



STATE OF ARIZONA

Joint Legislative Budget Committee

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

April 20, 2022

The Chairman called the meeting to order at 9:03 a.m., Wednesday, April 20, 2022, in Senate Appropriations Room 109. The following were present:

<p>Members:</p> <ul style="list-style-type: none"> Senator Gowan, Chairman Senator Alston Senator Bowie Senator Gray Senator Kerr Senator Leach Senator Livingston Senator Otondo 	<ul style="list-style-type: none"> Representative Cobb, Vice-Chairman Representative Bolick Representative Butler Representative Chávez Representative Kavanagh Representative Longdon Representative Osborne Representative Toma
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APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of December 14, 2022. The motion carried.

CONSENT AGENDA

The following items were considered without further discussion.

AHCCCS/DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Mid-Year Capitation Rate Changes for Plan Year 2022.

An FY 2022 General Appropriation Act footnote requires the state Medicaid agencies to submit an expenditure plan to the Committee for review prior to implementing any changes in capitation rates. Arizona Health Care Cost Containment System (AHCCCS) and DES requested review of the proposed mid-year adjustments to the CYE 2022 capitation rates for AHCCCS and DES's Arizona Long Term Care System program. The JLBC Staff provided options.

(Continued)

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

An FY 2022 General Appropriation Act footnote requires the DCS to submit for Joint Legislative Budget Committee review any transfers between line items or the operating budget. DCS requested review of the department's FY 2022 transfer of \$1,312,300 of Expenditure Authority monies out of the Foster Home Placement line item and into the Extended Foster Care line item. The JLBC Staff provided options.

DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Developmental Disabilities Line Item Transfers.

An FY 2021 General Appropriation 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 the following transfers:

- \$9,550,000 of federal Long Term Care System Fund (LTCSF) monies out of the FY 2021 DDD Administration line item as follows:
 - \$9,000,000 into the FY 2021 Physical and Behavioral Health Services - Medicaid line item.
 - \$550,000 into the Premium Tax line.
- \$15,000,000 of federal LTCSF monies out of the FY 2021 Case Management - Medicaid line item as follows:
 - \$10,000,000 into the FY 2021 Physical and Behavioral Health Services - Medicaid line item.
 - \$5,000,000 into the FY 2021 Home and Community Based Services - Medicaid line item. The JLBC Staff provided options.

Representative Cobb moved that the Committee give a favorable review of the 3 consent agenda items. The motion carried.

REGULAR AGENDA

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Approval of Requested Transfer of Appropriations.

Ms. Rebecca Perrera, JLBC Staff, stated that A.R.S. § 35-173 requires Committee approval of any transfer of spending authority within ADOA. ADOA requested review of the FY 2022 transfer of \$3,000,000 in Risk Management Revolving Fund monies from the ADOA Workers' Compensation line item to the Risk Management Administrative Expenses line item. The JLBC Staff provided options and a potential provision.

Mr. Keith Johnson, State Risk Manager, Risk Management Division, ADOA, responded to member questions.

Representative Cobb moved that the Committee approve an FY 2022 transfer of \$3,000,000 in Risk Management Revolving Fund monies from the ADOA Workers' Compensation line item to the Risk Management Administrative Expenses line item with the following provision:

(Continued)

- A. *On or before the last day of April, May, June, and July 2022, ADOA shall report to the JLBC Staff on the monthly expenditures for contracted Risk Management legal expenses from either the operating budget or the Risk Management Administrative Expenses line item.*

The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Proposed Reallocation of Personal Services and Employee Related Expenditures (ERE) Appropriations.

Mr. Geoff Paulsen, JLBC Staff, stated that an FY 2022 General Appropriation Act footnote requires ADC to submit an expenditure plan for Committee review prior to spending any monies appropriated for Personal Services and ERE on anything other than Personal Services or ERE. ADC requested review of the department's plan to spend \$16,986,100 on security equipment. The JLBC Staff provided options.

Mr. David Shinn, Director, ADC, responded to member questions.

Representative Cobb moved that the Committee give a favorable review to the department's plan to spend \$16,986,100 on security equipment. The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Request for Proposals to Operate Phoenix West Prison.

Mr. Geoff Paulsen, JLBC Staff, stated pursuant to A.R.S. § 41-1609.01 ADC is required to, upon publication, submit a private prison Request for Proposals (RFP) to the Committee for review. ADC requested review of the department's RFP for the management and operation of the Phoenix West prison. The JLBC Staff provided options and a potential provision.

Mr. David Shinn, Director, ADC, responded to member questions.

Representative Cobb moved that the Committee favorably review the department's RFP for the management and operation of the Phoenix West prison with the following provision:

- A. *Upon selecting a vendor, the department shall report to the Committee on the contracted per diem rate and the annual value of the contract.*

The motion carried.

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

Representative Cobb moved that the Committee go into Executive Session. The motion carried.

At 9:54 a.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Cobb moved that the Committee reconvene into open session. The motion carried.

At 11:10 a.m. the Committee reconvened into open session.

(Continued)

Representative Cobb moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the case of *Carlos Balli v. State of Arizona*. The motion carried.

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

1. *Austin Neeley v. State of Arizona, et al*
2. *Albert Chino Cota v. State of Arizona*
3. *Charles Michael Dyer (Maya) v. State of Arizona*

The motion carried.

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

Respectfully submitted:



Kristy Paddack, Secretary

Richard Stavneak

Richard Stavneak, Director



Senator David Gowan, Chairman