

ARIZONA STATE SENATE

45TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: February 6, 2001

TIME: 8:00 a.m.

ROOM: 109

CHAIRMAN: Senator Solomon

VICE CHAIRMAN: Senator Bee

ANALYST: Deborah Johnston

COMMITTEE

SECRETARY: Melissa C. Upshaw

INTERNS: Timothy Bowers and Julie Myers

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 Cirillo	X				
Senator Guenther	X				
Senator Hamilton		X			
Senator Hellon	X				
Senator Martin	X				
Senator Mitchell	X				
Senator Nichols	X				
Senator Rios	X				
Senator Verkamp		X			
Senator Bee, Vice Chairman	X				
Senator Solomon, Chairman	X				

GOVERNOR'S APPOINTMENTS

Tape 1, Side A

Chairman Solomon called the meeting to order at 8:02 a.m. and attendance was noted. For additional attendees, see Sign-in Sheet (Attachment A).

APPROVAL OF MINUTES

Senator Guenther moved the minutes for January 16, 2001 be APPROVED as distributed. The motion CARRIED by voice vote.

Chairman Solomon informed the Committee that Senator Rios has some concerns regarding the Department of Corrections budget, and until he arrives to comment on the budget, they will move on with the budget presentations for the Department of Economic Security (DES).

BUDGET PRESENTATIONS

Department of Economic Security

Stefan Shepherd, Budget Analyst, Joint Legislative Budget Committee, distributed two handouts entitled *FY 2002 - FY 2003 Comparison of Major Policy Issue Department of Economic Security* (Attachment B) dated February 5, 2001; and *JLBC Recommended Performance Measures Department of Economic Security* (Attachment C). The bulk of his testimony is based on Attachment B.

Mr. Shepherd covered the following major policy issues for the Department:

- Total Budget (DES - 1)
- Long Term Care Client Services Growth (DES - 21)
- DDD Automation Project (DES - 16 & 22)
- TANF Cash Benefits Caseload (DES - 25 & 27)
- Child Support Central Payment Processing (DES - 30)
- Child Care Modifications (DES - 48 & 49)
- JOBS Training Issues (DES - 49)
- Special Administration Fund Shift (DES - 50)
- CPS Related Issues (DES - 37, 39, & 44)
- Adoption Caseloads (DES - 39 & 40)
- Adult Services Issues (DES - 34)
- Licensing Staff Consolidation (DES - 14)
- Social Services Block Grant Offset (DES - 34)
- Other Major TANF Issues (assorted DES pages)

*Note: The page numbers in parentheses refer to the page numbers listed in the *FY2002-FY2003 JLBC Recommendations* booklet.

Senator Cirillo asked Mr. Shepherd if the difference in position between the Joint Legislative Budget Committee (JLBC) and the Office of Strategic Planning & Budgeting (OSPB) means that the three tribes, other than the Navajo Nation, would not be eligible to receive the money directly from Washington. Mr. Shepherd said that OSPB might be able to address the question better than he can, but the \$19.4 million reflects the amount of the Temporary Assistance for Needy Families

(TANF) money that all four tribes are receiving. He is not sure why the OSPB did not reflect a decrease on the expenditure tribe side for the three tribes other than the Navajo Nation. Senator Cirillo said it would seem the only logical reason for doing that would be if those three tribes for some reason were not eligible to get the money from Washington.

Senator Rios said in respect to the no growth that JLBC shows in terms of caseload for daycare, the State has been moving a lot of people off of welfare into the work world. He does not see any projections on the caseload growth for fiscal year 2002-2003. Mr. Shepherd said JLBC is recommending flat caseloads in fiscal year 2002 and an increase of about \$3 million in fiscal year 2003; the Executive office is recommending an increase of about \$3 million in 2002 and \$13 million in fiscal year 2003. Mr. Shepherd referred to the table on page 4 of Attachment B, Child Care Recommendations, which gives a good summary of the end results of the JLBC and OSPB recommendations. He said JLBC has funded what they expect the caseloads to be in the TANF and transitional child care program. They have also increased the authorization for the low income working, but not as much as the Executive office has.

Senator Cirillo asked Mr. Shepherd about the growth factor between the 1998 market rate survey and the recently completed 2000 market rate survey. Mr. Shepherd said these rates are based on the Department's projections of what providers will be charging given the 75th percentile of the 2000 market rate. It is based on what DES thinks the providers will actually charge given these new maximums. He said the next market rate would not be done until the summer of 2002, so at this point, JLBC cannot project what that increase might be. Senator Cirillo said he would follow up his question with the Department's Director on this issue.

Senator Nichols said none of the figures seem to add up to \$7.9 million, however, some of it was used for Arizona Health Care Cost Containment System (AHCCCS) outreach. He asked about the remaining balance of the \$7.9 million, whether that has been appropriated for TANF uses elsewhere within the DES budget. Mr. Shepherd said he believes Senator Nichols may be referring to monies that are actually appropriated through the AHCCCS budget and the DES eligibility line in the AHCCCS budget. The monies appropriated in the DES budget only relate to the food stamp and cash benefit side, and although DES does the AHCCCS eligibility as well, those monies are found in the DES eligibility line item in the AHCCCS budget. He said that perhaps DES might be able to further clarify his answer, if not, he would be glad to follow up.

Senator Nichols said the monies were sometimes referred to as transitional monies. Congress took action later in 1999 and the State avoided losing the money. He questioned whether or not DES was expending some of those monies today or whether they all went to AHCCCS. He said at least in the beginning it was about \$7.9 million in transitional monies, but he would ask the Director about this.

Senator Rios said he noticed that the State is reimbursing the low-income folk under the low-income child subsidy program at the 1996 market rate. He said everyone knows child care is extremely expensive and the good programs are the ones that cost more, so he would imagine that a lot of these people are having to settle for less quality type programs for their kids. He referred to page 2 of Attachment B, Child Care Modifications, quality funding, and asked if someone is looking at what a good program costs and what they provide as opposed to what most low income people are getting. Mr. Shepherd said under JLBC's recommendations, market rates for the low income working as well as everyone in the DES child care program are going to be increased. He said the quality monies could be used for outreach, development or to serve certain types of clientele. He is sure that the monies are used to help fund the market rate survey that is

the basis for the increased funding in the JLBC recommendation. He said the Department could clarify his answer further.

Chairman Solomon assured Senator Rios that she and Representative Knaperek were just discussing this particular policy issue. They spent a great deal of time discussing the quality issues, one being the fact that daycare is not babysitting, it is education.

