



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

HOUSE OF
REPRESENTATIVES

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

September 19, 2017

The Chairman called the meeting to order at 1:00 p.m., Tuesday, September 19, 2017, in House Hearing Room 1. The following were present:

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

Absent: Representative Bowers

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 6, 2017, Chairman Don Shooter stated that the minutes would stand approved.

CONSENT AGENDA

Senator Farley moved that the Committee remove 3B DEPARTMENT OF CHILD SAFETY – Review of FY 2017 Fourth Quarter Benchmarks from the consent agenda. The motion carried.

The following items were considered without discussion.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/LOTTERY - Review of Arizona State Lottery Commission (Lottery) IT System Replacement Project (Automation Projects Fund).

Pursuant to A.R.S. § 41-714, the Joint Legislative Budget Committee is required to review Automation Projects Fund (APF) expenditures prior to expenditure. The Lottery requested that the Committee review its \$2,900,000 in proposed FY 2018 expenditures from the APF for an Information Technology (IT) system replacement project. The JLBC Staff provided options and potential provisions:

- A. *Prior to the expenditure of any monies, Lottery shall receive approval of the project from the Information Technology Authorization Committee (ITAC).*
- B. *Prior to the expenditure of the remaining \$597,400 of the appropriation, Lottery shall submit for Committee review a report of the intended use of those monies.*
- C. *Committee review does not commit the Legislature to any ongoing funding.*

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Microwave System Upgrade Project (Automation Projects Fund).

Pursuant to A.R.S. § 41-714, the Joint Legislative Budget Committee is required to review Automation Projects Fund (APF) expenditures prior to expenditure. The FY 2018 APF appropriation included \$2,500,000 for continued work on the Microwave System Upgrade project. DPS requested that the Committee review \$1,000,000 for the Microwave System Upgrade project. The remaining \$1.5 million will be reviewed at a later date. The JLBC Staff provided options.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of Line Item Transfers.

The FY 2017 General Appropriation Act requires DCS to submit proposed line item transfers to the Committee for review. DCS requested Committee review for the following FY 2017 line item transfers:

General Fund

\$200,000 into the Grandparent Stipends line item.

\$(200,000) out of the Foster Care Placement line item.

Expenditure Authority

\$2,536,000 into the Emergency and Residential Placement line item.

\$1,134,000 into the Prevention line item.

\$(3,670,000) out of the Foster Care Placement line item.

The JLBC Staff provided options.

ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2017 Bed Capacity Report.

Pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Joint Legislative Budget Committee is required to review a report by the Arizona Department of Corrections detailing the bed capacity changes in FY 2017 and the proposed changes in FY 2018. The JLBC Staff provided options.

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Revised Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount.

Pursuant to the FY 2018 Criminal Justice Budget Reconciliation Bill (Laws 2017, Chapter 303) and A.R.S. § 41-1724G, the Joint Legislative Budget Committee is required to review DPS's expenditure plan for the GIITEM Subaccount prior to expenditure. At an earlier meeting, the Committee had favorably reviewed DPS's \$2,390,000 plan. DPS has now revised its \$1,050,000 allocation for Border Security and Law Enforcement Grants and requested Committee review the revised plan. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Approval of Maximum Lodging Reimbursement Rates.

A.R.S. § 38-624C requires the Committee to approve any changes to ADOA's maximum reimbursement rates for lodging and meal expenses. ADOA requested Committee review its proposed changes to the maximum reimbursement amounts. The JLBC Staff provided options and a potential provision:

- A. *Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs.*

Representative Shooter moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 6 consent agenda items listed above. The motion carried.

REGULAR AGENDA

DIRECTOR'S REPORT

Richard Stavneak, JLBC Director, spoke, letting the Committee know that the health insurance decisions talked about at the September 6, 2017 meeting were now made public by ADOA. The changes were implemented as discussed in the meeting.

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2017 Fourth Quarter Benchmarks.

The FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit a report to the Committee for its review of quarterly benchmarks for assessing progress made in increasing the department's number of FTE Positions, meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care. The JLBC Staff provided options.

Mr. Gregory McKay, Director, DCS, responded to member questions and circulated a document. (Attachment 1).

Senator Yee moved that the Committee give a favorable review of the department's fourth quarter FY 2017 benchmark report. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Human Resources Information System Replacement Study (Automation Projects Fund).

Ms. Rebecca Perrera, JLBC Staff, stated that pursuant to A.R.S. § 41-714, the Committee is required to review ADOA's expenditure plan for the APF prior to expenditure. ADOA requested that the Committee review \$500,000 in proposed FY 2018 expenditures from the APF for a feasibility study to replace the State's Human Resource Information System (HRIS). The JLBC Staff provided options and potential provisions.

