



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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azleg.gov

HOUSE OF
REPRESENTATIVES

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STEVE MONTENEGRO
MICHELLE UGENTI-RITA

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 16, 2016

The Chairman called the meeting to order at 12:36 p.m., Thursday, June 16, 2016, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman Senator Cajero Bedford Senator Farley Senator Griffin Senator Kavanagh Senator Lesko Senator Yarbrough	Representative Olson, Vice-Chairman Representative Alston Representative Leach Representative Mach Representative Mitchell
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Absent:	Senator Hobbs Representative Bowers Representative Montenegro Representative Ugenti-Rita
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EXECUTIVE SESSION

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

At 12:38 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 1:36 p.m. the Committee reconvened into open session.

EXECUTIVE SESSION

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

(Continued)

Representative Olson moved that the Committee approve the recommended settlement proposed by the Attorney General's office in the case of *Laffoon, et al. v. State of Arizona*. The motion carried.

B. Arizona Department of Education (ADE) - Review of Contingency Plan to Fund Potential FY 2016 Formula Shortfalls with FY 2017 Monies (Consultation for Legal Advice under A.R.S. § 38-431.03A3).

Representative Olson moved that the Committee give a favorable review to the recommended use of \$17,872,300 in FY 2017 state General Fund appropriations for a FY 2016 Basic State Aid shortfall with the following provisions:

- A. ADE is to report to the Committee by September 1, 2016 on the actual amount of FY 2017 funding used, if any, to fund FY 2016 shortfalls.
- B. ADE is to spend down all available FY 2016 monies before using FY 2017 monies to address a FY 2016 shortfall, if any.
- C. ADE may use more than \$17,872,300 of FY 2017 monies to address a FY 2016 Basic State Aid shortfall, if any, upon consultation with the JLBC Chairman.

The motion carried.

C. Arizona Department of Administration (ADOA) - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Health Plans as Required Under A.R.S. § 38-658A.

Representative Olson moved that the Committee give a favorable review of the planned contribution strategy for state employee and retiree health coverage for Plan Year 2017 with the provision that on or before October 31, 2016, ADOA shall submit a report to the JLBC Staff analyzing the FY 2016 medical claims. The report shall use the same metrics as those included in its annual Plan Year report. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF CHILD SAFETY (DCS) - Review of CHILDS (Automation Projects Fund).

Mr. Ben Beutler, JLBC Staff, stated that the Committee is required to 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 is requesting Committee review of \$300,000 from APF to develop multiple Requests for Proposals (RFPs). The JLBC Staff presented options to the Committee.

Ms. Linda Jewell, Chief Information Officer, DCS, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the \$300,000 in proposed FY 2017 expenditures from the APF for the Children's Information Library and Data Source (CHILDS) replacement project with the following provisions:

- A. In accordance with A.R.S. § 41-714, ADOA/ DCS shall provide reports from the contracted independent third-party consultant by the last day of February, May, August and November of each year to the JLBC. The consultant shall address the current status of the overall CHILDS project.

(Continued)

- B. Before July 15, 2016, ADOA/DCS shall submit to the JLBC its plan for hiring an independent third-party consultant for the remainder of the CHILDS replacement project.*
- C. Before requesting review of additional APF resources, ADOA/DCS shall submit a complete project timetable, which shall include the planned release date for each RFP and the planned implementation date for each module. ADOA/DCS shall also submit an expenditure plan for the entire project and address whether additional funding will be needed for RFP development.*
- D. While Request for Proposals (RFP) can be issued for the proposed solution, the DCS may not award a contract or proceed with further development efforts until a full Project Investment Justification (PIJ) reflecting the final costs, scope of work, technology, and implementation schedule for the proposed solution has been submitted to ADOA- Arizona Strategic Enterprise Technology (ASET) for review and approval. This condition was adopted by the Information Technology Authorization Committee (ITAC) as part of its review on June 15, 2016.*

The motion carried.

DEPARTMENT OF CHILD SAFETY - Review of Contractor Award for Backlog Privatization.

Mr. Ben Beutler, JLBC Staff, stated that the Committee is required to review both FY 2016 and FY 2017 Backlog Privatization appropriations for the Department of Child Safety. The JLBC Staff presented options to the Committee.

Mr. Greg McKay, Director, DCS, responded to member questions and circulated documents.
(Attachment 1)

Representative Olson moved that the Committee give a favorable review of the FY 2016 expenditure plan, the contract awards as of June 9, and \$769,400 for New Case Aides in FY 2017. The remaining amounts from the FY 2017 appropriation would be reviewed upon DCS submission of the complete set of awards.

The favorable review includes the following provisions:

- A. If DCS meets the goal of fewer than 1,000 backlog cases, DCS shall submit an expenditure plan for any remaining backlog privatization monies to the JLBC for review.*
- B. DCS shall provide reports by the last day of each quarter to the JLBC on backlog privatization expenditures. In addition, the department shall provide a copy of all signed contracts for backlog privatization to the JLBC.*

The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Per Diem Rate Change for Year 4 of Inmate Health Care Contracted Services.

Ms. Micaela Larkin, JLBC Staff, stated that the Committee is required to review the ADC's inmate health care capitation rates prior to implementing any changes. The JLBC Staff presented options to the Committee.

(Continued)

Mr. Richard Pratt, Assistant Director, Health Services Contract Monitoring Bureau, ADC, responded to member questions.

Representative Olson moved that the Committee give a favorable review to increase the inmate health care per diem from \$11.60 to \$12.06. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION /DEPARTMENT OF EDUCATION - Review of AELAS Expenditure Plan (Automation Projects Fund).

Mr. Matt Beienburg, JLBC Staff, stated that the Committee is required to review the expenditure plan presented by ADOA/ADE from the APF for the Department of Education Arizona Education Learning and Accountability System (AELAS) prior to expenditure. The JLBC Staff presented options to the Committee.