Chairman Solomon said that the Director of DES and the Governor's policy person for welfare have convinced her that more money is needed in the JOBS program line item. She said there are other TANF line items that can be rolled into this program to give the agency the flexibility they need in providing quality service to those who participate in the program.

Pat Mah, Senior Fiscal Analyst, JLBC, completed the review of Attachment B.

Senator Cirillo asked if the State has always used the Child Welfare League of America (CWLA) Standards relating to the calculation of required increase in Child Protective Services (CPS). Ms. Mah said the State has not used these standards before. It has always been a case where the agency would make a request based on the time spent. Senator Cirillo suggested that it would be better to have some objective standards.

Chairman Solomon said in support of the agency, she can remember 12 other years of requests that the Legislature chose not to fund. She said it is a pleasure to put this before the Committee.

Senator Rios said he appreciates the fact that the State is finally trying to base a caseload to a particular standard, but the State is using a 1 to 15 ratio. CWLA prefers an ideal caseload of 1 to 12. He is curious as to how many more CPS workers DES would need if the State went to the 1 to 12 ratio. Ms. Mah said she did not have that calculation, but she would provide that for him.

Chairman Solomon suggested that the ratios are used as a guide for funding, but in extreme cases she is sure that the agency has the flexibility to reduce those caseloads. She hopes the agency would use some flexibility in determining what those caseloads will be per caseworker based on the number of children in the family, the difficulty of the case and the desire to give them that flexibility.

Senator Rios noted that in the past Chairman Solomon and others supported programs like Family Builders. Family Builders take some of the lower level CPS cases so those workers can concentrate on the more difficult cases. With the passage of model courts, that forces CPS workers to produce in a shorter period of time, which adds a lot of pressure. He said he has attended some CPS conferences recently and has heard many workers saying they are ready to leave because of the demand to meet the strict timelines.

In response to Senator Rios' comments, Chairman Solomon said these are cases, which CPS did not deal with in the first place. These were cases that were not responded to in the first place. Right now the families are getting some services from Family Builders that they would not otherwise be getting through CPS or any other entity.

Senator Rios said he appreciates Chairman Solomon's clarification of the Family Builders program, but CPS in many instances has to investigate the cases then make the determination that they were non-substantiated. Chairman Solomon said that for Family Builders often the referral is made to the community agency and CPS is not involved. She said this would be discussed later.

In response to Senator Rios' question, Ms. Mah said there is dropping caseload based on kids being moved through the system faster and policy changes to place children with relatives. So there is some growth in home care, but in out-of-home care there is a drop, and that is where most of the cost has been in terms of expenditures. In essence JLBC is funding a service rate increase at 3.1 percent. Because of that there will be growth in the general fund. JLBC is recommending about an \$8 million increase in fiscal year 2002 and about a \$20 million increase in fiscal year 2003 that is driven mostly by children's services. Senator Rios asked if the State is expecting that trend to continue. Ms. Mah said the State is expecting a drop in out-of-home services and a somewhat slower growth in in-home services. Senator Rios asked if the State is prepared for when that trend does not continue and more kids are placed in foster care. Ms. Mah said JLBC has always reviewed the budget annually, made adjustments accordingly and brought that to the attention of the Legislature.

Chairman Solomon said if the Legislature continues to work on prevention for the kinds of things that they believe will keep families together and children safe, they will continue to see that trend drop.

Senator Nichols asked Ms. Mah if JLBC has reviewed the process of looking at caseloads either here in CPS or elsewhere within DES or the amount of time spent in paperwork. Ms. Mah said the required administrative duties of reporting vary with each case, but it is something that JLBC does review. Senator Nichols said some caseworkers have told him that they have spent an excessive amount of time filling out papers rather than servicing the cases.

In response to Chairman Solomon, Ms. Mah said there is a waiting list of about 900 to 1,000 people for the community-based services. When these people call in, they are in crisis so not everyone chooses to go on the waiting list, and so JLBC does not feel the waiting list number captures the need. Ms. Mah said approximately 3,000 people would be funded, and the Executive Office is recommending about \$1.7 million, half of what JLBC is recommending to fund caseloads for Non-Medical Home and Community Based Services.

Senator Cirillo, referencing page 5 of Attachment B, the table entitled Temporary Assistance for Needy Families Allocations, said the trend looks very disturbing. He asked if in fiscal year 2004 the State is going to end up with no ending balance. Chairman Solomon said we are not anticipating any bonus monies in fiscal year 2002 and 2003. She noted it is tradition that the State does receive the monies. A high performance bonus is expected, but that is not being counted on. Chairman Solomon met with the Governor's Policy Advisor and discussed the expectation in Washington noting that they are not anticipating a reduction in TANF.

Senator Cirillo said the budget will be approved for two years and he would hate to come to the end of those two years and find out that they have already stepped over the cliff.

Senator Rios asked how much of the general fund is being substituted with TANF monies. Ms. Mah said page 3 of Attachment B, *Other Major TANF* issues, gives an overview. In terms of general fund it is a reduction of about \$25 million and an increase in TANF of about \$23 million.

Senator Rios asked if CPS comes under the welfare reform TANF monies. Ms. Mah said we do use TANF monies to fund the children services line. In 1999, the federal government allowed the State to transfer 10 percent of the TANF grant to the Social Services Block Grant, which has been

done to free up money and to offset Social Services block grant reductions and fund children services.

Ms. Mah made some clarifications. She said on the transfer there has been an issue of the federal government reducing it to 4.25 percent and JLBC did factor that in fiscal year 2003, so the Committee knows that JLBC is assuming there may not be as high a transfer in 2003. Ms. Mah distributed a one-page handout entitled, *JLBC Recommended Performance Measures Department of Economic Security* (Attachment C), which lists the performance measures for eight cost centers within DES. She said JLBC has worked closely with the Department in putting together these performance measures, and JLBC understands that there may be some changes.

Senator Cirillo suggested that the Committee look at adding the percentage of time spent on paperwork by CPS workers. He believes that they all agree that the more time the workers spend in the field the better. Chairman Solomon agreed that this is a very good measure.

Matt Gottheiner, Budget Fiscal Analyst, OSPB, distributed a handout entitled *The Department of Economic Security FY 2002/2003 Budget Recommendation Select Policy Issues* (Attachment D) and highlighted the following for DES:

- FY 2003 TANF Ending Balance
- Child Care Reimbursement Rates
- Employment Transition Program
- General Fund Programs

Chairman Solomon asked Mr. Gottheiner if he could provide her more information after the meeting relating to the Executive's recommendation on TANF's ending balance.

