JOINT LEGISLATIVE BUDGET COMMITTEE

Thursday, June 16, 2016

12:30 p.m.

Senate Appropriations Room 109

JLBC

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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JOINT LEGISLATIVE BUDGET COMMITTEE
Thursday, June 16, 2016
12:30 P.M.
Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order

- Approval of Minutes of April 7, 2016 and April 12, 2016.

- DIRECTOR'S REPORT (if necessary).

- EXECUTIVE SESSION
  A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.
  B. Arizona Department of Education - Review of Contingency Plan to Fund Potential FY 2016 Formula Shortfalls with FY 2017 Monies (Consultation for Legal Advice under A.R.S. § 38-431.03A3).

1. ARIZONA DEPARTMENT OF CORRECTIONS - Review of Per Diem Rate Change for Year 4 of Inmate Health Care Contracted Services.

2. ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA DEPARTMENT OF EDUCATION - Review of AELAS Expenditure Plan (Automation Projects Fund).

3. SECRETARY OF STATE - Review of Election Services Line Item Transfers.

4. DEPARTMENT OF PUBLIC SAFETY
   A. Review of Border Strike Task Force Expenditure Plans.
   B. Review of the Expenditure Plan for the GIITEM Border Security and Law Enforcement Subaccount.

5. ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF CHILD SAFETY - Review of CHILDS (Automation Projects Fund).

6. DEPARTMENT OF CHILD SAFETY - Review of Contractor Award for Backlog Privatization.

The Chairman reserves the right to set the order of the agenda.
6/10/16
lm

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

April 7, 2016

The Chairman called the meeting to order at 9:04 a.m., Thursday, April 7, 2016, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Olson, Vice-Chairman
	Senator Cajero Bedford	Representative Alston
	Senator Farley	Representative Bowers
	Senator Griffin	Representative Leach
	Senator Hobbs	Representative Mach
	Senator Lesko	Representative Mitchell
	Senator Yarbrough	
Absent:	Senator Kavanagh	Representative Montenegro
		Representative Ugenti-Rita

EXECUTIVE SESSION

Representative Olson moved that the Committee go into Executive Session. The motion carried.

At 9:05 a.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Olson moved that the Committee reconvene into open session. The motion carried.

At 9:33 a.m. the Committee reconvened into open session.

Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.

Representative Olson moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the cases of:

(Continued)

- *Baird v. State of Arizona*
- *Kingsbury v. State of Arizona*

The motion carried.

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of February 25, 2016, Chairman Don Shooter stated that the minutes would stand approved.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Automation Projects Fund (APF).

ADOA - Review of Automation Projects Fund Expenditure Reallocation.

Ms. Rebecca Perrera, JLBC Staff, stated that the Committee is required to review APF expenditures prior to expenditure. The Arizona Strategic Enterprise Technology (ASET) office requested Committee review a reallocation of its FY 2015 APF appropriation. The FY 2015 APF appropriation included $2,900,000 for the replacement of the mainframe at the State Data Center. ADOA is proposing to expend $433,000 of its remaining unspent funds from this appropriation to extend the warranty for its current data storage subsystem devices and to complete an assessment for a hosted mainframe solution. The JLBC Staff presented options to the Committee.

Mr. Paul Shannon, Assistant Director, Budget and Resource Planning, ADOA, responded to member questions.

The Committee requested more details on the scope of work and hourly rate of the Hosted Mainframe Assessment Contract before considering the request.

ADOA - Review of ASET Projects (Automation Projects Fund).

Ms. Rebecca Perrera, JLBC Staff, stated that the Committee is required to review APF expenditures prior to expenditure. ADOA requested review of $925,000 in FY 2016 expenditures from the APF for an Enterprise Directory Services single sign-on project in the ASET office in ADOA. The JLBC Staff presented options to the Committee.

Mr. J. R. Sloan, Deputy State CIO, Digital Government Program Manager, ADOA, responded to member questions.

Representative Olson moved that the Committee give a favorable review of $925,000 in FY 2016 expenditures from the APF for an Enterprise Directory Services single sign-on project in the ASET office in ADOA. The motion carried.

ADOA/DES - Review of Department of Economic Security Network Access Control (Automation Projects Fund).

Mr. Tom Ritland, JLBC Staff, stated that the Committee is required to review APF expenditures prior to expenditure. ADOA requested review of $487,000 in FY 2016 expenditures from the APF for a DES

(Continued)

Network Access Control project. The JLBC Staff presented options to the Committee.

Representative Bowers moved that the Committee give a favorable review of $487,000 in FY 2016 expenditures from the APF for a DES Network Access Control project. The motion carried.

ADOA/DEQ - Review of Department of Environmental Quality Phase 3 Web Portal Expenditure Plan (Automation Projects Fund).

Mr. Josh Hope, JLBC Staff, stated that the Committee is required to review APF expenditures prior to expenditure. ADOA requested review of $5,000,000 in FY 2016 expenditures from the APF for Phase 3 of the development of DEQ's web portal. The JLBC Staff presented options to the Committee.

Mr. Misael Cabrera, Director, DEQ, responded to member questions.

Representative Olson moved that the Committee give a favorable review of $5,000,000 in FY 2016 expenditures from the APF for Phase 3 of the development of DEQ's web portal with the following provision:

A. The results of the quarterly third-party reviews are to be provided to the Chairman of the JLBC, the JLBC Staff, and any member of the Committee who requests a copy.

The motion carried.

ADOA - Review of Written Guidelines for Reviewing and Approving Lodging Rate Waivers.

Ms. Rebecca Perrera, JLBC Staff, stated that the Committee at its September 2015 meeting, approved ADOA's lodging reimbursement rates. These reimbursements compensate state employees traveling on official state business. As part of its review, the Committee included a provision requiring ADOA to submit its written guidelines for approving lodging rate waivers to the Committee for review. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review of the submitted guidelines for approving lodging rate waivers. The motion carried.

Without objection, the meeting adjourned at 10:00 a.m.

(Continued)

Respectfully submitted:

Kristy Paddack

Kristy Paddack, Secretary

Richard Stavneak

Richard Stavneak, Director

Senator Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at http://www.azleg.gov/jlbc/meeting.htm

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

April 12, 2016

The Chairman called the meeting to order at 8:59 a.m., Tuesday, April 12, 2016, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Olson, Vice-Chairman
	Senator Cajero Bedford	Representative Alston
	Senator Farley	Representative Leach
	Senator Griffin	Representative Mach
	Senator Hobbs	Representative Mitchell
	Senator Kavanagh	
	Senator Lesko	
	Senator Yarbrough	
Absent:		Representative Bowers
		Representative Montenegro
		Representative Ugenti-Rita

DEPARTMENT OF CHILD SAFETY - Review of FY 2016 Third Quarter Benchmarks.

Mr. Ben Beutler, JLBC Staff, stated that the Committee is required to review a report of quarterly benchmarks for assessing progress in increasing the department's number of FTE Positions and in reducing the number of backlog cases. The JLBC Staff presented options to the Committee.

Mr. Greg McKay, Director, DCS, responded to member questions and circulated documents. *(Attachment 1)*

Mr. Michael Dellner, Deputy Director, Business Operations, DCS, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the report of third quarter benchmark as outlined in the department's submission. The motion carried.

(Continued)

NORTHERN ARIZONA UNIVERSITY (NAU) - Review of Expenditure and Performance Report of Nonprofit Biotechnology Research Appropriation.

Mr. Matt Beienburg, JLBC Staff, stated that the Committee is required to review the expenditure and performance report resulting from an annual appropriation of $3,000,000 to NAU from FY 2015 through FY 2019 for distribution to a nonprofit biomedical research entity. The JLBC Staff presented options to the Committee.

Ms. Cassandra Lucas, Vice President, Research Administration and Operations Management, TGen, responded to member questions.

Representative Olson moved that the Committee give a favorable review to the report. The motion carried.

ATTORNEY GENERAL (AG) - Review of Allocation of Settlement Monies - Standard & Poor's Settlement.

Mr. Eric Billings, JLBC Staff, stated that the Committee is required to review the AG's expenditure plan of legal settlement monies deposited into the Consumer Remediation Subaccount of the Consumer Restitution and Remediation (CRR) Revolving Fund prior to spending those monies. The JLBC Staff presented options to the Committee.

Mr. Paul Watkins, Division Chief, Civil Litigation Division, AG, responded to member questions.

Senator Kavanagh moved that the Committee give a favorable review of the AG's $3,500,000 allocation from a legal settlement with the McGraw Hill Financial, Inc. and Standard & Poor's Financial Services, LLC. The AG proposes to expend $3,000,000 on homeless assistance programs and $500,000 for the implementation of a consumer fraud education program. The favorable review includes the following provisions:

A. *Committee review does not constitute an agreement to fund these projects once these one-time monies are depleted.*

B. *Prior to expending the monies designated for homeless assistance, the AG is to report to the Committee on how it plans to allocate the funding and how its homeless program interacts with the homeless assistance efforts of the Department of Economic Security and the Arizona Department of Housing.*

The motion carried.

Without objection, the meeting adjourned at 10:25 a.m.

(Continued)

Respectfully submitted:

Kristy Paddack, Secretary

Richard Stavneak, Director

Senator Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at http://www.azleg.gov/jlbc/meeting.htm

Attachment 1

Overdue Investigation Triage Standard Work

Revised 1.28.2016

Overdue Investigations Triage Standard Work

Assumptions

- All reasonable efforts are made to respond to all new reports within required timeframes, assess child safety, and complete investigations within 60 days from report receipt in the field unit.
- New reports are completed and closed within 60 days, such that the total number of reports open more than 60 days does not increase.
- Each unit, section, and region shall strive to complete investigations at a rate of 120% of the assigned reports in a given period (monthly/weekly).
- After completing reports received in the past 60 days, additional reports to achieve the rate of 120% shall be prioritized according to the instruction provided in this document, using the Report Triage for Investigations data dashboard to identify the prioritized reports.

Documenting Safety

- Document the narrative present danger safety assessment in Section III, A. of the CSRA within no more than two work day of interviewing or observing an alleged child victim; and check the Safe or Unsafe radial button to indicate the present danger decision within no more than two work days of interviewing or observing *all* alleged child victims in the report (Administrative Directive dated 10/23/2015).
- Case reviewers (supervisors, employees receiving OT or stipend to review cases, outside resources assisting with case review) shall document the present danger safety decision and supporting narrative documentation when there is information (such as child interview notes in the CSRA) that all child victims have been seen after the most recent report attached to the CSRA.
- As Child Safety Specialists are taken off of new report assignment rotations, the Specialists will document the present danger safety assessment and supporting narrative documentation for all assigned reports where initial contact has been made with all child victims.

DEPARTMENT OF CHILD SAFETY
STATE OF ARIZONA

Overdue Investigations Triage Standard Work

Triage Data Reviews

- Reports > 60 days old
  - (Reports <60 days old should be addressed through regular daily activities)
- It is the intent to address reports/cases based on vulnerability and higher risk based on receipt date of report
- Age of Youngest Child Victim
  - Open Reports/Cases shall be prioritized by age group
    - 0-5 years old
    - 6-11 years old
    - 12-18 years old
    - 18+ year old
- Substance abused and/or substance abused new born
- Age of Report
  - Given that more recent reports/cases present greater risk of current potential of continuing abuse and neglect. Reports should be prioritized by newest to oldest by # of months old
    - 2-6 months old
    - 6-12 months old
    - 12-18 months old
    - 18+ months old
- Physical/Mental Capacity
  - If CHILDS and/or case records indicate that the child victim is vulnerable due to diminished physical and/or mental capacity then the report should be treated as high priority similar to a child victim under the age of 6 and report that is 2-6 months old

Weekly Deliverables

- Monday
  - Central Office – Provide analysis and communication of vulnerable population triage
  - Regions – Conduct APM follow up meetings
  - Supervisors –
    - Conduct local triage for weekly follow up with staff
    - Conduct Triage to determine which reports received in the last 60 days have not had present danger safety assessment documented. Take action as required
- Tuesday
  - PM – Report assigned/close performance for previous week and triage statistics for region
  - Field Ops management– Conduct weekly follow up call
- Thursday
  - Central Office – Conduct follow up with additional resource teams assigned to specific offices to verify progress and address any barriers
  - Regions – Conduct any additional APM follow up that may be required
- Friday
  - Central Office –
    - Provide update on external resource engagement including additional support
    - Send Focus Area Triage data for the following week
  - Regions – Provide update on Vulnerable Population Triage sent on Monday.

DEPARTMENT OF CHILD SAFETY
STATE OF ARIZONA

Example of Triage Priority

Total Open Reprts	# of reports without Safety Decision
1652	435

Overdue Reports

Report Age (Month's since report opened)

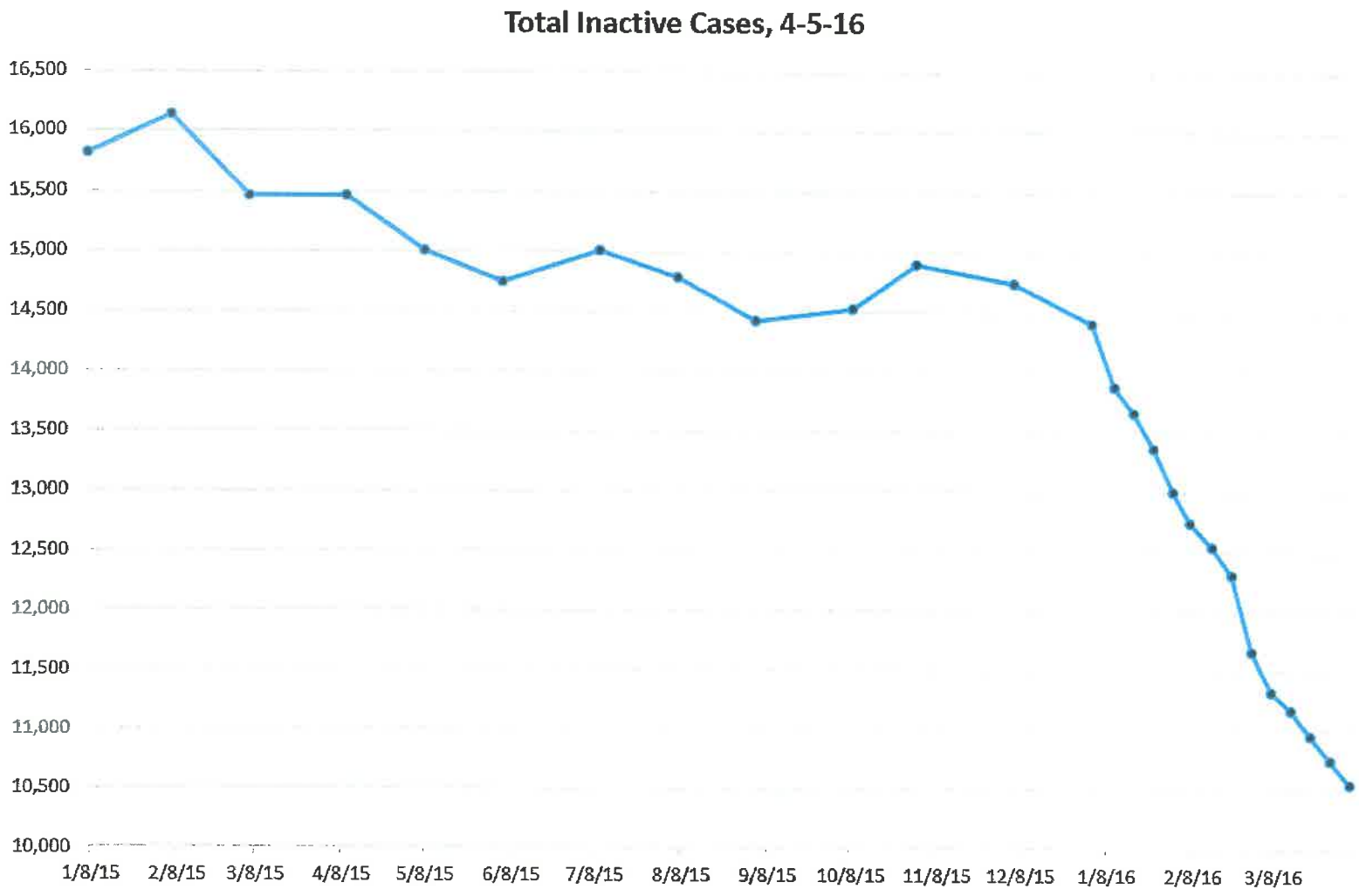
Age of Child Victim

		1	2	3	4	5	
	Age	2-6 months	6-12 months	12-18 months	18-24 months	24+ months	Totals
1	0-5	75	174	89	51	48	437
2	6-11	52	136	67	46	74	375
3	12-18	53	177	61	55	81	427
4	18+	3	13	14	6	23	59
							1298

