STATE OF ARIZONA

Joint Legislative Budget Committee

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adeg.gov

STATE
SENATE

DON SHOOTER
CHAIRMAN 2016
OLIVIA CAJERO BEDFORD
STEVE FARLEY
GAIL GRIFFIN
KATIE HOBBS
JOHN KAVANAUGH
DEBBIE LESKO
STEVEN B. YARBROUGH

HOUSE OF
REPRESENTATIVES

JUSTIN OLSON
CHAIRMAN 2015
LELA ALSTON
RUSSELL "RUSTY" BOWERS
VINCE LEACH
STEFANIE MACH
DARIN MITCHELL
STEVE MONTENEGRO
MICHELLE UGENTI-RITA

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 16, 2016

The Chairman called the meeting to order at 12:36 p.m., Thursday, June 16, 2016, in Senate Appropriations Room 109. The following were present:

Members:  Senator Shooter, Chairman
          Senator Cajero Bedford
          Senator Farley
          Senator Griffin
          Senator Kavanagh
          Senator Lesko
          Senator Yarbrough

Representative Olson, Vice-Chairman
Representative Alston
Representative Leach
Representative Mach
Representative Mitchell

Absent:  Senator Hobbs

Representative Bowers
Representative Montenegro
Representative Ugenti-Rita

EXECUTIVE SESSION

Representative Olson moved that the Committee go into Executive Session. The motion carried.

At 12:38 p.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Olson moved that the Committee reconvene into open session. The motion carried.

At 1:36 p.m. the Committee reconvened into open session.

EXECUTIVE SESSION

A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.

(Continued)
Representative Olson moved that the Committee approve the recommended settlement proposed by the Attorney General's office in the case of Laffoon, et al. v. State of Arizona. The motion carried.

B. Arizona Department of Education (ADE) - Review of Contingency Plan to Fund Potential FY 2016 Formula Shortfalls with FY 2017 Monies (Consultation for Legal Advice under A.R.S. § 38-431.03A3).

Representative Olson moved that the Committee give a favorable review to the recommended use of $17,872,300 in FY 2017 state General Fund appropriations for a FY 2016 Basic State Aid shortfall with the following provisions:

A. ADE is to report to the Committee by September 1, 2016 on the actual amount of FY 2017 funding used, if any, to fund FY 2016 shortfalls.

B. ADE is to spend down all available FY 2016 monies before using FY 2017 monies to address a FY 2016 shortfall, if any.

C. ADE may use more than $17,872,300 of FY 2017 monies to address a FY 2016 Basic State Aid shortfall, if any, upon consultation with the JLBC Chairman.

The motion carried.

C. Arizona Department of Administration (ADOA) - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Health Plans as Required Under A.R.S. § 38-658A.

Representative Olson moved that the Committee give a favorable review of the planned contribution strategy for state employee and retiree health coverage for Plan Year 2017 with the provision that on or before October 31, 2016, ADOA shall submit a report to the JLBC Staff analyzing the FY 2016 medical claims. The report shall use the same metrics as those included in its annual Plan Year report. The motion carried.


Mr. Ben Beutler, JLBC Staff, stated that the Committee is required to review prior to any monies being expended from the Arizona Department of Administration's (ADOA) Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. ADOA is requesting Committee review of $300,000 from APF to develop multiple Requests for Proposals (RFPs). The JLBC Staff presented options to the Committee.

Ms. Linda Jewell, Chief Information Officer, DCS, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the $300,000 in proposed FY 2017 expenditures from the APF for the Children's Information Library and Data Source (CHILDS) replacement project with the following provisions:

A. In accordance with A.R.S. § 41-714, ADOA/DCS shall provide reports from the contracted independent third-party consultant by the last day of February, May, August and November of each year to the JLBC. The consultant shall address the current status of the overall CHILDS project.

(Continued)
B. Before July 15, 2016, ADOA/DCS shall submit to the JLBC its plan for hiring an independent third-party consultant for the remainder of the CHILDS replacement project.

C. Before requesting review of additional APF resources, ADOA/DCS shall submit a complete project timetable, which shall include the planned release date for each RFP and the planned implementation date for each module. ADOA/DCS shall also submit an expenditure plan for the entire project and address whether additional funding will be needed for RFP development.

