

JLBC MEETING

At its October 2, 2008 meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration (ADOA) – Review of Risk Management Deductible – The Committee gave a favorable review to the Arizona Department of Administration’s (ADOA) plan to continue to apply a \$10,000 deductible (the statutory maximum) in risk management cases. Currently, ADOA may charge a \$10,000 deductible for each risk management claim of \$150,000 or more unless the agency implements an ADOA approved plan to limit or eliminate similar future losses.

Department of Education – Review of Transfer to Structured English Immersion – The Committee gave a favorable review to the department’s proposal to transfer \$646,300 from Basic State Aid monies to the Structured English Immersion Fund.

Department of Education – Review of Joint Technological Education District (JTED) Intergovernmental Agreements (IGAs) – The Committee gave a favorable review to the JTED IGAs. This review requirement was instituted by Laws 2006, Chapter 341.

Department of Education – Report of Plan to Fund AIMS Study Guides – The Department of Education notified the Committee of its plan to use some unused achievement monies to fund AIMS study guides. This item was for information only.

Department of Economic Security – Review of Requested Transfer of Appropriations – The Committee gave a favorable review to the Department of Economic Security’s (DES) request to transfer funds from the Day Care Subsidy Special Line Item (SLI) to the Temporary Assistance for Needy Families (TANF) Cash Benefits SLI. This transfer fulfills technical and federal requirements.

Department of Health Services – Review of CRS Capitation Rate Changes – The Committee gave a favorable review to the DHS Children’s Rehabilitative Services (CRS) capitation adjustments with provisions that administrative costs remain within the FY 2009 budgeted levels, and any capitation rate savings be reverted and

not transferred for program expansions. The proposed capitation rates cost the General Fund \$(1.4) million less than budgeted.

The Chairman scheduled the following items for information only and did not take votes at this meeting. The Chairman is seeking further information on the Governor’s plans to resolve the FY 2009 budget shortfall and whether the funding associated with these particular agenda items could be part of the solution.

AHCCCS – Capitation Rate Changes – AHCCCS requested Committee review of its proposed capitation rate changes. The proposed rates would cost \$34.4 million more from the General Fund than budgeted in FY 2008, assuming budgeted caseload levels.

JLBC Staff – Index for School Facilities Board Construction Costs – The School Facilities Board (SFB) requested Committee approval of a possible 5.14% increase in the cost-per-square-foot factors for new school construction, which is based on an average of the Pinnacle One and Rider indices. This adjustment is projected to increase new construction spending by \$17.0 million from FY 2009 through FY 2013. Of that amount, about 5%, or \$392,200, will be expended in the current fiscal year.

Arizona Board of Regents – FY 2009 Tuition Revenues – The Arizona Board of Regents (ABOR) requested Committee review of its expenditure plan for tuition revenues for FY 2009. Each year, ABOR sets aside a portion of tuition and fee collections to be locally retained by the universities. These monies are non-appropriated and are primarily used for financial aid and debt service payments. Non-appropriated, locally retained tuition and fees in FY 2009 are estimated at \$391.4 million, or \$32.0 million higher than FY 2008. Of that amount, \$251.3 million is dedicated to student financial aid. The remaining portion of tuition and fee collections in FY 2008 is subject to legislative appropriation. Appropriated tuition collections in FY 2009 are expected to be \$ 538.1 million, representing a \$ 69.7million increase above the FY 2008 total, and \$56.7 million above the original FY 2009 budget. The overall increase in collections is primarily due to higher tuition and fees, which ABOR indexed for inflation.