



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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PHOENIX, ARIZONA 85007

HOUSE OF
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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

March 29, 2017

The Chairman called the meeting to order at 9:03 a.m., Wednesday, March 29, 2017, in House Hearing Room 1. The following were present:

<p>Members:</p> <p>Senator Lesko, Vice-Chairman Senator Cajero Bedford Senator Farley Senator Farnsworth Senator Hobbs Senator Kavanagh Senator Petersen Senator Yee</p>	<p>Representative Shooter, Chairman Representative Allen Representative Alston Representative Bowers Representative Fernandez Representative Leach Representative Livingston</p>
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Absent: Representative Ugenti-Rita

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of December 14, 2016, Chairman Don Shooter stated that the minutes would stand approved.

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

(Continued)

AHCCCS - Review of Behavioral Health Capitation Rate Changes.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires the Committee to review Arizona Health Care Cost Containment System (AHCCCS) capitation rate changes prior to implementation. The JLBC Staff presented options to the Committee.

Senator Lesko moved that the Committee give a favorable review to the proposed plan year (CYE) 2017 capitation rates for the Regional Behavioral Health Authorities. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2017 Second Quarter Benchmarks.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit a report to the Committee for its review of quarterly benchmarks. The JLBC Staff presented options to the Committee.

Mr. Gregory McKay, Director, DCS, responded to member questions and circulated a document. (Attachment 1)

As part of a group motion on the 3 DCS agenda items, Senator Lesko moved that the Committee give a favorable review to the second quarter benchmark report as outlined in the department's submission. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2017 Fourth Quarter Funding for New Case Aides and Overtime.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit a report to the Committee for its review on private contractor awards to address the backlog of non-active cases prior to the expenditure of monies appropriated for New Case Aides and Overtime Pay. The JLBC Staff presented options to the Committee.

As part of a group motion on the 3 DCS agenda items, Senator Lesko moved that the Committee give a favorable review of the department's \$765,200 for New Case Aides and \$2,092,500 for Overtime Pay in FY 2017 for fourth quarter funding. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of Alternative Use of Backlog Privatization Resources/ Line Item Transfers.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit proposed line item transfers to the Committee for review. The JLBC Staff presented options to the Committee.

As part of a group motion on the 3 DCS agenda items, Senator Lesko moved that the Committee give a favorable review of the transfer of:

- A. \$2,700,000 from the FY 2017 Backlog Privatization line item to the Out-of-Home Support Services line item for contracted permanency services.

- B. *\$1,700,000 from the Foster Care Placement line item to the Adoption Services line item to address higher than budgeted caseload growth in the adoption program.*

The motion carried.

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

Mr. Patrick Moran, JLBC Staff, stated the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires the Committee to review any transfer of funds into or out of certain Division of Developmental Disabilities (DDD) line items. The JLBC Staff presented options to the Committee.

Senator Lesko moved that the Committee give a favorable review of the department's proposed transfer of \$17,100,000 in total funds from the Home and Community-Based Services - Medicaid line item to the following DDD line items:

- A. *\$10,600,000 to the DDD Operating Lump Sum.*
- B. *\$6,500,000 to the Case Management - Medicaid line item.*

The review included a provision that prior to completing any additional transfers, DES shall submit the additional transfers for review by the Committee. The motion carried.

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

Mr. Geoffrey Paulsen, JLBC Staff, stated the FY 2015 General Appropriation Act (Laws 2014, Chapter 18, Section 132) requires the Committee to review the expenditure and performance report resulting from an annual appropriation of \$3,000,000 to NAU from FY 2015 through FY 2019 for distribution to a nonprofit biomedical research entity. The JLBC Staff presented options to the Committee.

Senator Lesko moved that the Committee give a favorable review to the report prepared by the recipient of the funds, the Translational Genomics Research Institute (TGen). The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) - Review of Motor Vehicle Modernization Project Annual Progress Report.

Mr. Ben Murphy, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires the Committee to review an annual progress report submitted by ADOT's third-party consultant for the Motor Vehicle Modernization project. The JLBC Staff presented options to the Committee.

Mr. Eric Jorgensen, Director, Motor Vehicle Division, ADOT, responded to member questions.

Senator Lesko moved that the Committee give a favorable review of the annual progress report. The motion carried.

EXECUTIVE SESSION

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

At 10:08 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 10:43 a.m. the Committee reconvened into open session.

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

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

- *Lane v. State of Arizona, et al.*
- *Ramirez v. Banner University Medical Center, et al.*


The motion carried.

B. Department of Child Safety - Litigation Update under A.R.S. § 38-431.03A3.

This item was held and no discussion occurred.

