

ARIZONA HOUSE OF REPRESENTATIVES
Forty-fifth Legislature – First Regular Session

COMMITTEE ON APPROPRIATIONS

Minutes of Meeting
Tuesday, February 27, 2001
House Hearing Room 1 -- 1:30 p.m.

(Tape 1, Side A)

Chairman Knaperek called the meeting to order at 1:45 p.m. and roll call was taken by the secretary.

Members Present

Ms. Burton Cahill	Ms. Lopez	Mrs. Somers
Mr. Cannell	Mr. Loreda	Ms. Weason
Mr. Farnsworth	Mr. Pearce	Mr. Blendu, Vice-Chairman
Ms. Gray	Mrs. Pickens	Mrs. Knaperek, Chairman
Mr. Huppenthal	Mr. Poelstra	
Mrs. Johnson	Mr. Robson	

Committee Action

H.B. 2004 – DPA (11-2-1-2)	H.B. 2164 – DP (15-0-0-1)
H.B. 2194 – DPA (13-0-0-3)	H.B. 2238 – DP (13-0-0-3)
H.B. 2251 – IN SUBCOMMITTEE	H.B. 2254 – HELD
H.B. 2281 – ACTION TAKEN ON 2/26/01	H.B. 2284 – ACTION TAKEN ON 2/26/01
H.B. 2364 – ACTION TAKEN ON 2/26/01	H.B. 2380 – HELD
H.B. 2385 – DPA (9-2-1-4) – S/E	H.B. 2396 – DPA (11-2-0-3)
H.B. 2405 – DPA (12-0-0-4)	H.B. 2445 – DPA (8-3-1-4)
H.B. 2490 – ACTION TAKEN ON 2/26/01	H.B. 2553 – DP (12-0-0-4)
H.B. 2585 – DPA (12-3-0-1)	H.B. 2626 – ACTION TAKEN ON 2/26/01
H.R. 2003 – DPA (9-5-1-1)	
ON RECONSIDERATION	

Speakers Present

Peter Caltabiano, Majority Intern
Dr. Ron Weinstein, Director, Arizona Telemedicine Program
Pete Wertheim, Majority Research Analyst, Health Committee
Jennifer Vermeer, Assistant Director, Joint Legislative Budget Committee (JLBC)
Branch McNeal, Deputy Director, Arizona Health Care Cost Containment System (AHCCCS)
(Chairman Knaperek recognized persons who did not testify, page 4)
Norm Botsford, Executive Director/Chief Executive Officer, University Physicians Health Care Group,
Tucson
(Chairman Knaperek recognized persons who did not testify, page 4)
Greg Gemson, Majority Research Analyst
Kristin Greene, Director of Government Affairs, Arizona Association of Community Health Centers
David Miller, Chief Executive Officer, Arizona Council of Human Service Providers
(Chairman Knaperek recognized persons who did not testify, page 6)
(Chairman Knaperek recognized a person who did not testify, page 6)
Mike Elg, Crossroads Mission, Yuma
Joe Wright, Executive Director, Community Behavioral Health Services (CBHS), Page
Wayne Wright, Chief of Police, City of Page

(Chairman Knaperek recognized a person who did not testify, page 7)
Tami Stowe, Majority Research Analyst, Retirement and Government Operations Committee
Representative Debra Brimhall, Sponsor
(Chairman Knaperek recognized persons who did not testify, pages 7 and 8)
Tom Finnerty, Legislative Liaison, Arizona State Retirement System (ASRS)
(Chairman Knaperek recognized persons who did not testify, page 9)
Representative Mark Anderson, Sponsor
Carroll Rinehart, Retired Educator; Arts Consultant, Tucson
Nancy Kendig, representing herself
(Chairman Knaperek recognized persons who did not testify, page 11)
Riann Balch, Executive Director, Arizona Coalition to End Homelessness
(Chairman Knaperek recognized persons who did not testify, pages 11 and 12)
Moises Gallegos, Acting Assistant Director, Division of Employment and Rehabilitation Services, Arizona
Department of Economic Security (DES)
(Chairman Knaperek recognized a person who did not testify, page 12)
Brian Lockery, Majority Research Analyst, Human Services Committee

CONSIDERATION OF BILLS

H.R. 2003, salary recommendations; rejection – DO PASS AMENDED – ON RECONSIDERATION

Mr. Poelstra moved that the Committee reconsider H.R. 2003 as amended. The motion carried by a roll call vote of 9-5-1-1 (Attachment 1).

H.B. 2254, state health care contract; rates – HELD

Chairman Knaperek announced that H.B. 2254 will be held.

H.B. 2251, state budget reform; omnibus – IN SUBCOMMITTEE

Chairman Knaperek stated that H.B. 2251 is still in Subcommittee.

H.B. 2380, special education integration pilot program – HELD

Chairman Knaperek announced that H.B. 2380 will be held.

H.B. 2553, telemedicine; schools; pilot project – DO PASS

Peter Caltabiano, Majority Intern, explained the provisions of the bill (Attachment 2).

