



STATE OF ARIZONA

Joint Legislative Budget Committee

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HOUSE OF
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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

December 18, 2024

The Chairman called the meeting to order at 9:39 a.m., Wednesday, December 18, 2024, in Senate Hearing Room 109. The following were present:

Members:	Senator Kavanagh, Chairman	Representative Livingston, Vice-Chairman
	Senator Alston	Representative Biasiucci
	Senator Bennett	Representative Carbone
	Senator Diaz	Representative Carter
	Senator Fernandez	Representative Gutierrez
		Representative Stahl Hamilton
Absent:	Senator Borrelli	Representative Chaplik
	Senator Hoffman	Representative Schwiebert
	Senator Mesnard	

APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of September 26, 2024. The motion carried by voice vote.

CONSENT AGENDA

The following items were considered without further discussion:

EXECUTIVE SESSION

B. JLBC Annual Performance Review Per Rule 7.

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

C. Arizona Department of Administration (ADOA) – Risk Management Annual Report Per Rule 14.

This item was for information only and no Committee action was required. The Committee received the Risk Management Annual Report pursuant to JLBC Rule 14. The Committee requests that future annual reports continue to include the following information:

- Status of open claims and lawsuits.
- Status of claims and lawsuits reported on the prior year annual report.
- Total number of claims and lawsuits filed with Risk Management during the prior fiscal year.
- Total settlement and judgment costs during the prior fiscal year.
- Number of liability settlements greater than the JLBC level and cost of each settlement.
- Number of liability cases taken to trial by Risk Management categorized by:
 - Number of verdicts for the state with detail of the associated judgment amounts.
 - Number of verdicts against the state with detail of the associated judgment amounts.
- Projected Risk Management Fund balance.
- Proposed changes to state insurance coverage, state statutes, and claim procedures.

1. ARIZONA DEPARTMENT OF ADMINISTRATION/AUTOMATION PROJECT FUND (APF) – Review of Automation Projects for ADOA HRIS Modernization, AHCCCS MES Modernization, DPS Conceal Weapons Tracking System, and DHS A to Z Portal Participation.

A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Automation Projects Fund (APF).

ADOA requested review of four projects totaling \$11,431,700:

- \$6,841,200 for ADOA's HRIS Modernization.
- \$3,396,000 for the AHCCCS MES Modernization.
- \$494,500 for the DPS Concealed Weapons Tracking System.
- \$700,000 for DHS to prepare for participation in the A to Z Portal.

The JLBC Staff provided options.

2. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) – Consider Approval of State Employee Travel Rate Adjustments.

A.R.S. § 38-624(C) requires the Committee to approve any changes to ADOA's maximum reimbursement rates for lodging, meal, and mileage expenses. ADOA requested the Committee approve ADOA's proposal to:

1. Increase the personal vehicle mileage reimbursement rate from 65.5 cents to 67.0 cents per mile to conform to the current federal government rate.
2. Increase the standard lodging rates by \$3, or roughly 2.8% and reduce non-standard rates by an average of \$(1), or (0.6%).
3. Increase the meal and incidental per diem reimbursement rates to the federal rate less \$10.

The Committee's approval excluded ADOA's proposal to increase the privately-owned aircraft mileage reimbursement rate from 99.5 cents to the federal rate of \$1.76 per mile.

The JLBC Staff provided options and a potential provision:

- A. Committee approval does not constitute an endorsement of additional appropriations to cover higher reimbursement costs.

3. DEPARTMENT OF CHILD SAFETY (DCS) – Review of Line Item Transfers.

An FY 2025 General Appropriation Act footnote requires Committee review of any transfers between certain Department of Child Safety line items or the operating budget. DCS requested Committee review of the following FY 2025 transfers:

- \$9,426,200 Total Funds (\$6,311,800 General Fund) from the Out-of-Home Support Services line item to the In-Home Mitigation line item.
- \$381,200 General Fund from the Adoption Services line item to the Permanent Guardianship Subsidy line item.
- \$651,600 Expenditure Authority from the Office of Child Welfare Investigations line item to the Operating Budget (\$530,900) and the Caseworkers line item (\$120,700).

