



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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MICHELLE UGENTI

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

March 26, 2013

The Chairman called the meeting to order at 8:13 a.m., Tuesday, March 26, 2013, in House Hearing Room 4. The following were present:

Members:	Representative Kavanagh, Chairman	Senator Shooter, Vice-Chairman
	Representative Alston	Senator Cajero Bedford
	Representative Gowan	Senator Griffin
	Representative Lesko	Senator McComish
	Representative Mach	Senator Melvin
	Representative Olson	Senator Tovar
	Representative Ugenti	Senator Yarbrough

Absent:	Representative Kwasman	Senator Pancrazi
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APPROVAL OF MINUTES

Senator Shooter moved that the Committee adopt the minutes from December 18, 2012. The motion carried.

ADOPTION OF COMMITTEE RULES AND REGULATIONS

Mr. Richard Stavneak, JLBC Staff, stated that the Committee Rules and Regulations remain the same as last session.

Senator Shooter moved that the Committee adopt the JLBC Committee Rules and Regulations. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Automation Projects Fund Expenditures.

Mr. Ben Henderson, JLBC Staff, stated that this item is an FY 2013 – FY 2016 expenditure from the Automation Projects Fund for the replacement of the Arizona Financial Information System (AFIS). He highlighted information in *Attachment 1* which was distributed to Committee members. The JLBC Staff presented options to the Committee.

(Continued)

Mr. James Colbert, Vice-President and Implementation Project Manager of Consulting for Government and Industry (CGI), responded to member questions.

Mr. Aaron Sandeen, Chief Information Office and Deputy Director, ADOA, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to ADOA's \$70 million AFIS replacement project expenditure plan, along with the following provisions:

1. *ADOA expand their quarterly report on expenditures from the Automation Projects Fund to specifically address the current status of the Arizona Financial Information System (AFIS) replacement project. The report is to include expenditures to date, timeline for completion, and current status.*
2. *By October 1, 2013, ADOA report on all agencies, excluding the Universities, that are not participating in the new AFIS system. This report should provide justifications from each agency as to why they are not participating in the new AFIS system.*
3. *By April 1, 2014, ADOA report on the estimated ongoing maintenance costs of the new AFIS system, including costs of routine scheduled upgrades to the system and estimates for ongoing staffing requirements beyond FY 2016.*
4. *ADOA return to the Committee for further review of any expenditures from the \$4.1 million contingency allocation.*

The motion carried.

ATTORNEY GENERAL

A. Review of Allocation of Settlement Monies - State v. GlaxoSmithKline, LLC.

Mr. Andrew Hartsig, JLBC Staff, stated that this item is a review of the Attorney General's (AG) expenditure plan for a total of a \$3.0 million allocation from a consent judgment with GlaxoSmithKline, LLC (Glaxo), \$650,000 of which will be deposited into the AG's Consumer Fraud Revolving Fund and \$2.4 million of which will be used to fund childhood obesity research.

Ms. Dena Benjamin, Section Chief Counsel, Office of the Attorney General, responded to member questions.

Senator Shooter moved that the Committee table the AG's allocation plan from the \$3.0 million consent judgment with GlaxoSmithKline, LLC until the AG develops a specific plan for the \$2.4 million expenditure. The motion carried.

B. Review of Allocation of Settlement Monies - State v. Pfizer, Inc.

Mr. Andrew Hartsig, JLBC Staff, stated that this item is a review of the Attorney General's (AG) expenditure plan for a \$1.7 million consent judgment with Pfizer, Inc. The JLBC Staff recommended a favorable review of this item.

Senator Shooter moved that the Committee give a favorable review of the AG's allocation plan from the \$1.7 million consent judgment with Pfizer, Inc. The motion carried.

(Continued)

EXECUTIVE SESSION

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

At 9:20 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 9:50 a.m. the Committee reconvened into open session.

Senator Shooter moved that the Committee approve the recommended settlement proposed by the Attorney General's office in the case of Union Pacific Railway Company v. State of Arizona. The motion carried.

Without objection, the meeting adjourned at 9:51 a.m.

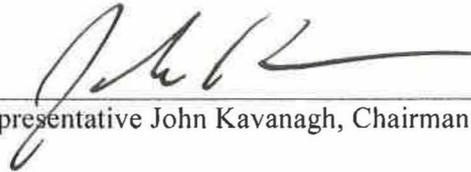
Respectfully submitted:



Alanna Carabott, Secretary



Richard Stavneak, Director



Representative John Kavanagh, Chairman

Total Projected Expenditures	
AFIS Replacement Project, FY13-FY16	
(\$ in millions)	
<u>Consultant Project Oversight</u>	
Previously Reviewed	3.0
Additional Amount for Review	2.2
Subtotal	<u>5.2</u>
<u>Vendor, Hardware & Software Costs</u>	
Vendor Costs (including staff)	32.7
Software Licensing and Maintenance	12.6
Hardware	1.3
Other	1.1
Subtotal	<u>47.7</u>
<u>4-year Temporary State Staffing Costs</u>	16.0
<u>Contingency Costs</u>	4.1
Total	<u>73.0</u>

JLBC Staff recommends that ADOA:

- 1) Expand the Automation Projects Fund quarterly report to include the AFIS replacement project.
- 2) Return to the committee to report on agencies that will not be participating in the new AFIS system.
- 3) Return to the committee to report on estimated ongoing maintenance costs for the new AFIS system.
- 4) Return to the committee for review of any expenditures from the \$4.1 million contingency allocation.