

JLBC MEETING

At its September 30, 2014 meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration – Review of Automation Projects Fund – The Committee gave a favorable review of expenditure plans from the Automation Projects Fund for 3 information technology (IT) projects:

A. \$3.3 million for enhancements to the state’s IT infrastructure. They include project management; enterprise architecture; E-Government; and security, privacy, and risk upgrades;

B. \$2.9 million for improvements to the State Data Center at the Arizona Strategic Enterprise Technology (ASET) Office in the Arizona Department of Administration; and

C. \$2.8 million for 6 security enhancement projects at the ASET Office.

The Committee added technical provisions to its favorable review.

Arizona Department of Corrections – Review of FY 2014 Bed Capacity Report – The Committee gave a favorable review of the Department of Corrections’ FY 2014 bed capacity report, which outlined the state’s prison bed surplus/shortfall by classification level under various methodologies.

During FY 2014, the department increased its total operating capacity by 605 beds, from 41,810 to 41,415. Despite these additional beds, the FY 2014 operational surplus decreased by 482 beds, from 1,124 to 642 due to the growth in the inmate population. During the fiscal year, the inmate population increased by 1,087 from 40,686 to 41,773. In FY 2014

the department opened 500 permanent medium custody beds and anticipates an additional 500 permanent medium and maximum custody beds will open in FY 2015. The department also plans to add 626 close custody beds by shifting resources from the maximum security population.

Attorney General – Review of FY 2013 Uncollectible Debts – The Committee gave a favorable review of the Attorney General’s (AG) FY 2013 listing of uncollectible debts referred to the AG by state agencies for collection. The uncollectible debt listings total \$44.9 million for FY 2013.

Attorney General – Review of Quarterly Reports on Legal Settlements – The Committee gave a favorable review of the \$455,100 allocation of legal settlements for the fourth quarter of FY 2014. Of the \$455,100 total, \$63,900 went to the Consumer Protection – Consumer Fraud (CPCF) Revolving Fund, \$227,900 to the Restitution Subaccount, \$27,100 to the Remediation Subaccount, and \$136,000 to the Antitrust Enforcement (AE) Revolving Fund.

Monies in the CPCF Revolving Fund are used to pay for operations of the Consumer Protection Division. Monies in the Restitution Subaccount are used to compensate identifiable entities who suffer economic loss from consumer fraud. Monies in the Remediation Subaccount are deposited when there are no identifiable entities resulting from consumer fraud. Monies in the AE Revolving Fund cover the AG’s antitrust enforcement costs.

AHCCCS/Department of Economic Security/Department of Health Services – Review of Proposed Capitation Rate Changes – The Committee gave a favorable review of AHCCCS’ proposed capitation rate changes for the state’s Medicaid system. In the aggregate, the proposed rates are expected to cost \$4.0 million more than the budgeted amounts for rate adjustments.

AHCCCS – Review of Seriously Mentally Ill Interagency Agreement with DHS– The Committee gave a favorable review of the interagency agreement with the Department of Health Services (DHS) for providing integrated acute care and behavioral health services for more than 17,000 Medicaid-eligible Seriously Mentally Ill (SMI) adults in Maricopa County. The integrated capitation rate for integrated SMI adults in contract year ending (CYE) 2015 is \$2,398 per month, a decreased monthly capitation rate of (1.1)% from the prior CYE. Of that amount, approximately \$527 is paid through the AHCCCS budget for acute care services and \$1,872 is paid through the DHS budget for behavioral health services. In FY 2015, AHCCCS will send DHS approximately \$114.1 million in total funds to fund its portion of the integrated SMI services rate. The favorable review included the following provisions:

- 1) AHCCCS submit findings on the integration of care or health outcomes for all Medicaid populations in the integrated pilot; and
- 2) DHS account for the SMI integrated acute care monies separately from all other monies it receives from AHCCCS in order to highlight the availability of funds.

Department of Child Safety – Review of Transition Funding Expenditure Plan – The Committee gave a favorable review to an additional \$2.9 million in transition funding for the Department of Child Services (DCS) in first 6 months of FY 2015. Combined with the \$3.6 million approved at the Committee’s June meeting, the administrative expenses from the transition appropriation approved to date total \$6.5 million. The additional funding extends the employment of 40 administration and technology staff for another quarter and allows DCS to purchase mobile field equipment and related technology services. The favorable review included the provision that DCS submit to the Committee the number of filled administrative positions and the year-to-date

transition expenditures 30 days after the end of each calendar quarter.

Department of Economic Security – Review of Transition Funding Expenditure Plan – The Committee gave a favorable review to \$500,000 in transition funding for the Department of Economic Services (DES) in FY 2015 for the Planning Phase of relocating the DES Data Center. In this phase, DES will assess how to move the Data Center. The Committee did not review DES’ additional request of \$2.5 million to fund the Implementation Phase, which entails storing the components of the existing Data Center while the new space is being prepared. The favorable review included the following provisions:

- 1) DCS receive necessary ADOA approvals for information technology expenses before spending any amount above the \$500,000 planning monies;
- 2) DCS submit more detailed information regarding the split between State and Federal funding for the Data Center by October 31, 2014 and address how equipment purchase and leasing arrangements will affect federal financial participation; and
- 3) The favorable review does not constitute Committee endorsement of the DES’ full \$7.0 million plan.

Arizona Board of Regents – Review of FY 2015 Tuition Revenues – The Committee gave a favorable review of the Arizona Board of Regents’ expenditure plan to use tuition revenue amounts greater than the amounts appropriated by the Legislature and all non-appropriated tuition and fee revenue for FY 2015.

JLBC Staff – Review of Agency Legal Services Charges – The Committee gave a favorable review of the fund source reports for the Attorney General legal services charges.