyze the role of technology fundamental to marketing (Digital Marketing) • Create an Event Marketing Plan • Understand and Analyze Live Entertainment Marketing • Understand and Analyze Sports Marketing • Understand and Analyze Travel and Destination Marketing
Leads to certification or licensure verified by that vocation or industry that qualifies student for employment which the student would not otherwise qualify. 15-391(5)(l) Page 2/36-39	None identified
If no certification or licensure is accepted by vocation or industry, completion of program must qualify student for employment for which student would not otherwise qualify without completing JTED program. 15-391(5)(l) Page 2/39-43	No The below skills were identified but found to not be specific to the program and could be attained in other business or marketing programs with broader application. <ul style="list-style-type: none"> • Analyze event planning strategies and techniques. • Analyze the role of technology fundamental to marketing (Digital Marketing) • Create an Event Marketing Plan • Understand and Analyze Live Entertainment Marketing • Understand and Analyze Sports Marketing • Understand and Analyze Travel and Destination Marketing
Requires instruction and instructional materials substantially different from and exceed scope of standard instruction and include skills, competencies and knowledge to be successful in JTED program	Yes, supplemental resources such as: <ul style="list-style-type: none"> • LAPs through MBA Research and Curriculum Center • Knowledge Matters Virtual Business Software and supplemental textbooks • Large format printers along with the supplies to run the printer

vocation or industry. 15-391(5)(m) Page 2/44-45 and 3/1-3	
Industry provided financial or technical support. 15-391(5)(n) Page 3/4-8	<ul style="list-style-type: none"> • Arizona Business and Marketing Education Advisory Council • Business & Industry serve on Local and State Advisory Boards and curriculum committees • Business & Industry provide Work-Based Learning opportunities • Business & Industry provides opportunity for mentorships • Business & Industry serve as judges for DECA • Business & Industry are Guest Speakers Entertainment Marketing Classrooms
Demonstrated need for extra funding in order to provide JTED program 15-391(5)(o) Page 3/9-11	<p>Yes; equipment and supplemental materials and resources.</p> <ul style="list-style-type: none"> • Computer for every student • Office 2010 or above <ul style="list-style-type: none"> ◦ Can't be more than one version behind industry standard • Digital Camera • Camcorder • Photocopier • Large Format Printer • Inkjet Printers

Eligibility		Yes	No
JTED	The Entertainment Marketing program meets the requirements for JTED compliance and eligibility		x
CTE Federal Perkins and State Priority	The Entertainment Marketing program meets the requirements for Perkins and is eligible to generate CTE State Priority funding .	x	
Comments:			
<p>The Entertainment Marketing program was reviewed and found not to be compliant with the requirements of JTED legislative requirements. While it has some areas of compliance, it does not meet all the criteria required in the JTED legislation. The program has no identified industry certifications. The identified skills are contextualized but not specific to the Entertainment Marketing program and could be attained in other business or marketing programs with broader application. Specialized equipment required is minimal. The program can continue to develop utilizing funding from local, State Priority and Federal Carl D Perkins sources. At such time the program strengthens and meets all components of the JTED legislation, it may be reconsidered.</p>			

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process				
District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored
-SELECT-	-SELECT-	-SELECT-		
CTE Administrator Name		CTE Administrator Email		CTE Administrator Phone
#1 Teacher Name		Teacher Email		Teacher Phone
Course Title/CIP	Course Title/CIP	Course Title/CIP	Course Title/CIP	
-SELECT-	-SELECT-	-SELECT-	-SELECT-	
#2 Teacher Name		Teacher Email		Teacher Phone
Course Title/CIP	Course Title/CIP	Course Title/CIP	Course Title/CIP	
-SELECT-	-SELECT-	-SELECT-	-SELECT-	
#3 Teacher Name		Teacher Email		Teacher Phone
Course Title/CIP	Course Title/CIP	Course Title/CIP	Course Title/CIP	
-SELECT-	-SELECT-	-SELECT-	-SELECT-	
#4 Teacher Name		Teacher Email		Teacher Phone
Course Title/CIP	Course Title/CIP	Course Title/CIP	Course Title/CIP	
-SELECT-	-SELECT-	-SELECT-	-SELECT-	
#5 Teacher Name		Teacher Email		Teacher Phone
Course Title/CIP	Course Title/CIP	Course Title/CIP	Course Title/CIP	
-SELECT-	-SELECT-	-SELECT-	-SELECT-	

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process

District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored
-SELECT-	-SELECT-	-SELECT-		
CTE Administrator Name	CTE Administrator Email	CTE Administrator Phone		
PERKINS REQUIREMENTS				
CTE INDICATOR #1: Delivers a coherent sequence of instruction. The program sequence of courses in each CTE program can be found at: http://www.azed.gov/career-technical-education/cte-administrators-online-handbook/ under CTE Administrators Online Handbook in the "CTE Program Codes and Titles" and "Coherent Sequence and Certification" sections.				
Items Reviewed:				Compliant
				-SELECT-
Action Needed:				
CTE INDICATOR #2: Teaches all the state-designated program standards: examples of supporting evidence may include - Course Description, Course Outline, Lesson Plans, Curriculum Maps, Course Syllabi, etc.				
Items Reviewed:				Compliant
				-SELECT-
Action Needed:				
CTE INDICATOR #3: Specified on the current CTE program list.				
Items Reviewed:				Compliant
				-SELECT-
Action Needed:				
CTE INDICATOR #4: Taught by an appropriately certified teacher per CTE Certification Requirements for the Program.				
Items Reviewed:				Compliant
				-SELECT-
Action Needed:				

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process							
District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored			
-SELECT-	-SELECT-	-SELECT-					
CTE Administrator Name	CTE Administrator Email	CTE Administrator Phone					
PERKINS REQUIREMENTS (continued)							
CTE INDICATOR #5: Evaluates program performance annually and meets or exceeds Measure established for State Performance.							
Items Reviewed:				Compliant			
				-SELECT-			
Action Needed:							
CTE INDICATOR #6: Offers student work-based participation that involves actual work experience and connects classroom learning to work activities: examples of supporting evidence may be Cooperative Education/DCE, Internship, School-based Enterprise, Lab Instruction, Service Learning, Apprenticeships, Health Care Clinical Experience, Laboratory Simulation Projects, Supervised Agriculture Experience, etc.							
Items Reviewed:				Compliant			
				-SELECT-			
Action Needed:							
CTE INDICATOR #7: Requires student participation in Career Exploration for grades 7-9.							
Items Reviewed:				Compliant			
				-SELECT-			
Action Needed:							
CTE INDICATOR #8: Requires a Career and Technical Education Student Organization to be organized for the CTE secondary programmatic area (indicate CTSO/s).							
DECA	EdRising	FBLA	FCCLA	FFA	HOSA	SkillsUSA	
Items Reviewed:							Compliant
							-SELECT-
Action Needed:							

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process

District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored
-SELECT-	-SELECT-	-SELECT-		
CTE Administrator Name	CTE Administrator Email		CTE Administrator Phone	

JTED REQUIREMENTS

CTE INDICATOR #1: JTED Compliance: ARS §15-391(3)(a) and (5)(a) - Is taught by an instructor who is certified to teach career and technical education by the state board of education or by a postsecondary education institution.

Items Reviewed:

JTED Compliant

-SELECT-

Action Needed:

CTE INDICATOR #2: JTED Compliance: ARS §15-391(3)(b) and (5)(b) - Is part of a program that requires students to obtain a passing score of at least sixty percent (60%) on a assessment that demonstrates the level of skills, knowledge and competencies necessary to be successful in the designated vocation or industry.

Items Reviewed:

JTED Compliant

-SELECT-

Action Needed:

CTE INDICATOR #3: JTED Compliance: ARS §15-391(3)(e) and (5)(d) - Requires a majority of instructional time to be conducted in a laboratory environment, field-based environment or work-based learning environment...and requires career and technical student organization participation.

Items Reviewed:

JTED Compliant

-SELECT-

Action Needed:

CTE INDICATOR #4: JTED Compliance: ARS §15-391(5)(d) - Requires a majority of instructional time to be conducted in a laboratory environment, field-based environment or work-based learning environment...and requires career and technical student organization participation.

DECA	EdRising	FBLA	FCCLA	FFA	HOSA	SkillsUSA

Items Reviewed:

JTED Compliant

-SELECT-

Action Needed:

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process

District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored
-SELECT-	-SELECT-	-SELECT-		
CTE Administrator Name		CTE Administrator Email		CTE Administrator Phone

JTED REQUIREMENTS (continued)

CTE INDICATOR #5: JTED Compliance: ARS §15-391(3)(f) and (5)(c)(m) - Has demonstrated a need for extra funding in order to provide the joint technical education course that exceeds the cost of a standard educational course and requires instruction and instructional materials in courses that are substantially different from and exceed the scope of standard instruction and that include vocational skills, competencies and knowledge to be successful in the designated joint technical education district program vocation or industry.

Items Reviewed:	JTED Compliant
	-SELECT-

Action Needed:

CTE INDICATOR #6: JTED Compliance: ARS §15-391(3)(g) and (5)(c) - Requires specialized equipment in order to provide instruction to students that exceeds the cost of a standard educational course.

Items Reviewed:	JTED Compliant
	-SELECT-

Action Needed:

CTE INDICATOR #7: JTED Compliance: ARS §15-391(5)(e) - Demonstrates alignment through a curriculum, instructional model and course sequence to meet the standards of a career and technical education preparatory program as determined by the career and technical education division of the department of education.

Items Reviewed:	JTED Compliant
	-SELECT-

Action Needed:

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process

District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored
-SELECT-	-SELECT-	-SELECT-		
CTE Administrator Name		CTE Administrator Email		CTE Administrator Phone
JTED REQUIREMENTS (continued)				
CTE INDICATOR #8: JTED Compliance: ARS §15-391(5)(f) - Has a defined pathway to career and postsecondary education in a specific vocation or industry as determined by the career and technical education division of the department of education.				
Items Reviewed:				JTED Compliant
				-SELECT-
Action Needed:				
CTE INDICATOR #9: JTED Compliance: ARS §15-391(5)(k)(l) - Requires a single or stackable credential or a skill that will allow a student to obtain work on graduation before receiving an associate's degree or baccalaureate degree and leads to certification or licensure in the designated vocation or industry that has been verified and accepted by that vocation or industry and that qualifies the recipient of the certification or licensure for employment for which the student would not otherwise qualify. If there is no certification or licensure that is accepted by the vocation or industry, completion of the program must qualify the student for employment for which the student would not otherwise qualify without completion of the joint technical education district program.				
Items Reviewed:				JTED Compliant
				-SELECT-
Action Needed:				
CTE INDICATOR #10: JTED Compliance: ARS §15-391(5)(n) - An industry or vocation has agreed to provide financial or technical support to the joint technical education district for a specific joint technical education district program which includes in-kind contributions and donations.				
Items Reviewed:				JTED Compliant
				-SELECT-
Action Needed:				

Career and Technical Education CTE and Joint Technical Education District JTED Eligibility/Compliance Monitoring Process

District/JTED/School/CTDS	Program Title/CIP	JTED Program - Central/Satellite	Perkins Only Program	Date Monitored
-SELECT-	-SELECT-	-SELECT-		
CTE Administrator Name	CTE Administrator Email	CTE Administrator Phone		

Additional Comments:

CTE Program Monitoring Guidance

CTE Program Monitoring is conducted to ensure compliance with Federal Carl D. Perkins legislation and State Joint Technical Education Program legislation. Listed in this document are examples of items that evaluators will look for as evidence of compliance by core indicator.

Perkins Compliance:

CTE Indicator #1:

Perkins Compliance: Delivers a coherent sequence of instruction. The program sequence of courses in each CTE program can be found at: <http://www.azed.gov/career-technical-education/cte-administrators-online-handbook/> under CTE Administrators Online Handbook in the "CTE Program Codes and Titles" and "Coherent Sequence and Certification."

Evidence of Compliance:

- Program Coherent Sequence reported to ADE (ADE will populate)
- School schedule, student schedule book either hardcopy or electronic that indicates courses are offered
- Program Syllabus; Curriculum Map

CTE Indicator #2:

Perkins Compliance: Teaches all the state-designated program standards.

Evidence of Compliance:

- Course Outline
- Curriculum Maps
- Course Syllabi

CTE Indicator #3:

Perkins Compliance: Specified on the current CTE program list.

Evidence of Compliance:

- This item is populated by ADE/CTE

CTE Indicator #4:

Perkins Compliance: Taught by an appropriately-certified teacher; per CTE Certification requirements.

Evidence of Compliance:

- Copy of teacher's valid CTE Teacher's Certification:
 - Provisional CTE Secondary in the appropriate content area; or
 - Standard CTE Secondary in the appropriate content area; or
 - Postsecondary certification; or
 - Cooperative Education endorsement for Cooperative Education and DCE courses

CTE Indicator #5:

Perkins Compliance: Evaluates program performance annually and meets or exceeds established State Performance Measures.

Evidence of Compliance:

- Program Performance Measures will be populated by ADE/CTE

CTE Indicator #6:

Perkins Compliance: Offers student work-based participation that involves actual work experience and connects classroom learning to work activities.

Evidence of Compliance:

Program offers one or more of the following:

- Cooperative Education/DCE
- Internship
- School-based Enterprise
- Apprenticeships
- Health Care Clinical Experience
- Laboratory Simulation Projects
- Supervised Agricultural Experience
- Field experience

As evidenced by one or more of the following:

- Class roster/student records
- Course catalog
- Syllabus

CTE Indicator #7:

Perkins Compliance: Requires student participation in Career Exploration for grades 7-9.

Evidence of Compliance:

Explanation of how students are experiencing Career Exploration in grades 7-9. Evidence can include but not limited to:

- Middle school/Jr. High course schedule indicating a Career Exploration experience is offered
- Career Center schedule or policy indicating students are experiencing Career Exploration
- Career Exploration curriculum outline or description as delivered by school guidance counselors or other staff
- Education Career Action Plan development process/explain how students receive career planning information/instruction.

CTE Indicator #8:

Perkins Compliance: Requires a Career and Technical Education Student Organization to be organized for the CTE secondary programmatic area.

Evidence of Compliance:

Evidence of student participation in a CTSO must include:

- Membership Roster for appropriate CTSO
- Chapter Plan of Work

May include:

- Schedules, flyers, brochures that indicate local CTSO activities
- Meeting schedule/minutes
- Lesson Plans that reflect co-curricular CTSO activities conducted within the classroom

JTED Compliance:

CTE INDICATOR #1:

JTED Compliance: ARS §15-391(3)(a) and (5)(a) - Is taught by an instructor who is certified to teach career and technical education by the state board of education or by a postsecondary education institution.

Evidence of Compliance:

- Copy of teacher's valid CTE Teacher's Certification:
 - Provisional CTE Secondary in the appropriate content area; or
 - Standard CTE Secondary in the appropriate content area; or
 - Postsecondary certification;
 - Cooperative Education endorsement for Cooperative Education and DCE courses

CTE INDICATOR #2:

JTED Compliance: ARS §15-391(3)(b) and (5)(b) - Is part of a program that requires students to obtain a passing score of at least sixty percent (60%) on an assessment that demonstrates the level of skills, knowledge and competencies necessary to be successful in the designated vocation or industry.

Evidence of Compliance:

- Participation in the appropriate Arizona Technical Skill Assessment, if available (CTE will populate)
- Third party Industry Assessments (if no Technical Skill Assessment is available)

CTE INDICATOR #3:

JTED Compliance: ARS §15-391(3)(e) and (5)(d) - **Requires a majority of instructional time to be conducted in a laboratory environment, field-based environment or work-based learning environment...**and requires career and technical student organization participation.

Evidence of Compliance:

Program offers one or more of the following:

- Cooperative Education/DCE
- Internship
- School-based Enterprise
- Apprenticeships
- Health Care Clinical Experience
- Laboratory Simulation Projects
- Supervised Agricultural Experience
- Field experience

As evidenced by one or more of the following:

- Class roster/student records
- Course catalog
- Syllabus

CTE INDICATOR #4:

JTED Compliance: ARS §15-391(3)(e) and (5)(d) - Requires a majority of instructional time to be conducted in a laboratory environment, field-based environment or work-based learning environment...and **requires career and technical student organization participation.**

Evidence of Compliance:

Evidence of how students are participating in a CTSO must include:

- Membership Roster for appropriate CTSO
- Chapter Plan of Work

May include:

- Schedules, flyers, brochures that indicate local CTSO activities
- Meeting schedule/minutes
- Lesson Plans that reflect co-curricular CTSO activities conducted within the classroom

CTE INDICATOR #5:

JTED Compliance: ARS §15-391(3)(f)- Has demonstrated a need for extra funding in order to provide the joint technical education course.

ARS §15-391(5)(o) Joint Technical Education District has demonstrated a need for extra funding in order to provide the Joint Technical Education District program.

ARS §15-391 (5)(m) Requires instruction and **instructional materials** in courses that are substantially different from and exceed the scope of standard instruction and that include vocational skills, competencies and knowledge to be successful in the designated joint technical education district program vocation or industry.

Evidence of Compliance:

ARS §15-391(3)(f) and (5)(o)

- List of expenditures that demonstrate the need for extra funding such as:
 - Equipment
 - Instructional materials
 - Consumable supplies
 - Customized facilities
 - Costs incurred due to work based learning experiences
 - Cost of convening advisory boards and committees
 - CTSO expenditures
 - Industry Certifications
 - Teacher Professional Development

ARS §15-391 (5)(m)

- Curriculum specific to industry certifications
- Industry certification exam preparation materials
- Industry based curriculum
- Sample of instructional materials
- Specialized Software

CTE INDICATOR #6:

JTED Compliance: ARS §15-391(3)(g) and (5)(c) - Requires specialized equipment in order to provide instruction to students that exceeds the cost of a standard educational course.

Evidence of Compliance:

- Inventory list of specialized equipment

CTE INDICATOR #7:

JTED Compliance: ARS §15-391(5)(e) - Demonstrates alignment through a curriculum, instructional model and course sequence to meet the standards of a career and technical education preparatory program as determined by the career and technical education division of the department of education.

Evidence of Compliance:

- School schedule, student schedule book hardcopy or electronic that indicates courses are offered
- Program Syllabus; Curriculum Map

CTE INDICATOR #8:

JTED Compliance: ARS §15-391(5)(f) - Has a defined pathway to career and postsecondary education in a specific vocation or industry as determined by the career and technical education division of the department of education.

Evidence of Compliance:

- Plan to offer industry credential and timeline for implementing the plan
- Dual Enrollment agreement with postsecondary program

CTE INDICATOR #9:

JTED Compliance: ARS §15-391(5)(k) - Requires a single or stackable credential or a skill that will allow a student to obtain work on graduation before receiving an associate's degree or baccalaureate degree.

ARS §15-391(5)(l) Leads to certification or licensure in the designated vocation or industry that has been verified and accepted by that vocation or industry and that qualifies the recipient of the certification or licensure for employment for which the student would not otherwise qualify. If there is no certification or licensure that is accepted by the vocation or industry, completion of the program must qualify the student for employment for which the student would not otherwise qualify without completion of the joint technical education district program.

Evidence of Compliance:

ARS §15-391(5)(k)

- List of stackable credentials
or if no credentials are available
- List identified skills that will allow a student to obtain work on graduation before receiving an associate's degree or baccalaureate

ARS §15-391(5)(l)

- Plan to offer industry credential and timeline for implementing the plan
or
- List of program-specific skills that qualify the student for employment for which the student would not otherwise qualify without completion of the joint technical education district program

CTE INDICATOR #10:

JTED Compliance: ARS §15-391(5)(n) - An industry or vocation has agreed to provide financial or technical support to the joint technical education district for a specific joint technical education district program which includes in-kind contributions and donations.

Evidence of Compliance:

- List of business and industry advisory board members
- List of work-based learning opportunities provided by business and industry
- Description of business and industry contributions that may include but not limited to:
 - In-kind contributions or donations
 - Professional development opportunities provided by business and industry
 - Resources provided to classroom by business and industry such as classroom speakers, field experiences for students, externships for teachers, industry updates, etc.

Monitoring Rotation September 2016 – December 2018

Tentative

September – December 2016

Program Area	JTED (Central Programs)	Member Districts (Satellite Programs)
Ag Ed/Law & Public Safety /Fire Service /Welding	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School (Perkins Review Only)
Business Ed/Marketing/Media Programs	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior
Early Childhood/Education Professions	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
	VACTE	Camp Verde, Mingus Union, Sedona-Oak Creek
	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
	Colorado City USD	El Capitan High School (Perkins Review Only)
Engineering/Information Technologies/Manufacturing	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools (Perkins Review Only)
	Cave Creek	Cactus Shadows High (Perkins Review Only)
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Family and Consumer Sciences	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
	Nogales	Nogales High School (Perkins Review Only)

Health Careers Education	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School (Perkins Review Only)
Industrial Technologies	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
	Nogales	Nogales High School (Perkins Review Only)
Technical Theater	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools (Perkins Review Only)
	Cave Creek	Cactus Shadows High (Perkins Review Only)
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley

January – May 2017		
Program Area	JTED (Central Programs)	Member Districts (Satellite Programs)
Ag Ed/Law & Public Safety /Fire Service /Welding	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools (Perkins Review Only)
	Cave Creek	Cactus Shadows High (Perkins Review Only)
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Business Ed/Marketing/Media Programs	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
	VACTE	Camp Verde, Mingus Union, Sedona-Oak Creek
	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
	Colorado City USD	El Capitan High School (Perkins Review Only)
Early Childhood/Education Professions	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
	Nogales	Nogales High School (Perkins Review Only)
Engineering/Information Technologies/Manufacturing	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior
Family and Consumer Sciences	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School (Perkins Review Only)

Health Careers Education	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
	VACTE'	Camp Verde, Mingus Union, Sedona-Oak Creek
	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
Industrial Technologies	Colorado City USD	El Capitan High School (Perkins Review Only)
	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
Technical Theater	Bicentennial USD	Salome High School (Perkins Review Only)
	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior

September – December 2017

Program Area	JTED (Central Programs)	Member Districts (Satellite Programs)
Ag Ed/Law & Public Safety /Fire Service /Welding	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior
Business Ed/Marketing/Media Programs	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School (Perkins Review Only)
Early Childhood/Education Professions	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools (Perkins Review Only)
	Cave Creek	Cactus Shadows High (Perkins Review Only)
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Engineering/Information Technologies/Manufacturing	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
	Nogales	Nogales High School(Perkins Review Only)
Family and Consumer Sciences	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
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	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
	Colorado City USD	El Capitan High School (Perkins Review Only)

Health Careers Education	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior
Industrial Technologies	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
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	VACTE'	Camp Verde, Mingus Union, Sedona-Oak Creek
	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
	Colorado City USD	El Capitan High School (Perkins Review Only)
Technical Theater	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School (Perkins Review Only)

January – May 2018		
Program Area	JTED (Central Programs)	Member Districts (Satellite Programs)
Ag Ed/Law &Public Safety /Fire Service /Welding	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
	Nogales	Nogales High School
Business Ed/Marketing/Media Programs	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools
	Cave Creek	Cactus Shadows High
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Early Childhood/Education Professions	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
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	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School
Family and Consumer Sciences	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior
Health Careers Education	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
	Nogales	Nogales High School

Industrial Technologies	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools
	Cave Creek	Cactus Shadows High
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Technical Theater	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
	VACTE'	Camp Verde, Mingus Union, Sedona-Oak Creek
	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
	Colorado City USD	El Capitan High School

September – December 2018		
Program Area	JTED (Central Programs)	Member Districts (Satellite Programs)
Ag Ed/Law & Public Safety /Fire Service /Welding	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
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	Nogales	Nogales High School
Early Childhood/Education Professions	WestMEC	Agua Fria Union, Buckeye Union, Deer Valley, Dysart, Glendale, Paradise Valley Peoria, Saddle Mountain, Tolleson Union, Wickenburg
	WAVE	Colorado River, Kingman, Lake Havasu, Parker
	STEDY	Yuma Union, Antelope Union
	Bicentennial USD	Salome High School
Engineering/Information Technologies/Manufacturing	CAVIAT	Flagstaff, Fredonia-Moccasin, Grand Canyon, Page, Williams
	NATIVE	Chinle, Ganado, Kayenta, Pinon, Red Mesa, Sanders, Tuba City, Window Rock
	NAVIT	Blue Ridge, Heber-Overgaard, Holbrook, Joseph City Payson, Round Valley, Show Low, Snowflake, St. Johns, Whiteriver, Winslow
	VACTE	Camp Verde, Mingus Union, Sedona-Oak Creek
	Mountain Institute	Ash Fork, Bagdad, Chino Valley, Humboldt, Mayer, Prescott, Seligman
	Colorado City USD	El Capitan High School

Family and Consumer Sciences	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools
	Cave Creek	Cactus Shadows High
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Health Careers Education	EVIT	Apache Junction, Chandler, Fountain Hills, Gilbert, Higley, J.O. Combs, Mesa, Queen Creek, Scottsdale, Tempe Union
	Phoenix Union	All Schools
	Cave Creek	Cactus Shadows High
	CAVIT	Casa Grande, Coolidge, Florence, Maricopa, Santa Cruz Valley
Industrial Technologies	Cochise	Benson, Bowie, Bisbee, Douglas, San Simon, Sierra Vista, St David, Tombstone, Valley Union, Wilcox
	GIFT	Duncan, Ft. Thomas, Morenci, Pima, Safford, Thatcher
	CVIT	Globe, Hayden-Winkleman, Miami, San Carlos, Superior
	Pima	Ajo, Amphitheater, Catalina Foothills, Flowing Wells, Indian Oasis –Baboquivari, Mammoth-San Manuel, Marana, Sahuarita, Santa Cruz Valley, Sunnyside, Tanque Verde, Tucson, Vail
Technical Theater	Nogales	Nogales High School



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Rebecca Perrera, Senior 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 financing "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."

Recommendation

The Committee has at least the following 2 options:

1. Approve the SFB Staff request for a 27.7% adjustment in the cost-per-square-foot factors. This is based on the assumption of 14.85% inflation since 2008, which is the last year the formula was increased and a 12.85% increase for policy adjustments.
2. Approve a 4.31% adjustment in the cost-per-square-foot factors. The adjustment is based on longitudinal inflation data, by measuring the change in the Rider Levett Bucknall (RLB) Phoenix construction cost index since the last JLBC cost-per-square-foot adjustment in November 2008. The Committee has used this methodology for the last 3 last years.

(Continued)

Table 1 lists the cost-per-square-foot amounts for the 2 options.

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	\$136.66	\$144.27	\$167.05
Option 1 - SFB Staff Request - SFB 27.7% increase (14.85% for Inflation and 12.85% for Policy Increases)	174.57	184.30	213.40
Option 2 - Longitudinal Phoenix Construction Index (4.31%)	142.55	150.49	174.25

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.

The Committee has used a variety of different indices to establish the per-square-foot amounts. In November 2008, the Committee approved a 1.98% adjustment in construction costs. Since that time, the Committee has approved a 0% adjustment in construction costs in each year. Statute requires that the Committee adjust the cost-per-square-foot amounts at least once per year. The last adjustment occurred 1 year ago at the December 2015 meeting.

Two Options

The SFB Staff is requesting an increase in the new school construction cost-per-square-foot factors by 27.7%. This first option is based on 2 assumptions:

- A. The SFB Staff assumes 14.85% cumulative inflation since the formula was adjusted in 2008. This inflation rate is based on the RS Means cost index. RS Means is a construction cost source index from the consulting firm the Gordian Group.
- B. The SFB proposal includes 12.85% increase for policy adjustments. The SFB Staff proposes this increase to accommodate 2012 International Building Code (IBC) requirements and best practice functional updates. Code improvements include low-flow plumbing fixtures and increased Seasonal Energy Efficiency Ratio (SEER) HVAC systems while functional updates include safety features such as bullet-proof glass, door buzzer access controls, and Information Technology cabling.