- Work Left to Right – Top to Bottom
  - Must close incoming <60 days to prevent growth
  - Triage must be done @ region, section, unit, and specialist levels
  - Targeted team should focus @ section/unit level
- If subsequent reports exist for child/family, all reports should be investigated simultaneously

DEPARTMENT OF CHILD SAFETY
STATE OF ARIZONA

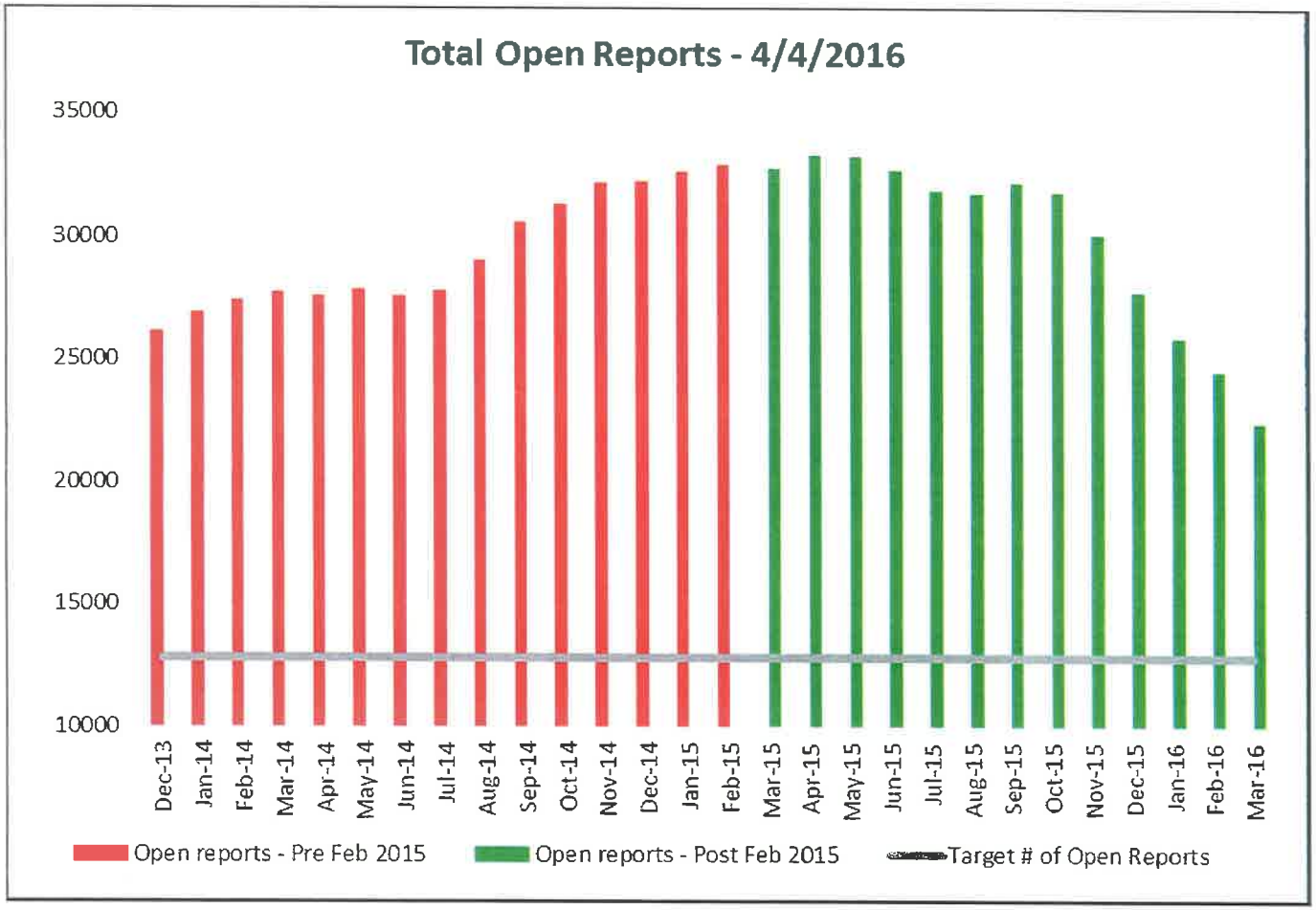
Inactive Cases



Data Source: Weekly DCS Inactives Report

DEPARTMENT OF CHILD SAFETY
STATE OF ARIZONA

Backlog Progress



Status	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Open reports - Pre Feb 2015	26110	26838	27423	27713	27555	27865	27566	27805	28992	30551	31254	32164	32194	32586	32889													
Open reports - Post Feb 2015																32721	33245	33186	32663	31805	31731	32155	31787	30035	27763	25842	24452	22376
Interim Goals																							32000	32000	31000	30000	25000	23750

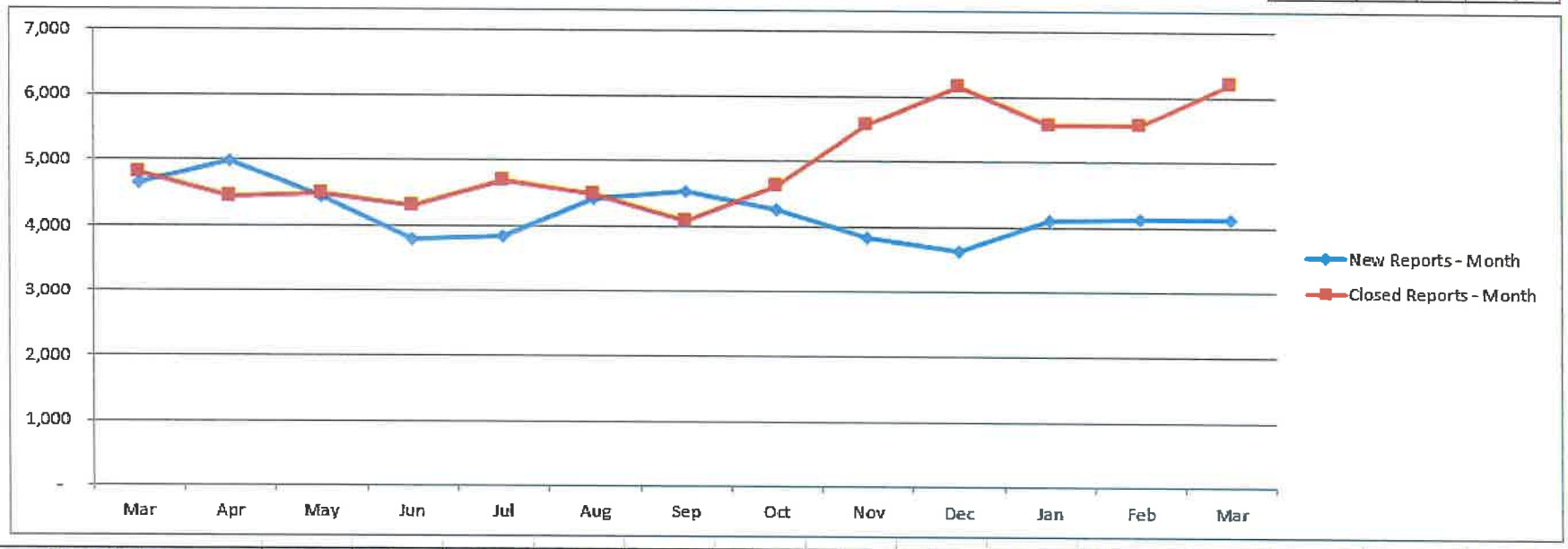
DEPARTMENT OF CHILD SAFETY
STATE OF ARIZONA

Completed Reports vs. Assigned New Reports

Closed Reports for the Month
versus
Assigned New Reports for the Month
State of Arizona

Arizona

Reports Received	63,600
Reports Closed	73,290
Net Data	(9,690)
Current Open Reports	22,376



State of Arizona	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
New Reports - Month	4,647	4,985	4,442	3,799	3,847	4,423	4,528	4,267	3,850	3,649	4,119	4,136	4,127	191
Closed Reports - Month	4,817	4,453	4,499	4,315	4,700	4,492	4,089	4,619	5,562	6,159	5,577	5,568	6,209	345

NOTE: Investigations may contain one or more reports. Current open reports is through 4.4.16.
Data Source: Weekly Completed/Assigned Report

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DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director RS

FROM: Micaela Larkin, Senior Fiscal Analyst ML

SUBJECT: Arizona Department of Corrections - Review of Per Diem Rate Change for Year 4 of Inmate Health Care Contracted Services

Request

Pursuant to a FY 2016 General Appropriation Act footnote (Laws 2015, Chapter 8), the Arizona Department of Corrections (ADC) must present an expenditure plan for Committee review prior to implementing any changes in inmate health care capitation rates. ADC has submitted an expenditure plan to increase the inmate health care per diem from $11.60 to $12.06 at a net FY 2017 cost of $2.7 million.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.

2. An unfavorable review.

Analysis

Background

ADC currently provides health care to inmates within state facilities through a contract with a vendor at a per diem rate of $11.60.

(Continued)

On March 4, 2013, ADC entered into a contract with the vendor, Corizon, to provide inmate health care services. The original contract ended in March 2016, and the vendor had the option to exercise 2 separate 1-year renewals. The vendor has exercised the first renewal period, and it is currently in Year 4 of the contract.

In May 2015, following the legislative session, ADC and the vendor amended the contract for a 3.6% inflation increase. This raised the per diem from $11.20 to $11.60 effective back to March 4, 2015 and extended the contract for the first renewal period, Year 4. This 3.6% increase was based on the inflation rate for medical goods in Metropolitan Phoenix in 2014. The JLBC favorably reviewed this amendment at its June 18, 2015 meeting.

The May 2015 amendment extended the contract to March 3, 2018 to Year 5 if the Legislature funded a 4% inflation increase for Year 4, and permitted the vendor to exit the contract if the Legislature did not fund a 4% increase for Year 4. The FY 2017 budget included funding for the 4% increase.

This adjustment costs $4.9 million. In part, this would be covered by that $2.7 million of savings from the refinancing of a lease-purchase for a private prison facility to cover this cost in FY 2017. (The Joint Committee for Capital Review is reviewing the expenditure of the savings from the new lease-purchase agreement.) ADC has indicated that the FY 2016 costs can be covered from lower-than-budgeted population growth and increased savings from Medicaid reimbursements. The FY 2017 budget funds $2.7 million for this increase through accrued savings from the new lease-purchase agreement, with the lower-than-budgeted population growth and Medicaid savings providing the other $2.2 million.

RS:ML/kp

Arizona Department of Corrections

1601 WEST JEFFERSON
PHOENIX, ARIZONA 85007
(602) 542-5497
www.azcorrections.gov

DOUGLAS A. DUCEY
GOVERNOR

CHARLES L. RYAN
DIRECTOR

May 25, 2016

RECEIVED
MAY 25 2016
JOINT BUDGET COMMITTEE

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Senator Shooter:

Pursuant to Laws 2016, 2nd Regular Session, Chapter 117 (HB 2695), Section 29 the Arizona Department of Corrections submits for review an expenditure plan for Amendment No. 11 of the Corizon contract (ADOC13-041943/1300551DC).

The amendment includes a 4% increase which amends the per diem for contract year four from $11.60 to $12.06 and extends the contract for an additional year to March 3, 2018.

In FY 2016 the increase is funded by savings from lower than anticipated population growth and increased savings from Medicaid reimbursements. The FY 2017 budget funds this increase through accrued savings from the ASP-Kingman financing agreement authorized by Laws 2016, 2nd Regular Session, Chapter 119 (HB 2701), Section 24. The ADOA, in partnership with ADC, has also requested placement on the next meeting agenda of the Joint Committee on Capital Review (JCCR) regarding the ADOA/ADC Kingman Financing Agreement.

If you have any questions, please contact Michael Kearns, Division Director of the department's Administrative Services Division, at (602) 542-1160.

Sincerely,

Charles L. Ryan
Director

cc: The Honorable Justin Olson, Vice-Chairman, Joint Legislative Budget Committee
Richard Stavneak, Director, Joint Legislative Budget Committee
Bill Greeney, Assistant Director, Office of Strategic Planning and Budgeting
Scott Selin, Budget & Project Manager, Office of Strategic Planning and Budgeting
Micaela Larkin, Fiscal Analyst, Joint Legislative Budget Committee Staff

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DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Matt Beienburg, Fiscal Analyst MB

SUBJECT: Arizona Department of Administration/Arizona Department of Education - Review of AELAS Expenditure Plan (Automation Projects Fund)

Request

Pursuant to A.R.S § 41-714, the Arizona Department of Administration (ADOA) and the Department of Education (ADE) have requested Committee review of $7,300,000 in proposed FY 2017 expenditures from the Automation Projects Fund (APF) for the Department of Education Arizona Education Learning and Accountability System (AELAS).

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.

2. An unfavorable review.

Under either option, the Committee may also consider the following provisions:

A. The results of third-party independent assessments are to be reported quarterly to the Committee in accordance with Section 129(L) of the FY 2017 General Appropriation Act (Laws 2016, Chapter 117).

B. ADE shall report to the Committee at least 30 days prior to transferring monies between the budget line items presented in the FY 2017 AELAS expenditure plan.

(Continued)

C. Prior to the expenditure of any monies approved in the FY 2017 AELAS expenditure plan for purposes not delineated in *Table 1* below, ADE shall submit for Committee review a report of the intended use of those monies.

D. By October 31, 2016, ADE is to report to the Committee:

1. Its progress in transitioning schools from the Student Accountability Information System (SAIS) to Arizona Education Data Standards (AzEDS) for purposes of student data collection.
2. An estimate of how FY 2016 statewide Average Daily Membership (ADM) counts differed under AELAS versus SAIS.
3. A list of FY 2016 AELAS expenditures for actual development versus ongoing operation and maintenance for AELAS, and the sources of monies used to fund those functions in FY 2016.
4. A long-range budget for AELAS through full implementation and timeframe for project completion.

In addition, the following provisions relate to the AELAS Opt-in SSIS (Statewide Student Information System):

E. ADE shall not expand the number of local education agencies (LEAS) participating in the Opt-in SSIS program in FY 2017 beyond those which have already adopted it or are in the process of adopting it.

F. ADE must identify a funding source, amend the project investment justification (PIJ) to reflect costs required to complete the full scope of the project, and submit this information to the ADOA-Arizona Strategic Enterprise Technology (ASET) Office and the Information Technology Authorization Committee (ITAC) for review and approval, prior to expenditure of additional funding beyond the FY 2017 APF allocation.

Provision F was adopted by ITAC at its May 25, 2016 meeting.

Analysis

Background

ADE started a multi-year information technology project in FY 2012 called AELAS. AELAS will count and fund students, like SAIS, as well as replace other ADE data systems. AELAS also will provide statewide access to data on student achievement and teacher effectiveness for individual courses.

Pursuant to a FY 2016 General Appropriation Act footnote, ADE is required to contract in FY 2016 an independent third-party vendor to provide quarterly reports on the development of AELAS. In accordance with this position, in April 2016, the third-party reviewer reported that "ADE is making significant and positive progress toward the rollout of an exemplary data system. . ."

In FY 2016, the Committee favorably reviewed $7.0 million in AELAS expenditures. We have asked ADE whether any of these monies will remain available in FY 2017. The FY 2017 budget appropriated $7.3 million from the General Fund for AELAS. In May 2016, ADE received approvals from ITAC and the ASET Office for its proposed AELAS FY 2017 expenditure plan (*see Table 1 and the agency request letter*).