Without objection, the meeting adjourned at 10:44 a.m.

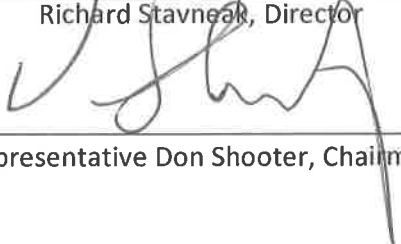
Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



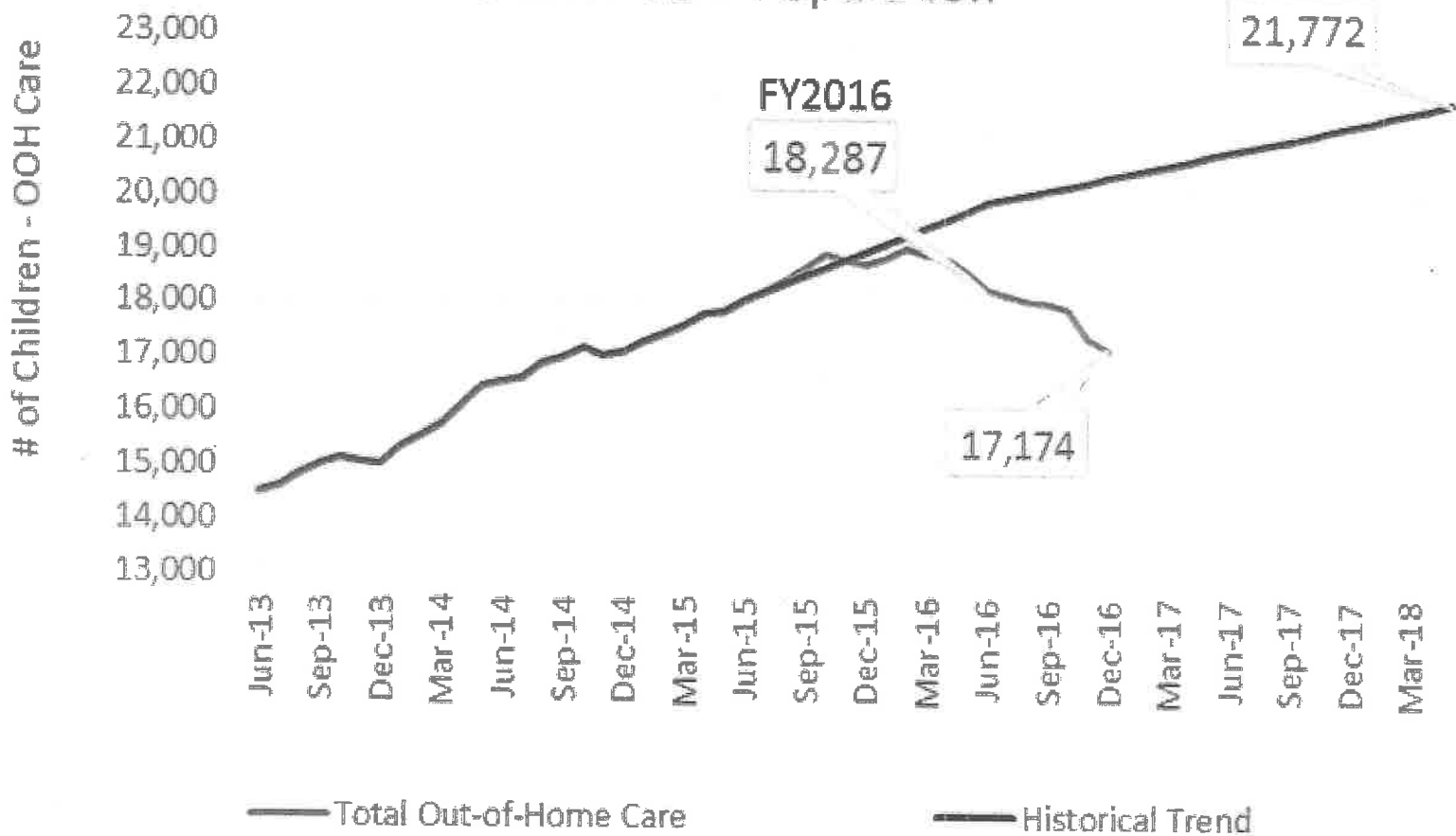
