



STATE OF ARIZONA

## Joint Legislative Budget Committee

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SENATE

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### MINUTES OF THE MEETING

#### JOINT LEGISLATIVE BUDGET COMMITTEE

December 13, 2022

The Chairman called the meeting to order at 9:40 a.m., Tuesday, December 13, 2022, in House Hearing Room 1. The following were present:

Members:	Senator Gowan, Chairman	Representative Cobb
	Senator Alston	Representative Bolick
	Senator Bowie	Representative Kavanagh
	Senator Kerr	Representative Longdon
	Senator Livingston	Representative Osborne
	Senator Otondo	Representative Sierra (Temporary member in place of Representative Butler)
		Representative Toma
Absent:	Senator Gray	Representative Butler
	Senator Leach	Representative Chávez

#### APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of September 21, 2022. The motion carried.

#### CONSENT AGENDA

The following items were considered without further discussion.

#### 1. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) – Consider Approval of Maximum Lodging, Meal, and Mileage Reimbursement Rates.

A.R.S. § 38-624C requires ADOA to establish maximum reimbursement amounts for lodging, meal, and mileage expenses taking into consideration the amounts established by the federal government. These

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reimbursements compensate state employees traveling on official state business. Statute requires Committee approval of any rate change.

ADOA proposed the following:

1. Increase the personal vehicle mileage reimbursement rate from 44.5 cents to 62.5 cents per mile to conform to the federal government rate effective on July 1, 2022.
2. Adjusting the maximum lodging rates to match the new federal government rates, which were effective on October 1, 2022.
3. Adjusting the meals and incidental per diem rate to the new federal rate effective on October 1, 2022, less \$10.

The JLBC Staff provided options and a potential provision:

- A. *Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs.*

## **2. ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECTS FUND - Review of FY 2023 Projects.**

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Automation Projects Fund (APF). ADOA requested review for 2 projects. The ADOA request included \$300,000 for the Arizona Department of Agriculture to initiate a procurement process to modernize the department's Information Technology (IT) applications. The request also included \$300,000 for the Secretary of State to conduct a feasibility study for an electronic public records storage solution. The JLBC Staff provided options and a potential provision:

- A. *Upon completion of each consultant's assessment, the Department of Agriculture and the Secretary of State shall each submit a report to JLBC Staff on the results and recommendations from their consultant.*

## **3. DEPARTMENT OF CHILD SAFETY (DCS) - Review of Line Item Transfers.**

Pursuant to an FY 2023 General Appropriation Act footnote, the Committee is responsible for reviewing the transfer of monies between most DCS line items. DCS submitted for Committee review technical transfers to reflect allocations of federal funding and the allocation of \$16,403,700 appropriated in FY 2023 for salary increases to various line items. The JLBC Staff recommended a favorable review of the transfers.

<b>Table 1</b>					
<b>Approved Transfers – FY 2023 Salary Increases</b>					
<u>Line Item</u>	<u>General Fund Transfers</u>	<u>TANF Transfers</u>	<u>Licensing Fund Transfers</u>	<u>CHP EA Transfers</u>	<u>Total Transfer Amount</u>
Caseworkers	6,148,000	\$ 1,669,900	-	-	7,817,900
DCS Operating Lump Sum	4,986,400	2,009,600	80,500	-	7,076,500
Office of Child Welfare Investigations	886,600	-	-	-	886,600
Comprehensive Health Plan Admin.	-	-	-	\$474,800	474,800
Inspections Bureau	103,900	7,000	-	-	110,900
Records Retention	23,600	-	-	-	23,600
General Counsel	13,400	-	-	-	13,400
<b>Total Approved Transfers</b>	<b>\$ 12,161,900</b>	<b>\$ 3,686,500</b>	<b>\$ 80,500</b>	<b>\$474,800</b>	<b>\$ 16,403,700</b>

#### 4. DEPARTMENT OF EDUCATION (ADE) - Review of AzSCI Science Contract Renewal.

A.R.S. § 15-741.03 requires ADE to seek Committee review to establish or renew a contract for any portion of the statewide assessment. ADE proposed renewal of its contract for the statewide assessment in science (AzSCI). The JLBC Staff provided options.

#### 6. JLBC STAFF - Consider Approval of Index for Arizona Department of Administration - School Facilities Division Construction Costs.