Dr. Ron Weinstein, Director, Arizona Telemedicine Program, showed slides regarding clients of the Arizona Telemedicine Program. He indicated that a pilot project would be extremely important and \$100,000 would get the program off the ground. Once the program is operational and appropriately equipped, it would be self-sustaining and may have significant economic benefits for the school system as well as the State. He added that this one-year program could be leveraged into significant federal support to continue studies on the cost effectiveness of telemedicine in the school setting.

He related to Mrs. Pickens that a parent often takes a child to school not completely sure if the child should remain because the child feels a bit ill and the child often ends up going home. Beginning of the day programs can be set up so there is immediate access to a certified school nurse who can evaluate the child and determine if the child should remain in school for the day. Monitoring therapy would also be possible, particularly for children with chronic asthma, in which dosages of medication sometimes need to be modified in the course of a day. He added that it would be possible for a single certified school nurse to monitor the populations in different schools similar to what is done in the psychiatric setting today.

Dr. Weinstein indicated that the cost of implementation depends on the scale of the program, and the program could conceivably be available all day. Home health equipment has evolved to the point that it is possible to provide video, stethoscopes used on space shuttles, and other monitoring equipment for a total cost of installation of \$6,000 to \$7,000 per school. Telecommunications can take place over telephone lines. He added that there is a plan in Phoenix to bring broad band telecommunications to all of the schools so he anticipates going to a considerably higher level.

Vice-Chairman Blendu moved that H.B. 2553 do pass. The motion carried by a roll call vote of 12-0-0-4 (Attachment 3).

H.B. 2585, AHCCCS; eligibility; programs – DO PASS AMENDED

Pete Wertheim, Majority Research Analyst, Health Committee, explained the provisions of the bill (Attachment 4). He noted that a proposed amendment incorporates the provisions of the amendment adopted by the Health Committee, but removes unnecessary language relating to a *Family Planning Services Program* (Attachment 5). He added that another proposed amendment requires the Arizona Health Care Cost Containment System (AHCCCS) to apply for a waiver to cover parents in the Kids Care program based on a household income of up to 200 percent of the federal poverty level (FPL) (Attachment 6). The money would be drawn from the Premium Sharing account. He said there is no estimate of how much federal money could be put into the program.

Chairman Knaperek, Sponsor, said this issue was brought up last year and when Kids Care was instituted when it was more difficult to obtain a waiver to include parents. It is now much easier to obtain a waiver and a 75 percent match would be provided, which would free up some tobacco tax monies. She read a letter sent to Representative Leah Landrum from a constituent expressing gratitude for implementation of the Premium Sharing program and encouraging support for the bill. Chairman Knaperek said she receives many similar letters. The program is working, but unfortunately, it only exists in four counties. The bill would extend the program to the entire State.

Jennifer Vermeer, Assistant Director, Joint Legislative Budget Committee (JLBC), reviewed a handout containing several scenarios of projected expenditures in the Medically Needy account of the tobacco tax fund (Attachment 7). She noted that the Premium Sharing bill contains \$28 million, but \$8 million is for the Health Care Group program, which is different and currently receives an allocation from the tobacco settlement. The \$8 million was not included because she understands that Chairman Knaperek intends for the appropriation to be covered elsewhere. She added that with some of the other efforts ongoing to cover parents through the Kids Care program, the estimate for the Premium Sharing program could be lowered from \$20 million (Scenario 2, second page).

Chairman Knaperek noted that some of the programs are not totally utilized so money could possibly be pulled from those. The Members will have to do some prioritizing.

Ms. Vermeer indicated that under Scenario 1, adding \$20 million for Premium Sharing in each year, the fund would run into a deficit around FY-2004.

Chairman Knaperek clarified that \$28 million is still on the bill since it is not known if approval will be obtained from the Attorney General on the \$8 million for the Health Care Group from the settlement money. Because of Proposition 204, there are some questions about whether Health Care Group can continue to be funded from settlement dollars. Although she has heard that it is appropriate, she has not received an official decision. She added that she would not mind keeping the \$28 million for Premium Sharing if the Members decide to include Kids Care parents.

Chairman Knaperek related that Kids Care parents receive the 75 percent of federal dollars. When Kids Care was enacted, the legislation contained language stating that when a child signs up for Kids Care, the parents must obtain a Premium Sharing application and vice versa so the parents could be approved and covered even

though they were not in the actual Kids Care program. Out of 45,000 children in Kids Care, 800 of the parents are in Premium Sharing. If the bill is amended to ask AHCCCS to obtain the waiver, which AHCCCS believes could be obtained in six to eight months, those 800 people would be moved over into Kids Care freeing up spots and dollars.