The Committee traditionally only considers inflation when determining cost-per-square-foot adjustments.

The second option is to set the inflation adjustment based on a longitudinal measurement of construction costs since the last time the Committee adopted an adjustment. As noted previously, JLBC approved a 1.98% adjustment in November 2008. Construction costs subsequently declined during the recession, but have been recovering in recent years.

(Continued)

The Committee used the same methodology in 2013 and 2014. In both of these years, the construction index was below the 2009 level. As a result, the Committee made no adjustment in the index. In 2015, the cumulative change in the RLB Phoenix construction costs was 0.18% above 2009. Since such a small positive growth would have created minimal changes in the rates, the Committee decided to leave the rates unchanged.

In 2016, the Phoenix construction costs have noticeably risen above the 2009 costs. The construction index is now 4.31% above 2009. Option 2 would therefore increase the SFB rates by this same factor.

Fiscal Impact

Currently, there are no anticipated new school awards for FY 2018. Statute does not require that the JLBC adjustments apply to projects already awarded.

The JLBC's FY 2018 October Baseline assumes 3 additional districts may qualify to begin new construction projects in FY 2019 totaling \$49.2 million excluding land costs. *Table 2* below outlines the potential school projects at the Sahuarita Unified School District (USD), Queen Creek USD, and Vail USD. These projects have not been formally approved by the Board.

Table 2			
Fiscal Impact on FY 2019 New Construction Projects			
<u>School District</u>	<u>Current Rates</u>	<u>Option 1 SFB Request (27.7%)</u>	<u>Option 2 RLB Longitudinal (4.31%)</u>
Sahuarita USD (K-8)	\$10,235,000	\$13,074,200	\$10,676,100
Queen Creek USD (9-12)	18,104,000	23,127,200	18,884,300
Vail USD (9-12)	<u>20,881,300</u>	<u>26,675,000</u>	<u>21,781,300</u>
Total	\$49,220,300	\$62,876,400	\$51,341,700
<i>Increase from Current Rates</i>		<i>\$13,656,100</i>	<i>\$ 2,121,400</i>

Under Option 1, the SFB Staff's requested adjustment of 27.7% would result in increased expenses of \$13.7 million for these projects. The second option would result in approximately \$2.1 million in additional costs.

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. Any additional long-term costs resulting from the proposed adjustments would depend on future SFB new construction approvals.

Beyond Option 1, the SFB Staff has also discussed an additional adjustment to fund items related to Science, Technology, Engineering, and Math (STEM) and flexible learning spaces. These adjustments include options such as HVAC upgrades for convertible indoor/outdoor learning spaces and upgraded design elements such as "learning stairs" which include study spaces. If this STEM increment was included, SFB's proposed adjustment would increase from 27.7% to 61.9%

RS/RP:kp



**STATE OF ARIZONA
SCHOOL FACILITIES BOARD**

**Governor of Arizona
Douglas A. Ducey**

**Executive Director
Paul G. Bakalis**

November 28, 2016

The Honorable Don Shooter
Chairman

Joint Legislative Budget Committee
1716 West Adams Street
Phoenix, Arizona 85007

And

The Honorable Justin Olson
Chairman
Joint Legislative Budget Committee

UPDATED 11/30/2016



Dear Senator Shooter and Representative Olson:

A.R.S §15-2041.D.3(c) states in part "...The cost per square foot shall be adjusted annually for construction market considerations based on an index identified or developed by the joint legislative budget committee as necessary but not less than once each year." As part of this year's review, the School Facilities Board requests that the Joint Legislative Budget Committee (JLBC) consider the following information.

The current new school construction cost index was approved by the JLBC in 2008. More than eight years have passed since these dollar amounts have been increased. Recognizing increases is critical to the successful deployment of new and expanded schools that provide enlightened learning environments consistently to all areas of the State of Arizona. As described in this letter, the current construction cost index does not provide sufficient funds to build a school that meets the requirements defined by the 2012 International Building Codes (IBC), security guidelines, and technology advancements.

Each year, the School Facilities Board reviews the market impact, as well as other influencers, on construction costs and their effect on projecting accurate and appropriate expenses into the future for the construction of new schools.

This year is particularly important as the SFB is not just accumulating information from national indexes, but is focusing on real-life costs as expressed by companies within the construction industry who are

currently building new K-12 schools in Arizona. This is more compelling, as it reflects accurate market measurements in the last 18-24 months through 2016.

The following table is the currently adopted index by the Joint Legislative Budget Committee (JLBC) and is utilized to award \$/SF for new school buildings. Again, these dollar amounts are current from November 13, 2008.

Table 1: Current Cost Index
Indexing of School Construction Costs
for All Grade Levels
Updated 11/13/08

Grade Level	11/13/2008	11/13/2008
	Urban	Rural
K-6	\$136.66	\$143.49
7-8	\$144.27	\$151.48
9-12	\$167.05	\$175.40
K-8	\$138.46	\$145.38
6-8	\$141.73	\$148.82
5-8	\$140.46	\$147.48
4-8	\$139.70	\$146.69
7-9	\$151.86	\$159.45
K-12	\$147.61	\$154.99
7-12	\$159.46	\$167.43
6-12	\$156.20	\$164.01
5-12	\$153.77	\$161.46

When evaluating the need to update the November 13, 2008 index, the following new codes, security, inflation, best practices, and STEM environments would apply to that analysis.

Adjustments

2012 International Building Code (IBC) Required Changes and Adjustments

- 1" Poly-ISO continuous insulation at the building envelope, R-38 minimum insulation at roof and R-8 continuous minimums;
- 1" Low-E glass and glazing at all exterior openings in the building;
- Low flow plumbing fixtures;
- Seasonal Energy Efficiency Ratio (SEER) adjustments introduction of an energy model, outside air requirements, and total tonnage/cfm increases;
- Electrical daylighting requirements and lighting control requirements;
- Fire alarm requirement for voice evacuation in all educational facilities;

Inflation

- RS Means historical cost index with a 2008 Cost Index of 180.4 and a 2016 Cost Index of 207.2 which equals an inflation increase of 14.85%;

Functional Updates based on best practices

- Security functions at schools for security fencing, bulletproof glazing, transaction windows, and door buzzer access controls;
- Upgraded flooring materials (i.e. polished concrete) due to increased costs in maintenance;
- Technology advancements such as smartboards, CAT6 cabling, and development of classroom technologies;

Science, Technology, Engineering and Math (STEM)/Flexible Learning Environment

- Structural increases with the introduction of learning stairs and operable glass partitions;
- Upgraded finishes to the interiors including doors, flooring, ceiling elements, acoustics, and lighting;
- HVAC – Upgrades to the Variable Air Volume (VAV) distribution due to flexible environments and capacity requirements.

The following indexes were prepared with leading construction firms currently building K-12 schools in Arizona. These indexes are based on eight (8) K-6 completed and nearly completed schools in urban districts.

Table 2: K-6 Schedule of Values adjusted to 2016

	SFB 2008 INDEX			ADJUSTMENTS			SFB 2016 INDEX	
	COST	COST PER SF	% OF PROJECT	2012 IBC	INFLATION	FUNCTION	REVISED TOTAL	COST PER SF
DEMOLITION	\$ -	\$ -	0.00%	\$ -				
SITE IMPROVEMENTS	\$ 1,270,298	\$ 14.70	10.76%	\$ 188,714	\$ 35,000		\$ 1,494,012	\$ 17.29
OFFSITE IMPROVEMENTS	\$ 182,248	\$ 2.11	1.54%	\$ 27,075			\$ 209,322	\$ 2.42
STRUCTURE	\$ 2,117,341	\$ 24.51	17.93%	\$ 314,550			\$ 2,431,891	\$ 28.15
EXTERIOR SKIN	\$ 545,893	\$ 6.32	4.82%	\$ 132,727	\$ 81,097		\$ 759,717	\$ 8.79
ROOFING	\$ 441,746	\$ 5.11	3.74%	\$ 107,995	\$ 65,625		\$ 615,366	\$ 7.12
INTERIORS	\$ 1,712,912	\$ 19.83	14.51%	\$ 254,458	\$ 259,189		\$ 2,226,559	\$ 25.77
EQUIPMENT	\$ 297,799	\$ 3.45	2.52%	\$ 44,241			\$ 342,040	\$ 3.98
CONVEYING	\$ 41,678	\$ 0.48	0.35%	\$ 6,192			\$ 47,870	\$ 0.55
PLUMBING	\$ 444,054	\$ 5.14	3.70%	\$ 64,797	\$ 65,908		\$ 574,819	\$ 6.65
FIRE PROTECTION	\$ 119,838	\$ 1.39	1.01%	\$ 17,803			\$ 137,641	\$ 1.59
HVAC & CONTROLS	\$ 1,011,624	\$ 11.71	8.57%	\$ 259,188	\$ 150,298		\$ 1,421,110	\$ 16.45
ELECTRICAL & FIRE ALARM	\$ 653,905	\$ 7.56	5.66%	\$ 397,183	\$ 143,197		\$ 1,474,285	\$ 17.06
SPECIAL SYSTEMS	\$ 193,503	\$ 2.24	1.84%	\$ 28,747	\$ 88,396		\$ 309,646	\$ 3.57
PROJECT REQUIREMENTS	\$ 66,663	\$ 0.78	0.57%	\$ 9,951			\$ 76,934	\$ 0.89
JOBSITE MANAGEMENT	\$ 528,952	\$ 6.12	4.48%	\$ 78,562			\$ 607,544	\$ 7.03
SOFT COSTS	\$ 1,484,131	\$ 17.18	12.57%	\$ 110,486	\$ 220,481	\$ 47,573	\$ 1,869,871	\$ 21.83
	\$ -							
SUBTOTAL PROJECT	\$ 11,422,917	\$ 132.22	96.75%	\$ 1,049,376	\$ 1,636,974	\$ 428,157	\$ 14,596,424	\$ 189.95
CONTINGENCY	\$ 383,951	\$ 4.44	3.25%	\$ 31,451	\$ 57,041	\$ 12,845	\$ 485,297	\$ 5.82
TOTAL PROJECT	\$ 11,806,877	\$ 136.66	100.00%	\$ 1,079,827	\$ 1,754,015	\$ 441,002	\$ 15,081,721	\$ 174.57

\$174.57

The indexes below are influenced by the inclusion of STEM/Flexible Learning Best Practices and are also based on the same eight (8) K-6 completed and nearly completed schools in urban districts. The total \$/SF for a K-6 STEM/Flexible Learning school in an urban setting is \$221.25/SF.

**Table 3: K-6 Schedule of Values adjusted to 2016
(includes adjustments and STEM/flexible learning**

	SFB STEM/FLEXIBLE LEARNING SCHOOL INDEX		
	AVERAGE PREMIUM	REVISED TOTAL	COST PER SF
DEMOLITION			
SITE IMPROVEMENTS	\$233,908	\$ 1,727,920	\$ 20.00
OFFSITE IMPROVEMENTS	\$0	\$ 209,322	\$ 2.42
STRUCTURE	\$332,781	\$ 2,764,872	\$ 32.00
EXTERIOR SKIN	\$795,411	\$ 1,555,128	\$ 18.00
ROOFING	\$75,802	\$ 691,198	\$ 8.00
INTERIORS	\$1,058,490	\$ 3,263,048	\$ 38.00
EQUIPMENT	\$435,524	\$ 777,584	\$ 9.00
CONVEYING	\$0	\$ 47,870	\$ 0.55
PLUMBING	\$202,745	\$ 777,584	\$ 9.00
FIRE PROTECTION	\$0	\$ 137,841	\$ 1.59
HVAC & CONTROLS	\$134,030	\$ 1,555,128	\$ 18.00
ELECTRICAL & FIRE ALARM	\$426,427	\$ 1,000,712	\$ 22.00
SPECIAL SYSTEMS	\$252,928	\$ 581,574	\$ 6.50
PROJECT REQUIREMENTS	\$5,500	\$ 82,434	\$ 0.95
JOB SITE MANAGEMENT	\$62,000	\$ 660,544	\$ 7.98
SOFT COSTS	\$534,128	\$ 2,432,799	\$ 21.83
SUBTOTAL PROJECT	\$ 4,033,536	\$ 18,629,960	\$ 215.63
CONTINGENCY	\$ -	\$ 621,248	3.25%
TOTAL PROJECT	\$ 4,033,536	\$ 19,115,258	\$ 221.25

\$221.25

While material costs are escalating over time, more compelling observations and evidence point toward increasing labor cost as a result of a decreasing labor pool. There is a trend by construction contractors and sub-contractors to avoid increasing staff in alignment with increasing market pressures because confidence in sustained growth is weak. As the construction industry evaluates project opportunities, they may decline some projects in favor of higher margin work that doesn't require adding human resources and capital. This further drives the industry's views of cost projections upward as we move beyond 2016.

Special schedule pressures associated with K-12 schools are also affecting the cost of construction. Fitting construction activities into summer vacations and other extended closings like Winter Break compress the time to complete, requiring more staffing, higher-level skilled workers, and expedited material deliveries.

As the requirement grows for more schools based on community growth and students migrating to higher performing schools districts, there are greater pressures on cost escalation and the number of SFB conceptual approvals of new schools over the next five (5) years. Enabling flexibility to accommodate the newest technologies, those understood today and those tools not yet understood, is critical to the planning process and will also have an impact on future costs.

The following matrixes are the proposed projected \$/SF for new school buildings and are current through January 2017. The index on the left is for new schools including provisions for the increases required by changes and adjustments due to the 2012 IBC, inflation adjustments from 2008 through 2016, functional updates based on best practices, and STEM/Flexible Learning Environments. The index on the right is for new schools including provisions for the increases from required changes and adjustments due to the 2012 IBC, inflation adjustments from 2008 through 2016, and functional updates based on best practices.

Table 4: Revised cost index for all school types

**Indexing School Construction Costs
STEM/Flexible Learning Spaces**

Grade Level	Urban	Rural
K-6	\$221.25	\$232.31
7-8	\$233.57	\$245.25
9-12	\$270.45	\$283.97
K-8	\$224.17	\$235.37
6-8	\$229.46	\$240.94
5-8	\$227.40	\$238.77
4-8	\$226.17	\$237.49
7-9	\$245.86	\$258.15
K-12	\$238.98	\$250.93
7-12	\$258.17	\$271.07
6-12	\$252.89	\$265.53
5-12	\$248.95	\$261.40

**Indexing School Construction Costs
Non-STEM/Flexible Learning Spaces**

Grade Level	Urban	Rural
K-6	\$174.57	\$183.30
7-8	\$184.30	\$193.51
9-12	\$213.40	\$224.06
K-8	\$176.87	\$185.71
6-8	\$181.05	\$190.11
5-8	\$179.43	\$188.40
4-8	\$178.46	\$187.39
7-9	\$193.99	\$258.15
K-12	\$188.56	\$197.99
7-12	\$203.70	\$213.88
6-12	\$199.54	\$209.51
5-12	\$196.43	\$206.26

Cost Summary

The result of funding consistent with 2016 dollars, 2012 IBC compliant, inflationary adjusted, inclusive of occupant security and best practices, as well as STEM/Flexible Learning Environments is indicated in the following two tables.

Table 5 below includes schools already awarded, as well as those that are planned (conceptual awards), that should reflect an increase in budget. This is considered by the Agency to be appropriate as these approved schools appear to be undernourished from a capital perspective.

One of the districts, Benson Unified has notified the SFB that they cannot build the awarded K-4 school with the appropriated \$2,349,185 budget and (to date) have not moved forward with design.

The result of funding consistent with 2016 dollars, 2012 IBC compliant, inflationary adjusted, and inclusive of occupant security is indicated in the following table.

Table 5: Cost index comparison for schools awarded and conceptually approved to-date (includes adjustments)

District	Project Number	Project Type	Grade Level	SF	Student Capacity	FY	Formula Funding ¹	Required Funding
Queen Creek Unified	009N	New School	9-12	108,375	1,153	18	\$18,104,044	\$23,127,225
Sahuarita Unified	005N	New School	K-8	73,920	924	18	\$10,234,963	\$13,074,230
Vail Unified	018N	New School	9-12	125,000	1,330	18	\$20,881,250	\$26,675,000
			Total	307,295	3,407		\$49,220,257	\$62,876,455
						Change		\$13,656,198

District	Project Number	Project Type	Grade Level	SF	Student Capacity	Status	Formula Funding ¹	Required Funding
Agua Fria Union HS	008N	New School	9-12	200,000	2,128	In Design	\$33,410,000	\$42,680,000
Benson Unified ²	001N	Additional Space	K-4	17,190	215	In Design	\$2,349,185	\$3,000,858
Chandler Unified	025N	Additional Space	7-12	79,940	900	Under Construction	\$12,747,232	\$16,283,778
			Total	297,130	3,243		\$48,506,417	\$61,964,636
						Change		\$13,458,219

¹ Based on funding per square foot approved by JLBC on 11/13/08

² Benson Unified District staff and their Architect indicated that the K-4 project is not viable within the allocated budget of \$2,349,185

Cost Summary (continued)

The result of funding consistent with 2016 dollars, 2012 IBC compliant, inflationary adjusted, inclusive of occupant security, and STEM/Flexible Learning Spaces is indicated in the following table.

Table 6: Cost index comparison for schools awarded and conceptually approved to-date (includes adjustments and STEM/Flexible learning)

District	Project Number	Project Type	Grade Level	SF	Student Capacity	FY	Formula Funding ¹	Required Funding
Queen Creek Unified	009N	New School	9-12	108,375	1,153	18	\$18,104,044	\$29,310,018
Sahuarita Unified	005N	New School	K-8	73,920	924	18	\$10,234,963	\$16,570,646
Vail Unified	018N	New School	9-12	125,000	1,330	18	\$20,881,250	\$33,806,250
			Total	307,295	3,407		\$49,220,257	\$79,686,914
						Change		\$30,426,657

District	Project Number	Project Type	Grade Level	SF	Student Capacity	Status	Formula Funding ¹	Required Funding
Agua Fria Union HS	008N	New School	9-12	200,000	2,128	In Design	\$33,410,000	\$54,090,000
Benson Unified	001N	Additional Space	K-4	17,190	215	In Design	\$2,349,185	\$3,803,287
Chandler Unified	025N	Additional Space	7-12	79,940	900	Under Construction	\$12,747,232	\$20,638,110
			Total	297,130	3,243		\$48,506,417	\$78,531,397
						Change		\$30,024,980

¹ Based on funding per square foot approved by JLBC on 11/13/08

² Benson Unified District staff and their Architect indicated that the K-4 project is not viable within the allocated budget of \$2,349,185

Cost Summary (continued)

Teaching and learning for the 21st century prepares young people to engage in a complex and dynamic world deeply influenced by globalization and the revolution in digital technology. Higher student performance is evident in new technology-rich, flexible learning spaces, characterized by open space and permeable boundaries, as well as comfortable and moveable furnishings that encourage flexibility in learning and teaching. This enhances collaborative, team teaching engagement that claims significant educational benefits. This environment of technology-enriched teaching and common spaces, facilitated by multiple teachers/facilitators is far-reaching in the processes, outcomes, assessments, and indicators of student learning.

The rankings listed below are the position of the United States (US) relative to other top performing countries around the world in delivering education. While the US has moved up from 17th in 2012 to 14th in 2015/2016, is it an acceptable position for one of the most advanced countries globally?

Table 7: Ranking by Country for K-12 performance

Top Countries with the Best Education System

2015/2016	2012
1. South Korea	1. Finland
2. Japan	2. South Korea
3. Singapore	3. Hong Kong
4. Hong Kong	4. Japan
5. Finland	5. Singapore
6. United Kingdom	6. United Kingdom
7. Canada	7. Netherlands
8. Netherlands	8. New Zealand
9. Ireland	9. Switzerland
10. Poland	10. Canada
11. Denmark	11. Ireland
12. Germany	12. Denmark
13. Russia	13. Australia
14. United States	14. Poland
	15. Germany
	16. Belgium
	17. United States

There is a compelling argument to be made toward providing a skilled workforce and recognizing its impact on economic development, business attraction, and financial growth. Evidence shows that providing the facilities infrastructure to enable leading edge learning environments ensures performance results. Performance results can tell the story of a State poised to accept the most demanding, most innovative, most entrepreneurial, and desired businesses. Businesses can project the attitude that the State of Arizona is a critical player in propelling businesses forward in the world marketplace. Arizona should not be overlooked by Google, Tesla, Apple or any other major multi-national player in the world market. Arizona can become THE sought-after place to build a 21st Century workforce.

Education viewed as an investment sends the clear message to the people of Arizona that strong economic growth, higher revenues, better jobs, and lower personal taxes is our indicator for success.

This is a request to align the \$/SF with current trends in creating learning environments within our schools statewide so that every child in Arizona's K-12 system will be a critical contributor in the economic growth and sustainability of our Great State.

There is no discussion more important than the education of our children and young adults. They shape our future and they're counting on us to provide them with the most engaging learning opportunities we can. The School Facilities Board wants to meet that challenge and asks that you join us in providing these engaging learning environments where our kids can thrive.

If you would like to discuss the contents and basis of this request, I will be honored to make myself available at your convenience.

Sincerely,



Paul G. Bakalis, AIA, NCARB, CSBA
Executive Director

Arizona School Facilities Board
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cc: Henry Darwin, Chief of Staff, Governor's Office
Dawn Wallace, Education Policy Advisor, Governor's Office
Lorenzo Romero, Director, OSPB
Richard Stavneak, Director, JLBC
Bret Cloninger, OSPB staff
Rebecca Perrera, JLBC staff



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Patrick Moran, Fiscal Analyst *PM*

SUBJECT: Department of Child Safety - Review of FY 2017 First Quarter Benchmarks

The FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires the Department of Child Safety (DCS) to submit for Committee review a report of quarterly benchmarks for assessing progress made in increasing the department's number of FTE Positions, meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care. DCS submitted the first quarter report on September 30, 2016. In this memo, JLBC Staff has updated the first quarter report with newer information when available.

Recommendation

The Committee has at least the following 3 options:

1. A favorable review.
2. An unfavorable review.
3. Accept the report with no comment.

Analysis

A FY 2017 General Appropriation Act footnote requires DCS to report on caseworker hiring, caseworker workload, the backlog, the number of open reports, and the number of children in out-of-home care at the end of each quarter in FY 2017 relative to March 31, 2016.

(Continued)

Filled FTE Positions

Table 1 outlines DCS' progress in hiring caseworkers by quarter. DCS is funded for 1,406 caseworkers. DCS has made steady progress in increasing the caseworker hiring level. As of October, DCS had 1,341 filled direct line staff, an increase of 71 positions relative the March 31, 2016 baseline hiring level. One caveat to DCS' success in hiring front line staff is that a large number of caseworkers continue to be in training. Due to the sizable number of caseworkers in training, the number of case-carrying caseworkers in October was (220) staff below the benchmark.

Table 1

Progress in Hiring Caseworkers by Quarter					
<u>Direct Line Staff Type</u>	<u>Benchmark</u>	<u>Actuals ^{1/}</u>			
		<u>March 2016</u>	<u>June 2016</u>	<u>Sept. 2016</u>	<u>October 2016</u>
Case-Carrying Caseworkers	1,190	923	1,019	954	970
Caseworkers in Training	140	273	263	296	301
Hotline Staff	76	74	74	71	70
Total	1,406	1,270	1,356	1,321	1,341

^{1/} Source: DCS Monthly Hiring Report

Caseload Standard

DCS established revised caseload goals during the May 2014 Special Session for case-carrying caseworkers. These goals include the following number of cases per worker: 13 for investigations, 33 for in-home cases, and 20 for out-of-home cases. The FY 2017 General Appropriation Act requires DCS to report the caseload for each DCS field office. Estimated caseworker caseload for individual offices can be found on page 5 of DCS' attached submission.

Due to numerous methodological challenges in comparing caseworker workload across offices, it is difficult to make systemwide conclusions about caseload for different types of cases. In general, caseworker workload remains above the caseload standard. Based on the decrease in the number of out-of-home children and number of open reports, however, DCS caseworker workload has declined relative to the March 31, 2016 baseline.

Reducing the Backlog and Open Reports

In June 2014, DCS set benchmarks for reducing the backlog. At the time, there were 13,024 backlog cases. The backlog is defined as non-active cases for which documentation has not been entered into the child welfare automated system for at least 60 days and for which services have not been authorized for at least 60 days. *Table 2* outlines DCS' progress in reducing the backlog by quarter.

DCS continues to make significant progress in reducing the number of backlog cases. The number of backlog cases dropped from 10,751 cases in March 2016 to 3,714 cases in November 2016, well below the FY 2017 first quarter benchmark of 10,000 cases. The benchmark by the end of FY 2017 is 1,000 cases. DCS expects the backlog to fall below 1,000 cases by January of 2017.

DCS' benchmark is also to have fewer than 13,000 open reports as of June 30, 2017. Open reports are either under investigation or awaiting closure by a supervisor. As of November 2016, DCS had 11,189 open reports, a reduction of (11,509) reports relative to the March 31, 2016 baseline. The reduction in open reports is likely related to the decline in the backlog.

(Continued)

Table 2

Progress Reducing the Backlog by Quarter

<u>Backlog Cases and Open Reports</u>	<u>Benchmark</u>	<u>Actuals</u>			
		<u>March 2016</u>	<u>June 2016</u>	<u>Sept. 2016</u>	<u>Nov. 2016</u>
Total Backlog Cases	1,000	10,751	8,223	4,790	3,714
<i>Relapsed June 2, 2014 Backlog Cases</i>	0	1,026	676	287	222
<i>Post-June 2, 2014 Backlog Cases</i>	1,000	9,725	7,547	4,503	3,492

Out-of-Home Children

The number of children in out-of-home care in Arizona has nearly doubled in less than a decade, increasing from 9,965 children in June 2008 to 18,287 children by June 2016. A FY 2017 General Appropriation Act footnote states that it is the intent of the Legislature that DCS reduce the out-of-home population.

DCS' benchmark is to have fewer than 17,500 children in out-of-home care on or before June 30, 2018. In addition, DCS is also to achieve a cumulative reduction of 11.4% in the out-of-home population relative to the December 31, 2016 population. As a result, the benchmark could end up being lower than 17,500. For example, if the out-of-home population remained unchanged at 18,046 by December 31, 2016, DCS' 11.4% reduction target would require a decline of (2,057) children, for a benchmark of 15,989 children.

Table 3 shows DCS' progress in reducing the number of children in out-of-home care. The out-of-home population was 18,046 in September 2016, a reduction of (871) children since the March 31, 2016 baseline.

Table 3

Progress Reducing Children in Out-of-Home Care

<u>Benchmark</u>	<u>Actuals</u>		
	<u>March 2016</u>	<u>June 2016</u>	<u>September 2016</u>
17,500	18,917	18,287	18,046

RS/PM:lm



Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

September 30, 2016

The Honorable Justin Olson
Chairman, House Appropriations Committee
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007


Re: Department of Child Safety Quarterly Benchmark Progress Report

Dear Representative Olson:

Pursuant to Laws 2016, 2nd Regular Session, Chapter 8, Section 24, the Department submits its report on the progress made increasing the number of filled FTE positions, meeting the caseload standard and reducing the number of backlog cases and out-of-home children for the first quarter of FY 2017.