Chairman Solomon said that the Governor does not fund provider increases. She said currently we are at 75 percent of the 1996 market rate, and she knows that the Governor shares her concern that children are entitled to a very good start. She asked Mr. Gottheiner if he is saying that the Executive office opposes those rate increases or the Governor simply wants to negotiate where we can find the money to do that. Mr. Gottheiner said the Executive office has supported certain rate increases in the past and it is just a matter of funding. It is the Executive's belief that this cannot be afforded this year. Chairman Solomon said she wants to understand that from the Executive's perspective the State cannot afford to increase the child care rates from 75 percent of the 1996 market rate, to a place where in fiscal year 2003 the State will still be behind the market rate. One hundred percent is not being talked about. Mr. Gottheiner said the Executive has a number of priorities and they fund their first priorities first.

Senator Cirillo said that Chairman Solomon would be able to get her answer on the last sentence of OSPB's handout, Attachment D, that states "The Executive has recommended less General Fund for several programs because the Executive's revenue estimate is more than \$250 million lower than JLBC's revenue estimate." He believes that is the issue of all the line items that they are discussing.

Chairman Solomon said the Committee would have the collection numbers for December's sales tax at the end of this week. As of this moment, the Legislature is right on target for their projections. She said for 2002 and 2003, the Legislature's projections are lower than the Governor's with regard to revenue and spending. The Governor's highest year for projected revenue is 2003 and it is the Legislature's lowest; this is one issue that needs to be resolved.

Chairman Solomon asked the Committee to look at the Governor's priorities and their spending priorities. She said if *Arnold vs. Sarn*, state employee salaries, AHCCCS supplemental, and school growth issues were eliminated, the Legislature is less than one percentage point away from the Governor in a \$14 billion biennial budget.

Chairman Solomon thanked Mr. Gottheiner for his budget presentation.

John Clayton, Director of DES, informed the Committee that he had DES staff present with him to answer their questions, Bruce Liggett who could answer child care questions and Mr. Mendoza could answer questions relating to welfare. He thanked everyone for their cooperation in working through this budget process. He said the budget is always a complicated process and that staff from JLBC and OSPB have worked very hard to put together a budget where certain levels of services could be provided to continue some of the good things they have accomplished in the past. Director Clayton reviewed a handout entitled, *Arizona Department of Economic Security Appropriations Committees DES Budget Presentation*, dated February 6, 2001 (Attachment E).

Senator Cirillo asked Director Clayton why the statistics for DES Program Successes are not included in the Children's Action Alliance annual report. Director Clayton said he understands that the organization is focusing on the challenges for the future so that DES can do better.

In response to Senator Cirillo's question, Director Clayton said the following four tribes, Navajo, Pascua Yaqui, White Mountain Apache, and Salt River Pima-Maricopa are eligible to receive TANF monies directly from Washington, D.C. He said the Navajo tribe was the only tribe included in OSPB's recommendation because the tribe completely runs their own program. DES is contracting with the other three tribes in an effort to aid the three tribes in determining some of their own policies; the Department is assisting by working on their casework.

Senator Cirillo said the Department believes there will be an increase rather than a decrease in the utilization of the child care program. What needs to be discussed is what will be put into an increase for providers versus an increase in the number of people that are served in the program. Senator Cirillo asked if something could be added in the ORB language for the agency that would relate these two items, so that if the caseloads stay at what is anticipated then the State can proceed with the second increase for providers. If the caseload is higher the State might have to pair down the second increase for providers. Director Clayton said having that kind of authority would be helpful.

Senator Nichols asked Director Clayton if he could speak to the objective of permanency within a foster care home. Director Clayton said obviously the best permanency outcome would be that the children return to the home, but that is not always a possibility. If they do not return home, they are in a foster care home for a long time. This is not always acceptable either, because that does not give a child legal status in terms of permanency. Director Clayton explained that anytime there is a disagreement or something does not work out, they can call the next day. That child will have to go to another foster care home. The child is moved sometimes because of the skill level of the individual foster parent or the conditions of the child. The children are not randomly moved for any reason.

Chairman Solomon asked if she would be correct in saying that in addition to wanting the child in the program in a safe home, the State would also want the child out of the system. As long as the child remains in foster care, the child is a systems child, but she asked if it is DES's preference to

move the child out of the system. Director Clayton said that is correct. He said the agency provides a subsidy for foster care parents who choose to adopt children and cannot afford to on their own. He said he could not see a downside to moving forward with an adoption if the parent decides to keep the child for a long period of time.

Senator Rios asked if an older teenager does not want parental rights severed, then does placement in the foster home become their permanent placement plan. Director Clayton said that is probably the best plan that is available.

Senator Rios asked if there were many such placements in existence where that is basically the permanent plan. Director Clayton said Senator Rios is absolutely right, whether that is planned or not that becomes a reality.

Senator Guenther asked why this was a growing phenomenon, and if the Department has any indication why there are more children being left by their parents. Director Clayton said the Department does have a comprehensive report on kinship care that lists some of those reasons. He said it has to do with the some of the same things that are seen in the CPS system, the fact that there is more substance abuse and more parents are not able to care for their child due to various other reasons. He said the child often ends up being cared for by their grandparents, which is the only option available unless the child goes to the CPS system.

Senator Guenther asked Director Clayton how he felt about biennial budgeting. Director Clayton said he used to work on biennial budgets before he came to the State, so it was not something new to him. He believes it gives a better platform for planning.

Senator Guenther said the Committee is trying to determine who is right and wrong with regard to their requests and most of them involve the out year projections. The Committee tries to choose between JLBC and OSPB recommendations. If the agency is in between the two or above one or the other, then they can come back to adjust in the out year of the biennium for all those miscalculations. Planning and projecting ahead is good, but it is hard to project 30 months in advance as to what the changes in the economy and the social conditions will be.

Director Clayton stated that most companies that does well have a long term planning process and try to look at their budget in a long term prospective. Even if there is a two-year budget cycle, there is room for adjustment.

Senator Guenther asked Director Clayton if there is any point of time where he sits down with JLBC and OSPB and tries to resolve their differences before the budget is brought forth before the Committee. Director Clayton said discussions do take place a great deal during this budget cycle. He said they have not always agreed and still do not agree on some issues, but they do try to sit down and resolve some problems. Senator Guenther asked if there are serious attempts made at trying to compromise the issues or to try to bring resolution to as many points as possible. Director Clayton said he thinks there is serious compromising, but it does depend upon the individuals that are being worked with. He does think that in reality sometimes it is based on the amount of money that is available to be appropriated. Sometimes this is a driving factor in the decision that is made, but it is expected. He appreciates the position that Tom Betlach, Director of OSPB is in because he has to deal with a minimum amount of money.

