



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

October 10, 2023

The Chairman called the meeting to order at 9:36 a.m., Tuesday, October 10, 2023, in Senate Hearing Room 1. The following were present:

Members:	Senator Kavanagh, Vice-Chairman Senator Alston Senator Borrelli Senator Diaz Senator Fernandez	Representative Livingston, Chairman Representative Austin (Temporary member) Representative Biasiucci Representative Carter Representative Gress Representative Salman Representative Schwiebert
Absent:	Senator Bennett Senator Hoffman Senator Mesnard	Representative Chaplik

APPROVAL OF MINUTES

Senator Kavanagh moved that the Committee approve the minutes of June 13, 2023. The motion carried.

CONSENT AGENDA

The following items were considered without further discussion:

EXECUTIVE SESSION - Arizona Department of Administration (ADOA) – Risk Management Annual Report.

This item was for information only and no Committee action was required. Rule 14 for the Joint Legislative Budget Committee (JLBC) requires ADOA to provide a Risk Management Annual Report to the Committee.

(Continued)

The Committee requested that future annual reports continue to include the following information:

- Status of open claims and lawsuits.
- Status of claims and lawsuits reported on the prior year annual report.
- Total number of claims and lawsuits filed with Risk Management during the prior fiscal year.
- Total settlement and judgment costs during the prior fiscal year.
- Number of liability settlements greater than the JLBC level and cost of each settlement.
- Number of liability cases taken to trial by Risk Management categorized by:
 - Number of verdicts for the state with detail of the associated judgment amounts.
 - Number of verdicts against the state with detail of the associated judgment amounts.
- Projected Risk Management Fund balance.
- Proposed changes to state insurance coverage, state statutes, and claim procedures.

The Chairman also requested that the report include a comparison of these data points to the prior year.

2. ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2024 Tuition Revenues.

An FY 2024 General Appropriation Act footnote requires Committee review of ABOR's expenditure plan for all projected FY 2024 tuition and fee revenues by expenditure category. The JLBC Staff provided options.

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

A.R.S. § 15-249.07 requires Committee review of ADE's annual report on K-12 broadband connectivity construction projects. The JLBC Staff provided options.

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

A.R.S. § 41-1724G and A.R.S. § 41-1724H requires Committee review of the DPS FY 2024 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expenditure. DPS requested review of \$1,346,400 of the \$2,396,400 FY 2024 appropriation to fund 3 existing programs: Detention Liaison Officer Program (\$458,300), Border County Officers Program (\$538,100), and Pima County 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 2024 allocation of the grants.*

7. ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUNDS - Review of FY 2024 Judiciary Projects.

A.R.S. § 41-714 requires Committee review prior to any monies being expended from ADOA's Automation Projects Fund (APF). ADOA requested Committee review of \$3,270,000 for replacement of the Arizona Supreme Court case management system and \$2,500,000 to implement a smartphone application to track and contact probationers. The JLBC Staff provided options.

(Continued)

8. AHCCCS/DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Capitation Rate Changes for Plan Year 2024.

An FY 2024 General Appropriation Act footnote requires Committee review of state Medicaid agencies' proposed changes in capitation rates. AHCCCS requested review of proposed capitation rate changes for CYE 2024 (October 2023 - September 2024) for AHCCCS and the DES Arizona Long Term Care System (ALTCS) program. The JLBC Staff provided options.

Senator Kavanagh moved that the Committee give a favorable review of consent agenda items 2, 3, 4, 7, 8 and the Executive Session item on the Risk Management Annual Report with the JLBC Staff provisions. The motion carried.

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

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

At 9:37 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 10:53 a.m. the Committee reconvened into open session.

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

1. *Maria Martinez v. State of Arizona.*
2. *Ciara Eades v. State of Arizona*
3. *Barry and Elizabeth Meeks v. State of Arizona*
4. *Armando Banuelos v. Xavier Altamirano, et al.*
5. *Claim of Kathleen Meixner*

The motion carried.

REGULAR AGENDA

1. ATTORNEY GENERAL (AG) - Review of Opioid Settlement Expenditure Plan.

Mr. Gordon Robertson, JLBC Staff, stated A.R.S. § 44-1531.02C requires Committee review of the Attorney General expenditure plan for monies from the Consumer Remediation of the Consumer Restitution and Remediation Revolving Fund. The Attorney General requested review of \$12,000,000 in opioid settlement proceeds appropriated from the subaccount in the FY 2024 budget for a competitive grant program operated by rural county governments. The JLBC Staff provided options.

Krista Greece, Yavapai Sheriff's Office, responded to member questions.

Beye Thayer, Yavapai Sheriff's Office, responded to member questions.

William Ponzio, La Paz Sheriff's Office, responded to member questions.

