

JLBC MEETING

projects that start in FY 2020 based on preliminary school construction approvals by SFB.

At its January 9, 2018 meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration/Automation Projects Fund – Review of FY 2018 Data Center Project (Automation Projects Fund) – The Committee gave a favorable review to \$3,405,100 in proposed FY 2018 expenditures from the Automation Projects Fund for information technology projects related to the State Data Center at the ASET Office in ADOA. The review included several provisions related to ADOA's future plans for the 1510 W Adams facility and operational savings from the data center project.

AHCCCS – Review of Capitation Rate Changes for Plan Years 2017 and 2018 – The Committee gave a favorable review of AHCCCS' plans to adjust capitation rates for numerous programs. In aggregate, the rate adjustments are 2.7%. This rate increase is within the 3.0% budgeted rate increase funded in the enacted FY 2018 budget, primarily due to savings associated with lower-than-expected growth in utilization and unit costs. These savings will fund \$27 million of substance abuse and behavioral health initiatives. The Committee, however, gave an unfavorable review to AHCCCS' timing of its submission as it did not comply with statutory requirements for JLBC review of new rates prior to implementation.

Arizona Department of Education – Review of Additional Empowerment Scholarship Account Administrative Funding – The Committee gave a favorable review of the expenditure plan for the additional \$400,000 appropriated in FY 2018 for Empowerment Scholarship Account administration. ADE indicates it will use approximately \$263,000 for salaries and benefits, \$96,000 for information technology upgrades to simplify application and expense reporting processes, and \$41,000 for indirect and capital costs.

JLBC Staff – Consider Approval of Index for School Facilities Board Construction Costs – The Committee gave a favorable review of a 3.12% 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 2016. The Committee has used the methodology for the last 3 years. The adjusted index does not apply to schools approved for funding in FY 2019. This adjustment will cost the state an estimated \$771,400 in total for school construction