

STATE OF ARIZONA

## Joint Legislative Budget Committee

STATE  
SENATE

ROBERT L. BURNS  
CHAIRMAN 2006  
MARSHA ARZBERGER  
TIMOTHY S. BEE  
ROBERT CANNELL  
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HOUSE OF  
REPRESENTATIVES

RUSSELL K. PEARCE  
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ANDY BIGGS  
TOM BOONE  
MEG BURTON CAHILL  
PAMELA GORMAN  
STEVE HUFFMAN  
LINDA J. LOPEZ  
STEPHEN TULLY

### MINUTES OF THE MEETING

#### JOINT LEGISLATIVE BUDGET COMMITTEE

March 4, 2005

The Chairman called the meeting to order at 10:40 a.m., Friday, March 4, 2005, in House Hearing Room 3. The following were present:

|          |                                 |                              |
|----------|---------------------------------|------------------------------|
| Members: | Representative Pearce, Chairman | Senator Burns, Vice-Chairman |
|          | Representative Boone            | Senator Arzberger            |
|          | Representative Biggs            | Senator Garcia               |
|          | Representative Burton Cahill    | Senator Harper               |
|          | Representative Gorman           | Senator Martin               |
|          |                                 | Senator Waring               |

|         |                        |                 |
|---------|------------------------|-----------------|
| Absent: | Representative Huffman | Senator Bee     |
|         | Representative Lopez   | Senator Cannell |
|         | Representative Tully   |                 |

#### APPROVAL OF MINUTES

*Senator Burns moved that the Committee approve the minutes of December 16, 2004. The motion carried.*

#### DIRECTOR'S REPORT

Mr. Richard Stavneak, Director, JLBC Staff mentioned the JLBC statutory responsibilities. The Committee has 137 different responsibilities, down 11 from last year, due to the fact that there were some old JOBS Pilot Program monitoring responsibilities that the Committee no longer has. They are posted on our Web site.

#### ADOPTION OF COMMITTEE RULES AND REGULATIONS –

*Senator Burns moved that the Committee adopt the Rules and Regulations as presented. The motion carried.*

#### EXECUTIVE SESSION

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

At 10:45 a.m., the Joint Legislative Budget Committee went into Executive Session.

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

At 11:50 a.m. the Committee reconvened into open session.

Senator Burns moved that the Committee approve the recommended settlement proposals by the Attorney General's Office in the cases of:

*Panetta/Box v. State of Arizona*

*Mendez v. State of Arizona*

*Dee v. State of Arizona*

The motion carried.

### **ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS) – Review of Comprehensive Medical and Dental Program Capitation Rate Changes.**

Mr. Stefan Shepherd, JLBC Staff, presented the Comprehensive Medical and Dental Program (CMDP) capitation rate changes.

There was no discussion on this item.

Senator Burns moved that the Committee give a favorable review to the Arizona Health Care Cost Containment System, Comprehensive Medical and Dental Program Capitation rate changes, retroactive to January 1, 2005 and effective through December 31, 2005. The proposed rates represent an increase above the current rates of approximately 16%. The motion carried.

### **DEPARTMENT OF HEALTH SERVICES – Review of Developmental Disabilities Capitation Rate Changes.**

Mr. John Malloy, JLBC Staff presented the Department of Health Services request that the Committee review the Developmental Disabilities (DD) Title XIX Behavioral Health capitation rate changes.

There was no discussion on this item.

Senator Burns moved that the Committee give a favorable review to the Department of Health Services change in capitation rates for the Developmentally Disabled Title XIX Behavioral Health population, with the stipulation that the favorable review did not constitute an endorsement of a supplemental request. The rates are retroactive to January 1, 2005 through June 30, 2006. The motion carried.

### **DEPARTMENT OF ECONOMIC SECURITY (DES) –**

#### **A. Review of Long Term Care Capitation Rate Changes**

Mr. Stefan Shepherd, JLBC Staff, presented the proposed Developmental Disabilities Long Term Care capitation rate changes of 3.18%.

There was no discussion on this item.

Senator Burns moved that the Committee give a favorable review to the Department of Economic Security Developmental Disabilities Long Term Care Program capitation rate changes of 3.18%. The motion carried.

#### **B. Review of Expenditure Plan for Discretionary Workforce Investment Act Monies.**

Mr. John Malloy, JLBC Staff presented the Department of Economic Security expenditure plan for \$2,384,000 in discretionary federal Workforce Investment Act (WIA) monies received by the state for FY 2005. Mr. Malloy referenced the chart on page 4 of the memo showing the programs to be reviewed and the programs that have been favorably reviewed by the Committee.

Senator Harper asked if there are only certain things that the monies could be used for. Mr. Malloy stated that these monies are discretionary monies recommended on the Governor's Council on Workforce Policy on areas where the state can improve workforce development activities in the state.

Representative Gorman asked if we ever find out where the money goes. Mr. Malloy stated that it is part of the recommendation and we are asking for some performance measures to be submitted by the department.

*Senator Burns moved that the Committee give a favorable review of the request with the provision that the agency provide performance measures for the approximately \$1.2 million in new discretionary programs included in the agency's expenditure plan. The motion carried.*

#### **ATTORNEY GENERAL – Review of Allocation of Settlement Monies.**

Ms. Kim Hohman, JLBC Staff presented the review of the Attorney General (AG) settlement monies in which the state will receive more than \$100,000. In the settlement with El Paso Natural Gas Company, the company allegedly violated state anti-trust laws by manipulating the supply of natural gas resulting in increased costs to Arizona consumers. The company agreed to pay a total of \$78.4 million for a variety of purposes specified in the agreement. The JLBC Staff recommends a favorable review of the allocation plan for this settlement and also recommends that the Committee ask the Attorney General why they believe it is the most appropriate agency to distribute the \$250,000 that was received for emergency response training.