Mr. Mark T. Masterson, Chief Information Officer, Associate Superintendent Information Technology, ADE, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the \$7,300,000 in proposed FY 2017 expenditures from the APF for the Department of Education AELAS with the following provisions:

- A. *The results of third-party independent assessments are to be reported quarterly to the Committee in accordance with Section 129(L) of the FY 2017 General Appropriation Act (Laws 2016, Chapter 117).*
- B. *ADE shall report to the Committee at least 30 days prior to transferring monies between the budget line items presented in the FY 2017 AELAS expenditure plan.*
- C. *Prior to the expenditure of any monies approved in the FY 2017 AELAS expenditure plan for purposes not delineated in Table 1 below, ADE shall submit for Committee review a report of the intended use of those monies.*
- D. *By October 31, 2016, ADE is to report to the Committee:*
 1. *Its progress in transitioning schools from the Student Accountability Information System (SAIS) to Arizona Education Data Standards (AzEDS) for purposes of student data collection.*
 2. *An estimate of how FY 2016 statewide Average Daily Membership (ADM) counts differed under AELAS versus SAIS.*
 3. *A list of FY 2016 AELAS expenditures for actual development versus ongoing operation and maintenance for AELAS, and the sources of monies used to fund those functions in FY 2016.*
 4. *A long-range budget for AELAS through full implementation and timeframe for project completion.*

In addition, the following provisions relate to the AELAS Opt-in SSIS (Statewide Student Information System):

- E. *As part of its \$180,000 FY 2017 allocation for Opt-in Statewide Student Information System (SSIS), ADE shall not expend any funds on marketing or solicitation of new participants. By October 31, 2016, ADE shall report to the committee:*
 1. *The expected revenues and expenditures for the Opt-In SSIS program for FY 2017 and 2018, along with a rationale for how the SSIS rates are established.*

(Continued)

2. ADE's response to the third-party reviewer's concerns regarding the administration of the Opt-In SSIS program, as described in the April 2016 review.

F. ADE must identify a funding source, amend the project investment justification (PIJ) to reflect costs required to complete the full scope of the project, and submit this information to the ADOA- ASET Office and the ITAC for review and approval, prior to expenditure of additional funding beyond the FY 2017 APF allocation. Provision F was adopted by ITAC at its May 25, 2016 meeting.

Table 1

FY 2017 AELAS Expenditure Plan

<u>Project</u>	<u>FY 2016</u> ^{1/ 2/}	<u>FY 2017</u>
Program Support Office	\$750,000	\$700,000
Production Services	1,150,000	2,560,000
Centralized Educational Data Services	400,000	0
School Finance	1,700,000	740,000
Arizona Education Data Standards (AzEDS)	2,000,000	3,120,000
Opt-in SSIS	<u>1,000,000</u>	<u>180,000</u>
Total	\$7,000,000	\$7,300,000

1/ FY 2016 includes amended FY 2016 appropriations as reviewed by the Committee at its September 2015 meeting, in which \$400,000 of the original Production Services budget was transferred to a newly-created Centralized Educational Data Services Project line item.

2/ FY 2016 further reflects ADE's request to transfer \$400,000 of the FY 2016 Opt-in SSIS budget to the FY 2016 Production Services budget, which restored the original FY 2016 budget for the latter.

The motion carried.

SECRETARY OF STATE (SOS) - Review of Election Services Line Item Transfer.

Ms. Krista MacGahan, JLBC Staff, stated that the Committee is required to review any transfer to or from the Election Services line item within the SOS budget. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review of the transfer of \$712,000 from the Election Services line item to the agency's operating budget during FY 2017 in order to fund various election activities that were not included in the restrictions for the Elections Services line item.

The motion carried.

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Border Strike Force Expenditure Plans.

Mr. Eric Billings, JLBC Staff, stated that the Committee is required to review the expenditure plan for the 3 newly-created Border Strike Task Force (BSTF) line items. The JLBC Staff presented options to the Committee.

Colonel Frank Milstead, Director, DPS, responded to member questions.

(Continued)

Representative Olson moved that the Committee give a favorable review to the expenditure plan of \$25,378,800 for the BSTF Ongoing and One-Time line items with the following provisions:

- A. Prior to expenditure of the \$1,261,700 BSTF Local Support line item, DPS is to report back to the Committee for its review regarding the allocation model and recipients of these monies.
- B. DPS is to report back to the Committee regarding the amount of the proceeds received from the sale of one of their existing helicopters and how the funds were allocated.
- C. DPS is to submit for further JLBC review any modification to the proposed DPS plan that would result in the purchase of a hangar.
- D. DPS is to report the planned use of their proposed \$1,000,000 contingency in the BSTF One-Time line item, prior to expenditure, and to submit for review any new uses beyond those specified in their current plan.

The motion carried.

DEPARTMENT OF PUBLIC SAFETY - Review of the Expenditure Plan for the GIITEM Border Security and Law Enforcement Subaccount.

Mr. Eric Billings, JLBC Staff, stated that the Committee is required to review the entire FY 2017 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Fund Border Security and Law Enforcement Subaccount prior to expenditure. The JLBC Staff presented options to the Committee.

Colonel Frank Milstead, Director, DPS, responded to member questions.

Mr. Phil Case, Chief Financial Officer, DPS, responded to member questions.


Senator Yarbrough moved that the Committee give a favorable review to the \$2,390,000 expenditure plan from the GIITEM Fund Border Security and Law Enforcement Subaccount. This amount would be distributed amongst all 15 county sheriffs, 6 municipalities, and the Arizona Department of Corrections (see Table 1).

The motion carried.

Table 1	
DPS Expenditure Plan – GIITEM Subaccount	
<u>Proposed Recipient</u>	<u>FY 2017 Allocation</u> ^{1/}
Police Departments/Marshall's Offices	
Coolidge Police Department	\$ 64,200
Douglas Police Department	0
Eloy Police Department	56,400 ^{2/}
Oro Valley Police Department	66,700
San Luis Police Department	56,400 ^{2/}
Somerton Police Department	44,500
Subtotal	\$ 288,200
County Sheriffs	
Apache County Sheriff's Office	\$ 70,000
Cochise County Sheriff's Office	299,100
Coconino County Sheriff's Office	70,000
Gila County Sheriff's Office	70,000
Graham County Sheriff's Office	70,000
Greenlee County Sheriff's Office	70,000
La Paz County Sheriff's Office	70,000
Maricopa County Sheriff's Office	159,200
Mohave County Sheriff's Office	70,000
Navajo County Sheriff's Office	70,000
Pima County Sheriff's Department	507,300
Pinal County Sheriff's Office	117,700
Santa Cruz County Sheriff's Office	70,000
Yavapai County Sheriff's Office	70,000
Yuma County Sheriff's Office	70,000
Subtotal	\$ 1,853,300
Arizona Department of Corrections	\$ 238,300
Unallocated	\$ 10,200
Total	\$ 2,390,000
^{1/} Represents new proposed allocation from the subaccount.	
^{2/} Amounts represent estimates as the discussions with the local law enforcement entity and DPS are ongoing.	

Without objection, the meeting adjourned at 3:50 p.m.


Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Senator Don Shooter, Chairman

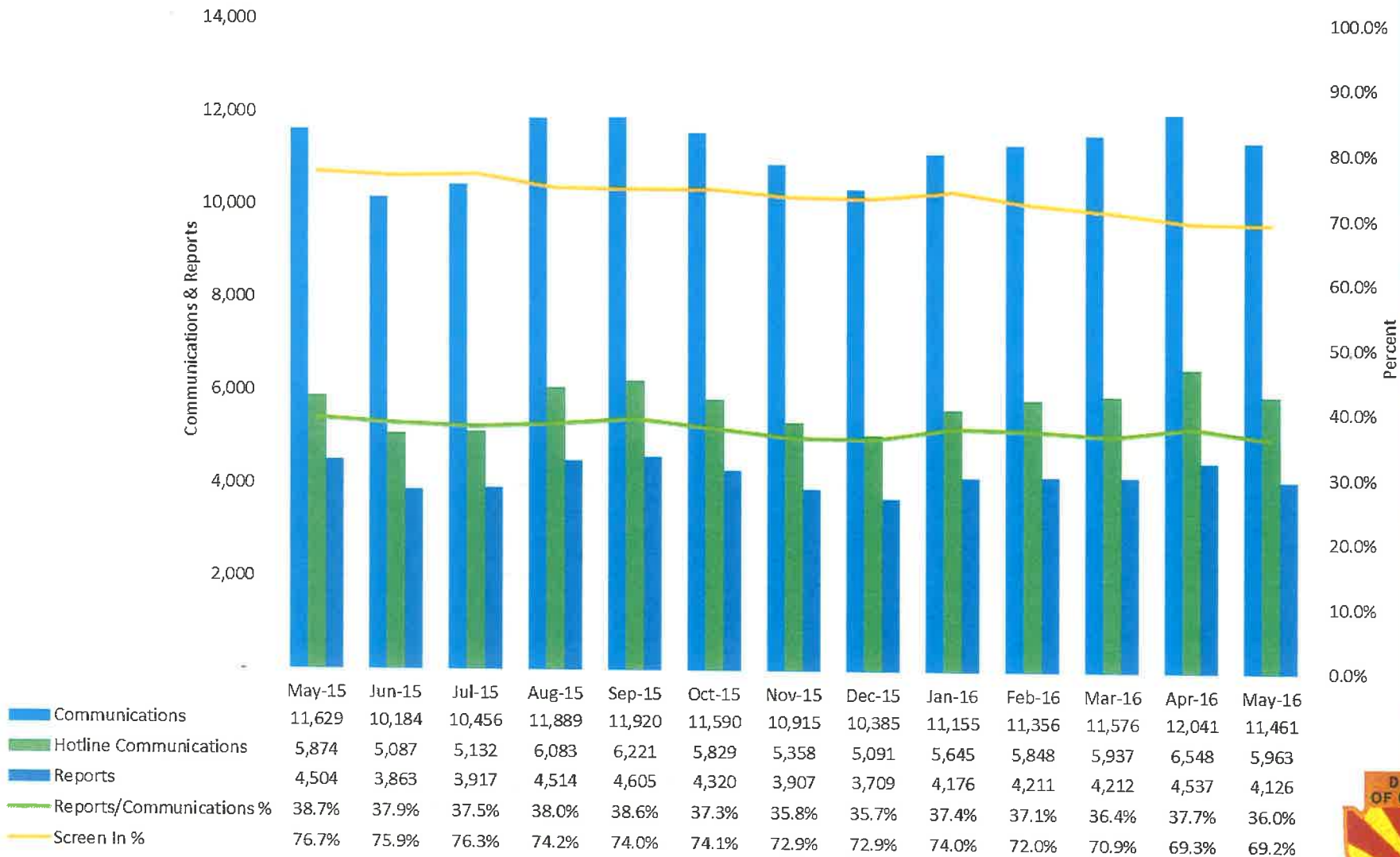
NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>

Department of Child Safety

Data Charts as of week beginning 6.13.16



Communications & Reports to the Hotline



NOTE: Communications, Hotline Communications, and Reports include calls/reports that are no jurisdiction reports.
Screen In % shows reports as a percentage of total Hotline Communications.

Data Source: DCS Tableau Dashboard, Communications Received by Weekday and Hour Reports, 6.4.16



Criminal Conduct Reports



NOTE: Reports include calls/reports that are no jurisdiction reports.
 Data Source: DCS Tableau Dashboard, Criminal Conduct Reports, 6.4.16

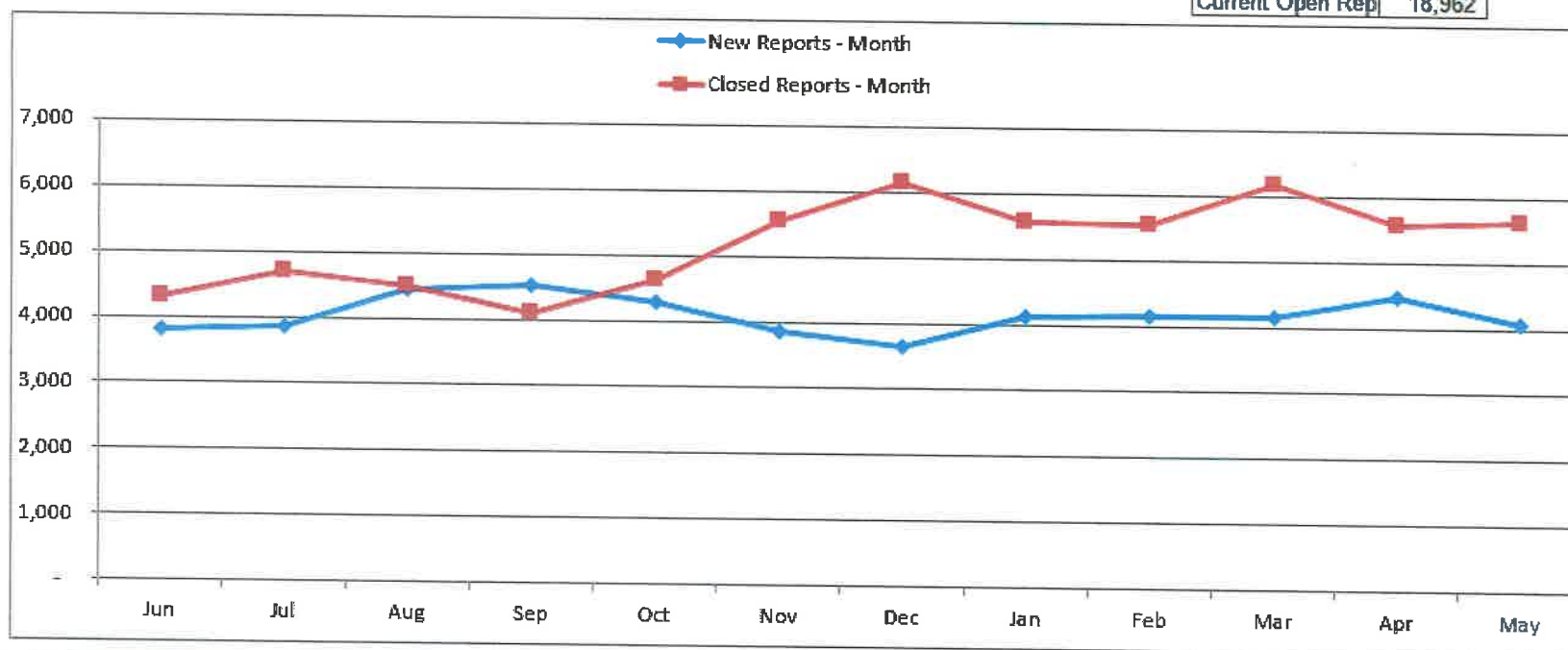


Completed Reports vs. Assigned New Reports

**Closed Reports for the Month
versus
Assigned New Reports for the
State of Arizona**

Arizona ▼

Reports Received	73,198
Reports Closed	86,356
Net Data	(13,158)
Current Open Rep	18,962



