

## JLBC MEETING

At its June 19, 2007 meeting, the Joint Legislative Budget Committee (JLBC) considered the following issues:

**Attorney General – Review of Allocations of Settlement Monies** – The Committee took no action regarding the Office of the Attorney General’s (AG) notification of the allocation of monies received from the Purdue Pharma L.P. consent judgment. In May 2007, the Attorney General and 25 other states entered into a consent judgment with Purdue as a result of allegations the company encouraged doctors to prescribe the pain drug, OxyContin, for uses not approved by the Federal Drug Administration (FDA). The Chairman requested that the AG provide further detail of the costs incurred during the litigation and how they plan to allocate the \$717,500 awarded them in this case.

**Arizona Department of Corrections – Consider Approval and Review of Requested Transfer of Appropriations** – The Committee gave a favorable review to nearly \$4.2 million in transfers within the department’s budget. The largest transfers include \$2.3 million to Overtime/ Compensation Time and \$1.3 million to Correctional Officer Personal Services. The largest sources of surplus are \$2.1 million from the Out of State Rented Provisional Beds and \$1.5 million from Private Prisons. The \$2.1 million available from the Provisional Beds resulted from the department not filling all of the 1,260 Indiana beds as scheduled due to an April 24 disturbance at the facility. Only 630 Arizona inmates are currently housed in Indiana and the department does not anticipate transferring the other 630 inmates until the department has finished its investigation and is satisfied with the conditions at the facility. The Chairman requested that DOC continue to apprise the Committee of the status of filling the Indiana provisional beds.

**Arizona Criminal Justice Commission – Review of Intended Use of Monies in the Victim Compensation and Assistance Fund** – The Committee gave a favorable review to the planned expenditure of \$300,000 above the appropriated level for the Victim Compensation and Assistance Fund. A footnote in the General Appropriation Act allows additional monies in excess of the appropriated amount be spent by the Commission with JLBC review. The fund will receive an estimated \$2.9 million due to an Attorney General fraud prosecution. The Commission plans to draw down \$300,000 annually to increase funding for the Victim Compensation Program through FY 2016. The transfer increases the projected FY 2008 Victim

Compensation Program size from \$2.5 million to \$2.8 million.

**Department of Education – Review of Xanterra Settlement** – The Committee gave a favorable review to the ADE’s plan to provide school districts in Coconino County with \$1,002,600 in corrected Basic State Aid funding due to a recent settlement in the Arizona Tax Court. The funding plan conforms with statutory requirements regarding state aid corrections required as a result of Arizona Tax Court decisions.

**Department of Public Safety – Quarterly Review of the Arizona Public Safety Communications Advisory Commission** – The Committee gave a favorable review to the FY 2007 third quarter expenditures and progress for the statewide interoperability design project. Third quarter expenditures were about \$250,000, leaving approximately \$3.5 million for the remainder of FY 2007. Third quarter expenditures included \$122,200 for costs associated with 7 FTE Positions and \$125,100 to a consulting firm for the conceptual design of the long-term interoperability solution. The Commission expects that in July 2007, the U.S. Departments of Commerce and Homeland Security will announce awards to states for statewide interoperability communications systems, using proceeds from a commercial radio spectrum sale, anticipated at \$960 million. These federal dollars will help defray the state’s cost of the interoperability project and will be distributed based on a risk assessment formula.

**Department of Economic Security – Review of Requested Transfer Appropriations** – The Committee reviewed \$24.3 million of requested budget transfers that address most of DES’ projected \$28.5 million FY 2008 shortfall. The Committee gave an unfavorable review to the requested \$6 million transfer to the Division of Benefit and Medical Eligibility (DBME) operating budget due to concerns with using savings from declining entitlement benefits to fund administrative expansion. DES is expected to have a surplus of at least \$14 million due to declining welfare caseloads, which would fund the bulk of these transfers. The Committee has requested that DES report back on July 15, 2007 on how the department ultimately solved the entire shortfall.