



STATE OF ARIZONA

Joint Legislative Budget Committee

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

April 18, 2018

The Chairman called the meeting to order at 9:05 a.m., Wednesday, April 18, 2018, in Senate Appropriations Room 109. The following were present:

Members:	Senator Kavanagh, Chairman Senator Cajero Bedford Senator Fann Senator Farley Senator Farnsworth Senator Hobbs Senator Petersen	Representative Livingston, Vice-Chairman Representative Allen Representative Alston Representative Bowers Representative Fernandez Representative Leach
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Absent:	Senator Yee	Representative Ugenti-Rita
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APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of January 8, 2018 and February 20, 2018, Chairman John Kavanagh stated that the minutes would stand approved.

CONSENT AGENDA

The following items were considered without discussion.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2018 Third Quarter Benchmarks.

The FY 2018 General Appropriation Act (Laws 2017, Chapter 305) requires the Joint Legislative Budget Committee (JLBC) to review a DCS 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 is requesting Committee review of its FY 2018 third quarter benchmarks. The JLBC Staff provided options.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan.

Laws 1998, 4th Special Session, Chapter 6 requires JLBC to review ADOA's wireless services portion of its Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan. ADOA requested Committee review of the \$5,594,700 wireless portion of the FY 2018 ETSF expenditure plan. The JLBC Staff provided options.

ADOA/ARIZONA STATE LOTTERY COMMISSION - Review of Server Migration and Hardware Refresh (Automation Projects Fund).

A.R.S. § 41-714 requires JLBC to review an ADOA expenditure plan for the Automation Projects Fund (APF) expenditures prior to the expenditure of monies. The Lottery requested the Committee review \$597,400 in proposed FY 2018 expenditures from the Automation Projects Fund (APF) for an Information Technology (IT) server migration project and a hardware refresh. The JLBC Staff provided options and potential provisions:

- A. *Committee review does not commit the Legislature to any ongoing funding.*
- B. *Prior to the expenditure of any monies, the Lottery shall submit a Project Investment Justification (PIJ) to the Arizona Department of Administration Arizona Strategic Enterprise Technology office for review and approval.*

DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Information Technology Security Plan (Automation Projects Fund).

A.R.S. § 41-714 requires JLBC to review an ADOA expenditure plan from the APF prior to the expenditure of monies. DES has requested that the Committee review \$1,101,100 in proposed expenditures for information technology security. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of State Aid Correction for Chino Valley Unified.

A.R.S. § 15-915B requires the Superintendent of Public Instruction to adjust state aid for a school district in the current year if its governing board requests the recalculation of state aid for a prior year due to a change in assessed valuation that occurred as the result of a judgment in state tax court, subject to review by the JLBC. ADE requested Committee review of its plan to provide the Chino Valley Unified School District (CVUSD) with \$143,500 in corrected state aid funding due to a settlement in Arizona Tax Court regarding property taxes paid in prior years by Drake Cement, LLC. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Joint Technical Education District Quarterly and Annual Reports.

Laws 2016, Chapter 4 requires JLBC to review ADE's most recent quarterly report on Joint Technical Education District (JTED) program and courses and A.R.S. § 15-393.01 requires JLBC to review the annual JTED report for FY 2017. ADE requested review of ADE's October 1, 2017 – December 31, 2017 JTED quarterly report and its FY 2017 JTED annual report. 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 for a grant to a nonprofit biomedical research entity. JLBC is required to review a report on the expenditures and performance of the grant recipient by February 1 of each year. NAU requested Committee review of its CY 2017 report prepared by the recipient of the funds, the Translational Genomics Research Institute (TGen). The JLBC Staff provided options.

Representative Bowers moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 7 consent agenda items listed above. The motion carried.

REGULAR AGENDA

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (ADEQ) - Review of Vehicle Emissions Contract Modifications.

Mr. Josh Hope, JLBC Staff, stated that pursuant to A.R.S. § 49-545, ADEQ is required to submit any proposed modification or amendment to the Vehicle Emissions Inspection (VEI) contract with an independent contractor to the Committee for review before being adopted. ADEQ is seeking retroactive review of contract modifications to:

- Restore the Voluntary Vehicle Repair and Retrofit Program (VRRP);
- Adjust staffing and scope of work requirements; and
- Prohibit the vendor from participating in a boycott of Israel, in compliance with state statute.

The JLBC Staff provided options.

Mr. Misael Cabrera, Director, ADEQ, responded to member questions.

Mr. Jonathan Quinsey, Environmental Science Specialist, Air Quality Vehicle Emissions Control Program, ADEQ, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of ADEQ's VEI contract modifications with the following provision:

- A. *ADEQ shall report to the Committee by May 15, 2018 on how they will revise procedures to ensure timely submissions to the Committee for all JLBC requirements.*

The motion carried.

DCS - Review of Line Item Transfers.

Mr. Patrick Moran, JLBC Staff, stated that pursuant to footnotes in the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) and the FY 2018 General Appropriation Act (Laws 2017, Chapter 305), JLBC is required to review transfers between DCS line items. The JLBC Staff provided options.

Mr. Michael Faust, Deputy Director, DCS, responded to member questions.

(Continued)

Representative Livingston moved that the Committee give a favorable review of the following FY 2017 and FY 2018 transfers:

General Fund (FY 2018)

- \$7,680,000 into the Adoption Services line item.
- \$(6,500,000) out of the Foster Care Placement line item.
- \$(680,000) out of the Independent Living Maintenance line item.
- \$(500,000) out of the Permanent Guardianship line item.

Expenditure Authority (FY 2018)

- \$1,500,000 into the In-Home Mitigation line item.
- \$(1,500,000) out of the Out-of-Home Support Services line item.

Expenditure Authority (FY 2017)

- \$100,000 into the Emergency and Residential Placement line item.
- \$(100,000) out of the Foster Care Placement line item.

The motion carried.

Without objection, the meeting adjourned at 9:39 a.m.

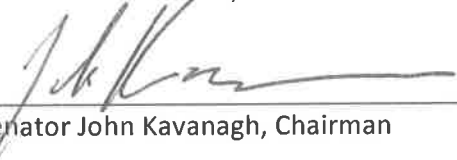
Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Senator John Kavanagh, Chairman