Branch McNeal, Deputy Director, Arizona Health Care Cost Containment System (AHCCCS), stated that the amount of money that would be freed up would be approximately \$2.4 million per year. He said AHCCCS was asked to determine how many parents are involved and may show up if Title XXI is expanded to cover parents of the children as well. The best estimate is that there are slightly over 32,000 parents of the existing enrolled Kids Care members. He noted that there is not 100 percent participation in the program. Selecting an 80 percent presentation rate for those parents would put total funding at about \$34 million, which would require almost \$8.5 million in State match. He added that the end result is difficult to determine, but with the Kids Care population continuing to rise, additional parents would be included. He indicated that he cannot guarantee that 80 percent is a reasonable level and it would take some time to reach that level. He added that he can make estimates at different percentages of presentation rates.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Donna Redford, Advocacy Director, Arizona Bridge to Independent Living (ABIL)
Tara Plese, Legislative Liaison, Arizona Catholic Conference

Norm Botsford, Executive Director/Chief Executive Officer, University Physicians Health Care Group, Tucson, noted that the Group is the academic medical practice for the full-time faculty at the College of Medicine and has provided affordable and accessible care to residents of Pima and Cochise counties for the last 12 or 14 years through the Health Care Group and Premium Sharing. He said these programs are important to many people who, by virtue of the pure economics of buying health care or pre-existing medical conditions, simply cannot obtain access to health insurance through the traditional commercial insurance programs. He noted that the program runs at a loss because the cost of providing care and the benefit structure for Health Care Group invites people who typically have chronic or acute medical conditions that cannot be recouped through a premium that is accessible and affordable; therefore, the State provided subsidies in the last few years to Health Care Group providers, which has allowed the program to continue.

He indicated that the issue with Health Care Group is that the three providers agree that until the program is on a more permanent footing, it is difficult to market to a wider group of people who might need access because it is not known how much longer a subsidy will be provided. With respect to the Premium Sharing program, he believes expanding the eligibility criteria and other aspects would increase accessibility for parents and others to the program and he fully supports both appropriations. He related to Chairman Knaperek that he supports the proposed amendment to include Kids Care parents because it would also increase accessibility.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Michelle Taylor-Brklacich, Senior Consultant, William M. Mercer, Incorporated
Leigh Cheatham, Executive Director, Premium Sharing
Reann Brittain, Director, Administrative Services, Mercy Care
Donald Vance, Designated Lobbyist, Arizona Association of Retired Persons
Kristin Greene, Director of Government Affairs, Arizona Association of Community Health Centers

Mrs. Somers questioned the reasoning for naming the combined three programs the *Family Planning Services Program*. Chairman Knaperek responded that it is the name of the federal law, but she has a problem with changing the name of the Premium Sharing program, so *Family Planning Services Program* is eliminated in the proposed amendment (Attachment 5).

Mr. Huppenthal encouraged Chairman Knaperek to set up some kind of process for the Committee to be involved in ranking of expenditures. Chairman Knaperek noted that caps cannot be imposed so ultimately a decision will have to be made about what should be covered.

Mrs. Pickens asked if under Scenario 2, any of the other programs include expansion of Premium Sharing. Ms. Vermeer responded that there are currently two sources of money for community health centers, which are local health clinics that provide care to people who do not have insurance. If Premium Sharing were expanded, some of those people who currently receive free care on a sliding fee scale would now become insured under Premium Sharing so the community health centers would receive reimbursement through Premium Sharing that was not previously received. She said she does not know how much of an impact that would have on overall community health center revenues, but that is one area where there could be some overlap.

Chairman Knaperek said the Members should probably take into consideration Proposition 204 because the same issue relates as well. Ms. Vermeer stated that two programs that would benefit from Proposition 204 are the Mental Health Programs for Non-Title XIX and the Psychotropic Medications for non-Title XIX seriously mentally ill (SMI). It is believed that about half of the non-Title XIX SMIs will be eligible for Proposition 204. The Governor stated that it is a priority to retain the SMI non-Title XIX funding so more dollars are going to fewer people, which would address some of the *Arnold v. Sarn* requirements. A policy decision for the legislators is whether to retain the same amount of money or reduce the amount.

(Tape 1, Side B)

Vice-Chairman Blendu moved that H.B. 2585 do pass.

Vice-Chairman Blendu moved that the 24-line proposed Knaperek amendment to H.B. 2585 dated 2/27/01 11:34 a.m. (Attachment 5) be adopted. The motion carried.

Vice-Chairman Blendu moved that the 17-line proposed Knaperek amendment to H.B. 2585 dated 2/27/01 10:28 a.m. (Attachment 6) be adopted. The motion carried.

Vice-Chairman Blendu moved that H.B. 2585 as amended do pass. The motion carried by a roll call vote of 12-3-0-1 (Attachment 8).

H.B. 2194, community health centers – DO PASS AMENDED

Greg Gemson, Majority Research Analyst, explained the provisions of the bill (Attachment 9). He added that a proposed amendment reduces the appropriation from \$5 million to \$2.5 million of tobacco tax monies for the community mental health program (Attachment 10).