Senator Lesko moved that the Committee give a favorable review of \$500,000 in proposed FY 2018 expenditures from the APF for a feasibility study to replace the state's HRIS with the following provisions:

- A. *ADOA shall report to the Committee within 10 days of awarding the contract for the study on: 1) the number of respondents solicited for a bid by the department, 2) the number of bids submitted along with the dollar value for each, and 3) the justification for selecting the winning bidder.*
- B. *ADOA shall report to the Committee by February 28, 2018 on the outcome of the study including the expected project costs, timeline, deliverables, and proposed funding sources.*

The motion carried.

EXECUTIVE SESSION

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of E-Procurement Project (Automation Projects Fund).

Pursuant to A.R.S. § 41-714, the Committee is required to review ADOA's expenditure plan for the Automation Projects Fund (APF) prior to expenditure. ADOA requested Committee review of \$8,700,000 in proposed FY 2018 expenditures for the replacement of the state's e-procurement system. The Committee met in Executive Session pursuant to House Rule 33F to hear testimony pursuant to A.R.S § 38-431A.

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

At 1:23 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:35 p.m. the Committee reconvened into open session.

Senator Lesko moved that the Committee give a favorable review to the \$8,700,000 in proposed FY 2018 expenditures for the replacement of the state's e-procurement system with the following provisions:

- A. *Committee review does not commit the Legislature to any additional funding above the currently appropriated \$9,000,000 to replace the e-procurement system.*
- B. *ADOA shall report on or before November 3, 2017 any project modifications required to keep the development costs within the \$9,000,000 available.*

(Continued)

- C. ADOA shall use its remaining \$8,700,000 to pay the e-procurement vendor. Any other use of the funding would require further JLBC review.
- D. ADOA shall provide the Committee by November 3, 2017: 1) a more detailed analysis of the derivation of ADOA's internal costs for the project and 2) options for funding these costs.
- E. ADOA shall submit monthly reports beginning November 1, 2017 to the JLBC Staff with detailed project expenditures, cost projections, and progress in meeting the projects timeline and deliverables.
- F. Should the final costs exceed the estimated costs by 10% or more, or should there be significant changes to the proposed technology, scope of work or implementation schedule, the ADOA must amend the Project Investment Justification (PIJ) to reflect the changes and submit it to ADOA-ASET for review and approval prior to further expenditure of funds.

Representative Allen made a substitute motion that the item be removed from the agenda.

Representative Shooter made a substitute motion to the Allen motion that the item stay on the agenda and that the Committee has heard the item. The Shooter substitute motion failed by a roll call vote of 6-9-0-1. (Attachment 2)

Representative Allen withdrew his substitute motion.

Representative Shooter made a motion (the same as the original Lesko motion) that the Committee give a favorable review with provisions outlined above. The substitute motion failed by a roll call vote of 6-8-0-2. (Attachment 2)

The Committee failed to pass a motion to give Item 7A a favorable review.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Criminal Justice Information System Replacement (Automation Projects Fund).

Mr. Geoffrey Paulsen, JLBC Staff, stated that pursuant to A.R.S. § 41-714, the Committee is required to review ADOA's expenditure plans for the APF prior to expenditure. ADOA/DPS requested that the Committee review \$2,343,000 in proposed FY 2018 expenditures from the APF for upgrades to the Criminal Justice Information System. The JLBC Staff provided options and potential provisions.

Mr. Phil Case, Budget Director, DPS, responded to member questions.

Senator Lesko moved that the Committee give a favorable review to the proposed expenditure plan with the following provisions:

- A. A favorable review does not constitute endorsement of General Fund appropriations to pay for future development costs or operating costs.
- B. DPS shall report to the Committee by September 29, 2017 on 1) the number of respondents solicited for a bid on the message switch contract by the department, 2) the number of bids submitted along with the dollar value for each, and 3) the justification for selecting the winning vendor.

The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF CHILD SAFETY (DCS) - Review of CHILDS (Automation Projects Fund).

Mr. Patrick Moran, JLBC Staff, stated that A.R.S. § 41-714 requires Joint Legislative Budget Committee review prior to any monies being expended from ADOA's Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. ADOA/DCS requested Committee review of \$13,884,400 to implement technical integration, the system platform, the mobile solution and other components of the project. The JLBC Staff provided options and a potential provision.

Mr. Robert P. Navarro, Assistant Director of Budget and Finance, DCS, responded to member questions.

