

JLBC MEETING

At its September 25, 2019 meeting, the Joint Legislative Budget Committee considered the following issues:

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).

Regular Agenda

AHCCCS/Department of Economic Security – Review of Capitation Rate Changes for Plan Year 2020 – The Committee gave an unfavorable review of AHCCCS' plans to adjust capitation rates for numerous programs. In aggregate, the AHCCCS rate adjustments are 5.0%. These adjustments would have a General Fund cost of \$54.0 million. The enacted budget included \$30.0 million for AHCCCS formula expenses or (\$24.0) million less than the cost of AHCCCS' proposed rates.

Arizona Department of Administration/Automation Projects Fund – Review of FY 2020 Projects – The Committee gave a favorable review of \$12.3 million in expenditures for 5 projects. The favorable review included reporting requirements. The 5 projects include:

- Business One-Stop Shop portal, \$1.0 million
- Department of Agriculture IT upgrade feasibility study, \$200,000
- DCS CHILDS project implementation, \$8.5 million
- Arizona Medical Board cloud migration, \$300,000
- DPS Criminal Justice Information System upgrade, \$2.3 million

Arizona Department of Corrections – Review of FY 2020 First Quarter Correctional Officer Staffing Report – The Committee gave a favorable review of ADC's first quarter report. Of 1,290 vacant correctional officer positions, ADC proposes filling 812 of them by June 2019. Through August 26, ADC has a net decrease of (74) officers. The favorable review included additional reporting requirements.

Arizona Department of Education – Review of K-12 Broadband Connectivity Projects – The Committee gave a favorable review to ADE's June 2019 report on K-12 broadband connectivity projects. ADE certified \$11 million of state matching contributions to draw down approximately \$130 million in federal monies to fund

projects in FY 2018 and FY 2019. The favorable review included reporting requirements.

Universities – Review of FY 2020 Tuition Revenues – The Committee gave a favorable review of the Arizona Board of Regents' FY 2020 expenditure plan for all projected tuition and fee revenues by expenditure category. The gross FY 2020 tuition and fee collections are projected to be \$3.29 billion, or \$217.6 million higher than FY 2019. The universities estimate \$(851.1) million in tuition waivers and awards in FY 2020, resulting in \$2.44 billion of net tuition.

Consent Agenda

Department of Child Safety – Review of FY 2019 Fourth Quarter Benchmarks – The Committee gave a favorable review of the department's FY 2019 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 2019 Bed Capacity Report – The Committee gave a favorable review of ADC's bed capacity report. At the end of FY 2019, ADC has a permanent bed shortfall of (3,440), but including temporary beds has an overall surplus of 2,779. ADC does not plan to add any permanent or temporary beds in FY 2020. Instead, ADC expects to reallocate existing beds between custody levels to address population needs.

Arizona State Parks Board – Review of FY 2020 Arizona Trail Expenditure Plan – The Committee gave a favorable review of the department's FY 2020 expenditure plan including 8 maintenance projects covering a total of 80 miles of the Arizona Trail. ASPB is using the \$250,000 appropriation from FY 2020 and \$225,000 in local and community funding for total funding of \$475,000.

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 \$2.4 million appropriation for Border Security and Law Enforcement Grants as proposed by the department. Six County Sheriffs will receive funding from the program, which is down from the 7 that were funded last year.

Department of Veteran's Services – Review of Veterans' Suicide Prevention Program – The Committee gave a favorable review of the expenditure report relating to the Veteran's Suicide Prevention line item as well as the status of non-state matching funds. The favorable review included reporting requirements.