Kristin Greene, Director of Government Affairs, Arizona Association of Community Health Centers, stated that this bill does something very, very different, which is integrate primary care with behavioral health. Currently there is a carve-out system for low-income and uninsured patients where patients must access a completely different system for a mental health provider. The intent of the bill, and what the American Medical Association has prescribed for the United States, is to integrate the two systems. She related that the overwhelming majority of anxiety, depression, and general mental health issues are actually diagnosed by the primary care physician (PCP). The bill would allow the most vulnerable uninsured patients who generally have a difficult time finding mental health services outside the PCP's office to walk down the hallway to see a mental health counselor. The purpose is to create a medical home, body and mind, for patients and encourage communication between the primary care provider (PCP) and behavioral health provider to determine the best care of the patient. One problem that often arises is that when both prescribe medications without talking to each other, the medicines may interact. She added that she believes the community health centers are an appropriate place to do this because these patients are seen on a daily basis and the centers have been attempting to provide counseling along the way when mental health issues are diagnosed.

David Miller, Chief Executive Officer, Arizona Council of Human Service Providers, noted that the five regional behavioral health authorities (RBHA) are all members of the Council. He stated that he believes this method of primary and health care integration has a lot of merit and encouraged funding for the program.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Joe Abate, Attorney, representing Arizona Council of Human Service Providers
Donald Vance, Designated Lobbyist, Arizona Association of Retired Persons

Vice-Chairman Blendu moved that H.B. 2194 do pass.

Vice-Chairman Blendu moved that the two-line proposed Knaperek amendment to H.B. 2194 dated 2/27/01 9:01 a.m. (Attachment 10) be adopted.

Mr. Huppenthal, Sponsor, stated that while visiting the community health centers, he was impressed with the volume and quality of work. He sensed that the mental health problems, particularly for the population the centers deal with, are often episodes, but it takes too long to obtain help so families often spin out of control and sometimes people lose jobs. The idea is that if the PCP sees this kind of situation, the mental health provider down the hallway can begin dealing with the situation before damage is done to the family and fabric of their lives.

Question was called and the motion carried.

Mrs. Johnson moved that H.B. 2194 as amended do pass. The motion carried by a roll call vote of 13-0-0-3 (Attachment 11).

H.B. 2238, tobacco tax allocation; detoxification services – DO PASS

Peter Caltabiano, Majority Intern, explained the provisions of the bill (Attachment 12).

Mr. Cannell, Sponsor, stated that the pilot program that was in effect since 1995 ended last year and included programs in Yuma, through the Crossroads Mission, and Page. The program in Yuma developed into a drug rehabilitation/alcohol rehabilitation program and over 300 individuals per year go through the program, with approximately 80 remaining clean and sober. About 30 or 40 per year are cured of problems at least temporarily and become productive members of the community. It is a very inexpensive program at a cost of about \$32 per day and there is a large element of religious influence. He noted that medical technicians are used in efforts to detoxify patients under very strict regulations followed by counseling. He stated that the main emphasis in Page has been a respite place for people who are intoxicated, but the program is evolving toward the same type of program as Yuma. He stated that the Governor provided emergency funding last year. The intent is that as Proposition 204 monies become available, funding would be provided, but for now, funding is needed to keep the programs operating.

Chairman Knaperek noted that David Miller, Chief Executive Officer, Arizona Council of Human Service Providers, is in favor of the bill.

Mike Elg, Crossroads Mission, Yuma, stated that the Mission existed since the beginning of the pilot program. He noted that out of the number of individuals who enter the first phase, approximately 25 percent graduate. Out of the 25 percent, approximately 20 percent are still sober six months later. The services provided keep these people out of jail, off of drugs, and lower county and medical costs. He said the average cost per day is \$32 per day for counseling recovery, vocational training, education, or other needs. The Mission saves the community and State several dollars. He said the money allotted is the foundation of the program and it is used to secure personnel. The amount is doubled or tripled by the Mission. The cost of the program is roughly \$600,000 per year. He asked that the Committee continue to fund the program.

Mrs. Gray asked if money could be obtained from the liquor tax that is collected. Chairman Knaperek said it probably could be used, but it would have to be determined if those dollars are designated for another purpose.

Joe Wright, Executive Director, Community Behavioral Health Services (CBHS), Page, spoke in favor of the bill. He stated that due to a lack of monitoring through the Arizona Department of Health Services (DHS), he

does not have good data pertaining to the program in Page. He submitted that there has been a treatment component to the program for a very long time. The program is very different from Yuma's, which is more of a long-term residential program that operates on about \$600,000 a year. The program in Page is part of a full continuum of care in that residents from the community, the Navajo reservation, and other communities enter the program where detoxification takes place, and through a Navajo roadman, individual and group counseling is received. Clients participate in sweat lodges twice a day, if it is deemed appropriate. He said the length of stay is much shorter than in Page, but some people remain in the program for 30 to 45 days and receive treatment. He added that since the Page program opened in August 1996, the Navajo Nation was so impressed with the impact it made, that the Nation provided dollars, and with a contribution from the City of Page of a facility and land, opened up a long-term residential treatment program in Page. So CBHS encompasses step one of the process and then individuals are referred to long-term treatment.

