



STATE OF ARIZONA

# Joint Legislative Budget Committee

STATE  
SENATE

DON SHOOTER  
CHAIRMAN 2014  
OLIVIA CAJERO BEDFORD  
GAIL GRIFFIN  
JOHN McCOMISH  
AL MELVIN  
LYNNE PANCAZI  
ANNA TOVAR  
STEVEN B. YARBROUGH

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF  
REPRESENTATIVES

JOHN KAVANAGH  
CHAIRMAN 2013  
LELA ALSTON  
DAVID GOWAN, SR.  
ADAM KWASMAN  
DEBBIE LESKO  
STEFANIE MACH  
JUSTIN OLSON  
MICHELLE UGENTI

## MINUTES OF THE MEETING

### JOINT LEGISLATIVE BUDGET COMMITTEE

October 29, 2013

The Chairman called the meeting to order at 1:02 p.m., Tuesday, October 29, 2013, in House Hearing Room 4. The following were present:

Members:	Representative Kavanagh, Chairman	Senator Shooter, Vice-Chairman
	Representative Alston	Senator Cajero Bedford
	Representative Kwasman	Senator McComish
	Representative Lesko	Senator Melvin
	Representative Mach	Senator Pancrazi
	Representative Olson	Senator Tovar
	Representative Ugenti	Senator Yarbrough

Absent:	Representative Gowan	Senator Griffin
---------	----------------------	-----------------

#### APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of August 20, 2013, Chairman John Kavanagh stated that the minutes would stand approved.

#### ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Automation Projects Fund.

##### A. ADOA - Review of ASET Projects.

Mr. Ben Henderson, JLBC Staff, stated that this item is for review of a \$3.5 million expenditure plan from the Automation Projects Fund for information technology (IT) projects for the Arizona Strategic Enterprise Technology (ASET) Office in ADOA. The JLBC Staff presented options to the Committee.

Mr. Aaron Sandeen, Deputy Director, Arizona Department of Administration responded to member questions.

*Senator Shooter moved that the Committee give a favorable review of \$3.5 million in FY 2014 expenditures from the Automation Projects Fund for information technology (IT) projects for the Arizona Strategic Enterprise Technology (ASET) Office in ADOA, with the following provisions:*

(Continued)

1. *Should there be significant changes in the proposed costs, technology approach, scope of work, or implementation schedule, as a result of the evaluation and selection process, the Security, Privacy, and Risk (SPR) team within ADOA-ASET must amend the Project Investment Justification (PIJ) to reflect the changes and submit the updated PIJ to the ADOA-ASET Strategic Oversight team for review, and approval as necessary.*
2. *The Committee requested that ADOA provide an update to members on the membership of the Information Technology Authorization Committee (ITAC) including their plans to fill existing vacancies.*

The motion carried.

### **B. ADOA/DOR - Review of DOR Information Technology Projects.**

Mr. Eric Billings, JLBC Staff, stated that this item is for review of \$6.6 million in proposed FY 2014 expenditures from the Automation Projects Fund for IT projects at the Arizona Department of Revenue (DOR). The JLBC Staff presented options to the Committee.

*Senator Shooter moved that the Committee give a favorable review of \$6.6 million in FY 2014 expenditures from the Automation Projects Fund for IT projects at the Arizona Department of Revenue, with the following provisions:*

1. *DOR and ADOA-ASET Information Security group agree to work together towards a common goal of updating the Department of Revenue security profile. The ADOA-ASET Information Security group will provide resources to DOR to support their efforts during this project.*
2. *ADOA-ASET is to report back to JLBC Staff regarding their findings relating to the DOR security profile by March 31, 2013.*

The motion carried.

### **3. ADOA/DEQ - Review of Department of Environmental Quality Phase 1**

Ms. Micaela Larkin, JLBC Staff, stated that this item is for review of \$5.0 million in proposed FY 2014 expenditures from the Automation Projects Fund for Phase 1 of the development of a web portal for the Department of Environmental Quality (DEQ). The JLBC Staff presented options to the Committee.