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

Sincerely,



Gregory McKay
Director

Enclosure

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Senator Don Shooter, Chairman, Senate Appropriations Committee
Lorenzo Romero, Director, Governor's Office and Strategic Planning and Budgeting
Patrick Moran, Joint Legislative Budget Committee
Laura Johnson, Governor's Office and Strategic Planning and Budgeting



DEPARTMENT OF CHILD SAFETY

Quarterly Benchmark Progress Report (Filling FTE Positions and Reducing the Backlog) September 2016

PROGRESS MADE IN INCREASING THE NUMBER OF FILLED FTE POSITIONS

The Department of Child Safety (DCS) has been engaged in several initiatives to help recruit and retain DCS staff, particularly the DCS Specialist and Supervisor positions. Key among these was a new position entitled DCS Specialist Trainee that was established for new hires for the first 22 weeks of employment. When the new employee successfully completes the 22 weeks of initial training, the DCS Specialist Trainee will be promoted to a DCS Specialist position. The DCS Specialist will then be eligible for a pay increase after one year of service. The Department believes by providing salary increases earlier in the first year of employment, employees who may leave employment due to a low salary may be retained. Additionally, a significant change in the structure of the salary schedule was implemented for Specialists. Instead of providing the initial salary increase at 12 months, the increase now occurs after 22 weeks, with Specialists able to reach maximum salary after one year and 22 weeks compared to the prior schedule of reaching maximum salary at 24 months from the date of hire.

There has been focused work by the Department to fill 100 percent of DCS positions and reduce turnover in order to develop sufficient staff resources to provide quality services to the children and families it serves. Significant effort has taken place to fill positions statewide, including routine planning and information sharing meetings between Executive management, the Regional Program Administrators and Human Resources Managers. Recruitment and retention data is tracked and reviewed bi-monthly. The Department continues its active recruitment process to fill all positions. As of August 2016, the Department had filled 1,358 (97 percent) of the 1,406 appropriated positions.

The DCS Human Resources (HR) team set a goal of 60 new hires per month, which exceeds the average number of staff leaving the Department. In order to reach this goal, the team contacts all applicants immediately upon receipt of the initial application, sends recruitment packets via email to expedite the transmission of information, conducts follow-up emails or phone calls to applicants to attain missing or incomplete information, and schedules the new hire interview immediately upon receipt of the completed application. Additionally, the HR team added an additional staff member to assist in completing background reference checks to hasten the process. The HR team also began monitoring the number of new hires who leave DCS within their first year to better enable future analysis of this information. After maintaining an average of 60.5 hires for the first 8 months of CY 2016, DCS is now recruiting for selective Regions as needed. Active recruitment is focused on three Regions: Central, Northern and Southeast. Southwest and Pima Regions are at capacity and recruitment efforts are focused on projected losses.

DCS Quarterly Benchmark Progress Report
September 2016

The Department continues to post job listings/requisitions for specific Regions on the azstatejobs.gov website to encourage applications from individuals searching for employment within a specific community. Additionally, in February 2016, the Department implemented a career ladder for case aides with five or more years of experience with DCS to promote into Child Safety Specialist Trainee position, which brings staff already familiar with the child welfare system to areas of need.

To expedite the new hire fingerprint card process, a full time person at the Department of Public Safety continues to be available to process requests for fingerprint cards. In July 2016, DCS started processing Fingerprint Clearance Cards through FieldPrint which is a company that provides electronic fingerprinting collection and processing. This process is expected to reduce the processing time to approximately 3-5 business days.

Table 1 – DCS Specialist Hires Made

Month	Hires Made	Target
January	52	60
February	72	60
March	59	60
April	60	60
May	65	60
June	73	60
July	59	60
August	44	40
September	0	40
October	0	40
November	0	40
December	0	40
Total	484	60.5

PROGRESS REDUCING INACTIVE CASES AND IMPROVING CASELOADS

The Department has been engaged in activities and initiatives across the state to help reduce the caseloads for DCS investigators, ongoing Specialists and in-home Specialists. Chief among these has been the focused attention to reduce the backlog or inactive cases. The Department has steadily and consistently reduced this from a peak of 16,014 in January of 2015 to 4,790 as of September 27, 2016 representing a 70 percent decrease. By reducing the inactive cases, new reports are no longer adding to the backlog as investigators have been able to respond to and investigate new reports preventing them from becoming part of the backlog. As reported in June 2016, the Department has engaged in key reduction strategies: selected assistance work teams, regional action plans, leveraging partnerships, utilization of Model Field Offices as well as

maintaining weekly performance huddle calls as means of maintaining progress and establishing performance accountability. In addition, the Department established targets to reduce the total number of open reports to support the ongoing efforts to reduce the backlog and manage caseloads for investigators. From a peak of 33,245 open reports in April 2015, the Department has reduced that to only 13,477 open reports as of September 27, 2016 representing a 60 percent reduction.

Additionally, the DCS Human Resources department has made concerted efforts to hire, on average, at least 60 DCS Specialists per month to keep up with regular attrition and to address turnover rates that can impact caseloads when staff leave employment, promote within or change roles. During the first eight months of CY 2016, the Department hired an average of 60.5 Specialists per month. Caseloads have improved in the investigations process as a result of the backlog reduction and sustained Specialist hiring.

PROGRESS MADE REDUCING THE OUT-OF-HOME POPULATION

The Department realized positive gains in reducing the out-of-home foster care population over the past quarter and against the baseline period of March 31, 2016. Over this period of time, the Department reduced the out-of-home population by 734 children (3.9 percent) through a combination of efforts to standardize the removal decision process and engage Team Decision Making meetings more consistently and frequently. These processes have reduced the rate of children entering the foster care population. Complimentary, the Department has utilized a standard cursory case review process statewide in an effort to review all ongoing cases, identify and resolve barriers preventing permanency resulting in children exiting care at a greater rate than entering care for 8 of the last 10 months.

Over the course of the last 6 months, the number of dependent children being case managed by the Department remained constant at approximately 21,600 children as measured by the number of children on an open dependency petition while the children in the out-of-home population has reduced. This is the result of the Department utilizing In-Home services and safety plans more frequently.

As a result of these efforts and improvement filling open case manager positions caseloads around the state have reduced. These reductions have permitted improvements in monthly Child Contacts and clinical case staffings. However, cases loads in several regions still remain higher than desired and remain a priority for the Department to address. With investigative workload improving to manageable levels, the Department will continue to seek opportunities to adjust assignments to provider greater support to the ongoing cases managers.

DCS Quarterly Benchmark Progress Report
September 2016

Table 2 – Benchmark Performance

	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Backlog Cases								
<i>Benchmark (less than)</i>	10,000	7,000	4,000	1,000	1,000	1,000	1,000	1,000
<i>Actual</i> ³	4,790							
Backlog Case by disposition								
<i>Investigation Phase</i>	4,554							
<i>In-Home Cases</i>	222							
<i>Out-of-Home Cases</i>	14							
Number of Open Reports								
<i>Benchmark (less than)</i>	---	---	---	13,000	13,000	13,000	13,000	13,000
<i>Actual</i>	13,477							
Number of Out-of-Home Children								
<i>Benchmark (less than)</i>	---	---						17,500
<i>Benchmark (% reduction)</i>	---	---	2%	2%	2%	2%	2%	2%
<i>Actual</i>	18,183							

³ Number of inactive cases is the actual figure as of the Monday before the legislatively required reporting period based on the automated report run.

DCS Quarterly Benchmark Progress Report
September 2016

Table 3 – Headcount and Caseload Performance

Region	Section name	March 31, 2016 Baseline ¹			FTE ^{1,4,5}		Quarter 1 FY 2017 ¹					
		Workload			Investigators	Case Managers	Workload					
		No. of Open Reports (Investigations)	No. of In-Home cases ⁶	No. of Out-of-Home Children ⁵			No. of Open Reports (Investigations) ⁷	No. of In-Home cases ⁶	No. of Out-of-Home Children ⁵	Open Reports per Worker	In Home Cases per Worker ⁷	Out of Home Children per Worker
10 - Central	Apsche Junction/Kearney	576	0	601	13	13	439	0	607	33.01	0	45.64
	Casa Grande/Coolidge	834	0	688	10	10	536	0	632	53.07	0	62.57
	Osborn	1005	0	542	11	11	780	0	569	69.03	0	50.35
	In Home	17	495	111	—	26	34	587	37	1.31	23	1.42
	Mesa	1423	0	615	11	11	670	0	595	59.29	0	52.65
	Gilbert	1236	0	824	15	15	447	0	786	29.41	0	51.71
	Tempe	1786	0	913	16	16	1328	0	719	81.98	0	44.38
	South Mountain	1493	0	663	17	17	1200	0	764	69.77	0	44.42
	North Central	1522	0	775	10	10	1136	0	571	118.33	0	59.48
	19th Avenue	2	0	1520	0	32	2	0	1544	0.06	0	48.25
20-Pima	East Broadway	980	49	342	17	22	425	50	335	24.68	2	15.38
	Wetmore	227	27	398	10	20	170	39	391	16.45	2	19.49
	Country Club	132	18	370	12	24	87	29	403	6.99	1	16.68
	Wetmore	126	19	313	11	21	126	25	291	11.80	1	14.04
	22nd and Alvernon	599	39	164	9	17	149	15	180	16.86	1	10.49
	AHIT/Adoptions	7	0	555	4	0	42	0	565	10.50	0	0.00
	Broadway	326	53	379	9	17	252	26	335	29.65	2	20.30
	Valencia	174	15	312	9	17	157	20	299	18.47	1	18.12
	Alvernon	82	0	340	10	19	42	0	307	4.26	0	16.04
30- Northern	Prescott/Prescott Valley	266	—	398	10	10	238	—	367	23.56	—	36.34
	St. Johns/Winslow/Show low	127	—	188	5	5	77	—	189	14.26	—	35.00
	Flagstaff/Page/Cottonwood/Fredonia	200	—	220	10	10	213	—	214	22.19	—	22.29
	Bullhead City/Lake Havasu	176	—	399	9	9	198	—	244	22.76	—	28.05
	Kingman	198	—	132	6	6	119	—	312	20.17	—	52.88
40- Southeast	Benson, Douglas, Nogales, SV	254	30	245	7	13	59	11	232	8.94	1	18.12
	SV, Safford	645	34	169	5	11	207	35	186	38.05	3	17.61
	Globe, Payson	383	14	119	2	4	67	19	120	29.86	4	27.55
50- Southwest	CHILDHHELP Advocacy	483	0	4	5	0	172	—	1	34.40	0	0.00
	In Home	44	—	101	0	39	40	682	150	1.03	21	25.00
	Thunderbird	937	0	774	17	17	428	—	687	25.48	0	40.89
	Peoria	1999	0	839	16	16	1151	—	691	70.61	0	42.39
	Glendale/Durango	1558	0	584	20	20	424	—	740	20.89	0	36.45
	Avondale/Advocacy	614	0	804	17	17	474	—	707	28.55	0	42.59
	Adoptions	0	0	1667	0	48	0	—	1721	0.00	0	35.85
	Yuma, Parker, Sumnerston	347	0	418	17	17	192	—	411	11.57	0	24.76
	West 101	953	0	670	13	13	586	—	590	45.08	0	45.38
	Pinnacle Peak	597	0	713	10	10	433	—	630	43.74	0	63.64
9, 105 - Other	Various	370	—	48	0	0	377	—	61	—	—	—
Totals		22698	793	18917			13477	1538	18183			

Footnotes:

¹ In regards to FTE reporting for March 31, 2016, the process of reporting FTE, specifically the section assignment of trainees, was not established. As a result, the FTE counts for that period are not available since they do not match the information on the total number of filled FTE positions as is required by the monthly hiring report.

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

³ Trainees are accounted for in FTE figures in each section with an equal distribution of 20 percent caseload.

⁴ Out-of-home population figures are directly from the 20th of the Month Trigger which is a lagging 60 day metric.

⁵ In-home cases are based on a handcount of cases activity managed in each respective region. March 31, 2016 in-home case count values were not available for Northern and Southwest Regions as those Regions counted the number of children and not the number of cases.

⁶ In-home cases assignments differ regionally. Central and Southwest Regions employ specific in-home units who manage in-home cases only while Northern, Pima and Southeast Regions have mixed units that may carry in-home or out-of-home cases.

⁷ FTE assignments to investigations or case management are based on assignment of 50 percent investigations and 50 percent ongoing in Central, Northern and Southwest Regions. Pima and Southeast Regions employ a distribution of 34 percent investigations and 66 percent ongoing.

⁸ Southwest Region: Section 3: manages both in-home units and permanency planning units. The workload distribution is based on one unit of Permanency Planning Specialists and the remaining Specialists are assigned to in-home units.



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Patrick Moran, Fiscal Analyst *PM*

SUBJECT: Department of Child Safety - Review of FY 2017 Third Quarter Funding for New Case Aides and Overtime

Request

Pursuant to a FY 2017 General Appropriation Act (Laws 2016, Chapter 117) footnote, the Department of Child Safety (DCS) is requesting Committee review of FY 2017 third quarter funding for New Case Aides and Overtime.

Recommendation

The Committee has at least the following 3 options:

1. A favorable review of a full release of the FY 2017 appropriations for New Case Aides and Overtime.
2. A favorable review of \$765,200 for New Case Aides and \$2,092,500 for Overtime in FY 2017 for third quarter funding. The remaining amounts from the FY 2017 appropriation would be reviewed upon further updates on progress of reducing the backlog of non-active cases.
3. An unfavorable review of the request.

Analysis

A FY 2017 General Appropriation Act footnote makes the availability of some FY 2017 funding contingent on Committee review of the FY 2017 contractor(s) award(s) for the backlog. Prior to Committee review, DCS cannot spend the \$3,060,600 for 34 New Case Aides and the \$6,277,500 for

(Continued)

Overtime Pay, which comprises 100% of New Case Aides line item and 75% of the Overtime Pay line item.

It was the intent of the Committee in spring 2016 to release the entire FY 2017 appropriation for New Case Aides and Overtime Pay upon DCS' submission of a complete set of private contractor awards for the backlog. In June 2016, the Committee favorably reviewed first quarter funding for DCS' plan to expand an existing contract with Southwest Human Development (SWHD) to address the backlog. At that time, DCS had planned to issue additional contractor awards, so the Committee planned to review the remaining funds after these contracts were awarded. In September 2016, however, DCS reported that it could eliminate the backlog with only the existing SWHD contract. The Committee approved second quarter funding at its September 2016 meeting, and planned to review the remaining funding based on DCS' progress in reducing the backlog of non-active cases. The agency is requesting Committee review of third quarter funding.

DCS continues to make progress on reducing the backlog. As of November 22, 2016, there were 3,714 backlog cases, or 7,037 fewer cases than there were in March 2016 and 1,643 fewer cases than in September 2016. DCS anticipates that by January 2017 it will meet the goal established in the FY 2017 General Appropriation Act to have fewer than 1,000 backlog cases.

Under Option 1, the Committee could favorably review funding for the remaining 6 months of FY 2017. DCS' progress in reducing the backlog would continue to be reviewed by the Committee in DCS' quarterly benchmark updates. Under Option 2, the Committee could favorably review \$765,200 for New Case Aides and \$2,092,500 for Overtime, which represents 25% of the total funding for those line items, or one quarter's worth of funding. Option 2 funding should be sufficient until March 2017. A total of \$765,200 New Case Aides and \$2,092,500 for Overtime Pay would remain to be released for use.

RS/PM:kp



Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

November 22, 2016

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



Re: 3rd Quarter Overtime and Case Aide Allocation; CHILDS Replacement Update

Dear Senator Shooter:


The Department requests approval of the 3rd quarter funds for Overtime and Case Aide Appropriations. The Department continues to make positive progress on the backlog, open cases and the out-of-home population. As of November 22, 2016, the backlog has been reduced to 3,714, open cases is at 11,189 and out of home population has decreased to 18,046. The Department has revised its internal target for open cases to 10,200.

As stated at the previous meeting, the Department will continue to work with the current vendor, Southwest Human Development, to address the backlog cases and will be working on a Request for Proposal to address permanency services.

At the last hearing, the Department received approval to expend \$300,000 from the Automation Projects Fund. The Department requests approval to present an update on the CHILDS replacement project and use of those funds.

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

Sincerely,

 FOR GREGORY McKay

Gregory McKay
Director

cc: Representative Justin Olson, Chairman, Joint Legislative Budget Committee
Richard Stavneak, Director, Joint Legislative Budget Committee
Lorenzo Romero, Director, Governor's Office and Strategic Planning and Budgeting
Patrick Moran, Joint Legislative Budget Committee
Laura Johnson, Governor's Office and Strategic Planning and Budgeting



STATE OF ARIZONA

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MICHELLE UGENTI-RITA

DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Eric Billings, Principal Fiscal Analyst *EB*

SUBJECT: Department of Public Safety - Review of Sexual Assault Kit Report and Expenditure Plan

Request

Pursuant to a FY 2017 General Appropriation Act footnote (Laws 2016, Chapter 117) the Department of Public Safety (DPS) requests committee review of their report outlining an expenditure plan for the \$500,000 FY 2017 Sexual Assault Kit Testing line item appropriation, the number of sexual assault kits in backlog by jurisdiction, and the amounts and recipients of federal monies for the testing of sexual assault kits received directly by the jurisdiction or distributed by DPS.

Recommendation

The Committee has at least the following 2 options:

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

Analysis

Sexual Assault Kit Backlog

DPS reports that there are currently 6,424 "unsubmitted" sexual assault kits statewide. Of these unsubmitted kits, 4,367 are located in Maricopa County and 1,347 are from Pima County leaving a total of 710 unsubmitted kits in the 13 remaining counties. DPS defines unsubmitted kits as kits that law enforcement agencies have not provided to crime laboratories for testing for a variety of different reasons. Although not included in the DPS report, the Arizona Sexual Assault Evidence Collection Kit

(Continued)

Task Force established by the Governor found, in a September 30, 2016 report, that kits are not tested due to a variety of reasons including:

- A lack of resources for both law enforcement and crime laboratories.
- Investigative discretion (e.g. many law enforcement agencies would only submit a kit if the individual was unknown).
- Prosecutorial decision making (e.g. if a decision was made not to pursue prosecution, then the kit was not tested).

Grant Funding

The report found that state agencies have acquired a total of \$6.2 million in grant funds from 2 separate grant programs to help deal with the sexual assault kit backlog. Of this amount, \$3.4 million was derived from the District Attorney of New York County (DANY) Grant Program and \$2.8 was awarded from the Sexual Assault Kit Initiative (SAKI) Grant Program. In November 2014, the Manhattan District Attorney launched the DANY Grant Program by allocating \$38 million in asset forfeiture monies to help other jurisdictions alleviate their sexual assault kit backlog. This amount was later supplemented by \$41 million awarded for the same purpose by the U.S. Department of Justice's Bureau of Justice Assistance through the SAKI Grant Program. Arizona recipients of these monies are as follows:

- Maricopa County Attorney's Office - \$3,161,900
- Phoenix Police Department - \$1,597,400
- Tempe Police Department - \$363,700
- Tucson Police Department - \$1,038,000

DPS reports that the \$5.1 million in grant funding allocated to Maricopa County, Phoenix, and Tempe will be sufficient to test the 4,367 in unsubmitted sexual assault kits in Maricopa County. Additionally, DPS reports that the \$1.0 million allocated to the Tucson Police Department has already been deployed to test 1,200 kits that were not included in the 6,424 unsubmitted kit total.

Also, DPS plans to facilitate the transmission of untested kits to the Federal Bureau of Investigation's laboratory which has launched a program in conjunction with the National Institute of Justice to test sexual assault kits. The program allows state and local law enforcement to submit up to 30 kits at a time for testing at no expense to the submitting agency. DPS estimates that 535 kits will be able to be tested through this program, which when added to the testing of 4,367 Maricopa County kits, will leave an untested kit balance statewide of 1,522.

Expenditure Plan

The FY 2017 General Appropriation Act included a one-time General Fund appropriation of \$500,000 to DPS to provide funding to local governments for the testing of sexual assault kits in backlog and for administrative costs incurred by DPS while inputting information derived from the testing of these kits into the Combined Deoxyribonucleic Acid Index System (CODIS) database.

DPS' proposed expenditure plan for the \$500,000 FY 2017 General Fund Sexual Assault Kit Testing line appropriation would allocate \$385,000 to contract with private laboratories to test 625 kits or 41% of the remaining 1,522 kits statewide at a cost of \$616 per kit. The remaining \$115,000 would be utilized by DPS for costs associated with inputting the resultant data into CODIS which is a computer software program that handles the state's DNA database and interacts with other DNA databases nationally. The

(Continued)

distribution of remaining unsubmitted sexual assault kits, the kits that DPS is proposing to test, and the kits left untested are included in *Table 1* below.

Table 1			
DPS Proposed Sexual Assault Kit Testing Plan			
<u>County</u>	<u>Remaining Kits</u>	<u>Kits To Be Tested</u>	<u>Kits Left Untested</u>
Cochise	2	2	0
Coconino	136	56	80
Mohave	35	14	21
Pima	1,270	520	750
Yavapai	1	1	0
Yuma	<u>78</u>	<u>32</u>	<u>46</u>
Total	1,522	625	897

RS/EB:kp



ARIZONA DEPARTMENT OF PUBLIC SAFETY

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"Courteous Vigilance"

DOUGLAS A. DUCEY FRANK L. MILSTEAD
Governor Director



November 7, 2016

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007

Dear Senator Shooter,

The FY 2017 General Appropriations Act appropriates \$500,000 to the Department of Public Safety (DPS) for sex crimes evidence kit testing. Prior to the expenditure of these monies, DPS must submit an expenditure plan for this special line item to JLBC for review. This plan must also include the number of unsubmitted sex crimes evidence kits by jurisdiction and jurisdictions that are the recipients of federal monies for sex crimes evidence kit testing. Details of the plan for these appropriations are contained herein.

The Department conducted a statewide survey to determine the number of unsubmitted sex crimes evidence kits (SCEK) and the amount of grant funding received by jurisdiction for the testing of these kits. This information is summarized in the table below.^{1 2}

	Agency	County	Unsubmitted SCEKs	Grant Funding	Notes
Sheriff	Apache	Apache	25	\$ -	
PD	Eager	Apache	1	\$ -	
PD	Springerville	Apache	0	\$ -	
PD	St. Johns	Apache	0	\$ -	
PD	Benson	Cochise	0	\$ -	
PD	Bisbee	Cochise	0	\$ -	
Sheriff	Cochise	Cochise	1	\$ -	

¹ The survey was distributed to law enforcement agencies under Arizona state law jurisdiction. Arizona also has several tribal law enforcement agencies, some of which participated in the survey voluntarily, whose sexual assault crimes are under the jurisdiction of federal prosecutors.

² The Maricopa County Attorney's Office (MCAO) has a working group in conjunction with their District Attorney of New York (DANY) grant. MCAO also conducted an inventory of law enforcement agencies in Maricopa County. Due to the timing of agencies responses, the inventory results may be different due to the submission of kits for testing after their initial response.

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	Agency	County	Unsubmitted SCEKs	Grant Funding	Notes
PD	Douglas	Cochise	5	\$ -	
PD	Huachuca City	Cochise	0	\$ -	
PD	Sierra Vista	Cochise	32	\$ -	
PD	Tombstone	Cochise	0	\$ -	
PD	Willcox	Cochise	8	\$ -	
Sheriff	Coconino	Coconino	11	\$ -	
PD	Flagstaff	Coconino	166	\$ -	
PD	Fredonia	Coconino	2	\$ -	
PD	NAU	Coconino	0	\$ -	
PD	Page	Coconino	21	\$ -	
PD	Williams	Coconino	0	\$ -	
Sheriff	Gila	Gila	0	\$ -	
PD	Globe	Gila	0	\$ -	
PD	Hayden	Gila	0	\$ -	
PD	Miami	Gila	0	\$ -	
PD	Payson	Gila	29	\$ -	
Sheriff	Graham	Graham	0	\$ -	
PD	Pima	Graham	0	\$ -	
PD	Safford	Graham	3	\$ -	
PD	Thatcher	Graham	0	\$ -	
PD	Clifton	Greenlee	2	\$ -	
Sheriff	Greenlee	Greenlee	0	\$ -	
Sheriff	La Paz	La Paz	5	\$ -	
PD	Parker	La Paz	0	\$ -	
PD	Quartzsite	La Paz	0	\$ -	
PD	Apache Junction	Maricopa	36	\$ -	
PD	ASU	Maricopa	11	\$ -	
PD	Avondale	Maricopa	68	\$ -	
PD	Buckeye	Maricopa	35	\$ -	
PD	Chandler	Maricopa	186	\$ -	
PD	Eastern Arizona College	Maricopa	0	\$ -	
PD	El Mirage	Maricopa	7	\$ -	
PD	Gilbert	Maricopa	114	\$ -	
PD	Glendale	Maricopa	180	\$ -	
PD	Goodyear	Maricopa	53	\$ -	
Sheriff	Maricopa	Maricopa	283	\$ -	
PD	Maricopa Community College	Maricopa	0	\$ -	

	Agency	County	Unsubmitted SCEKs	Grant Funding	Notes
	Maricopa County Attorney	Maricopa	NA	\$ 3,161,850	MCAO received a \$1,929,145 DANY grant and a \$1,232,705 SAKI grant. These grants, in addition to those Tempe & Phoenix received, should cover the remaining kits in Maricopa County.
PD	Mesa	Maricopa	612	\$ -	
PD	Paradise Valley	Maricopa	0	\$ -	
PD	Peoria	Maricopa	129	\$ -	
PD	Phoenix	Maricopa	2129	\$ 1,597,406	
PD	Scottsdale	Maricopa	0	\$ -	
PD	Surprise	Maricopa	9	\$ -	
PD	Tempe	Maricopa	500	\$ 363,699	DANY grant from MCAO will cover 100 kits & Tempe DANY grant for \$363,000 will cover the remainder.
PD	Tolleson	Maricopa	15	\$ -	
PD	Wickenburg	Maricopa	0	\$ -	
PD	Bullhead City	Mohave	65	\$ -	
PD	Colorado City	Mohave	0	\$ -	
PD	Kingman	Mohave	0	\$ -	
PD	Lake Havasu	Mohave	12	\$ -	
Sheriff	Mohave	Mohave	0	\$ -	
PD	Holbrook	Navajo	0	\$ -	
Sheriff	Navajo	Navajo	0	\$ -	
PD	Pinetop - Lakeside	Navajo	1	\$ -	
PD	Show Low	Navajo	23	\$ -	
PD	Snowflake - Taylor	Navajo	6	\$ -	
PD	Winslow	Navajo	0	\$ -	
PD	Marana	Pima	21	\$ -	
PD	Oro Valley	Pima	0	\$ -	
Sheriff	Pima	Pima	392	\$ -	
PD	Pima Community College	Pima	0	\$ -	
PD	Sahuarita	Pima	0	\$ -	
PD	South Tucson	Pima	11	\$ -	
PD	Tucson	Pima	908	\$ 1,038,000	1,200 are already being tested with their DANY \$1,038,000 DANY Grant. 908 kits will be outstanding after completion of kits through the grant.

	Agency	County	Unsubmitted SCEKs	Grant Funding	Notes
PD	University of Arizona	Pima	15	\$ -	
PD	Casa Grande	Pinal	29	\$ -	
PD	Central Arizona College	Pinal	5	\$ -	
PD	Coolidge	Pinal	0	\$ -	
PD	Eloy	Pinal	24	\$ -	
PD	Florence	Pinal	10	\$ -	
PD	Kearny	Pinal	0	\$ -	
PD	Mammoth	Pinal	0	\$ -	
PD	Maricopa	Pinal	11	\$ -	
Sheriff	Pinal	Pinal	6	\$ -	
PD	Superior	Pinal	0	\$ -	
PD	Nogales	Santa Cruz	16	\$ -	
PD	Patagonia	Santa Cruz	0	\$ -	
Sheriff	Santa Cruz	Santa Cruz	0	\$ -	
PD	Camp Verde	Yavapai	4	\$ -	
PD	Chino Valley	Yavapai	4	\$ -	
PD	Clarkdale	Yavapai	0	\$ -	
PD	Cottonwood	Yavapai	3	\$ -	
PD	Jerome	Yavapai	0	\$ -	
PD	Prescott	Yavapai	5	\$ -	
PD	Prescott Valley	Yavapai	1	\$ -	
PD	Sedona	Yavapai	1	\$ -	
Sheriff	Yavapai	Yavapai	31	\$ -	
PD	Yavapai Community College	Yavapai	0	\$ -	
PD	AZ Western College	Yuma	0	\$ -	
PD	San Luis	Yuma	3	\$ -	
PD	Somerton	Yuma	0	\$ -	
PD	Wellton	Yuma	1	\$ -	
PD	Yuma	Yuma	82	\$ -	
Sheriff	Yuma	Yuma	56	\$ -	
TOTAL			6424	\$ 6,160,955.00	

The statewide survey determined there are 6,424 unsubmitted sex crimes evidence kits across Arizona, of which 4,367 are in Maricopa County alone. Multiple grants have been awarded to test these previously unsubmitted kits. The grants awarded to the Maricopa County Attorney's Office, the Tempe Police Department and the Phoenix Police Department are expected to cover

testing for all the unsubmitted sex crimes evidence kits in Maricopa County, leaving 2,057 remaining to be tested statewide.