The department indicates that its FY 2017 funding will support the ongoing development and operations of AELAS, complete programming changes needed to implement "current year funding," design replacement of the school payment calculation portion of SAIS (AzEDS replaces the data collection portion of SAIS, but not the school payment calculation portion), and the continued implementation of

(Continued)

the Opt-in SSIS program. ADE indicates that the school payment calculation portion of SAIS will not be replaced until at least FY 2018 due to limited FY 2017 funding, some of which is being used in FY 2017 for increased maintenance and operation costs for AELAS, rather than to replace school payment components of SAIS.

A brief description of each AELAS budget item appears below and in the agency request letter.

Table 1

FY 2017 AELAS Expenditure Plan

Project	FY 2016 1/ 2/	FY 2017
Program Support Office	$750,000	$700,000
Production Services	1,150,000	2,560,000
Centralized Educational Data Services	400,000	0
School Finance	1,700,000	740,000
Arizona Education Data Standards (AzEDS)	2,000,000	3,120,000
Opt-in SSIS	1,000,000	180,000
Total	**$7,000,000**	**$7,300,000**

1/ FY 2016 includes amended FY 2016 appropriations as reviewed by the Committee at its September 2015 meeting, in which $400,000 of the original Production Services budget was transferred to a newly-created Centralized Educational Data Services Project line item.

2/ FY 2016 further reflects ADE's request to transfer $400,000 of the FY 2016 Opt-in SSIS budget to the FY 2016 Production Services budget, which restored the original FY 2016 budget for the latter.

Program Support Office (PSO)

The proposed expenditure plan includes $700,000 for the PSO in FY 2017. The PSO creates design standards for the project and provides overall management, including financial oversight, procurement, reporting and vendor supervision. The proposed $700,000 budget for FY 2017 includes funding for the ongoing third-party independent assessment of the project. ADE hired WestEd and the Center for Educational Leadership and Technology (CELT) in 2013 to perform quarterly assessments on the progress of AELAS. In accordance with the FY 2017 General Appropriation Act, the Committee may consider a provision to continue to require these quarterly third-party assessments.

Production Services

The proposed expenditure plan includes $2.6 million for Production Services. This budget item provides funding to operate and maintain AELAS (including network, security, operations and database functions) and provide related customer support. This item also includes the cost of software licenses necessary to operate various components of AELAS.

ADE budgeted $1.2 million for Production Services for FY 2016. It indicates that they will need $2.6 million for Production Services in FY 2017, however, because more AELAS components will be in operation in FY 2017.

Arizona Education Data Standards (AzEDS)

The proposed expenditure plan includes $3.1 million for AzEDS.

AzEDS standardizes how data will be received by AELAS and sorted into several different databases or "operational data stores" (ODS). ODS pertains to 16 school functions such as "Enrollment," "Finance,"

(Continued)

"Student Attendance" and "Student Academic Record." The student counting rules and payment calculation tools access this information.

ADE originally intended to use AzEDS to receive and calculate student enrollment data in FY 2016. However, delays in vendor certification and development led ADE to pursue a "dual system" in FY 2016, in which the new AzEDS system has run parallel to the existing SAIS platform, which has continued to make school payments in FY 2016.

Throughout FY 2016, ADE has facilitated the transition of districts and charter schools to the new AzEDS system. ADE reports that as of May 2016, over 80% of districts and charters were in the process of implementing AzEDS: 516 of 660 local education agencies (LEAs) had completed the transition, and 19 more were in process.

The April 2016 third-party review observes that some districts had expressed concerns about transitioning from SAIS due to the concurrent change to current year funding and differences in expected ADM counts under AELAS. The reviewers state that "there is no option . . . for continuing with the old SAIS legacy applications, which themselves pose a more serious support and security risk to the state and districts the longer they are supported." ADE has reported that it intends to decommission SAIS' ability to receive student data beginning in FY 2017, and has stated that the remaining LEAs must complete the transition to AzEDS by September 2016 in order to receive payments.

The April review also addresses differences in ADM counts between SAIS and AELAS and attributes them to more accurate treatment of data under AELAS (e.g., tracking student absences in minutes, rather than simply as "part" or "full day"). The report also notes that ADE recently completed its review of the decision rules in AELAS and confirmed that they correctly reflect statute.

As part of the June 2015 review of its FY 2016 AELAS expenditure plan, ADE indicated that more accurate calculations under AELAS could revise school payments up or down by more than $40 million annually, with some schools receiving more and some receiving less. ADE has not provided an updated estimate of AELAS's impact on ADM counts used to compute school payments. To help clarify ALEAS's actual impact on school payment levels, the Committee may consider a provision to require ADE to report to the Committee by October 31, 2016 on the AzEDS transition and the estimated differences in FY 2016 statewide ADM counts under AELAS versus SAIS.

ADE reports that the functionality of AzEDS has significantly reduced processing times of student data. Specifically, ADE has stated that the amount of time required to recalculate statewide ADM has been reduced from 5 days under SAIS to less than 1 hour.

School Finance

The proposed expenditure plan includes $740,000 for the School Finance school payment calculation component of the project in FY 2017. While AzEDS is the data collection component, School Finance calculates payments to LEAs. These monies will be used primarily to complete system changes needed in order to implement "current year funding" and to design replacement of the school payment calculation portion of SAIS. ADE indicates that replacing the latter "will extend at least through FY 2018 and perhaps into FY 2019 due to limited FY 2017 funding." As a result, in FY 2017, "budget calculations will continue to be done with both manual and partially automated processes as in the past."

(Continued)

Opt-In Statewide Student Information System (SSIS)
The proposed expenditure plan includes $180,000 for the Statewide SIS Opt-In program. These monies will support staffing, contract renewal, and continued implementation of the Statewide SIS, but will not fund marketing efforts to expand participation in SSIS.

The Statewide SIS is a student information system that schools can purchase at a discount through ADE (i.e. opt-in) rather than selecting one of 13 private vendors. The system can send student data via AzEDS to ADE for school payment and other reporting purposes. The State SIS is provided through a statewide contract with 1 SIS vendor and leverages economies of scale to save smaller districts money on SIS services.

ADE reports that as of May 2016, 47 LEAs (districts and charter schools) had selected the Statewide SIS. ADE had originally estimated 189 LEAs would be participating as of FY 2017. The third-party review conducted in April 2016 notes there has been less interest in the Statewide SIS option this year, leading to fewer planned implementations than desired. As approved at the May 2016 ITAC meeting, ADE transferred $400,000 from the FY 2016 Opt-in SSIS budget to Production Services. ADE reports that due to limited FY 2017 funding, it has halted outreach on the Opt-in SSIS program and does not expect any additional conversions to the Statewide SIS beyond 15 currently in the process of adopting it.

The Committee may consider a provision limiting further expansion of the Statewide SIS program in FY 2017. Freezing the Opt-in SSIS will allow ADE to focus on completing core components of AELAS.

ADE reported in FY 2016 that the annual cost per student per year in year 1 of usage is $10.50. The actual cost in larger schools may be lower given economies of scale, whereas the cost may be higher in smaller schools. If the actual cost to provide the Statewide SIS to a district exceeded $10.50 per student in FY 2016, then the excess amount would be covered by a combination of state subsidy and Statewide SIS revenue generated from larger and less costly participating schools. In years 2-10, the annual per student cost drops to $6.50 for all schools and no subsidy from the state is required.

These rates were based on projected expenditures and may have changed in FY 2017 based on the actual costs and the number of participating LEAs. In its review of the FY 2016 AELAS expenditure plan, the Committee adopted a provision requiring ADE report by January 29, 2016 on the revenues, expenditures, and rationale behind the Statewide SIS rate structure. The report was to include the projected FY 2017 SSIS rates. ADE has not yet provided this information as of June 2016.

In addition to observing lower adoption of the Statewide SIS, the April 2016 third-party review also identifies the failure of the Statewide SIS vendor to provide supplemental services (such as training) to districts within the contracted timeframe. The reviewers recommend that ADE "withhold payment to the vendor until the service is rendered and there is customer signoff," and suggests that ADE "consider the pros/cons of a second statewide SIS vendor, to promote competition and options for districts."

RS/MB:kp

Douglas A. Ducey
Governor

Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

May 25, 2016

RECEIVED
MAY 26 2016
JOINT BUDGET COMMITTEE

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Justin Olson, Vice-Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Dear Senator Shooter and Representative Olson:

In accordance with Arizona Revised Statutes § 41-714, the Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2017 Automation Projects Fund (APF) projects. Monies to support the expenditure plans have already been appropriated to the APF.

The attached documents contain a detailed explanation of the proposed projects. We will be happy to meet with your staff to provide further explanation as appropriate.

Sincerely,

Craig C. Brown
Director

Enclosures

cc: Richard Stavneak, Director, JLBC
Lorenzo Romero, Director, OSPB
Rebecca Perrera, JLBC Staff
Chris Olvey, OSPB Staff
Morgan Reed, State CIO
Paul Shannon, Assistant Director Budget and Resource Planning ADOA

Arizona Education Learning and Accountability (AELAS) FY 2017 Projects

Presented to:

Information Technology
Authorization Committee

May 25, 2016

Mark T. Masterson
Chief Information Officer

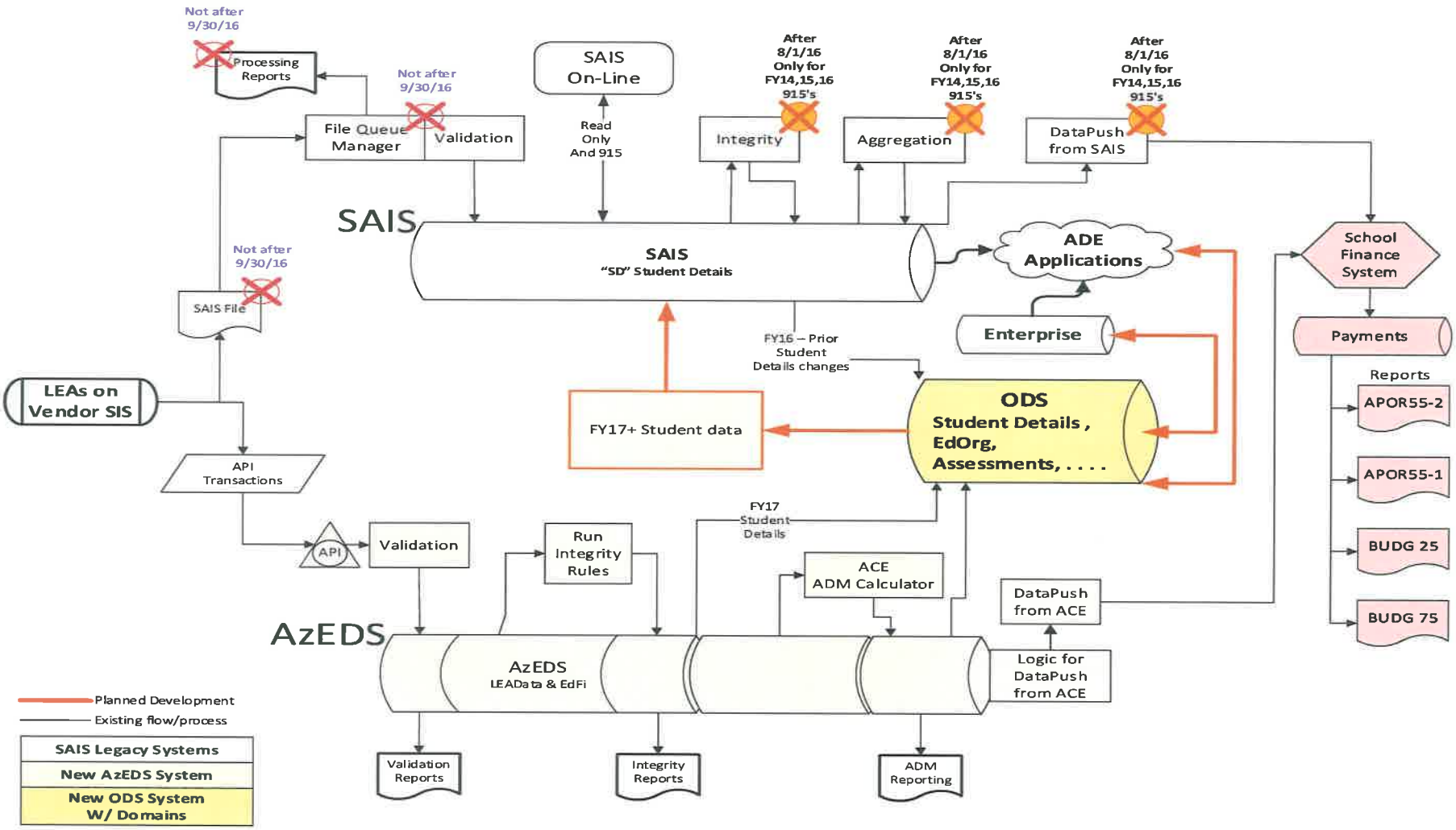
Priorities for FY 2017

- Complete SAIS student replacement and decommissioning
  - APOR and CHAR will not be completed in FY 2017
  - Business requirements for AELAS School Finance applications
- Build internal connections to AzEDS to reduce burden on LEAs
  - For example, CTE (Continuing Technical Education) data that with minor additions to the API, will be resolved from SIS submissions to AzEDS, so that LEAs no longer submit the data separately through the CTE applications.
- Ensure proper support and management of overall project and newly-developed tools
- Continue implementation of opt-in tools to interested LEAs
  - Statewide Student Information System (Synergy by EduPoint)

Program Support Office - $700,000
Production Services - $2,560,000

- Program Support Office
  - Interface with local school districts
  - Financial accountability
  - Contract oversight
  - Software development management
  - Third-party independent assessment
- Production Services
  - Hardware Maintenance and Software license renewals
  - Continued focus on Support center
  - Network and Infrastructure improvements
    - Release Management, Patch administration, Systems security, Monitoring, Server Maintenance, Administration and Network operations

FY 2017 Student Data Systems



Arizona Department of Education

AELAS support costs

- Increased external-facing systems require manpower to perform day-to-day operation and management of existing services
- ADE IT has been capturing costs to maintain complex system like AELAS since FY 2013
- State legislature has not included funding for ongoing support
  - SAIS fell into disrepair because of lack of funding and technology advancements
  - AELAS will suffer same fate with same treatment
- ADE will not squander the investment

FY 2017 support costs

- Ongoing program and financial management
- Network and infrastructure improvements
  - release management, patch administration, systems security, monitoring, server maintenance, administration, and network operations.
- Continued emphasis on support center
- Hardware maintenance and software license renewals

ED14005 Opt-In Statewide Student Information System - $180,000

- Staffing to support renewal of contract activities
- Data conversions and creating environments for new opt-in customers
- 15 planned implementations

ED14002 School Finance - $740,000

- Completion of Current Year Funding (CYF) development
- Quality assurance testing and remediation
- User acceptance testing with School Finance and remediation of findings
- Deployment and warranty support of new code, reports and processes
- Development and modification of associated reports development due to CYF changes.
- Discovery phase work with business process engineering efforts for the re-write of the APOR, CHAR, and Budget systems
- Design based on Discovery phase information is documented, and reviewed with School Finance area.

