

## JLBC MEETING

At its October 4<sup>th</sup> meeting, the Joint Legislative Budget Committee considered the following items:

**AHCCCS Inflation Adjustments** – The Committee favorably reviewed AHCCCS' proposed inflationary adjustments for capitation payments and fee-for-service rates. As proposed by the AHCCCS actuaries, the adjustments range between 4.0% and 7.8%. The increases will cost \$35.8 million, which exceeds the FY 2002 budget by \$3.2 million. Federal law requires Title 19 rates to be actuarially sound.

The Committee also received a report from AHCCCS on a special 3.7% adjustment above standard medical inflation that the Legislature approved last session for long-term care providers. The allocation plan is within budget.

**University Proposition 301 Allocations** – The Committee received a report on the universities' campus by campus plans to spend their Proposition 301 sales tax allocation. The proposition dedicates the monies to technology and research initiatives. The universities plan to expend between \$45.6 million and \$54.8 million in FY 2002, although there was some discussion that these amounts may prove too high in light of the economic slowdown.

The Committee asked for more information on the plans to expend \$2.0 million for the Arizona Regents University, which will provide a student the opportunity to use the internet to enroll, register, and take "on-line" courses from the state's public universities. The Committee also requested additional background on the \$1.0 million allocated for the Regents Innovation Fund.

**Other Reports** – The Committee received an update from JLBC Staff on its statutory responsibilities. The Committee has 131 requirements in terms of approving, reviewing or accepting reports. A year ago, the JLBC's responsibilities numbered 124. The JLBC Staff also has 68 statutory requirements, up from 59 last year.

Among the required reports, the Committee received information this month on 1) the Community Colleges' distance learning plans, 2) Department of Economic Security child care expenditures, 3) Department of Corrections inmate utility fees, 4) the Dental Board's unprofessional conduct guidelines, 5) the Arizona Department of Transportation's highway maintenance level of service and ports of entry, 6) Department of Emergency and Military Affairs' most recently declared state emergencies and 7) Boxing Commission revenues.

## JCCR MEETING

At its October 4<sup>th</sup> meeting, the Joint Committee on Capital Review considered the following issues:

**NAU Bonding Plan and Projects** – The JCCR favorably reviewed the Northern Arizona University (NAU) multi-year bonding plan and approved the issuance of \$62.9 million for the 19 projects in the plan. The Committee also stipulated that NAU report back by December 1 on the cost allocation of the debt service and that NAU not use bond proceeds to finance equipment purchases. The Committee was also informed that NAU plans to issue \$26.4 million in Certificates of Participation (COP) to finance a new applied research building and partially finance one of the bond renovation projects. Repayment of the COPs will come from Proposition 301 allocations for technology and research projects. The Committee noted to the university that agency reductions would be considered when the Legislature convenes a special session to balance the state budget.

**UofA Digital Television Conversion** – The JCCR favorably reviewed the scope, purpose, and estimated cost of the University of Arizona digital television conversion project. Of the \$7.1 million estimated cost of the project, \$2.5 million will be funded from a General Fund appropriation. Federal law requires public television stations to be converted to digital broadcasting by May 2003. The project will require construction and installation of new equipment at the 2 transmitter sites and the broadcasting studio. The Committee also received a status report on the Arizona State University conversion project, which will be on the agenda for the next Committee meeting. The Committee noted to the university that agency reductions would be considered when the Legislature convenes a special session to balance the state budget.

**Potential Land Condemnation** – The Committee was updated on the status of the Parks Board potential condemnation of privately owned land adjacent to Kartchner Caverns. State Parks would like to acquire at least 152 of the 180 acres of land north of Kartchner Caverns to prevent development on the land. State Parks believes subsurface water flow from the development could harm the caverns. The Parks Board has directed Parks Staff to renew acquisition discussions with the owner. If a sale agreement is reached, State Parks plans to use Heritage Fund monies to acquire the property. If a sale agreement is not reached, the Parks Board may reconsider condemnation in October. If condemnation occurs, State Parks plans to request JCCR release of State Parks Enhancement Fund monies to acquire the condemned property.