



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

March 31, 2015

The Chairman called the meeting to order at 8:37 a.m., Tuesday, March 31, 2015, in House Hearing Room 4. The following were present:

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

Absent: Representative Ugenti

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of December 17, 2014, Chairman Justin Olson stated that the minutes would stand approved.

ADOPTION OF COMMITTEE RULES AND REGULATIONS.

Mr. Richard Stavneak, JLBC Staff, stated that the Committee Rules and Regulations remain the same as last session.

Senator Shooter moved that the Committee adopt the JLBC Committee Rules and Regulations. The motion carried.

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

Mr. Ben Beutler, JLBC Staff, stated that this item requires Committee review prior to any monies being expended from the ADOA's Automation Projects Fund (APF) for replacement of the Children's Information Library and Date Source (CHILDS) system.

(Continued)

DCS is requesting Committee review of \$313,000 for CHILDS replacement as part of the Phase 1 Planning project. The JLBC Staff presented options to the Committee.

Ms. Vicki Mayo, Deputy Director of Business Operation, DCS, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of the \$313,000 in proposed FY 2015 expenditures from the APF for CHILDS replacement as part of the Phase 1 Planning project with the following Information Technology Authorization Committee (ITAC)/Arizona Strategic Enterprise Technology (ASET) provisions:

- A. *DCS may proceed to contract for requirements definition, a cost benefit study, alternative analysis, and feasibility study utilizing available funding. Should additional APF funding be authorized for this project, DCS must amend the Project Investment Justification (PIJ) or submit a new PIJ to reflect the change in scope and proposed costs, and submit it to ASET, and to the ITAC if required, for review and approval prior to additional expenditure of funds.*
- B. *DCS may proceed with the discovery phases needed to define requirements, produce a cost benefit study, alternative analysis, and feasibility study. However, DCS may not proceed with further development efforts until an updated PIJ, reflecting the final costs, scope of work, technology, and implementation schedule for the proposed solution, has been submitted to ASET and ITAC for review and approval (if required).*

The motion carried.

ADOA/ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Adult Information Management System FY 2015 (Automation Projects Fund).

Ms. Micaela Larkin, JLBC Staff, stated that this item is for a review of \$8,000,000 in proposed FY 2015 expenditures from the Automation Projects Fund (APF) for the second year of funding for the replacement of the Adult Information Management System (AIMS) at the ADC. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review of the \$8,000,000 in proposed FY 2015 expenditures from the APF for the second year of funding for the replacement of the AIMS at the State Department of Corrections. The motion carried.

ADOA/DCS - Review of Transition Funding Expenditure Plan (Moving Expenses).

Mr. Ben Beutler, JLBC Staff, stated that this item is for review of monies being expended from the ADOA's \$19,500,000 appropriation for the establishment of the DCS transition expenses. DCS is requesting Committee review of \$1,593,400 in relocation expenses from the transition appropriation. The JLBC Staff presented options to the Committee.

Ms. Vicki Mayo, Deputy Director of Business Operation, DCS, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to \$1,593,400 in relocation expenses from the transition appropriation. These monies are to be used to assist in the relocation of DCS to 3003 North Central Avenue in Phoenix. The motion carried.

ADOA/DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Transition Funding Expenditure Plan (Data Center).

Mr. Tom Ritland, JLBC Staff, stated that this item requires Committee review prior to any monies being expended from the ADOA's \$19,500,000 appropriation for the establishment of the DCS and the relocation of the DES Data Center. DES is requesting Committee review of \$4,000,000 for the final phase of the data center relocation. The JLBC Staff presented options to the Committee.