D. While Request for Proposals (RFP) can be issued for the proposed solution, the DCS may not award a contract or proceed with further development efforts until a full Project Investment Justification (PIJ) reflecting the final costs, scope of work, technology, and implementation schedule for the proposed solution has been submitted to ADOA- Arizona Strategic Enterprise Technology (ASET) for review and approval. This condition was adopted by the Information Technology Authorization Committee (ITAC) as part of its review on June 15, 2016.

The motion carried.

DEPARTMENT OF CHILD SAFETY - Review of Contractor Award for Backlog Privatization.

Mr. Ben Beutler, JLBC Staff, stated that the Committee is required to review both FY 2016 and FY 2017 Backlog Privatization appropriations for the Department of Child Safety. The JLBC Staff presented options to the Committee.

Mr. Greg McKay, Director, DCS, responded to member questions and circulated documents.
(Attachment 1)

Representative Olson moved that the Committee give a favorable review of the FY 2016 expenditure plan, the contract awards as of June 9, and $769,400 for New Case Aides in FY 2017. The remaining amounts from the FY 2017 appropriation would be reviewed upon DCS submission of the complete set of awards.

The favorable review includes the following provisions:

A. If DCS meets the goal of fewer than 1,000 backlog cases, DCS shall submit an expenditure plan for any remaining backlog privatization monies to the JLBC for review.

B. DCS shall provide reports by the last day of each quarter to the JLBC on backlog privatization expenditures. In addition, the department shall provide a copy of all signed contracts for backlog privatization to the JLBC.

The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Per Diem Rate Change for Year 4 of Inmate Health Care Contracted Services.

Ms. Micaela Larkin, JLBC Staff, stated that the Committee is required to review the ADC’s inmate health care capitation rates prior to implementing any changes. The JLBC Staff presented options to the Committee.

(Continued)
Mr. Richard Pratt, Assistant Director, Health Services Contract Monitoring Bureau, ADC, responded to member questions.

Representative Olson moved that the Committee give a favorable review to increase the inmate health care per diem from $11.60 to $12.06. The motion carried.


Mr. Matt Beienburg, JLBC Staff, stated that the Committee is required to review the expenditure plan presented by ADOA/ADE from the APF for the Department of Education Arizona Education Learning and Accountability System (AELAS) prior to expenditure. The JLBC Staff presented options to the Committee.

Mr. Mark T. Masterson, Chief Information Officer, Associate Superintendent Information Technology, ADE, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the $7,300,000 in proposed FY 2017 expenditures from the APF for the Department of Education AELAS with the following provisions:

A. The results of third-party independent assessments are to be reported quarterly to the Committee in accordance with Section 129(L) of the FY 2017 General Appropriation Act (Laws 2016, Chapter 117).

B. ADE shall report to the Committee at least 30 days prior to transferring monies between the budget line items presented in the FY 2017 AELAS expenditure plan.

C. Prior to the expenditure of any monies approved in the FY 2017 AELAS expenditure plan for purposes not delineated in Table 1 below, ADE shall submit for Committee review a report of the intended use of those monies.

D. By October 31, 2016, ADE is to report to the Committee:

1. Its progress in transitioning schools from the Student Accountability Information System (SAIS) to Arizona Education Data Standards (AzEDS) for purposes of student data collection.
2. An estimate of how FY 2016 statewide Average Daily Membership (ADM) counts differed under AELAS versus SAIS.
3. A list of FY 2016 AELAS expenditures for actual development versus ongoing operation and maintenance for AELAS, and the sources of monies used to fund those functions in FY 2016.
4. A long-range budget for AELAS through full implementation and timeframe for project completion.

In addition, the following provisions relate to the AELAS Opt-in SSIS (Statewide Student Information System):

E. As part of its $180,000 FY 2017 allocation for Opt-in Statewide Student Information System (SSIS), ADE shall not expend any funds on marketing or solicitation of new participants. By October 31, 2016, ADE shall report to the committee:

1. The expected revenues and expenditures for the Opt-In SSIS program for FY 2017 and 2018, along with a rationale for how the SSIS rates are established.

(Continued)
2. ADE’s response to the third-party reviewer’s concerns regarding the administration of the Opt-In SSIS program, as described in the April 2016 review.

