

JLBC MEETING

Attorney General – Review of Allocation of Settlement Monies – The Committee gave a favorable review to the allocation plan for \$410,000 received by the state from the Southwestern Furniture of Wisconsin consent judgment. The company does business as Ashley Furniture Homestore. They will pay about \$2,000 in restitution to consumers who were charged a restocking fee and will replace furniture or provide refunds totaling \$8,000 for consumers who received defective furniture. In addition, Ashley Furniture Homestore will pay the Attorney General (AG) \$400,000 for the costs of the investigation. In January 2008, the AG entered into a consent judgment with Ashley Furniture Homestore based on a large number of consumer complaints concerning very late or defective deliveries.

Attorney General – Review of Allocation of Settlement Monies – State v. Caremark – The Committee gave a favorable review to the AG's allocation plan for the \$659,000 that Arizona will receive as a result of the multi-state suit brought against Caremark, a pharmacy benefit manager. The suit alleged that Caremark falsely interchanged consumers' prescriptions without physician approval. The \$659,000 must be used by non-profit organizations to benefit lower-income, disabled, or elderly consumers concerning the cost differences among medications or for similar purposes. In addition, the AG will receive \$1 million for attorney's fees and investigative costs, consumer fraud education, and for investigations and enforcement of the Consumer Fraud Act.

Attorney General – Review of Uncollectible Debts – The Committee gave a favorable review to the AG's recommendation that \$9.1 million in state debts be classified as uncollectible. Of the \$9.1 million identified as uncollectible by the AG, 94% are classified as debt that was discharged in bankruptcy, settled, the debtor is a defunct corporation, or the debtor has no assets, wages, and/or a negative credit report. The remaining is classified as uncollectible because the AG was unable to locate the debtor or the cost of collection exceeds the amount of debt owed.

Department of Economic Security – Review of Requested Transfer of Appropriations – The Committee gave a favorable review to the

Department of Economic Security's (DES) request to transfer funds from the Day Care Subsidy Special Line Item (SLI) to the Temporary Assistance for Needy Families (TANF) Cash Benefits SLI. Under this request \$45.3 million in General Fund monies will be transferred in order to fulfill technical and federal requirements associated with the receipt of \$30 million in additional TANF funding.

DES currently receives \$226.6 million in TANF Block Grant funding from the federal government each year. These monies are spent for a variety of purposes. In FY 2008, DES applied for and received an additional \$30 million in money from the TANF Contingency Fund. These monies will be used to fund supplemental appropriations for Children Services, Adoption Services, Child Protective Services caseworkers, and eligibility workers in the Family Assistance Administration.

Department of Education – Review of Request to Transfer Surplus FY 2008 Basic State Aid Monies to Address Shortfalls in Other Programs – The Committee gave a favorable review to the department's proposal to transfer \$7.1 million in surplus FY 2008 Basic State Aid monies to the Additional State Aid program in order to address anticipated funding shortfalls.

The Additional State Aid program funds the "Homeowners' Rebate," which currently pays 37% of each homeowner's primary property taxes for schools and 100% of primary property taxes that exceed 1% of the taxable value of a home.

Arizona Pioneers' Home – Consider Approval of Requested Transfer of Appropriations – The Committee gave a favorable review to the agency's plan to transfer \$301,100 from the Personal Services Line and \$49,600 from the Prescription Drug Special Line Item to the Employee Related Expenditures (ERE) line in FY 2008. In FY 2008, ERE expenses such as state employee health insurance and other non-salary personnel costs are estimated at \$1.9 million as compared to the appropriated amount of \$1.6 million.

Department of Public Safety – Quarterly Review of the Arizona Public Safety Communication Advisory Commission – The Committee gave a favorable review to the FY 2008 second quarter expenditures and progress

report for the statewide interoperability design project. The interoperability design project was created to allow public safety personnel from one agency to communicate, via mobile radio, with personnel from other agencies in order to coordinate their actions in the event of an emergency. Second quarter expenditures totaled \$404,300 of approximately \$3.9 million in FY 2008 appropriated funding.