

STATE OF ARIZONA

Joint Legislative Budget Committee

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

September 20, 2007

The Chairman called the meeting to order at 9:40 a.m., Thursday, September 20, 2007, in House Hearing Room 4. The following were present:

Members:	Representative Pearce, Chairman	Senator Burns, Vice-Chairman
	Representative Biggs	Senator Aguirre
	Representative Boone	Senator Flake
	Representative Cajero Bedford	Senator Harper
	Representative Lopez	Senator Verschoor
	Representative Rios	Senator Waring
	Representative Yarbrough	

Absent:	Representative Adams	Senator Aboud
		Senator Garcia

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of August 16, 2007, Chairman Pearce stated that the minutes would be adopted.

DIRECTORS REPORT

Mr. Richard Stavneak, Director of the Joint Legislative Budget Committee (JLBC), stated that at the August 16, 2007 meeting, the Committee gave a favorable review to 44 out of the 73 positions requested by the Department of Health Services (DHS) with a request that additional information be given by DHS on the remaining 29 requested positions. DHS has since stated that they will be hiring only the appropriated amount of 44 FTE Positions in FY 2008.

DEPARTMENT OF EDUCATION (ADE) - Review of Research Based Models of Structured English Immersion for English Language Learners.

Mr. Steve Schimpp, JLBC Staff, stated that the Review of Research Based Models of Structured Immersion for English Language Learners Task Force was on the agenda for the July 19, 2007 meeting.

Discussion ensued on this item.

Mr. Alan McGuire, ELL Task Force Chairman, responded to member questions.

Senator Burns moved that the Committee give a favorable review to the proposed Structure English Immersion models with 2 conditions:

- 1) The review is limited to compliance with HB 2064 and does not extend to the issue of funding, which is an issue to be addressed by the full legislature.
- 2) The models will be implemented in a manner that is consistent with requirements of Proposition 203 from the November 2000 General Election.

Senator Aguirre moved a substitute motion to not approve recommendation from the Committee. The substitute motion failed.

The original motion carried.

DEPARTMENT OF EDUCATION (ADE) - Review of Draft Request for Proposals for eLearning Pilot Program.

Mr. Steve Schimpp, JLBC Staff, stated that Laws 2006, Chapter 375 established a pilot program to provide mathematics instruction to pupils in Grades 6 through 9 through a digital curriculum. Pursuant to Laws 2007, Chapter 264 (Section 12), the Department of Education (ADE) and eLearning Task Force have submitted for "review and comment" the preliminary Request for Proposals (RFP).

Kathy Poplin, Chair of eLearning Task Force and Deputy Associate Superintendent for Educational Technology for ADE, responded to member questions.

Discussion ensued on this item.

Senator Burns moved that the Committee give a favorable review to the preliminary RFP for the eLearning pilot program. The draft RFP conforms with requirements stipulated in Laws 2006, Chapter 375. The motion carried.

ARIZONA BOARD OF REGENTS (ABOR) – Review of FY 2008 Tuition Revenues.

Ms. Amy Strauss, JLBC Staff, stated that the Arizona Board of Regents is requesting a favorable review from the Committee for their expenditure plan for tuition revenue amounts greater than the amounts appropriated by the Legislature and all locally retained tuition and fee revenue expenditures for the current fiscal year.

Discussion ensued on this item.

Ms. Christine Thompson, Assistant Executive Director for Governor Affairs, Arizona Board of Regents responded to member questions.

Ms. Lisa Price, Associate Vice President for Planning and Budget, Arizona State University, responded to member questions.

The Committee deferred the review to a future meeting. The Committee requested information on the following from the Arizona Board of Regents (ABOR):

- 1) Overview of need-based and merit-based financial aid system, including detail on the core components of the Free Application for Federal Student Aid (FAFSA).
- 2) The amount of tuition, books, living expenses that are defrayed by financial aid.
- 3) The rationale for setting tuition, specifically in light of increased tuition collections.
- 4) Retention rates for students receiving financial aid.
- 5) Amount and percentage of financial aid that is federal work study.

ARIZONA DEPARTMENT OF TRANSPORTATION – Review of Third Party Progress Report.

Mr. Bob Hull, JLBC Staff, stated that a General Appropriation Act footnote requires the Joint Legislative Budget Committee to review quarterly progress reports submitted by the Arizona Department of Transportation (ADOT) regarding their progress in increasing third party transactions, the status of third party quality assurance staffing, workload, backlog, the number of existing third parties, and the moratorium on accepting new third parties.

Senator Burns moved that the Committee give a favorable review of the Third Party Progress Report for ADOT. The motion carried.

DEPARTMENT OF ECONOMIC SECURITY

A. Review of Long Term Care Capitation Rate Changes.

Mr. Jay Chilton, JLBC Staff, stated that a footnote in the FY 2008 General Appropriation Act requires JLBC to review the expenditure plan for proposed capitation rate adjustments in the federal Title XIX Long Term Care (LTC) program. Capitation rates are a fixed amount paid for every person in the Developmentally Disabled Long Term Care Program. At the estimated caseload amount, the proposed capitation rate exceeds the budgeted amount by between \$2.4 million and \$4.4 million General Fund.

The Chairman requested a plan from the agency as to how it intends to rectify the overage.

Senator Burns moved that the Committee give a favorable review of DES' capitation rate changes with the provision that the favorable review does not constitute an endorsement of a supplemental request. The motion carried.

B. Review of Expenditure Plan for Adoption Services – Family Preservation Projects.

Mr. Jay Chilton, JLBC Staff, stated that a footnote in the FY 2008 General Appropriation Act requires the Joint Legislative Budget Committee to review an expenditure plan by the Department of Economic Security (DES) based on the recommendations of the Joint Legislative Committee on Adoption Promotion (JLCAP) for the \$1,000,000 appropriation to the Adoption Subsidy – Family Preservation Projects line item.

A previously reviewed expenditure plan had exceeded the appropriated amount by about \$800,000. As of the meeting, DES had not submitted a revised expenditure plan to the Committee.

Discussion ensued on this item.

Ms. Mary Gill, Deputy Director of DES, responded to member questions and agreed to give staff a revised expenditure plan.

Senator Burns moved that the Committee give a favorable review of the DES expenditure plan contingent upon submittal to JLBC Staff and provided it is within legislative intent. The motion carried.

Without objection, the meeting adjourned at 11:00 a.m.

Respectfully submitted:

Sandy Schumacher, Secretary

Richard Stavneak, Director

Representative Russell Pearce, Chairman