



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

December 15, 2015

The Chairman called the meeting to order at 1:08 p.m., Tuesday, December 15, 2015, in Senate Appropriations Room 109. The following were present:

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

Absent:	Senator Lesko	Representative Bowers
		Representative Leach
		Representative Montenegro

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 24, 2015, Chairman Justin Olson stated that the minutes would stand approved.

ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2016 Tuition Revenues.

Mr. Matt Gress, JLBC Staff, stated that ABOR is requesting review of its expenditure plan for tuition revenue amounts greater than the amounts appropriated by the Legislature, and all non-appropriated tuition and fee revenue expenditures for the current fiscal year. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review of ABOR's plan with the provision that by January 31, 2016, ABOR shall report the major changes by campus between its total combined General Fund and Tuition and Fees budget in FY 2015 and FY 2016. The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Public Safety Broadband.

Ms. Rebecca Perrera, JLBC Staff, stated that ADOA is requesting review of its annual report on expenditures for the State and Local Implementation Grant program associated with the National Public Safety Broadband Network Initiative. The JLBC Staff presented options to the Committee.

Mr. Matthew Hanson, Statewide Grants Administrator, ADOA, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of the department's report with the provision that ADOA shall report to the JLBC Staff when they receive Phase 2 funding from the federal government and their expenditure plans for the funds. The motion carried.

ADOA - Review of Automation Projects Fund Expenditure Reallocation.

Ms. Rebecca Perrera, JLBC Staff, stated that ADOA is requesting review of the expenditure plan for the Automation Projects Fund (APF) prior to expenditure. The FY 2015 APF appropriation included \$2,900,000 for the replacement of the mainframe at the State Data Center. The JLBC Staff presented options to the Committee.

Mr. Don Hennington Assistant Director, Chief Operating Officer, ADOA-ASET, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to reallocating \$439,000 of unspent funds in FY 2015 expenditures from the APF to replace mainframe disk storage equipment. The motion carried.

ADOA - Review of Health Impact Program Update.

Ms. Rebecca Perrera, JLBC Staff, stated that at its June 2014 meeting, the Committee reviewed ADOA's contribution strategy plan for Plan Year (PY) 2015. ADOA's proposal included a new health impact program. As part of its review, the Committee included a provision requiring ADOA to report on the success of the implementation of the incentives program. The JLBC Staff presented options to the Committee.

Ms. Marie Isaacson, Assistant Director, Benefit Services Division, ADOA, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to the Health Impact Program. The motion carried.

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

Ms. Rebecca Perrera, JLBC Staff, stated that ADOA is requesting review of the wireless services portion of ADOA's Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review of the \$6,147,100 wireless portion of the FY 2016 ETSF expenditure plan with the provision that ADOA shall report to the Committee on the results of the text-to-911 network proposal upon the completion of its review. The motion carried.

(Continued)

JLBC STAFF - Consider Approval of Index for School Facilities Board (SFB) Construction Costs.

Mr. Josh Hope, JLBC Staff, stated that the cost-per-square-foot factors used in SFB new school construction financing “shall be adjusted annually for construction market considerations based on an index identified or developed by the JLBC as necessary but not less than once each year.” The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee approve a 0% adjustment in the cost-per-square-foot factors. The adjustment is based on longitudinal inflation data, by measuring the change in the Rider Levett Bucknall Phoenix construction cost index since the last JLBC cost-per-square-foot adjustment in November 2008. The motion carried.

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

Mr. Jon Stall, JLBC Staff, stated that these agencies are requesting Committee review of revisions to previously reviewed contract year 2015 capitation rates. The proposed rates would reimburse Medicaid health insurers for costs of paying a federal health insurer fee in 2015. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the proposed revisions of previously reviewed contract year 2015 capitation rates. The rate changes would reimburse Medicaid health insurers for costs of paying a federal health insurer fee in 2015. The motion carried.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2016 First Quarter Benchmarks.

Mr. Ben Beutler, JLBC Staff, stated that the Committee is required to review a report of proposed FY 2016 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.

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

Senator Shooter moved that the Committee accept the report with no comment.

Senator Farley offered a substitute motion that the Committee give an unfavorable review of the report of first quarterly benchmarks as outlined in the department’s submission. The Committee also asked the department to follow-up on a number of issues. Division was called on the substitute motion and by a show of hands of 8 ayes and 2 nays, the substitution motion carried.

EXECUTIVE SESSION

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

At 2:25 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 3:15 p.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 settlements proposed by the Attorney General's office in the cases of:

- *Rode v. Credio, et al.*
- *Palmer (Estate of Timothy Lucero) v. State of Arizona, Gamblin, and Stewart*

The motion carried.

B. JLBC Annual Performance Review per Rule 7.

This item was for information only and no Committee action was required.

Without objection, the meeting adjourned at 3:15 p.m.

Respectfully submitted:



Kristy Paddock, Secretary



Richard Stavneak, Director



Representative Justin Olson, Chairman