ED15004 Arizona Education Data Standards (AzEDS) - $3,120,000

- **AzEDS**
  - Migration of AzEDS to use ODS (Operational Data Store) data,
  - Deploy API version 2.3
  - Develop API version 2.4 specification and deploy,
  - Develop Multi-year support functionality in AzEDS/ACE (ADM Calculation Engine)/DataPush,
  - Develop 915 processes, communicate to Vendors/LEAs, Deploy
  - Complete development and deployment of > all business rules, > reports
  - AzEDS Roll-out
    - Team to support July, August, September final LEA migrations to AzEDS
- **ODS Data and Services**
  - Development of services, Data Structures, ETL support, and support of migrating applications
- **OEMS**
  - Minimal enhancements to system, maintenance of system
- **Legacy migration / Infrastructure**
  - Replace/move Calendar webapp,
  - Split Contacts and separate common login from Enterprise
  - Decommissioning hardware, supporting movement of applications to Cloud (Azure)

Transition to AzEDS

All Metrics as of 5/11/2016

Counts for LEAs migrating to AzEDS

Status Description (Multip Closed, Future, or Inactive LEAs filtered

5/11/16 Data from 5 AM

Row Labels	LEAs	In Implementation	% Implementing	LEAs Submitting	% Implementation complete	% of Total submitting	Incomplete Implementations	Not yet Implementing
Apex	6	6	100%	6	100%	100%	0	0
AZDJC	1	1	100%	1	100%	100%	0	0
Connexus	1	1	100%	1	100%	100%	0	0
Edupoint	91	48	53%	39	81%	53%	9	43
FlipSwitch	1	1	100%	1	100%	100%	0	0
Hane Solutions	10	10	100%	10	100%	100%	0	0
Illuminate	2	2	100%	2	100%	100%	0	0
InfiniteCampus	13	8	62%	8	100%	62%	0	5
JupiterEd	2	2	100%	2	100%	100%	0	0
PowerSchool	166	157	95%	157	100%	95%	0	9
Schoolmaster	318	271	85%	260	96%	85%	11	47
Statewide SIS	47	24	51%	24	100%	51%	0	23
Tyler V10	1	1	100%	1	100%	100%	0	0
Unknown	1	-	0%	-	0%	0%	0	1
Grand Total	660	532	81%	512	96%	81%	20	128

+ 3 LEAs since Yesterday + 4 LEAs for the week

Green Highlights changes from last report

Arizona Department of Education

AELAS
Current known risks and mitigation

- Size and magnitude of ADE IT project
  - ADE is implementing process checks and code review processes in each phase of the project to ensure immediate identification of any issues and to audit the progress and deliverables to ensure quality and confirm on-time delivery
  - Team is utilizing industry best practices, as well as highly skilled and senior developers to close the gap in our experience for this type of effort
- Data usage patterns are changing
  - ADE is running performance tests
  - Piloted implementation plan to allow ADE to identify new patterns, develop mitigation strategies and react quickly to changes in data loads
- Reliance on outside vendors
  - Maintain constant communication through meetings, scope tracking, management and status reports and re-baseline as necessary
- Potentially difficult technical challenges and determination of how to approach challenge
  - ADE has implemented an architectural review team to maintain adherence to overall AELAS architecture and design requirements

FY 2016 AELAS closed projects

Project Name	Accomplishments
Common Educational Data Services (CEDS)	• Data quality confirmation testing, and remediation as needed completed for Student Demographic, Student Attendance, Student Program participation and Student Enrollments domains • Enterprise services framework developed and tested • Initial Services for Educational Organization data delivered to ADE IT teams, Service(s), Training, example projects and configuration samples • Development and deployment of initial Student Demographics data service completed, training and further activities rolled into SDS project for 2017
AzDASH SLDS (Student Longitudinal Data Services)	• Completed development for reports utilize data from Operational Data Store • Data refreshed for 2015 for Enrollments and Withdrawals matched the test cases cent percent. • Teacher dashboard - data refresh complete • Data Refresh for Enrollments, Withdrawals and Absences • STC (Student-Teacher-course Connection) Data refreshed • AIMS science data refresh - Fall 2015 • New Teachers for 2016 are able to view their Teacher Dashboard
AELAS Opt In Teacher and Learning Tools	• Developed and delivered Self-registration for Events • Developed transcripts and certificates supporting appropriate Event types • Developed credit card processing to charges on Events • Integrated Event Management System with Blackboard • Developed waitlists and notifications functionality within Event Management System • Deployed Event Management System to production on 8/4/15
Organization Entity Management System (OEMS)	• Developed and deployed Workflows for change approvals by correct business area roles • Developed and deployed code to sync OEMS data back to Enterprise to support legacy applications • Developed and deployed new User Web Interface • Developed and deployed ETL functions to populate ODS EdOrg domain with data

AELAS cost estimates for ongoing operations

PROJECT NAME	FY2017	Headcount (FTE)
AZDash Ongoing Support and Maintenance of Student Data Stores and Data Refreshes of AZDash	**$400,000**	**3.0**
ADEConnect Maintain 24 hour access to ADE systems and reports for all stakeholders	**$240,000**	**2.0**
AELAS Program Support Office (PSO) Program Level Management of AELAS Development and Operations	**$700,000**	**8.0**
AELAS Operations Services Ongoing Operations Support of AELAS Infrastructure	**$1,835,000**	**15.0**
OEMS AzEDS Contact and Organization Management Support	**$0**	**0.0**
AELAS Operations subtotal	**$3,175,000**	**28.0**
AELAS Ed-Fi (AzEDS) Support, Maintenance, diagnostics and repairs of software issues	**$365,000**	**4.0**
School Finance Technical support, verification, maintenance of School payment engines	**$435,000**	**5.0**
Prop 301 Funding subtotal	**$800,000**	**9.0**
TOTAL	$3,975,000	37.0

Arizona Department of Education

AELAS cost estimates for ongoing operations

PROJECT NAME	FY2018
AZDash Ongoing Support and Maintenance of Student Data Stores and Data Refreshes of AZDash	**$750,000**
ADEConnect Maintain 24 hour access to ADE systems and reports for all stakeholders	**$700,000**
AELAS Program Support Office (PSO) Program Level Management of AELAS Development and Operations	**$750,000**
AELAS Operations Services Ongoing Operations Support of AELAS Infrastructure	**$2,200,000**
OEMS AzEDS Contact and Organization Management Support	**$450,000**
AELAS Operations subtotal	**$4,850,000**
AELAS Ed-Fi (AzEDS) Support, Maintenance, diagnostics and repairs of software issues	**$600,000**
School Finance Technical support, verification, maintenance of School payment engines	**$400,000**
Required SAIS Replacement Support Funding subtotal	**$1,000,000**
TOTAL	$5,850,000

3

STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director RS

FROM: Krista MacGahan, Senior Fiscal Analyst KM

SUBJECT: Secretary of State - Review of Election Services Line Item Transfer

Request

Pursuant to an FY 2017 General Appropriation Act (Laws 2016, Chapter 117) footnote, the Secretary of State (SOS) is requesting review of a transfer of $746,000 from the Election Services line item to the agency's operating budget during FY 2017.

Chapter 117 requires Committee review of any transfer to or from the Election Services line item within the SOS budget. In addition, Chapter 117 also states that the monies in the Election Services line item may only be used to pay for the costs of the statewide publicity pamphlet and as pass-through to county elections divisions for the reimbursement of the costs of elections. SOS is requesting review of the transfer in order to fund various election activities that were not included in the restrictions for the Election Services line item.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review of a proposed transfer of $712,000 from the Elections Services line item to the operating budget. The $32,000 reduction from the SOS request reflects monies already in the operating budget.

2. An unfavorable review of the proposed transfer.

(Continued)

Analysis

Background

The FY 2017 JLBC Baseline for SOS included $4,426,400 from the General Fund for the Election Services line item, which reflected a continuation of the original amount enacted during the FY 2016 budget process. This amount was intended to fund election-related activities related to the 2016 primary and general elections.

The Elections Services line item was originally intended as a county pass-through to reimburse counties for their share of elections expenses, along with funding variable state election costs like the publicity pamphlet. Over time, however, the Elections Services line item has funded a broader set of initiatives. For example, SOS intended to spend approximately $1,035,600 of the $4,426,400 for the salaries and benefits of its permanent elections staff. In FY 2016, SOS is also projected to use $703,500 from the line item for various IT projects, including a new campaign finance database and starting the Election Management/Election Night Reporting System project.

To more accurately align SOS ongoing costs with the operating budget, the FY 2017 budget shifted the $1,035,600 of ongoing staff costs to the SOS operating budget. This resulted in a net appropriation of $3,390,800 included in the FY 2017 General Appropriation Act for the Elections Services line item.

In addition, to further clarify the legislative intent regarding the use of Elections Services monies, the FY 2017 budget also included a footnote stating "All monies in the Election Services line item shall be used only to pay for the statewide election publicity pamphlet and as pass-through monies to county elections divisions for the reimbursement of the costs of elections."

Since the passage of the budget, SOS has identified other variable state election costs (which exclude permanent staff). Since the budget limits the Election Services line item to publicity pamphlet and county costs, SOS is proposing to transfer these other variable costs to the operating budget. In future years, the JLBC Staff believes that these variable state election costs would be more appropriately placed in a line item separate from the county pass-through.

Transfer

In its original request submitted to the Committee, SOS was requesting the transfer of 15 activities totaling $746,000 to the operating budget. After further discussions with SOS Staff, 5 of the 15 activities totaling $32,000 were already moved to the operating budget as part of the fund shift included in the enacted FY 2017 budget. These items have been excluded from the analysis below.

Of the 10 remaining elections activities that SOS requested to transfer funding, 9 involve temporary staff and other variable costs (such as travel). Those activities include:

- *Processing of Candidates Nomination Petitions* - SOS indicates that they need $11,000 to hire temporary staff to process candidate nomination petitions during filing season.
- *Primary Election Letters of Nomination* - $1,000 for the processing and mailing of the letter that is the official notification of the primary election winner.
- *General Election Candidate Certificates* - $1,000 for the processing and mailing of the letter that is the official notification of the general election winner.
- *Processing Citizens Clean Elections Commission Qualifying Contribution Slips* - $16,000 to hire temporary staff to verify the $5 Clean Elections qualifying contributions signatures.

(Continued)

- *Review and Process Ballot Measures* - $120,000 to hire 10-20 temporary staff per initiative or referendum filed to process and verify signatures and to pay for the storage of the initiative/referendum signature pages.
- *Maintain and Administer Ballot Filings and Draft Language* - $5,000 for processing costs to notify groups of qualifying ballot measures and to translate ballot language for the publicity pamphlet and website.
- *Voter Education and Town Halls* - $15,000 to rent space for voter education and town halls and to pay for hotel and travel expenses for permanent staff to facilitate those events.
- *Review and Certification of Election Equipment* - $30,000 for travel expenses for permanent staff to do voting machine accuracy testing in all 15 counties in the short time frame before each election, as required by law.
- *Candidate Challenges* - $125,000 for costs associated with having the Attorney General's Office represent SOS when candidate challenge lawsuits are filed.

These 9 activities total $324,000 in elections related costs. *Table 1* below summarizes the requested transfers:

Table 1

Requested Election Services Line Item Transfers

Processing of Candidates Nomination Petitions	$ 11,000
Primary Election Letters of Nomination	1,000
General Election Candidate Certificates	1,000
Processing CCEC Qualifying Contribution Slips	16,000
Review and Process Ballot Measures	120,000
Maintain and Administer Ballot Filings and Draft Language	5,000
Voter Education and Town Halls	15,000
Review and Certification of Election Equipment	30,000
Candidate Challenges	125,000
Total	**$ 324,000**

Election Management/Election Night Reporting System

The remaining item included in the SOS transfer request is $390,000 for the Election Management/ Election Night Reporting System projects. SOS uses the Election Management System to track the filings of candidates standing for each election, voter registration data, and other information as required by law and the Election Night Reporting System is the publically accessible vote counting system available for each election. These systems were originally created in the late 1990s.

In 2010, SOS contracted with a new vendor to update the Election Night Reporting System. This system was used through 2014. In 2015, SOS decided this system "did not perform as expected" and SOS began work on updating both systems in May 2015. After determining that the available third-party elections software was inadequate, SOS began developing the project in-house using both state FTE positions and contracted staff. Updates to these systems are projected to cost $382,300 in FY 2016 and $390,000 in FY 2017, for a total project cost of $772,300.

The Election Night Reporting System will be available by the August 30, 2016 primary election and the Election Management System will be available by the November 8, 2016 general election.

(Continued)

Summary of Transfers

In total, assuming the $712,000 transfer to the operating budget listed in Option 1, $2,678,800 would remain in the Elections Services line item during FY 2017. SOS has indicated this amount would be spent on the following activities, as required by the General Appropriation Act footnote:

- *Sample Ballot Costs* - $2,100,000 to reimburse counties for the costs associated with printing and mailing the sample ballot to households. SOS reimbursed counties for $1,820,000 and $1,720,000 in 2012 and 2014, respectively.
- *Publicity Pamphlet* - $510,000 for SOS costs of printing and mailing the publicity pamphlet to each household. These costs were $525,000 in 2012 and $450,000 in 2014.

SOS indicated the cost estimates for these 2 activities in 2016 are based on the total costs for the activities in 2012 and 2014, as adjusted for inflation and other projected price increases. In addition, the estimates have built in some excess funding capacity, due to the variable nature of election costs caused by changes in the length of the election ballot.

RS/KM:kp

MICHELE REAGAN
Secretary of State
State of Arizona

May 24, 2016

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Justin Olson, Vice-Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Dear Senator Shooter and Representative Olson:

In the recently enacted State Budget (HB2695, Chapter 117, Laws 2016), the Department of State was authorized $11,609,300 as an Operating Lump Sum Appropriation and was further authorized $3,390,800 as an Election Services Special Line Item. Funds in the Election Services Special Line Item are restricted to payments associated with the statewide publicity pamphlet and as pass through expenses to the counties for allowable costs associated with conducting elections. Any transfers from the Operating Sum Appropriation to the Election Services Special Line Item require approval of the Joint Legislative Budget Committee ("JLBC").

Please accept this letter as a request to JLBC to approve the following transfers from the Operating Lump Sum Appropriation to the Election Services Special Line Item. Each of the following enumerated expenditures has historically been paid from the Election Services Special Line Item. The requested amount of the transfer is an estimate based upon various forecasts. For example, expenses associated with processing nominating petitions and campaign finance reporting assumes a minimum of five staff members during the filing season. The review and certification of election equipment assumes multiple staff members traveling to all fifteen counties at least twice in a shortened time span to ensure the accuracy of tabulation equipment and voting equipment in preparation for the election. Legal expenses associated

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www.azsos.gov

with candidate petition challenges is based upon an assumption rooted in the costs for the 2014 Primary and General Election The costs associated with the Election

Management/Election Night Reporting System are based upon projections of staff time and resources to complete the project derived at the beginning of the project in May of 2015.

Activity	Estimated Cost
Processing of Candidates Nomination Petitions (A.R.S. §§ 16-311 & 16-312)	$11,000.00
Political Committee Statements of Organization (A.R.S. § 16-902.01)	$1,000.00
Campaign Finance Reports (A.R.S § 16-913)	$5,000.00
Primary Election Letters of Nomination (A.R.S § 16-645)	$1,000.00
General Election Candidate Certificates (A.R.S. § 16-650)	$1,000.00
Clean Election Candidate Filings (A.R.S. § 16-947(A))	$5,000.00
Processing CCEC Qualifying Contribution Slips (A.R.S. § 16-950)	$16,000.00
Initiative Petitions for Filing (Ariz. Const. Art. IV, Par 1, § 1)	$20,000.00
Review and Process Initiatives (A.R.S. § 19-125)	$120,000.00
Maintain and Administer Ballot Filings and Draft Language (A.R.S. § 19-125)	$5,000.00
Voter Education & Town Halls (A.R.S. § 19-123(D)	$15,000.00
Certification of Statewide Elections Results (A.R.S. § 16-648)	$1,000.00
Review and Certification of Election Equipment (A.R.S. § 16-449)	$30,000.00
Candidate Challenges (A.R.S. § 16-351)	$125,000.00
Election Management/Election Night Reporting	$390,000.00

Again, all of the above references activities have historically been paid out of the Election Services Special Line. We are happy to provide such historical cost comparison information as you may be interested in.

The expense of reimbursing counties for printing, labeling, and postage of each sample ballot actually mailed per A.R.S. § 16-461 is estimated at $2,100,000. The printing and mailing of the publicity pamphlet per A.R.S. § 19-123 is estimated at $510,000

If you have any questions regarding the above activities please contact Liz Atkinson, Chief Financial Officer, at 602-542-6171.

