

JLBC Meeting

At its November 13, 2008 meeting, the Joint Legislative Budget Committee considered the following issues:

JLBC Staff – Consider Approval of Index for School Facilities Board Construction Costs – The Committee approved a 1.98% increase in the cost-per-square-foot factors for new school construction. This excludes the implementation of full day kindergarten (FDK) capital costs. An annual inflation adjustment is required by law. If the existing construction moratorium is continued, this adjustment will not have a short-term budget impact.

AHCCCS – Review of Proposed Acute Care and ALTCS Capitation Rate Changes – The Committee gave a favorable review to the capitation rate changes with the caveat that these policy changes may need to be reconsidered in the future. The proposed rates would cost \$27 million more from the General Fund than budgeted in FY 2009.

Arizona Board of Regents – Review of FY 2009 Tuition Revenues – The Committee unfavorably reviewed the Arizona Board of Regents (ABOR) expenditure plan for FY 2009 tuition revenues that are greater than the amounts appropriated for FY 2009. Appropriated tuition collections in FY 2009 are expected to be \$538.1 million, representing a \$69.7 million increase above the FY 2008 total, and \$56.7 million above the original FY 2009 budget. In addition, non-appropriated tuition collections are estimated at \$391.4 million. Total tuition collections are \$929.5 million. Committee members were concerned

that the proposed tuition expenditure plan could not be sustained in light of possible FY 2009 budget reductions.

State Compensation Fund – Consider Approval of CY 2009 and CY 2010 Budgets – The Committee took no action on the State Compensation Fund's (SCF) budgets for Calendar Year (CY) 2009 and 2010. The SCF operating budget of \$142.1 million (and 580 employees) in CY 2009 represents a \$33.2 million (30.5%) increase above CY 2008. Statute requires JLBC approval of the SCF budget.

Due to a prior court ruling preventing the state from transferring funds from SCF, they traditionally have not remained within the JLBC approved budget. As a result, the Committee chose not to take any action.