

At its May 2023 meeting, the Joint Legislative Budget Committee considered the following issues:

Executive Session

Arizona Department of Administration, Risk Management Services – Consideration of Proposed Settlements Under Rule 14 – The Committee approved settlements under Rule 14, which requires Committee approval of Risk Management settlements above \$250,000 pursuant to A.R.S. § 41-621(N).

Regular Agenda

Secretary of State – Review of Election Services Line Item Transfer – Laws 2022, Chapter 313 requires that the Secretary of State (SOS) submit transfers of funding into or out from the Election Services line item to the Committee for review. SOS requested review of a \$411,000 transfer to fund 2 agency initiatives. The Committee gave a favorable review of transferring \$261,000 from the Election Services line item to the agency's operating budget in FY 2023 as follows: \$161,000 to backfill county underpayments for Access Voter Information Database operating costs and \$100,000 to make physical security improvements at the Secretary of State's office.

Consent Agenda

Adoption of Committee Rules and Regulations – The Committee adopted rules and regulations identical to those of the previous Legislature.

AHCCCS – Review of Mid-Year Capitation Rate Changes for Plan Year 2023 – Laws 2022, Chapter 313 requires that prior to implementing any changes in capitation rates, Medicaid agencies must first present their plans to the Committee for review. AHCCCS submitted its proposed mid-year capitation rate adjustments to the Committee for the contract year ending September 30, 2023, in which the agency proposed to reduce the

current plan year capitation rate by (0.4)% to account for higher-than-expected enrollment of lower-cost AHCCCS members. The Committee gave a favorable review of the plan.

Department of Child Safety – Review of Line Item Transfers – Laws 2022, Chapter 313 requires Committee review of money transfers between any Department of Child Safety (DCS) line items. DCS requested review of 3 transfers: a FY 2022 transfer of \$225,000 and FY 2023 transfer of \$750,000 from the Foster Home Placement line item to the Permanent Guardianship line item to address increased caseloads, a FY 2023 transfer of \$2.4 million from the Congregate Group Care line item to the Attorney General Legal Services line item to provide a 10% salary increase to Attorney General staff which was not previously included in the statewide FY 2023 salary raises, and a FY 2023 transfer of \$8.1 million from the Congregate Group Care line item to the Caseworkers line item to pay DCS caseworker staff. The Committee gave a favorable review of the transfers.

Department of Economic Security – Review of Developmental Disabilities Line Item Transfers – Laws 2022, Chapter 313 requires Committee review of transfers between certain Department of Economic Security (DES) line items. DES requested review of 2 transfers: an FY 2022 transfer of \$600,000 from the Case Management State-Only line item to the Home and Community Based Services (HCBS) State-Only line item and an FY 2023 transfer of \$1.0 million from the HCBS State-Only line item into the Case Management State-Only line item. The Committee gave a favorable review of the transfers.

Department of Education – Review of Federal Monies Report – Pursuant to A.R.S. § 15-1052, the Arizona Department of Education (ADE) requested Committee review of its annual federal monies report. The report lists a total of over \$1.5 billion in federal funding to ADE,

including \$831 million in formula funding, \$697 million in reimbursements, and \$5 million in discretionary funding. The Committee gave a favorable review of the report.

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 – A.R.S. § 41-1724(G) and A.R.S. § 41-1724(H) require the Arizona Department of Public Safety (DPS) to submit its expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount for Committee review prior to expending any monies. DPS submitted its plan to spend \$1.1 million from the fund for grants to 6 county sheriffs' offices. The Committee gave a favorable review of the expenditure plan, including a provision that DPS shall report to the Committee prior to implementing any changes to the allocation of the grants, with the Chairman to decide whether the revisions require Committee review.