Sincerely,

Lee Miller
Deputy Secretary of State

Cc: Richard Stavneak, Director, JLBC Staff
Krista MacGahan, Fiscal Analyst, JLBC Staff
Lorenzo Romero, Director, OSPB
Laura Johnson, Fiscal Analyst, OSPB

4A

STATE OF ARIZONA

Joint Legislative Budget Committee

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MICHELLE UGENTI-RITA

DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Eric Billings, Senior Fiscal Analyst

SUBJECT: Department of Public Safety - Review of Border Strike Task Force Expenditure Plans

Request

Pursuant to a FY 2017 General Appropriation Act footnote (Laws 2016, Chapter 117), the Department of Public Safety (DPS) requests Committee review of its expenditure plan for the 3 newly-created Border Strike Task Force (BSTF) line items. The total appropriated amount for these line items is $26,640,500 in FY 2017.

DPS submitted its request to be on the agenda 1 week after the Committee deadline, which has limited our ability to analyze the agency proposal in detail.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.

2. An unfavorable review.

Under either option, the Committee may consider the following provisions:

A. Prior to expenditure of the BSTF Local Support line item, DPS is to report back to the Committee for its review regarding the allocation model and recipients of these monies.

B. DPS is to report back to the Committee regarding the amount of the proceeds received from the sale of one of their existing helicopters and how the funds were allocated.

(Continued)

C. DPS is to submit for further JLBC review any modification to the proposed DPS plan that would result in the purchase of a hangar.

D. DPS is to report the planned use of their proposed $1.0 million contingency in the BSTF One-Time line item, prior to expenditure, and to submit for review any new uses beyond those specified in their current plan.

Analysis

The BSTF was established in September 2015 within DPS as part of an Executive initiative to provide a multi-agency approach to targeting drug and human trafficking organizations and activities along the Arizona-Mexico border. At its founding, the BSTF was staffed with 56 sworn officers and provided partial-year funding of $7.8 million reallocated from other DPS divisions. This amount will increase in FY 2017 to $9.6 million for full-year funding and legislated salary raises.

As part of the Executive's FY 2017 budget proposal, the Governor requested $31.5 million in additional funding to expand the BSTF. As a result, the FY 2017 budget included an increase of $26.6 million in General Fund and Other Appropriated Fund monies for ongoing and one-time costs of the BSTF that were allocated across 3 line items: BSTF Ongoing, BSTF One-Time, and BSTF Local Support. With this additional funding, the BSTF will have total resources of $36.2 million in FY 2017 that will fund 75 DPS and 8 local sworn officers as well as 7 DPS non-sworn positions. A summary of DPS' expenditure plan for the $26.6 million appropriated in the 3 BSTF line items is provided below.

BSTF Ongoing

The budget provides $6.8 million in General Fund monies in FY 2017 from the BSTF Ongoing line item for ongoing costs of the BSTF. DPS is proposing to expend these monies to hire an additional 37 staff including 30 sworn officers and to provide ongoing operating funding for vehicle maintenance, an airport hangar lease, surveillance plane maintenance, and canine unit operating costs. *Table 1* below provides a breakdown of DPS' expenditure plan by item, FTE Positions, and type of cost.

Of the 37 new FTE Positions that DPS proposes to fund, 25 will work in the BSTF, 11 will be part of the Highway Patrol Division and 1 will be a trooper/paramedic that will participate in various DPS functions. The 11 Highway Patrol officers will be utilized to provide additional coverage for highways in southern Arizona that are currently not patrolled during the early morning hours. As a result of their duties, these individuals may provide assistance to the BSTF in its efforts to enforce drug and human trafficking laws. The 1 trooper/paramedic will be part of the DPS Aviation Bureau and will be on call for BSTF and other DPS operations as necessary. This FTE allocation is similar to the legislative intent for the expenditure of these monies.

The DPS expenditure plan for the BSTF Ongoing line item also includes a total of $1.3 million in FY 2017 for other operating costs. The expenditure plan would allocate this amount as follows:

- $33,000 to the annual costs of maintaining 5 canine units that would operate as part of the BSTF.
- $384,200 for the maintenance and upkeep of 38 patrol, detective, and other law enforcement vehicles that DPS plans to purchase for BSTF sworn officers from monies in the BSTF One-Time line item.

(Continued)

Table 1

BSTF Ongoing Line Item Expenditure Plan

	FTE Positions	Salary/ERE	Operating/ Training	Non-Capital Equipment	Total Cost
Personnel					
Trooper/Detective[1/]	26	$3,798,400	$285,100	$272,500	$4,356,000
Sergeant	2	358,800	25,800	21,800	406,400
Pilot	2	335,100	40,000	21,800	396,900
Intelligence Analyst	2	172,400	20,000	9,600	202,000
Air Plane Mechanic	1	93,100	11,200	5,000	109,300
Support Staff	4	321,800	0	19,200	341,000
Operating Costs					
Canine Operating	N/A	0	33,000	0	33,000
Vehicle Maintenance/Operating	N/A	0	384,200	0	384,200
Surveillance Plane Operating[2/]	N/A	0	450,000	0	450,000
Airplane Hangar Lease[3/]	N/A	0	100,000	0	100,000
Total	**37**	**$5,079,600**	**$1,349,300**	**$349,900**	**$6,778,800**

1/ Includes 9 troopers/detectives and 5 canine troopers that will be part of the BSTF. The line also includes 11 troopers that will be part of the Highway Patrol Division of DPS and will operate in the 4 Highway Patrol border districts as well as 1 trooper/paramedic that will serve as part of the Aviation Bureau.

2/ Monies in this line will be used to outfit a King Air 350 that DPS acquired from the Federal Military Surplus program with surveillance equipment for use by the BSTF.

3/ DPS plans to lease a hangar at the Tucson International Airport that is currently leased by the Arizona High Intensity Drug Trafficking Area (AZHIDTA). DPS believes that AZHIDTA will transfer the lease to DPS.

- $450,000 for maintenance and operating costs associated with a King Air 350 plane that DPS received as part of the federal 1033 Military Surplus program. The program allows state and local agencies to utilize unused, surplus vehicles, weapons, supplies, and equipment for law enforcement purposes. DPS plans to outfit the plane with surveillance equipment that will allow the BSTF to track drug and human smuggling activities along the border.
- $100,000 for the lease of a hangar at the Tucson International Airport for both the outfitted King Air 350 plane and a newly-acquired twin-engine helicopter that will be funded from the BSTF One-Time line item. In the original plan, DPS had proposed to spend $1.8 million to construct a hangar to house both the plane and helicopter. During the budget discussions, members suggested that existing space be used for this purpose. Currently, the Arizona High Intensity Drug Trafficking Area (HIDTA) loans space to DPS at the Tucson Airport for one of their helicopters. Arizona HIDTA is a co-located group of law enforcement agencies that implement policies and programs as part of a federal initiative to address drug trafficking activity along the Arizona-Mexico border. DPS has indicated that the Arizona HIDTA will terminate their financial interest in the space later this year and DPS will endeavor to transfer the $100,000/year lease to the BSTF for the storage of their proposed new helicopter. Additionally, DPS plans on expanding the hangar at a one-time cost of $522,000 to allow for the storage of the King Air 350 plane that they will outfit with surveillance equipment under this plan.

Given members' concerns about building a new hangar, the Committee may consider a provision that requires DPS to receive further JLBC review if the department modifies the proposed plan to allow for the construction of a new hangar.

(Continued)

BSTF One-Time

The BSTF One-Time line item provides $18.6 million in one-time funding for equipment and operating costs of the BSTF in FY 2017. *Table 2* displays the proposed DPS expenditure plan for this line item with item detail provided below.

Table 2
BSTF One-Time Line Item Expenditure Plan

Item	Estimated Cost
Twin-Engine Helicopter	$ 8,300,000
Communication "Master Site"	3,500,000
Airplane Surveillance Equipment	2,000,000
Law Enforcement Vehicles	2,023,800
Highway Patrol Tri-Band Radios	600,400
BSTF Tri-Band Radios	288,800
Hangar Improvements	522,000
Public Safety Equipment	315,000
Canine Units	50,000
Cost Overrun Contingency	1,000,000
Total	**$18,600,000**

- $8.3 million for the purchase of a twin-engine helicopter that will replace an existing single-engine helicopter. Currently, DPS only has single-engine helicopters which are not capable of hoisting individuals into their cabin, can only travel a limited distance, and cannot safely navigate certain weather and terrain conditions. DPS reported that this new helicopter would not have these limitations and would be used for all DPS purposes including search and rescue, transport, and the BSTF.

DPS plans to sell the oldest of their 5 helicopters for an estimated $500,000 - $1.0 million and then deposit those monies into the Highway Patrol Fund. DPS is not using the proceeds to offset the cost of the new twin-engine helicopter and is uncertain as to how they will allocate these funds at this time. The Committee may consider a provision that requires DPS to report back to JLBC on the amount of proceeds received from the sale of the existing helicopter and how DPS intends to allocate the funds.

- $3.5 million for a communications "master site" that would allow for the encryption of law enforcement radio communications and increase the efficiency of communications by redirecting radio traffic across available frequencies. Currently, DPS relies on a similar master site controlled by Yuma County for these services.
- $2.0 million for airplane surveillance equipment. These monies would be used to purchase cameras, monitors, recording devices, and other surveillance equipment that would be installed in 1 of DPS' King Air 350 planes.
- $2.0 million for the purchase of 38 patrol, detective, and other law enforcement vehicles for new staff funded in the BSTF Ongoing and BSTF Local Support line items. At an average cost of $53,300 per vehicle, these monies would provide a patrol car for the 19 sworn officers of the BSTF and 11 sworn officers of the Highway Patrol Division funded from the BSTF Ongoing line item in addition to the 8 local law enforcement officers funded from the BSTF Local Support line item.
- $600,400 for 79 tri-band radios for all of the sworn officers located in the 4 southern Highway Patrol districts. The radios will allow for greater interoperability across law enforcement agencies by

(Continued)

allowing users to access the 3 most commonly-used bands of the radio spectrum utilized by law enforcement in southern Arizona. Currently, most radios can only access 1 band of the radio spectrum which creates issues when agencies that are operating on different bands need to communicate. The 4 southern Highway Patrol districts encompass all of Cochise, Pima, Santa Cruz, and Yuma Counties in addition to parts of Graham, Greenlee, LaPaz, Maricopa, and Pinal Counties.

- $288,800 for 38 tri-band radios for the new staff funded in the BSTF Ongoing and BSTF Local Support line items. These monies would provide a radio for the 19 sworn officers of the BSTF and 11 sworn officers of the Highway Patrol Division funded from the BSTF Ongoing line item in addition to the 8 local law enforcement officers funded from the BSTF Local Support line item.
- $522,000 for improvements to the hangar located at Tucson International Airport that DPS intends to acquire from the Arizona HIDTA. The hangar would be expanded to include space for the outfitted King Air 350 surveillance plane funded by the BSTF Ongoing line item in addition to adding office and work space for BSTF personnel.
- $315,000 for other BSTF equipment such as mobile data computers, printers, phones, and other associated devices.
- $50,000 for the purchase of 5 canines that will operate as part of the BSTF.
- $1.0 million as a contingency for cost overruns in the other items previously mentioned. The Committee may consider a provision that requires DPS to report to JLBC on how this amount was allocated and to receive JLBC review if these monies are utilized for any purpose other than those specified above.

Of the $18.6 million appropriated to the BSTF One-Time line item, $14.6 million is General Fund, $3.0 million is funded from the Automobile Theft Authority (ATA) Fund, and $1.0 million is funded from the Drug and Gang Prevention Resource Center Fund.

BSTF Local Support

The BSTF Local Support line item provides $1.3 million for awards to local law enforcement, county jails, and county attorneys that participate in BSTF or border security efforts. Footnotes in the FY 2017 General Appropriation Act require that of the $1.3 million appropriated in the BSTF Local Support line item, $761,700 shall be used to fund local law enforcement positions within the BSTF and the other $500,000 shall be used for grants to local governments for costs associated with the prosecution and imprisonment of individuals charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. The footnotes also stipulate that local law enforcement participants in the BSTF must provide a 25% match to the monies that they receive from the $761,700 local law enforcement officer allocation for officer salary and Employee Related Expenditures costs and that DPS may fund 100% of any capital-related equipment. The $761,700 allocation is intended to fund 8 FTE Positions from local law enforcement agencies within the BSTF.

The DPS expenditure plan allocates $761,700 to BSTF local law enforcement positions and $500,000 to local governments for border-related prosecution and jail costs as required by the General Appropriation Act, but DPS does not currently have a plan regarding how these monies will be distributed to local governments. DPS is currently in ongoing discussions with local law enforcement to determine the willingness of agencies to participate in the BSTF.

DPS also does not currently have an allocation model for the $500,000 in grant funding for local prosecution and jail costs. DPS reports that they may use a reimbursement of costs model for specific work that local governments perform for the BSTF or they may develop a grant model that utilizes the number of prosecutions or individuals incarcerated for border-related crimes in a given jurisdiction to determine awards.

(Continued)

DPS hopes to have an allocation plan for these monies finalized in the coming months. The Committee may consider a provision that requires DPS to receive JLBC review of the allocation model and recipients of BSTF Local Support line item monies prior to expenditure.

RS/EB:kp

ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-2000

"Courteous Vigilance"

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Governor

FRANK L. MILSTEAD
Director

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JUN 03 2016
JOINT BUDGET COMMITTEE

June 3, 2016

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007

Dear Senator Shooter:

The FY 2017 General Appropriations Act appropriates $6,778,800 to the Department of Public Safety for Border Strike Task Force Ongoing costs, $18,600,000 for Border Strike Task Force One-Time costs, and $1,261,700 for Border Strike Task Force Local Support costs. Prior to the expenditure of these monies, DPS must submit an expenditure plan for these special line items to the JLBC for review. Details of the Department's expenditure plans for these appropriations are contained herein.

As envisioned by the Governor's Office and DPS, the Border Strike Task Force will provide a multi-faceted, multi-agency approach to addressing border-related crime, with an emphasis on interdiction and follow-up investigation. The Executive's Border Strike Task Force budget proposal called for 48 DPS FTE Positions, 8 other agency personnel, $10,000,000 in ongoing funding, and $21,500,000 in one-time funding. The actual appropriations split the ongoing funding into two parts: 1) $6,778,800 for Ongoing and 2) $1,261,700 for Local Support, for a total of $8,040,500. The entire reduction of $1,959,500 for ongoing costs came from funding that supports DPS positions; however, all of the requested 48 positions were provided. In addition, the One-Time budget was reduced by $2,900,000, for a total budget reduction of $4,859,500. The figures below reflect the Department's revised expenditure plans.

Ongoing Expenditure Plan

The Executive Budget proposal called for 48 FTE Positions and, essentially, $8,738,300 for ongoing DPS-specific border security costs. The FY 2017 General Appropriations Act authorized the requested number of FTE Positions, but reduced the funding by $1,959,500. As a result, not all of the positions can be established and supported. The revised DPS expenditure plan for the $6,778,800 in Border Strike Task Force Ongoing special line item is as follows:

Job Classification/ Item	FTE Positions	Payroll	Operating/ Training	Non-Capital Equipment	Total
Trooper	26	$3,798,400	$285,100	$272,500	$4,356,000
Sergeant	2	358,800	25,800	21,800	406,400
Intelligence Analyst	2	172,400	20,000	9,600	202,000
Pilot	2	335,100	40,000	21,800	396,900
Airplane Mechanic	1	93,100	11,200	5,000	109,300
Support Staff	4	321,800	0	19,200	341,000
Canine Operating	N/A	0	33,000	0	33,000
Vehicle Operating and Maintenance	N/A	0	384,200	0	384,200
Surveillance Plane Operating	N/A	0	450,000	0	450,000
Hangar Lease/Operating	N/A	0	100,000	0	100,000
TOTAL	**37**	**$5,079,600**	**$1,349,300**	**$349,900**	**$6,778,800**

The 26 Trooper positions include 5 Canine Troopers, 9 Trooper/Detectives, 11 Troopers for 24/7 Highway Patrol coverage, and one Trooper/Paramedic. The Canine Troopers will enhance interdiction efforts in the southern counties. The Trooper/Detectives will enhance follow-up investigations relating to interdiction efforts. The 11 Troopers for 24/7 coverage will enhance around-the-clock patrols in southern Arizona; however, these numbers are insufficient to provide complete 24/7 coverage. Finally, the Trooper/Paramedic will assist the Aviation Unit in providing proper medical support to border security efforts.

