

# ARIZONA STATE SENATE

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47TH LEGISLATURE  
FIRST REGULAR SESSION

## MINUTES OF COMMITTEE ON APPROPRIATIONS

**DATE:** February 28, 2005      **TIME:** 10:00 a.m.      **ROOM:** SHR 109

**CHAIRMAN:** Senator Burns      **VICE CHAIRMAN:** Senator Huppenthal

**ANALYST:** Carolyn Atwater      **COMMITTEE SECRETARY:** Melissa C. Upshaw

**INTERN:** Bill Boyd

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### ATTENDANCE

### BILLS

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<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Arzberger	X				
Senator Cannell	X				
Senator Garcia	X				
Senator Giffords	X				
Senator Gould	X				
Senator Harper	X				
Senator Johnson	X				
Senator Martin	X				
Senator Waring	X				
Senator Huppenthal, Vice-Chairman	X				
Senator Burns, Chairman	X				

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### PRESENTATIONS

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Chairman Burns called the meeting to order at 10:20 a.m. and the attendance was noted.

## **BUDGET WORKSHOP**

Chairman Burns stated that the Joint Legislative Budget Committee (JLBC) staff will review what the agencies' presented as critical issues during the previous hearings, and that the Committee will mainly discuss possible additions or subtractions from the JLBC spreadsheet.

### **ARIZONA DEPARTMENT OF PUBLIC SAFETY**

**Brad Regens, Assistant Director, JLBC**, distributed a handout (Attachment A) that detailed the Fiscal Year (FY) 2006 General Fund Budget and the FY 2006 Other Funds Budget for the agencies. Mr. Regens reviewed the issues for the Arizona Department of Public Safety (DPS) and also provided a slide show presentation, an Excel spreadsheet that showed the budget numbers and reallocation options for the department.

The General Fund line items for DPS were referenced on page 4 of the handout (Attachment A), and the Other Funds line items were referenced on page 7 of the handout.

Mr. Regens explained the General Fund line items for DPS noting JLBC's baseline and the Executive's recommendations:

- Additional Highway Patrol Officers
- Equipment issues
- Officer Pay Plan
- County Transportation Contribution Fund Expiration
- Aircraft Engine Overhaul

The Other Funds line items for DPS were referenced on page 7 of the handout (Attachment A).

Mr. Regens noted that this is where the Committee will see most of the increases for DPS because as he mentioned, DPS can be funded from gas taxes. He noted that for the most part, there is consistency between the Executive and the JLBC baseline.

Mr. Regens explained the three differences between the JLBC baseline and the Executive's recommendations:

- Microwave Communications Upgrade
- Fuel Aviation and Mainframe Cost Increase
- Patrol Vehicle Video Cameras.

The Committee members discussed the issues and budget options presented by JLBC staff. Mr. Regens, **Richard Stavneak, Director, JLBC**, and **Martin Lorenzo, Assistant Fiscal Analyst, JLBC**, answered questions from the members.

With regard to the county issue, Senator Cannell suggested taking half of the \$13 million in HURF funds, and putting the other half in the General Fund, which would freeze \$6.5 million of General Fund money, and at the same time fund the airplane repair. He also suggested including the Other Fund funding of \$1.5 million for the microwave communications network.

Senator Giffords asked for an electronic copy of the handout (Attachment A) that was provided by JLBC staff. Mr. Stavneak said he would check with staff in getting that electronic copy to her.

Senator Garcia addressed the issues of State Route 303, DPS' request for staff to patrol that stretch of road, which is Other Funds, and he asked whether the issue on sworn officer pay would be included in the employee pay package.

Mr. Martinez provided additional information about DPS' officer modeling and how they determine the number of patrol officers needed to patrol the certain number of highways. He said he believes DPS is looking for 6 people and about \$786,000 from HURF.

Senator Martin stated that he also was concerned about the issues of additional officers and pay. He pointed out that there have been concerns about the Maricopa freeway not being patrolled enough and that he would like to see the number of officers increased for Maricopa County. He asked where the DPS parity would be done, as he and Senator Huppenthal both have bills about this issue.

Mr. Martinez replied that it is his understanding that most of the patrol officers would be in Maricopa County because that is where they have most of the increase in mileage and vehicles. Mr. Stavneak noted that the additional 5 officers would be placed along Route 303.

