



STATE OF ARIZONA

Joint Legislative Budget Committee

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LISA OTONDO

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

July 15, 2021

The Chairman called the meeting to order at 9:37 a.m., Thursday, July 15, 2021, in House Hearing Room 1 and via video conference. The following were present:

Members:	Senator Gowan, Vice-Chairman	Representative Cobb, Chairman
	Senator Alston	Representative Bolick
	Senator Bowie	Representative Chávez
	Senator Gray	Representative Fernandez
	Senator Kerr	Representative Kavanagh
	Senator Leach	Representative Osborne
	Senator Otondo	Representative Schwiebert (Temporary member)
Absent:	Senator Livingston	Representative Friesse
		Representative Toma

APPROVAL OF MINUTES

Senator Gowan moved that the Committee approve the minutes of April 27, 2021. The motion carried.

CONSENT AGENDA

The following items were considered without further discussion.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/AUTOMATION PROJECTS FUND (APF) - Review of ADE School Finance Replacement Project.

A.R.S. § 41-714 requires Committee review prior to any monies being expended from APF. ADOA requested review of \$3,600,000 for the Arizona Department of Education (ADE) School Finance System Replacement. The JLBC Staff provided options.

(Continued)

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

A.R.S. § 35-173 requires Committee approval of any transfer of spending authority within ADOA. ADOA requested authorization to transfer \$900,000 of Risk Management Revolving Fund monies from its operating lump sum appropriation to the Risk Management Administrative Expenses line item in FY 2021. The JLBC Staff provided options.

ATTORNEY GENERAL (AG) - Review of Uncollectible Debts.

Pursuant to A.R.S. § 35-150E, the Attorney General (AG) requested Committee review of its listing of uncollectible debts to be removed from the state's accounting system. The listing totals \$21,069,638 for debts listed as uncollectible in FY 2021 and prior years. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2021 Third Quarter Correctional Officer Staffing Report.

Pursuant to an FY 2021 General Appropriation Act footnote, ADC submitted for Committee review its quarterly staffing report for correctional officers (COs). The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Transwestern Settlement.

Pursuant to A.R.S. § 15-915B, ADE requested Committee review of its re-calculation of Basic State Aid for school districts with property values affected by the *Transwestern Pipeline Co. v. Arizona Department of Revenue* litigation. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Career Technical Education District Annual Report.

ADE requested Committee review of its annual Career Technical Education District (CTED) report for FY 2020, as required by A.R.S. § 15-393.01. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of K-12 Broadband Connectivity Projects..

Pursuant to A.R.S. § 15-249.07, ADE requested Committee review of its annual report on K-12 broadband connectivity construction projects. The JLBC Staff provided options.

DEPARTMENT OF HEALTH SERVICES (DHS) - Review of Long Term Care Audit Report.

Pursuant to an FY 2021 General Appropriation Act footnote, DHS requested Committee review of its Long Term Care Audit Report. The JLBC Staff provided options.

DEPARTMENT OF PUBLIC SAFETY - Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount.

Pursuant to A.R.S. § 41-1724G and A.R.S. § 41-1724H, DPS is required to submit for Committee review the entire FY 2022 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expending any monies. The Subaccount is funded primarily from a \$4.00 surcharge on criminal violations.

(Continued)

DPS has submitted for review its proposal to distribute \$1,361,600 of the \$2,411,600 FY 2022 appropriation from the Subaccount to continue to fund 3 existing programs: Detention Liaison Officers Program (\$463,900), Border County Officers Program (\$547,700), and Pima County Border Crimes Unit (\$350,000). DPS plans to submit to the Committee an allocation plan for the Border Security and Law Enforcement Grants (\$1,050,000) for review at a later date this year. The JLBC Staff provided options and a potential provision:

- A. DPS shall report to the Committee prior to implementing any changes to the proposed FY 2022 allocation of the grants.

ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2022 Tuition Revenues.

An FY 2022 General Appropriation Act footnote requires ABOR to submit to the Committee for review an expenditure plan for all projected FY 2022 tuition and fee revenues by expenditure category. The JLBC Staff provided options.

Senator Gowan moved that the Committee give a favorable review, or approval, as appropriate, of the 10 consent agenda items with JLBC Staff provisions listed above. The motion carried.

EXECUTIVE SESSION

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

At 9:39 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 10:34 a.m. the Committee reconvened into open session.

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

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

1. *Bruce Bryce, et al. v. April Kaufax, et al.*
2. *Humphreys/Pearson, et al. v. State of Arizona, et al.*

The motion carried.