Senator Lesko moved that the Committee give a favorable review of \$7,600,000 in APF expenditures for the CHILDS replacement project in FY 2018, with the following provision:

- A. *DCS shall report to the JLBC Chairman if the cost for any project component changes by more than \$500,000 in total funds in FY 2018. The Chairman would then determine whether any such changes require review by the full Committee.*

The motion carried.

The remaining \$6,284,400 from the FY 2018 appropriation would be reviewed by the Committee at a future meeting once ADOA/DCS have finalized contract awards for technical integration and document management.

ARIZONA BOARD OF REGENTS (ABOR) - Review of FY 2018 Tuition Revenues.

Mr. Matt Beienburg, JLBC Staff, stated that pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Joint Legislative Budget Committee is required to review the expenditure plan of ABOR for tuition revenue amounts greater than the amounts appropriated by the Legislature, and all non-appropriated tuition and fee revenue expenditures for the current fiscal year. The JLBC Staff provided options.

Mr. Kody Kelleher, Assistant Vice President, Governmental Affairs, ABOR, responded to member questions.

Representative Shooter moved that the Committee give a favorable review of ABOR's FY 2018 plan. The motion carried.

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

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

At 3:30 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 4:39 p.m. the Committee reconvened into open session.


Senator Lesko moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the cases of:

- *Caughlin, et al. v. State of Arizona*
- *Chevalier v. State of Arizona, et al.*
- *Curtis v. State of Arizona, et al.*
- *Grimmius, et al. v. Banner UMC, et al.*


The motion carried.

Without objection, the meeting adjourned at 4:40 p.m.


Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



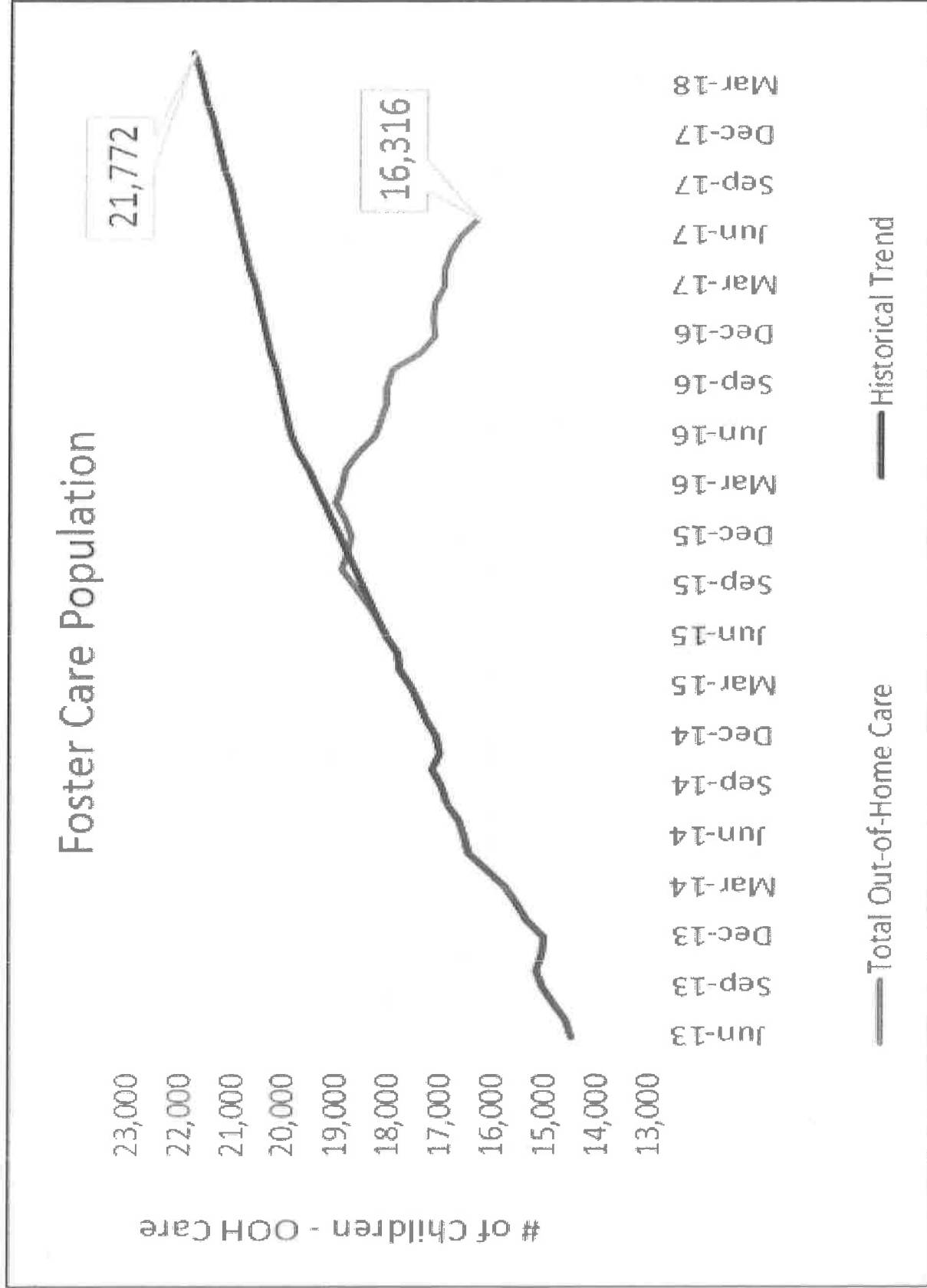
Representative Don Shooter, Chairman



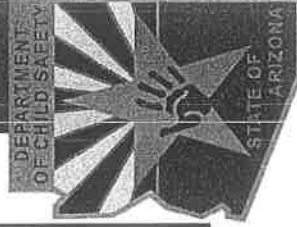
Department of Child Safety

