

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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CHAIRMAN 2010
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HOUSE OF
REPRESENTATIVES

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JOHN MCCOMISH
RICK MURPHY
VIC WILLIAMS

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 23, 2009

Vice-Chairman Pearce assumed the Chair and called the meeting to order at 8:10 a.m., Tuesday, June 23, 2009, in House Hearing Room 4. The following were present:

Members:	Senator Pearce, Vice-Chairman	Representative Kavanagh, Chairman
	Senator Aguirre	Representative Biggs
	Senator Gray	Representative Cajero Bedford
	Senator Harper	Representative Campbell
	Senator Pierce	Representative Heinz
	Senator Waring	Representative McComish
		Representative Williams
Absent:	Senator Aboud	Representative Murphy
	Senator Rios	

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 28, 2009, Vice-Chairman Pearce stated that the minutes would stand approved.

ARIZONA DEPARTMENT OF CORRECTIONS - Consider Approval and Review of Requested Transfer of Appropriations.

Mr. Martin Lorenzo, JLBC Staff, stated that this item is a request to approve and review the transfer of nearly \$28.4 million within the Arizona Department of Correction's (ADC) budget line items.

Senator Gray moved that the Committee adopt the JLBC Staff recommendation to approve the ADC request for the Personal Services and Employee Related Expenditures' transfers and give a favorable review of the remaining transfers (see transfers below). This would also include the approval and favorable review of the shift of up to \$250,000 in or out of any line item in the event that these requested transfers do not match department needs through the end of the fiscal year. The motion carried.

<u>Line Item</u>	<u>JLBC Approved Transfers</u>
Correctional Officer Personal Services	\$ 9,734,000
Health Care Personal Services	2,000,600
All Other Personal Services	(5,154,600)
Employee Related Expenditures	11,731,100

(Continued)

<u>Line Item</u>	<u>JLBC Reviewed Transfers</u>
Overtime/Compensatory Time	\$(13,752,700)
Health Other Operating Expenditures	1,500,000
Non Health Other Operating Expenditures	3,100,800
County Jail Beds	(59,600)
Private Prison Per Diem	330,600
Provisional Beds	(9,430,200)

ARIZONA DEPARTMENT OF EDUCATION - Review of Proposed Transfer of Funds from Basic State Aid to Special Education Fund under A.R.S. § 15-901.03.

Mr. Steve Schimpp, JLBC Staff, stated that this item is the Arizona Department of Education's plan to transfer \$5,000,000 from Basic State Aid to the Special Education Fund in order to address a projected shortfall for the Special Education Fund for FY 2009.

Senator Gray moved that the Committee give a favorable review to the transfer of \$5,000,000 in General Fund monies from Basic State Aid to the Special Education. The motion carried.

SECRETARY OF STATE - Review of Proposed Transfer of Funds from Election Services Line Item.

Mr. Jack Brown, JLBC Staff, stated that this item is a review of the proposed transfer of funds for the Election Services Line Item. The Secretary of State (SOS) requests review of \$132,000 transfer from the Election Services Line Item. This is essentially an internal transfer that would allow the SOS to draw down an additional \$3,720,800 in federal election monies.

Senator Gray moved that the Committee give a favorable review of the \$132,000 transfer from the Election Services Line Item in FY 2009 to the Election Systems Improvement Fund. This transfer would allow the Secretary of State to draw down an additional \$3,720,800 of HAVA funding. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Requested Exchange of Fund Transfers.

Mr. Dan Hunting, JLBC Staff, stated that this item is a request from the Arizona Department of Administration (ADOA) to review a transfer of funds. Section 29 of the FY 2009 Budget Reductions and Transfers Bill allows state agencies to request transfers between its own funds in order to meet the requirements of the bill

Senator Gray moved that the Committee give a favorable review of the proposed exchange of fund transfers (shown below). The motion carried.

FY 2009 Fund Transfer Switches					
<u>ADOA Program</u>	<u>Fund Specified in Laws 2009, Ch. 1</u> ^{1/}	<u>Ch. 1 Transfer Amount</u> ^{2/}	<u>Transfer Type</u>	<u>Agency Fund</u> ^{3/}	<u>Revised Transfer Amount</u> ^{4/}
Telecommunications Program Office	Telecommunications Fund	\$1,087,300	EBT ^{5/}	Risk Management Revolving Fund	\$1,087,300
FY09 Administrative Adjustments and Building Renewal	Capital Outlay Stabilization Fund	1,382,200	FRAT ^{6/} and SLS ^{7/}	Risk Management Revolving Fund	1,382,200
Human Resources Division and Human Resources Division, FY 2010 Working Capital	Personnel Division Fund	786,800	FRAT and SLS	Risk Management Revolving Fund	786,800
911 Office	Emergency Telecommunication Services Revolving Fund	13,000	SLS	Risk Management Revolving Fund	13,000
		\$3,269,400 ^{8/}			\$3,269,400 ^{8/}

