



STATE OF ARIZONA

Joint Legislative Budget Committee

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

September 25, 2019

The Chairman called the meeting to order at 1:07 p.m., Wednesday, September 25, 2019, in House Hearing Room 1. The following were present:

Members:	Senator Gowan, Vice-Chairman	Representative Cobb, Chairman
	Senator Alston	Representative Fernandez
	Senator Bowie	Representative Friese
	Senator Gray	Representative Kavanagh
	Senator Leach	Representative Petersen
	Senator Otondo	Representative Roberts
		Representative Toma
Absent:	Senator Livingston	Representative Espinoza
	Senator Mesnard	

APPROVAL OF MINUTES

Senator Gowan moved that the Committee approve the minutes of June 18, 2019. The motion carried.

CONSENT AGENDA

The following items were considered without discussion.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2019 Fourth Quarter Benchmarks.

Pursuant to an FY 2019 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.

(Continued)

ARIZONA STATE PARK BOARD (ASPB) - Review of FY 2020 Arizona Trail Expenditure Plan.

An FY 2020 General Appropriation Act footnote requires ASPB to submit an expenditure plan to the Committee for review prior to any monies being expended from the Arizona Trail line item. The JLBC Staff provided options.

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

Pursuant to the FY 2020 Criminal Justice Budget Reconciliation Bill and A.R.S. § 41-1724G, DPS is required to submit for Committee review the entire FY 2020 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.

DPS submitted for review its proposal to distribute \$1,050,000 of the \$2,395,800 appropriation from the Subaccount to fund the Border Security and Law Enforcement Grants program. Six County Sheriffs will receive funding from the program, which is down from the 7 that were funded last 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 2020 allocation of the grants (see Table 1). The Chairman shall decide whether the revisions require Committee review.*

DEPARTMENT OF VETERANS' SERVICES (DVS) - Review of Veterans' Suicide Prevention Program.

Pursuant to an FY 2020 General Appropriation Act footnote, DVS submitted for Committee review its report on expenditures related to the Veterans' Suicide Prevention line item as well as the status of non-state matching funds. The JLBC Staff provided options and a potential provision:

- A. *On or before December 31, 2019, DVS shall report to the Committee on the status of the contract with the United States Department of Veterans' Affairs.*

Senator Gowan moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 4 consent agenda items listed above. The motion carried.

REGULAR AGENDA

EXECUTIVE SESSION

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

At 1:09 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:16 p.m. the Committee reconvened into open session.

Table 1			
DPS Expenditure Plan – GIITEM Subaccount			
	FY 2019 Reviewed Allocation	FY 2019 Current Allocation ^{1/}	FY 2020 Proposed Allocation ^{2/}
<u>Detention Liaison Officers Program</u>			
Cochise County Sheriff's Office	\$ 40,500	\$ 38,100	\$ 50,800
Pima County Sheriff's Office	94,300	96,400	101,500
Pinal County Sheriff's Office	51,500	-	-
Santa Cruz County Sheriff's Office	56,300	-	-
Department of Corrections	257,400	212,000	253,700
Department of Juvenile Corrections	-	<u>49,400</u>	<u>50,800</u>
Subtotal	\$500,000	\$395,900	\$456,800
<u>Border County Officers Program</u>			
Casa Grande Police Department	\$ 67,500	\$ 56,300	\$ -
Cochise County Sheriff's Office	210,800	174,600	231,000
Coolidge Police Department	-	-	77,000
Eloy Police Department	-	-	77,000
Oro Valley Police Department	80,400	59,100	77,000
San Luis Police Department	69,600	2,100	-
Yuma County Sheriff's Office	<u>67,500</u>	<u>22,100</u>	<u>77,000</u>
Subtotal	\$495,800	\$314,200	\$539,000
<u>Pima County Border Crimes Unit</u>	\$350,000	\$350,000	\$350,000
<u>Border Security and Law Enforcement Grants</u>			
Cochise County Sheriff's Office	\$ 230,000	\$ 230,000	\$ 250,000
Graham County Sheriff's Office	100,000	100,000	100,000
Greenlee County Sheriff's Office	100,000	100,000	100,000
La Paz County Sheriff's Office	100,000	100,000	100,000
Navajo County Sheriff's Office	60,000	60,000	-
Santa Cruz County Sheriff's Office	230,000	230,000	250,000
Yuma County Sheriff's Office	<u>230,000</u>	<u>230,000</u>	<u>250,000</u>
Subtotal	\$1,050,000	\$1,050,000	\$1,050,000
Total	\$2,395,800	\$2,110,100	\$2,395,800
^{1/} Represents allocation from the Subaccount through June 6, 2019. Figures are expected to increase when the final expenditure data is reported by DPS.			
^{2/} Represents proposed allocation from the Subaccount.			