Data charts as of week beginning 9.18.17

Out-of-Home Care Projection

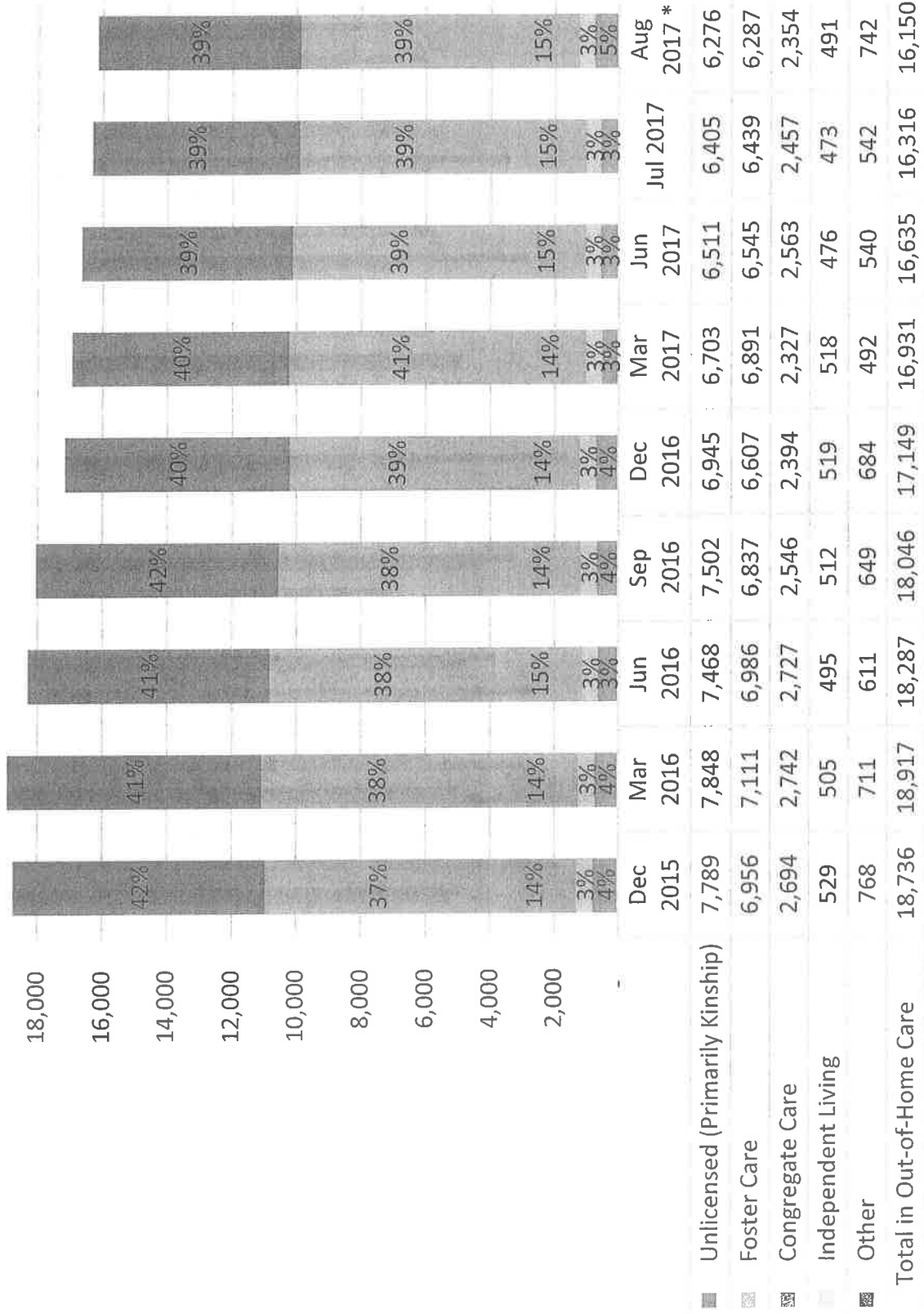


NOTE: Current OOH population reflects July 2017 data
 Data Source: DCS Monthly Out-of-Home Care Report, 9.18.17