A.R.S. § 41-5741D3(c) requires that the cost-per-square-foot factors used in ADOA School Facilities Division (SFD) new school construction formula “shall be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee (JLBC) as necessary but not less than once each year.” The JLBC Staff provided the following option:

A 7.27% adjustment in the cost-per-square-foot factors. The adjustment is based on the change in the Rider Levett Bucknall (RLB) Phoenix construction cost index since the cost factors were last adjusted in December 2021. The new revised per square foot dollar amounts apply to districts that were awarded new schools by SFD on December 15, 2022 for funding in FY 2024. The revised rates are as follows:

<u>Grade</u>	<u>\$ per square foot</u>
K-6	\$309.11
7-8	\$326.34
9-12	\$377.80

#### 7. DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Commercial Vehicle Enforcement Line Item Expenditure Plan.

Laws 2022, Chapter 313 requires DPS to submit an operational and expenditure plan to the Committee for review before expending monies from the \$978,400 Commercial Vehicle Enforcement line item. The JLBC Staff provided options.

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**8. ARIZONA DEPARTMENT OF ADMINISTRATION - 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 \$4,600,000 of Risk Management Revolving Fund monies from its Risk Management Losses and Premiums line item to the Risk Management Administrative Expenses line item in FY 2023. The JLBC Staff provided options and a potential provision:

- A. *By May 31, 2023, ADOA shall report to the JLBC Staff an updated projection of its contracted Risk Management legal expenses.*

**9. ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Child Care ATLAS System Replacement.**

Pursuant to an FY 2021 General Appropriation Act footnote, ADOA has requested that the Committee review its expenditure plan for \$25,609,100 in FY 2023 for replacement of the Arizona Tracking and Locate Automated System (ATLAS) used by the Department of Economic Security (DES) - Division of Child Support Enforcement (DCSE). The JLBC Staff provided options and potential provisions:

- A. *Until completion of the project, DES shall submit quarterly progress reports from the third-party consultant to JLBC pursuant to A.R.S. § 18-104 in a timely manner.*
- B. *A favorable review by the Committee does not constitute endorsement of any supplemental funding request that may be required for project costs or any operational costs when the project is complete.*
- C. *ADOA and DES shall jointly report the revised implementation schedule to the Committee once it is approved by the federal government. ADOA and DES shall jointly report to the Committee by the last day of each calendar quarter on whether they are meeting that timetable until the project is completed.*

Representative Cobb moved that the Committee approve consent agenda items 1, 6 and 8 with the JLBC Staff provisions and give a favorable review of consent agenda items 2, 3, 4, 7 and 9 with the JLBC Staff provisions listed above. The motion carried.

**REGULAR AGENDA**

**5. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS (DEMA)- Review of Border Security Fund Transfer.**

Mr. Jordan Johnston, JLBC Staff, stated that Laws 2022, Chapter 313 requires DEMA to submit transfers of funding within the Border Security Fund to the JLBC for review. DEMA requested review of a \$10,000,000 transfer from the \$30,000,000 allocated for local government prosecution costs to the \$10,000,000 allocated to the Arizona National Guard for a southern border deployment. The JLBC Staff provided options.

Representative Cobb moved that the Committee favorably review the proposed \$10,000,000 transfer from the \$30,000,000 allocated to local governments for prosecution costs to the \$10,000,000 allocated to the Arizona National Guard for a southern border deployment. This transfer will result in \$20,000,000

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*being available to the Arizona National Guard and \$20,000,000 being available for local government prosecution costs. The motion carried.*

#### **EXECUTIVE SESSION**

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

At 9:46 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 10:06 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. *Estate of David J. Glutz v. State of Arizona.*
2. *Witold Klopotoski v. State of Arizona*
3. *Camacho v. State of Arizona, et al.*

The motion carried.

#### **B. ARIZONA DEPARTMENT OF ADMINISTRATION - Risk Management Annual Report.**

This item was for information only and no Committee action was required. The Committee received the Risk Management Annual Report pursuant to JLBC Rule 14. The Committee requests 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.

#### **C. JLBC Annual Performance Review per Rule 7**

This item was for information only and no Committee action was required.

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Without objection, the meeting adjourned at 10:08 a.m.

Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Senator David Gowan, Chairman