

JLBC MEETING

At its May 10, 2007 meeting, the Joint Legislative Budget Committee (JLBC) considered the following issues:

Attorney General – Review of Allocation of Settlement Monies – The Committee gave a favorable review of the allocation plan from the Budget Car and Truck Sales consent agreement. The consent judgment is a result of allegations that Budget deceptively advertised used vehicles. The AG's office stands to gain \$125,000, specifically for attorney costs and fees associated with the case. The money will be deposited into the Consumer Fraud Revolving Fund.

Attorney General – Review of Intended Use of Monies in the Antitrust Enforcement Revolving Fund – The Committee gave a favorable review of the expenditure of \$318,000 in Antitrust Enforcement Revolving Fund monies. A footnote in the FY 2007 budget requires review of expenditures in excess of \$232,400 from this fund. The fund has a sufficient balance to support the expenditures on personnel and operating expenses, which are consistent with statute.

Department of Commerce – Review of First Quarterly Expenditure Report for the Arizona 21st Century Competitive Initiative Fund – The Committee gave a favorable review of the transfer of \$1 million from the \$5 million allocation for assistance in obtaining federal research grants to education (\$500,000) and research and development (\$500,000) programs. The Committee also favorably reviewed the first quarterly expenditure report.

Additionally, the Committee requested that Science Foundation Arizona (SFAz) track the number of awards per investment program that result in commercial products, track the amount of licensing and royalty revenue earned by grant recipients, and provide a breakdown of dollars leveraged from other sources. These items are to be provided when submitting results for the first year performance measures. The Committee further requested that SFAz provide numeric goals for the performance measures of the \$2.5 million discretionary grants program in its next quarterly report.

Department of Corrections – Consider Approval and Review of Requested Transfer of Appropriations – The Committee gave a favorable review to the transfer of \$27.5 million within the department's operating line items and Special Line Items, as recommended by JLBC Staff. The adjustments conform to the current House and Senate FY 2007 supplemental estimates.

Department of Education – Report of Plan to Fund AIMS Study Guides with Achievement Testing Monies – The Committee gave a favorable review of the department's plan to spend \$3.6 million in FY 2006 carry forward and FY 2007 surplus monies to fund the

cost of AIMS study guides for FY 2007. In addition to the favorable review, the Committee also asked the department to provide statistics on the performance of tutored versus non-tutored students on AIMS retakes by May 29, 2007.

Department of Environmental Quality – Review of Intended Use of Monies in the Indirect Cost Recovery Fund – The Committee gave a favorable review of the department's use of Indirect Cost Recovery Funds in excess of \$10.5 million, as required by a footnote in the FY 2007 budget. The department expended \$9 million from this fund in the first three quarters of the year, and expects an FY 2007 total expenditure of \$11.8 million. The additional expenditures will be used for salaries, rent costs and other operating expenditures.

Department of Public Safety – Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission – The Committee gave a favorable review for the use of an additional \$4.0 million for non-DPS law enforcement agencies and equipment purchases. This amount includes \$1.6 million for the Maricopa County Sheriff's Office, \$1.9 million for the City of Phoenix Police Department, and \$45,100 for the United States Immigration and Customs Enforcement Agency.

Department of Transportation – Review of Third Party Progress Report – The Committee gave a favorable review of the third party progress report for the third quarter of FY 2007, given the progress ADOT is making in increasing its use of third parties and reducing the quality assurance backlog. The Committee asked ADOT to provide a progress report by April 30, 2008, indicating whether the 4% sampling rate for third party transaction review has retained statistical validity.