Ms. Nancy Bonnell, Antitrust Unit Chief, Attorney General Office said when they represent the state in settlements, the state receives restitutions for settlements. A plan is developed, it is submitted to the court and the court approves the plan for specific purposes. The plan for the Salton case was approved by the court and submitted by the Attorney General's Office to benefit consumers for nutritional and health needs.

Senator Burns asked why the AG would be better qualified to distribute the \$250,000 than the Department of Emergency and Military Affairs (DEMA), for example. Ms. Bonnell stated they will be having conversations with DEMA.

Chairman Pearce stated that the distribution of the money is a political process because it is based on the recommendation of the AG and the court.

Ms. Bonnell stated the outside counsel is compensated from the appropriated Antitrust Enforcement Revolving Fund which funds investigations and prosecutions.

*Senator Burns moved that the Committee give a favorable review to the allocation plan for monies received from the El Paso Natural Gas settlement agreement. The motion carried.*

#### **DEPARTMENT OF PUBLIC SAFETY – Quarterly Review of the Arizona Public Safety Communications Advisory Commission.**

Mr. Martin Lorenzo, JLBC Staff presented the Department of Public Safety (DPS) request that the Committee review their FY 2005 second quarter expenditures and progress for the Public Safety Communication Advisory Commission (PSCC) statewide interoperability design project. Second quarter expenditures totaled approximately \$47,800 out of \$5,000,000 in available funding.

Senator Waring asked how long they have to spend the \$5 million. Mr. Lorenzo stated the \$2 million was appropriated and \$3 million was non-lapsing.

Senator Waring indicated he understood that the monies were for the study of the design and what they wanted to buy, instead of actually buying things.

Chairman Pearce asked why this Commission needs a vehicle. Mr. Lorenzo stated that the 2 vehicles would be used for PSCC activities.

Chairman Pearce expressed concern with certain positions inheriting the right to have a car to take home.

Chairman Pearce asked for some analysis on these state cars. Mr. Lorenzo stated the purpose of the 2 vehicles is strictly for activities within the PSCC, not for take home vehicles.

Chairman Pearce asked why we furnish cars vs. using the State Motor Pool. Curt Knight, Executive Director of the Public Safety Communications Committee, Department of Public Safety said the vehicles had been envisioned initially in the budget and approved in previous presentations by the Legislature. The Motor Pool is somewhat remote from their offices, which puts some limitations on them. It is expected that we will equip the vehicles similar to a first responder's public safety vehicle.

Chairman Pearce asked why using the Motor Pool would not work. Mr. Knight said that the Motor Pool could possibly work.

In response to Senator Waring, Mr. Knight stated that the design completion based on the initial timeline, which has not been adjusted, would be in mid 2008. At that point, we would be ready to go to bid.

*Senator Burns moved that the Committee give a favorable review to the FY 2005 2nd quarter expenditures report with the exception of the purchase of two automobiles. The motion carried.*

#### **DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS – Report on Homeland Security Funding.**

Mr. Brad Regens, JLBC Staff presented the report on Homeland Security Funding. In the current FY 2005 budget there was a requirement that the Governor's Office of Homeland Security (OHS) report to the Committee on the expenditure of 2004 and 2005 Homeland Security monies.

Senator Arzberger expressed concern that there is no money spent for border security.

Senator Harper said he spoke with the Department of Emergency and Military Affairs and the money has been spent to train people to react to possible terrorism, rather than prevent terrorism.

Frank F. Navarrete, Director, Office of Homeland Security said that border security is a federal issue.

Senator Arzberger requested that some funds go to the officers at the border.

Further discussion continued regarding the Office of Homeland Security.

Chairman Pearce requested OHS to submit a quarterly report on FFY 2003, FFY 2004 and FFY 2005 allocations and expenditures for both local and state agency awards. The report should include a narrative description detailing each project awarded funding. This narrative should identify the goals and objectives of each project and indicate what progress has been made on each project since the last report.

Mr. Navarrete said they would provide the quarterly report.

#### **ARIZONA COMMUNITY COLLEGES – Report of Chairmen of Subcommittee on Dual Enrollment.**

Mr. Jake Corey, JLBC Staff, presented the Community Colleges dual enrollment programs report. Statute directs the community college districts to report to the Committee on their dual enrollment programs. When the report is received, the Committee is required to convene an ad hoc committee to review the manner in which community college dual enrollment courses are provided. The Chairmen of the ad hoc committee identified 3 issues of concern.

There was no discussion on this item and no Committee action was required.

#### **GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING – Report on Federal Revenue Maximization Initiative.**

Mr. Stefan Shepherd, JLBC Staff, said this is a quarterly report from the Office of Strategic Planning and Budgeting (OSPB) on the status of the Federal Revenue Maximization Initiative (RevMax).

There was no discussion on this item and no Committee action was required.

Chairman Burns adjourned the meeting at 1:30 p.m.

Respectfully submitted:

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Janet Belisle, Secretary

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Richard Stavneak, Director

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Representative Russell Pearce, Chairman