As is discussed in the One-Time Expenditure Plan below, DPS acquired an airplane through the federal 1033 surplus equipment program. A total of $550,000 ($450,000 for operating and $100,000 for leased hangar space) is provided in the Ongoing Plan to operate this new aircraft, along with 2 pilots and a mechanic.

There are 5 additional positions in the expenditure plan: 2 Sergeants to provide proper supervision, 2 Intelligence Analysts to support investigations and operations, and 4 support staff to provide administrative services to the new/expanded operations.

One-Time Expenditure Plan

The table below summarizes the intended use of the $18,600,000 in Border Strike Task Force One-Time monies:

Item	Estimated Cost
Replacement Helicopter (twin-engine)	$8,300,000
Airplane Surveillance Package	2,000,000
Hangar/Facility Tenant Improvements	522,000
Southern Arizona Communications Master Site	3,500,000
Tri-Band Radios for Southern Highway Patrol (79)	600,400
Tri-Band Radios for New Personnel (38 – including 8 for other agency personnel)	288,800
Law Enforcement Vehicles (38 – including 8 for other agency personnel)	2,023,800
Other Equipment for new Personnel (e.g., 38 Mobile Data Computers, printers, phones, and associated services)	315,000
Canines (5)	50,000
Contingency for Above Items (equals 5.7%)	1,000,000
TOTAL	**$18,600,000**

Part of the strategy for Border Strike Force operations will include use of aviation resources to combat border related crime and further investigations. As a result, two of the biggest expenditures in the One-Time plan are to purchase a twin-engine helicopter and a surveillance package for an existing airplane. DPS currently has a fleet of 5 helicopters for a variety of missions. However, most of these aircraft are approaching the end of their useful life. The twin-engine helicopter will replace a single-engine helicopter and provide greater range, speed, lift capability, and safety for remote border operations. With respect to the surveillance airplane, DPS acquired 3 King Air B350 airplanes through the federal 1033 surplus program. Based on the money allocated for the Border Strike Force, the Department does not intend to keep all aircraft, but will outfit and operate a surveillance plane to assist with operations

Communications is often a challenge with border operations. Two aspects of the expenditure plan, in particular, are intended to address this issue. First, DPS estimates a cost of $3,500,000 to purchase a master site to fully operationalize a digital radio system for the State in the southern part of Arizona. Currently, the Department has a digital microwave backbone in the South but has not had the funding to purchase the central hub (master site). The master site will enable State agencies to better communicate among themselves and with other public safety partners. For example, the master site will allow for encrypted communications and for a more efficient use of the radio spectrum, which will allow more radios to use the system simultaneously. Additionally, the master site will provide for a system wide redundancy should a failure occur at the Yuma County master currently being used by DPS, ensuring communications will remain operational for all law enforcement on the system. Secondly, the expenditure plan calls for the purchase of tri-band radios for all new positions ($288,800) plus existing Highway Patrol positions ($600,400) in the border counties. This will enable DPS to effectively use the new master site and to communicate with other agencies who utilize different radio systems.

The final pieces of the One-Time expenditure plan provide typical equipment to the new positions, including other agency personnel, such as vehicles, mobile data computers, and cell phones. In addition, the plan provides $522,000 for tenant improvements to make a leased hangar operational

and to provide office space for new positions and work space for other personnel involved in border operations.

Lastly, although much research has gone into the costs for this plan, as with any large scale project it is always possible for unforeseen costs to occur. Typically, plans allow for a ten percent buffer for these costs, however, our contingency includes $1,000,000 or 5.7%. We expect this amount to be fully utilized across these one-time purchases.

Local Support Expenditure Plan

The Border Strike Task Force Local Support special line item consists of $761,700 to support other law enforcement participation with the task force and $500,000 for prosecutorial and jail costs associated with individuals charged with drug trafficking, human smuggling, illegal immigration and other border-related crimes. DPS is in discussions with border county attorneys and sheriffs on how best to utilize these monies.

As is required by the General Appropriations Act, any city, town, or county receiving funding from the $761,700 portion shall pay a minimum of 25% of the payroll costs of any position supported by the funding. As also required by the General Appropriations Act, DPS will use a combination of this funding and the One-Time funding to support the capital equipment needs of the local positions. Similar to other task force arrangements, participation and funding will be based on the availability and willingness of particular agencies and personnel to participate and may vary over the course of a given time period.

If you have any questions about the expenditure plans, please contact Phil Case, DPS Budget Director, at 602-223-2463 or pcase@azdps.gov.

Sincerely,

Frank L. Milstead, Colonel
Director

C: The Honorable Justin Olson, Vice-Chairman
Lorenzo Romero, OSPB Director
Richard Stavneak, JLBC Director

4B

STATE OF ARIZONA

Joint Legislative Budget Committee

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DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director RS

FROM: Eric Billings, Principal Fiscal Analyst EB

SUBJECT: Department of Public Safety - Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount

Request

Pursuant to Laws 2016, Chapter 119 (the FY 2017 Criminal Justice Budget Reconciliation Bill) and A.R.S. § 41-1724G, the Department of Public Safety (DPS) is required to submit for Committee review the entire FY 2017 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expending any monies.

DPS has submitted for review its proposal to distribute the $2,390,000 FY 2017 appropriation from the Subaccount among all 15 county sheriffs, 6 municipalities, and the Arizona Department of Corrections. DPS' expenditure plan differs from the FY 2016 plan in that it includes significant decreases to the Cochise, Pinal, and Yuma County Sheriff's Offices and increases to the other 12 county sheriff's offices.

DPS submitted its request to be on the agenda 1 week after the Committee deadline, which has limited our ability to analyze the agency proposal in detail.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.

2. An unfavorable review.

(Continued)

Analysis

Pursuant to A.R.S. § 12-116.04, the GIITEM Border Security and Law Enforcement Subaccount receives revenues from a $4.00 criminal fee assessed on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations. These monies are distributed by DPS to county sheriffs and other local law enforcement agencies to fund border security programs, personnel, and safety equipment. The proposed DPS expenditure plan would allocate the entire FY 2017 GIITEM Border Security and Law Enforcement Subaccount appropriation to 4 programs which are as follows:

- Detention Liaison Officers Program - $500,000 to hire detention and correctional officers that serve within jails and prisons to gather intelligence from inmates about illegal activities along the border. This is $(65,000) less than the amount that the Committee approved in FY 2016 and the Graham, Santa Cruz, and Yuma County Sheriffs are no longer recipients.
- Border County Officers Program - $490,000 to hire county sheriff deputies and municipal police officers that work as part of the GIITEM Task Force's Border District investigating border-related crimes such as drug trafficking and human smuggling. This is $65,000 more than the amount that the Committee approved in FY 2016. Of the FY 2016 participants, the Douglas Police Department, Pinal County Sheriff, and Yuma County Sheriff are no longer recipients, but, the Somerton, Eloy, and San Luis Police Departments were added as new recipients.
- Pima County Border Crimes Unit - $350,000 to fund a portion of the costs of hiring 10 Pima County Sheriff's deputies that focus exclusively on border-related crimes. This allocation is the same as the amount reviewed by the Committee in FY 2016.
- Border Security and Law Enforcement Grants - $1,050,000 that DPS will distribute to all 15 county sheriffs' offices for border security. This allocation varies from the FY 2016 allocation in that all county sheriffs will receive an equal $70,000 allocation. This allocation plan will increase funding to 11 counties with Cochise $(430,000), Maricopa $(30,000), Pinal $(30,000), and Yuma $(42,000) Counties receiving reductions.

After combining the distributions from the 4 separate programs, *Table 1* on the following page displays the grant recipients in FY 2015, FY 2016, and FY 2017. Across all programs, county sheriffs receive $1.9 million, approximately the same amount as last year.

As required by law, all recipients of GIITEM Border Security and Law Enforcement Subaccount monies except Maricopa and Pinal Counties are required to provide at least 25% of the personnel costs of any agreement or contract with DPS as a match. DPS may opt to fund all associated capital costs.

DPS has access to additional immigration enforcement and border security resources beyond the GIITEM Border Security and Law Enforcement Subaccount. DPS' GIITEM Fund is appropriated $2.6 million in General Fund monies annually for local immigration enforcement grants. Additionally, A.R.S. § 41-1724C requires DPS to allocate $1.6 million to the Maricopa County Sheriff's Office and $500,000 to the Pinal County Sheriff's Office leaving $503,400 in GIITEM Fund monies at DPS' discretion.

In addition, DPS was appropriated a total of $1.3 million in General Fund monies in FY 2017 for local law enforcement positions and the reimbursement of prosecution and jail costs associated with the newly-created Border Strike Task Force (BSTF). These monies will allow DPS to provide 75% of the costs for 8 local law enforcement officers that will be part of the BSTF and will provide grant funding to counties for costs they incur prosecuting and incarcerating individuals charged with border-related crimes. DPS has yet to develop a distribution plan for these new monies.

(Continued)

Table 1

DPS Expenditure Plan – GIITEM Subaccount

Proposed Recipient	FY 2015 Allocation	FY 2016 Approved Allocation	FY 2017 Proposed Allocation 1/
Police Departments/Marshall's Offices			
Coolidge Police Department	$ 44,300	$ 56,000	$ 64,200
Douglas Police Department	115,000	120,000	0
Eloy Police Department	0	0	56,400 2/
Oro Valley Police Department	63,300	48,000	66,700
San Luis Police Department	0	0	56,400 2/
Somerton Police Department	0	0	44,500
Subtotal	**$ 222,600**	**$ 224,000**	**$ 288,200**
County Sheriffs			
Apache County Sheriff's Office	$ 11,500	$ 12,000	$ 70,000
Cochise County Sheriff's Office	103,000	540,600	299,100
Coconino County Sheriff's Office	0	22,000	70,000
Gila County Sheriff's Office	8,600	10,000	70,000
Graham County Sheriff's Office	0	55,800	70,000
Greenlee County Sheriff's Office	1,700	2,000	70,000
La Paz County Sheriff's Office	3,300	3,500	70,000
Maricopa County Sheriff's Office	673,500	141,300	159,200
Mohave County Sheriff's Office	32,500	33,000	70,000
Navajo County Sheriff's Office	17,300	18,000	70,000
Pima County Sheriff's Department	600,800	494,000	507,300
Pinal County Sheriff's Office	102,800	210,300	117,700
Santa Cruz County Sheriff's Office	38,300	64,000	70,000
Yavapai County Sheriff's Office	34,000	35,000	70,000
Yuma County Sheriff's Office	132,700	217,300	70,000
Subtotal	**$ 1,760,000**	**$ 1,858,800**	**$ 1,853,300**
Arizona Department of Corrections	**$ 205,400**	**$ 228,300**	**$ 238,300**
Unallocated	**$ 202,000**	**$ 78,900**	**$ 10,200**
Total	**$ 2,390,000**	**$ 2,390,000**	**$ 2,390,000**

1/ Represents new proposed allocation from the subaccount.
2/ Amounts represent estimates as the discussions with the local law enforcement entity and DPS are ongoing.

RS/EB:kp

ARIZONA DEPARTMENT OF PUBLIC SAFETY

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Governor

FRANK L. MILSTEAD
Director

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JUN 06 2016
JOINT BUDGET COMMITTEE

June 3, 2016

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, AZ 85007

Dear Senator Shooter:

Pursuant to Laws 2016, Chapter 119, Section 16, the Department of Public Safety is submitting its entire FY 2017 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount ("Subaccount") to the Joint Legislative Budget Committee for review.

The FY 2017 General Appropriations Act appropriates $2,390,000 from the Subaccount to DPS. Pursuant to A.R.S. § 41-1724, "...monies in the subaccount shall be used for law enforcement purposes related to border security, including border personnel". The monies may also be used for "...safety equipment that is worn or used by a peace officer who is employed by a county sheriff."

DPS intends to continue funding the four existing programs that have previously been given a favorable review by the JLBC. The Department's overall FY 2017 expenditure plan is as follows:

Detention Liaison Officer Program	$500,000
Border County Officers	490,000
Border Crimes Unit	350,000
Border Security and Law Enforcement Grants	1,050,000
TOTAL	**$2,390,000**

The above expenditure plan is substantially similar to the FY 2016 plan.

Detention Liaison Officer Program

The Detention Liaison Officer (DLO) Program provides funding for detention and correctional officers in southern Arizona jails and prisons. The concept of the program is to utilize these specially trained officers to glean as much intelligence as possible from detainees and inmates about activities related to border crimes. Information gathered by these officers is fed into DPS-managed databases (e.g., GangNet) and shared among law enforcement agencies throughout the State.

The program currently funds detention officer positions in each of Cochise, Maricopa (2), Pima (2), Pinal, Santa Cruz and Yuma Counties, and four correctional officers and two data entry positions in

southern Arizona prisons operated by the Department of Corrections. At any given time, the agencies participating in the program may shift based on jurisdictions' ability and willingness to participate and on program budget constraints. DPS has allocated $500,000 for the program in FY 2017. Local agencies pay 25% of the payroll costs of their positions. The DLO Program was first reviewed by JLBC in August 2007.

Border County Officers

The Border County Officers Program provides funding for county sheriff deputies and municipal police officers who work as part of the GIITEM Task Force's Border District. The district investigates border crimes and disrupts criminal organizations involved in drug trafficking, human smuggling, and other border-related crimes.

The program currently funds officer and deputy positions with the Coolidge, Oro Valley, and Somerton Police Departments, and with the Cochise County Sheriff's Office (3). At any given time, the agencies participating in the program may shift based on jurisdictions' ability and willingness to participate and on program budget constraints. DPS has allocated $490,000 for the program in FY 2017. Local agencies pay 25% of the payroll costs of their positions. The Border County Officers Program was first reviewed by JLBC in August 2007.

Border Crimes Unit

Subaccount monies fund a portion of the costs of 10 deputies from the Pima County Sheriff's Department who operate as part of the Border Crimes Unit. The BCU works in cooperation with GIITEM and conducts interdiction efforts in remote areas of Pima County. Over the first three quarters of FY 2016, BCU has made 426 arrests, seized over 8,200 pounds of illegal drugs, seized 110 vehicles, seized $527,300, and detained and released 58 persons to Immigration and Customs Enforcement.

DPS has allocated $350,000 for the project in FY 2017. Pima County pays for all costs above the $350,000 level. The Pima County portion exceeds 25% of the payroll costs for the 10 positions. The BCU was first reviewed by JLBC in August 2007.

Border Security and Law Enforcement Grants

This year DPS sought input from the Arizona Sheriffs' Association (ASA) on the distribution of the Border Security and Law Enforcement Grants. The FY 2017 plan would provide an equal amount to each sheriff's office, based on the unanimous support of the Arizona Sheriffs' Association for this distribution. The following table shows the FY 2017 distribution plan alongside the FY 2016 allocations:

Senator Shooter
June 3, 2016

County Sheriff	FY 2016 Allocations	FY 2017 Plan
Apache	$12,000	$70,000
Cochise	500,000	70,000
Coconino	22,000	70,000
Gila	10,000	70,000
Graham	18,500	70,000
Greenlee	2,000	70,000
La Paz	3,500	70,000
Maricopa [1/]	100,000	70,000
Mohave	33,000	70,000
Navajo	18,000	70,000
Pima [2/]	50,000	70,000
Pinal [3/]	100,000	70,000
Santa Cruz	34,000	70,000
Yavapai	35,000	70,000
Yuma	112,000	70,000
TOTAL	**$1,050,000**	**$1,050,000**

[1/] The Maricopa County Sheriff's Office will receive an additional $1,600,000 in FY 2017 from the GIITEM Fund pursuant to A.R.S. § 41-1724.
[2/] Per the submitted distribution plan, DPS intends to reimburse the Pima County Sheriff's Department an additional $350,000 for eligible Border Crimes Unit costs.
[3/] The Pinal County Sheriff's Office will receive an additional $500,000 in FY 2017 from the GIITEM Fund pursuant to A.R.S. § 41-1724.