Chairman Burns said the savings on the microwave issue could be reallocated towards the pay for the 6 additional officers. Senator Martin said that is why he is thinking of doubling it because it is roughly the same amount of money.

Mr. Regens said therefore, it would be 12 new officers for \$1.6 million added to what is already in the JLBC baseline of 14 officers, so a total of 26 officers.

Chairman Burns asked the Committee what they thought of the \$3 million out of HURF. He noted that there were a couple of bills that were relative to pay and he suspects that if they do get some additional funding for pay through bills, the Committee could always come back and readdress this issue as well.

Chairman Burns asked the Committee if they would be fine in holding off on officer pay at this particular time until they address those bills.

Senator Cannell said the line item could be left in as long as they realize that they need to be careful of which HURF fund they are taking it from.

Mr. Regens said from what they understand Senator Garcia has talked about 6 officers for State Route 303, and Senator Martin has talked about 6 officers generically to add to the Maricopa freeway system.

Senator Martin said the reason why he supports going to the \$1.5 million is because they essentially save \$1.5 million in HURF when they did the Homeland Security issue.

Mr. Stavneak reviewed what the Committee discussed as follows:

- 12 new Full Time Employee (FTE) positions (officers) for almost \$1.6 million
- \$3 million tentatively set aside for officer pay plan (HURF or State Highway fund – source is to be determined)
- \$900,000 savings to move the cost of the microwave issue down from \$2.4 million to \$1.5 million and this would be done from Homeland Security, and
- County Transportation, to use \$6.5 million from HURF to replace that fund source in the '06 budget.

Mr. Stavneak said with regard to the General Fund, they have \$458,000 for the engine overhaul and they can reduce the General Fund contribution needed for the replacement of the County Transportation by reducing its cost to \$6.5 million. Therefore, the amount would be \$6.5 million from the General Fund and \$6.5 million from HURF to replace that funding source.

Martin responded to Chairman Burns question relating to the aircraft engine.

Senator Waring suggested getting rid of the aircraft engine overhaul.

Chairman Burns said that without the aircraft engine overhaul, he now has 12 additional officers, \$3 million pay, \$6.5 million HURF and \$6.5 million General Fund to address the county issue.

Mr. Regens noted that the other item is the Homeland Security monies for the communications system.

Senator Gould recommended that no monies be appropriated for the installation of video cameras in the vehicles.

The Committee members discussed the DPS Crime Laboratory Assessment Fund Pass-Through issue.

Chairman Burns said what he needs is a motion relative to the 12 new officers, \$3 million pay package, \$6.5 million to address the county issue coming out of HURF and the \$6.5 million from the General Fund. He noted that there were other options of where to take the \$6.5 million out of: HURF, State Highway Fund, General Fund, or take the entire \$13 million from the General Fund. He informed the members that if they were to agree on taking the entire amount from the General Fund they would have to do some work in making up for the shortage in General Fund as they move through this process.

Chairman Burns said the proposal is now down to 12 new officers, \$3 million pay package, \$13 million out of the General Fund. He asked the Committee if they agreed with this proposal.

Senator Huppenthal said he would prefer to come back to this issue when they consider the budget.

Chairman Burns stated that as they have had this discussion from what he believes arrived at a consensus, at least a majority of the Committee, this proposal right now would lock in a number for them on DPS. It does not mean they can not come back and address it later. But they are trying to go through each agency one at a time and as they work their way down, they will see the numbers. That is the reason for having the meter box, to advise them as to where they are going as far as General Fund is concerned.

**Senator Huppenthal moved the decision package as Chairman Burns described, as taking the entire \$13 million from the General Fund. The motion CARRIED by a voice vote.**

## **JUVENILE CORRECTIONS**

**Brad Regens, Assistant Director, JLBC**, referenced page 3 and 4 of the handout (Attachment A) and also informed the members they could reference the information on page 254 of the JLBC Book II Issue Comparison Book. Mr. Regens reviewed the three issues in the Department of Juvenile Corrections.

- Reduced Population - \$3.4 million
- Federal audit - \$6.5 million
- Pay Raises - \$1 million.