Mr. Wright said there are some success stories. Two of the current employees are former clients. He said he grew up in Page, lived in Phoenix for 15 years, and moved back to Page. Since he was about eight years old, he has seen the same people on the streets in Page day after day after day. Through some of the treatment interventions, which include transportation back to the reservation, meeting with family members, or providing a job, the program has been successful in getting some of the people off of the streets. He added that two years ago, the program served 2,400 people, and last year 2,200 people. This year there are 1,700 people, which he believes is a direct result of providing intervention service through the Navajo cultures because Navajo people are 99.9 percent of the clientele. He recognized that sometime between now and 2007, there could possibly be a huge deficit so he presented the project and the dilemma of decreasing funds in the near future to the City of Page, and the community is going to begin working this fiscal year to find alternative funds in the future as the tobacco tax funds continue to decrease.

Wayne Wright, Chief of Police, City of Page, reiterated the fact that the City supports the CBHS program. The City recognizes its responsibility to contribute to the treatment process of individuals inflicted with alcohol abuse within the community. A very, very large population is serviced, essentially everybody that lives north of Flagstaff to Colorado City and the Arizona Strip, and as far east as Kayenta. Of that population, the facility in the Page community is the first step for sobriety.

Chairman Knaperek noted that Joe Abate, Attorney, representing Arizona Council of Human Service Providers, is in support of the bill.

Dr. Cannell moved that H.B. 2238 do pass. The motion carried by a roll call vote of 13-0-0-3 (Attachment 13).

H.B. 2164, retirees; health insurance subsidies – DO PASS

Tami Stowe, Majority Research Analyst, Retirement and Government Operations Committee explained the provisions of the bill (Attachment 14) and the estimated increase in the contribution rate for the retirement systems according to the fiscal note (Attachment 15). She added that the Elected Officials Retirement Plan (EORP) increase in the contribution rate is somewhat larger than the other three. EORP employer contributions are currently funded through court fees; however, the amount is set at 1.5 percent to approximately 2 percent, so if there are no other impacts to EORP, the contribution increase would actually be 2.46 percent.

Representative Debra Brimhall, Sponsor, offered to answer questions, indicated that she would be willing to resolve any concerns, and urged the Members to support the bill.

Vice-Chairman Blendu moved that H.B. 2164 do pass.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Tom Finnerty, Legislative Liaison, Arizona State Retirement System (ASRS) (neutral)

Alan Johnson, Professor Emeritus, Arizona State University (ASU); ASU Retirees Association,
Tempe
Robert Beeman, Cochair, ASU Retirees Association
Robert Mings, Professor Emeritus, ASU; ASU Retirees Association
Harold White, Professor Emeritus, ASU; ASU Retirees Association, Tempe
John Campbell, President, Arizona Education Association – Retired
Z. A. Zeke Prust, Retired from ASU
Donald Vance, Designated Lobbyist, Arizona Association of Retired Persons (AARP)
Dorothy Lisonbee, President, All Arizona School Retirees Association

Greg Gemson, Majority Research Analyst, explained that a proposed amendment is identical to the amendment passed by the Retirement and Government Operations Committee (Attachment 16). Chairman Knaperek stated that it not necessary to offer the proposed amendment.

Question was called on the motion that H.B. 2164 do pass. The motion carried by a roll call vote of 15-0-0-1 (Attachment 17).

H.B. 2004, ASRS; actuarial computation method – DO PASS AMENDED

Tami Stowe, Majority Research Analyst, Retirement and Government Operations Committee explained the provisions of the bill (Attachment 18). She added that a proposed amendment phases in the funding method change over 10 years and reinstates a rolling 30-year amortization period (Attachment 19). She added that the general fund impact in FY 2004 of \$19 million would be \$3 million with the proposed amendment. For other funds in FY 2004, the impact of \$6.9 million would be \$1 million with the proposed amendment. For local impact in FY 2004, the amount of \$133 million would be \$22 million with the proposed amendment.

Representative Debra Brimhall, Sponsor, referred to the proposed amendment and stated that going to a 30-year amortization period adds some extra costs that she would like Ms. Stowe to address.

Ms. Stowe said the bill goes to a 20-year amortization period, which means that 100 percent liability would be covered for 20 years. When the change is made to entry age normal (EAN), the ultimate contribution rate increase would equate to 4.09 percent. For 30 years, the ultimate increase in the contribution rate would be 4.44 percent.

Tom Finnerty, Legislative Liaison, Arizona State Retirement System (ASRS), related that the ASRS Board recommended going to the 30-year amortization period, but he does not know the reasoning behind the recommendation.

Chairman Knaperek indicated that she and Mrs. Brimhall will work on the bill and offer a Floor amendment, if necessary.

Mrs. Brimhall indicated that the bottom line is that the Board prefers what is in statute, which is the 30-year amortization period. She added that the Public Safety Personnel Retirement System has a 20-year amortization period, but there is no reason for the recommendation except a matter of habit.