1/ Fund source for reductions mandated by Laws 2009, 1st Special Session, Chapter 1.
 2/ Amount for reductions mandated by Laws 2009, 1st Special Session, Chapter 1.
 3/ Funds from which agencies are requesting transfers in order to accommodate the mandated reductions.
 4/ Transfer amounts.
 5/ Excess balance transfers (EBTs) sweep money from anticipated FY 2009 ending balances into the General Fund.
 6/ Fund reduction and transfers (FRATs) reduce annual FY 2009 spending from the agency's Other Funds. An amount equal to these reductions would be swept into the General Fund.
 7/ Salary lump sum reductions (SLSs) reduce annual FY 2009 spending from the agency's Other Funds. An amount equal to these reductions would be swept into the General Fund.
 8/ Numbers do not add due to rounding.

DEPARTMENT OF ECONOMIC SECURITY

A. Review of Requested Exchange of Fund Transfers.

Mr. Jay Chilton, JLBC Staff, stated that this item is a request from the Department of Economic Security (DES) for a review of fund transfers.

Senator Gray moved that the Committee give a favorable review of the proposed exchange of fund transfers (shown below). The motion carried.

FY 2009 Fund Transfer Switches				
<u>Fund Specified in Laws 2009, Ch. 1</u> ^{1/}	<u>Ch. 1 Transfer Amount</u> ^{2/}	<u>Transfer Type</u>	<u>Agency Fund</u> ^{3/}	<u>Revised Transfer Amount</u> ^{4/}
Arizona Industries for the Blind Fund	\$266,600	EBT ^{5/}	Spinal and Head Injuries Trust Fund	\$417,800
Arizona Industries for the Blind Fund	\$151,200	Personnel Expense Reduction ^{6/}		
Long Term Care System Fund	\$1,650,000	EBT	Arizona Training Program at Phoenix Closure Fund	\$1,200,000
			Community-Based Marriage and Communication Skills Fund	\$450,000
	\$2,067,800			\$2,067,800

1/ Fund source for reductions mandated by Laws 2009, 1st Special Session, Chapter 1.
 2/ Amount for reductions mandated by Laws 2009, 1st Special Session, Chapter 1.
 3/ Funds from which agencies are requesting transfers in order to accommodate the mandated reductions.
 4/ Transfer amounts.
 5/ Excess balance transfers (EBTs) sweep money from anticipated FY 2009 ending balances into the General Fund.
 6/ Personnel Expense Reductions reduce annual FY 2009 spending from an agency fund attributable to reducing personnel expenditures.

B. Review of Requested Transfer of Appropriations

Mr. Jay Chilton, JLBC Staff, stated that this item is a review of requested transfer of appropriations for DES.

Senator Gray moved that the Committee give a favorable review of the proposed transfers (shown below). The motion carried.

<u>Funding Increases (Transfers To)</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
TANF Cash Benefits	\$2,000,000		\$2,000,000
Day Care Subsidy		\$7,000,000	7,000,000
CPS Emergency Placement	1,500,000		1,500,000
Foster Care Placement	1,250,000		1,250,000
CPS Residential Placement	<u>1,200,000</u>		<u>1,200,000</u>
Subtotal	\$5,950,000	\$7,000,000	\$12,950,000
<u>Funding Decreases (Transfers From)</u>			
Administration Division operating budget	\$(625,000)		\$ (625,000)
DBME operating budget	(625,000)		(625,000)
DERS operating budget	(750,000)		(750,000)
Transitional Child Care		\$(7,000,000)	(7,000,000)
Children Support Services	<u>(3,950,000)</u>		<u>(3,950,000)</u>
Subtotal	\$(5,950,000)	\$(7,000,000)	\$(12,950,000)

EXECUTIVE SESSION - Arizona Department of Administration - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Health Plans as Required under A.R.S. § 38-658A.

Senator Gray moved that the Committee go into Executive Session. The motion carried.

At 8:20 a.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 8:55 a.m. the Committee reconvened into open session.

No Committee action was required.

Without objection, the meeting adjourned at 8:56 a.m.

Respectfully submitted:

Sandy Schumacher, Secretary

Richard Stavneak, Director

Representative John Kavanagh, 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>.