State of Arizona	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
New Reports - Month	3,799	3,847	4,423	4,527	4,267	3,850	3,649	4,117	4,138	4,154	4,457	4,071	1,237
Closed Reports - Month	4,314	4,699	4,492	4,089	4,617	5,553	6,152	5,576	5,552	6,175	5,569	5,628	2,287

NOTE: Investigations may contain one or more reports. Current open reports is through 6.13.16.

Data Source: Weekly Completed/Assigned Report



Inactive Cases

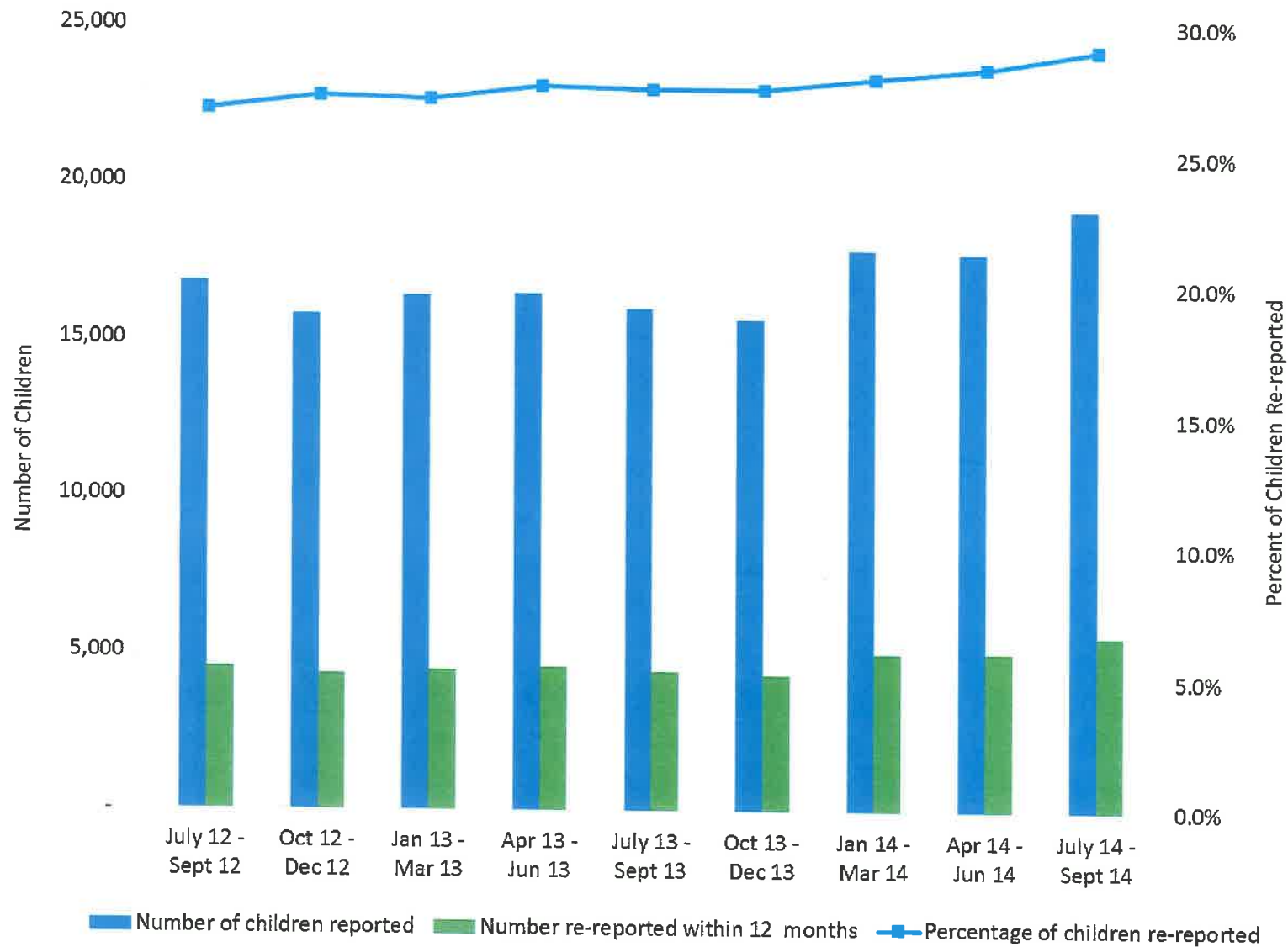
Total Inactive Cases, 6-14-16



Data Source: Weekly DCS Inactives Report



Re-reports of Maltreatment within 12 Months

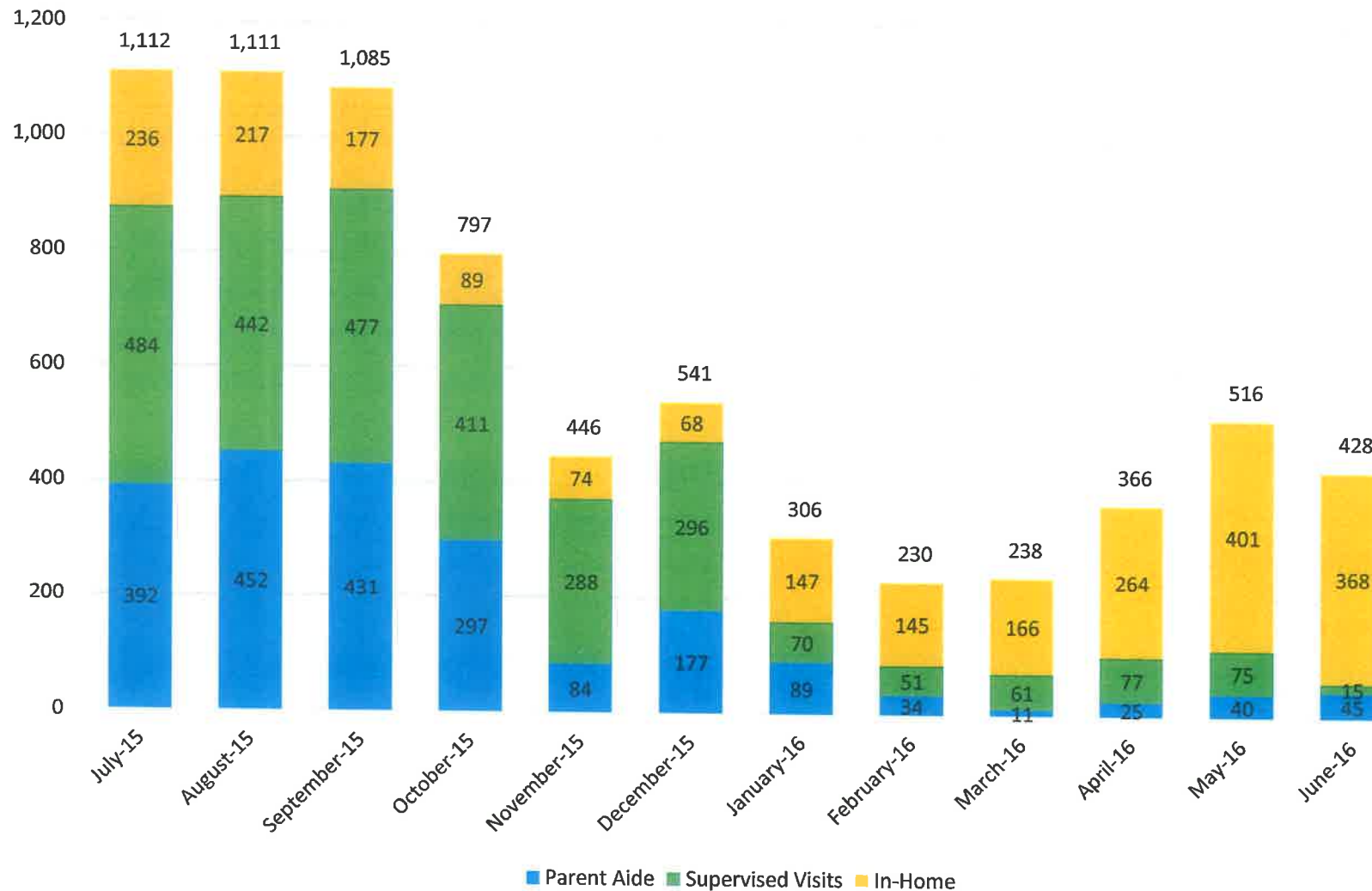


Data Source: Oversight Committee Dashboard, December 2015



Service Referral Waitlist

Parent Aide, Supervised Visits, and In-home

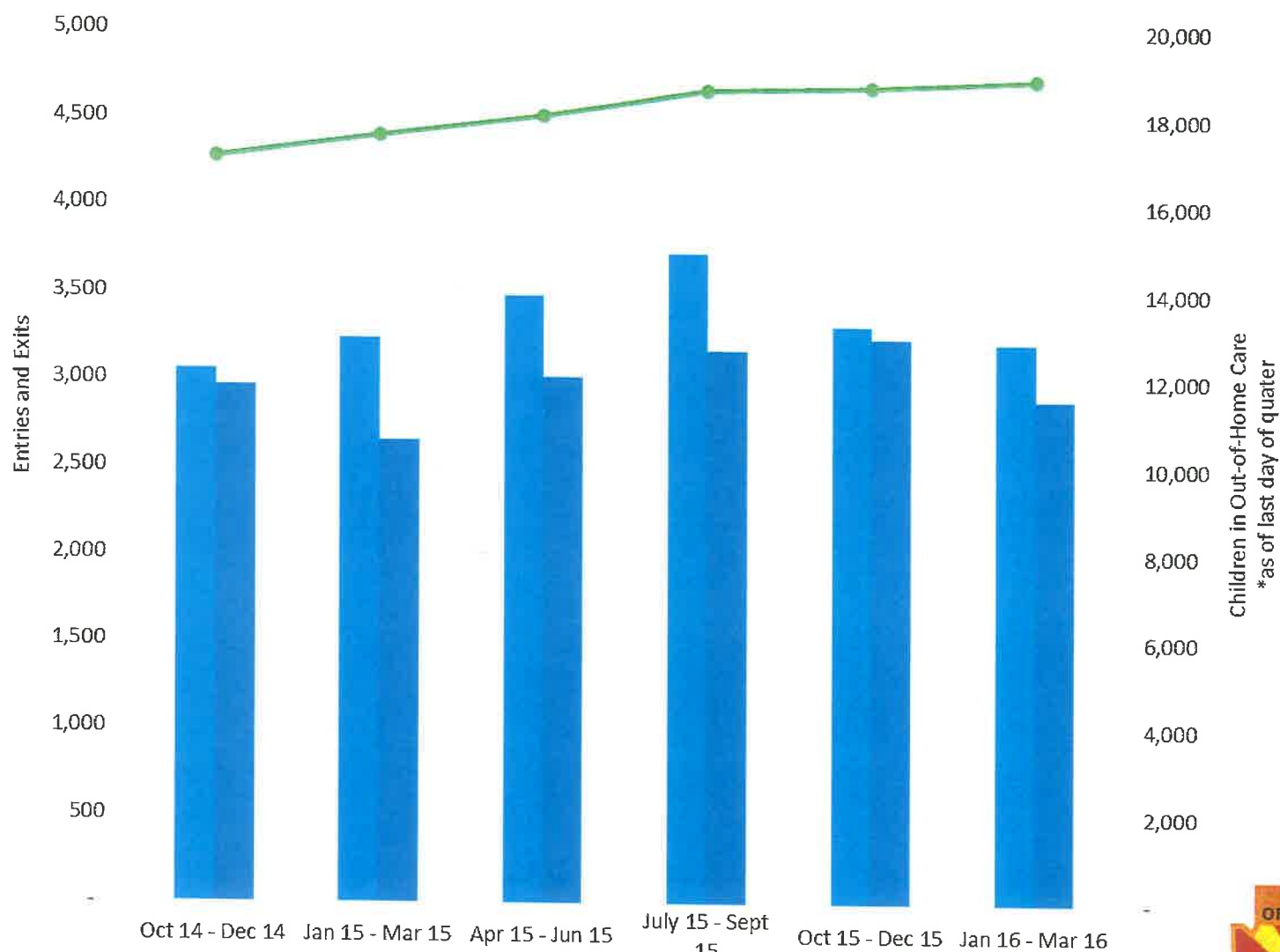


NOTE: June data through 6.10.16 (SW region in-home data through 6.3.16)