(Tape 2, Side A)

Ms. Stowe related to Mr. Huppenthal that the change only impacts the cost methodology for determining the contribution rate. Projected unit credit (PUC) calculates the required contribution rate based on actual service, whereas EAN assumes the employee over the remainder of their career; therefore, a greater amount of liability is assumed. It is not a benefit enhancement so the assets still remain the same for EAN and PUC; therefore, it is not considered an unfunded liability.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Donald Vance, Designated Lobbyist, Arizona Association of Retired Persons (AARP)
Robert Beeman, Cochair, Arizona State University (ASU) Retirees Association
Robert Mings, Professor Emeritus, ASU; ASU Retirees Association
Harold White, Professor Emeritus, ASU; ASU Retirees Association

Mrs. Johnson moved that H.B. 2004 do pass.

Mrs. Johnson moved that the two-page proposed Knaperek amendment to H.B. 2004 dated 2/22/01 2:45 p.m. (Attachment 19) be adopted.

Mr. Finnerty advised Mr. Huppenthal that with the EAN method, money is put up front that will earn interest so more is not paid in the end. With the PUC method, no money is put up front so costs increase over time. The system is still funded under either method.

The motion carried.

Mrs. Johnson moved that H.B. 2004 as amended do pass. The motion carried by a roll call vote of 11-2-1-2 (Attachment 20).

H.B. 2396, schools; classical music – DO PASS AMENDED

Peter Caltabiano, Majority Intern, explained the provisions of the bill (Attachment 21).

Representative Mark Anderson, Sponsor, stated that the bill addresses the issue of improving student achievement by providing classical music education for young students. He indicated that studies show that the effect of music on the brain is phenomenal and students exposed to classical music are able to perform much better in math, etc. The Members viewed a short video about a music program implemented in the Jackson School in Utah.

Carroll Rinehart, Retired Educator; Arts Consultant, Tucson, testified that he began teaching 53 years ago in a small school in Ohio where every member of the seventh grade class was in his band, orchestra, or both playing different instruments. Today, more than one-third of those students have doctorates in some field.

He stated that a friend of his who was previously the principal of the Lab School at Hunter College in New York always told parents that if they want their children to remain in school and keep working, to get them involved in the band or orchestra. At one point, his friend was writing a book on creativity and asked him to read it. She questioned if the growth in academic achievement is due to the fact that bright students choose to go into the instrumental program or if the instrumental program helps make the students bright. He said he responded that it is both.

Mr. Rinehart related that he spent three days in Winston Salem, North Carolina viewing a Bolten Project and he was very impressed not only with student achievement and responsiveness, but also with what happened to teachers who began to teach as artists. This past weekend in Tucson at a project called the Arizona Arts Education Research Institute, which is comprised of the fine arts colleges of each of the three State universities, he heard that studies show that people exposed to music are more highly developed than any other class of people ever studied. He said he recently finished an opera with a group of first graders in one of the schools where there is an Opening Minds Through the Arts project and he has never worked with children of that age with such fluency in language and music. One of the reports from the Institute stated that in personal disposition, people who have gone through arts experiences have greater persistence, which is necessary for learning, and resiliency, are greater risk takers, more focused and disciplined, and have greater respect for authentic achievement.

Mr. Rinehart said never before, in 53 years of teaching, has he seen such readiness for getting involved in new directions in education. The principals in the Tucson schools are excited about the potential of this project and want to participate.

He mentioned that a *60 Minutes* show on television several weeks ago focused on the string program in Venezuela where, 25 years ago, a man went into the barrios and provided musical instruments for the children. Today, thousands and thousands of children in Venezuela are studying string instruments and the young adults who went through the program in the last 25 years are now teaching the program, which is fully supported by the Country of Venezuela. He stated that the Assistant Superintendent in charge of curriculum in the Tucson Unified School District told him she wants that kind of thing happening in every school in the District.

Mr. Rinehart concluded his remarks by stating that a model is needed to find out what works and what does not and how the quality of education can be improved, which is why he supports the bill.

Mr. Anderson explained that the bill funds classical musical instruments for two schools to be selected by the Arizona Department of Education (ADE) from schools that apply. He indicated that a study is included to determine if discipline problems and test scores improve at the schools. Chairman Knaperek indicated that it would be helpful to provide more details about the study. Mr. Anderson responded that ADE is aware and supportive of the legislation. He added that he would be glad to specify the study a bit more.

Mrs. Johnson moved that H.B. 2396 do pass.

Ms. Lopez explained that a proposed amendment primarily ensures that funding for the program would go to two schools in which 80 percent of the students meet the economic eligibility requirements for a free or reduced lunch (Attachment 22).

Ms. Lopez moved that the six-line proposed Lopez amendment to H.B. 2396 dated 2/23/01 1:41 p.m. (Attachment 22) be adopted. The motion carried.

Mrs. Johnson moved that H.B. 2396 as amended do pass. The motion carried by a roll call vote of 11-2-0-3 (Attachment 23).

