

JLBC MEETING

At its June 28th meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Health Care Cost Containment System – Review of KidsCare Behavioral Health Capitation Rate Changes – The Committee gave a favorable review to the Arizona Health Care Cost Containment System (AHCCCS) Behavioral Health capitation rates for the KidsCare (including parents) program. The approved rates are virtually identical to budgeted levels for FY 2006.

Department of Economic Security – Review of Transfer of Appropriations for TANF Cash Benefits and Child Care Subsidy Line Items – The Committee gave a favorable review to the Department of Economic Security's (DES) request to transfer \$12.0 million from the TANF Cash benefits line item in order to address shortfalls in the Operating budget of the Division of Benefits and Medical Eligibility (\$3.0 million) as well as in the Adoption Services (\$1.2 million) and Children Services (\$7.8 million) line items. The Committee also discussed how DES planned to address the agency's remaining \$9.4 million shortfall.

There was also concern that the transfers are replacing monies that had been made available in FY 2004 through a veto of a lump sum reduction. These monies were not replaced in the original FY 2005 budget, as the Governor had directed DES to find efficiencies. DES is now transferring TANF surplus monies to resolve this issue. TANF monies are available because of declining caseloads, resulting in the decline in TANF cash assistance payments.

The Committee also favorably reviewed a transfer of \$4 million from the Day Care Subsidy SLI to the Transitional Child Care SLI. Growth in the Transitional Day Care population has been higher than anticipated while caseloads in the Day Care Program have declined by 3.7%. In addition to the transfer, the Committee discussed the wait list that was implemented in September 2004 in light of the fact that the program is expected to have an estimated \$4 million projected surplus at the end of FY 2005.

Department of Economic Security – Review of Expenditure Plan for Discretionary Workforce Investment Act Monies – The Committee gave a favorable review of the Department of Economic Security's expenditure plan of \$184,900 in Workforce Investment Act (WIA) monies in order to provide support to the Jobs for Arizona Graduates (JAG) Program. The Committee stipulated that DES provide performance measures for the JAG Program in order to measure the program's effectiveness.

Department of Health Services – Review of Children's Rehabilitative Services Capitation Rate Changes – The Committee favorably reviewed the Department of Health Service's (DHS) capitation rate adjustments for the Children's Rehabilitative Services Program for FY 2006. The capitation rate adjustments are within the agency's FY 2006 appropriation levels for the program.

Department of Revenue – Review of Ladewig Expenditure Plan – The Committee gave a favorable review to the Department of Revenue's estimated administrative expenditure plan of \$1.4 million for the Ladewig Project for FY 2006. As part of the agency's report, DOR indicated that FY 2005 refunds included over \$6.3 million in overpayments to taxpayers. The Committee directed DOR to report back to the Committee after the taxpayer overpayment issue has been resolved and to estimate the agency's total cost of the Ladewig project at that time.

Arizona State Retirement System – Review of FY 2006 Information Technology Expenditure Plan – The Committee gave a favorable review to the Arizona State Retirement System's (ASRS) FY 2006 Information Technology (IT) expenditure plan. The Government Information Technology Agency (GITA), in its most recent monitoring report, changed the project's status from "green" to "red," indicating a serious risk to project completion by the planned date. The Committee directed ASRS to provide an update by the end of each calendar quarter as to the progress made towards bringing the IT plan back to "green" status.

Arizona Department of Corrections – Report on Employee Overtime Pay and the On-Call Pay Settlements – The Arizona Department of Corrections submitted a report indicating that all FY 2004 compensatory time has been paid and that all but 3 on-call claims were paid as of May 2005. The report further stated that \$7.8 million was spent on FY 2004 employee compensatory time payments and \$12.3 million was expended for on-call claims.

The Committee also discussed a number of other items related to ADC, including:

- The number of vacant positions and the dollar value of vacancy savings in the department's budget;
- ADC's plan for expending its vacancy savings;
- The competitiveness of correctional officer pay;
- The resources currently in the department's budget that can be used to address compensation issues;
- Private prison contracts, particularly for a women's only facility.