The JLBC Staff provided options.

4. DEPARTMENT OF ECONOMIC SECURITY (DES) – Review of Plan for the Arizona Training Program at Coolidge.

A.R.S. § 36-570 requires DES to submit a report for review by the Committee on or before November 1 of each year on the department's plans for the Arizona Training Program at Coolidge (ATP-C) and associated group homes, including any plans to close the facilities. DES requested Committee review of the department's plans for ATP-C. The JLBC Staff provided options and a potential provision:

- A. A favorable review by the Committee does not constitute an endorsement of additional appropriations to cover costs associated with the department's plans for ATP-C.

5. JLBC STAFF – Consider Approval of Index for Arizona Department of Administration – School Facilities Division Construction Costs.

A.R.S. § 41-5741(D)(3)(c) requires that the cost-per-square-foot factors used in ADOA School Facilities Division (SFD) new school construction financing be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee as necessary, but not less than once each year. The JLBC Staff provided options.

JLBC Staff requested the Committee approve a 3.88% adjustment in the cost-per-square-foot factors. The new revised per-square-foot dollar amounts apply to districts that were awarded new schools by SFD during calendar year 2024. The revised rates are as follows:

<u>Grade</u>	<u>\$ per square foot</u>
K-6	\$342.04
7-8	\$361.11
9-12	\$418.04

9. ARIZONA DEPARTMENT OF EDUCATION – Review of Federal Monies Report.

A.R.S. § 15-1052 requires ADE to submit for review by the Committee its annual report on noncustodial and other federal monies received by the department. ADE requested review of the FY 2025 report of federal monies received.

Representative Livingston moved that the Committee approve:

- a) *ADOA's recommended increases in travel rate adjustments in Consent Agenda Item 2 except for private plane mileage. The Committee also approved the JLBC Staff provision;*
- b) *the 3.88% adjustment in the School Facilities Board cost-per-square foot factors in Consent Agenda Item 5.*

The motion carried by voice vote.

Representative Livingston moved that the Committee give a favorable review to Consent Agenda items 1, 3, 4 and 9 with JLBC Staff provisions and Executive Session Items B and C. The motion carried by voice vote.

EXECUTIVE SESSION

Representative Livingston moved that the Committee go into Executive Session. The motion carried by voice vote.

At 9:43 a.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Livingston moved that the Committee reconvene into open session. The motion carried by voice vote.

At 10:52 a.m. the Committee reconvened into open session.

D. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.

Representative Livingston moved that the Committee approve the risk management settlements presented by the Attorney General's office in the cases of:

1. *Sandra E. Lopez v. Brian Shaw*
2. *Francisco Calvillo v. State of Arizona, et al.*
3. *Reghunath Parthasarathi v. State of Arizona, et al.*
4. *Charles Pearce v. State of Arizona et al.*

The motion carried by voice vote.

A. Secretary of State (SOS) – Review of FY 2025 Election Services Line Item Transfer per A.R.S. § 38-431.03(A)(9)

Representative Livingston moved that the Committee give a favorable review to the Secretary of State's transfer request. The motion carried by voice vote.

REGULAR AGENDA

5. DEPARTMENT OF PUBLIC SAFETY (DPS) – Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount.

Mr. Jordan Johnston, JLBC Staff, stated that pursuant to A.R.S. § 41-1724G and A.R.S. § 41-1724H, the Department of Public Safety (DPS) is required to submit to the Committee for review the entire FY 2025 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount prior to expenditure. DPS requested review of \$1,050,000 for the Border Security and Law Enforcement Grants program.

The JLBC Staff provided options and a potential provision:

- A. DPS shall report to the Committee prior to implementing any changes to the proposed FY 2025 allocation of the grants. The Chairman shall decide whether the revisions require Committee review.

Representative Livingston moved that the Committee give a favorable review of \$800,000 for GIITEM Border Security funding, which is the agency request excluding DPS' proposed grant to the Santa Cruz Sheriff's Office.