(Tape 2, Side B)

H.B. 2385, eviction prevention program

S/E: same subject - DO PASS AMENDED S/E

Peter Caltabiano, Majority Intern, explained the provisions of the proposed S/E amendment to the bill (Attachment 24; S/E Amendment, Attachment 25).

Nancy Kendig, representing herself, stated that she is a single mother with fibromyalgia. She is out of work and about to be evicted. She indicated that being a single parent equals the poverty level many times and just a bout of ill health could throw a family into dire circumstances. Regarding the present homeless situation, she said it does not take much for a family to end up living on the streets. The Community Action Program (CAP) many times has a four-or-five-week waiting list and an eviction notice or some kind of litigation is needed before a family can enter the CAP; therefore, another program should be available. She stated that she has been a hard-working person all her life and she is now facing some health issues, but she is finding that there is very little support available. She indicated that this bill addresses families with children and she hopes it also addresses those with grown children. She is waiting to find out about disability and a legal battle is possible. She added that rent and the cost-of-living are skyrocketing, and more reasonable rent would be helpful to single-parent families or people managing on a lower-income level. She said this bill is very vital and she hopes funding will be available.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Tara Plese, Legislative Liaison, Arizona Catholic Conference
Mark Barnes, Lobbyist, representing Association of Arizona Food Banks
Eddie Sissons, Executive Director, Morris Institute for Justice
Karen Novachek, Director, Lutheran Advocacy Ministry in Arizona

Riann Balch, Executive Director, Arizona Coalition to End Homelessness, addressed the Committee (Attachment 26).

Chairman Knaperek noted that a Task Force addressed homelessness over the summer. From working with nonprofit organizations, she is aware that the current system is reactionary to emergency situations, which means that it is much more costly. She stated that Arizona is known for its homeless problem and something needs to be done.

Mr. Loreda, Sponsor, explained that the proposed S/E amendment states that 20 percent of monies in the unclaimed property fund would go to the program, but he plans to make a verbal amendment to replace that with \$1 million because the fund tends to fluctuate.

Ms. Balch clarified that the bill requests 20 percent of unclaimed property revenues. Currently, 55 percent goes to the housing trust fund, which is where the additional 20 percent would also go so there would be no additional administrative charges, etc. She noted that the unclaimed property fund increased by \$10 million between this year and last, which is much more than 20 percent or \$1 million. Revenues from unclaimed properties also go to a utility assistance fund and a racing fund. She indicated to Ms. Weason that \$1 million is not ideal, but any money used toward prevention is the best way to spend money on the issue of homelessness.

Greg Gemson, Majority Research Analyst, explained that the housing trust fund is controlled by the Arizona Department of Commerce (DOC) and receives 55 percent of proceeds from sales of unclaimed property and interest income. The proposed S/E amendment on page 4, lines 3 and 5, refers to the 55 percent. The additional 20 percent is referred to on line 10 and those monies would otherwise go to the State general fund. Essentially, a total of 75 percent would be diverted from the general fund to the housing trust fund. He added that the housing trust fund currently has somewhat of a year-end fund balance, so the question would be to leave it as is, divert only \$1 million, or fund the program out of the potential fund balance in the housing trust fund without taking any monies from the general fund.

Mr. Anderson advised that the racing fund is used to fund county fairs and items of that nature.

Mr. Gemson related to Ms. Gray that 25 percent of unclaimed property revenues currently goes to the general fund. The proposed S/E amendment transfers 20 percent of the 25 percent to the housing trust fund.

Ms. Balch indicated to Mrs. Somers that she has been involved in the housing and homeless industry for over 10 years as well as some studies regarding recidivism. With eviction prevention, recidivism is not nearly as high as it is for people going into homeless shelters because there are so many more barriers to overcome. If someone is at home, support systems, nearness to work and day care, etc., make life much easier. Court fees and evictions are not on the person's record as well as the stigma of being homeless, health problems from being on the streets, etc. She advised that the entity that runs the program would include in the request for procurement (RFP) the type of program that would be implemented to ensure that the clients give back, which would be evaluated competitively by the DOC.

Chairman Knaperek recognized persons in favor of the bill who did not testify:

Dan Miller, Program Coordinator, Arizona Housing Commission
Kathy Saile, Coordinator for Outreach Ministries, Paradise Valley Organization of Faith Communities; Franciscan Renewal Center, Scottsdale
Pat Gilbert, Executive Director, Mesa Community Action Network, Incorporated

Andrew Ortiz, Executive Director, Arizona Community Action Association
Joy Marx-Mendoza, representing herself
Timothy Schmaltz, Director of Program Development, Foundation for Senior Living
Ginny Hildebrand, Executive Director, Association of Arizona Food Banks
John Wall, Program Director, Central Arizona Shelter Services
Marjorie Mead, representing NOW, Sun City

Mr. Loredo moved that H.B. 2385 do pass.