Senator Cirillo applauded Director Clayton for his insight into this area. Many people do not agree with the process where the bill goes through both houses. He said this is a good process, but it

may not work this year because of so many bills. The Legislature has OSPB and JLBC both looking at the agency, talking to their Directors and negotiations are made. The Committee hears the results and makes the final decision. He said the Appropriations Committee would not be needed if there were not any unknowns, so he thinks biennial budgeting is good. He is glad to see that the Governor is starting to put out a strategic plan. Senator Cirillo notices that one of the books distributed by Director Clayton highlights what the Department is doing that fits in with the Governor's various strategic objectives. He said that this would be great for all the agencies to start doing.

Senator Guenther said when these budgets are brought forward there are a lot of issues where one agency or the other does not address a point or a difference. This tells him that there has not been that much effort in trying to bridge the gap. He said the issues should clearly be defined, both have considered the issues, and these are the reasons they concur or do not concur.

Chairman Solomon said she cannot speak for Mr. Betlach, but she would assume that he and his staff go through the same process as she and Representative Knaperek have gone through with the JLBC staff. There were issues raised and a decision was made to put a budget on the table that did not address some issues. Now the issues are being raised again and it is up to the Appropriations Committee as a matter of policy to make a decision and to work with the Governor and her staff to reach some resolution.

Senator Rios said in September of 2000 there were 2,300 in foster care who did not receive the basic monthly visit. Over the next two years, Director Clayton will be getting additional staff that is supposed to bring the caseload to one worker to 15 cases. He asked Director Clayton if in two years he would be able to tell the Committee that every kid in foster care got the basic safety visit case-planning visit every month. Director Clayton said if there are enough workers brought on board it would still take some time to get those workers proficient. It would be a goal for the agency to get that number up to 100 percent, but it would be in the 90th percentile of children being visited at least once a month

Senator Nichols said the DES budget is a very complex budget to deal with in any given year. He asked how the fund that he questioned earlier had been administered and what the projections were for its use. More specifically he said he would be interested to hear the Director explain why portions of the fund required a 10 percent match. Director Clayton said he would ask Vince Woods, DES staff to explain the technical aspects of it and he would comment after his comments.

Vince Woods, DES staff, said with regard to the 1931 funding, Arizona is awarded \$7.9 million by the federal government. He said this was to help ensure that people who are being impacted by welfare reform are not losing their Medicaid benefits. AHCCCS is the lead agency with regard to interaction with the federal government. However, because DES plays a large role in providing eligibility for Medicaid recipients, the State has utilized about \$1.1 million of the \$7.9 million, specifically for some computer reprogramming that was needed to sever the old AFDC program and establish the Medicaid program. In addition, DES has funded outreach workers working with TANF recipients who are leaving TANF because of employment to insure that they continue the Medicaid benefits for their families. The funds are still available to the Department and they continue to work with AHCCCS especially in the area of outreach. He said the trend has reversed, the Medicaid numbers are going up again whereas when welfare reform was first implemented there were drops in the Medicaid rolls.

To answer Senator Nichols' question about the \$6.8 million that AHCCCS has not expended, Director Clayton said the State has taken a different role in the last two years to try to make sure that people who are eligible for programs are advised and have AHCCCS. He would be glad to sit down and talk to Phyllis Biedess, Director of AHCCCS, regarding the unexpended funds and he will be glad to report back.

Senator Nichols asked Director Clayton if he would object to a performance measure where the workers would give a percentage estimate on how much time is spent filling out paperwork versus how much time they spend with clients. Director Clayton would not be opposed to analyzing what those numbers are. He fully believes that the caseworkers are doing too much paperwork. The Department has done some things with the intention of actually reducing the paperwork, but it may have a reverse affect. He would not be opposed to a standard of evaluating their measure of how much time is spent on paperwork and trying to have some standard. Senator Nichols said he is glad to hear that.

Senator Nichols asked Director Clayton if the Department would be getting the money that Proposition 204 required for operation of Health Families at a higher level. Director Clayton said they have worked with OSPB on this issue and there has been good progress on the funds that they need. He does not have the money in his hands right now, but perhaps Mr. Betlach would be able to answer that for the Committee.

Tom Betlach, Director of OSPB, stated that OSPB has been working with the Department with regards to Proposition 204, and the Department will be very involved in terms of eligibility. He said OSPB's position has not changed in the last couple of weeks in terms of reserving the money for 100 percent of the federal poverty level.

Jodi Beckley, Governor's Policy Advisor on Human Services, said to echo Chairman Solomon's comments, this has been the most constructive relationship between the Executive office and one of her Directors that they have seen. Poverty, disability and family violence are problems that can never be solved, but the State has come so far. She applauded the pragmatic approach that has been taken that includes a healthy dose of compassion. They have made tremendous strides over the last three years by taking things a step at a time. Now that there is a proven track record, she looks forward to the Committee's assistance in continuing their progress.

Juanita Sarten, representing herself, asked the Committee for their support in providing more funds for home care and respite care for the elderly. If there were more funds available for respite care, it would favorably benefit the State by making it possible for the family to care for the elderly or ailing person in a familiar environment. Mrs. Sarten said her husband has Alzheimer's disease, but she is not here representing people with Alzheimer's disease but all older people. A few years ago she sought help when her husband reached a stage in his disease, however, there was a waiting list. She waited for three years and was told the same thing every year. She then asked to have her name removed from the waiting list because he was not going to live long enough to get the needed help and was forced to seek other means, which was the Arizona Long-Term Care System (ALTCS). It was humiliating for her to go to the State for help. She understands the waiting list has grown much longer over the years. The support she is asking for will not help her and her husband, but it will help a lot of other people.

Chairman Solomon expressed her appreciation to Mrs. Sarten for her testimony.

Lola Dunaway, representing the Silver Haired Legislature, thanked the Committee for giving them the opportunity to speak on this very important issue. She asked the Committee for their support to provide \$3.4 million for home and community based services (HCBS) as recommended by JLBC. The State's elderly population is growing rapidly and people are living longer. Most seniors live independently and in good health until they are in their 80s, but a stroke, heart attack, or bout of cancer often means that help is needed to continue to live at home. She said without funding, many seniors will be forced to go into a nursing home years before it is necessary. She pointed out that there are currently 1,000 people on the waiting list for HCBS. Ms. Dunaway spoke about a 90-year old neighbor who lives alone in Payson and has no property to sell or money to go to a nursing home. Her neighbor has undergone cataract surgery, had two heart attacks and one stroke and is in need of constant care. She said it is difficult for an older person to ask for help, and when they do ask, they are told that there is no money to help. Friends and families do what they can but they cannot do things like give a friend a bath, or fill their syringe with insulin. She asked the Committee to help their older friends stay at home as long as possible by providing the \$3.4 million recommended by JLBC.