Additionally, the National Institute of Justice (NIJ) and the Federal Bureau of Investigation (FBI) formed a partnership to help address the issue of unsubmitted sex crimes evidence kits. As such, each month the FBI laboratory will process and test a limited number of previously unsubmitted kits. Each law enforcement agency is permitted to send no more than 30 sex crimes evidence kits. Accordingly, the Department will facilitate this application process for each agency that has 30 kits or less remaining to be tested. We anticipate 535 kits statewide will be submitted to the FBI for testing, leaving 1,522 remaining.

The \$500,000 special line item appropriated to the Department for kit testing will be used to test 625 kits, about 41% of the remaining kits. The table below illustrates the Department's plan to distribute this funding proportionally based on the number of sexual assault kits remaining in each county.

County	SCEKs remaining after secured grants & FBI	SCEKs to be tested with special line item
Apache	0	0
Cochise	2	2
Coconino	136	56
Gila	0	0
Graham	0	0
Greenlee	0	0
La Paz	0	0
Maricopa	0	0
Mohave	35	14
Navajo	0	0
Pima	1270	520
Pinal	0	0
Santa Cruz	0	0
Yavapai	1	1
Yuma	78	32
Total	1522	625

DPS plans to outsource the testing of these kits directly to private laboratories, while the DPS crime laboratory will conduct the backend and technical review of the data and upload any resulting profiles into Combined Deoxyribonucleic Acid Index System (CODIS). As such, \$385,000 will be used to contract with private laboratories for testing and \$115,000 will be used for DPS to perform the administrative and backend processing.

Senator Shooter
November 7, 2016

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

Sincerely,

A handwritten signature in black ink, appearing to read "F. Milstead", with a horizontal line above it.

Frank L. Milstead, Colonel
Director

C: The Honorable Justin Olson, Vice-Chairman
Lorenzo Romero, OSPB Director
Richard Stavneak, JLBC Director



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Matt Beienburg, Fiscal Analyst *MB*

SUBJECT: Arizona Board of Regents - Review of FY 2017 Tuition Revenues

Request

Pursuant to a FY 2017 General Appropriation Act footnote, the Arizona Board of Regents (ABOR) requests Committee review of its expenditure plan for tuition revenue amounts greater than the amounts appropriated by the Legislature, and all non-appropriated tuition and fee revenue expenditures for the current fiscal year.

Recommendation

The Committee has at least the following 2 options:

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

Under either option, the Committee may consider a provision requiring ABOR to report all tuition and fees in future year reports. ABOR has been excluding approximately \$430 million in certain tuition and fees.

The gross FY 2017 tuition and fee collections are projected to be \$2.35 billion, or \$220.5 million higher than FY 2016. Of the \$2.35 billion, ABOR categorizes \$1.28 billion as appropriated and \$1.07 billion as non-appropriated.

(Continued)

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

Currently, the universities’ reported appropriated tuition collections amounts include miscellaneous revenues such as federal agriculture payments and land grant monies. The FY 2017 Higher Education Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 130) requires the universities to create tuition and fee sub-accounts that will consist of only tuition and fees starting in FY 2019. In addition, the FY 2017 Higher Education BRB no longer requires the universities to remit their collections revenues to the state before drawing them down throughout the year.

The reported gross tuition revenues reflect the amounts the universities would receive if all students paid full published tuition and fee rates. The actual amounts paid by students after accounting for tuition waivers and other gift aid awarded by the universities would constitute net tuition. The universities provided \$622.3 million in tuition waivers and awards in FY 2016.

The universities’ reported total of \$2.35 billion in gross tuition and fees excludes revenues from course fees, most summer session revenues, non-degree, extended education, personalized learning, mandatory fees and other miscellaneous student fees, which the universities do not identify among the reported tuition and student fees in either their annual budget requests or the tuition revenue report. The excluded revenues equaled approximately \$430 million as of FY 2015.

Analysis

Table 1 shows ABOR changes to resident and non-resident undergraduate tuition in FY 2017.

<p>Table 1</p> <p>Arizona University System</p> <p>FY 2017 Undergraduate and Graduate Tuition ^{1/}</p>								
	<u>Resident Undergraduate</u>		<u>Resident Graduate</u>		<u>Non-Resident Undergraduate</u>		<u>Non-Resident Graduate</u>	
	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>
ASU	\$10,640 ^{2/}	1.5%	\$11,756	1.3%	\$26,470 ^{3/}	4.0%	\$28,862	4.0%
NAU	\$10,764	3.9%	\$9,989	4.0%	\$24,144	3.4%	\$21,976	3.4%
UA	\$11,769	3.2%	\$12,383	2.8%	\$34,967	7.2%	\$32,135	5.8%
<p>^{1/} Reflects tuition rates for new students at NAU and UA and all classes at ASU. NAU and UA provide a guaranteed tuition rate for each incoming class, whereas ASU does not.</p> <p>^{2/} FY 2016 one-year \$320 surcharge reduced to \$270 in FY 2017. Overall tuition and fee increase of 1.5% for ASU undergraduate resident students.</p> <p>^{3/} ABOR approved a rate of \$28,270 for international undergraduate students at ASU.</p>								

Table 2 displays FY 2016 and FY 2017 General Fund and tuition/fee monies for the Arizona University System. Higher tuition and fees, along with enrollment growth, are estimated to generate a total collection of \$2.35 billion in tuition/fee monies, which represents a \$220.5 million, or 10.4%, increase compared to FY 2016. In addition to the tuition increase, state General Fund support increased \$33.6

(Continued)

million from FY 2016 to FY 2017 (excluding the \$200 million one-time appropriation in FY 2016 to pay off the universitywide rollover).

The state General Fund increase included \$19.0 million for one-time operating or capital expenditures, \$8.2 million based on resident student enrollment, \$3.0 million for the School of Civic and Political Thought and Leadership at Arizona State University (ASU), \$2.0 million for the Center for the Philosophy of Freedom at the University of Arizona (UA), \$2.9 million for research infrastructure refinancing, \$0.4 million for the transfer of the Mines and Minerals Museum to UA, and \$(2.0) million for statewide health adjustments.

The universities have reported they intend to use the \$19.0 million one-time appropriations as follows:

- ASU: Ongoing support for salaries and benefits associated with new faculty hiring.
- NAU: Infrastructure improvements to underground utilities, wiring, and fire/life safety systems.
- UA: Design and renovation of Oro Valley facility for new Veterinary Medicine program.

In total, General Fund and tuition/fee resources will increase by \$254.0 million, or 9.1%, from \$2.78 billion in FY 2016 to \$3.03 billion in FY 2017 after the tuition/fee increase. During that same time period, overall fall semester (unadjusted full-time equivalent) student enrollment grew by 4.0%, from 158,914 in fall 2015 to 165,213 in fall 2016.

	<u>FY 2016</u> ^{1/}	<u>FY 2017 After Tuition Increase</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Appropriations</u>				
General Fund	\$ 648.0	\$ 681.5	\$33.6	5.2%
Tuition/Fees				
Appropriated ^{2/}	1,181.7	1,279.5	97.9	8.3%
Non-Appropriated	948.3	1,070.9	122.6	12.9%
Subtotal Tuition/Fees	<u>\$2,130.0</u>	<u>\$2,350.4</u>	<u>\$ 220.5</u>	<u>10.4%</u>
Total	\$2,777.9	\$3,031.9	\$ 254.0	9.1%
ASU	1,475.3	1,617.8	142.5	9.7%
NAU	360.6	394.2	33.6	9.3%
UA	942.1	1,019.9	77.9	8.3%

^{1/} State General Fund amounts exclude one-time \$200 million appropriation to pay off the universitywide rollover in FY 2016.

^{2/} The universities' reported appropriated tuition collections amounts include miscellaneous revenues such as federal agriculture payments and land grant monies.

Appropriated Tuition

Table 3 shows the increase of \$97.9 million in additional FY 2017 appropriated tuition by campus. ASU accounts for \$48.4 million of the increase; Northern Arizona University (NAU), \$2.0 million; and UA accounts for \$47.4 million.

(Continued)

<u>Campus</u>	<u>FY 2017 Budgeted Appropriation</u>	<u>Additional Tuition</u> ^{1/}	<u>FY 2017 After Tuition Increase</u> ^{1/}
ASU-Tempe/DPC	\$ 551,220,900	\$41,905,200	\$ 593,126,100
ASU-East	35,722,900	6,580,400	42,303,300
ASU-West	<u>44,241,400</u>	<u>(50,900)</u>	<u>44,190,500</u>
ASU Subtotal	\$ 631,185,200	\$48,434,700	\$ 679,619,900
NAU	\$ 145,286,600	\$ 1,996,700	\$ 147,283,300
UA-Main	\$ 361,149,600	\$43,991,500	\$ 405,141,100
UA-Health Sciences Center	<u>44,053,800</u>	<u>3,437,600</u>	<u>47,491,400</u>
UA Subtotal	<u>\$ 405,203,400</u>	<u>\$47,429,100</u>	<u>\$ 452,632,500</u>
Total	\$1,181,675,200	\$97,860,500	\$1,279,535,700

^{1/} The universities' reported appropriated tuition collections amounts include miscellaneous revenues such as federal agriculture payments and land grant monies.

The universities reported the following plans for the incremental \$97.9 million:

- ASU plans to use \$24.3 million of its \$48.4 million increase for funding investments in attracting and retaining faculty and staff, \$10.2 million for academic support to address enrollment growth, and the remaining \$13.9 million for investments in institutional support for instructional and infrastructure expenses.
- NAU will spend its \$2.0 million increase on instructional support related to enrollment growth.
- UA plans to spend \$17.2 million of its \$47.4 million increase for recruitment, retention, and support of faculty/staff and \$14.8 million for academic expenses associated with higher student enrollment. Additionally, \$4.5 million will be set aside as reserve funding for the UA's Tuition Guarantee program. The remaining \$10.9 million will fund other academic, institutional, and facility uses.

Table 4 provides information on the uses of additional appropriated tuition revenues by university.

	<u>\$ in Millions</u>
ASU	
Faculty Hiring and Academic Support	\$ 24.3
Investments in Programs Supported by Student Fees	10.6
Enrollment Growth Related Expenditures	10.2
Institutional Support (operations and maintenance)	<u>3.3</u>
ASU Subtotal	\$ 48.4
NAU	
Undergraduate Enrollment Growth and Course Support	<u>\$ 2.0</u>
NAU Subtotal	\$ 2.0
UA	
Faculty and Staff Investment	\$ 17.2
Enrollment Growth Related Expenditures	14.8
Institutional and Facility Operational Costs	6.4
Tuition Guarantee Commitment Reserve	4.5
IT Infrastructure & Security	4.2
College of Medicine	<u>0.4</u>
UA Subtotal	\$ 47.4
Total	\$ 97.9 ^{1/}

^{1/} The subtotals do not add due to rounding.

(Continued)

Non-Appropriated Tuition

While the General Appropriation Act requires Committee review of the increase in appropriated tuition, the legislation also requires review of total non-appropriated tuition spending.

Non-appropriated locally retained tuition and fees for FY 2017 are estimated at \$1.07 billion, \$122.6 million higher than FY 2016. *Table 5* shows that of the \$122.6 million increase in non-appropriated tuition and fees, ASU accounts for \$81.1 million; NAU, \$27.3 million; and UA, \$14.2 million. Of the \$1.07 billion amount, about \$622.1 million will be spent on financial aid, \$334.7 million on operating budgets, \$88.3 million on debt service, and \$25.8 million on plant funds.

<u>Campus</u>	<u>FY 2016 Non-Appropriated</u>	<u>Additional Tuition</u>	<u>FY 2017 After Tuition Increase</u>
ASU-Tempe/DPC	\$471,925,100	\$ 74,720,000	\$ 546,645,100
ASU-East	37,968,700	919,600	38,888,300
ASU-West	<u>39,090,700</u>	<u>5,444,200</u>	<u>44,534,900</u>
ASU Subtotal	\$548,984,500	\$ 81,083,800	\$ 630,068,300
NAU	\$113,277,400	\$ 27,328,300	\$ 140,605,700
UA-Main	\$281,868,400	\$ 14,137,200	\$ 296,005,600
UA-Health Sciences Center	<u>4,129,800</u>	<u>52,800</u>	<u>4,182,600</u>
UA Subtotal	<u>\$285,998,200</u>	<u>\$ 14,190,000</u>	<u>\$ 300,188,200</u>
Total	\$948,260,100	\$122,602,100	\$1,070,862,200

Table 6 details the broad uses of the additional non-appropriated tuition revenues by university.

		<u>\$ in Millions</u>
ASU	Local Support for Operating Expenses	\$ 40.5
	Financial Aid	51.6
	Debt Service	<u>(11.1)</u>
	ASU Subtotal	\$ 81.1
NAU	Local Support for Operating Expenses	\$ 4.8
	Financial Aid	20.9
	Debt Service	<u>1.6</u>
	NAU Subtotal	\$ 27.3
UA	Local Support of Operating Expenses	\$ 11.0
	Financial Aid	3.2
	Debt Service	<u>0.0</u>
	UA Subtotal	\$ 14.2
Total		\$122.6^{1/}

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



June 24, 2016

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

Dear Senator Shooter:

A footnote included in the General Appropriations Act requires the Arizona Board of Regents report to the Joint Legislative Budget Committee projected fiscal year 2017 tuition revenue greater than the fiscal year 2017 appropriation amounts and the amount of projected tuition and fee revenues to be retained locally by the universities.

Enclosed is the report of projected net tuition and fee revenues as approved by the Board at its June 2016 meeting. Projected tuition and fee revenues are \$97.9 million above the appropriation, which was based on projection submitted in the fall of 2015. The difference can be attributed to a combination of increased projected student enrollments and the tuition and fee rate increases approved by the Board of Regents in April 2016.

The net tuition and fee revenue estimate for fiscal year 2017 presented in this report is \$2.4 billion. These revenues are allocated between state appropriated funds (university collections fund) and the universities' local funds as shown on the attached schedules.

Given the growing importance of tuition to university operating budgets, the Board has taken several steps to increase tuition setting transparency and to ensure accountability from our universities in the use of those proceeds. Tuition and fee setting decisions are made after a deliberative process that considers each university's operational and financial status, strategic goals, amount of state support provided to the university system, availability of student financial aid, tuition and mandatory fees charged by the university's peers, other student fees and charges established by the university, cost of university attendance, revenues required to service bonded indebtedness, Arizona's median family income levels and evidence of student consultation.

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Eileen I. Klein, *Board President* • Michael M. Crow, *ASU President* • Rita Cheng, *NAU President* • Ann Weaver Hart, *UA President*

Further, the Board has required each university to establish and maintain a mission-differentiated strategic academic and business plan that ties to a set of goals and outcomes established for Arizona's public university system. Tuition is analyzed in context with these plans to ensure that the universities have the resources they need while maintaining student access and advancing educational attainment. The Board also conducts a public tuition work shop each year to allow the Board to engage in in-depth discussions of proposed tuition and fee changes, increase student involvement and determine what additional academic enhancements will be created that cannot otherwise be generated absent additional revenues. Please find the full Tuition Packet linked below for your review:

[\[https://public.azregents.edu/.../2016-03-31-Tuition-Workshop-Book-Final.Pdf\]](https://public.azregents.edu/.../2016-03-31-Tuition-Workshop-Book-Final.Pdf)

To improve the predictability of tuition costs, each university has established either formally or informally a "tuition guarantee" plan that provides a more stable framework for undergraduate students and families planning for higher education. These plans can be found for each university at:

- ASU: <https://students.asu.edu/yourtuition/tuition-proposal>
- NAU: <http://nau.edu/registrar/pledge/our-pledge/>
- UA: <http://bursar.arizona.edu/students/fees/gtp>

Finally, we would like to remind the committee of the important connection between the price of tuition and the level of state support. State support of our public universities is still lower than during the Great Recession, despite greater-than-ever economic need for a highly educated workforce. We are encouraged and grateful for the appropriations received this year for the university funding model, and remain committed to maximizing the impact of state support for Arizonans who seek a college education. Arizona's public universities also appreciate the recent change in the tuition remittance process. The change improves the process for managing tuition dollars and adds transparency in the use of those dollars.

While we recognize that the state will likely remain a limited investor in years to come, we look forward to working with you on our long-term partnership to provide Arizona with high quality, accessible public universities.

Sincerely,


Eileen I. Klein
President

many thanks!

xc: Richard Stavneak, Director, JLBC ✓
Lorenzo Romero, Director, OSPB

**ARIZONA UNIVERSITY SYSTEM
TUITION AND FEES IN SUPPORT OF THE
2016-17 STATE OPERATING BUDGET**

	STATE COLLECTIONS		
	As Reported in the FY 2016-17 Annual Budget approved by ABOR	2016-17 University Collections Fund as reported in Appropriations Bill (1)	CHANGE
Arizona State University Tempe	593,126,100	551,220,900	41,905,200
Arizona State University Polytechnic	42,303,300	35,722,900	6,580,400
Arizona State University West	44,190,500	44,241,400	(50,900)
TOTAL ASU	679,619,900	631,185,200	48,434,700
Northern Arizona University	147,283,300	145,286,600	1,996,700
University of Arizona	405,141,100	361,149,600	43,991,500
University of Arizona Health Sciences Center	47,491,400	44,053,800	3,437,600
TOTAL UA	452,632,500	405,203,400	47,429,100
TOTAL	1,279,535,700	1,181,675,200	97,860,500

Total State Collections	1,279,535,700
Total Locally Retained Collections	1,070,862,227
Total Estimated Tuition Revenue	2,350,397,927

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

ARIZONA STATE UNIVERSITY

FY 2017 PLANNED USES OF UNIVERSITY COLLECTIONS FUND AND LOCALLY RETAINED TUITION AND FEE REVENUES

ANNUAL BUDGET vs. APPROPRIATIONS REPORT

	APPROPRIATED COLLECTIONS	LOCALLY RETAINED COLLECTIONS
Base Collections As Reported in the Annual Budget Report	\$679,619,900	\$630,068,300
University Collections As Reported in the FY 2017 Appropriations Report	631,185,200	
Base Collections Increase/(Decrease) from FY 2017 Appropriations Report	\$48,434,700	\$630,068,300

ALLOCATIONS BY PROGRAM

All Programs

Instruction

Investments in Programs Supported by Fees	10,628,700	
Investments in Faculty Hiring and Academic Support	24,283,400	41,153,900
EdPlus at ASU		164,141,800
Overseas Study Abroad Program Costs		2,482,800
Research Asst./Teaching Asst. Benefit Costs		22,889,600
Local Account Operating Support		3,486,600

Organized Research

Public Service

Local Account Operating Support		346,800
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Academic Support

Enrollment Growth - Related Expenses	10,200,000	
Local Account Operating Support		376,100

Student Services

Local Account Operating Support		6,237,900
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Institutional Support

Operations and Maintenance	3,322,600	
Local Account Operating Support		698,400

Scholarships/Fellowships/Financial Aid

Financial Aid		322,131,500
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Auxiliary Enterprises

Auxiliary Operating Support		1,956,300
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Debt Service

Debt Service Payments		44,166,600
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Plant Funds

Minor Capital Projects		20,000,000
	\$48,434,700	\$630,068,300

2016-17
LOCALLY RETAINED COLLECTIONS

ARIZONA STATE UNIVERSITY - TEMPE/DOWNTOWN CAMPUS

		BUDGET 2015-16	INCREASE/ (DECREASE)	BUDGET 2016-17
DESIGNATED	Academic Units	276,200	-	276,200
	American English and Cultural Program - ITA	87,500	-	87,500
	Associated Students - ASASU	859,100	-	859,100
	Child & Family Services	62,700	-	62,700
	Constituent Advocacy	124,500	-	124,500
	Distance Learning Technology	970,200	-	970,200
	EdPlus at ASU Investments (online programming)	101,968,600	27,752,300	129,720,900
	Education Learning and Accountability Fund	377,300	(377,300)	-
	Environmental Health & Safety	182,200	-	182,200
	Federal Direct Loan Administration	144,000	-	144,000
	Fine Arts Activities	307,900	-	307,900
	Fine Arts Theatres	605,900	-	605,900
	Forensics	106,100	-	106,100
	Graduate Support Program	371,800	-	371,800
	Interpreters Theatre	35,700	-	35,700
	Inter-campus Shuttle Services	138,000	-	138,000
	KASR Radio	22,000	-	22,000
	Library Support	312,000	-	312,000
	Local Support for Academic/Administrative Units	33,469,600	7,684,300	41,153,900
	Mona Plummer Aquatic Center	141,900	-	141,900
	Overseas Study Abroad Program	2,100,400	-	2,100,400
	Special Events	176,800	-	176,800
	Student Affairs Initiatives	228,800	-	228,800
	Student Financial Assistance Administration	351,000	-	351,000
	Student Recreation/Intramurals	1,191,000	-	1,191,000
	Summer Bridge Program	335,200	-	335,200
	Teaching Assistant Tuition Benefit	19,509,200	2,505,600	22,014,800
	University Minority Culture Program	113,800	-	113,800
	Sustainability Zero Waste Initiative	83,000	-	83,000
	Employee Benefit Adjustments/Contingencies	166,000	-	166,000
	Subtotal Designated	164,818,400	37,564,900	202,383,300
AUXILIARY	Memorial Union	1,129,200	-	1,129,200
	Recreational Sports	827,100	-	827,100
	Subtotal Auxiliary	1,956,300	-	1,956,300
	Total Operating Funds	166,774,700	37,564,900	204,339,600
FINAID	Regents Financial Aid Set-Aside	102,398,700	11,089,600	113,488,300
	Other F.A. - Institutional FA	115,989,000	33,124,100	149,093,100
	Other Financial Aid - CRESMET/CONACY/NEEP	308,200	-	308,200
	CONACYT Fellowship Program	122,500	-	122,500
	Other F.A. - Graduate Scholars Program	507,600	-	507,600
	Other F.A. - School of Engineering Program	1,760,000	-	1,760,000
	Graduate Fellowship Program	1,522,700	-	1,522,700
	Student Technology Fee FA Set-Aside	1,509,000	344,900	1,853,900
	College of Business FA Set-Aside	1,356,400	1,088,200	2,444,600
	School of Engineering FA Set-Aside	1,401,900	639,800	2,041,700
	Health Solutions FA Set-Aside	824,000	265,800	1,089,800
	Walter Cronkite School of Journalism FA Set-Aside	149,600	36,700	186,300
	College of Law FA Set-Aside	1,381,300	1,600,700	2,982,000
	College of Liberal Arts FA Set-Aside	981,900	(48,600)	933,300
	College of Nursing FA Set-Aside	738,600	66,500	805,100
	Subtotal Financial Aid	230,931,400	48,207,500	279,138,900
	Plant Fund - Minor Capital Projects	19,000,000	-	19,000,000
	Debt Service	55,219,000	(11,052,400)	44,166,600
	TOTAL LOCAL RETENTION	471,925,100	74,720,000	546,645,100

2016-17
LOCALLY RETAINED COLLECTIONS

ARIZONA STATE UNIVERSITY - POLYTECHNIC CAMPUS

		BUDGET 2015-16	INCREASE/ (DECREASE)	BUDGET 2016-17
DESIGNATED	AECP - International Teaching Assistants	8,000	-	8,000
	Associated Students - ASU	78,200	-	78,200
	Career Services	48,900	-	48,900
	Child & Family Services	5,700	-	5,700
	Constituent Advocacy	11,000	-	11,000
	Dining Services Management	38,000	-	38,000
	Distance Learning Technology	88,300	-	88,300
	EdPlus at ASU Investments (online programming)	16,789,200	(684,100)	16,125,100
	Education Learning and Accountability Fund	30,800	(30,600)	-
	Environmental Health & Safety	16,100	-	16,100
	Federal Direct Loan Administration	13,100	-	13,100
	Graduate Support Program	16,200	-	16,200
	Intercampus Shuttle Services	36,000	-	36,000
	Learning Communities	6,500	-	6,500
	Library Support	28,400	-	28,400
	Overseas Study Abroad Program	170,600	-	170,600
	Student Affairs Initiatives	20,800	-	20,800
	Student Counseling	5,000	-	5,000
	Student Financial Assistance Administration	31,900	-	31,900
	Student Health Services	225,000	-	225,000
	Student Organizations	21,000	-	21,000
	Student Orientation and Forums	10,600	-	10,600
	Student Recreation/Intramurals	1,050,800	-	1,050,800
	Student Union/Activities	558,700	-	558,700
	Teaching Assistant Tuition Benefit	289,800	21,200	311,000
	University Minority Cultural Program	5,300	-	5,300
	Sustainability Zero Waste Initiative	7,300	-	7,300
	Employee Benefit Adjustments/Contingencies	14,600	-	14,600
	Subtotal Designated	19,625,600	(673,500)	18,952,100
AUXILIARY				
	Subtotal Auxiliary	0	-	-
	Total Operating Funds	19,625,600	(673,500)	18,952,100
FINANCIAL AID	Regents Financial Aid Set-Aside	9,010,600	587,500	9,598,100
	Other F.A. - Institutional FA	9,210,300	1,005,600	10,215,900
	Other Financial Aid - CRESMET/CONACY/NEEP	28,000	-	28,000
	CONACYT Fellowship Program	5,400	-	5,400
	Other F.A. - Graduate Scholars Program	22,200	-	22,200
	Graduate Fellowship Program	66,600	-	66,600
	Subtotal Financial Aid	18,343,100	1,593,100	19,936,200
	Plant Fund			
	Debt Service			
	TOTAL LOCAL RETENTION	37,968,700	919,600	38,888,300

2016-17
LOCALLY RETAINED COLLECTIONS

ARIZONA STATE UNIVERSITY - WEST CAMPUS

		BUDGET 2015-16	INCREASE/ (DECREASE)	BUDGET 2016-17
D E S I G N A T E D	Academic Affairs	5,200	-	5,200
	AACP - International Teaching Assistants	10,000	-	10,000
	Associated Students - ASU	98,300	-	98,300
	ASU West Commencement	15,000	-	15,000
	ASUW Fine Arts Program	60,000	-	60,000
	Campus Environment Team	4,800	-	4,800
	Child and Family Services	7,200	-	7,200
	Constituent Advocacy	14,500	-	14,500
	Distance Learning Technology	111,000	-	111,000
	EdPlus at ASU Investments (online programming)	14,616,600	3,679,200	18,295,800
	Education Learning and Accountability Fund	38,000	(38,000)	-
	Environmental Health & Safety	21,300	-	21,300
	Federal Direct Loan Administration	16,500	-	16,500
	Graduate Support Program	51,400	-	51,400
	Honors College	3,000	-	3,000
	Library Support	35,700	-	35,700
	Overseas Study Abroad Program	211,800	-	211,800
	Special Events	20,000	-	20,000
	Student Affairs Initiative	26,200	-	26,200
	Student Financial Assistance Administration	40,100	-	40,100
	Student Recreation/Intramurals	765,700	-	765,700
	University Minority Cultural Program	7,100	-	7,100
	University Recycling Program	9,700	-	9,700
	Student Forum/Government	65,000	-	65,000
	Teaching Assistant Tuition Benefit	563,000	800	563,800
	Employee Benefit Adjustments/Contingencies	19,400	-	19,400
	Subtotal Designated	16,836,500	3,642,000	20,478,500
A U X I L I A R Y		0	-	-
	Subtotal Auxiliary	0	-	-
Total Operating Funds		16,836,500	3,642,000	20,478,500
F I N A I D	Regents Financial Aid Set-Aside	9,996,000	604,500	10,600,500
	Other F.A. - Institutional FA	10,825,100	1,197,700	12,022,800
	Other F.A. - CRESMET/CONACYT/NEEP	35,200	-	35,200
	Other FA - Teach for America	100,000	-	100,000
	Other F.A. - Graduate Scholars Program	70,200	-	70,200
	CONACYT Fellowship Program	17,000	-	17,000
	Graduate Fellowship Program	210,700	-	210,700
Subtotal Financial Aid		21,254,200	1,802,200	23,056,400
	Plant Fund	1,000,000	-	1,000,000
	Debt Service/Lease Purchase	0	-	-
TOTAL LOCAL RETENTION		39,090,700	5,444,200	44,534,900