Mr. Loredo moved that the five-page proposed Knaperek S/E amendment to H.B. 2385 dated 2/23/01 9:11 a.m. (Attachment 25) be adopted.

Mr. Loredo moved that the five-page proposed Knaperek S/E amendment to H.B. 2385 dated 2/23/01 9:11 a.m. (Attachment 25) be amended as follows:

Page 4, line 10, strike "TWENTY PER CENT OF THE MONIES" and insert "ONE MILLION DOLLARS"

The motion carried.

Mr. Loredo moved that the five-page proposed Knaperek S/E amendment to H.B. 2385 dated 2/23/01 9:11 a.m. (Attachment 25) as amended be adopted. The motion carried.

Mr. Loredo moved that H.B. 2385 as amended do pass. The motion carried by a roll call vote of 9-2-1-4 (Attachment 27).

Mrs. Johnson assumed the Chair.

H.B. 2405, welfare; wheels to work - DO PASS AMENDED

Greg Gemson, Majority Research Analyst, explained the provisions of the bill (Attachment 28).

Representative Mark Anderson, Sponsor, stated that the main purpose is to reduce the duration of the program from 12 months to 6 months, the time the Wheels to Work program has title to the vehicle. If the people in the program fulfill all of the responsibilities in 6 months to become owners of the vehicles, the program would save about \$275,000 for insurance, repairs, and maintenance costs that are currently paid for during the 12 months. He noted that the Arizona Department of Economic Security (DES) brought the bill forward to make the program more cost-effective. It is a very good program and over 400 people are now able to drive to work. This change, along with some renegotiating of the contract with Goodwill Industries, would save money so more cars can be obtained for people on a waiting list.

Moises Gallegos, Acting Assistant Director, Division of Employment and Rehabilitation Services, Arizona Department of Economic Security (DES), related to Mrs. Pickens that at the time the 6 months is completed, the recipient has completed all of the responsibilities and the vehicle is turned over to the recipient. No provision other than the JOBS Program and supportive services could be used if the recipient has any kind of difficulty.

Mrs. Pickens asked if there is evidence that 6 months is enough time for someone to financially be able to take over insurance and upkeep of a vehicle or if the responsibility is turned over to recipients who end up not being able to keep the car. Mr. Gallegos replied that if there is an issue with the recipient not being able to keep a job to maintain the vehicle or anything that would cause the lease to default, 93 percent of the time, the default occurs in the first 6 months.

Chairman Knaperek resumed the Chair.

Chairman Knaperek noted that Tara Plese, Legislative Liaison, Arizona Catholic Conference, is in favor of the bill.

Mrs. Johnson moved that H.B. 2405 do pass.

Brian Lockery, Majority Research Analyst, Human Services Committee, related that a proposed amendment incorporates the provisions of the amendment adopted by the Human Services Committee and contains an effective date of July 1, 2001 (Attachment 29).

Mr. Lockery related to Mrs. Johnson that the proposed amendment states that if a person purchases a vehicle specifically for the program, not only is the person responsible for items such as damage repairs, etc., but the person would not be eligible for the tax credit. A person who donates a vehicle would be eligible for the tax credit.

Regarding the language on page 1, lines 13 through 16, of the proposed amendment, Mr. Anderson related to Chairman Knaperek that the Wheels to Work program occasionally has an opportunity to purchase vehicles at a very low price. Currently, only donated vehicles can be received. The language allows purchase of vehicles as well. He added that whoever donates or sells the vehicle would no longer be liable because of a fear that if an accident occurred, a lawyer could sue all the way back to the person who donated the vehicle.

Mrs. Johnson moved that the two-page proposed Knaperek amendment to H.B. 2405 dated 2/27/01 11:38 a.m. (Attachment 29) be adopted. The motion carried.

Mrs. Johnson moved that H.B. 2405 as amended do pass.

(Tape 3, Side A)

The motion carried by a roll call vote of 12-0-0-4 (Attachment 30).

H.B. 2445, appropriation; national guard tuition - DO PASS AMENDED

Greg Gemson, Majority Research Analyst, explained the provisions of the bill (Attachment 31). He added that a proposed amendment inserts \$100,000 into the blank (Attachment 32).

Chairman Knaperek clarified that the original bill included dollars in the budget, but those dollars were spent. This is an additional appropriation.

Mrs. Johnson stated that many people are waiting to go back to school and obtain this help.

Chairman Knaperek advised Ms. Weason that \$350,000 was in the budget for the program.

Mrs. Johnson moved that H.B. 2445 do pass.

Mrs. Johnson moved that the two-line proposed Knaperek amendment to H.B. 2445 dated 2/27/01 8:59 a.m. (Attachment 32) be adopted. The motion carried.

Mrs. Johnson moved that H.B. 2445 as amended do pass. The motion carried by a roll call vote of 8-3-1-4 (Attachment 33).

Without objection, the meeting adjourned at 6:08 p.m.

Linda Taylor, Committee Secretary

(Original minutes, attachments, and tapes are on file in the Office of the Chief Clerk.)