Representative Don Shooter, Chairman

Child Safety Update

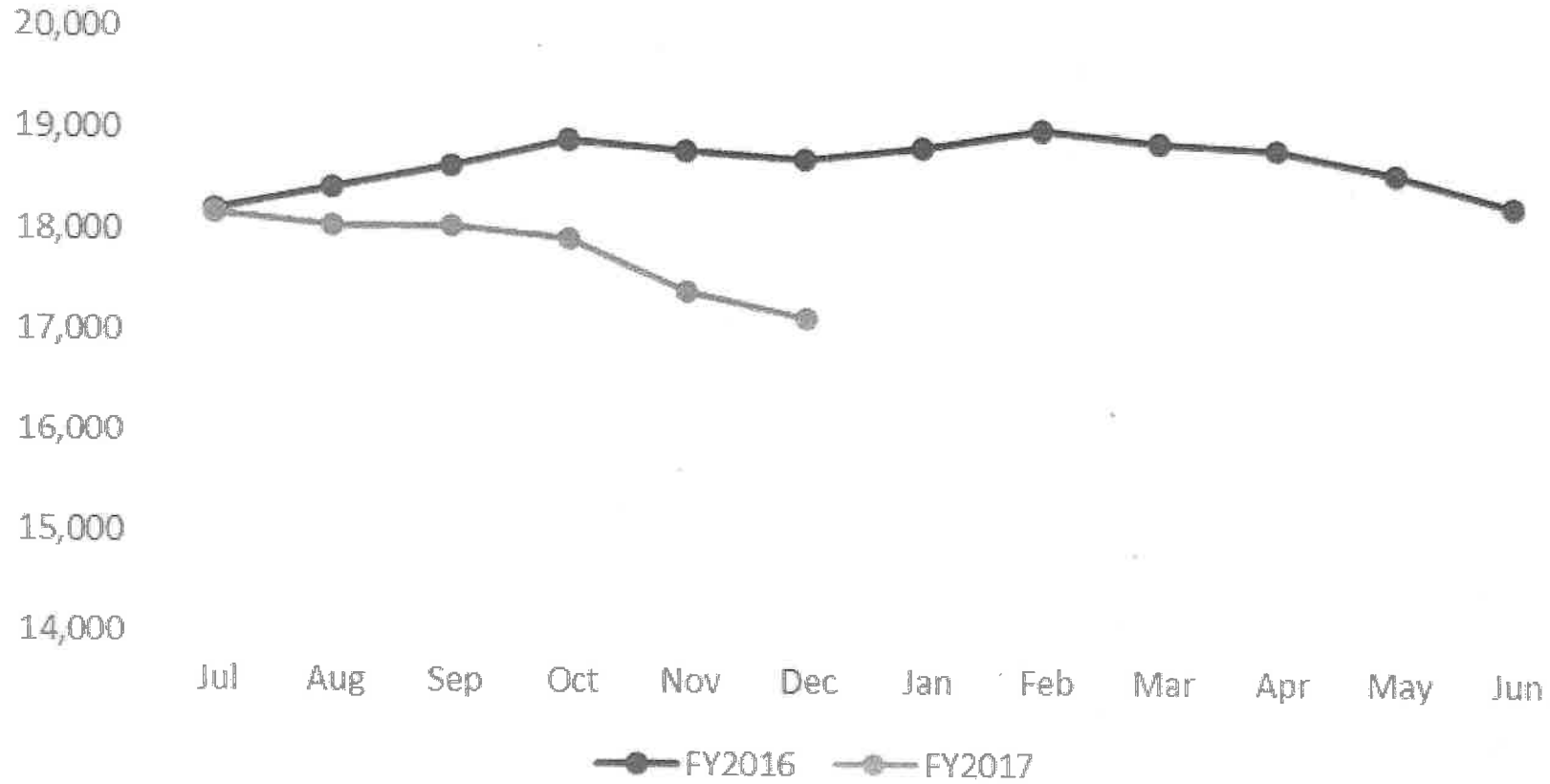
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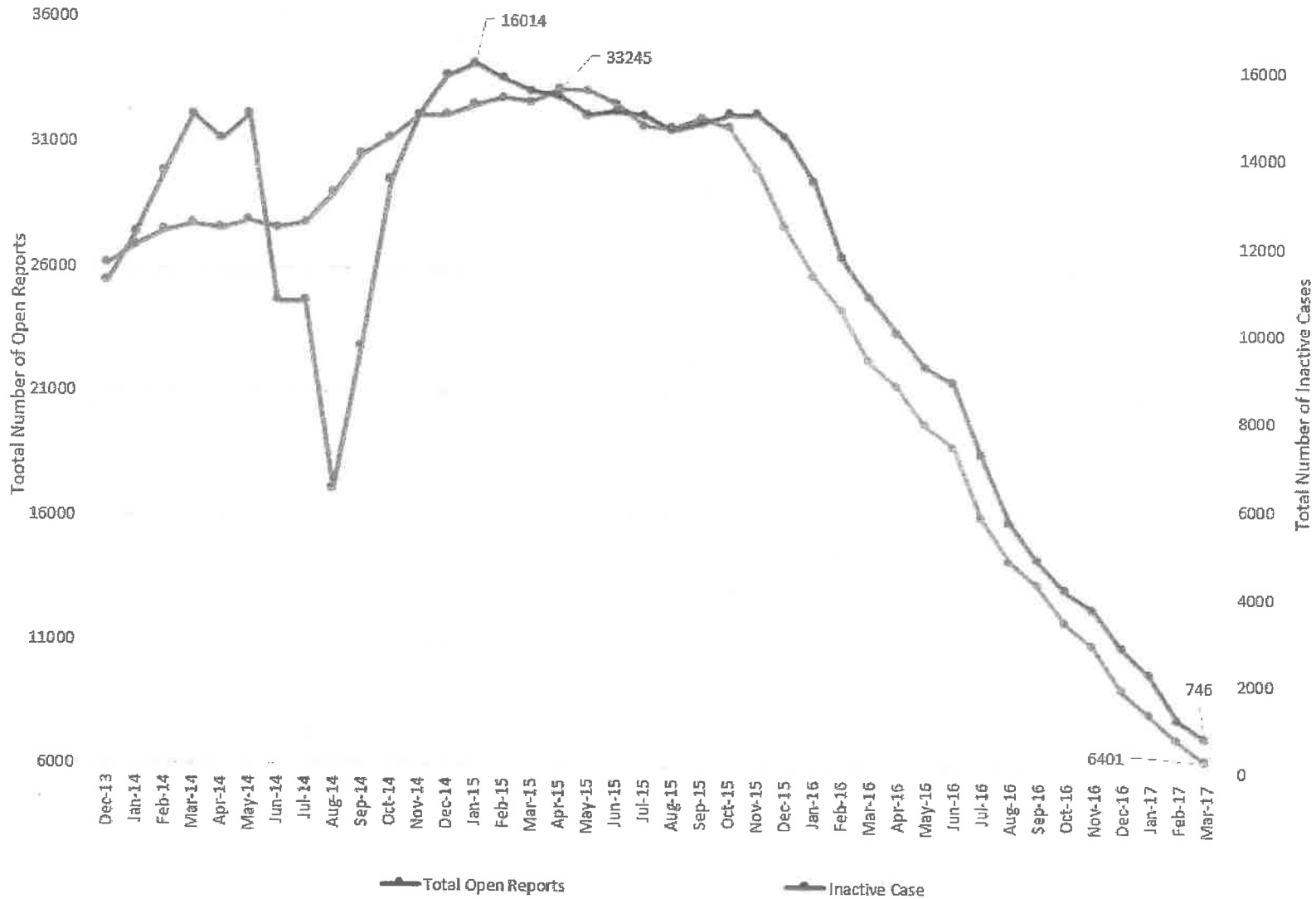
Foster Care Population



