

JLBC MEETING

At its March 4th meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Health Care Cost Containment System (AHCCCS) – Review of Comprehensive Medical and Dental Program (CMDP) Capitation Rate Changes

The Committee favorably reviewed AHCCCS' CMDP capitation rate adjustment of 16%, adding approximately \$600,000 to the cost of AHCCCS in FY 2005 and \$1.2 million in FY 2006. The FY 2005 budget assumed a capitation rate increase of 6%. These amounts are included in the JLBC Baseline estimates for AHCCCS for both FY 2005 and FY 2006.

Department of Health Services – Review of Developmentally Disabled Capitation Rate Changes

The Committee favorably reviewed DHS' capitation rate adjustment of 43.3% for the developmentally disabled Title XIX population. The Committee stipulated that the favorable review did not constitute an endorsement of a supplemental request. The new rate represents a \$753,100 increase in FY 2005 and \$1.6 million in FY 2006 over JLBC Baseline estimates.

Department of Economic Security (DES) – Review of Long Term Care Capitation Rate Changes

The Committee gave a favorable review to DES' capitation rate increase to the LTC population of 3.18% over last year's capitation rate. The increased rate can be funded from the existing DES budget.

Department of Economic Security (DES) – Review of Expenditure Plan for Discretionary Workforce Investment Act (WIA) Monies

The Committee favorably reviewed a \$2.4 million expenditure plan in discretionary WIA monies received by the state for FY 2005. The favorable review contained the condition that DES provide performance measures for approximately \$1.2 million in new programs funded with WIA monies.

Attorney General – Review of Allocation of Settlement Monies

The Committee gave a favorable review of the allocation plan of settlement monies received by the state involving violations of antitrust laws by El Paso Natural Gas Company. The AG alleged that the El Paso Natural Gas Company manipulated the supply of natural gas resulting in increased cost to Arizona consumers. Under the settlement, the company agreed to pay \$78.4 million for a variety of purposes, including:

- \$40 million to enhance the company's Phoenix area pipeline
- \$30 million in capital improvements for the company's Arizona Pipeline Integrity Program

- \$3 million to upgrade the company's Tucson station
- \$250,000 for emergency preparedness and response training
- \$125,000 to fund a study to determine how to best diversify the state's supply of natural gas
- \$2 million in attorneys' fees and investigative costs

Department of Public Safety – Quarterly Review of the Arizona Public Safety Communication Advisory Commission

DPS submitted to the Committee for review FY 2005 second quarter expenditures by the Public Safety Advisory Commission as well a report on the state's progress towards a statewide interoperability project. Laws 2004, Chapter 275 appropriated \$5 million to DPS for the design costs of a statewide radio interoperability communications system and the use of Homeland Security monies. Second quarter expenses totaled approximately \$47,800. The Committee discussed the appropriateness of the purchase of automobiles with these funds and also discussed overall radio compatibility issues. The Committee favorably reviewed the agency report with the exception of the purchase of 2 automobiles.

Arizona Office of Homeland Security (OHS) – Report on Homeland Security Funding

OHS submitted a report on the allocation and expenditure plans for homeland security grant monies in FY 2004 and FY 2005. The report was for information and no Committee action was required. Since the October report, the percent of expenditures from the FFY 2003 State Homeland Security Grant Program grants have increased from 16.5% to 39.6%. FFY 2004 monies have been allocated now that the Regional Advisory Councils have been established.

The Committee requested that OHS 1) provide a monthly report on FY 2003 funds until all monies are expended; and 2) provide a quarterly report on FFY 2004 and FFY 2005 allocations and expenditures for local and state agency awards. The Committee also discussed the speed at which homeland security monies are spent as well as ways to coordinate agency requests for telecommunication monies from Homeland Security and the state General Fund.

Arizona Community Colleges – Report of Chairmen of Subcommittee on Dual Enrollment

The Chairmen of the Subcommittee on Dual Enrollment updated the members of the Committee on the manner in which high school-community college dual enrollment courses are offered. The Chairmen suggested that the following items receive further examination during the legislative process:

- Admissions Guidelines: Too many students are being admitted to dual enrollment courses on an individual basis and that those students are not adequately prepared to be enrolled in a community college course
- Intergovernmental Agreements: The financing and operations of dual enrollment programs are not implemented in a comparable manner statewide
- Faculty Advisory committees: It appears that the colleges do not have a consistent process for establishing and operating Faculty Advisory Committees

The update was for information only and no Committee action was required.

Governor's Office of Strategic Planning and Budgeting (OSPB) – Report on Federal Revenue Maximization Initiative – OSPB submitted a quarterly report on the status of a Federal Maximization Initiative. There have been 6 initiatives to date resulting in a savings of \$4 million plus unknown savings for an additional 2 projects. The 6 projects completed are all designed to increase federal Title XIX Medicaid reimbursement. The report was for information only and no Committee action was required.