

JLBC Meeting

At its August 12, 2008 meeting, the Joint Legislative Budget Committee considered the following issues:

Attorney General – Review of Allocation of Settlement Monies – State v. Bill Heard Chevrolet – The Committee gave a favorable review to the AG’s allocation plan for the \$225,000 that the AG will receive for attorney’s fees and investigative costs, consumer fraud education, and for investigations and enforcement of the Consumer Fraud Act. The settlement is a result of Bill Heard Chevrolet’s alleged failures to fully disclose auto sale terms and conditions and honor advertised discounts. Bill Heard Chevrolet is required to review and resolve consumer complaints filed with the AG on a case-by-case basis.

Attorney General – Review of Allocation of Settlement Monies – State v. Express Scripts – The Committee gave a favorable review to the AG’s allocation plan for the \$250,700 that Arizona will receive as a result of the multistate suit brought against Express Scripts, a pharmacy benefit management company. Of the settlement amount, \$185,700 will be used by nonprofit organizations to benefit lower-income, disabled, or elderly consumers concerning the cost differences among medications or for similar purposes. In addition, the AG will receive \$65,000 for attorney’s fees and investigative costs, consumer fraud education, and for investigations and enforcement of the Consumer Fraud Act.

Department of Education – Review of FY 2008 Expenditure Plan for Workforce Investment Act Monies – The Committee gave a favorable review of ADE’s spending plan for \$1.1 million of the discretionary portion of federal Workforce Investment Act (WIA) monies. Recipients include the Department of Economic Security, Department of Commerce, Local Workforce Investment Areas, and ADE.

Department of Education – Review of Qwest Settlement – The Committee gave a favorable review of ADE’s plan to provide \$12.5 million in corrected Basic State Aid funding to school districts statewide to settle a recent judgment in the Arizona Tax Court regarding Qwest Corporation’s overpayment of prior year property taxes.

Department of Education – Review Providing Funding to Displaced Pupils Choice Grants Programs and Arizona Scholarship for Pupils with Disabilities Program – The Committee favorably reviewed transferring up to \$5.0 million from the FY 2009 Basic State Aid appropriation to the Displaced Pupil Choice Grants and Arizona Scholarship for Pupils with Disabilities Program. The Department of Administration has approved this transfer. This transfer will allow these programs to continue to function in FY 2009. These grant and scholarship programs funded a combined total of approximately 380 children in FY 2008.

Department of Health Services – Review of Behavioral Health Title XIX Capitation Rate Changes – The Committee gave an unfavorable review to the department’s capitation rate. The

proposed capitation rates exceed the budgeted amount by a net of \$2.0 million due to program expansions that primarily address litigation requirements.

Administrative Office of the Courts – Review of Reimbursement of Appropriated Funds – The Committee gave a favorable review to the use of \$3.9 million in projected reimbursements. The reimbursements are monies received by AOC for services provided to local courts and their personnel.

Arizona State Retirement System – Review of FY 2009 Information Technology Expenditure Plan – The Committee gave a favorable review of the \$2.7 million IT Expenditure Plan for FY 2009 expenses associated with upgrades to the IT system. Implementation began in FY 2002 and is planned to reach completion in September of 2008.

Department of Revenue – Review of Business Re-Engineering/Integrated Tax System (BRITS) Contract Amendment – The Committee gave a favorable review of the \$3.2 million contract amendment for support of BRITS systems through June 2009. BRITS is the computer system being implemented by DOR to integrate their separate tax systems, improve enforcement, and increase revenues to the state.

Department of Transportation – Review of Third Party Progress Report – The Committee gave a favorable review of the Department of Transportation's (DOT) semiannual progress report regarding increasing third party transactions. Motor Vehicle Division

(MVD) third parties allow the public to conduct certain transactions through the private sector. With the exception of traffic survival schools, DOT continues to increase its number of third parties.