F. ADE must identify a funding source, amend the project investment justification (PIJ) to reflect costs required to complete the full scope of the project, and submit this information to the ADOA-ASET Office and the ITAC for review and approval, prior to expenditure of additional funding beyond the FY 2017 APF allocation. Provision F was adopted by ITAC at its May 25, 2016 meeting.

| Table 1 |
|----------------------------------|---------------|-------------|
| **FY 2017 AELAS Expenditure Plan** |
| **Project**                      | **FY 2016**   | **FY 2017** |
| Program Support Office           | $750,000      | $700,000    |
| Production Services              | $1,150,000    | $2,560,000  |
| Centralized Educational Data Services | 400,000    | 0           |
| School Finance                   | $1,700,000    | $740,000    |
| Arizona Education Data Standards (AzEDS) | 2,000,000  | 3,120,000   |
| Opt-in SSIS                      | 1,000,000     | 180,000     |
| **Total**                        | **$7,000,000**| **$7,300,000**|

1/ FY 2016 includes amended FY 2016 appropriations as reviewed by the Committee at its September 2015 meeting, in which $400,000 of the original Production Services budget was transferred to a newly-created Centralized Educational Data Services Project line item.

2/ FY 2016 further reflects ADE’s request to transfer $400,000 of the FY 2016 Opt-in SSIS budget to the FY 2016 Production Services budget, which restored the original FY 2016 budget for the latter.

The motion carried.

SECRETARY OF STATE (SOS) - Review of Election Services Line Item Transfer.

Ms. Krista MacGahan, JLBC Staff, stated that the Committee is required to review any transfer to or from the Election Services line item within the SOS budget. The JLBC Staff presented options to the Committee.

*Representative Olson moved that the Committee give a favorable review of the transfer of $712,000 from the Election Services line item to the agency’s operating budget during FY 2017 in order to fund various election activities that were not included in the restrictions for the Elections Services line item.*

The motion carried.

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Border Strike Force Expenditure Plans.

Mr. Eric Billings, JLBC Staff, stated that the Committee is required to review the expenditure plan for the 3 newly-created Border Strike Task Force (BSTF) line items. The JLBC Staff presented options to the Committee.

*Colonel Frank Milstead, Director, DPS, responded to member questions.*

(Continued)
Representative Olson moved that the Committee give a favorable review to the expenditure plan of $25,378,800 for the BSTF Ongoing and One-Time line items with the following provisions:

A. Prior to expenditure of the $1,261,700 BSTF Local Support line item, DPS is to report back to the Committee for its review regarding the allocation model and recipients of these monies.

B. DPS is to report back to the Committee regarding the amount of the proceeds received from the sale of one of their existing helicopters and how the funds were allocated.

C. DPS is to submit for further JLBC review any modification to the proposed DPS plan that would result in the purchase of a hangar.

D. DPS is to report the planned use of their proposed $1,000,000 contingency in the BSTF One-Time line item, prior to expenditure, and to submit for review any new uses beyond those specified in their current plan.

The motion carried.


Mr. Eric Billings, JLBC Staff, stated that the Committee is required to review the entire FY 2017 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Fund Border Security and Law Enforcement Subaccount prior to expenditure. The JLBC Staff presented options to the Committee.

Colonel Frank Milstead, Director, DPS, responded to member questions.

Mr. Phil Case, Chief Financial Officer, DPS, responded to member questions.

Senator Yarbrough moved that the Committee give a favorable review to the $2,390,000 expenditure plan from the GIITEM Fund Border Security and Law Enforcement Subaccount. This amount would be distributed amongst all 15 county sheriffs, 6 municipalities, and the Arizona Department of Corrections (see Table 1).

The motion carried.
Without objection, the meeting adjourned at 3:50 p.m.

Respectfully submitted:

[Signature]
Kristy Paddack, Secretary

[Signature]
Richard Stavnezer, Director

[Signature]
Senator Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at http://www.azleg.gov/jlbc/meeting.htm
Department of Child Safety

Data Charts as of week beginning 6.13.16
Communications & Reports to the Hotline

NOTE: Communications, Hotline Communications, and Reports include calls/reports that are no jurisdiction reports.
Screen In % shows reports as a percentage of total Hotline Communications.
Data Source: DCS Tableau Dashboard, Communications Received by Weekday and Hour Reports, 6.4.16
Criminal Conduct Reports

NOTE: Reports include calls/reports that are no jurisdiction reports.
Data Source: DCS Tableau Dashboard, Criminal Conduct Reports, 6.4.16
Completed Reports vs. Assigned New Reports

Closed Reports for the Month
versus
Assigned New Reports for the
State of Arizona

<table>
<thead>
<tr>
<th>State of Arizona</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed Reports - Month</td>
<td>4,314</td>
<td>4,699</td>
<td>4,492</td>
<td>4,089</td>
<td>4,617</td>
<td>5,553</td>
<td>6,152</td>
<td>5,576</td>
<td>5,552</td>
<td>6,175</td>
<td>5,569</td>
<td>5,628</td>
<td>2,287</td>
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</tbody>
</table>

NOTE: Investigations may contain one or more reports. Current open reports is through 6.13.16.

