

## JLBC MEETING

At its September 21 meeting, the Joint Legislative Budget Committee considered the following issues:

**Arizona Health Care Cost Containment System – Review of Capitation Rate Increases** – The Committee gave a favorable review to the Arizona Health Care Cost Containment System’s (AHCCCS) proposed capitation rates. The Committee advised that AHCCCS should seek approval of 3 policy changes, with a General Fund cost of \$1.2 million, through the regular FY 2006 budget process rather than incorporating them into the FY 2005 capitation rate. Based on appropriated caseload estimates, these rates would have no General Fund impact in FY 2005.

The three policy changes include: 1) a Childhood Obesity Chronic Care Model pilot program in Pima County, 2) a provider and member survey, and 3) new contract incentives for AHCCCS health plans.

JLBC Staff also advised the Committee of the recent surge in AHCCCS caseloads. If these trends continue, AHCCCS could have at least a \$10 to \$30 million FY 2005 shortfall.

**JLBC Staff - Consider Approval of Index for Construction Costs** – The Committee approved an increase in the cost-per-square-foot factors used in the School Facilities Board (SFB) building renewal and new school construction financing. The cost-per-square-foot factor is based on the U.S. Department of Commerce Bureau of Economic Analysis (BEA) index for “State and Local Government Investment – Structures.” Approving the adjustment may cost an estimated \$400,000 for new construction in FY 2005 and an additional \$3.8 million once fully implemented over the next four years. This adjustment would increase the building renewal formula by \$2.0 million. The adjustment, however, is not expected to require a FY 2005 supplemental.

**Arizona Commission on the Arts – Review of the Arts Endowment Fund and Private Contributions** – The Committee gave a favorable review to the Arizona Commission on the Art’s records regarding private monies that are donated for use in conjunction with public monies for the Arizona Arts Endowment Fund. The Committee requested that the Commission report on its efforts to increase future private donations. In CY 2003, private donations totaled approximately \$2 million, down from \$2.7 million in CY 2002.

**Department of Economic Security – Report on Workforce Investment Activities** – The Committee heard testimony on performance measures for new and expanded programs funded with Workforce

Investment Act (WIA) monies. According to testimony, the measures submitted were a good starting point of evaluating program success.

The Committee also discussed whether or not the use of WIA monies to train child care workers was a proper use of funding, given the availability of federal Child Care monies for this purpose. DES will submit more information on this issue.

JLBC Staff also noted that workforce development may be an option for a Strategic Program Area Review (SPAR). SPARs are evaluations of programs by JLBC and OSPB Staff following an agency self-assessment. SPAR topics will be selected by the Committee later on in the year.

**Department of Public Safety – Report on DPS Plan for Sworn Officer Salary Increases** – The Committee heard testimony on the distribution of salary increases for DPS sworn officers. Laws 2004, Chapter 275 appropriated \$4.3 million to DPS for salary increases and left the distribution of these monies to be determined by the department. Under the department’s plan, all sworn officers will receive at least a \$1,000 increase.

The Committee also heard discussion on the method used by DPS to conduct its market comparison for officer salary. The DPS overall market study compared the average of the top 5 salaries paid to sworn officers by other law enforcement agencies in Arizona. Under this method, the average DPS sworn officer pay would be 9.8% behind the market after this latest pay adjustment.

An alternative market comparison uses the average salaries of law enforcement agencies with 100 or more sworn officers. Under this method, the average DPS sworn officer pay would fall to 3.4% below market value.

**Arizona State Parks Board – Report on Parks Fee** – The Committee heard testimony on several changes to park entrance and camping fees that will take place October 1, 2004. Based on FY 2003 attendance figures, the Department estimates that the adopted fee changes would have a revenue impact of approximately \$100,000 in FY 2005. The Committee also discussed creating an ongoing reporting requirement for Parks fee changes. The approved changes include:

- Increases and decreases of \$1-2 in the per-vehicle fees at several recreational parks and an increase from \$1 to \$2 in the fee for an individual admission to recreational parks;
- Adult entrance fee reductions of \$1 at many historical state parks and the elimination of admission fees for children between 7-13 (admission is currently free for children under 7);

- Restructuring the fee schedule at Tonto Natural Bridge State Park to replace the \$6 per-vehicle admission fee with a \$3 per-adult fee (children under 13 will be admitted free);
- The establishment of off-peak camping rates at several parks and increasing the price range for electrified campsites from \$19-22 to \$19-25 at most parks;
- Increasing the price of the unlimited annual pass from \$75 to \$100.