(Continued)

Senator Kavanagh moved that the Committee give a favorable review of the following expenditure plan:

1. \$11,500,000 of grant monies may only be distributed to counties that established a coordinated reentry planning services program within a county jail pursuant to A.R.S. § 11-392 on or before June 30, 2023, subject to the following provisions:
 - A. The Attorney General shall allocate no more than \$3,000,000 to an individual grant recipient and shall encumber the funds prior to June 30, 2024.
 - B. Grant recipients shall expend all grant monies on or before June 30, 2025.
 - C. Grants allocated under this section shall supplement and not supplant any existing local funds allocated to coordinated reentry planning services programs.
 - D. Grant recipients shall collaborate with local law enforcement agencies participating in the coordinated reentry planning services program in determining expenditures of grant award monies.
 - E. When requesting Committee review of any opioid settlement monies in future years, the Attorney General shall submit information on the outcomes of each awardee's program, including recidivism rates within the program.
2. \$500,000 of grant monies shall be distributed to child and family advocacy centers pursuant to A.R.S. § 8-466 that are governmental entities. These grants shall only be distributed to governmental entities that received an allocation in state fiscal year 2023 from the Child and Family Advocacy Center Fund established in A.R.S. § 41-191.11. The grant awards for each recipient shall be no more than \$65,000.

Representative Salman requested a roll call vote. The motion passed by a roll call vote of 9-3-0. (Attachment 1)

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

Ms. Micaela Larkin, JLBC Staff, stated an FY 2024 General Appropriation Act footnote requires Committee review of the SOS expenditure plan for HAVA project monies. SOS requested review of \$4,881,000. The JLBC Staff provided options.

Senator Kavanagh moved that the Committee give a favorable review of the following expenditure plan:

1. \$3,137,900 for county distributions:
 - a. \$2,760,800 for distribution to counties for election security grants (\$50,000 for each county with the remainder to be allocated based on the proportion of registered voters). These monies shall only be expended on election security purposes as defined by federal law, but shall not be utilized for: 1) The operation or installation of ballot drop boxes; 2) The operation of voting centers; 3) Information campaigns based on the specific party registration or age of voter; and 4) Election workforce programs established with a university or community college.
 - b. \$377,100 for distribution to counties to pay their share of AVID costs, with this amount distributed in each of FY 2024, FY 2025, and FY 2026 to the 12 smallest counties by population. The Secretary of State shall charge the counties listed below the following amounts for their share of AVID costs in each of FY 2024, FY 2025, and FY 2026 to be paid with county funds:

(Continued)

- *Maricopa County: \$383,800*
 - *Pima County: \$100,700*
 - *Pinal County: \$39,800*
2. *\$526,400 for 2 SOS Initiatives*
 - a. *\$359,900 for the Secretary of State to upgrade the My.Arizona.Vote state elections portal as described in the agency request.*
 - b. *\$166,500 for the Secretary of State to pay for the state share of additional state AVID costs in FY 2024.*

As further clarification, the total county distributions under 1(b) for each of FY 2024, FY 2025, and FY 2026 is \$125,700, which represents the annual AVID costs for the 12 smallest counties by population. The \$377,100 represents the cumulative amount of \$125,700 for each of those 3 years.

The motion carried.

6. ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2024 Vacancy Savings Reallocation.

Mr. Geoff Paulsen, JLBC Staff, stated an FY 2024 General Appropriations Act footnote requires Committee review of the ADC expenditure plan for monies appropriated for Personal Services and Employee Related Expenditures (ERE) on anything other than Personal Services or ERE. ADC requested review of the department to spend a total of \$4,263,000 as follows:

- a. \$1,664,000 for food
- b. \$553,400 for pest control
- c. \$491,500 for enhanced sanitation supplies
- d. \$39,000 for tablet application deployment
- e. \$1,535,100 for correctional officer uniform allowance

The JLBC Staff provided options.

Ryan Thornell, Director, Department of Corrections, responded to member questions.

Senator Kavanaugh moved that the Committee give a favorable review to the reallocation. The motion carried.

Without objection, the meeting adjourned at 12:10 p.m.

Respectfully submitted:

Kristy Paddack

Kristy Paddack, Secretary

Richard Stavneak

Richard Stavneak, Director

David Livingston

Representative David Livingston, 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 <https://www.azjlbc.gov/jlbc-meetings/>.

JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: October 10, 2023

ITEM #1: Attorney General – Opioid Settlement Plan
MOTION: Favorable Review

ITEM #:
MOTION:

	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON	X			X			
REP AUSTIN – Temp member	X				X		
REP. BIASIUCCI	X			X			
SEN. BENNETT		X					
SEN. BORRELLI	X			X			
REP. CARTER	X			X			
REP. CHAPLIK		X					
SEN. DIAZ	X			X			
SEN. FERNANDEZ	X			X			
REP. GRESS	X			X			
SEN. HOFFMAN		X					
SEN. MESNARD		X					
REP. SCHWIEBERT	X				X		
REP. SALMAN	X				X		
SEN. KAVANAGH	X			X			
REP. LIVINGSTON	X			X			
TOTALS	12	4		9	3		

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON					
REP AUSTIN – Temp member					
REP. BIASIUCCI					
SEN. BENNETT					
SEN. BORRELLI					
REP. CARTER					
REP. CHAPLIK					
SEN. DIAZ					
SEN. FERNANDEZ					
REP. GRESS					
SEN. HOFFMAN					
SEN. MESNARD					
REP. SCHWIEBERT					
REP. SALMAN					
SEN. KAVANAGH					
REP. LIVINGSTON					
TOTALS					