Chairman Solomon expressed her appreciation to Ms. Dunaway for her testimony and her activism with the Silver Haired Legislature in particular with regard to this issue.

Chairman Solomon announced that **Chip McLaughlin, Attorney, representing himself, Governor's Council on Aging, Arizona Chapter of Alzheimer's Association**, was not present to speak but he is in support of the DES budget and in home services for seniors.

Donna Redford, Advocacy Director, Arizona Bridge to Independent Living (ABIL), stated that they are a grassroots organization, people with disabilities helping other people with disabilities live as independently as they can in the life that they choose. Ms. Redford said she is also on the Public Policy Committees for the State Rehabilitation Council and the Statewide Independent Living Council in support of the home based community services that are included in the DES budget. She has been with ABIL for 10 years starting out doing home modifications, being called out to people's houses to build a ramp or grab bars. She reminded the Committee that although the language in the bill says the services are for the elderly there are also many people with disabilities that receive the services. She said the program is cost-effective, helping people with the assistance they need so they do not have to go into nursing homes and get stuck in that environment. Ms. Redford said a lot of people find their organization through the case managers that go out with HCBS and link them to other community services. She said often times people needing these services are very isolated and have difficulty asking for help; they do not know the location of the different organizations that could help them. This program is very important because it links people to all the other things to help them live independently and with dignity.

Timothy J. Schmaltz, Director of Policy and Program Development, Foundation for Senior Living, stated that the Foundation is one of the largest contractors for the area agency and for ALTCS in the HCBS area, noting that approximately 30,000 people were served last year. He expressed their support of the \$3.4 million recommendation for HCBS. He said the waiting list has been a difficult thing for everyone, as the Committee has already heard. He said they regularly run into this as a provider when they make referrals. Mr. Schmaltz spoke about the Adult Protective Services (APS) with the 3 FTE's. He said it is okay to be at 80 percent. Twelve years ago a new Chairman asked him if it was morally comfortable to tolerate about 78 percent. The Foundation was about 82 percent in CPS then, so he told the Chairman no that it was not. Eighty percent is not tolerable. Staff, nurses, caregivers and people who refer to APS are constantly running into the fact that APS does not have sufficient resources to do this. Mr. Schmaltz said there has to be

a way to address this as they have in CPS, how the community can tolerate vulnerable people not even having an assessment.

Chairman Solomon said the information that she and Representative Knaperek had was that because of the voluntary nature of APS, the investigation at 100 percent rate is much more difficult to achieve than it would be in CPS. She asked if that information is incorrect. Mr. Schmaltz's concern is that there are a lot of nurses, social workers, clinicians and homemakers in his agency who are mandatory reporters under the law who call APS, and APS does not respond. The reason they are given is that they do not have enough resources. He is certainly not in a position to judge the nature of their responses, but from the feedback of their professional staff and his own experience, perhaps something has to be adapted such as Family Builders.

Mr. Schmaltz said some services on the home and community based side may be as much as 25 percent lower than what it actually costs to do the service. For example, their agency, a couple of years ago, decided not to do personal care anymore because they could not figure how to make it cost efficient under the area agency. He indicated that under some categories they have 40 percent turnover rates. They pay some of the highest rates and they do all the things that everyone recommends in the home and community based field.

Chairman Solomon informed Mr. Schmaltz that this is being addressed to some extent in the JLBC budget. The 10 percent over the biennium is not a tremendous amount of money, but it is more than what the Legislature has done in a long time. She is not suggesting it is enough, but it is a start in hopes that the Legislature will set a direction here that will continue long after they are gone. Mr. Schmaltz thanked Chairman Solomon for her comments.

Lupe Solis, Acting Executive Director, Arizona Governor's Advisory Council on Aging, informed the Committee that she had sent them a letter yesterday on behalf of the Council and hopes they received it. The top priority of the Council is the home and community based increase in the JLBC recommendation for the DES budget. This is the funding that can uphold a person's independence to stay at home. There is no doubt a financial incentive for the State to keep someone independently at home for as long as possible, because ultimately when institutionalization comes, it is often at the State's cost.

Chairman Solomon thanked Ms. Solis for her testimony.

Jim Adams, Parent of child with autism, President, Autism Society/Greater Phoenix, said the reason he is here today is to talk about the need for funding for DES, specifically the need for the Division of Developmental Disabilities (DDD). When his daughter was 2 ½ years old she was diagnosed with autism. They were told it was an incurable lifelong disease and a matter of time until they institutionalized her. When she was 4 years old they started working with services from DDD where people would come into their home, work with their daughter, and teach her how to speak. After four years of the valuable services from DDD, his daughter is now in the 2nd grade and has learned to talk in simple sentences. She has also learned to read and write. His hope is that she will not end up in an institution or group home when she is 20 years old, but she will be able to hold down some type of job. Although there is great hope for her, as the President of the Greater Phoenix Autism Society, he sees many families not able to get those services. They have heard of many families having great difficulty finding providers. They carried out a statewide survey, noting that he had letters from 200 families who responded to their survey. Eighty percent of families have great trouble finding providers and 25 percent of them cannot find anyone. There are many families who have said they have gone for four, five or six years without DDD being able

to find anyone to help them. They have been allocated services but it is a shell game when they cannot find someone to work for \$6 per hour. He said the official respite rate for DDD services in Maricopa County ranges from \$4.25 to \$10 per hour. That rate has not been increased for seven years. Mr. Adams said the Hope agency specializing in young children's autism is facing a 100 percent turnover this year. In the group homes he has visited he has been told that they are lucky if employees last three months in the group homes. The managers of the group homes try to stay one year before they move on to a high paying job at McDonalds. He said autism is increasing at an epidemic rate. According to a report from DDD, in the last three years there has been a 67 percent increase in the number of people with autism. The Department of Education says there has been a 55 percent increase in two years. He asked the Committee to support S.B. 1279, which asks for a salary raise of \$1.50 per hour to help get to a rate where they could keep people working with the kids. He has seen through his own family how valuable providers are to help these kids who will not be a long term burden, going into a group home at \$70,000 per year. He pointed out that DDD is in need of computers so that they can use electronic mailing (e-mail) to reach out to their families. He said that if they had e-mail, it would make them much more efficient and capable of contacting families. There are a number of families who have not seen their case manager in 6 months or a year.