Recipient agencies may use the funding for any purpose consistent with statute. As required by statute, in order to receive the funding, recipient agencies must certify each fiscal year to the DPS Director that the agency is complying with A.R.S. §11-1051 to the fullest extent of the law. If one or more sheriffs' offices do not accept the funding, DPS intends to prorate unobligated amounts over those agencies that do accept the grants.

If you have any questions, please contact Phil Case, DPS Budget Director, at 602-223-2463 or pcase@azdps.gov.

Sincerely,

Frank L. Milstead, Colonel
Director

C: The Honorable Justin Olson, Vice-Chairman
Lorenzo Romero, OSPB Director
Richard Stavneak, JLBC Director

5

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE SENATE

DON SHOOTER
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MICHELLE UGENTI-RITA

DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director RS

FROM: Ben Beutler, Senior Fiscal Analyst BB

SUBJECT: Arizona Department of Administration/Department of Child Safety - Review of CHILDS (Automation Projects Fund)

Request

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Arizona Department of Administration's (ADOA) Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. ADOA is requesting Committee review of $300,000 from APF to develop multiple Requests for Proposals (RFPs).

ADOA submitted its request to be on the agenda 1 week after the Committee deadline, which has limited our ability to analyze the agency proposal in detail.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.

2. An unfavorable review.

Under either option, the JLBC Staff recommends the following provisions:

A. In accordance with A.R.S. § 41-714, ADOA/Department of Child Safety (DCS) shall provide reports from the contracted independent third-party consultant by the last day of February, May, August and November of each year to the JLBC. The consultant shall address the current status of the overall CHILDS project.

(Continued)

B. Before July 15, 2016, ADOA/DCS shall submit to the JLBC its plan for hiring an independent third-party consultant for the remainder of the CHILDS replacement project.

C. Before requesting review of additional APF resources, ADOA/DCS shall submit a complete project timetable, which shall include the planned release date for each RFP and the planned implementation date for each module. ADOA/DCS shall also submit an expenditure plan for the entire project and address whether additional funding will be needed for RFP development.

Analysis

CHILDS is the information management system used to document the status, demographics, location and outcomes for children in the care of DCS. The system assists with various business processes including hotline intake, initial assessments and investigations, case management, adoptions, eligibility determinations, staff management, provider management and payment processing.

ADOA and DCS were appropriated $5,000,000 from APF in FY 2015 for CHILDS replacement. These monies do not revert to the General Fund until the end of FY 2017. To date, DCS has spent $313,000 of the $5,000,000 APF appropriation, leaving $4,687,000 unallocated. In addition to the $4,687,000 from FY 2015, $4,581,600 was appropriated in FY 2017 for total available resources of $9,268,600. The total cost of the CHILDS replacement project is estimated at $56.5 million, of which the state share is 50% (or $28.2 million).

Project History

DCS plans to implement the CHILDS replacement project referred to as "Guardian" in 2 phases. In March 2015, DCS received Arizona Strategic Enterprise Technology (ASET) approval and a favorable JLBC review of its plan to spend $313,000 of the $5,000,000 appropriation for the Phase 1 Planning Project. The $313,000 was matched with an equal amount of Federal Funds. During the Phase 1 Planning Project, DCS contracted with Public Consultant Group (PCG) to prepare a technical requirements document, an alternatives analysis, a cost/benefit analysis, a feasibility study and a final report with findings, recommendations and potential risks for the project.

PCG recommended that DCS build a CHILDS system replacement in segments (e.g., the "mobile solution," safety and risk assessment tool, hosting environment, case management, financial management, data warehouse and data environment) rather than purchasing a whole new system. A "system integrator" would be responsible for bringing together segment subsystems and ensuring that those subsystems function together. Because this solution combines different aspects of several replacement alternatives, PCG refers to this as a synthesized solution. According to DCS, CHILDS replacement will utilize the recommended synthesized approach.

DCS reports that it does not have an independent third-party consultant for the life of the CHILDS replacement project, but a consultant will be selected through RFP or state contract. As a result, the Committee many consider provisions A and B, which would reinforce statutory requirements concerning the use of an independent third-party consultant throughout the life of the CHILDS system replacement project.

(Continued)

Current Request

At this time, ADOA/DCS are requesting review of $300,000 from APF to develop multiple RFPs for different modules of the CHILDS system replacement project. Similar to the March 2015 request, the current request for $300,000 from APF will draw down $300,000 in Federal Funds. ADOA/DCS estimate that the CHILDS replacement project will last roughly 3 years starting in FY 2017 and ending in FY 2019.

According to DCS, the first RFP is for a "mobile solution" module. The RFP was released on June 9, 2016, and DCS plans to award the mobile solution contract in August or September 2016. The "mobile solution" module will allow caseworkers in the field to make assessments, access and input case management information, interact with supervisors, set calendar events and obtain GPS information.

PCG's recommended solution for CHILDS system replacement, requiring the new system to be built in segments as opposed to purchasing a single new system, necessitates the development of multiple RFPs. Under this synthesized solution, DCS will need to publish a RFP for each module and select a vendor to integrate the modules. It is unknown how much, if any, in additional resources beyond the $300,000 will be needed for future RFP development. DCS has submitted a rough timetable for the project, but a project timetable with planned RFP release dates and module implementation dates is necessary for proper oversight. As a result, the Committee may consider provision C, which would require DCS to submit a detailed project timetable and expenditure plan for the entire project to the JLBC.

DCS Technology Infrastructure Separation Project

In February 2016, the Committee favorably reviewed $4,403,900 from the $19,500,000 "transition" appropriation for technology infrastructure (both hardware and software) to separate DCS' automation system from the Department of Economic Security. This project will allow DCS to have its own domain name (dcs.gov). In addition, DCS data will be migrated from the DES data center and hosted with a private vendor (also known as the "cloud"). The favorable review required DCS to submit (1) the results of the Information Technology Authorization Committee (ITAC) review to the JLBC Chairman so that he can determine whether the project needs further JLBC review, and (2) quarterly reports from the independent third-party consultant throughout the life of the separation project and the CHILDS system replacement project to JLBC.

As instructed, DCS has submitted the provisions associated with ITAC's favorable review of the separation project to the JLBC Chairman as well as the initial assessment report from the independent third-party consultant. In approving the project, ITAC did not raise any significant concerns, and the initial assessment indicated that the project was well-designed.

Consistent with the February 2016 JLBC provision and the requirements in A.R.S. § 41-714, DCS has committed to providing the JLBC with quarterly reports on the separation project for the life of the project. Although DCS will submit quarterly reports from the independent third-party consultant throughout the separation project, it has not yet submitted a quarterly report for the CHILDS system replacement project.

RS/BB:kp

Douglas A. Ducey
Governor

Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

RECEIVED
JUN 03 2016
JOINT BUDGET COMMITTEE

June 3, 2016

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Justin Olson, Vice-Chairman
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Dear Senator Shooter and Representative Olson:

In accordance with Arizona Revised Statutes § 41-714, the Arizona Department of Administration (ADOA) is submitting this request for review of fiscal year 2015 Automation Projects Fund (APF) projects. Monies to support the expenditure plan have already been appropriated to the APF.

The attached document contains an explanation of the proposed project. We will be happy to meet with your staff to provide further explanation as appropriate.

Sincerely,

for Craig C. Brown
Director

Enclosures

cc: Richard Stavneak, Director, JLBC
Lorenzo Romero, Director, OSPB
Rebecca Perrera, JLBC Staff
Chris Olvey, OSPB Staff
Morgan Reed, State CIO
Paul Shannon, Assistant Director Budget and Resource Planning ADOA

FY15 Automation Projects Fund (APF; A.R.S. § 41-714) Favorable Review Request for June 2016 JLBC Meeting

Agency-Division	Project Name	FY15 APF Appropriation	JLBC Favorable Review Request	PIJ/ASET/ITAC Status
ADCS	Child Protective Service IT Modernization	$5,000,000	$300,000	PIJ Amendment Pending ITAC Approval
	Total Favorably Reviewed FY15 APF Funds		$65,347,700	
	Total June 2016 Request		**$300,000**	
	FY15 APF Funds Not Yet Reviewed by JLBC		$4,387,000	
	Total FY15 Appropriated APF Budget		$70,034,700	

CHILDS Replacement – Guardian Build

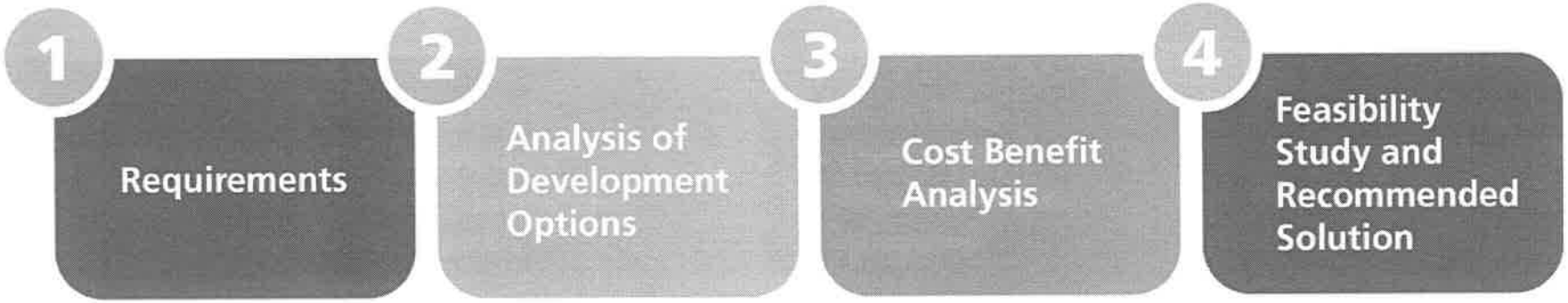
Project Name	FY15 Description	FY15 Project Budget	Fav. Rev. Req'd Amt.	PIJ/ASET/ ITAC Status	JLBC Fav. Rev. Status
Child Protective Service IT Modernization (PIJ ID# CH15002)	- Using the requirements and analysis documents developed in the planning stage, DCS will issue an Implementation RFP seeking a vendor to design, develop, and implement the system solution in accordance with State and technical standards. - The system solution will be selected by DCS via a competitive bid process - This project is currently funded via FY15 DCS-DES transition funds and Federal funds - DCS needs additional funding in the amount of $600,000 ($300,000 from APF and $300,000 from Federal funds) to continue vendor support and finalize required Administration for Children and Families (ACF) documentation to meet Federal requirements and secure Federal match funding. The additional funding is also needed to complete required documentation and issue the Implementation RFP.	$1,563,486	$300,000	PIJ Amendment Pending ITAC Approval	**Pending**
Total			**$300,000**		

Remaining FY15 APF Projects Pending JLBC Favorable Review

Agency-Division	Project Name	FY 15 APF Appropriation	Amount Pending Favorable Review	PIJ /ASET/ ITAC Status
ADCS	CHILDS Replacement – Guardian Build	$5,000,000	$4,387,000	Pending PIJ submittal – FY15 appropriation was extended through the end of FY17
Total Remaining FY15 APF Projects Awaiting JLBC Favorable Review		**$5,000,000**	**$4,387,000**	

The Department of Child Safety submitted this presentation to JLBC Staff on June 8, 2016

How did we form our recommendation?



1

Requirements

Problem Areas

problem area	solution area
Business Process Tools	Support decisions by data driven assessments
Usability	Make user navigation intuitive
Enhanced Searching	Identify people and case notes more accurately
Mobile Solution	Enable caseworkers to perform key tasks in the field
Expanded Reporting and Analytics	Track trends, identify factors influencing characteristics
Workforce Management Dashboards	Facilitate workload during time off and transition periods
Provider Management	Improve speed and quality of placement or services
Enhanced Case Documents Production	Improve production and facilitate completion of required case documents
System Interfaces with External Entities	Improve collaboration with external stakeholders
Data Integrity	Improve historical case data and analytics

2

Analysis of Development Options

Development Options

option #	title	description
1	**CHILDS Modernization**	Upgrade or enhance CHILDS system components until all business requirements are met.
2	Usable	Procure a child welfare case management product supported on an open architecture framework that can be configured to meet DCS business needs.
3	High Value	Procure modular products or components and integrate them to meet DCS business needs.
4	Low Risk	Procure system integration services to transfer a SACWIS compliant system from another state with similar business processes.

2

Analysis of Development Options

Ranking of Development Options

		Usable	High Value	Low Risk
	Option 1 Modernization	**Option 2** Framework	**Option 3** Integrated	**Option 4** Transfer
Evaluation Category	Rank	Rank	Rank	Rank
Business Criteria	3	2	1	4
Technical Criteria	4	1	2	3
Financial Criteria	2	1	4	3
Risk Criteria	3	2	4	1
Total Rank	**4**	**1**	**2**	**3**

4

Feasibility Study and Recommended Solution

Synthesis of Development Option Strengths

strength	option	achieved by
Usable	**Option 2** Framework-Based Solution	• Unified user interfaces
High Value	**Option 3** Integrated Best-of-Breed	• Incremental work • Ability to adjust roadmap based on implementation schedule in RFP responses
Low Risk	**Option 4** State System Transfer	• Mature COTS product • Implementation team has experience in child welfare or other public sector areas

Guardian Recommended Solution

A child welfare solution meeting DCS business needs and able to deliver benefits quickly and incrementally

Usable

- A modern intuitive solution
- Unified for a consistent user interface across DCS operations
- Includes a mobile solution

High Value

- Roadmap for incremental work with quick wins and early benefit delivery
- DCS can conduct some incremental work without procuring a vendor

Low Risk

- A known product from an established vendor
- Implemented by a team with child welfare knowledge and public sector experience

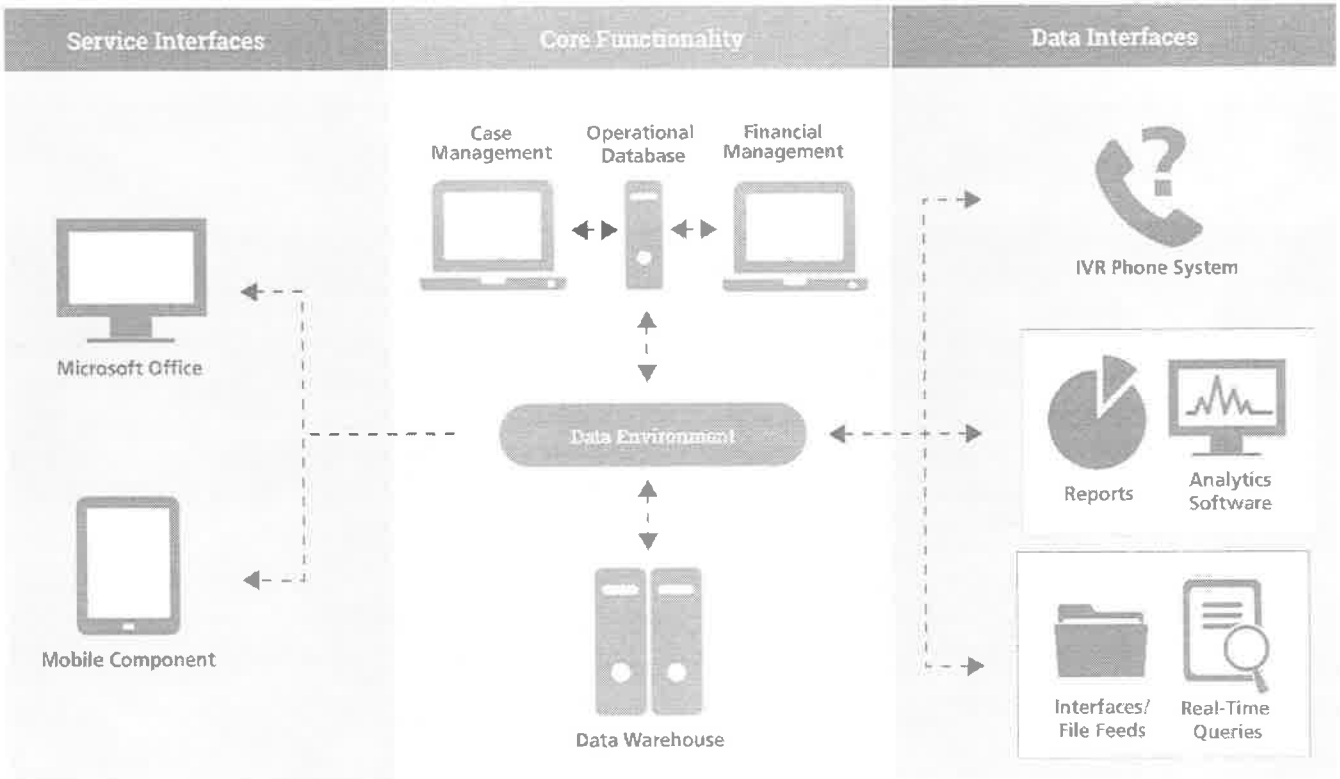
Recommended Solution

Founded on a Framework that delivers Core Functionality

- Unified data model and standards
- Incremental implementation of core components

