

JLBC Meeting

At its February 2, 2010 meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration, and Judiciary – Review of Requested Exchange of Fund Transfers – The Committee gave favorable reviews of the requests to exchange fund transfers for the Arizona Department of Administration and Judiciary. The Arizona Department of Administration requested that \$738,700 be transferred from the Motor Vehicle Pool Revolving Fund rather than the Special Services Revolving Fund and the State Surplus Materials Revolving Fund. The Judiciary requested that \$110,300 be transferred from the Criminal Justice Enhancement Fund rather than the Grants and Special Revenues Fund.

Arizona Department of Administration (ADOA) – Review of Emergency Telecommunication Services – The Committee gave a favorable review of the expenditure plan for the Emergency Telecommunications Services Revolving Fund (ETSF). ADOA expects to distribute \$9.2 million as the wireless portion of the ETSF in FY 2010.

Arizona Health Care Cost Containment System (AHCCCS) – Review of Proposed Acute Care and Long Term Care (ALTCS) Capitation Rate Changes – The Committee gave a favorable review of the capitation and fee-for-service inflationary rate changes. The proposed rates would cost \$(16.6) million less from the General Fund than budgeted in FY 2010, assuming budgeted caseloads.

Attorney General – Review of Allocation of Settlement Monies – The Committee gave favorable reviews of the AG's allocation plans for the \$1,650,000 that the AG will receive from 4 settlements related to enforcement of consumer protection and consumer fraud statutes, and as a result of antitrust enforcement. The amounts to be deposited into the Consumer Protection-Consumer Fraud Revolving Fund are: \$810,000 from several pharmaceutical companies, \$300,000 from Merck & Co. Inc, and \$140,000 from Amir and Sanchez Nutraceuticals, LLC. The amount of \$84,000 will be deposited into the Antitrust Enforcement Revolving Fund from Abbott Laboratories. The amount of \$20,000 will be for consumer restitution from Amir and Sanchez Nutraceuticals, LLC.

Department of Economic Security – Review of Long Term Care Capitation Rate Changes - The Committee gave a favorable review of the DES expenditure plan for proposed capitation rate adjustments in the federal Title XIX Developmental Disabilities Long Term Care program. The proposed capitation adjustments reflect decreases for most components, including a 10%

reduction to Home and Community Based Services provider rates for an estimated General Fund savings of \$6,615,100 in FY 2010.

Department of Environmental Quality – Review of Water Quality Permit Processing Times - The Committee gave a favorable review of DEQ's report on water quality permit processing times for FY 2009 and projected totals for FY 2010. Although the average processing time for all permit categories met the licensing deadlines, DEQ exceeded the deadline for at least 1 permit in 2 categories in FY 2009. In FY 2010, DEQ projects that the average time for all types of permits will be within the specified permit processing timeframe.

Government Information Technology Agency – Quarterly Review of the Arizona Public Safety Communication Advisory Commission – The Committee gave a favorable review of GITA's report of FY 2010 first quarter expenditures and progress report for the statewide interoperability design project. First quarter expenditures totaled \$177,400 of \$3,018,700 in FY 2010 appropriated funding. Activities in the first quarter of FY 2010 included implementation of the Arizona Interagency Radio System in 14 of 15 counties and revision of the Statewide Communications Interoperability Plan.

Department of Health Services – Review of Requested Transfer of Appropriations – The Committee gave a favorable review of DHS's request for multiple fund transfers in order to receive federal matching monies and to efficiently use its resources. DHS would transfer \$332,800 in General Fund monies from programmatic SLIs to the Breast and Cervical Cancer and Bone Density Screening SLI in order to receive enhanced federal matching monies. DHS would also transfer \$900,000 in Tobacco Tax and Health Care Fund Medically Needy Account monies from the Community Health Centers SLI to the Seriously Mentally Ill Non-Title XIX SLI. In addition to the proposed General Fund shift to agency operations, this would eliminate the \$1,881,400 total fund appropriation for Community Health Centers; however, the program would still receive \$11,600,000 in Fiscal Stabilization Fund monies provided under ARRA for FY 2010.

JLBC Staff – Consider Approval of Index for School Facilities Board Construction Costs – The Committee approved a 0% adjustment in the cost per square foot factors, based on an average of the changes in 2 measures of general inflation, the Consumer Price Index (CPI) and the Gross Domestic Product implicit price deflator (GDP deflator), in the last fiscal year. This adjustment would generate no change in new construction costs or the building renewal formula.

Arizona Board of Regents – Review of FY 2010 Tuition Revenues – The Committee gave a favorable review of the Arizona Board of Regents (ABOR) expenditure plan for \$56.4 million in tuition revenue above the FY 2010 appropriated amount and expenditure of the estimated \$429.3 million in retained tuition and fee revenue for the current fiscal year.

Department of Revenue – Review of Business Reengineering/Integrated Tax System Expenditure Plan – The Committee gave a favorable review of DOR's expenditure plan for internal operational support of implemented Business Reengineering/ Integrated Tax System (BRITS) through June 2010. The expenditure plan would allow DOR to hire up to 22 FTE Positions at an estimated total cost of \$2.3 million in FY 2010. Of this amount, \$2 million is from General Fund revenues and the remainder would be absorbed by DOR's operating budget.