Children in Out-of-Home Care

Children in Out-of-Home Care by Placement Type

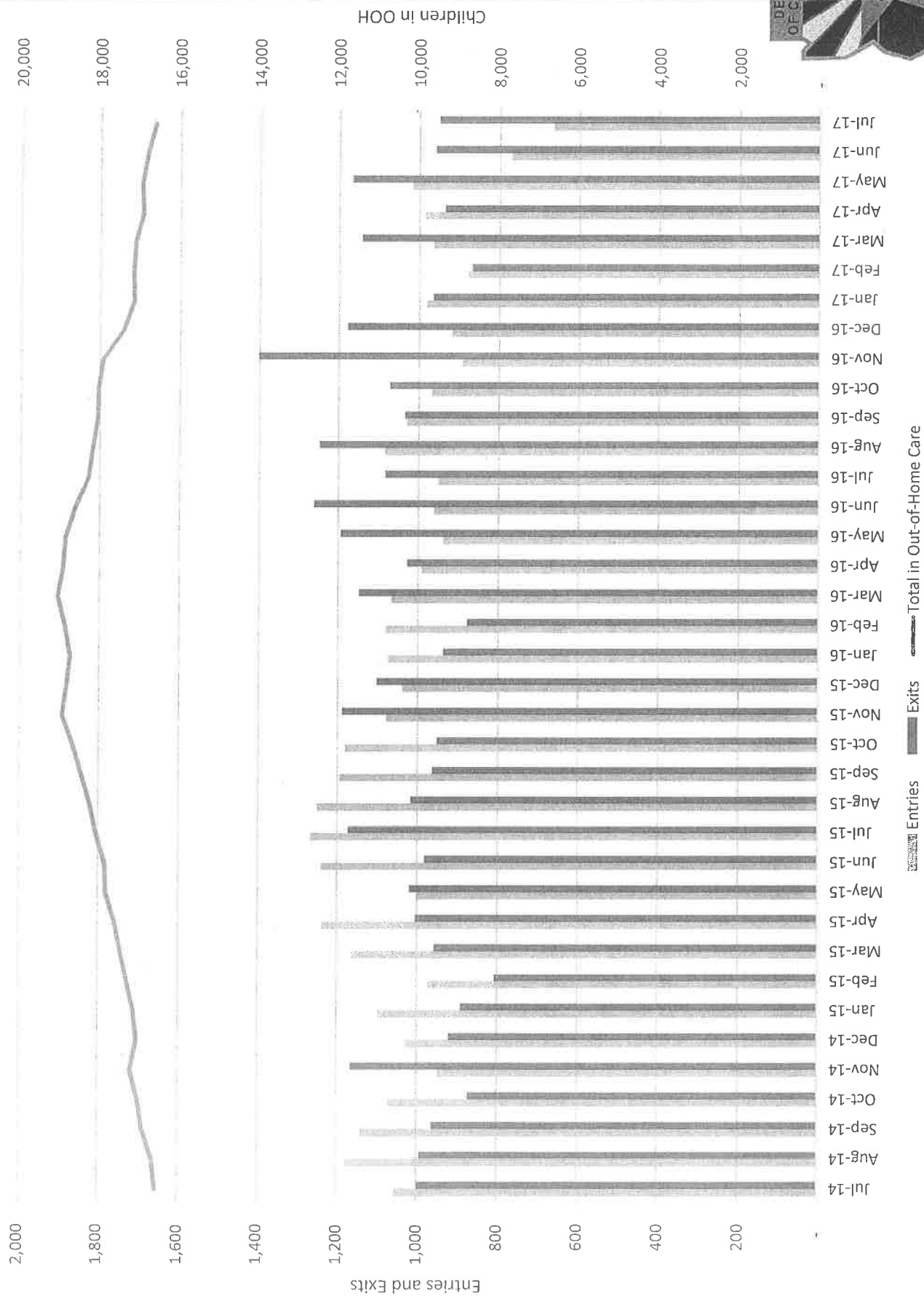


NOTE: August 2017 data is preliminary

Data Source: DCS Monthly Out-of-Home Care Report, 9.18.17

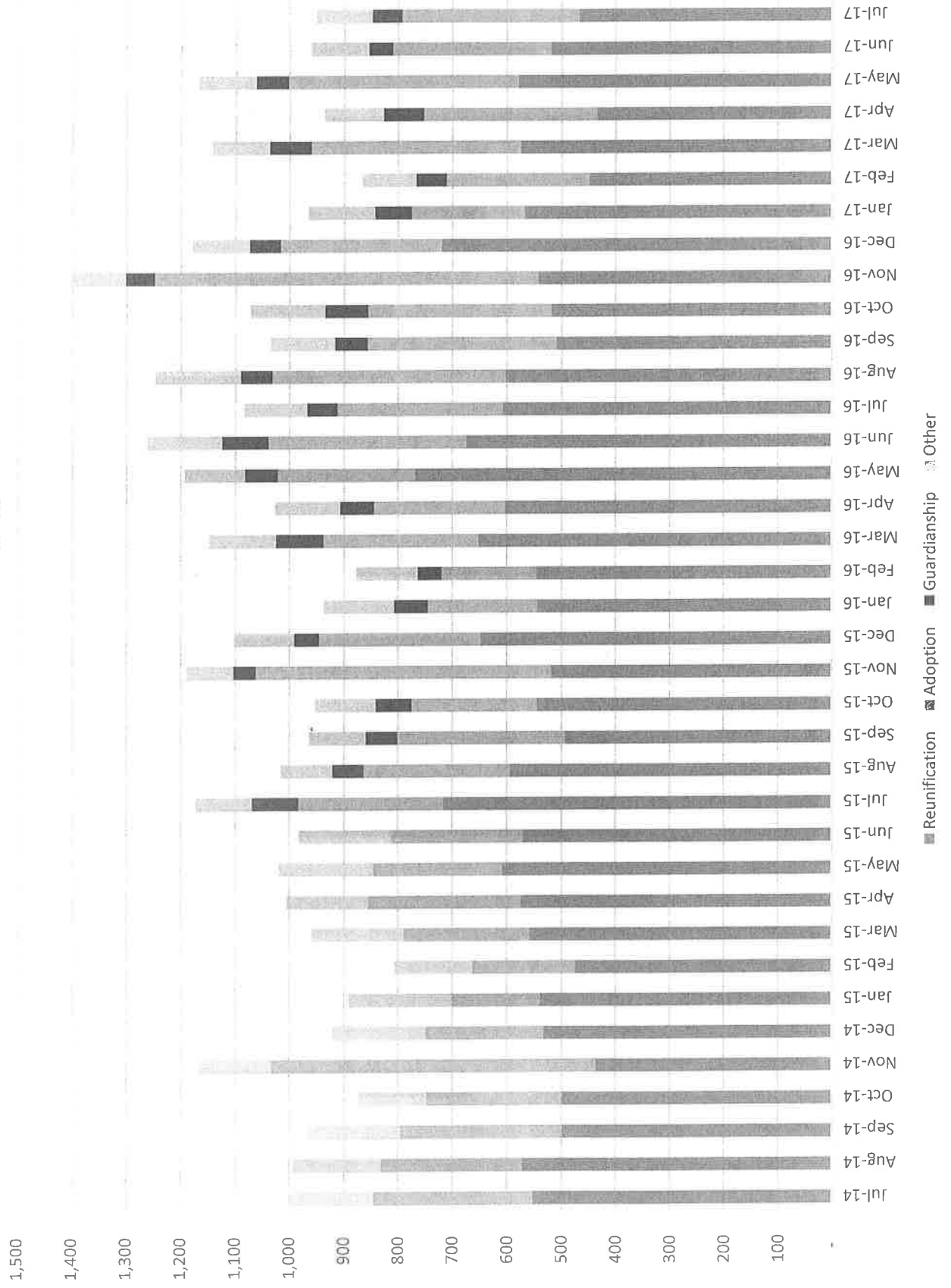


Entries and Exits



Data Source: Removals & Returns Dashboard, 9.18.17.