Chairman Solomon informed Mr. Adams that there is money in the JLBC budget for Information Technology for DDD and that they certainly hope that members in both houses will continue to support that. They also have a provider rate increase of 10 percent. She is not familiar with the Senate bill he referenced. Mr. Adams said it has been H.B. 2066 and also S.B. 1279, which is asking for \$1.50 per hour increase for the people who provide direct care in group homes, in day programs, and in family homes. That would potentially work out to about the 10 percent raise that is being budgeted. Chairman Solomon said that it would be much easier to do this in a budget than to include that in the box where it would be competing for the money with lots of other bills. Mr. Adams said whatever way the Legislature could help them would be greatly appreciated.

Eddie Sissons, Executive Director, William Morris Institute for Justice, has been working with the Department for the last year because of TANF recipients who have been sanctioned. They have been concerned because that number really has not gone down. She said as their caseloads go down, they recognize that the more difficult clients with more barriers will be in place. Decent progress has been made and they have moved towards a client assessment tool that is going to be much better at determining whether a client has barriers. Even though the Committee has talked about the JOBS line item going down and OSPB zeroing out a lot of the line items, she called to the Committee's attention that JOBS does what she thinks the Legislature wants. When we do have clients being placed, we want to give them opportunities to get past the \$6 or \$7 per hour job, which is not a sufficient amount of money to be able to support a family. Ms. Sissons said after looking at the annual reports, she has strongly advocated for these line items. She suggests that this discussion should occur in subcommittee stating that this has not been done on a broad basis. In her opinion, some of the line items are not appropriately being used.

Chairman Solomon said she shares Ms. Sissons' opinion and the Legislature has had good discussions with the Governor's office on this issue. Both the Executive and members of this Legislature want to give the Department some flexibility in providing the kind of services that will move people to self-sufficiency. She knows Ms. Sissons will be pleased when she sees the final outcome. Ms. Sissons thanked Chairman Solomon for her comments and the Committee's time.

George Welliott, President/CEO, Valley of the Sun School, said this is his first time speaking to any committee. They provide services for people with developmental disabilities. They have

residential, day training, educational and vocational programs. Their vocational program is about half of the population they serve. In the last four years, they have lost \$31,000 and \$130,261 and this year if they do not get an increase to support these programs, there will be about 140 people looking for jobs and looking for services.

Bev Hermon, Arizona Association of Providers for People with Developmental Disabilities, thanked the Committee for being able to open her first budget book and finding recommendations for increases for the providers. Ms. Herman said she shares the Governor's concern that there is a 41 percent turnover among state employees, but in the developmental disabilities field, the employees who do the intake, eligibility and case management, the number is higher. Providers always have to come before the Legislature requesting for funding in order to keep up with anything even remotely approaching the market. Other speakers have spoken about the difficulty of hiring, they have found that \$9 per hour would help us break what they would refer to as the vast food barrier. That is what they talked to the Chairman about along with other legislators. They do not know whether the dollars in the budget or the dollars in this piece of legislation bring us up to that. She said that Stefan Shepherd is working on that and will be available in a few days.

Ms. Hermon provided the following percentage annual turnover rates:

- The Center for Habilitation (TCH) at 190 percent
- Tucson Residents Foundation at 148 percent
- Scottsdale Foundation for the Handicapped at 117 percent
- Valley of the Sun School at 100 percent
- Arizona Children's Healthcare noting that this is partially an ICFMR meaning that they have the medically fragile kids too, at 72 percent
- The Arizona Training and Evaluation Center at 71 percent

She said the provider increase is certainly needed to do a responsible job. The bill that Mr. Adams spoke about does also include some language that will make it easier for folks like the families with an autistic child to receive services. It blends some of the services into a single rate and also allows a case manager, a second provider to go along for the first three visits until there is a comfort factor. Kids with behavioral issues could sometimes be a little frightening for the first-time provider. Ms. Herman said with regard to the issue that Mr. Welliott addressed, last year the Legislature passed a \$3 million increase to raise the rate for those who provide the employment support services for people with disabilities. That bill almost made it all the way through. When the Governor signed off she said she did not want to receive anymore appropriation bills based on the numbers that show the carry over. Ms. Hermon said there was no increase and that is why Mr. Adams is here today. They have not seen an increase in ten years and the small increase that was put into the JLBC budget this year is greatly appreciated. However, they would like to ask the Committee if they could somehow provide more of an increase so that these people will not lose their jobs.

She gave the Committee some statistics. At the Marc Center, over 1,200 adults were served in vocational programs. The average wage for home and community based employment once they got them in place was \$7 per hour. This means that these folks become taxpayers. The actual time from referral to placement was 30 days and the average cost for an individual placed into competitive employment was \$2,079. The length of time for the payback on the program, once employed, is 25 months. For every dollar that is spent on rehabilitation and individuals with disabilities, \$7 is returned in taxes and gainful employment. She said that figure came from a Wall Street Journal article. Sixty percent of Americans with disabilities want to work and those folks

remain unemployed. She saw in a fax yesterday that the President is starting to look at this issue. There is an untapped workforce there and she does not want to lose the people that are already employed. Therefore, they will meet Chairman Solomon and others to see if there is anything that could be worked out to keep these folks from losing their jobs this year.

Steven King, President, Tetra Corporation, said the Tetra Corporation is a vocational rehabilitation transitional program that has been in Tucson for 48 years. He has been the President of the corporation for the last 20 years. He has seen a lot of changes in the State and changes in services during those years. He echoed some of the comments made by Mr. Welliott and Ms. Hermon. They do appreciate that the Legislature put in an increase for providers, which was very much needed. The sad part is that it is not enough. As Ms. Hermon said, there has not been an increase in 10 years. When he came here in 1980, they were getting probably \$6 per day per person. That is why he is here to ask the Committee to look at the provider increase in a positive light but they may need to go beyond that. He said this year alone their agency's healthcare insurance went up 30 percent, so that was a \$35,000 expenditure that was not budgeted this year alone. Provider increases are good for wages but there are also other operating costs that have gone up in the last several years as well. They need the Committee's help and appreciate anything more they can do for them.

Chairman Solomon thanked Mr. King for his testimony.

