

ARIZONA STATE SENATE

45TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: January 8, 2002

TIME: 10:00 a.m.

ROOM: SHR109

CHAIRMAN: Senator Solomon

VICE CHAIRMAN: Senator Bee

ANALYST: Deborah Johnston

**COMMITTEE
SECRETARY:** Alva R. Nechtman

ASST.

INTERNS: Brandy Martin

ANALYST: Carolyn Atwater

Jessica Erickson

ATTENDANCE

BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Arzberger	X				
Senator Blanchard	X				
Senator Cirillo	X				
Senator Guenther		X			
Senator Hamilton		X			
Senator Hellon	X				
Senator Martin	X				
Senator Mitchell	X				
Senator Rios	X				
Senator Verkamp		X			
Senator Bee, Vice Chairman	X				
Senator Solomon, Chairman	X				

GOVERNOR'S APPOINTMENTS

Tape 1, Side A

Senator Solomon called the meeting to order at 10:10 a.m., and attendance was noted.

Senator Solomon commented that this would be a very difficult budget year. She indicated with the repeal of the 2003 budget, it is important for Committee members to know the agencies' needs, the critical issues, what can be postponed or eliminated and the priorities that must be met without jeopardizing constitutionally mandated services.

PRESENTATION BY AGENCIES OF CRITICAL NEEDS

Dr. Catherine Eden – Director of Department of Health Services (DHS)

Dr. Eden commented on the accomplishments of DHS with their appropriated monies. Accomplishments include breaking ground on the new state hospital, settlement of the "Jason K" lawsuit, expanded services for mentally ill adults and children, increase in federal funds to offset the cost of improving the behavioral health system, implementation of intensive treatment teams to achieve positive outcomes through recovery and wraparound services, increased rates paid to mental health agencies and posting enforcement actions on the website. The State lab tested over 900 samples because of new bioterrorism issues.

A power point presentation was made (Attachment A).

Senator Mitchell asked Dr. Eden if the State Hospital's goal was only to restore competency enough to have a trial or if there is any additional treatment involved. Dr. Eden stated that the county attorney is primarily interested in making sure that these people are competent to stand trial and understand the ramifications of the trial process.

Senator Mitchell commented that when the County paid for the restoration to competency testing, the numbers were low and now that the State pays for testing, the numbers are high. Dr. Eden clarified that prior to 1997, restoration to competency was entirely paid for by county dollars. Since 1997 there is a cap of 60 on the number of people who can be referred for competency.

Senator Rios asked if there were any discounts offered by pharmaceutical companies to offset the tremendous cost of psychotropic drugs. Dr. Eden commented that DHS does work with the pharmaceutical companies to get the very best prices.

Senator Solomon requested additional information from Dr. Eden as to how quickly people are being enrolled under Prop. 204 for behavioral health services.

Dr. Eden responded to Senator Solomon's query on the status of the Supreme Court ruling on the constitutionality of Arizona's placement of sexually violent persons (SVP) by stating that the Attorney General has commented that it could be one to two years before the ruling is made by the United States Supreme Court. The Arizona Supreme Court has ruled that the SVP population is being dealt with correctly.

Senator Solomon further queried Dr. Eden for additional explanation of the \$2.5 million deficit for restoration to competency. Dr. Eden explained that when the decision was made that the State and counties would share the cost for restoration to competency, the Legislature accepted the

inflated figure offered by the County Supervisors Association. This figure was not accurate and, therefore, created a deficit for DHS.

In response to Senator Hellon's inquiry as to who makes the determination that a person needs competency testing, Dr. Eden responded that the determination is made by the County Attorney and the judge. She further stated that because of licensure requirements DHS cannot take more than 60 people.

In response to Senator Bee, Dr. Eden explained that the additional funding from Arnold v. Sarn is being used for housing and is allowing DHS to increase the payments to providers that in turn increases the available services.

Leslie Schwalbe, Deputy Director, DHS, responded to Senator Solomon's inquiry as to the total money available for all sources for substance abuse:

\$1 million in DHS budget
\$15 million in general fund
\$28 million for federal block grant
\$25 million state and federal Title XIX program

Senator Cirillo questioned Dr. Eden on the trauma centers and asked for any additional ideas for funding. He also requested common definitions for "emergency " and "trauma" so that services and treatment are consistent throughout the State. Dr. Eden responded that DHS was working on these common definitions.

Senator Rios asked Dr. Eden what types of disabilities and illnesses qualify children under the Children's Rehabilitative Services. Dr. Eden explained that these are children with life threatening illnesses. Senator Rios wanted the members to be aware of the population treated by Children's Rehabilitative Services and how important these services are to the community.

