



STATE OF ARIZONA

Joint Legislative Budget Committee

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MICHELLE UGENTI-RITA
VACANT

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

January 9, 2018

The Chairman called the meeting to order at 3:36 p.m., Tuesday, January 9, 2018, in Senate Appropriations Room 109. The following were present:

Members:	Senator Kavanagh, Chairman	Representative Livingston, Acting Vice-Chairman
	Senator Cajero Bedford	Representative Allen
	Senator Fann	Representative Alston
	Senator Farley	Representative Bowers
	Senator Farnsworth	Representative Fernandez
	Senator Hobbs	Representative Leach
	Senator Petersen	
Absent:	Senator Yee	Representative Shooter
		Representative Ugenti-Rita

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of December 19, 2017, Chairman John Kavanagh stated that the minutes would stand approved.

AHCCCS - Review of Capitation Rate Changes for Plan Years 2017 and 2018.

Mr. Patrick Moran, JLBC Staff, stated that an FY 2018 General Appropriation Act footnote requires the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Economic Security (DES) to submit an expenditure plan to the Joint Legislative Budget Committee for review prior to implementing any changes in capitation rates. On behalf of both agencies, AHCCCS submitted rate changes in both November and December 2017. The JLBC Staff provided options.

Mr. Tom Betlach, Director, AHCCCS, responded to member questions.

(Continued)

Representative Livingston moved that the Committee give a favorable review of AHCCCS' proposed capitation rate changes, but an unfavorable review of the agency's handling of the timing of the agency's November submission to the Committee, which did not comply with a long-standing requirement that AHCCCS submit capitation rates to the Committee for review prior to implementation. The motion carried.

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

Ms. Rebecca Perrera, JLBC Staff, stated that A.R.S. § 15-2041 requires that the cost-per-square-foot factors used in School Facilities Board (SFB) new school construction financing 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 provided options.

Mr. Paul Bakalis, Executive Director, SFB, responded to member questions and circulated a document. (Attachment 1).

Representative Livingston moved that the Committee approve a 3.12% adjustment in the cost-per-square-foot factors. The adjustment is based on the change in the Rider Levett Bucknall (RLB) Phoenix construction cost index since the cost factors were last adjusted in December 2016. A.R.S. § 15-2041D requires this adjustment to only be applied prospectively. The motion carried.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Additional Empowerment Scholarship Account Administrative Funding.

Mr. Matt Beienburg, JLBC Staff, stated that an FY 2018 General Appropriation Act footnote requires ADE to submit an expenditure plan to the JLBC for review before spending any of the additional \$400,000 appropriated for administration of the Empowerment Scholarship Account program. The JLBC Staff provided options.

Mr. Charles Tack, Assistant Superintendent, ADE, responded to member questions.

Representative Livingston moved that the Committee give a favorable review to ADE's expenditure plan. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of FY 2018 State Data Center Project (Automation Projects Fund).

Ms. Rebecca Perrera, JLBC Staff, stated that A.R.S. § 41-714 requires the Committee to review an ADOA expenditure plan for the Automation Projects Fund (APF) prior to the expenditure of monies. ADOA requested review of \$3,405,100 in proposed FY 2018 expenditures from the APF for information technology projects related to the State Data Center at the Arizona Strategic Enterprise Technology Office in ADOA. The JLBC Staff provided options.

Ms. Suzan Tasvibi-Tanha, Chief of Managed Services, ADOA-ASET, responded to member questions.

Representative Livingston moved that the Committee give a favorable review of \$3,405,100 in proposed FY 2018 expenditures from the APF for information technology (IT) projects related to the State Data Center (SDC) at the Arizona Strategic Enterprise Technology (ASET) Office in ADOA. As part of its review, the Committee included the following provisions:

(Continued)

- A. *Committee review is contingent on the Legislature making FY 2018 APF funds non-lapsing through FY 2019.*
- B. *On or before February 1, 2018, ADOA shall submit to the Committee its proposed plans for 1510 West Adams Street once the State Data Center is relocated.*
- C. *On or before February 1, 2018, ADOA shall submit a report to the Committee on the operational savings achieved by relocating the State Data Center to a private facility.*

The motion carried.

Without objection, the meeting adjourned at 4:58 p.m.

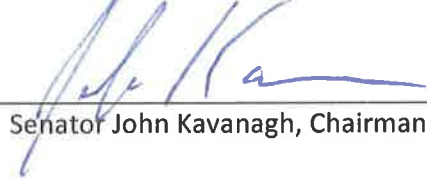
Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