Data Source: Weekly Completed/Assigned Report
Inactive Cases

Total Inactive Cases, 6-14-16

Data Source: Weekly DCS Inactives Report
Re-reports of Maltreatment within 12 Months

Number of Children


Percent of Children Re-reported

Data Source: Oversight Committee Dashboard, December 2015
Service Referral Waitlist
Parent Aide, Supervised Visits, and In-home

NOTE: June data through 6.10.16 (SW region in-home data through 6.3.16)
Data Source: Weekly DCS Waitlist Report
Entries and Exits

Data Source: Removals & Returns Dashboard, 6.4.16. Data from Jan 16 – Mar 16 is preliminary.
Children in Out-of-Home Care

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Unlicensed (Primarily Kinship)</td>
<td>4,868</td>
<td>5,748</td>
<td>6,693</td>
<td>7,558</td>
<td>7,848</td>
<td>7,694</td>
</tr>
<tr>
<td>Foster Care</td>
<td>5,728</td>
<td>5,908</td>
<td>6,592</td>
<td>6,762</td>
<td>7,111</td>
<td>7,027</td>
</tr>
<tr>
<td>Congregate Care</td>
<td>1,893</td>
<td>2,081</td>
<td>2,246</td>
<td>2,535</td>
<td>2,742</td>
<td>2,705</td>
</tr>
<tr>
<td>Independent Living</td>
<td>272</td>
<td>252</td>
<td>381</td>
<td>485</td>
<td>505</td>
<td>503</td>
</tr>
<tr>
<td>Other</td>
<td>624</td>
<td>505</td>
<td>644</td>
<td>719</td>
<td>711</td>
<td>1,051</td>
</tr>
<tr>
<td>Total in Out-of-Home Care</td>
<td>13,385</td>
<td>14,494</td>
<td>16,556</td>
<td>18,059</td>
<td>18,917</td>
<td>18,980</td>
</tr>
</tbody>
</table>

NOTE: April 2016 data is preliminary
Data Source: DCS Monthly Out-of-Home Care Report, 5.24.16
Length of Stay (60 days or less)

Children Removed by Month by length of stay less than 61 Days

Return Reason  From  7/1/15  to  4/30/16  Region  Statewide  APM  Select APM

Children Returned in 3 Days
Removed Children = 10938
Returned in 7 Days = 811

Children Returned in 7 Days
Removed Children = 10938
Returned in 7 Days = 1346

Children Returned in 30 Days
Removed Children = 10938
Returned in 30 Days = 1549

Children Returned in 60 Days
Removed Children = 10938
Returned in 60 Days = 1210

Ratio of Children Stay by the Month the Child was Removed

Data Source: DCS Short Stays Report

All Children Removed Under 18 years old in care for 1 day or greater
246 Children in Care for 0 Days

Reoval Cube 9/10/2015
NOTE: April 2016 data is preliminary
Data Source: DCS Monthly Out-of-Home Care Report, 5.24.16
NOTE: Includes Assistant Program Managers, Field Supervisors, and Specialists

Data Source: DCS Monthly Staffing Report, 6.9.16
Agency Staff

TOTAL ALL OTHER POSITIONS
TOTAL FILLED FIELD STAFF (excluding Case Aides and OCWI)

3,000
2,500
2,000
1,500
1,000
500

May-15
Jun-15
Jul-15
Aug-15
Sep-15
Oct-15
Nov-15
Dec-15
Jan-16
Feb-16
Mar-16
Apr-16
May-16

1,082
1,062
1,067
1,078
1,083
1,077
1,123
1,138
1,196
1,173
1,106
1,077
1,051

NOTE: Field Staff includes Assistant Program Managers, Field Supervisors, and Specialists
Data Source: DCS Monthly Staffing Report, 6.9.16