



STATE OF ARIZONA

# Joint Legislative Budget Committee

STATE  
SENATE

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlb.gov

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## MINUTES OF THE MEETING

### JOINT LEGISLATIVE BUDGET COMMITTEE

September 26, 2024

The Chairman called the meeting to order at 9:36 a.m., Thursday, September 26, 2024, in Senate Hearing Room 109. The following were present:

|          |                            |                               |
|----------|----------------------------|-------------------------------|
| Members: | Senator Kavanagh, Chairman | Representative Biasiucci      |
|          | Senator Alston             | Representative Carbone        |
|          | Senator Bennett            | Representative Chaplik        |
|          | Senator Borrelli           | Representative Schwiebert     |
|          | Senator Diaz               | Representative Stahl Hamilton |
|          | Senator Fernandez          |                               |

|         |                 |  |
|---------|-----------------|--|
| Absent: | Senator Hoffman | Representative Carter                              |
|         | Senator Mesnard | Representative Gutierrez (Excused)                 |
|         |                 | Representative Livingston, Vice-Chairman (Excused) |

### APPROVAL OF MINUTES

Representative Chaplik moved that the Committee approve the minutes of May 1, 2024. The motion carried.

*Chairman Kavanagh announced that the following consent agenda item was being held:*

**5. AHCCCS/DEPARTMENT OF ECONOMIC SECURITY – Review of Capitation Rate Changes for Plan Year 2025.**

### CONSENT AGENDA

The following items were considered without further discussion:

**B. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review for the Committee the Planned Contribution Strategy for State Employee and Retiree Medical and Dental Plans as Required Under A.R.S. § 38-658A**

A.R.S. § 38-658A requires that, at least 10 days before ADOA enters into, or renews, contracts for medical and dental insurance coverage, the Director of ADOA meet with and review for the Committee, in Executive Session, the planned contribution strategy for each coverage plan. The contribution strategy refers to the portion of insurance premiums paid by state employees and by the state as an employer. ADOA requested review of its planned contribution strategy for Plan Year (PY) 2025. The JLBC Staff provided options.

**1. ARIZONA BOARD OF REGENTS (ABOR) – Review of FY 2025 Tuition Revenues.**

An FY 2025 General Appropriations Act footnote requires ABOR to submit to the Committee for review an expenditure plan for all projected FY 2025 tuition and fee revenues by expenditure category. The JLBC Staff provided options.

**2. 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 review of a transfer of \$1,800,000 of Risk Management Revolving Fund Monies from the Workers' Compensation Losses and Premiums line item to the Risk Management Administrative Expenses line item in FY 2024 to pay for the higher-than-budgeted expenses of Attorney General contracted legal staff. The JLBC Staff provided options.

**3. ATTORNEY GENERAL (AG) – Review of Uncollectible Debts.**

A.R.S. § 35-150E requires that the AG's annual report on uncollectible debts owed to the state be reviewed by the Committee before the debt can be removed from the state accounting system. The AG requested review of the AG's FY 2024 list of \$30,201,500 in uncollectible debt. The JLBC Staff provided options.

**6. 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 to the Committee for review the FY 2025 expenditure plan for GIITEM Border Security and Law Enforcement Subaccount prior to expenditure. DPS requested review of the expenditure plan of \$1,346,400 of the \$2,396,400 FY 2025 appropriation to fund 3 existing programs: Detention Liaison Officer Program (\$420,000), Border County Officers (\$576,400), and Border Crimes Unit (\$350,000). 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 2025 allocation of the grants.

**7. ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND (APF) - Review of Automation Projects for ADOA One-Stop Portal, DWR Application Modernization and DES Client Authentication Portal.**

A.R.S. § 41-714 requires Committee review prior to expenditure of any monies from the APF. ADOA requested review of 3 projects as follows:

1. \$2,114,300 for FY 2025 maintenance and operations of ADOA's Business One-Stop Portal,
2. \$2,500,000 for the Department of Water Resources IT Application Modernization, and
3. \$6,000,000 for the Department of Economic Security Client Authentication Portal.

The JLBC Staff provided options.

*Representative Chaplik moved that the Committee approve consent agenda item 2 and give a favorable review of consent agenda items 1, 3, 6, and 7 with the JLBC Staff provisions. He further moved the Committee give a favorable review to the Executive Session item from the Arizona Department of Administration regarding the planned contribution strategy for state employee and retiree medical and dental plans. The motion carried.*

**REGULAR AGENDA**

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

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 15-249.07 requires ADE to submit for Committee review its annual report on K-12 broadband connectivity construction projects. The JLBC Staff provided options.

Elizabeth Neeley, Chief Information Officer, Department of Education, responded to member questions.

*Representative Chaplik moved that the Committee give a favorable review of ADE's annual report on the K-12 broadband connectivity construction projects. The motion carried.*

**8. ARIZONA DEPARTMENT OF CORRECTIONS (ADC) – Review of FY 2025 Vacancy Savings Reallocation.**

Mr. Geoff Paulsen, JLBC Staff, stated an FY 2025 General Appropriations Act footnote requires ADC to submit an expenditure plan for review by the Committee prior to spending any monies appropriated for Personal Services and Employee Related Expenditures (ERE) on anything other than Personal Services or ERE. ADC requested the Committee review of the department's plan to spend a total of \$11,032,700.

The JLBC Staff provided options and a potential Chairman's provision:

- A. As part of its December 15, 2024 semi-annual staffing report, ADC shall report to the Committee on the current status of correctional officer recruitment and retention and the department's plans and initiatives to improve staffing and reduce correctional officer vacancy levels.

*Representative Chaplik moved that the Committee give a favorable review of ADC's reallocation plan with the Chairman's provision. The motion carried.*

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

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

At 9:50 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 11:25 a.m. the Committee reconvened into open session.

Representative Chaplik moved that the Committee approve the risk management settlements presented by the Attorney General's office in the cases of:

1. *Acosta. v. State of Arizona, et al.*
2. *William Alexander v. Arizona Board of Regents, et al.*
3. *Mackenzie Brown v. State of Arizona, et al.*
4. *Mark Gale, et al. v. State of Arizona, et al.*
5. *Carolyn Harris v. State of Arizona, et al.*
6. *McKown & Malmberg Families v. Adult Probation Department, et al.*
7. *Christopher Mur and Morgan Leckliter, husband and wife, Individually, and Christopher Mur on behalf of all Statutory Beneficiaries of Decedent Virginia Ann Mur v. State of Arizona; Arizona Department of Transportation; Thomas Grader and Sabrina Grader, husband and wife*

The motion carried.

Without objection, the meeting adjourned at 11:25 a.m.

Respectfully submitted:

*Kristy Paddack*

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Kristy Paddack, Secretary

*Richard Stavneak*

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Richard Stavneak, Director

*J. Kavanagh*

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Senator John Kavanagh, Chairman