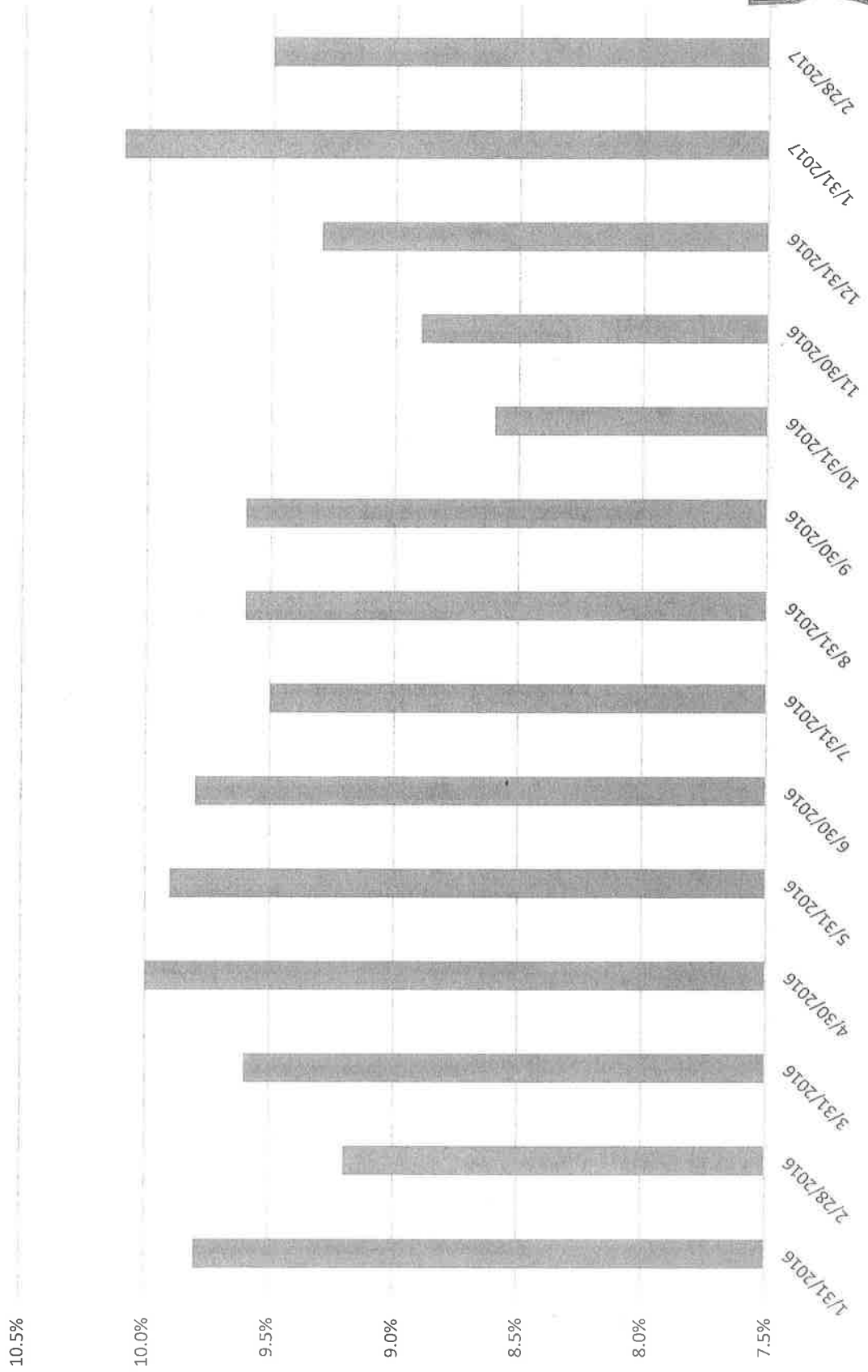
Exits by Type



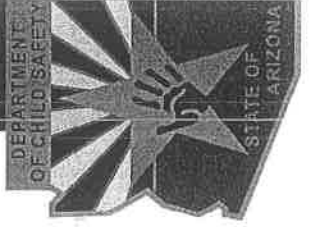
Data Source: DCS Tableau Dashboard, Removals and Exits, 9.18.17.