Mr. Jim Hillyard, Deputy Director of Operations, DES, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to of \$4,000,000 for the final phase of the data center relocation with the following ITAC/ASET provisions:

- A. *Should there be any changes in the proposed costs, technology approach, scope of work, or implementation schedule, DES must amend the PIJ to reflect the changes and submit it to ADOA-ASET and ITAC if required for review and approval prior to further expenditure of funds.*
- B. *Given the current required independent third-party review of project progress, DES will make the results of the reviews available to ITAC and JLBC as of the end of each calendar quarter, as well as comply with any further amendments to the current third-party review requirement.*
- C. *In the event of migration issues that could suspend business processes during the DES migration, DES assumes full responsibility to inform all state agencies, federal agencies, and private industries that depend on DES information processing.*

The motion carried.

ADOA - Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan.

Mr. Richard Stavneak, JLBC Director, stated that this item is for review of the wireless services portion of the ADOA's Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan. The JLBC Staff presented options to the Committee.

Ms. Barbara Jaeger, State 911 Administrator, ADOA, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of the \$5.5 million wireless portion of the FY 2015 ETSF expenditure plan. The motion carried.

ATTORNEY GENERAL (AG) - Review of Quarterly Reports on Legal Settlements.

Mr. Matt Gress, JLBC Staff, stated that this item is for review of quarterly AG reports on the receipts to and disbursements from the Consumer Protection - Consumer Fraud (CPCF) Revolving Fund, the Consumer Restitution and Remediation Revolving Fund, and the Antitrust Enforcement Revolving Fund, as well as deposits made to the General Fund. In the second quarter of FY 2015, the AG deposited \$538,900 to the CPCF Revolving Fund, \$21,100 to the Restitution Subaccount, and \$10,000 to the Remediation Subaccount. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the AG's allocation of legal settlements among the various funds. The review included the provision that the AG return to the Committee if it intends to expend any of the monies the state received from the McKesson Corporation settlement. The motion carried.

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

Mr. Art Smith, JLBC Staff, stated that this item is for review of an expenditure and performance report resulting from an annual appropriation of \$3.0 million to NAU from FY 2015 through FY 2019 to a nonprofit biomedical research entity.

Ms. Christine Farley, Director, Governmental and Legislative Affairs, NAU, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to NAU's biomedical research report. The motion carried.

AUTOMOBILE THEFT AUTHORITY (ATA) - Review of the Proposed Expenditures from the Reimbursable Programs Line Item.

Mr. Eric Billings, JLBC Staff, stated that this item is for review of proposed expenditures from the Reimbursable Programs line item as submitted by the ATA. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review of ATA's proposal to expend up to \$5,000, donated by the National Insurance Crime Bureau (NICB), in FY 2015 to support the Arizona Vehicle Theft Task Force through the purchase of 2 trailers. The trailers will be used to help transport large pieces of scrap metal to the Department of Public Safety for further analysis and storage. The motion carried.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)/DEPARTMENT OF HEALTH SERVICES (DHS)/DES/DCS - Review of Proposed Capitation Rate Changes.

Mr. Jon Stall, JLBC Staff, stated that the Committee is required to review the AHCCCS, DHS, DES and DCS capitation rate changes prior to implementation. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the revised FY 2015 capitation rates for the following programs:

- AHCCCS Acute Care
- Children's Rehabilitative Services
- DHS Behavioral Health Services
- DES ALTCS Developmentally Disabled
- AHCCCS ALTCS Elderly & Physically Disabled
- DCS Comprehensive Medical & Dental Program

The revised capitation rates have an April 1, 2015 effective date.

The motion carried.

EXECUTIVE SESSION

Senator Shooter moved that the Committee go into Executive Session. The motion carried.

At 9:36 a.m. the Joint Legislative Budget Committee went into Executive Session.

(Continued)

Senator Shooter moved that the Committee reconvene into open session. The motion carried.

At 10:00 a.m. the Committee reconvened into open session.

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

Senator Shooter moved that the Committee approve the recommended settlement proposed by the Attorney General's office in the case of Glazer v. State of Arizona. The motion carried.

Without objection, the meeting adjourned at 10:04 a.m.

Respectfully submitted:



Kristy Paddock, Secretary



Richard Stavneak, Director



Representative Justin Olson, Chairman