

JLBC MEETING

At its November 20, 2007 meeting, the Joint Legislative Budget Committee considered the following issues:

Department of Administration – Review of Telecommunications Contractor and Carrier Cost Rate Structure – The Committee gave a favorable review to the contractor and carrier cost rate structure of the Statewide Telecommunications Management Contract, with the provision that the favorable review did not constitute an endorsement of any FY 2009 General Fund appropriations to cover higher AZNet costs or additional funding requests, nor does it constitute an endorsement of the ADOA expenditure plan.

Department of Administration – Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan – The Committee gave a favorable review to the \$8.5 million wireless portion of the Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan. In FY 2008, ADOA expects to distribute \$25.9 million from the ETSF to support 911 emergency services in communities across the state.

Department of Economic Security – Review of Increase to Division of Developmental Disabilities' Therapy Rates – The Committee gave an unfavorable review to the department's proposal to raise the Division of Developmental Disabilities' (DDD) therapy rates. The DES proposal eliminated provider travel reimbursements and increased provider rates in rural areas. The rate increase is estimated to have an annual \$1.6 million General Fund cost. DES has proposed this rate change to improve service availability by encouraging more locally-based provision of services. Committee members expressed concern that therapy providers may not be willing to relocate to rural areas to provide services locally to clients in those areas, and that may result in a decrease in the availability of services for those clients.

Department of Revenue – Review of General Fund Revenue Enforcement Goals for FY 2008 – The Committee gave a favorable review of the report on the enforcement goals of the Department of Revenue (DOR). DOR's General Fund revenue enforcement goal for FY 2008 is \$369.8 million, which is \$(57.2) million, or (13.4)%, below their FY 2007 actual collections. DOR believes that the FY 2007 collections include one-time items that will not be replicated in FY 2008.

State Treasurer – Review of Changes to Management Fees – The Committee gave a favorable

review of the Treasurer's proposal to eliminate their management fees with the provision that the Legislature make statutory changes allowing the Treasurer to retain a portion of earnings to fund the office. The Committee also gave a favorable review of the Treasurer's plan to immediately reduce the management fee from the current 8 basis points to 6 basis points. The Treasurer expects this plan to attract more assets from local governments and increase yields.