2016-17
LOCALLY RETAINED COLLECTIONS

NORTHERN ARIZONA UNIVERSITY

		BUDGET 2015-16	INCREASE/ (DECREASE)	BUDGET 2016-17
D E S I G N A T E D	ADA Services	690,000	-	690,000
	Art Gallery	10,900	-	10,900
	Child Care	43,900	-	43,900
	Employee Benefit Adjustments/Contingencies	100,000	-	100,000
	Financial Aid Office Operations	337,300	-	337,300
	Graduate Assistant Tuition Remission	2,300,000	-	2,300,000
	Honors Forum	8,700	-	8,700
	NAU-Yuma	19,900	-	19,900
	Operations	500,800	1,500	502,300
	Peer Mentoring and Retention Program	617,300	(115,300)	502,000
	Performing Arts Series	31,900	-	31,900
	Performing Arts - Music	58,900	-	58,900
	Registrar Office	123,000	-	123,000
	School of Comm Student Radio, Cable & Forensics	27,200	-	27,200
	Special Events	25,500	(15,000)	10,500
	Online Education Investment	3,919,400	4,988,300	8,907,700
	Student Activities	235,100	(6,100)	229,000
	SUN (Student Union Network)	55,800	-	55,800
	Program Fee - Athletic Training (AT)	0	10,000	10,000
	Program Fee - MAdm	0	-	-
	Program Fee - MBA	0	-	-
	Program Fee - MEng	0	-	-
	Program Fee - MSN	0	-	-
	Program Fee - Occupational Therapy (OT)	45,000	-	45,000
	Program Fee - Physicians Assistant (PA)	45,000	30,000	75,000
	Program Fee - Doctor of Physical Therapy (DPT)	458,500	-	458,500
	Program Fee - Bachelor BA	0	-	-
	Program Fee - Bachelor Dental Hygiene	0	-	-
	Program Fee - BSN	0	-	-
	Program Fee - UG Engineering/Construction	0	-	-
	Subtotal Designated	9,654,100	4,893,400	14,547,500
A U X I L I A R Y	Intercollegiate Athletics	1,537,000	-	1,537,000
	Skydome	207,900	-	207,900
	Mountain Campus ID	13,200	(13,200)	-
	Subtotal Auxiliary	1,758,100	(13,200)	1,744,900
	Total Operating Funds	11,412,200	4,880,200	16,292,400
F I N A I D	Regents Financial Aid Set-Aside	26,000,000	4,250,000	30,250,000
	Other Financial Aid - (formerly tuition waivers)	80,000,000	16,500,000	96,500,000
	DPT- FA Set-Aside	164,800	52,500	217,300
	Occupational Therapy (OT) FA Set-Aside	84,700	67,800	152,500
	Physician Assistant (PA) - FA Set-Aside	168,000	19,200	187,200
	Athletic Training FA Set-Aside		6,300	6,300
	Subtotal Financial Aid	86,417,500	20,895,800	107,313,300
	Plant Fund	1,000,000	-	1,000,000
	Debt Service	14,447,700	1,552,300	16,000,000
	TOTAL LOCAL RETENTION	113,277,400	27,328,300	140,605,700

UNIVERSITY OF ARIZONA
FY 2017 PLANNED USES OF ESTIMATED STATE COLLECTIONS AND LOCALLY RETAINED TUITION AND FEE REVENUES
ANNUAL OPERATING BUDGET vs. APPROPRIATIONS REPORT

	STATE COLLECTIONS	LOCAL COLLECTIONS
Base Collections As Reported in the Annual Budget	\$452,632,500	\$300,188,227
Collections As Reported in the FY 2017 Appropriations Report	405,203,400	
Base Collections Increase/(Decrease) from FY 2017 Appropriations Report	<u>\$47,429,100</u>	<u>\$300,188,227</u>

ALLOCATION BY PROGRAM

All Programs		
Performance-Based Salary Programs	9,500,000	
Instruction		
Program Fees and Differential Tuition		32,452,848
Recruitment & Retention of Key Faculty & Staff	6,150,000	
Enrollment Growth Related Expenditures	14,800,000	
College of Medicine MD Programs	400,000	
Online Instruction		8,900,000
Local Account Operating Support		18,195,506
Organized Research		
Advancement of Research	1,250,000	
Public Service		
Local Account Operating Support		24,600
Academic Support		
Local Account Operating Support		807,900
Student Services		
Local Account Operating Support		14,986,700
Institutional Support		
Commitment to Students Enrolled in Guaranteed Tuition Program	4,500,000	
Employee Benefit Costs	300,000	
Investment in Facilities, Support Functions and Inflation in Operations	6,379,100	
IT Infrastructure & Security	4,150,000	
Scholarships/Fellowships/Financial Aid		
ABOR Financial Aid Set Aside		47,997,200
Program Fees and Differential Tuition Set Aside		4,839,473
Student Aid Awards (formerly waivers)		139,055,100
Auxiliary Enterprises		
n/a		
Debt Service		
Debt Service Payments		28,152,400
Plant Funds		
Building Renewal		4,000,000
Minor Capital Projects		776,500
	<u>\$47,429,100</u>	<u>\$300,188,227</u>

2016-17
LOCALLY RETAINED COLLECTIONS

UNIVERSITY OF ARIZONA

		BUDGET 2015-16	INCREASE/ (DECREASE)	BUDGET 2016-17
D E S I G N A T E D	Academic Initiatives & Student Success	0	150,000	150,000
	Associated Students (ASUA)	257,100	(1,565)	255,535
	AZ Outreach College	12,992,800	-	12,992,800
	AZ Assurance Program	20,000	-	20,000
	Dean of Students	0	652,871	652,871
	Early Alert Programs	5,000	-	5,000
	Enrollment Management S4S/PLA	510,000	465,175	975,175
	Multicultural Affairs and Student Success (M.A.S.S.)		-	
	Admissions Recruiting	1,275,500	1,783,005	3,058,505
	Early Outreach	37,100	288,146	325,246
	Minority Student Recruitment	185,200	(16)	185,184
	Minority Summer Institute for Writing	13,500	(18)	13,482
	FM Student Recreation O&M	259,300	-	259,300
	Graduate Teaching Assistants -Tuition Remission	12,208,500	(12,208,500)	-
	Graduate College	346,700	(18)	346,682
	Graduate and Professional Student Council	260,000	(21,000)	239,000
	Interpreting/Disabilities (ADA)	164,200	26	164,226
	Learning Disabilities Mandated Services	131,800	4	131,804
	Library Acquisitions	461,200	-	461,200
	Merchant Credit Card Banking Fees	433,200	-	433,200
	Military/ROTC Programs	0	150,704	150,704
	New Start	0	323,000	323,000
	Office of Registrar	0	844,078	844,078
	Online Program Support	0	8,900,000	8,900,000
	Program Fees/Differential Tuition	29,257,700	3,195,148	32,452,848
	Student Affairs Fringe Benefits/Admin Support	0	4,235,039	4,235,039
	Student Affairs Systems Group		931,735	931,735
	Student Child Care Voucher Program	83,100	-	83,100
	Student Financial Aid Office	0	1,306,561	1,306,561
	Student-Related Activities	9,000	-	9,000
	Student Programs	680,200	93,987	774,187
	Student Services	254,400	785,425	1,039,825
	Student Transitions/Retention		235,484	235,484
	Student Travel Support	50,300	29	50,329
	Student Union O&M	1,083,500	(94,307)	989,193
	Sustainability Projects	600,000	-	600,000
	UA Presents	24,600	-	24,600
	Utility Costs Reserve	2,069,500	(1,040,339)	1,029,161
	Subtotal Operating Funds	63,673,400	10,974,654	74,648,054
F I N A I D	Regents Financial Aid Set-Aside	43,369,000	1,956,800	45,325,800
	UAS (SV) - Regents FA Set-Aside	579,300	700	580,000
	Undergraduate Scholars	3,619,300	-	3,619,300
	Other Financial Aid - (formerly tuition waivers)	134,708,900	727,000	135,435,900
	Architecture & Planning UG/Grad	88,400	25,146	113,546
	COM FA Set-Aside	1,182,200	19,000	1,201,200
	COM - Phoenix - FA Set-Aside	876,500	13,700	890,200
	Eller COM: UG/MBA	1,202,200	144,838	1,347,038
	Engineering (UG) FA Set-Aside	441,500	41,500	483,000
	Ag & Life Sciences FA Set-Aside	65,500	258,488	323,988
	Fine Arts FA Set-Aside	68,200	(1,107)	67,093
	Graduate Scholarships	719,400	-	719,400
	Honor College FA Set-Aside	287,000	7,000	294,000
	Law School FA Set-Aside	782,400	(184,606)	597,794
	Social & Behavioral Sciences (geography, Journalism, Linguistic, philosophy, MPA,Sociology, UG-Law, UG Diff Tul, SIRLS)	232,600	79,019	311,619
	Medicine-Cellular and Molecular MS	3,000	2,236	5,236
	Nursing FA Set-Aside	336,600	(14,600)	322,000
	Pharmacy FA Set-Aside	693,700	72,422	766,122
	Public Health FA Set-Aside	58,500	13,061	71,561
	College of Science - Computer Science/Geoscience	81,700	54,776	136,476
	Subtotal Financial Aid	189,395,900	3,215,373	192,611,273
	Plant Funds/Utility Infrastructure	4,776,500	-	4,776,500
	Debt Service	28,152,400	-	28,152,400
TOTAL LOCAL RETENTION		285,998,200	14,190,027	300,188,227



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

DON SHOOTER
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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Micaela Larkin, Senior Fiscal Analyst *ML*

SUBJECT: Arizona Department of Administration/Arizona Department of Corrections - Review of
FY 2017 Adult Inmate Management System (Automation Projects Fund)

Request

Pursuant to A.R.S. § 41-714, the Arizona Department of Administration (ADOA) has requested that the Committee review \$8,000,000 in proposed FY 2017 expenditures from the Automation Projects Fund (APF) for the third and final year of funding for the replacement of the Adult Inmate Management System (AIMS) at the Arizona Department of Corrections (ADC).

Recommendation

The Committee has at least the following 2 options:

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

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

- A. Require ADC to submit an expenditure plan if they spend in total, more than \$100,000 of the \$1,307,400 contingency allocation.

(Continued)

Analysis

Background

In 1985, ADC implemented AIMS. AIMS is an automated system designed to track a variety of ADC data, including population management, intake processing, inmate identification, and sentence calculations, as well as to assist ADC in numerous reporting requirements to other public and private entities. The legacy system has reached the end of its useful life for a variety of reasons, primarily the result of its aging programming language, COBOL.

A total of \$24.0 million has already been appropriated for the replacement of the AIMS system. In FY 2014, FY 2015, and FY 2017, the Legislature appropriated \$8.0 million in funds to the APF. The Committee favorably reviewed the first \$8.0 million on August 20, 2013 and the second \$8.0 million at the March 31, 2015 meeting. ADC now requests review of the third and final appropriation of \$8.0 million.

A FY 2017 General Appropriation Act footnote stipulates that AIMS funding is contingent upon the department contracting with a third-party consultant to evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope through the life of the project. This continues previous footnotes indicating that ADOA and ADC shall retain an outside consultant and provide the JLBC and ITAC with updates as to the project status.

Current Status

The project is now known as Adult Inmate Management System Two (AIMS2) Replacement Project by the department. The vendor is overseeing the modification of a commercial "off the shelf" system. This solution meets 80% of the department's requirements. For the remaining 20% of the software needs outlined by the department, the vendor is customizing the software.

The development process included the customization of individual modules and testing of these modules during the development process. The overall system will be tested starting at the end of January 2017. During the spring, ADC will conduct a pilot test for the system with the female inmates at Perryville. The plan is to fully implement at all sites during June 2017. In a November 30, 2016 report, the third-party consultant described the project as within budget. The consultant indicated that "the project appears less behind schedule" than a previous report which suggested the project was about 10% behind schedule. In addition, the consultant noted that "the project team continues their due diligence to maximize efficiencies and to control for scope creep."

The total project cost of \$24.0 million consists of 6 components:

• Software Solution and Customization	\$16,834,300
• Dedicated ADC Staff and Training	\$ 3,555,300
• Information Technology Equipment	\$ 1,041,800
• Implement Information Exchange with Other Agencies	\$ 614,000
• Consulting Services (Ongoing 3 rd Party Resources)	\$ 647,200
• Contingency	\$ 1,307,400

ADC spent the entire FY 2014 appropriation of \$8.0 million. At the end of FY 2016, ADC reported they spent \$3.3 million of the FY 2015 appropriation. They will expend the remaining \$4.7 million of the FY 2015 appropriation and the FY 2017 appropriation of \$8.0 million for a total of \$12.7 million in FY 2017.

The department estimates an ongoing maintenance cost of \$1.6 million, but this cost can be covered by savings from decreased costs in maintaining the server as compared to the prior version.



DOUGLAS A. DUCEY
GOVERNOR

Arizona Department of Corrections

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CHARLES L. RYAN
DIRECTOR

November 23, 2016



The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Senator Shooter:

The Arizona Department of Corrections requests placement on the next meeting agenda of the Joint Legislative Budget Committee to request review of the \$8,000,000 fiscal year 2016-2017 expenditure for the Adult Inmate Management System Replacement Project (AIMS2).

In accordance with A.R.S. 41-714 and Laws 2016, 2nd Regular Session, Chapter 117 (HB 2695), Section 129 the department is including an AIMS2 Replacement Budget Summary as of October 31, 2016 and the most recent quarterly independent assessment report on the AIMS2 project prepared by the state contracted consultant, Public Consulting Group.

If you have any questions regarding any of the proposed items, please contact Michael Kearns, Division Director of the department's Administrative Services Division, at (602) 542-1160.

Sincerely,

Charles L. Ryan
Director

Enclosures

cc: The Honorable Justin Olson, Vice-Chairman, Joint Legislative Budget Committee
Lorenzo Romero, Director, Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Ryan Vergara, Budget Analyst, Office of Strategic Planning and Budgeting
Micaela Larkin, Fiscal Analyst, Joint Legislative Budget Committee Staff
John Wagner, Engagement Manager, Arizona Strategic Enterprise Technology

Arizona Department of Corrections
AIMS2 Replacement Budget Summary
as of October 31, 2016

Based on B&D 8/22/16 Payment Schedule and 9/26/16 Budget Re-Allocation

	Original Project Budget	Revised Project Budget	FY 2015 Expended	FY 2016 Expended	FY 2017 Budgeted	FY 2017 Actual Through 10/31/16	FY 2017 Remaining	Total
Systems Integrator Costs	\$16,119,000	\$16,834,326	\$6,010,879	\$3,250,813	\$7,572,634	\$1,900,331	\$5,672,303	\$16,834,326
Other Contractor Costs	\$850,000	\$1,261,121	\$263,092	\$271,418	\$726,610	\$64,728	\$661,882	\$1,261,121
ADC Costs	\$3,900,000	\$4,597,179	\$128,467	\$1,368,170	\$3,100,542	\$387,448	\$2,713,094	\$4,597,179
Contingency @ 15%	\$3,131,000	\$1,307,374	\$0	\$0	\$1,307,374	\$0	\$1,307,374	\$1,307,374
Total	\$24,000,000	\$24,000,000	\$6,402,438	\$4,890,402	\$12,707,161	\$2,352,507	\$10,354,653	\$24,000,000

Based on B&D 8/22/16 Payment Schedule and 9/26/16 Budget Re-Allocation - Detailed

	Original Project Budget	Revised Project Budget	FY 2015 Expended	FY 2016 Expended	FY 2017 Budgeted	FY 2017 Actual Through 10/31/16	FY 2017 Remaining	Total
Systems Integrator Costs	\$16,119,000	\$16,405,768	\$6,010,879	\$3,250,813	\$7,144,076	\$1,894,346	\$5,249,730	\$16,405,768
Change Control Tier I	\$0	\$76,650	\$0	\$0	\$76,650	\$5,985	\$70,665	\$76,650
Change Control Tier II	\$0	\$335,108	\$0	\$0	\$335,108	\$0	\$335,108	\$335,108
Change Control Tier II Cost Analysis	\$0	\$16,800	\$0	\$0	\$16,800	\$0	\$16,800	\$16,800
Subtotal	\$16,119,000	\$16,834,326	\$6,010,879	\$3,250,813	\$7,572,634	\$1,900,331	\$5,672,303	\$16,834,326
Other Contractor Costs								
Consulting Services	\$400,000	\$647,205	\$99,570	\$248,925	\$298,710	\$49,785	\$248,925	\$647,205
Automation with Partners	\$450,000	\$613,916	\$163,522	\$22,493	\$427,900	\$14,943	\$412,957	\$613,916
Subtotal	\$850,000	\$1,261,121	\$263,092	\$271,418	\$726,610	\$64,728	\$661,882	\$1,261,121
ADC Costs								
Dedicated Staff And Training	\$3,200,000	\$3,555,331	\$88,963	\$740,793	\$2,725,575	\$270,017	\$2,455,558	\$3,555,331
Equipment (E.G. Pcs, Web Caching)	\$700,000	\$1,041,848	\$39,504	\$627,377	\$374,967	\$117,431	\$257,536	\$1,041,848
Subtotal	\$3,900,000	\$4,597,179	\$128,467	\$1,368,170	\$3,100,542	\$387,448	\$2,713,094	\$4,597,179
Contingency @ 15%	\$3,131,000	\$1,307,374	\$0	\$0	\$1,307,374	\$0	\$1,307,374	\$1,307,374
Total	\$24,000,000	\$24,000,000	\$6,402,438	\$4,890,402	\$12,707,161	\$2,352,507	\$10,354,653	\$24,000,000



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Rebecca Perrera, Senior Fiscal Analyst *RP*

SUBJECT: Arizona Department of Administration - Review of Emergency Telecommunication Services
Revolving Fund Expenditure Plan

Request

Laws 1998, 4th Special Session, Chapter 6 requires the Arizona Department of Administration (ADOA) to submit the wireless services portion of its Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan to the Committee for review. ADOA oversees and provides support to the communities of the state as they enhance their 911 emergency telecommunications systems. In practice, the department submits its complete expenditure plan annually, although expenditures on wire services are not subject to Committee review.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review of the \$5,069,400 wireless portion of the ETSF expenditure plan.
2. An unfavorable review of the \$5,069,400 wireless services expenditure plan.

In FY 2017, ADOA expects to distribute \$20,106,400 from the ETSF. Of the \$20,106,400, \$14,137,000 is for wire services, \$5,069,400 is for wireless services, and \$900,000 is for administrative costs. Over the past 5 years, expenditures averaged \$16,400,000.

(Continued)

Analysis

ADOA works with county/city 911 administrators to distribute monies from ETSF for Federal Communications Commission (FCC) compliant telecommunications equipment, software, carrier services, and maintenance. The counties and cities are responsible for implementing the improvements to their 911 system. ADOA is responsible for providing centralized oversight in developing project schedules to consider the greatest needs, especially in rural areas, and for maximizing regional efficiencies and local readiness. While ADOA prefers that each county complete implementation phases as a whole, the department does make allowances for cities or areas that are behind or ahead of the county schedule. Localities must provide and fully fund their own personnel, utilities, and facilities. ADOA also requires communities to submit Wireless 911 Service Plans to the agency for its approval.

Emergency 911 Wireless Service Status

In 1996, the FCC issued ordered the enhancement of wireless 911 services, which included being able to identify the specific location of the caller. This capacity is now available statewide with the exception of the Navajo Nation and the San Carlos Tribe. These locations have not yet completed 911 service plans for funding consideration. ADOA has an outreach program to work with tribes to address development issues.

The \$5.1 million wireless portion of the ETSF expenditure plan would primarily fund the operation and maintenance across the state of these wireless 911 networks including equipment costs. The ETSF does not fund certain costs to operate the 911 centers such as dispatcher salaries.

Funding Mechanism

A.R.S. § 42-5252 authorizes a \$0.20 per month tax on each wire and wireless telecommunication service account. In addition to the tax on wire and wireless phone accounts, Laws 2012, Chapter 198 established the prepaid wireless telecommunications 911 excise tax. The tax is equal to 0.8% of the gross income derived from the retail sale of prepaid wireless telecommunications services. The tax became effective as of January 1, 2014. Although Arizona statute now requires a tax on prepaid wireless accounts, there is still no requirement that recent technology, such as internet-based phones and OnStar, pay 911 taxes.

The revenue generated from these taxes is deposited into the Emergency Telecommunications Services Revolving Fund. ADOA estimates that revenues will be \$17.7 million in FY 2017 and remain near that level through FY 2021.

FY 2016 ETSF Expenditure Plan

Localities submit copies of their invoices for emergency telecommunications services and equipment to ADOA, who subsequently distributes funds to these areas based on need. In FY 2017, ADOA expects to distribute \$20.1 million from ETSF. Of the \$20.1 million, \$5.1 million is for wireless services. In addition, \$14.1 million is for proposed wire services expenditures, while the remaining \$900,000 is for administration costs.

Table 1 summarizes the actual ETSF distribution during the past 2 fiscal years and projected distribution during the current fiscal year.

(Continued)

Table 1 ADOA Emergency Telecommunications Services Revolving Fund FY 2015 – 2017 Expenditure Plan			
	<u>Actual</u> <u>FY 2015</u>	<u>Actual</u> <u>FY 2016</u>	<u>Projected</u> <u>FY 2017</u>
Revenues			
Balance Forward	2,933,400	2,375,300	5,173,900
Tax Revenue	17,850,700	17,695,100	17,754,100
Interest Income	<u>42,100</u>	<u>39,600</u>	<u>39,600</u>
Funds Available	20,826,200	20,110,000	22,967,600
Expenditures			
Wireless Services			
Phase I Wireless	35,700	26,100	0
Phase II Wireless	4,194,200	3,677,300	5,069,400
Next Generation 911 Managed Services	<u>0</u>	<u>1,948,200</u>	<u>0</u>
Wireless Services Subtotal	4,229,900	5,651,600	5,069,400
Wire Services	13,381,400	8,417,500	14,137,000
Wireless Services	4,229,900	5,651,600	5,069,400
Administration	<u>839,600</u>	<u>867,000</u>	<u>900,000</u>
ETSF Expenditure Plan Total	18,450,900	14,936,100	20,106,400
Fund Balance	2,375,300	5,173,900	2,861,200

Table 2 includes further detail on planned wireless services expenditure in FY 2017.

Table 2 FY 2017 Wireless Services Expenditure Plan	
	<u>Total</u>
Cochise County	\$ 315,200
Coconino County/Page	126,000
Colorado City	1,600
Gila County	30,000
Gila River Tribal	10,400
Graham County	48,000
Greenlee County	13,200
La Paz County	15,000
Maricopa County	2,364,400
Mohave County	183,300
Pima County	1,099,600
Pinal County	340,200
Santa Cruz County	72,000
Winslow	36,000
Yavapai County	294,500
Yuma County	<u>120,000</u>
TOTAL	\$5,069,400

Next Generation 911

The FCC is beginning to implement Next Generation 911 (NG911), which would allow text-to-911 messaging. The FCC has required wireless carriers to develop the capability to deliver 911 text messages to local dispatchers.

(Continued)

One primary barrier to implementation is the ability of the PSAPs to accept text messaging and other data-based messaging medias. The National Emergency Management Association estimates it will cost states at least \$12 billion to upgrade to NG911. The estimated cost to Arizona is unknown. According to the National Conference of State Legislatures, counties in at least 19 states have implemented NG911 and 3 states offer the service statewide.

At its December 2015 meeting, the Committee reviewed ADOA's FY 2016 ETSF expenditure plan with a provision that ADOA report on the results of a text-to-911 network proposal upon completion of its review. Since that time, ADOA reviewed a proposal by a network carrier, CenturyLink, to implement a network with 911 text messaging. Under this proposal, local jurisdictions can contract with the network carrier for NG911 network services. The network carrier is currently upgrading the network to transmit 911 text messaging. The network carrier will also host the network routers and replace the PSAPs' computer equipment to accept text messages. Under a managed system, local jurisdictions would pay a "per-dispatcher seat" fee of approximately \$2,000 a month to the carrier for the NG911 network and equipment. The upgraded network will be completed by December 31, 2016. Once complete, local jurisdictions can proceed with contracting with their network carrier. Pima and Yuma Counties have already expressed interest in contracting with the network carriers for NG911.

Assuming all 600 dispatcher seats in the state were under the proposal, the total annual cost to the local jurisdictions would be \$14.4 million. However, because wireless calls are on a different network, the costs associated with operating the network will still exist. ADOA reports that local justifications have limited funds to update equipment. Currently, the net cost of the proposal is unknown. ADOA anticipates the FY 2018 cost of carrier-managed dispatch seats to be \$4.2 million.

RS/RP:kp

Douglas A. Ducey
Governor



Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

November 29, 2016

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

The Honorable Justin Olson, Vice Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007



Dear Senator Shooter and Representative Olson:

As stipulated in Laws 1998, 4th Special Session, Chapter 6, Section 5 – Emergency telecommunications fund: report of expenditure plans, the Department of Administration shall report its expenditure plans to the Joint Legislative Budget Committee for review. In fulfillment of this requirement, we are enclosing:

- The Wireless Program Report for fiscal year 2016
- The status of Arizona 9-1-1 and the estimated costs and deployment schedule to implement Wireless Phase II
- The 9-1-1 financial forecast for fiscal years 2017 through 2021 incorporating the fund balance transfers to the General Fund during FY2003, FY2004, FY2009, FY2010, FY2011, FY2012, FY2013 and FY2014
- FY2017 Wireless Program Plan
- Arizona GIS Standards Compliant Map
- Arizona Wireless 9-1-1 Deployment Map
- Text to 9-1-1 Implementation Plan

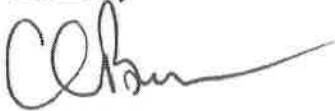
Please note that the financial forecast shows a program deficit in FY2020. This deficit occurs despite anticipated additional revenues generated through Laws 2012, 2nd Regular Session, Chapter 198, Prepaid Wireless Telecommunications E911 Excise Tax, which

The Honorable Don Shooter
The Honorable Justin Olson
November 2, 2016
Page 2

was implemented January 1, 2014. With additional Wireless Phase II deployments and a transition to an IP Enabled Network, costs will continue to increase. Should this shortfall materialize, it could prevent the full implementation of the wireless program, equipment upgrades for Public Safety Answering Points and the transition to an IP Enabled Network. As a result, costs could be shifted to the 9-1-1 Systems throughout the State.

Should you have any questions, please contact me at 602-542-1500 or Barbara Jaeger, the State 9-1-1 Administrator at 602-542-0911.

Sincerely

A handwritten signature in black ink, appearing to read 'C. Brown', with a long horizontal flourish extending to the right.

