

## JLBC MEETING

At its December 18, 2006 meeting, the Joint Legislative Budget Committee considered the following issues:

**Arizona Health Care Cost Containment System – Review of Comprehensive Medical and Dental Program (CMDP) Capitation Rate Changes** – The Committee gave a favorable review to AHCCCS' proposed capitation rates for the CMDP Program, which provides medical and dental care to children in the foster care. The capitation rate changes are expected to save the General Fund approximately \$(63,200) in FY 2007.

**Arizona Department of Corrections – Consider Approval of Requested Transfer of Appropriations** – The Committee approved a transfer of \$6.6 million from the Department of Correction's (DOC) ERE line item to the Overtime/Compensatory Time (OT/CT) line item. The \$6.6 million represented excess monies allocated to the department resulting from the actual Correctional Officer Retirement Plan (CORP) employer contribution rates being lower than the budgeted FY 2007 rates. The agency had requested the approval of a \$17.8 million transfer. However, it was not clear if the transfer of \$17.8 million from the agency's employee benefits line would leave enough money for the agency to cover their costs for FY 2007.

**Arizona State Schools for the Deaf and Blind – Review of School Bus Replacement Expenditure Plan** – The Committee gave a favorable review to the Arizona State Schools for the Deaf and Blind's (ASDB) expenditure plan for bus replacement. ASDB plans to replace 10 gasoline buses with 10 diesel buses at a total cost of \$913,700. ASDB plans to pay for the buses with its appropriation for bus replacement (\$850,000) and through its operating budget (\$63,700).

**Department of Economic Security – Review of Expenditure Plan for Adoption Services** – The Committee gave a favorable review to a Department of Economic Security (DES) expenditure plan for the \$1 million appropriation to the Adoption Services – Family Preservation Project line item in the Division of Children, Youth and Families budget. The Committee included a provision that DES restructure the budget based on the reported priorities so it will not exceed the \$1 million budget in future years if the initiatives were to continue. The initiatives include additional resources for the adoption hotline, as well as training, counseling and other support services for

adoptive families. The proposed cost of the initiatives would be about \$600,000 in FY 2007, with an annualized cost of \$1.8 million in future years.

**JLBC Staff – Consider Approval of Year 2007-2008 Strategic Program Area Reviews** – The Committee gave a favorable review to Strategic Program Area Reviews (SPAR) of substance abuse funding and debt and third-party financing in calendar year 2007. SPARS are intended to review issues that often involve multiple agencies and evaluate the efficiency, effectiveness and necessity of these programs. The Legislature would receive the recommendations of JLBC Staff and the Office of Strategic Planning and Budgeting for consideration in the 2008 session.

**Department of Public Safety – Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission** – The Committee gave a favorable review to the Gang and Immigration Intelligence Team Enforcement Mission's (GITEM) expenditure plan. The Department of Public Safety will use \$1.3 million to fund the purchase of specialty equipment and the operating costs associated with 10 federal Border Patrol agents and \$5.5 million to fund the costs associated with adding an additional 37 DPS officers to GITEM.

**Arizona Department of Revenue – Review of Kerr Expenditure Plan** – The Committee gave a favorable review of the Department of Revenue's (DOR) expenditure plan for Kerr administrative costs. The case of Kerr v. ADOR involved the state income tax treatment of federal employees' retirement system contributions and Arizona's employees' contributions to the State Retirement System for the years 1985 – 1990. DOR was appropriated \$975,000 in FY 2006 for administrative costs of the lawsuit.

**State Compensation Fund – Consider Approval of Calendar Year 2007 and 2008 Budgets** – The Committee approved the State Compensation Fund's (SCF) budgets for Calendar Year (CY) 2007 and 2009. The SCF operating budget of \$104.5 million (and 530 employees) in CY 2007 represents a \$4.6 million (4.6%) increase above CY 2006. The CY 2008 budget of \$108.9 million (and 531 employees) represents a \$4.4 million (4.2%) increase above CY 2007.

**Superior Court – Review of Expenditures of Judicial Collection Enhancement Fund (JCEF) Balance for Probation Officer Salaries** – The Committee gave a favorable review of the Superior Court's JCEF expenditure, which was \$700,000 above the agency's appropriated amount. The

Superior Court's FY 2007 JCEF original appropriation was \$2,723,800. The monies from the fund are used for salaries for county probation officers. The Committee also discussed the one-time nature of the JCEF expenditures.

**Department of Transportation – Review of Third Party Quality Assurance Report and Percentage of Third Party Transactions Report** – The Committee gave a favorable review to the Department of Transportation's (ADOT) Third Party Quality Assurance Report and the Percentage of Third Party Transactions Report. Highlights of the 2 reports include: 1) The backlog of title transactions decreased from 31 business days in FY 2006 to 20 business days in the first quarter of FY 2007; 2) ADOT removed the moratorium on new third parties; 3) ADOT has developed a statistical sampling method which the agency believes would reduce the percent of reviewed third party transactions and still retain statistical validity.

The Committee requested that ADOT provide a progress report on their statistical sampling method by April 30, 2007.