*Senator Shooter moved that the Committee give a favorable review of \$5.0 million in proposed FY 2014 expenditures from the Automation Projects Fund for Phase 1 of the development of a web portal for the DEQ, with the following provisions:*

1. *DEQ will demonstrate project progress to ADOA-ASET, on a continual base through the following items:*
  - *DEQ will produce a key accomplishments plan for the life of the project and report on any achievement of key accomplishment during predefined reporting periods not to exceed 2 months.*
  - *DEQ shall make initial monthly projections of expenditures for the entire fiscal year. DEQ shall report the projections and the actual expenditures for each month, on a monthly basis, to the ASET Division.*
2. *Additional funding beyond FY 2014 is contingent upon an independent third party review addressing the feasibility of the entire project's design and estimated costs. ADOA and DEQ would collaborate*

(Continued)

*to determine the most appropriate mechanism to conduct the third party review. ADOA shall notify JLBC Staff by November 29, 2013 as to their recommended process for the review. Any third party review findings shall be provided to the JLBC by February 28, 2014.*

The motion carried.

#### **4. ADOA/ADE - Review of Arizona Education Learning and Accountability System**

Mr. Ben Henderson, JLBC Staff, stated that this item is for review of \$3.7 million in proposed FY 2014 expenditures from the Automation Projects Fund for 3 projects related to the development of the Arizona Education Learning and Accountability System (AELAS) at the Arizona Department of Education (ADE). The JLBC Staff presented options to the Committee.

*Senator Shooter moved that the Committee give a favorable review of \$3.7 million in proposed FY 2014 expenditures from the Automation Projects Fund for 3 projects related to the development of AELAS at ADE with the following provisions:*

##### Student Longitudinal Data System (SLDS) - AZ Education Data-driven Decision System (AzED<sup>3</sup>S)

- 1. ADE must establish a mechanism to ensure that a PIJ is submitted for review, and approved by the ASET office within ADOA, and ITAC as required, prior to any and all expenditures in the amount of \$25,000 or more, on IT or telecommunications-related hardware, software, or services, in accordance with A.R.S. § 41-3504 and A.R.S. § 41-3521.*
- 2. Given the significant investment that has already been made in the technology approach, ADE may continue to build upon the web-based reporting framework and dashboards that have been piloted with 11 Local Education Agencies (LEAs). Prior to deployment beyond the pilot group, further collaboration and approval by ASET will be required to ensure that the web-based initiative will comply with proposed statewide standards.*
- 3. As part of the overall acceptance testing, ADE shall conduct a vulnerability assessment to verify that the proposed web-based components have been configured securely, in compliance with statewide security policies and standards, and in accordance with industry best practices. Based on the results of that assessment, ADE may be required to address identified security and/or privacy flaws prior to statewide deployment, and/or to establish a verifiable remediation plan for less serious issues noted during the security testing/evaluation process.*
- 4. Given the assigned Project Manager is not State of Arizona certified, ADOA will provide additional project oversight to ensure that ASET-specific requirements for ITAC approved projects are met.*

##### AELAS - Student Information System (SIS) Opt In

- 5. ADE may proceed to issue a Request for Proposal (RFP) for a vendor-hosted commercial off-the-shelf (COTS) Student Information System (SIS). However, ADE may not award a contract or expend funds until a full PIJ is submitted reflecting the results of the solicitation, including any change in proposed costs, technology approach, scope of work, or implementation schedule, and ASET has reviewed and approved the full and final PIJ.*
- 6. An operational funding source must be identified, and review and approval of the full PIJ by ITAC, in Executive Session if applicable, may be required prior to award.*

##### AELAS - Security Access

- 7. ADE may proceed with the design, development and implementation of the proposed solution, however should there be significant differences in the scope of work, costs, implementation schedule, or proposed technology, ADE must amend the PIJ to reflect the changes and submit it to ASET for review and approval prior to further expenditure of funds.*

##### General

- 8. ADOA update the status of its recommended ITAC/ASET provisions as parts of its quarterly Automated Project Fund Report.*

The motion carried.