Craig C. Brown
Director

cc: Mr. Richard Stavneak, Director, JLBC
Ms. Rebecca Perrera, Fiscal Analyst, JLBC
Mr. Lorenzo Romero, Director, OSPB
Mr. Christopher Olvey, Budget Analyst, OSPB
Mr. Derik Leavitt, Assistant Director, Budget & Resource Planning ADOA
Mr. Morgan Reed, Assistant Director ASET, CIO, ADOA
Ms. Suzan Tasvibe-Tanha, ASET, Chief of Managed Services ADOA

Arizona Department of Administration
State 9-1-1 Office
Wireless Program Report
Fiscal Year 2016

The State 9-1-1 program was established, through legislation in 1985, to provide a funding mechanism for the deployment and on-going costs of providing 9-1-1 services in Arizona.

Under A.R.S. Title 43, Article 6, Telecommunications Services Excise Tax, a tax is levied for each activated wireline, including Voice over Internet Protocol (VoIP) access and wireless service account for the purpose of financing emergency telecommunications services (911). Current law reduced the tax from thirty-seven cents per month to twenty-eight cents per month in July 1, 2006. The tax was further reduced to twenty cents per month as of July 1, 2007.

During the Fiftieth Legislature, second regular session, HB 2094 – Prepaid Wireless Telecommunications E911 Excise Tax was passed and signed into law on April 5, 2012. The tax was implemented in January 2014 and for FY2016 collected \$1.8 million dollars.

The funds collected are administered by the Arizona Department of Administration under A.R.S. § 41-704 and rules have been established that govern the allowable expenditures and funding eligibility requirements by communities and political subdivisions in the State.

Components eligible for funding include necessary and/or appropriate network, equipment and maintenance to handle the processing of 9-1-1 emergency calls. Of the revenue generated, the program statutorily distributes 95% of the fund for 9-1-1 call service delivery of wireline, wireless and voice over IP services. An amount not to exceed 3% of the annual revenue is used by the Arizona Department of Administration for program oversight expenditures. An additional amount of 2% is distributed to the 9-1-1 System Coordinators for the Local Network Management of Contracts.

Accounting methodology is in place to track all expenditures by community and/or 9-1-1 system. In July 2007, the Department of Revenue transitioned their processes to collecting the tax as one entity, with the identity code of 911, no longer breaking out the wireline and traditional wireless revenue. The pre-paid wireless revenue is collected with the Department of Revenue identity code of 912.

All Public Safety Answering Point (PSAP) equipment used to answer and handle 9-1-1 calls are budgeted under wireline expenditures, although it should be understood that the equipment is used to answer all wireline, wireless and VoIP 9-1-1 calls. Mapping equipment for Wireless Phase II is broken out and budgeted under Wireless Phase II equipment.

The Arizona 9-1-1 Wireless Phase II Implementation Plan has been updated to expand the program moving specified sites toward deployment of Wireless Phase II and identifying expenditures associated with legislative cost recovery. The Statewide System Project plan covering each 9-1-1 System for FY2016 has been updated and is included in this document. Due to limited funding availability, deployment of Wireless Phase II is limited to only those carriers that do not seek wireless carrier costs.

The City of Winslow, in addition to Navajo and Apache Counties completed their Phase II deployments during fiscal year 2016. The delivery of 9-1-1 Wireless Phase II calls are delivered with the longitude and latitude of the caller to the PSAP, providing more defined location information.

The wireless program criteria established for rollouts, stipulate that Enhanced 9-1-1 (voice, telephone number and address) has been completed for either an entire county or significant portions of a county. Each county or system must complete a Wireless 9-1-1 Service Plan, utilizing the format specified in the State guidelines and appoint a single point of contact for each county or area. The Geographic Information System (GIS) data must be completed and meet the same 95% accuracy rate as established for Enhanced Wireline 9-1-1. All sites currently have equipment mapping components that depicts the location of the caller. Initial calls are received as Wireless Phase I, showing the tower location and then a rebid is initiated to narrow the call to an x/y coordinates of the caller.

Wireless Deployment

Significant progress was made during FY2016 to complete the deployment of Wireless Phase II. The two major regions in the state, Maricopa and Pima completed their Phase II deployments in 2003, constituting approximately 80% of the state's population. Wireless Phase II has been completed in Cochise County, Coconino County, Gila County, Graham County, Greenlee County, La Paz County, Mohave County, Pinal County, Santa Cruz County, Yavapai County, Yuma County, and the Gila River Tribal Community. The final locations, Apache County, Navajo County and the City of Winslow complete in FY2016.

During FY2016, \$94,528 was expended from the \$1 million dollar Public Safety Answering Point (PSAP) Readiness Fund Grant to complete the Geographic Information Systems (GIS) work necessary for La Paz County. The grant was awarded to the State on October 7, 2004 by The Wireless E-911: The PSAP Readiness Fund. At the close of FY2016, there was \$51,236 still available. To date, those funds have furthered the deployment of Wireless Phase II for eight counties and one municipality. Additional funds were received from the Arizona Department of Land under the State Broadband Initiative (SBI) Grant for the GIS work in Apache County, Navajo County and La Paz County. Page 10 shows those Arizona areas which are GIS Standards Compliant. The remaining funds will be expended during FY2017 to continue GIS Process Improvement, GIS Data Development, Data Validation and Next Generation 911 Core Services pilot project support. Without additional grant support, any additional ongoing GIS will have to be funded at the local level or transitioned to a line item in the 911 budget

Wireless Phase II deployment for Mohave County was completed in FY2011. During FY2014, a project was completed to ensure that 9-1-1 location data between the Frontier 911 network platform and the CenturyLink 911 network platform could be passed seamlessly. During FY16, another project was completed to provide the same location data transfer capabilities for calls originating in Apache County and Navajo County. This allows for voice and data calls to be transferred to the Arizona Department of Public Safety (DPS) PSAP in Flagstaff. In FY2015, deployment of Wireless Phase II in Coconino County and La Paz County was completed without those carriers that seek cost recovery.

With the completion of the projects listed above, Wireless Phase II is available statewide with the exception of the Navajo Nation and the San Carlos Tribe. Page 11 depicts the status of Wireless Phase II deployments.

Wireless Expenditures

The FY2016 expenditures for Wireless Phase I & II are outlined in the table to the right. No funds were allocated to the Navajo Nation, Hopi Tribe or San Carlos Tribe since they have not completed a 911 Service Plan for funding eligibility.

FY2017 wireless budget, depicted in the table on the following page, includes the expenditures for systems currently Wireless Phase II.

Expenditures include network components, wireless carrier costs, selective router costs and necessary additional equipment for receiving Phase II mapping data.

By the end of FY2016, any Wireless Phase I locations were transitioned to Wireless Phase II, therefore, there will no longer be Phase I expenditures depicted in the budget.

System	FY16 Expenditures	PI/PII
Cochise County	\$ 332,669	PII
Coconino County	\$ 132,669	PII
Colorado City	\$ 1,509	PII
Gila County	\$ 21,173	PII
Gila River Tribal	\$ 9,425	PII
Graham County	\$ 43,324	PII
Greenlee County	\$ 10,684	PII
La Paz County	\$ 11,092	PII
Maricopa Region	\$ 1,411,228	PII
Mohave County	\$ 29,959	PII
Navajo/Apache County	\$ -	PII
Pima County	\$ 936,763	PII
Pinal County	\$ 312,722	PII
Santa Cruz County	\$ 59,657	PII
Winslow	\$ 30,898	PII
Yavapai County	\$ 256,639	PII
Yuma County	\$ 113,096	PII
	\$ 3,713,507	

Additional expenditures budgeted for FY2017 include ongoing costs associated with an Ethernet or MPLS network for the Enterprise Mapping Systems. With significant county boundary issues identified, these systems allow updated GIS data to be distributed to the 9-1-1 centers within their county or share the data with other counties. These costs are already being expended in the Cochise County, Maricopa Region, Mohave County, Pima County, Pinal County and Yavapai County. When

new map data is available, that data can be distributed via the Ethernet or MPLS networks allowing updated information to be published more efficiently.

Due to insufficient revenue, there are no longer funds available for the deployment and support of Enterprise Mapping Systems for 9-1-1. Therefore, an Enterprise Mapping System with the Wireless Phase II implementations in Coconino County, Navajo County, Apache County and Yuma County was not available. This may change with the deployment of NG911 Managed Services.

Also, with the deployment of Wireless Phase II in Apache, Coconino, Gila, Greenlee, La Paz, Navajo and Yuma Counties only one trunk group was installed rather than separate wireline and wireless trunk groups. 9-1-1 calls will still be delivered to the PSAP but utilizing only one pair of voice trunks.

Prior to FY2012, separate network trunk groups were installed in order to be assured that 9-1-1 calls from wireless devices would not adversely affect the delivery of wireline calls. The cost for wireline trunks falls under a separate network tariff and therefore has minimal additional costs. The cost for network trunks used specifically for wireless calls are distance sensitive from the selective router location and range from \$150.00 to \$900.00 per month, per trunk which is significantly higher. Therefore, any future deployments or changes to an existing network design, will have only one network trunk group that will carry both wireline and wireless calls to the Public Safety Answering Point (PSAP). When the initial Wireless Phase II projects were implemented, there was concern that the wireless 9-1-1 calls can potentially overwhelm the system. That is no longer the case with customers moving away from wireline technology.

Also, as defined in State statute, the wireless carriers are entitled to seek full cost recovery for all components associated with the delivery of Wireless Phase II service. Based on the projected revenue stream, it is evident that the program can no longer support full cost recovery. However, at present, all but two of the wireless carriers voluntarily do not seek cost recovery. Instead, they consider it a cost of doing business.

Should a 9-1-1 system make the determination that they want to move toward a full deployment, they will be financially responsible for the added costs.

With an emphasis toward Homeland Security, the 9-1-1 program continues to fund the Telecommunications Service Priority (TSP) provisioning which was added in FY2007. This federal program is designed to ensure elevated network restoration to anyone who registers and pays for the service. In the event of a national disaster requiring federal intervention for network continuity, the service will ensure that Arizona's 9-1-1 systems will be restored in a timely manner.

All network components including 9-1-1 circuits, Automatic Location Identification circuits, emergency backup circuits and circuits that run to all selective routers have been included in the service package.

Statewide Wireless Phase II Status

The information in the chart titled FY2016 Wireless Program Plan on Page 9 outlines the statewide status and implementations for Wireless Phase I and Phase II. Additionally, these figures were obtained through the cooperative effort of the Local Exchange Carriers and the Wireless Carriers. The State 9-1-1 Office continues to negotiate with vendors to reduce the costs.

Again, it should be noted that since FY2012 and subsequent years, limited funding has dictated that some policy changes were necessary, which include the following; 1) Wireless Phase II implementations are only being requested of those carriers that do not seek cost recovery; 2) 9-1-1 wireless calls will be delivered on only one trunk group and; 3) the deployment of additional

System	FY17 Budget	P1/P2
Cochise County	\$ 315,240	P11
Coconino County	\$ 126,000	P11
Colorado City	\$ 1,560	P11
Gila County	\$ 30,000	P11
Gila River Tribal	\$ 10,380	P11
Graham County	\$ 48,000	P11
Greenlee County	\$ 13,200	P11
La Paz	\$ 15,000	P11
Maricopa Region	\$ 2,364,504	P11
Mohave County	\$ 183,276	P11
Navajo Co/Apache Co	\$ -	P11
Pima County	\$ 1,099,572	P11
Pinal County	\$ 340,200	P11
Santa Cruz County	\$ 72,000	P11
Winslow	\$ 36,000	P1
Yavapai County	\$ 294,480	P11
Yuma County	\$ 120,000	P11
	\$ 5,069,412	

Enterprise Mapping Systems have been suspended; 4) no additional call answering positions will be approved; and 5) no new PSAPs will be approved.

Enterprise Mapping may be made available to those systems that currently do not have access, during the CenturyLink Next Generation 911 deployment. That option is still being explored.

It should be noted that three Tribal Nations have not been included in the projections. The Navajo Nation, Hopi Tribe and San Carlos Tribe either have not submitted 9-1-1 Service Plans for funding consideration, or considered combining their efforts with an adjacent county.

During FY16, both the Navajo Nation and the San Carlos Tribe began exploring the requirements necessary for providing Enhance 911 and Wireless Enhanced 911 access for their citizens as they fall under the classification as underfunded areas.

The State 9-1-1 Office has an outreach program in place designed to work with the other tribes to help them to address deployment issues.

Revenue – FY17 Projections

Since 2006, there has been a 41.25% reduction in revenue, even with the additional review derived by the prepaid wireless tax. This can be attributed to the reduction in the tax from \$.37 in FY2006, to \$.28 in FY2007 and to \$.20 in FY2008. In FY2006, the annual revenue collected was \$30,186,088 while in FY2016 the annual revenue collected was \$17,793,694 including interest.

The projected annual revenue for FY2017 would not under normal circumstances meet the annual expenditures for continued service of the 9-1-1 program in Arizona. In response, approvals for certain PSAP equipment upgrades have been denied due to limited funding. Equipment is upgraded only if funds are available. The priority today is sustaining the 9-1-1 network components and the ongoing maintenance on the PSAP equipment. The projected revenue for FY2017 of \$17.8 million, which includes interest income from the prior funds available, is less than originally anticipated due to the State Legislature's fund transfer of \$25.1 million dollars in FY2009, \$8.6 million dollars in FY2010, \$2.5 million dollars in FY2011 and \$2.2 million dollars for FY2012 from the 9-1-1 Program Fund to the State's General Fund. Since FY2002, \$53 million dollars of 9-1-1 Program funds have been transferred to the State's General Fund. Since 2008, the State has been required to report those transfers to the Federal Communications Commission (FCC) to be included in their report to Congress. These transfers have also affected the ability for the State 9-1-1 program to be eligible to receive federal grants.

The budget for FY2017 did not anticipate any fund transfers, but equipment upgrades have still been deferred and Next Generation (NG) 911 Managed Services projects should begin to stabilize the continued needs for some capital expenditures.

The 9-1-1 Excise Tax revenue for FY2016 closed at \$17,734,678 million dollars, a -.88% reduction in revenue over FY2015 when coupled with the reduced interest and a full year of revenue for pre-paid wireless. The increased revenue includes wireline, wireless and VoIP providers and can be attributed primarily to \$1,891,788 in new revenue from pre-paid wireless that went into effect January 1, 2014. The Department of Revenue forecasted \$2 million in annual revenue from the pre-paid wireless charge.

The fiscal year-end report for 2016 indicated that the total amount of customers for wireline, wireless and VoIP generated \$17,734,678. Revenue estimates for FY2017 show an increase to \$17,793,694, which includes an annualized forecast of pre-paid wireless charges.

	FY15 Actual	FY16 Actual	FY17 Projected
	@\$.20/prepaid	@\$.20/prepaid	@\$.20/prepaid
Excise Tax	\$ 17,850,676	\$ 17,695,126	\$ 17,754,142
Interest	\$ 42,111	\$ 39,552	\$ 39,552
	17,892,787	17,734,678	17,793,694
%		-0.88%	0.33%

The Cellular Telephone Industry Association (CTIA) estimates that approximately 23.4% of the wireless phones in service can be attributed to prepaid services.

In preparing the 911 Project Plan through FY2016, the introduction of the pre-paid wireless, the customer base forecast, reduced fees and limited service capabilities have been taken into consideration indicating that the program may reach a shortfall in FY2020. Expenditures noted does not include the addition of call answering positions to accommodate growth, additional requests for Public Safety Answering Points, logging recorder expenditures, Enterprise Mapping and costs associated with Text to 911 costs.

This means the program may only be able to support the legacy network and maintenance components for the 9-1-1 Systems, and not equipment upgrades. The effect of aging 9-1-1 PSAP equipment has become a reality and the costs may have to be undertaken by the PSAPs in the future.

The current administrative distribution is 5%, which includes 3% for State Administrative costs and 2% for Local Management of Contracts. The two percent for Local Management of Contracts is distributed to the 9-1-1 System Coordinators, with rules in place to define authorized expenditures.

The State 9-1-1 Office has four full time staff members, which is all the program revenue can support. These individuals not only have fiscal oversight, but work closely with the communities to deploy and support 9-1-1.

The Future of Wireline and Wireless 9-1-1

The 9-1-1 Project Plan addresses the need to transition to more robust and versatile wireline and wireless networks in coming years. The IP enabled network or Next Generation 9-1-1 (NG9-1-1) networks are being deployed today in many areas in the country. Industry standards have been developed although several alternative solutions are being deployed. The move toward a data network that provides ubiquitous wireline and wireless 9-1-1 service will ensure that calls can be routed anywhere without current boundary restrictions. New networks, with increased bandwidth will provide the ability to carry more location data, as well as receive telematics calls and utilize text messaging, as well as video streaming in future years. The current analog network, which has been in place for forty years, is unable to handle technology advanced solutions.

In an effort to explore alternatives, the State 9-1-1 Office asked CenturyLink, the primary 9-1-1 network and 9-1-1 equipment provider in Arizona, to provide a network design and offering for hosted 9-1-1 as a managed service offering. The requirements put forth to the Local Exchange Carrier stipulated that the State no longer desired huge capital outlays for equipment and requirements should include transitioning the network for NG9-1-1. This would allow a uniform annual expense including equipment, network and maintenance. The goal is to find a solution to provide all components of NG9-1-1, in concert with keeping up equipment needs without requiring additional revenue.

In spring FY16, CenturyLink submitted an offering to the PSAPs that would include a new NG9-1-1 network, call answering equipment and maintenance on the equipment for a 5 year term for the per seat cost of \$2,000/month. There may continue to be some additional costs that will not fall within the original offering. The network deployment will be ready by the end of 2nd quarter FY17 and deployments would be scheduled to begin 3rd Q FY17. Due to the limited technical knowledge in the State 9-1-1 Office, Mission Critical Partners was hired to perform a detailed review of the network and service level agreements before being offered directly to the 9-1-1 community. The phased in approach would deploy the southern part of Arizona initially, followed by the northern part of Arizona within the CenturyLink territory, the Frontier Communication area would be next and because of the complexity of Maricopa Region, they would be last to deploy. The PSAP specific deployment schedule has not been completed as of yet.

By the end of the FY16, CenturyLink reported that the implementation of the upgrade network would be completed by the end of calendar year 2016, and that they had signatures on 21 of the first 30 Service Agreements for the initial deployment. It was also noted that in an effort to distribute the funds equitably, with implementation of a new managed service network and equipment model, that a uniform per seat cost would be allocated to PSAPs for each approved answering position in the State. This model utilizes a formula that takes into consideration the total amount of revenue collected and the number of 9-1-1 call answering positions currently eligible for funding.

More than \$17.2 million dollars in unfunded projects have been identified through FY2016. Of that amount, \$9.4 million dollars would be in support of PSAPs in Maricopa Region for critical equipment upgrades, \$2.2 million dollars would be dedicated for sites in Pima County and \$750,100 dollars for sites in Pinal County. Additionally, Airbus DS equipment (116

answering positions) in the State are at End of Life/Non Supported as of November 1, 2014. This represents \$4.1 million dollars of the total.

The burden of equipment upgrades may have to be sifted to the local political subdivisions and future fund transfers to the General Fund will affect the program's ability to support the maintenance on the 9-1-1 PSAP equipment.

The 9-1-1 system was designed to ensure that in an emergency, citizens have one reliable number to call for public safety assistance. The State 9-1-1 program strives to ensure that this goal is met in the most efficient and cost effective manner possible.

Text to 911 Update

During the FY15 JLBC review, it was noted that Text to 911 has become an issue for the PSAPs throughout the nation. Today, only a small percentage (8%) of the PSAPs nationwide have moved to a Text to 911 solution. The FCC has taken the lead on this endeavor and stipulated that it is up to the PSAP to determine whether they want to deploy a solution and when they want to deploy. Also, whereas, the only stipulation from the Department of Justice to provide equal accommodation to the deaf and hard of hearing community is through the usage of the TTY/TDD, there is no mandate to deploy. Currently, when a customer in Arizona sends a Text to 911, using the traditional Short Message System (SMS), they receive a bounce back message that indicates that the service is not available. Two of the issues facing the PSAPs in general, are the current limitations on who can make calls and where those calls are delivered to, as well as a more reliable delivery methodology. In today's environment, when a text would be received, no latitude and longitude or address identification is provided with the text. Also, only simple text would be available and also, it is dependent on whether your carrier is providing that service. Another solution to the problem is an over the top solution that processes the call through an internet application. Currently, the costs associated with Text to 911 will have to be underwritten by the PSAP.

Once the NG911 Network System is deployed later this year, there will be a more secure method to deploy Text to 911, which will allow calls to be received with data and routed to the most appropriate PSAP.

We anticipate the deployment of Text to 911 to improve over the next fiscal year. Lake Havasu City has submitted documents to the FCC indicating they will be deploying Text to 911 in the near future.

Summary

The 9-1-1 Program has been in place since 1985 and up until recent years, sufficient funding has allowed for progress in moving from Basic 9-1-1 (voice only), through Enhanced 9-1-1 (voice, telephone number and address information), to 9-1-1 Wireless Phase I and II.

Documents included in this report outline the 9-1-1 Wireless Phase II expenditures for FY2016, as well as the Wireless Phase II budget for FY2017.

With the completion of the 911 Wireless Phase II deployment, no implementation have been noted.

The Actual and Proposed Expenditures on Page 7 provides a financial history of the program from FY2012 through FY2021 anticipated expenditures.

The two maps on Pages 9 and 10 respectively, identify that the communities maintain a high level of GIS accuracy for call service delivery and that the deployment of Wireless Phase II has spread throughout the state.

A Text to 911 Implementation Plan, beginning on Page 11, has been developed to assist the PSAPs through the process to deploy the services.

FY12 - FY21 Actual and Proposed Expenditures

Includes Cost Recovery for Wireless Phase I and Phase II

Assumes No Change in Tax Rates.

As of July, 2016

Includes Wireline and Wireless Excise Taxes at a Flat Rate of \$.20 for FY 2012-FY 2021

Includes PrePay Wireless Taxes as of 1-1-2014 (FY 2014-FY 2021)

	Actual FY12	Actual FY13	Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Administration	\$ 465,156	\$ 449,027	\$ 521,929	\$ 486,364	\$ 509,197	\$ 540,000	\$ 533,810	\$ 533,810	\$ 533,810	\$ 533,810
PSAP Network Management	\$ 330,723	\$ 330,935	\$ 342,036	\$ 353,181	\$ 357,865	\$ 360,000	\$ 355,873	\$ 355,873	\$ 355,873	\$ 355,873
Sub-Total	\$ 795,879	\$ 779,962	\$ 863,965	\$ 839,545	\$ 867,062	\$ 900,000	\$ 889,683	\$ 889,683	\$ 889,683	\$ 889,683
Wireline - (Existing Network Technology) (PCA33200)*	\$ 11,193,469	\$ 10,132,525	\$ 11,197,703	\$ 12,381,409	\$ 8,417,557	\$ 14,136,966	\$ 9,587,565	\$ 8,452,295	\$ 7,865,928	\$ 256,512
Next Generation 9-1-1 Managed Services	\$ -	\$ -	\$ -	\$ -	\$ 1,948,171	\$ 0	\$ 4,274,400	\$ 6,260,920	\$ 7,205,000	\$ 16,055,600
Phase I Wireless - (Includes Cost Recovery) (PCA33310)	\$ 30,072	\$ 32,693	\$ 32,454	\$ 35,700	\$ 26,070	\$ -	\$ -	\$ -	\$ -	\$ -
Phase II Wireless - (Includes Cost Recovery) (PCA33320)	\$ 4,129,626	\$ 4,203,918	\$ 5,435,295	\$ 4,194,181	\$ 3,677,258	\$ 5,069,412	\$ 3,878,672	\$ 3,143,140	\$ 3,077,494	\$ 2,077,380
Mapping & Address Support	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL PROGRAM COSTS	\$ 16,149,046	\$ 15,149,058	\$ 17,529,417	\$ 18,450,835	\$ 14,936,118	\$ 20,106,378	\$ 18,630,320	\$ 18,746,038	\$ 19,038,095	\$ 19,279,375
FUNDS FROM PRIOR	\$ 3,980,442	\$ 2,129,584	\$ 3,436,766	\$ 2,933,375	\$ 2,375,328	\$ 5,173,888	\$ 2,861,204	\$ 2,024,578	\$ 1,072,234	\$ (172,167)
PREPAY WIRELESS TAX	\$ -	\$ -	\$ 831,547	\$ 1,891,140	\$ 1,840,984	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000
EXCISE TAX	\$ 16,481,681	\$ 16,425,768	\$ 16,477,655	\$ 15,959,537	\$ 15,854,142	\$ 15,854,142	\$ 15,854,142	\$ 15,854,142	\$ 15,854,142	\$ 15,854,142
INTEREST INCOME	\$ 30,207	\$ 30,512	\$ 40,924	\$ 42,111	\$ 39,552	\$ 39,552	\$ 39,552	\$ 39,552	\$ 39,552	\$ 39,552
Total Collections	\$ 16,511,886	\$ 16,456,280	\$ 17,150,328	\$ 17,892,788	\$ 17,734,678	\$ 17,793,694	\$ 17,793,694	\$ 17,793,694	\$ 17,793,694	\$ 17,793,694
TOTAL FUNDS	\$ 20,492,330	\$ 18,585,864	\$ 20,587,092	\$ 20,826,163	\$ 20,110,005	\$ 22,967,582	\$ 20,654,898	\$ 19,818,272	\$ 18,865,928	\$ 17,621,527
PRIOR PERIOD ADJ OR PROJECT CARRY-FORWARD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER TO GENERAL FUND	\$ 2,213,700	\$ -	\$ 124,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	\$ 16,149,046	\$ 15,149,058	\$ 17,529,417	\$ 18,450,835	\$ 14,936,118	\$ 20,106,378	\$ 18,630,320	\$ 18,746,038	\$ 19,038,095	\$ 19,279,375
FUNDS FORWARD	\$ 2,129,584	\$ 3,436,766	\$ 2,933,375	\$ 2,375,328	\$ 5,173,888	\$ 2,861,204	\$ 2,024,578	\$ 1,072,234	\$ (172,167)	\$ (1,657,848)

Wireless Tax Rate \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20

* Includes Conditional Capital Requests

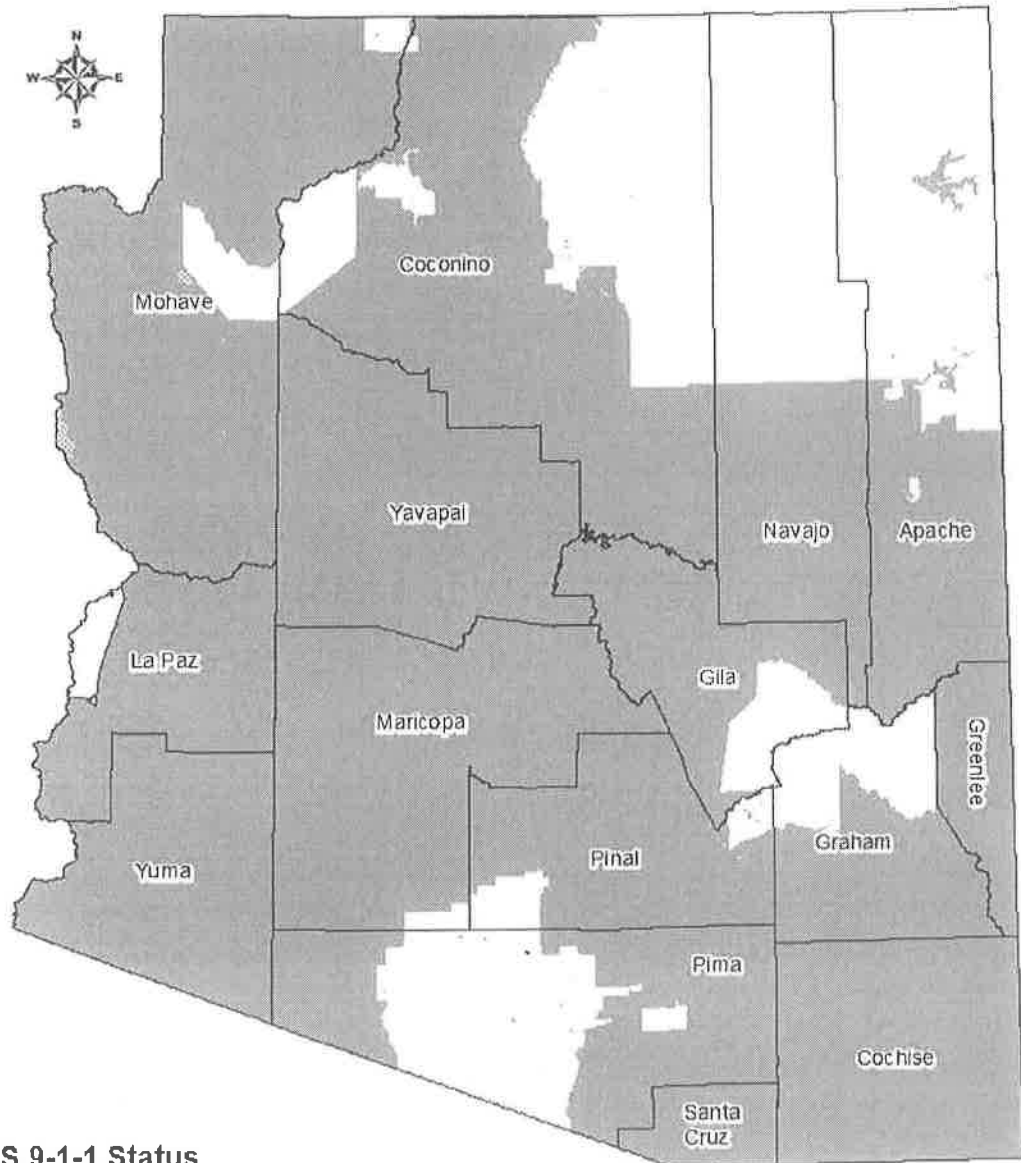
** Transition to robust IP enabled network in FY17