Integrated external components

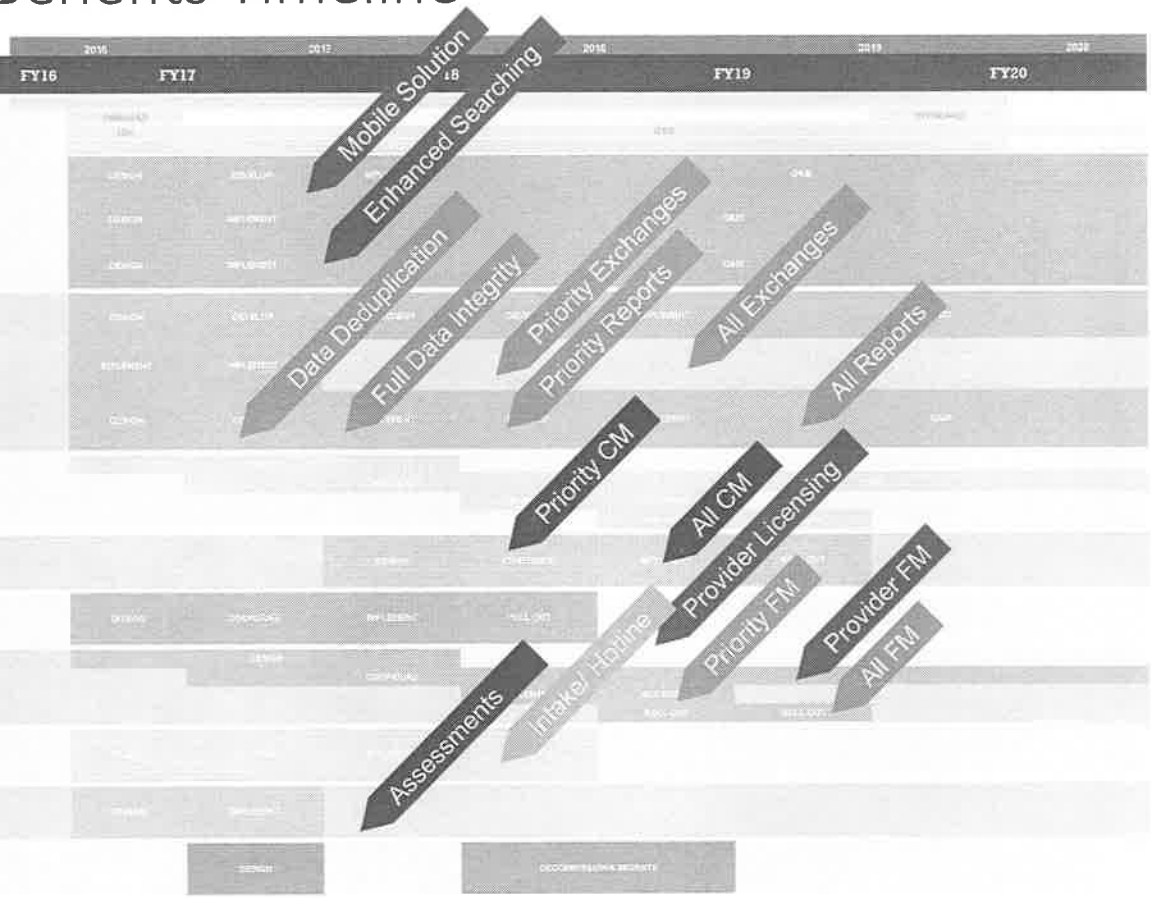
- Framework vendor creates interfaces



Child Welfare Information Systems

Phase 2 Capabilities and Benefits Timeline

Capability	Benefits
Procure Vendor Set-up Hosting Environment IV&V / PMO	
Services Platform	
Mobile Solution	Case Worker's able to conduct work in the field to benefit Clients and Providers. Potential applications include calendaring, case information download/uploads, GPS tracking and route mapping
Search Engine	Third party search engine that provides phonetic and other matching capabilities not currently available in CHILDS - will assist workers in identifying known clients and reduce the work effort of entering and correcting duplicate clients
Data Exchanges	Increased access to authoritative external data in real-time or frequent upload
Data Integrity	Data Quality Plan, model, dictionary and cleansing to de-duplicate and remove bad case information to benefit Supervisors, Case Managers, Intake Workers, PPU
Reports	1. Provide management reports and supervisory dashboards for Executives, Program Managers, Supervisors 2. Provide case level reports and dashboards for Case Managers, Intake Workers, Supervisors
Case Management	1. Early delivery of Intake/Hotline and Provider Management functionality to benefit Intake and Case Workers, Resource Unit, Providers and Clients 2. Planned delivery of core Case Management functionality
Permanency	Improved outcomes from better tracking and placement of children
Providers	Accurate availability, needs support, and licensing information
Financial Management	1. Early delivery of AFIS accounting and budgeting functionality for Executive and Finance staff 2. Planned delivery of child welfare and IV-E financial functionality for PPU, Case Workers, and Providers
Intake / Hotline	Comprehensive and usable encounter form with data driven risk assessment and prioritization
Assessments	Provide assessment tools to standardize decision making for Case Workers, Intake Workers, and Supervisors
CHILDS Decommissioning	



6

STATE OF ARIZONA

Joint Legislative Budget Committee

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MICHELLE UGENTI-RITA

DATE: June 9, 2016

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director RS

FROM: Ben Beutler, Senior Fiscal Analyst BB

SUBJECT: Department of Child Safety - Review of Contractor Award for Backlog Privatization

Request

Pursuant to footnotes in the FY 2017 General Appropriation Act (Laws 2016, Chapter 117), the Department of Child Safety (DCS) is requesting Committee review of both FY 2016 and FY 2017 Backlog Privatization appropriations.

DCS submitted its request to be on the agenda 1 week after the Committee deadline, which has limited our ability to analyze the agency proposal in detail.

Recommendation

The Committee has at least the following 3 options:

1. A favorable review of the request.

2. A favorable review of the FY 2016 expenditure plan, the contract awards as of June 9, and $769,400 for New Case Aides in FY 2017. The remaining amounts from the FY 2017 appropriation would be reviewed upon DCS submission of the complete set of awards.

3. An unfavorable review of the request.

Under any option, the Committee may consider the following provisions:

(Continued)

A. If DCS meets the goal of fewer than 1,000 backlog cases, DCS shall submit an expenditure plan for any remaining backlog privatization monies to the JLBC for review.

B. DCS shall provide reports by the last day of each quarter to the JLBC on backlog privatization expenditures. In addition, the department shall provide a copy of all signed contracts for backlog privatization to the JLBC.

Analysis

Laws 2016, Chapter 291 requires DCS to enter into one or more contracts with one or more private contractors to work cooperatively with the department to administer backlog cases. The legislation allows DCS to use emergency procurement to enter into the contract(s) with the private vendor(s).[1/] "Backlog case" essentially means any nonactive case for which documentation has not been entered in the child welfare automated system for at least 60 days.[2/]

Through a grant funded by Casey Family Programs, DCS has worked with Southwest Human Development (SWHD) to resolve backlog cases since December 2015. DCS reports that the contractor has conducted field response activities such as non-victim child and non-perpetrator adult interviews. The private contractor has also worked directly with case-carrying caseworkers to review open cases and determine outstanding investigation actions.

The FY 2017 General Appropriation Act included funding to expand on this existing contract. The FY 2017 budget includes $2,700,000 from the General Fund for backlog privatization in each of FY 2016 and FY 2017.

With the additional funding, DCS is expanding its existing contract with SWHD for assistance with backlog cases through FY 2017. Under the new contract, SWHD would double the number of contracted hours for backlog cases. In addition, the department plans to enter into contracts with more vendors for backlog assistance. DCS plans to publish the Request for Proposals in July 2016, and report the contractor awards to the Committee at its next meeting.

In terms of oversight, JLBC has 2 responsibilities:

1. Review an expenditure plan prior to DCS expending the FY 2016 monies. The Committee may consider reviewing the FY 2016 expenditure plan to ensure that sufficient monies are available to proceed with the contracts.

2. Review the contractor awards prior to DCS expending certain portions of its FY 2017 monies. Given that DCS does not plan to award all contracts until after July 2016, JLBC cannot complete its responsibility at this time. Under Option 2, the Committee would favorably review the contract award as of June 9 and 25% of its New Case Aides funding, or $769,400. The Committee would defer reviewing the remainder of the funding until DCS submits the complete set of awards.

(Continued)

1/ Consistent with the requirements in Laws 2016, Chapter 291, a vendor must complete all aspects of each case according to department rules and policies, and DCS must maintain direct supervision of all cases. If the private contractor has a reasonable belief that removal of a child is necessary, the contractor is required to contact the designated DCS supervisor or law enforcement and take action to protect the child. The contractor is additionally required to protect any DCS information received.

2/ The technical definition also includes services which have not been authorized for at least 60 days and any case that has had an investigation, has been referred to another unit and has had no contact for at least 60 days. A backlog case also includes any case for which the investigation has been open without any documentation or contact for at least 60 days, any case involving in-home services for which there has been no contact or services authorized for at least 60 days and any case involving foster care in which there has been no contact or any documentation entered in the child welfare automated system for at least 60 days.

The General Appropriation Act includes a footnote making the availability of some FY 2017 funding contingent on Committee review of the FY 2017 contractor(s) award(s). Prior to the JLBC review, DCS cannot spend the FY 2017 appropriations of $2,700,000 for Backlog Privatization, the $3,077,700 for 34 New Case Aides and the $6,299,900 for Overtime Pay, which comprises 75% of the Overtime Pay line item in FY 2017.

Option 2 would not affect DCS programmatically through the first quarter of FY 2017:

- The $2,700,000 of FY 2016 Backlog Privatization contract funding does not lapse until the end of FY 2017 and will be sufficient to cover their costs during the first quarter of FY 2017. The remainder of the FY 2017 monies would then become available after the entire set of contractor awards is reviewed.
- Even without the awards review, DCS will receive 25% of its total FY 2017 overtime funding on July 1, 2016, which should be sufficient until the September JLBC meeting.
- The favorable review of the $764,900 for New Case Aides represents 25% of the total New Case Aides funding, which should be sufficient until the September JLBC meeting. The total $3,077,700 appropriation funds a full year of 34 new case aides, which assist DCS caseworkers in scheduling meetings and processing paperwork.

At the end of May 2016, there were 9,162 backlog cases, or 3,862 fewer cases than there were in June 2014. Past DCS reports have indicated that the 23 contracted SWHD employees have successfully helped reduce the backlog. DCS anticipates that it will meet the goal established in the FY 2017 General Appropriation Act to have fewer than 1,000 backlog cases on June 30, 2017 and thereafter.

RS/BB:kp

Arizona Department of Child Safety

Douglas A. Ducey
Governor

Gregory McKay
Director

May 31, 2016

The Honorable Don Shooter
Chairman, Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington
Phoenix Arizona 85007

Re: Department of Child Safety Use of Backlog Privatization Funds

Dear Senator Shooter:

The Department of Child Safety (DCS) requests to be placed on the Joint Legislative Budget Committee's (JLBC) June 16, 2016, meeting agenda for review of the following items:

Laws 2016, Chapter 117, Section 113 appropriates monies from the state general fund in fiscal year 2015-2016 to DCS for backlog privatization. The Department requests that the committee review the expenditure plan for the backlog privatization funds.

Through the continued efforts of DCS field staff, DCS targeted reduction teams, a private contractor and other state agencies much progress has been made to safely and sustainably reduce the Department's backlog of investigations.

Specific statistics regarding progress to date are shown below. Please note that data shown is the performance of all investigative backlog as of the date noted.

Inactive Cases (as of 5/31/2016):

- Current – 9,162
- All Time High (Jan 2015) – 16,200
- Improvement – 7,038 (43% reduction)

Total Open DCS Reports (as of 5/31/2016)

- Current – 19,843
- All time high (April 2015) – 33,245
- Improvement – 13,402 (40% improvement)

P.O. Box 6030 ♦ Site Code C010-23 ♦ Phoenix, AZ 85005-6030
Telephone (602) 255-2500

The Department has been engaged with private contractor support of investigations backlog elimination efforts since December 2015 through a grant funded by Casey Family Programs. Through this grant, a private contractor has been embedded in two of Arizona's highest volume field offices working to complete investigation activities that contribute to inactive cases and open DCS report backlogs.

The private contractor has been beneficial in reducing the backlog by augmenting existing Department staff conducting field response activities including, but not limited to, non-victim child and non-perpetrator adult interviews. Additionally, the contractor provides support by working directly with case carrying staff to review open cases and determine outstanding investigation actions. Through focused efforts on field response and non-clerical activities, the utilization of this private contractor has made a positive impact on reduction efforts in the offices where the contractor has been assigned.

Laws 2016, Chapter 291 requires the Department to enter into one or more contracts with private contractors to work cooperatively with the department to administer backlog cases and use emergency procurements to enter into the contracts. In order to be consistent with Laws 2016, Chapter 291 the Department will use emergency procurement protocols to expand the efforts of the existing private contractor.

Report on Private Contractor Awards to Address the Backlog

The Department will report this contract award to the JLBC before the June 16, 2016 meeting and requests JLBC review. This contract will be executed in FY 2016 and FY 2017. To comply with Laws 2016, Chapter 291 the private contractor will complete all aspects of each case needed to be performed according to department rules and policies while DCS will maintain direct supervision of all cases. DCS staff will review each report and identify the tasks to be completed by DCS employees and by the private contractor. When a private contractor completes the tasks assigned and returns the case to DCS, the Department will determine if additional work is needed.

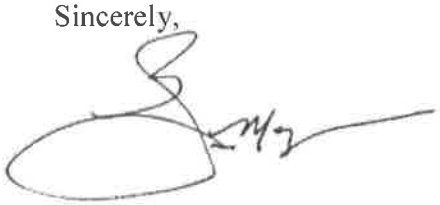
This contract award will allow the Department to double the existing contractor's capacity by June 30, 2016 and begin augmenting two additional offices where the greatest need exists. The contractor will continue to focus efforts on field response investigations activities, with limited emphasis on clerical work, to maximize progress on reducing the backlog.

In conjunction with the efforts mentioned above the Department will draft a statement of work and begin a formal Request for Proposal (RFP) process to further expand the efforts to reduce the number of backlogged investigations and open cases. The Department anticipates that the RFP will be ready for publication in July 2016 with the full intent of completing all required procurement steps in order to report to the JLBC at the soonest meeting following September 1, 2016.

With the efforts outlined in this plan and the continued efforts of DCS staff, the Department remains committed to achieving the benchmarks, established by Laws 2016, Chapter 117, Section 24, of less than 1,000 inactive cases and less than 13,000 open DCS reports on or before June 30, 2017.

If you have any questions, please contact our office at (602) 255-2500.

Sincerely,



Gregory McKay
Director

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Lorenzo Romero, Director, Governor's Office and Strategic Planning and Budget
Ben Beutler, Joint Legislative Budget Committee
Laura Johnson, Governor's Office and Strategic Planning and Budget