Representative Stahl Hamilton moved a substitute motion that the Committee give a favorable review of the entire agency request with a roll call vote. The substitute motion failed by a roll call vote of 5-6-0-5. (Attachment 1)

The original motion carried by voice vote.

7. DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) – Solid Waste Program Fee Updates (Discussion Only).

Ms. Maggie Rucker, JLBC Staff, stated A.R.S. § 41-1008 requires Committee review of any fee increases exceeding the change in the Consumer Price Index (CPI) since the last fee change. DEQ requested review of 7 solid waste fee increases that exceed the rate of inflation. The department's request was included on the December 18, 2024 meeting agenda for discussion only.

Ms. Amanda Stone, Deputy Director, DEQ, responded to member questions.

The Committee requested the department provide the following information for their consideration at the next JLBC meeting:

- A table summarizing all 45 proposed fee increases, including current fee level, proposed fee level, percentage of program cost, and the number of regulated entities.
- The fee level that would be necessary for each of the 7 fees exceeding CPI if they were to fund 100% of the costs of regulating their respective entities.
- For each of the 7 funds exceeding CPI, an explanation of how the department determined what percentage of program costs would be covered by the relevant fee versus subsidized by other fees.

8. AHCCCS/DEPARTMENT OF ECONOMIC SECURITY (DES) – Review of Capitation Rate Changes for Plan Year 2025.

Mr. Chandler Coiner, JLBC Staff, stated an FY 2025 General Appropriation Act footnote requires the state Medicaid agencies to submit an expenditure plan to the Joint Legislative Budget Committee for review prior to implementing any changes in capitation rates. AHCCCS and DES requested Contract Year Ending (CYE) 2025 capitation rates (October 2024 – September 2025). The JLBC Staff provided options.

Mr. Jeff Tegen, Assistant Director, CFO , AHCCCS, responded to member questions.

Representative Livingston moved that the Committee give an unfavorable review of the proposed capitation rate changes for both AHCCCS and the Department of Economic Security.

Representative Gutierrez moved a substitute motion that the Committee give a favorable review of the proposed capitation rate changes for both AHCCCS and the Department of Economic Security. The substitute motion failed by voice vote.

The original motion carried by voice vote.

Without objection, the meeting adjourned at 12:40 p.m.

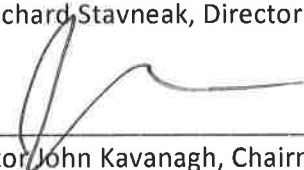
Respectfully submitted:

Kristy Paddack

Kristy Paddack, Secretary

Richard Stavneak

Richard Stavneak, Director



Senator John Kavanagh, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <https://www.azjlbc.gov/jlbc-meetings/>.

JOINT LEGISLATIVE BUDGET COMMITTEE

Meeting Date: December 18, 2024

ITEM #: 6 – Department of Public Safety
MOTION: Representative Stahl Hamilton’s substitute motion

ITEM #:
MOTION:

	<u>PRESENT</u>	<u>ABSENT</u>	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON	X			X			
REP. BIASIUCCI	X				X		
SEN. BENNETT	X				X		
SEN. BORRELLI		X					X
REP CARBONE	X				X		
REP. CARTER	X				X		
REP. CHAPLIK		X					X
SEN. DIAZ	X			X			
SEN. FERNANDEZ	X			X			
REP GUTIERREZ	X			X			
SEN. HOFFMAN		X					X
SEN. MESNARD		X					X
REP. SCHWIEBERT		X					X
REP. STAHL HAMILTON	X			X			
REP. LIVINGSTON	X				X		
SEN. KAVANAGH	X				X		
TOTALS	11	5	0	5	6	0	5

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ALSTON					
REP. BIASIUCCI					
SEN. BENNETT					
SEN. BORRELLI					
REP CARBONE					
REP. CARTER					
REP. CHAPLIK					
SEN. DIAZ					
SEN. FERNANDEZ					
REP GUTIERREZ					
SEN. HOFFMAN					
SEN. MESNARD					
REP. SCHWIEBERT					
REP. STAHL HAMILTON					
REP. LIVINGSTON					
SEN. KAVANAGH					
TOTALS					