No Wireless Phase I Costs Beginning FY17

FY2016 Wireless Program Plan

9-1-1 System	Basic	E/ANI	E9-1-1	Phase II	Program Plan FY16
Cochise County				X	
Colorado City				X	
Coconino County				X	Phase II No Cost Recovery Carriers
Gila County				X	Phase II No Cost Recovery Carriers
Gila River Tribal Property				X	
Graham County				X	
Greenlee County				X	Phase II No Cost Recovery Carriers
La Paz County				X	Phase II No Cost Recovery Carriers
Maricopa Region				X	
Mohave County				X	
Navajo Nation/San Carlos Tribe					No Service Plan
Northeastern Ariz. Users Assn. (Navajo/Apache Co)				X	Phase II No Cost Recovery Carriers
Page				X	
Pinal County				X	
Prescott				X	
Pima County				X	
Santa Cruz Co				X	
Winslow				X	
Yavapai Region				X	
Yuma County				X	Phase II No Cost Recovery Carriers
updated: 6/30/2015		None		E9-1-1	
		Basic		WPI	
		E w/ANI		WPPI	
				WPPI No Cost Recovery Carriers	

Arizona 9-1-1 GIS Standards Compliant

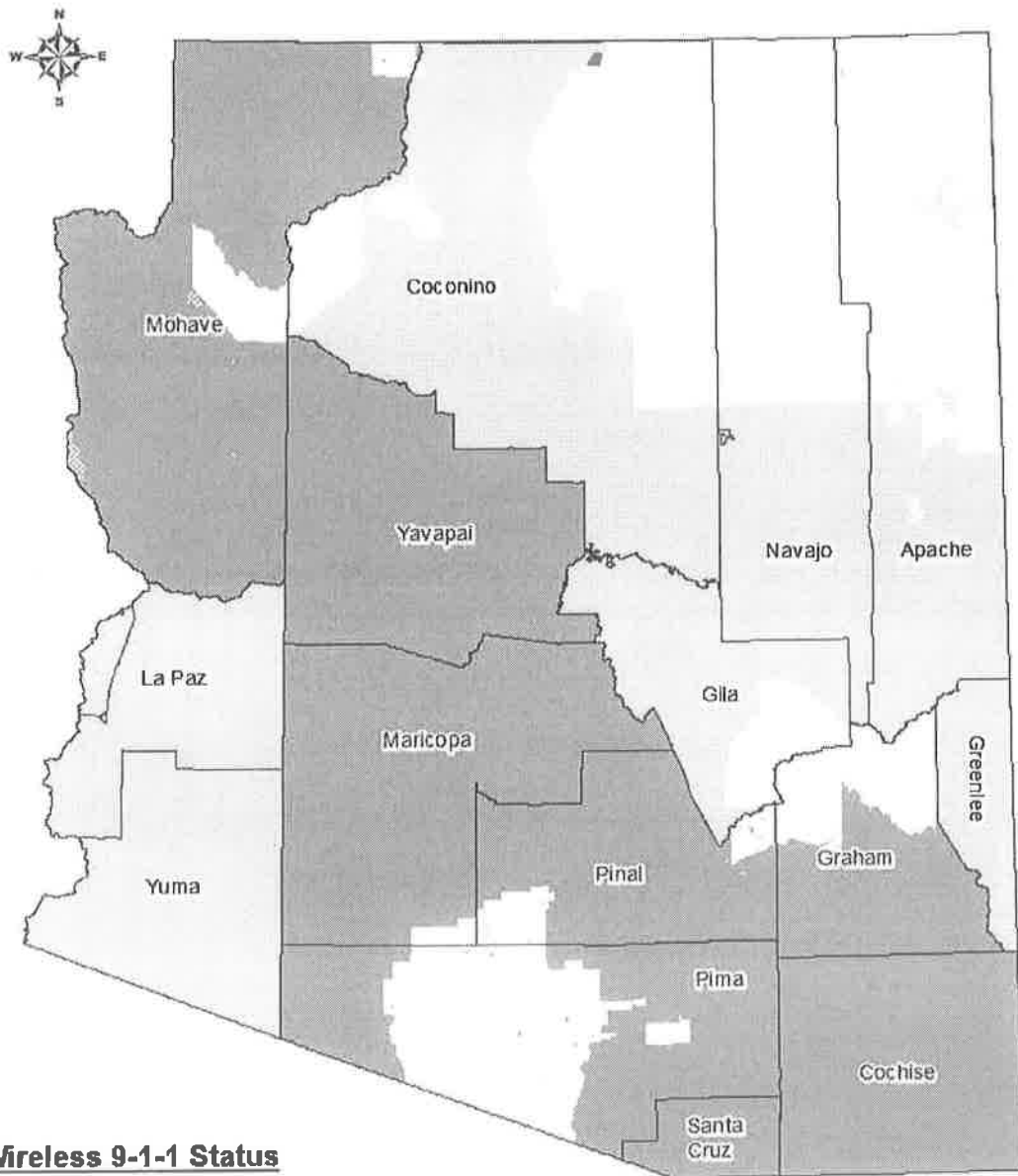


GIS 9-1-1 Status

-  Standards Compliant
-  Non Participant Arizona 9-1-1

Map as of August 2015
Created by Sandra Dyre
(sandra.dyre@azdoa.gov)

Arizona Wireless 9-1-1 Status



Wireless 9-1-1 Status

- Non Participant Arizona 9-1-1
- Modified Phase II
- Full Phase II

Map as of June 2016
 Created by Sandra Dyre
 (sandra.dyre@azdoa.gov)



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 7, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Rebecca Perrera, Senior Fiscal Analyst *RP*

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

Request

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

Recommendation

The Committee has at least the following 2 options:

1. A favorable review of the department's report.
2. An unfavorable review of the report.

ADOA previously expected to spend all of the \$2,910,000 awarded for the SLIGP, through June 2016. However, ADOA's actual spending was less, at \$1,396,900. The lower-than-expected spending can be attributed to the federal government extending the grant through FY 2018. ADOA's FY 2017 plans include continuing education and outreach through meetings with local public safety agencies, tribes, and non-public safety stakeholders. In addition, ADOA plans to complete its data collection and develop a state implementation plan for the network.

(Continued)

Analysis

Background

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

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

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

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

In addition, ADOA reports that it has shifted grant funding for ADOA FTE Positions to project vendors and contractors. The grant's budget includes \$2,039,500 for professional services, \$500,000 for ADOA program support, \$222,900 for travel, and \$149,100 for supplies and equipment.

Expenditures

Through June 30, 2016, ADOA has spent \$1,396,900 (48%) of its \$2,911,100 total grant award. Through FY 2016, AZNET completed the first phase of the grant. AZNET identified 850 first responder agencies in more than 1,400 locations throughout the state, in addition to various secondary agencies that support first responders, such as transportation, public works, and public health agencies. AZNET conducted approximately 145 on-site outreach meetings to educate these stakeholders.

In FY 2017, AZNET plans to continue its education and outreach efforts including briefing local jurisdictions, conducting a tribal outreach program, coordinating a trial use of the FirstNet spectrum for Arizona tribes, collecting data on stakeholder needs and broadband capacity, and drafting a public safety communications governance model.

RS/RP:kp

Douglas A. Ducey
Governor



Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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

November 23, 2016

The Honorable Justin Olson, Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Don Shooter, Vice Chair
Joint Legislative Budget Committee
Arizona Senate
1700 West Washington Street
Phoenix, Arizona 85007



Dear Representative Olson and Senator Shooter:

At the Joint Legislative Budget Committee meeting on October 29, 2013, the Arizona Department of Administration (ADOA) was asked to provide an annual report on a three year, \$2.91 million grant, under the State and Local Implementation Grant Program (SLIGP). Since then, the Department has submitted reports for review of the expenditures of monies received from the State and Local Implementation Grant Program associated with the National Public Safety Broadband Network Initiative. A FY 2017 General Appropriation Act footnote requires ADOA to submit a report by October 1, 2016 to JLBC for review of the expenditures to date and progress of implementation for any SLIGP funds.

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

Sincerely,

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

Craig Brown
Director

cc:

Richard Stavneak, Director, JLBC

Rebecca Perrera, Fiscal Analyst, JLBC

Lorenzo Romero, Director, OSPB

Will Palmisano, Budget Analyst, OSPB

Morgan Reed, ADOA State CIO

Matthew Hanson, ADOA-GFR Statewide Grants Administrator

Attachments:

FY16 Q1-Q12 FirstNet Budget and Expenditure Report

Arizona Department of Administration Arizona FirstNet Program Q1-Q12 FY16 Status Report

BACKGROUND:

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

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

Through June 2016, the Arizona program had focused primarily on education and outreach among local public safety agencies, tribes and local governments in preparation for the initial State Consultation by federal FirstNet staff.

In FY17, the focus of the SLIGP grant and planning efforts will be on preparation for the delivery of the state plans by FirstNet and its selected partner. A draft state plan is estimated to be released in late spring/early summer of 2017 and the state evaluation team will begin to analyze the components of the plan for submission to the established governance body and finally to the Governor. Continued education and outreach with an emphasis on tribal engagement will be a key component to the FY17 strategy.

FY17 STRATEGIES

The FY17 plan calls for focus on the following strategies;

- Complete second round of data collection and submit comprehensive report to FirstNet by September 30, 2016.
- Establish State Interoperability Executive Committee (SIEC) Governance model.
- Develop process for evaluating FirstNet State Plan for the Governor's review and decision to opt-in/opt-out.
- Update Digital Arizona website to be used to disseminate information to the public and stakeholders on the progress of the Arizona's Public Safety Broadband Network project.
- Continue state, tribal and local public safety association briefings.
- Continue state and local education and outreach meetings with an emphasis on tribal engagement.
- Conduct a nationwide public safety broadband full scale exercise in conjunction with the Hualapai Tribe, Grand Canyon West Corp and state and local public safety agencies.
- Prepare and coordinate future FirstNet state consultation meetings.

FY16 ACCOMPLISHMENTS

Completed FY16 activities

- Developed and began execution of Tribal Outreach and Education Plan.

- Planning efforts for full scale tribal exercise to be conducted in September 2016 with the Hualapai Tribe, Grand Canyon West Corporation and state and local public safety agencies.
- Continued data collection efforts for submission to FirstNet for consideration in the development of the State network deployment plan.
- Conduct Tribal outreach to Inter-Tribal Council, Hualapai Tribe, Navajo Nation and Salt River Pima Maricopa Indian Community.
- Research and draft public safety communications governance model.
- Completed Education and Outreach stakeholder meetings – attended by over 500 public safety stakeholders.
 - Tribal Engagement – 259 stakeholders
 - Emergency Management – 50 stakeholders
 - Law Enforcement – 178 stakeholders
 - General Government – 29 stakeholders

FINANCIAL INFORMATION

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

Budget Categories

Categories included in this report are defined as follows;

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

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

Budget and Actuals

Cumulative

The federal grant award is \$2,911,147 with required matching funds of \$901,642. Twelve quarters of the grant cycle have elapsed with total expenditures of \$1,396,921 as of June 30, 2016 or 48% of the federal funds authorized and in-kind expenditures of \$586,004 or 65% of the required matching funds.

Projected expenses for the project are on track to utilize funding in FY17 and through the end of the grant period of January 2018 for mainly consulting/contractual services. The ADOA Office of Grants and Federal Resources have shifted expenses from full time staffing to contractual services to more effectively and efficiently manage to the project. A small portion of salaries and fringe is allocated to the Statewide Grant Administrator to oversee to project and contractors.

**ARIZONA DEPARTMENT OF ADMINISTRATION
OFFICE OF GRANTS AND FEDERAL RESOURCES
STATE and LOCAL IMPLEMENTATION GRANT PROGRAM (SLIGP)**

AZ FirstNet Budget Report

FY16

Cost Category	FEDERAL				NON-FEDERAL (In-Kind)				Total Budget Remaining
	Budget	Actual As of 6/30/16	Remaining Balance	% Expended	Budget	Actual	Remaining Balance	% Expended	
Personnel	410,019.60	157,124.60	252,895.00	38%	238,800.59	199,593.94	39,206.65	84%	292,101.65
Fringe	89,731.20	42,877.34	46,853.86	48%	153,175.68	75,003.19	78,172.49	49%	125,026.35
Travel	222,852.41	68,001.64	154,850.77	31%	-	-	-	-	154,850.77
Equipment	-	-	-	-	-	-	-	-	-
Supplies	149,061.27	92,674.02	56,387.25	62%	-	-	-	-	56,387.25
Contracts	2,039,482.72	1,036,243.71	1,003,239.01	51%	100,000.00	-	100,000.00	0%	1,103,239.01
Other	-	-	-	-	409,665.75	311,406.67	98,259.08	76%	98,259.08
TOTAL	2,911,147.20	1,396,921.31	1,514,225.89	48%	901,642.02	586,003.80	315,638.22	65%	1,829,864.11



STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: December 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Rebecca Perrera, Senior Fiscal Analyst *RP*

SUBJECT: Arizona Department of Administration - Review of Automation Projects Fund Expenditure Reallocation

Request

Pursuant to A.R.S. § 41-714, the Arizona Department of Administration (ADOA) Arizona Strategic Enterprise Technology (ASET) Office requests that the Committee review a reallocation of its FY 2016 Automation Projects Fund (APF) appropriation. The FY 2016 APF appropriation included \$500,000 for the Enterprise Architecture projects. ADOA is proposing to spend \$347,000 of its remaining unspent funds from this appropriation to develop a Customer Relationship Management System to communicate with agencies on the status of Information Technology (IT) projects. These monies do not lapse until the end of FY 2017.

Recommendation

The Committee has at least the following 2 options:

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

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

- A. ADOA shall ensure that the revised Project Investment Justification (PIJ) document includes additional information as agreed to by JLBC and ASET staff.

(Continued)

Analysis

Background

The FY 2016 APF appropriation included \$500,000 for Enterprise Architecture projects. Enterprise Architecture is the process of creating an ongoing framework to assist in evaluating the need for a new IT system or an upgrade to an existing one in state agencies. At its June 2016 meeting, the Committee favorably reviewed ADOA's plan to spend \$400,000 of its Enterprise Architecture allocation for a Strategic Technology Assessment. This amount included providing policy, standards, and procedure compliance training to state agencies along with providing business analytics and management services statewide. ADOA only required \$53,000 to complete the assessment, leaving \$347,000 of the \$400,000 allocation unspent.

Current Proposal

ADOA is now proposing to reallocate the remaining \$347,000 to develop and implement a Customer Relationship Management System. The system is a web-based database application used to manage the Project Investment Justification (PIJ) process including relevant communication between agency stakeholders and ADOA-ASET, PIJ Forms, PIJ approvals, and workflow data. The system will automate the PIJ process and allow agencies to electronically submit PIJ information. In addition, the system will be the database of record for PIJ documentation and agency communication for IT projects. This will allow ASET to efficiently track and monitor all statewide IT projects. ASET also reports the system will allow more functionality and flexibility with the PIJ document which should improve the level of information provided.

Of the total project costs, \$291,800 is for the development and licensing in the first year. Annual licensing costs are expected to be \$162,400. These operating costs would be paid by ADOA's internal IT funds within ADOA's operating budget. ASET's costs estimates are based on using a vendor currently on state contract with the State Procurement Office.

The project PIJ has received the relevant approval from ASET. This means that ASET has essentially approved its own project.

PIJ Documents

In FY 2016, ADOA revised its PIJ form. The new PIJ form is designed in a "Turbo Tax"-like format. The form asks agencies to answer a series of questions about the solution being proposed. Based on submissions during the past year, the JLBC Staff believes that the new PIJ format does not provide sufficient information about the projects. The content lacks the necessary details to understand the justification for the project, the proposed solution including implementation plan, vendor selection, and budget components. In addition, for projects with multiple phases, the PIJ does not address these phases or ongoing operating costs.

At the September 2016 Committee meeting, the Committee favorably reviewed ADOA's FY 2017 APF expenditure plan with the provision that ADOA report to the JLBC Staff its efforts to increase the level of background information provided in the PIJ documents on or before November 30, 2016.

The JLBC Staff met with ASET in December 2016 to further discuss the PIJ form. ADOA agreed to:

1. Expand the JLBC submission to include the project timeline and project deliverables.
2. Incorporate financial information including fund sources for development and operating costs.

(Continued)

3. Enhance the PIJ narrative to provide more information about the project need and benefit. This information should limit IT jargon and be specific about the project need and benefit. If agency staff do not complete the PIJ narrative adequately, ASET staff will write additional information about the justification in the "Strategic Manager Analysis" section on the last page of the PIJ form.

The Committee may consider a provision stating that ADOA shall ensure that this improved PIJ information is included when requesting review of future projects.

RS/RP:kp

Douglas A. Ducey
Governor



Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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(602) 542-1500

November 23, 2016

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



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

Dear Senator Shooter and Representative Olson:

In accordance with Arizona Revised Statutes § 41-714, the Arizona Department of Administration (ADOA) is submitting this request for review of fiscal years 2016 and 2017 Automation Projects Fund (APF) projects. Monies to support the expenditure plans have already been appropriated to the APF.

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

Sincerely,

A handwritten signature in blue ink, appearing to be "CB" followed by a flourish.

Craig C. Brown
Director

Enclosures

cc: Richard Stavneak, Director, JLBC
Lorenzo Romero, Director, OSPB
Derik Leavitt, Assistant Director, ADOA
Rebecca Perrera, JLBC Staff
Chris Olvey, OSPB Staff
Morgan Reed, State CIO

FY16 Automation Projects Fund (APF; A.R.S. § 41-714)
Favorable Review Request for December 2016 JLBC Meeting

Agency- Division	Project Name	FY16 APF Appropriation	JLBC Favorable Review Request	PIJ/ASET/ITAC Status
ADOA-ASET	Customer Relationship Management (CRM)	\$0	\$346,992 ¹	Pending State CIO Approval
Total FY16 APF December 2016 Request			\$346,992*	*Proposed unspent amount of \$346,992 to be reallocated from favorable review FY16 appropriation initiative for Strategic Technology Assessment to CRM
Total Favorably Reviewed FY16 APF Funds			\$24,568,178	
FY16 APF Funds Not Yet Reviewed by JLBC			\$226,222	
Total FY16 Appropriated APF Budget			\$24,794,400	

¹ Using Fiscal Year 2016 APF funds appropriated for Enterprise Architecture Enhancements projects, ADOA-ASET closed the Strategic Technology Assessment Project (No PIJ Required) at a cost of \$53,008. ADOA-ASET proposes to utilize the remaining Fiscal Year 2016 APF funds appropriated for Enterprise Architecture Enhancements projects in the amount of \$346,992 to develop the Customer Relationship Management (CRM). The CRM is a web-based, solution to help maintain and support our customer information and rapport. CRM is a word that refers to the strategies and technologies that companies use to help manage and analyze customer interactions and data from beginning to end. Our solution will help us provide management with the analysis and reporting to help conduct our business and help project future projects and statuses. A CRM solution will help improve ADOA-ASET business relationships with our agencies partners allowing us to properly manage information and help keep the team updated on any changes. It is designed to collect information on customers that include, email, telephone, IM chatting, and even social media. These solutions can be done on a mobile device app, a feature that will come in handy when our Engagement Managers and other members within ADOA-ASET are conducting their agency services and visits.

Projects Related to Enterprise Architecture Enhancements

Project Name	FY17 Description	FY17 Project Budget	Fav. Rev. Req'd Amt.	PIJ/ASET/ ITAC Status	JLBC Fav. Rev. Status
Customer Relationship Management (PIJ ID #AD17003)	CRM will assist in organize, automate, and synchronize our customer information - Provide accurate reporting and analysis of real time data - To have a cloud based solution for a centralized database -Provide high level customer services to supporting state agencies	\$0	\$346,992	Pending State CIO Approval	Pending
Total			\$346,992		

Customer Relationship Management (CRM)	
Agency Requesting The Project:	
Administration Department	
Business Unit Requesting The Project:	
Business Engineering	
Sponsor Of the Project:	
Douglas Lange	
Sponsor Title:	
Chief Strategy Officer, ASET	
Sponsor Phone Number:	Extension:
602.542.8947	
Sponsor Email Address:	
Doug.Lange@azdoa.gov	

Has a Project Request been completed for this PIJ?	Y
----------------------------------------------------	---

<p>What is the operational issue or business need that the Agency is trying to solve? (i.e. ...current process is manual, which increases resource time/costs to the State/Agency, and leads to errors...)</p> <p>As part of the FY16 APF allocation to ADOA to further statewide IT Assessment efforts, ADOA has identified additional tools and solutions to further this effort. These tools would assist in the identification, gathering, and analysis of critical statewide infrastructure IT data related to the original intent of the appropriated monies. This effort is being lead by the Business Engineering team and will benefit all of ADOA-ASET. Having a Customer Relationship Management system (CRM) will allow ASET to capture and store important information about the agencies it supports in an effort to better partner with them, understand their IT issues, and bring to light potential solutions to meet their needs.</p> <p>The Business Engineering team also plays a vital role in the Arizona Project Information Justification (PIJ) process. A PIJ is needed when any IT project is \$25K or higher. The current PIJ process is manual from Start to Finish. This includes numerous email communications, manual approval processes, and documentation using MS Word. In order to maintain the progress on a PIJ status, the Engagement Managers rely heavily on excel spreadsheets, phone calls, and email communication.</p> <p>Our Strategy & Planning team members also have a manual process used to track strategic IT plans for each AZ agency. The information needed from an agency is emailed to ASET on a Word document and then the exact information is manually entered into an access database.</p> <p>Our processes are manual and time consuming. We currently do not have any reporting tools to track engagement activities.</p>

<p>How will solving this issue or addressing this need benefit the State or the Agency?</p> <p>As stated above, this will significantly help ASET in it's efforts to treat and support state agencies as our customer. Implementing a CRM and storing pertinent agency information within it will allow us to more efficiently and effectively assist the agencies we support and derive important analytics to drive future strategic initiatives.</p> <p>In addition, this will help us support the agencies and expedite their project lifecycle for the PIJ process and help keep an accurate agency/contact repository that we can run analysis on. The new solution will help save time from manually searching for outdated and unorganized documentation. We will be able to have real time data to report analysis, trends, and pipelines in one central location.</p>

Describe the proposed solution to this business need:	
<p>We propose that a Customer Relationship Management solution such as "Salesforce", be implemented to help automate and streamline our agency engagement activities.</p> <p>We would like to have a cloud based solution that will allow us to have a centralized database. we also need a solution that allows us to report & analyze real time data.</p>	
Has the existing technology environment, into which the proposed solution will be implemented, been documented?	<input type="text" value="Y"/>
Indicate where that documentation can be found, or provide the information under separate cover before the meeting, otherwise describe below:	
Solution is software as a service (SaaS) which is vendor hosted and FedRAMP compliant. The vendor is responsible for maintaining all documentation.	
Have the business requirements been gathered, along with any technology requirements that have been identified?	<input type="text" value="Y"/>
Are you submitting this as a Pre-PIJ in order to issue a Request for Proposal (RFP) to evaluate options and select a solution that meets the project requirements?	<input type="text" value="N"/>
Will you be completing an assessment/Pilot/RFP phase, i.e., an evaluation by a vendor, third party or your agency, of the current state, needs, and desired future state, in order to determine the cost, effort, approach (RFP or otherwise) and/or feasibility of a project before submitting the full PIJ?	<input type="text" value="N"/>
Does the project fall into one of the following categories:	
<p>- hardware technology refresh/expansion, e.g., replacement/more laptops, radios, peripherals, etc.?</p> <p>- software version refresh/additional licenses, e.g., MS Office 2013 replacing 2010, extra software licenses needed for additional PCs?</p>	
Is the proposed procurement the result of an RFP solicitation process?	<input type="text" value="N"/>
Is this project referenced in your agency's Strategic IT Plan?	<input type="text" value="Y"/>

Summary of PIJ Financials

Total of Development Cost:	\$	233,076
Total of Operational Cost:	\$	579,318
Total Costs:	\$	812,394

Project Cost - Itemized

Item	Description	Category	Development (Implementation) or Operational (Ongoing)	Fiscal Year Spend	Qty or Hours	Unit Cost	Extended Cost	Enter Tax Rate if Applicable (Generally 8.6% for PHX)	Tax	Total Cost
1	CRM Implementation	Prof & Outside Services	Development	1	1	\$96,840.00	\$96,840		\$0	\$96,840
2	Salesforce Lightning Sales Cloud	License & Maint Fees	Development	1	43	\$2,124.00	\$91,332	8.60%	\$7,855	\$99,187
3	UE Government Cloud - Lightning Sales	License & Maint Fees	Development	1	1	\$7,740.00	\$7,740	8.60%	\$666	\$8,406
4	Identity Connect	Other	Development	1	43	\$10.20	\$439	8.60%	\$38	\$476
5	Customer Community Plus Members	License & Maint Fees	Development	1	300	\$82.34	\$24,702	8.60%	\$2,124	\$26,826
6	Communities Government Cloud	License & Maint Fees	Development	1	1	\$1,235.10	\$1,235	8.60%	\$106	\$1,341
7										
8										
9										
10	Lightning Sales Cloud (Add 4% renewal uplift)	License & Maint Fees	Operational	FY2-5	43	\$2,254.87	\$96,959	8.60%	\$8,339	\$421,192
11	UE Government Cloud - Lightning Sales	License & Maint Fees	Operational	FY2-5	1	\$8,216.93	\$8,217	8.60%	\$707	\$35,694
12	Identity Connect (Add 4% renewal uplift)	Other	Operational	FY2-5	43	\$11.00	\$473	8.60%	\$41	\$2,055
13	Customer Community Plus Members (Add 4% renewal uplift)	License & Maint Fees	Operational	FY2-5	300	\$88.00	\$26,400	8.60%	\$2,270	\$114,682
14	Communities Government Cloud (Add 4% renewal uplift)	License & Maint Fees	Operational	FY2-5	1	\$1,311.20	\$1,311	8.60%	\$113	\$5,696
15										
16										
17										
								Total Development Cost		\$233,076
								Total Operational Cost		\$579,318
								Total Itemization of Costs:		\$812,394

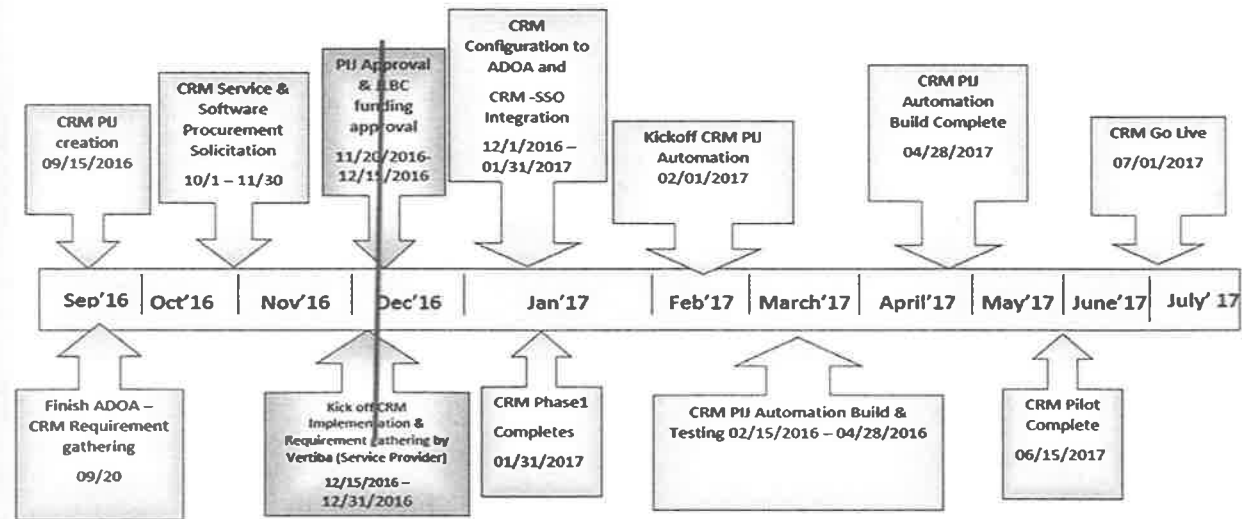
Summary of Funding Sources			
Fund Type	% of Project	\$ of Project (Available)	\$ of Project (To Be Requested)
Base Budget	57.92%		\$470,514.35
APF	42.08%	\$341,880.00	\$0.00
Other Appropriated			
Federal			
Other Non-Appropriated			

Total costs available to distribute between funding sources
#REF!

