

## JLBC MEETING

At its May 2, 2006 meeting, the Joint Legislative Budget Committee (JLBC) considered the following issues:

**Attorney General – Review of Allocation of Settlement Monies** – The JLBC gave a favorable review to the Attorney General’s (AG) allocation plan of settlement monies totaling \$1.15 million from the Ameriquest and Smart Advertising Solutions (SAS) consent judgments. A footnote in the General Appropriation Act requires JLBC review for settlements over \$100,000.

Ameriquest Mortgage Company violated the Arizona Consumer Fraud Act and Arizona banking laws by engaging in deceptive loan practices to Arizona consumers between 1999 and 2005. As part of the settlement, Ameriquest agreed to pay \$5 million in restitution to consumers as well as \$865,000 to the AG in costs and fees to be deposited into the Consumer Fraud Revolving Fund. The company will also pay \$35,000 in costs and fees to the Department of Financial Institutions.

Smart Advertising Solutions entered into a Consent Agreement with the AG requiring the company to pay civil penalties and fees totaling \$250,000 for misrepresenting the effectiveness of advertising sold to consumers to support their home based businesses. The \$250,000 in penalties and fees will be deposited into the Consumer Fraud Revolving Fund.

**Department of Corrections – Approval of Transfer of Appropriations** – The JLBC gave a favorable review to the Department of Correction’s (DOC) request to transfer \$4 million from the Personal Services and Employee Related Expenditures line items to the Overtime/Compensatory Time Special Line Item. DOC reported that the transfer was necessary in order to pay cash overtime through the end of FY 2006 as well as to make a partial payment to employees with compensatory leave balances owed to them.

The Committee deferred decision until its June meeting concerning a year-end transfer for compensatory time costs.

**Department of Economic Security – Review Transfer of Appropriations and Update on Ekloff v. Rodgers Litigation** – The JLBC gave a favorable review to the Department of Economic Security’s (DES) plan to transfer \$1.2 million General Fund and \$2.5 million state-only Long Term Care System Fund (LTCSF) monies from the state-only Arizona

Training Program at Coolidge (ATP-C) budget to the Title XIX Long Term Care (LTC) ATP-C budget. The transfer of dollars is necessary due to state-only clients now being eligible for Title XIX dollars.

The Committee also received an update on the Ekloff v. Rodgers litigation, which is a class action suit filed in June 2005 to require the state to cover incontinence briefs as a preventive measure to children under age 21 with disabilities. Prior to the ruling, state policy has been to only pay for incontinence briefs once a child has developed skin breakdowns, sores or infections.

On March 3, 2005, the United States District Court sided with the plaintiffs, requiring the state to provide the incontinence briefs as a preventive measure. The Arizona Health Care Cost Containment System (AHCCCS) has since appealed the ruling and a stay order was granted, allowing AHCCCS to not provide briefs until June 14, 2006. Retroactive liability for the state goes back to June 25, 2005. The Governor’s Office of Strategic Planning and Budgeting (OSPB) has estimated a General Fund cost of \$4.5 million in FY 2007 associated with the lawsuit.