

JLBC MEETING

At its September 20, 2007 meeting, the Joint Legislative Budget Committee (JLBC) considered the following issues:

Department of Economic Security – Review of Long Term Care Capitation Rate Changes – The Committee gave a favorable review of DES' capitation rate changes with the provision that the favorable review does not constitute an endorsement of a supplemental request. Capitation rates are a fixed amount paid for every person in the Developmentally Disabled Long Term Care Program. The new total enrolled capitation rate is \$3,556.71, representing a 3.86% increase from last year. Assuming the same caseload growth rate as FY 2007, the expected costs for the program is expected to exceed the General Fund budgeted amount by \$2.4 to \$4.4 million in FY 2008.

Department of Economic Security – Review of Family Preservation Projects – The Committee gave a favorable review of the DES proposal to spend \$1 million for Adoption Services' Family Preservation Projects in FY 2008, with the provisions that: 1) the Department provide additional details on the expenditure plan to JLBC Staff, and 2) JLBC Staff finds that the detailed expenditure plan is consistent with legislative intent.

The Legislature appropriated \$1 million in FY 2007 for Family Preservation Projects. Last December DES submitted a plan to the Committee to spend about \$600,000 in FY 2007 and \$1.8 million in FY 2008. The Committee gave DES a favorable review, with the provision that DES restructure their spending to remain within the \$1 million appropriation in FY 2008, if the appropriation were to be continued. The Department has since stated that expenditures will remain within the \$1 million limit.

Department of Education – Review of Draft Request for Proposals for eLearning Pilot Program – The Committee gave a favorable review to the preliminary Request for Proposals (RFP) for the eLearning Pilot Program. Laws 2006, Chapter 375 appropriated \$3 million in one-time funding from the General Fund in FY 2007 to fund an eLearning Pilot Program. The purpose of the program is to provide mathematics instruction through a digital curriculum to students in grades 6 through 9.

Department of Education – Review of Research Based Models of Structured English Immersion for English Language Learners – The Committee gave a

favorable review to the proposed Structured English Immersion models that were developed by the English Learner Task Force established by Laws 2006, Chapter 4. These models provide a curriculum for teaching English to students who are not proficient in English. The Committee's review had two conditions; 1) the review is limited to compliance with Laws 2006, Chapter 4, and 2) the models will be implemented in a manner that is consistent with requirements of Proposition 203 from the November 2000 General Election.

Department of Transportation – Review of Third Party Progress Report – The Committee gave a favorable review of ADOT's third party report, given the progress that ADOT is making in increasing its use of third parties and reducing the quality assurance backlog. Motor Vehicle Division (MVD) third parties allow the public to conduct certain MVD transactions through private sector third party entities instead of using MVD customer service offices. With the exception of traffic survival schools, ADOT continues to increase its number of third parties. ADOT's backlog of title transactions decreased from 16 business days in the third quarter of FY 2007 to 11 business days (down from 31 business days in FY 2006).

Arizona Board of Regents – Review of FY 2008 Tuition Revenues – The Committee took no action on the Arizona Board of Regents (ABOR) expenditure plan for tuition revenues for FY 2008, requesting further information on how financial aid is determined and disbursed by the universities. Each year, ABOR sets aside a portion of tuition and fee collections to be locally retained by the universities. These monies are non-appropriated and are primarily used for financial aid and debt service payments. Non-appropriated, locally retained tuition and fees in FY 2008 are estimated at \$354.3 million, or \$31.1 million higher than FY 2007. Of that amount, \$224.1 million is dedicated to student financial aid, an increase of \$18.7 million above FY 2007.

The remaining portion of tuition and fee collections in FY 2008 is subject to legislative appropriation. Appropriated tuition collections in FY 2008 are expected to be \$468.4 million, representing a \$62.3 million increase above the FY 2007 total, and \$25.3 million above the original FY 2008 budget. The overall increase in collections is primarily due to higher tuition and fees, which ABOR indexed for inflation.