Data Source: Weekly DCS Waitlist Report



Entries and Exits

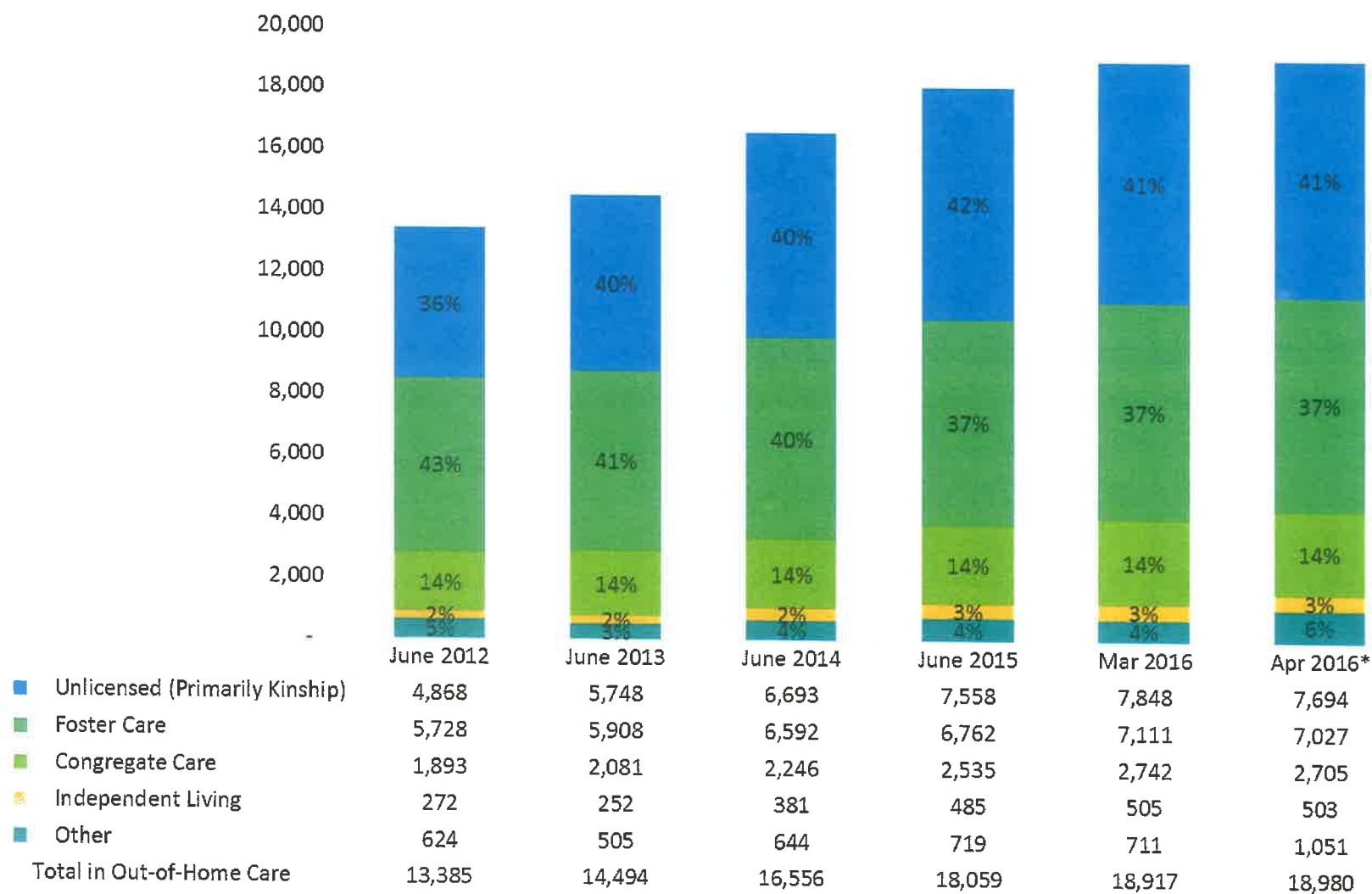


Total Child Entries (duplicated)	3,046	3,229	3,477	3,721	3,306	3,212
Total Child Exits (duplicated)	2,957	2,649	3,007	3,164	3,236	2,888
OOH *	17,102	17,592	18,059	18,657	18,736	18,917

Data Source: Removals & Returns Dashboard, 6.4.16. Data from Jan 16 – Mar 16 is preliminary.



Children in Out-of-Home Care



NOTE: April 2016 data is preliminary

Data Source: DCS Monthly Out-of-Home Care Report, 5.24.16



Length of Stay (60 days or less)

Children Removed by Month by length of stay less than 61 Days

Return Reason:
 From: to:
 Region:
 APM:

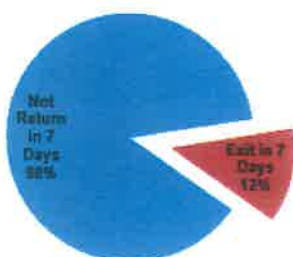
Children Returned in 3 Days

Removed Children = 10936
Returned in 7 Days = 811



Children Returned in 7 Days

Removed Children = 10936
Returned in 7 Days = 1346



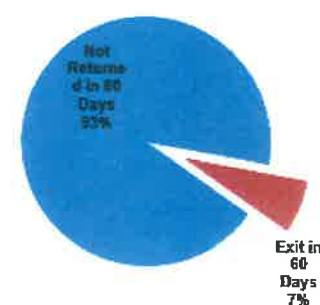
Children Returned in 30 Days

Removed Children = 10936
Returned in 30 Days = 1649

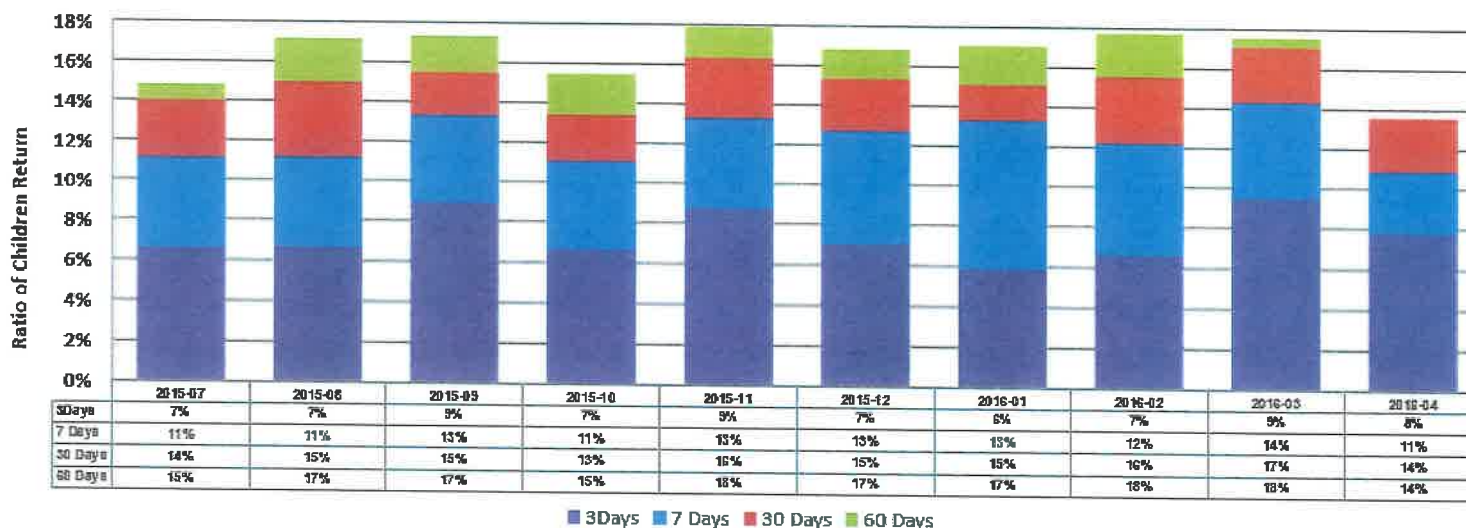


Children Returned in 60 Days

Removed Children = 10936
Returned in 60 Days = 1810



Ratio of Children Stay by the Month the Child was Removed



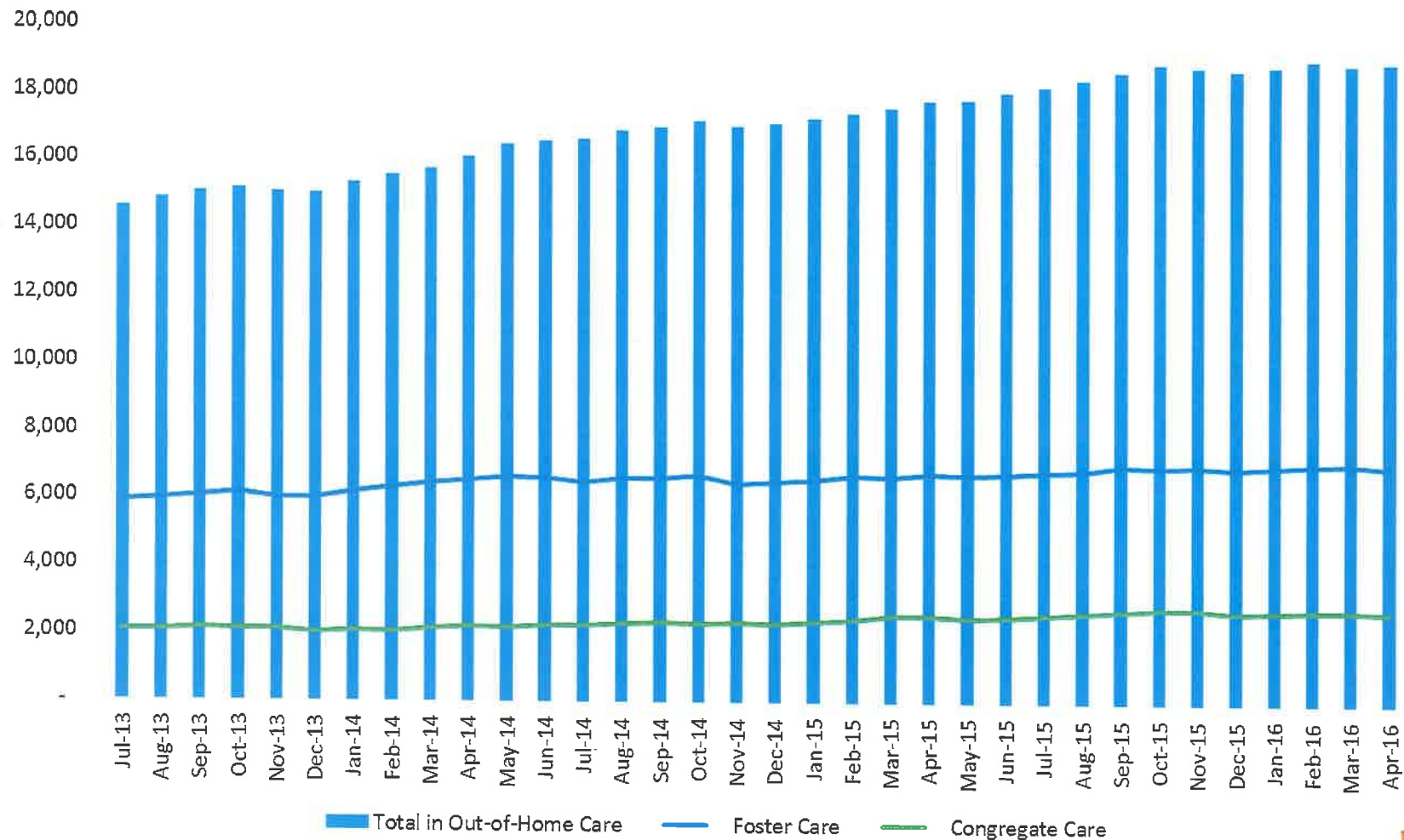
All Children Removed Under 18 years old in care for 1 day or greater
246 Children in Care for 0 Days