Dana Naimark, Deputy Director, Children's Action Alliance, began by stating that if Senator Cirillo would read their reports closely he will find a couple of areas where they have mentioned that things have improved. She applauded Governor Hull and Chairman Solomon for their leadership with recognizing the Child Protective Services (CPS) staffing crisis and for recommending additional staffing in the budget. In the future we hope we can say that all children in foster care have had at least one visit a month from their case manager and they can stem the flow of turnover of workers. The budget recommendation for the staffing increase gets them to the bare minimum of the staffing level of the national guidelines from the Child Welfare League of America. It is based on a projection of decreasing caseloads in foster care, so if those projections do not turn out to be true, there could be trouble again.

Ms. Naimark appreciates the time and attention to the child care subsidy issue and they enthusiastically support JLBC's recommendation for increasing the market rates. She said everyone knows that child care is a very expensive necessity for families in Arizona. It actually costs more than tuition at our State universities. It is simply beyond the reach of thousands of working families to afford, so the child care subsidy is vital to make up that difference and to make sure that families have options to choose quality child care. When the costs of child care go up and the rates that the State provides do not, there will be the same kind of trouble as seen with the K-12 education when inflation was not funded. Arizona will be seven years behind if the rates do not increase by 2003, because the current rates are based on 1996 costs. Some families will have to take money out of their rent, paying their vehicle, or out of health insurance to continue paying for child care. It means that some families will leave their kids home alone or will try to put together informal or unreliable arrangements because they cannot afford to purchase care even after the subsidy. Some parents will be forced to choose the cheapest child care, not the child care that is best for their children and she knows that we do not want to be in that situation. She urged the Committee to keep the JLBC recommendation as a priority.

David Miller, CEO, Arizona Council of Human Service Providers, stated that he is representing 65 agencies across the State that deliver a wide variety of human services. A significant number

of them contract with the DES administration for children, youth and families, which is the division that is most commonly referred to as CPS. During the last 12 years, from 1988 to the present, this group of providers was given a rate increase of 1.5 percent and a selective group was given 3.5 percent. During that time a conservative estimate of the inflation factor was about 2.5 percent a year. By the year 2000 those providers were 21.5 to 28.5 percent behind where they were in 1988. During that time, there were also increases in training and accountability requirements required for credential and certification of staff. They are very supportive and appreciative of raising the provider increase in the JLBC budget. They would request three things as the Committee looks at that increase:

- At a minimum expand the restriction of how that money could be used; not just for those staff below \$10 per hour. Allow it to be used for salaries, recruitment, retention factors, and training.
- There are at least three lines in the DES budget that are excluded from the provider increase. Those lines include intensive in-home family services, Healthy Families, and Family Builders. They have staff in those programs who have the same classifications and education requirements, and they may find themselves with differential pays for the same people.
- Consider increasing the salary amount for providers from the currently proposed 5 percent a year to 7.5 percent a year. The Governor indicated in her State of the State address that state employees are about 13 percent below market. Their employees on average are 15 percent below state employees. They are losing their good employees to State employment, and then the State loses them to other places. They do not want to fall further behind.

Janet Regner, Lobbyist, Partner, Jamieson & Gutierrez, representing the Hopi Tribe/Yuma Private Industry Council and Career Training Center, addressed the tribal full-time equivalent (FTE) reductions in the JLBC budget and the JOBS special line item reductions, which were addressed by Ms. Sissons. Tribal FTE reductions in the JLBC recommendations would have an impact on four existing Indian tribes that currently operate tribal TANF programs. She noted that the Hopi tribe will be ready later this year and the Post-Tribal Council unanimously approved their tribal TANF plan in September. The reduction that is proposed will have a major impact on DES and the services to the reservations in these areas. There might have been an error of omission when JLBC prepared this because there was apparently an assumption that the tribes were taking over cash assistance, Medicaid, and food stamps eligibility when they are in fact only taking over cash assistance. So the reduction of 85 FTEs that is recommended by JLBC would have a drastic impact. She urged the Committee to reject that JLBC recommendation and take a much closer look at it.

Chairman Solomon said that no doubt Mr. Regner would want to address the subcommittee and discuss this further.

Senator Guenther announced the following people were present in support of the DES budget: **Marie Adams, parent of child with autism; Joy Juvet; Ginny Hildebrand, Executive Director, Association of Arizona Food Banks; and Madeline Wood, National Association of Retired Federal Employees (NARFE). Monica Attridge, Arizona Association of Providers for People with Disabilities**, was present in support of the DES budget particularly for the provider increase.

The following were present in support of the DES budget, in particular the \$3.4 million for HCBS: **Mary Lynn Kasunic, Executive Director, Area Agency on Aging, Region One; Eleanor Dullas, NARFE; Marge McClanahan; Kathleen Pagels, Public Policy Coordinator, Alzheimer's Association; and Mary J. Syvertsen.**

Senator Rios said that **Henry Blanca, DES/Adult Services**, was present in support and ready to answer all the questions posed by the members on elderly services, but did not have the opportunity. Chairman Solomon thanked the DES staff present.

BUDGET ADOPTION

Department of Corrections - ADOPTED

Chairman Solomon reverted back to the first item on the agenda, the DOC budget.

Senator Martin said this budget is one that the subcommittee has been working on for a long time. The subcommittee made numerous adjustments to the JLBC recommendations. He said one of the issues was the closure of the women's prison. Consolidating those inmates in one facility saved approximately \$2.3 million in the budget. This was originally put into a generic enhanced female programming. Everyone is talking pay raises, especially for the corrections officers. He said the Department has prison beds built ready to go, but they do not have officers to staff them, so the subcommittee took \$2.2 million of the \$2.3 million and put that into an additional \$500 per corrections officer pay raise.

The balance of approximately \$300,000 was put into a program that Representative Christine Weason championed from the House side, which is a service dog pilot program. He said the female inmate program takes animals and trains them to help the disabled. The demonstrations of the program are impressive. Dogs are taught discipline, they were able to sort money by denomination, pick up phones, and respond to someone with asthma. The inmates teach the dogs discipline, and hopefully the inmates learn discipline themselves. Once the inmate is out of prison they might want to do this as a profession. He said the House adopted the appropriation of \$300,000 for this program.

