



STATE OF ARIZONA

Joint Legislative Budget Committee

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

January 29, 2026

The Chairman called the meeting to order at 1:40 p.m., Thursday, January 29, 2026, in Senate Hearing Room 109. The following were present:

Members:	Senator Farnsworth, Chairman Senator Alston Senator Fernandez Senator Finchem Senator Kavanagh Senator Kuby Senator Leach (Temporary member in place of Senator Werner) Senator Mesnard	Representative Livingston, Vice-Chairman Representative Austin Representative Carbone Representative Gress Representative Olson Representative Stahl Hamilton
Absent:	Senator Werner	Representative Blattman Representative Way

APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of November 10, 2025. The motion carried by voice vote.

EXECUTIVE SESSION

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

At 1:42 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:03 p.m. the Committee reconvened into open session.

A. ATTORNEY GENERAL - Consideration of Proposed Settlements under Rule 14.

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

- *Veronica Chacon v. State of Arizona*
- *David and Karen Glaser v. State of Arizona*
- *Crystal Rose Metz and Dahlia Hegedus v. State of Arizona*

The motion carried by voice vote.

B. ARIZONA DEPARTMENT OF ADMINISTRATION - Risk Management Annual Report.

This item was for information only and no Committee action was required. 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:

- 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.

REGULAR AGENDA

1. JLBC STAFF – Consider Approval of Index for Arizona Department of Administration – School Facilities Division Construction Costs.

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 41-5741(D)(3)(c) requires that the cost-per-square-foot factors used in Arizona Department of Administration (ADOA) School Facilities Division (SFD) new school construction financing 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. The JLBC Staff provided options and the following potential provision:

- A. The cost-per-square foot factor adjustment approved by the Committee shall be applied retroactively to any new construction projects approved by the School Facilities Oversight Board at its December 10, 2025 meeting.

Representative Livingston moved that the Committee approve a 4.80% adjustment in the cost-per-square-foot factors, retroactive to December 10, 2025. The new revised per-square-foot dollar amounts apply to districts that were awarded new schools by SFD during the calendar year 2025. The revised rates are as follows:

<u>Grade</u>	<u>\$ per square foot</u>
K-6	\$358.46
7-8	\$378.44
9-12	\$438.11

The motion carried by voice vote.

2A. DEPARTMENT OF EDUCATION (ADE) – Review of Federal Monies Report.

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 15-1052 requires ADE to submit for review by the Joint Legislative Budget Committee its annual report on noncustodial and other federal monies received by the department. The JLBC Staff provided options.

Representative Livingston moved that the Committee give a favorable review to ADE's FY 2026 Report of Federal Monies Received. The motion carried by voice vote.

2B. DEPARTMENT OF EDUCATION (ADE) – Review of Career Technical Education District Annual Report.

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 15-393.01 requires ADE to submit for review by the Joint Legislative Budget Committee its annual Career Technical Education District (CTED) report. The JLBC Staff provided options.

Representative Livingston moved that the Committee give a favorable review to ADE's FY 2025 CTED Annual Report. The motion carried by voice vote.

3A. DEPARTMENT OF ECONOMIC SECURITY (DES) – Review of FY 2026 Division of Developmental Disabilities Line Item Transfers.

Mr. Brian Belakovsky, JLBC Staff, stated an FY 2026 General Appropriations Act footnote requires DES to submit a report for review by the Joint Legislative Budget Committee before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items. DES requested review of a line item transfer of \$3,306,300 general fund from the Home and Community Based Services – Medical special line item into the Case Management – State-Only special line item. The JLBC Staff provided options.

Mr. Wes Fletcher, Deputy Director of Operations, DES, responded to member questions.

Ms. Katherine Goldcamp, Fiscal Operations Manager, DES, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of a transfer for \$3,306,300 General Fund from the Home and Community Based Services – Medicaid line item to the Case Management – State-Only line item, with the following provisions:

- A. *DES is required to submit formal letters of budget deficiency to the President of the Senate, Speaker of the House, and Chair and Vice-Chair of the Joint Legislative Budget Committee, pursuant to A.R.S. § 35-131(D).*
- B. *DES is required to report monthly to JLBC through June 2026 on a breakout of the DDD population by diagnosis.*

C. *DES is required to review the findings of the Minnesota audits of DDD services and report back to JLBC within 30 days on its evaluation of whether those findings have been addressed in Arizona's DDD program.*

The motion carried by voice vote.

3B. DEPARTMENT OF ECONOMIC SECURITY (DES) – Review of Annual Plan for the Arizona Training Program at Coolidge.

Mr. Brian Belakovsky, JLBC Staff, stated A.R.S. § 36-570 requires DES to submit a report for review by the Joint Legislative Budget Committee on or before November 1 of each year on the department's plans for the Arizona Training Program at Coolidge (ATP-C) and associated group homes, including any plans to close the facilities. DES requested review of its plans to update the facilities at 20 Sandstone and to close 10 Sandstone upon the renovation, licensing and certification of 20 Sandstone as an intermediate care facility. The JLBC Staff provided options.

Representative Livingston moved that the Committee give a favorable review of the department's plans for ATP-C. The motion carried by voice vote.

4. SECRETARY OF STATE (SOS) – Review of FY 2026 Special Election Expenses Line Item Transfer of \$650,000 to the Operating Budget for Temporary Cybersecurity Monitoring and Active Cybersecurity Management.

Ms. Micaela Andrews, JLBC Staff, stated an FY 2026 General Appropriations Act footnote requires the Secretary of State to submit an expenditure plan to the Committee for review before transferring monies in or out of the Special Election Expenses line item. The JLBC Staff provided options.

Mr. Rex Bartlett, Senior Associate, Policy and Government Affairs, Molera Alvarez, responded to member questions.

Mr. Kuru Mathew, Chief Information Officer, SOS, responded to member questions.

Mr. Greg Ensell, Chief Deputy Assistant, SOS, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of SOS's proposed transfer of \$650,000 from the Special Election Expenses line item to the FY 2026 Operating Budget for temporary cybersecurity monitoring and active cybersecurity management. The motion carried by voice vote.

Without objection, the meeting adjourned at 3:30 p.m.

Respectfully submitted:

Kristy Paddock

Kristy Paddock, Secretary

Richard Stavneak

Richard Stavneak, Director

David R. Farnsworth

Senator David Farnsworth, Chairman