

JLBC MEETING

At its August 22nd meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration – The JLBC favorably reviewed the FY 2003 Retiree Accumulated Sick Leave (RASL) rate of 0.4% of the total benefit eligible payroll. The RASL program was established to pay employees up to \$30,000 over 3 years for their unused sick leave upon retirement. State agencies have been budgeted at the 0.4% rate in the current fiscal year. This rate will provide sufficient funding for program operations and will generate a cash fund balance of approximately \$2.6 million.

Community Colleges – The JLBC deferred action on the disbursement of Arizona Learning Systems (ALS) state-funded assets until it receives additional information. ALS is a consortium of Arizona's 10 community college districts to promote distance learning across district boundaries using Internet, interactive video-conferencing (ITV), and other technologies. Pursuant to a General Appropriations Act footnote ALS terminated at the end of August 2002 and JLBC must determine the distribution of state-funded assets.

The JLBC is seeking input from a variety of sources and has requested reports by October 21, 2002 from the Arizona Area Health Education Center (AHEC), the community colleges, the Arizona Telemedicine Program, Arizona Board of Regents, and the Government Information Technology Agency.

ALS staff will be retained during the transition period to coordinate the termination of ALS and disbursement of state-funded assets. Any remaining funds will be reverted to the General Fund.

School Facilities Board – The JLBC deferred action on the approval of the index for constructing new school facilities until the October JLBC meeting when it will have the benefit of the October 1 demographic study and the number of students. The Students FIRST legislation (Laws 1998, Chapter 1, 5th Special Session) established funding amounts per square foot for both new construction and building renewal, however, it required that those amounts be adjusted annually for inflation. The JLBC has used the Marshall Valuation Service index in previous years.

State Parks Board – The JLBC favorably reviewed the State Parks Board expenditure of \$450,000 from the Acquisitions and Development portion of the

State Parks Enhancement Fund (SPEF). SPEF receives revenue from user fees generated at State Parks. Laws 2002, Chapter 3, 5th Special Session restores a \$450,000 FY 2003 General Fund reduction to the State Parks budget by allowing the department to use \$450,000 from the Acquisition and Development portion of SPEF. The State Parks Board plans to use this money for staff to reopen 7 parks that were closed in early July due to budget reductions.

Department of Public Safety – The JLBC received information regarding the transfer of responsibilities for firearm clearance background checks from the Department of Public Safety (DPS) to the Federal Bureau of Investigation (FBI). The federal Brady Handgun Violence Protection Act of 1994 requires individuals purchasing firearms from licensed firearm dealers to undergo a background check by means of the National Instant Criminal Background Check System. Laws 2002, Chapter 328 transferred this responsibility from DPS to the FBI with an effective date of August 22, 2002. The transfer created savings of \$621,300 in the DPS FY 2003 budget. Currently, 25 states rely on the FBI to conduct background checks on prospective gun purchasers to determine eligibility. A concern regarding the transfer is that the FBI will not have access to certain state files that may disqualify an individual from purchasing a firearm. The FBI is working to resolve this information integration problem with the states.

Department of Health Services – The JLBC favorably reviewed the capitation rate increases for the Children's Behavioral Health (CBH) and General Mental Health/Substance Abuse (GMH/SA) populations. These increases will require \$4 million more than the appropriated amounts. The JLBC also stipulated the following: 1) DES provide DHS with \$2.6 million from its existing \$13 million behavioral health budget to fund the capitation rate increase for children, and 2) DHS find the resources from its existing budget (other than Non-Title XIX services) to cover the \$1.5 million cost of the GMH rate change.

The JLBC also approved the transfer of \$3.5 million from the Seriously Emotionally Handicapped (SEH) Special Line Item to the Operating Lump Sum Line within the DHS budget. In addition, the Committee specified the following: 1) consistent with on-going legislative intent, the \$500,000 in the Children's Behavioral Health Line Item should be expended for Non-Title XIX services rather than be used as the primary funding source of the SEH program (this requires DHS to absorb \$500,000 in its operating budget, rather than taking the reduction in Non-Title

XIX service dollars), 2) DHS report back to the Committee by September 25 on how this transfer will be further allocated to the other DHS cost centers, and 3) DHS report to the Committee by November 1 on the status of placement for this population.

Other Reports – The Committee received written reports this month on 1) Arizona Department of Administration's Health Insurance Performance Standards, 2) AHCCCS' Implementation of the Special Provider Rate Increase, 3) Attorney General's Legal Expenses for Alternative Fuels, 4) Attorney General's Incarceration Costs Offset by Monetary Judgements, 5) Department of Economic Security Arizona Works, 6) Department of Economic Security Children Services Program, 7) Department of Economic Security Placements into State-Owned ICF-MR or the Arizona Training Program at Coolidge Campus, 8) Department of Emergency and Military Affairs Declared Emergencies, 9) Governor's Office for Excellence in Government Arizona Pioneers' Home privatization, 10) Department of Health Services Health Crisis Fund Expenditures, 11) Naturopathic Physicians Board of Medical Examiners Inspection and Evaluation Special Line Item Expenditures, 12) Department of Revenue Ladewig Expenditure Plan, and 13) Arizona Department of Transportation MVD Wait Times.