Dr. Eden gave further explanation of the tremendous importance of the Tobacco Education Prevention Program and the successes of this program. Senator Solomon requested a breakdown of the expenditures of the program and Senator Martin also requested a breakdown of the advertising sponsored by the Tobacco Education Prevention Program.

Comments were made by Senator Cirillo and Senator Mitchell concerning the extremely tough decisions that have to be made not only for health services, but also in every agency because of the funding shortfall.

Dr. Eden closed her presentation by thanking the Committee members for giving DHS the keys to be successful and for supporting the agency.

Tape 1, Side B

Jacqueline Schafer, Director of Department of Environmental Quality (ADEQ)

Director Schafer's presentation covered the following major points – See Attachment B.

1. ADEQ Budget Architecture
2. Impact of the Special Session Cuts in FY 2002 – General Fund

3. Water Quality Assurance Revolving Fund has Reached Critical Mass

Senator Cirillo asked Senator Solomon how the salary plan, which is effective April 1, 2002, would be handled procedurally. Senator Solomon stated that Joint Legislative Budget Committee's (JLBC) intent is to include this additional money in each agency budget.

Senator Cirillo asked Director Schafer if ADEQ had factored into its budget the additional salary funds when it was stated that the 8% could be absorbed into the 2003 budget. Director Schafer stated that it is handled by JLBC and ADEQ had not added the 2003 annualization.

Director Schafer responded to Senator Solomon's inquiry about Water Quality Assurance Revolving Fund (WQARF) site closures. Director Schafer stated that no sites have been closed. She indicated there are 33 sites on the WQARF registry and the strategy has been over the last 18 months to begin taking early response actions.

In response to Senator Solomon, Director Schafer indicated that at the beginning of fiscal year 2001-2002, \$31 million was "stockpiled" in the WQARF fund. She stated cost recovery is done voluntarily through agreements reached by responsible parties. The total cost recovery to date amounts to approximately \$5 million.

Philip McNeely, Manager, Superfund Programs, ADEQ distributed to Committee members information on the WQARF program which indicates cleanup activities over the last 18 months and the expenditure of monies (Attachment C). Currently, the WQARF program has 8 sites in Tucson, 18 in Phoenix, and 7 spread across the State. With the dedicated funding source from responsible parties, ADEQ is able to plan ahead and start cleanup procedures immediately, especially when there is a risk to a water supply or an actual contaminated water supply that can be cleaned up. A continual search is done for responsible parties.

Senator Mitchell inquired about the owner of the East Washington site. Mr. McNeely responded that the owner of the property fled the State in 1987 so the EPA could not attach all his assets. At this time, there is \$700,000 in back taxes due on the property. Senator Mitchell voiced his concern that the State had cleaned up the property and now the landowner can sell it, pay the back taxes and see a profit at the State's expense. Mr. McNeely explained that now WQARF works on proportionate share and all the previous landowners and operators will be liable for the cleanup.

Senator Cirillo commented that the State would certainly not want to create an incentive for these property owners, even though the current owners did not cause the pollution. Senator Cirillo feels that the owner should have to compensate the State in some way for increasing the value of the property.

Senator Solomon asked Director Schafer to address the newspaper reports of the "false positives" in the onboard diagnostic vehicle emission testing. Director Schafer stated that the reports were from other states. Arizona's testing is different and experience will be gained from the other states. The first year's experience will give the data required to analyze the new testing procedure.

Senator Solomon also queried Director Schafer about additional funding in the 2002 budget for additional border inspectors. Senator Solomon referenced the federal government's intent to do 100% of the inspections for all hazardous materials coming across the border, and asked Director Schafer if the two additional fulltime employees (FTE) would still be necessary. Director Schafer pointed out that the two inspector positions would be necessary because of the difference in

hazardous waste and hazardous materials. ADEQ will be training the customs employees on the hazardous waste rules.

Tape 2, Side A

Senator Solomon also asked Director Schafer if ADEQ was expecting to see any savings on rent in the new building. Director Schafer informed Senator Solomon that no savings were expected and discussion would be held with Department of Administration on this question. Director Schafer called on **Bob Rocha, Administrative Services Director, ADEQ**. Mr. Rocha informed the committee that no savings were anticipated.

Senator Solomon thanked Director Schafer for her willingness to serve at ADEQ and commented on the fine job Director Schafer was doing at ADEQ.

There being no further business, the meeting adjourned at 11:55 a.m.

Respectfully submitted,

Alva Nechtman
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)