



STATE OF ARIZONA

## Joint Legislative Budget Committee

STATE  
SENATE

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RICK GRAY  
VINCE LEACH  
DAVID LIVINGSTON  
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### MINUTES OF THE MEETING

#### JOINT LEGISLATIVE BUDGET COMMITTEE

April 10, 2019

The Chairman called the meeting to order at 9:04 a.m., Wednesday, April 10, 2019, in House Hearing Room 1. The following were present:

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

#### APPROVAL OF MINUTES

Senator Leach moved that the Committee approve the minutes of December 18, 2018. The motion carried.

#### DIRECTOR'S REPORT

Mr. Richard Stavneak, JLBC Director, informed Committee members that JLBC meetings are typically held in April, June, September and December. For the interim meetings, there will be quorum calls to ensure there are sufficient members. There could be special meetings outside of those 4 meetings depending upon their particular circumstances. These 4 meetings also let the Attorney General know when Risk Management cases could be heard before the Committee.

Mr. Stavneak state that one of the items that did not make this agenda because it came in too late, was a request relative to the Office of Tourism. This item will be on the June 2019 agenda. Legislation was passed several years ago to allow \$1,500,000 to go to Phoenix International Raceway for improvements

(Continued)

that they will have made exceeding \$100 million. That starts in FY 2022 and is contingent upon JLBC certifying that those expenditures have been made. Chairman Cobb stated that she wanted to make sure this item was on the June 2019 agenda and that the Committee receive a detailed report.

#### **ADOPTION OF COMMITTEE RULES AND REGULATIONS**

Senator Leach moved that the Committee adopt the Committee rules and regulations. The motion carried.

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

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

At 9:08 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 10:42 a.m. the Committee reconvened into open session.

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

- *Jane Doe v. State of Arizona, et al.*
- *Cardona v. Banner-UMC, UPH, ABOR, et al.*
- *Chevalier v. State of Arizona, et al.*
- *Derosier v. State of Arizona*

The motion carried.

#### **CONSENT AGENDA**

The following items were considered without discussion.

#### **ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND - Review of CHILDS (Department of Child Safety Subaccount).**

A.R.S. § 41-714 requires Joint Legislative Budget Committee 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. ADOA requested Committee review of \$5,000,000 in FY 2019 funds to continue the project. The JLBC Staff provided options.

#### **DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2019 Second and Third Quarter Benchmarks.**

The FY 2019 General Appropriation Act requires DCS to submit to the Committee for its review a quarterly report on 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 its report for the second and third quarters of FY 2019. The JLBC Staff provided options.

(Continued)

**DEPARTMENT OF CHILD SAFETY (DCS) - Review of Line Item Transfers.**

The FY 2019 General Appropriation Act requires DCS to submit proposed line item transfers to the Committee for its review. DCS requested Committee review of the transfer of \$208,000 Federal Temporary Assistance for Needy Families (TANF) Block Grant monies into the Kinship Care line item from the Out-of-Home Support Services line item. The JLBC Staff provided options.

**NORTHERN ARIZONA UNIVERSITY (NAU) - Review of Expenditure and Performance Report of Nonprofit Biotechnology Research Appropriation.**

The FY 2015 General Appropriation Act (Laws 2014, Chapter 18, Section 132) appropriates \$3,000,000 each year from FY 2015 to FY 2019 to NAU to grant to a nonprofit biomedical research entity. The Act requires NAU to provide a report to the Committee for its review on the expenditures and performance of the grant recipient by February 1 of each year. The JLBC Staff provided options.

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

**REGULAR AGENDA**

**AHCCCS/DEPARTMENT OF ECONOMIC SECURITY/DEPARTMENT OF CHILD SAFETY – Review of Capitation Rate Changes for Plan Year 2019.**

Mr. Patrick Moran, JLBC Staff, stated that an FY 2019 General Appropriation Act footnote requires the state Medicaid agencies to submit an expenditure plan to the Joint Legislative Budget Committee for review prior to implementing any changes in capitation rates. AHCCCS submitted rate changes for plan year 2019 for the following programs:

- Department of Economic Security's ALTCS - Developmental Disabilities program
- Department of Child Safety's Comprehensive Medical and Dental Program (CMDP) for children in foster care.

The JLBC Staff provided options.

Ms. Shelly Silver, Assistant Director, Division of Health Care Management, AHCCCS, responded to member questions.

*Senator Gowan moved that the Committee give an unfavorable review of AHCCCS' proposed capitation rate changes, with the following provision:*

- A. *It is the intent of the Committee that the Department of Child Safety and the Arizona Health Care Cost Containment System request any budgetary changes associated with an integrated CMDP health plan in their FY 2021 budget submissions.*

The motion carried.

**ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of College Credit by Examination Incentive Program Report.**

Mr. Steve Schimpp, JLBC Staff, stated that A.R.S. § 15-249.06F requires ADE to provide to the Committee for review its annual report on the College Credit by Examination Incentive Program. The JLBC Staff provided options.

Ms. Cassie O'Quin, Government Relations & Communications Liaison, Policy Development & Government Relations, ADE, responded to member questions.

Senator Gowan moved that the Committee give a favorable review to ADE's report.

Representative Friese made a substitute motion that the Committee give an unfavorable review to ADE's report. The substitute motion failed by a roll call vote of 5-8-0-3. (Attachment 1)

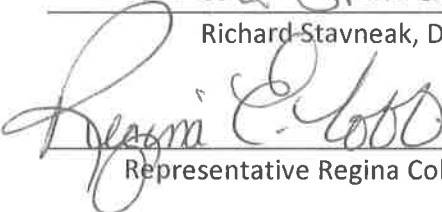
The original motion carried.

Without objection, the meeting adjourned at 11:51 a.m.

Respectfully submitted:

  
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Kristy Paddack, Secretary

  
\_\_\_\_\_  
Richard Stavneak, Director

  
\_\_\_\_\_  
Representative Regina Cobb, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>

# JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: 4/16/19

ITEM # ADE Sub vote

ITEM # \_\_\_\_\_

	<u>PRESENT</u>	<u>ABSENT</u>	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON	/			/								
SEN. BOWIE		/					/					
REP. ESPINOZA	/			/								
REP. FERNANDEZ	/			/								
REP. FRIESE	/			/								
SEN. GRAY	/				/							
REP. KAVANAGH	/				/							
SEN. LEACH	/				/							
SEN. LIVINGSTON					/							
SEN. MESNARD	/	/					/					
SEN. OTONDO	/			/								
REP. PETERSEN	/						/					
REP. ROBERTS	/				/							
REP. TOMA	/				/							
SEN. GOWAN	/				/							
REP. COBB	/				/							
<b>TOTALS</b>	<b>13</b>	<b>3</b>		<b>5</b>	<b>8</b>	<b>0</b>	<b>3</b>					

TOTALS