Total Out-of-Home Care Population



Inactive Cases and Total Open Reports Trends - 3/27/2017



Utilization of Backlog Funding

- Investigations
 - Interview and case review supports - \$650K actual spend
 - Clerical supports - \$350K actual spend
- Future On Going case manager supports
 - Fostering Sustainable Connection
 - Projected Cost: \$500K
 - Timing: CI award complete
 - Desired outcome: reduction of children placed in congregate care
 - Ongoing case manager augmentation and targeted permanency staffing
 - Projected cost: \$750K-\$1M
 - Timing: CI award complete (with possible additional RFP)
 - Desired outcome: improve the number of children achieving permanency within 12 months
 - Permanent Guardianship for American Indian children
 - Projected Cost - \$350K-\$500K
 - Timing: RFP release in Apr/May
 - Desired outcome: increase the number of American Indian children achieving permanency through permanent guardianship through increased care giver engagement and supports through the legal process
 - Fostering Sustainable Connections Expansion
 - Projected Cost: \$1M-\$1.5M
 - Timing: RFP in Apr/May
 - Desired outcome: further increase the capacity of fostering sustainable connections intervention through funding additional resources/providers
 - Permanent Guardianship for target populations
 - Projected Cost: \$750k-\$1M
 - Timing: TBD based on outcome of American Indian population
 - Desired Outcome: increase the number of children achieving permanency through permanent guardianship through increased care giver engagement and supports through the legal process

