

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

DON SHOOTER
CHAIRMAN 2012
ANDY BIGGS
OLIVIA CAJERO BEDFORD
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HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2011
LELA ALSTON
STEVE COURT
JOHN M. FILLMORE
JACK W. HARPER
MATT HEINZ
RUSS JONES
ANNA TOVAR

REVISED

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 26, 2012

The Chairman called the meeting to order at 11:10 a.m., Tuesday, June 26, 2012, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Biggs	Representative Alston
	Senator Cajero Bedford	Representative Court
	Senator Lopez	Representative Fillmore
	Senator Yarbrough	Representative Jones
Absent:	Senator Klein	Representative Harper
	Senator Murphy	Representative Heinz
		Representative Tovar

Excused: Senator Crandall

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 3, 2012, Chairman Don Shooter stated that the minutes would stand approved.

ARIZONA DEPARTMENT OF ADMINISTRATION

A. Review of Requested Exchange of Fund Transfers.

Mr. Steve Schimpp, JLBC Staff, stated that this item is a review of the exchange of fund transfers required for FY 2012. He noted that the budget allowed agencies to request an exchange of which funds they would have monies transferred from. Three agencies, the Arizona Department of Education (ADE), the Department of Economic Security (DES), and the Department of Public Safety (DPS) through the Arizona Department of Administration (ADOA) have requested an exchange of funds to take the monies out of different funds for cash flow reasons. He noted that the funds appear on a table in the agenda package.

(Continued)

The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review of the exchange of fund transfers as shown in Table 1. The motion carried.

Table 1		
Requested FY 2012 Fund Transfer Exchanges		
<u>Original Fund</u> ^{1/}	<u>Agency Proposed Fund</u> ^{2/}	<u>Proposed Transfer Amount</u>
Arizona Department of Education		
Internal Services Fund	Special Education Fund	\$ 795,400
Production Revolving Fund	Special Education Fund	<u>371,200</u>
<i>Subtotal</i>		<i>\$1,166,600</i>
Department of Public Safety		
DPS Licensing Fund	Fingerprint Clearance Card Fund	\$150,000
Criminal Justice Enhancement Fund	Fingerprint Clearance Card Fund	<u>350,000</u>
<i>Subtotal</i>		<i>\$500,000</i>
Department of Economic Security		
Industries for the Blind Fund	Special Administration Fund	<u>\$244,100</u>
<i>Subtotal</i>		<i>\$244,100</i>
<p>^{1/} Fund source for transfers in budget. ^{2/} Funds from which agencies are requesting transfers in order to accommodate the mandated transfer.</p>		

B. Review of Automation Projects Fund FY 2013 Expenditure Plan.

Mr. Brett Searle, JLBC Staff, stated that this item is a review of the proposed FY 2013 expenditures from the Automation Projects Fund, which requires JLBC review. The FY 2013 Government Budget Reconciliation Bill established the Automation Projects Fund, which is administered by ADOA.

The JLBC Staff presented options to the Committee and answered questions from members.

Mr. Aaron Sandine, Chief Information Officer, Deputy Director, ADOA, responded to member questions. ADOA will return to a future JLBC meeting after canvassing agencies regarding the status of participation in the new Arizona Financial Information System (AFIS).

Representative Kavanagh moved that the Committee give a favorable review of the ADOA request for \$16.4 million in proposed FY 2013 expenditures from the Automation Projects Fund for both ADOA and the Department of Revenue projects with the following provisions:

1. *ADOA submit a quarterly report that provides an update on the implementation of the 23 projects included in this expenditure plan, as well as any subsequent projects. The report is to include the project's deliverables, the timeline for completion, and the current status.*
2. *If an agency elects not to participate in the new financial accounting system, future submissions to the Committee regarding the replacement of AFIS should outline an agency's reasons for not utilizing the new system.*

The motion carried.

(Continued)

ATTORNEY GENERAL - Review of Allocation of Settlement Monies.

Ms. Marge Zylla, JLBC Staff, stated that this item is a review of the allocation plans from 2 settlements based on alleged consumer fraud violations. The first settlement with American Residential Services (heating and air conditioning repair), requires the company to deposit \$155,000 into the Attorney General's (AG) Consumer Fraud Revolving Fund and pay \$240,000 for consumer restitution. The second settlement with Abbot Laboratories (pharmaceuticals) includes a \$1,964,200 deposit into the Consumer Fraud Revolving Fund.

The JLBC Staff recommended a favorable review of this item and answered questions from members.

Representative Kavanagh moved that the Committee give a favorable of the Attorney General allocation of settlement monies regarding American Residential Services and Abbot Laboratories. The motion carried.

ATTORNEY GENERAL - Review of FY 2007 and FY 2008 Uncollectible Debt.

Ms. Marge Zylla, JLBC Staff, stated that this item is a review of the AG's uncollectible debts report. Upon the Committee's review, these debts can be removed from the state's accounting books. The AG has identified \$10.2 million in FY 2007 and \$15.9 million in FY 2008.

The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review of the FY 2007 and FY 2008 Uncollectible Debt Report with the provision that the AG report back to the Committee by October 31, 2012 on its evaluation of releasing debtor information to credit reporting agencies.

The motion carried.

EXECUTIVE SESSION

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

At 11:38 a.m. the Committee went into Executive Session.

Senator Biggs moved that the Committee reconvene into open session. The motion carried.

At 12:02 p.m. the Committee reconvened into open session.

A. 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.

The Committee discussed and received the report.

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

Representative Kavanagh moved that the Committee accept the recommended settlement proposal by the Attorney General's Office in the case of Hall v. State, et al.

The motion carried.

Without objection, the meeting adjourned at 12:03 p.m.

(Continued)

Respectfully submitted:

Alanna Carabott, Secretary

Richard Stavneak, Director

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>.