

JLBC MEETING

At its August 14th meeting, the Joint Legislative Budget Committee considered the following issues:

Risk Management Deductible – The JLBC gave a favorable review of the Arizona Department of Administration's (ADOA) risk management deductible amounts, which include no changes from the previous year.

Emergency Telecommunications Expenditure Plan – The JLBC gave a favorable review of ADOA's expenditure plan for monies used to comply with the Federal Communications Commission requirement that 911 systems be able to identify the location of cell phone users.

ADOA expects to distribute \$2.1 million to Pinal, Santa Cruz and Graham counties for the initial technology (Phase I) and \$12.3 million to Pima County to implement the technology (Phase II) as well as for preliminary data development for all other counties.

Allocation of Settlement Monies – The JLBC gave a favorable review of the allocation of monies from a settlement with Qwest Corporation concerning deceptive practices.

The settlement requires Qwest to pay the Arizona Attorney General \$1.75 million in attorney fees as well as an additional \$1 million on the first and second anniversary of the original payment date. Revenues from this settlement are deposited into the Consumer Fraud Revolving Fund. Monies in this fund are used for consumer fraud education, investigations and enforcement operations.

Uncollectible Debts - The JLBC favorably reviewed the Attorney General listing of \$9.5 million in uncollectible debts, therefore allowing the State Comptroller to remove this debt from the state accounting system. Monies are deemed uncollectible due to debtor bankruptcy, settlement, insufficient resources of the debtor or inability to locate the debtor.

Arizona Commission on the Arts – The JLBC gave a favorable review of the report on the Arizona Arts Endowment Fund and Private Contributions. Private donations to the fund totaled \$2 million in calendar year 2001 and \$2.7 million in calendar year 2002.

DHS Title XIX Capitation Rates – A footnote in the General Appropriation Act requires Committee review prior to the Department of Health Services (DHS) implementing any changes in capitation rates for the Title XIX behavioral health programs. DHS' proposed increases would cost from \$10.9 million to \$14.9 million in General Fund monies more than budgeted. The JLBC gave a favorable review to the rate changes with the following stipulations: 1) Offset the cost increase by obtaining DES payment for at least \$2.6 million in capitation rate increases associated with the transfer of

responsibility of behavioral health coverage from DES to DHS; 2) Use lump sum veto monies (if the courts uphold the legality of Governor's action) to pay for the capitation adjustment rather than through a supplemental. The Governor had vetoed \$12.5 million in lump-sum reductions for DHS. DHS plans to use these freed-up monies for discretionary projects rather than these Title XIX entitlement costs; 3) The review does not constitute an endorsement of a supplemental request, including the circumstances of the courts not upholding the legality of the vetoes.

The Committee also favorably reviewed Title XIX Children's Rehabilitative Services rate changes with the same 2nd and 3rd stipulations referenced above. The proposed increase would cost from \$160,000 to \$1.2 million in General Fund monies more than the inflation increase assumed in the FY 2004 budget.

Arizona Criminal Justice Commission – The JLBC gave a favorable review of the Arizona Criminal Justice System's (ACJC) proposal to spend an additional \$1 million from the Victim Compensation and Assistance Fund in FY 2004 for grants to counties.

Arizona State Retirement System – The JLBC gave a favorable review to the third year of a multi-year Arizona Retirement System (ASRS) plan to upgrade their current information technology system. ASRS was appropriated \$9.0 million in FY 2004 for this purpose. A July report from the Government Information Technology Authorization Committee (GITA) stated that the agency's IT projects are within budget and on schedule.