

JLBC MEETING

At its September 20, 2018 meeting, the Joint Legislative Budget Committee considered the following issues:

Regular Agenda

AHCCCS/Department of Economic Security/Department of Child Safety – Review of Capitation Rate Changes for Plan Year 2019 – The Committee gave a favorable review of AHCCCS' plans to adjust capitation rates for numerous programs. In aggregate, the rate adjustments are 3.5%. The adjustments are within the budget. The favorable review included reporting requirements for DES.

Arizona Department of Administration/Automation Projects Fund – Review of CHILDS (Department of Child Safety Subaccount) – The Committee gave a favorable review of \$10.4 million in FY 2018 and FY 2019 funds to continue the project. Including unspent prior year monies, the project expenditure plan would be \$13.9 million in FY 2019. The favorable review included a monthly reporting requirement on expenditures on the CHILDS Replacement Project.

Department of Child Safety – Review of FY 2018 Fourth Quarter Benchmarks – The Committee gave a favorable review of the department's FY 2018 fourth quarter benchmark report for assessing progress made in increasing the department's number of FTE Positions, meeting caseload standards of caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care.

Arizona Department of Corrections – Review of FY 2018 Bed Capacity Report – The Committee gave a favorable review of ADC's bed capacity report. At the end of FY 2018, ADC has a permanent bed shortfall of (3,458), but including temporary beds has an overall surplus of 1,925. The FY 2019 plans includes eliminating (120) beds at Florence. ADC will partially offset these losses by reallocating 64 mental health beds at the facility. The favorable review included a reporting requirement for ADC.

Arizona Department of Education – Review of Statewide Assessment Contract Renewal – The Committee gave a favorable review to ADE's proposal to extend the AzMERIT exam 1 additional year (through FY 2019). The favorable review included reporting provisions on the status of ADE procurement for exams for the menu of assessments program.

Arizona Department of Transportation – Review of Motor Vehicle Modernization (MvM) Project Annual Progress Report – The Committee gave a favorable review of an annual progress report submitted by the Arizona Department of Transportation's third-party consultant for the Motor Vehicle Modernization project. The favorable review included reporting requirements.

Consent Agenda

Arizona Department of Administration – Consider Approval of Maximum Lodging Reimbursement Rates – The Committee approved ADOA's proposal to adopt the Federal Fiscal Year (FFY) 2019 lodging rates. In addition, the Committee approved ADOA's proposal to adopt the FFY 2019 meal rates, less \$10. As part of its approval, the Committee included a provision that Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs.

Arizona Department of Administration/Automation Projects Fund – Review of Microwave System Upgrade Project (Department of Public Safety Subaccount) – The Committee gave a favorable review of the \$1.3 million in proposed expenditures from the APF to upgrade the statewide radio system's microwave backbone. The favorable review included a provision requiring DPS to submit cost estimates on the completion of the project.

Attorney General – Review of Allocation of Settlement Monies – State v. Hyundai Motor Company – The Committee gave a favorable review of the AG's expenditure plan for its \$510,700 allocation from a legal settlement with the Hyundai Motor Company. The AG plans to fund a short-term operation aimed at reducing auto fraud in the state. The expenditure plan includes a temporary attorney and support position for additional prosecution, increased sting operations, and an educational campaign about current practices and laws. The favorable review included a provision that Committee review does not constitute an agreement to fund the temporary staff attorney position once these one-time monies are depleted.

Arizona Criminal Justice Commission – Review of Edward Byrne Memorial Justice Assistance Grant Federal Application – The Committee gave a favorable review of the Edward Byrne Memorial Justice Assistance Grant federal application with the provision requiring ACJC to submit a preliminary proposal to the Committee by May 15, 2019 if the federal guidelines have not yet been received for 2019.

Arizona Department of Education – Review of K-12 Broadband Connectivity Projects – The Committee gave a favorable review to ADE's June 2018 report on K-12 broadband connectivity construction projects. ADE certified \$11.1 million of state matching monies to help fund \$137 million in total projects for FY 2018 and FY 2019. As of June 2018, ADE reports that projects serving an estimated 48,567 students have already been completed at 51 sites. ADE estimates that the projects they have certified would serve approximately 205,000 students at 234 sites. The favorable review included reporting requirements.

Arizona Department of Education – Review of Joint Technical Education District Quarterly Report – The Committee gave a favorable review to ADE's April 1, 2018 – June 30, 2018 JTED quarterly report on the progress and their subsequent approval or rejection of currently eligible JTED programs and courses for eligibility for state funding. A total of 219 local JTED programs were reviewed during the past quarter. All but 6 were approved.

Arizona Game and Fish Department – Review of Watercraft Grants Line Item – The Committee gave a favorable review of the AGFD's plan to transfer \$1.0 million from an inactive Watercraft Grants line item appropriation to its operating lump sum appropriation. AGFD plans to spend the \$1.0 million on containing invasive species, improving boating safety, and enhancing boating facilities. Of the \$1.0 million, \$385,000 is for ongoing expenses and \$615,000 is for one-time expenses.

Department of Public Safety – Review of Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount – The Committee gave a favorable review for the expenditure plan of \$1.1 million of the \$2.3 million appropriation for Border Security and Law Enforcement Grants as proposed by the department. Seven county sheriffs will receive funding from the program, which is up from the 3 that were funded last year.

Arizona Board of Regents – Review of FY 2019 Tuition Revenues – The Committee gave a favorable review of ABOR's FY 2019 expenditure plan for all projected tuition and fee revenues by expenditure category. The gross FY 2019 tuition and fee collections are projected to be \$3.07 billion, or \$138.1 million higher than FY 2018. The universities estimate \$(754.7) million in tuition waivers and awards in FY 2019, resulting in \$2.32 billion of net revenues.

Arizona Board of Regents – Review of Qualifying College Credit Examinations – The Committee gave a favorable review of ABOR's list of qualifying examinations and passing scores for the College Credit by Examination Incentive Program (CCEIP) that was submitted to the Arizona Department of Education. ABOR has added 35 examinations, bringing the total number to 60. ABOR changed the passing score for 5 examinations. The favorable review included a clarifying provision.

Executive Session

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