Data Source: DCS Short Stays Report

Removal Cube 5/10/2015



Licensed Foster Care & Congregate Care

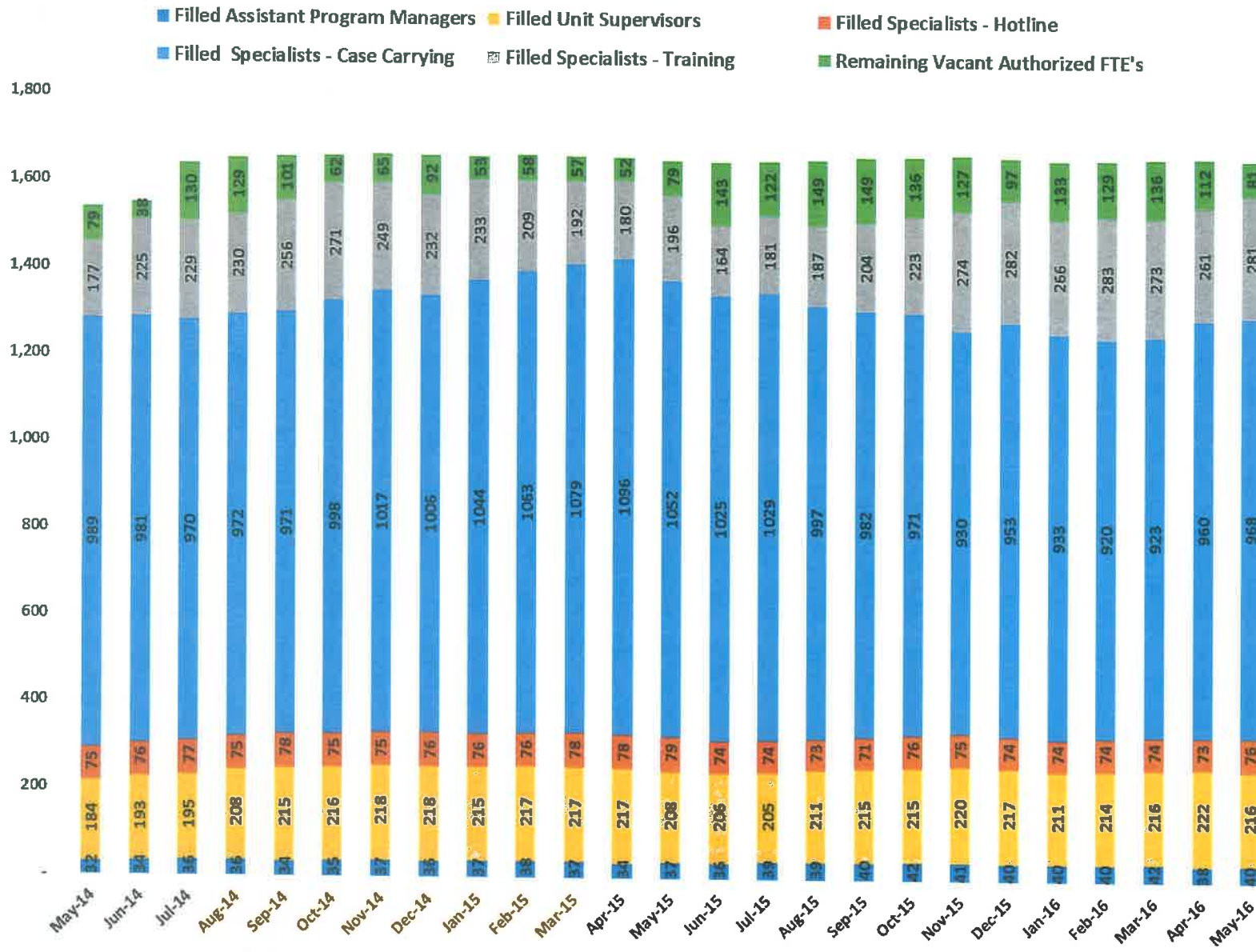


NOTE: April 2016 data is preliminary

Data Source: DCS Monthly Out-of-Home Care Report, 5.24.16



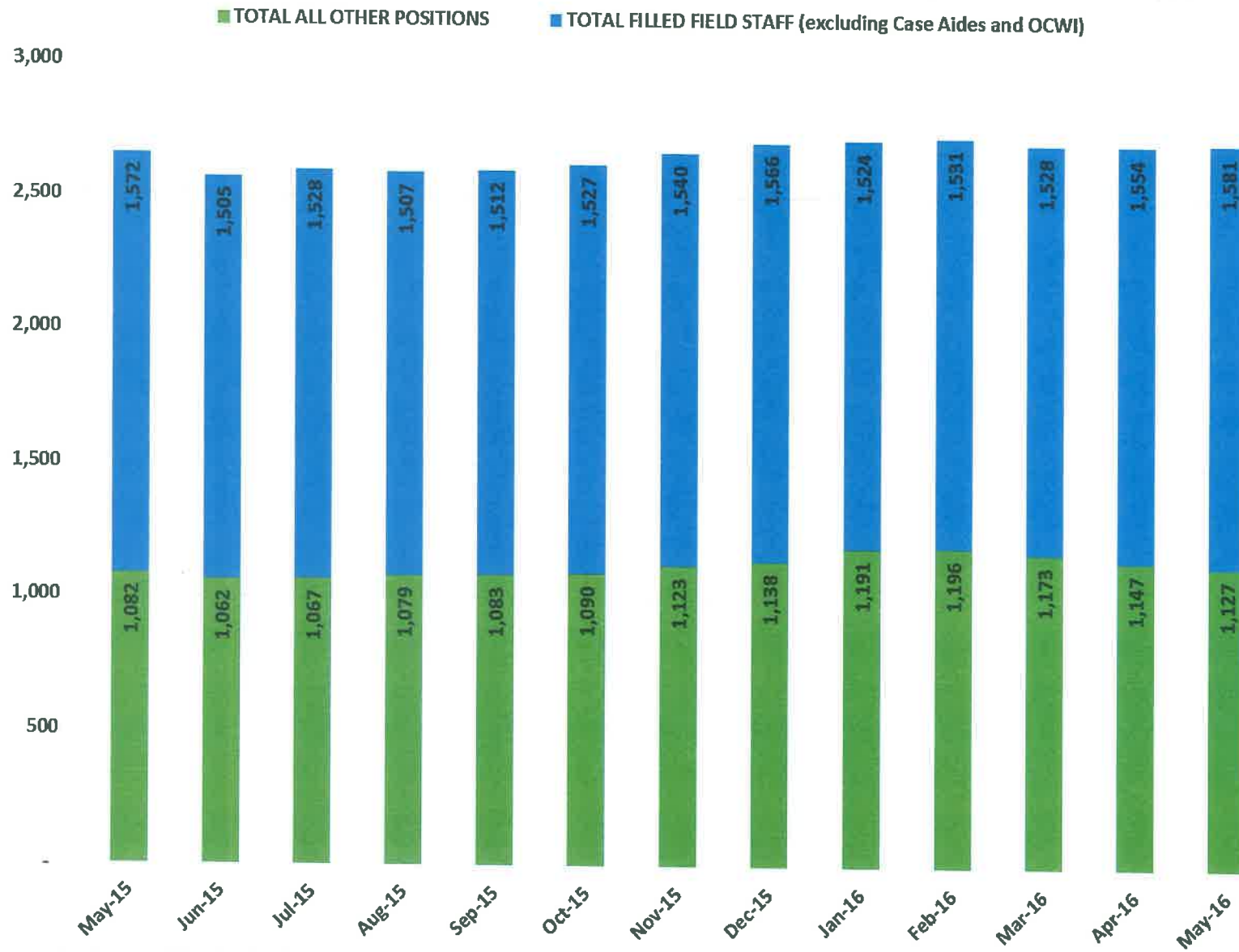
Field Staff



NOTE: Includes Assistant Program Managers, Field Supervisors, and Specialists
Data Source: DCS Monthly Staffing Report, 6.9.16



Agency Staff



NOTE: Field Staff includes Assistant Program Managers, Field Supervisors, and Specialists
 Data Source: DCS Monthly Staffing Report, 6.9.16