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:

- *Turner v. State of Arizona, et al.*
- *DeGroot v. State of Arizona, et al.*
- *Anderson v. State of Arizona, et al.*

The motion carried.

(Continued)

AHCCCS/DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Capitation Rate Changes for Plan Year 2020.

Ms. Maggie Rocker and Ms. Elizabeth Dagle, JLBC Staff, stated that pursuant to an FY 2020 General Appropriation Act footnote, the state's Medicaid agencies must present their plans to the Committee for review prior to implementing any changes in capitation rates. The request included CYE 2020 capitation rates (October 2019 – September 2020) for the Arizona Health Care Cost Containment System (AHCCCS) and DES Arizona Long Term Care System (ALTCS) program.

In addition, an FY 2020 General Appropriation Act footnote states that DES shall submit an expenditure plan of its staffing level for review by the Committee if DES plans to hire non-case manager, non-case aide, non-case unit supervisor, and non-case section manager positions above those reported in August 2019. The capitation rates in this request assume 50 positions above those reported in August 2019. The JLBC Staff provided options.

Ms. Jami Snyder, Director, AHCCCS, responded to member questions.

Ms. Shelli Silver, Deputy Director, Health Plan Operations, AHCCCS, responded to member questions.

Senator Gowan moved that the Committee give a unfavorable review of AHCCCS' proposed capitation rate changes. The motion carried by a roll call vote of 7-5-0-4. (Attachment 1)

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2020 First Quarter Correctional Officer Staffing Report.

Mr. Geoff Paulsen, JLBC Staff, stated pursuant to an FY 2020 General Appropriation Act footnote, ADC submitted for Committee review its quarterly staffing report for correctional officers. The report also includes the department's proposed benchmarks and how the department plans to reach those benchmarks. The JLBC Staff provided options and potential provisions.

Mr. Joe Profiri, Interim Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give a favorable review of the department's first quarterly report. As part of its review, the Committee included the following provisions:

- A. *In the next quarterly report, ADC shall include a summary of responses from correctional officers (CO) exit surveys since January 2019, including the reasons for leaving the department, and employees' new employer if available.*
- B. *In the next quarterly report, ADC shall report on the average ADC CO salary including overtime.*
- C. *In the next quarterly report, ADC shall report on competitor salary information. The report shall include the starting salary by competitor, whether the competitor awarded a salary increase in the past 12 months and the size of the increase, and the number of vacant positions by competitor.*

The motion carried.

(Continued)

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2019 Bed Capacity Report.

Mr. Geoff Paulsen, JLBC Staff, stated that pursuant to an FY 2020 General Appropriation Act footnote, ADC submitted for Committee review its report detailing bed capacity changes in FY 2019 and proposed changes in FY 2020. The JLBC Staff provided options.

Mr. Joe Profiri, Interim Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give an favorable review of the department's bed capacity report. The motion carried.

ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2020 Tuition Revenues.

Ms. Morgan Dorcheus, JLBC Staff, stated that an FY 2020 General Appropriation Act footnote requires the Arizona Board of Regents (ABOR) to submit to the Joint Legislative Budget Committee for review of an expenditure plan for all projected FY 2020 tuition and fee revenues by expenditure category. The JLBC Staff provided options.

Mr. Lorenzo Martinez, Vice President, Finance and Administration, ABOR, responded to member questions.

Senator Gowan moved that the Committee give a favorable review of ABOR's FY 2020 plan. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/AUTOMATION PROJECTS FUND - Review of FY 2020 Projects.

