

JLBC MEETING

At its June 28 meeting, the JLBC considered the following items:

Classroom Site Fund Calculation – The Committee approved a Classroom Site Fund allocation of \$272.42 per pupil for FY 2002, based on 12 months of education sales tax deposits. State auditing and finance officials have reached a consensus that current statute permits a 12-month distribution for FY 2002.

Budget Stabilization Fund (BSF) Repayment – The JLBC approved an initial General Fund repayment of \$16 million to the BSF in FY 2001. As a result of last fall's special session, the BSF pays for the initial cost of alternative fuel vehicle tax credits. The General Fund is required to repay the BSF no more than \$16 million annually until the full cost is repaid. The full cost has yet to be determined, but it is expected to be at least \$116 million, prior to any interest payment.

Arizona Works – The Committee received a background briefing on Arizona Works, which is the pilot project to test a privately operated welfare program in eastern Maricopa County. The Committee has the statutory responsibility of evaluating the pilot and making recommendations to the full Legislature.

The JLBC also received testimony on the project's administrative costs and caseload estimates, along with information on the status of expanding the pilot to Mohave County. The Chairmen appointed a subcommittee to provide a more in-depth review of the project.

Behavioral Health Services – The Committee gave a favorable review to the Department of Health Services' plan to expend \$28.8 million on seriously mentally ill services. Of this amount, 20% will be spent on residential services, 18% on residential treatment and 14% on clinical case management.

The JLBC also favorably reviewed the Department's proposed increases in behavioral health capitation rates. While these rate increases exceed the budgeted levels, DHS believes that savings associated with Proposition 204 will provide the extra funds for the state match.

Other Actions – The Committee approved end of the year transfers for the Arizona Historical Society and the Pioneer's Home, and concurred with the Arizona Department of Transportation's plan for short-term funding of the Grand Canyon Airport until it is privatized.

JCCR MEETING

At its June 28 meeting, the JCCR considered the following issues:

ASU-East and West Lease-Purchase Projects – The JCCR favorably reviewed the issuance of Certificates of Participation (COPs) in the amounts of \$27.5 million for

ASU-East and \$21.6 million for ASU-West. The issuance will fund renovation and expansion projects at each campus. The Committee also requested additional information, including operating impacts, on the ASU-East renovation and expansion projects. Pursuant to Proposition 301, the annual COP repayments are to come from the education sales tax increase.

ASU Revised Bonding Plan – The JCCR favorably reviewed the revised \$100.0 million bonding plan for ASU. The scope of the Mediated Classroom project has been expanded to accommodate the loss of usable space in the structurally unsound Social Sciences Building. As a result of the expanded scope, bond financing for 4 other projects in the plan was eliminated or reduced. The loss of the bond financing will be replaced with COP financing. There was discussion on enhancing JCCR oversight of university COP issuances and whether movable equipment for the Mediated Classroom Building should be bond financed. Projects in the bonding plan will require Committee approval before bonds may be issued.

ADOA FY 2002 Building Renewal Allocation Plan – The JCCR favorably reviewed the FY 2002 Building Renewal Allocation Plan totaling \$9.4 million for 53 projects. While General Fund Building Renewal funds were line item vetoed, 27% of the Arizona Department of Administration's (ADOA) general Building Renewal formula will be financed from non-General Fund sources. The Committee also requested that ADOA submit any new projects or reallocation of funding among projects to JLBC Staff, and that JLBC Staff report any changes greater than \$50,000 to the Committee.

Prison Fencing Improvements – The JCCR favorably reviewed the expenditure of up to \$100,000 for assessment and design of security improvements at 5 prison complexes. The \$100,000 will come from a \$1.4 million appropriation for safety improvements related to correcting a design flaw of fencing around prison administration buildings.

ADOT Construction Operating Budget – The JCCR favorably reviewed the FY 2002 ADOT Construction Operating Budget totaling \$149.2 million with the understanding that quality-related performance measures would be considered in future meetings.

There was also discussion of the newly updated 5-year transportation facilities construction plan. ADOT has used its increased bonding and board funding obligation authority so as to prevent any delays in existing projects.

Other Actions - The Committee favorably reviewed several ADOT projects, including new Motor Vehicle Division Service Centers in Cottonwood and Glendale and a Regional Transportation Center in Prescott. The JCCR also received its quarterly report on Kartchner Caverns. The opening of the lower caverns continues to be on schedule for November 2003.