PII Development & Operational Cost Summary

Description	Type	Year 1	Year 2	Year 3	Year 4	Year 5	Extended Cost
Professional & Outside Services	Development	\$96,840	\$0	\$0	\$0	\$0	\$96,840
	Operational	\$0	\$0	\$0	\$0	\$0	\$0
Hardware	Development	\$0	\$0	\$0	\$0	\$0	\$0
	Operational	\$0	\$0	\$0	\$0	\$0	\$0
Software	Development	\$0	\$0	\$0	\$0	\$0	\$0
	Operational	\$0	\$0	\$0	\$0	\$0	\$0
Communications	Development	\$0	\$0	\$0	\$0	\$0	\$0
	Operational	\$0	\$0	\$0	\$0	\$0	\$0
Facilities	Development	\$0	\$0	\$0	\$0	\$0	\$0
	Operational	\$0	\$0	\$0	\$0	\$0	\$0
Licensing & Maintenance Fees	Development	\$135,760	\$0	\$0	\$0	\$0	\$135,760
	Operational	\$0	\$144,316	\$144,316	\$144,316	\$144,316	\$577,268
Other	Development	\$476	\$0	\$0	\$0	\$0	\$476
	Operational	\$0	\$514	\$514	\$514	\$514	\$2,056
Development Cost:		\$238,076	\$0	\$0	\$0	\$0	\$238,076
Operational Cost:		\$0	\$144,830	\$144,830	\$144,830	\$144,830	\$579,318
Total Cost:							\$812,394

CRM - Salesforce Implementation Project Timeline 09/01/16 – 07/01/17



<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

PIJ Disposition			
Approved			
Approved with conditions			
Not Approved			
Strategic Program Manager Analysis			
<p>The ADOA-ASET Business Engineering team has demonstrated a clear need to improve it's customer relationship management and increase the organization of customer data and communications, as well as the status of stakeholder projects. In order for a strategic technology assessment to be successful, a system of record to capture and analyze the data would serve the stated intent of ADOA-ASET.</p> <p>As projects and conversations with Agencies move forward, many times they lead to a PIJ, and the CRM solution proposed by ADOA-ASET will also allow the Business Engineering team to modernize the PIJ process and bring the PIJ workflow online. The current PIJ tool based in Excel is not an enterprise solution, and has many shortcomings as previously identified by JLBC and Agencies themselves. The solution being proposed in this PIJ will help organize the process of customer lifecycle management from beginning conversations all the way through the creation, processing, and ultimately closure of a PIJ, and is certainly an improvement over the current immature customer management and PIJ processes.</p> <p>The Business Engineering team has detailed what a CRM is, why it will help improve business processes, and how the solution will be implemented. Adequate Project Management is in place from the State Enterprise Project Management Office (EPMO), and it has been identified how the project will be funded. A thorough Competitive Analysis of multiple vendors and products has been conducted which has demonstrated a clear and repeatable rationale for selecting the chosen vendor.</p> <p>The current PIJ process lacks flexibility to adapt to changing requirements, is not customer friendly, and can be confusing to some Agencies. This proposed solution will help ease the burden on Agencies, improve the level of efficiency for ASET, and increase the transparency of the process for all involved.</p> <p>PIJ is approved via delegated authority without conditions.</p>			
Authorized Approver:	David Tischler	Approval Date:	12/8/2016

Condition (If Applicable)

ADOA Report to JLBC

Update on the Project Investment Justification Report and Process

PURPOSE OF THIS REPORT:

This report serves as an update to the Joint Legislative Budget Committee (JLBC) on the Arizona Department of Administration's (ADOA) efforts to improve upon the level of detailed information contained in the streamlined process by which agencies submit a project investment justification (PIJ) report for Information Technology (IT) projects. As per Item 8-B, Condition B as set forth by the JLBC, regarding favorable review of Automation Projects Fund (APF) monies during the September 21, 2016 meeting, the committee's spend authorization included the following provision:

B. ADOA shall report to the JLBC Staff on or before November 30, 2016, its efforts to increase the level of background information provided in the Project Investment Justification (PIJ) documents.

BACKGROUND OF CURRENT JLBC REQUEST

As noted in the September 21, 2016 JLBC meeting agenda analysis document, JLBC states, "The new PIJ form was developed with input from agency PIJ users, JLBC, OSPB, and ADOA Procurement stakeholders. The new PIJ form is designed in a 'Turbo Tax'-like format. The form asks agencies to answer a series of questions about the solution being proposed.

Based on submissions during the past year, the JLBC Staff believes that the new PIJ format is not providing sufficient information about the projects. The content lacks the necessary details to understand the justification for the project, the proposed solution including implementation plan, vendor selection, and budget components. In addition, for projects with multiple phases, the PIJ does not address these phases or ongoing operating costs."

ADOA RESPONSE TO JLBC

ADOA is committed to providing the JLBC detailed information to assist committee and staff members in project analysis and consideration. We appreciate the feedback received from JLBC and will implement several counter-measures as detailed below based of feedback received from JLBC as follows:

- JLBC Request: "...JLBC Staff believes that the new PIJ format is not providing sufficient information about the projects," including project justification, details of the proposed solution, implementation plan, vendor selection, and budget components.
 - ADOA Response: ADOA commits to augment the oversight narrative and information provided in the "Engagement Manager Analysis" section of the PIJ

Disposition Page. ADOA staff will elaborate in greater detail the underlying project background, business or solution justification, implementation plan, vendor selection and budget or funding considerations. ADOA will endeavor to include analysis and explanations in non-technical terminology, where appropriate, to assist reviewers in understanding content and context.

Additionally, where a project plan is not detailed as part of the PIJ form sections, ADOA will include the agency's submitted plan as part of the approval package or as a separate PDF/Doc.

- JLBC Request: "...for projects with multiple phases, the PIJ does not address...ongoing operating costs."
 - ADOA Response: ADOA commits to better utilize the existing "PIJ Financials" section by completing the existing "Summary of Funding Sources" with detailed budgetary figures assuring the "% of Project" column totals 100%, as the macro enabled template is designed to do.

ADOA will also assure the "PIJ Development & Operational Cost Summary" section which details both development and operational costs across the 5-year project lifecycle is completed accurately. As these Excel-based worksheets are now formula based and macro enabled, they are designed to carry-forward totals and calculations automatically. ADOA will assure these formulas are properly working and delivering accurate figures.

- Value Metrics: ADOA is working to develop a method to capture Value Metrics as they relate to a proposed IT project within the PIJ form. The goal would be to capture the Value being derived by implementing a particular solution or project. These values may include Cost Savings, Cost Avoidance, Revenue Generation, etc.. ADOA recently submitted a proposal on how this may be accomplished at the request of a member of the State Senate and will act accordingly once a response is received.
- PIJ Automation: In an effort to continue improving the PIJ process, ADOA is working to procure a tool to assist the organization in standing-up an automation solution. This tool will allow for a web-based PIJ submission process starting from PIJ inception and approval through ongoing oversight and monitoring. ADOA anticipates this solution will greatly simplify the user experience (agencies) while simultaneously allowing for a nimble platform upon which to modify and improve the PIJ process and report output going forward.



STATE OF ARIZONA

Joint Legislative Budget Committee

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STEVE MONTENEGRO
MICHELLE UGENTI-RITA

DATE: December 12, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Patrick Moran, Fiscal Analyst *PM*

SUBJECT: Department of Economic Security - Review of Division of Developmental Disabilities
Operating Budget and Case Management Appropriation Transfers

Request

Pursuant to a FY 2017 General Appropriation Act (Laws 2016, Chapter 117) footnote, before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items, the Department of Economic Security (DES) must submit a report for review by the Joint Legislative Budget Committee (JLBC).

This request is for review of a transfer of \$23,000,000 of total funds (General Fund and Federal Funds) out of the Medicaid Home and Community Based Services line item. The monies would be transferred into:

- the DDD Operating Budget line item, \$12,500,000
- the Medicaid Case Management line item, \$10,500,000

Recommendation

The Committee has at least the following 3 options:

1. A favorable review of all Operating Budget and Case Management transfers.
2. A favorable review of all transfers except \$1.9 million in unspecified administrative costs.
3. An unfavorable review of all Operating Budget and Case Management transfers.

(Continued)

The Committee favorably reviewed only a portion of DES' FY 2016 operating budget transfer request in February. DES, however, transferred their full request. As a result, DES' compliance with option 2 or option 3 is uncertain.

Under any option, the Committee may consider a provision that would require DES to report on or before January 13, 2017 on the increase in DDD administrative expenditures between FY 2015 and FY 2016.

Analysis

As a result of DES moving significant funding out of service lines into administration and case management in previous years, the FY 2017 budget continued a footnote requiring Committee review of any funding being transferred in or out of the DDD Operating Budget line and the Case Management lines so as to provide oversight if the department proposes to increase or decrease administrative resources.

DES plans to transfer \$23.0 million of total funds out of the Medicaid Home and Community Based Services line item in FY 2017. The transfer will include a corresponding increase of \$23.0 million for the DDD Operating Budget and Medicaid Case Management lines in FY 2017, including \$12.5 million for DDD Operating and \$10.5 million for Medicaid Case Management.

DES has made similar transfers previously to adjust appropriations to actual expenditures across the Medicaid lines and to make discretionary adjustments. *Table 1* shows DDD appropriation transfers in FY 2015 and FY 2016 as well as the requested transfers in FY 2017. The Committee favorably reviewed transfers of \$7.3 million for the DDD Operating Budget and \$4.2 million for Medicaid Case Management in FY 2016. Contrary to the Committee's intent, DES transferred the full \$10.5 million to the DDD Operating Budget and \$5.5 million to Medicaid Case Management originally requested.

Table 1

DDD Medicaid Appropriation Total Fund Transfers

Line Item	FY 2015	FY 2016 ^{1/}	FY 2017 Request
DDD Operating Budget	\$8,287,000	\$10,500,000	\$12,500,000
Medicaid Case Management	3,174,000	5,500,000	10,500,000
Medicaid HCBS	(20,542,000)	(22,500,000)	(23,000,000)
Medicaid Institutional Services	3,418,000	2,500,000	0
Medicaid Medical Services	4,476,000	3,000,000	0
Medicaid ATP-C	1,187,000	1,000,000	0

^{1/} The Committee only approved transfers of \$7,300,000 for DDD Operating and \$4,200,000 for Medicaid Case Management.

DDD Operating Budget

The DDD Operating Budget line item funds staff that support DDD administration (excluding case managers and direct care staff), and other operating expenditures. The FY 2017 total fund appropriation is \$49.5 million, while actual FY 2016 expenditures were \$58.3 million. DES is requesting to transfer \$12.5 million in additional funds to the DDD Operating Budget line for total spending of \$62.0 million. The \$12.5 million would be allocated as follows:

(Continued)

- \$8.8 million for a base modification to reflect FY 2016 spending.
- \$1.8 million to pay for premium tax increases on capitation revenue which grows along with caseload and capitation growth. The premium tax is a 2% tax on net insurance premiums. This funding is included in the original FY 2017 budget.
- \$1.9 million for unspecified funding.

Under Option 2, the Committee would only favorably review the base modification and the growth in the premium tax.

DES allocates DDD administrative expenditures across both the DDD Operating line item and the DES Operating budget. There may have been a significant increase in administrative spending between FY 2015 and FY 2016, but the JLBC Staff lacks sufficient information to determine the magnitude with any certainty. The JLBC Staff is seeking further clarification for the increase in FY 2016 administrative spending. If this information is not available before the JLBC meeting, the JLBC Staff recommends adding a provision requiring DES to report on the reason for the increase on or before January 13, 2017.

If DES makes the transfer, the additional funds for operating expenses will not be available for addressing costs associated with Proposition 206. The initiative will raise the minimum wage to \$10.00 beginning January 1, 2017, which could increase costs for services rendered by contracted DD direct care workers in FY 2017. State employees are exempt from the Proposition 206 minimum wage requirements, but contracted workers are not exempt.

Medicaid Case Management

The Case Management line funds case management services to DDD clients. The FY 2017 total fund appropriation is \$55.3 million, while actual FY 2016 expenditures were \$56.5 million. DES is requesting to transfer \$10.5 million into the Medicaid Case Management line, for total spending of \$65.8 million. The \$10.5 million would be allocated as follows:

- \$1.1 million to align the FY 2017 appropriation adjustment with FY 2016 actual expenditures.
- \$4.7 million for hiring of additional case managers to comply with case manager caseload ratios required by ALTCS contracts. This funding is included in the original FY 2017 budget.
- \$4.7 million to annualize the cost of case manager salary adjustments implemented in April 2016. In February 2016, the Committee favorably reviewed funding for these salary adjustments through FY 2016.

Table 2 shows actual FY 2016 total fund expenditures in each line, the FY 2017 appropriation, what the appropriation would be with the requested transfers, and what the approved transfers would be under Option 2.

Table 2	FY 2016	FY 2017		
	Actuals	Appropriation	Request	Option 2
DDD Operating Budget	\$58,300,000	\$49,477,100	\$61,977,100	\$60,054,400
Medicaid Case Management	56,468,300	55,347,700	65,847,700	65,847,700



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Douglas A. Ducey
Governor

Henry Darwin
Interim Director

DEC 06 2016



The Honorable Don Shooter, Chairman
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

Dear Chairman Shooter:

The Department of Economic Security (Department) requests to be placed on the Joint Legislative Budget Committee's next agenda for review of appropriation transfer plans for the Division of Developmental Disabilities (DDD) as required in Laws 2016, Second Regular Session, Chapter 117, Section 35:

Before transferring any money in or out of the case management - medicaid, case management - state-only, and DDD operating lump sum line items, the department of economic security shall submit a report for review by the joint legislative budget committee.

The Department plans to transfer Long Term Care System Fund - Federal Match appropriation authority into the DDD Operating Lump Sum and Case Management - Medicaid line items. The Arizona Long Term Care System (ALTCS) program experiences annual growth in members and capitation which necessitates additional authority each fiscal year. However, additional authority was historically added only in the Home and Community Based Services (HCBS) line item instead of appropriately allocated across all ALTCS-Medicaid line items. Without a base modification to appropriately align the line item authority the Department will be required to annually request this transfer in accordance with the aforementioned footnote.

DDD FY 17 Appropriation Transfers			
Line Item	Current Budget	Transfer Request	Adjusted Budget
DDD Operating Lump Sum	49,477,100	12,500,000	61,977,100
Case Management - Medicaid	55,347,700	10,500,000	65,847,700
HCBS - Medicaid	94,414,700	(23,000,000)	71,414,700

DDD Operating Lump Sum

Premium Tax on capitation revenue is included in the expenditures for DDD Operating Lump Sum which increases with caseload and capitation payments and in turn drives higher expenditures each fiscal year.

Case Management - Medicaid

Caseload ratios drive growth in the Case Management - Medicaid line item. Average ALTCS member growth is projected to be 4.5 percent in FY 17 which requires additional case managers and authority in the line item.

If you have any questions please contact Scott Carson, Chief Financial Officer, at (602) 364-2545.

Sincerely,



Henry Darwin
Interim Director

cc: President Andy Biggs, Arizona State Senate
Speaker David Gowan, Arizona House of Representatives
Members of the Joint Legislative Budget Committee
Director Richard Stavneak, Joint Legislative Budget Committee
Director Lorenzo Romero, Governor's Office of Strategic Planning and Budgeting



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DATE: December 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director *RS*

FROM: Matt Beienburg, Fiscal Analyst *MB*

SUBJECT: Arizona Board of Regents - Review of Qualifying College Credit Examinations

Request

A.R.S. § 15-249.06 requires the Arizona Board of Regents (ABOR) to maintain a list of qualifying examinations (with passing scores) that high school students may take in order to receive college credit in English language arts, mathematics, or science from Arizona's public universities. ABOR is required to submit this list to the Arizona Department of Education (ADE) and to the Committee for review on or before September 1 of each year. Teachers, districts, and charter schools whose students obtain passing scores on these examinations are eligible to receive bonus funding under the College Credit by Examination Incentive Program beginning in FY 2018.

Recommendation

The Committee has at least the following 2 options:

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

Under a favorable review, the Committee may consider adopting the following provision:

The Committee considers a favorable review of the list of qualifying college credit examinations to remain in effect in subsequent years unless changes are made to the list of examinations or passing scores. Regardless of whether or not such changes are made, ABOR shall continue to report the most current list of qualifying examinations and passing scores to ADE and the Committee by September 1st of each year.

(Continued)

Analysis

ABOR's Vice President of Academic and Student Affairs, in collaboration with the Executive Director and Steering Committee of AZTransfer (the coordinating body for Arizona's statewide articulation and transfer system and curricular alignment) and university provosts compiled a list of courses and passing scores currently accepted at Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA).

ABOR has identified 23 college level examinations in English language arts, science, and mathematics. These include 12 Advanced Placement (AP), 7 Cambridge International (CIE), and 4 International Baccalaureate (IB) examinations.

With the exception of 3 CIE examinations—Mathematics-A Level, Mathematics-Further-A Level, and Chemistry-A Level—the passing scores for each examination are identical across Arizona's 3 public universities, as shown in *Table 1* below.

Beginning in FY 2018, the College Credit by Examination Incentive Program provides \$450 to a district or charter school for each passing score on a qualifying examination by a student enrolled in a school with at least 50% free or reduced-price lunch (FRPL) eligibility. The program provides \$300 to a district or charter school for each passing score by a student in a school with fewer than 50% FRPL eligibility. At least half of each incentive award must be distributed to the associated teacher, and the remainder must be used for teacher professional development or student instructional support or materials.

Actual award amounts are subject to the incentive program's appropriation and will be reduced proportionally if the total awards earned exceed available monies. The FY 2017 budget's 3-year spending plan assumes a cost of \$5.0 million annually for the incentive program beginning in FY 2018.

Table 1

**Qualifying College Credit Examinations in English Language,
Mathematics, & Science**

		Passing Score ^{1/}		
		<u>ASU</u>	<u>NAU</u>	<u>UA</u>
<u>Advanced Placement (AP)</u>				
	Biology	3	3	3
	Calculus AB	3	3	3
	Calculus BC	3	3	3
	Chemistry	4	4	4
	Computer Science	4	4	4
	English Language and Composition	4	4	4
	English Literature	4	4	4
	Environmental Science	4	4	4
	Physics 1 Mechanics Only	4	4	4
	Physics 2 E & M Only	4	4	4
	Physics C	3	3	3
	Statistics	3	3	3
<u>Cambridge International Exam (CIE)</u>				
	English Language-A Level	E	E	E
	Biology-A Level	D	D	D
	Biology-AS Level	D	D	D
	Chemistry-A Level	D	E	E
	Chemistry-AS Level	D	D	D
	Mathematics-A Level	E	D	E
	Mathematics-Further-A Level	E	D	E
<u>International Baccalaureate (IB)</u>				
	Biology	4	4	4
	Chemistry	4	4	4
	Mathematics	5	5	5
	Physics	5	5	5

^{1/} AP examination scores range from 5 (highest) to 1 (lowest). CIE scores range from A (highest), B, C, D, E, F, G, U (lowest). IB scores range from 7 (highest) to 1 (lowest).



December 5, 2016

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

RE: Arizona College Credit by Examination Incentive Program List of Qualifying Exams

Dear Chairman Shooter,

The FY 2017 K-12 budget reconciliation bill established the College Credit by Examination Incentive Program (Incentive Program) within the Arizona Department of Education to provide an incentive bonus to teachers, school districts and charter schools for students who obtain a passing score on a qualifying examination for college credit while in high school (A.R.S. § 15-249.06).

As part of the Incentive Program, the Arizona Board of Regents (ABOR) is required to maintain and submit to the JLBC for review the list of qualifying examinations high school students may take in order to receive college credit in mathematics, English language arts or science from any of Arizona's public universities, as well as the passing scores required on the exams in order to receive college credit, to serve as the qualifying exams for the Incentive Program.

Representatives from ABOR, AZTransfer and the Offices for the Provosts at Arizona State University, Northern Arizona University and the University of Arizona compiled a list of all examinations the three public universities currently accept for students to receive college credit and the corresponding passing scores. The working group removed exams that were determined to be outside the scope of the legislation from the qualifying list and submitted the list of remaining exams and required passing scores to ABOR for approval.

Increasing the educational attainment of Arizona's citizenry is paramount for our state to prosper in the years to come. Thus, ABOR commends the Legislature and Governor Ducey for the creation of the Incentive Program and look forward to partnering with our state leaders to continue working to move Arizona forward.

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ENTERPRISE EXECUTIVE COMMITTEE

Eileen I. Klein, *Board President* • Michael M. Crow, *ASU President* • Rita Cheng, *NAU President* • Ann Weaver Hart, *UA President*

Attached please find the list of qualifying exams and corresponding passing scores for the Arizona College Credit by Examination Incentive Program pursuant to A.R.S. § 15-249.06.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eileen I. Klein".

Eileen I. Klein
President

Cc: Justin Olson, Representative & Chairman of House Appropriations Committee
Diane Douglas, Superintendent of Public Instruction
Richard Stavneak, Director, JLBC
Matt Beienburg, JLBC Analyst

ABOR List of Qualifying Exams for College Credit by Examination Incentive Program

Exam Type	Course and Exam Name	ASU cut score	NAU cut score	UA cut score
Advanced Placement (AP)	Computer Science A	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Biology	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Calculus AB	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Calculus BC	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Chemistry	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	English Language and Composition	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	English Literature	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Environmental Science	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Physics 1 Mechanics Only	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Physics 2 E & M Only	Exam score 4	Exam score 4	Exam score 4
Advanced Placement (AP)	Physics C	Exam score 3	Exam score 3	Exam score 3
Advanced Placement (AP)	Statistics	Exam score 3	Exam score 3	Exam score 3
Cambridge International Exam (CIE)	English Language-A Level	Exam score E	Exam score E	Exam score E
Cambridge International Exam (CIE)	Biology-A Level	Exam score D	Exam score D	Exam score D
Cambridge International Exam (CIE)	Biology-AS Level	Exam score D	Exam score D	Exam score D
Cambridge International Exam (CIE)	Chemistry-A Level	Exam score D	Exam score E	Exam score E
Cambridge International Exam (CIE)	Chemistry-AS Level	Exam score D	Exam Score D	Exam score D
Cambridge International Exam (CIE)	Mathematics-A Level	Exam score E	Exam score D	Exam score E
Cambridge International Exam (CIE)	Mathematics-Further-A Level	Exam score E	Exam score D	Exam score E
International Baccalaureate (IB)	Biology	Exam score 4	Exam score 4	Exam score 4
International Baccalaureate (IB)	Chemistry	Exam score 4	Exam score 4	Exam score 4
International Baccalaureate (IB)	Mathematics	Exam score 5	Exam score 5	Exam score 5
International Baccalaureate (IB)	Physics	Exam score 5	Exam score 5	Exam score 5

15-249.06. College credit by examination incentive program;
incentive bonuses; report; program termination

A. The college credit by examination incentive program is established within the department of education to provide an incentive bonus to teachers, school districts and charter schools for students who obtain a passing score on a qualifying examination for college credit while in high school.

B. The Arizona board of regents shall maintain a list of qualifying examinations that a high school student may take in order to receive college credit in mathematics, English language arts or science from any university under the jurisdiction of the Arizona board of regents and the passing scores required on those examinations in order to receive college credit. On or before September 1 of each year, the Arizona board of regents shall provide the list of qualifying examinations and passing scores to the department of education and shall submit this list to the joint legislative budget committee for review.

C. Beginning in fiscal year 2017-2018, the department of education shall pay an incentive bonus to school districts and charter schools for each student in grades nine through twelve who receives a passing score during the previous fiscal year on a qualifying examination identified by the Arizona board of regents pursuant to subsection B of this section. A student who receives a passing score on a qualifying examination and who is enrolled in a school where fifty percent or more of the students are eligible for free or reduced price lunches shall generate for the school district or charter school a bonus of four hundred fifty dollars per passing score on a qualifying examination. A student who receives a passing score on a qualifying examination and who is enrolled in a school where less than fifty percent of the students are eligible for free or reduced price lunches shall generate for the school district or charter school a bonus of three hundred dollars per passing score on a qualifying examination. If the statewide sum of per student bonuses awarded pursuant to this subsection exceeds the amount of available monies appropriated for incentive bonuses, the bonus monies shall be reduced proportionally to cover all eligible bonus awards.

D. A school district or charter school that receives an incentive bonus pursuant to this section shall distribute at least fifty percent of the bonus monies to the associated classroom teacher for each student who passes a qualifying examination. Bonus monies awarded to a teacher pursuant to this subsection shall be in addition to any regular wage, compensation or other bonus the teacher receives or is scheduled to receive. The remainder of any bonus monies received by a school district or charter school shall be used for teacher professional development or student instructional support or materials. Any bonus monies received by a school district or charter school pursuant to this subsection shall be separately accounted for in the school district's or charter school's annual financial report.

E. Incentive bonuses distributed to and any bonus monies received by a school district or charter school pursuant to this section are not subject to collective bargaining.

F. On or before December 15, 2018 and on or before December 15 of each year thereafter, the department of education shall submit to the president of

the senate, the speaker of the house of representatives, the governor and the secretary of state a report on all of the following:

1. The number of students who took a qualifying examination at each school.

2. The number of students who received a passing score on a qualifying examination and the number of incentive bonus awards distributed.

3. The number and types of qualifying examinations taken by students.

G. Incentive bonuses distributed to and any bonus monies received by a teacher are not compensation as defined in section 38-711.

H. The program established by this section ends on July 1, 2026 pursuant to section 41-3102.