Ms. Rebecca Perrera, JLBC Staff, stated that A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Automation Projects Fund (APF). ADOA requested review of a total of \$12,301,000 for 5 projects. ADOA's request included \$1,000,000 for the assessment and design of an ADOA Business One-Stop Shop web portal, \$200,000 for ADOA to assess upgrading the Department of Agriculture's IT systems, \$8,500,000 for the Department of Child Safety (DCS) CHILDS Replacement project, \$2,301,000 for the Department of Public Safety (DPS) Criminal Justice Information System (CJIS) conversion, and \$300,000 for the Arizona Medical Board (AMB) Cloud Migration project. The JLBC Staff provided options and a potential provision.

Mr. J.R. Sloan, Interim Chief Information Officer, ADOA, responded to member questions.

Mr. Phil Case, Budget Director, DPS, responded to member questions.

Ms. Kerilee Baehre, Acting Chief Information Officer, DPS, responded to member questions.

Mr. Mark Killian, Director, Department of Agriculture, responded to member questions.

Senator Leach moved that the Committee give a favorable review of ADOA's proposed APF expenditures with the following provision:

- A. *On or before October 15, 2019, ADOA shall submit to the Joint Legislative Budget Committee a report on the scale of the planned prototype, including whether the prototype will be available to the public, the state agencies participating, and the number of expected business and licensing requirements included.*

The motion carried.

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

By way of introduction Mr. Richard Stavneak, JLBC Director, noted that Mr. Steve Schimpp was retiring from the JLBC Staff after almost 25 years of service. Mr. Schimpp, JLBC Staff, stated that A.R.S. § 15-249.07 requires the Committee to review the ADE annual June 30 report on broadband connectivity construction projects that it has certified to receive state matching contributions. The JLBC Staff provided options and a potential provision.

Several members of the Committee thanked Steve Schimpp for his many years of service.

Senator Leach moved that the Committee give a favorable review of ADE's broadband report for the period ending June 30, 2019 with the following provision:

- A. *ADE shall include in each report that it submits pursuant to A.R.S. § 15-249.07 an updated estimate of the number of Arizona K-12 students lacking access to bandwidth of at least 1.5 megabits per second (Mbps) per pupil.*

The motion carried.

Without objection, the meeting adjourned at 4:42 p.m.

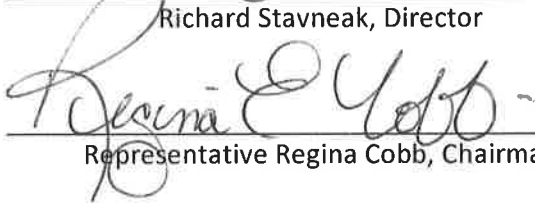
Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Representative Regina Cobb, Chairman

JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: 9/25/19

ITEM # 1

ITEM #

	<u>PRESENT</u>	<u>ABSENT</u>	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON	/				/		
SEN. BOWIE	/				/		
REP. ESPINOZA		/					/
REP. FERNANDEZ	/				/		
REP. FRIESE	/				/		
SEN. GRAY	/			/			
REP. KAVANAGH	/			/			
SEN. LEACH	/			/			
SEN. LIVINGSTON		/					/
SEN. MESNARD		/					/
SEN. OTONDO	/				/		
REP. PETERSEN	/						/
REP. ROBERTS	/			/			
REP. TOMA	/			/			
SEN. GOWAN	/			/			
REP. COBB	/			/			
TOTALS	<u>13</u>	<u>3</u>	<u>0</u>	<u>7</u>	<u>5</u>	<u>0</u>	<u>4</u>

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON					
SEN. BOWIE					
REP. ESPINOZA					
REP. FERNANDEZ					
REP. FRIESE					
SEN. GRAY					
REP. KAVANAGH					
SEN. LEACH					
SEN. LIVINGSTON					
SEN. MESNARD					
SEN. OTONDO					
REP. PETERSEN					
REP. ROBERTS					
REP. TOMA					
SEN. GOWAN					
REP. COBB					
TOTALS					