

## JLBC MEETING

At its November 15, 2006 meeting, the Joint Legislative Budget Committee considered the following issues:

### **Department of Administration – Approval of Maximum Mileage and Travel Reimbursement Rates**

– The Committee gave a favorable review to the Department of Administration’s maximum reimbursement amounts for state travel by motor vehicle, meal and incidental expenses, and lodging expenses, effective immediately. These changes include: 1) increasing the personal vehicle mileage reimbursement rate from 40.5 cents to 44.5 cents per mile to conform to the federal government rate; 2) increasing the standard meals and incidental reimbursement rate from \$29.50 to \$34.00 per day; and 3) adjusting the lodging rates by keeping the standard overnight rate at \$60.00, and making several increases and a few decreases to the lodging rate in non-standard areas to conform to the federal government rate. The reimbursement for non-standard areas will have an average increase of \$21.00 per day.

### **Department of Administration – Review of Telecommunications Contractor and Carrier Cost Rate Structure**

– The Committee gave a favorable review to the revised contractor and carrier cost rate structure of the Statewide Telecommunication Management Contract, with the provision that the favorable review does not constitute an endorsement of any FY 2008 General Fund appropriation to cover higher AZNet costs or the Department of Administration’s (ADOA) expenditure plan. For FY 2008, ADOA is recommending a rate structure that would decrease the state’s overall telecommunications budget by \$(654,600).

### **Arizona State University – Review of Downtown Phoenix Operational and Capital Plans**

– The Committee gave a favorable review to Arizona State University’s (ASU) operational and capital plans for the ASU Downtown Phoenix Campus (DPC) with the provision that the favorable review did not constitute the endorsement of any level of General Fund appropriation for the DPC.

In March 2006, the citizens of Phoenix approved \$223 million in bond funds, of which \$188 million has been dedicated for campus construction projects and \$35 million has been designated for the development of civic space and street improvements within the campus district.

Since the city will be responsible for financing these projects, the cost of the debt service will not be applied toward the university’s debt ratio. For each

university, statute limits the amount of debt service to be paid on all outstanding bonds and certificates of participation to 8% of total annual university expenditures. If ASU had been responsible for financing the projects, the university’s debt ratio would have increased from 5.3% to 6.1%.

Once the bonds are paid off, the City will transfer ownership of the facilities to ASU at no cost, on the condition that they continue to be used as educational facilities. Although ASU is not required to make any lease payments prior to taking possession of the facilities, the university has agreed to annually contribute, from FY 2009 to FY 2012, about \$1.5 million for repair costs. In addition, ASU will contribute \$20 million from its own budget for furniture and equipment costs. ABOR and ASU will also transfer ownership of the Downtown Center/Mercado property (currently valued at \$16 to \$23 million) to the City of Phoenix in 2024.

According to 21<sup>st</sup> day counts for the fall semester of 2006, 2,766 students are enrolled in one or more classes at the downtown campus. ASU expects the number of students to grow to 15,000 by 2014.

### **Arizona Board of Regents – Review of Enrollment Accounting Policies**

– The Committee gave a favorable review of the Arizona Board of Regents’ (ABOR) assessment of the FTE student enrollment accounting policies and procedures. The Committee also requested that ABOR submit information on students attending courses as part of their professional continuing education requirement.

Statute requires that ABOR make recommendations concerning the necessity of minimum requirements for students enrolled in classes to qualify as part of the FTE enrollment count. The FTE count is used as the basis to determine the state’s contribution to enrollment funding. ABOR’s report did not recommend any changes to its current enrollment policy.

### **Department of Education – Review of Information Technology Special Line Item Program**

– The Committee gave a favorable review to the Arizona Department of Education’s (ADE) implementation plan for the Information Technology Project.

ADE’s FY 2007 budget included a \$2.5 million one-time appropriation to develop and implement an Education Data Warehouse (EDW) that would integrate into a single database long-term historical data on student funding and achievement that currently reside in separate, non-interacting data “silos.” ADE indicates that this would make its historical data much more accessible to users, enabling that data to be used more effectively for

analysis and planning and allowing ADE to file required reports (such as for No Child Left Behind) more efficiently.

**JLBC Staff – Review of Filing Fee for Administrative Hearing Pursuant to the Condominium and Planned Community Program** –

The Committee gave a favorable review to the Department of Fire, Building and Life Safety's (DFBLS) \$550 fee charged to parties for filing for an administrative hearing for disputes regarding Condominiums and Planned Communities. Laws 2006, Chapter 324 created a new program in the DFBLS, under which a homeowner or a homeowner association may file for an administrative hearing for a dispute involving the owner and a condominium or planned community association. After receiving the petition, the DFBLS refers cases to the Office of Administrative Hearings (OAH). Monies in the fund are used first to reimburse the OAH hearing costs, and second to offset the costs of the DFBLS administering case filings.

**State Land Department – Review of Expenditure Plan for Radio System Upgrades** –

The Committee gave a favorable review to the State Land Department's plans to expend the one-time General Fund appropriation of \$96,000 during FY 2007 to upgrade its Statewide Radio Repeater System (SRRS). The SRRS expansion will increase the safety of flight crews by providing information on the exact locations of aircraft engaged in support or wildfire fighting missions, and by allowing dispatcher and flight crews to be in constant communication.

**Department of Commerce – Review of Memorandum of Understanding for the Arizona 21<sup>st</sup> Century Competitive Initiative Fund** –

The Committee gave a favorable review to the Memorandum of Understanding (MOU) between the Department of Commerce (DOC) and Science Foundation Arizona (SFAz). The MOU contained SFAz's expenditure plan for \$35 million in General Fund monies that was appropriated to the Arizona 21<sup>st</sup> Century Competitive Initiative Fund for the purpose of strengthening Arizona's medical, scientific, and engineering research programs and infrastructure. The \$35 million expenditure plan includes:

- \$23 million for research and development (R&D) grants with an emphasis on partnerships between industry and the universities and other research institutions;
- \$2 million for seed capital to develop research into startup companies that can win federal assistance and attract venture capital;

- \$4 million for competitive scholarships to 80 first-year graduate students in science and engineering fields to attend Arizona's research universities;
- \$1.5 million to expand programs that increase Arizona K-12 students' knowledge of math and science;
- \$2 million for a program of paid academic or business based summer research internships for high school science and math teachers; and
- \$2 million in discretionary monies.

In addition to the favorable review, the Committee also requested that SFAz provide the Committee with a specific list of performance measures with numeric goals for the first year in its first quarterly report as well as an update of its specific long-term goals and performance measures, including numeric goals, by October 31, 2007.