(Continued)

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

Mr. Eric Billings, JLBC Staff, stated that this item is for review of the Department of Public Safety's (DPS) entire FY 2014 expenditure plan for the GIITEM Fund Border Security and Law Enforcement Subaccount prior to expenditure. The JLBC Staff presented options to the Committee.

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

Colonel Timothy Chung, DPS, responded to member questions.

*Senator Shooter moved that the Committee give a favorable review to the DPS proposal. The motion carried.*

**AHCCCS/DEPARTMENT OF HEALTH SERVICES/DEPARTMENT OF ECONOMIC SECURITY - Review of Proposed Capitation Rate Changes.**

Ms. Amy Upston, JLBC Staff, stated that this item is to review the Arizona Health Care Cost Containment System (AHCCCS), Department of Health Services and Department of Economic Security capitation rate changes prior to implementation. The JLBC Staff presented options to the Committee.

Ms. Shelli Silver, Assistant Director, Division of Health Care Management, AHCCCS, responded to member questions.

*Senator Shooter moved that the Committee give a favorable review to the proposed capitation rate changes. The motion carried.*

**AUTOMOBILE THEFT AUTHORITY - Review of the Proposed Expenditures from the Reimbursable Programs Special Line Item.**

Mr. Eric Billings, JLBC Staff, stated that this item is for review of a report outlining any proposed expenditures from the Reimbursable Programs Special Line Item submitted by the Automobile Theft Authority (ATA). The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review of ATA's proposal to expend \$10,000, donated by the National Insurance Crime Bureau, in FY 2014 to support the Arizona Vehicle Theft Task Force in an ongoing investigation. The motion carried.*

**JLBC STAFF - Review of Agency Legal Services Charges.**

Mr. Matt Gress, JLBC Staff, stated that this item is for review of agency funding sources for the Attorney General (AG) legal services charges for general agency counsel.

*Senator Shooter moved that the Committee give a favorable review of the fund source reports for the AG legal services charges. The motion carried.*

**ARIZONA DEPARTMENT OF ADMINISTRATION - Review of the Arizona Public Safety Communication Advisory Commission.**

Mr. Ben Henderson, JLBC Staff, stated that this item is to review the Arizona Department of Administration's (ADOA) FY 2013 annual report of expenditures and progress for the Arizona Public Safety Communication Advisory Commission statewide interoperability design project.

Mr. Justin Turner, Statewide Interoperability Coordinator, ADOA, responded to member questions.

*Senator Shooter moved that the Committee give a favorable review of the commission's FY 2013 annual report for the statewide interoperability design project, with the following provisions:*

- 1. By March 28, 2014, ADOA provide the Committee for its review, an update on the status of the \$3.0 million grant from the State and Local Implementation Grant program associated with the National Public Safety Broadband Network Initiative.*
- 2. ADOA submit quarterly reports to the JLBC Staff on the progress of the State and Local Implementation Grant program.*

The motion carried.

**EXECUTIVE SESSION**

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

At 1:56 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 2:48 p.m. the Committee reconvened into open session.

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

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

- Haynes v. University of Arizona*
- White/Pierce v. State of Arizona*

The motion carried.

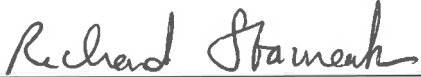
**B. Arizona Department of Administration - Risk Management Annual Report**


This item was for information only and no Committee action was required.

Without objection, the meeting adjourned at 2:56 p.m.

Respectfully submitted:

  
\_\_\_\_\_  
Kristy Paddock, 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>.