Mr. Regens pointed out that the Department of Juvenile Corrections gets proceeds from some State Trust Land sales, noting that there was a rather large sale recently that has resulted in the department getting \$1.5 million more per year. He noted that the JLBC baseline does not use those monies and that it allows that to be a point of discussion for this Committee and other members. Mr. Regens indicated that there is about \$3 million of available monies of which \$1.5 million is a permanent source.

In response to Chairman Burns' inquiry about whether or not this agency would be included in the overall pay package, Mr. Regens said traditionally it has been part of the discussion of the statewide pay plan and essentially the Governor was only giving a pay raise to those people in the Arizona State Retirement System to offset that retirement rate increase. Juvenile Correctional Officers are not in that system, they are in the correctional officer system.

In response to Chairman Burns' question about statewide salary increase, Mr. Regens replied that the JLBC did not put a number in because there were several different ideas that were discussed and that members were going to come back with specific plans.

Chairman Burns said he suggested that they start at least with the amount that would be reflective of the retirement issue, but he would not treat Juvenile Corrections as separate, he would keep that in place.

Mr. Regens said if the Committee wishes, they have \$3 million available to dedicate to this issue: \$1 million, which comes from sale of state trust lands, \$1.5 million is available on a one-time basis because it is essentially a balance that was accumulated this year that is going to go unexpended, and \$1.5 million will be received from the purchasers of this piece of property for the next ten years. Therefore, if they did spend the \$3 million, that \$1.5 million is probably one-time and \$1.5 million is ongoing. If they are going to do something on staffing, they may want to limit it to the \$1.5 million.

Mr. Regens said they could use \$1.5 million for capital projects. His understanding is that they still have some of their units that need to be renovated to make them more suicide preventive. They also have a medical unit that they are trying to renovate and he believes that is how they would use some of that money as well.

Senator Huppenthal inquired about the issues relating to the lawsuit and how this proposal would enable the department to meet those issues. Mr. Regens said that some of the issues were in the night shift. The department currently has one officer in some of these units, and some of these units are what they refer to as 'dry units' meaning that they do not have a lavatory inside, a locked unit, so they have to take juveniles to a common restroom. Part of this would essentially add another officer to each night shift; therefore, there would be two officers.

In response to Senator Huppenthal's questions relating to the lawsuit and additional resources, Mr. Regens said he could directly relate all \$1.5 million of the staffing to the lawsuit. They mentioned special education, and mental health needs, and so that is how the \$1.5 million would be spent. It would be spent essentially trying to address that federal audit.

Senator Huppenthal asked if this budget gives them a reasonable chance of being able to address the lawsuit. Mr. Regens said without defining reasonable, over two years it would provide them with \$6.5 million on a budget that is under \$70 million, so it would be at least a 10% increase in the course of two years.

Mr. Regens informed the members that this is the non-General Fund, so the members will not see a change in the tally that is on top of the spreadsheet - this is just state trust land funds.

**Senator Huppenthal moved the motion to use the \$3 million: \$1.5 million for capital projects and the other \$1.5 million for personnel. The motion CARRIED by a voice vote.**

## **PAYROLL ISSUE**

Chairman Burns said he would like to get back to the payroll issue that they talked about last week and put a number in for that to keep that issue before the Committee. His proposal was that they would start at least with the amount that would cover the retirement issue and as they work through these agencies if they can find some savings, especially in the area of vacancy savings, possibly they could add to that number as they go.

Senator Huppenthal asked what the amount is to cover the retirement issue. Mr. Stavneak said if they are just covering ASRS employees and not covering individuals in the Corrections Officer Retirement Plan, the Public Safety Personnel Retirement System or the University Optional Pay Plan, then that would be equivalent to the Governor's number, which is \$24 million. Mr. Regens added that if the Committee would like to do a statewide, regardless of personnel system, then it is about \$19 million for 1%.

**Senator Huppenthal moved the motion to cover the ASRS people at the 2.5%.**

JLBC staff clarified the 2.5% would amount to about \$24 million.

**The motion CARRIED by a voice vote.**

Chairman Burns **RECESSED** the meeting to the sound of the gavel at 11:42 a.m.

Chairman Burns **RECONVENED** the meeting at 1:40 p.m.

There being no further business, the meeting was adjourned at 1:40 p.m.

Respectfully submitted,

Melissa C. Upshaw  
Committee Secretary

(Tapes and attachments on file in the Secretary of Senate's Office/Resource Center, Room 115).