

JLBC MEETING

At its March 19th meeting, the Joint Legislative Budget Committee considered the following issues:

Review of Attorney General Expenditure Plan –

The JLBC gave a favorable review to the Attorney General's (AG) intended uses of Antitrust Enforcement Revolving Fund monies, totaling \$402,000. A footnote in the General Appropriation Act requires the AG to submit the intended uses of monies from the fund in excess of \$170,500. The approved expenditure plan is as follows:

- \$272,500 for personnel costs for 6 existing employees.
- \$45,000 for Arizona's share of investigative and court costs associated with participating in multi-state antitrust cases.
- \$34,200 for an automotive report related to rack fuel prices for the Phoenix and Tucson petroleum pipeline terminals and dealer tank wagon prices for Phoenix and Tucson.
- \$50,300 for operating costs supporting the department's Antitrust Unit.

Department of Economic Security – Review of Long Term Care Capitation Rate Changes –

The JLBC gave a favorable review of DES' proposed expenditure plan for the federal Title XIX Long Term Care (LTC) program as a result of an increase in capitation rates. The approved rate represents an average increase of 7.77% above FY 2003, compared to the budgeted rate increase of 5.0%. The General Fund cost of the increase is estimated to be \$3 million above the FY 2004 budget. Additionally, the Committee stipulated that its favorable review of the expenditure plan did not imply an endorsement of any potential supplemental request by the agency.

Department of Economic Security – Determine Arizona Works Caseload Reduction Savings –

The JLBC gave a favorable review to JLBC Staff's calculation of cash benefit savings of \$53,300 attributable to caseload reductions achieved by the Arizona Works pilot welfare program for FY 2002. Current statute allows up to 25% of savings (\$13,325) can be used by the Arizona Works Agency Procurement Board to award incentives to the vendor for satisfactory performance on several criteria.

Because the Arizona Works pilot ended pursuant to statute on September 30, 2002, this is the final calculation of caseload reduction savings required by the Committee.

Department of Health Services – Review of Developmental Disabilities Capitation Rates –

The JLBC gave a favorable review of DHS' proposed capitation rate increases to the agency's Developmental Disabilities (DD) Title XIX Behavioral Health Program. These rate increases will affect the Children's Behavioral Health (CBH) and Seriously Mentally Ill (SMI) Special Line Items. The approved rates will have a minimal cost compared to the current JLBC FY 2004 supplemental estimates, and no cost compared to the JLBC FY 2005 estimate for the behavioral health budget.

Department of Health Services – Review Expenditure from the Vital Records Electronic Systems Fund –

The JLBC favorably reviewed DHS' \$1.4 million expenditure plan to automate functions related to birth and death certificates, using monies from the Vital Records Electronic Systems Fund. Ongoing annual costs to operate the new system starting in FY 2005 are estimated to be \$336,100, \$111,500 of which would be funded from the Vital Records Electronic Systems Fund. The favorable review stipulated that DHS return to the Committee for review of expenditures from the fund exceeding \$1.4 million in FY 2004 and \$111,500 in FY 2005.

Arizona Department of Education – Report on Estimated Fiscal Impact of Changes to Achievement Testing Program –

The JLBC heard testimony from the Department of Education (ADE) on increases in achievement testing costs. A footnote in the General Appropriation Act requires ADE to report to the Committee on any changes to the Achievement Testing program that will increase program costs.

ADE reported that there have been 14 modifications to Arizona's Instrument to Measure Standards (AIMS) Test and that most of these changes were required by the federal No Child Left Behind Act. These changes are expected to increase state General Fund costs for Achievement Testing by about \$2.4 million in FY 2004 and \$4.2 million in FY 2005 above current budgeted levels.

This item was for information only, and no action was required by the Committee.