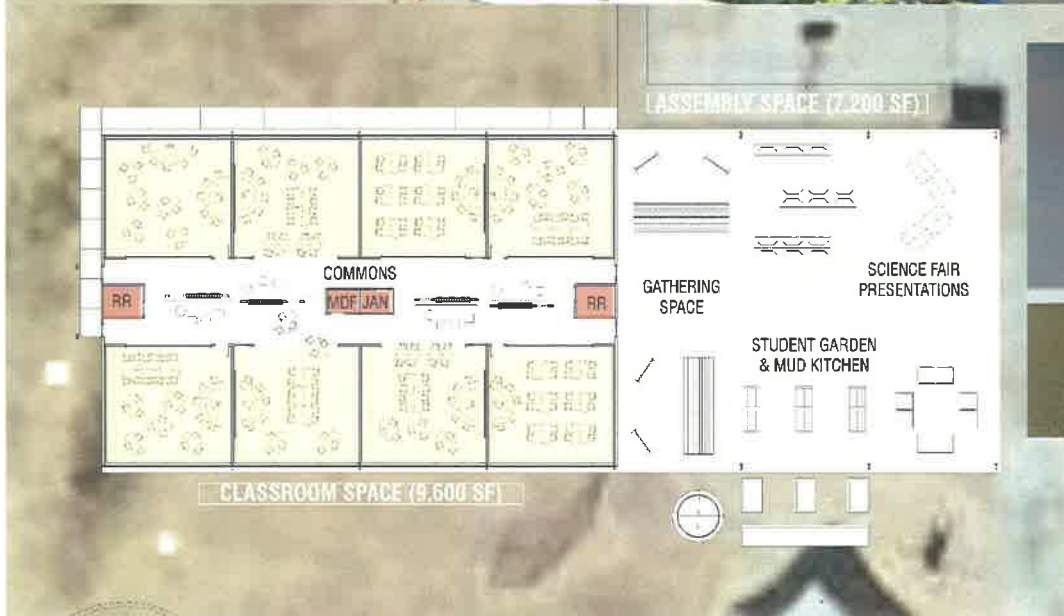
Senator John Kavanagh, Chairman

Benson Unified, Benson Elementary School (K-4)

January 9, 2018



Attachment 1



Benson Unified, Benson Elementary received SFB approval for 17,190 square feet (SF) of K-4 space on 12/10/14. The funding formula in effect at the time for an “urban” district was \$136.66 per SF (*Benson Unified is in Cochise County, 45 miles east-southeast of Tucson, and technically does not qualify for the 5% rural adjustment factor*). The current formula amount for urban districts is \$142.55 per SF.

The Architect is currently working on an innovative design which includes a portion of square footage that is not enclosed. There is a solid wall on one side and a “living wall” on the adjacent side. The other two sides are open.



1

2

3

4

December 14, 2016

Grade	Urban	Rural
K-6	\$142.55	\$149.68
7-8	\$150.49	\$158.01
9-12	\$174.25	\$182.96
K-8	\$144.43	\$151.65
6-8	\$147.84	\$155.23
5-8	\$146.51	\$153.84
4-8	\$145.72	\$153.01
7-9	\$158.41	\$166.33
K-12	\$153.97	\$161.67
7-12	\$166.33	\$174.65
6-12	\$162.93	\$171.08
5-12	\$160.40	\$168.42

2018 Construction Cost Index

Urban	% Change	Rural	% Change
\$151.10	6.0%	\$158.66	6.0%
\$159.52	6.0%	\$167.49	6.0%
\$184.71	6.0%	\$193.94	6.0%
\$153.10	6.0%	\$160.75	6.0%
\$156.71	6.0%	\$164.54	6.0%
\$155.30	6.0%	\$163.07	6.0%
\$154.46	6.0%	\$162.19	6.0%
\$167.91	6.0%	\$176.31	6.0%
\$163.21	6.0%	\$171.37	6.0%
\$176.31	6.0%	\$185.13	6.0%
\$172.71	6.0%	\$181.34	6.0%
\$170.02	6.0%	\$178.53	6.0%

Adjustment for 2012 IBC Codes

Urban	% Change	Rural	% Change
\$179.61	26.0%	\$188.60	26.0%
\$189.62	26.0%	\$199.09	26.0%
\$219.56	26.0%	\$230.53	26.0%
\$181.98	26.0%	\$191.08	26.0%
\$186.28	26.0%	\$195.59	26.0%
\$184.60	26.0%	\$193.84	26.0%
\$183.61	26.0%	\$192.79	26.0%
\$199.60	26.0%	\$209.58	26.0%
\$194.00	26.0%	\$203.70	26.0%
\$209.58	26.0%	\$220.06	26.0%
\$205.29	26.0%	\$215.56	26.0%
\$202.10	26.0%	\$212.21	26.0%

STEM/STEAM Learning Environments

Urban	% Change	Rural	% Change
\$230.36	61.6%	\$241.88	61.6%
\$243.19	61.6%	\$255.34	61.6%
\$281.59	61.6%	\$295.66	61.6%
\$233.40	61.6%	\$245.07	61.6%
\$238.91	61.6%	\$250.85	61.6%
\$236.76	61.6%	\$248.61	61.6%
\$235.48	61.6%	\$247.26	61.6%
\$255.99	61.6%	\$268.79	61.6%
\$248.82	61.6%	\$261.26	61.6%
\$268.79	61.6%	\$282.23	61.6%
\$263.29	61.6%	\$276.47	61.6%
\$259.21	61.6%	\$272.17	61.6%

Note:

1. Each of the above Charts 2, 3, and 4 indicate percentage change that is additive to Chart 1. So, Chart 2 is 6% greater than Chart 1; Chart 3 is 26% greater than Chart 1; and Chart 4 is 61.6% greater than Chart 1.