Referring to the line item for contingency bed openings, Senator Martin said the State's high average increase in inmate population of about 120 inmates per month dropped last year to roughly 20 inmates. JLBC and OSPB estimated an average inmate population growth of 75 inmates. It was the feeling of the full Committee when testimony was taken and during the subcommittee hearings, that there was no reason to build those beds unless they were actually needed. Therefore, the subcommittee created several contingency options. These contingency aspects do not go into effect unless certain average numbers of inmates are met, meaning they cannot build these unless there is a 115 or 120 increase in inmates total. The three facilities, the 1,000 bed private prison facility, the 400 private DUI beds, and the 350 state-operated beds are on the contingency. In order to separate the major compromise issue from the other beds, the subcommittee separated the 1,000 facility from the other two facilities. He noted that all three are Corrections Funds issues, therefore, there are no general fund monies used. To open the 350 state-operated beds there is no specific population going into this facility, it is just 350 inmates. The 400 private DUI beds would not be opened unless the contingency hit the 115 average inmates per month over six consecutive months. This estimate is roughly 40 additional inmates above JLBC and OSPB's estimation for fiscal year 2002-2003.

Senator Martin explained when the women's prison was shut down and consolidated, the Department had 89 FTE's operating within that facility. It was JLBC's recommendation to eliminate those FTE positions because the facility is no longer open. He said the Department has taken those 89 FTE's and reallocated them throughout the system. The 89 FTE's do not affect any funds. They only allow the Department more flexibility on staffing.

Senator Martin reviewed the following footnotes (Attachment F):

- Service dog pilot program utilizing \$300,000.
- Contingency Bed Openings Special Line Item for the 350 state-operated beds, and 400 private DUI beds. The monthly inmate population growth averages 115 inmates over 6 consecutive months.
- Contingency Bed Openings Special Line Item for the 1,000 bed private prison.

Senator Martin, in discussing the 1,000 bed private prison, said the Director stated in subcommittee that the Department has put out a request for proposal (RFP) for a 1,000 bed prison and the RFP is at the best and final offer stage. This prison would be for deportable aliens only and the question was "why deportable aliens only?" Senator Martin said under statute and case law, deportable aliens are those who are not United States (U.S.) citizens who have violated U.S. laws. As such, they do not have the same education requirements as that of a regular U.S. citizen. At the end of their term they would be released to Immigration and Naturalization Service (INS) and INS will make the decision as to whether they are to be deported or not. He said the subcommittee questioned why they could not substitute general population for deportable aliens. The problem is, based on the RFP, there are no education dollars requested or educational facilities included in the RFP because deportable aliens are not required to be educated. It would be a material change to the RFP. Right now, the Department is nine months into this process. There were five bids, but one was withdrawn. Those bidding companies have estimated they put \$1 million or so into the development of those RFP's. Senator Martin said there are roughly 2,400 Mexican nationals within the current prison population. There are 267 other nationalities, such as French, Canadian, and Australian. He said 244 are eligible to move into this prison and roughly 2,400 Mexican nationals, so that would put it at a 90/10 mix. In fact, the original RFP was for a 90/10 mix of population. The Director said he could do 75/25, putting the entire 240 other nationalities into the private prison and the remaining 750 would be Mexican nationals. Senator Rios' concern was the aspect of the social implications of having a prison that is made up of a majority population of Mexican nationals. The subcommittee put in a compromise that would limit the prison to no more than 500 persons of one single nationality. Senator Martin said according to the Department that would be a problem because it would require them to reissue their RFP. So the question is "do we want to stay with the 500 person requirement and require the Department to reissue the RFP that would delay this for one year?"

Terry Stewart, Director of DOC, said the issue is the number. The Department contracted for 1,000 beds and so the bidders who made the proposals to them did so with the understanding that the Department would do it as 1,000 beds. There was actually no concern about the nationality and all the Department wanted was for the facility to be full. Under this proposal the Department could fill only 750 beds with the limitation of 500 of any one nationality. The problem then becomes "what do I do with the other 250 beds?"

Senator Guenther asked Director Stewart if he could take 250 inmates out of his general population and move them into the private prison. Director Stewart said that is the problem. Under the Arizona statutes the Department does not provide educational services for foreign

nationals. Therefore, when the bidders made their proposals they did so not including classrooms in their facilities nor programming dollars to do the education. At this point if the Department should tell them to have these included, it would be like a material change to the contract.

Senator Rios asked the members to keep in mind that JLBC does not recommend any kind of a contingency appropriation to begin with. The issue of the 1,000 private beds for foreign nationals has been around for two years. At the time it came before the Appropriations Committee, they put a footnote on that particular appropriation that said, "if you build it you cannot segregate the inmates based on race, ethnicity or nationality." DOC decided to move ahead on that RFP regardless of the footnote. He said the Legislature was informed by Legislative Council, in their opinion, that DOC was violating the footnote. Furthermore, they may be violating the equal protection clause. The Department then brought in their attorneys and basically argued the other side of the coin. Nevertheless, he said it should come as no surprise to anyone that this is still an issue. He has argued for the last two years, "do we want the State of Arizona setting up a miniature INS facility?" He said immigration is an issue for the federal government and not for the State of Arizona. Senator Rios asked the Committee for their support to leave that footnote in. Not only does he want the Committee's support, but also wants to put back the original language that not more than 51 percent of any single nationality can be included in this facility. Even though JLBC does not recommend a contingency plan, he is trying to meet these people half way.

Senator Mitchell asked Director Stewart how long is a deportable national in one of these prisons. Director Stewart said it could vary. In some cases this Legislature has given him the authority to cut the inmate's sentence in half. Senator Mitchell asked what is done with these inmates if there are no programs. Director Stewart said the inmates would be working, but the Department would not be educating them under the statute.

Senator Bee moved the Appropriations Committee ADOPT the Criminal Justice and Transportation Subcommittee recommendations for the Department of Corrections FY 2002 and FY 2003 budget with the following adjustment:

Eliminate the \$2,216,900 in general fund monies added in FY 2003 to increase the January 1, 2003 correctional officer pay raise from \$1,000 to \$1,500 per officer.

Senator Rios said he would like to amend that motion on the last footnote to read as follows:

The number of foreign nationals of a single nationality incarcerated in the 1,000 bed private prison shall not exceed 50 percent of the average daily population at the private prison. The Department shall not exceed the 50 percent limit without prior approval of the full Legislature.

Senator Martin said the subcommittee originally had it at 50 percent, he changed it to 500 so that the number of beds was an actual fix. Senator Rios said he has always preferred the 50 percent because he does not want the majority of inmates to be of one single nationality and that has been his argument for the last two years.

The motion to ADOPT the Rios amendment CARRIED by voice vote.

Senator Bee moved the motion AS AMENDED. The motion CARRIED by a roll call vote of 9-1-2 (Attachment 1).

There being no further business, the meeting was adjourned at 11:26 a.m.

Respectfully submitted,

Melissa C. Upshaw, Committee Secretary

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