

## JLBC MEETING

At the February 28<sup>th</sup> meeting, the Joint Legislative Budget Committee considered the following issues:

**Department of Corrections – Consider Approval of Requested Transfer of Appropriations** – The Committee approved the Department of Corrections' request of a General Fund transfer of \$9 million from Personal Services and \$3 million from Employee Related Expenditures to the Overtime/Compensatory Time Special Line Item (SLI). The Committee also favorably reviewed the General Fund transfer of \$18.4 million from the Private Prison Per Diem SLI to All Other Operating Expenditures to fund 2,064 provisional beds.

**Department of Administration – Review of Initial Telecommunications Contractor and Carrier Cost Rate Structure** – The Committee deferred action on initial contractor and carrier cost rate structures of the Statewide Telecommunications Management Contract until the Legislature finalizes its budget decisions. ADOA had sought Committee review of its rate structure, which would increase the state's overall telecommunications budget in FY 2007 by \$16.8 million (\$10 million General Fund).

**Department of Economic Security – Review of Options for Case Management Privatization in Child Protective Services** – The Committee gave a favorable review of DES' report on options for the privatization of portions of the case management duties in Child Protective Services (CPS), with the following provisions:

- DES establish a Public/Private Partnership Workgroup as recommended by the report to continue to explore options for privatization, including the identification of parameters for a pilot program, and report by the end of each calendar quarter to the Committee on the actions and discussions of the workgroup, beginning June 30, 2006.
- DES report back to the Committee on how it is addressing the issues identified in the report regarding current internal procurement and contract monitoring by June 30, 2006.
- DES identify the potential legal, financial and risk impacts of privatization, as recommended in the report, and report these to the Committee by June 30, 2006.

At its September 28, 2005 meeting, the Committee requested that DES and the Attorney General resolve a difference in the reporting of out-of-home placements and report their joint findings to the

Committee by December 31, 2005. Since the Committee had yet to receive a response by the February 28 meeting, the Committee also requested that the department provide an update. DES has since responded that the 2 offices are continuing to work on the issue and will report back to the Committee on their findings by May 2006.

**Attorney General – Review of Monies in Antitrust Enforcement Fund and the Allocation of Settlement Monies** – The JLBC gave a favorable review of the intended use of \$375,000 in Antitrust Enforcement Revolving Fund monies.

A footnote in the General Appropriation Act requires JLBC review of monies expended from the fund in excess of \$208,200. These monies are from a settlement agreement in the El Paso Natural Gas, Busprione and Cardizem antitrust litigation.

The Committee also gave a favorable review to the agency's allocation plan of \$170,000 from the Auto Connection settlement agreement. The settlement is a result of the AG's investigation into complaints by customers who paid for automobile service agreements but were denied services because Auto Zone had failed to forward these agreements to administering companies. Of the \$170,000 settlement, \$120,000 will provide restitution to eligible consumers, with \$50,000 deposited to the Consumer Fraud Revolving Fund to pay for attorney fees.

**Department of Public Safety – Quarterly Review of Arizona Public Safety Communications Advisory Commission** – The Committee received the Department of Public Safety's (DPS) quarterly report detailing FY 2006 second quarter expenditures and progress for the statewide interoperability design project. During the first quarter, the agency expended approximately \$109,900, with the majority spent on personal services costs and other operating expenditures. To date, the PSCC has filled 6 of 9 positions (2 telecommunication engineer positions and the technical writer position remain unfilled).

The report included information on the Arizona Emergency Radio System (AERS) and federal funds received for interoperability enhancements. With respect to federal funding, the Phoenix metropolitan area was one of 25 metropolitan areas to receive monies to expedite interoperable communication systems already underway. The United States Department of Justice, under the direction of Maricopa County public safety agencies, provided equipment (valued at \$565,000) including:

- Portable radios for large scale incidents which will be stored at 3 locations across the valley.
- Desktop radio control stations for public safety answering points.
- Replacement base stations and electronic equipment for 4 communications sites serving Maricopa County.

During the Committee's last review of this item, it requested information on the Department of Emergency and Military Affairs (DEMA) "short-term" interoperability solution, a program in which the PSCC is providing technical oversight and direction. As a result, the PSCC and DEMA have engineered a pilot project using AERS and anticipate deployment in Coconino County in late 2005.

**Arizona Department of Transportation – Review of Third Party Report** – The JLBC gave an unfavorable review to the Department of Transportation's quarterly progress report regarding increasing third party quality assurance staffing, workload, backlog and the moratorium on accepting new third parties because the results of the report were unsatisfactory. The waiting list of third party title and registration vendors increased from 40 in FY 2005 to 106 in FY 2006.

**Arizona Board of Regents – Review of Progress Report on Phoenix Medical School Campus and Report on Strategies to Prevent State Doctor Shortage** – The JLBC gave a favorable review of the Board of Regent's progress report on the Phoenix Medical Campus, with the provision that this review does not constitute endorsement of any level of General Fund appropriations for the Phoenix Medical Campus. The Committee previously included this provision with its original favorable review of the PMC plans. The report indicated the following:

- Through November 30, ABOR, UA, and ASU expended or encumbered a total of \$3.7 million for PMC and related projects.
- As of November 30, 2005, UA had hired 7 faculty or staff, while ASU had hired 13.
- The renovation of Phoenix Union High School is proceeding on schedule for completion in summer 2006.

The Committee also received information from ABOR on strategies to prevent doctor shortages in the state.

**Arizona Department of Education – Review of Full Day Kindergarten Research** – The JLBC reviewed a report from the Department of Education on existing research on Full Day Kindergarten instruction, but

made no designation as to a favorable or unfavorable review. Statute requires the JLBC to review the report prior to legislative consideration of additional funding for full day kindergarten. The report reviewed 13 academic studies on the effects of full day kindergarten. According to the report, ADE found that there are an insufficient number of well-designed research studies documenting the duration of full day kindergarten benefits beyond the 2<sup>nd</sup> grade and that further studies exploring the long term benefits of full day kindergarten are needed.