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

Senator Gowan moved that the Committee accept the report for the planned contribution strategy for state employee and retiree medical plans.

Senator Leach moved that the Committee give a favorable review of the plan with the following provision:

(Continued)

- A. Prior to the next JLBC meeting, ADOA shall submit a report with an update on the financial status of the Health Insurance Trust Fund and proposed solutions to eliminate the Health Insurance Trust Fund's structural shortfall. The motion passed by a roll call vote of 12-2-0-3. (*Attachment 1*)

The motion carried.

REGULAR AGENDA

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/AUTOMATION PROJECTS FUND (APF) - Review of Business One-Stop Web Portal.

Ms. Rebecca Perrera, JLBC Staff, stated that pursuant to A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Arizona Department of Administration's (ADOA) Automation Projects Fund (APF). ADOA requested review of the expenditure of \$7,758,900 in FY 2022 funds for the ADOA Business One-Stop Shop Web Portal. The JLBC Staff provided options.

Mr. J.R. Sloan, State CIO, ADOA, responded to member questions.

Senator Gowan moved that the Committee favorably review the expenditure of \$7,758,900 in FY 2022 funds for the ADOA Business One-Stop Shop Web Portal. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2021 Quarterly Benchmarks.

Ms. Nicole Lovato, JLBC Staff, stated that pursuant to an FY 2021 General Appropriation Act footnote, DCS submitted for Committee review a report of quarterly benchmarks for assessing progress made in increasing the department's number of Full-Time Equivalent (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. The JLBC Staff provided options.

Mr. Mike Faust, Director, DCS, responded to member questions.

Senator Gowan moved that the Committee favorably review the department's FY 2021 third quarter benchmark report. The motion carried.

ARIZONA CRIMINAL JUSTICE COMMISSION (ACJC) - Review of Edward Byrne Memorial Justice Assistance Grant Federal Applications.

Mr. Ryan Fleischman, JLBC Staff, stated that pursuant to A.R.S. § 41-2403, ACJC submitted its federal application for the Edward Byrne Memorial Justice Assistance Grant to the Committee for review 30 days prior to submission to the federal government. The JLBC Staff provided options.

Mr. Andrew LeFevre, Executive Director, ACJC, responded to member questions.

Senator Gowan moved that the Committee favorably review of the Edward Byrne Memorial Justice Assistance Grant federal application with the following provision:

- A. ACJC shall submit a preliminary proposal to the Committee by May 15, 2022 if the federal guidelines have not yet been received for 2022.

(Continued)

The motion carried.

DEPARTMENT OF REVENUE (DOR) - Review of Transaction Privilege Tax Administration and Enforcement Audit Report.

Mr. Jeremy Gunderson, JLBC Staff, stated that pursuant to an FY 2021 General Appropriation Act footnote requires DOR to submit for Committee review its report on the implementation progress of the recommendations included in the Office of the Auditor General's (OAG) March 2019 report on Transaction Privilege Tax (TPT) administration and enforcement. The JLBC Staff provided options.

Mr. Robert Woods, Director, DOR, responded to member questions.

Senator Gowan moved that the Committee favorably review the progress report. The motion carried.

SECRETARY OF STATE (SOS) - Review of Expenditure Plan for Help America Vote Act (HAVA).

Ms. Maggie Rocker, JLBC Staff, stated that pursuant to an FY 2019 General Appropriations Act footnote and an FY 2021 General Appropriations Act footnote, SOS is required to submit an expenditure plan for Help America Vote Act (HAVA) monies to the Joint Legislative Budget Committee for review prior to spending those monies. The JLBC Staff provided options.


Ms. Allie Bones, Assistant Director, SOS, responded to member questions.

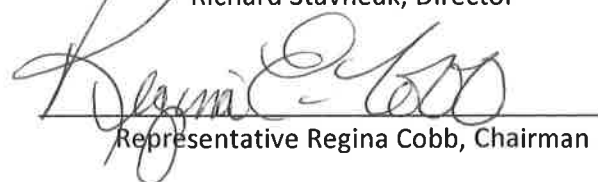
Representative Cobb moved that the Committee table review of the SOS FY 2022 HAVA expenditure plan until the next meeting and requested that SOS provide a more detailed explanation of how monies would be distributed. The motion carried.

Without objection, the meeting adjourned at 11:59 a.m.

Respectfully submitted:


Kristy Paddack, Secretary

 **Richard Stavneak**
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>