Re-entry within 6 months of Exiting Care

Children who exited care 6 months ago this month,
what % reentered care in the last 6 months

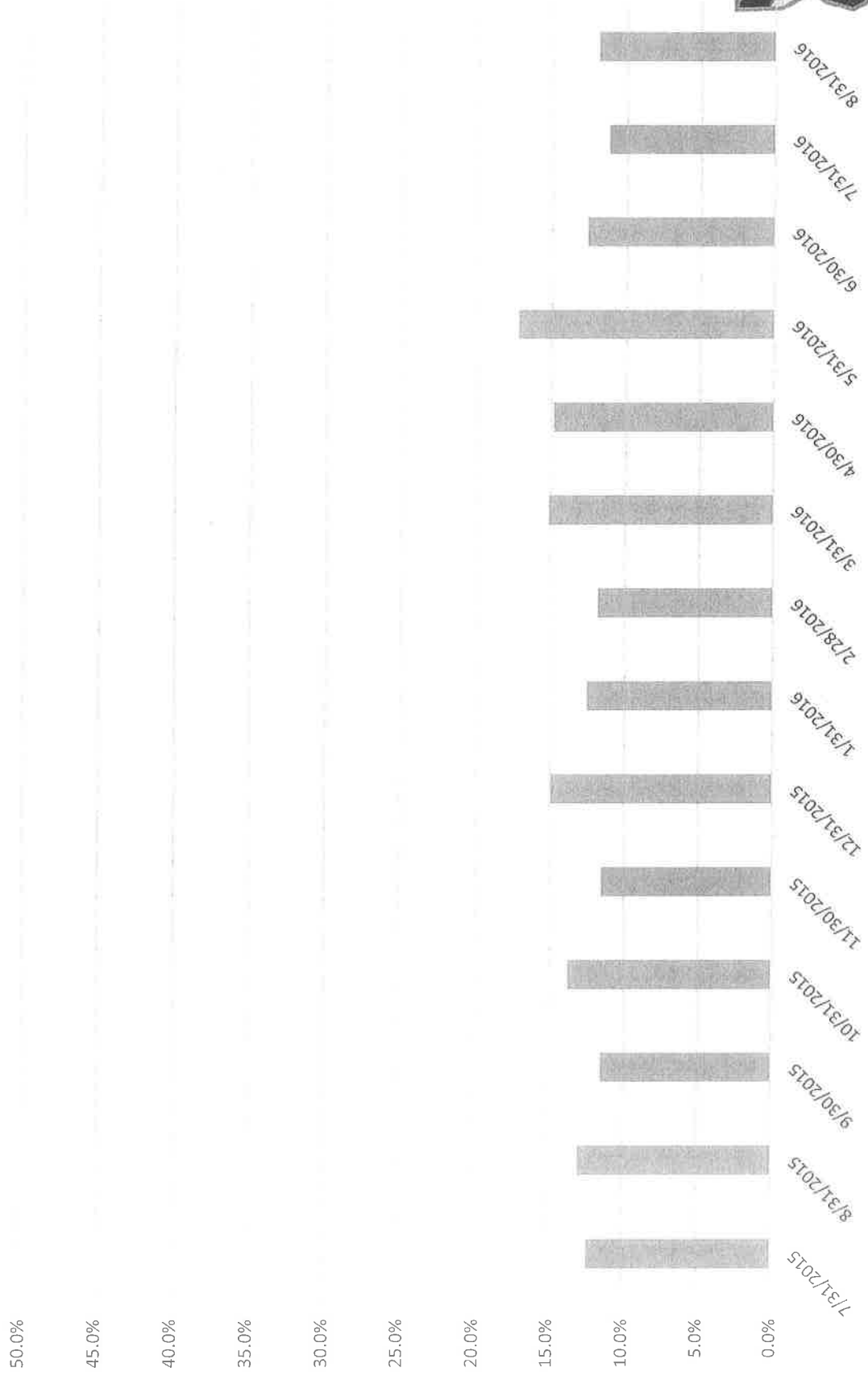


NOTE: Rolling 6 month average
Data Source: DCS Einstein, 9.13.17



Re-report within 12 months of Exiting Care

Children who exited care 1 year ago this month,
what % had a re-report of abuse or neglect in the last 12 months



JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: 9/19/17

ITEM # 7a *substitute motion*

ITEM # 7a *favorable review*

	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT
REP. ALLEN	/				/					/		
REP. ALSTON	/				/					/		
REP. BOWERS		/										/
SEN. CAJERO BEDFORD	/			/				/				
SEN. FARLEY	/				/			/				
SEN. FARNSWORTH	/			/				/				
REP. FERNANDEZ	/				/					/		
SEN. HOBBS	/				/					/		
SEN. KAVANAGH	/			/				/				
REP. LEACH	/				/					/		
REP. LIVINGSTON	/				/					/		
SEN. PETERSEN	/			/								/
REP. UGENTI-RITA	/				/				/			
SEN. YEE	/			/					/			
REP. SHOOTER	/				/							
SEN. LESKO	/			/						/		
TOTALS	15	1		6	9		0		6	8	0	2