

## JLBC MEETING

At its October 18, 2007 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.

**Arizona Department of Administration – Rule 14(3)(P) - Report on Loss Prevention Plans** – The JLBC Staff presented revisions to the format of the loss prevention plans required of agencies with settlements to be approved by the Joint Legislative Budget Committee. Members of the Committee asked staff to provide recommendations on the format of the loss prevention plans which are now required by Committee rules. The recommendations were developed with input from ADOA Risk Management and will apply to all future loss prevention plans.

**AHCCCS – Review of Proposed Acute Care and ALTCS Capitation Rate Changes** – The Committee gave a favorable review to the capitation rate changes proposed by AHCCCS for the Traditional Medicaid, Proposition 204, KidsCare and KidsCare Parents populations as well as the Arizona Long-Term Care System (ALTCS) Elderly and Physically Disabled population. The proposed rates would cost \$9 million more from the General Fund than budgeted in FY 2008, assuming budgeted caseload levels.

**Arizona Commission on the Arts – Review of the Arizona Arts Endowment Fund and Private Contributions** – The Committee gave a favorable review of the Arizona Commission on the Arts’ report on private monies that are donated for use in conjunction with public monies from the Arizona Arts Endowment Fund. In CY 2006, private contributions were \$4.7 million.

**Attorney General – Review of Allocation of Settlement Monies** – The Committee gave a favorable review to the allocation plan for monies received from the Guidant Corporation consent judgment. The Attorney General’s Office (AG) recently entered into a multistate settlement agreement with Guidant Corporation as a result of allegations that the company continued to sell a

specific model of Implantable Cardioverter Defibrillators (ICDs) after a potentially dangerous malfunction was discovered in early 2002. Arizona will receive \$815,000 as its portion of the settlement monies, which will be deposited into the Consumer Fraud Revolving Fund.

**JLBC Staff – Consider Approval of Index for School Facilities Board Construction Costs** – The Committee approved a 2.2% increase in the cost-per-square-foot factors for new school construction, which is based on the Pinnacle One index. This adjustment is projected to increase new construction spending by \$9.6 million from FY 2008 through FY 2012. Of that amount, about 5%, or \$500,000, will be expended in the current fiscal year.

**Administrative Office of the Courts – Review of Expenditures of Judicial Collection Enhancement Fund and Criminal Justice Enhancement Fund** – The Committee gave a favorable review to the expenditures of: 1) \$2.5 million above the Supreme Court Judicial Collection Enhancement Fund (JCEF) appropriation and \$2.5 million above the Criminal Justice Enhancement Fund (CJEF) appropriation in FY 2008 to fund a new case and cash management system, and 2) \$700,000 above the Superior Court JCEF probation surcharge appropriation in FY 2008 for county Adult Probation officer pay raises.

**Department of Public Safety – Quarterly Review of the Arizona Public Safety Communication Advisory Commission (PSCC)** – The Committee gave a favorable review to the FY 2007 fourth quarter expenditures and progress for the statewide interoperability design project. Fourth quarter expenditures totaled \$524,100. For the entire fiscal year, DPS expended \$1.3 million of \$4.3 million in available FY 2007 funding. Activities in the fourth quarter addressed projects identified in the PSCC timeline relating to both the “short-term” and “long-term” interoperable solutions. The Arizona PSCC was established to develop a statewide standard-based interoperability system that allows public safety personnel from one agency to communicate, via mobile radio, with personnel from other agencies.

**Department of Public Safety – Consider Revision of the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Expenditure Plan** – The Committee gave a favorable review to the revised GIITEM expenditure plan. The JLBC Chairman requested that the Committee recommend a revision to the GIITEM expenditure plan to increase the Maricopa County allocation by \$634,700. To date Maricopa has received \$1.5 million in funding. The funding will be provided to

the Maricopa County Sheriff's Office for transportation of illegal immigrants and human smugglers to county jails or Immigration and Customs Enforcement (ICE) for processing.

**Department of Revenue – Review of Business Reengineering/Integrated Tax System (BRITS)**

**Contract Amendment** – The Committee gave a favorable review to the Department of Revenue's proposed \$4 million contract amendment, which includes \$288,000 for 4 enhancements to individual income tax, and \$3.7 million for vendor operational support through June 2008. BRITS is the computer system being implemented by DOR to further automate and integrate their separate tax systems.

**Arizona State University – Review of Downtown Phoenix Campus (DPC) Operational and Capital Plans**

– The Committee gave a favorable review to the DPC operational and capital plans. Some of the highlights of the plan include:

- The College of Letters and Sciences opened in fall 2007 under the auspices of the University College and will offer liberal arts classes and a bachelor's degree in interdisciplinary studies.
- According to 21<sup>st</sup> day counts for the fall semester of 2007, 3,377 students are enrolled in one or more courses at the DPC, an increase of 22% from the prior year.
- ASU entered into an agreement with Capstone Development to construct student housing for 1,200 to 1,300 students set to open in August 2009.
- City of Phoenix expenditures from the \$223 million bond issuance for campus construction and development of civic space now total \$130.7 million.
- By FY 2012, ASU projects operational expenses will be \$90.6 million and will support 790 FTE positions and 7,600 students enrolled in at least one course downtown.
- By fall 2008, the City of Phoenix will develop civic space for public events.